



Comprehensive Annual Financial Report

**For the Fiscal Year ended
June 30, 2009**



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

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

**Prepared By:
Finance & Accounting Division**

CENTRAL CONTRA COSTA SANITARY DISTRICT
Comprehensive Annual Financial Report
Table of Contents
For the Year Ended June 30, 2009

INTRODUCTORY SECTION:

Letter of Transmittal.....	i
Board of Directors.....	vii
Mission Statement.....	viii
Organization Chart.....	ix
Map of Service Area.....	x
Certificate of Achievement.....	xi

FINANCIAL SECTION:

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	2
Basic Financial Statements	
Statement of Net Assets.....	7
Statement of Revenues, Expenses and Changes in Net Assets.....	8
Statement of Cash Flows.....	9
Notes to Financial Statements – <i>The accompanying notes are an integral part of the basic financial statements</i>	10 - 30
Supplementary Information	
Combining Schedule of Statement of Net Assets.....	31
Combining Schedule of Statement of Revenues, Expenses and Changes in Net Assets.....	32
Schedule of Running Expenses - Comparison of Budget and Actual Expenses by Department.....	33
Running Expense - Schedule of Supplemental Net Assets Analysis.....	34

STATISTICAL SECTION (Unaudited):

Changes in Net Assets and Statement of Net Assets - Last Seven Fiscal Years.....	S-1
Revenue by Type - Last Ten Fiscal Years.....	S-2
Operating Expenses by Type - Last Ten Fiscal Years.....	S-3
Major Revenue Base and Rates - Historical and Current Fees - Last Ten Fiscal Years.....	S-4
Sewer Service Charge - List of Ten Largest Customers - Last Seven Fiscal Years.....	S-5
Assessed and Estimated Actual Valuation of Taxable Property - Last Ten Fiscal Years.....	S-6
Property Tax and Sewer Service Charge Fees Levied and Collected - Last Ten Fiscal Years.....	S-6

Summary of Debt Service - Type, Debt Service Coverage, Debt Ratio - Last Ten Fiscal Years	S-7
Demographic and Economic Data - Population Served - Last Ten Calendar Years.....	S-8
List of Ten Largest Employers in Contra Costa County - Last Year and Nine Years Ago	S-8
Demographic and Economic Statistics - Contra Costa County - Last Ten Fiscal Years	S-9
Full-time Equivalent Employees by Department - Last Ten Fiscal Years	S-10
Number of Retirees and Surviving Spouses - Last Ten Fiscal Years	S-10
Capital Asset and Operating Statistics - Last Ten Calendar or Fiscal Years ...	S-11
Miscellaneous Statistics	S-11

(THIS PAGE INTENTIONALLY LEFT BLANK)

Central Contra Costa Sanitary District

Introductory Section





November 13, 2009

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

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

Cropper Accountancy Corporation has issued an unqualified ("clean") opinion on the Central Contra Costa Sanitary District's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis report (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

History and Services Provided

The District was established in 1946 under the Sanitary District Act of 1923 and is located about 30 miles east of San Francisco. The District builds, operates and maintains the facilities required to collect and process wastewater for approximately 322,000 residents of Danville, Lafayette, Martinez, Moraga, Orinda, Pleasant Hill, San Ramon, Walnut Creek and some of the unincorporated communities within Central Contra Costa County. The District also treats wastewater for 134,000 residents of the Cities of Concord and Clayton under a 1974 contract with the City of Concord.

The District is committed to protecting the public health and preserving the environment while minimizing facility and operating costs. The District has approximately 1,500 miles of sewer pipeline, ranging in size from 6 inches to 120 inches in diameter, and 18 sewage-pumping stations in the District's sewage collection system. The District is the sole provider of wastewater service within the District limits (see map of service area). Residents make up the largest segment of the District's customer base representing approximately 80% of the Sewer Service Charge revenue. The District's treatment capacity has grown from 4.5 million gallons per day (mgd) initiated in 1948 to 53.8 mgd currently. Bonds, state grants, federal grants, and pay-as-you-go resources of the District have financed expansions.

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

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

Organization, Accounting and Budgetary Controls

A 5-member Board of Directors governs the District. Board members are elected on a non-partisan basis and serve a four-year term. The Board appoints the General Manager, who in accordance with policies established by the Board of Directors, manages District affairs. The District employs 269 regular employees organized in four departments led by Department Directors responsible for their budgets and expenses. The four departments are: Administrative, Engineering, Operations, and Collection Systems.

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

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

- **Debt Service Fund** – 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

California's economic woes have spread far beyond real estate and financial markets to the entire state economy. According to the Legislative Analyst's Office (LAO), the current economic situation and outlook for California in the near future are generally similar to the nation as a whole, with sharply reduced levels of activity and subdued performance in most sectors. The current economic condition shows a national recession that is driven by declining housing values, restrictive credit markets, slowed consumer spending and rising unemployment. However, because of the turmoil in the housing and mortgage markets has been more pronounced for the state of California than nationally, its outlook is likewise a bit more negative than for the country as a whole.

The current recession has affected Contra Costa County more than other counties. Of particular concern has been the epidemic of foreclosures and major job and income losses associated with the housing related and financial service industries. These are primarily related to the popping of the speculative bubbles associated with the highly leveraged housing and financial credit markets. Because California had a disproportionate share of its jobs and related economic activities associated with these sectors, it has been especially hard hit by the dislocations and economic losses they have generated. Most economists believe that more painful adjustments are in store before they have run their full course. Foreclosures and subprime resets are scheduled to occur through mid 2010. Furthermore, California has experienced greater deflation in home prices, a greater number of job losses, and in dollar terms, larger declines in taxable sales. Population growth is expected to flatten over the next few years but will resurge strongly as lower home prices draw families back to the state. Commercial real estate is also showing signs of weakness as prices fall and office vacancy rate increases. Such factors are expected to exert a continuing drag on California's economic performance for some time. However, it is forecasted that Contra Costa County will fully recover, exploiting their relative strengths and faring well in the coming years.

Changes in California's state budget significantly impact the District. The District is anticipating a tax shift of \$1.2 million in 2009-10 as a result of Proposition 1A. The District continuously looks to reduce spending and improve process efficiencies. Other factors the District is facing is lower permit and connection fees, increases in funding retirement liability and cost of benefits, and lower interest earnings. Fortunately, the District's primary operating revenues are sewer service charge from District customers and the City of Concord. The District also receives a portion of the one-percent property tax levied by the Contra Costa County. The District is fortunate to participate in the California's alternative method of apportionment called the Teeter Plan. Under the Teeter plan the County advances the full amount of property tax and other levies to the District based on the tax levy rather than the actual tax collections by the County. The County assumes the risk of delinquencies and in turn retains the penalties and accrued interest. Even though property tax delinquencies have significantly increased, given the current housing situation, the County still anticipates collecting the taxes.

The positive upside is that it appears that the East Bay's jobs recession peaked four months before California, according to an annual report released by Beacon Economics. Consequently, it is projected that the Contra Costa County area will hit an upswing before the state bounces back. Still the area appears to have all the fundamentals for a robust rebound at some point. Our diversified economy and highly educated population provide a strong foundation for consistent, long-term growth, according to the Beacon report. Economists have also said, we are likely to recover and resume a solid growth path in the near future, but correcting for some of the overgrowth of the housing bubble may be painful. Consequently, until the upswing occurs, the District anticipates a larger hiring pool, lower construction contract bids and lower natural gas pricing in the next year. Furthermore, there is also an increased need for recycled water within Contra Costa County for urban land uses due to below average rainfall, very low snowmelt runoff, and the largest court ordered water transfer restrictions in state history. The timing of growth will depend on economic conditions.

The District has an excellent reputation in all areas of public service, which include finance, collection, treatment, training, safety, technology, capital projects, construction and customer service. The Central Contra Costa Sanitary District has balanced revenue sources, adequate reserves, and a low debt obligation, which will enable the District to meet the demands of future budgets. CCCSD reviews its rate and other charges annually. The District can increase its Sewer Service Charge rates when needed to make up revenue shortfalls by providing public notice to all customers, holding a Public Hearing, and obtaining approval by the Board of Directors. The District is also able to obtain bond financing, as needed, due to the District's AAA bond rating. The District anticipates that it will continue to meet its mission and goals, continue to provide excellent customer service and reasonable rates to its customers, and meet compliance requirements given the current economic conditions.

Long Term Financial Planning

District management analyzes and updates their strategic plan annually, with the four main goals being: providing exceptional customer service, maintaining full regulatory

compliance, maintaining responsible rates, and continuing to be a high performance organization. Strategies to achieve each of the goals are developed, as well as metrics to evaluate success.

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

Major Initiatives

The District's vision is to be a high-performance organization that provides exceptional customer service and full regulatory compliance at responsible rates. Full regulatory compliance is provided through exceptional operation of our collection system and treatment facilities, as well as through continued investment in our infrastructure. Our current capital plan has an emphasis on collection system renovation in order to fix deteriorating pipes and pumping stations before they can contribute to a sewer system overflow. Both at the State and Federal level, regulations addressing sewer system overflows and public notification have become increasingly stringent over the last several years. Collection system operations will be enhanced by the planned construction of a new administration/crew/warehouse building, which is being designed to be LEED certified and will incorporate many green design features. LEED represents "Leadership in Energy and Environmental Design," which is administered by the U.S. Green Building Council. The current facility has reached an age and condition where significant rehabilitation, upgrading, and replacements are needed. Furthermore, the collection systems operations staff has increased to meet District growth and increasing regulatory demands, and additional space is needed. The District is currently in the process of a bond sale to finance building the new facility.

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

The District has received Platinum and Gold awards from the National Association of Clean Water Agencies (NACWA) for eleven straight years in recognition of 100 percent compliance with our National Pollutant Discharge Elimination System (NPDES) permit. Recently, the California Water Environment Association selected the District as the best Large Secondary Treatment Plant in the state of California.

