

County of Contra Costa, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2004

Stephen J. Ybarra, Auditor-Controller

COUNTY OF CONTRA COSTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

Contra Costa County

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Stephen J. Ybarra
Auditor-Controller

December 8, 2004

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 2003-2004 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. In June of 2004, Kenneth J. Corcoran retired after serving over 13 years as the Auditor-Controller of Contra Costa County. The Board of Supervisors appointed me, Stephen J. Ybarra, Auditor-Controller after 31 years of service with the county, 8 of which was as the Assistant Auditor-Controller. Like my predecessor, my primary mission is to ensure the fiscal integrity of the county. We believe the data, as presented, is accurate in all material aspects and 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 the maximum understanding of the county's financial affairs.

Management of Contra Costa County is responsible to establish and maintain 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 judgments 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 2003-2004 audit. The independent auditor concluded that the county's financial statements for the fiscal year ended June 30, 2004, 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. This 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* contains comprehensive statistical data for the county relating to its physical, economic, social and political characteristics.

The following highlights some basic information about Contra Costa County, the local economy, the county's economic condition, and the county's awards and accomplishments.

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 these 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 district, 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 by the end 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.

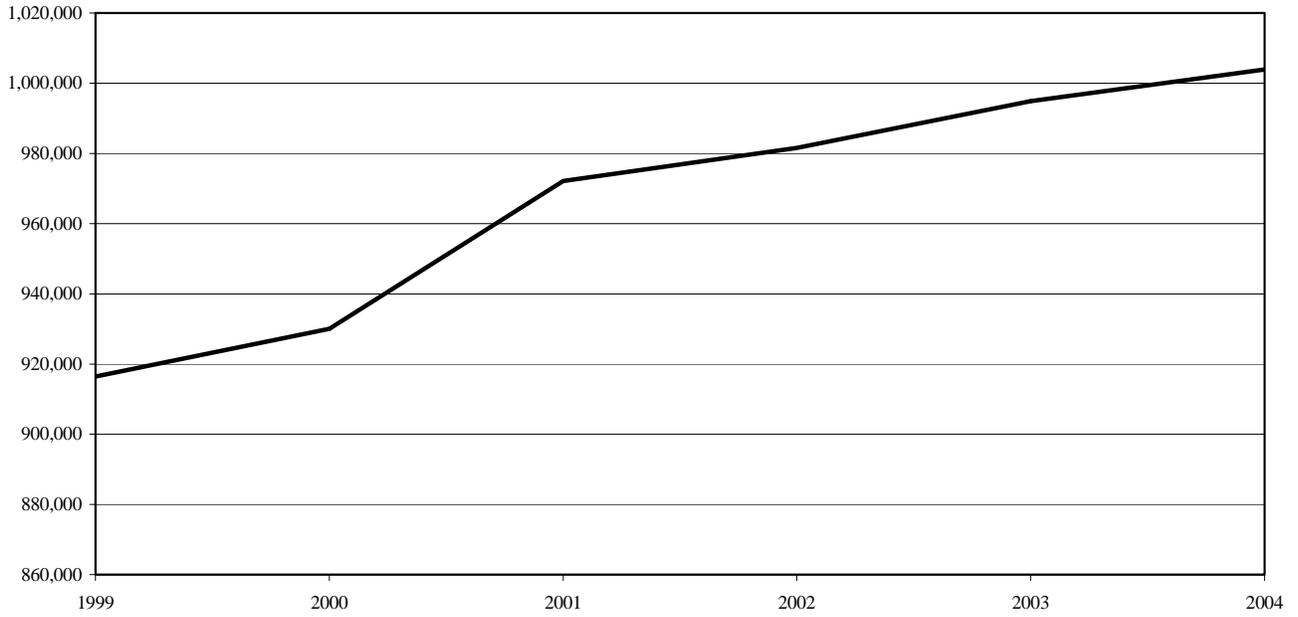
INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

The county continues to enjoy a relatively strong local economy. Long-term population and job growth projections remain positive. As of January 1, 2004, the county's population was estimated at 1,003,909, an increase of 25.9 percent since 1990 and a 7.9 percent increase since 2000. A study prepared by the Association of Bay Area Governments projects a 36.0 percent increase in population between 2000 and 2040.

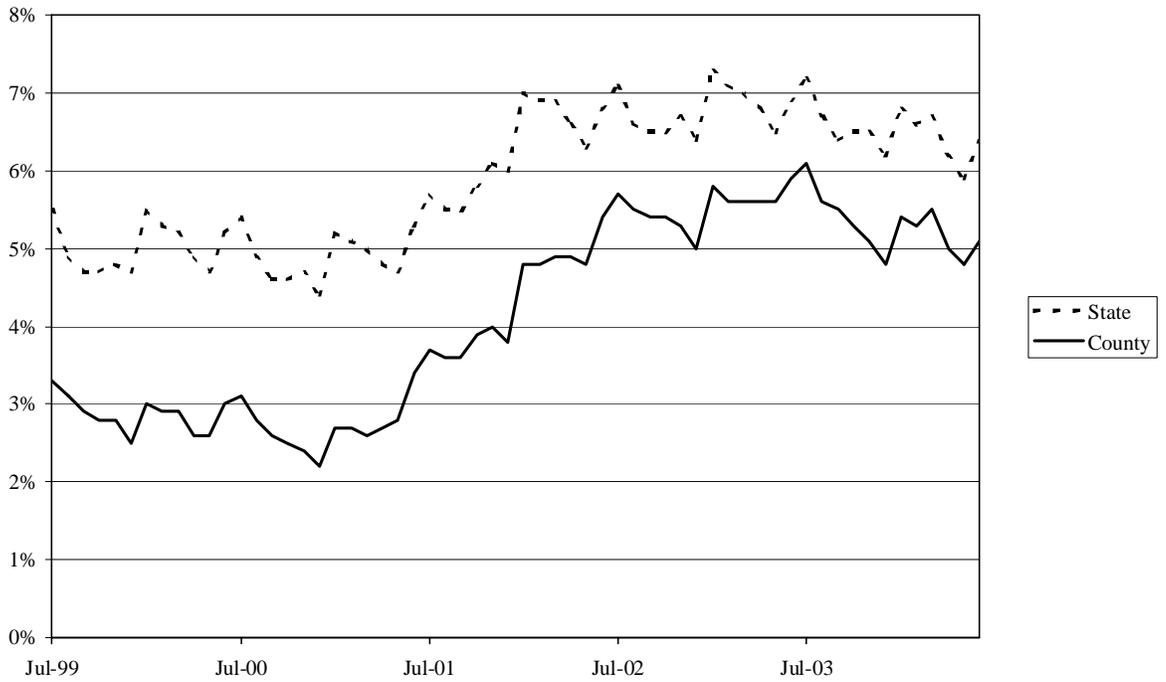
Between July 2003 and June 2004 the county’s jobless rate decreased from 6.1 percent to 5.1 percent. Consistent with historical performance, it was significantly below the statewide averages of 7.2 percent and 6.4 percent, respectively. The county's economy is very diverse; major industries include petroleum 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:

