

Comprehensive Annual Financial Report

For the Year Ended June 30, 2016



Fairfield-Suisun Sewer District
Fairfield, CA

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Comprehensive Annual Financial Report

For the Year Ended June 30, 2016

**Prepared by the Finance Department
Fairfield-Suisun Sewer District
Fairfield, CA**

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FAIRFIELD-SUISUN SEWER DISTRICT
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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Introductory Section

The Fairfield-Suisun Sewer District as a special District, owns and operates a system of sanitary sewers and pumping stations, used to oversee wastewater collection and treatment.

Looking at two Intermediate Clarifiers, this process slows the flow down in order to settle out any dead or sloughed off Zooglia mass from the Oxidation Towers. After the solids are gathered and removed they are pumped into the Gravity Belt Thickener.



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FAIRFIELD-SUISUN SEWER DISTRICT

1010 CHADBOURNE ROAD • FAIRFIELD, CALIFORNIA 94534 • (707) 429-8930 • WWW.FSSD.COM

GREGORY G. BAATRUP, GENERAL MANAGER

October 25, 2016

Board of Directors
Fairfield-Suisun Sewer District
Fairfield, California

Subject: Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

It is a pleasure to submit the Fairfield-Suisun Sewer District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. Responsibility for the accuracy, completeness and fairness of the data presented, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of District operations. Included are all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities.

The CAFR is presented in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). GAAP requires management to provide a narrative introduction, overview, and analysis, in the form of a Management's Discussion and Analysis (MD&A), to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditor's report in the financial section.

The Reporting Entity

The Fairfield-Suisun Sewer District (District) is a special district which serves all territory within the cities of Fairfield and Suisun City. It was formed by an act of the California State Legislature on May 5, 1951. The act defined the District's boundaries as the boundaries of the cities. Any territory annexed to either city is also annexed to the District, and in general no property can be served by the District if it is not in either city.

In September of 2002, the District amended its enabling act language, under AB776, to authorize the acceptance of sewage emanating from buildings that lie outside the District's boundaries for developed parcels that were connected to the District's sewage treatment system before March 1, 2002. The District's change in enabling act language also allows for a contract with Solano County, or other public entities, for the disposal of sewage emanating

from buildings outside the District's service area, if the District determines that the contract furthers the protection of public health and safety and is in the best interest of the District.

The District has broad powers to finance, construct, and operate systems for the treatment, collection and disposal of sewage, stormwater, and recycled water systems within the District's jurisdiction. Its 10-member Board of Directors consists of the members of the city councils of the two cities. The Board president is elected by the Board from among its members. The District's day-to-day operations are managed by the General Manager, who reports directly to the Board of Directors.

Factors Affecting Financial Condition

Local Economic Condition and Outlook

The District is headquartered in Fairfield, California and serves the cities of Fairfield and Suisun City, contiguous cities in Solano County, California. The cities are located along Interstate 80, midway between San Francisco and Sacramento, the state capital. The cities lie in a large valley surrounded by rolling hills. Fairfield is the Solano County seat and houses most county government activities while Suisun City is one of California's oldest cities. Suisun City sits approximately 15 feet above sea level, and a network of sloughs, navigable by small boats, extend from the city to San Francisco Bay.

The area is noted for its moderate climate. It is protected from ocean fog by a low range of hills and is cooled by prevailing sea breezes during the summer. Good visibility and a climate free from extremes were among the factors that influenced the location of Travis Air Force Base in Fairfield. Favorable climate, short drive to major cities, ocean, mountains, and other points of interest and affordable housing have been some of the factors in the areas past residential growth.

Major employers located within the District's boundaries include Travis Air Force Base, County of Solano, Anheuser-Busch Brewery, Jelly Belly, Super Store Industries, North Bay Medical Center, several other large manufacturers and industries, shopping districts, and an auto mall. District sewer service charges are stable with approximately 77% coming from residential customers who are billed a flat fee monthly. Revenues received from commercial and industrial customers comprise the remaining 23% of the total sewer service charges. Though local businesses suffered from the financial challenges brought about by the Great Recession that started in 2008, local economy is continuing to show signs of recovery. Connection fee revenue is trending upward, which is a sign of increased real estate development activities. Vacant stores at the local shopping mall that remained closed for a period of time are now coming back to life with new tenants. The high foreclosure rate in the District's service area is now a thing of the past and prices of residential homes are trending upward. Local unemployment rate is improving as well. According to the Bureau of Labor Statistics preliminary report, unemployment rate in Vallejo-Fairfield area decreased to 5.9% in June 2016, compared to 6.1% in June 2015. Statewide unemployment rate in June 2016 (not seasonally adjusted) showed significant improvement at 5.7% compared to 6.2% in June 2015.

Although more jobs need to be created, consumer confidence is improving and economic forecast looks favorable. The City of Suisun City is almost at build out. The City of Fairfield, however, is projecting continued growth over the next five years, albeit at a gradual pace. A new housing and commercial development is in its early stage of coming to fruition with the first phase expected to be completed by the year 2017. With its recently completed plant expansions, the District will be ready to service this welcomed projected growth.

Budget and Long-Term Financial Planning

The District is not legally required to adopt a budget or to present budgetary comparison information. In its commitment to fiscal responsibility, however, the District prepares a biennial budget, along with a ten-year financial plan, which is approved and adopted biennially by the Board of Directors. Status update and budgetary comparison is presented to the Board of Directors on non-budget year.

Budgetary control is maintained at the department level for administrative and operating expenses and at the project level for capital improvements. All new construction projects over \$45,000 are individually approved by the Board.

In fiscal year 2011/12 the District Board conducted a public hearing pursuant to the requirements of Proposition 218 to increase the sewer service charges effective July 1, 2012 and continuing for the following five years. Annual rate increases for residential customers averaged 5.2% through fiscal year 2016-17.

Major Initiatives

During fiscal year 2015/16, the District initiated various major maintenance projects, primarily replacements and upgrades to different portions of the treatment plant. District management is proactive in the maintenance and upgrade of the treatment plant facilities particularly as it ages, to ensure it remains operational at optimum condition. Significant initiatives during the fiscal year included the following:

Organic Material Recovery Center—The District entered into an agreement with Lystek International Limited (Lystek) for the construction of the Organic Materials Recovery Center (OMRC) to improve the process of handling biosolids at its Wastewater Treatment Plant. This project would use proprietary organics processing technology developed by Lystek, a private company specializing in the commercial treatment of biosolids and other non-hazardous organic materials, to produce a fertilizer product that would enable diversion of biosolids from waste disposal and landfills through beneficial reuse. The process relies on physical/chemical principles with heat input to achieve the processing function. No biological process will be involved. All processing at the OMRC would occur through an enclosed piping system. The end product of the process would be a pathogen-free and nutrient-rich fertilizer product that is appropriate for land application or enhanced anaerobic digester efficiency. This is accomplished by transforming these materials into an organically-based, bio-fertilizer product, which meets (or exceeds) US EPA, Class A EQ quality standards.

Aeration Blower Project—The aeration system is critically important to the District’s wastewater treatment facility. Millions of bacteria feed on organic waste, breaking it up into carbon dioxide, nitrogen gas and water. Because the bacteria need oxygen, large amounts of air are blown in the aeration tanks. The aeration system accounts for 25 to 35 percent of the energy usage at the treatment plant and therefore the aeration system need to be reliable, efficient, and effective.

The District’s aeration system consists of blowers, piping and submerged diffusers to move oxygen in the air into the wastewater. When the plant was first constructed in 1976, there were two 1,250 horsepower (hp) electric motor driven aeration blowers and one 1,250 hp diesel engine driven blower. These blowers were designed to supply air to three aeration basins equipped with coarse bubble diffusers and three aerobic digesters.

As part of the 1979 Treatment Plant Expansion Project, the aerobic digesters were replaced with two anaerobic digesters; thereby reducing the quantity of air needed for treatment. The quantity of air needed was further reduced in the mid-1990s when the coarse bubble diffusers were replaced with more efficient fine bubble diffusers and an associated smaller 600 hp Turbplex blower.

An energy evaluation study was conducted and it was determined that the existing blowers, along with their associated electrical to be unreliable, inefficient and ineffective in meeting aeration needs and a system upgrade is needed to meet current and future demand.

A preliminary cost estimate for the project is expected to cost \$8 million. This project was identified in the current Budget and Long-Term Financial Plan with project funding to be secured through a State Revolving Fund loan from the State Water Resources Control Board.

Rate Study—The District typically performs a cost-of-service and rate study (Rate Study) every five to ten years. The last study, however, was performed in 2004, with rate changes implemented in 2005. Several changes in customer demographics has occurred since, including industrial customers’ flow and loadings as brought about by several factors including changes in technology, regulations, drought, etc. This rate study will incorporate updates to the District’s Master Plan, changes to the cities’ general plans, debt service and to ensure that costs are still allocated to customers in proportion to the burdens placed on collection and treatment facilities.

The scope of work of this study is for both sewer service fees and connection fees. It includes review of the current rate structure, identify alternative rate structures or modifications, user categories, flow and loadings data, cost allocations, sewer service fees, operating expenses, revenue stream, reserve funds and billing program. The study is expected to be completed by November 2016. Proposition 218 Notice to begin in January 2017, with new rates effective July 1, 2017.

Internal Control Structure

The District's management is responsible for establishing and maintaining a system of internal accounting controls. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from an unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Independent Audit

California state statutes and bond covenants require an annual independent audit of the books of accounts and financial records of the District. The firm of Chavan & Associates, LLP was contracted to conduct this year's audit. Their unqualified opinion is included in the Financial Section of this report.

Awards and Recognition

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fairfield-Suisun Sewer District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This is the seventeenth straight year the District has received the award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily-readable and efficiently-organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

This report could not have been accomplished without the dedicated effort of Olivia Ruiz, District Accountant, who worked many hours to prepare this report. Special appreciation is extended to the entire Finance, Administrative, and other staff members who provided

information and participated in the preparation of this report. Recognition is also given to District management and to our governing board for its continued support in maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Gregory Bahrup', with a large, stylized flourish extending to the right.

Gregory Bahrup, P.E.
General Manager

A handwritten signature in black ink, appearing to read 'Helen Gaumann', written in a cursive style.

Helen Gaumann, CPA
Director of Administrative Services

FAIRFIELD-SUISUN SEWER DISTRICT
Principal Officers for the Year Ended June 30, 2016

Board of Directors

Chuck Timm, President

Mike Segala, Vice President

Pam Bertani

Jane Day

Mike Hudson

Catherine Moy

Harry Price

Pete Sanchez

Rick Vaccaro

Lori Wilson

Executive Staff

Greg Baatrup, General Manager

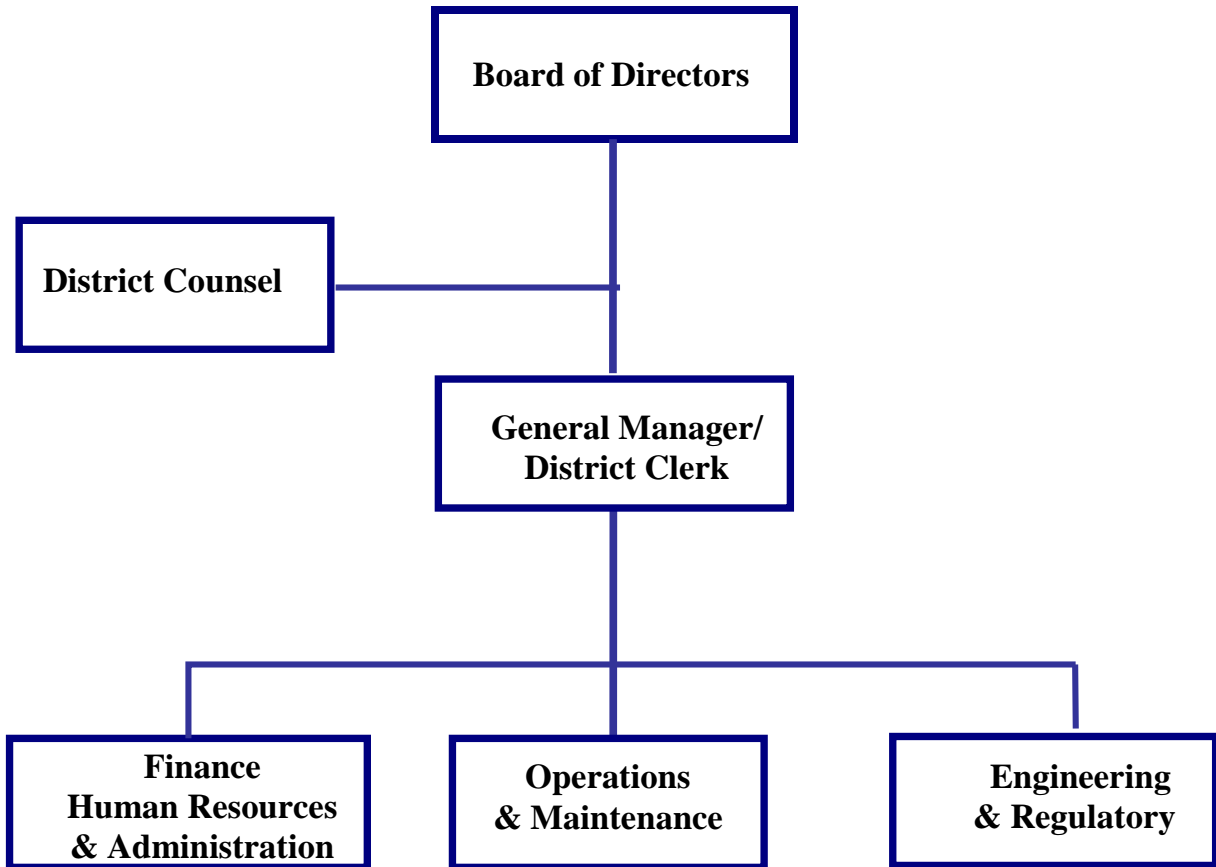
Talyon Sortor, Assistant General Manager