AWARDS AND ACKNOWLEDGEMENTS

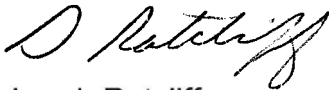
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central Contra Costa Sanitary District for its CAFR for the fiscal year ended June 30, 2008. This was the ninth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Deborah Ratcliff
Controller

**CENTRAL CONTRA COSTA SANITARY DISTRICT
BOARD OF DIRECTORS
June 30, 2009**

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



OUR MISSION

To protect the public health and the environment by:

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



OUR VISION

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

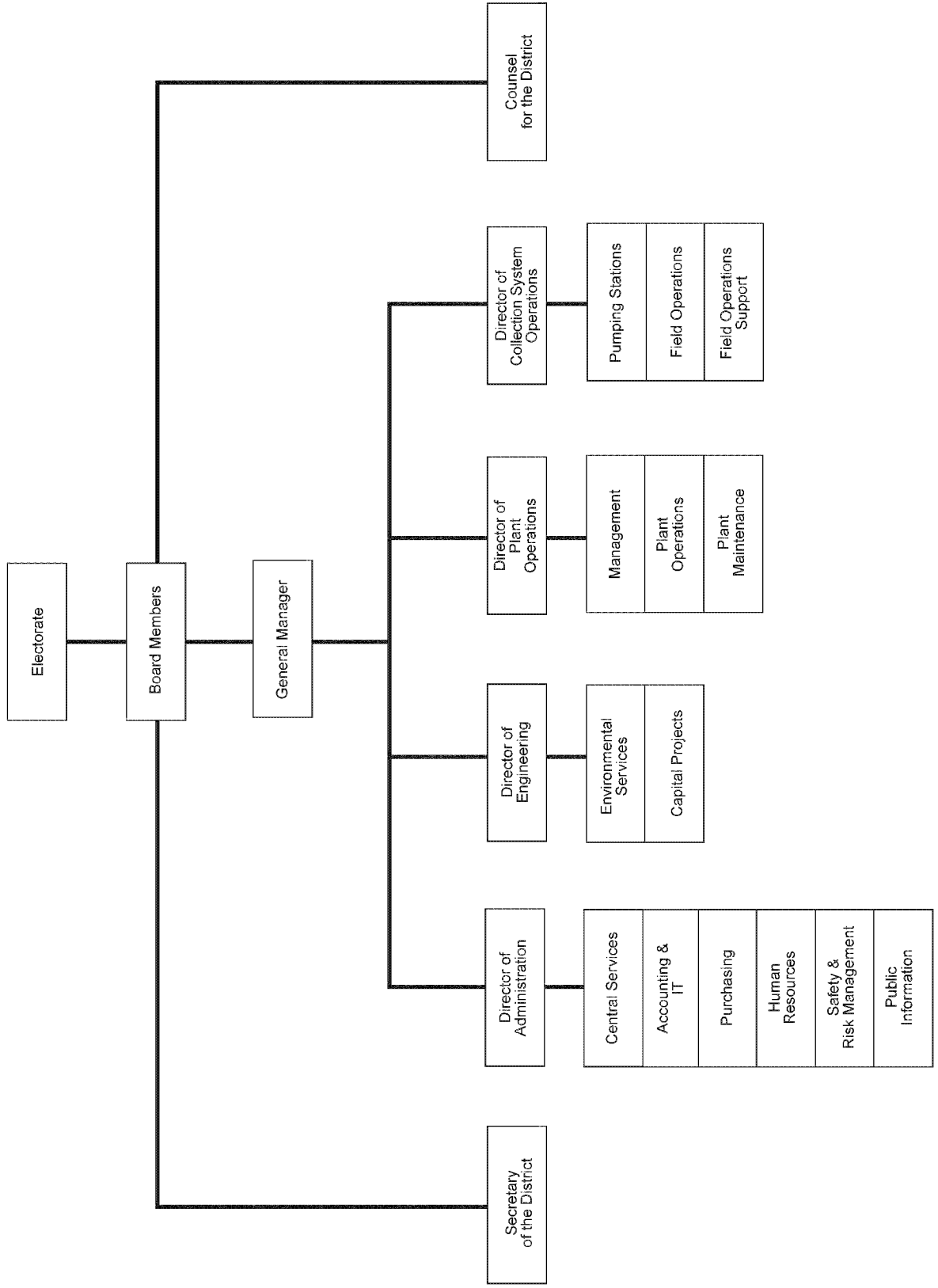


OUR VALUES

We will achieve our goals by valuing:

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

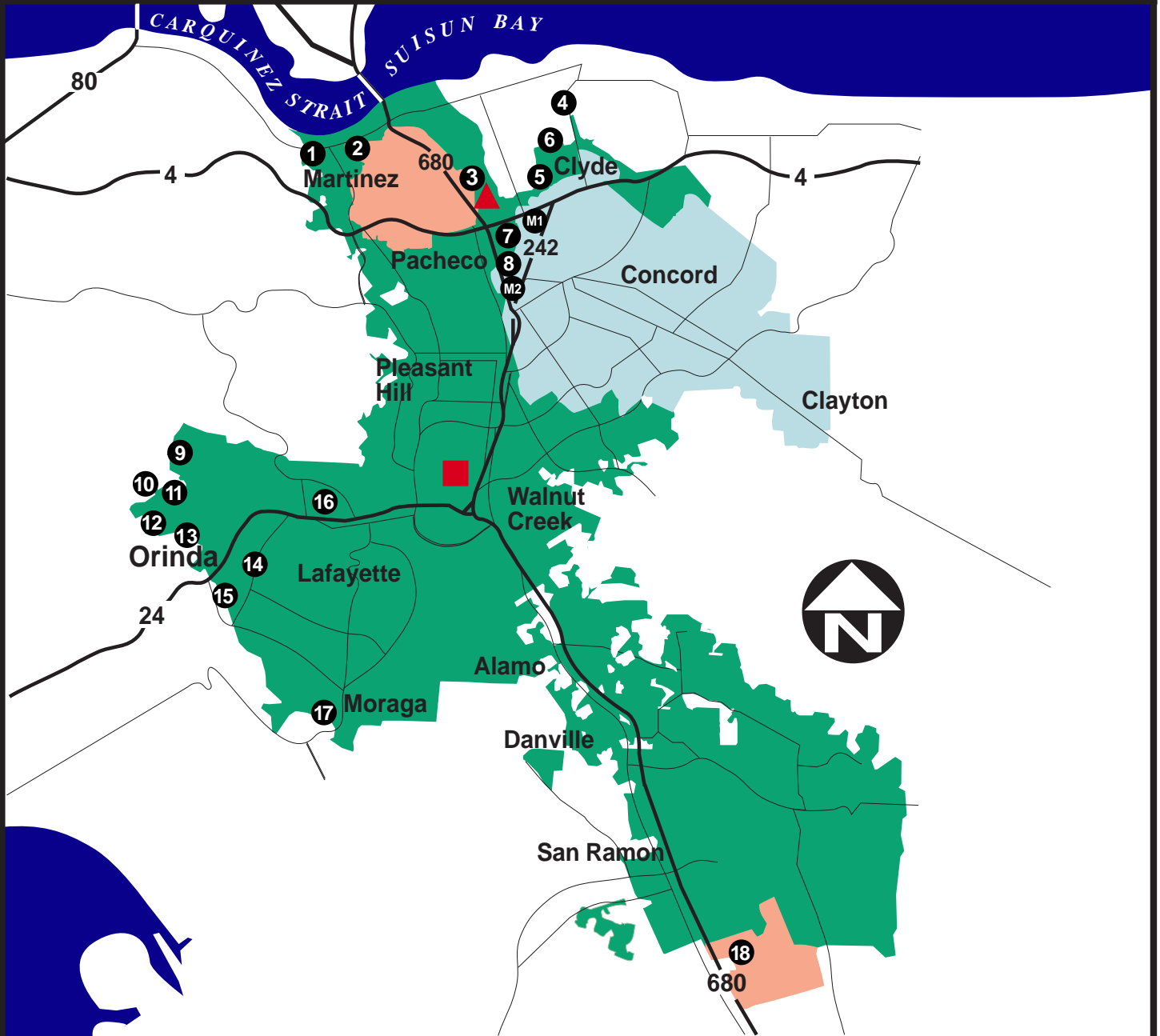
CENTRAL CONTRA COSTA SANITARY DISTRICT
Organization Chart - Composite



Central Contra Costa Sanitary District

Map of Service Area

June 30, 2009



- Wastewater collection and treatment and HHW collection for 456,200 people
- Wastewater treatment and HHW collection for 134,015 residents in Concord and Clayton by contract
- HHW collection service only
- CCCSD's Headquarters Office Building, treatment plant, and HHW Collection Facility located in Martinez
- CCCSD's Collection System Operations Department (sewer maintenance) located in Walnut Creek

CCCSD Pumping Stations

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Central Contra Costa Sanitary District, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director

(THIS PAGE INTENTIONALLY LEFT BLANK)

Central Contra Costa Sanitary District

Financial Section



Cropper Accountancy Corporation

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Central Contra Costa Sanitary District as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Contra Costa Sanitary District as of June 30, 2009 and 2008, 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, as well as accounting systems prescribed by the State Controller's office for special districts.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedules, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


CROPPER ACCOUNTANCY CORPORATION

September 23, 2009

(THIS PAGE INTENTIONALLY LEFT BLANK)



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2009. This information is presented in conjunction with the audited financial statements, which follow this report. Three years of comparative data is required; however, variance explanations are for differences between 2008-09 and 2007-08.

FINANCIAL HIGHLIGHTS

The District's 2008-09 financial highlights are listed below. These results are discussed in more detail later in the report.

- The District's total ending net assets increased by \$10.1 million or 1.67% in 2008-09 when compared to fiscal year 2007-08
- Total revenues were \$82.6 million in 2008-09 compared to \$82.2 million in 2007-08
- Total 2008-09 expenses were \$78.8 million compared to \$75.0 million in 2007-08
- Capital Contributions decreased from \$10.7 million in 2007-08 to \$6.3 million in 2008-09

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REQUIRED FINANCIAL STATEMENTS

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

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

STATEMENT OF NET ASSETS

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

Condensed Statement of Net Assets

	Fiscal Year 2008-2009	Fiscal Year 2007-2008	Fiscal Year 2006-2007
Current Assets	\$ 73,481,194	\$ 86,373,020	\$ 80,148,191
Capital Assets	578,889,989	560,288,889	543,622,261
Other Non-current Assets	4,964,404	5,219,183	5,506,090
Total Assets	657,335,587	651,881,092	629,276,542
Current Liabilities	15,098,030	13,270,194	9,120,863
Non-Current Liabilities	30,557,514	37,000,803	36,419,802
Total Liabilities	45,655,544	50,270,997	45,540,665
Invested in Capital Assets, Net of Related Debt	552,165,498	531,119,639	512,101,920
Restricted - Debt Service	3,163,956	3,185,416	3,216,163
Unrestricted	56,350,589	67,305,040	68,417,794
Total Net Assets	\$ 611,680,043	\$ 601,610,095	\$ 583,735,877

The total net assets of the District increased to \$611.7 million in 2008-09, a \$10.1 million increase from 2007-2008. The increase in net assets is the result of net income of \$3.8 million and capital contributions of \$6.3 million (shown in the next table).

By far the largest portion of the District’s net assets (90.3% percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and sewer line infrastructure), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its ratepayers; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. There is currently \$3.2 million restricted for debt service. The remaining balance of \$56.4 million in unrestricted net assets may be used to meet the District’s ongoing obligations to its ratepayers and creditors.