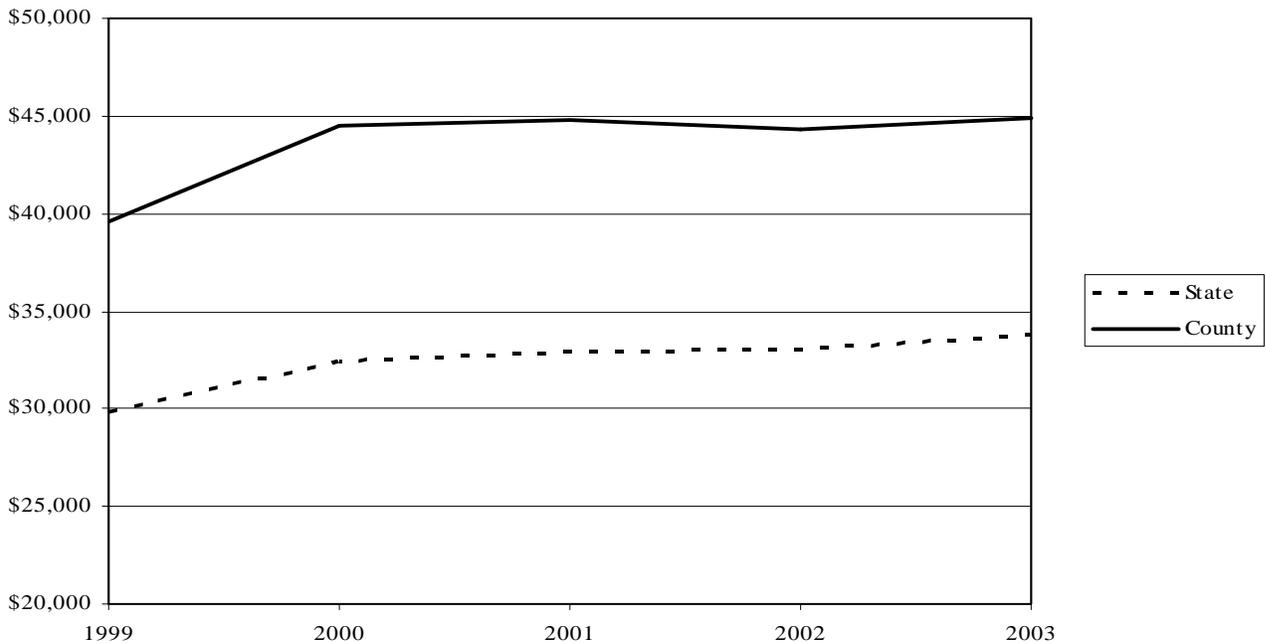
Population



Unemployment Rate



Annual Per Capita Personal Income



In spite of the relatively good local economy, the funding of county programs and services is challenging. Like other California counties, Contra Costa County has experienced abrupt and radical changes to its revenue base and expenditure requirements due to state action. For example, in the early 1990's, the state of California seized half of the county's property tax revenue, decreasing the county's share from approximately 25 percent to approximately 12.5 percent. In fiscal year 2003-2004, the county "shifted" \$123,000,000 of its property taxes to the state. Also, in fiscal year 2003-2004, the Governor's unilateral reduction of the vehicle license fee from 2 percent to 0.65 percent caused an \$18,200,000 unanticipated revenue shortfall.

The state's practice of imposing unfunded or underfunded mandates on county government has also caused major increases in the demand for locally generated revenue and has created unpredictability in its revenue requirements. For example, new requirements on holding animals in shelters required the construction of two new shelters at a cost of \$13,000,000 and resulted in unreimbursed SB 90 claims of \$5,600,000.

Despite those obstacles, the management of Contra Costa County is committed to prudent fiscal management and engages in targeted long-term financial planning when possible and appropriate, such as:

- *Fiscal Forecasts for Fire Protection Districts* - Produced a 10 year forecast of costs and revenues for the Contra Costa County Fire Protection District and East Contra Costa Fire Protection District that modeled annual increases in the base assessment due to projected land development and "turnover" (sale) of real estate. The fiscal forecast evaluated the ability of the two districts to meet their

projected operational obligations with their future projected revenues, a precursor to the establishment of priorities for expenditures that maintain service levels in the most cost effective manner.

- *Structural Analysis of the Budget* – Analyzed historic and near-term revenues compared to costs, identifying a structural imbalance in the county budget due to a combination of factors: depressed general purpose revenues; lower year-end fund balances; health insurance costs for both current and retired employees; and workers compensation insurance costs. The evaluation resulted in identification of key areas of action necessary to align spending with revenues going forward.
- *Retirement Costs* – Conducted a comprehensive study of the driving forces behind increasing employer retirement costs, including actuarial assumptions and Retirement Board portfolio management practices, to identify areas of future financial liability to the county.
- *Worker's Compensation Insurance Costs* – Undertook a comprehensive analysis of the worker's compensation program, including long term cost projections if no actions were taken to change the program. Identified priorities for program modifications.
- *Capital Facilities and Utilities* – Conducted comprehensive analyses of current and projected capital facility needs, taking into account not only program requirements, but also facility operational costs. Established criteria for the review and approval of future capital improvements. For energy usage, adopted a strategic energy plan.
- *Locally Generated Revenues* – On an ongoing basis, sales tax, property tax, and vehicle license fees revenues are projected for the budget year.
- *Library Financing Plan* – The county Library budget has been impacted by dramatic increases in employee and retiree healthcare and retirement costs and by the reduction in available Public Library Funds from the state. As a result, in 2004 it was necessary to reduce the Library book budget by 25 percent (\$366,000) in order to maintain all open hours at all libraries. In adopting the Library's budget, the Board of Supervisors asked that the Library develop a plan to raise \$250,000 to partially offset the reduction in the book budget. A total of \$259,000 was added to the Library's book budget from fund-raising and donations. The Library has prepared a five-year financial projection to determine how much in additional resources will be needed to maintain the present level of open library hours at all 23 libraries countywide. It projects that additional funding will be needed until fiscal year 2007-2008, when revenue growth will again equal expenditures. Until then the gap in funding would be taken from monies set-aside to replace the automation system.
- *Legislation* – In fiscal year 2003-2004, the county joined with other California counties, cities, and special districts in seeking legislation designed to increase the stability, predictability, and surety of local government revenues and expenditure requirements. This effort was successful – refer to the MD&A for additional information.

The county has financial policies in place to ensure that its citizens can access information about how their tax dollars are spent and to ensure that they are used effectively and efficiently.