Helen Gaumann, Director of Administrative Services

District Counsel

Bernadette Curry

FAIRFIELD-SUISUN SEWER DISTRICT Organization



FAIRFIELD-SUISUN SEWER DISTRICT
Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Fairfield-Suisun Sewer District
California**

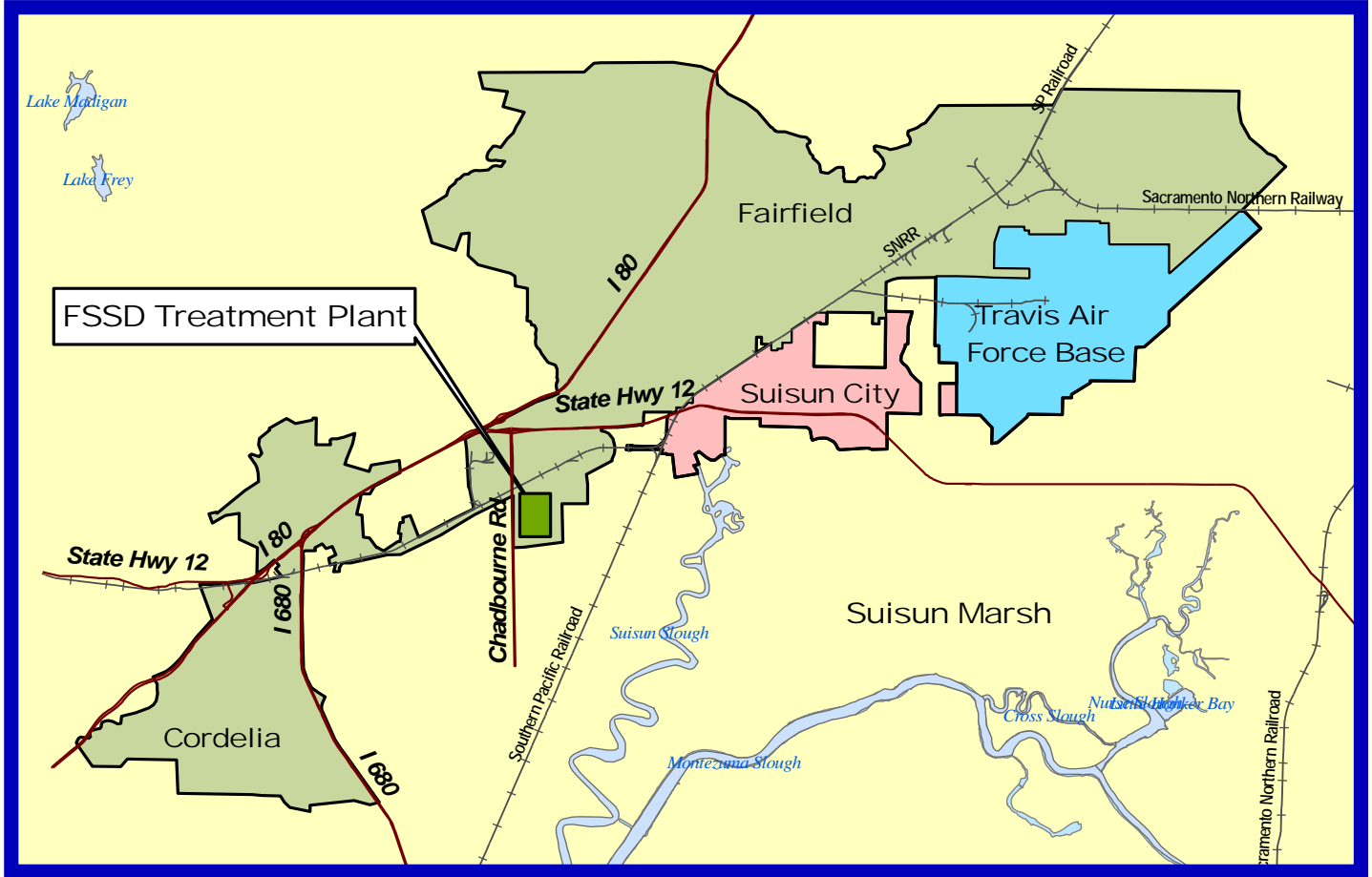
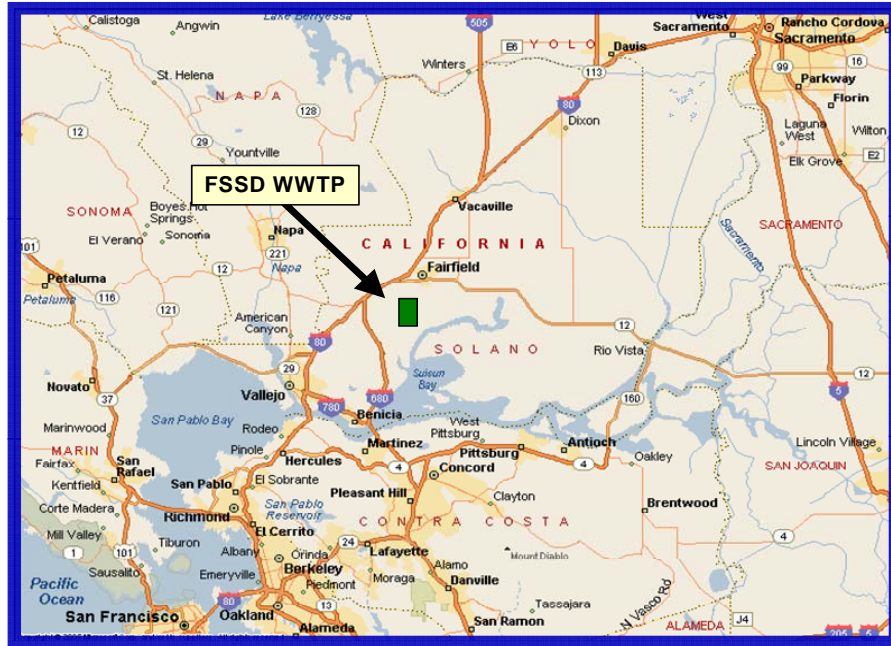
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FAIRFIELD-SUISUN SEWER DISTRICT

Location Map



Financial Section

Lystek—Organic Materials Recovery Center (OMRC) is a biosolids and organics management firm playing a leadership role in successful diversion of organic materials from landfills. Transforming materials into an organically-based, bio-fertilizer product called LysteGro. The Board of Directors approved a 20-year lease agreement between the District and Lystek International Inc. thereby creating a mutually beneficial, long-term partnership.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fairfield-Suisun Sewer District
Fairfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Fairfield-Suisun Sewer District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fairfield-Suisun Sewer District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of a Matter

New Accounting Pronouncements

As discussed in Note 2 of the financial statements, the District adopted the provisions GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective June 30, 2016. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C & A LLP

October 25, 2016
San Jose, California

FAIRFIELD-SUISUN SEWER DISTRICT

Management's Discussion and Analysis

This section of the District's Comprehensive Annual Financial Report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements and accompanying notes, which follow this section.

The information in this MDA is presented under the following headings:

- Overview of the Basic Financial Statements
- Financial Highlights and Analysis
- Capital Assets
- Debt Administration
- General Enterprise Function
- Using This Annual Report
- Request for Information

Overview of the Basic Financial Statements

The District's basic financial statements are comprised of two components: 1) Basic financial statements, 2) Notes to basic financial statements. In addition to the basic financial statements, the report also contains supplementary required information.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. As a special purpose government, the District reports its financial statements in accordance with business-type activities known as enterprise funds. Enterprise funds are self-supporting funds that charge fees to users to cover the cost of operations, maintenance, capital asset improvements and replacements. Enterprise funds are reported on the "accrual basis" of accounting similar to what is used by private sector companies.

The fund financial statements consist of the following: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and Notes to Financial Statements.

The Statement of Net Position includes all of the District's assets, deferred outflows, liabilities and deferred inflows and provides information about the nature and amount of investment in resources (assets) and obligations (liabilities). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

FAIRFIELD-SUISUN SEWER DISTRICT

Management's Discussion and Analysis

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine its profitability, credit worthiness, and whether the District has successfully recovered all of its costs through its sewer fees and other charges.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments made during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital investing activities.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights and Analysis

Financial Highlights

This discussion is intended to serve as an introduction to the District's basic financial statements. As noted earlier, net position may serve over time as a useful indicator of the District's financial position.

- Total assets increased by 2.6%
- Deferred outflows of resources increased by 35%
- Total liabilities decreased by 13.0%
- Deferred inflows of resources decreased by 15.5%
- Net position increased by 6.9%
- Total operating revenues remained relatively unchanged, while capacity fees decreased by 10.2%
- Total expenses (including depreciation, interest expense and net of pension expense adjustment) decreased by 8.6%

FAIRFIELD-SUISUN SEWER DISTRICT

Management's Discussion and Analysis

Financial Analysis

The following is the District's Condensed Statement of Net Position for fiscal year ended June 30, 2016 as compared to fiscal year ended June 30, 2015:

(\$000)	Fiscal Year Ended June 30,		Increase	Percent
	2016	2015	(Decrease)	
Current and other assets	\$ 27,964	\$ 20,820	\$ 7,144	34.3%
Capital assets	76,831	81,307	(4,476)	-5.5%
Total assets	104,795	102,127	2,668	2.6%
Deferred outflow of resources	1,946	1,443	503	35%
Long-term liabilities	14,040	14,179	(139)	-1.0%
Other liabilities	2,252	4,542	(2,290)	-50.4%
Total liabilities	16,292	18,721	(2,429)	-13.0%
Deferred inflow of resources	886	1,048	(162)	-15.5%
Net position				
Net investment in capital assets	66,632	68,306	(1,674)	-2.5%
Restricted				
Restricted for capital projects	785	1,078	(293)	-27.2%
Restricted for debt service	737	2,021	(1,284)	-63.5%
Restricted for major maintenance	9,730	5,690	4,040	71.0%
Unrestricted	11,679	6,706	4,973	74.2%
Total net position	\$ 89,563	\$ 83,801	\$ 5,762	6.9%

- The District's *Net position* increased by 6.9% primarily as a result of increased current assets and lower debt. *Current and other assets* increased by 34.3%. This increase is primarily due to increase in cash as the District rebuilds its major maintenance reserve for future plant upgrades and/or eventual replacement. *Capital assets* decreased by 5.5% due mainly to depreciation and lack of new capital improvement project. The District's treatment plant is built out, therefore it is anticipated that the net capital assets will continue to stabilize in the next few years until major upgrades & repairs projects get underway.
- *Deferred outflows of resources* is the cumulative unamortized pension expense as a result of GASB 68 implementation.
- *Long-term liabilities* decreased by 1.0% primarily due to annual scheduled payment made on the State Revolving Fund.

FAIRFIELD-SUISUN SEWER DISTRICT Management's Discussion and Analysis

- *Other liabilities* decreased by 50.4% primarily due to lack of major purchases and lesser capital improvement activities creating significant reduction in accounts payable and short-term obligations.
- *Deferred inflows of resources* is the unamortized pension liability as of year-end.
- The *restricted net position* represents resources that are subject to external restrictions on how they may be used. *Restricted for capital projects*, which represents unspent portion of capacity fees received decreased by 27.2% after making the final payment on the debt service. The *restricted for debt service* is a bond covenant requirement, which the District is required to maintain through the life of the bonds. The 2010 Sewer Revenue Refunding Bond Debt matured and was paid off in April 2016, and a significant portion of the debt service reserve was applied towards the final payment, a decreased of 63.5%.

The *restricted for major maintenance* is reserved for future plant upgrades and replacement as a condition of the original grant received from the EPA. This year's increased in net operating revenues (excluding depreciation and amortization) had allowed us to transfer funds to the major maintenance reserve pursuant to the existing reserve policy. This reserve is used for infrastructure maintenance and replacement.

The *unrestricted net position* may be used to meet the District's ongoing obligations to ratepayers and creditors. The increase is primarily due to the overall increase in assets and lower liabilities

FAIRFIELD-SUISUN SEWER DISTRICT

Management's Discussion and Analysis

(Financial Analysis Continued)

The following is the District's condensed statement of revenues, expenses and changes in net position for the fiscal year ended June 30, 2016 as compared to fiscal year ended June 30, 2015:

(\$000)	Fiscal Year Ended June 30,		Increase	
	2016	2015	(Decrease)	Percent
Revenues:				
Sewer service charges	\$ 23,351	\$ 23,067	\$ 284	1.2%
Drainage fees	1,552	1,545	7	0.5%
Interest income	96	61	35	57.4%
Other	212	219	(7)	-3.2%
Total revenues	25,211	24,892	319	1.3%
Expenses:				
Business operations	11,389	12,677	(1,288)	-10.2%
Sewer line maintenance	2,644	2,836	(192)	-6.8%
General and administrative	1,871	1,904	(33)	-1.7%
Billing and collection	549	528	21	4.0%
Interest expense	404	489	(85)	-17.4%
Depreciation	4,911	5,370	(459)	-8.5%
Total expenses	21,768	23,804	(2,036)	-8.6%
Income (loss) before capital contributions	3,443	1,088	2,355	216.5%
Add: Capacity fees	2,835	3,157	(322)	-10.2%
Change in net position	6,278	4,245	2,033	47.9%
Net position - beginning of period	83,801	83,899	(98)	-0.1%
Less: GASB 68 prior period adjustment	(516)	(4,343)	3,827	-88.1%
Net position, as restated	83,285	79,556	3,729	4.7%
Net position - end of period	\$ 89,563	\$ 83,801	\$ 5,762	6.9%

FAIRFIELD-SUISUN SEWER DISTRICT

Management's Discussion and Analysis

(Financial Analysis Continued)

Analysis of the condensed statement of revenues, expenses and changes in net position for fiscal year ended June 30, 2016 follows:

- Total revenues for fiscal year ended June 30, 2016 increased by a modest 1.3%. Total sewer service charges collected from commercial and industrial customers whose charges are based on water consumption were lower than expected, due primarily to the drought and conservative water use. *Other income refers to non-recurring service charge revenue and varies from year to year.*
- *Capacity fees* decreased by 10.2% due to an unanticipated connection fee received from a major developer in prior fiscal year. This year's connection fee aligns with budgeted amount.

