

**County of Contra Costa, California**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2006**

**Stephen J. Ybarra, Auditor-Controller**

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COUNTY OF CONTRA COSTA  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**

June 30, 2006

	Page
<b>Introductory Section (Unaudited)</b>	
Letter to the Board of Supervisors and Citizens of the County .....	i
Public Officials.....	ix
Organizational Chart .....	x
Certificate of Achievement.....	xi
<b>Financial Section</b>	
Independent Auditors' Report .....	1
Management's Discussion and Analysis (Required Supplementary Information).....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	19
Statement of Activities .....	20
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	25
Proprietary Funds:	
Statement of Net Assets .....	26
Statement of Revenues, Expenses, and Changes in Net Assets .....	27
Statement of Cash Flows .....	28
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	30
Statement of Changes in Fiduciary Net Assets.....	31
Notes to the Basic Financial Statements:	
Summary of Significant Accounting Policies.....	33
Fund Equity .....	44
Stewardship, Compliance and Accountability.....	46
Cash and Investments .....	47
Receivables.....	59
Interfund Transactions.....	61
Capital Assets .....	66
Short-Term Notes Payable .....	69
Payables.....	69
Leases .....	70
Long-Term Obligations .....	72
Conduit Debt .....	78
Net Assets/Fund Balances .....	79
Permanent Fund.....	81
Employees' Retirement Plan .....	81

Patient Service Revenue and Receivables .....	83
Risk Management .....	84
Commitments and Contingencies .....	85
Subsequent Events .....	87
Required Supplementary Information (other than MD&A):	
Budgetary Comparison Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	89
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - CCC Fire Protection District Special Revenue Fund .....	92
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Land Development Special Revenue Fund .....	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - County Pension Bond Debt Service Fund.....	94
Note to Required Supplementary Information .....	95
Combining and Individual Fund Statements and Budgetary Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet .....	97
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	98
Nonmajor Special Revenue Funds: .....	99
Combining Balance Sheet .....	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	104
Budgetary Comparison Schedules:	
Road Special Revenue Fund .....	106
Library Special Revenue Fund.....	107
Other Fire Protection Special Revenue Fund.....	108
Health and Sanitation Special Revenue Fund .....	109
Service Areas Special Revenue Fund .....	110
Flood Control Special Revenue Fund .....	111
Law Enforcement Special Revenue Fund .....	112
Courts and Criminal Justice Special Revenue Fund .....	113
Recorder/Clerk Modernization Special Revenue Fund.....	114
Redevelopment Agency Special Revenue Fund .....	115
Child Development Special Revenue Fund .....	116
In-Home Supportive Services Public Authority Special Revenue Fund.....	117
Other Special Revenue Fund .....	118
Nonmajor Debt Service Funds: .....	119
Combining Balance Sheet .....	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	122
Budgetary Comparison Schedules:	
Recreation and Park Bonds Debt Service Fund .....	124
Storm Drainage Bonds Debt Service Fund .....	125
Retirement Litigation Settlement Debt Service Fund .....	126
Redevelopment Agency Debt Service Funds.....	127
CCC Fire Protection District Pension Bond Debt Service Fund.....	128
Nonmajor Capital Projects Funds: .....	129
Combining Balance Sheet .....	130
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	131
Budgetary Comparison Schedules:	
Redevelopment Agency Capital Projects Fund.....	132
County Facilities Capital Projects Fund.....	133

Nonmajor Permanent Fund .....	135
Nonmajor Enterprise Funds: .....	137
Combining Statement of Net Assets .....	138
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	139
Combining Statement of Cash Flows .....	140
Internal Service Funds: .....	141
Combining Balance Sheet .....	142
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	144
Combining Statement of Cash Flows .....	146
Fiduciary Funds: .....	149
Agency Funds:	
Statement of Changes in Fiduciary Assets and Liabilities .....	150

**Statistical Section (Unaudited)**

Financial Trends:

Net Assets by Components .....	156
Changes in Net Assets.....	157
Fund Balance of Governmental Funds .....	159
Changes in Fund Balances of Governmental Funds .....	160

Revenue Capacity:

Program Revenues by Function/Program .....	161
Revenue by Source, Government Funds .....	162
Assessed Value of Taxable Property.....	163
Property Tax Rates, Direct and Overlapping Governments .....	164
Principal Property Tax Payers.....	165
Property Tax Levies and Collections .....	166

Debt Capacity:

Outstanding Debt by Type .....	167
Direct and Overlapping Bond Debt.....	168
Legal Debt Margin Information .....	170

Economic & Demographic Information:

Demographic and Economic Statistics .....	171
Principal Employers .....	172
Full Time Equivalent County Employees by Function/Program .....	173

Operating Information:

Operating Indicators by Function.....	174
Capitol Asset Statistics by Function/Program.....	177
Miscellaneous Statistics .....	178



# **INTRODUCTORY SECTION**

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# Contra Costa County

Office of  
COUNTY AUDITOR-CONTROLLER

625 Court Street  
Martinez, California 94553-1282  
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Fax (925) 646-2649



**Stephen J. Ybarra**  
Auditor-Controller  
**Elizabeth A. Verigin**  
Assistant Auditor-Controller

December 1, 2006

Members of the Board of Supervisors and Citizens of Contra Costa County:

The Comprehensive Annual Financial Report (CAFR) of the County of Contra Costa for fiscal year 2005-06 is presented in compliance with the California Government Code Sections 25250 and 25253. The Office of the County Auditor-Controller, which is responsible for both the accuracy of the presented data and the completeness and fairness of its presentation, including all disclosures, prepared this report. We believe the data, as presented, is accurate in all material respects, presented in a manner designed to fairly set forth the financial position and changes in financial position of the county and its various funds, and includes all disclosures necessary to enable the reader to gain maximum understanding of the county's financial affairs.

Management of Contra Costa County is responsible for establishing and maintaining a comprehensive system of internal controls to ensure that the assets of the county are protected from loss, theft, or misuse, and that accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that those objectives are met. 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 judgment by management.

For over 60 years, the policy of the county has been to require an annual audit of the financial statements of the county by independent, licensed certified public accountants. The Board of Supervisors selected the firm of Caporicci & Larson, Certified Public Accountants, to perform the fiscal year 2005-2006 audit.

The independent auditor concluded that the county's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of the CAFR.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all of its financial transactions. The accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A),

which is located after the independent auditor's report. The letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it.

The CAFR is organized into three sections:

- *The Introductory Section* is intended to familiarize the reader with the organizational structure of the county, the nature and scope of the services it provides, and the specifics of its legal operating environment.
- *The Financial Section* includes the independent auditor's report on the basic financial statements, MD&A, audited basic financial statements, note disclosures and supporting statements, and schedules necessary to provide readers with a comprehensive understanding of the county's financial activities of the past fiscal year.
- *The Statistical Section* provides the reader with additional historic perspective, context, and detail to assist in using the information in the financial statements. It provides information in five categories: financial trends; revenue capacity; debt capacity; demographic and economic information; and operating indicators.

## **Profile of the Government**

Contra Costa County was incorporated in 1850 as one of the original 27 counties of the state. It is one of nine counties in the San Francisco-Oakland Bay Area. The county covers about 733 square miles; the western and northern shorelines are highly industrialized, while the interior sections are suburban/residential, commercial, and light industrial.

The county has a general law form of government. A five member Board of Supervisors, each elected to four-year terms, serves as the legislative body. A County Administrative Officer is appointed by the Board and runs the day-to-day business.

The county provides the full-range of services contemplated by statute. These services include public protection, highways and streets, sanitation, health and social services, planning and zoning, and general administrative services.

The county reporting entity includes all the financial balances and activities of the primary government as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable or other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would make the enclosed financial statements misleading or incomplete. For further information on component units, see Note 1.A in the "Notes to the Basic Financial Statements" in this report.

The reporting entity excludes certain separate legal entities which may have "Contra Costa" in their title, or which are required to keep their funds in the County Treasury, or receive their tax apportionment from the county. Examples are school districts, the community college districts, cities, city redevelopment agencies, the Bay Area Rapid Transit District, the Metropolitan Transportation Commission, and a variety of special purpose districts for cemeteries, mosquito abatement, recreation and parks, etc. Those entities are autonomous

organizations that handle their own fiscal affairs and for which the Board of Supervisors has no oversight responsibility. Accordingly, they are not included in the accompanying basic financial statements, except for their assets, principally cash and investments, which are held by the County Treasurer.

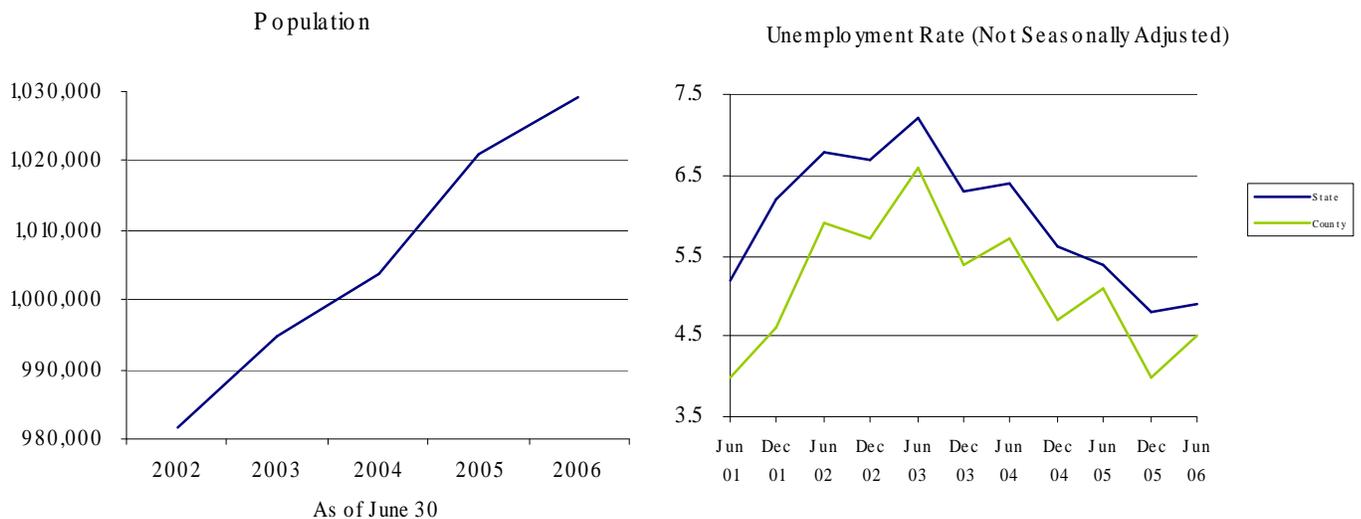
The annual budget serves as the foundation of the county’s financial planning and control. The Board of Supervisors is required to adopt a proposed budget before the start of the fiscal year. The budget is prepared by fund, function (e.g. public protection), department (e.g. Sheriff), and object level (e.g. salary and benefits). Department heads, with the approval of the County Administrator, may make transfers within the department; however, transfers between departments require the approval of the Board of Supervisors. For further information on the budget, see the “Note to Required Supplementary Information” in the Required Supplementary Information (other than MD&A) section of this report.

**Local Economy**

The county continues to enjoy a relatively strong local economy. Long-term population and job growth projections remain positive. As of January 1, 2006, the county's population was estimated at 1,029,377. This represents an increase of approximately 4.7% compared to the county’s population as of January 1, 2002. A study prepared by the Association of Bay Area Governments projects a 36.0 percent increase in population between 2000 and 2040.

Between July 2005 and June 2006 the county’s jobless rate decreased from 5.1 percent to 4.5 percent which was significantly below the statewide averages of 5.4 percent and 4.9 percent, respectively (not seasonally adjusted). The county's economy is very diverse; major industries include petroleum refining, steel manufacturing, chemicals, electronic equipment, paper products, and utilities. The county consistently ranks as a leader in both per capita and household income.

The following charts present some pertinent five-year trends:



## **Long-term Financial Planning**

The County Administrator is committed to prudent fiscal management, engages in targeted long-term financial planning when possible, and appropriate, such as:

The county is developing a five-year budget projection, which will allow a broader view of the budget.

The county established a task force to manage the county's long-term liability for other post-employment benefits (OPEB). In April 2006, the county received an actuarial valuation of its OPEB liability.

In December 2005, the Auditor-Controller and County Administrator provided the Board of Supervisors with a report on the county's financial trends and their implications for the county's credit quality. At the recommendation of the County Administrator, the Board of Supervisors adopted a General Fund Reserve Policy establishing a minimum unreserved General Fund Balance of 5%. If the county realizes a General Fund Balance above the minimum levels defined in the Policy, the first use is to deposit the funds into an account designated for capital projects and other one-time uses.

The county maintains a current list of pending capital facilities needs that is reviewed and prioritized periodically by a standing committee of the Board of Supervisors.

## **Relevant Financial Policies**

Contra Costa County continues to adopt a variety of financial policies to help ensure prudent fiscal management. These include, but are not limited to, the following:

The Fiscal Year 2006-07 budget hearings and appropriation process represented a significant point in the county's effort to ensure long-term fiscal health and thereby service delivery viability. Budget expenditures were growing an average of 5.46% a year for the past four years, while revenues grew an average of 4.15% per year.

This "structural" deficit was filled through the spend-down of General Fund reserves. Federal, state, and other revenues had not resumed their growth trends of the late 1990s, and unrestricted General Fund reserves could not continue to support the structural deficit. Further compounding the problem was the downgrade of the county's "credit rating" by Moody's, with another downgrade threatened based on projected financials. Increased costs of future borrowings would cause even greater budget pressures. Likewise, the expiration of most of the county's labor contracts provided additional demands and expectations regarding the use of limited resources.

The Board of Supervisors directed department heads to work closely with the County Administrator to achieve reduced net county costs while minimizing service delivery cuts. Wherever possible, categorical/program revenues were increased to offset the county's increased cost of doing business. County Administrator staff reviewed each department's budget reduction plans to assess impacts. The County Administrator and staff made adjustments to better recognize revenue generating programs/departments, minimize cross-departmental impacts, and address new mandates. The result was a balanced budget. The Board adopted a Fiscal Year 2006/07 General Fund budget that balanced annual expenses and revenues and strengthened General Fund Reserves.

## **Major Initiatives**

Contra Costa County is committed to excellence in all of its endeavors. The following are examples in the areas of operational efficiency and leveraging county resources.

### **Increasing Efficiency in Operations**

*Application and Permit Tracking System* – The Building Inspection Department collaborated with the Community Development Department to jointly fund the implementation of a web-based application and permit tracking system. This comprehensive system will provide citizen access and connectivity to a variety of Geographic Information System (GIS) data.

*Litigation Cost Reduction* – The County Counsel’s Office reduced litigation costs by successfully filing motions at the earliest stage of the litigation that dispose of the case or substantially narrow the unresolved issues that must go through the entire litigation process. The Office also monitors outside counsel and encourages them to do the same in all appropriate cases. When the Office first evaluates a new case and concludes that it is susceptible to such a motion, the case generally is kept in-house to lower the higher cost of outside counsel.

*On-line Payment of Taxes* – The Treasurer-Tax Collector’s Office began expansion of its on-line system for payment and verification of taxes to the unsecured roll and redemption taxes with the purchase of a new Interactive Voice Response (IVR) telephone system. The IVR provides information both in English and Spanish.

*Tax Payments via the Web* – The Department of Information Technology deployed the final two phases of the Tax Collector’s tax payments via the web. Taxpayers now have the ability to inquire and pay for all taxes on the Tax Collector’s website.

*Taxpayer Call Center* – A new Automatic Call Distributor (ACD) system allows calls in the Treasurer-Tax Collector’s Office to be distributed to the appropriate desk for specific information or level of attention, which allows staff to better manage their time and workload with fewer delays for callers. In addition to streamlining calls and improving quality taxpayer service, the system will provide valuable statistical reporting to evaluate performance. In the case of an emergency, calls will transfer to off-site locations to ensure continuity of business.

*Automated Appraisal System* – The Assessor’s Office developed and implemented a mass appraisal computer system that provides appraisers the ability to identify property characteristics of all residential properties in the county, calculate value estimates from comparable sales data, value large housing tracts and new construction, and tracks all public service inquiries. The application allows appraisers, at their desk, to more efficiently value property, reduce assessment errors, create and maintain property records and related information electronically, and improve the degree of accuracy in the yearly tax assessment roll. These efficiencies reduced overtime cost by over \$75,000 annually.

*Video Over IP Link* – The Department of Information Technology installed a Comcast fiber connection at the county’s governmental access television studio (CCTV). This link allows CCTV rapidly to deploy video broadcasting equipment at the county’s Emergency Operations Center, providing CCTV the ability to broadcast information to television viewers during an emergency.

*Strategic Energy Plan* – The General Services Department continued to implement its plan to increase the county’s energy efficiency. Projects included the following: lighting retrofits in over one million square feet of facilities, saving over \$100,000 annually; and installation of direct, digital-control systems in 24-hour facilities, saving over \$240,000 annually. The county also received energy efficiency rebates from PG&E totaling \$423,000.

*On-line Employment Application* – The Human Resources Department installed two computer kiosks in their application office. Potential employees now have the option of electronically submitting their application. This process decreases the amount of applications and announcements mailed to potential candidates and traffic in the application office. Applications now are received in “real time”.

*CalWIN* – Historically Cal WORKS, Food Stamps, Medi-Cal, General Assistance, Foster Care and other benefits were delivered using several different legacy systems with limited integration. The systems were not standard statewide and required various levels of intervention to determine eligibility and issue benefits. With the implementation of CalWIN in August 2005, Contra Costa County now uses the same system as 17 other counties to fully provide automated eligibility determinations and benefit calculations for clients. The system provides enhanced standardized case management tools, on-line history, and a significant reduction in paper documents.

Modern network database structure and user interfaces were installed to support the system and allow for future growth and developments.

*Imaging System for Child Support Cases* – The Department of Child Support Services (DCSS) imaging system was adopted by the Employment and Human Services Department (EHSD) to create a paperless case file system during CalWIN conversion in 2005. In the summer of 2006, DCSS staff were granted viewing access to specific EHSD electronic case file documents to aid in the establishment of child support cases on welfare referrals. This data sharing system increased efficiency and supports the recovery of grant money.

*Record Imaging Project* – The Clerk-Recorder Division has implemented an imaging project to convert all official records (from 1849 to present) to digital images. This will save staff time and increase customer service. Customers will be able to access information on-line instead of on microfilm readers.

### **Leveraging County Resources**

*Pension Cost Savings* – The Contra Costa Fire Protection District issued Pension Obligation Bonds (POBs) for \$129.9 million to refinance the pension liabilities for both its Unfunded Actuarial Accrued Liability (UAAL) as of December 31, 2004 and the remaining amount of its Paulson Settlement Obligation. Over their 18-year term, the POBs will save the District \$50.07 million, which is an average of \$2.78 million per year.

*Grant Awards* – Fifteen of the county’s departments successfully competed for 93-grant awards for \$18.5 million. Those grant awards leveraged the county’s resources to enhance its service capacity in a variety of programs.

*Redevelopment Housing* – The Community Development Department leveraged over \$37 million in federal grants, housing mitigation fees, and redevelopment revenues to undertake housing, economic development, infrastructure, community enhancement, and public service projects. Projects included job training to 150 extremely low and very low-income persons in North Richmond and the completion of 8 affordable housing developments providing 235 units, including 221 rental units and 14 homeowner units in the county’s redevelopment areas.

*Contra Costa Consolidated Fire Protection District (CCCFPD) Resources* – Under the 2003 Federal Assistance to Firefighters Grant, CCCFPD received \$72,035 in federal funds (70% federal share of \$102,907 project cost) for firefighter safety and survival expenditures. Under the 2004 Federal assistance to Firefighters Grant, the District received \$578,429 in federal funds (70% federal share of \$826,327 project cost) for installing diesel exhaust capture-at-source systems in 30 fire stations. On an ongoing basis, the District provides dispatch/communication services via contract to the following fire agencies: Crockett-Carquinez, East Contra Costa, Moraga-Orinda, and Rodeo-Hercules, and the City of Pinole. During Fiscal Year 2005-06, the District received a total of \$591,357 from those five fire agencies to help offset the costs of operating its Communications Center.

*Pet Adoption Grant* - The Animal Services Department secured grant funding from Maddie’s Fund for \$10,000 to support the Department’s adoption programs for homeless dogs and cats. The goal is to help create programs that guarantee loving homes for all healthy shelter dogs and cats.

### **Awards and Acknowledgements**

The county received an Award for Excellence in financial reporting for its year-end financial reports for the fiscal year ended June 30, 2005. This Award for Achieving Excellence in Financial Reporting was presented by the California State Controller to the county for achieving the highest quality in California government accounting and financial reporting.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Contra Costa County for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the twenty-fourth consecutive year the county has received this prestigious award. In order to be awarded a Certificate of Achievement, the county must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Office of the Auditor-Controller. I would like to express my appreciation to all members of the Office who assisted and contributed to its preparation. I would also like to thank the members of the Board of Supervisors and the County Administrator for their interest and support in planning and conducting the financial operations of the county in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, reading "Stephen J. Ybarra". The signature is written in a cursive style with a prominent initial "S".

Stephen J. Ybarra

Auditor-Controller

# COUNTY OF CONTRA COSTA

## PUBLIC OFFICIALS

June 30, 2006

### ELECTED OFFICIALS

---

Supervisor, District 1	John M. Gioia
Supervisor, District 2	Gayle B. Uilkema
Supervisor, District 3	Mary N. Piepho
Supervisor, District 4	Mark De Saulnier
Supervisor, District 5	Federal D. Glover
Assessor	Gus Kramer
Auditor-Controller	Stephen J. Ybarra
Clerk-Recorder	Stephen L. Weir
District Attorney-Public Administrator	Robert J. Kochly
Sheriff-Coroner	Warren E. Rupf
Treasurer-Tax Collector	William J. Pollacek

### APPOINTED OFFICIALS

---

County Administrator	John Cullen
County Counsel	Silvano Marchesi
County Librarian	Anne Cain
County Probation Officer	Lionel Chatman
Director of Animal Services	Glenn E. Howell
Director of Building Inspection	Carlos Baltodano
Director of Child Support Services	Linda M. Dippell
Director of Community Development	Dennis Barry
Director of Community Services	Joseph Valentine
Director of Cooperative Extension	Shelley Murdock
Director of Employment and Human Services (Interim)	Danna Fabella
Director of General Services	Michael Lango
Director of Health Services	William Walker, MD
Director of Human Resources	Lori Gentles
Director of Public Works	Maurice Shiu
Agricultural Commissioner-Director of Weights and Measures	Edward P. Meyer
Chief Information Officer	Tom Whittington
Public Defender	David Coleman III
Veterans' Services Officer	Gary D. Villalba
Chief, Contra Costa County Fire Protection District	Keith Richter
Chief, Crockett-Carquinez Fire Protection District	Jerry Littleton, Jr.
Chief, East Contra Costa County Fire Protection District (Interim)	Rich Seithel

### AFFILIATED ORGANIZATIONS

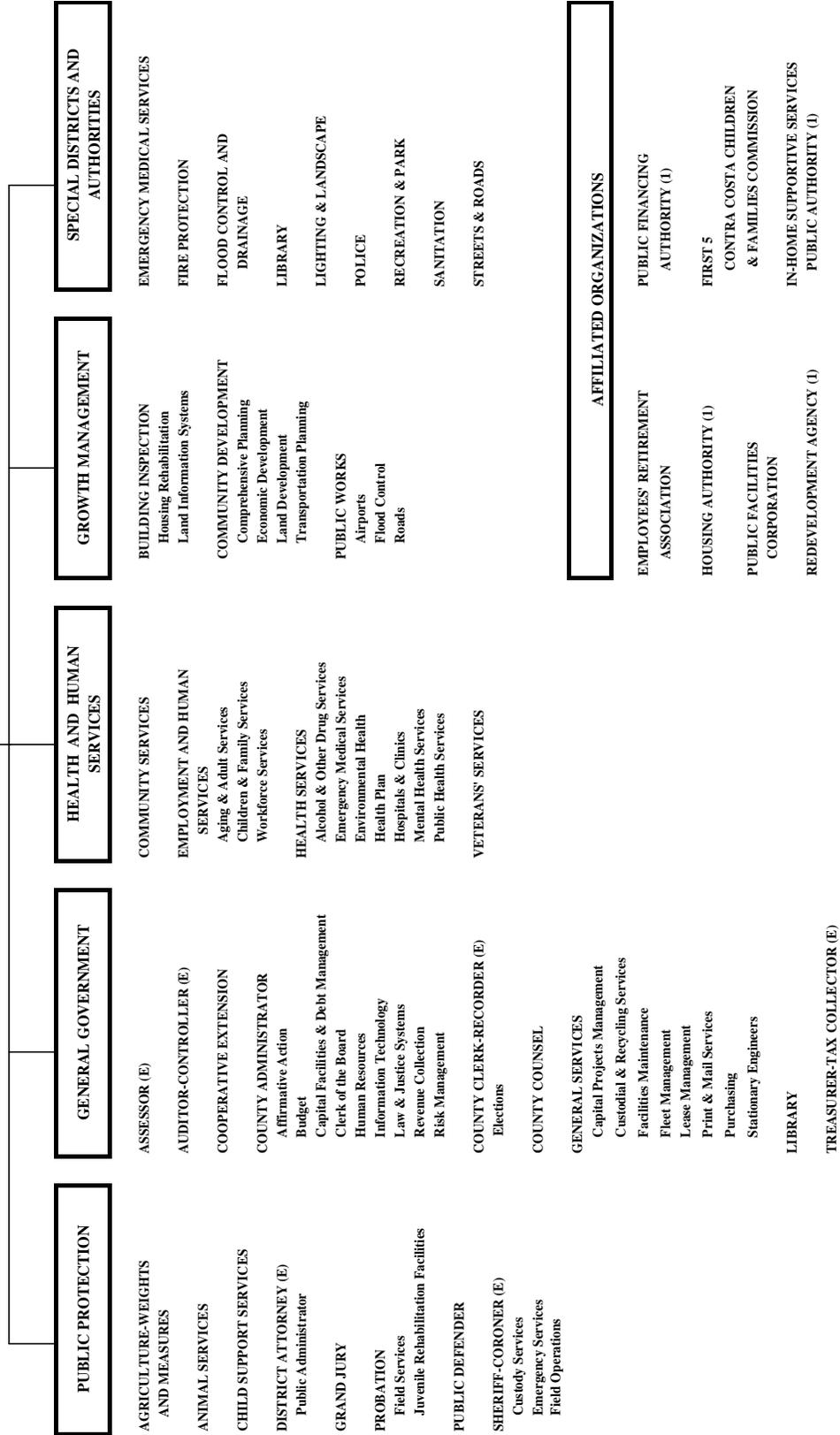
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Administrator, Contra Costa County Employees' Retirement Association	Marilyn Leedom
Executive Director, Housing Authority of the County of Contra Costa	Rudy Tamayo
President, Director, County of Contra Costa Public Facilities Corporation	John E. Whalen
Executive Director, First 5 Contra Costa Children and Families Commission	Sean Casey
Executive Director, County of Contra Costa Public Financing Authority	John Cullen
Executive Director, Contra Costa County Redevelopment Agency	John Cullen
Executive Director, In-Home Supportive Services Public Authority	John Cottrell

*Organizational Chart of Contra Costa County*

**BOARD OF SUPERVISORS (E)**

**COUNTY ADMINISTRATOR**



(E = Elected)  
 1. Authority/Agency Board is the Board of Supervisors

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Contra Costa  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

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



President

Executive Director



# **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Supervisors  
of the County of Contra Costa  
Martinez, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Contra Costa, California (County), as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the following component units:

- Contra Costa County Employees' Retirement Association, which represents \$5,228,486,000 of assets of the Fiduciary Funds.
- Housing Authority of the County of Contra Costa, which represents \$71,124,000 of assets and \$96,452,000 of revenue of the business-type activities. Which included the following blended component units:
  - Casa Del Rio Senior Housing Associates, L.P.
  - De Anza Gardens, Limited Partnership
  - De Anza Housing Corporation
- FIRST 5 Contra Costa Children and Families Commission, a discrete Component unit, which represents \$55,268,000 of assets and \$14,465,000 of revenues.

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements of the County, insofar as it related to those amounts included for the above mentioned component units in the accompanying basic financial statements of the County, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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Irvine, California 92606

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Sacramento, California 95825

**San Diego**  
4858 Mercury, Suite 106  
San Diego, California 92111

To the Honorable Board of Supervisors  
of the County of Contra Costa  
Martinez, California  
Page Two

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, a discrete component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2006 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1 to the basic financial statements, the County adopted Government Accounting Standards Board No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, No. 44, *Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1)*, No. 46, *Net Assets Restricted by Enabling Legislation*, and No. 47, *Accounting for Termination Benefits*.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary Information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying Supplementary Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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 express no opinion on them.



Oakland, California  
December 1, 2006

COUNTY OF CONTRA COSTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the County of Contra Costa's Comprehensive Annual Financial Report presents a discussion and analysis of the financial activities of the county for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we furnished in our Letter to the Board of Supervisors and Citizens of the County.

**Financial Highlights**

- The government-wide assets of the county exceeded its liabilities at the close of fiscal year 2005-2006 by \$983,915,000 (net assets), a 8.4 percent increase from the prior year. Of this amount, \$500,836,000 was invested in capital assets, net of related debt, an increase of 4.5 percent. Of the remaining net assets, \$323,629,000 was restricted for specific purposes (restricted net assets), a decrease of 2.8 percent, and \$159,450,000 was available to meet the county's ongoing obligations to its citizens and creditors (unrestricted net assets), an increase of 66.2 percent.
- As of June 30, 2006, the county's governmental funds reported, in the fund financial statements, ending fund balances of \$517,742,000, an increase of 11.7 percent from the prior year. Of this total amount, \$392,186,000 (75.7%), was unreserved fund balance.
- As of June 30, 2006, unreserved fund balance for the General Fund was \$99,374,000 or 8.3 percent of total General Fund revenues of \$1,194,048,000.
- Net assets of the internal service funds (self-insurance funds) was a deficit of \$21,610,000, a reduction of \$23,934,000 from the prior year.
- The county's total debt increased by \$76,276,000 (7.3%) during fiscal year 2005-2006. The increase was due to the issuance of the CCC Fire Protection Pension Obligation Bond (\$129,900,000) and additional debt in the Housing Authority.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the county's basic financial statements. The county's basic financial statements are comprised of three parts as follows: (1) **government-wide** financial statements; (2) **fund** financial statements; and (3) **notes** to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the county's finances in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the county's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

COUNTY OF CONTRA COSTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

The **statement of activities** presents information showing how the county's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that only will result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the county that principally are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the county include general government, public protection, health and sanitation, public assistance, education, public ways and facilities, and recreation and culture. The business-type activities of the county include the County Hospital, Airport, Housing Authority, Sheriff Law Enforcement Training Center, Major Risk Medical Insurance, Health Maintenance Organization Medi-Cal Plan and Health Maintenance Organization Commercial Plan.

**Fund Financial Statements**

The fund financial statements report groupings of related accounts and are used to maintain control over resources that have been segregated for specific activities and objectives. The county, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the county can be divided into three categories as follows: (1) **governmental** funds, (2) **proprietary** funds, and (3) **fiduciary** funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources that are available for spending as well as on balances of resources that are available for spending at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the county's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The county maintains 28 individual governmental funds (e.g. general fund, special revenue funds, debt service funds, capital projects funds and permanent fund) for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and

COUNTY OF CONTRA COSTA  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

changes in fund balances for the General Fund, Contra Costa County Fire Protection District Special Revenue Fund, Land Development Special Revenue Fund and County Pension Bond Debt Service Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of those nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The county adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

**Proprietary funds** used by the county are of two different types as follows: (1) enterprise funds, and (2) internal service funds. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented separately in the enterprise funds sections of the proprietary fund statement of net assets and in the proprietary fund statement of revenues, expenses, and changes in net assets for the County Hospital Enterprise Fund and Housing Authority Enterprise Fund, which are considered to be major funds. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of those nonmajor enterprise funds is provided in the form of combining statements and schedules elsewhere in this report.
- **Internal service funds** are an accounting device used to accumulate and allocate costs internally among the county's various functions. The county uses internal service funds to account for its administrative costs and payment of claims for its various insurance programs to protect county assets and employees. The internal service funds are allocated between the governmental functions and business-type activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary funds** are used to account for resources held for the benefit of entities legally separate from the county and individuals, which are not part of the reporting entity. The Contra Costa County Employees' Retirement Association (CCCERA) pension plan, the county's investment trust fund, private-purpose trust fund, and agency funds are reported under fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the county's major governmental funds budget and actual comparisons. Progress in funding its obligation to provide pension benefits to employees is included in the CCCERA report.

**COUNTY OF CONTRA COSTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

**Combining Statements and Schedules**

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information (other than MD&A).

**Component Units**

The blended component units, as described in Note 1.A in the "Notes to the Basic Financial Statements," are included in all three parts of the county's basic financial statements. The county and its blended component units constitute the primary government. In addition to the blended component units, the government-wide financial statements and the notes to the basic financial statements also include the discretely presented component unit described in Note 1.A in the "Notes to the Basic Financial Statements."

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**COUNTY'S NET ASSETS**

June 30, 2006

(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) Percent Change
	2006	2005	2006	2005	2006	2005	
<b>Assets:</b>							
Current and other assets	\$ 1,560,575	1,287,093	135,950	156,931	1,696,525	1,444,024	17.5 %
Capital assets	703,929	703,029	217,466	227,744	921,395	930,773	(1.0)
Total assets	<u>2,264,504</u>	<u>1,990,122</u>	<u>353,416</u>	<u>384,675</u>	<u>2,617,920</u>	<u>2,374,797</u>	10.2 %
<b>Liabilities:</b>							
Current and other liabilities	271,882	162,869	78,545	85,591	350,427	248,460	41.0 %
Long-term liabilities	1,110,163	1,028,711	173,415	189,651	1,283,578	1,218,362	5.4
Total liabilities	<u>1,382,045</u>	<u>1,191,580</u>	<u>251,960</u>	<u>275,242</u>	<u>1,634,005</u>	<u>1,466,822</u>	11.4 %
<b>Net Assets:</b>							
Invested in capital assets, net of related debt	436,879	420,834	63,957	58,366	500,836	479,200	4.5 %
Restricted	309,387	319,706	14,242	13,132	323,629	332,838	(2.8)
Unrestricted	136,193	58,002	23,257	37,935	159,450	95,937	66.2
Total net assets	<u>\$ 882,459</u>	<u>798,542</u>	<u>101,456</u>	<u>109,433</u>	<u>983,915</u>	<u>907,975</u>	8.4 %

**Analysis of Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The county's assets exceeded liabilities by \$983,915,000 at June 30, 2006. The largest portion of the county's net

**COUNTY OF CONTRA COSTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

assets, \$500,836,000 (50.9%), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets. The county uses capital assets to provide services to citizens; consequently, those assets are not available for future-spending. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate those liabilities. An additional portion of the county's net assets, \$323,629,000 (32.9%) percent, represents resources that are subject to external restrictions on usage. The major restriction on net assets, \$299,591,000, is for legally segregated taxes, grants, and fees.

The remaining balance, \$159,450,000 (16.2%) percent, is unrestricted net assets and may be used to meet the county's ongoing obligations to citizens and creditors. Unrestricted net assets of governmental activities increased primarily due to the Board of Supervisor's desire to improve the county's financial stability through stringent cost controls.

Unrestricted net assets of business-type activities decreased primarily due to losses in the provision of health care services (Hospital).

**COUNTY OF CONTRA COSTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

**COUNTY'S CHANGE IN NET ASSETS**

For the Fiscal Year Ended June 30, 2006

(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2006	2005	2006	2005	2006	2005	Percent Change
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 325,274	292,651	390,136	409,482	715,410	702,133	1.9 %
Operating grants and contributions	631,510	584,347	125,763	120,955	757,273	705,302	7.4
Capital grants and contributions	5,726	5,629	7,945	7,941	13,671	13,570	0.7
General revenues:							
Taxes	414,602	293,068			414,602	293,068	41.5
Grants/contributions not restricted	20,326	107,861			20,326	107,861	(81.2)
Investment earnings	48,254	31,608	49	134	48,303	31,742	52.2
Other	33,048	29,587	1,841	596	34,889	30,183	15.6
<b>Total revenues</b>	<b>1,478,740</b>	<b>1,344,751</b>	<b>525,734</b>	<b>539,108</b>	<b>2,004,474</b>	<b>1,883,859</b>	<b>6.4 %</b>
<b>Expenses:</b>							
General government	166,470	129,016			166,470	129,016	29.0 %
Public protection	451,053	441,068			451,053	441,068	2.3
Health and sanitation	185,966	201,567			185,966	201,567	(7.7)
Public assistance	396,538	391,620			396,538	391,620	1.3
Education	22,647	21,321			22,647	21,321	6.2
Public ways and facilities	76,561	63,648			76,561	63,648	20.3
Recreation and culture	1,425	1,421			1,425	1,421	0.2
Interest on debt	55,532	48,855			55,532	48,855	13.7
County Hospital			310,911	306,871	310,911	306,871	1.3
HMO Medi-Cal Plan			69,434	142,887	69,434	142,887	(51.4)
HMO Commercial			83,654		83,654		
Airport			5,239	4,903	5,239	4,903	6.8
Housing Authority			97,351	101,331	97,351	101,331	(3.9)
Major Risk Medical Insurance			1,625	1,819	1,625	1,819	(10.7)
Sheriff Law Enforcement Training Center			1,319	1,288	1,319	1,288	2.3
<b>Total expenses</b>	<b>1,356,192</b>	<b>1,298,516</b>	<b>569,533</b>	<b>559,099</b>	<b>1,925,725</b>	<b>1,857,615</b>	<b>3.7 %</b>
Change in net assets before transfers and special item	122,548	46,235	(43,799)	(19,991)	78,749	26,244	200.1
Gain (loss) on sale of capital assets			(167)		(167)		
Transfers	(38,631)	(21,836)	38,631	21,836			
<b>Change in net assets</b>	<b>83,917</b>	<b>24,399</b>	<b>(5,335)</b>	<b>1,845</b>	<b>78,582</b>	<b>26,244</b>	<b>199.4</b>
<b>Net Assets, Beginning of Year</b>	<b>798,542</b>	<b>775,082</b>	<b>109,433</b>	<b>108,489</b>	<b>907,975</b>	<b>883,571</b>	<b>2.8</b>
Adjustments to beginning net assets		(939)	(2,642)	(901)	(2,642)	(1,840)	
<b>Net Assets, Beginning of Year, as Restated</b>	<b>798,542</b>	<b>774,143</b>	<b>106,791</b>	<b>107,588</b>	<b>905,333</b>	<b>881,731</b>	
<b>Net Assets, End of Year</b>	<b>\$ 882,459</b>	<b>798,542</b>	<b>101,456</b>	<b>109,433</b>	<b>983,915</b>	<b>907,975</b>	<b>8.4 %</b>

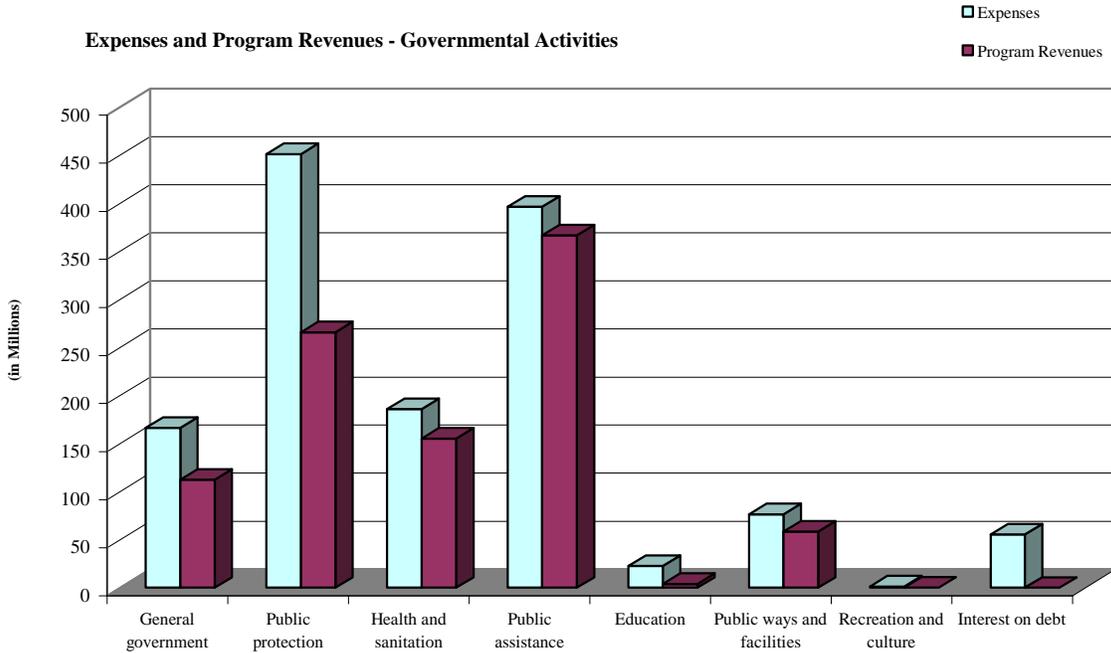
**COUNTY OF CONTRA COSTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

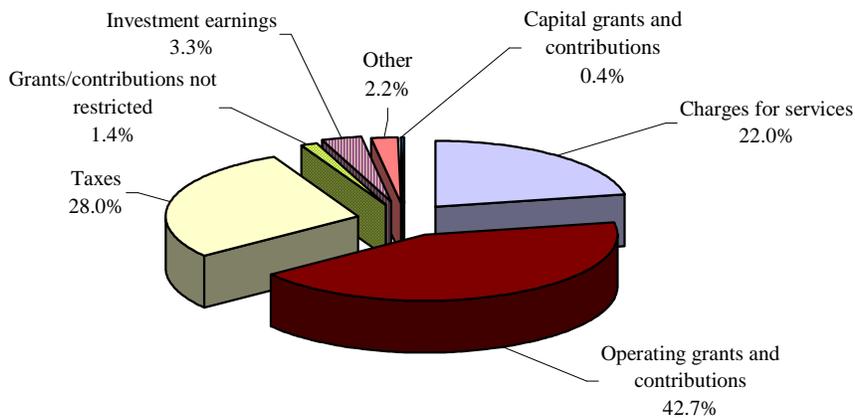
**Analysis of the Changes in Net Assets**

The county's net assets increased by \$78,582,000 during fiscal year 2005-2006. Generally, this resulted from a 6.4 percent increase in revenues outpacing a 3.7 percent increase in expenses. The changes are explained below in the governmental activities and business-type activities discussions.