REVIEW OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

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

Revenues, Expenses, and Changes in Net Assets	Fiscal Year 2008-2009	Fiscal Year 2007-2008	Fiscal Year 2006-2007
Sewer Service Charges (SSC)	\$ 51,843,311	\$ 48,414,017	\$ 44,100,883
Other Service Charges and misc.	1,540,833	1,465,569	1,657,238
Total Operating Revenue	53,384,144	49,879,586	45,758,121
Customer Contributions (SSC)	13,938,421	14,970,637	15,945,915
Property Tax	12,539,375	12,254,168	11,762,731
Permit & Inspection Fees	1,093,756	1,335,160	1,615,308
Interest and All Other	1,672,618	3,771,438	4,574,156
Total Non-Operating Revenues	29,244,170	32,331,403	33,898,110
Total Revenues	82,628,314	82,210,989	79,656,231
Total Labor and Benefits	39,440,034	37,312,472	34,678,665
Chemicals & Utilities	7,414,467	7,223,877	7,024,986
Repairs and Maintenance	3,057,540	2,985,670	3,254,643
Professional, Legal and Outside Services	2,832,001	2,613,658	2,298,712
Materials & Supplies	1,954,288	1,728,963	1,734,504
Hauling and Disposal	880,589	877,885	850,439
Self-Insurance Expense	958,906	916,639	519,284
All Other	1,437,429	1,247,298	1,444,082
Depreciation Expense	19,417,941	18,615,747	17,714,714
Total Operating Expenses	77,393,195	73,522,209	69,520,029
Non-Operating Expense - Interest Expense	1,421,686	1,518,142	1,609,104
Total Expenses	78,814,881	75,040,351	71,129,133
Income Before Capital Contributions	3,813,433	7,170,638	8,527,098
Contributed Sewer Lines	1,231,022	1,444,420	3,521,704
Capital Contributions - Connection Fees	5,025,493	9,259,160	8,917,658
Total Capital Contributions	6,256,515	10,703,580	12,439,362
Change in Net Assets	10,069,948	17,874,218	20,966,460
Beginning Net Assets	601,610,095	583,735,877	562,769,417
Ending Net Assets	\$ 611,680,043	\$ 601,610,095	\$ 583,735,877

In 2008-09, operating revenues increased by \$3.5 million or 7.03%; non-operating revenue decreased by -\$3.1 million or -9.55%. The change in total revenue resulted in a small increase of \$0.4 million or 0.51%. The SSC rate increased in 2008-09 by 3.7% and there were new connections to the system. Additionally, a portion of SSC revenue was shifted from non-operating to operating revenue. The total impact of these changes results in a \$3.4 million increase in SSC operating revenue, and a decrease of -\$1.0 million in SSC non-operating revenue. Property Tax revenue had a modest \$0.3 million increase due to a 2.33% growth to the tax base, in spite of the sub-prime mortgage crisis and recession. In 2008-09, permit and inspection fees decreased by -\$0.2 million, or -18.08%, in the struggling economy. Interest and All Other revenue decreased by -\$2.1 million, or -55.65%. This is mostly due to lower interest earnings on District investments due to lower investment rates and investment balances.

In 2008-09, operating expenses increased by \$3.9 million or 5.27%. This is mainly due to increases in total labor, depreciation expense, increased self-insurance claims, technical services, chemical, and utility costs. Labor and Benefits increased by \$2.1 million or 5.70% due to cost-of-living adjustments, merit increases, filling of vacant positions, and increased benefit costs in general. Depreciation expense increased by \$0.8 million, which reflects new capital additions. Non-Operating Expense, which is made

up of debt service interest expense decreased slightly as more principal was paid off. Total 2008-09 income before capital contributions decreased from \$7.2 million in 2007-08 to \$3.8 million in 2008-09 or a net decrease of -\$3.4 million or -46.82 %.

Capital contributions in 2008-09 were \$6.3 million compared to \$10.7 million in 2007-2008, resulting in a decrease of \$4.4 million or -41.55%. This was mainly due to less contributed sewer lines and connection fees due to the construction and housing slowdown. The total change in net assets decreased from \$17.9 million in 2007-08 to \$10.1 million in 2008-09.

CAPITAL ASSETS

As of June 30, 2009, the District's investment in capital assets totaled \$578.9 million, which is an increase of \$18.6 million or 3.32% over the capital asset balance of \$560.3 million at June 30, 2008. Capital assets include the District's entire major infrastructure including wastewater treatment facilities, sewers, land, buildings, pumping stations, vehicles, and furniture and equipment exceeding our capitalization policy limit of \$5,000, net of depreciation. A comparison of the District's capital assets over the past 3 fiscal years is presented below:

Capital Assets	Fiscal Year 2008-2009	Fiscal Year 2007-2008	Fiscal Year 2006-2007
Land	\$ 17,114,720	\$ 17,114,720	\$ 17,114,720
Sewage Collection System	273,333,617	242,706,977	226,796,748
Contributed Sewer Lines	146,757,520	145,596,316	144,151,897
Outfall Sewers	8,518,443	8,518,443	8,518,443
Sewage Treatment Plant	268,399,708	264,327,208	255,008,296
Recycled Water Infrastructure	11,936,662	11,936,662	11,726,507
Pumping Stations	52,404,387	51,632,331	50,082,876
Buildings	19,997,044	19,987,656	19,537,601
Intangible Assets	1,521,424	-	-
Furniture & Equipment	14,523,054	13,730,782	12,951,529
Motor Vehicles	5,983,539	5,224,941	4,575,910
Construction In Progress	24,645,390	28,515,814	24,536,196
Subtotal	845,135,508	809,291,850	775,000,723
Less Accumulated Depreciation	266,245,519	249,002,961	231,378,462
Total Capital Assets (net of depreciation)	\$ 578,889,989	\$ 560,288,889	\$ 543,622,261

The major reasons for the increase of \$18.6 million in capital assets, net of depreciation, are:

- Sewer pipe ongoing renovations, pumping station improvements, and contributed sewer lines (\$32.6 million)
- Treatment plant infrastructure renovations, upgrades, equipment, and improvements (\$4.1 million)
- All other asset categories, including construction in progress, decreased slightly (\$0.8 million)
- Capital Asset increases are offset by an increase of \$17.2 million in accumulated depreciation due to our increasing capital asset value and its associated depreciation expense.

See Note #4 in the audited financial statements.

DEBT ADMINISTRATION

The District has the following outstanding debt as of June 30, 2009:

1998 Revenue Refunding Bonds	\$	10,820,277
2002 Revenue Bonds		13,585,000
Water Reclamation Loan Contract		1,484,491
	\$	<u>25,889,768</u>

See Note #6 in the audited financial statements.

ECONOMIC AND OTHER FACTORS

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

The Governor and legislature voted to suspend Proposition 1A, and the District will lose a portion of property tax revenue in 2009-10. The amount is estimated to be approximately \$1.2 million. The State is obligated to pay back local governments, plus interest, in 3 years. It is uncertain if the State will have the resources for repayment. The State's problems will continue into future budgets and will have a trickle-down effect on local governments.

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

- The recession, recovery, and the future state of the economy
- Large market losses in 2008 and 2009 will increase the cost of retirement benefits
- Other Post-Employment benefit required contributions based on actuarial analyses using lower interest rates
- Reduced new connections and connection fees
- Regulatory requirements becoming more stringent, causing the District to spend more on compliance, both for operations and maintenance costs and capital projects
- Low interest rates negatively impact interest earnings

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

FINANCIAL CONTACT

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

FINANCIAL STATEMENTS

CENTRAL CONTRA COSTA SANITARY DISTRICT
Statement of Net Assets
June 30, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 41,484,847	\$ 66,665,766
Short term investments	13,495,124	-
Accounts receivable	16,063,402	17,002,243
Interest receivable	143,522	340,273
Parts and supplies	1,636,566	1,612,059
Prepaid expenses	657,733	652,679
Total Current Assets	73,481,194	86,273,020
Noncurrent Assets		
Restricted cash and investments	3,644,092	3,696,773
Land, property, plant and equipment, net of accumulated depreciation	554,244,599	531,773,075
Construction in progress	24,645,390	28,515,814
Contractual assessment district receivable	1,122,915	1,394,333
Revenue bond issuance costs, net of amortization	197,397	228,077
Total Noncurrent Assets	583,854,393	565,608,072
Total Assets	657,335,587	651,881,092
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	5,688,477	8,673,582
OPEB transition payable	4,966,336	-
Interest payable	382,229	419,656
Current portion of refunding revenue bonds	2,390,000	2,300,000
Current portion of water reclamation loan contract	148,523	144,759
Current portion of accrued compensated absences	529,000	790,000
Liability for uninsured claims	750,000	629,820
Refundable deposits	243,465	312,377
Total Current Liabilities	15,098,030	13,270,194
Noncurrent Liabilities		
Revenue bonds, net of current portion	22,015,277	24,212,648
OPEB obligation	1,611,622	5,990,813
Accrued compensated absences, net of current portion	5,594,647	5,312,851
Water reclamation loan contract, net of current portion	1,335,968	1,484,491
Total Noncurrent Liabilities	30,557,514	37,000,803
Total Liabilities	45,655,544	50,270,997
NET ASSETS		
Invested in capital assets, net of related debt	552,165,498	531,119,639
Restricted for debt service	3,163,956	3,185,416
Unrestricted	56,350,589	67,305,040
Total Net Assets	\$ 611,680,043	\$ 601,610,095

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
Statement of Revenues, Expenses, and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	2009	2008
OPERATING REVENUE		
Sewer service charges (SSC)	\$ 43,087,454	\$ 40,207,157
Service charges - City of Concord	8,755,857	8,206,860
Other service charges	872,978	869,589
Miscellaneous charges	667,855	595,980
Total operating revenue	53,384,144	49,879,586
OPERATING EXPENSES		
Sewage collection and pumping stations	11,817,621	10,905,468
Sewage treatment	22,927,971	22,054,203
Engineering	6,834,321	6,332,830
Administrative and general	16,395,341	15,613,961
Depreciation	19,417,941	18,615,747
Total operating expenses	77,393,195	73,522,209
OPERATING LOSS	(24,009,051)	(23,642,623)
NON-OPERATING REVENUES (EXPENSES)		
Taxes	12,539,375	12,254,168
City of Concord cash contributions to capital costs	5,485,858	5,336,273
Customer cash contributions to capital cost (SSC)	8,452,563	9,634,364
Permit and inspection fees	1,093,756	1,335,160
Interest earnings	1,033,095	2,527,621
Interest expense	(1,421,686)	(1,518,142)
Other income (expense)	639,523	1,243,817
Total non-operating revenues (expenses)	27,822,484	30,813,261
Income before contributions and transfers	3,813,433	7,170,638
Contributed sewer lines	1,231,022	1,444,420
Capital contributions - connection fees	5,025,493	9,259,160
CHANGE IN NET ASSETS	10,069,948	17,874,218
Total Net Assets - Beginning	601,610,095	583,735,877
Total Net Assets - Ending	\$ 611,680,043	\$ 601,610,095

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
Statement of Cash Flows
Years Ended June 30, 2009 and 2008