Overall expenses decreased by 8.6%. The District experienced higher turnover due to retirements, including two management positions left unfilled for majority of the fiscal year resulting in lower business *operations, general and administrative expenses*. The 4% increase in *billing and collection* was consistent with annual CPI increase and growth, as required by agreement. *Sewer line maintenance* decreased by 6.8% primarily due to lesser repairs and maintenance in the collection systems.

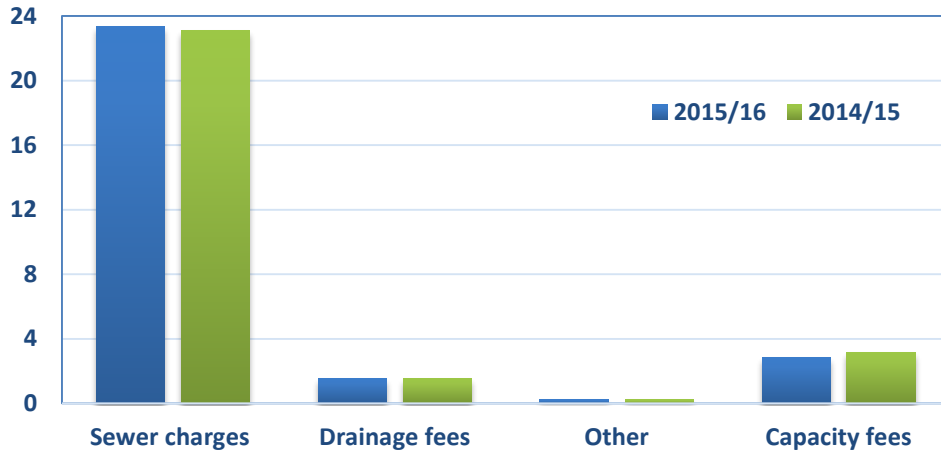
Interest expense continues to decline as debt obligation nears maturity. The 2010 Sewer Revenue Refunding Bonds matured in April 2016.

FAIRFIELD-SUISUN SEWER DISTRICT

Management's Discussion and Analysis

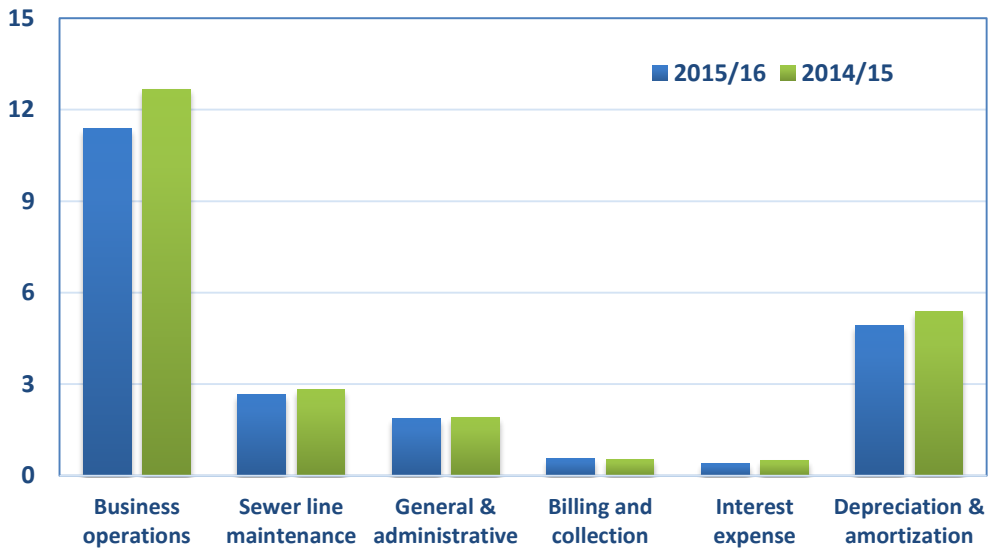
Sources of All Revenues for Fiscal Years 2015/16 and 2014/15

(\$ million)



Classification of All Expenses for Fiscal Years 2015/16 and 2014/15

(\$ million)



FAIRFIELD-SUISUN SEWER DISTRICT

Management's Discussion and Analysis

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, was \$76.8 million as of June 30, 2016. This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, vehicles and equipment, trunk lines, pump stations, and treatment plant facilities. The \$4.5 million decrease in capital assets is mainly due to depreciation. Additional information on the District's capital assets can be found in Note 5, page 28.

Debt Administration

In May 2010 the District refunded its outstanding bond debt in order to take advantage of lower interest rates. This debt matured in May 2016 and the District has no outstanding revenue bond debt as of June 30, 2016. The District has a rating of "A+" from Standard and Poor's Corporation, which demonstrates its strong capacity to meet its financial obligations.

The District continues to upgrade and improve the quality of its sewage collection and treatment systems to keep current with environmental regulations and the needs of its service area. To the extent possible, the District attempts to fund capital projects through "pay-as-you-go" financing. Community growth pays for itself so that, upon build out, major debt service burdens will not be shifted to ratepayers. Reserves are earmarked for future major maintenance and capital projects.

Additional information on the District's long-term debt can be found in Note 6, pages 29-31.

FAIRFIELD-SUISUN SEWER DISTRICT

Management's Discussion and Analysis

General Enterprise Functions

The District maintains a proactive, entrepreneurial style of organization that encourages efficiencies. District ratepayers have for many years enjoyed the lowest sewer service rates among surrounding communities, despite the fact that the District receives no property tax revenues.

Using This Annual Report

This annual report consists of two parts: Management's Discussion and Analysis, and Basic Financial Statements. The Basic Financial Statements also include notes that explain in more detail some of the information in the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Helen Gaumann, Director of Administrative Services, at 1010 Chadbourne Road, Fairfield, CA 94534-9700 or visit our website at <http://www.fssd.com/contact>.

FAIRFIELD-SUISUN SEWER DISTRICT
Statement of Net Position
June 30, 2016

ASSETS

Current assets:

Cash and investments (Note 3)	\$ 23,034,501
Accounts receivable, net	3,841,076
Interest receivable	17,340
Prepaid Items	<u>82,644</u>
Total current assets	<u>26,975,561</u>

Noncurrent assets:

Restricted assets (Note 3)	
State Revolving Fund reserve	<u>737,038</u>
Total restricted assets	<u>737,038</u>

Net other post employment benefits assets (Note 11)	<u>251,348</u>
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Capital assets (Note 5):

Non-depreciable assets	3,354,725
Depreciable assets, net of depreciation	<u>73,475,958</u>
Total capital assets	<u>76,830,683</u>

Total noncurrent assets	<u>77,819,069</u>
-------------------------	-------------------

Total assets	<u>104,794,630</u>
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DEFERRED OUTFLOWS OF RESOURCES

GASB 68 2nd Year implementation (Note 10)	<u>1,945,792</u>
Total deferred outflows	<u>1,945,792</u>

The accompanying notes are an integral part of these financial statements.

FAIRFIELD-SUISUN SEWER DISTRICT
Statement of Net Position
June 30, 2016

LIABILITIES

Current liabilities:

Accounts payable	1,218,709
Current portion of revenue bonds, net (Note 6)	-
Current portion of SRF loan (Note 6)	482,021
Current portion of compensated absences payable	484,139
Current portion of reimbursement agreement (Note 6)	23,807
Accrued interest payable	43,081
	<u>2,251,757</u>
Total current liabilities	<u>2,251,757</u>

Long-term liabilities:

State Revolving Fund loan (Note 6)	8,431,319
Compensated absences payable (Note 6)	121,035
Reimbursement agreement (Note 6)	1,261,610
Net pension liability (Note 10)	4,225,956
	<u>14,039,920</u>
Total long-term liabilities	<u>14,039,920</u>

Total liabilities	<u>16,291,677</u>
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DEFERRED INFLOWS OF RESOURCES

GASB 68 Pension Changes (Note 10)	885,730
	<u>885,730</u>
Total deferred inflows	<u>885,730</u>

NET POSITION

Net investment in capital assets	66,631,925
Restricted:	
Restricted for capital projects (Note 4)	785,064
Restricted for debt service (Note 4)	737,038
Restricted for major maintenance (Note 4)	9,730,000
Unrestricted	11,678,988
	<u>11,678,988</u>
Total net position	<u>\$ 89,563,015</u>

The accompanying notes are an integral part of these financial statements.

FAIRFIELD-SUISUN SEWER DISTRICT
Statement of Revenue, Expense and Changes in Net Position
For the Year Ended June 30, 2016

Operating revenues:	
Sewer service charges	\$ 23,351,121
Drainage fees	1,551,786
Other	<u>3,654</u>
Total operating revenues	<u>24,906,561</u>
Operating expenses:	
Business operations	11,388,630
Sewer line maintenance	2,644,369
General and administrative	1,871,275
Billing and collection (Note 7)	548,613
Depreciation and amortization	<u>4,911,240</u>
Total operating expenses	<u>21,364,127</u>
Operating income (loss)	<u>3,542,434</u>
Nonoperating revenues (expenses):	
Interest income	95,688
Net increase (decrease) in fair value of investments	17,472
Interest expense	(403,849)
Other	<u>191,437</u>
Total nonoperating revenues (expenses)	<u>(99,252)</u>
Net loss before capital contributions	3,443,182
Capacity fees	<u>2,835,065</u>
Change in net position	6,278,247
Net position, beginning of period, as restated (Note 2)	<u>83,284,768</u>
Net position, end of period	<u><u>\$ 89,563,015</u></u>

The accompanying notes are an integral part of these financial statements.

FAIRFIELD-SUISUN SEWER DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2016

(page 1 of 2)

Cash flows from operating activities:

Receipts from customers	\$ 25,400,263
Payments to suppliers & vendors	(9,045,806)
Payments for employees salaries & benefits	(8,098,159)
Other receipts	195,091

Net cash provided by operating activities	<u>8,451,389</u>
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Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	(386,055)
Capacity fees	2,469,172
OPEB Trust pre-funding	(225,228)
Interest paid	(362,777)
Principal payment on the SRF loan	(468,341)
Principal payment on the revenue bonds	(2,330,000)

Net cash used for capital and related financing activities	<u>(1,303,229)</u>
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Cash flows from investing activities:

Interest received on investments	<u>68,646</u>
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Net increase (decrease) in cash and cash equivalents	7,216,806
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Cash and cash equivalents, beginning of period	<u>16,554,733</u>
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Cash and cash equivalents, end of period	<u><u>\$ 23,771,539</u></u>
--	-----------------------------

The accompanying notes are an integral part of these financial statements.

(Continued)

FAIRFIELD-SUISUN SEWER DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2016

(page 2 of 2)

Reconciliation of operating loss to net cash provided

by operating activities:

Operating income/(loss)	\$ 3,542,434
Adjustments to reconcile operating income/(loss) to cash flows from operating activities:	
Depreciation and amortization expense	4,911,240
Net pension expense	(823,011)
Miscellaneous non operating income	191,437
Changes in assets and liabilities:	
(Increase) in receivables, net	136,055
(Increase) decrease in other assets	81,417
Increase (decrease) in accounts payable	463,701
Increase (decrease) in compensated absences	<u>(51,884)</u>
Net cash provided by operating activities	<u>\$ 8,451,389</u>

Noncash investing, capital, and financing activities:

Increase (decrease) in fair value of investments	\$ 17,472
City of Fairfield reimbursement agreement	1,285,417

The accompanying notes are an integral part of these financial statements.

FAIRFIELD-SUISUN SEWER DISTRICT

Notes to Financial Statements

June 30, 2016

1. Organization

The Fairfield-Suisun Sewer District (District) is a special district consisting of all territory within the cities of Fairfield and Suisun City (the Cities). The District has broad powers to finance, construct and operate sewage collection and disposal and reclaimed water systems, and maintain storm drainage infrastructure within District jurisdiction. The District's governing board consists entirely of members from the City Councils of both cities.

A. Wastewater

The District operates a single sewage treatment plant, which was completed in 1976. It also owns and operates 70 miles of trunk sewers and 13 wastewater pump stations. The day-to-day operations and maintenance of the treatment plant and collection system is performed by District staff. All construction management of capital expansion and most major maintenance projects are also performed by District staff.

B. Drainage Maintenance

Pursuant to an agreement entered into in March 1988 with the cities of Fairfield and Suisun City, the District collects drainage fees to be used as supplemental funding to maintain the regional and local drainage facilities within the District's jurisdiction, including those constructed by the U.S. Army Corps of Engineers as part of the Fairfield Vicinity Streams Project.

Drainage fees, as established by the governing board, are collected on the Solano County tax roll pursuant to an agreement with Solano County. Total fees collected in fiscal year ended June 30, 2016 was \$1,551,786.

2. Summary of Significant Accounting Policies

The Financial Reporting Entity—The District complies with GASB 14, "The Financial Reporting Entity." This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable. Other organizations may also be designated as component units, particularly if the nature and significance of their relationship with a primary government are such that the organizations' exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the District's financial statements.

FAIRFIELD-SUISUN SEWER DISTRICT

Notes to Financial Statements

June 30, 2016

Basis of Accounting—The District is accounted for as a single enterprise fund. An enterprise fund is a proprietary fund type used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's intent is that the costs of providing services to customers on a continuing basis be financed or recovered primarily through sewer service charges.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The District uses the accrual basis of accounting. Under this basis of accounting, revenues are recognized when they are earned, and expenses are recognized when incurred. Operating revenues and expenses result from the ongoing principal operation of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses are related to financing and investing type activities and result from nonexchange transactions or ancillary services. Unbilled utility service receivables are recorded at year end. As required for enterprise funds, the District uses a flow of economic resources measurement focus.