**Governmental Activities**



**Revenues by Source - Governmental Activities**



**COUNTY OF CONTRA COSTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

Governmental activities increased the county's net assets by \$83,917,000. The increase in net assets primarily is due to the county's implementation of a policy to rebuild fund balance reserve. This was accomplished through stringent expenditure controls, such as minimizing capital expenditures during the period.

Operating grants and contributions increased due to the improved financial condition of the state and its ability to increase funds flowing to the county.

Investment earnings revenue increased primarily due to the fiscal policy resulting in increased cash available for investment and an increase in the rate of return achieved from 2.3% to 3.99%, for fiscal year 2005-2006.

Taxes increased overall by \$121,534,000 (41.5%). Property taxes increased by \$32,095,000 (12%). This is due to the continuing strong real estate market during the period.

Reclassification of the Vehicle Licensing Fee, from grants not restricted to taxes, \$88,420,000, contributed to the increase in taxes and the decrease in grants not restricted.

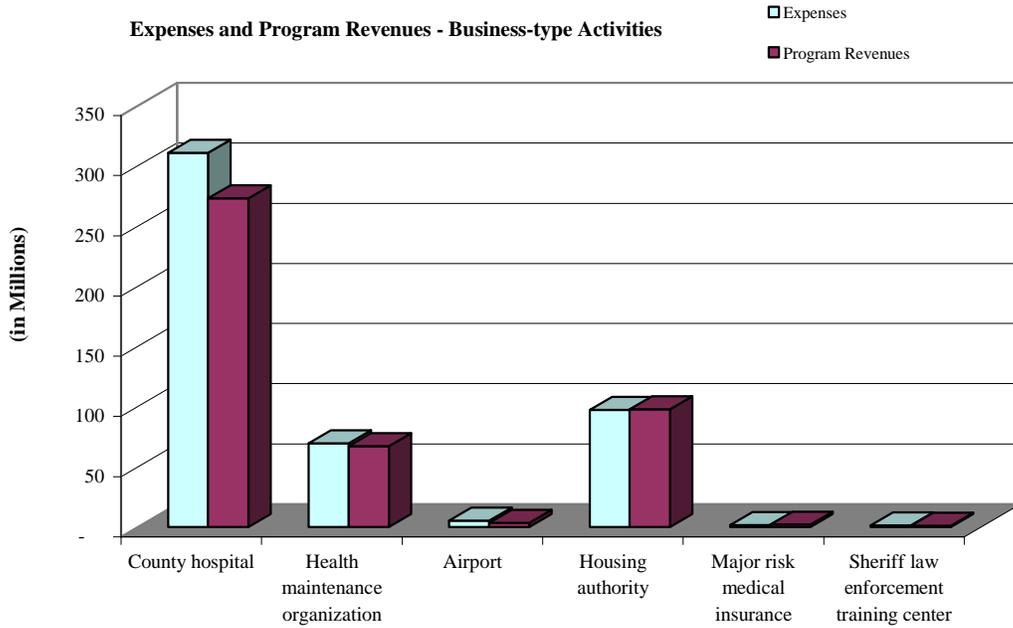
General government expenses, on the government-wide basis, increased in fiscal year 2005-2006 by approximately \$37,441,000. Approximately \$6,000,000 was due to the increase in amortization of the prepaid pension asset. \$2,203,000 was due to increased depreciation expense. See fund level detail for additional information.

Health and Sanitation decreased primarily due to the elimination of the Medical Disproportionate Share payment that was made to the State (\$22,238,000 in fiscal year 2004-2005).

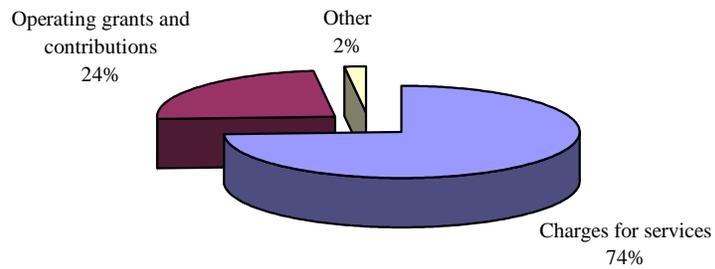
Public ways and facilities expenses increased by \$6,426,000 primarily due to increased construction activity on the State Route 4 and State Route 4 Bypass projects.

**COUNTY OF CONTRA COSTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2006

**Business-type Activities**



**Revenues by Source - Business-type Activities**



COUNTY OF CONTRA COSTA  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

Business-type activities decreased the county's net assets by \$5,335,000. Charges for services declined by \$19,346,000 primarily in the Hospital. This partially was offset by increases in Grants, \$4,812,000. Program expenses exceeded revenues for the County Hospital, Health Maintenance Organization, Airport, Housing Authority and Sheriff Law Enforcement Training Center. The reported decrease in charges for services for the Hospital was the result of the state changing the reporting methodology for Medi-Cal revenues to a net of revenues/intergovernmental transfers from the previous separate reporting.

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

The county uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is an analysis of the activities of the county's funds for fiscal year 2005-2006 as reported in the fund-basis financial statements.

**Governmental Funds**

The focus of the county's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful to assess the county's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the county include the general, special revenue, debt service, capital projects, and permanent funds.

As of June 30, 2006, the county's governmental funds reported combined ending fund balances of \$517,742,000, an increase of \$54,372,000 in comparison with the prior year. Approximately \$392,186,000 (75.7%) of those fund balances constitutes unreserved fund balances that are available for spending at the county's discretion. The remainder of those fund balances is reserved to indicate that it is not available for new spending because it already is committed as follows: (1) for encumbrances - to liquidate remaining contracts and purchase orders \$77,261,000; (2) to reflect advances to other funds and inventories \$9,087,000; (3) for payment of debt service \$8,198,000; or (4) for miscellaneous other restricted purposes \$31,010,000.

The General Fund is the primary operating fund of the county. At June 30, 2006, the unreserved fund balance of the General Fund was \$99,374,000, an increase of \$40,715,000 in comparison to the prior year, while total fund balance was \$135,138,000, an increase of \$42,075,000 in comparison to the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9.2 percent of total General Fund expenditures, while total fund balance represents 12.5 percent. For the prior year, these figures were 5.7 percent and 9.1 percent, respectively.

The assets and the unreserved fund balances of the General Fund increased due to the county's implementation of stringent cost controls with the goal to increase the county's financial stability.

Liabilities increased due to the issuance of the Tax and Revenue Anticipation Note (TRAN), \$100,000,000.

Health and Sanitation decreased by \$18,831,000 (9%). The effect of the elimination of the Medical Disproportionate Share payment to the state was the major impact.

COUNTY OF CONTRA COSTA  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

Public Assistance increased by \$23,925,000 (7%). Increases in allowed administrative services, including CalWin Program Support, Foster CareAid, and Workforce Services were the major impacts.

The decrease in the deficits for the Workers' Compensation Funds is a combination of increased cost control and increased revenue (charges to the departments).

General Fund Revenues increased by \$130,589,000 (12%) while expenditures increased \$56,069,000 (5.5%)

**Revenues**

Intergovernmental, revenue from other governmental entities (Primary Federal Aid State) increased by \$48,094,000 (8%), taxes increased by \$35,693,000 (15%) and charges for services increased by \$29,779,000 (14%).

The intergovernmental increases were primarily in the Public Assistance function. A significant increase also was in the General Government function for voting modernization and Help America Vote programs.

**Expenditures**

General Government expenditures increased \$18,117,000 (14%). A major component was the increase in elections support for unscheduled state-wide special elections and the Help America Vote Act requirements, \$11,946,000.

Public Protection increased \$21,262,000 (7%). The primary cause was the opening of the new juvenile hall and its related costs.

Public Ways and Facilities expenditures increased primarily due to continued Highway 4 construction.

**Proprietary Funds**

As mentioned earlier, the county's proprietary fund financial statements provide the same type of information found in the government-wide financial statements but in more detail.

Net assets at June 30, 2006, was \$21,306,000 for the County Hospital Enterprise Fund, \$48,866,000 for the Housing Authority Enterprise Fund, and \$31,678,000 for the nonmajor enterprise funds. As a result of operations during the year, net assets of the County Hospital Enterprise Fund decreased by \$6,350,000, net assets of the Housing Authority Enterprise Fund increased by \$1,875,000, and net assets of the nonmajor enterprise funds decreased by \$1,520,000. Additionally, the beginning net assets of the Housing Authority Enterprise Fund was decreased by \$2,642,000 principally due to the component unit write off of partner contributions receivable.

Net assets of the internal service funds were a deficit of \$21,610,000. As a result of operations during the year, the net assets deficit of the Workers' Compensation Insurance County General Internal Service Fund decreased by \$15,875,000, the net assets deficit of the Workers' Compensation Insurance Fire Protection Internal Service Fund decreased by \$6,098,000, and the net assets of the other internal service funds increased by \$1,961,000.

COUNTY OF CONTRA COSTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The county's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects and supplemental appropriations approved during the fiscal year. Total budgeted revenues were increased by \$52,416,000 (4.6%) in the final budget. Actual revenues were less than final budgeted revenues by \$3,790,000 (0.3%). Total budgeted expenditures increased by \$52,789,000 (4.6%) in the final budget. Actual expenditures were less than final budgeted expenditures by \$115,597,000 (9.6%) percent. Significant factors impacting those changes were as follows:

**Original Budget vs. Final Budget**

**Revenue Variances**

- Intergovernmental revenue was increased due to additional information on the ability of the state to provide program aid.

**Expenditure Appropriation Variances**

- The Final Budget for General Government - Plant Acquisition included re-appropriation for projects not completed in the prior year and additional appropriations for building and improvement projects that were funded during the current year. Additional expenditures were approved for the state-wide special elections.
- The Final Budget for Public Protection included additional funds for emergency services.
- The Final Budget for Health and Sanitation included decreases to mental health.
- The Final Budget for incorporated additional funding for Employment and Human Services programs.

**Final Budget vs. Actual Amounts**

**Revenue Variances**

- Intergovernmental revenue was lower than expected by approximately \$39,000,000.
- Taxes, \$22,535,000, and Charges for Services, \$14,719,000, were higher than projected.

**COUNTY OF CONTRA COSTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

**Expenditure Variances**

- Implementation of budget cuts before the end of the fiscal year resulted in positive expenditure variances in all departments.
- General Government – Plant acquisition expenditures were less than budgeted because the budget included appropriations for various building improvement and construction projects that were not completed during the year and non-essential projects being deferred.
- Health and Sanitation – Elimination of the Medical Disproportionate Share payment to the state was a major impact.
- Public Ways and Facilities – Road construction expenditures were less than budgeted due to progress on the Highway 4 Bypass not reaching expected levels.

**CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

**Capital Assets**

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

**COUNTY'S CHANGES IN CAPITAL ASSETS**

(Net of Depreciation)

(In Thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>		<u>Increase/ (Decrease)</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>Percent Change</u>
Infrastructure	\$ 267,160	263,380			267,160	263,380	1.4 %
Land	67,075	65,125	16,514	12,920	83,589	78,045	7.1
Structures and improvements	288,478	298,209	182,172	195,778	470,650	493,987	(4.7)
Equipment	46,765	41,363	13,029	14,395	59,794	55,758	7.2
Construction in progress	34,451	34,952	5,751	4,651	40,202	39,603	1.5
Total	<u>\$ 703,929</u>	<u>703,029</u>	<u>217,466</u>	<u>227,744</u>	<u>921,395</u>	<u>930,773</u>	<u>(1.0) %</u>

The county's investment in capital assets for its governmental and business-type activities as of June 30, 2006, was \$921,395,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, drainage systems, and bridges. The total county's investment in net capital assets for fiscal year 2005-2006 decreased by 1.0 percent (a 0.1 percent increase for governmental activities and a 4.5 percent decrease in business-type activities).

**COUNTY OF CONTRA COSTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

New investment in capital assets was constrained by the county's policy in fiscal year 2005-2006 to maintain adequate financial resources. Fiscal year 2004-05 saw the completion of several major projects. New major projects were not started in fiscal year 2005-06 due to the policy. Disposal of structures and the increase in depreciation due to fiscal year 2004-2005 additions resulted in the net decrease in structures.

The Housing Authority, a business-type activity, had significant land additions in its component unit.

Major capital asset events during fiscal year 2005-2006 included the following:

- The remodeling for the Juvenile Court began.
- Design drawings were completed for a new building for the District Attorney.
- Design drawings were completed for a new Public Works building.
- Work continued on upgrades of lighting and heating to improve energy efficiency.
- New voting equipment was acquired for a cost of \$8,000,000.

At June 30, 2006, the county had no material construction commitments as described in Note 18.E in the "Notes to the Basic Financial Statements." Additional information on the county's capital assets can be found in Note 7 in the "Notes to the Basic Financial Statements."

**Long-Term Debt**

Long-term debt for the governmental and business-type activities is presented below to illustrate changes from the prior year:

**COUNTY'S OUTSTANDING DEBT**

Capital Lease Obligations, Certificates of Participation, Pension Obligation Bonds, Retirement Litigation Settlement,  
Notes Payable, Other Bonds Payable, Lease Revenue Bonds, Tax Allocation Bonds and Special Assessment Debt  
(In Thousands)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2006	2005	2006	2005	2006	2005	Percent Change
Capital lease obligations	\$ 12,646	13,784	2,281	2,455	14,927	16,239	(8.1) %
Certificates of participation	27,008	29,365	118,307	121,325	145,315	150,690	(3.6)
Pension obligation bonds	666,905	554,735			666,905	554,735	20.2
Retirement litigation settlement	25,527	29,651			25,527	29,651	(13.9)
Notes payable	339	429	15,651	29,766	15,990	30,195	(47.0)
Other bonds payable	4,585	5,115			4,585	5,115	(10.4)
Lease revenue bonds	127,766	136,903	28,689	27,997	156,455	164,900	(5.1)
Tax allocation bonds	81,935	83,045			81,935	83,045	(1.3)
Special assessment debt	13,213	14,006			13,213	14,006	(5.7)
<b>Total</b>	<b>\$ 959,924</b>	<b>867,033</b>	<b>164,928</b>	<b>181,543</b>	<b>1,124,852</b>	<b>1,048,576</b>	<b>7.3 %</b>

COUNTY OF CONTRA COSTA  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

At June 30, 2006, the county had total long-term debt outstanding of \$1,124,852,000. The county's legal debt limit was \$5,301,034,000. The county's total debt increased by \$76,276,000 (7.3%), during fiscal year 2005-2006.

The CCC Fire Protection District issued a pension obligation bond of \$129,900,000 during fiscal year 2005-2006.

Notes payable for business-type activities decreased by \$14,115,000 (47%). This primarily was due to the reduction in the construction loan for a component unit of the Housing Authority. Additional information on this debt can be found in the Housing Authority's audited financial statements.

The county's underlying long-term ratings are as follows:

Type of Issue	Moody's	S&P
Issuer rating/implied general obligation bond rating	Aa3	AA
Pension obligation bonds	A1	AA-
Lease revenue bonds/certificates of participation	A2	AA-

Moody's Investors Service (Moody's) and Standard & Poor's Rating Service (S&P) have assigned a negative outlook to the county's long-term ratings.

The county has been able to purchase municipal bond insurance policies on most of its pension bonds, lease revenue bonds, and certificates of participation. Thereby, resulting in those securities being upgraded to ratings of Aaa by Moody's and AAA by S&P.

Additional information of the county's long-term debt can be found in Note 11, and Note 19, in the "Notes to the Basic Financial Statements."

**KNOWN FACTS, DECISIONS AND CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON FINANCIAL POSITION OR RESULTS OF OPERATIONS NEXT YEAR**

- General Fund subsidies to the County Hospital and Health Maintenance Organization were \$39,277,000 and \$6,789,000, respectively. Costs continue to rise more rapidly than revenue. Even with cost containment efforts in place, similar subsidies are expected to recur in fiscal year 2006-2007.
- Contract negotiations are completed for most of the represented workforce. New Memorandums of Understandings will be implemented, which contain increased costs for future periods.

COUNTY OF CONTRA COSTA  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2006

- Additional Debt will be issued for construction of the District Attorney's office and purchase of the Clerk-Recorder's office.
- All of the facts, decisions and conditions listed above were considered in preparing the county's budget for fiscal year 2006-2007.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the county's finances for all those with an interest in the county's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Auditor-Controller, 625 Court Street, Room 103, Martinez, CA 94553-1282.

COUNTY OF CONTRA COSTA  
**STATEMENT OF NET ASSETS**  
 JUNE 30, 2006  
 (In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Contra Costa Children and Families Commission
<b>Assets:</b>				
Cash and investments	\$ 550,967	91,473	642,440	51,099
Receivables (net)	210,676	27,962	238,638	2,520
Inventories	1,530	824	2,354	
Internal balances	5,935	(5,935)		
Due from component unit	1,510		1,510	
Notes receivable	61,085	167	61,252	878
Prepaid items and deposits	9,224	1,570	10,794	64
Deferred charges	3,511	1,151	4,662	
Other current assets		2,146	2,146	
Land held for resale	2,131		2,131	
Prepaid pension asset (net)	621,715		621,715	
Restricted assets:				
Restricted cash and investments	92,291	13,228	105,519	
Notes receivable		3,364	3,364	
Capital assets:				
Nondepreciable	101,526	22,265	123,791	246
Depreciable, net	602,403	195,201	797,604	461
<b>Total assets</b>	<b>2,264,504</b>	<b>353,416</b>	<b>2,617,920</b>	<b>55,268</b>
<b>Liabilities:</b>				
Short term notes payable	100,000		100,000	
Accounts payable and accrued liabilities	82,865	52,261	135,126	247
Accrued interest payable	9,067	1,301	10,368	
Due to primary government				1,510
Due to other agencies				1,619
Welfare program advances	13,424		13,424	
Unearned revenue	66,526	24,983	91,509	
Noncurrent liabilities:				
Due within one year	95,912	8,803	104,715	6
Due in more than one year	1,014,251	164,612	1,178,863	58
<b>Total liabilities</b>	<b>1,382,045</b>	<b>251,960</b>	<b>1,634,005</b>	<b>3,440</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	436,879	63,957	500,836	707
Restricted for:				
Legally segregated taxes, grants and fees	299,591		299,591	
Tenant deposits		3,707	3,707	
Debt service	7,968	10,535	18,503	
Permanent fund:				
Expendable portion	99		99	
Nonexpendable portion	1,729		1,729	
Children's programs				37,466
Total restricted net assets	<b>309,387</b>	<b>14,242</b>	<b>323,629</b>	<b>37,466</b>
Unrestricted	<b>136,193</b>	<b>23,257</b>	<b>159,450</b>	<b>13,655</b>
<b>Total net assets</b>	<b>\$ 882,459</b>	<b>101,456</b>	<b>983,915</b>	<b>51,828</b>

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA  
**STATEMENT OF ACTIVITIES**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Function/Program Activities:</b>				
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 166,470	92,169	20,264	
Public protection	451,053	137,069	128,668	12
Health and sanitation	185,966	64,221	90,928	
Public assistance	396,538	1,898	364,668	
Education	22,647	838	3,229	
Public ways and facilities	76,561	28,971	23,742	5,714
Recreation and culture	1,425	108	11	
Interest on debt	55,532			
<b>Total governmental activities</b>	<b>1,356,192</b>	<b>325,274</b>	<b>631,510</b>	<b>5,726</b>
Business-type activities:				
County Hospital	310,911	246,452	21,387	5,171
HMO Medi-Cal Plan	69,434	67,126		
HMO Commercial Plan	83,654	65,111	14,181	
Airport	5,239	3,107	426	
Housing Authority	97,351	5,405	89,557	2,774
Major Risk Medical Insurance	1,625	1,953		
Sheriff Law Enforcement Training Center	1,319	982	212	
<b>Total business-type activities</b>	<b>569,533</b>	<b>390,136</b>	<b>125,763</b>	<b>7,945</b>
<b>Total primary government</b>	<b>\$ 1,925,725</b>	<b>715,410</b>	<b>757,273</b>	<b>13,671</b>
<b>Component unit:</b>				
First 5 Contra Costa Children and Families Commission	\$ 11,352		7	

GENERAL REVENUES:

Taxes:

Property  
 Sales  
 Other

Grants/contributions not restricted

Investment earnings

Gain (loss) on sale of capital assets

Other

TRANSFERS

Total general revenues and transfers

Change in net assets

NET ASSETS, BEGINNING OF YEAR

Adjustments to beginning net assets (Note 2)

NET ASSETS, BEGINNING OF YEAR,  
 AS RESTATED

NET ASSETS, END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expenses) Revenues and Changes in Net Assets			Component Unit
Governmental Activities	Business- type Activities	Total	First 5 Contra Costa Children and Families Commission
(54,037)		(54,037)	
(185,304)		(185,304)	
(30,817)		(30,817)	
(29,972)		(29,972)	
(18,580)		(18,580)	
(18,134)		(18,134)	
(1,306)		(1,306)	
(55,532)		(55,532)	
(393,682)		(393,682)	
	(37,901)	(37,901)	
	(2,308)	(2,308)	
	(4,362)	(4,362)	
	(1,706)	(1,706)	
	385	385	
	328	328	
	(125)	(125)	
	(45,689)	(45,689)	
(393,682)	(45,689)	(439,371)	
			(11,345)
\$ 386,558		386,558	
12,175		12,175	
15,869		15,869	12,434
20,326		20,326	
48,254	49	48,303	2,026
	(167)	(167)	
33,048	1,841	34,889	5
(38,631)	38,631		
477,599	40,354	517,953	14,465
83,917	(5,335)	78,582	3,120
798,542	109,433	907,975	48,708
	(2,642)	(2,642)	
798,542	106,791	905,333	48,708
\$ 882,459	101,456	983,915	51,828

COUNTY OF CONTRA COSTA  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
 JUNE 30, 2006  
 (In Thousands)

	General	CCC Fire Protection District Special Revenue	Land Development Special Revenue	County Pension Bond Debt Service	Nonmajor	Total
<b>Assets:</b>						
Cash and investments	\$ 92,905	33,936	66,468		266,120	459,429
Accounts receivable and accrued revenue (net)	148,452	2,457	1,218	38,621	16,791	207,539
Inventories	1,530					1,530
Due from other funds	89,972	709	419		3,061	94,161
Due from component unit	1,510					1,510
Advances to other funds					7,557	7,557
Notes receivable	50,305				10,780	61,085
Prepaid items and deposits	7,742	636			846	9,224
Land held for resale					2,131	2,131
Restricted cash and investments	712			9,853	81,726	92,291
<b>Total assets</b>	<b>\$ 393,128</b>	<b>37,738</b>	<b>68,105</b>	<b>48,474</b>	<b>389,012</b>	<b>936,457</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Short term notes payable	\$ 100,000					100,000
Accounts payable and accrued liabilities	61,997	5,594	1,579		13,695	82,865
Due to other funds	5,669	93	2,409	46,745	32,280	87,196
Welfare program advances	13,424					13,424
Advances from other funds					7,557	7,557
Deferred revenue	76,900	11	35,212		15,550	127,673
<b>Total liabilities</b>	<b>257,990</b>	<b>5,698</b>	<b>39,200</b>	<b>46,745</b>	<b>69,082</b>	<b>418,715</b>
<b>Fund Balances:</b>						
Reserved for:						
Encumbrances	26,685	3,617	129		46,830	77,261
Inventories	1,530					1,530
Advances to other funds					7,557	7,557
Prepaid items and deposits	7,549	636			846	9,031
Land held for resale					2,131	2,131
Programs with purpose restrictions					582	582
Bond proceeds with eligibility restriction					18,747	18,747
Housing projects					(1,309)	(1,309)
Debt service					8,198	8,198
Permanent fund-expendable portion					99	99
Permanent fund-nonexpendable portion					1,729	1,729
Unreserved, designated for:						
Special revenue funds:						
Equipment replacement					5,637	5,637
Debt service funds:						
Future projects					8,529	8,529
Equipment replacement	9,060		747			9,807
Litigation/audit	5,000					5,000
Dougherty Valley	520					520
CCC Fire Protection District capital facilities		5,139				5,139
CCC Fire Protection District reserve designation		9,967				9,967
General fund capital reserve	11,966					11,966
General fund reserve designation	64,200					64,200
Unreserved, undesignated, reported in:						
General fund	8,628					8,628
Special revenue funds		12,681	28,029		198,064	238,774
Debt service funds				1,729	14,132	15,861
Capital projects funds					8,158	8,158
<b>Total fund balances</b>	<b>135,138</b>	<b>32,040</b>	<b>28,905</b>	<b>1,729</b>	<b>319,930</b>	<b>517,742</b>
<b>Total liabilities and fund balances</b>	<b>\$ 393,128</b>	<b>37,738</b>	<b>68,105</b>	<b>48,474</b>	<b>389,012</b>	<b>936,457</b>

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS**  
 JUNE 30, 2006  
 (In Thousands)

Fund balances - total governmental funds (page 22)	\$	517,742
Amounts reported for governmental activities in the statement of net assets are different because:		
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore not reported in the funds.		621,715
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		703,929
Accrued revenue, which is not available soon enough to pay for the current period's expenditures, is deferred in the governmental funds.		62
Notes receivable are not available to pay current-period expenditures and, therefore, are deferred in the governmental funds.		61,085
Internal service funds are used by management to charge the costs of self insurance to individual funds. The assets and liabilities of these funds, except for the medical liability insurance fund, are included as governmental activities in the statement of net assets.		(21,216)
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(9,067)
Costs of issuance on bonds are not recognized as current expenditures and are deferred.	\$	3,692
Current year amortization of costs of issuance on bonds.		(181)
		3,511
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Certificates of participation		(27,008)
Lease revenue bonds		(127,766)
Notes payable		(339)
Tax allocation bonds		(81,935)
Special assessment bonds		(13,213)
Other bonds payable		(4,585)
Pension obligation bonds		(666,905)
Retirement litigation settlement		(25,527)
Capital lease obligations		(12,646)
Compensated absences		(35,820)
Premiums, discounts and deferred amounts on refundings		442
		(995,302)
Net assets of governmental activities (page 19)	\$	882,459

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(In Thousands)

	General	CCC Fire Protection District Special Revenue	Land Development Special Revenue	County Pension Bond Debt Service	Nonmajor	Total
<b>Revenues:</b>						
Taxes	\$ 273,521	77,087			84,322	434,930
Licenses, permits and franchise fees	14,442	93	17,674		6,783	38,992
Fines, forfeitures and penalties	14,167				4,484	18,651
Use of money and property	13,371	869	2,427	1,360	28,548	46,575
Intergovernmental	578,249	4,508	12		54,410	637,179
Charges for services	213,553	3,997	11,374		38,709	267,633
Other revenue	86,745	62	7,707	1,589	23,482	119,585
<b>Total revenues</b>	<b>1,194,048</b>	<b>86,616</b>	<b>39,194</b>	<b>2,949</b>	<b>240,738</b>	<b>1,563,545</b>
<b>Expenditures:</b>						
Current:						
General government	145,803			2	2,396	148,201
Public protection	307,005	82,021	21,814		83,165	494,005
Health and sanitation	179,305				12,200	191,505
Public assistance	381,600				36,921	418,521
Education	304				22,375	22,679
Public ways and facilities	66,929		12,321		27,755	107,005
Recreation and culture	294				1,145	1,439
Debt service:						
Principal		3,710		17,730	12,335	33,775
Interest	2,181	320		31,945	18,685	53,131
Other charges					3,726	3,726
<b>Total expenditures</b>	<b>1,083,421</b>	<b>86,051</b>	<b>34,135</b>	<b>49,677</b>	<b>220,703</b>	<b>1,473,987</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>110,627</b>	<b>565</b>	<b>5,059</b>	<b>(46,728)</b>	<b>20,035</b>	<b>89,558</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	21,352			50,390	5,243	76,985
Transfers out	(91,609)		(566)		(25,430)	(117,605)
Proceeds for issuance of debt					129,900	129,900
Payment to retirement trustee					(124,904)	(124,904)
Debt issuance cost					(1,267)	(1,267)
Capital lease financing	1,705					1,705
<b>Total other financing sources (uses)</b>	<b>(68,552)</b>		<b>(566)</b>	<b>50,390</b>	<b>(16,458)</b>	<b>(35,186)</b>
<b>Net change in fund balances</b>	<b>42,075</b>	<b>565</b>	<b>4,493</b>	<b>3,662</b>	<b>3,577</b>	<b>54,372</b>
<b>Fund Balances at Beginning of Year</b>	<b>93,063</b>	<b>31,475</b>	<b>24,412</b>	<b>(1,933)</b>	<b>316,353</b>	<b>463,370</b>
<b>Fund Balances at End of Year</b>	<b>\$ 135,138</b>	<b>32,040</b>	<b>28,905</b>	<b>1,729</b>	<b>319,930</b>	<b>517,742</b>

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(In Thousands)

Net change in fund balances - total governmental funds (page 24) \$ 54,372

Amounts reported for governmental activities in the statement of activities are different because:

Revenues that were deferred in the governmental funds because they were unavailable are reported as current revenue. 7,033

Governmental funds report capital asset acquisitions as either capital outlay or other current program expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 42,688	
Less loss on sale/retirement of capital assets	(2,186)	
Less current year depreciation	<u>(39,568)</u>	934

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Proceeds from issuance of pension obligation bond	(129,900)	
Principal transferred to business type activities	2,851	
Deferral of bond issuance cost	1,267	
Principal payments	33,020	
Payment to retirement trustee	124,904	
Capital lease payments	2,638	
Issuance of capital lease	<u>(1,500)</u>	33,280

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in long-term compensated absences	1,108	
Amortization of pension asset	(33,429)	
Amortization of bond issuance cost	(181)	
Change in accrued interest payable	<u>(2,474)</u>	(34,976)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.

		<u>23,274</u>
Change in net assets of governmental activities (page 21)	\$	<u><u>83,917</u></u>

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

JUNE 30, 2006  
(In Thousands)

	Enterprise Funds				Internal Service
	County Hospital	Housing Authority*	Nonmajor	Total	
<b>Assets:</b>					
Current assets:					
Cash and investments	\$ 39,360	8,223	38,115	85,698	97,313
Accounts receivable and accrued revenue (net)	23,493	471	3,998	27,962	3,137
Inventories	788		36	824	
Due from other funds	8,798		2,251	11,049	120
Notes receivable		167		167	
Prepaid items and deposits	1,262	256	52	1,570	
Deferred charges	1,151			1,151	
Other assets		2,146		2,146	
Total current assets	<u>74,852</u>	<u>11,263</u>	<u>44,452</u>	<u>130,567</u>	<u>100,570</u>
Noncurrent assets:					
Restricted cash and investments	11,282	1,926	20	13,228	
Notes receivable		3,364		3,364	
Capital assets:					
Nondepreciable	161	10,666	11,438	22,265	
Depreciable, net	139,336	43,905	11,960	195,201	
Total noncurrent assets	<u>150,779</u>	<u>59,861</u>	<u>23,418</u>	<u>234,058</u>	
<b>Total assets</b>	<u>225,631</u>	<u>71,124</u>	<u>67,870</u>	<u>364,625</u>	<u>100,570</u>
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and accrued liabilities	24,012	1,690	26,559	52,261	
Accrued interest payable	1,186	106	9	1,301	
Due to other funds	9,849		7,110	16,959	1,175
Deferred revenue	23,726	545	712	24,983	
Current portion of long-term liabilities	5,599	1,345	201	7,145	55,656
Total current liabilities	<u>64,372</u>	<u>3,686</u>	<u>34,591</u>	<u>102,649</u>	<u>56,831</u>
Noncurrent liabilities:					
Capital lease obligations	750		1,149	1,899	
Certificates of participation, net	103,090			103,090	
Compensated absences	7,636	79	452	8,167	
Claims payable					65,349
Bonds and notes payable, net	27,920	15,418		43,338	
Landfill post closure liability	557			557	
Other noncurrent liabilities		3,075		3,075	
Total noncurrent liabilities	<u>139,953</u>	<u>18,572</u>	<u>1,601</u>	<u>160,126</u>	<u>65,349</u>
<b>Total liabilities</b>	<u>204,325</u>	<u>22,258</u>	<u>36,192</u>	<u>262,775</u>	<u>122,180</u>
<b>Net Assets (Deficit):</b>					
Invested in capital assets, net of related debt	2,986	38,872	22,099	63,957	
Restricted for debt service	10,535			10,535	
Restricted for tenant deposits		3,707		3,707	
Unrestricted (deficit)	7,785	6,287	9,579	23,651	(21,610)
<b>Total net assets (deficit)</b>	<u>\$ 21,306</u>	<u>48,866</u>	<u>31,678</u>	<u>101,850</u>	<u>(21,610)</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (394)

Net assets of business-type activities (page 19) \$ 101,456

\* Housing Authority Fund reported as of March 31, 2006.  
See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED JUNE 30, 2006  
(In Thousands)

	Enterprise Funds				Internal Service
	County Hospital	Housing Authority*	Nonmajor	Total	
<b>Operating Revenues:</b>					
Use of money and property	\$ 411	113	4,501	5,025	
Charges for services	246,041	5,292	133,778	385,111	51,540
Other revenue		524	397	921	
<b>Total operating revenues</b>	<u>246,452</u>	<u>5,929</u>	<u>138,676</u>	<u>391,057</u>	<u>51,540</u>
<b>Operating Expenses:</b>					
Salaries and employee benefits	204,846	8,312	11,806	224,964	
Services and supplies	81,986		142,885	224,871	13,830
Benefit and claim expense					21,500
Other charges	2,279	83,803	4,429	90,511	
Expenditure transfers			161	161	
Depreciation	9,239	3,583	1,862	14,684	
<b>Total operating expenses</b>	<u>298,350</u>	<u>95,698</u>	<u>161,143</u>	<u>555,191</u>	<u>35,330</u>
<b>Operating income (loss)</b>	<u>(51,898)</u>	<u>(89,769)</u>	<u>(22,467)</u>	<u>(164,134)</u>	<u>16,210</u>
<b>Nonoperating Revenues (Expenses):</b>					
State and federal grants	21,387	89,557	14,819	125,763	55
Investment income			3	3	1,680
Interest income		46		46	
Other revenue		920		920	
Interest expense	(9,221)	(1,501)	(128)	(10,850)	
Non-routine maintenance		(64)		(64)	
Other charges		(88)		(88)	
Loss on disposal of fixed assets	(167)			(167)	
<b>Total nonoperating revenue (expenses)</b>	<u>11,999</u>	<u>88,870</u>	<u>14,694</u>	<u>115,563</u>	<u>1,735</u>
<b>Income (Loss) before Capital Contributions and Transfers</b>	<u>(39,899)</u>	<u>(899)</u>	<u>(7,773)</u>	<u>(48,571)</u>	<u>17,945</u>
Capital contributions	5,171	2,774		7,945	
Transfers in	38,090		6,856	44,946	5,989
Transfers out	(9,712)		(603)	(10,315)	
<b>Change in net assets</b>	<u>(6,350)</u>	<u>1,875</u>	<u>(1,520)</u>	<u>(5,995)</u>	<u>23,934</u>
<b>Total Net Assets at Beginning of the Year, as Previously Reported</b>	<u>27,656</u>	<u>49,633</u>	<u>33,198</u>	<u>110,487</u>	<u>(45,544)</u>
Adjustments to beginning net assets (Note 2)		(2,642)		(2,642)	
<b>Total Net Assets at Beginning of the Year, as Restated</b>	<u>27,656</u>	<u>46,991</u>	<u>33,198</u>	<u>107,845</u>	<u>(45,544)</u>
<b>Total Net Assets at End of Year</b>	<u>\$ 21,306</u>	<u>48,866</u>	<u>31,678</u>	<u>101,850</u>	<u>(21,610)</u>

Reconciliation of enterprise funds change in net assets to statement of activities:

Change in net assets of enterprise funds.	\$ (5,995)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>660</u>
Change in net assets of business-type activities (page 21)	<u>\$ (5,335)</u>

\* Housing Authority Fund reported as of March 31, 2006.  
See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(In Thousands)

	Enterprise Funds				Internal Service
	County Hospital	Housing Authority*	Nonmajor	Total	
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers/other funds	\$ 239,320	5,776	141,918	387,014	51,655
Cash payment to suppliers for goods and services	(87,638)	(82,354)	(148,661)	(318,653)	(46,835)
Cash payment to employees for services	(203,566)	(9,347)	(11,811)	(224,724)	
<b>Net Cash Provided by (Used for)</b>					
<b>Operating Activities</b>	(51,884)	(85,925)	(18,554)	(156,363)	4,820
<b>Cash Flows from Noncapital</b>					
<b>Financing Activities:</b>					
State and federal grants	21,387	89,860	14,819	126,066	55
Interest received		36		36	
Debt issued		(465)		(465)	
Debt payments		249		249	
Extra ordinary maintenance		(64)		(64)	
Transfers in	38,090		6,856	44,946	5,989
Transfers out	(9,712)		(603)	(10,315)	
Due to other funds			(93)	(93)	
<b>Net Cash Provided by Noncapital</b>					
<b>Financing Activities</b>	49,765	89,616	20,979	160,360	6,044
<b>Cash Flows from Capital and Related</b>					
<b>Financing Activities:</b>					
Proceeds from long term borrowings	1,686	32,945		34,631	
Proceeds from sale of capital assets	1,624			1,624	
Capital contributions	5,171	2,774		7,945	
Acquisition and construction of capital assets	(2,869)	(2,853)	(357)	(6,079)	
Interest paid	(8,486)	(1,325)	(82)	(9,893)	
Lease purchase obligation principal payment	(220)			(220)	
Principal paid on bonds and certificates	(4,470)	(31,741)		(36,211)	
<b>Net Cash Used for Capital and Related</b>					
<b>Financing Activities</b>	(7,564)	(200)	(439)	(8,203)	
<b>Cash Flows from Investing Activities:</b>					
Interest received on investments			3	3	1,680
<b>Net Cash Used for Investing Activities</b>			3	3	1,680
<b>Net Increase (Decrease) in Cash and</b>					
<b>Cash Equivalents</b>	(9,683)	3,491	1,989	(4,203)	12,544
<b>Cash and Cash Equivalents at Beginning of Year</b>	60,325	6,658	36,146	103,129	84,769
<b>Cash and Cash Equivalents at End of Year</b>	\$ 50,642	10,149	38,135	98,926	97,313

(continued)

COUNTY OF CONTRA COSTA  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(In Thousands)

	Enterprise Funds				Internal Service
	County Hospital	Housing Authority*	Nonmajor	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</b>					
Operating loss	\$ (51,898)	(89,769)	(22,467)	(164,134)	16,210
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:					
Depreciation and amortization	9,239	3,615	1,862	14,716	
Changes in operating assets and liabilities:					
Decrease (increase) in:					
Accounts receivable and accrued revenue, net	(7,320)	(68)	(1,027)	(8,415)	(109)
Inventories	20		(33)	(13)	
Due from other funds	(443)	42	3,556	3,155	224
Prepaid items and deposits	113	(52)	(4)	57	
Deferred charges	79			79	
Interest receivable		(28)		(28)	
Increase (decrease) in:					
Accounts payable and accrued liabilities	(5,628)	97	(476)	(6,007)	(11,265)
Employee benefits payable	986		26	1,012	
Due to other funds	2,042		(764)	1,278	(240)
Deferred revenue	632	(92)	712	1,252	
Tenants deposit		145		145	
Compensated absences	294	28	61	383	
FSS escrows		126		126	
Accrued salaries		31		31	
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (51,884)</b>	<b>(85,925)</b>	<b>(18,554)</b>	<b>(156,363)</b>	<b>4,820</b>
<b>Noncash capital financing activities</b>					
Change in accrued interest	\$ 47				
Debt amortization	782				
Transfer of debt	1,161				

(concluded)

\* Housing Authority Fund reported as of March 31, 2006.  
See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
 JUNE 30, 2006  
 (In Thousands)

	Pension Trust*	Investment Trust	Private- Purpose Trust	Agency
<b>Assets:</b>				
Cash and investments	\$ 330,691	1,508,574	11,648	\$ 191,657
Cash collateral - securities lending	364,436			
Investments pension trust				
Stocks	2,134,119			
Bonds	1,589,583			
Real estate	368,706			
Alternative investments	118,406			
Receivables	315,230	1	258	26,036
Due from other governments	6,772	6,822		6,486
Taxes receivable				175,486
Prepaid items and deposits	449			
Capital assets, net	94			
<b>Total assets</b>	<b>5,228,486</b>	<b>1,515,397</b>	<b>11,906</b>	<b>\$ 399,665</b>
<b>Liabilities:</b>				
Warrants outstanding		62,866		\$ 83,051
Accounts payable and accrued liabilities	640,575	700	59	95,309
Employee benefits payable	1,753			
Due to other governments		6,077		32,420
Security lending	364,436			
Unapportioned taxes				87,970
Tax loss guarantees				26,335
Due to other agencies and districts				74,580
<b>Total liabilities</b>	<b>1,006,764</b>	<b>69,643</b>	<b>59</b>	<b>\$ 399,665</b>
<b>Net Assets:</b>				
Held in trust for:				
Employees' pension benefits	4,221,722			
Participation in individually directed investment accounts		1,445,754	11,847	
<b>Total net assets</b>	<b>\$ 4,221,722</b>	<b>1,445,754</b>	<b>11,847</b>	

\* Pension Trust Fund reported as of December 31, 2005.  
 See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(In Thousands)

	Pension Trust*	Investment Trust	Private- Purpose Trust
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Additions:</b>			
Employer contributions	\$ 300,300		
Plan member contributions	73,475		
Contributions to investment accounts		3,404,850	
Other revenue			17,666
Net investment income	361,191	5,463	99
Investment expense	(18,808)		
<b>Total additions</b>	<u>716,158</u>	<u>3,410,313</u>	<u>17,765</u>
<b>Deductions:</b>			
Benefits paid	196,106		
Refunds of contributions	2,074		
Distribution from investment accounts		3,165,173	
Administrative and other expenses	4,897		756
Prepayment discount	6,087		
Membership withdrawal	3,534		
Other	354		15,012
<b>Total deductions</b>	<u>213,052</u>	<u>3,165,173</u>	<u>15,768</u>
<b>Change in net assets</b>	<u>503,106</u>	<u>245,140</u>	<u>1,997</u>
<b>Net Assets Held In Trust at Beginning of Year</b>	<u>3,718,616</u>	<u>1,200,614</u>	<u>9,850</u>
<b>Net Assets Held In Trust at End of Year</b>	<u>\$ 4,221,722</u>	<u>1,445,754</u>	<u>11,847</u>

\*Pension Trust Fund reported as of December 31, 2005.  
See accompanying notes to the basic financial statements.



COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the County of Contra Costa conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the more significant policies:

**A. Definition of Reporting Entity**

The county is a political subdivision created by the state of California. As such, it can exercise powers specified by the constitution and statutes of the state. The county is governed by a five member elected Board of Supervisors (the Board). The Board is responsible for the legislative and executive control of the county. The county provides various services on a countywide basis including law and justice, education, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the county (primary government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and relationship with the county are such that exclusion would cause the county's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (i) the county's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the county.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the county's operations and so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements since it does not have a shared governing body nor is it of exclusive or almost exclusive benefit to the primary government.

For financial reporting purposes, the county's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the county's Board.

Blended Component Units

*Housing Authority of the County of Contra Costa*

The Housing Authority of the County of Contra Costa (Housing Authority) was established to provide housing for the county's low and moderate income residents. Its board members are the same as the county Board of Supervisors. The financial activities of the Housing Authority are reported as an enterprise fund. The fiscal year of the Housing Authority ends on March 31st and its financial activities are reported as of that date. The Housing Authority has two discretely presented

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

component units that have been blended with the Housing Authority in this report. Because the discretely presented component units have fiscal year ends of December 31, elimination entries have not been made.

*Contra Costa County Redevelopment Agency*

The Contra Costa County Redevelopment Agency (RDA) was established for the purpose of redeveloping certain areas of the county designated as project areas. Its board members are the same as the county Board of Supervisors. The financial activities of the RDA are included in the special revenue, debt service, and capital projects funds and are reported as nonmajor governmental funds.

*County of Contra Costa Public Facilities Corporation*

The County of Contra Costa Public Facilities Corporation (PFC) was established to provide financing for the acquisition, construction, improvement and remodeling of public buildings and facilities for the county. The county appoints a voting majority of the governing board and is able to impose its will on the PFC. The County Hospital Enterprise Fund includes activities of the PFC.

*County of Contra Costa Public Financing Authority*

The County of Contra Costa Public Financing Authority (PFA) is a joint powers authority consisting of the county and the RDA. The PFA was established to provide for the financing of public improvements, obligations, working capital and liability or other insurance programs of the county and the RDA. The members of the county Board of Supervisors also serve as the Directors of the PFA. The activities of the PFA are included in a debt service fund, which is reported as part of the nonmajor governmental funds, and in the County Hospital Enterprise Fund.

*Contra Costa County Employees' Retirement Association*

The Contra Costa County Employees' Retirement Association (CCCERA) was established to provide retirement benefits to employees of the county and other member agencies. The CCCERA provides a majority of its services for the benefit of the county and, therefore, is reported as a pension trust fund in the basic financial statements. The fiscal year of the CCCERA ends on December 31st and its financial activities are reported as of that date.

*In-Home Supportive Services Public Authority*

The Contra Costa County Board of Supervisors, pursuant to Welfare and Institutions Code Section 12301.6, established the In-Home Supportive Services Public Authority (IHSS). IHSS provides screening, training and referral of in-home supportive service providers and assists eligible individuals, who are unable to care for themselves at home, in finding qualified persons to assist them. Its board members are the same as the county Board of Supervisors. The activities of the IHSS are included in a special revenue fund which is reported as part of the nonmajor governmental funds.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

*Special Districts and Service Areas*

The county has 38 agencies referred to as county special districts and service areas. Each is established by the county for the purpose of providing specific services in a defined geographic area. Their board members are the same as the county Board of Supervisors. The 38 agencies and the special revenue fund in which each is included are: Contra Costa County Fire Protection District; Other Fire Protection – Crockett-Carquinez Fire Protection District and East Contra Costa County Fire Protection District; Flood Control - Flood Control District, Storm Drainage District, Storm Drain Maintenance District No. 4 and Storm Drain District No. Z-16; Health and Sanitation - Sanitation Districts Nos. 5 and 6; Service Areas - Service Areas D-2, EM-1, L-100, LIB-2, LIB-10, LIB-12, LIB-13, M-1, M-16, M-17, M-20, M-23, M-28, M-29, M-30, M-31 R-4, R-7A, R-9, R-10, RD-4 and Discovery Bay West Parking District; Law Enforcement - Service Areas P-1, P-5 and P-6, P-2A, Public Transit-Service Area T1, P-2B; Other Special Revenue - Contra Costa County Water Agency. These special revenue funds are reported as nonmajor governmental funds, with the exception of the Contra Costa County Fire Protection District, which is reported as a major governmental fund.

Discretely Presented Component Unit

*First 5 Contra Costa Children and Families Commission*

The First 5 Contra Costa Children and Families Commission (formerly the Contra Costa Children and Families First Commission) was established to implement the provisions of Proposition 10, adopted by the voters in 1998. Proposition 10 added Division 108 (commencing with California Government Code Section 130100) to the California Health and Safety Code. It provides for a state tax on the sale of tobacco products and also provides that this revenue be spent for early childhood development programs by the Commission. The county Board of Supervisors appoints all nine members (and nine alternate members) of the Commission. Two members of the Board of Supervisors serve on the Commission. However, the Commission hires its own employees, including an Executive Director and functions independent of the county. The Commission provides most of its services directly to the citizens of the county. The financial activity of the Commission is reported in separate columns on the government-wide financial statements.

Complete audited financial statements are issued separately for each of the individual component units listed below and may be obtained at the unit's administrative offices as follows:

Housing Authority of the County of Contra Costa  
3133 Estudillo Street, Martinez, CA 94553

County of Contra Costa Public Facilities Corporation  
1220 Morello Ave., Suite 100, Martinez, CA 94553

County of Contra Costa Public Financing Authority  
651 Pine Street, 6th Floor, Martinez, CA 94553

Contra Costa County Redevelopment Agency  
2530 Arnold Drive, Suite 190, Martinez, CA 94553

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Contra Costa County Employees' Retirement Association  
1355 Willow Way, Suite 221, Concord, CA 94520

First 5 Contra Costa Children and Families Commission  
1340 Arnold Drive, Suite 125, Martinez, CA 94553

**B. New Accounting Pronouncements Implemented During the Year**

The county adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes the accounting and reporting requirements for the impairment of capital assets.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, (an amendment of NCGA Statement 1) improves the consistency and comparability in reporting and provides clearer guidance regarding the applicability of the standards for the statistical section and the five categories of information it contains – financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, (an amendment of GASB Statement No. 34) clarifies a legally enforceable enabling legislation restriction. This Statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing legislation or if legal enforceability is reevaluated.

GASB Statement No. 47, *Accounting for Termination Benefits*, addresses the accounting for the voluntary and involuntary termination benefits.

**C. Basis of Presentation**

*Government-wide Financial Statements*

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, mandate the presentation of two basic government-wide financial statements, the *Statement of Net Assets* and the *Statement of Activities*. The statement of net assets and statement of activities display information about the primary government (the county) and its component units. The statement of net assets and statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statement of net assets and statement of activities also distinguish between the *governmental* and *business-type activities* of the county and between the county and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees charged to external parties.

COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006

For presentation in the statement of net assets and statement of activities, all of the internal service fund account balances are allocated to governmental activities except for the medical liability insurance fund which is allocated to business-type activities.

The statement of net assets reports the county's financial and capital resources, including infrastructure, as well as the county's long-term obligations. The difference between the county's assets and liabilities is its net assets. Net assets represent the resources that the county has available for uses in providing services after its debts are settled.

The statement of activities presents a comparison between direct and allocated indirect expenses and program revenues for each function of the governmental activities and each segment of the business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs, including fines and forfeitures, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, management has discretion as to which resources to apply. Generally, restricted resources are depleted before unrestricted. However, when prudent, unrestricted resources may be used first.

*Fund Financial Statements*

The fund financial statements provide information about the county's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The county reports the following as major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the county that are not accounted for through other funds. In addition to general administration, the General Fund includes such activities as public protection, health and sanitation, public assistance, education, and public ways and facilities.
- The *Contra Costa County Fire Protection District (CCCFPD) Special Revenue Fund* accounts for the financial aspect of the fire and emergency medical service activities provided by CCCFPD to nine cities and certain unincorporated areas in the county. As requested by interested parties, the CCCFPD's financial activities have been separated from those of the county's other fire protection districts and are reported as a major fund.
- The *Land Development Special Revenue Fund* reports the growth management related activities of the Building Inspection Department, Public Works Department, and the Community Development Department.

COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006

- The *County Pension Bond Debt Service Fund* accounts for accumulated monies for payment of the county's taxable pension obligation bond.

The county reports the following as major enterprise funds:

- The *County Hospital (the Hospital)* accounts for hospital operations involved in providing health services to county residents. Revenues are principally fees for patient services, payments from federal and state programs such as Medicare, Medi-Cal and Short-Doyle, realignment revenues, and subsidies from the General Fund.
- The *Housing Authority* accounts for the financial resources designated for housing and housing assistance to low income residents of Contra Costa County.

The county reports the following additional fund types:

- *Internal Service Funds* account for the county's self-insurance programs – employee dental insurance, long-term disability insurance, workers' compensation insurance, automotive liability insurance, general liability insurance, state unemployment insurance, medical liability insurance, and special district property insurance, on a cost-reimbursement basis.
- The *Pension Trust Fund* accumulates contributions from the county, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula), and administrative expenses. This fund includes all assets of the CCCERA.
- The *Investment Trust Fund* accounts for the assets of legally separate entities who make directed investments through the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. This fund represents the assets, primarily cash and investments, and the related obligation of the county to disburse these monies on demand.
- The *Private-Purpose Trust Fund* accounts for assets held in trust for the benefit of individuals, private organizations, and other governments.
- *Agency Funds* account for assets pending transfer or distribution to individuals, private organizations or other governmental entities held by the county in an agency capacity. Included in these funds are the Unapportioned Taxes Fund and the Tax Losses Reserve Fund, which provide controls necessary for the county to manage property taxes under the Teeter Plan (see section M of this note).

**D. Basis of Accounting**

The government-wide, proprietary fund and fiduciary, excluding agency, fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Nonexchange transactions, in which the county is giving (or receiving) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Agency funds are unlike all other types of funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement of focus. Since they do not report equity, they cannot present an operating statement reporting changes in equity. They do, however, use the accrual basis of accounting to recognize receivables and payables.

For its business-type activities and enterprise funds, the county has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America for governmental units. The county has elected not to follow subsequent private-sector guidance of the Financial Accounting Standards Board after November 30, 1989.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes are accrued when their receipt occurs within sixty days after the end of the accounting period. All other revenues are accrued if they are both measurable and available within sixty days, except for certain reimbursements related to health care from the State of California which are accrued when their receipt is expected within one year after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are generally recorded when payment is due. However, where resources have been provided during the current year for payment of interest due early in the following year, the expenditure and related liability are accrued. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**E. Cash and Cash Equivalents**

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, their equity in the County Treasurer's internal pool, and cash restricted for repayment of debt or as reserves to be cash equivalents.

**F. Investments**

Investment transactions are recorded on the trade date. Investments in non-participating, interest-earning investment contracts (certificates of deposit and guaranteed investment contracts) are stated at cost. Other investments are stated at fair value. Fair value is defined as the amount that the county could reasonably expect to receive for an investment in a current sale between a willing buyer and seller and is generally measured by quoted market prices.

Under GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, the Pension Trust Fund reports its investments at fair value. Both realized and unrealized gains and losses on investments are included in its statement of changes in net assets. The fair values of equity and fixed income securities are derived from quoted market prices. The fair values of private market investments are estimated from fair values provided by real estate investment funds, generally using periodic independent appraisals, and alternative investment managers. All investment purchases and sales are recorded on the trade date.

The public school, cemetery, pest control, recreation and park and resource conservation districts within the county are required by legal provisions to maintain their cash and investments with the County Treasurer. The County Treasurer individually maintains directed investment accounts for those districts, and the cash and investments held are included in the Investment Trust Fund.

**G. Inventories and Prepaid Items**

Inventories are valued at cost, which approximates market. Governmental fund inventories are maintained using the weighted average method. Proprietary fund inventories are maintained using the first-in, first-out method. The costs of governmental fund inventories and proprietary fund inventories are recorded as expenditures/expenses at the time individual items are consumed rather than when purchased. Reported inventories of governmental funds are equally offset by a fund balance reservation to indicate that a portion of the fund balance is not available for future appropriation.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**H. Notes Receivable**

Generally loans are either deferred or collected on a residual receipts basis with all remaining principal and interest due on the earlier of the due date of the note or sale or transfer of property. Any repayment of principal or interest is treated as program revenue, the use of which is restricted by federal regulations. As such, notes receivable are recorded with an offset to deferred revenue in the fund financial statements because the amounts are unavailable. The notes receivable balances in the General Fund consist of loans made with funds provided to the county under the U.S. Department of Housing and Urban Development programs. The loans are made to carry out activities for affordable housing and economic development.

**I. Prepaid Pension Asset**

A prepaid pension asset is created when an employer pays into a retirement plan amounts in excess of its annual required contribution (ARC). The ARC is an actuarially calculated amount that is sufficient to fund future costs and extinguish any existing unfunded actuarial accrued liability (UAAL).

On March 1, 1994, the county made a payment of \$333,724,000 to CCCERA from the proceeds of the issuance of pension obligation bonds to reduce the county's UAAL as calculated at that time. On May 1, 2003, the county made another payment of \$319,095,000 to CCCERA from the proceeds of an additional issuance of pension obligation bonds to reduce the county's UAAL as recalculated, due primarily to the effect of the enhanced pension granted in 2002.

In 2005, the Contra Costa County Fire Protection District (CCCFPD) issued Series 2005 Pension Obligation Bonds in the principal amount of \$129,900,000 to fund CCCFPD's UAAL obligation as of December 31, 2004, to the Contra Costa County Employees' Retirement Association and to prepay CCCFPD's portion of the outstanding Paulson Settlement.

**J. Restricted Assets**

The county's restricted assets represent cash and investments of the General Fund, County Hospital Enterprise Fund, Permanent Fund, and certain nonmajor governmental funds restricted for debt repayments in accordance with restrictions and limitations of the various bond indentures. The Housing Authority Enterprise Fund's restricted assets represent cash and investments that consist of tenant deposits held in escrow and capital lease funds not yet spent on capital assets. The nonmajor enterprise fund's restricted assets represent funds for Airport capital projects not yet spent. All of the noted cash and investments are included in Note 4.

**K. Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

market value on the date contributed. Capital assets include public domain (infrastructure) consisting of certain improvements including roads, bridges, water/sewer, lighting systems, drainage systems, and flood control. The capitalization threshold for infrastructure is \$25,000. The capitalization threshold for buildings is \$100,000. The capitalization threshold for equipment and vehicles is \$5,000. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the activities within the government-wide financial statements, proprietary funds and the Pension Trust Fund.

The estimated useful lives are as follows:

Infrastructure	25-50 years
Buildings	25-40 years
Improvements	10-20 years
Equipment and vehicles	3-20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities or extend useful lives, are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Interest is capitalized on construction in progress in the proprietary funds in accordance with Statement of Financial Accounting Standards No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax Exempt Borrowings and Certain Gifts and Grants*. Accordingly, interest capitalized is the total interest cost from the date of the borrowing, net of any allowable interest carried on temporary investments of the proceeds of those borrowings, until the specified asset is ready for its intended use.

**L. Bond and Certificate of Participation Discounts, Issuance Costs, and Deferred Amounts on Refundings**

In governmental fund financial statements, bond and certificate of participation discounts, issuance costs, and deferred amounts on refundings are recognized in the period incurred. In the government-wide and proprietary fund financial statements, these charges are deferred and amortized over the term of the issuance using the straight-line method, which approximates the effective interest method.

**M. Property Tax Levy, Collection, and Maximum Rates**

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property situated in the county. The levy is based on the assessed values as of the preceding January 1<sup>st</sup>, which is also the lien date. State code requires tax rates to be set no later than the first workday in September unless the Board of Supervisors elects to extend the deadline to October 3<sup>rd</sup>. Property taxes on the secured roll are due in two installments: November 1<sup>st</sup> and February 1<sup>st</sup> and become delinquent after December 10<sup>th</sup> and April 10<sup>th</sup>,

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales or construction completion and the preceding assessment date. The additional supplemental property taxes are prorated from the first day of the month following the date of such occurrence. Property taxes on the unsecured roll are due on the lien date (January 1<sup>st</sup>), and become delinquent if unpaid by August 31<sup>st</sup>.

Supplementary taxes that have been collected but unapportioned at year-end and unsecured taxes collected in advance are reported as unapportioned taxes in the Unapportioned Taxes Agency Fund. Secured property taxes are recorded as revenue in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by the California Revenue and Taxation Code Section 4701 et al (The Teeter Plan). This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1<sup>st</sup> of each year.

Under the alternate apportionment method, specified amounts of penalties and interest collected on delinquent secured taxes are held in the Tax Losses Reserve Agency Fund (TLRF). This reserve is used to offset the impact of accumulated delinquency remaining at year-end. The county's management believes that any ownership rights to the TLRF the county may have are effective only upon transfer or to the extent of losses related to the sale of tax defaulted property. The county has the authority to transfer any amounts in the fund that exceed a legally defined threshold, which was \$8,925,000 at June 30, 2006. The year-end balance in the TLRF was \$26,335,000. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the county's Teeter Plan.

**N. Interfund Transactions**

Interfund transactions are reflected as either loan, services provided, reimbursements or transfers. Loans are reported as receivables and payables (as appropriate), are subject to elimination upon consolidation, and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**O. Compensated Absences and Sick Leave**

Under terms of union contracts and various Board resolutions, county employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation hours. Employees are not reimbursed for accumulated sick leave except management employees who are eligible for a payoff of unused sick leave accruals at resignation. Management employees must have a balance of at least 70.0 percent of their sick leave accruals and have been employed three years or more to be eligible for this benefit. The maximum amount payable under this Sick Leave Incentive Plan is 50.0 percent of accrued sick leave; however, the amount of sick leave payable is considered de minimis. Accordingly, no accrual for sick leave has been made in the accompanying basic financial statements.

Compensated absences as of June 30, 2006, were valued at \$46,982,000, which includes \$29,842,000 attributable to the General Fund, \$5,978,000 attributable to the Special Revenue Funds, \$9,345,000 recorded in Enterprise Funds, \$64,000 recorded in the Component Unit, and \$1,753,000 recorded in the Pension Trust Fund. Amounts attributable to the General Fund, Special Revenue Funds, and Component Unit are expected to be claimed in future periods and paid with future resources from those funds. Accordingly, this liability is reflected in the government-wide statement of net assets. In the proprietary funds and the Pension Trust Fund, compensated absences are recorded as an expense and liability as the benefits accrue to employees. In compliance with GASB Statement No. 16, *Accounting for Compensated Absences*, the amounts reported include estimated employer liability for taxes and workers' compensation premiums.

**P. Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**2. FUND EQUITY**

**A. Restatement of Fund Equity/Net Assets**

**Housing Authority Enterprise Fund Adjustment**

Housing and Urban Development (HUD) changed its reporting requirements and revenue recognition policies during the 2005 calendar year. Beginning January 1, 2005, HUD no longer required public housing authorities to submit HUD form 5281 for the Housing Choice Voucher Program. This form compared the Housing Authority's books of accounts as either a payable or receivable with HUD. As of the Housing Authority's prior fiscal year end, directive had not been received from HUD regarding the calculations of earned HUD funds and the disposition of any excess funding. Therefore, the

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Housing Authority's calculated earned HUD grants as it had in the past and reported the excess funding as a payable due HUD as of March 31, 2005. In January 2006, HUD issued Notice PIH 2006-03 (the Notice). Due to the directives from HUD regarding revenue recognition contained in the Notice, the prior year HUD payable of \$317,000 was reclassified as net assets as of April 1, 2005.

During the current fiscal year, the Housing Authority received reimbursement for two separate instances of casualty loss. The funds received were reimbursement for costs incurred in prior periods to rehabilitate the damaged units. The amount of the reimbursement was \$133,000.

The prior period adjustment consists of the write off of component unit partner contributions receivable of \$3,057,000 and an increase of \$35,000 to syndication costs.

**Summary**

The impact of the restatement on net assets at April 1, 2005, is presented below (in thousands):

	<u>Housing Authority Enterprise*</u>
Net assets as previously reported	\$ 49,633
2005 changes in HUD's reporting requirements and revenue recognition	317
Casualty loss reimbursements that occurred in prior periods	133
Write off of component unit partner contributions receivables	(3,057)
Increase of syndication costs	<u>(35)</u>
Net assets as restated	<u>\$ 46,991</u>

\* Housing Authority Fund reported as of March 31, 2006

**B. Reserve for Prepaid Items and Deposits**

Reserves are less than total prepaid items and deposits because the General Fund advanced \$193,000 to subgrantees, which will use the funds for federal programs during fiscal year 2006-2007. As funds are spent, the federal government reimburses the county.

COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted for all governmental funds except the Public Financing Authority Debt Service Fund, the Assessment Districts Debt Service Fund, and the Assessment Districts Capital Projects Fund. All annual appropriations lapse at fiscal year end. GAAP serves as the budgetary basis of accounting.

Schedules of revenues, expenditures, and changes in fund balance-budget vs. actual are included in the required supplementary section of this report for the General Fund and all major special revenue funds.

Encumbrance accounting is used in governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**B. Deficit Net Assets**

Three internal service funds had net assets deficits at June 30, 2006. The Medical Liability Insurance Fund had a deficit of \$394,000. The county provided \$4,000,000 in fiscal year 2005-2006 to reduce the deficit and it continues to reduce the deficit. The Workers' Compensation Insurance Funds, County General and Fire Protection, had deficits of \$32,008,000 and \$3,989,000, respectively. The deficits in the Workers' Compensation Insurance Funds are symptomatic of the problems faced by self-insured government agencies in the state of California. Recent reforms have resulted in a reduction in costs, which should result in savings on a long-term basis. The county has continued with appropriate department allocations to continue with the reduction in the deficit. The loss control program continues to show a reduction in the frequency of claims over the past fiscal year.

The Sheriff Law Enforcement Training Center Enterprise Fund (Training Center), which is reported as a nonmajor enterprise fund, had a year-end deficit of \$677,000. Although the fund deficit has increased from the prior year, there has been a steady increase in revenue and a steady decrease in operating costs. In fiscal year 2005-2006, the overall operating costs were down 38% over the prior year. The Training Center anticipates an increase in revenue next year due to an agreement with Los Medanos College to reimburse for Full-Time Equivalent Student's (FTES) funding. In addition, the Training Center was recently selected as a Police Officer Standards & Training (POST) regional training center which increases its ability to attract students from a wider geographical area. The Sheriff's Office will present a comprehensive plan of action to the Board of Supervisors to address the deficit and propose a plan to adequately fund the Training Center in the future.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**4. CASH AND INVESTMENTS**

The cash balances of substantially all funds, except the Pension and Investment Trust Funds, are maintained in the county's internal pool and invested by the County Treasurer. Income from pooled investments is allocated to the funds based on average daily balances. As permitted by the California Government Code, legally separate entities that are not part of the county reporting entity also have individual investment accounts in the County Treasury. These investment accounts are separate from the pool and are reported in the Investment Trust Fund. Specific investments are acquired for those separate entities at their direction and the income from and changes in the value of these investments affect only the entity for which they were acquired. The CCCERA Board directs the investment activity of the Pension Trust Fund.

**A. Summary of Cash and Investments**

Cash and investments at June 30, 2006 (December 31, 2005, for the Pension Trust Fund and March 31, 2006, for the Housing Authority), are reported as follows (in thousands):

		Deposits and Certificates of Deposits	Investments	Total
<b>From the Statement of Net Assets</b>				
Primary Government	Cash and investments	\$	642,440	642,440
	Restricted cash and investments	2,658	102,861	105,519
First 5 Contra Costa Children and Families Commission	Cash and investments	5,088	46,011	51,099
<b>From the Statement of Fiduciary Net Assets</b>				
Pension Trust Fund	Cash and investments	23,504	4,518,001	4,541,505
	Cash collateral-securities lending		364,436	364,436
Investment Trust Fund	Cash and investments	68,306	1,440,268	1,508,574
Private-Purpose Trust Fund	Cash and investments	3,986	7,662	11,648
Agency Funds	Cash and investments	10,484	181,173	191,657
Total		\$ 114,026	7,302,852	7,416,878

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**B. Investments (excluding the Pension Trust Fund)**

Deposits

Deposits include bank deposits at a carrying amount of \$108,996,000. The balance reported by various financial institutions was \$102,043,000. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$1,197,000 was covered by federal depository insurance and \$100,846,000 was collateralized by the pledging financial institutions as required by California Government Code Section 53652.

According to the California Government Code Section 53601, bank obligations such as certificates of deposit are considered investments. However, in accordance with accounting principles generally accepted in the United States of America, the county has classified certificates of deposit in the amount of \$5,029,000 as deposits. Of the certificates of deposit balance, \$2,748,000 was insured and \$2,281,000 was collateralized by the pledging financial institutions as required by California Government Code Section 53652.

Under the California Government Code, a financial institution is required to secure deposits in excess of \$100,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. The collateral must be held at the pledging bank's trust department or at another bank, acting as the pledging bank's agent, in the public agency's name. The county may waive collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The county, however, has not waived the collateralization requirements.

The county follows the practice of pooling cash of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash is allocated on a quarterly basis to the various funds based on the quarterly average cash balances. Interest income from cash with fiscal agent is credited directly to the related fund.

Authorized Investments

Under provisions of the county's investment policy, the county may invest in the following:

Bonds and notes issued by local agencies.

U.S. Treasury bills, notes, bonds, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

Registered state warrants, treasury notes, or bonds issued by the state of California.

Bonds, notes, warrants, or other evidence of debt issued by a local agency within the state of California.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments.

Banker's acceptances with a term not to exceed 180 days.

Prime commercial paper not to exceed 270 days and the highest ranking or the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO).

Negotiable certificates of deposit issued by nationally-chartered or state-chartered banks, a savings association or federal association, a state or federal credit union, or by a state-licensed branch of a foreign bank.

Repurchase/reverse repurchase agreements of any securities authorized by the California Government Code Sections 5922 and 53601 et seq. Securities purchased under these agreements shall be no less than 102 percent of market value. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.

Medium-term notes with a maximum maturity of five years issued by corporations organized and operating in the United States or by depository institutions licensed by the United States or any state and operating within the United States.

Shares of beneficial interest issued by diversified management companies investing in authorized securities and obligations.

The Local Agency Investment Fund (LAIF) maintained by the state of California.

Any pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, or consumer receivable-backed bond with a maximum maturity of five years.

Notes, bonds, or other obligations that are at all times secured by a valid first-priority security interest.

Moneys held by a trustee or fiscal agent and pledged to the payment of security bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements.

Insured demand and savings deposits, provided that deposits in excess of the insured amounts must be 100 percent collateralized by federal securities (Housing Authority).

Insured money market accounts (Housing Authority).

Insured super NOW accounts, provided the deposit in excess of insured amount must be 100 percent collateralized by federal securities (Housing Authority).

Sweep accounts that are 100 percent collateralized by federal securities (Housing Authority).

Funds held under the terms of a trust indenture or other contract or agreement including HUD/PHA annual contributions contract, may be invested according to the provisions of those indentures or contracts.

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Risk Disclosures

*Interest Rate Risk.* As a means of limiting its exposure to losses arising from rising interest rates, the county's investment policy provides that final maturities of securities cannot exceed five years, unless the County Board of Supervisors (Board) has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

At June 30, 2006, the county (March 31, 2006, for the Housing Authority) excluding CCCERA investments (as of December 31, 2005, which are shown on page 55), had the following investments and maturities (in thousands):

<u>Investment Type:</u>	<u>Investment Maturities</u>				<u>Fair Value</u> <u>Total</u>
	<u>Less than 1</u> <u>year</u>	<u>1 to 3</u> <u>years</u>	<u>3 to 5</u> <u>years</u>	<u>Over 5</u> <u>years</u>	
U.S. Treasury notes & bonds	\$ 20,949	19,990	1,643	316	42,898
U.S. agencies - (FHLB, FNMA, FFCB, FHLMC)	175,608	89,941	12,205		277,754
Medium-term notes		2,438			2,438
Corporate notes	15,397	9,961	2,537		27,895
Municipal bonds	1,778				1,778
Asset backed securities	5,514				5,514
Repurchase agreements	577,416				577,416
Commercial paper	506,198				506,198
Negotiable certificates of deposit	261,460				261,460
Guaranteed investment contracts	113,772			9,528	123,300
Mutual funds	118,151				118,151
LAIF	453,740				453,740
CAMP	5,233				5,233
Local obligation bond	9,140	985			10,125
Banker's acceptance	6,515				6,515
<b>Total</b>	<b>\$ 2,270,871</b>	<b>123,315</b>	<b>16,385</b>	<b>9,844</b>	<b>2,420,415</b>

As of June 30, 2006, the portfolio contains \$19,170,000 of callable U.S. Agencies, representing 0.792 percent of investments at June 30, 2006.

*Credit Risk.* State law limits investments in commercial paper with an A1 and all other investments with an investment grade rating issued by nationally recognized statistical rating organizations (NSROs). The county's policy is to limit its investments in these investment types to the top rating issued by NSROs including raters Standard and Poor's, Fitch Ratings, and Moody's Investors Service.

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

The following schedule lists the types of investments and the range of credit ratings as rated by Standard and Poor's:

<u>Investment Type:</u>	<u>Fair Value</u> (in thousands)	<u>Quality Rating Range</u>
U.S. Treasury notes, strips, bills	\$ 42,898	AAA
Federal Home Loan Bank (FHLB)	92,612	AAA to A-1+
Federal National Mortgage Association (FNMA)	64,800	AAA to A-1+
Federal Farm Credit Bank (FFCB)	19,625	AAA to A-1+
Federal Home Loan Mortgage- Corp (FHLMC)	96,112	AAA to A-1+
Federal agriculture mortgage	2,240	AAA
Freddie Mac	988	AAA
Frannie Mae	1,377	AAA
Medium-term notes	2,438	AAA to A+
Corporate notes	23,730	AA- to A
Corporate notes	4,165	AA to AAA
Municipal bonds	1,778	AAA
Asset-backed securities	5,514	AAA
Repurchase agreements	577,416	Not rated
Commercial paper	495,651	A-1+ to A-1
Commercial paper	10,547	P-1*
Negotiable certificates of deposit	1,500	A
Negotiable certificates of deposit	259,960	A-1+ to A-1
Guaranteed investment contracts	113,772	AAA to Aa2
Guaranteed investment contracts	9,528	Not rated
Mutual funds	56,294	Aaa/ AAAM
Mutual funds	61,857	Not rated
LAIF	453,740	Not rated
CAMP	5,233	Not rated
Corporate Bond	10,125	A to AA-
Banker's acceptance	6,515	A-1
<b>Total</b>	<b>\$ 2,420,415</b>	

\* As rated by Moody's Investor Service

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. There are no county investments in which the securities are held by the investment's counterparty, not in the name of the county.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Other Financial Instruments

In accordance with California statutes, the county may invest in a wide variety of investment instruments, including asset-backed securities, such as: collateralized mortgage obligations and principal-only strips and forward contracts.

The Treasurer holds principal-only strip instruments for the benefit of some county school districts. Those school districts utilize the services of an independent financial advisor in determining their investment strategy. As of June 30, 2006, the county's portfolio included \$2,225,000 of strip investments.

The county's investments with the Local Agency Investment Fund (LAIF), a state of California investment pool, at June 30, 2006, included a portion of the pool funds invested in structured notes and asset-backed securities, as follows:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets (such as principal) and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2006, the county had \$452,297,000, the Housing Authority (March 31, 2006) had \$1,400,000 invested in LAIF and the fiscal agents had 1,905,000 invested in LAIF which had invested 2.567 percent of the pool investment funds in structured notes and asset-backed securities.

The derivative information for the various mutual funds in which the county had investments is not available.

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

At June 30, 2006, the amount of assets restricted by legal and contractual requirements was as follows (in thousands):

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	County			County Hospital	Housing Authority	Nonmajor Enterprise Funds
	General Fund	Pension Bond Fund	Nonmajor Governmental Funds			
Lease purchase	\$ 712					
Pension obligation bond		9,853				
Nonexpendable portion of permanent fund			1,729			
Bond proceeds, housing projects, and debt services			64,882			
Public Financing Authority						
1997 Certificate of participation			2,741			
1998 Lease revenue bond			1,794			
1999 Lease revenue bond			3,281			
2001A & 2001B Lease revenue bonds			388			
2002A & 2002B Lease revenue bonds			7			
2003 Lease revenue bond			1,629			
Pleasant Hill BART bond reserve 1987-1 reserve account			467			
San Ramon bond reserve 1989-1 reserve account			39			
Kensington reserve fund AD 91-1 reserve account			238			
San Pablo bond reserve AD 91-3 reserve account			26			
Pleasant Hill BART RFD 98 reserve account			506			
Norris Canyon 2001-1 reserve account			546			
Pleasant Hill BART RFD 98 construction/ improvement bond			3,430			
Kensington construction/improvement bond AD 91-1			23			
PFC servicing Hospital debt				11,282		
Capital lease funds that have not been spent, operating revenues required by lender, and funds held on behalf of its clients.					1,926	
Restricted program money						20
<b>Total restricted assets</b>	<b>\$ 712</b>	<b>9,853</b>	<b>81,726</b>	<b>11,282</b>	<b>1,926</b>	<b>20</b>

County management believes that the county is in compliance with all terms of its debt agreements and all state statute requirements.

COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006

**C. Pension Trust Fund Deposits and Investment Risk Disclosures**

Deposits

At year-end, the carrying amount of CCCERA's cash deposits was \$85,000 (which is included in cash equivalents) and the bank balance was \$431,000. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$331,000 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

Under the California Government Code, a financial institution is required to secure deposits in excess of \$100,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having an institution's trust department or agent in CCCERA's name.

Investment Stewardship

Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest and delegate CCCERA to invest the assets of CCCERA through the purchase, holding, or sale of any form or type of instruments, or financial transaction, when prudent, in the informed opinion of the Board. In addition, the Board has established an investment policy, which places limits on the compositional mix of cash, fixed income, equity securities, alternative investments and real estate investments. CCCERA currently employs external investment managers to manage its assets subject to the guidelines of the investment policy.

As permitted by the Government Code, CCCERA directs the County Treasurer to make specific investments on behalf of CCCERA. Investments made by the County Treasurer are subject to regulatory oversight by the County's Treasury Oversight Committee, as required by the California Government Code Section 27134.

Industry Concentrations of Portfolio Assets

The Board's investment policies and guidelines permit investments in numerous specified asset classes to take advantage of professional investment management advice and a well-diversified portfolio. The investment portfolio contained no concentration of investments in any one entity (other than those issued or guaranteed by the U.S. Government) that represented five percent or more of plan net assets.

Investment Risk

Investments are subject to certain types of risks, including interest rate risk, custodial credit risk, credit quality risk and foreign currency risk. The following describes those risks.

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

*Interest Rate Risk.* The fair value of fixed maturity investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those investments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments and other general market conditions. Certain fixed maturity investments may have call provisions that could result in shorter maturity periods.

The following schedule is a list of fixed income and short term investments and the related maturity schedule for CCCERA as of December 31, 2005 (in thousands):

<u>Investment type</u>	<u>Investment Maturities</u>				Fair Value Total
	Less than 1 year	1-5 years	6-10 years	More than 10 years	
Collateralized mortgage-backed securities (CMBS) \$	1,152	20,141	51,527	184,521	257,341
Collateralized mortgage-obligations		1,590	1,879	145,982	149,451
Commercial paper	133,070				133,070
Corporate bonds	8,431	36,101	98,049	21,704	164,285
Private placements		188,168	156,583	20,902	365,653
Short term investment-fund instruments	95,833				95,833
U.S. Treasury notes & bonds	65,646	83,168	12,499	42,835	204,148
U.S. agencies - (GNMA, FNMA, FHLMC)	63,739	30,300	40,552	392,396	526,987
<b>Total</b> \$	<u>367,871</u>	<u>359,468</u>	<u>361,089</u>	<u>808,340</u>	<u>1,896,768</u>

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counter party fails. At year end, CCCERA has no custodial credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The fair value of investments on loan at December 31, 2005 is \$356,382,000, which was collateralized by cash in the amount of \$364,436,000.

*Credit Risk.* CCCERA's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and for the exclusive purposes of providing benefits, minimizing contributions and defraying reasonable expenses of administering the Trust. Investments should be diversified so as to minimize the risk of loss and to maximize the rate of return unless under the circumstances it is clearly prudent not to do so. Nationally recognized statistical rating organizations provide ratings of debt securities quality based on a variety of factors, for example, the financial condition of the issuers, which provide investors with some idea of the issuer's ability to meet its obligations.

Fixed maturity investments may consist of rated or non-rated securities. Ratings can range from AAA (highest quality) to D (default). Debt securities with ratings of BBB or higher are considered

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

investment grade issues, and debt securities with ratings of BB or lower are non-investment grade issues. Debt securities in the non-investment grade category are more speculative and often referred to as “high-yield.” This is due to the fact that lower rated debt securities generally carry a higher interest rate to compensate the buyer for taking on additional risk.

The following is a schedule of the credit risk ratings of CCCERA’s fixed income and short term investments as of December 31, 2005, as rated by Standard and Poor’s:

<b>Quality Rating</b>	<b>Fair Value</b> (in thousands)
AAA	\$ 1,064,184
AA+	21,164
AA	2,090
AA-	23,081
A+	9,678
A	12,665
A-	49,634
BBB+	9,606
BBB	18,970
BBB-	8,301
BB+	21,076
BB	29,844
BB-	38,526
B+	22,736
B	24,223
B-	25,316
CCC+	2,658
CCC	636
CCC-	529
CC	18
NR	511,833
<b>Total</b>	<b>\$ 1,896,768</b>

The following is a schedule of credit quality ratings, by type, of CCCERA’s fixed income and short term investments as of December 31, 2005, as rated by Standard and Poor’s:

<b>Investment Type</b>	<b>Quality Rating Range</b>
Asset-backed securities*	AAA to AA+
Convertible bonds*	AAA to CC
CMBS*	BB+ to B-
Mortgaged backed securities*	AAA to A
Municipals	AA
Private placements	AAA to BB-
Real estate investment trust*	B+
Repurchase agreement	AAA
Short term*	A-1 to A-1
U.S. agencies*	AAA to A
Mutual funds	Not rated

\* Investment type contained one or more investments that were not rated.

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

*Foreign Currency Risk.* The risk that changes in exchange rates will adversely affect the fair value of an investment. CCCERA's external investment managers may invest in international securities and must follow CCCERA's investment guidelines pertaining to these types of investments. CCCERA's exposure to foreign currency risk is as follows:

<u>Currency</u>	<u>Fair Value (in US\$)</u> (in thousands)
Argentine peso	\$ 290
Australian dollar	12,278
Brazilian real	2,977
British pound sterling	82,834
Canadian dollar	14,617
Chilean peso	12
Columbian peso	467
Danish krone	2,310
Egyptian pound	759
Euro currency	197,500
Hong Kong dollar	5,596
Hungarian forint	(85)
Iceland krona	984
Indian rupee	4,433
Indonesian rupiah	1,723
Israeli shekel	1,281
Japanese yen	170,937
Malaysian ringgit	1,817
Mexican new peso	5,078
Moroccan dirham	40
New Turkish lira	1,778
Norwegian krone	11,344
Philippine peso	185
Polish zloty	31
Singapore dollar	3,939
South African rand	6,145
South Korean won	10,787
Sri Lankan rupee	1
Swedish krona	17,730
Swiss franc	30,157
Taiwan new dollar	7,446
Thai baht	1,060
<b>Total</b>	<b>\$ 596,451</b>

The following schedule is a list of equity investments for CCCERA as of December 31, 2005:

	<u>Fair Value</u> (in thousands)
Domestic stocks	\$ 1,556,183
International stocks	577,937
Real estate	131,030
Mutual funds	602,112
Private equity	104,449
Natural resource funds	13,958
<b>Total</b>	<b>\$ 2,985,669</b>

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Other Financial Instruments

As permitted by the California Government Code and the investment policy, CCCERA uses forward settlement contracts, forward currency contracts, futures and options contracts and other derivative products within fixed income financial instruments. These derivative financial instruments are used to reduce financial market risks, enhance yields and to participate in all market areas without increasing investment costs. At December 31, 2005, the following derivative financial instruments were held by investment managers:

Various investment managers for CCCERA manage fixed income portfolios that contain derivative type financial investments. These instruments include government and corporate obligations consisting of asset-backed securities, call and put options, floating rate notes, constant maturity index, Adjustable Rate Mortgages (ARMs), Collateralized Mortgage Obligations (CMOs), Collateralized Mortgage Backed Securities (CMBS) and LIBOR Indexed ARMs. The fair value of derivative financial instruments at December 31, 2005 is \$940,933,000.