	2009	2008
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 55,395,420	\$ 46,825,663
Payments to suppliers	(18,306,594)	(7,360,135)
Payments to employees and related benefits	(42,824,881)	(40,326,309)
Net cash used in operating activities	(5,736,055)	(860,781)
Cash Flows From Noncapital Financing Activities:		
Receipt of taxes	12,539,375	12,254,168
Inspection/permit fees and other non-operating income	1,733,280	2,578,977
Interest paid on reimbursements payable	(6,206)	-
Net cash provided by non capital and related financing activities	14,266,449	14,833,145
Cash Flows From Capital And Related Financing Activities:		
Capital contributions	13,938,421	14,970,637
Connection fees	5,025,493	9,259,160
Acquisition and construction of capital assets	(36,788,271)	(33,855,254)
Principal paid on bonds	(2,444,759)	(2,158,462)
Interest paid on bonds	(1,229,600)	(1,508,630)
Net cash used in capital and related financing activities	(21,498,716)	(13,292,549)
Cash Flows From Investing Activities		
Purchase of short term investments	(13,495,124)	-
Interest received	1,229,846	2,248,555
Net cash provided (used) in investing activities	(12,265,278)	2,248,555
Net decrease in cash and cash equivalents	(25,233,600)	2,928,370
Cash and cash equivalents, July 1	70,362,539	67,434,169
Cash and Cash equivalents, June 30	\$ 45,128,939	\$ 70,362,539
Reconciliation of operating loss to net cash provided (used) by operating activities		
Operating gain (loss)	(24,009,051)	(23,642,623)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation expense	19,417,941	18,615,747
Net book value on capital assets retired	253	17,299
(Increase) decrease in:		
Accounts receivable	1,210,259	(2,811,019)
Parts and supplies	(24,507)	(69,041)
Prepaid expenses	(5,054)	118,895
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,992,249)	3,529,733
Refundable deposits	(68,912)	(242,904)
Liability for uninsured claims	120,180	-
OPEB obligation	594,289	2,832,926
Accrued compensated absences	20,796	790,206
Net cash used in operating activities	\$ (5,736,055)	\$ (860,781)
Noncash investing, capital, and financing activities		
Contributions of capital assets	\$ 1,231,022	\$ 1,444,420
End of Period:		
Unrestricted cash and equivalents	\$ 41,484,847	\$ 66,665,766
Restricted cash and equivalents	3,644,092	3,696,773
	\$ 45,128,939	\$ 70,362,539

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Basis of Accounting

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

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Running Expense

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

Sewer Construction

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

Self Insurance

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

Debt Service

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

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

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments held at June 30, 2009, with original maturities greater than one year, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Prepays

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

Bank Escrow Deposit

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

Parts and Supplies

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

Property, Plant, and Equipment

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

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

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Defined Contribution Retirement Plans

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

On August 20, 1997, the provisions of the Internal Revenue Code covering section 457 were amended to require existing plans to establish trusts for assets of plans so that they would not be subject to the right of general creditors. The District amended its plan during the fiscal year ended June 30, 1999 to meet this requirement. Consequently, at June 30, 2009, the plan's assets are held in trust for the exclusive benefit of the participants and are not included in the District's financial statements.

The District also contributes to a money purchase plan created in accordance with Internal Revenue Code section 401(a). Contributions to the plan are made in accordance with a memorandum of understanding stating that in lieu of making payments to Social Security, the District contributes to the 401 (a) Plan an amount equal to that which would have been contributed to Social Security on behalf of its employees as long as the District is not required to participate in Social Security. The assets are held in trust and are not recorded on the books of the District. The District contributed \$1,521,718 to the plan during the year ended June 30, 2009.

Property Taxes

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

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

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

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

The accrued compensated absences increased to \$6,123,647 from \$6,102,851 or \$20,796 in fiscal 2009. The current portion of the liability to be used within the next year is estimated by management to be approximately \$529,000. The change of \$20,796 consists of increases of \$529,043 and decreases of \$508,247.

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, Cal Trust and the State of California Local Agency Investment Fund (LAIF). Restricted assets are debt service amounts maintained by fiduciaries and not available for general expenses.

Use of Estimates

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

New Accounting Pronouncements

In April 2004, GASB issued GASB No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement provides guidance on how to report OPEB plans that qualify as a trust or agency funds or as fiduciary component units of either a participating employer, a plan sponsor, a public employee retirement system (CalPERS, or other administering entity). The requirements for this statement are effective for fiscal periods beginning after December 15, 2006 provided GASB 45 is also implemented. The District implemented this standard in conjunction with GASB 45 in fiscal 2009.

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

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

New Accounting Pronouncements (continued)

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

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

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

In November of 2007, GASB issued GASBS No. 52, Land and Other Real Estate Held as Investments by Endowments. The provisions of this Statement apply to entities’ financial statements ended June 30, 2009 (effective for periods beginning after June 15, 2008). This Statement requires endowments to report their land and other real estate investments at fair value and governments to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. Endowments exist to invest resources for the purpose of generating income. Other entities that exist for similar purposes—pension and other postemployment benefit plans, external investment pools, and Internal Revenue Code Section 457 deferred compensation plans—however, report land and other real estate held as investments at their fair value. This standard does not apply to the District.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

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

New Accounting Pronouncements (continued)

In June of 2008, GASB issued GASBS No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement requires governments to measure derivative instruments at fair value in their economic resources measurement focus financial statements. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, can also expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), forward contracts, and future contracts. The District is required to implement the provisions of the Statement for the fiscal year ending June 30, 2010 (effective for periods beginning after June 15, 2009), which should allow users of the financial statements to more fully understand the District's resources available to provide services. The District does not currently hold such instruments which would be classified as derivatives other than a minor amount held through the State Investment Pool and Cal Trust.

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

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

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

New Accounting Pronouncements (continued)

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

Reclassifications

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

2. CASH AND CASH EQUIVALENTS

Summary of Cash and Investments

Investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 41,484,847
Short term investments	13,495,124
Restricted cash and investments	3,644,092 *
Total Cash and Investments	\$ 58,624,063

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

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	1 year	None	None
Banker's Acceptance	180	40%	15%
Commercial Paper (1)	270	25%	15%
Collateralized Certificates of Deposit	1 year (2)	30%	15%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

2. CASH AND CASH EQUIVALENTS (continued)

Authorized Under Debt Agreements

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
Treasury Bills	\$ 4,995,763	10/22/09
Commercial Paper- GE Capital	2,000,000	8/21/09
Commercial Paper- GE Capital	1,500,000	9/11/09
Commercial Paper - Citi Group	4,999,361	7/21/09
Total	<u>\$ 13,495,124</u>	

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

2. CASH AND CASH EQUIVALENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Not Required To Be Rated	Rating as of Year End		
			AAA	A-1	Unrated
Cash	\$ 1,684,847	\$1,684,847			
Money Markets	3,544,092		\$3,544,092		
CDs	10,000,000	10,000,000			
Commercial Paper	8,499,361			\$4,999,361	\$3,500,000
Treasuries	4,995,763		4,995,763		
CalTrust	2,200,000				2,200,000
State Investment Pool	27,700,000				27,700,000
Total	\$58,624,063	\$11,684,847	\$8,539,855	\$4,999,361	\$33,400,000

Concentration of Credit Risk

During the current fiscal year the District invested 51% of its monies in the State Investment Pool (LAIF) and CalTrust (a County Joint Powers Agency Authority), which are not limited by the California Government Code or District Investment Policy.

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

Investment in the State Investment Pool – The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District’s investment in the pool is reported in the accompanying financial statement at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized costs basis.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

2. CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk – Investments

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

3. ACCOUNTS RECEIVABLE

At June 30, 2009, accounts receivable are comprised of the following:

City of Concord (see Note 8)	\$ 14,626,217
Household Hazardous Waste Partners	681,415
All other	<u>755,770</u>
Total accounts receivable	<u>\$ 16,063,402</u>

This space intentionally left blank.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

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

Property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2009:

	Balance Beginning of Year	Additions	Retirements	Transfer from CIP	Balance End of Year
At Cost					
Capital assets not being depreciated					
Land	\$ 17,114,720	\$ -	\$ -	\$ -	\$ 17,114,720
Construction in progress	28,515,814	35,734,500	-	(39,604,924)	24,645,390
Total nondepreciated assets	<u>45,630,534</u>	<u>35,734,500</u>	<u>-</u>	<u>(39,604,924)</u>	<u>41,760,110</u>
Capital assets being depreciated					
Sewage collection system	242,706,977	-	(100,000)	30,726,640	273,333,617
Contributed sewer lines	145,596,316	1,231,022	(69,818)	-	146,757,520
Outfall sewers	8,518,443	-	-	-	8,518,443
Sewage treatment plant	264,327,208	-	(1,405,000)	5,477,500	268,399,708
Recycled water infrastructure	11,936,662	-	-	-	11,936,662
Pumping stations	51,632,331	-	(300,000)	1,072,056	52,404,387
Buildings	19,987,656	-	-	9,388	19,997,044
Intangibles	-	-	-	1,521,424	1,521,424
Furniture and equipment	13,730,782	-	(5,644)	797,916	14,523,054
Motor vehicles	5,224,941	1,053,772	(295,174)	-	5,983,539
Total depreciated assets	<u>763,661,316</u>	<u>2,284,794</u>	<u>(2,175,636)</u>	<u>39,604,924</u>	<u>803,375,398</u>
Less accumulated depreciation					
Sewage collection system	33,984,272	3,484,462	(100,000)	-	37,368,734
Contributed sewer lines	41,261,472	1,961,239	(69,818)	-	43,152,893
Outfall sewers	2,426,913	113,353	-	-	2,540,266
Sewage treatment plant	136,502,000	9,173,635	(1,405,000)	-	144,270,635
Recycled water infrastructure	3,553,488	469,234	-	-	4,022,722
Pumping stations	14,133,442	2,152,938	(300,000)	-	15,986,380
Buildings	5,318,319	631,390	-	-	5,949,709
Intangibles	-	10,142	-	-	10,142
Furniture and equipment	8,499,236	1,050,390	(5,391)	-	9,544,235
Motor vehicles	3,323,819	371,158	(295,174)	-	3,399,803
Total accumulated depreciation	<u>249,002,961</u>	<u>19,417,941</u>	<u>(2,175,383)</u>	<u>-</u>	<u>266,245,519</u>
Total capital assets being depreciated, net	<u>514,658,355</u>	<u>(17,133,147)</u>	<u>(253)</u>	<u>39,604,924</u>	<u>537,129,879</u>
Capital assets, net	<u>\$ 560,288,889</u>	<u>\$ 18,601,353</u>	<u>\$ (253)</u>	<u>\$ -</u>	<u>\$ 578,889,989</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

5. ASSESSMENT DISTRICTS

The District established the Contractual Assessment District (CAD) program to help homeowners finance the cost of connecting to the District. The construction costs associated with the project within the program are capitalized and depreciated. Individual homeowners are assessed an amount equal to their share of the construction costs and connection fee. The assessments plus interest are generally payable over 10 years. At year-end, the receivable balance was \$1,122,915.

The District also established the Alhambra Valley Assessment District (AVAD) to provide services to residents in the Alhambra Valley in Martinez. Residents have the choice to pay cash or finance the construction costs and connection fees. At year-end the receivable balance was \$397,430.