- The financial activities of the general governmental functions are reported in the General, special revenue, debt service, capital projects, and Permanent Funds. Included in those funds are the special districts governed by the Board of Supervisors and the county's blended component units except for the Housing Authority, which is included in enterprise operations. The county's business-type activities are reported in the Enterprise Funds. These include the County Hospital, Health Maintenance Organization, Airport, Housing Authority, Sheriff Law Enforcement Training Center, and the Major Risk Medical Insurance Enterprise Funds.
- The county is self-insured for workers' compensation, general and automobile liability, medical malpractice, dental, management long-term disability, and unemployment insurance. The county maintains excess insurance policies with private insurers to cover additional losses. The county's Risk Management office administers claims for the various programs, provides loss prevention services, and minimizes risks through various risk control strategies. For specific information on coverage see Note 18 in the "Notes to the Basic Financial Statements."
- Cash temporarily idle during the year was invested in accordance with California Government Code Section 53600 (et seq.) that allows investment maximums of 40.0 percent in bankers' acceptances, 40.0 percent in commercial paper, and 30.0 percent in negotiable certificates of deposit. There is no limit on investments in collateralized certificates of deposit and U.S. Government issues. The County Treasurer continues to have a more restrictive investment policy than required by law. The Treasurer's investment policy was approved by the Board of Supervisors. In accordance with California Government Code Sections 27130-27137, an investment oversight committee has reviewed the quarterly investment reports prepared by the Treasurer. The average yield on investments for the fiscal year ended June 30, 2004, was 1.5 percent.
- The county has capital lease obligations under lease/purchase agreements for various county buildings and other property. Some older agreements have been made with the Contra Costa County Public Facilities Corporation, a non-profit public benefit corporation which assisted the county in financing public buildings and facilities. Beginning in fiscal year 1997-1998, most new agreements have been and will be made with the County of Contra Costa Public Financing Authority, a joint powers authority consisting of the county and the Redevelopment Agency.
- The county participates in and contributes to a cost-sharing, multi-employer defined benefit pension plan that is governed by the County Employees Retirement Law of 1937 and which is administered by the Contra Costa County Employees' Retirement Association (CCCERA). Financial activities of the plan are reported in the county's Pension Trust Fund and a Comprehensive Annual Financial Report is available from CCCERA. Additional information about the plan is also presented in Note

15 in the “Notes to the Basic Financial Statements” in this report. The CCCERA’s address can be found in Note 1.A.

- In prior years, the county has issued Pension Obligation Bonds to fund the unfunded accrued actuarial liability (UAAL) of the county for retirement benefits accruing to county members of the CCCERA. Due to favorable market conditions and the county’s excellent credit ratings, the county was able to realize substantial savings in the cost to pay its UAAL obligation to the CCCERA. For specific information, see Management’s Discussion and Analysis and Note 11 in the “Notes to the Basic Financial Statements.”

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

- *Establishing New Positions* – The county frequently is the recipient of multi-year grants for major initiatives, which require augmented staffing. Under those circumstances, departments can add “project” positions but not permanent positions. Project positions are limited term, up to five years.
- *Budget Augmentation Requests* – The Board of Supervisors has adopted policy that requires any Board augmentation of programs during the budget process to be accompanied by a commensurate reduction in funding elsewhere in the budget.
- *Vacancy Factor* – Projections of a department’s expenditure base for the following fiscal year includes a reasonable vacancy factor (set by the County Administrator’s Office) to help ensure greater accuracy in appropriation levels.
- *Authorization to Execute Contracts* – The Board of Supervisors has authorized departments to execute contracts under \$25,000, subject to the review and approval of the County Administrator and County Counsel; however, all contracts above \$25,000 require Board of Supervisors’ approval. This policy helps expedite the process while still maintaining appropriate oversight and review.
- *Hiring Freezes* – As necessary, the county imposes “hiring freezes” that require additional levels of approval and financial justification prior to the filling of positions.

In fiscal year 2003-2004, Contra Costa County successfully managed the effect of significant revenue shortfalls through judicious management of expenditures. To help preserve fiscal integrity and service standards during this period, the county focused its efforts on the following areas: (1) increasing operational efficiency; (2) limiting liability exposure; and (3) leveraging financial resources. Highlights include:

Increasing Efficiency in Operations

- *Sick Leave Usage Study* – Initiated study of sick leave usage levels; departmental and countywide sick leave policy; tracking systems for monitoring sick leave; management tools for ensuring appropriate use of sick leave accruals; and training and education needs and availability.

- *Cell Phone Cost And Usage Study* – Initiated study of cell phone needs by type of employee, number and type of phones currently in use, service contracts, cooperative purchase agreements, and departmental policy with the objective of ensuring that non-land line communication needs are met with the appropriate communication device at the most advantageous cost to the county.
- *Travel and Procurement Practices Review* – Updated the county’s policies and procedures for travel authorization and travel–related expense payments and reimbursement to help ensure county paid costs are appropriate. Implemented quarterly reviews of the use of procurement cards to help ensure that they are used to improve efficiency and not to circumvent effective procurement planning and controls.
- *Payroll Practices Study* – Investigated payroll practices among departments, including coding of time and overtime. Revised several sections of the Management Resolution to clarify policies and procedures.
- *Capital Projects Review Criteria* – Updated the county’s criteria for evaluating and prioritizing capital projects, which has assisted the county’s management team in more clearly identifying the need for future facilities and has facilitated the planning process to meet those needs.
- *Targeted Capital Improvement Investments* – Invested in areas to increase the efficiency of operations, including \$1,300,000 for the installation of an automated system to control the operation of security doors, and intercom and video systems in the main detention facility. In addition, the Board also invested \$5,200,000 to upgrade the existing emergency radio system to increase system capacity, reduce system overload, improve operability, and expand coverage.
- *Board of Supervisors Agenda Processes* – Initiated development of a system to automate the preparation, publication, and distribution of the Board of Supervisors weekly meeting agendas and supporting documents. The primary goals of the system are to expedite the review process for agenda items, improve the quality and consistency of Board reports, provide staff information on the status of items as they are reviewed, and increase public access to final Board agendas and packet materials.
- *Board of Supervisors Chambers System Upgrades* - Installed a modern visual presentation system that can project images from computer laptop, flat art, videotape, and DVD media onto a large screen, and displays on television monitors and the monitors of each member of the Board to increase the effectiveness of presentations before the Board; replaced the obsolete cassette tape recording system with a modern digital audio recording system; and installed an electronic speaker queuing system that notifies the Board Chair of requests of other members of the Board and staff for permission to speak.
- *PeopleSoft Upgrade* – Upgraded the Human Resources/Payroll PeopleSoft System from version 7.5 to version 8.8. This upgraded has resulted in expanded functionality, less customization, and a web-based environment that will allow for future technological advancement.

- *Fiber Optics Connection* - Negotiated a free fiber optics connection of the county's administration building and its government cable TV access facility from the cable service provider, allowing for webcasts of Board of Supervisors' meetings, higher quality, reliable government access signals, and data transfer capacity for the Department of Information Technology. Negotiations are currently in progress for a fiber optics connection that would link other county facilities.