PIMCO and Western Asset Management have made investments in forward currency contracts, which are unrecorded commitments to purchase or sell stated amounts of foreign currency. Gains or losses on the disposition of the commitments are recorded at the time of settlement. The fair values of forward contracts are determined by quoted currency prices from national exchanges. As of December 31, 2005, total commitments in forward currency contracts to purchase and sell foreign securities were \$209,627,000 and \$209,627,000, respectively, with market values of \$209,084,000 and \$207,503,000 respectively.

Securities Lending by the Employees' Retirement Association (Pension Trust Fund)

The CCCERA's investment policy permits the use of a securities lending program with its principal custodian bank. The CCCERA lends domestic and international bonds and equities to various brokers for collateral that will be returned for the same securities plus a fee in the future. The custodian bank provides loss indemnification to the CCCERA if the borrower fails to return the securities.

The custodian bank manages the securities lending program and receives cash and/or securities as collateral. The collateral cash can be invested and is automatically rolled into a Short Term Investment Fund (STIF). The collateral securities cannot be pledged or sold by the CCCERA without borrower default. Securities on loan must be collateralized at 102.0 percent and 105.0 percent of the fair value of domestic securities plus accrued interest (in the case of debt securities).

There are no restrictions on the amount of securities that can be loaned at one time. CCCERA has the right to terminate any loan in whole or in part by providing the custodian bank with written notice (a "Recall Notice"). Because the loans are terminable at will, the term to maturity of the security loans is generally not matched with the term to maturity of the cash collateral. There were no losses associated with securities lending transactions during the year.

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

At year end, CCCERA had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The fair value of investments on loan at December 31, 2005, is \$356,382,000, which was collateralized by cash in the amount of \$364,436,000, and has been reported as an asset and liability in the CCCERA Statement of Plan Net Assets.

**5. RECEIVABLES**

Receivables at year-end of the county's major individual funds, nonmajor, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows (in thousands):

<u><b>Governmental Activities</b></u>	General	CCC Fire Protection District Special Revenue	Land Development Special Revenue	County Pension Bond Debt Service	Nonmajor	Internal Service	Total Governmental Activities
Taxes receivable	\$ 4,560	1,634			1,670		7,864
Accounts receivable	143,807	823	1,218	38,621	15,121	3,137	202,727
Advances receivable	89						89
<b>Gross receivables</b>	<u>148,456</u>	<u>2,457</u>	<u>1,218</u>	<u>38,621</u>	<u>16,791</u>	<u>3,137</u>	<u>210,680</u>
Less: Allowance for uncollectibles	(4)						(4)
<b>Total receivables (net)</b>	<u>\$ 148,452</u>	<u>2,457</u>	<u>1,218</u>	<u>38,621</u>	<u>16,791</u>	<u>3,137</u>	<u>210,676</u>
<u><b>Business-type Activities</b></u>	County Hospital	Housing Authority	Nonmajor	Total Business-type Activities			
Accounts receivable	\$ 176,654	471	3,998	181,123			
<b>Gross receivables</b>	<u>176,654</u>	<u>471</u>	<u>3,998</u>	<u>181,123</u>			
Less: Allowance for uncollectibles	(153,161)			(153,161)			
<b>Total receivables (net)</b>	<u>\$ 23,493</u>	<u>471</u>	<u>3,998</u>	<u>27,962</u>			

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

At June 30, 2006, the various components of deferred revenue and unearned revenue reported were as follows (in thousands):

	Unavailable	Unearned
<b>Governmental Activities:</b>		
<b>General:</b>		
Notes receivable (Community Development Block Grant-CDBG- loans)	\$ 50,305	
Advances not yet earned		11,016
Other receivables and advances		15,295
Resources received that do not yet meet the criteria for revenue recognition		284
<b>CCC Fire Protection District Special Revenue:</b>		
Resources received that do not yet meet the criteria for revenue recognition	11	
<b>Land Development Special Revenue:</b>		
Other receivables and advances		35,161
Resources received that do not yet meet the criteria for revenue recognition	51	
<b>Nonmajor:</b>		
Notes receivable	10,780	
Advances not yet earned		97
Other receivables and advances		4,570
Resources received that do not yet meet the criteria for revenue recognition		103
<b>Total Governmental Activities</b>	\$ 61,147	66,526
<b>Business-type Activities:</b>		
<b>County Hospital:</b>		
Resources received that do not yet meet the criteria for revenue recognition		\$ 23,726
<b>Housing Authority:</b>		
Resources received that do not yet meet the criteria for revenue recognition		545
<b>Nonmajor Enterprise Funds:</b>		
Resources received that do not yet meet the criteria for revenue recognition		712
<b>Total Business-type Activities</b>		\$ 24,983

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**6. INTERFUND TRANSACTIONS**

**A. Interfund Receivables/ Payables**

The composition of interfund balances as of June 30, 2006, is as follows (in thousands):

**Due To/From Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	CCC Fire Protection Special Revenue Fund	\$ 90
	Land Development Special Revenue Fund	2,333
	County Pension Bond Debt Service	46,745
	Nonmajor Governmental Funds	31,021
	County Hospital Enterprise Fund	7,593
	Nonmajor Enterprise Funds	1,243
	Internal Service Funds	947
		<u>89,972</u>
CCC Fire Protection Special Revenue Fund	General Fund	471
	Nonmajor Governmental Funds	180
	Internal Service Funds	58
		<u>709</u>
Land Development Special Revenue Fund	General Fund	182
	CCC Fire Protection Special Revenue Fund	3
	Nonmajor Governmental Funds	233
	Nonmajor Enterprise	1
		<u>419</u>
Nonmajor Governmental Funds	General Fund	2,832
	Land Development Special Revenue Fund	75
	County Hospital Enterprise Fund	76
	Nonmajor Enterprise Funds	7
	Internal Service Funds	71
		<u>3,061</u>
County Hospital Enterprise Fund	General Fund	1,996
	Land Development Special Revenue Fund	1
	Nonmajor Governmental Funds	846
	Nonmajor Enterprise Funds	5,859
	Internal Service Funds	96
		<u>8,798</u>
Nonmajor Enterprise Funds	General Fund	68
	County Hospital Enterprise Fund	2,180
	Internal Service Funds	3
		<u>2,251</u>
Internal Service Funds	General Fund	120
		<u>120</u>
<b>Total</b>		<u>\$ 105,330</u>

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

The due to/from other funds account balances primarily resulted from interfund cash transactions recorded after the cash cut-off on June 30, 2006.

**B. Advances To/From**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 7,557
<b>Total</b>		<u>\$ 7,557</u>

The advances to/from other funds account balances primarily resulted from interfund loans.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**C. Transfers**

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various county operations and re-allocations of special revenues. The following schedule briefly summarizes the county's transfer activity (in thousands):

**Between Governmental and Business-type Activities:**

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	County Hospital Enterprise	\$ 38,048	Provide subsidy to cover portion of the County Hospital's operation.
	Internal Service Funds	4,000	Transfer funds from General Fund to Public Liability Insurance Internal Service Fund.
	Internal Service Funds	1,989	Transfer funds from the General Fund to the Medical Liability Internal Service Fund.
	Nonmajor Enterprise Funds	6,789	Provide subsidy to cover a portion of the HMO's operation.
	Nonmajor Enterprise Funds	67	Transfer vehicle depreciation from the General Fund.
Nonmajor Governmental Funds	County Hospital Enterprise	42	Transfer funds for reimbursement of Los Medanos project.
County Hospital Enterprise	County Pension Bond Fund	9,086	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	626	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
Nonmajor Enterprise Funds	County Pension Bond Fund	559	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	32	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
	General Fund	12	Transfer overtime costs to Sheriff Law Enforcement Training Center.
<b>Total</b>		<u>\$ 61,250</u>	

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Between Funds within the Governmental or Business-type Activities<sup>(1)</sup>:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 60	Provide annual subsidy to cover operating expenses of the Automated Warrant Identification Program.
	County Pension Bond Fund	38,412	Transfer a portion of Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	1,954	Transfer a portion of Salaries and Benefits Expense for the Retirement Litigation Settlement.
	Nonmajor Governmental Funds	221	Transfer funds for the Sheriff's Patrol usage of helicopter and communication services.
	Nonmajor Governmental Funds	69	Transfer vehicle depreciation from the General Fund.
Land Development Special Revenue Fund	Nonmajor Governmental Funds	35	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
	County Pension Bond Fund	531	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
Nonmajor Governmental Funds	General Fund	2	Transfer victim/witness program donations.
	General Fund	151	Transfer funds for mental health services performed.
	General Fund	21,075	Transfer funds reimburse the General Fund for the one time Education Revenue Augmentation Fund (ERAF) payment to the state in 2005-06.
	General Fund	90	Transfer funds to reimburse for Sheriff Cal ID expenditures.
	General Fund	22	Transfer interest earned on Neighborhood Preservation revolving loan fund for remittance to HUD.

(continued)

<sup>(1)</sup>These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type activities.

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 82	Transfer funds from the Permanent Fund to the Library.
	County Pension Bond Fund	1,802	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	113	Transfer a portion of Salaries and Benefits Expense for the Retirement Litigation Settlement.
	Nonmajor Governmental Funds	93	Transfer Neighborhood Preservation funds to support litter pickup program.
	Nonmajor Governmental Funds	165	Transfer Neighborhood Preservation funds to support clean catch basins program.
	Nonmajor Governmental Funds	777	Transfer of funds as Assessment District debt service payment.
	Nonmajor Governmental Funds	10	Augmentation of funds from the Clyde Area Service Area to the Clyde Area Assessment District.
	Nonmajor Governmental Funds	400	Transfer funds to the library from the excess County Service Area (CSA) assessment.
	Nonmajor Governmental Funds	129	Transfer funds to the Automated ID and Warrant fund for the purchase of a software application.
	Nonmajor Governmental Funds	18	Transfer funds from bond reimbursement to cover costs related to tenant improvements.
	Nonmajor Governmental Funds	459	Repayment of debt.
		<u>\$ 66,670</u>	

**Total**

(concluded)

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

The county pays a subsidy to the County Hospital and Health Maintenance Organization Enterprise Funds to provide resources for operating costs which are in excess of operating revenues. Subsidies for the past three years are as follows (in thousands):

<u>Year End June 30</u>	<u>Total Subsidy</u>
2004	\$ 42,311
2005	49,135
2006	44,837

**7. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2006 (March 31, 2006, for the Housing Authority), was as follows (in thousands):

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers &amp; Adjustments</u>	<u>Balance June 30, 2006</u>
<b>Governmental Activities:</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 65,125	2,009	(59)		67,075
Construction in progress	34,952	6,675		(7,176)	34,451
Total capital assets, not being depreciated	<u>100,077</u>	<u>8,684</u>	<u>(59)</u>	<u>(7,176)</u>	<u>101,526</u>
<i>Capital assets, being depreciated:</i>					
Infrastructure	347,760	4,697		7,176	359,633
Structures and improvements	561,000	12,774	(4,522)		569,252
Equipment	116,527	16,533	(8,557)		124,503
Total capital assets, being depreciated	<u>1,025,287</u>	<u>34,004</u>	<u>(13,079)</u>	<u>7,176</u>	<u>1,053,388</u>
Less accumulated depreciation for:					
Infrastructure	(84,380)	(8,093)			(92,473)
Structures and improvements	(262,791)	(21,529)	3,546		(280,774)
Equipment	(75,164)	(9,980)	7,406		(77,738)
Total accumulated depreciation*	<u>(422,335)</u>	<u>(39,602)</u>	<u>10,952</u>		<u>(450,985)</u>
Total capital assets, being depreciated, net	<u>602,952</u>	<u>(5,598)</u>	<u>(2,127)</u>	<u>7,176</u>	<u>602,403</u>
Governmental activities capital assets, net	<u>\$ 703,029</u>	<u>3,086</u>	<u>(2,186)</u>		<u>703,929</u>

\* \$34,000 of the addition to accumulated depreciation was due to transfers from enterprise funds.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

	Balance July 1, 2005	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2006
<b>Business-type Activities:</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 12,920	3,859	(265)		16,514
Construction in progress	4,651	3,088		(1,988)	5,751
Total capital assets, not being depreciated	17,571	6,947	(265)	(1,988)	22,265
<i>Capital assets, being depreciated:</i>					
Structures and improvements	319,033	733	(7,091)	2,614	315,289
Equipment	37,412	2,675	(1,772)	(626)	37,689
Total capital assets, being depreciated	356,445	3,408	(8,863)	1,988	352,978
Less accumulated depreciation for:					
Structures and improvements	(123,255)	(11,685)	1,855	(32)	(133,117)
Equipment	(23,017)	(3,074)	1,399	32	(24,660)
Total accumulated depreciation*	(146,272)	(14,759)	3,254		(157,777)
Total capital assets, being depreciated, net	210,173	(11,351)	(5,609)	1,988	195,201
Business-type activities capital assets, net	\$ 227,744	(4,404)	(5,874)		217,466

\* \$75,000 of the addition to accumulated depreciation was due to a transfer from governmental funds.

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

<b>Component Unit:</b>	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers &amp; Adjustments</u>	<u>Balance June 30, 2006</u>
<i>Capital assets, not being depreciated:</i>					
Land	\$ 246				246
Total capital assets, not being depreciated	<u>246</u>				<u>246</u>
<i>Capital assets, to be depreciated:</i>					
Structures and improvements	<u>372</u>	<u>89</u>			<u>461</u>
Total capital assets, to be depreciated	<u>372</u>	<u>89</u>			<u>461</u>
Component unit capital assets, net	<u>\$ 618</u>	<u>89</u>			<u>707</u>

The Pension Trust Fund had net capital assets of \$94,000. This consisted of leasehold improvements and office equipment.

**Depreciation**

Depreciation expense was charged to governmental functions as follows (in thousands):

General government	\$ 22,988
Public protection	9,437
Health and sanitation	250
Public assistance	501
Education	313
Public ways and facilities	5,830
Recreation and culture	<u>249</u>
Total depreciation expense - governmental functions	<u>\$ 39,568</u>

Depreciation expense was charged to the business-type functions as follows (in thousands):

County Hospital	\$ 9,239
Housing Authority	3,583
Nonmajor Enterprise Funds	<u>1,862</u>
Total depreciation expense - business-type functions	<u>\$ 14,684</u>

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**8. SHORT-TERM NOTES PAYABLE**

On June 30, 2006, the county had tax and revenue anticipation notes outstanding in the amount of \$100,000,000 with interest at 4.5 percent per annum. The notes were issued December 8, 2005, and will be redeemed December 7, 2006. Interest is payable on December 7, 2006. The redemption monies were from taxes and other revenues transferred to a fiscal agent during the fiscal year. Total interest incurred on these notes during fiscal year 2005-2006 was \$2,354,000. These notes were issued to finance seasonal cash flow requirements for fiscal year ended June 30, 2006 (in thousands).

	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006
\$	-	100,000	-	100,000
	-	100,000	-	100,000

**9. PAYABLES**

Accounts payable and accrued liabilities at year-end were as follows (in thousands):

<b>Governmental Activities</b>	General	CCC Fire Protection District Special Revenue	Land Develop- ment Special Revenue	Nonmajor	Total Govern- mental Activities
Accounts payable	\$ 16,142	563	713	10,013	27,431
Accrued payroll	45,855	5,031	866	3,682	55,434
Total accounts payable and accrued liabilities	\$ 61,997	5,594	1,579	13,695	82,865
<b>Business-type Activities</b>	County Hospital	Housing Authority	Nonmajor	Total Business-type Activities	
Accounts payable	\$ 7,122	1,507	25,628	34,257	
Accrued payroll	16,890	183	931	18,004	
Total accounts payable and accrued liabilities	\$ 24,012	1,690	26,559	52,261	

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**10. LEASES**

**A. Operating Leases**

Total rental expense for the year ended June 30, 2006 (March 31, 2006, for the Housing Authority), for all operating leases and month-to-month lease arrangements amounted to: \$16,473,000 for the General Fund; \$3,000 for the CCC Fire Protection Special Revenue Fund; \$967,000 for the nonmajor governmental funds; \$17,000 for the Land Development Special Revenue Fund; \$3,676,000 for the County Hospital Enterprise Fund; \$187,000 for the Housing Authority Enterprise Fund; and \$226,000 for nonmajor enterprise funds.

At June 30, 2006 (March 31, 2006, for the Housing Authority), the future minimum rental payments required under non-cancelable operating leases for buildings and equipment, other than month-to-month lease arrangements, are as follows (in thousands):

Fiscal Year Ending June 30	Governmental Activities	Business-type Activities
2007	\$ 6,243	369
2008	5,351	237
2009	5,298	112
2010	3,744	100
2011	3,494	100
2012-2016	3,275	500
2017-2021	85	100
Thereafter	2,491	
	\$ 29,981	1,518

**B. Capital Leases**

The county has capital lease purchase agreements for various county buildings, improvements, and equipment. The assets acquired under those lease purchase agreements are included in the county's capital assets. The costs of these assets for both governmental and business-type activities were \$11,295,000 for buildings and improvements and \$10,148,000 for equipment. The obligations related to those lease purchase agreements are included in the county's long-term obligations (see Note 11).

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2006 (in thousands):

Fiscal Year Ending June 30	Governmental Activities	Business-type Activities
2007	\$ 3,159	479
2008	2,696	630
2009	2,480	497
2010	2,329	497
2011	1,684	319
2012-2016	1,644	141
2017-2021	502	
Total	14,494	2,563
Less: Amount representing interest	(1,848)	(282)
Present value of future minimum lease payments	\$ 12,646	2,281

**C. Leases of County-Owned Property**

The county has non-cancelable operating leases of property to others for various operations including recreational, commercial, airport and governmental purposes. Rental income for the year ended June 30, 2006, amounted to \$1,233,000 for the General Fund, \$766,000 for nonmajor governmental funds, \$40,000 for the County Hospital Enterprise Fund and \$3,097,000 for nonmajor enterprise funds.

The leased assets included both land and buildings for both governmental and business-type activities. The net book value of the leased buildings was \$12,949,000; including cost of \$20,356,000 and accumulated depreciation of \$7,408,000. The land leases were primarily associated with business-type activities at the Airport. The cost of the land associated with these leases is indeterminate, as the leased land is a small percentage of Airport land asset.

The following is a schedule of future minimum rental receipts on non-cancelable lease agreements, not including month-to-month lease agreements, as of June 30, 2006 (in thousands):

Fiscal Year Ending June 30	Governmental Activities	Business-type Activities
2007	\$ 388	1,845
2008	286	1,870
2009	212	1,870
2010	211	1,870
2011	211	1,870
2012-2016	357	7,564
2017-2021		6,406
2022-2026		5,563
2027-2031		5,563
2032-2036		4,994
2037-2041		3,556
2042-2046		733
	\$ 1,665	43,704

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**11. LONG-TERM OBLIGATIONS**

The following is a summary of long-term liabilities transactions for the year ended June 30, 2006 (in thousands):

	Balance July 1, 2005	Additions	Retirements	Principal <sup>(1)</sup> Adjustments	Balance June 30, 2006	Amounts Due Within One Year
<b>Governmental Activities</b>						
Compensated Absences	\$ 36,928	32,072	(33,180)	-	35,820	3,582
Claims Payable	125,202	10,951	(21,292)		114,861	53,998
Retirement Litigation Settlement Debt Svc	29,651		(4,124)		25,527	718
Capital Leases	13,784	1,500	(2,638)		12,646	2,645
Certificates of Participation-Net	29,365		(1,196)	(1,161)	27,008	1,253
Pension Bonds Payable	554,735	129,900	(17,730)		666,905	22,915
Notes Payable	429		(90)		339	93
Other Bonds Payable	5,115		(530)		4,585	570
Lease Revenue Bonds	136,903		(7,447)	(1,690)	127,766	7,929
Tax Allocation Bonds	83,045		(1,110)		81,935	1,395
Special Assessments	14,006		(793)		13,213	824
Total Government Funds-Gross	<u>1,029,163</u>	<u>174,423</u>	<u>(90,130)</u>	<u>(2,851)</u>	<u>1,110,605</u>	<u>95,922</u>
Capitalized Premiums, Discounts and Deferred Amounts on Refundings	<u>(452)</u>		<u>10</u>		<u>(442)</u>	<u>(10)</u>
Total governmental activities - long-term obligations - net	<u>\$ 1,028,711</u>	<u>174,423</u>	<u>(90,120)</u>	<u>(2,851)</u>	<u>1,110,163</u>	<u>95,912</u>
<b>Business-type Activities</b>						
Compensated Absences	\$ 9,017	9,229	(8,901)		9,345	1,178
Medical Liability Claims Payable	7,068		(924)		6,144	1,658
Capital Leases	2,455	46	(220)		2,281	382
Certificates of Participation-Net	121,325		(4,179)	1,161	118,307	4,402
Notes Payable	29,766	10,097	(24,212)		15,651	233
Other Non-Current Liabilities	3,635	1,473	(1,201)		3,907	832
Landfill Post Closure and Closure Liability <sup>(2)</sup>	557				557	
Lease Revenue Bonds Payable	<u>27,997</u>		<u>(998)</u>	<u>1,690</u>	<u>28,689</u>	<u>821</u>
Total Enterprise Funds-Gross	<u>201,820</u>	<u>20,845</u>	<u>(40,635)</u>	<u>2,851</u>	<u>184,881</u>	<u>9,506</u>
Capitalized Discounts/Premiums	<u>(12,169)</u>		<u>703</u>		<u>(11,466)</u>	<u>(703)</u>
Total Enterprise Funds-Net	<u>\$ 189,651</u>	<u>20,845</u>	<u>(39,932)</u>	<u>2,851</u>	<u>173,415</u>	<u>8,803</u>
<b>Component Unit</b>						
Compensated Absences	<u>\$ 73</u>	<u>35</u>	<u>(44)</u>		<u>64</u>	<u>6</u>

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2006, are as follows (in thousands):

<u>Type of indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2006</u>
<b>Governmental Activities</b>					
Pension obligation bonds <sup>(6),(7)</sup> :					
2001 Issue/Remaining 1994 Issue	2014	5.55-6.80%	\$ 15,915-33,280	\$ 313,640	\$ 214,295
2003 Issue	2022	3.98-5.14	0-44,925	322,710	322,710
2005 CCCFPD Issue	2022	4.11-5.06	1,620-10,900	129,900	129,900
					<u>666,905</u>
Certificates of participation <sup>(3)</sup> :					
1997 Capital projects	2021	3.55-5.10	655-2,610	34,910	<u>27,008</u>
Lease revenue bonds <sup>(3)</sup> :					
1998 Lease revenue	2025	3.80-5.15	525-1,745	24,695	21,040
1999 Lease revenue	2028	4.00-5.25	1,095-3,350	66,560	45,689
2001A Lease revenue	2026	3.15-4.15	335-900	13,905	12,115
2001B Lease revenue	2017	4.25-5.20	80-365	5,258	4,292
2002A Lease revenue	2027	2.75-5.00	155-760	12,650	11,460
2002B Lease revenue	2019	2.00-4.60	930-2,090	25,440	17,770
2003A Lease revenue	2028	2.00-5.00	365-1,240	18,500	15,400
					<u>127,766</u>
Tax allocation bonds <sup>(5)</sup> :					
1995A Tax allocation bond	2026	3.90-7.00	25-115	1,645	1,370
1995B Tax allocation bond	2026	4.25-6.90	45-200	2,735	2,315
1999 Tax allocation bond	2029	4.00-5.125	475-3,250	44,615	33,400
2003A Tax allocation bond	2034	3.00-5.85	375-5,055	43,345	42,445
2003B Tax allocation bond	2034	3.00-5.85	15-385	2,445	2,405
					<u>81,935</u>
Special assessment debt					
with government commitment <sup>(8)</sup> :					
Kensington 91-1	2013	5.25-6.00	150-300	4,684	1,335
Pleasant Hill BART 93-5	2015	5.44-6.93	55-140	1,530	940
Wayside Plaza 91-2	2007	7.00-7.20	135-190	2,010	175
Pleasant Hill BART CFD 92-1	2016	8.00	7-14	171	113
Pleasant Hill BART CFD 98-1	2017	4.20-5.10	135-3,075	4,785	3,790
Norris Canyon 2001-1	2032	4.10-6.10	110-495	7,220	6,860
					<u>13,213</u>
Other bonds payable <sup>(4)</sup> :					
CCC PFA revenue bonds 2001	2017	4.00-5.69	360-570	6,575	<u>4,585</u>
Notes payable <sup>(9)</sup> :					
State Energy Commission	2009	3.00	9-48	315	140
State Energy Commission	2010	3.00	12-52	385	199
					<u>339</u>
<b>Total governmental activities</b>					<u><u>\$ 921,751</u></u>

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2006
<b>Business-type activities</b>					
Notes payable <sup>(8)</sup> :					
Westamerica note	2017	4.33%	50-161	\$ 1,570	\$ 1,415
California Housing Finance Agency	2025	7.8	5-50	600	513
Rental Housing Construction Program	2055	3.00		2,627	2,626
De Anza Housing Corporation	2044	6.80		1,000	1,000
California Community Reinvestment Corp	2023	6.60	9-6.443	10,115	10,097
					<u>15,651</u>
Lease revenue bonds <sup>(3)</sup> :					
Hospital Enterprise					
1999 Los Medanos	2028	3.00-5.25	150-505	8,125	7,851
2001A Los Medanos	2026	3.15-4.15	10-265	4,125	3,590
2001B CC Regional Medical Center	2027	4.25-5.20	445-1,250	18,517	17,248
					<u>28,689</u>
Certificates of participation, net <sup>(3)</sup> :					
Hospital Replacement	2023	3.75-6.00	3,390-10,185	145,340	117,195
1997 Capital Projects	2021	3.55-5.10	655-2610	34,910	1,112
					<u>118,307</u>
<b>Total business-type activities</b>					<u><u>\$ 162,647</u></u>

NOTES:

- (1) 1999A and 2001B lease revenue bond proceeds and debts were reallocated from governmental to business-type activities. Bond proceeds originally allocated for governmental projects were overestimated, while bond proceeds originally allocated for business-type activities were underestimated. This adjustment aligns bond proceeds to projected governmental and business-type project costs.
- (2) State environmental laws require the monitoring by the county of closed landfills for at least thirty years after closure. The liability is recognition of the estimated cost of performing the required post closure monitoring. The county does not expect to incur closure related costs in the next year.
- (3) Debt service payments are made from lease payments by the General Fund, Special Revenue Funds, and County Hospital Enterprise Fund to the PFC and the PFA. For fiscal year 2005-2006, the General Fund transferred \$1,161,000 of certificates of participation and 1,690,000 of lease revenue bond proceeds and debt to the County Hospital Enterprise Fund to cover excess project costs.
- (4) Debt service payments are made from restricted property taxes and other revenues recorded in the debt service funds.
- (5) Debt service payments are made from tax increment financing.

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

- (6) In 1994, the county issued \$337,365,000 in taxable pension obligation bonds. In 2001, the county restructured those bonds with a new issue in the amount of \$107,005,000. In April 2003, the county issued \$322,710,000 in taxable pension obligation bonds (2003 Series A).
- (7) In July 2005, the CCC Fire Protection District issued \$129,900,000 in taxable pension obligation bonds (2005 Series). Debt service payments are made from county and CCC Fire Protection District revenues.
- (8) Debt service payments are made from special assessment levies on properties in each assessment district. The county administers the assessment and repayment of those bonds. Since early redemption is allowed, there may be differences between the earnings on money received from property owners wishing to pay off their debt early and the interest obligation that accumulates on their debt between the time they submit funds to the county and the next available redemption date, as stated in the bonds' official statements. The county has historically funded this difference and to that extent may be obligated in some manner for this debt.
- (9) Debt service payments are made from operating revenues.

There are a number of limitations and restrictions contained in the various bond indentures. County management believes that the county is in compliance with all significant limitations and restrictions.

General, special revenue, and internal service funds have been used to liquidate compensated absences and claims payable liabilities within the governmental activities in prior years.

Following is a schedule of debt payment requirements to maturity for governmental activities for long-term obligations, excluding compensated absences and claims payable that have indefinite maturities, outstanding at June 30, 2006 (in thousands):

Fiscal Year Ending June 30	Capital Lease Obligations		Certificates of Participation		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 2,645	514	1,253	1,386	22,915	37,067
2008	2,294	402	1,311	1,328	24,855	35,561
2009	2,178	302	1,373	1,266	30,215	33,899
2010	2,121	208	1,436	1,200	33,430	31,973
2011	1,559	125	1,503	1,130	39,410	29,899
2012-2016	1,407	238	8,789	4,406	218,620	110,193
2017-2021	442	59	11,343	1,847	225,865	56,236
2022-2026					71,595	3,682
Total	\$ 12,646	1,848	27,008	12,563	666,905	338,510

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Fiscal Year Ending June 30	Other Bonds Payable		Lease Revenue Bonds		Retirement Litigation Settlement	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 570	222	7,929	5,889	718	2,042
2008	365	201	8,244	5,612	775	1,985
2009	390	184	7,034	5,286	837	1,923
2010	405	164	6,124	4,995	904	1,856
2011	360	145	6,400	4,746	977	1,783
2012-2016	2,040	410	35,661	19,147	6,187	7,612
2017-2021	455	13	25,660	11,244	9,091	4,709
2022-2026			25,006	5,005	6,038	888
2027-2031			5,708	405		
Total	\$ 4,585	1,339	127,766	62,329	25,527	22,798

Fiscal Year Ending June 30	Tax Allocation Bonds		Special Assessment Debt		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 1,395	4,391	824	748	93	9
2008	1,450	4,333	649	705	96	7
2009	1,505	4,270	665	668	98	4
2010	1,575	4,203	400	638	52	1
2011	1,645	4,127	411	614		
2012-2016	9,535	19,281	1,904	2,685		
2017-2021	12,340	16,384	4,235	1,513		
2022-2026	16,135	12,478	1,560	1,026		
2027-2031	20,920	7,512	2,075	481		
2032-2036	15,435	1,502	490	15		
Total	\$ 81,935	78,481	13,213	9,093	339	21

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

As of June 30, 2006, annual debt service requirements of business-type activities to maturity, except for compensated absences, medical liability claims payable, landfill post closure liability, and other noncurrent liabilities that have indefinite maturities, are as follows (in thousands):

Fiscal Year Ending June 30	Capital Lease Obligations		Certificates of Participation		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 382	97	4,402	6,325	233	909
2008	553	77	4,664	6,053	247	895
2009	443	54	4,942	5,788	261	881
2010	462	35	5,194	5,527	276	866
2011	304	15	5,462	5,249	292	850
2012-2016	137	4	32,077	21,347	1,737	3,973
2017-2021			41,726	11,425	1,479	3,474
2022-2026			19,840	1,106	7,499	2,052
2027-2031						730
2032-2036						732
2037-2041						667
2042-2046						599
2047-2051						395
2052-2056					3,627	316
Total	\$ 2,281	282	118,307	62,820	15,651	17,339

Fiscal Year Ending June 30	Lease Revenue Bonds	
	Principal	Interest
2007	\$ 821	1,415
2008	856	1,382
2009	891	1,344
2010	926	1,307
2011	970	1,267
2012-2016	5,589	5,599
2017-2021	7,121	4,065
2022-2026	9,114	2,065
2027-2031	2,401	152
Total	\$ 28,689	18,596

**Defeased Obligations**

The county has defeased certain obligations by placing a portion of the proceeds of new debt issuances in irrevocable trusts to provide for all future debt service payments on the refunded obligations. Accordingly, the trust account assets and the liability of the defeased debt are not included on the financial statements of the county. On June 30, 2006, \$25,365,000 in outstanding obligations is considered to be defeased.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**Legal Debt Limit**

As of June 30, 2006, the county's debt limit (5 percent of valuation subject to taxation) was \$6.556 billion. The total amount of debt applicable to the debt limit was \$679 million, net of assets in the debt service funds and other deductions allowed by law. The resulting legal debt margin was \$5.877 billion.

**Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The county engages consultants to perform calculations of excess investment earnings on tax-exempt bonds and as of June 30, 2006, does not expect to incur a liability.

**12. CONDUIT DEBT**

From time to time Multifamily/Single Family Housing Revenue Bonds have been issued in the county's name to provide mortgage loans secured by first trust deeds on newly constructed and existing housing and to provide funds to builders for construction/remodeling of housing projects.

The bonds do not constitute an indebtedness of the county. They are payable solely from payments made on and secured by a pledge of the acquired mortgage loans or housing units and certain funds and other monies held for the benefit of the bondholders pursuant to the bond indentures. The county is not obligated in any manner for repayment of the indebtedness. Accordingly, no liability has been recorded in the basic financial statements.

As of June 30, 2006, the county had participated in the issuance of thirty nine series of Multifamily or Single Family Housing Revenue Bonds. The aggregate principal amount remaining payable for the bonds issued was \$431,150,000.

Not included in the above amount are two defeased issues totaling \$51,895,000.

COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006

### 13. NET ASSETS/FUND BALANCES

The government-wide financial statements and proprietary and fiduciary fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in capital assets, net of related debt* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted net assets* – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* – This category represents net assets of the county, not restricted for any project or other purpose.

In the governmental fund financial statements, reserves segregate portions of fund balance that are either not available for appropriation or are legally restricted by outside parties for use.

As of June 30, 2006, reservations of fund balance are described below:

- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received.
- *Inventories* – to reflect the portion of assets which do not represent available spendable resources.
- *Advances to other funds* – to reflect the amount due from other funds that are long-term in nature. Such amounts do not represent available spendable resources.
- *Prepaid items and deposits* – to reflect amounts paid in advance by the county for goods not yet received or services not yet performed.
- *Land held for resale* – to reflect investment in land which does not represent available spendable resources.
- *Program with purpose restrictions* – consists of developer fees collected through the County’s Child Care Facilities Ordinance for the purpose of creation or expansion of child care services within the redevelopment project areas and consists of a small landscaping program.
- *Bond proceeds with eligibility restriction* – to account for bond proceeds held in escrow by the trustee for future use on capital projects once certain eligibility requirements are met.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

- *Housing projects* – to account for financial resources designated for increasing and improving the supply of housing for persons and families of low or moderate income.
- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest or as reserves. These funds are not available for general operations.
- *Permanent fund-expendable portion* – to reflect the fund’s accumulated expendable earnings.
- *Permanent fund-nonexpendable portion* – to reflect the fund’s principal balance which is not expendable.

In the governmental fund financial statements Unreserved Fund Balance is divided into designated and undesignated portions. The designated portion represents the Board of Supervisors intended future use of available resources, but are subject to change. The undesignated portion represents resources that are available to meet the needs of the government. The designated portion of the Unreserved Fund Balance consists of the following:

- *Equipment replacement* – to reflect financial resources intended for equipment replacement.
- *Future projects* – to reflect financial resources intended for specific future projects.
- *Litigation/audit* – to reflect financial resources for potential litigation or audit. This is in addition to the amounts in the internal service funds.
- *Dougherty Valley* – to reflect funds from Gale Ranch I subdivision developer intended for various improvements.
- *CCC Fire Protection District capital facilities* – to reflect designated financial resources for CCC Fire Protection District’s capital projects.
- *CCC Fire Protection District reserve designation* – to reflect the financial resources of the Reserve Policy established by the Board of Supervisors to serve as a prudent management tool in maintaining the long term financial health and stability of the CCC Fire Protection District.
- *General fund capital reserve* – to reflect reserved financial resources by board designation for capital projects.
- *General fund reserve designation* – to reflect the financial resources of the Reserve Policy established by the Board of Supervisors to serve as a prudent management tool in maintaining the long term financial health and stability of the county.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**14. PERMANENT FUND**

The Permanent Fund accounts for the financial activities and balances of donor-restricted endowments for the county's libraries. Interest income may be used for the establishment and furnishing of children's areas within libraries, literacy programs and the acquisition of books that meet the criteria of the endowments. In accordance with the terms of the endowments and the California Government Code Section 25355, only the interest income may be used; any unused income may be used in a subsequent year. The amount available for spending, \$99,000, at June 30, 2006, is shown on the Statement of Net Assets as Net Assets Restricted for Permanent Fund – expendable portion.

**15. EMPLOYEES' RETIREMENT PLAN**

**A. Plan Description**

The CCCERA is a cost-sharing multiple-employer defined benefit pension plan (the plan) governed by the County Employees' Retirement Law of 1937 (the 1937 Act). The plan covers substantially all of the employees of the county, its special districts, the Housing Authority and thirteen other member agencies. The plan issues stand-alone financial statements which can be directly obtained from its office, as indicated in Note 1A.

The plan provides for retirement, disability, death and survivor benefits, in accordance with the 1937 Act. Annual cost-of-living adjustments to retirement benefits can be granted by the Retirement Board as provided by state statutes.

The plan is currently divided into seven benefit sections in accordance with the 1937 Act. These sections are known as General Tier I, enhanced and non-enhanced; Tier II; Tier III enhanced and non-enhanced; Safety enhanced and non-enhanced. On October 1, 2002, the Contra Costa County Board of Supervisors adopted Resolution No. 2002/608, which provides enhanced benefit changes commonly known as 3 percent at 50 for Safety members and 2 percent at 55 for general members, effective July 1, 2002, and January 1, 2003, respectively.

Legislation was signed by the Governor in 2002 which allowed Contra Costa County, effective October 1, 2002, to provide Tier III to all new employees, to move those previously in Tier II to Tier III as of that date, and to apply all future service as Tier III. Tier III was originally created October 1, 1998 and made available to all members with five or more years of Tier II service who elected to transfer to Tier III coverage.

Tier I includes members not mandated to be in Tier II or Tier III and reciprocal members who elect Tier I membership. County employees who were moved to Tier III effective October 1, 2002, continue to have Tier II benefits for service prior to that date unless the service is converted to Tier III.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

Safety includes members in active law enforcement, active fire suppression work or certain other “Safety” classifications as designated by the Retirement Board.

Service retirement benefits are based on age, length of service and final average salary in accordance with the California Government Code Section 31462 and 31462.1. For the Tiers I, III and Safety sections, the retirement benefit is based on a one-year average salary. For Tier II, the benefit is based on a three-year average salary.

**B. Funding Policy**

Pursuant to provisions of the County Employees’ Retirement Law of 1937, the Retirement Board recommends the annual contribution rates for adoption by the Board of Supervisors. New contribution rates, based on the actuarial study as of December 31, 2003, became effective July 1, 2005. The contribution requirements are determined as a percentage of payroll.

The employer rates were calculated on the alternate funding method permitted by the California Government Code Section 31453.5. The “entry age normal funding” method is used to calculate the rate required to provide all the benefits promised to a new member. Unfunded costs resulting from this calculation are amortized on a level percent closed basis over 19 years from the December 31, 2003, valuation date.

Active plan members are required to contribute an actuarially determined percentage of their annual covered salary. The required percentage rates vary according to the benefit section and entry age of the employee. The rates in effect during fiscal year 2005-2006 (based on covered payroll as of January 1, 2004) ranged from 2.91 percent to 27.89 percent of the employees’ annual covered salary.

The county employer rates of contribution, calculated as a percentage of the county’s covered payroll as determined in an actuary report as of December 31, 2003, for fiscal year 2005-2006 were:

	<u>Non-Enhanced</u>	<u>Enhanced</u>
General Members, Tier I	14.72%	16.32%
General Members, Tier II	12.19	N/A
General Members, Tier III	13.32	15.28
Safety Members	N/A	19.68

**COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

The county's annual pension cost and prepaid pension asset, computed in accordance with GASB 27, *Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2006, were as follows (in thousands):

Annual required contribution (county fiscal year basis)	\$	130,149
Interest on beginning pension asset		(43,526)
Adjustment to the annual required contribution		<u>76,955</u>
Annual pension cost		163,578
Contributions made (including Retirement Litigation Settlement)		130,149
CCC Fire Protection District Pension Obligation Bond		124,917
		<u>91,488</u>
Increase (Decrease) in pension asset		91,488
Net pension asset, beginning of year		<u>530,227</u>
Net pension asset, end of year	\$	<u><u>621,715</u></u>

The following table shows the county's annual pension cost and the percentage contributed for the fiscal year 2005-2006 and each of the two preceding fiscal years (in thousands):

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2004	\$ 103,642	78.63%	\$ 557,675
2005	133,610	79.46%	530,227
2006	163,578	159.20%	621,715

The county has made its annual required contribution (ARC) for each of the past three years. The difference between the ARC and the APC is due to the amortization of the Net Pension Asset.

**16. PATIENT SERVICE REVENUE AND RECEIVABLES**

The County Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. Charges for services are reported at estimated net realizable amounts from patients, third-party payers and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, or investigations.

Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The County Hospital's Medicare and Medi-Cal cost reports have been audited by the fiscal intermediary through June 30, 2002. As such, the cost reports for the prior year

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

are still under review by fiscal intermediaries and have not been settled due to certain unresolved reimbursement issues. The county believes it has adequately provided for any liabilities that may arise from the fiscal intermediaries' audits.

Net receivables from patients and third-party payers at June 30, 2006, are summarized as follows:

Medicare	\$ 6,446,212
Medi-Cal	14,437,335
Pvt/Ins	<u>2,443,167</u>
Total Net Patient Receivables	<u>\$ 23,326,714</u>

The net receivables from patients and third party payers excludes an allowance for uncollectibles of approximately \$5,890,000 related to pending settlements of prior years Medicare claims.