6. LONG-TERM DEBT

Revenue Bonds – 2002

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

Refunding Revenue Bonds – 1998 & 1994 Defeased Debt

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

The District issued the 1998 Refunding Revenue Bonds to advance refund the 1994 Revenue Installment Certificates, which had interest rates of 5.25 to 6.25%. The net proceeds were deposited in an escrow fund to service and redeem the 1994 debt. As a result, the advance refunding met the requirements of an in-substance debt defeasance, and the outstanding balance of the 1994 debt was removed from the District's accounts. The 1994 issue no longer has an outstanding balance.

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

Summary

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

	<u>Balance</u> <u>July 1, 2008</u>	<u>Deferred</u> <u>Cost</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due in</u> <u>One Year</u>
Revenue bonds	\$26,512,648	\$ 192,629	\$ 2,300,000	\$ 24,405,277	\$ 2,390,000
Water Reclamation Loan	<u>1,629,250</u>	<u>-</u>	<u>144,759</u>	<u>1,484,491</u>	<u>148,523</u>
	<u>\$28,141,898</u>	<u>\$ 192,629</u>	<u>\$ 2,444,759</u>	<u>\$ 25,889,768</u>	<u>\$ 2,538,523</u>

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

6. LONG-TERM DEBT (continued)

Debt Service Requirements

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

Fiscal Year Ending June 30,	2002 Debt Service Requirement	1998 Debt Service Requirement	Total
2010	1,265,261	2,216,478	3,481,739
2011	1,263,561	2,222,341	3,485,902
2012	1,265,762	2,217,429	3,483,191
2013	1,266,391	2,216,648	3,483,039
2014	1,265,437	2,219,600	3,485,037
2015 – 2019	6,334,686	2,220,995	8,555,681
2020 – 2024	6,350,116	-	6,350,116
Total	19,011,214	13,313,491	32,324,705
Amount representing interest	(5,426,214)	(1,658,491)	(7,084,705)
Principal outstanding	13,585,000	11,655,000	25,240,000
Less: Unamortized deferred loss on refunding year end	-	(834,723)	(834,723)
	13,585,000	10,820,277	24,405,277
Short-term portion of revenue bonds	(655,000)	(1,735,000)	(2,390,000)
Long-term portion of revenue bonds	<u>\$ 12,930,000</u>	<u>\$ 9,085,277</u>	<u>\$ 22,015,277</u>

Water Reclamation Loan Contract

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

6. LONG-TERM DEBT (continued)

Water Reclamation Loan Contract (continued)

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

Years	Debt Service Requirements
2010	\$ 187,119
2011	187,119
2012	187,119
2013	187,119
2014	187,119
2015 - 2018	748,479
Total	1,684,074
Amount representing interest	(199,583)
	1,484,491
Less: Current portion of Water Reclamation Loan Contract	(148,523)
	\$ 1,335,968

Local Improvement District Bonds

Within the District's boundaries, there exist several Improvement Districts, which were formed for the sole purpose of financing sewer system improvements. **The District has no oversight responsibility for these Districts and is not liable for repayment of any bonds issued to finance these local improvement districts.** Contra Costa County acts as the agent for the property owners in these districts in collecting assessments, forwarding collections to bondholders, and initiating foreclosure procedures, if appropriate. The outstanding balance on these bonds was \$80,000 at June 30, 2009.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District joined with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for the member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. Through CSRMA, the District purchases property insurance and workers' compensation insurance.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

7. RISK MANAGEMENT (continued)

Insurance Coverage

The District's insurance coverage is as follows:

Type of Insurance Coverage	Insurer	Limits	Self Insured Deductible Per Occurrence
All-Risk Property			
Fire	Public Entity Property Insurance Program (PEPIP)	\$505,541,991	\$ 250,000
Boiler & Machinery (Shared Limits per Occurrence)	PEPIP	\$100,000,000	\$ 50,000- \$ 250,000
Liability			
Errors and Omissions	Insurance Company of the State of Pennsylvania (AIG)	\$ 15,000,000	\$ 1,000,000
Employment Practices Liability	AIG	\$ 15,000,000	\$ 1,000,000
Employment Practices Liability	Admiral Insurance Company	\$ 1,000,000	\$ 15,000
General Liability	AIG	\$ 15,000,000	\$ 1,000,000
Auto Liability	AIG	\$ 15,000,000	\$ 1,000,000
Pollution (General Aggregate) General Liability (Occurrence)	American International Specialty Lines Insurance Co.	\$ 5,000,000	\$ 5,000
Pollution (Legal Liability Aggregate) (Claims Made)	American International Specialty Lines Insurance Co	\$ 10,000,000	\$ 50,000
Workers' Compensation	CSRMA	\$ 750,000	-
Excess Workers' Compensation	National Union Fire Insurance Company (statutory)	\$ 50,000,000	\$ 750,000
Fiduciary Liability	Nation Union Fire Ins. Com	\$ 1,000,000	\$ 5,000

Liability for Uninsured Claims

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

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

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

7. RISK MANAGEMENT (continued)

Liability for Uninsured Claims (continued)

For the fiscal year ended June 30, 2009, 2008, and 2007, settlements have not exceeded insurance coverage. Changes in the District's estimated liability for uninsured claims for fiscal years 2009, 2008, and 2007 are summarized as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Beginning balance	\$ 629,820	\$ 629,820	\$ 881,500
Provisions for claims incurred in the current year and changes in the liability for uninsured – claims incurred in prior years	286,220	387,095	(208,667)
Claims and claim adjustment expenses paid	<u>(166,040)</u>	<u>(387,095)</u>	<u>(43,013)</u>
Ending balance	<u>\$ 750,000</u>	<u>\$ 629,820</u>	<u>\$ 629,820</u>

8. AGREEMENT WITH THE CITY OF CONCORD

In 1974, the District and the City of Concord (the City) entered into a cost-sharing agreement under which the District became responsible for providing sewage treatment facilities and services to the City. Under this agreement, the City pays a service charge for its share of operating, maintenance and administrative costs and makes a contribution for its share of facilities capital costs expended. Service charges and contributions to capital costs from the City totaled \$8,755,857 and \$5,485,858 respectively, for the year ended June 30, 2009.

9. PENSION PLAN

Plan Description

Substantially all District full-time employees are required to participate in the Contra Costa County Employees' Retirement Association (CCCERA), a cost-sharing multiple-employer public employee deferred benefit retirement plan (Plan), governed by the County Employee's Retirement Law of 1937, as amended. The latest available actuarial and financial information for the Plan is for the year ended December 31, 2007. The Contra Costa Employees' Retirement Association issues a publicly available financial report that includes financial statements and supplemental information of the Plan. That report is available by writing to Contra Costa County Employees' Retirement Association, 1355 Willow Way, Suite 221, Concord, CA 94520-5728 or by calling (925) 521-3960.

The Plan provides for retirement, disability, and death and survivor benefits. Annual cost of living (COL) adjustments to retirement allowances can be granted by the Retirement Board as provided by State statutes. Retirement benefits are based on age, length of service and final average salary.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

9. PENSION PLAN (continued)

Plan Description (continued)

Subject to vested status, employees can withdraw contributions plus interest credited, or leave them as a deferred retirement when they terminate, or transfer to a reciprocal retirement system.

Plan Contribution Requirement

The Plan requires employees to pay one-half of the basic retirement benefit and one-half future COL costs. However, the District has paid the employee's basic contributions in accordance with the Memorandum of Understanding (MOU). The contribution requirement and payment from the District for the plan years ended June 30, 2009, 2008 and 2007 was as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Covered payroll for fiscal years ended June 30	\$ 24,202,098	\$ 22,503,704	\$ 21,504,951
Employer required contributions to pension	9,084,809	8,757,705	8,045,860
Employee required contributions to pension	913,027	892,488	861,387
Total required contributions	<u>\$ 9,997,836</u>	<u>\$ 9,650,193</u>	<u>\$ 8,907,247</u>
Percentage of payroll	<u>41%</u>	<u>43%</u>	<u>41%</u>

The District pension plan covered 265 participants during the year.

This space intentionally left blank.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

10. POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The District's defined benefit post employment healthcare plan, (DPHP), provides medical benefits to eligible retired District employees and beneficiaries. DPHP is part of the Public Agency portion of the Public Agency Retirement System (PARS), an agent multiple-employer plan administered by PARS, which acts as a common investment and administrative agent for participating public employees within the State of California. A menu of benefit provisions as well as other requirements as 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, P.O. Box 12919, Newport Beach, CA 92658; by calling 1(800) 540-6469; or by emailing info@pars.org.

Funding Policy

The District is required to contribute the *annual required contribution (ARC)* of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC 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. Trust amounts funded above or below the ARC are recorded on the books as an OPEB asset or liability/obligation, respectively.

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

Annual OPEB Cost

For 2009, the District's annual OPEB cost (expense) was \$4,612,856, which is comprised of \$2,372,856 in medical premiums to retirees (an implied subsidy) as well as \$2,240,000 in actual contributions to the PARS Trust, which is less than the ARC of \$6,224,478 by \$1,611,622. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for 2009 and the preceding year are presented below:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 4,612,856	74%	\$ 1,611,622

Two actuarial studies have been performed by the District. The first study was as of June 30, 2005 and the last was as of June 30, 2007. Based on these studies, the Board set aside funds in a liability account for the three years, 2009, 2008 and 2007, while investigating Trust options. The amount in excess of the net OPEB obligation (\$4,966,336) was a one-time transitional liability reclassified to current liabilities for payment to the OPEB Trust.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

10. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

The following table shows the components of the District's annual OPEB costs for the year 2009, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution (ARC)	\$ 6,224,478
Trust contributions	(2,240,000)
Contributions for medical premiums paid (implied subsidy)	<u>(2,372,856)</u>
Total ARC contributions	<u>(4,612,856)</u>
Net increase in net OPEB obligation	1,611,622
Net OPEB obligation – beginning 7/1/2008	<u>0</u>
Net OPEB obligation – ending 6/30/2009	1,611,622
Board designated funds – reclassified to accounts payable	<u>4,966,336</u>
Total OPEB obligation and provision	<u>\$ 6,577,958</u>

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2007 (most recent actuarial evaluation) was as follows:

Actuarial Accrued Liability (AAL)	\$ 68,447,956
Actuarial Value of Plan Assets	<u>(2,341,251)</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 66,106,705</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	3.4%
Covered Payroll (Active Plan Members)	<u>\$ 22,648,230</u>
UAAL as a Percentage of Covered Payroll	292%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation as well as the historical pattern of sharing benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations. The next actuarial valuation will be performed in October 2009.