Limiting Liability Exposure

- *ADA Transition Plan For Facilities* – Evaluated facilities for compliance with Americans with Disabilities Act (ADA) accessibility regulations, prioritized them for accessibility improvement, and established a process for continued evaluation of the county's physical facilities. The county also initiated a reassessment of programs, services, and activities for compliance with ADA regulations.
- *Ergonomic Injury Prevention Program* – Initiated a program to reduce the incidents of ergonomic injuries, including two new web-based online classes: “Injury and Illness Prevention” and “Ergonomics.” Those classes allow for training at times convenient for the employees and reduce the cost of classroom instruction.
- *Occupational Medical Program* - Instituted an occupational medical treatment program to provide better oversight of the diagnosis and treatment of industrial injury. The new 30-day medical treatment program provides services through John Muir/Mt. Diablo Hospital and Kaiser Hospital within their occupational medicine centers. Nurse case managers are now used on appropriate claims. In addition, the county has entered into partnership with the Contra Costa County Schools Insurance Group for review and approval of medical billing, which includes document imaging with the goal of paperless files for greater efficiency. A new data system was also implemented allowing for more efficient management of claims.

Leveraging Financial Resources

- *Strategic Energy Plan* – Analyzed the energy usage of county facilities and identified a variety of energy conservation measures for implementation over the next three years that will result in an estimated \$1,200,000 annual energy savings, a 12 percent reduction in energy spending.
- *Lease Revenue Bonds* – Issued \$18,500,000 in lease revenue bonds to better meet service needs and/or reduce county capital facility costs. Projects included:
 - West County Animal Shelter in Pinole
 - Discovery House residential substance abuse treatment facility in Pacheco
 - Residential mental health treatment facility for adolescents in Concord
 - General Services Department administration building in Martinez
 - One-Stop employment services center in Brentwood

- *Minimize Borrowing Costs* - Maintained prudent financial management practices, which have resulted in consistently strong bond ratings and low borrowing costs, producing significant taxpayer savings.

The county has a history of making annual presentations to bond rating agencies, such as Standard and Poor's Ratings Service (S&P) and Moody's Investors Service (Moody's). The county also makes a regular practice of sending rating agencies copies of annual financial documents, such as the county budget, the CAFR and an "Annual Report to Bondholders." The county's practice of regular and open communication with rating agencies promotes financial transparency and investor confidence in the county's financial condition.

The county also places high priority on ensuring the ongoing integrity of the tax-exempt status of its bonds. To this end, the county regularly conducts arbitrage rebate calculations of outstanding debt to ensure compliance with federal regulations concerning investment earnings on bond proceeds.

It is the county's practice to issue bonds by competitive sale when economically advantageous. This practice is intended to maximize the degree of competition in the sale process and produce most favorable pricing for the county and its taxpayers.

- *Grant Funding* - Applied for approximately 100 grant awards totaling over \$61,500,000 to increase the range and/or level of county services.
- *Partnering with Other Public Agencies* – Continued the county's long-standing practice of collaborative partnerships to leverage resources and expand service availability. For example, the county's "After School 4 All" collaborative provides after school programming at 51 school sites, serving 7,500 students each school day within the Antioch, John Swett, Martinez, Mt. Diablo, Pittsburg and West Contra Costa School Districts. In addition, the city of Brentwood funds the addition of a third firefighter to two fire stations located within the city, while the Pittsburg Unified School District funds the local match that draws down \$1,200,000 of federal funds for children's mental health services for their students.

The following includes some other major county accomplishments, service level efforts, and initiatives for fiscal year 2003-2004:

- In spite of its challenges, the Department of Child Support Services (DCSS) collections of current support rose 3% to \$55,334,000, an increase of \$1,564,000. Innovative business processes and technology enhanced the Department's efficiency and customer services. The Department converted to the new California Child Support Automated System. The conversion in early 2004 improved the Department's ability to interface with other child support offices in the state and improved case management.
- The Floodplain Management Program, which includes the Departments of Public Works, Building Inspection, and Community Development, received a community rating of six (6) from the Federal Emergency Management Agency (FEMA) resulting in a 20% premium discount for flood insurance

in the unincorporated areas of Contra Costa County. This document results in an estimated savings of \$250,000 to citizens in the unincorporated areas of the county.

- A total of 44 construction projects with a total value of \$1,800,000 were authorized under the county's first Job Order Contract. This pilot program resulted in a savings of \$287,000 and a reduction in the average amount of time required procuring construction services of 35 days per project.
- The Contra Costa County Recorder's Office took the lead statewide and, after six years of effort, successfully guided its associates in enacting a comprehensive statewide electronic-recording bill for property records. This will save time and money and will better serve the public with their property transactions.
- The Health Services Department (HSD) implemented a system to receive and process electronic claims for the Contra Costa Health Plan (CCHP) to comply with the Health Insurance Portability and Accountability Act (HIPAA) and to provide productivity enhancements. Approximately 18,000 paper claims are now handled electronically each month, which allows for the correction of billing errors, validation of member and provider information, and the automatic import of claims into the CCHP Claims System.
- HSD developed a ten-year plan to end "chronic homelessness" that has been adopted by the county and several cities. This plan forms the basis for federal funding and a guild to programs to end homelessness in Contra Costa County. Under this plan, two outreach teams, including Health Care for the Homeless and Veterans Services, reached more than 2,500 homeless individuals in encampments during fiscal year 2003-2004. A companion program provides permanent supportive housing for 40 chronic homeless with significant mental health, substance abuse, and physical health problems.

The quality management structure of the health system was redesigned and renewed with new approaches to the assessment of medical care. Using objective internal and external measures, the health centers were able to demonstrate the highest quality of care in a number of arenas - excellent assessments by regulatory agencies, very positive patient satisfaction surveys, and marked improvement in internal quality benchmarks. Through the development of new systems of patient care and information management, the health centers were able to deal effectively with a 50 percent increase in patient care needs in emergency services and obstetrics. Similar new approaches also allowed the Department to increase outpatient visits by 9 percent and to increase inpatient care by 7 percent at the same time that total expenditures were reduced by about 4 percent.

- The Office of the Sheriff's Support Services Bureau, Forensic Services Division, was successful in obtaining a grant that allowed for the renovation of the criminal laboratory's DNA unit. This grant included the purchase of state-of-the-art equipment, which resulted in the elimination of backlogged DNA cases and enhanced efficiencies in the analysis of current and future cases. The Emergency Services Division was successful in obtaining federal grant monies to enable the Office to obtain both

equipment and training for first responders when dealing with incidents involving homeland security and terrorism. The Technical Services Division made substantial progress towards creating the first countywide criminal justice information sharing network.