**17. RISK MANAGEMENT**

The county self-insures its unemployment, dental and management long-term disability. The county is self-insured to \$750,000 per occurrence for workers' compensation, and maintains \$5,000,000 insurance coverage with California State Association of Counties Excess Insurance Authority Pooling Fund (CSAC EIA) and \$145,000 of excess insurance coverage per occurrence with commercial insurance carriers. The county is self-insured to \$1,000,000 per occurrence on public and automobile liability, and maintains \$25,000,000 excess insurance coverage with commercial insurance carriers. Liability claims arising from operations at the county's two airports are fully insured to \$100,000,000 under a separate commercial insurance policy. The county is self-insured to \$500,000 on a claims made basis for medical malpractice and maintains \$1,500,000 coverage with CSAC EIA and \$10,000,000 of excess insurance with commercial insurance carriers. The county adjusts all self-insured claims in-house.

The county maintains up to \$600,000,000 "All Risk" insurance coverage subject to a \$50,000 deductible to cover its property, except for loss caused by earthquake or flood. Loss caused by earthquake is insured to \$225,000,000 and is subject to a minimum 5 percent deductible per location. Loss caused by flood is insured to \$550,000,000 on a shared aggregate and is subject to a \$100,000 minimum and \$500,000 maximum deductible for property located within a 100-year flood plain. The county has \$100,000,000 boiler and machinery coverage.

The county maintains a separate insurance policy to cover the Sheriff-Coroner's two helicopters up to \$50,000,000 for liability arising from the helicopters' use.

During the past four years there have been no instances of the amount of claim settlements exceeding insurance coverage.

Internal service funds are used to account for the county's self-insurance activities. The county's policy is to provide in each fiscal year, by charges to affected operating funds, amounts sufficient to cover the estimated expenditures for self-insured claims. Charges to operating funds are recorded as

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

expenditures/expenses of such funds and revenues of the internal service funds. Accrual and payment of claims are recorded in the internal service funds.

The county has accrued a liability of \$121,005,000 at June 30, 2006, for all self-insured claims in the internal service funds, which includes an amount for incurred, but not reported, claims. The self-insurance reserve is based on actuarially determined amounts for workers' compensation, public and automobile liability, and medical liability and based on management's estimates for all other reserves. In the opinion of the county, the amounts accrued are adequate to cover claims incurred but not reported in addition to known claims.

Changes to the internal service funds' claims liability amount, including medical liability claims payable, for fiscal years 2004-2005 and 2005-2006 are as follows (in thousands):

Liability at June 30, 2004	\$ 125,708
FY 2004-2005 claims and changes in estimates	49,002
FY 2004-2005 claim payments	<u>(42,440)</u>
Liability at June 30, 2005	132,270
FY 2005-2006 claims and changes in estimates	10,235
FY 2005-2006 claim payments	<u>(21,500)</u>
Liability at June 30, 2006	\$ <u><u>121,005</u></u>

The actuarially determined claims liabilities, including incurred but not reported claims, are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends, and any other factors that modify past experience. It also includes incremental claim adjustment expenses. In addition, estimated recoveries on settled and unsettled claims were evaluated in terms of their estimated realizable value and deducted from the liability for unpaid claims.

## **18. COMMITMENTS AND CONTINGENCIES**

### **A. Grants**

The county participates in a number of federal and state grant programs which are subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs through June 30, 2006, have not yet been conducted. Accordingly, the county's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The county believes that such disallowances, if any, would not have a material effect on the basic financial statements.

### **B. Health Insurance**

Health care benefits for active and retired employees are jointly financed by the beneficiaries and by the county. Most employees have a choice of participation in five medical plans: Kaiser Permanente, a private health maintenance organization (HMO); Health Net (HMO); Health Net, a preferred

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

provider organization (PPO); and the Contra Costa Health Plans (CCHP) A and B, operated by the county Health Services Department. Employees represented by either the Deputy Sheriffs' Association (DSA), District Attorney Investigators' Association (DAIA), or United Professional Fire Fighters' IAFF Local 1230 are eligible to participate in medical plans administered by the California Public Employees' Retirement System (CalPERS).

For non-CalPERS administered medical plans, the county subvents 80.0 percent of Kaiser Permanente, 80.0 percent of Health Net (HMO), 60.0 percent of Health Net (PPO) and 98.0 percent of CCHP A and 90.0 percent of CCHP B premiums for plan members. The county subvention for CalPERS administered plans is a flat rate depending on the employees' union representation and the number of dependents covered under the plans. All permanent employees have a choice of two dental plans as follows: a county self-funded plan administered by Delta Dental and a PMI Delta Care Plan. The county's self-funded plan is an indemnity program and the PMI Delta Care plan is a prepaid program.

The county's contribution to health and dental plans during fiscal year 2005-2006 for active employees was \$73,947,000. The county's liability for health care benefits is limited to its annual contribution.

**C. Post-Employment Benefits Other Than Pensions**

In addition to providing retirement benefits as described in Note 15, retired employees are allowed to continue participation in the medical and dental plans described above. As of June 30, 2006, there were 4,641 retired employees participating in the health plans, and the county contributed \$29,543,000 toward payment of the premiums. The cost of retiree health care is recognized when the county makes its contribution on a pay-as-you-go basis and is accounted for in the General Fund, Library and Fire District Special Revenue Funds, enterprise funds, or fiduciary funds as appropriate. This postemployment benefit was approved by Board of Supervisors resolution number 264 on August 22, 1961, with an effective date of October 1, 1961. To be eligible, the retiring employee must have been a member of a participating health plan at the date of retirement.

**D. Special Assessment Debt**

The county is considered to be "obligated in some manner," as defined by GASB Statement No. 6, *Accounting and Financial Reporting for Special Assessments*, for its special assessment debt. The county is obligated to foreclose on properties for which owners have failed to pay assessment installments as they fall due and the county may honor deficiencies to the extent that lien foreclosure proceeds are insufficient. The county's obligation to advance monies to pay debt service in the event of delinquent assessment installments is limited to the amount of remaining original bond proceeds and installments received. Special assessment debt is included in the county's statement of net assets and special assessment transactions are included in the Assessment Districts Debt Service Fund. Debt service payments are made from special assessments of the related special assessment district.

COUNTY OF CONTRA COSTA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2006

**E. Construction Commitments**

At June 30, 2006, there were no projects that had outstanding construction contracts of greater than one million dollars.

**F. Pending Legal Matters**

Numerous lawsuits are pending or threatened against the county. The county has recorded actuarially determined reserves in the internal service funds to adequately cover estimated potential material adverse losses at June 30, 2006.

**19. SUBSEQUENT EVENTS**

**2006-2007 Tax and Revenue Anticipation Notes, Series A**

On November 21, 2006, the County issued 2006-2007 Tax and Revenue Anticipation Notes, Series A, for \$110,000,000 to finance the seasonal cash flow requirements of the county during the fiscal year ending June 30, 2007. The notes bear interest at 4.50 percent and mature on December 11, 2007.

**Long-Term Debt Rating Upgrade**

On November 9, 2006, S&P affirmed its 'AA' issuer credit rating on the county and its 'AA' rating on the county's appropriations-backed debt and pension obligation bonds. The outlook remains negative, reflecting the county's rising expenditure levels, which will continue to necessitate further spending reductions in order to maintain adequate financial reserves.

On November 20, 2006, Moody's Investors Service changed to stable from negative the outlook on the rating of the county. The county's Aa3 issuer rating, A1 pension obligation bond rating, and the A2 fixed asset lease rating were affirmed.

**REQUIRED SUPPLEMENTARY INFORMATION (Other than MD&A)**

COUNTY OF CONTRA COSTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 250,986	250,986	273,521	22,535
Licenses, permits and franchise fees	13,928	13,928	14,442	514
Fines, forfeitures and penalties	15,490	15,861	14,167	(1,694)
Use of money and property	3,565	5,665	13,371	7,706
Intergovernmental	586,666	617,221	578,249	(38,972)
Charges for services	196,657	198,834	213,553	14,719
Other revenue	70,550	87,763	86,745	(1,018)
<b>Total revenues</b>	<b>1,137,842</b>	<b>1,190,258</b>	<b>1,194,048</b>	<b>3,790</b>
<b>Expenditures:</b>				
Current:				
General government:				
Administrator	4,245	4,304	4,049	255
Assessor	15,911	15,911	14,332	1,579
Auditor-Controller	7,629	7,629	6,835	794
Board of Supervisors	8,832	8,832	5,373	3,459
Building Maintenance	33,516	34,321	34,006	315
Building Occupancy Cost	15,446	16,309	15,674	635
Central Service/Microfilm	649	413	413	
Clerk of the Board	611	611	552	59
Community Access Television	650	650	540	110
County Counsel	4,445	4,445	3,989	456
Crockett-Rodeo Revenues	607	615	615	
Economic Development	104	104	54	50
Elections	9,595	20,727	18,574	2,153
Employee Benefits	4,148	4,148	2,252	1,896
Fleet Services	3,013	3,965	1,967	1,998
General Services Administration	1			
Human Resources	5,604	8,369	6,649	1,720
Information Technology	3,074	2,797	2,648	149
Insurance	7,576	5,903	4,328	1,575
Management Information Systems	1,004	1,054	544	510
Personnel Merit Board	94	94	38	56
Plant Acquisition	26,730	39,576	16,069	23,507
Purchasing	742	744	737	7
Revenue Collections	2,857	2,857	2,767	90
Telecommunications	2,794	2,821	2,771	50
Treasurer-Tax Collector	5,043	5,043	4,794	249
UAAL Pension Bond Debt Service Transfer	(4,767)	(4,767)	(4,767)	
<b>Total general government</b>	<b>160,153</b>	<b>187,475</b>	<b>145,803</b>	<b>41,672</b>

(continued)

COUNTY OF CONTRA COSTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Public protection:				
Agriculture	3,960	3,891	3,762	129
Animal Services	8,684	8,684	8,498	186
Community Development	8,340	8,410	8,343	67
Conflict Defense Services	2,002	2,027	2,026	1
Coroner	2,497	2,784	2,783	1
Criminal Grand Jury	69	50	21	29
District Attorney	25,880	25,880	23,625	2,255
Emergency Services	4,713	7,290	6,995	295
Flood Control	513	513	505	8
Grand Jury	96	147	131	16
Jail	65,205	64,063	62,488	1,575
Jail - Health Services	13,104	14,509	14,474	35
Justice System Programs	1,474	1,433	360	1,073
Law and Justice Systems	369	369	319	50
Local Agency Formation	86	93	93	
Probation - Programs	24,832	23,858	23,845	13
Probation - Facilities	24,637	25,903	25,817	86
Probation - Care of Court Wards	6,575	6,575	6,297	278
Public Administrator	250	250	248	2
Public Defender	19,656	19,653	18,956	697
Recorder	3,938	3,938	3,719	219
Sheriff	90,624	91,864	90,854	1,010
Trial Court Programs	21,704	22,108	22,104	4
Vehicle Theft Programs	1,583	1,643	901	742
UAAL Pension Bond Debt Service Transfer	(20,159)	(20,159)	(20,159)	
Total public protection	<u>310,632</u>	<u>315,776</u>	<u>307,005</u>	<u>8,771</u>
Health and sanitation:				
Children's Services	7,331	7,580	7,484	96
Conservator/Guardianship	1,588	1,867	1,795	72
Environmental Health	13,974	13,798	13,422	376
General Sewer Planning	20	20	20	
Health Services Homeless Program	3,862	4,430	4,202	228
Medical Disproportionate Share	26,160	26,160		26,160
Mental Health	109,100	104,007	99,761	4,246
Public Health	40,486	41,416	40,533	883
Solid Waste Management	466	476	446	30
Substance Abuse	17,868	17,266	16,737	529
UAAL Pension Bond Debt Service Transfer	(5,095)	(5,095)	(5,095)	
Total health and sanitation	<u>215,760</u>	<u>211,925</u>	<u>179,305</u>	<u>32,620</u>

(continued)

COUNTY OF CONTRA COSTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
Public assistance:				
Ann Adler Child & Family	92	92	58	34
Community Development	11,563	12,961	10,585	2,376
Community Services	27,952	29,702	29,342	360
Housing Rehabilitation	531	531	409	122
EHSD - Administration	4,414	8,332	8,170	162
EHSD - Child & Family	111,396	123,679	123,412	267
EHSD - Aging & Adult	84,944	89,528	88,910	618
EHSD - Workforce Services	126,225	124,233	120,412	3,821
EHSD - WFRC Investment Board	6,088	6,088	6,020	68
Services Integration	690	690	427	263
Veterans Services	727	727	664	63
Zero Tolerance Domestic Violence Initiative	1,920	1,920	1,853	67
UAAL Pension Bond Debt Service Transfer	(8,662)	(8,662)	(8,662)	
<b>Total public assistance</b>	<b>367,880</b>	<b>389,821</b>	<b>381,600</b>	<b>8,221</b>
Education:				
Cooperative Extension Services	332	332	317	15
UAAL Pension Bond Debt Service Transfer	(13)	(13)	(13)	
<b>Total education</b>	<b>319</b>	<b>319</b>	<b>304</b>	<b>15</b>
Public ways and facilities:				
Public Works	32,851	32,848	30,584	2,264
Road Construction	59,928	59,928	38,014	21,914
UAAL Pension Bond Debt Service Transfer	(1,669)	(1,669)	(1,669)	
<b>Total public ways and facilities</b>	<b>91,110</b>	<b>91,107</b>	<b>66,929</b>	<b>24,178</b>
Recreation and culture:				
Park Administration	375	319	294	25
<b>Total recreation and culture</b>	<b>375</b>	<b>319</b>	<b>294</b>	<b>25</b>
Debt service:				
Interest		2,276	2,181	95
<b>Total expenditures</b>	<b>1,146,229</b>	<b>1,199,018</b>	<b>1,083,421</b>	<b>115,597</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(8,387)</b>	<b>(8,760)</b>	<b>110,627</b>	<b>119,387</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	39,836	39,949	21,352	(18,597)
Transfers out	(91,820)	(91,923)	(91,609)	314
Capital lease financing			1,705	1,705
<b>Total other financing sources (uses)</b>	<b>(51,984)</b>	<b>(51,974)</b>	<b>(68,552)</b>	<b>(16,578)</b>
<b>Net change in fund balances</b>	<b>(60,371)</b>	<b>(60,734)</b>	<b>42,075</b>	<b>102,809</b>
<b>Fund Balance at Beginning of Year</b>	<b>93,063</b>	<b>93,063</b>	<b>93,063</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 32,692</b>	<b>32,329</b>	<b>135,138</b>	<b>102,809</b>

(concluded)

COUNTY OF CONTRA COSTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CCC FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 76,426	76,426	77,087	661
Licenses, permits, and franchise fees	161	322	93	(229)
Use of money and property	150	150	869	719
Intergovernmental	2,506	2,506	4,508	2,002
Charges for services	3,174	3,402	3,997	595
Other revenue			62	62
<b>Total revenues</b>	<u>82,417</u>	<u>82,806</u>	<u>86,616</u>	<u>3,810</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Salaries and benefits	73,079	63,612	62,852	760
Services and supplies	8,689	8,035	6,361	1,674
Other charges	2,700	2,692	2,640	52
Fixed assets	7,429	8,904	2,152	6,752
Expenditure transfers		8,016	8,016	
Total public protection	<u>91,897</u>	<u>91,259</u>	<u>82,021</u>	<u>9,238</u>
Debt service:				
Principal	3,645	3,710	3,710	
Interest	297	320	320	
<b>Total expenditures</b>	<u>95,839</u>	<u>95,289</u>	<u>86,051</u>	<u>9,238</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(13,422)</u>	<u>(12,483)</u>	<u>565</u>	<u>13,048</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in		290		(290)
Transfers out		(6,127)		6,127
<b>Total other financing sources (uses)</b>		<u>(5,837)</u>		<u>5,837</u>
<b>Net change in fund balance</b>	<u>(13,422)</u>	<u>(18,320)</u>	<u>565</u>	<u>18,885</u>
<b>Fund Balance at Beginning of the Year</b>	<u>31,475</u>	<u>31,475</u>	<u>31,475</u>	
<b>Fund Balance at End of Year</b>	<u>\$ 18,053</u>	<u>13,155</u>	<u>32,040</u>	<u>18,885</u>

COUNTY OF CONTRA COSTA  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**LAND DEVELOPMENT SPECIAL REVENUE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Licenses, permits and franchise fees	\$ 16,249	16,249	17,674	1,425
Use of money and property	545	545	2,427	1,882
Intergovernmental	46	46	12	(34)
Charges for services	15,107	15,200	11,374	(3,826)
Other revenue	8,140	8,147	7,707	(440)
<b>Total revenues</b>	<u>40,087</u>	<u>40,187</u>	<u>39,194</u>	<u>(993)</u>
<b>Expenditures:</b>				
Public protection				
Salaries and benefits	11,426	11,329	10,226	1,103
Services and supplies	28,421	28,119	3,184	24,935
Other charges	1,962	2,062	2,010	52
Fixed assets	441	426	218	208
Expenditure transfers	5,947	6,290	6,176	114
<b>Total public protection</b>	<u>48,197</u>	<u>48,226</u>	<u>21,814</u>	<u>26,412</u>
Public ways and facilities				
Services and supplies	1,813	1,254	1,254	
Other charges	307	446	446	
Expenditure transfers	12,993	13,506	10,621	2,885
<b>Total public ways and facilities</b>	<u>15,113</u>	<u>15,206</u>	<u>12,321</u>	<u>2,885</u>
<b>Total expenditures</b>	<u>63,310</u>	<u>63,432</u>	<u>34,135</u>	<u>29,297</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(23,223)</u>	<u>(23,245)</u>	<u>5,059</u>	<u>28,304</u>
<b>Other Financing Uses:</b>				
Transfers out	(566)	(567)	(566)	1
<b>Total other financing uses</b>	<u>(566)</u>	<u>(567)</u>	<u>(566)</u>	<u>1</u>
<b>Net change in fund balance</b>	(23,789)	(23,812)	4,493	28,305
<b>Fund Balance at Beginning of Year</b>	24,412	24,412	24,412	
<b>Fund Balance at End of Year</b>	<u>\$ 623</u>	<u>600</u>	<u>28,905</u>	<u>28,305</u>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**COUNTY PENSION BOND DEBT SERVICE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 200	200	1,360	1,160
Other revenue	1,590	1,590	1,589	(1)
<b>Total revenues</b>	<u>1,790</u>	<u>1,790</u>	<u>2,949</u>	<u>1,159</u>
<b>Expenditures:</b>				
Current:				
General government		2	2	
Debt service:				
Principal	16,822	17,730	17,730	
Interest	31,945	31,945	31,945	
<b>Total expenditures</b>	<u>48,767</u>	<u>49,677</u>	<u>49,677</u>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(46,977)</u>	<u>(47,887)</u>	<u>(46,728)</u>	<u>1,159</u>
<b>Other Financing Sources:</b>				
Transfers in	48,910	49,821	50,390	569
<b>Total other financing sources</b>	<u>48,910</u>	<u>49,821</u>	<u>50,390</u>	<u>569</u>
<b>Net change in fund balance</b>	1,933	1,934	3,662	1,728
<b>Fund Balance at Beginning of Year</b>	<u>(1,933)</u>	<u>(1,933)</u>	<u>(1,933)</u>	
<b>Fund Balance at End of Year</b>	<u>\$ 1</u>	<u>1</u>	<u>1,729</u>	<u>1,728</u>

## **BUDGETS AND BUDGETARY ACCOUNTING**

In accordance with the provisions of the California Government Code Sections 29000-29145 and other statutory provisions, commonly known as the County Budget Act, the Board of Supervisors legally adopts a budget for each fiscal year. Budgets are adopted on the modified accrual basis. Prior to June 30 the County Administrator develops, recommends and the Board of Supervisors adopts a proposed budget for the next fiscal year. This is based on preliminary data because the county's books have not yet been closed, ending fund balances have not been established, and the state has not yet adopted its budget. Later, after a series of public hearings the Board of Supervisors adopts a formal budget on or before October 2. This budget establishes the maximum authorized expenditures for the fiscal year that cannot be exceeded except by subsequent amendments to the budget by the Board of Supervisors and is reported in the budgetary comparison schedule as the "Original Budget."

Supplemental appropriations, which are normally financed by unanticipated revenues during the year, and any amendments or transfers of appropriations between summary accounts or departments must be approved by the Board of Supervisors. Pursuant to a Board of Supervisors Resolution, the County Administrator is authorized to approve transfers of appropriations among summary accounts within a department as deemed necessary and appropriate. Accordingly, the legal level of budgetary control by the Board of Supervisors is at the department level. Budgeted amounts amended during the fiscal year by the County Administrator and, when necessary, by resolution of the Board of Supervisors are reported in the budgetary comparison schedule as the "Final Budget."

The objective of the county's budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Supervisors. No department is permitted to spend and/or encumber more than its available appropriations. Increases in budget appropriations must be approved by the Board of Supervisors as a transfer from the Reserve for Contingencies, as a transfer from another appropriation, or as an appropriation of new or unanticipated revenue. Using the county's automated accounting system, staff of the Auditor-Controller monitors the expenditures of each department to ensure that they don't exceed the amounts appropriated by the Board of Supervisors for the year. The county uses an encumbrance system as an extension of normal budgetary accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities and are re-established, along with their encumbered appropriations as part of the following year's budget. Any appropriations remaining in the departments at the end of the fiscal year automatically lapse and are transferred to fund balance. The year-end fund balance, along with projected revenues, becomes available for appropriation the following year.

The amounts reported as expenditures by department include amounts charged each department to service the pension obligation bond debt and the liability for the Retirement Litigation Settlement because the budget includes these amounts as expenditures. "UAAL Pension Bond Debt Service Transfer" and "Retirement Litigation Settlement Transfer" are reporting adjustments made at the function level to achieve agreement with the financial statements where these expenditures are reported as transfers in accordance with GASB.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY  
SCHEDULES**

COUNTY OF CONTRA COSTA  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2006

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
<b>Assets:</b>					
Cash and investments	\$ 239,434	13,686	12,819	181	266,120
Accounts receivable and accrued revenue	15,104	110	1,577		16,791
Due from other funds	2,624	230	207		3,061
Advances to other funds	7,557				7,557
Notes receivable	10,747		33		10,780
Prepaid items and deposits	846				846
Land held for resale	1,176		955		2,131
Restricted cash and investments	2,740	21,309	55,948	1,729	81,726
<b>Total assets</b>	<b>\$ 280,228</b>	<b>35,335</b>	<b>71,539</b>	<b>1,910</b>	<b>389,012</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 8,824	3,049	1,822		13,695
Due to other funds	30,270	1,328	600	82	32,280
Advances from other funds	5,793	99	1,665		7,557
Deferred revenue	15,489		61		15,550
<b>Total liabilities</b>	<b>60,376</b>	<b>4,476</b>	<b>4,148</b>	<b>82</b>	<b>69,082</b>
<b>Fund Balances:</b>					
Reserved for:					
Encumbrances	5,156		41,674		46,830
Advances to other funds	7,557				7,557
Prepaid items and deposits	846				846
Land held for resale	1,176		955		2,131
Programs with purpose restrictions			582		582
Bond proceeds with eligibility restrictions	2,725		16,022		18,747
Housing projects	(1,309)				(1,309)
Debt service		8,198			8,198
Permanent fund-expendable portion				99	99
Permanent fund-nonexpendable portion				1,729	1,729
Unreserved, designated for:					
Equipment replacement	5,637				5,637
Future projects		8,529			8,529
Unreserved, undesignated, reported in:					
Special revenue funds	198,064				198,064
Debt service funds		14,132			14,132
Capital projects funds			8,158		8,158
<b>Total fund balances</b>	<b>219,852</b>	<b>30,859</b>	<b>67,391</b>	<b>1,828</b>	<b>319,930</b>
<b>Total liabilities and fund balances</b>	<b>\$ 280,228</b>	<b>35,335</b>	<b>71,539</b>	<b>1,910</b>	<b>389,012</b>

COUNTY OF CONTRA COSTA  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
<b>Revenues:</b>					
Taxes	\$ 69,496	9,296	5,530		84,322
Licenses, permits and franchise fees	6,783				6,783
Fines, forfeitures and penalties	4,484				4,484
Use of money and property	8,397	17,594	2,499	58	28,548
Intergovernmental	53,931		479		54,410
Charges for services	38,709				38,709
Other revenue	15,442	8,009	31		23,482
<b>Total revenues</b>	<b>197,242</b>	<b>34,899</b>	<b>8,539</b>	<b>58</b>	<b>240,738</b>
<b>Expenditures:</b>					
Current:					
General government	2,396				2,396
Public protection	83,165				83,165
Health and sanitation	12,200				12,200
Public assistance	21,200	4,853	10,868		36,921
Education	22,375				22,375
Public ways and facilities	27,755				27,755
Recreation and culture	1,145				1,145
Debt service:					
Principal	48	12,287			12,335
Interest	310	18,342	33		18,685
Other charges		3,726			3,726
<b>Total expenditures</b>	<b>170,594</b>	<b>39,208</b>	<b>10,901</b>		<b>220,703</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>26,648</b>	<b>(4,309)</b>	<b>(2,362)</b>	<b>58</b>	<b>20,035</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	1,248	3,995			5,243
Transfers out	(24,511)	(819)	(18)	(82)	(25,430)
Proceeds from issuance of debt		129,900			129,900
Payment to retirement trustee		(124,904)			(124,904)
Debt issuance cost		(1,267)			(1,267)
<b>Total other financing sources (uses)</b>	<b>(23,263)</b>	<b>6,905</b>	<b>(18)</b>	<b>(82)</b>	<b>(16,458)</b>
<b>Net change in fund balances</b>	<b>3,385</b>	<b>2,596</b>	<b>(2,380)</b>	<b>(24)</b>	<b>3,577</b>
<b>Fund Balances at Beginning of Year</b>	<b>216,467</b>	<b>28,263</b>	<b>69,771</b>	<b>1,852</b>	<b>316,353</b>
<b>Fund Balances at End of Year</b>	<b>\$ 219,852</b>	<b>30,859</b>	<b>67,391</b>	<b>1,828</b>	<b>319,930</b>

## **Nonmajor Special Revenue Funds**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for revenues that are restricted by law or administrative action to expenditures for specified purposes. Nonmajor special revenue funds used by the county are listed below:

#### **ROAD FUND**

This fund is used to account for maintenance and construction of roadways. Revenues consist primarily of the county's share of state highway user taxes and are supplemented by federal funds.

#### **LIBRARY FUND**

This fund is used to account for library services for all areas of the county except the city of Richmond. Property taxes provide most of the fund's revenues.

#### **OTHER FIRE PROTECTION FUND**

This fund is used to account for the East Contra Costa County and Crockett-Carquinez Fire Protection Districts fire protection services in the county. The fund is financed primarily by property taxes.

#### **HEALTH AND SANITATION FUND**

This fund is used to account for a variety of health and sanitation services. The fund is financed by state grants, the county's share of the tobacco tax and user fees.

#### **SERVICE AREAS FUND**

This fund is used to account for the provision of services such as lighting, park, or street maintenance by special districts to specific areas in the county. The fund is financed by property taxes and user charges.

#### **FLOOD CONTROL FUND**

This fund is used to account for the provision of services by special districts to control flood and storm waters. Revenues are primarily received from property taxes and federal grants.

#### **LAW ENFORCEMENT FUND**

This fund is used to account for a variety of law enforcement services financed by property taxes, narcotics seizures and court fines and fees.

## **COURTS AND CRIMINAL JUSTICE FUND**

This fund is used to account for the improvement of courthouse and criminal justice facilities and related automated information systems. Revenues are derived from court fines and fees.

## **RECORDER/CLERK MODERNIZATION FUND**

This fund is used to account for automation of civil and small claims functions of the courts and for micrographics and modernization of the Recorder's Office. Revenues received are from filing and recording fees.

## **REDEVELOPMENT AGENCY (RDA) FUND**

This fund is used to account for the financial resources designated for the improvement of targeted low to moderate income housing areas and the elimination of blight.

## **CHILD DEVELOPMENT FUND**

This fund is used to account for the financial resources designated for the county's child development programs.

## **IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY (IHSS) FUND**

This fund is used to account for services to both providers and recipients of in-home care delivered through the In-Home Supportive Services program.

## **OTHER SPECIAL REVENUE FUND**

This fund is used to account for the activities of several non-grant special revenue funds. It includes Fish and Game, VLF Securitization, Survey Monuments, Victim Assistance, Sans Crainte Drainage and county water districts.



COUNTY OF CONTRA COSTA  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**

JUNE 30, 2006  
(In Thousands)

	Road	Library	Other Fire Protection	Health & Sanitation	Service Areas	Flood Control
<b>Assets:</b>						
Cash and investments	\$ 69,038	10,654	9,745	8,095	24,149	37,350
Accounts receivable and accrued revenue	3,282	1,712	98	555	124	2,457
Due from other funds	430	82	65		31	109
Advances to other funds	26					26
Notes receivable						
Prepaid items and deposits	407					18
Land held for resale						
Restricted cash and investments						
<b>Total assets</b>	\$ 73,183	12,448	9,908	8,650	24,304	39,960
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 622	1,543	715	795	237	1,790
Due to other funds	2,264	219	6	3,214	352	1,292
Advances from other funds						
Deferred revenue	3,476			32		
<b>Total liabilities</b>	6,362	1,762	721	4,041	589	3,082
<b>Fund Balances:</b>						
Reserved for:						
Encumbrances	179	1,212	22	56	133	138
Advances to other funds	26					26
Prepaid items and deposits	407					18
Land held for resale						
Bond proceeds with purpose restriction						
Housing projects						
Unreserved, designated for:						
Equipment replacement	4,840	147				451
Unreserved, undesignated	61,369	9,327	9,165	4,553	23,582	36,245
<b>Total fund balances</b>	66,821	10,686	9,187	4,609	23,715	36,878
<b>Total liabilities and fund balances</b>	\$ 73,183	12,448	9,908	8,650	24,304	39,960

Law Enforcement	Courts & Criminal Justice	Recorder/ Clerk Modernization	Redevelopment Agency	Child Development	In-Home Supportive Services	Other Special Revenue	Total
28,369	3,768	15,503	4,253			28,510	239,434
206	644	30	291	2,788	678	2,239	15,104
				720		1,187	2,624
			4,432			7,505	7,557
68				350	3	6,315	10,747
			1,176				846
			2,740				1,176
<u>28,643</u>	<u>4,412</u>	<u>15,533</u>	<u>12,892</u>	<u>3,858</u>	<u>681</u>	<u>45,756</u>	<u>280,228</u>
188		125		581	394	1,834	8,824
7,754	183	4	1	1,818	275	12,888	30,270
			5,793				5,793
4	62		4,471	1,054		6,390	15,489
<u>7,946</u>	<u>245</u>	<u>129</u>	<u>10,265</u>	<u>3,453</u>	<u>669</u>	<u>21,112</u>	<u>60,376</u>
1,685		1,512	35	37	3	144	5,156
						7,505	7,557
68				350	3		846
			1,176				1,176
			2,725				2,725
			(1,309)				(1,309)
112						87	5,637
<u>18,832</u>	<u>4,167</u>	<u>13,892</u>		<u>18</u>	<u>6</u>	<u>16,908</u>	<u>198,064</u>
<u>20,697</u>	<u>4,167</u>	<u>15,404</u>	<u>2,627</u>	<u>405</u>	<u>12</u>	<u>24,644</u>	<u>219,852</u>
<u>28,643</u>	<u>4,412</u>	<u>15,533</u>	<u>12,892</u>	<u>3,858</u>	<u>681</u>	<u>45,756</u>	<u>280,228</u>

COUNTY OF CONTRA COSTA  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(In Thousands)

	Road	Library	Other Fire Protection	Health & Sanitation	Service Areas	Flood Control
<b>Revenues:</b>						
Taxes	\$ 15,929	18,446	8,535	4,629	4,459	7,066
Licenses, permits and franchise fees		6			33	6,737
Fines, forfeitures and penalties				1,572		
Use of money and property	2,566	73		157	1,273	1,201
Intergovernmental	5,714	3,227	450	4,101	1,559	2,287
Charges for services	6,272	832	1,111	253	7,988	14,414
Other revenue	3,382	1,489	793		20	1,066
<b>Total revenues</b>	<b>33,863</b>	<b>24,073</b>	<b>10,889</b>	<b>10,712</b>	<b>15,332</b>	<b>32,771</b>
<b>Expenditures:</b>						
Current:						
General government						
Public protection			8,980		11,977	24,090
Health and sanitation				12,200		
Public assistance						
Education		22,207			168	
Public ways and facilities	27,224				410	
Recreation and culture					921	
Debt service:						
Principal						
Interest						
<b>Total expenditures</b>	<b>27,224</b>	<b>22,207</b>	<b>8,980</b>	<b>12,200</b>	<b>13,476</b>	<b>24,090</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>6,639</b>	<b>1,866</b>	<b>1,909</b>	<b>(1,488)</b>	<b>1,856</b>	<b>8,681</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	258	482			10	
Transfers out		(691)		(15)	(410)	(258)
<b>Total other financing sources (uses)</b>	<b>258</b>	<b>(209)</b>		<b>(15)</b>	<b>(400)</b>	<b>(258)</b>
<b>Net change in fund balances</b>	<b>6,897</b>	<b>1,657</b>	<b>1,909</b>	<b>(1,503)</b>	<b>1,456</b>	<b>8,423</b>
<b>Fund Balances at Beginning of Year</b>	<b>59,924</b>	<b>9,029</b>	<b>7,278</b>	<b>6,112</b>	<b>22,259</b>	<b>28,455</b>
<b>Fund Balances at End of Year</b>	<b>\$ 66,821</b>	<b>10,686</b>	<b>9,187</b>	<b>4,609</b>	<b>23,715</b>	<b>36,878</b>