CENTRAL CONTRA COSTA SANITARY DISTRICT
Notes to Financial Statements
Years Ended June 30, 2009 and 2008

10. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

Valuation Date	July 1, 2007
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Over Service
Average Remaining Period	30 Years as of the Valuation Date
<i>Actuarial Assumptions:</i>	
Investment Rate of Return	5%
Inflation	11% down to 4% over a 7-year period

11. LEASE COMMITMENTS

The District leases various facilities and equipment under operating leases. Following is a summary of operating lease commitments as of June 30, 2009:

Fiscal Year <u>Ending</u>	Office <u>Equipment</u>	<u>Facilities</u>	<u>Total</u>
2010	\$ 271,849	\$ 50,550	\$ 322,399
2011	271,849	52,050	323,899
2012	-	26,400	26,400
Total	<u>\$ 543,698</u>	<u>\$ 129,000</u>	<u>\$ 672,698</u>

Total rental expense for the fiscal years ended June 30, 2009 and 2008 was \$520,941 and \$481,673, respectively.

12. COMMITMENTS AND CONTINGENCIES

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

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

The District has purchase commitments relating to construction projects at June 30, 2009 of \$20,610,541.

SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA SANITARY DISTRICT

COMBINING SCHEDULE OF STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009

	Running Expense	Sewer Construction	Self Insurance	Debt Service	Elimination	Total
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 919,151	\$ 36,821,330	\$ 3,744,366	\$ -	\$ -	\$ 41,484,847
Short term investments	-	13,495,124	-	-	-	13,495,124
Accounts receivable	9,781,709	6,273,938	7,755	-	-	16,063,402
Interest receivable	-	129,671	13,851	-	-	143,522
Due from other sub-funds	99,872,633	83,767,272	902,622	35,086,798	(219,629,325)	-
Parts and supplies	1,636,566	-	-	-	-	1,636,566
Prepaid expenses	657,733	-	-	-	-	657,733
Total Current Assets	112,867,792	140,487,335	4,668,594	35,086,798	(219,629,325)	73,481,194
Noncurrent Assets						
Restricted cash and investments	100,000	-	-	3,544,092	-	3,644,092
Land, property, plant and equipment, net of accumulative depreciation	554,244,599	-	-	-	-	554,244,599
Construction in progress	24,645,390	-	-	-	-	24,645,390
Contractual assessment district receivable	-	1,122,915	-	-	-	1,122,915
Revenue bond issuance costs net of amortization	-	-	-	197,397	-	197,397
	691,857,781	141,610,250	4,668,594	38,828,287	(219,629,325)	657,335,587
LIABILITIES						
Current Liabilities						
Accounts payable and accrued expenses	2,707,229	2,974,299	6,949	-	-	5,688,477
OPEB transition payable	4,966,336	-	-	-	-	4,966,336
Due to other sub-funds	107,286,236	98,991,774	792,932	12,558,383	(219,629,325)	-
Interest payable	2,093	-	-	380,136	-	382,229
Current portion of refunding water revenue bond:	-	-	-	2,390,000	-	2,390,000
Current portion of water reclamation loan contract	-	-	-	148,523	-	148,523
Liability for uninsured claims	-	-	750,000	-	-	750,000
Accrued compensation absences	529,000	-	-	-	-	529,000
Refundable deposits	140,095	103,370	-	-	-	243,465
Total Current Liabilities	115,630,989	102,069,443	1,549,881	15,477,042	(219,629,325)	15,098,030
NONCURRENT LIABILITIES						
Revenue bonds, net of current portion	-	-	-	22,015,277	-	22,015,277
OPEB obligation	1,611,622	-	-	-	-	1,611,622
Accrued compensated absences	5,594,647	-	-	-	-	5,594,647
Water reclamation loan contract net of current portion	-	-	-	1,335,968	-	1,335,968
Total Liabilities	122,837,258	102,069,443	1,549,881	38,828,287	(219,629,325)	45,655,544
NET ASSETS						
Invested in capital assets, net of related debt	578,889,989	-	-	(26,724,491)	-	552,165,498
Restricted for debt service	-	-	-	3,163,956	-	3,163,956
Unrestricted	(9,869,466)	39,540,807	3,118,713	23,560,535	-	56,350,589
Total Net Assets	\$ 569,020,523	\$ 39,540,807	\$ 3,118,713	\$ -	\$ -	\$ 611,680,043

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT

**COMBINING SCHEDULE OF STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Running Expense</u>	<u>Sewer Construction</u>	<u>Self Insurance</u>	<u>Debt Service</u>	<u>Elimination</u>	<u>Total</u>
Operating Revenues						
Sewer Service Charges (SSC)	\$ 43,087,454	\$ -	\$ -	\$ -	\$ -	\$ 43,087,454
Service charges - City of Concord	8,755,857	-	-	-	-	8,755,857
Other service charges	872,978	-	-	-	-	872,978
Miscellaneous charges	667,855	-	-	-	-	667,855
Total operating revenues	<u>53,384,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,384,144</u>
Operating Expenses						
Sewage collection and pumping stations	11,817,621	-	-	-	-	11,817,621
Sewage treatment	22,927,971	-	-	-	-	22,927,971
Engineering	6,834,321	-	-	-	-	6,834,321
Administrative and general	16,304,465	-	958,906	-	(868,030)	16,395,341
Depreciation	19,417,941	-	-	-	-	19,417,941
Total operating expenses	<u>77,302,319</u>	<u>-</u>	<u>958,906</u>	<u>-</u>	<u>(868,030)</u>	<u>77,393,195</u>
Operating Loss	<u>(23,918,175)</u>	<u>-</u>	<u>(958,906)</u>	<u>-</u>	<u>868,030</u>	<u>(24,009,051)</u>
Non-Operating Revenues (Expenses):						
Taxes	-	8,688,847	-	3,850,528	-	12,539,375
City of Concord cash contributions to capital costs	-	5,485,858	-	-	-	5,485,858
Customer cash contributions to capital cost (SSC)	-	8,452,563	-	-	-	8,452,563
Permit and inspection fees	893,561	200,195	-	-	-	1,093,756
Interest earnings	409,270	520,802	87,106	15,917	-	1,033,095
Interest expense	-	-	-	(1,421,686)	-	(1,421,686)
Other income (expense)	570,814	68,709	868,030	-	(868,030)	639,523
Total non-operating revenues (expenses)	<u>1,873,645</u>	<u>23,416,974</u>	<u>955,136</u>	<u>2,444,759</u>	<u>(868,030)</u>	<u>27,822,484</u>
Income (loss) before contributions and transfers	<u>(22,044,530)</u>	<u>23,416,974</u>	<u>(3,770)</u>	<u>2,444,759</u>	<u>-</u>	<u>3,813,433</u>
Contributed sewer lines	1,231,022	-	-	-	-	1,231,022
Capital contributions - connection fees	-	5,025,493	-	-	-	5,025,493
Transfers	<u>36,788,272</u>	<u>(34,343,513)</u>	<u>-</u>	<u>(2,444,759)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>15,974,764</u>	<u>(5,901,046)</u>	<u>(3,770)</u>	<u>-</u>	<u>-</u>	<u>10,069,948</u>
Total Net Assets - Beginning	<u>553,045,759</u>	<u>45,441,853</u>	<u>3,122,483</u>	<u>-</u>	<u>-</u>	<u>601,610,095</u>
Total Net Assets - Ending	<u>\$ 569,020,523</u>	<u>\$ 39,540,807</u>	<u>\$ 3,118,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611,680,043</u>

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
Schedule of Running Expenses
Comparison of Budget and Actual Expenses by Department
June 30, 2009

	<u>Administration</u>	<u>Engineering</u>	<u>Sewage Collection</u>	<u>Sewage Treatment Plant</u>	<u>Pumping Stations</u>	<u>Total</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Salaries and Wages	4,396,429	\$ 5,053,239	\$ 4,397,185	\$ 7,850,574	\$ 1,033,360	\$ 22,730,787	\$ 22,255,048	\$ (475,739)
Employee Benefits	8,274,850	3,165,338	2,886,293	5,150,273	623,021	20,099,775	19,560,342	(539,433)
Less Capitalized Overhead and Benefits	(46,342)	(3,215,872)	(15,387)	(111,367)	(1,560)	(3,390,528)	(3,784,451)	(393,923)
Total Salaries and Benefits	12,624,937	5,002,705	7,268,091	12,889,480	1,654,821	39,440,034	38,030,939	(1,409,095)
Directors' Fees and Expense	77,125	-	-	-	-	77,125	107,745	30,620
Chemicals	-	-	-	1,136,959	322,943	1,459,902	1,676,000	216,098
Utilities	118,319	59,581	100,815	5,215,951	459,899	5,954,565	6,604,200	649,635
Repairs and Maintenance	328,295	102,566	588,174	1,879,353	159,152	3,057,540	3,285,111	227,571
Hauling and Disposal	-	471,476	41,568	351,306	16,239	880,589	1,024,460	143,871
Professional and Legal Services	473,593	197,211	5,781	7,351	-	683,936	599,540	(84,396)
Outside Services	1,136,192	660,359	70,649	220,939	59,926	2,148,065	2,469,650	321,585
Materials and Supplies	175,990	183,690	761,234	784,882	48,492	1,954,288	1,840,850	(113,438)
Other	1,370,014	156,733	228,357	441,750	31,480	2,228,334	2,857,366	629,032
	<u>\$ 16,304,465</u>	<u>\$ 6,834,321</u>	<u>\$ 9,064,669</u>	<u>\$ 22,927,971</u>	<u>\$ 2,752,952</u>	<u>\$ 57,884,378</u>	<u>\$ 58,495,861</u>	<u>\$ 611,483</u>

The accompanying notes are an integral part of the financial statements

CENTRAL CONTRA COSTA SANITARY DISTRICT
 Running Expense
 Schedule of Supplemental Net Assets Analysis
 June 30, 2009

Prior Year Balance		\$ 6,783,105
2008 - 2009 Revenue	\$ 55,257,789	
2008 - 2009 Expense	(77,302,319)	
Add Back Depreciation Expense	<u>19,417,941</u>	<u>(2,626,589)</u>
Net Assets Attributed to General Operations		4,156,516
All Other Net Assets		<u>564,864,007</u>
Running Expense Net Assets		<u><u>\$ 569,020,523</u></u>

The accompanying notes are an integral part of the financial statements

(THIS PAGE INTENTIONALLY LEFT BLANK)

Central Contra Costa Sanitary District

Statistical Section



**Central Contra Costa Sanitary District
Statistical Section
Table of Contents**

Financial Trends

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

Changes in Net Assets and Statement of Net Assets - Last Seven Fiscal Years.....	S-1
Revenue by Type - Last Ten Fiscal Years.....	S-2
Operating Expenses by Type - Last Ten Fiscal Years	S-3

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

Demographic and Economic Data - Population Served - Last Ten Calendar Years	S-8
List of Ten Largest Employers in Contra Costa County - Last Year and Nine Years Ago	S-8
Demographic and Economic Statistics - Contra Costa County - Last Ten Fiscal Years.....	S-9