- A joint powers authority (the Pleasant Hill BART Station Leasing Authority) was formed between the county, its Redevelopment Agency, and the Bay Area Rapid Transit District (BART) to facilitate development of the BART Transit Village project, and to position the county general fund as the recipient of significant ground lease revenues over the next 100 years.
- The Contra Costa County Employment & Human Services Department continued to serve over 100,000 people in the county in three distinct areas:
 - The Children & Family Services Bureau protects abused and neglected children, receiving over 22,000 calls annually alleging child abuse. The Bureau works with the community to build a solid network of support for children and families in crisis. If children cannot be successfully reunited with their families, they are placed in loving adoptive homes.
 - The Workforce Services Bureau assists needy families in their search for self-sufficiency. Services include eligibility determination; help with interview skills, job search and job retention, transportation and child care. More than 22,000 individuals have been assisted in finding employment since Welfare Reform was enacted in 1998.
 - Aging & Adult Services Bureau provides programs and services to assist older adults and people with disabilities to live safely and independently. Nearly 6,000 frail and elderly people receive in home supportive services monthly. Adult Protective Services serves 400 seniors at any given time and receives over 130 new calls each month, alleging abuse. Information & Assistance provides information, referral and supportive problem solving regarding the needs of seniors and dependent adults.

Additional information on the county's economic conditions and outlook is presented in the MD&A and in the Statistical Section.

The county maintains an Internet web site with an increasing amount of information useful to its citizens at <http://www.co.contra-costa.ca.us>. This document is also available there.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Contra Costa County for its fiscal year 2002-2003 Comprehensive Annual Financial Report. This was the twenty-second consecutive fiscal year the county has received this award.

In order to be awarded a Certificate of Achievement, the county must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such a 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 report continues to conform to Certificate of Achievement 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 that reads "Stephen J. Ybarra". The signature is written in a cursive style with a large, stylized initial 'S'.

Stephen J. Ybarra

Auditor-Controller

COUNTY OF CONTRA COSTA

PUBLIC OFFICIALS

June 30, 2004

ELECTED OFFICIALS

Supervisor, District 1	John Gioia
Supervisor, District 2	Gayle B. Uilkema
Supervisor, District 3	Millie Greenberg
Supervisor, District 4	Mark De Saulnier
Supervisor, District 5	Federal 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

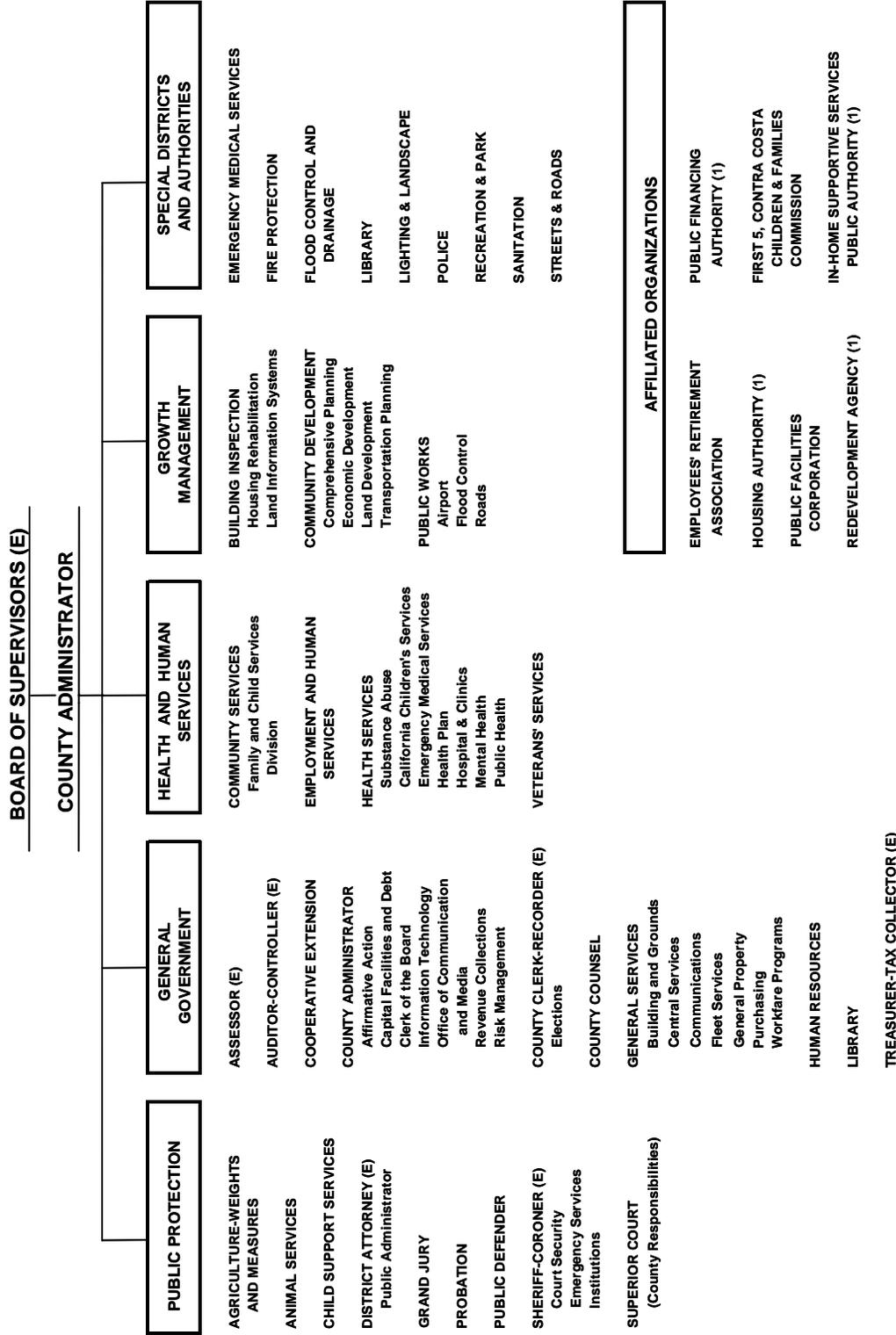
APPOINTED OFFICIALS

County Administrator	John Sweeten
County Counsel	Silvano Marchesi
County Librarian	Anne Cain
County Probation Officer	Steven Bautista
Director of Animal Services	Michael G. Ross
Director of Building Inspection	Carlos Baltodano
Director of Child Support Services	Linda M. Dippel
Director of Community Development	Dennis Barry
Director of Community Services	Tony Colon
Director of Cooperative Extension	Janet Caprile
Director of Employment and Human Services	John Cullen
Director of General Services	Barton J. Gilbert
Director of Health Services	William Walker, MD
Director of Human Resources	Leslie T. Knight
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 Fire Protection District	Keith Richter
Chief, Crockett-Carquinez Fire Protection District	Jerry Littleton, Jr.
Chief, East Contra Costa Fire Protection District	Jay D. Dawson