Law Enforcement	Courts & Criminal Justice	Recorder/Clerk Modernization	Redevelopment Agency	Child Development	In-Home Supportive Services	Other Special Revenue	Total
5,731			2,645			2,056	69,496
						7	6,783
576	2,323					13	4,484
630	165		199			2,133	8,397
5,499	307			9,379	1,319	20,089	53,931
1,663		3,464				2,712	38,709
413				6,298	323	1,658	15,442
<u>14,512</u>	<u>2,795</u>	<u>3,464</u>	<u>2,844</u>	<u>15,677</u>	<u>1,642</u>	<u>28,668</u>	<u>197,242</u>
322	2,003					71	2,396
14,422		2,927				20,769	83,165
			1,832	15,024	1,638	2,706	12,200
							21,200
						121	22,375
224							27,755
							1,145
						48	48
	13		79	6		212	310
<u>14,968</u>	<u>2,016</u>	<u>2,927</u>	<u>1,911</u>	<u>15,030</u>	<u>1,638</u>	<u>23,927</u>	<u>170,594</u>
<u>(456)</u>	<u>779</u>	<u>537</u>	<u>933</u>	<u>647</u>	<u>4</u>	<u>4,741</u>	<u>26,648</u>
410						88	1,248
(290)	(129)	(40)	(459)	(209)		(22,010)	(24,511)
120	(129)	(40)	(459)	(209)		(21,922)	(23,263)
(336)	650	497	474	438	4	(17,181)	3,385
21,033	3,517	14,907	2,153	(33)	8	41,825	216,467
<u>20,697</u>	<u>4,167</u>	<u>15,404</u>	<u>2,627</u>	<u>405</u>	<u>12</u>	<u>24,644</u>	<u>219,852</u>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD SPECIAL REVENUE FUND**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 15,929	15,929	15,929	
Use of money and property	600	609	2,566	1,957
Intergovernmental	13,784	13,737	5,714	(8,023)
Charges for services	8,056	8,216	6,272	(1,944)
Other revenue	5,725	8,519	3,382	(5,137)
<b>Total revenues</b>	<u>44,094</u>	<u>47,010</u>	<u>33,863</u>	<u>(13,147)</u>
<b>Expenditures:</b>				
Public ways and facilities				
Services and supplies	25,066	23,894	4,451	19,443
Other charges	8,260	8,571	4,838	3,733
Fixed assets	413	474	201	273
Expenditure transfers	22,726	26,959	17,734	9,225
Reserves	420	419		419
<b>Total expenditures</b>	<u>56,885</u>	<u>60,317</u>	<u>27,224</u>	<u>33,093</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(12,791)</u>	<u>(13,307)</u>	<u>6,639</u>	<u>19,946</u>
<b>Other Financing Sources (Uses) :</b>				
Transfers in	595	853	258	(595)
Transfers out	(511)	(511)		511
<b>Total other financing sources (uses)</b>	<u>84</u>	<u>342</u>	<u>258</u>	<u>(84)</u>
<b>Net change in fund balance</b>	(12,707)	(12,965)	6,897	19,862
<b>Fund Balance at Beginning of Year</b>	<u>59,924</u>	<u>59,924</u>	<u>59,924</u>	
<b>Fund Balance at End of Year</b>	<u>\$ 47,217</u>	<u>46,959</u>	<u>66,821</u>	<u>19,862</u>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**LIBRARY SPECIAL REVENUE FUND**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 16,116	16,116	18,446	2,330
Licenses, permits and franchise fees			6	6
Use of money and property	74	74	73	(1)
Intergovernmental	3,019	3,096	3,227	131
Charges for services	930	930	832	(98)
Other revenue	5	1,325	1,489	164
<b>Total revenues</b>	<u>20,144</u>	<u>21,541</u>	<u>24,073</u>	<u>2,532</u>
<b>Expenditures:</b>				
General government				
Fixed assets	1,039	1,039		1,039
Total general government	<u>1,039</u>	<u>1,039</u>		<u>1,039</u>
Education				
Salaries and benefits	15,919	16,291	15,399	892
Services and supplies	8,734	10,081	4,313	5,768
Other charges	2,157	2,422	2,289	133
Fixed assets	346	225	206	19
Total education	<u>27,156</u>	<u>29,019</u>	<u>22,207</u>	<u>6,812</u>
<b>Total expenditures</b>	<u>28,195</u>	<u>30,058</u>	<u>22,207</u>	<u>7,851</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(8,051)</u>	<u>(8,517)</u>	<u>1,866</u>	<u>10,383</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,553	1,953	482	(1,471)
Transfers out	(691)	(691)	(691)	
<b>Total other financing sources (uses)</b>	<u>862</u>	<u>1,262</u>	<u>(209)</u>	<u>(1,471)</u>
<b>Net change in fund balance</b>	<u>(7,189)</u>	<u>(7,255)</u>	<u>1,657</u>	<u>8,912</u>
<b>Fund Balance at Beginning of Year</b>	<u>9,029</u>	<u>9,029</u>	<u>9,029</u>	
<b>Fund Balance at End of Year</b>	<u>\$ 1,840</u>	<u>1,774</u>	<u>10,686</u>	<u>8,912</u>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**OTHER FIRE PROTECTION SPECIAL REVENUE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 7,774	7,774	8,535	761
Use of money and property		100		(100)
Intergovernmental	189	189	450	261
Charges for services	155	155	1,111	956
Other revenue	119	119	793	674
<b>Total revenues</b>	<b>8,237</b>	<b>8,337</b>	<b>10,889</b>	<b>2,552</b>
<b>Expenditures:</b>				
Public protection				
Salaries and benefits	7,083	6,940	6,484	456
Services and supplies	4,076	4,076	1,598	2,478
Other charges	680	823	799	24
Fixed assets	4,330	4,331	99	4,232
<b>Total expenditures</b>	<b>16,169</b>	<b>16,170</b>	<b>8,980</b>	<b>7,190</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(7,932)</b>	<b>(7,833)</b>	<b>1,909</b>	<b>9,742</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	880	6,717		(6,717)
Transfers out	(206)	(206)		206
<b>Total other financing sources (uses)</b>	<b>674</b>	<b>6,511</b>		<b>(6,511)</b>
<b>Net change in fund balance</b>	<b>(7,258)</b>	<b>(1,322)</b>	<b>1,909</b>	<b>3,231</b>
<b>Fund Balance at Beginning of the Year</b>	<b>7,278</b>	<b>7,278</b>	<b>7,278</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 20</b>	<b>5,956</b>	<b>9,187</b>	<b>3,231</b>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**HEALTH AND SANITATION SPECIAL REVENUE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 4,641	4,629	4,629	
Fines, forfeitures and penalties	1,561	1,572	1,572	
Use of money and property	67	70	157	87
Intergovernmental	4,275	4,657	4,101	(556)
Charges for services	237	253	253	
<b>Total revenues</b>	<u>10,781</u>	<u>11,181</u>	<u>10,712</u>	<u>(469)</u>
<b>Expenditures:</b>				
Current:				
Health and sanitation				
Salaries and benefits	267	288	285	3
Services and supplies	11,777	9,752	5,340	4,412
Other charges	1,302	2,453	2,247	206
Fixed assets		244		244
Expenditure transfers	3,462	4,469	4,328	141
Total health and sanitation	<u>16,808</u>	<u>17,206</u>	<u>12,200</u>	<u>5,006</u>
Debt service:				
Principal	60	60		60
Interest	10	10		10
<b>Total expenditures</b>	<u>16,878</u>	<u>17,276</u>	<u>12,200</u>	<u>5,076</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(6,097)</u>	<u>(6,095)</u>	<u>(1,488)</u>	<u>4,607</u>
<b>Other Financing Uses:</b>				
Transfers out	(15)	(15)	(15)	
<b>Total other financing uses</b>	<u>(15)</u>	<u>(15)</u>	<u>(15)</u>	
<b>Net change in fund balance</b>	(6,112)	(6,110)	(1,503)	4,607
<b>Fund Balance at Beginning of Year</b>	<u>6,112</u>	<u>6,112</u>	<u>6,112</u>	
<b>Fund Balance at End of Year</b>	<u>\$ 2</u>	<u>2</u>	<u>4,609</u>	<u>4,607</u>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**SERVICE AREAS SPECIAL REVENUE FUND**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 2,989	2,991	4,459	1,468
Licenses, permits and franchise fees	12	12	33	21
Use of money and property	415	415	1,273	858
Intergovernmental	1,711	1,711	1,559	(152)
Charges for services	5,487	5,487	7,988	2,501
Other revenue	4	5	20	15
<b>Total revenues</b>	<b>10,618</b>	<b>10,621</b>	<b>15,332</b>	<b>4,711</b>
<b>Expenditures:</b>				
Public protection				
Services and supplies	21,471	20,728	9,219	11,509
Other charges	1,503	1,725	2,204	(479)
Fixed assets	36	36	2	34
Expenditure transfers	452	574	552	22
Reserves	21	21		21
Total public protection	23,483	23,084	11,977	11,107
Education				
Services and supplies	30	28		28
Other charges	166	168	168	
Total education	196	196	168	28
Public ways and facilities				
Salaries and benefits				
Services and supplies	4,304	4,300	21	4,279
Other charges	385	389	388	1
Expenditure transfers	10	10	1	9
Total public ways and facilities	4,699	4,699	410	4,289
Recreation and culture				
Salaries and benefits	4	4	4	
Services and supplies	1,327	1,235	399	836
Other charges	308	374	319	55
Fixed assets	1,967	1,967	6	1,961
Expenditure transfers	182	210	193	17
Total recreation and culture	3,788	3,790	921	2,869
<b>Total expenditures</b>	<b>32,166</b>	<b>31,769</b>	<b>13,476</b>	<b>18,293</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(21,548)</b>	<b>(21,148)</b>	<b>1,856</b>	<b>23,004</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in			10	10
Transfers out		(400)	(410)	(10)
Total other financing sources (uses)		(400)	(400)	
<b>Net change in fund balance</b>	<b>(21,548)</b>	<b>(21,548)</b>	<b>1,456</b>	<b>23,004</b>
<b>Fund Balance at Beginning of Year</b>	<b>22,259</b>	<b>22,259</b>	<b>22,259</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 711</b>	<b>711</b>	<b>23,715</b>	<b>23,004</b>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**FLOOD CONTROL SPECIAL REVENUE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 6,108	6,108	7,066	958
Licenses, permits and franchise fees	2,498	2,506	6,737	4,231
Use of money and property	416	416	1,201	785
Intergovernmental	981	981	2,287	1,306
Charges for services	14,078	14,154	14,414	260
Other revenue	2,772	2,978	1,066	(1,912)
<b>Total revenues</b>	<b>26,853</b>	<b>27,143</b>	<b>32,771</b>	<b>5,628</b>
<b>Expenditures:</b>				
Current:				
Public protection				
Salaries and benefits	2	2	2	
Services and supplies	33,493	32,465	16,876	15,589
Other charges	1,250	1,445	1,250	195
Fixed assets	3	70	3	67
Expenditure transfers	10,442	10,509	5,959	4,550
Reserves	2,492	2,491		2,491
<b>Total public protection</b>	<b>47,682</b>	<b>46,982</b>	<b>24,090</b>	<b>22,892</b>
Public ways and facilities				
Services and supplies	3,573	3,573		3,573
Other charges	1,549	1,549		1,549
<b>Total public ways and facilities</b>	<b>5,122</b>	<b>5,122</b>		<b>5,122</b>
Debt service:				
Principal		863		863
Interest		186		186
<b>Total expenditures</b>	<b>52,804</b>	<b>53,153</b>	<b>24,090</b>	<b>29,063</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(25,951)</b>	<b>(26,010)</b>	<b>8,681</b>	<b>34,691</b>
<b>Other Financing Uses:</b>				
Transfers out	(2,152)	(2,152)	(258)	1,894
<b>Total other financing uses</b>	<b>(2,152)</b>	<b>(2,152)</b>	<b>(258)</b>	<b>1,894</b>
<b>Net change in fund balance</b>	<b>(28,103)</b>	<b>(28,162)</b>	<b>8,423</b>	<b>36,585</b>
<b>Fund Balance at Beginning of Year</b>	<b>28,455</b>	<b>28,455</b>	<b>28,455</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 352</b>	<b>293</b>	<b>36,878</b>	<b>36,585</b>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**LAW ENFORCEMENT SPECIAL REVENUE FUND**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 5,258	6,067	5,731	(336)
Fines, forfeitures and penalties	394	395	576	181
Use of money and property	185	215	630	415
Intergovernmental	7,183	7,183	5,499	(1,684)
Charges for services	677	677	1,663	986
Other revenue	377	480	413	(67)
<b>Total revenues</b>	<b>14,074</b>	<b>15,017</b>	<b>14,512</b>	<b>(505)</b>
<b>Expenditures:</b>				
General government				
Services and supplies	4,656	4,334		4,334
Other charges		1	1	
Expenditure transfers		321	321	
Total general government	<b>4,656</b>	<b>4,656</b>	<b>322</b>	<b>4,334</b>
Public protection				
Salaries and benefits	1,829	1,905	1,492	413
Services and supplies	13,043	5,922		5,922
Other charges	2,973	3,434	2,928	506
Fixed assets	72	1,711		1,711
Expenditure transfers	7,833	13,605	10,002	3,603
Total public protection	<b>25,750</b>	<b>26,577</b>	<b>14,422</b>	<b>12,155</b>
Recreation and culture				
Salaries and benefits	6	5	5	
Services and supplies	124	163	163	
Other charges	21	18	18	
Expenditure transfers	30	38	38	
Total recreation and culture	<b>181</b>	<b>224</b>	<b>224</b>	
<b>Total expenditures</b>	<b>30,587</b>	<b>31,457</b>	<b>14,968</b>	<b>16,489</b>
<b>Deficiency of revenues under expenditures</b>	<b>(16,513)</b>	<b>(16,440)</b>	<b>(456)</b>	<b>15,984</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	618	747	410	(337)
Transfers out	(797)	(998)	(290)	708
<b>Total other financing sources (uses)</b>	<b>(179)</b>	<b>(251)</b>	<b>120</b>	<b>371</b>
<b>Net change in fund balance</b>	<b>(16,692)</b>	<b>(16,691)</b>	<b>(336)</b>	<b>16,355</b>
<b>Fund Balance at Beginning of Year</b>	<b>21,033</b>	<b>21,033</b>	<b>21,033</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 4,341</b>	<b>4,342</b>	<b>20,697</b>	<b>16,355</b>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**COURTS AND CRIMINAL JUSTICE SPECIAL REVENUE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures and penalties	\$ 2,200	2,260	2,323	63
Use of money and property			165	165
Intergovernmental	328	307	307	
<b>Total revenues</b>	<b>2,528</b>	<b>2,567</b>	<b>2,795</b>	<b>228</b>
<b>Expenditures:</b>				
Current:				
General government				
Services and supplies	3,932	3,928		3,928
Other charges	1,986	2,014	2,003	11
<b>Total general government</b>	<b>5,918</b>	<b>5,942</b>	<b>2,003</b>	<b>3,939</b>
Public protection				
Services and supplies	127			
<b>Total public protection</b>	<b>127</b>			
Debt service:				
Interest		13	13	
<b>Total expenditures</b>	<b>6,045</b>	<b>5,955</b>	<b>2,016</b>	<b>3,939</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,517)</b>	<b>(3,388)</b>	<b>779</b>	<b>4,167</b>
<b>Other Financing Uses:</b>				
Transfers out		(258)	(129)	129
<b>Total other financing uses</b>		<b>(258)</b>	<b>(129)</b>	<b>129</b>
<b>Net change in fund balance</b>	<b>(3,517)</b>	<b>(3,646)</b>	<b>650</b>	<b>4,296</b>
<b>Fund Balance at Beginning of Year</b>	<b>3,517</b>	<b>3,517</b>	<b>3,517</b>	
<b>Fund Balance at End of Year</b>	<b>\$</b>	<b>(129)</b>	<b>4,167</b>	<b>4,296</b>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**RECORDER/CLERK MODERNIZATION SPECIAL REVENUE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 2,353	2,353	3,464	1,111
<b>Total revenues</b>	<u>2,353</u>	<u>2,353</u>	<u>3,464</u>	<u>1,111</u>
<b>Expenditures:</b>				
Public protection				
Salaries and benefits	1,016	1,016	892	124
Services and supplies	13,347	13,347	1,196	12,151
Other charges	343	343	156	187
Fixed assets	2,512	2,512	683	1,829
Total public protection	<u>17,218</u>	<u>17,218</u>	<u>2,927</u>	<u>14,291</u>
<b>Total expenditures</b>	<u>17,218</u>	<u>17,218</u>	<u>2,927</u>	<u>14,291</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(14,865)</u>	<u>(14,865)</u>	<u>537</u>	<u>15,402</u>
<b>Other Financing Uses:</b>				
Transfers out	(40)	(40)	(40)	
<b>Total other financing uses</b>	<u>(40)</u>	<u>(40)</u>	<u>(40)</u>	
<b>Net change in fund balance</b>	(14,905)	(14,905)	497	15,402
<b>Fund Balance at Beginning of Year</b>	<u>14,907</u>	<u>14,907</u>	<u>14,907</u>	
<b>Fund Balance at End of Year</b>	<u>\$ 2</u>	<u>2</u>	<u>15,404</u>	<u>15,402</u>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**REDEVELOPMENT AGENCY SPECIAL REVENUE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,078	2,078	2,645	567
Use of money and property	53	53	199	146
Other revenue	1,000	1,000		(1,000)
<b>Total revenues</b>	<u>3,131</u>	<u>3,131</u>	<u>2,844</u>	<u>(287)</u>
<b>Expenditures:</b>				
Current:				
Public assistance				
Services and supplies	6,387	6,342	737	5,605
Other charges	442	442	3	439
Fixed assets	2,455	2,455	1,092	1,363
Total public assistance	<u>9,284</u>	<u>9,239</u>	<u>1,832</u>	<u>7,407</u>
Debt service:				
Interest	648	79	79	
Total expenditures	<u>9,932</u>	<u>9,318</u>	<u>1,911</u>	<u>7,407</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(6,801)</u>	<u>(6,187)</u>	<u>933</u>	<u>7,120</u>
<b>Other Financing Uses:</b>				
Transfers out	(300)	(788)	(459)	329
<b>Total other financing uses</b>	<u>(300)</u>	<u>(788)</u>	<u>(459)</u>	<u>329</u>
<b>Net change in fund balance</b>	(7,101)	(6,975)	474	7,449
<b>Fund Balance at Beginning of Year</b>	<u>2,153</u>	<u>2,153</u>	<u>2,153</u>	
<b>Fund Balance at End of Year</b>	<u>\$ (4,948)</u>	<u>(4,822)</u>	<u>2,627</u>	<u>7,449</u>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**CHILD DEVELOPMENT SPECIAL REVENUE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 8,425	9,081	9,379	298
Other revenue	5,972	6,506	6,298	(208)
<b>Total revenues</b>	<b>14,397</b>	<b>15,587</b>	<b>15,677</b>	<b>90</b>
<b>Expenditures:</b>				
Current:				
Public assistance				
Salaries and benefits	6,674	4,911	4,887	24
Services and supplies	1,365	1,393	1,355	38
Other charges	240	108	107	1
Expenditure transfers	5,638	8,696	8,675	21
Total public assistance	13,917	15,108	15,024	84
Debt Service:				
Interest	6	6	6	
<b>Total expenditures</b>	<b>13,923</b>	<b>15,114</b>	<b>15,030</b>	<b>84</b>
<b>Excess of revenues over expenditures</b>	<b>474</b>	<b>473</b>	<b>647</b>	<b>174</b>
<b>Other Financing Uses:</b>				
Transfers out	(209)	(209)	(209)	
<b>Total other financing uses</b>	<b>(209)</b>	<b>(209)</b>	<b>(209)</b>	
<b>Net change in fund balance</b>	<b>265</b>	<b>264</b>	<b>438</b>	<b>174</b>
<b>Fund Balance at Beginning of Year</b>	<b>(33)</b>	<b>(33)</b>	<b>(33)</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 232</b>	<b>231</b>	<b>405</b>	<b>174</b>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY SPECIAL REVENUE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,312	1,399	1,319	(80)
Other revenue	17	323	323	
<b>Total revenues</b>	<u>1,329</u>	<u>1,722</u>	<u>1,642</u>	<u>(80)</u>
<b>Expenditures:</b>				
Public assistance				
Salaries and benefits	1,055	1,055	1,037	18
Services and supplies	531	434	371	63
Other charges	135	232	230	2
<b>Total expenditures</b>	<u>1,721</u>	<u>1,721</u>	<u>1,638</u>	<u>83</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(392)</u>	<u>1</u>	<u>4</u>	<u>3</u>
<b>Net change in fund balance</b>	(392)	1	4	3
<b>Fund Balance at Beginning of Year</b>	<u>8</u>	<u>8</u>	<u>8</u>	
<b>Fund Balance at End of Year</b>	<u><u>\$ (384)</u></u>	<u><u>9</u></u>	<u><u>12</u></u>	<u><u>3</u></u>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**OTHER SPECIAL REVENUE FUND**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,221	2,067	2,056	(11)
Licenses, permits and franchise fees	94	94	7	(87)
Fines, forfeitures and penalties	86	86	13	(73)
Use of money and property	567	1,677	2,133	456
Intergovernmental	20,699	20,699	20,089	(610)
Charges for services	3,842	4,003	2,712	(1,291)
Other revenue	1,359	1,359	1,658	299
<b>Total revenues</b>	<b>27,868</b>	<b>29,985</b>	<b>28,668</b>	<b>(1,317)</b>
<b>Expenditures:</b>				
Current:				
General government				
Services and supplies	644	644		644
Other charges	1	5	4	1
Expenditure transfers	123	123	67	56
<b>Total general government</b>	<b>768</b>	<b>772</b>	<b>71</b>	<b>701</b>
Public protection				
Salaries and benefits	16,330	15,484	14,455	1,029
Services and supplies	5,906	6,105	4,202	1,903
Other charges	1,132	1,159	1,095	64
Fixed assets	75	203	111	92
Expenditure transfers	359	906	906	
<b>Total public protection</b>	<b>23,802</b>	<b>23,857</b>	<b>20,769</b>	<b>3,088</b>
Public assistance				
Salaries and benefits	13	48	48	
Services and supplies	9,586	9,463	1,984	7,479
Other charges	235	463	429	34
Expenditure transfers	400	400	245	155
<b>Total public assistance</b>	<b>10,234</b>	<b>10,374</b>	<b>2,706</b>	<b>7,668</b>
Public ways and facilities				
Services and supplies	257	136		136
Other charges		121	121	
<b>Total public ways and facilities</b>	<b>257</b>	<b>257</b>	<b>121</b>	<b>136</b>
Debt service:				
Principal	48	48	48	
Interest	39	213	212	1
<b>Total expenditures</b>	<b>35,148</b>	<b>35,521</b>	<b>23,927</b>	<b>11,594</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(7,280)</b>	<b>(5,536)</b>	<b>4,741</b>	<b>10,277</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in			88	88
Transfers out	(24,902)	(26,646)	(22,010)	4,636
<b>Total other financing sources (uses)</b>	<b>(24,902)</b>	<b>(26,646)</b>	<b>(21,922)</b>	<b>4,724</b>
<b>Net change in fund balance</b>	<b>(32,182)</b>	<b>(32,182)</b>	<b>(17,181)</b>	<b>15,001</b>
<b>Fund Balance at Beginning of Year</b>	<b>41,825</b>	<b>41,825</b>	<b>41,825</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 9,643</b>	<b>9,643</b>	<b>24,644</b>	<b>15,001</b>

## **Nonmajor Debt Service Funds**

### **DEBT SERVICE FUNDS**

Debt service funds are used to account for accumulation of resources for, and payment of, principal and interest on the county's general long-term debt.

#### **RECREATION AND PARK BONDS FUND**

This fund is used to account for accumulated monies for payment of recreation and park bonds. Financing is provided by specific property tax levies.

#### **STORM DRAINAGE BONDS FUND**

This fund is used to account for accumulated monies for payment of storm drainage bonds. Financing is provided by specific property tax levies.

#### **PUBLIC FINANCING AUTHORITY (PFA) FUND**

This fund is used to account for accumulated monies for payment of general long-term debt incurred for the various financing activities of the County of Contra Costa Public Financing Authority.

#### **RETIREMENT LITIGATION SETTLEMENT FUND**

This fund is used to account for accumulated monies for payment of the additional retirement benefits for retirees from the settlement of Vernon D. Paulson, et. al. vs. Board of Retirement of the Contra Costa County Employees' Retirement Association, et al. The county has entered into an agreement with CCCERA to pay the liability for its share of the additional costs over a twenty year period.

#### **REDEVELOPMENT AGENCY (RDA) FUND**

This fund is used to account for accumulated monies for payment of general long-term debt incurred for the purchase of real property within the area of the Redevelopment Agency.

#### **CCC FIRE PROTECTION DISTRICT PENSION BOND FUND**

This fund is used to account for accumulated monies for payment of taxable pension obligation bonds for the Contra Costa County Fire Protection District. These bonds were issued to reduce or extinguish the fire district's unfunded actuarial accrued liability (UAAL).

#### **ASSESSMENT DISTRICTS FUND**

This fund is used to account for the accumulation of monies for payment of assessment district debt issued to fund assessment district capital improvement projects.

COUNTY OF CONTRA COSTA  
**COMBINING BALANCE SHEET**  
**DEBT SERVICE FUNDS**  
 JUNE 30, 2006  
 (In Thousands)

	Recreation and Park Bonds	Storm Drainage Bonds	Public Financing Authority
<b>Assets:</b>			
Cash and investments	\$ 81	1	17
Accounts receivable and accrued revenue	1		
Due from other funds			
Restricted cash and investments			9,840
<b>Total assets</b>	<b>\$ 82</b>	<b>1</b>	<b>9,857</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$		
Due to other funds			1,328
Advance from other funds			
<b>Total liabilities</b>			<b>1,328</b>
<b>Fund Balances:</b>			
Reserved for:			
Debt service	82	1	
Unreserved, designated for:			
Future projects			8,529
Unreserved, undesignated			
<b>Total fund balances</b>	<b>82</b>	<b>1</b>	<b>8,529</b>
<b>Total liabilities and fund balances</b>	<b>\$ 82</b>	<b>1</b>	<b>9,857</b>

Retirement Litigation Settlement	Redevelopment Agency	CCC Fire Protection District Pension Bond	Assessment Districts	Total
2,530	3,615	4,947	2,495	13,686
	105		4	110
230				230
	9,647		1,822	21,309
<u>2,760</u>	<u>13,367</u>	<u>4,947</u>	<u>4,321</u>	<u>35,335</u>
2,760			289	3,049
	99			1,328
				99
<u>2,760</u>	<u>99</u>		<u>289</u>	<u>4,476</u>
	4,083		4,032	8,198
				8,529
	9,185	4,947		14,132
	13,268	4,947	4,032	30,859
<u>2,760</u>	<u>13,367</u>	<u>4,947</u>	<u>4,321</u>	<u>35,335</u>

COUNTY OF CONTRA COSTA  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Recreation and Park Bonds	Storm Drainage Bonds	Public Financing Authority
<b>Revenues:</b>			
Taxes	\$ 27		
Use of money and property			16,938
Other revenue			
<b>Total revenues</b>	<u>27</u>		<u>16,938</u>
<b>Expenditures:</b>			
Current:			
Public assistance	1		3,036
Debt service:			
Principal			9,719
Interest			7,794
Other charges			3
<b>Total expenditures</b>	<u>1</u>		<u>20,552</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>26</u>		<u>(3,614)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in			777
Transfers out			(42)
Proceeds from issuance of debt			
Payment to retirement trustee			
Debt issuance cost			
<b>Total other financing sources (uses)</b>			<u>735</u>
<b>Net change in fund balances</b>	26		(2,879)
<b>Fund Balances at Beginning of Year</b>	<u>56</u>	<u>1</u>	<u>11,408</u>
<b>Fund Balances at End of Year</b>	<u>\$ 82</u>	<u>1</u>	<u>8,529</u>

Retirement Litigation Settlement	Redevelopment Agency	CCC Fire Protection District Pension Bond	Assessment Districts	Total
	5,050		4,219	9,296
	427	154	75	17,594
1		8,008		8,009
1	5,477	8,162	4,294	34,899
	1		1,815	4,853
665	1,110		793	12,287
2,095	4,439	3,221	793	18,342
		3,723		3,726
2,760	5,550	6,944	3,401	39,208
(2,759)	(73)	1,218	893	(4,309)
2,759	459			3,995
			(777)	(819)
		129,900		129,900
		(124,904)		(124,904)
		(1,267)		(1,267)
2,759	459	3,729	(777)	6,905
	386	4,947	116	2,596
	12,882		3,916	28,263
	13,268	4,947	4,032	30,859

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**RECREATION AND PARK BONDS DEBT SERVICE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 529	529	27	(502)
Intergovernmental	5	5		(5)
<b>Total revenues</b>	<u>534</u>	<u>534</u>	<u>27</u>	<u>(507)</u>
<b>Expenditures:</b>				
Current:				
Public assistance	45	45	1	44
Debt service:				
Principal	420	420		420
Interest	124	124		124
<b>Total expenditures</b>	<u>589</u>	<u>589</u>	<u>1</u>	<u>588</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(55)</u>	<u>(55)</u>	<u>26</u>	<u>81</u>
<b>Net change in fund balance</b>	(55)	(55)	26	81
<b>Fund Balance at Beginning of Year</b>	<u>56</u>	<u>56</u>	<u>56</u>	
<b>Fund Balance at End of Year</b>	<u>\$ 1</u>	<u>1</u>	<u>82</u>	<u>81</u>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**STORM DRAINAGE BONDS DEBT SERVICE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 5	5		(5)
<b>Total revenues</b>				
<b>Expenditures:</b>				
Debt service:				
Principal	5	5		5
<b>Total expenditures</b>	5	5		5
<b>Excess (deficiency) of revenues over (under) expenditures</b>				
<b>Net change in fund balance</b>				
<b>Fund Balance at Beginning of Year</b>	1	1	1	
<b>Fund Balance at End of Year</b>	\$ 1	1	1	

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**RETIREMENT LITIGATION SETTLEMENT DEBT SERVICE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other revenue	\$		1	1
<b>Total revenues</b>			<u>1</u>	<u>1</u>
<b>Expenditures:</b>				
Debt service:				
Principal		665	665	
Interest		2,095	2,095	
<b>Total expenditures</b>		<u>2,760</u>	<u>2,760</u>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<u>(2,760)</u>	<u>(2,759)</u>	<u>1</u>
<b>Other Financing Sources:</b>				
Transfers in		2,760	2,759	(1)
<b>Total other financing sources</b>		<u>2,760</u>	<u>2,759</u>	<u>(1)</u>
<b>Net change in fund balance</b>				
<b>Fund Balance at Beginning of Year</b>				
<b>Fund Balance at End of Year</b>	\$			

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**REDEVELOPMENT AGENCY DEBT SERVICE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 4,999	4,999	5,050	51
Use of money and property	549	549	427	(122)
<b>Total revenues</b>	<u>5,548</u>	<u>5,548</u>	<u>5,477</u>	<u>(71)</u>
<b>Expenditures:</b>				
Current:				
Public assistance	16	14	1	13
Debt service:				
Principal	1,100	1,110	1,110	
Interest	4,432	4,457	4,439	18
<b>Total expenditures</b>	<u>5,548</u>	<u>5,581</u>	<u>5,550</u>	<u>31</u>
<b>Deficiency of revenues under expenditures</b>		<u>(33)</u>	<u>(73)</u>	<u>(40)</u>
<b>Other Financing Sources:</b>				
Transfers in		491	459	(32)
<b>Total other financing sources</b>		<u>491</u>	<u>459</u>	<u>(32)</u>
<b>Net change in fund balance</b>		458	386	(72)
<b>Fund Balance at Beginning of Year</b>	<u>12,882</u>	<u>12,882</u>	<u>12,882</u>	
<b>Fund Balance at End of Year</b>	<u>\$ 12,882</u>	<u>13,340</u>	<u>13,268</u>	<u>(72)</u>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**CCC FIRE PROTECTION DISTRICT PENSION BOND DEBT SERVICE FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$	90	154	64
Other revenue		8,007	8,008	1
<b>Total revenues</b>		<u>8,097</u>	<u>8,162</u>	<u>65</u>
<b>Expenditures:</b>				
Debt service:				
Principal		1,077		1,077
Interest		3,221	3,221	
Salaries and employee benefits		3,710		3,710
Services and supplies		95		95
Other charges		3,723	3,723	
<b>Total expenditures</b>		<u>11,826</u>	<u>6,944</u>	<u>4,882</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<u>(3,729)</u>	<u>1,218</u>	<u>4,947</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from issuance of debt		129,900	129,900	
Payment to retirement trustee		(124,904)	(124,904)	
Debt issuance cost		(1,267)	(1,267)	
<b>Total other financing sources (uses)</b>		<u>3,729</u>	<u>3,729</u>	
<b>Net change in fund balance</b>			<u>4,947</u>	<u>4,947</u>
<b>Fund Balance at Beginning of Year</b>				
<b>Fund Balance at End of Year</b>	\$		<u>4,947</u>	<u>4,947</u>

## **Nonmajor Capital Projects Funds**

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for financial resources to be used for the acquisition of land or acquisition and construction of major facilities other than those financed in the proprietary funds.

#### **REDEVELOPMENT AGENCY (RDA) FUND**

This fund accounts for the acquisition of real property and construction of improvements thereon in the county's unincorporated areas by the Redevelopment Agency for the purpose of removing or preventing blight.

#### **COUNTY FACILITIES FUND**

This fund is used to account for improvements made to Juvenile Hall facilities and other miscellaneous capital projects.

#### **ASSESSMENT DISTRICTS FUND**

This fund is used to account for all the capital improvement projects constructed using assessment district funds.

COUNTY OF CONTRA COSTA  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
 JUNE 30, 2006  
 (In Thousands)

	Redevelopment Agency	County Facilities	Assessment Districts	Total
<b>Assets:</b>				
Cash and investments	\$ 11,956	149	714	12,819
Accounts receivable and accrued revenue (net)	1,576	1		1,577
Due from other funds	207			207
Notes receivable	33			33
Land held for resale	955			955
Restricted cash and investments	52,495		3,453	55,948
<b>Total assets</b>	<b>\$ 67,222</b>	<b>150</b>	<b>4,167</b>	<b>71,539</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,743	78	1	1,822
Due to other funds	600			600
Advances from other funds	1,665			1,665
Deferred revenue	61			61
<b>Total liabilities</b>	<b>4,069</b>	<b>78</b>	<b>1</b>	<b>4,148</b>
<b>Fund balances:</b>				
Reserved for:				
Encumbrances	41,674			41,674
Land held for resale	955			955
Programs with purpose restrictions	582			582
Bond proceeds with eligibility restrictions	16,022			16,022
Unreserved, undesignated:	3,920	72	4,166	8,158
<b>Total fund balances</b>	<b>63,153</b>	<b>72</b>	<b>4,166</b>	<b>67,391</b>
<b>Total liabilities and fund balances</b>	<b>\$ 67,222</b>	<b>150</b>	<b>4,167</b>	<b>71,539</b>

COUNTY OF CONTRA COSTA  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Redevelopment Agency	County Facilities	Assessment Districts	Total
<b>Revenues:</b>				
Taxes	\$ 5,530			5,530
Use of money and property	2,355	4	140	2,499
Intergovernmental	479			479
Other revenue	31			31
<b>Total revenues</b>	<u>8,395</u>	<u>4</u>	<u>140</u>	<u>8,539</u>
<b>Expenditures:</b>				
Current:				
Public assistance	10,868			10,868
Debt service:				
Interest	33			33
<b>Total expenditures</b>	<u>10,901</u>			<u>10,901</u>
<b>Excess of revenues over expenditures</b>	<u>(2,506)</u>	<u>4</u>	<u>140</u>	<u>(2,362)</u>
<b>Other Financing Uses:</b>				
Transfers out	(18)			(18)
<b>Total other financing uses</b>	<u>(18)</u>			<u>(18)</u>
<b>Net change in fund balance</b>	(2,524)	4	140	(2,380)
<b>Fund Balances at Beginning of Year</b>	<u>65,677</u>	<u>68</u>	<u>4,026</u>	<u>69,771</u>
<b>Fund Balances at End of Year</b>	<u>\$ 63,153</u>	<u>72</u>	<u>4,166</u>	<u>67,391</u>

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 5,423	5,423	5,530	107
Use of money and property	315	315	2,355	2,040
Intergovernmental	1,024	1,024	479	(545)
Charges for services	223	223		(223)
Other revenue	5,178	5,178	31	(5,147)
<b>Total revenues</b>	12,163	12,163	8,395	(3,768)
<b>Expenditures:</b>				
Current:				
Public assistance				
Salaries and benefits	21	26	8	18
Services and supplies	20,546	20,528	6,019	14,509
Other charges	56,195	56,160	3,016	53,144
Fixed assets	1,385	1,425	611	814
Expenditure transfers	1,494	1,494	1,214	280
Total public assistance	79,641	79,633	10,868	68,765
Debt service:				
Interest	35	40	33	7
Total expenditures	79,676	79,673	10,901	68,772
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(67,513)	(67,510)	(2,506)	65,004
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,795	1,795		(1,795)
Transfers out	(1,005)	(1,008)	(18)	990
Total other financing sources (uses)	790	787	(18)	(805)
Net change in fund balance	(66,723)	(66,723)	(2,524)	64,199
<b>Fund Balance at Beginning of Year</b>	65,677	65,677	65,677	
<b>Fund Balance at End of Year</b>	\$ (1,046)	(1,046)	63,153	64,199

COUNTY OF CONTRA COSTA  
**BUDGETARY COMPARISON SCHEDULE**  
**COUNTY FACILITIES CAPITAL PROJECTS FUND**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$		4	4
<b>Total revenues</b>			4	4
<b>Expenditures:</b>				
Current:				
Services and supplies	68	68		68
Total general government	68	68		68
<b>Total expenditures</b>	68	68		68
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(68)	(68)	4	72
<b>Net change in fund balance</b>	(68)	(68)	4	72
<b>Fund Balance at Beginning of Year</b>	68	68	68	
<b>Fund Balance at End of Year</b>	\$		72	72



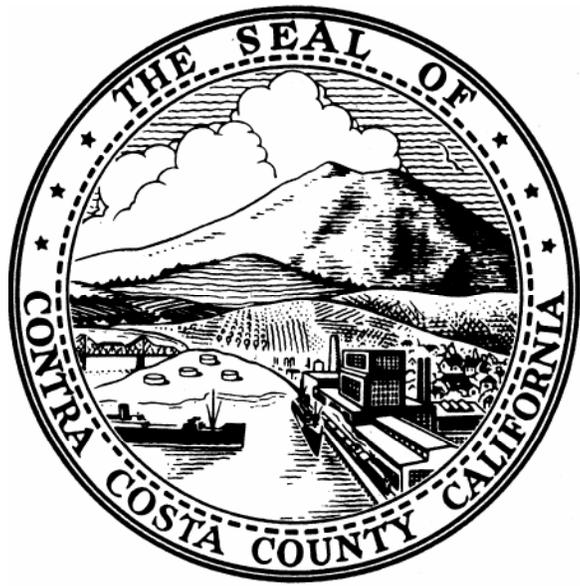
## **Nonmajor Governmental Fund**

### **PERMANENT FUND**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The county's Permanent Fund is included in the combining financial statements of the nonmajor governmental funds (starting on page 97).

#### **LIBRARY GIFT PERMANENT FUND**

This fund is used to account for principal trust amounts received and related interest income. The interest portion of the fund is used to support the county libraries.



## **Nonmajor Enterprise Funds**

### **ENTERPRISE FUNDS**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to have the costs (expenses, including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

#### **AIRPORT FUND**

This fund was established to account for the financial activities of the Buchanan Field and Byron Airport aviation facilities. Revenues include receipts under rental and lease arrangements involving county airport facilities, and state and federal aid.

#### **SHERIFF LAW ENFORCEMENT TRAINING CENTER FUND**

This fund was established to account for the financial activities of the Sheriff Law Enforcement Training Center. The center provides training to law enforcement personnel from the County Sheriff's Office and other agencies. Revenues include tuition fees paid by the student or law enforcement agency and state aid.

#### **HMO MEDI-CAL PLAN**

Revenues and expenditures are capitation payments and costs related to Medi-Cal eligible's enrolled in the Medi-Cal Plan.

#### **HMO COMMERCIAL PLAN**

Revenues and expenditures are related to Medicare, county employees, and private citizens enrolled in the Commercial Plan. In addition to monthly insurance capitation payments, revenues include realignment funds, National Master Tobacco Settlement funds, and subsidies from the General Fund.

#### **MAJOR RISK MEDICAL INSURANCE FUND**

Revenues and Expenditures related to residents who qualify for the State sponsored Aid to Infants and Mothers (AIM) Program and the Major Risk Medical Insurance Program (MRMIP).

COUNTY OF CONTRA COSTA  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
 JUNE 30, 2006  
 (In Thousands)

	Airport	Sheriff Law Enforcement Training Center	HMO Medi-Cal Plan	HMO Commercial Plan	Major Risk Medical Insurance	Total
<b>Assets:</b>						
Current assets:						
Cash and investments	\$ 1,175		18,137	17,902	901	38,115
Accounts receivable and accrued revenue (net)	101	15	88	3,763	31	3,998
Inventories	36					36
Due from other funds	3		2,097	88	63	2,251
Prepaid items and deposits	15	37				52
<b>Total current assets</b>	<b>1,330</b>	<b>52</b>	<b>20,322</b>	<b>21,753</b>	<b>995</b>	<b>44,452</b>
Noncurrent assets:						
Restricted cash and investments	20					20
Capital assets:						
Nondepreciable	11,438					11,438
Depreciable, net	11,546	366	48			11,960
<b>Total noncurrent assets</b>	<b>23,004</b>	<b>366</b>	<b>48</b>			<b>23,418</b>
<b>Total assets</b>	<b>\$ 24,334</b>	<b>418</b>	<b>20,370</b>	<b>21,753</b>	<b>995</b>	<b>67,870</b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 471	83	11,945	14,052	8	26,559
Accrued interest payable	9					9
Due to other funds	85	970	655	5,274	126	7,110
Deferred revenue	712					712
Current portion of long-term liabilities	160	4	37			201
<b>Total current liabilities</b>	<b>1,437</b>	<b>1,057</b>	<b>12,637</b>	<b>19,326</b>	<b>134</b>	<b>34,591</b>
Noncurrent portion of long-term liabilities:						
Capital lease obligations	1,149					1,149
Compensated absences	80	38	334			452
<b>Total noncurrent portion of long-term liabilities</b>	<b>1,229</b>	<b>38</b>	<b>334</b>			<b>1,601</b>
<b>Total liabilities</b>	<b>2,666</b>	<b>1,095</b>	<b>12,971</b>	<b>19,326</b>	<b>134</b>	<b>36,192</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	21,685	366	48			22,099
Unrestricted	(17)	(1,043)	7,351	2,427	861	9,579
<b>Total net assets</b>	<b>21,668</b>	<b>(677)</b>	<b>7,399</b>	<b>2,427</b>	<b>861</b>	<b>31,678</b>
<b>Total liabilities and net assets</b>	<b>\$ 24,334</b>	<b>418</b>	<b>20,370</b>	<b>21,753</b>	<b>995</b>	<b>67,870</b>

COUNTY OF CONTRA COSTA  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Airport	Sheriff Law Enforcement Training Center	HMO Medi-Cal Plan	HMO Commercial Plan	Major Risk Medical Insurance	Total
<b>Operating Revenues:</b>						
Use of money and property	\$ 3,107			1,387	7	4,501
Charges for services		982	67,126	63,724	1,946	133,778
Other revenue	345	52				397
<b>Total operating revenues</b>	<u>3,452</u>	<u>1,034</u>	<u>67,126</u>	<u>65,111</u>	<u>1,953</u>	<u>138,676</u>
<b>Operating Expenses:</b>						
Salaries and employee benefits	1,871	998	6,892	2,045		11,806
Services and supplies	832	205	58,615	81,608	1,625	142,885
Other charges	428	85	3,916			4,429
Expenditure transfers	161					161
Depreciation	1,821	31	10			1,862
<b>Total operating expenses</b>	<u>5,113</u>	<u>1,319</u>	<u>69,433</u>	<u>83,653</u>	<u>1,625</u>	<u>161,143</u>
<b>Operating income (loss)</b>	<u>(1,661)</u>	<u>(285)</u>	<u>(2,307)</u>	<u>(18,542)</u>	<u>328</u>	<u>(22,467)</u>
<b>Nonoperating Revenues (Expenses):</b>						
State and federal grants	426	212		14,181		14,819
Investment income	3					3
Interest expense	(126)		(1)	(1)		(128)
<b>Total nonoperating revenues (expenses)</b>	<u>303</u>	<u>212</u>	<u>(1)</u>	<u>14,180</u>		<u>14,694</u>
<b>Income (Loss) Before Transfers</b>	<u>(1,358)</u>	<u>(73)</u>	<u>(2,308)</u>	<u>(4,362)</u>	<u>328</u>	<u>(7,773)</u>
Transfers in		67		6,789		6,856
Transfers out	(162)	(73)	(368)			(603)
<b>Change in net assets</b>	<u>(1,520)</u>	<u>(79)</u>	<u>(2,676)</u>	<u>2,427</u>	<u>328</u>	<u>(1,520)</u>
<b>Total Net Assets at Beginning of Year</b>	<u>23,188</u>	<u>(598)</u>	<u>10,075</u>		<u>533</u>	<u>33,198</u>
<b>Total Net Assets at End of Year</b>	<u>\$ 21,668</u>	<u>(677)</u>	<u>7,399</u>	<u>2,427</u>	<u>861</u>	<u>31,678</u>

COUNTY OF CONTRA COSTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Airport	Sheriff Law Enforcement Training Center	HMO Medi-Cal Plan	HMO Commercial Plan	Major Risk Medical Insurance	Total
<b>Cash Flows from Operating Activities:</b>						
Cash received from customers/other funds	\$ 4,321	1,170	73,205	61,260	1,962	141,918
Cash payment to suppliers for goods and services	(1,583)	(295)	(82,156)	(62,282)	(2,345)	(148,661)
Cash payment to employees for services	(1,848)	(989)	(6,929)	(2,045)		(11,811)
<b>Net Cash Provided by Operating Activities</b>	<u>890</u>	<u>(114)</u>	<u>(15,880)</u>	<u>(3,067)</u>	<u>(383)</u>	<u>(18,554)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>						
State and federal grants	426	212		14,181		14,819
Transfers received		67		6,789		6,856
Transfers paid	(162)	(73)	(368)			(603)
Due to other funds		(93)				(93)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<u>264</u>	<u>113</u>	<u>(368)</u>	<u>20,970</u>		<u>20,979</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition and construction of capital assets	(357)					(357)
Interest paid	(80)		(1)	(1)		(82)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(437)</u>		<u>(1)</u>	<u>(1)</u>		<u>(439)</u>
<b>Cash Flows from Investing Activities:</b>						
Interest received on investments	3					3
<b>Net Cash Provided by Investing Activities</b>	<u>3</u>					<u>3</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>720</u>	<u>(1)</u>	<u>(16,249)</u>	<u>17,902</u>	<u>(383)</u>	<u>1,989</u>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>475</u>	<u>1</u>	<u>34,386</u>		<u>1,284</u>	<u>36,146</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 1,195</u>		<u>18,137</u>	<u>17,902</u>	<u>901</u>	<u>38,135</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:</b>						
Operating income (loss)	\$ (1,661)	(285)	(2,307)	(18,542)	328	(22,467)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:						
Depreciation	1,821	31	10			1,862
Changes in operating assets and liabilities:						
Decrease (increase) in:						
Accounts receivable and accrued revenue	148	113	2,404	(3,763)	71	(1,027)
Inventories	(33)					(33)
Due from other funds	9	22	3,675	(88)	(62)	3,556
Prepaid items and deposits	3	(7)				(4)
Increase (decrease) in:						
Accounts payable and accrued liabilities	(108)	3	(14,414)	14,052	(9)	(476)
Employee benefits payable	21	5				26
Due to other funds	(24)		(5,303)	5,274	(711)	(764)
Deferred revenue	712					712
Compensated absences	2	4	55			61
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 890</u>	<u>(114)</u>	<u>(15,880)</u>	<u>(3,067)</u>	<u>(383)</u>	<u>(18,554)</u>
<b>Noncash capital financing activities (Airport):</b>						
Refinancing proceeds	\$ 46					46

## **INTERNAL SERVICE FUNDS**

### **SELF-INSURANCE FUNDS**

These funds are used to account for administrative costs and payments of claims under the various insurance programs. Revenues are primarily premiums paid by other operating funds and interest on investments. The insurance programs are:

- Employee Dental Insurance
- Long-Term Disability Insurance (Management Employees)
- Workers' Compensation Insurance
  - County General
  - Fire Protection
- Automotive Liability Insurance
- Public (General) Liability Insurance
- State Unemployment Insurance
- Medical Liability Insurance
- Special District Property Insurance

COUNTY OF CONTRA COSTA  
**COMBINING BALANCE SHEET**  
**INTERNAL SERVICE FUNDS**  
 JUNE 30, 2006  
 (In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General	Workers' Compensation Insurance Fire Protection
<b>Assets:</b>				
Cash and investments	\$ 2,513	2,981	44,036	8,937
Accounts receivable and accrued revenue (net)			2,400	543
Due from other funds			2	11
<b>Total assets</b>	<b>\$ 2,513</b>	<b>2,981</b>	<b>46,438</b>	<b>9,491</b>
<b>Liabilities and Equity:</b>				
<b>Liabilities:</b>				
Due to other funds	\$ 51	25	604	81
Claims payable:				
Current	472	423	39,443	5,942
Noncurrent			38,399	7,457
<b>Total liabilities</b>	<b>523</b>	<b>448</b>	<b>78,446</b>	<b>13,480</b>
<b>Net Assets:</b>				
Unrestricted net assets	1,990	2,533	(32,008)	(3,989)
<b>Total net assets</b>	<b>1,990</b>	<b>2,533</b>	<b>(32,008)</b>	<b>(3,989)</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,513</b>	<b>2,981</b>	<b>46,438</b>	<b>9,491</b>

Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
3,250	26,454	1,911	5,775	1,456	97,313
2	93	95		4	3,137
69	38				120
<u>3,321</u>	<u>26,585</u>	<u>2,006</u>	<u>5,775</u>	<u>1,460</u>	<u>100,570</u>
8	354	16	25	11	1,175
583	6,913	222	1,658		55,656
1,047	13,960		4,486		65,349
<u>1,638</u>	<u>21,227</u>	<u>238</u>	<u>6,169</u>	<u>11</u>	<u>122,180</u>
1,683	5,358	1,768	(394)	1,449	(21,610)
1,683	5,358	1,768	(394)	1,449	(21,610)
<u>3,321</u>	<u>26,585</u>	<u>2,006</u>	<u>5,775</u>	<u>1,460</u>	<u>100,570</u>

COUNTY OF CONTRA COSTA  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General	Workers' Compensation Insurance Fire Protection
<b>Operating Revenues:</b>				
Charges for services	\$ 8,888		30,716	6,960
<b>Total operating revenues</b>	8,888		30,716	6,960
<b>Operating Expenses:</b>				
Services and supplies	540	25	6,016	560
Benefit and claim expense	8,339	726	9,547	513
<b>Total operating expenses</b>	8,879	751	15,563	1,073
<b>Operating Income (Loss)</b>	9	(751)	15,153	5,887
<b>Nonoperating Revenues:</b>				
State and federal grants				55
Investment income	45	117	722	156
<b>Income (loss) before transfers</b>	54	(634)	15,875	6,098
Transfers in				
<b>Change in net assets</b>	54	(634)	15,875	6,098
<b>Total Net Assets at Beginning of Year</b>	1,936	3,167	(47,883)	(10,087)
<b>Total Net Assets at End of Year</b>	\$ 1,990	2,533	(32,008)	(3,989)

Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
825	1,679	1,118		1,354	51,540
825	1,679	1,118		1,354	51,540
96	3,031	8	3,155	399	13,830
	459	1,449	185	282	21,500
96	3,490	1,457	3,340	681	35,330
729	(1,811)	(339)	(3,340)	673	16,210
	550	71		19	55
					1,680
729	(1,261)	(268)	(3,340)	692	17,945
	1,989		4,000		5,989
729	728	(268)	660	692	23,934
954	4,630	2,036	(1,054)	757	(45,544)
1,683	5,358	1,768	(394)	1,449	(21,610)

COUNTY OF CONTRA COSTA  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers/other funds	\$ 8,897	115	30,756
Cash payment to suppliers for goods and services	<u>(8,875)</u>	<u>(725)</u>	<u>(21,813)</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>22</u>	<u>(610)</u>	<u>8,943</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
State and federal grants			
Transfers received			
<b>Net Cash Provided by Noncapital Financing Activities</b>			
<b>Cash Flows from Investing Activities:</b>			
Interest received on investments	<u>45</u>	<u>117</u>	<u>722</u>
<b>Net Cash Provided by Investing Activities</b>	<u>45</u>	<u>117</u>	<u>722</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	67	(493)	9,665
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>2,446</u>	<u>3,474</u>	<u>34,371</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 2,513</u>	<u>2,981</u>	<u>44,036</u>
<b>Reconciliation of Operating Income to Net Cash   Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	\$ 9	(751)	15,153
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts receivable and accrued revenue	9	115	42
Due from other funds			(2)
Increase (decrease) in:			
Claims payable: current and noncurrent		26	(6,082)
Due to other funds	<u>4</u>		<u>(168)</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ 22</u>	<u>(610)</u>	<u>8,943</u>

Workers' Compensation Insurance Fire Protection	Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
6,778	818	1,793	1,110		1,388	51,655
(2,828)	(308)	(5,859)	(1,456)	(4,299)	(672)	(46,835)
<u>3,950</u>	<u>510</u>	<u>(4,066)</u>	<u>(346)</u>	<u>(4,299)</u>	<u>716</u>	<u>4,820</u>
55						55
		1,989		4,000		5,989
<u>55</u>		<u>1,989</u>		<u>4,000</u>		<u>6,044</u>
156		550	71		19	1,680
<u>156</u>		<u>550</u>	<u>71</u>		<u>19</u>	<u>1,680</u>
4,161	510	(1,527)	(275)	(299)	735	12,544
<u>4,776</u>	<u>2,740</u>	<u>27,981</u>	<u>2,186</u>	<u>6,074</u>	<u>721</u>	<u>84,769</u>
<u>8,937</u>	<u>3,250</u>	<u>26,454</u>	<u>1,911</u>	<u>5,775</u>	<u>1,456</u>	<u>97,313</u>
5,887	729	(1,811)	(339)	(3,340)	673	16,210
(180)	(2)	(82)	(8)		(3)	(109)
(2)	(5)	196			37	224
(1,739)	(194)	(2,353)	1	(924)		(11,265)
<u>(16)</u>	<u>(18)</u>	<u>(16)</u>		<u>(35)</u>	<u>9</u>	<u>(240)</u>
<u>3,950</u>	<u>510</u>	<u>(4,066)</u>	<u>(346)</u>	<u>(4,299)</u>	<u>716</u>	<u>4,820</u>



# **FIDUCIARY FUNDS**

## **AGENCY FUNDS**

### **TAX LOSSES RESERVE**

This fund was established as a reserve for all delinquent secured taxes. It accumulates gains from tax sales and specified amounts of penalties and interest collected on delinquent secured taxes to cover possible future losses on the sale of tax-deeded property.