Operating Information

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

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

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

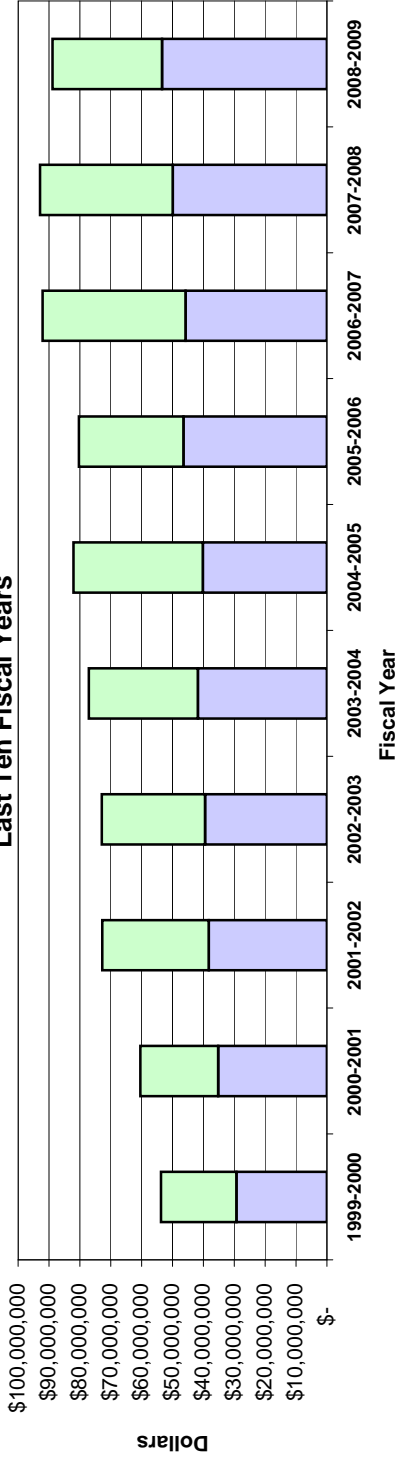
(THIS PAGE INTENTIONALLY LEFT BLANK)

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

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

The District implemented GASB 34 in the 2002-2003 fiscal year, one year earlier than required.
Source: Central Contra Costa Sanitary District Audited Financial Statements

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



■ Operating Revenue
 ■ Non-Operating Revenue

Operating Revenue

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

Non-Operating Revenue

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

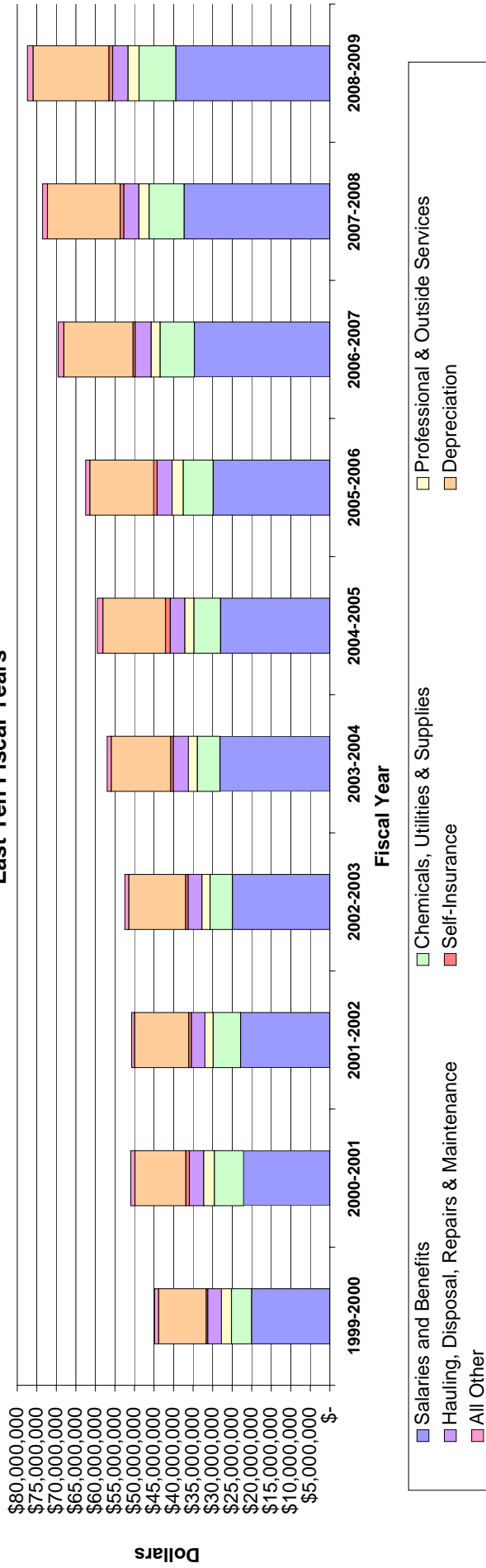
* Sewer Service Charge (SSC) represents the Running Expense Fund portion of SSC County collections along with District direct billings and counter collections.

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

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

Source: Central Contra Costa Sanitary District Audited Financial Statements

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



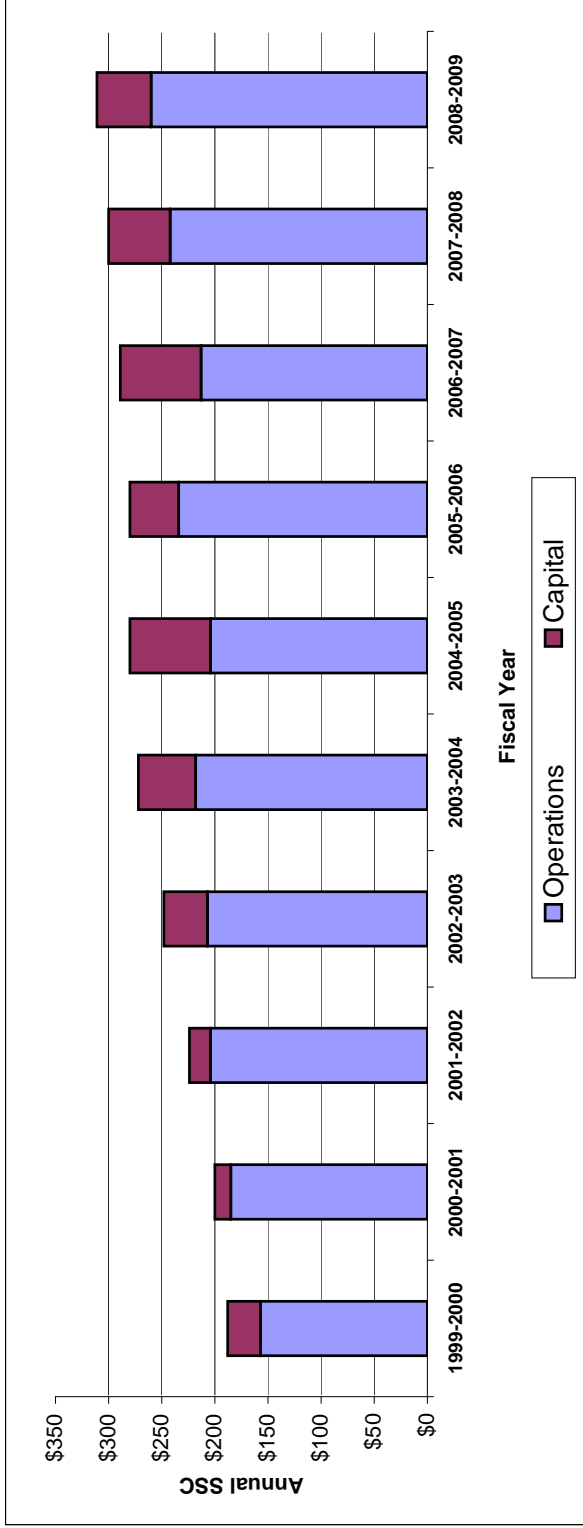
OPERATING EXPENSES

Fiscal Year	Salaries and Benefits	Chemicals, Utilities & Supplies	Professional & Outside Services	Hauling, Disposal, Repairs & Maintenance	Self-Insurance	Depreciation	All Other		Total Operating Expenses
							All	Other	
1999-2000	\$ 20,034,810	\$ 5,130,743	\$ 2,560,175	\$ 3,513,754	\$ 419,312	\$ 12,157,975	\$ 1,034,683	\$ 1,304,980	\$ 44,851,452
2000-2001	22,051,911	7,496,028	2,762,603	3,621,826	924,242	13,004,018	1,085,888	1,250,588	50,946,516
2001-2002	22,848,114	7,009,868	2,110,886	3,476,325	677,159	13,833,124	745,605	1,202,782	50,701,081
2002-2003	24,919,820	5,735,379	2,084,830	3,557,171	632,007	14,527,871	1,018,345	1,153,349	52,475,423
2003-2004	28,095,636	5,808,070	2,282,408	3,871,749	689,702	15,186,594	1,042,809	1,101,115	56,976,968
2004-2005	27,989,401	6,801,750	2,350,387	3,716,176	1,189,693	16,041,555	1,437,272	1,775,857	59,526,234
2005-2006	29,875,340	7,646,866	2,850,825	3,826,165	879,513	16,354,488	1,080,946	1,694,304	62,514,143
2006-2007	34,678,665	8,759,490	2,298,712	4,105,082	519,284	17,714,714	1,444,082	1,609,104	69,520,029
2007-2008	37,312,472	8,952,840	2,613,658	3,863,555	916,639	18,615,747	1,247,298	1,518,142	73,522,209
2008-2009	39,440,034	9,368,755	2,832,001	3,938,129	958,906	19,417,941	1,437,429	1,421,686	77,393,195

Informational - not graphed

Source: Central Contra Costa Sanitary District Audited Financial Statements

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



Fiscal Year	Annual Sewer Service Charge *1		Facility Capacity Fee *2	Pump Zone Fee *3
	Operations	Capital		
1999-2000	\$157	\$31	\$188	\$348
2000-2001	185	15	200	348
2001-2002	204	20	224	710
2002-2003	207	41	248	710
2003-2004	218	54	272	988
2004-2005	204	76	280	988
2005-2006	234	46	280	1,331
2006-2007	213	76	289	1,404
2007-2008	242	58	300	1,466
2008-2009	260	51	311	1,586

*1 All residential accounts pay a flat annual sewer service charge shown above per household. The charge for commercial users consists of an annual rate based on a measured volume of water usage per 100 cubic feet (HCF).
 *2 New users who are connected to the Wastewater System are charged Capital Improvement Fees called Facility Capacity Fees. (Fee is per connection.)
 *3 New customers in areas where wastewater pumping stations are needed to reach the District's gravity fed sewers are charged a Pump Zone Fee. (Fee is per connection.)