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued GASBS Number 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

When an expense is incurred for purposes in which both restricted and unrestricted net positions are available, it is the District's policy to first apply unrestricted resources.

Budget—Although not legally required of enterprise funds, District management takes pride in the preparation and Board adoption of a biennial budget and 10-year long-term financial plan. The District prepares a biennial budget along with a ten-year financial plan, which is approved and adopted biennially by the Board of Directors. The long-term financial plan is in conjunction with the District's Master Plan and the cities' growth projections. This process has been instrumental in the District's ability to build

FAIRFIELD-SUISUN SEWER DISTRICT

Notes to Financial Statements

June 30, 2016

reserves for future needs and has allowed the District to fund most major expansion projects from reserves, and consequently keep debt low.

Budgetary control is maintained at the department level for administrative and operating expenses and at the project level for capital improvements. All new construction projects over \$45,000 are individually approved by the Board.

Cash Management—The Director of Administrative Services acts as District Treasurer. The Treasurer may issue and administer detailed investment instructions that conform to the provisions of the Investment Policy, as reviewed and adopted annually by the Board of Directors. The District's Investment Policy conforms to the California Government Code Section 53601. As of June 30, 2016, all surplus cash was invested with the State of California Local Agency Investment Fund (LAIF), and money market investment securities. In order of priority, the primary objectives of the District's investment activities are: safety of principal, liquidity, and return on investment.

Cash and Investments—Funds are invested in accordance with Section 53601 of the Government Code of the State of California and the District's established investment policy. All monies not required for immediate expenditure are invested to earn maximum yield consistent with safety and liquidity. All investments are kept in the custody of the District or a qualified safekeeping institution. A quarterly report is made to the Board of Directors showing a description of the investments, maturity date, par value, carrying value, market value, current yield, and estimated annual income. Investments are adjusted to fair value when material as required by Government Accounting Standards Board Statement 31.

Under the provisions of the District's investment policy and in accordance with the Government Code of the State of California, the District may invest in the following types of investments:

- Obligations of the U.S. Treasury
- Warrants, Treasury Notes, or Bonds issued by the State of California
- Negotiable Certificates of Deposit issued by federally or state chartered banks or associations
- Agencies and instrumentalities
- Prime commercial paper of U.S. corporations
- Bankers Acceptances with maturities not to exceed 180 days
- Medium-term notes issued by U.S. corporations
- Local Agency Investment Fund (LAIF) operated by the Treasurer's Office of the State of California
- Any other investment security authorized under the provisions of California Government Code Section 53601

FAIRFIELD-SUISUN SEWER DISTRICT

Notes to Financial Statements

June 30, 2016

Statement of Cash Flows—For purposes of the statement of cash flows, the District considers all cash and investments and all cash with fiscal agents with original maturity of three months or less as cash and cash equivalents.

Statement of Revenues, Expenses, and Changes in Net Position—The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for services. Operating expenses include the cost of providing and delivering services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Statement of Net Position—The statement of net position is designed to display the financial position of the District. The District's net position is classified into three categories as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, as applicable.

Restricted – This component of net position consists of constraints placed on an assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, and reduced by liabilities and deferred inflows of resources related to those assets. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Unrestricted – This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Property, Plant and Equipment—Property, plant and equipment is stated at cost less accumulated depreciation. The District capitalizes all assets with a historical cost of at

FAIRFIELD-SUISUN SEWER DISTRICT
Notes to Financial Statements
June 30, 2016

least \$5,000 and a useful life of at least 5 years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed as incurred. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss from disposition is credited or charged to revenues.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Trunk lines/pump stations and treatment plant	20 – 40 years
Buildings and improvements	20 – 40 years
Vehicles and equipment	5 – 10 years

Construction in Progress—The District constructs assets for its own use in plant operations. The costs associated with these projects are accumulated in a construction in progress account while the project is being developed. Once the project is complete, the entire cost of the constructed asset is transferred to the capital assets account and depreciated over the estimated life of the asset.

Deferred Outflows/Inflows of Resources—The deferred outflows of resources is a separate financial position element which represents a consumption of net position that applies to future periods and so will not be recognized as an expense until then. This fiscal year’s deferred outflows represents the pension expense and changes to net pension liability.

The deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. This fiscal year’s deferred inflows of resources is the net difference between projected and actual earnings on pension plan investments, change of assumptions, and differences between expected and actual experiences amortized over 3.8 years or less. More information can be found in Note 10, pages 33-40.

Prior Period Adjustment—This prior period adjustment is to correct previously reported deferred outflows and inflows of resources.

Net position, beginning of period	\$ 83,800,790
Less: Prior period adjustment, GASB 68	(516,022)
Net position, as restated	<u>83,284,768</u>
Change in net position FY 2015-16	<u>6,278,247</u>
Net position, end of period	<u><u>\$ 89,563,015</u></u>

FAIRFIELD-SUISUN SEWER DISTRICT

Notes to Financial Statements

June 30, 2016

Implementation of New GASB Statement—The District implemented GASB Statement Number 72, Fair Value Measurement and Application. The District's investments are recorded at fair value. Accordingly, the change in fair value of investment is recognized as an increase or decrease to investment assets and investment income. This statement changed the definition of fair value and is effective for periods beginning after June 15, 2015. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Pension—For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's pension plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Bond Discounts and Issuance Costs—Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bonds payable are reported net of applicable bond premium and discounts are reported as noncurrent assets along with any insurance payments made during issuance of the bond. Bond issuance costs, other than prepaid insurance, are expensed in the period incurred.

Compensated Absences—District employees are granted compensated absences in varying amounts based on years of service. Compensated absences payable represents the District's liability for earned but unused compensated absences at year-end.

Capacity Fees—Capacity fees, which represent a one-time fee for capacity in the sewer system, are legally restricted for growth-related projects.

FAIRFIELD-SUISUN SEWER DISTRICT
Notes to Financial Statements
June 30, 2016

Use of Estimates—Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Subsequent Events—Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through, the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

On July 5, 2016 the District paid off the City of Fairfield Reimbursement Agreement debt of \$1,285,417, as reported on Note 6, page 29. This is consistent with the District's intent of paying down high interest-bearing debts, to the extent sufficient cash is available.

3. Cash and Investments

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the District's name and places the District ahead of general creditors of the institution.

The District invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the District employs the Trust Department of a bank as the custodian of certain District-managed investments, regardless of their form.

The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

FAIRFIELD-SUISUN SEWER DISTRICT
Notes to Financial Statements
June 30, 2016

GASB 72, Fair Value Measurements established a hierarchy of inputs to the valuation techniques above in Note 2. This hierarchy has three levels:

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

Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable

Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The District has the following recurring fair value measurements as of June 30, 2016:

- 1) California Local Agency Investment Fund (LAIF) of \$13,019,288 were valued using Level 2 inputs.
- 2) Certificate of deposits and money market accounts of \$10,751,179 were valued using Level 2 inputs.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of District debt instruments.

	June 30, 2016
Cash and investments	
Held by District	\$ 23,034,501
Restricted investments	
Held by District	737,038
Total cash and investments	\$ 23,771,539

FAIRFIELD-SUISUN SEWER DISTRICT
Notes to Financial Statements
June 30, 2016

C. Authorized Investments

Investments authorized by the California Government Code and the District's Investment Policy for all District investments including debt service reserve are the following:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	N/A	None	N/A
U.S. Agency Securities	5 years	N/A	None	N/A
State of California Obligations	5 years	N/A	None	N/A
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A	25%	10%
Medium Term Corporate Notes	5 years	A	30%	N/A
Mortgage Pass-Through Securities	5 years	AA	20%	N/A
Repurchase Agreements	1 year	N/A	20%	N/A
Reverse Repurchase Agreements	92 days	N/A	20%	N/A
Negotiable Certificates of Deposit	5 years	N/A	30%	N/A
California Local Agency Investment Fund	Upon Demand	N/A	None	N/A
Mutual Funds	N/A	Top Ranking of 2 NRSRO (A)	20%	10%
Money Market Mutual Funds	N/A	Top Ranking of 2 NRSRO (A)	20%	N/A

(A) Nationally Recognized Statistical Rating Organization

The District does not enter into range notes, inverse floaters, mortgage-derived interest-only strips, or any security that could result in zero interest accrual if held to maturity. At June 30, 2016, the District's investments were in compliance with the above provisions.

D. Interest Rate Risk

Interest rate risk is the risk of potential fair value losses from future changes in prevailing market interest rates. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its investments in accordance with its investment policy and the California Government Code, which limits investment maturities to five years or less unless authorized by the District Board for a specific purpose.

FAIRFIELD-SUISUN SEWER DISTRICT
Notes to Financial Statements
June 30, 2016

Information about the sensitivity of the fair values of the District's investments (including investments held by trustees) to market interest rate fluctuations are provided by the following table:

	June 30, 2016	
	Fair Value	Weighted Ave. Years to Maturity
U.S. Treasuries/Money Market	\$ 10,751,179	0.01
CA Local Agency Investment Fund	13,019,288	0.64
Total Investments	\$ 23,770,467	

The District is a 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 District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally-recognized statistical rating organization. It is the District's policy to limit its investments in these investment types to the top rating issued by the nationally-recognized statistical rating organization. The following table shows the District's investments and their related credit rating.

	June 30, 2016	
	Fair Value	Credit Rating
<i>Held by District</i>		
U.S. Treasuries/Money Market	\$ 10,751,179	N/A
<i>Not rated:</i>		
CA Local Agency Investment Fund	13,019,288	N/A
	\$ 23,770,467	

FAIRFIELD-SUISUN SEWER DISTRICT
Notes to Financial Statements
June 30, 2016

F. Concentration of Credit Risk

GASB 40 requires disclosure of concentrations of investments greater than 5%. At June 30, 2016, the District has no investment that requires separate disclosure.

4. Restricted Net Position

Restricted net position at June 30, 2016, consist of the following:

Restricted for capital projects	\$ 785,064
Restricted for debt service	737,038
Restricted for major maintenance	<u>9,730,000</u>
	<u><u>\$ 11,252,102</u></u>

The restricted for capital projects is the unspent portion of capacity fees, which are legally restricted for growth-related projects.

The debt service restriction is the maximum annual debt service on the State Revolving Fund loan, as required by the bond indenture.

As a condition of the original grant to finance the construction of the sewage treatment plant, the Environmental Protection Agency requires that wastewater funds be set aside for major maintenance. Additions to and charges against these restricted assets are recorded as transfers from or to unrestricted net position and are made in accordance with the major maintenance policy as adopted by the Board of Directors in 2005.

FAIRFIELD-SUISUN SEWER DISTRICT
Notes to Financial Statements
June 30, 2016

5. Capital Assets

Changes in capital assets consisted of the following:

Asset Category	June 30, 2015	Additions	Adjustments/ Disposals	Transfers	June 30, 2016
Non-depreciable assets:					
Construction in progress	\$ 211,742	\$ 350,080	\$ -	\$ -	\$ 561,822
Land and improvements	2,792,903	-	-	-	2,792,903
Total non-depreciable assets	3,004,645	350,080	-	-	3,354,725
Depreciable assets:					
Buildings and improvements	11,710,029	-	-	-	11,710,029
Vehicles and equipment	2,876,501	36,475	(84,227)	-	2,828,749
Trunk lines/ pump station	53,362,001	-	-	-	53,362,001
Treatment plant	91,092,839	-	-	-	91,092,839
Total depreciable assets	159,041,370	36,475	(84,227)	-	158,993,618
Less: Accumulated depreciation					
Buildings and improvements	(8,807,076)	(470,092)	-	-	(9,277,168)
Vehicles and equipment	(2,460,031)	(153,210)	84,227	-	(2,529,014)
Trunk lines/pump station	(34,709,591)	(1,574,982)	-	-	(36,284,573)
Treatment plant	(34,762,144)	(2,664,762)	-	-	(37,426,906)
Total accumulated depreciation	(80,738,842)	(4,863,045)	84,227	-	(85,517,660)
Net capital assets	78,302,528	(4,826,570)	-	-	73,475,958
Total capital assets	\$ 81,307,173	\$ (4,476,490)	\$ -	\$ -	\$ 76,830,683

FAIRFIELD-SUISUN SEWER DISTRICT
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6. Long-Term Liabilities

The following summarizes changes in long-term liabilities during the year:

Description	June 30, 2015	Additions	Maturities and Amortization	June 30, 2016	Current Portion
2010 Sewer Revenue Refunding Bonds	\$ 2,330,000	\$ -	\$ 2,330,000	\$ -	\$ -
Unamortized premium/(discount) on refinancing, net	(18,484)	-	(18,484)	-	-
2010 Sewer Revenue Refunding Bonds, net	2,311,516	-	2,311,516	-	-
State Revolving Fund Loan	9,381,681	-	468,341	8,913,340	482,021
Compensated Absences	657,058	741,092	792,976	605,174	484,139
City of Fairfield Reimbursement Agreement	1,308,199	-	22,782	1,285,417	23,807
Long-term liabilities	<u>\$ 13,658,454</u>	<u>\$ 741,092</u>	<u>\$ 3,595,615</u>	<u>\$ 10,803,931</u>	<u>\$ 989,967</u>

A. 2010 Sewer Revenue Refunding Bonds

On April 6, 2010, the District issued \$12,980,000 of 2010 Sewer Revenue Refunding Bonds for a current refunding of \$17,120,000 of the Sewer Revenue Refunding Bonds, 2001 Series A. The refunding was undertaken to take advantage of lower interest rates and to reduce future debt service payments. Principal payments are due annually on May 1, and interest payments are due semi-annually on May 1 and November 1, with interest rates from 1.1% to 4.0%. The reacquisition price exceeded the net carrying amount of the old debt by approximately \$750,000. This amount is amortized over the new debt's life, which was not extended beyond its original maturity date of 2016. The transaction also resulted in economic gain of approximately \$300,000 and a reduction of approximately \$5.5 million in future debt service payments.