AFFILIATED ORGANIZATIONS

Administrator, Contra Costa County Employees' Retirement Association	Patricia Wiegert
Executive Director, Housing Authority of the County of Contra Costa	Robert McEwan
President, Contra Costa County Public Facilities Corporation	John E. Whalen
Executive Director, FIRST 5 Contra Costa Children and Families Commission	Brenda Blasingame
Executive Director, County of Contra Costa Public Financing Authority	John Sweeten
Executive Director, Contra Costa County Redevelopment Agency	John Sweeten
Executive Director, In-Home Supportive Services Public Authority	John Cottrell

Organizational Chart of Contra Costa County



(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

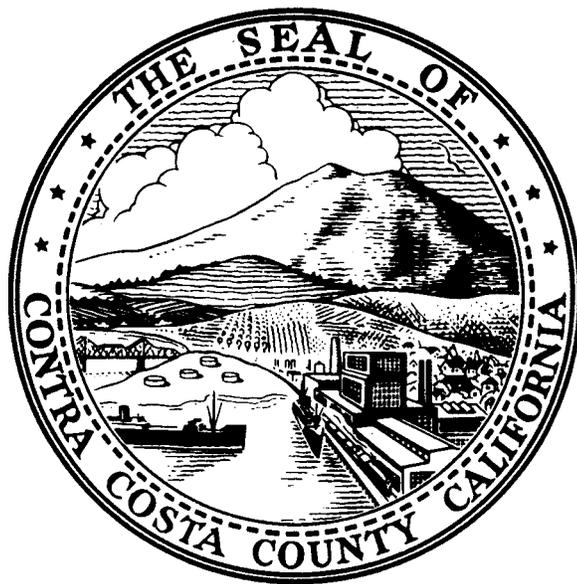
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



Caporicci & Larson
Certified Public Accountants

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, the 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, 2004, 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 \$4,075,840,000 of assets of the fiduciary funds.
- Housing Authority of the County of Contra Costa, which represents \$64,886,000 of assets and \$4,063,000 of revenue of the business-type activities. (Blended component unit).
- Casa Del Rio Senior Housing Associates, L.P., which represents \$6,272,000 of assets and \$422,000 of revenue of the Housing Authority enterprise fund.
- De Anza Gardens, Limited Partnership, which represents \$33,198,000 of assets of the Housing Authority enterprise fund.
- De Anza Gardens, Incorporated, which represents \$1,034,000 of assets and \$1,034,000 of the Housing Authority enterprise fund.
- FIRST 5 Contra Costa Children and Families First Commission, which represents \$48,432,000 of assets and \$13,280,000 of revenues. (Discrete component unit).

Those financial statements were audited by other auditors whose report has 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 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.

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, the discrete component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2004, 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.

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Toll Free Fax: (866) 436-0927

Oakland

180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County

3184-D Airway Avenue
Costa Mesa, California 92626

Sacramento

777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego

600 "B" Street, Suite 1900
San Diego, California 92101

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12 2004, 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. 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.

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 it.

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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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.

Capricci & Carson

Oakland, California
November 12, 2004

COUNTY OF CONTRA COSTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

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, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the county exceeded its liabilities at the close of fiscal year 2003-2004 by \$883,571,000 (net assets), a 3.5 percent decrease from the prior year. Of this amount, \$453,140,000 was invested in capital assets, net of related debt, a decrease of 0.9 percent. Of the remaining assets, \$314,332,000 was restricted for specific purposes (restricted net assets), an increase of 14.5 percent and \$116,099,000 was available to meet the county's ongoing obligations to its citizens and creditors (unrestricted net assets), a decrease of 36.9 percent.
- As of June 30, 2004, the county's governmental funds reported ending fund balances of \$457,509,000, an increase of 0.8 percent from the prior year. Approximately 77.5 percent of this total amount, \$354,352,000, was unreserved fund balance.
- As of June 30, 2004, unreserved fund balance for the General Fund was \$75,888,000 or 7.5 percent of total General Fund expenditures of \$1,006,390,000.
- Net assets of the internal service funds (self-insurance funds) was a deficit of \$48,596,000.
- The county's total debt increased by \$50,228,000 or 5.0 percent during fiscal year 2003-2004.

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, 2004

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 are principally 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, Health Maintenance Organization, Airport, Housing Authority, Sheriff Law Enforcement Training Center, and Major Risk Medical Insurance.

Fund Financial Statements

The fund financial statements report groupings of related accounts 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 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 26 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 changes in fund balances for the General Fund, Land Development Special Revenue Fund and Redevelopment Agency Capital Projects 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.

COUNTY OF CONTRA COSTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

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. The county uses enterprise funds to account for the operations of its County Hospital, Health Maintenance Organization, Airport, Housing Authority, Sheriff Law Enforcement Training Center, and Major Risk Medical Insurance.
- **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. They have been 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 a full understanding of 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 fund budget and actual comparisons. Progress in funding its obligation to provide pension benefits to employees is included in the CCCERA report.

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).

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

June 30, 2004

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, 2004

(In Thousands)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Increase/ (Decrease)</u>
	<u>Activities</u>		<u>Activities</u>				<u>Percent</u>
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>Change</u>
Assets:							
Current and other assets	\$ 1,272,180	1,329,464	163,683	133,764	1,435,863	1,463,228	(1.9) %
Capital assets	<u>691,970</u>	<u>671,679</u>	<u>202,031</u>	<u>192,375</u>	<u>894,001</u>	<u>864,054</u>	<u>3.5</u>
Total Assets	<u>1,964,150</u>	<u>2,001,143</u>	<u>365,714</u>	<u>326,139</u>	<u>2,329,864</u>	<u>2,327,282</u>	<u>0.1 %</u>
Liabilities:							
Current and other liabilities	142,180	181,964	89,475	85,717	231,655	267,681	(13.5) %
Long-term liabilities	<u>1,046,888</u>	<u>978,560</u>	<u>167,750</u>	<u>164,971</u>	<u>1,214,638</u>	<u>1,143,531</u>	<u>6.2</u>
Total Liabilities	<u>1,189,068</u>	<u>1,160,524</u>	<u>257,225</u>	<u>250,688</u>	<u>1,446,293</u>	<u>1,411,212</u>	<u>2.5 %</u>
Net Assets:							
Invested in capital assets, net of related debt	400,332	415,444	52,808	41,987	453,140	457,431	(0.9) %
Restricted	303,797	264,054	10,535	10,535	314,332	274,589	14.5
Unrestricted	<u>70,953</u>	<u>161,121</u>	<u>45,146</u>	<u>22,929</u>	<u>116,099</u>	<u>184,050</u>	<u>(36.9)</u>
Total Net Assets	<u>\$ 775,082</u>	<u>840,619</u>	<u>108,489</u>	<u>75,451</u>	<u>883,571</u>	<u>916,070</u>	<u>(3.5) %</u>

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 \$883,571,000 at June 30, 2004. Current and other liabilities of governmental activities were decreased from fiscal year 2002-2003 primarily due to the issuance of \$55,000,000 of tax and revenue anticipation notes in that year that were redeemed November 17, 2003. The largest portion of the county's net assets, \$453,140,000, or 51.3 percent, 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

COUNTY OF CONTRA COSTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

themselves cannot be used to liquidate these liabilities. An additional portion of the county's net assets, \$314,332,000, or 35.6 percent, represents resources that are subject to external restrictions on how they may be used. The major restriction on net assets, \$276,317,000, is for legally segregated taxes, grants, and fees. Restricted net assets of governmental activities increased primarily due to activities of the Redevelopment Agency (RDA).