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

Ratepayer	2008-2009			2007-2008			2006-2007			2005 - 2006		
	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*	\$ 8,755,857	1	16.40%	\$ 8,206,860	1	16.45%	\$ 9,043,215	1	19.76%	\$ 7,383,011	1	15.90%
Contra Costa County General Services	320,866	2	0.60%	316,854	2	0.64%	322,351	2	0.70%	295,173	2	0.64%
First Walnut Creek Mutual	295,450	3	0.55%	316,200	3	0.63%	304,606	3	0.67%	295,120	3	0.64%
Park Regency Apartments	277,412	4	0.52%	267,600	4	0.54%	257,788	4	0.56%	249,760	4	0.54%
Second Walnut Creek Mutual Apts	233,250	5	0.44%	225,000	5	0.45%	216,750	5	0.47%	210,000	5	0.45%
Sun Valley Mall	190,734	6	0.36%	183,380	7	0.37%	176,293	6	0.39%	169,916	6	0.37%
Archstone/Treat Commons Apartments	158,610	7	0.30%	153,000	8	0.31%	147,390	7	0.32%	142,800	7	0.31%
St. Mary's College Contract	126,222	8	0.24%	136,016	9	0.27%	127,355	9	0.28%	117,119	10	0.25%
John Muir Health	125,292	9	0.23%	223,775	6	0.45%	121,613	10	-	-	-	-
Kaiser Foundation Hospital	112,727	10	0.21%	118,809	10	0.24%	-	-	-	126,904	9	0.27%
Willows Shopping Center	-	-	-	-	-	-	128,303	8	0.28%	-	-	-
Reflections San Ramon Apartments**	-	-	-	-	-	-	-	-	-	139,062	8	0.30%
Total	\$ 10,596,420		19.85%	\$ 10,147,494		20.34%	\$ 10,845,664		23.44%	\$ 9,128,865		19.66%

Ratepayer	2004 - 2005			2003 - 2004			2002 - 2003		
	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue	Operating Revenue	Rank	Percentage of Operating Revenue
City of Concord*	\$ 6,603,000	1	16.44%	\$ 6,609,602	1	15.83%	\$ 6,321,452	1	16.03%
Contra Costa County General Services	294,670	2	0.73%	250,442	3	0.60%	222,619	2	0.56%
First Walnut Creek Mutual	266,000	3	0.66%	258,400	2	0.62%	206,246	3	0.52%
Park Regency Apartments	249,760	4	0.62%	242,624	4	0.58%	197,408	4	0.50%
Second Walnut Creek Mutual Apts	210,000	5	0.52%	204,000	5	0.49%	158,224	5	0.40%
Sun Valley Mall	158,077	6	0.39%	145,169	6	0.35%	138,993	6	0.35%
Archstone/Treat Commons Apartments	142,800	7	0.36%	138,720	7	0.33%	126,480	7	0.32%
St. Mary's College Contract	-	-	-	97,670	10	0.23%	106,497	8	0.27%
Kaiser Foundation Hospital	100,976	10	0.25%	-	-	-	-	-	-
Willows Shopping Center	120,459	9	0.30%	111,822	9	0.27%	103,321	9	0.26%
Reflections San Ramon Apartments**	139,062	8	0.35%	134,912	8	0.32%	-	-	-
Canyon Point Condominiums	-	-	-	-	-	-	86,304	10	0.22%
Total	\$ 8,284,804		20.62%	\$ 8,193,361		19.62%	\$ 7,667,544		19.45%

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

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

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

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

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

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

Fiscal Year	Property Tax* Levied & Collected	% Change	Sewer Service Charges* Levied & Collected	% Change
1999-2000	\$ 6,723,957	7.5%	\$ 27,078,595	0.3%
2000-2001	7,228,881	7.5%	29,253,537	8.0%
2001-2002	7,901,161	9.3%	33,650,005	15.0%
2002-2003	8,460,674	7.1%	37,479,440	11.4%
2003-2004	9,013,484	6.5%	41,499,031	10.7%
2004-2005	4,027,427	-55.3%	43,327,756	4.4%
2005-2006	4,856,758	20.6%	44,261,318	2.2%
2006-2007	11,860,961	144.2%	46,694,671	5.5%
2007-2008	12,092,637	2.0%	48,883,932	4.7%
2008-2009	12,492,502	3.3%	50,743,258	3.8%

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

**Central Contra Costa Sanitary District
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>
2000	294,170	126,300	420,470	1.0%
2001	291,230	135,150	426,380	1.4%
2002	293,080	134,920	428,000	0.4%
2003	302,675	135,900	438,575	2.5%
2004	303,980	135,845	439,825	0.3%
2005	308,428	135,780	444,208	1.0%
2006	309,600	135,400	445,000	0.2%
2007	314,400	134,300	448,700	0.8%
2008	317,340	134,560	451,900	0.7%
2009	322,200	134,000	456,200	1.0%

Source: Central Contra Costa Sanitary District Environmental Services Division

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

<u>Employers</u>	<u>2008</u>		<u>1999</u>	
	<u>Estimated Employees</u>	<u>% of Total County Rank Employment</u>	<u>Estimated Employees</u>	<u>% of Total County Rank Employment</u>
Chevron Corporation	4,700	1 0.9%	3,500	3 0.7%
Kaiser Foundation Hospital	2,300	2 0.5%	2,300	4 0.5%
John Muir Medical Center	1,900	3 0.4%	1,900	5 0.4%
Bio-Rad Laboratories	1,700	4 0.3%	-	-
John Muir/Mt. Diablo Medical Center	1,500	5 0.3%	1,500	6 0.3%
Doctors Medical Center	1,000	6-7 0.2%	1,000	7 0.2%
Liberty Mutual Insurance Co	1,000	6-7 0.2%	-	-
USS Posco Industries	975	8 0.2%	975	8 0.2%
Kaiser Permanente	900	9 0.2%	5,000	1-2 1.1%
Sutter Delta Medical Center	850	10 0.2%	-	-
Bank of America - Systems Engineering	-	-	5,000	1-2 1.1%
Contra Costa Newspapers, Inc.	-	-	900	9 0.2%
Bank of the West	-	-	700	10 0.2%
All Others	484,375	96.6%	448,925	95.1%
	<u>501,200</u>	<u>100.0%</u>	<u>471,700</u>	<u>100.0%</u>

Source: County of Contra Costa, California, Comprehensive Annual Financial Report for 6/30/08, Statistical Section, excludes government employers.

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

Fiscal Year Ended June 30	Population*	Personal Income*	Per Capita Personal Income*	Average Annual Unemployment Rate**
2000	953,304	\$ 42,417,859	\$ 44,496	3.5%
2001	972,016	43,472,330	44,724	4.1%
2002	981,420	43,304,580	44,124	5.7%
2003	989,171	44,177,166	44,661	6.1%
2004	994,844	47,550,512	47,797	5.4%
2005	1,002,051	50,199,803	50,097	4.9%
2006	1,005,699	53,876,204	53,571	4.3%
2007	1,014,687	56,396,753	55,580	4.7%
2008	N/A	N/A	N/A	6.2%
2009	N/A	N/A	N/A	N/A

N/A - Information not available at this time.

* U.S. Department of Commerce, Bureau of Economic Analysis, 2000-2007 updated estimates as of April 2009.

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

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

	Full-time Equivalent Employees as of June 30									
<u>Department</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Administration	43	42	42	43	42	43	42	42	45	45
Engineering	64	67	67	70	71	76	73	75	76	80
Operations										
Collection Systems	43	41	42	44	45	46	49	50	50	52
Plant	77	79	81	82	82	81	88	83	77	82
Pumping Station	7	7	7	8	9	9	9	10	11	10
Operations Total	<u>127</u>	<u>127</u>	<u>130</u>	<u>134</u>	<u>136</u>	<u>136</u>	<u>146</u>	<u>143</u>	<u>138</u>	<u>144</u>
District Total	<u><u>234</u></u>	<u><u>236</u></u>	<u><u>239</u></u>	<u><u>247</u></u>	<u><u>249</u></u>	<u><u>255</u></u>	<u><u>261</u></u>	<u><u>260</u></u>	<u><u>259</u></u>	<u><u>269</u></u>

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

District Total	<u><u>144</u></u>	<u><u>150</u></u>	<u><u>156</u></u>	<u><u>159</u></u>	<u><u>163</u></u>	<u><u>167</u></u>	<u><u>167</u></u>	<u><u>177</u></u>	<u><u>178</u></u>	<u><u>187</u></u>
-----------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

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

Millions of Gallons per Day (mgd)

Year	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Treatment Plant Permitted Capacity	53.8	53.8	53.8	53.8	53.8	53.8	53.8	45.0	45.0	45.0
Average Dry Weather Flow (ADWF)	36.6	38.6	41.6	41.4	40.6	40.0	39.4	38.4	40.8	39.6
Wastewater Treated per day	41.0	41.2	50.4	48.0	44.7	42.9	43.1	42.1	45.5	44.4

Tons per Year

Fiscal	15,212	15,340	15,341	15,841	16,727	16,053	16,318	16,881	16,076	15,847
Ash to Reuse Site (Wet)*2	4,177	4,418	4,418	5,074	5,397	5,384	5,235	5,226	4,781	5,353

*1 In the multi-hearth furnace, the wet sludge is converted to dry ash. Water is added to the dry ash as it is loaded into trucks (ratio of 60 percent ash to 40 percent water) to prevent the ash from blowing out of the truck during transport.

*2 Wet sludge, which at 22 to 28 percent solids, is pumped to the multiple-hearth furnace for incineration. The table above shows the dry tons per year of sludge to the furnace, excluding the 72 to 78 percent water in the wet sludge.

Collection Systems/Pumping Stations/Outfall Sewers

	Other Data									
Pipeline Miles	1,500	1,500	1,500	1,500	1,400	1,400	1,400	1,400	1,391	1,376
Number of pumping stations	18	18	18	18	22	21	23	22	22	21

Recycled Water

Recycled Water Produced per day	1.5 mgd	1.6 mgd	1.6 mgd	1.5 mgd	1.5 mgd	1.4 mgd	1.5 mgd	1.5 mgd	1.4 mgd	1.3 mgd
Number of Recycled Water Customers	31	30	30	24	23	21	20	20	19	13

Household Hazardous Waste (HHW) - Inception 1997/1998

Residential Participation (Number of cars)	28,270	26,447	23,992	22,872	23,061	22,359	19,219	17,308	15,649	14,019
Percentage of Households in Service Area	14.4%	13.6%	12.3%	12.1%	12.3%	12.1%	10.5%	9.3%	8.6%	7.7%
Operating Cost per Car	\$ 76	\$ 61	\$ 64	\$ 60	\$ 58	\$ 62	\$ 66	\$ 67	\$ 71	\$ 75
Pounds of HHW per Car	67	71	80	65	64	71	72	77	77	64

Miscellaneous Statistics

- Governing Body: Elected 5-Member Board of Directors
- Governmental Structure: Established in 1946 under the Sanitary District Act of 1923
- Staff: 269 full-time equivalent employees
- Authority: California Health and Safety Code Section 4700 et. Seq.
- Services: Wastewater collection, treatment, and disposal
Household Hazardous Waste Facility
Recycled Water
- Type Of Treatment: Discharge - Secondary; Reclamation - Tertiary
- Service Area: 142 square miles
- Total Population Served: 456,200
- Sewer Service Charge: \$311 annually per residential equivalent unit

(THIS PAGE INTENTIONALLY LEFT BLANK)