### **UNAPPORTIONED TAXES**

This fund is used to account for unsecured taxes receivable, delinquent secured taxes, amounts which are impounded because of disputes or litigation and amounts held pending authority for apportionment.

### **OTHER AGENCIES**

This fund is used to account for assets held by the county for individuals, private organizations and other governmental units. This fund includes payroll deduction clearing and other collections clearing monies.

COUNTY OF CONTRA COSTA  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(In Thousands)

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<b>Tax Losses Reserve:</b>				
<b>Assets:</b>				
Cash and investments	\$ 17,933	11,817	9,129	20,621
Due from other governments	5,201	5,714	5,201	5,714
<b>Total assets</b>	<b>\$ 23,134</b>	<b>17,531</b>	<b>14,330</b>	<b>26,335</b>
<b>Liabilities:</b>				
Tax loss guarantees	\$ 23,134	12,285	9,084	26,335
<b>Total liabilities</b>	<b>\$ 23,134</b>	<b>12,285</b>	<b>9,084</b>	<b>26,335</b>
<b>Unapportioned Taxes:</b>				
<b>Assets:</b>				
Accounts receivable	\$ 12,939	67,887	68,517	12,309
Due from other governments	28	105,542	105,568	2
Taxes receivable	123,361	504,693	452,568	175,486
<b>Total assets</b>	<b>\$ 136,328</b>	<b>678,122</b>	<b>626,653</b>	<b>187,797</b>
<b>Liabilities:</b>				
Accounts payable	\$ 29,002	95,592	48,135	76,459
Due to other governments	17,361	104,127	98,120	23,368
Unapportioned taxes	89,965	3,782,552	3,784,547	87,970
<b>Total liabilities</b>	<b>\$ 136,328</b>	<b>3,982,271</b>	<b>3,930,802</b>	<b>187,797</b>
<b>Other Agencies:</b>				
<b>Assets:</b>				
Cash and investments	\$ 123,236	1,599,487	1,551,687	171,036
Accounts receivable	9,903	19,577	15,753	13,727
Due from other governments	2,572	3,394	5,196	770
<b>Total assets</b>	<b>\$ 135,711</b>	<b>1,622,458</b>	<b>1,572,636</b>	<b>185,533</b>
<b>Liabilities:</b>				
Warrants outstanding	\$ 44,910	411,370	373,229	83,051
Accounts payable	14,867	925,542	921,559	18,850
Due to other governments	6,667	9,057	6,672	9,052
Due to other agencies and districts	69,267	355,745	350,432	74,580
<b>Total liabilities</b>	<b>\$ 135,711</b>	<b>1,701,714</b>	<b>1,651,892</b>	<b>185,533</b>

(Continued)

COUNTY OF CONTRA COSTA  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (In Thousands)

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
<b>Totals-Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ 141,169	1,611,304	1,560,816	191,657
Accounts receivable	22,842	87,464	84,270	26,036
Due from other governments	7,801	114,650	115,965	6,486
Taxes receivable	<u>123,361</u>	<u>504,693</u>	<u>452,568</u>	<u>175,486</u>
<b>Total assets</b>	<u>\$ 295,173</u>	<u>2,318,111</u>	<u>2,213,619</u>	<u>399,665</u>
<b>Liabilities:</b>				
Warrants outstanding	\$ 44,910	411,370	373,229	83,051
Accounts payable	43,869	1,021,134	969,694	95,309
Due to other governments	24,028	113,184	104,792	32,420
Unapportioned taxes	89,965	3,782,552	3,784,547	87,970
Tax loss guarantees	23,134	12,285	9,084	26,335
Due to other agencies and districts	<u>69,267</u>	<u>355,745</u>	<u>350,432</u>	<u>74,580</u>
<b>Total liabilities</b>	<u>\$ 295,173</u>	<u>5,696,270</u>	<u>5,591,778</u>	<u>399,665</u>

(concluded)



**STATISTICAL  
SECTION**

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# COUNTY OF CONTRA COSTA

## Statistical Section

The county adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Conditions Reporting: The Statistical Section. The statement is intended to improve consistency and comparability in reporting and to provide clearer guidance regarding the applicability of the standards for the statistical section to all types of governmental entities.

This part of the county's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the county's overall financial health.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the county's most significant local revenue sources, taxes and license/permits and franchise fees imposed by the county.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the county's current levels of outstanding debt and the county's ability to issue additional debt in the future.

### **Economic & Demographic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place.

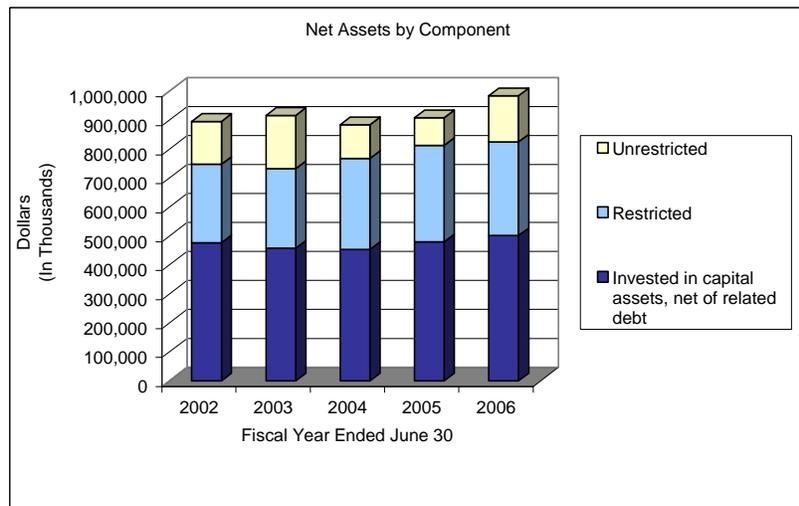
### **Operating Information**

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

Note: The county implemented GASB Statement No. 34 in FY 2001-02. Schedules presenting government-wide information include information beginning in that year.

COUNTY OF CONTRA COSTA  
**NET ASSETS BY COMPONENT<sup>2</sup>**  
 LAST FIVE FISCAL YEARS  
 (Accrual basis of accounting)  
 (In Thousands)  
 (Unaudited)

	Fiscal Year Ending June 30				
	2002	2003	2004	2005	2006
<b>Governmental activities</b>					
Invested in capital assets, net of related debt <sup>1</sup>	\$ 437,866	415,444	400,332	420,834	436,879
Restricted	259,481	264,054	303,797	319,706	309,387
Unrestricted	131,292	161,121	70,953	58,002	136,193
Total governmental activities net assets	<u>828,639</u>	<u>840,619</u>	<u>775,082</u>	<u>798,542</u>	<u>882,459</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	38,558	41,987	52,808	58,366	63,957
Restricted	11,376	10,535	10,535	13,132	14,242
Unrestricted	16,798	22,929	45,146	37,935	23,257
Total business-type activities net assets	<u>66,732</u>	<u>75,451</u>	<u>108,489</u>	<u>109,433</u>	<u>101,456</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	476,424	457,431	453,140	479,200	500,836
Restricted	270,857	274,589	314,332	332,838	323,629
Unrestricted	148,090	184,050	116,099	95,937	159,450
Total primary governmental net assets	<u>\$ 895,371</u>	<u>916,070</u>	<u>883,571</u>	<u>907,975</u>	<u>983,915</u>



<sup>1</sup> Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, and equipment.

<sup>2</sup> Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when an external party, such as to state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the county.

Trend data is only available for the last five fiscal years due to the implementation of GASB 34 in fiscal year ending June 30, 2002.

Source: Comprehensive Annual Financial Report - County of Contra Costa, California

COUNTY OF CONTRA COSTA  
**CHANGES IN NET ASSETS**  
 LAST FIVE FISCAL YEARS  
 (Accrual basis of accounting)  
 (In Thousands)  
 (Unaudited)

	Fiscal Year Ending June 30				
	2002	2003	2004	2005	2006
<b>Expenses</b>					
<u>Governmental activities</u>					
General government	\$ 115,534	91,367	103,796	129,016	166,470
Public protection	365,757	403,297	421,782	441,068	451,053
Health and sanitation	184,109	209,772	220,135	201,567	185,966
Public assistance	328,450	372,499	391,906	391,620	396,538
Education	16,364	18,822	20,217	21,321	22,647
Public ways and facilities	56,197	58,886	56,983	63,648	76,561
Recreation and culture	793	875	1,294	1,421	1,425
Interest on debt	36,340	33,029	48,072	48,855	55,532
Total government activities expenses	<u>1,103,544</u>	<u>1,188,547</u>	<u>1,264,185</u>	<u>1,298,516</u>	<u>1,356,192</u>
<u>Business-type activities</u>					
County Hospital	229,584	245,497	275,301	306,871	310,911
Health Maintenance Organization	112,386	117,677	136,374	142,887	
HMO Medi-Cal Plan <sup>2</sup>					69,434
HMO Commercial Plan					83,654
Airport	4,323	4,554	4,668	4,903	5,239
Housing Authority	65,038	82,591	99,676	101,331	97,351
Major risk medical insurance	931	1,744	1,104	1,819	1,625
Sheriff Law Enforcement Training Center	1,106	1,578	1,435	1,288	1,319
Total business-type activities expenses	<u>413,368</u>	<u>453,641</u>	<u>518,558</u>	<u>559,099</u>	<u>569,533</u>
Total primary government expenses	<u>\$ 1,516,912</u>	<u>1,642,188</u>	<u>1,782,743</u>	<u>1,857,615</u>	<u>1,925,725</u>
<b>Program revenues</b>					
<u>Governmental activities</u>					
Charges for services					
General government	\$ 73,680	71,976	94,121	81,289	92,169
Public protection	100,344	117,342	119,133	122,919	137,069
Health and sanitation	51,533	60,587	66,577	61,930	64,221
Public assistance	1,648	2,121	1,456	2,895	1,898
Education	738	687	984	848	838
Public ways and facilities	22,557	24,643	25,273	22,737	28,971
Recreation and culture	36	19	36	33	108
Operating grants and contributions	544,900	538,684	540,138	584,347	631,510
Capital grants and contributions	12,573	12,332	6,124	5,629	5,726
Total government activities program revenues	<u>808,009</u>	<u>828,391</u>	<u>853,842</u>	<u>882,627</u>	<u>962,510</u>
<u>Business-type activities</u>					
Charges for services					
County Hospital	178,040	209,779	247,712	271,216	246,452
Health Maintenance Organization	105,157	113,298	123,488	128,742	
HMO Medi-Cal Plan <sup>2</sup>					67,126
HMO Commercial Plan					65,111
Airport	3,002	2,957	3,065	3,090	3,107
Housing Authority	3,536	3,466	3,667	3,885	5,405
Major risk medical insurance	931	1,662	1,723	1,723	1,953
Sheriff Law Enforcement Training Center	200	587	705	826	982
Operating grants and contributions	94,474	103,347	118,574	120,955	125,763
Capital grants and contributions	7,194	4,595	5,201	7,941	7,945
Total business-type activities program revenues	<u>392,534</u>	<u>439,691</u>	<u>504,135</u>	<u>538,378</u>	<u>523,844</u>
Total primary government program revenues	<u>\$ 1,200,543</u>	<u>1,268,082</u>	<u>1,357,977</u>	<u>1,421,005</u>	<u>1,486,354</u>
<b>Net (Expense) Revenue<sup>1</sup></b>					
Government activities	\$ (295,535)	(360,156)	(410,343)	(415,889)	(393,682)
Business-type activities	(20,834)	(13,950)	(14,423)	(20,721)	(45,689)
Total primary government net expense	<u>\$ (316,369)</u>	<u>(374,106)</u>	<u>(424,766)</u>	<u>(436,610)</u>	<u>(439,371)</u>

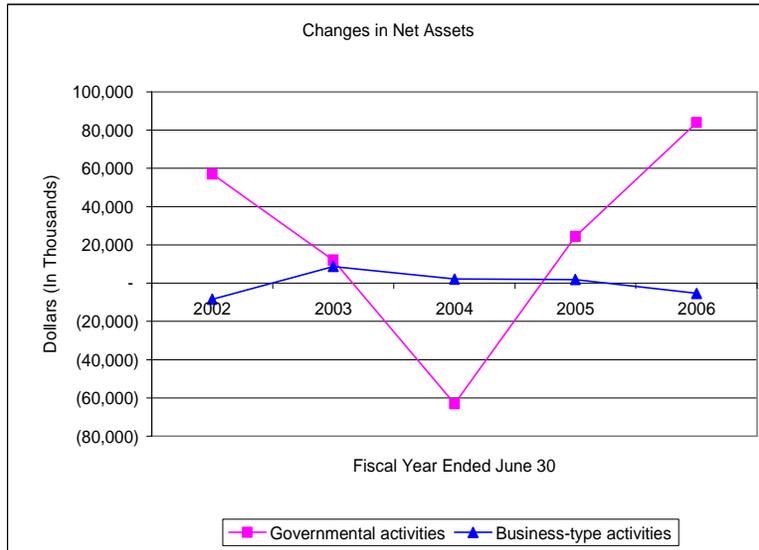
<sup>1</sup> Net (expense) revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.

<sup>2</sup> For fiscal years 2002-2005 the fund was the Health Maintenance Organization. Beginning in 2006 the fund was split into HMO-Medical Plan and HMO-Commercial Plan.

(Continued)

COUNTY OF CONTRA COSTA  
**CHANGES IN NET ASSETS**  
 LAST FIVE FISCAL YEARS  
 (Accrual basis of accounting)  
 (In Thousands)  
 (Unaudited)

	Fiscal Year Ending June 30				
	2002	2003	2004	2005	2006
<b>General Revenues and Other Changes in Net Assets</b>					
<u>Governmental activities</u>					
Taxes					
Property	\$ 211,376	227,113	250,620	266,043	386,558
Sales	11,616	10,966	10,310	10,811	12,175
Other	15,692	18,841	15,782	16,214	15,869
Grants/contributions not restricted	77,741	83,035	69,341	107,861	20,326
Investment earnings	27,035	18,347	13,336	31,608	48,254
Miscellaneous	20,158	36,140	35,815	29,587	33,048
Special item - retirement litigation settlement <sup>1</sup>			(31,979)		
Transfers	(11,063)	(22,306)	(15,900)	(21,836)	(38,631)
Total governmental activities	<u>352,555</u>	<u>372,136</u>	<u>347,325</u>	<u>440,288</u>	<u>477,599</u>
<u>Business-type activities</u>					
Investment earnings	298	376	12	134	49
Gain (loss) on sale of capital assets		(564)			(167)
Other	1,076	551	609	596	1,841
Transfers	11,063	22,306	15,900	21,836	38,631
Total business-type activities	<u>12,437</u>	<u>22,669</u>	<u>16,521</u>	<u>22,566</u>	<u>40,354</u>
Total primary government	<u>\$ 364,992</u>	<u>394,805</u>	<u>363,846</u>	<u>462,854</u>	<u>517,953</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 57,020	11,980	(63,018)	24,399	83,917
Business-type activities	(8,397)	8,719	2,098	1,845	(5,335)
Total primary government	<u>\$ 48,623</u>	<u>20,699</u>	<u>(60,920)</u>	<u>26,244</u>	<u>78,582</u>

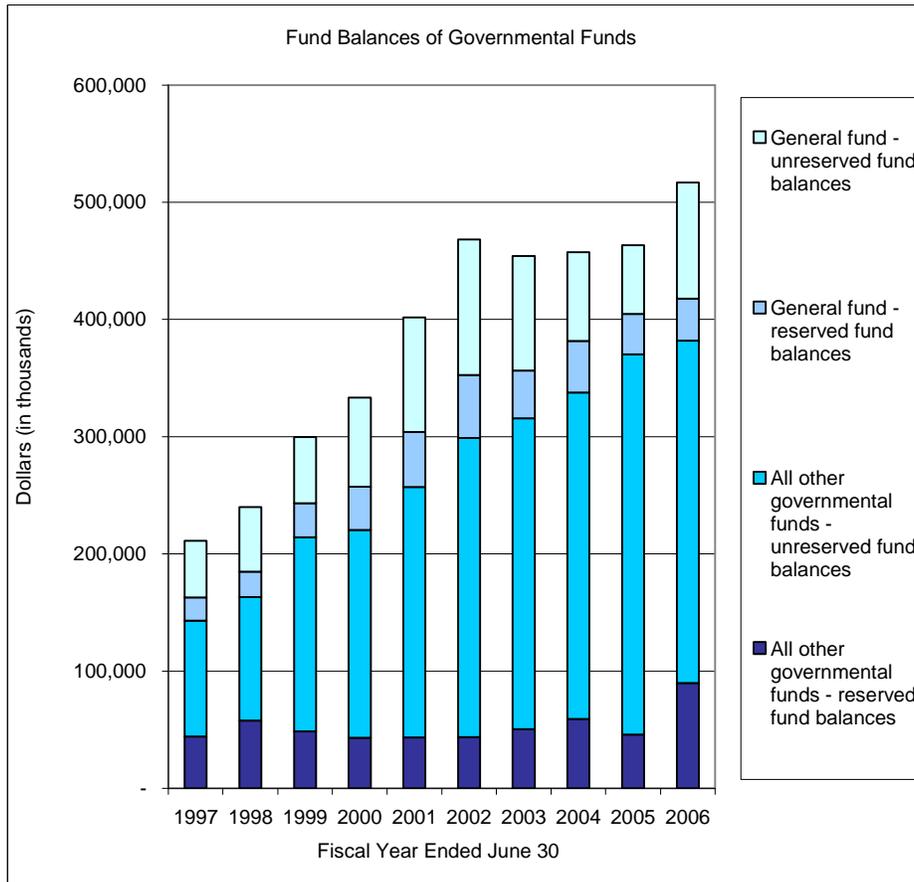


<sup>1</sup> During the year ended December 31, 1999, CCCERA settled its litigation, entitled Vernon D. Paulson, et al. v. Board of Retirement of the Contra Costa Employee's Retirement Association, et al. The consolidated lawsuit was brought on behalf of retired members of CCCERA regarding the inclusions and the exclusions from "final" compensation that are used in calculating members' retirement benefits as a result of the Ventura Decision. The final expense related to the settlement was determined and recorded in FY 2003/04.

(Concluded)

COUNTY OF CONTRA COSTA  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
 LAST TEN FISCAL YEARS  
 (Modified accrual basis of accounting)  
 (In Thousands)  
 (Unaudited)

	Fiscal Year Ended June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Fund</b>										
Reserved	\$ 19,888	21,833	28,978	36,920	46,904	53,744	41,044	43,998	34,404	35,764
Unreserved	48,297	55,127	56,452	75,801	97,703	115,658	97,525	75,888	58,659	99,374
Total general fund	<u>68,185</u>	<u>76,960</u>	<u>85,430</u>	<u>112,721</u>	<u>144,607</u>	<u>169,402</u>	<u>138,569</u>	<u>119,886</u>	<u>93,063</u>	<u>135,138</u>
<b>All Other Governmental Funds</b>										
Reserved	44,263	57,684	48,435	43,267	43,578	43,654	50,510	59,159	45,717	89,792
Unreserved	98,709	105,464	165,783	177,205	213,439	255,210	265,006	278,464	324,590	292,065
Total all other governmental fund	<u>142,972</u>	<u>163,148</u>	<u>214,218</u>	<u>220,472</u>	<u>257,017</u>	<u>298,864</u>	<u>315,516</u>	<u>337,623</u>	<u>370,307</u>	<u>381,857</u>
<b>Total Governmental Funds</b>										
Reserved	64,151	79,517	77,413	80,187	90,482	97,398	91,554	103,157	80,121	125,556
Unreserved	147,006	160,591	222,235	253,006	311,142	370,868	362,531	354,352	383,249	391,439
Total governmental fund	<u>\$ 211,157</u>	<u>240,108</u>	<u>299,648</u>	<u>333,193</u>	<u>401,624</u>	<u>468,266</u>	<u>454,085</u>	<u>457,509</u>	<u>463,370</u>	<u>516,995</u>



Source: Comprehensive Annual Financial Report - County of Contra Costa, California

COUNTY OF CONTRA COSTA  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
 LAST TEN FISCAL YEARS  
 (Modified accrual basis of accounting)  
 (In Thousands)  
 (Unaudited)

	Fiscal Year Ended June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues:</b>										
Taxes	\$ 184,805	179,331	192,915	204,383	296,644	322,635	343,321	349,387	403,373	434,930
Licenses, permits and franchise fees	14,265	14,194	16,221	20,395	25,749	35,277	37,748	38,600	31,862	38,992
Fines, forfeitures and penalties	17,343	16,249	17,088	19,000	18,296	18,525	18,233	31,701	21,095	18,651
Use of money and property	35,457	42,168	40,649	37,956	43,632	23,764	16,154	11,942	29,968	46,575
Intergovernmental	469,257	471,208	502,908	564,289	490,842	545,724	547,651	542,929	587,529	637,179
Charges for services	127,208	130,468	145,210	169,240	188,545	196,588	219,894	237,274	239,694	267,633
Other revenue	25,585	19,844	27,283	35,020	27,166	94,280	125,090	127,341	103,704	119,585
<b>Total revenues</b>	<b>873,920</b>	<b>873,462</b>	<b>942,274</b>	<b>1,050,283</b>	<b>1,090,874</b>	<b>1,236,793</b>	<b>1,308,091</b>	<b>1,339,174</b>	<b>1,417,225</b>	<b>1,563,545</b>
<b>Expenditures:</b>										
Current:										
General government	79,195	85,786	108,963	101,772	106,380	130,351	135,197	134,610	131,069	148,201
Public protection	272,415	266,707	287,538	307,260	325,821	378,011	426,662	438,940	456,489	494,005
Health and sanitation	132,432	147,867	157,041	164,142	161,220	182,164	201,140	215,724	208,160	191,505
Public assistance	272,163	268,633	289,570	302,690	294,317	337,673	383,360	400,873	395,337	418,521
Education	11,439	11,774	12,828	14,216	14,589	16,367	18,414	19,548	21,231	22,679
Public ways and facilities	32,566	33,071	45,855	50,508	54,611	88,830	79,119	82,736	96,895	107,005
Recreation and culture	1,050	484	269	619	426	1,099	716	1,337	1,284	1,439
Debt service:										
Principal	16,359	23,586	18,552	21,347	25,266	25,110	50,533	30,953	27,726	33,775
Bond issuance cost					1,643	412	441	1,222	565	
Refunding bond issuance cost					1,881					
Payment to refunded bond escrow agent			2,214		1,595		3,272			
Interest	38,706	40,716	40,868	39,288	33,443	36,307	31,652	47,691	49,418	53,131
Other Charges										3,726
Capital outlay	9,789	11,302	10,482	23,109	14,830	32,236	2,630	1,973	6,388	
<b>Total expenditures</b>	<b>866,114</b>	<b>889,926</b>	<b>974,180</b>	<b>1,024,951</b>	<b>1,036,022</b>	<b>1,228,560</b>	<b>1,333,136</b>	<b>1,375,607</b>	<b>1,394,562</b>	<b>1,473,987</b>
<b>Excess of revenues over (under) expenditures</b>	<b>7,806</b>	<b>(16,464)</b>	<b>(31,906)</b>	<b>25,332</b>	<b>54,852</b>	<b>8,233</b>	<b>(25,045)</b>	<b>(36,433)</b>	<b>22,663</b>	<b>89,558</b>
<b>Other Financing Sources (Uses):</b>										
Transfers in	72,672	71,275	79,411	72,483	67,945	72,230	93,231	80,887	79,291	76,985
Transfers out	(60,559)	(47,855)	(57,592)	(67,941)	(76,188)	(83,293)	(115,537)	(99,383)	(103,105)	(117,605)
Advances from other funds	1,341	1,187	770							
Proceeds from the sale of real estate						500	500	500		
Proceeds of refunding bonds		66,913	111,498		113,389					
Proceeds from issuance of debt	73				24,897	12,650	348,467	64,290	1,563	129,900
Debt issuance cost										(1,267)
Premium on debt issuance								21		
Discount on debt issued								(621)		
Payment to retirement trustee							(319,095)			(124,904)
Payment to refund bonds					(94,944)					
Payment to refunded bond escrow agent		(46,257)	(45,814)		(16,231)		(329)	(7,259)		
Capital lease financing	2,615	3,915	3,173	5,500	1,269	9,907	3,627	1,973	6,388	1,705
<b>Total other financing sources (uses)</b>	<b>16,142</b>	<b>49,178</b>	<b>91,446</b>	<b>10,042</b>	<b>20,137</b>	<b>11,994</b>	<b>10,864</b>	<b>40,408</b>	<b>(15,863)</b>	<b>(35,186)</b>
<b>Net change in fund balances</b>	<b>23,948</b>	<b>32,714</b>	<b>59,540</b>	<b>35,374</b>	<b>74,989</b>	<b>20,227</b>	<b>(14,181)</b>	<b>3,975</b>	<b>6,800</b>	<b>54,372</b>
<b>Fund Balances at Beginning of Year, as Previously Reported</b>	<b>187,820</b>	<b>211,157</b>	<b>240,108</b>	<b>299,648</b>	<b>333,193</b>	<b>401,624</b>	<b>468,266</b>	<b>454,085</b>	<b>457,509</b>	<b>463,370</b>
Adjustments to beginning fund balances	(611)	(351)		(1,829)	(6,558)	46,415		(551)	(939)	-
<b>Fund Balances at Beginning of Year, as Restated</b>	<b>187,209</b>	<b>210,806</b>	<b>240,108</b>	<b>297,819</b>	<b>326,635</b>	<b>448,039</b>	<b>468,266</b>	<b>453,534</b>	<b>456,570</b>	<b>463,370</b>
Residual equity transfers in	2,794	3,304	1,640	200						
Residual equity transfers out	(2,794)	(6,716)	(1,640)	(200)						
<b>Fund Balances at End of Year</b>	<b>\$ 211,157</b>	<b>240,108</b>	<b>299,648</b>	<b>333,193</b>	<b>401,624</b>	<b>468,266</b>	<b>454,085</b>	<b>457,509</b>	<b>463,370</b>	<b>517,742</b>

Source: Comprehensive Annual Financial Report - County of Contra Costa, California

COUNTY OF CONTRA COSTA  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
 LAST FIVE FISCAL YEARS  
 (Accrual basis of accounting)  
 (In Thousands)  
 (Unaudited)

	Fiscal Year Ended June 30				
	2002	2003	2004	2005	2006
<b>Governmental activities - program revenues</b>					
<b>Charges for services</b>					
General government	\$ 73,680	71,976	94,121	81,289	92,169
Public ways and facilities	100,344	117,342	119,133	122,919	137,069
Health and sanitation	51,533	60,587	66,577	61,930	64,221
Public assistance	1,648	2,121	1,456	2,895	1,898
Education	738	687	984	848	838
Public ways and facilities	22,557	24,643	25,273	22,737	28,971
Recreation and culture	36	19	36	33	108
Subtotal	<u>250,536</u>	<u>277,375</u>	<u>307,580</u>	<u>292,651</u>	<u>325,274</u>
<b>Operating grants and contributions</b>					
General government	19,682	19,378	9,496	10,900	20,264
Public protection	119,742	122,134	121,049	123,050	128,668
Health and sanitation	80,561	82,260	85,820	88,114	90,928
Public assistance	308,577	307,544	314,630	336,542	364,668
Education	3,152	3,019	2,768	3,065	3,229
Public ways and facilities	13,134	4,307	6,143	22,657	23,742
Recreation and culture	52	42	232	19	11
Subtotal	<u>544,900</u>	<u>538,684</u>	<u>540,138</u>	<u>584,347</u>	<u>631,510</u>
<b>Capital grants and contributions</b>					
General government					
Public protection	76	53	50	50	12
Public ways and facilities	12,497	12,279	6,074	5,579	5,714
Subtotal	<u>12,573</u>	<u>12,332</u>	<u>6,124</u>	<u>5,629</u>	<u>5,726</u>
<b>Total governmental activities program revenues</b>	<u>\$ 808,009</u>	<u>828,391</u>	<u>853,842</u>	<u>882,627</u>	<u>962,510</u>
<b>Business-type activities program revenues</b>					
<b>Charges for services</b>					
County Hospital	\$ 178,040	209,779	247,712	271,216	246,452
HMO Medi-Cal Plan	105,157	113,298	123,488	128,742	67,126
HMO Commercial Plan					65,111
Airport	3,002	2,957	3,065	3,090	3,107
Housing Authority	3,536	3,466	3,667	3,885	5,405
Major risk medical insurance	931	1,662	1,723	1,723	1,953
Sheriff Law Enforcement Training Center	200	587	705	826	982
Subtotal	<u>290,866</u>	<u>331,749</u>	<u>380,360</u>	<u>409,482</u>	<u>390,136</u>
<b>Operating grants and contributions</b>					
County Hospital	31,886	20,840	19,281	20,379	21,387
HMO Medi-Cal Plan	2,757	3,834	5,422	6,677	
HMO Commercial Plan					14,181
Airport	130	978	1,069	452	426
Housing Authority	59,459	77,227	92,410	93,176	89,557
Sheriff Law Enforcement Training Center	242	468	392	271	212
Subtotal	<u>94,474</u>	<u>103,347</u>	<u>118,574</u>	<u>120,955</u>	<u>125,763</u>
<b>Capital grants and contributions</b>					
County Hospital	7,194	4,595	4,201	5,052	5,171
Housing Authority			1,000	2,889	2,774
Subtotal	<u>7,194</u>	<u>4,595</u>	<u>5,201</u>	<u>7,941</u>	<u>7,945</u>
<b>Total business-type activities program revenues</b>	<u>392,534</u>	<u>439,691</u>	<u>504,135</u>	<u>538,378</u>	<u>523,844</u>
<b>Total primary government program revenues</b>	<u>\$ 1,200,543</u>	<u>1,268,082</u>	<u>1,357,977</u>	<u>1,421,005</u>	<u>1,486,354</u>

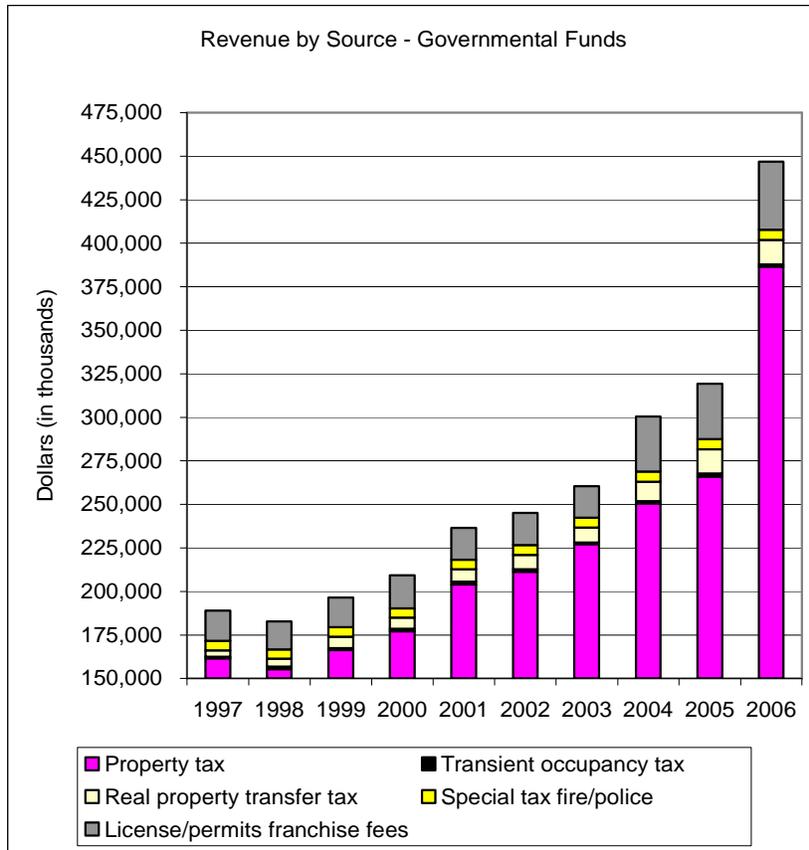
Data is only available for the last five fiscal years due to the implementation of GASB 34 in fiscal year ending June 30, 2002.

Source: Comprehensive Annual Financial Report - County of Contra Costa, California

**COUNTY OF CONTRA COSTA**  
**REVENUE BY SOURCE, GOVERNMENT FUNDS**  
**LAST TEN FISCAL YEARS**  
 (Modified accrual basis of accounting)  
 (In Thousands)  
 (Unaudited)

Fiscal Year	Property Tax	Transient Occupancy Tax	Real Property Transfer Tax	Special Tax Fire/Police	License/Permits Franchise Fees	Total
1997	\$ 161,440	1,006	3,752	5,447	17,398	189,043
1998	155,252	1,587	4,488	5,305	16,249	182,881
1999	166,339	1,221	6,511	5,395	17,088	196,554
2000	177,104	1,370	6,554	5,223	19,000	209,251
2001	203,967	1,628	7,294	5,317	18,296	236,502
2002	211,376	1,287	8,273	5,667	18,525	245,128
2003	227,113	1,117	8,434	5,596	18,233	260,493
2004	250,620	1,283	11,161	5,739	31,701	300,504
2005	266,043	1,825	13,826	5,830	31,862	319,386
2006	386,558 <sup>1</sup>	1,344	14,043	5,924	38,992	446,862

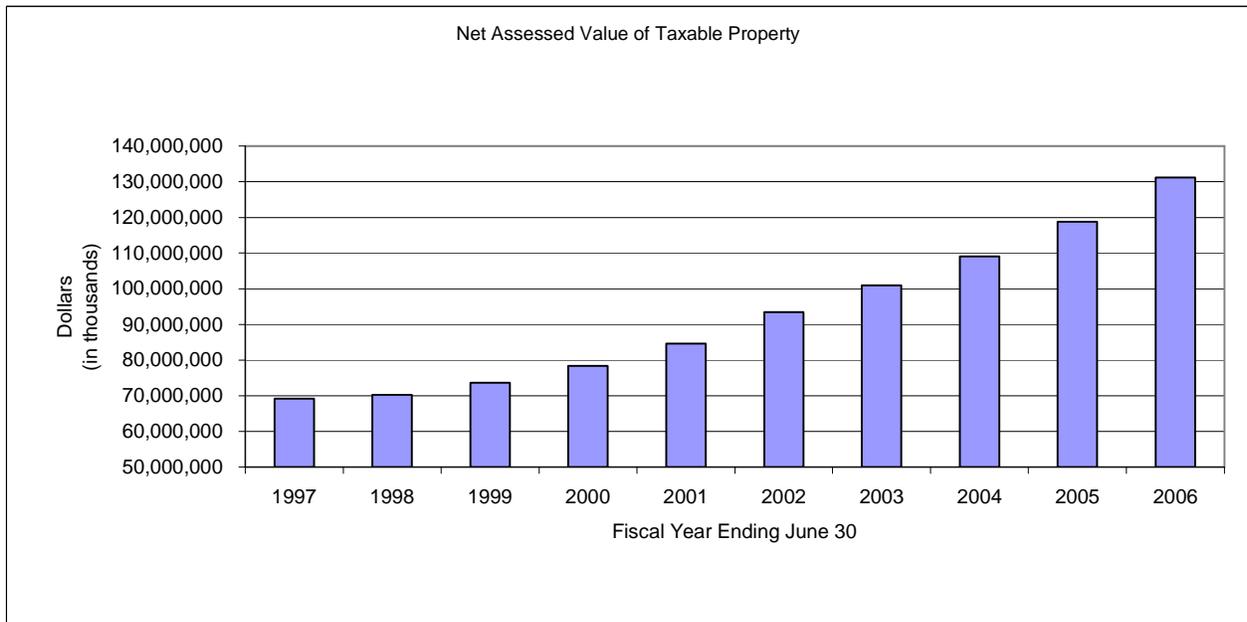
<sup>1</sup> \$88,420 of increase due to reclassification of Vehicle License Fee to property tax.