The District made its final payment on the 2010 Revenue Refunding bonds in April 2016. The debt service reserve of approximately \$1.3 million was released by the bond trustee and applied towards the final.

B. State Revolving Fund Loan

On January 20, 2010 the District entered into a loan agreement with the California State Water Resources Control Board under the Clean Water State Revolving Fund loan program for financing of the Ultraviolet Disinfection Project. The District was approved for a loan amount of up to \$11,100,000, with an interest rate at 2.9%, payable over 20 years. Principal and interest payments, which are due semi-annually on May 1 and November 1, will commence the month following the completion of the project. Payment on this loan started on November 2011.

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Future debt service payments on the SRF loan are as follows:

Year Ending	Principal	Interest	Total
<u>June 30</u>	<u> </u>	<u> </u>	<u> </u>
2017	\$ 482,021	\$ 255,017	\$ 737,038
2018	496,101	240,937	737,038
2019	510,591	226,447	737,038
2020	525,507	211,532	737,039
2021	540,856	196,182	737,038
2022 - 26	2,950,695	734,495	3,685,190
2027 - 31	3,407,569	277,620	3,685,189
	<u>\$ 8,913,340</u>	<u>\$ 2,142,230</u>	<u>\$ 11,055,570</u>

The SRF loan are secured by all District operating revenues. As a requirement of the SRF loan, a restricted amount equivalent to one year of loan payment is held in a restricted account held by the District. The SRF restricted amount is approximately \$737 thousand.

C. Compensated Absences

Compensated Absences activity during the fiscal year was as follows:

June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
\$ 657,058	\$ 741,092	\$ (792,976)	\$ 605,174	\$ 484,139

D. City of Fairfield Reimbursement Agreement

On April 24, 2014, the District entered into a Reimbursement Agreement with the City of Fairfield (City) for the cost of the Train Station Trunk Sewer. The City is constructing a new train station and related improvements, including new tracks, passenger platform, pedestrian tunnel, and a grade separation at Peabody Road (collectively called the Train Station Project). The Train Station Project required upgrades and installation of new trunk sewers in advance of the aboveground construction, which was completed by the City and transferred to the District. The cost of the sewer trunk installation was \$1.33 million. The reimbursement agreement

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requires principal and interest payment every July 1, starting July 1, 2014, over 30 years with interest rate of 4.5%.

Future debt service payments on the City of Fairfield Reimbursement Agreement are as follows:

Year Ending	Principal	Interest	Total
<u>June 30</u>			
2017	\$ 23,807	\$ 58,869	\$ 57,844
2018	24,878	57,844	56,772
2019	25,998	56,772	55,653
2020	27,168	55,653	54,483
2021	28,390	54,483	53,261
2022 - 31	364,564	467,642	451,943
2032 - 40	497,688	274,730	237,169
2041 - 44	292,924	33,679	33,679
	<u>\$ 1,285,417</u>	<u>\$ 1,059,672</u>	<u>\$ 1,000,804</u>

7. Related Party Transactions

The District had existing financial transactions with the cities of Fairfield and Suisun City during fiscal year 2015-16. Sewer line maintenance represents amounts paid to the Cities for the maintenance of its sewer lines smaller than 12" in diameter. Sewer service charges and sewer capacity fees are collected by the Cities and are remitted to the District, net of billing and collection fees. Outstanding receivables include capacity fees collected by the Cities not yet remitted to the District and sewer service charges billed by the Cities on the District's behalf as of June 30, 2016.

These transactions are described below:

Sewer line maintenance	\$ 2,644,369
Billing and collection	\$ 548,613
Outstanding accounts receivable	\$ 3,841,076

FAIRFIELD-SUISUN SEWER DISTRICT
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8. Insurance

The District is exposed to various risks of loss related to torts, theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To mitigate these risks the District joined together 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 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. The District pays an annual premium to CSRMA for its legal liability, property damage, workers compensation insurance and automobile coverage.

CSRMA is governed by a Board composed of one representative from each member agency. The Board also controls the operations of CSRMA, including selection of management and approval of operating budgets. Each member shares surpluses and deficiencies proportionate to its participation in CSRMA.

Audited condensed financial information for CSRMA is presented below for the year ended June 30, 2015 (most recent information available):

Total assets	\$ 27,418,098
Total liabilities	\$ 16,714,638
Net Position	\$ 10,703,460
Total revenues	\$ 10,895,632
Total expenses	\$ 11,157,866

The District has not incurred a claim that exceeded its insurance coverage limits in any of the last five years.

A summary of the insurance policies in force as of June 30, 2016 can be found in the Statistical Section of this report. Copy of CSRMA's annual financial report may be obtained from their website at: <http://csrma.org/docs/CSRMA-Annual-Report-2015.pdf>.

9. Deferred Compensation

The District offers its employees two deferred compensation plans created in accordance with the Internal Revenue Code Section 457 and 401(a). These plans permit a pre-tax deferral of a portion of salary until future years. The deferred compensation is not available to employees until separation, retirement, death, or an unforeseeable emergency.

FAIRFIELD-SUISUN SEWER DISTRICT

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All employees are eligible to participate in the 457 plan. In addition, professional and management employees are eligible to participate in the 401(a) plan. The District contributes a specified amount to the 457 plan and specified percentages to the 401(a) plan. The District's contributions to the deferred compensation plans were \$299,363 for fiscal year June 30, 2016.

The assets and related income of the plans are assets of a trust to which the District has no obligation other than to make payments on behalf of its employees.

10. Pension Plan

A. General Information about the Pension Plan

Plan Description

All qualified full-time and part-time District employees are eligible to participate in a pension plan offered by California Public Employees Retirement System (CalPERS) a cost-sharing multiple employer defined benefit pension plan. CalPERS provides retirement, disability, and death benefits to eligible plan members and beneficiaries. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one full year of full time employment. Members with 5 years' of service credit are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for the non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The annual cost of living adjustment is applied as specified by the Public Employees Retirement Law.

FAIRFIELD-SUISUN SEWER DISTRICT
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The Plan's provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Hired prior to January 1, 2013	Hired on or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	60	62
Monthly benefits, as a % of annual salary	3%	2%
Required employee contribution rates	8.000%	6.500%
Required employer contribution rates	15.30%	6.460%

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013.

Key components of the legislation are as follows:

- Establishes PEPRA which will apply to all public employers and public pension plans on and after January 1, 2013 (Except specific exemptions);
- Establishes new retirement tiers/benefits for new public employees;
- Prohibits certain cash payments from being counted as compensation; and
- Increases retirement age for all new public employees.

Employees hired on or after January 1, 2013, without prior CalPERS credited service will fall under the PEPRA as noted in the above table.

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the District's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The District does not have a net pension obligation since it pays these actuarially required contributions bi-weekly.

FAIRFIELD-SUISUN SEWER DISTRICT
Notes to Financial Statements
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Employees Covered

As of June 30, 2016, the following employees were covered by the benefit terms for each Plan:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	2
Active employees	58
Total	76

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For measurement period ended June 30, 2015 (the measurement date), the active employee contribution rate is 7.761 percent of annual pay and the average employer's contribution rate is 15.30 percent of annual payroll. Employer contributions rates may change if plan contracts are amended.

For the fiscal year ended June 30, 2016, the contributions recognized as part of pension expense for were as follows:

	Fiscal Year Paid:
Miscellaneous	2015/16
Contributions - ER	\$ 822,449
Contributions - EE (paid by ER)	407,445
Total	\$ 1,229,894

B. Pension Liabilities, Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the District's proportionate share of the net pension liability is \$4,225,956.

FAIRFIELD-SUISUN SEWER DISTRICT
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The District's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures.

	Percentage Share of Risk Pool		Change: Increase/ (Decrease)
	6/30/2016	6/30/2015	
Measurement Date	6/30/2015	6/30/2014	
Percentage of Risk Pool NPL	0.154037%	0.155748%	-0.001711%
Percentage of Plan (PERF C) NPL	0.061568%	0.061861%	-0.000294%

Increases (Decreases)			
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at 6/30/14 (MD)	\$ 22,681,282	\$ 18,831,984	\$ 3,849,298
Balance at 6/30/15 (MD)	\$ 24,734,693	\$ 20,508,737	\$ 4,225,956
Net changes	\$ 2,053,411	\$ 1,676,753	\$ 376,658

For the year ended June 30, 2016, the District recognized pension expense of \$822,449. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,359	\$ -
Changes of assumptions	-	(589,971)
Net differences between projected and actual earnings on plan investments	-	(295,759)
Change in employer's proportion	672,178	
Differences between the employer's contributions and the employer's proportionate share of contributions	388,806	-
Pension contributions subsequent to measurement date	822,449	-
Total	\$ 1,945,792	\$ (885,730)

FAIRFIELD-SUISUN SEWER DISTRICT
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The District reported \$885,730 as deferred inflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30:	Fiscal Year Ending June 30:	District's Proportionate Share Deferred Outflows/(Inflows)	Difference Between Actual & Proportionate Share of Employer Contributions	Change in Proportions	Net Total Deferred Outflows/(Inflows) of Resources
2016	2017	\$ (413,037)	\$ 177,113	\$ 224,580	\$ (11,344)
2017	2018	(413,037)	155,690	233,250	(24,097)
2018	2019	(375,350)	56,003	214,348	(104,999)
2019	2020	378,052	-		378,052
2020	2021	-	-		-
Thereafter	Thereafter	-			-

Actuarial Methods and Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Miscellaneous	
Valuation Date:	June 30, 2014
Measurement Date:	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	7.5%, Net of pension plan investment expenses, including inflation
Mortality	2014 CalPERS Active Mortality for Miscellaneous employees
COLA	up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

FAIRFIELD-SUISUN SEWER DISTRICT

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Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.50%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using

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both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

- (a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability/(asset), calculated using the discount rate, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate		
	6.65% (1% Decrease)	7.65% (Current Rate)	8.65% (1% Increase)
■ Measurement Date	6/30/2015		
■ Fiscal Year End	6/30/2016		
■ Net Pension Liability	\$ 7,594,492	\$ 4,225,956	\$ 1,444,839

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

FAIRFIELD-SUISUN SEWER DISTRICT

Notes to Financial Statements

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C. Payable to the Pension Plan

The District has paid the plan required contributions for the fiscal year 2015-16 and has no outstanding pension payable.

11. Other Postemployment Benefits (OPEB)

Plan Description

The District provides postemployment healthcare benefit for all its retired employees and their covered dependents as approved by District Resolution Number 03-36. The California Public Employee Retirement System (CalPERS) administers this benefit through an agent multiple-employer, defined benefit plan. All District retirees who attain age 50 with at least 5 years' service are eligible for this benefit. Coverage discontinues either at the request of the retiree or at the death of those covered. CalPERS requires that retirees enroll in Medicare at age 65. Plan benefits were established in accordance with Board policy, and authority to amend this benefit rests with the District Board. As of June 30, 2016, the District's contribution for each retired employee plus dependent is equal to 100% of their selected plan premium, up to \$1,313 per month. The District contribution will continue to increase by the lesser of 5% or \$100 each year until it equals that of active employees' premium. As of June 30, 2016, seventeen retirees received this benefit. The District's actual OPEB payment for current retirees for fiscal year ended June 30, 2016 was \$158,628.

A second tier retiree health benefit was established in November 2012, when District Board adopted Resolution No. 2012-19 electing to establish a health benefit vesting requirement for future employees pursuant to Government Code Section (GCS) 22893 of the Public Employees' Medical and Hospital Care Act. The effective date of this participation is March 1, 2013 and the vesting requirement will be applied to employees hired on or before this date.

To be eligible for the vesting health benefits, an employee must be at least 50 years old; must complete a minimum of 5 years CalPERS-credited service with the District; must complete a total of 10 years CalPERS-credited service to be eligible for 50% benefits, increasing by 5% each year thereafter up to a maximum of 100% with 20 years of service.

Employees hired prior to the election of GCS 22893 were given a one-time opportunity to individually elect to be covered under the provisions of GCS 22893. Twenty seven employees opted in.

FAIRFIELD-SUISUN SEWER DISTRICT
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As of June 30, 2016, monthly employer post-retirement contributions for fully vested annuitants are as follows:

Single	\$705
2-party	\$1,343
Family	\$1,727

As of June 30, 2016 two retirees are receiving this benefit under the vesting plan.

Funding Policy and Actuarial Assumptions

The Plan is to be fully funded by employer contributions with no requirement for matching or employee contributions. The District is required to recognize the annual required contribution (ARC), an amount actuarially determined using the Projected Unit Credit Method, as permitted by GASB Statement Number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize (closed basis) unfunded actuarial liabilities, if any, over a period not to exceed thirty years. The ARC is subject to change with each actuarial valuation date performed no later than every three years. The current ARC rate is 4.35% of covered payroll.

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

Valuation date	July 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate	7.0%
Salary increases	2.75%
Inflation rate	2.75%
Health premium increases	4.0%

The actuarial calculations reflect a long-term perspective. However, actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimate are made about the future. The schedule of funding progress, presented as supplementary information following the notes to the financial statements, will present

FAIRFIELD-SUISUN SEWER DISTRICT
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multiyear information, when available, to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The following table shows the component of the District's annual OPEB costs for the year and changes to Net OPEB obligation:

Annual required contribution	\$ 225,228
Less: Interest on net OPEB obligation	(6,403)
Add: Amortization of NOO	5,153
Annual OPEB cost	<u>223,978</u>
Contributions made	(383,856)
Decrease in net OPEB obligation	(159,878)
Net OPEB obligation - beginning of period	<u>(91,470)</u>
Net OPEB obligation - end of period	<u><u>\$ (251,348)</u></u>

Annual OPEB Cost and Net OPEB Obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 415,032	309.74%	\$ (109,172)
6/30/2015	\$ 419,700	95.78%	\$ (91,470)
6/30/2016	\$ 225,228	170.98%	\$ (251,348)

Funding Status

The District's actuarial accrued liability representing the present value of future benefits, included in the actuarial study dated July 1, 2015, was \$4,053,591. The ARC, as actuarially determined using the Projected Unit Method, is included in these financial statements and no separate financial statements are issued for the OPEB plan.