The remaining balance, \$116,099,000, or 13.1 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 decreased primarily due to the use of unrestricted net assets to fund programs in which revenues did not grow to match the growth in expenditures. Unrestricted net assets of business-type activities increased primarily due to the adjustment to beginning net assets to reflect the Housing Authority's decision to report component units not previously reported (see Note 2 in the "Notes to the Basic Financial Statements").

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

June 30, 2004

COUNTY'S CHANGE IN NET ASSETS

For the Fiscal Year Ended June 30, 2004

(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2004	2003	2004	2003	2004	2003	Percent Change
Revenues:							
Program revenues:							
Charges for services	\$ 307,580	277,375	380,360	331,749	687,940	609,124	12.9 %
Operating grants and contributions	540,138	538,684	118,574	103,347	658,712	642,031	2.6
Capital grants and contributions	6,124	12,332	5,201	4,595	11,325	16,927	(33.1)
General revenues:							
Taxes	276,712	256,920			276,712	256,920	7.7
Grants/contributions not restricted	69,341	83,035			69,341	83,035	(16.5)
Investment earnings	13,336	18,347	12	376	13,348	18,723	(28.7)
Other	35,815	36,140	609	551	36,424	36,691	(0.7)
Total revenues	<u>1,249,046</u>	<u>1,222,833</u>	<u>504,756</u>	<u>440,618</u>	<u>1,753,802</u>	<u>1,663,451</u>	<u>5.4 %</u>
Expenses:							
General government	103,796	91,367			103,796	91,367	13.6 %
Public protection	421,782	403,297			421,782	403,297	4.6
Health and sanitation	220,135	209,772			220,135	209,772	4.9
Public assistance	391,906	372,499			391,906	372,499	5.2
Education	20,217	18,822			20,217	18,822	7.4
Public ways and facilities	56,983	58,886			56,983	58,886	(3.2)
Recreation and culture	1,294	875			1,294	875	47.9
Interest on debt	48,072	33,029			48,072	33,029	45.5
County hospital			275,301	245,497	275,301	245,497	12.1
Health maintenance organization			136,374	117,677	136,374	117,677	15.9
Airport			4,668	4,554	4,668	4,554	2.5
Housing authority			99,676	82,591	99,676	82,591	20.7
Major risk medical insurance			1,104	1,744	1,104	1,744	(36.7)
Sheriff law enforcement training center			1,435	1,578	1,435	1,578	(9.1)
Total expenses	<u>1,264,185</u>	<u>1,188,547</u>	<u>518,558</u>	<u>453,641</u>	<u>1,782,743</u>	<u>1,642,188</u>	<u>8.6 %</u>
Change in net assets before transfers and special item	(15,139)	34,286	(13,802)	(13,023)	(28,941)	21,263	(236.1)
Gain (loss) on sale of capital assets				(564)		(564)	(100.0)
Special item - retirement litigation settlement	(31,979)				(31,979)		
Transfers	(15,900)	(22,306)	15,900	22,306			
Change in net assets	<u>(63,018)</u>	<u>11,980</u>	<u>2,098</u>	<u>8,719</u>	<u>(60,920)</u>	<u>20,699</u>	<u>(394.3)</u>
Net assets, beginning of year	<u>838,100</u>	<u>828,639</u>	<u>106,391</u>	<u>66,732</u>	<u>944,491</u>	<u>895,371</u>	<u>5.5</u>
Net assets, end of year	<u>\$ 775,082</u>	<u>840,619</u>	<u>108,489</u>	<u>75,451</u>	<u>883,571</u>	<u>916,070</u>	<u>(3.5) %</u>

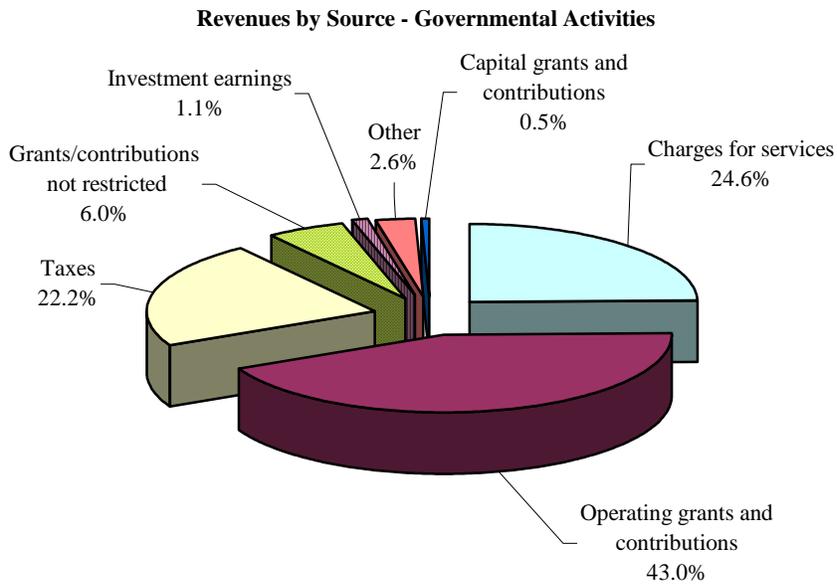
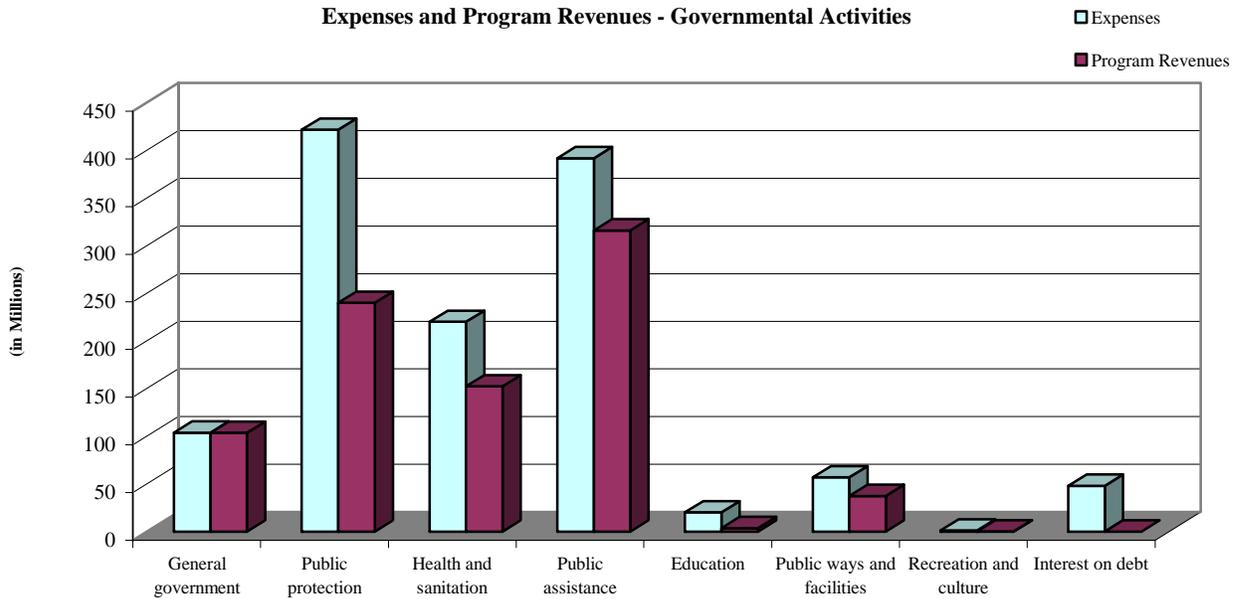
**COUNTY OF CONTRA COSTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2004