Source: Comprehensive Annual Financial Reports - County of Contra Costa, California

COUNTY OF CONTRA COSTA  
**ASSESSED VALUE OF TAXABLE PROPERTY**  
 LAST TEN FISCAL YEARS  
 (In Thousands)  
 (Unaudited)

Fiscal Year Ended June 30	Assessed Value				Net Increase		
	Real Property	Personal Property	Total	Exemptions	Net Assessed Value of Taxable Property	Amount	Percentage
1997	\$ 67,846,683	\$ 2,657,824	\$ 70,504,507	\$ 1,262,407	\$ 69,242,100	\$ 2,095,638	3.12 %
1998	69,194,267	2,513,679	71,707,946	1,393,145	70,314,801	1,072,701	1.55
1999	72,525,051	2,728,990	75,254,041	1,554,486	73,699,555	3,384,754	4.81
2000	77,475,617	2,495,049	79,970,666	1,624,132	78,346,534	4,646,979	6.31
2001	83,329,641	2,936,004	86,265,645	1,637,667	84,627,978	6,281,444	8.02
2002	92,091,316	3,350,098	95,441,414	1,951,214	93,490,200	8,862,222	10.47
2003	99,461,281	3,570,777	103,032,058	2,106,357	100,925,701	7,435,501	7.95
2004	108,071,968	3,190,706	111,262,674	2,190,126	109,072,548	8,146,847	8.07
2005	117,931,015	3,167,502	121,098,517	2,322,240	118,776,277	9,703,729	8.90
2006	130,458,278	3,235,764	133,694,042	2,568,829	131,125,213	12,348,936	10.40



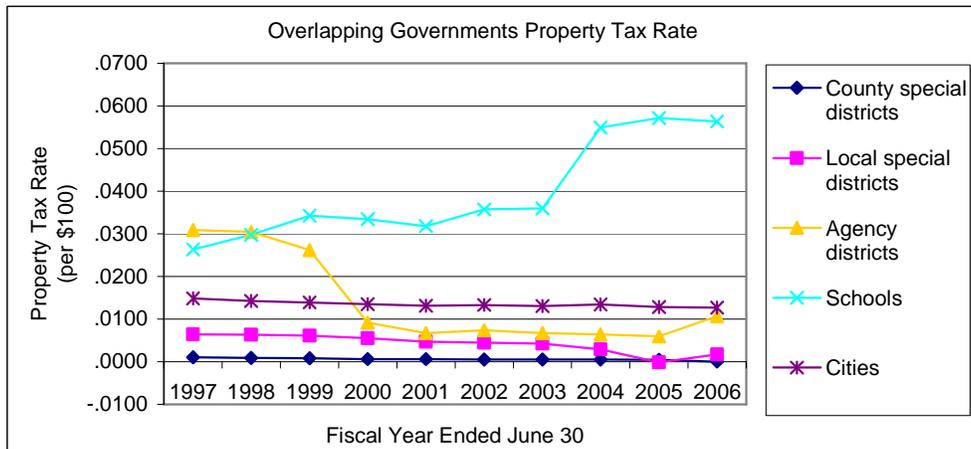
<sup>1</sup> Assessed values are those defined under California Revenue and Taxation Code Sections: 601 and 721 et. seq.

<sup>2</sup> Article XIII A, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased: a) to reflect annual inflation up to 2 percent; b) to reflect current market value at time of ownership change; and c) to reflect market value for new construction.

Source: County Assessor - County of Contra Costa, California

COUNTY OF CONTRA COSTA  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year Ended June 30	Countywide Rate <sup>1</sup>			County Special Districts	Local <sup>2</sup> Special Districts	Agency Districts	Schools	Cities	Total
	County	Other	Total						
1997	.1405	.8595	1.0000	.0010	.0064	.0309	.0263	.0148	1.0794
1998	.1393	.8607	1.0000	.0009	.0063	.0304	.0297	.0142	1.0815
1999	.1388	.8612	1.0000	.0008	.0061	.0262	.0342	.0139	1.0812
2000	.1375	.8625	1.0000	.0006	.0055	.0091	.0334	.0135	1.0621
2001	.1367	.8633	1.0000	.0006	.0047	.0067	.0318	.0131	1.0569
2002	.1356	.8644	1.0000	.0005	.0044	.0074	.0357	.0133	1.0613
2003	.1352	.8648	1.0000	.0005	.0042	.0067	.0360	.0130	1.0604
2004	.1342	.8658	1.0000	.0005	.0029	.0064	.0549	.0134	1.0781
2005	.1341	.8659	1.0000	.0004	(.0002)	.0059	.0572	.0128	1.0761
2006	.1337	.8663	1.0000	.0000	.0017	.0107	.0564	.0127	1.0815



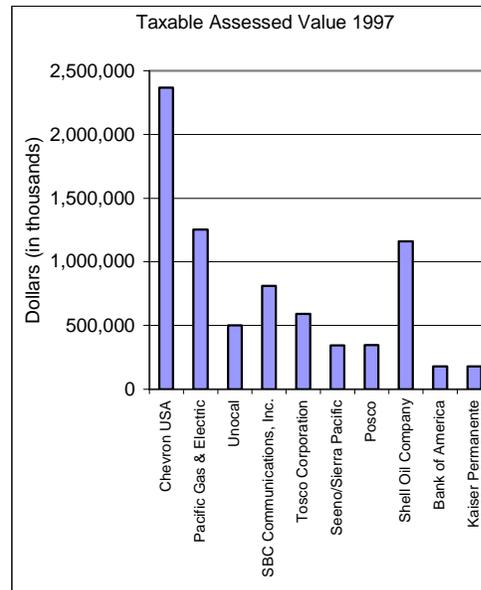
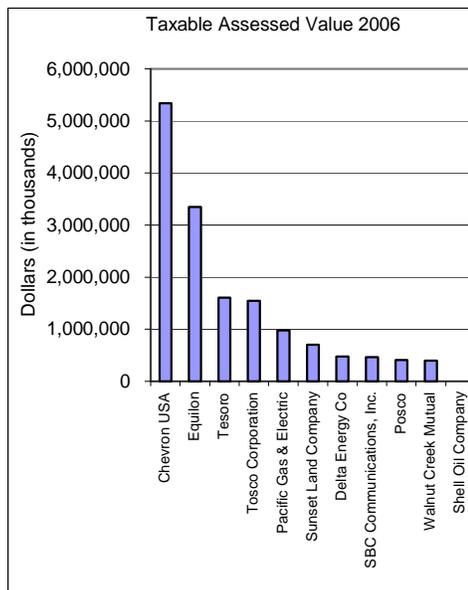
<sup>1</sup> In June 1978, California voters approved Proposition 13 which restricted the taxing power of local government agencies. Individual agencies do not establish their own property tax rates, except for voter approved indebtedness. Instead, a countywide rate is levied with the proceeds distributed to all agencies according to formulas specified by the state legislature. The countywide rate is 1 percent of assessed value (\$1 per \$100 of taxable assessed valuation). The rates shown above are allocations of the 1% tax on assessed valuation.

<sup>2</sup> The 2005 rate for Local Special Districts includes a negative rate computed for the Los Medanos Community Healthcare District to affect a refund to the taxpayers of \$850,000. The District's taxpayers had paid a special property tax for many years to fund the bond payments for healthcare facilities. Because of positive District finances, the District's Board determined the best use of any remaining bond funds (after covering all of the District's bond-related expenses) was to return the balance to taxpayers.

Source: Comprehensive Annual Financial Report - County of Contra Costa, California

COUNTY OF CONTRA COSTA  
**PRINCIPAL PROPERTY TAX PAYERS**  
 CURRENT YEAR AND EIGHT YEARS AGO  
 (In Thousands)  
 (Unaudited)

Taxpayers	Fiscal Year Ended June 30, 2006			Fiscal Year Ended June 30, 1998		
	Taxable Assessed Value Secured and Unitary	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value Secured and Unitary	Rank	Percentage of Taxable Assessed Value
Chevron USA	\$ 5,335,671	1	4.31 %	\$ 2,367,623	1	3.57 %
Equilon	3,348,828	2	2.70			
Tesoro	1,611,115	3	1.30			
Tosco Corporation	1,547,328	4	1.25	589,881	5	0.89
Pacific Gas & Electric	982,301	5	0.79	1,253,204	2	1.89
Sunset Land Company	698,878	6	0.56			
Delta Energy Co	476,200	7	0.38			
SBC Communications, Inc.	465,893	8	0.38	811,181	4	1.22
Posco	411,890	9	0.33	347,831	7	0.52
Walnut Creek Mutual	401,015	10	0.32			
Shell Oil Company				1,160,161	3	1.75
Unocal				499,523	6	0.75
Seeno/Sierra Pacific				342,156	8	0.52
Bank of America				179,183	9	0.27
Kaiser Permanente				178,791	10	0.27
<b>Total</b>	<b>\$ 15,279,118</b>		<b>12.32</b>	<b>\$ 7,729,533</b>		<b>11.65</b>



Beginning in fiscal year 2003-2004 a refined methodology is used to determine the principal taxpayers. The assessed value of the property of all of a listed taxpayer's component entities are included. Also, ranking is based on assessed valuation which may be different from taxes paid due to special purpose levies paid by some taxpayers.

Source: Treasurer-Tax Collector - County of Contra Costa, California

COUNTY OF CONTRA COSTA  
**PROPERTY TAX LEVIES AND COLLECTIONS<sup>1</sup>**  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Current Year Tax Levy Delinquent at Year End		Total Delinquent Property Taxes at June 30 (Including Prior Years)
		Amount	Percentage of Levy	
1997	\$ 869,580,974	\$ 18,057,023	2.08%	\$ 42,022,344
1998	892,581,453	15,547,736	1.74%	37,200,417
1999	939,437,116	15,375,159	1.64%	32,858,406
2000	981,579,866	15,904,158	1.62%	31,563,440
2001	1,062,831,354	16,728,410	1.57%	31,050,012
2002	1,187,173,140	20,551,776	1.73%	33,941,546
2003	1,293,561,117	25,574,249	1.98%	38,614,691
2004	1,402,895,299	27,325,421	1.95%	40,071,424
2005	1,584,132,373	26,598,823	1.68%	37,821,908
2006	1,720,977,608	35,699,270	2.07%	47,003,688

<sup>1</sup> Total property tax levy for all taxing agencies in the County.

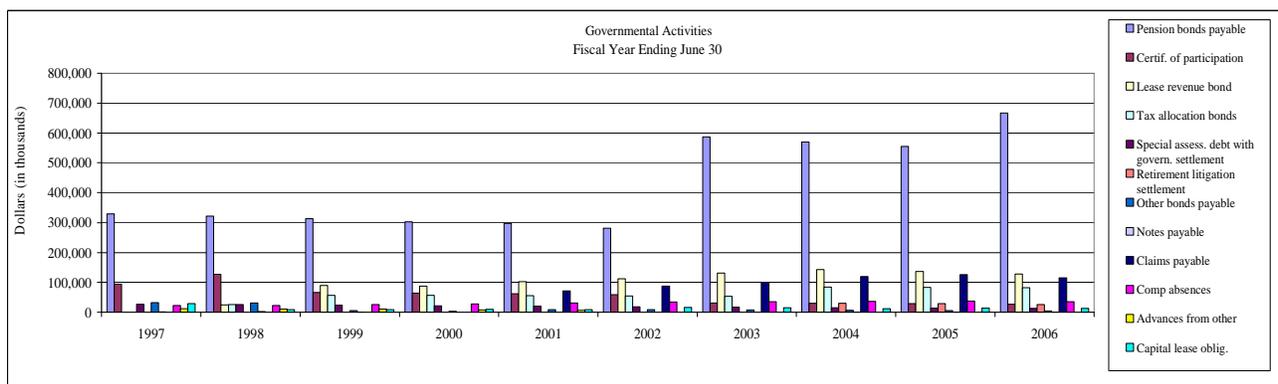
Note: General taxes collected are the same as the amounts levied, because the county follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to the county and other taxing agencies regardless of whether they are collected in the current year or not. A Tax Losses Reserve Agency Fund insures losses resulting when a property is sold for taxes, and the proceeds are insufficient to pay the outstanding amounts due.

Source: Auditor-Controller's Office - County of Contra Costa, California

**COUNTY OF CONTRA COSTA  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**  
(In Thousands)  
(Unaudited)

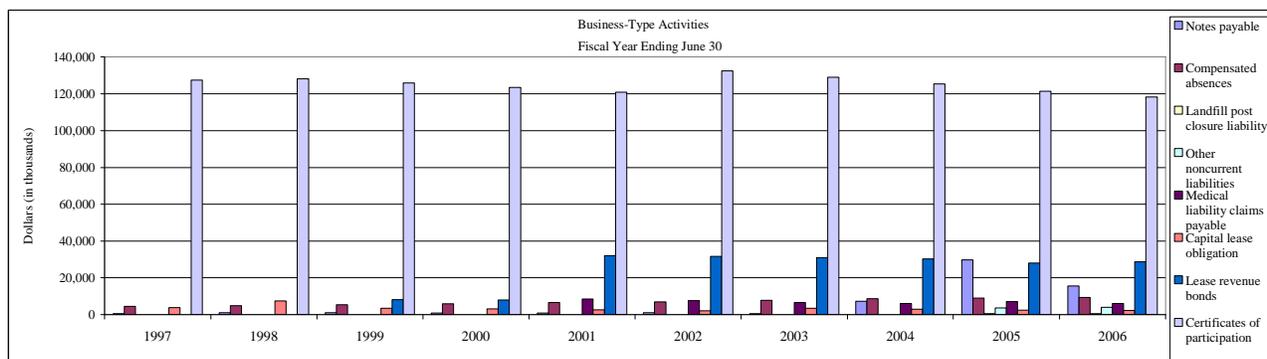
**Governmental Activities**

Fiscal Year Ended June 30	Pension Bonds Payable	Certif. of Participation	Lease Revenue Bonds	Tax Allocation Bonds	Special Assess. Debt with Govern. Commitment	Retirement Litigation Settlement	Other Bonds Payable	Notes Payable	Claims Payable	Comp Absences	Advances from Other Funds	Capital Lease Oblig.	Total
1997	\$ 328,610	93,290			26,818		32,220	1,440		22,963	12,272	29,039	546,652
1998	321,895	126,893	24,695	25,900	25,121		31,070	2,125		22,936	11,183	8,985	600,803
1999	313,190	66,055	90,015	56,710	23,443		5,836	486		25,387	10,229	8,333	599,684
2000	302,275	63,820	87,615	56,150	21,652		3,044	6		28,569	7,251	9,927	580,309
2001	297,340	61,465	102,245	55,360	20,276		8,505	6	71,438	31,160	6,341	8,988	663,124
2002	281,425	58,665	111,420	54,525	18,589		8,055		87,428	34,761		16,238	671,106
2003	587,220	31,700	130,960	53,580	17,222		7,140		99,402	35,703		15,330	978,257
2004	569,220	30,555	142,715	84,295	15,654	30,352	6,130	516	119,568	36,110		12,235	1,047,350
2005	554,735	29,365	136,903	83,045	14,006	29,651	5,115	429	125,202	36,928		13,784	1,029,163
2006	666,905	27,008	127,766	81,935	13,213	25,527	4,585	339	114,861	35,820		12,646	1,110,605



**Business-Type Activities**

Fiscal Year Ended June 30	Notes Payable	Compensated Absences	Landfill Post Closure Liability	Other Noncurrent Liabilities	Medical Liability Claims Payable	Capital Lease Obligation	Lease Revenue Bonds	Certificates of Participation	Total
1997	\$ 536	4,475				3,877		127,472	136,360
1998	1,012	4,871				7,421		128,177	141,481
1999	965	5,391				3,520	8,090	125,862	143,828
2000	914	5,861				3,169	7,950	123,443	141,337
2001	859	6,522			8,583	2,716	32,077	120,893	171,650
2002	984	7,031			7,627	2,146	31,760	132,550	182,098
2003	562	7,809			6,590	3,555	31,050	128,980	178,546
2004	7,268	8,627			6,140	3,017	30,320	125,250	180,622
2005	29,766	9,017	557	3,635	7,068	2,455	27,997	121,325	201,820
2006	15,651	9,345	557	3,907	6,144	2,281	28,689	118,307	184,881



Source: Comprehensive Annual Financial Reports - County of Contra Costa, California

COUNTY OF CONTRA COSTA  
**DIRECT AND OVERLAPPING BOND DEBT**  
(In Thousands)  
(Unaudited)

	Debt Applicable July 1, 2006 <sup>1</sup>	
	Percentage	Amount
<b>DIRECT GENERAL FUND OBLIGATION DEBT:</b>		
Contra Costa County General Fund Obligations	100	\$ 301,770
Contra Costa County Pension Obligations	100	537,005
<b>TOTAL DIRECT DEBT</b>		<b>838,775</b>
<b>OVERLAPPING DEBT:</b>		
Contra Costa County Office of Education Certificates of Participation	100	1,310
Alameda-Contra Costa Transit District Certificates of Participation	11.439	2,271
East Bay Municipal Water District and Special District No. 1	50.244 & 6.265	3,342
Acalanes and Liberty Union High School Districts	100	183,336
Martinez Unified School District	100	32,596
Pittsburg Unified School District	100	56,610
Lafayette School District	100	25,180
Oakley Union School District	100	25,420
Bay Area Rapid Transit District	36.661	31,661
San Ramon Valley Unified School District	100	217,051
Other School Districts	Various	38,084
Antioch Unified School District Certificates of Participation	100	15,351
Other School Districts' General Fund Obligations	Various	54,871
Cities and City Special Tax Districts	100.000	19,705
City of Concord General Fund and Judgment Obligations	100	36,125
City of Pittsburg Pension Obligations	100	39,566
City of Richmond General Fund Obligations	100	42,038
City of Richmond Pension Obligations	100	24,515
City of Antioch General Fund Obligations	100	30,256
City of San Ramon General Fund Obligations	100	19,610
Other Cities' General Fund Obligations	100	63,653
Contra Costa County Fire Protection District Pension Obligation	100	129,900
San Ramon Valley Fire Protection District Certificates of Participation	100	17,560
East Bay Regional Park District	46.314	51,487
Other Special Districts' Certificates of Participation	100	2,750
West Contra Costa Healthcare District Parcel Tax Obligation	100	26,000
Community Facilities Districts	100	299,022
1915 Act Assessment Bonds (Estimate)	100	353,044
West Contra Costa Unified School District	100	544,027
Mt. Diablo Unified School District	100	226,885
Contra Costa Community College District	100	115,000
Brentwood Union School District	100	50,176
Walnut Creek School District	100	29,890
<b>TOTAL OVERLAPPING DEBT</b>		<b>2,808,291</b>

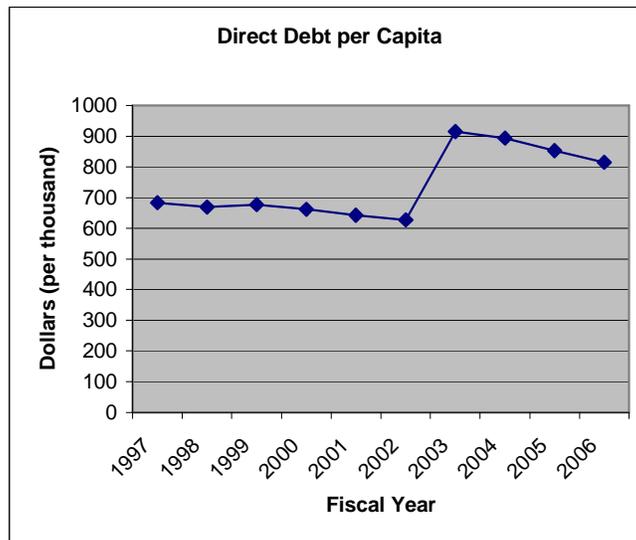
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COUNTY OF CONTRA COSTA  
**DIRECT AND OVERLAPPING BOND DEBT**  
(In Thousands)  
(Unaudited)

<b>TOTAL GROSS DIRECT AND OVERLAPPING DEBT</b>	3,647,066
Less: East Bay Municipal Utility District (100% Self-Supporting)	1,055

<b>TOTAL NET DIRECT AND OVERLAPPING DEBT</b>	\$ 3,646,011
--	--------------

2005 - 2006 Assessed Value of Taxable Property	\$ 131,052,764	
Less: Redevelopment Increments	14,502,558	
Adjusted Assessed Valuation	\$ 116,550,206	
Population	1,029,377	
	Ratio to Full Cash Value (%)	Per Capita <sup>2</sup>
Direct Debt (Includes County Lease Revenue Obligations)	0.72	\$ 815
Total Gross Direct and Overlapping Debt	3.13	3,543
Total Net Direct and Overlapping Debt	3.13	3,542



Source: <sup>1</sup> California Municipal Statistics, Inc.

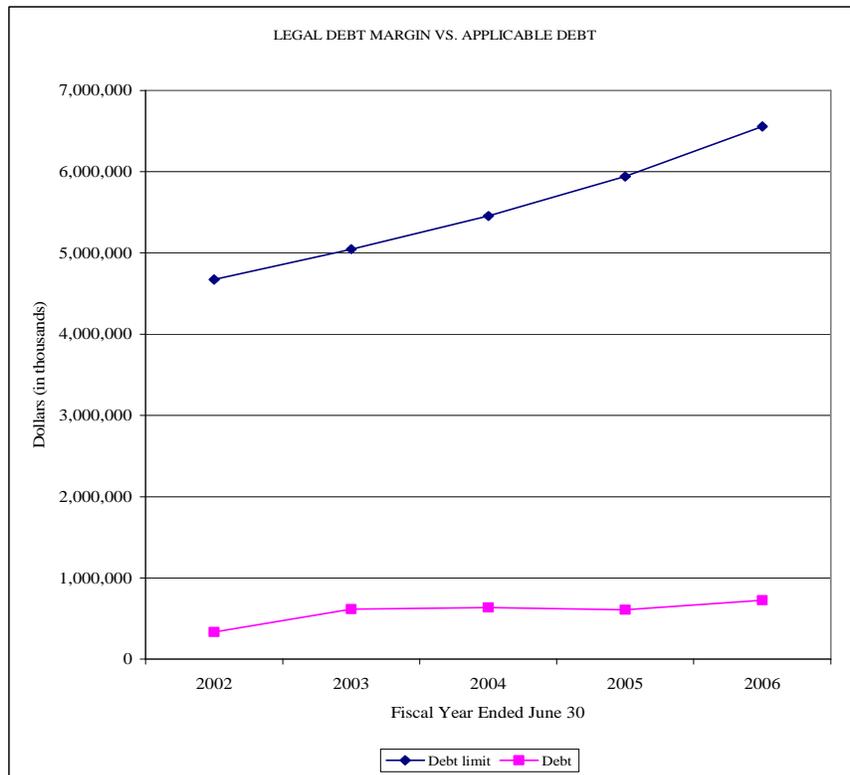
- a. Percentage of overlapping agency's assessed valuation located within boundaries of the county.
- b. Excludes tax and revenue anticipation notes, revenue, mortgage, revenue and tax allocation bonds and non-bonded capital lease obligations.

<sup>2</sup> Not in thousands

(concluded)

**COUNTY OF CONTRA COSTA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST FIVE FISCAL YEARS**  
(In Thousands)  
(Unaudited)

	Fiscal Year Ended June 30				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assessed value of taxable property	\$ 93,490,200	100,925,701	109,072,548	118,776,277	131,125,213
Debt limit - 5% of assessed value <sup>1</sup>	(A) \$ <u>4,674,510</u>	<u>5,046,285</u>	<u>5,453,627</u>	<u>5,938,814</u>	<u>6,556,261</u>
Amount of debt applicable to debt limit <sup>2</sup>					
Total bonded debt	344,005	641,810	654,030	637,780	748,840
Less: Assets of debt service funds	<u>7,875</u>	<u>26,632</u>	<u>16,708</u>	<u>28,981</u>	<u>21,157</u>
Total net general obligation debt	(B) <u>336,130</u>	<u>615,178</u>	<u>637,322</u>	<u>608,799</u>	<u>727,683</u>
Legal debt margin	(A - B) \$ <u>4,338,380</u>	<u>4,431,107</u>	<u>4,816,305</u>	<u>5,330,015</u>	<u>5,828,578</u>
Total net general obligation debt applicable to the limit as a percentage of debt limit	7.19%	12.19%	11.69%	10.25%	11.10%



<sup>1</sup> California Government Code Section 29909 limits General Obligation Bond indebtedness to five percent of the total assessed valuation of all taxable real and personal property within the county.

<sup>2</sup> Does not include Public Financing Authority nor Assessment District debt.

Source: Comprehensive Annual Financial Report - County of Contra Costa, California

COUNTY OF CONTRA COSTA  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 LAST TEN YEARS  
 (Unaudited)

Fiscal Year Ended June 30	Population <sup>1</sup>	Personal <sup>2</sup> Income	Per Capita <sup>2</sup> Personal Income	Median <sup>3</sup> Age	Education <sup>4</sup> Level	School <sup>5</sup> Enrollment	Average <sup>6</sup> Unemployment Rate
1997	879,206	\$31,960,195	\$35,391				4.2 %
1998	900,688	34,585,578	37,525				3.6 %
1999	916,403	37,126,251	39,623				3.1 %
2000	930,025	42,417,859	44,479	36.4	36.5	272,905	3.5 %
2001	972,103	43,472,330	44,509		37.4	273,467	4.0 %
2002	981,555	43,304,580	43,813		35.9	278,456	5.7 %
2003	994,908	44,164,561	44,192		38.7	269,081	6.1 %
2004	1,003,909	46,562,718	46,211	37.1	36.3	280,523	5.4 %
2005	1,020,898						5.1 %
2006	1,029,377						4.5 %

<sup>1</sup> California Department of Finance Estimate for January 1 of each year.

<sup>2</sup> U.S. Department of Commerce - Bureau of Economic Analysis

<sup>3</sup> Bay Area Concensus

<sup>4</sup> Percent of population with Bachelor or Graduate Degree - U.S. Census Bureau

<sup>5</sup> Population three years and over enrolled in school - U.S. Census Bureau

<sup>6</sup> State of California - Employment Development Department - June Data

COUNTY OF CONTRA COSTA  
**PRINCIPAL EMPLOYERS**  
 LAST YEAR AND NINE YEARS AGO  
 (Unaudited)

Employers <sup>1</sup>	2005			1997		
	Estimated Employees	Rank	Percentage of Total County Employment	Estimated Employees	Rank	Percentage of Total County Employment
Kaiser Permanente	5,000	1	1.00 %	5,000	2	1.10 %
Chevron Texaco Corp.	3,850	2	0.80	2,900	3	0.60
AT & T	3,150	3	0.60			
Kaiser Foundation Hospital	2,300	4	0.50	2,000	4	0.40
John Muir Medical Center	1,900	5	0.40	1,900	5	0.40
John Muir Mt. Diablo Medical Center	1,500	6	0.30	1,500	6	0.30
24 Hour Fitness	1,200	7	0.20			
Bio-Rad Laboratories	1,100	8	0.20			
Doctors Medical Center	1,000	9	0.20	850	10	0.20
USS Posco Industries	975	10	0.10	975	8	0.20
All Others	489,925		95.70	427,000		95.20
Bank of America - Systems Engineering				5,000	1	1.10
Kaiser Permanente Medical Center				1,200	7	0.30
Contra Costa Newspaper				975	9	0.20
Total	511,900 <sup>2</sup>		100.00	449,300 <sup>2</sup>		100.00

<b>Contra Costa County Employment by Industry <sup>2</sup></b>	
<b>2005 Annual Average</b>	
Trade, Transportation, & Utilities	17.6%
Government	14.8%
Professional & Business Services	13.7%
Educational & Health Services	12.0%
Financial Activities	9.9%
Leisure & Hospitality	9.2%
Natural Resources, Mining, & Construction	9.0%
Manufacturing	5.8%
Other Services	4.1%
Information	3.9%
Agriculture	0.3%

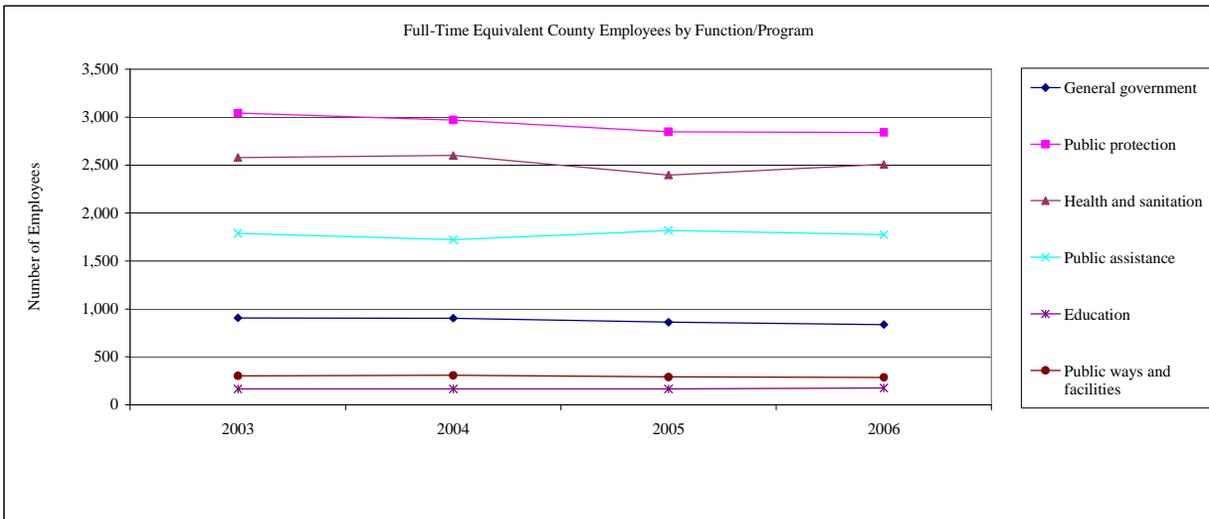
<sup>1</sup> Government Employers Excluded

<sup>2</sup> State of California Employment Development Department

Source: Compilation of Estimated Data From Various Sources

COUNTY OF CONTRA COSTA  
**FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION/PROGRAM**  
 LAST FOUR FISCAL YEARS  
 (Unaudited)

<u>Function</u>	<u>Full-time Equivalent Employees as of June 30</u>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government	908	904	861	838
Public Protection	3,041	2,969	2,847	2,841
Health and Sanitation	2,579	2,600	2,396	2,507
Public Assistance	1,788	1,723	1,819	1,774
Education	167	167	167	176
Public Ways and Facilities	302	307	291	287
<b>Total</b>	<b>8,785</b>	<b>8,670</b>	<b>8,381</b>	<b>8,423</b>



Source: County Administrators Office, Contra Costa County, California

COUNTY OF CONTRA COSTA  
**OPERATING INDICATORS BY FUNCTION**  
 LAST FIVE FISCAL YEARS  
 (Unaudited)

Function	Fiscal Year Ended June 30				
	2002	2003	2004	2005	2006
<b>General Government</b>					
<u>Assessor</u>					
Number of Assessment Roll Units - Secured	323,710	328,537	332,630	338,032	345,212
Number of Assessment Roll Units - Unsecured	49,523	50,140	50,242	49,238	49,488
<u>Auditor-Controller</u>					
Tax Rate Areas Administered	1,136	1,141	1,171	1,024	1,024
<u>County Counsel</u>					
Tort Claims File Against County Transferred to County Counsel	246	254	280	253	274
Juvenile Law Contests Set for Each Child	2,971	2,531	2,259	2,890	3,063
<u>Clerk-Recorder</u>					
New Voter Registration		23,021	41,377	82,571	22,172
Cancelled Voter Registration		6,158	35,596	28,110	14,450
Total Voter Registration	476,935	484,640	444,167	504,505	492,656
Recorded Documents	419,868	583,521	722,437	574,294	581,595
<u>Human Resources</u>					
Employment Applications Processed	14,100	21,901	14,860	15,982	15,817
Examinations Conducted	206	196	150	166	221
<u>Information Technology</u>					
Enterprise Server Transactions Monthly				11,000,000	9,000,000
Enterprise Server Availability				100.00%	99.00%
Viruses Stopped				920,000	3,100,000
Spam Emails Stopped				3,000,000	11,000,000
<u>Tax Collector-Treasurer</u>					
Secured Tax Bills	318,922	330,214	334,983	328,061	338,259
Unsecured Tax Bills	50,651	51,794	53,558	50,062	48,739
Supplemental Tax Bills	41,697	46,602	46,425	42,679	43,736
Business Licenses Issued	8,543	6,889	7,160	6,255	6,157
Pooled Investment Earnings	\$39,424,000	\$29,160,000	\$23,439,000	\$41,558,000	\$78,729,000
<b>Public Protection</b>					
<u>Agriculture</u>					
Number of Shipments Inspected/ Profiled	36,607	37,371	45,153	60,912	78,263
Pest Control Inspections	1,003	905	876	1,019	1,047
# of Taxis Inspected	460	294	339	271	229
Number of Petroleum Dispensing Devices Inspected	3,465	3,807	5,782	4,917	2,951
<u>Animal Services</u>					
Licenses Sold	44,064	44,235	44,062	44,822	45,977
Animals Handled	26,631	24,752	24,604	24,056	25,043
Animals Adopted	3,779	4,267	4,110	4,218	5,584
Animals Returned to Owner	2,812	2,871	2,595	2,482	2,363
<u>Building Inspectors</u>					
Plans Reviewed	1,363	1,987	1,920	2,074	2,152
Permits Issued	10,707	12,096	12,736	13,194	13,629
Inspections Performed	54,461	53,612	63,730	70,331	81,363
Code Enforcement Cases Opened	975	1,117	1,323	1,699	2,260
<u>Child Support Services</u>					
Number of Cases					38,482
<u>Community Development</u>					
Number of Land Use Applications Received	908	986	1,114	1,182	1,165

(Continued)

COUNTY OF CONTRA COSTA  
**OPERATING INDICATORS BY FUNCTION**  
 LAST FIVE FISCAL YEARS  
 (Unaudited)

Function	Fiscal Year Ended June 30				
	2002	2003	2004	2005	2006
<b>Public Protection (Continued)</b>					
<u>Fire Protection Services</u>					
Contra Costa Fire Protection District					
Emergency Calls	37,655	40,420	40,726	41,100	42,255
Fire Calls	2,007	2,301	2,113	1,981	1,914
Medical Calls	19,533	26,045	28,043	28,815	29,864
Inspections Performed	2,536	3,187	2,438	1,888	1,198
East County Fire Protection District					
Emergency Calls					5,016
Fire Calls					424
Medical Calls					3,640
Inspections Performed					800
<u>District Attorney</u>					
Felony Cases Filed		4,356	3,701	4,264	4,564
Misdemeanor Cases Filed		13,280	13,339	12,307	10,843
<u>Probation</u>					
Court Reports	7,343	6,783	8,873	8,873	9,391
Average Supervision Caseload (Including Home Sup.)	5,473	5,450	4,671	4,555	4,602
Juvenile Hall Detention Care Days	55,153	52,016	46,586	36,428	56,862
Youth Rehabilitation Care Days	33,214	32,763	32,216	32,384	33,578
Juvenile Community Service Days Worked	5,311	4,746	4,110	4,365	3,924
<u>Sheriff</u>					
Calls for Service					
Priority 1 - Respond immediately	113,845	111,385	107,297	119,675	121,261
Priority 2 - Respond as soon as possible	57,564	61,021	53,375	57,134	57,634
Priority 3 - Respond when available	148,816	151,347	147,141	155,548	154,915
Citations Issued	20,303	21,167	19,864	24,795	21,657
Crime Reports Processed	31,966	25,838	31,400	31,726	30,607
Warrants Served	16,359	16,423	15,070	14,175	19,799
Custody Services					
Bookings - Detention Facility	25,622	25,612	24,683	25,072	25,144
Bookings - Custody Alternative	3,691	3,873	3,909	4,176	3,874
Average Daily Population - All Facilities		1,868	1,582	1,673	1,715
<b>Health and Sanitation</b>					
<u>Health Services</u>					
Mental Health					
Inpatient Average Daily Census	263	294	310	340	333
Outpatient Visits	347,760	394,296	418,644	367,476	338,072
Conservatorship Clients	7,192	7,451	8,119	8,676	8,876
Alcohol & Other Drugs					
Residential Days	80,057	83,021	86,486	86,854	80,122
Outpatient Visits	74,139	76,361	77,317	63,183	58,813
Detention - Average Monthly Inmates	1,756	1,629	1,593	1,632	1,659
Public Health					
AIDS/HIV Tests	3,602	3,624	3,160	2,166	2,784
Immunizations Given	45,147	48,911	43,505	31,313	27,180
Senior Nutrition Meals Served	442,604	440,271	438,587	458,333	463,668
Environmental Health					
Hazardous Material Incident Responses	3,156	2,616	3,336	2,808	3,356
Environmental Health Inspections	34,776	28,524	32,436	26,160	36,091
California Child Serves Cases	2,325	2,473	2,565	2,739	2,864
Homeless Clients in Shelters	477	513	557	635	707

(Continued)

COUNTY OF CONTRA COSTA  
**OPERATING INDICATORS BY FUNCTION**  
 LAST FIVE FISCAL YEARS  
 (Unaudited)

Function	Fiscal Year Ended June 30				
	2002	2003	2004	2005	2006
<b>Public Assistance</b>					
<u>Community Services</u>					
Number of Children Served (Head Start)	3,272	3,326	3,600	3,427	3,480
Number of Dwellings Weatherized	na	603	501	310	439
<u>Employment and Human Services</u>					
Number of Households Receiving Food Stamps	99,900	103,683	117,657	138,537	151,291
Value of Food Stamps Issued	\$18,660,177	\$20,883,905	\$24,897,261	\$32,370,070	\$36,998,579
Welfare Warrants Issued				94,098	100,670
Welfare Direct Deposit Items				9,041	7,544
Number of Adult Protective Service Reports	1,396	1,727	1,849	1,508	1,563
Average Monthly Number of Medi-Cal Beneficiaries	89,946	95,673	101,786	106,760	111,575
<u>Veteran Services</u>					
Claims/Appeals Filed for the Benefit of Veterans	1,321	1,712	1,803	1,698	1,781
Interviews	3,663	4,525	5,010	4,964	5,170
<b>Education</b>					
<u>Library</u>					
Library Visits	2,744,678	3,127,801	3,223,863	3,284,934	3,422,469
Items Circulated	4,036,417	4,253,135	4,522,958	4,736,101	4,929,783
Annual Hours Open	42,712	51,086	51,822	51,555	53,820
<u>Cooperative Education</u>					
4-H Club Membership	na	900	611	611	847
<b>Public Ways and Facilities</b>					
<u>Public Works</u>					
Pavement Condition Index Rating	87	87	87	87	86
Flood Control Development Reviews	510	467	502	549	559
Land Development Reviews	68	102	81	75	89
<b>Enterprise Activities</b>					
<u>Hospital</u>					
Hospital & Clinics					
Inpatient Days	48,095	48,681	49,465	48,125	49,936
Outpatient Visits	339,398	376,464	400,332	434,467	421,479
<u>Health Maintenance Plans</u>					
CCHP M-Cal Plan Enrollees	40,366	41,225	42,238	43,656	42,519
CCHP Commercial Plan Enrollees	16,805	18,460	20,147	20,188	20,954
CCHP Major Risk Enrollees	150	229	225	212	134
<u>Sheriff Training Center</u>					
Law Enforcement Training Academy- LETC					
Number of Students- Academy		139	87	80	72
Number of Students- In Service		2,201	1,976	2,587	2,821
Hours of Instruction- Academy		3,350	1,821	3,053	2,016
Hours of Instruction- In Service		3,454	2,421	2,505	2,284
<u>Airport</u>					
Aircraft Operations (Take off / Landing)					
Buchanan	143,649	138,572	119,106	128,375	124,102
Byron (Estimated)	na	na	na	na	60,000

Source: Contra Costa County Departments

(Concluded)

COUNTY OF CONTRA COSTA  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
 LAST FOUR FISCAL YEARS  
 (Unaudited)

<u>Function</u>	Fiscal Year Ended June 30				
	<u>2002</u>	<u>2003</u>	2004	<u>2005</u>	<u>2006</u>
<b>General Government</b>					
<u>Clerk-Recorder</u>					
DFM Mark-A-Vote System					
Data General Terminal	1	1	1	1	
Card Readers	14	14	14	14	
BCWin Terminal	1	1	1	1	
Election Systems and Software					
M100 Precinct Tally Machines					768
AutoMark- ADA Assist Ballot Marking Devices					768
M650 High Volume Ballot Scanners					4
<b>Public Protection</b>					
<u>Animal Services</u>					
Animal Shelters	2	2	2	2	2
<u>Fire Protection Services</u>					
Contra Costa Fire Protection District					
Fire Stations	30	30	30	30	30
Fire Engines/Trucks/Other Apparatus	87	88	88	90	92
East County Fire Protection District					
Fire Stations					8
Fire Engines/Trucks/Other Apparatus					26
<u>Probation</u>					
Juvenile Hall - Certified Beds					290
Orin Allen Youth Rehabilitation Facility - Certified Beds					100
<u>Sheriff</u>					
Square Miles Patrolled	521	521	521	521	521
Detention Facilities	3	3	3	3	3
<b>Public Ways and Facilities</b>					
<u>Public Works</u>					
Miles of Road Maintained	661	658	659	661	664
Miles of Creek/ Channels Maintained	75	75	75	75	75
<b>Enterprise Activities</b>					
<u>Hospital</u>					
Hospital	1	1	1	1	1
<u>Sheriff Training Center</u>					
Law Enforcement Training Academy- LETC	1	1	1	1	1
<u>Airport</u>					
Buchanan	1	1	1	1	1
Byron	1	1	1	1	1

Source: Contra Costa County Departments

COUNTY OF CONTRA COSTA  
**MISCELLANEOUS STATISTICS**  
(Unaudited)

**GEOGRAPHICAL LOCATION:** Contra Costa County is located near San Francisco in the Bay Area. It is bordered by San Francisco Bay and San Pablo Bay on the west, by Suisun Bay and the Sacramento and San Joaquin Rivers on the north, by the delta country of San Joaquin County on the east and by Alameda County on the south.

**ALTITUDE:** Sea level to 3,849 feet

**AREA OF COUNTY:** 732.6 square miles of land and 73.3 square miles of water.

**COUNTY SEAT:** Martinez, California

**FORM OF GOVERNMENT:** General Law County, governed by a five member Board of Supervisors. Contra Costa County is one of the original 27 counties established when California became a state in 1850.

Source: County Administrator's Office

JUNE 6, 2006  
**DIRECT PRIMARY ELECTION**

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REGISTERED VOTERS	489,263
NUMBER VOTING	185,241
PERCENT VOTING	37.9%

Source: County Clerk-Recorder Department, Elections Division