In August 2012, District Board signed an agreement with the California Employers' Retiree Benefit Trust (CERBT) fund electing to fund OPEB through CalPERS. The Agreement was effective September 17, 2012. In fiscal year 2015-16, total contributions made to the trust fund including ARC were \$225,228, and payments of retiree premiums were \$158,628. The accumulated balance in the CERBT is \$3,868,590 as of June 30, 2016. This balance is not included in the District's financial statement as it is not an asset of the District.

FAIRFIELD-SUISUN SEWER DISTRICT
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The following is the summary of the District's market value of assets on deposit with CERBT as of June 30,

	<u>2016</u>
Market value at beginning of year	\$ 3,608,242
Contributions	225,228
Gain (loss) on investments	38,101
Administrative expenses	(1,722)
Investment Expense	<u>(1,259)</u>
Market value at end of year	<u><u>\$ 3,868,590</u></u>

The funding status of the plan as of July 1, 2015, the most recent actuarial valuation was as follows:

Actuarial Accrued Liability (AAL)	\$ 4,053,591
Actuarial Value of Assets	<u>3,676,913</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 376,678</u></u>
Funded Ratio	90.71%
Covered Payroll	\$ 5,170,000
UAAL as a percentage of payroll	7.29%

The District's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2016, was 23 years.

No separate post-employment benefit plan report is available.

12. Commitments and Contingencies

The District has a few ongoing major maintenance projects with commitment of approximately \$1,064,205 as of June 30, 2016.

FAIRFIELD-SUISUN SEWER DISTRICT
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13. New Pronouncements

New Governmental Accounting and Reporting Standards

In February 2015, the GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District implemented the provisions of this Statement in fiscal year June 30, 2016. There is no significant impact on the financial statements.

In June 2015, the GASB issued GASB Statement No. 73, *Accounting and Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statement 67 & 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

FAIRFIELD-SUISUN SEWER DISTRICT
Notes to Financial Statements
June 30, 2016

This Statement also clarifies the application of certain provisions of Statements 67 and 68 with regard to the following issues:

1. Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported
2. Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions
3. Timing of employer recognition of revenue for the support of nonemployer contributing entities *not* in a special funding situation.

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The District implemented the provisions of this Statements effective June 30, 2016. There is no significant impact on the financial statements.

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for financial statements for fiscal years beginning after June 15, 2017. The District is currently evaluating the impact on the financial statements.

In June 2015, the GASB issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The

FAIRFIELD-SUISUN SEWER DISTRICT

Notes to Financial Statements

June 30, 2016

“GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015, and should be applied retroactively. The District implemented the provisions of this Statements effective June 30, 2016. There is no significant impact on the financial statements.

In August 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude in the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year expenses, (b) compliance with finance-related legal contractual agreements, (c) where a government’s financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. This Statement is effective for financial statements for fiscal years beginning after December 15, 2015. The District is currently evaluating the impact on the financial statements.

In December 2015, the GASB issued GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or

FAIRFIELD-SUISUN SEWER DISTRICT
Notes to Financial Statements
June 30, 2016

local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement is effective for financial statements for fiscal years beginning after December 15, 2015. The District is currently evaluating the impact on the financial statements.

In December 2015, the GASB issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. This Statement is effective for financial statements for fiscal years beginning after June 15, 2015. The District is currently evaluating the impact on the financial statements.

FAIRFIELD-SUISUN SEWER DISTRICT

Notes to Financial Statements

June 30, 2016

On January 2016, the GASB issued GASB 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently evaluating the impact on the financial statements.

On March 2016 GASB issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement is effective for financial statements for fiscal years beginning after December 15, 2016. The District is currently evaluating the impact on the financial statements.

On March 2016 GASB issued GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for financial statements for fiscal years beginning after December 15, 2016. The District is currently evaluating the impact on the financial statements.

FAIRFIELD-SUISUN SEWER DISTRICT
Notes to Financial Statements
June 30, 2016

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

FAIRFIELD-SUISUN SEWER DISTRICT
Required Supplementary Information
June 30, 2016

Postemployment Benefits

Schedule of Funding Progress

The table below presents information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Liability (AAL) - Projected Unit Credit (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/2013	\$ 3,140,700	1,800,000	\$ 1,340,700	57.31%	\$ 5,200,000	25.78%
7/1/2013	\$ 3,140,700	3,608,243	\$ (467,543)	114.89%	\$ 5,638,769	-8.29%
7/1/2015	\$ 4,053,591	3,868,590	\$ 185,001	95.44%	\$ 5,170,000	3.58%

Pension Plan

Schedule of Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

	Fiscal Year End	
	6/30/2016	6/30/2015 ¹
■ Measurement Date	6/30/2015	6/30/2014
■ District's proportion of the net pension liability	0.061568%	0.061861%
■ District's proportionate share of the net pension liability	\$ 4,225,956	\$ 3,849,298
■ District's covered-employee payroll ²	\$ 5,638,769	\$ 5,638,769
■ District's proportionate share of the net pension liability as a percentage of covered-employee payroll	74.94%	68.26%
■ Plan's fiduciary net position as a percentage of the plan's total pension liability	78.40%	79.82%

Notes:

1. Fiscal year ending June 30, 2015 was the 1st year of implementation
2. For the year ending on the measurement date

FAIRFIELD-SUISUN SEWER DISTRICT
Required Supplementary Information
June 30, 2016

Schedule of Plan Contributions

Contributions for the fiscal year ending:	6/30/2016	6/30/2015 ¹
■ Actuarially determined contribution	\$ 822,449	\$ 975,423
■ Contributions in relation to the actuarially determined contribution	(822,449)	(975,423)
■ Contribution deficiency (Excess)	\$ -	\$ -
■ District's covered-employee payroll ²	\$ 5,170,000	\$ 5,638,769
■ Contributions as a percentage of covered-employee payroll	15.91%	17.30%

Notes:

1. Fiscal year ending June 30, 2015 was the 1st year of implementation
2. For the fiscal year ending on the date shown.

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OTHER INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Fairfield-Suisun Sewer District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fairfield-Suisun Sewer District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 25, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

October 25, 2016
San Jose, California

Statistical Section

Water Recycling: The District has been producing and distributing recycled water since 1974. Water that leaves the plant is called Final Effluent. This treated water serves many purposes, such as irrigating nearby turf farms. The District has a Restricted Use Secondary 23 Recycled Water Permit, which can be used for irrigation of non-food crops, as well as freeway landscape and pasture.



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FAIRFIELD-SUISUN SEWER DISTRICT
Statistical Section

Contents	Page
Financial Trends	54-59
<p>These schedules contain trend information to help the reader understand how the District's financial operation and performance have changed over time.</p>	
Revenue Capacity	60-61
<p>These schedules contain information to help the reader assess the District's most significant revenue source.</p>	
Debt Capacity	62-64
<p>These schedules contain information to help the reader assess the District's current level of outstanding debt obligation and its ability to issue additional debt in the future. The District has no overlapping bonded debt.</p>	
Operating Information	65-67
<p>These schedules contain data to help the reader understand how the information in the District's financial report relates to the services it provides.</p>	
Economic and Demographic Information	68-71
<p>These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	

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FAIRFIELD-SUISUN SEWER DISTRICT

Financial Trends

Schedule 1 Condensed Statements of Net Position Last Ten Fiscal Years (\$000)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Current and other assets	\$ 27,964	\$ 20,820	\$ 16,303	\$ 13,670	\$ 13,587	\$ 12,015	\$ 12,668	\$ 19,833	\$ 34,712	\$ 58,885
Capital assets	76,831	81,307	85,229	88,698	91,771	95,614	93,127	90,658	80,817	59,991
Total assets	104,795	102,127	101,532	102,368	105,358	107,629	105,795	110,491	115,529	118,876
Deferred charges on refunding	-	18	229	-	-	-	-	-	-	-
Deferred charge - GASB 68	1,946	1,425	-	-	-	-	-	-	-	-
Total Deferred Outflows of Resources	1,946	1,443	229							
Long-term liabilities	14,040	14,179	13,340	15,263	19,294	17,764	12,968	15,233	17,967	20,064
Other liabilities	2,252	4,542	4,522	4,992	4,346	4,375	5,131	4,939	5,272	5,039
Total liabilities	16,292	18,721	17,862	20,255	23,640	22,139	18,099	20,172	23,239	25,103
Deferred Inflows of Resources	886	1,048	-	-	-	-	-	-	-	-
Net position:										
Net investment in capital assets	66,632	68,306	69,507	71,649	72,261	77,298	80,274	73,851	63,390	42,378
Restricted										
Restricted for capital projects	785	1,078	313	265	542	1,685	2,051	7,683	21,103	38,621
Restricted for debt service	737	2,021	2,049	2,070	2,090	1,368	1,380	2,962	2,962	2,847
Restricted for major maintenance	9,730	5,690	2,487	951	1,095	1,724	2,007	2,285	2,048	5,525
Unrestricted	11,679	6,706	9,543	7,178	5,730	3,415	1,984	3,538	2,787	4,402
Total net position	\$ 89,563	\$ 83,801	\$ 83,899	\$ 82,113	\$ 81,718	\$ 85,490	\$ 87,696	\$ 90,319	\$ 92,290	\$ 93,773

Source: District Audited Financial Statements

FAIRFIELD-SUISUN SEWER DISTRICT

Financial Trends

Schedule 2

Condensed Statements of Revenues, Expenses, and Changes in Net Position Last Ten Fiscal Years (\$000)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Service charges	\$ 23,351	\$ 23,067	\$ 20,881	\$ 19,445	\$ 19,115	\$ 18,895	\$ 18,014	\$ 16,960	\$ 16,998	\$ 16,368
Drainage fees	1,552	1,545	1,501	1,491	1,486	1,455	1,468	1,462	1,470	1,410
Interest income	96	61	50	50	52	72	157	589	1,848	2,930
Other (1)	212	219	596	178	248	97	316	39	250	877
Capacity fees	2,835	3,157	2,647	2,472	1,405	1,223	990	979	943	3,767
Total revenues	28,046	28,049	25,675	23,636	22,306	21,742	20,945	20,029	21,509	25,352
Expenses:										
Business operations	11,389	12,677	12,354	11,500	12,685	12,068	12,351	11,603	11,999	11,413
Sewer line maintenance	2,644	2,836	2,890	2,797	2,780	2,663	2,384	2,503	2,362	2,088
General and administrative	1,871	1,904	1,872	2,038	2,592	1,711	1,821	1,985	3,073	3,065
Billing and collection	549	528	511	493	474	459	446	476	427	406
Interest expense	404	489	526	606	655	403	767	833	1,183	1,129
Depreciation	4,911	5,370	5,736	5,807	6,892	6,644	5,799	4,600	3,948	3,703
Total expenses	21,768	23,804	23,889	23,241	26,078	23,948	23,568	22,000	22,992	21,804
Change in net position	6,278	4,245	1,786	395	(3,772)	(2,206)	(2,623)	(1,971)	(1,483)	3,548
Net position, beginning of period	83,801	83,899	82,113	81,718	85,490	87,696	90,319	92,290	93,773	90,225
Prior period adjustment, GASB 68	(516)	(4,343)	-	-	-	-	-	-	-	-
Net position, as restated	83,285	79,556	82,113	81,718	85,490	87,696	90,319	92,290	93,773	90,225
Net position, end of period	\$ 89,563	\$ 83,801	\$ 83,899	\$ 82,113	\$ 81,718	\$ 85,490	\$ 87,696	\$ 90,319	\$ 92,290	\$ 93,773

(1) Includes net increase (decrease) in fair value of investments

Source: District Audited Financial Statements

FAIRFIELD-SUISUN SEWER DISTRICT

Financial Trends

Schedule 3 Changes in Net Position Last Ten Fiscal Years (\$000)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Service charges	\$ 23,351	\$ 23,067	\$ 20,881	\$ 19,445	\$ 19,115	\$ 18,895	\$ 18,014	\$ 16,960	\$ 16,998	\$ 16,368
Drainage fees	1,552	1,545	1,501	1,491	1,486	1,455	1,468	1,462	1,470	1,410
Interest income	96	61	50	50	52	72	157	589	1,848	2,930
Other (1)	212	219	596	178	248	97	316	39	250	877
Capacity fees	2,835	3,157	2,647	2,472	1,405	1,223	990	979	943	3,767
Total revenues	28,046	28,049	25,675	23,636	22,306	21,742	20,945	20,029	21,509	25,352
Expenses:										
Business operations	11,389	12,677	12,354	11,500	12,685	12,068	12,351	11,603	11,999	11,413
Sewer line maintenance	2,644	2,836	2,890	2,797	2,780	2,663	2,384	2,503	2,362	2,088
General and administrative	1,871	1,904	1,872	2,038	2,592	1,711	1,821	1,985	3,073	3,065
Billing and collection	549	528	511	493	474	459	446	476	427	406
Interest expense	404	489	526	606	655	403	767	833	1,183	1,129
Depreciation	4,911	5,370	5,736	5,807	6,892	6,644	5,799	4,600	3,948	3,703
Total expenses	21,768	23,804	23,889	23,241	26,078	23,948	23,568	22,000	22,992	21,804
Change in net position	\$ 6,278	\$ 4,245	\$ 1,786	\$ 395	\$ (3,772)	\$ (2,206)	\$ (2,623)	\$ (1,971)	\$ (1,483)	\$ 3,548

Source: District Audited Financial Statements

FAIRFIELD-SUISUN SEWER DISTRICT
Financial Trends

Schedule 4
Net Position by Component
Last Ten Fiscal Years (\$000)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net position:										
Net investment in capital assets	\$ 66,632	\$ 68,306	\$ 69,507	\$ 71,649	\$ 72,261	\$ 77,298	\$ 80,274	\$ 73,851	\$ 63,390	\$ 42,378
Restricted	11,252	8,789	4,849	3,286	3,727	4,777	5,438	12,930	26,113	46,993
Unrestricted	11,679	6,706	9,543	7,178	5,730	3,415	1,984	3,538	2,787	4,402
 Total net position	 \$ 89,563	 \$ 83,801	 \$ 83,899	 \$ 82,113	 \$ 81,718	 \$ 85,490	 \$ 87,696	 \$ 90,319	 \$ 92,290	 \$ 93,773

Source: District Audited Financial Statements

FAIRFIELD-SUISUN SEWER DISTRICT

Financial Trends

Schedule 5 Expenses by Classification Last Ten Fiscal Years (Excludes capital expenditures)

Year Ended June 30,	Total	Operating Expenses					Nonoperating
		Business Operations	Sewer Line Maintenance	General & Administrative	Billing & Collection	Depreciation & Amortization	Interest Expense
2007	\$ 21,804,136	\$ 11,414,546	\$ 2,087,786	\$ 3,064,628	\$ 405,515	\$ 3,702,626	\$ 1,129,035
2008	22,991,990	11,999,416	2,361,619	3,073,299	426,940	3,947,470	1,183,246
2009	22,000,411	11,603,093	2,503,475	1,984,562	476,049	4,600,548	832,684
2010	23,568,436	12,350,882	2,384,373	1,821,312	445,842	5,798,862	767,165
2011	23,947,279	12,068,443	2,662,722	1,710,678	458,838	6,643,608	402,990
2012	26,079,154	12,685,852	2,779,967	2,592,127	474,598	6,892,033	654,577
2013	23,241,874	11,500,305	2,797,256	2,037,747	493,560	5,806,604	606,402
2014	23,890,305	12,353,729	2,890,484	1,872,155	510,901	5,736,618	526,418
2015	23,804,570	12,676,976	2,836,351	1,904,179	527,945	5,369,653	489,466
2016	21,767,976	11,388,630	2,644,369	1,871,275	548,613	4,911,240	403,849

Source: District Audited Financial Statements

FAIRFIELD-SUISUN SEWER DISTRICT
Financial Trends

Schedule 6
Revenues by Sources
Last Ten Fiscal Years

Year Ended June 30,	Total	Operating Revenues				Nonoperating Revenues		Contributed Capital
		Sewer Service Charges	Drainage Fees	Availability Charges	Other	Interest Income	Other (1)	Capacity Fees
2007	\$ 25,351,889	\$ 16,367,598	\$ 1,410,300	\$ -	\$ 3,208	\$ 2,930,218	\$ 873,795	\$ 3,766,770
2008	21,509,682	16,997,960	1,470,460	-	2,997	1,847,534	246,925	943,806
2009	20,029,267	16,960,299	1,462,322	-	16,742	588,560	22,157	979,187
2010	20,945,019	18,014,176	1,467,904	-	9,558	157,162	306,135	990,084
2011	21,742,376	18,894,915	1,454,574	-	-	72,481	97,754	1,222,652
2012	22,305,730	19,114,963	1,486,129	-	1,684	51,669	246,076	1,405,209
2013	23,637,581	19,445,408	1,491,470	-	50,675	50,574	127,667	2,471,787
2014	25,676,277	20,881,091	1,501,074	-	485,290	49,759	111,506	2,647,557
2015	28,049,378	23,066,724	1,545,538	-	34,596	61,196	184,481	3,156,843
2016	28,028,751	23,351,121	1,551,786	-	3,654	95,688	191,437	2,835,065

(1) Includes net increase (decrease) in fair value of investments.

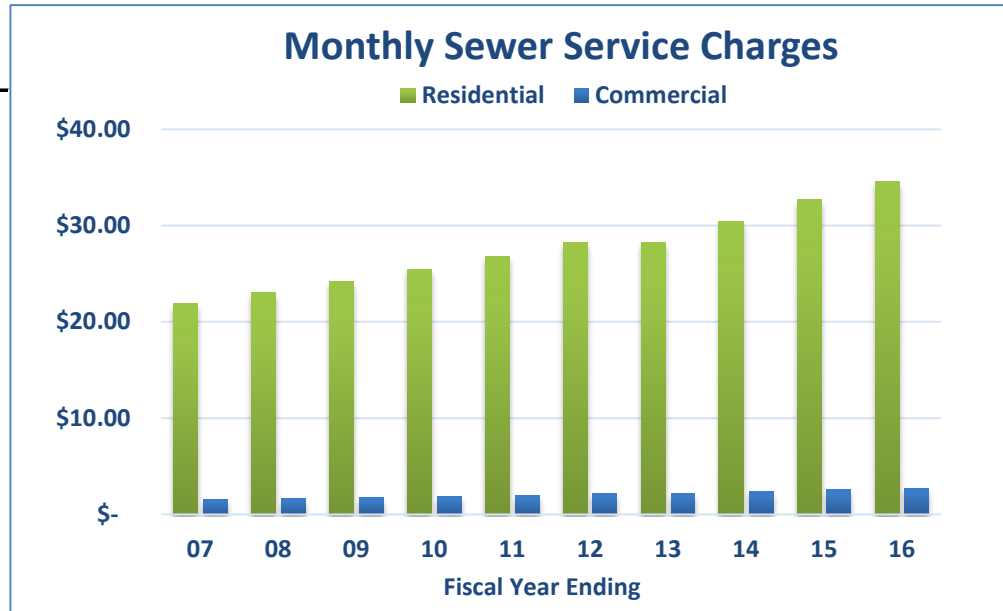
Source: District Audited Financial Statements

FAIRFIELD-SUISUN SEWER DISTRICT

Revenue Capacity

Schedule 7 Sewer Service Charges

Fiscal Year	Residential (a)	Commercial (b)
2006/07	\$ 21.89	\$ 1.57
2007/08	23.03	1.67
2008/09	24.23	1.78
2009/10	25.49	1.89
2010/11	26.82	2.01
2011/12	28.21	2.14
2012/13	28.21	2.14
2013/14	30.46	2.35
2014/15	32.71	2.56
2015/16	34.56	2.73



- (a) Residential customers are billed a flat rate per month, per dwelling unit.
- (b) Commercial customers are billed based on water usage, per hundred cubic feet.

A cost of service and rate study is performed once every few years. The most recent rate study was conducted in 2004. Based on the rate study, sewer service charges increase annually by 5.2% for residential customers and by 6.3% for commercial customers. Sewer service charges are the primary revenue source for operations and the major maintenance/replacement reserve. District Board voted to not implement rate increases for fiscal year 2012/13.

Source: District rate ordinance

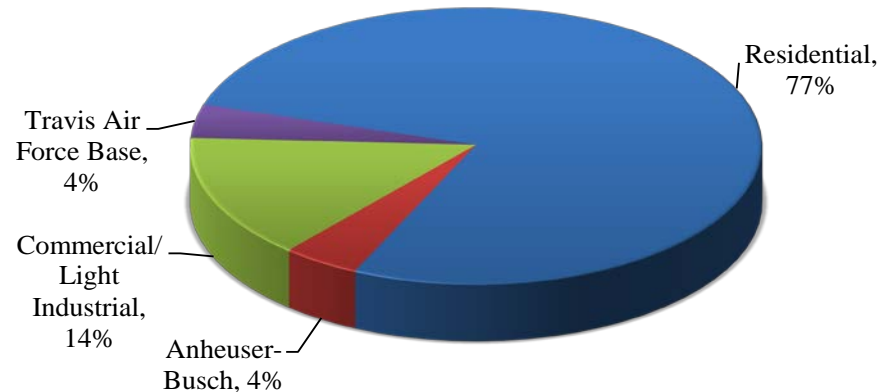
FAIRFIELD-SUISUN SEWER DISTRICT

Revenue Capacity

Schedule 8 Service Area of Principal Customers and Percentage of Total Sewer Service Charges

		Fiscal Years Ended June 30,									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total sewer service charges \$000		\$ 23,351	\$ 23,067	\$ 20,881	\$ 19,445	\$ 19,115	\$ 18,895	\$ 18,014	\$ 16,960	\$ 16,998	\$ 16,368
User	Type										
Anheuser-Busch	Brewery	4.21%	4.39%	5.43%	5.94%	6.98%	6.71%	9.61%	9.18%	12.67%	14.29%
Travis Air Force Base	Military Base	3.73%	3.92%	4.18%	4.58%	4.60%	4.85%	5.69%	5.57%	5.48%	6.19%
Super Stores	Dairy	1.06%	0.73%	1.82%	0.97%	1.03%	0.88%	0.94%	0.86%	0.85%	0.79%
Ball Metal Corporation	Manufacturing	0.79%	0.85%	0.74%	0.69%	0.72%	0.48%	0.57%	0.58%	0.59%	0.51%
Paradise Valley Estates	Housing	0.58%	0.55%	0.57%	0.57%	0.58%	0.56%	0.51%	0.61%	0.54%	0.26%
Pointe Fairfield Venture, LLC	Housing	0.52%	0.50%	0.51%	0.51%	0.52%	0.50%	0.50%	0.58%	0.42%	0.47%
Dover Woods Senior Apts.	Housing	0.00%	0.34%	0.34%	0.35%	0.35%	0.34%	0.34%	0.34%	0.00%	0.00%
Solano County	Government	0.00%	0.32%	0.27%	0.34%	0.33%	0.35%	0.38%	0.35%	0.35%	0.30%
United Mobile Homeowners	Housing	0.37%	0.36%	0.36%	0.37%	0.37%	0.35%	0.36%	0.42%	0.34%	0.28%
Jelly Belly Candy Co.	Manufacturing	0.35%	0.32%	0.32%	0.33%	0.34%	0.32%	0.33%	0.38%	0.39%	0.39%
Engelhart	Manufacturing	1.08%	0.54%	0.93%	0.85%	0.31%	0.31%	0.27%	0.28%	0.00%	0.00%
Pacific Estates	Housing	0.31%	0.29%	0.30%	0.30%	0.31%	0.30%	0.28%	0.30%	0.00%	0.28%
KMF Fairfield, LLC	Housing	0.00%	0.00%	0.31%	0.31%	0.31%	0.30%	0.31%	0.31%	0.00%	0.00%
Ancor Pet Packing	Manufacturing	0.70%	0.58%	0.58%	0.51%	0.52%	0.48%	0.36%	0.41%	0.42%	0.00%
		13.70%	13.68%	16.69%	16.64%	16.75%	16.26%	20.09%	19.76%	21.62%	23.76%

Customers by Category FY 2015/2016



Source: City of Fairfield and District Finance Department

FAIRFIELD-SUISUN SEWER DISTRICT
Debt Capacity

Schedule 9
Pledged-Revenue Coverage
Last Ten Fiscal Years

Year Ended June 30,	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)	Debt Coverage % (4)
2007	\$ 25,351,889	\$ 16,972,475	\$ 8,379,414	\$ 2,961,084	283%
2008	21,509,682	17,861,274	3,648,408	2,964,484	123%
2009	20,029,267	16,112,679	3,916,588	2,962,684	132%
2010	20,945,019	16,532,809	4,412,210	2,427,153	182%
2011	21,742,376	16,415,781	5,326,595	2,426,600	220%
2012	22,305,730	17,742,762	4,562,968	3,166,843	144%
2013	23,637,581	16,466,332	7,171,249	3,163,638	227%
2014	25,676,277	17,297,759	8,378,518	3,160,188	265%
2015	28,049,378	17,649,451	10,399,927	3,244,839	321%
2016	28,028,751	21,767,976	6,260,775	3,242,767	193%

(1) Includes capacity fees.

(2) Does not include depreciation, amortization, and other postemployment benefits.

(3) Highest annual debt service payment due on the remaining life of the bonds.

(4) Bond covenant requires that net revenue be at least 115% of debt service requirement.

Source: District's Audited Financial Statements and Accounting Records

FAIRFIELD-SUISUN SEWER DISTRICT
Debt Capacity

Schedule 10
Summary of Debt Service Payments
Last Ten Fiscal Years

Year	City of Fairfield Reimbursement Agreement	State Revolving Fund Loan	2010 Sewer Refunding Bonds	Sewer Refunding Bonds, 2001 Series A	Sewer Refunding Bonds, 1991 Series A	Total Debt Service
2007	\$ -	\$ -	\$ -	\$ 876,084	\$ 2,085,000	\$ 2,961,084
2008		-	-	876,484	2,085,000	2,961,484
2009		-	-	882,684	2,080,000	2,962,684
2010		-	-	2,960,684	-	2,960,684
2011		-	2,427,153	-	-	2,427,153
2012		742,253	2,424,590	-	-	3,166,843
2013		737,038	2,426,600	-	-	3,163,638
2014		737,038	2,423,150	-	-	3,160,188
2015	81,651	737,038	2,426,150	-	-	3,244,839
2016	81,651	737,038	2,424,078	-	-	3,242,767
Total	\$ 163,302	\$ 3,690,405	\$ 14,551,721	\$ 6,478,820	\$ 8,330,000	\$ 33,214,248

Debt Capacity: The District may issue or incur new debt on a parity basis if the sum of audited net sewer enterprise revenues for the prior fiscal year, plus 75% of estimated increases in net revenues due to rate increases in effect before the District issues or incurs the new parity obligations (but not in effect during the prior fiscal year), equals at least 115% of the combined maximum annual payment.

Source: District's Audited Financial Statements and Accounting Records

FAIRFIELD-SUISUN SEWER DISTRICT

Debt Capacity

Schedule 11 Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Year Ended June 30,	City of Fairfield Reimbursement Agreement	State Revolving Fund Loan	2010 Sewer Refunding Bonds (1)	Sewer Refunding Bonds, 2001 (1), (2)	Sewer Refunding Bonds, 1991 (1)	Total Outstanding Debt	Population Served (3)	Debt per Capita
2007	\$ -	\$ -	\$ -	\$ 17,143,176	\$ 1,279,394	\$ 18,422,570	\$ 133,401	\$ 138
2008	-	-	-	17,106,323	617,240	\$ 17,723,563	134,946	131
2009	-	-	-	17,064,464	-	\$ 17,064,464	135,296	126
2010	-	1,073,624	12,899,074	-	-	\$ 13,972,698	134,917	104
2011	-	7,445,654	10,907,949	-	-	\$ 18,353,603	133,027	138
2012	-	10,708,446	8,831,822	-	-	\$ 19,540,268	134,357	145
2013	-	10,278,861	6,708,276	-	-	\$ 16,987,137	136,441	125
2014	1,330,000	9,836,728	4,783,581	-	-	\$ 15,950,309	133,432	120
2015	1,308,199	9,381,681	2,311,516	-	-	\$ 13,001,396	138,567	94
2016	1,285,417	8,913,340	-	-	-	\$ 10,198,757	141,728	72

(1) Final payment in 2016

(2) Refunded in fiscal year 2009/10

(3) Refer to page 63, Schedule 15

Source: District's Audited Financial Statements and Accounting Records

FAIRFIELD-SUISUN SEWER DISTRICT

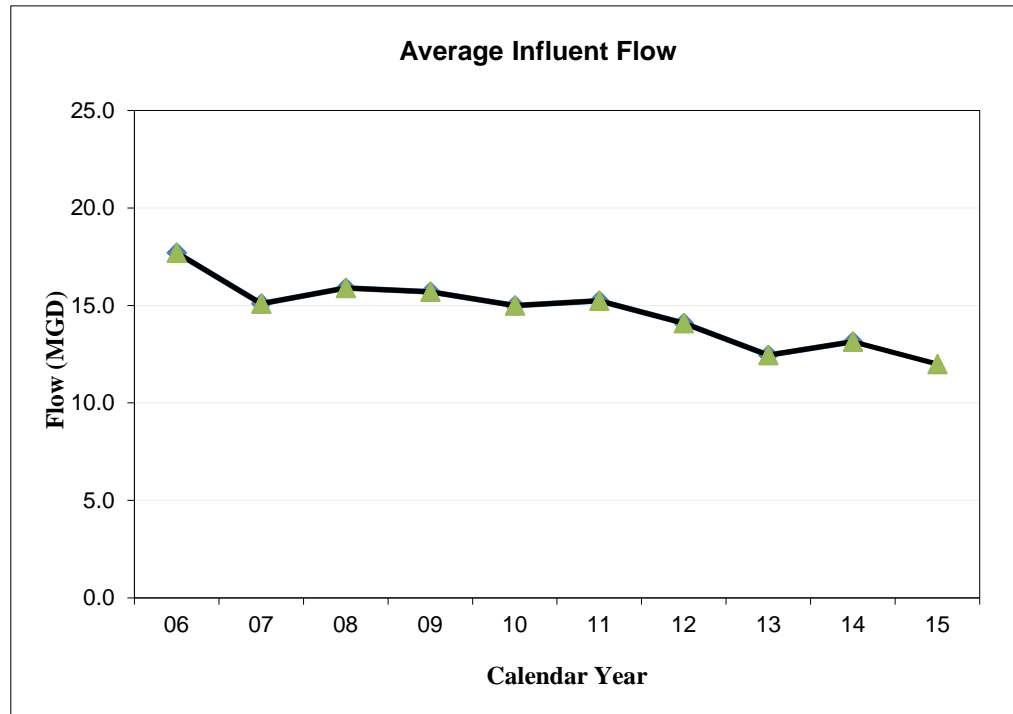
Operating Information

Schedule 12 Average Annual Influent Flow

Average Annual Influent Flow

<u>Year</u> <u>(Calendar)</u>	<u>Flow</u> <u>(MGD)*</u>
2006	17.7
2007	15.1
2008	15.9
2009	15.7
2010	15.0
2011	15.3
2012	14.1
2013	12.5
2014	13.1
2015	12.0

*Million gallons per day



Source: District's Regulatory Department
Data for 2016 is not available as of fiscal year-end date.

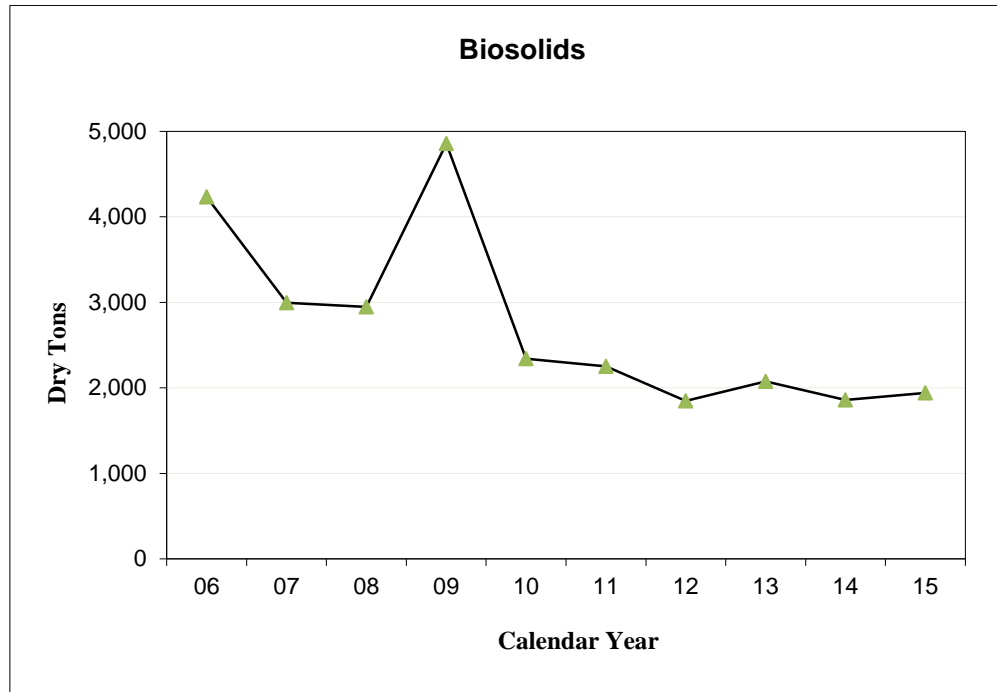
FAIRFIELD-SUISUN SEWER DISTRICT

Operating Information

Schedule 13 Biosolids Disposal

Biosolids (Sludge) Hauled

<u>Year</u> <u>(Calendar)</u>	<u>Dry Metric Tons</u>
2006	4,231
2007	2,993
2008	2,945
2009	4,856
2010	2,339
2011	2,250
2012	1,845
2013	2,073
2014	1,859
2015	1,939



Annual biosolids disposal is derived by totaling the tons of biosolids removed from the treatment plant each year. Inter-annual variability results when on-plant storage is used to a greater or lesser extent year to year.

Higher biosolids removal during 2006 and 2009 was due to maintenance work being performed on the digester and sludge lagoon.

Source: District's Regulatory Department
Data for 2016 is not available as of fiscal year-end date.

FAIRFIELD-SUISUN SEWER DISTRICT

Operating Information

Schedule 14 Schedule of Insurance Coverage June 30, 2016

Nature of Insurance	Policy Number	Effective Date 16-15	Insurance Company	Limits	Deductible	Cost
GL/AL (including Errors & Omissions and Employment Practices Liability EPL)	CSL FSSD 1516 1	12/31/15-16	CSRMA Pooled Liability Munich American Reinsurance Co.	\$15,000,000 \$500,000	\$50,000 DED \$2,500 E&O DED \$25,000 EPL DED \$50,000 Sewer Backup DED	\$99,283
Excess Liability	000864505	12/31/15-16	Ironshore Specialty Insurance Co.	\$10,000,000 Limits XS \$15,000,000 XS \$500,000		Included above
Special Form Property	17471589/02	7/1/15-16	Public Entity Property Insurance Program (P.E.P.I.P.)	\$286,841,171 TIV	\$25,000 DED	\$90,788
Public Entity Pollution Insurance Program	PPL G24544837 0004	7/1/15-16	Illinois Union Insurance Company (P.E.P.I.P)	\$25,000,000 Policy AGG	\$500,000 (Tier 1); \$50,000 per Pollution Condition \$1,000,000 (Tier 2); \$100,000 per Pollution Condition	Included above
Cyber Liability Coverage	PH1433938	7/1/15-16	Lloyd's of London-Beazley Syndicate	\$2,000,000 Third Party/ \$2,000,000 AGG/ \$100,000 Retention		Included above
Primary Insurance Program >General Liability	5105-1158-02	12/31/15-16	Allied World Assurance Company	\$1,000,000 OCC \$3,000,000 AGG	\$0 DED	\$3,264
Excess Liability	07-1158-02	12/31/15-16	Allied World Assurance Company	\$4,000,000 Employers' Liab. Excluded		Included above
Workers' Compensation Employers' Liability	CSWC FSSD 1516 1	7/1/15-16	CSRMA Pooled Workers' Compensation	\$750,000	\$0 DED	\$85,685
Excess Workers' Compensation Employers' Liability	SP 4053102	7/1/15-16	Safety National Casualty Corp.	Statutory XS \$750,000 \$1,000,000 XS \$750,000		Included above
Western States Public Entity Physical Damage Policy	MXI 93058679	7/1/15-16	AGCS Marine Insurance Company	\$951,547 Total Value	\$25,000/25,000 Comp & Collision DED	\$3,093
ID Fraud Master Policy Identity Theft	106007331	10/13/15-16	Travelers Insurance Company	\$25,000 Limit	\$0 DED	No Charge

Source: California Sanitation and Risk Management Authority

FAIRFIELD-SUISUN SEWER DISTRICT
Economic and Demographic Information

Schedule 15
Population Served

Year	City of Fairfield	City of Suisun City	Total Served	% Change
2006	105,601	27,748	133,349	0.5%
2007	105,421	27,980	133,401	0.0%
2008	106,753	28,193	134,946	1.2%
2009	106,440	28,856	135,296	0.3%
2010	105,955	28,962	134,917	-0.3%
2011	104,815	28,212	133,027	-1.4%
2012	106,379	27,978	134,357	-0.4%
2013	108,207	28,234	136,441	2.6%
2014	105,321	28,111	133,432	-0.7%
2015	110,018	28,549	138,567	1.6%
2016	112,637	29,091	141,728	6.2%

The above table sets forth population figures for both cities for the last ten years.

Source: State of California Department of Finance

FAIRFIELD-SUISUN SEWER DISTRICT

Economic and Demographic Information

Schedule 16 Major Employers (Current year compared to nine years ago)

Firm Name	Type of Business	2016			2007		
		Employees	Ranking	% of Total City of Fairfield Employment	Employees	Ranking	% of Total City of Fairfield Employment
Travis Air Force Base	Military Base	14,353	1	29%	14,904	1	31%
County of Solano	Government	2,850	2	5%	3,000	2	6%
Fairfield-Suisun Unified School District	Education	2,000	3	5%	2,300	3	7%
NorthBay Medical Center	Hospital	1,115	4	4%	1,301	4	3%
Solano Community College	Education	650	5	2%	650	6	1%
City of Fairfield	Government	571	6	1%	780	5	2%
Sutter Regional Medical Foundation	Medical	475	7	1%	-	-	-
Jelly Belly Candy Co.	Candy & Confections	461	8	1%	400	9	1%
Westamerica Bank	Corporate Headquarters	407	9	1%	450	8	1%
Pride Industries	Service	343	10	1%	-	-	-
Anheuser-Busch	Beverage	315	11	1%	465	7	1%
Macy's	Department Store	300	12	1%	320	10	1%

Source: City of Fairfield and California Employment Development Department

FAIRFIELD-SUISUN SEWER DISTRICT
Economic and Demographic Information

Schedule 17
Full-Time District Employees by Program
Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Engineering and Construction (1)	6	6	7	7	7	9	9	12	13	12
Finance and Administration	7.5	7	7	7	8	7	8	9	10	8
Regulatory (2)	4.5	4.5	4.5	4.5	4.5	4.5	4	4	4	7
Information Systems (3)	0	0	0	0	0	0	2	2	1	1
Safety	1	1	1	1	1	1	1	1	1	1
Operation and Maintenance (4)	39	40.5	41	41	41	42	39	37	33	-
Total	58.0	59.0	60.5	60.5	61.5	63.5	63	65	62	29

Billing and collection functions are contracted out to third parties.

- (1) This includes engineering technicians/inspectors.
- (2) This includes laboratory and source control.
- (3) Contracted out starting fiscal year 2010/11.
- (4) Brought in-house effective July 1, 2008. Previously contracted out.

FAIRFIELD-SUISUN SEWER DISTRICT
Economic and Demographic Information

Schedule 18
Other Information

General

Service area	City of Fairfield City of Suisun City
Governing body	Council members of both cities
Chief executive officer	General Manager
Date of formation	May 5, 1951
Type of service	Sewage collection, treatment and disposal and drainage maintenance
Number of full-time employees	57.0
District population	141,728

Wastewater Facilities

Area served (square miles)	41
Number of treatment plant(s)	1
Number of pump stations	13
Permitted dry weather capacity	23.70 MGD
Average dry weather flow	9.8 MGD
Miles of sewer (12-inch and larger)	70

Stormwater Facilities

Area served (square miles)	41
Number of pump stations	7

Source: Fairfield-Suisun Sewer District

End of Document