Analysis of the Changes in Net Assets

The county's net assets decreased \$60,920,000 during fiscal year 2003-2004. Generally, this resulted from a litigation settlement, an 8.6 percent increase in expenses outpacing a 7.1 percent increase in program revenues, and a 0.1 percent increase in general revenues. The changes are explained below in the governmental activities and business-type activities discussions.

Governmental Activities



COUNTY OF CONTRA COSTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

Governmental activities decreased the county's net assets by \$63,018,000. In the prior year, governmental activities increased the county's net assets by \$11,980,000. The largest factor was the Special Item – Retirement Litigation Settlement of \$31,979,000 (for additional information see Note 16 in the “Notes to the Basic Financial Statements”).

General government expenses increased approximately \$18,000,000. This increase was primarily due to an increase of \$6,000,000 for insurance coverage, an increase in the net pension asset amortization expense of approximately \$4,000,000, and increased election costs of \$2,000,000.

General government charges for services revenue increased primarily due to the county transferring \$13,500,000 more of excess Tax Losses Reserve to revenue and receiving approximately \$3,000,000 more in franchise fees due to utility rate increases than in the prior year.

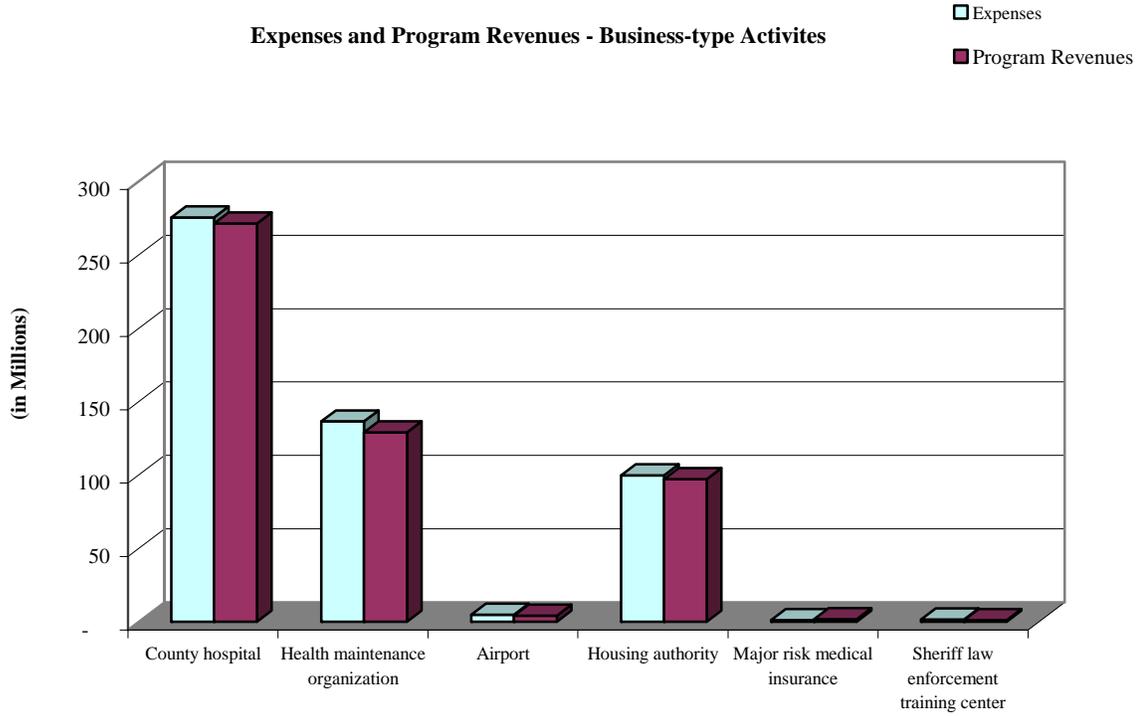
General government operating grants and contributions revenue decreased from its higher than usual amount in the prior year primarily due to a one-time grant of approximately \$9,000,000 received in fiscal year 2002-2003 from the state Board of Corrections.

Property taxes increased \$23,507,000 as a result of an 8.1 percent increase in assessed valuation. This increase was due to strength in the real estate market and construction activity in a period of historically low interest rates.

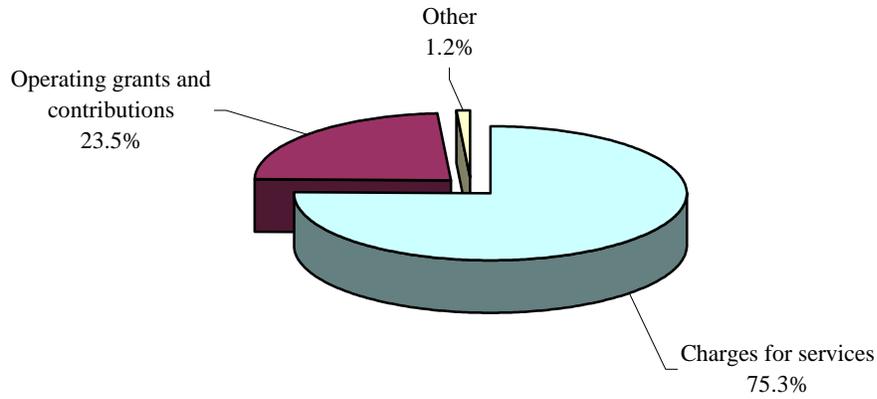
Grants/contributions not restricted decreased \$13,694,000 due to reduced vehicle license fee backfill payments from the state.

COUNTY OF CONTRA COSTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2004

Business-type Activities



Revenues by Source - Business-type Activities



COUNTY OF CONTRA COSTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

Business-type activities increased the county's net assets by \$2,098,000; this is down from the prior year's increase of \$8,719,000. The difference was primarily due to decreased net transfers from governmental activities. Program expenses exceeded revenues in the County Hospital, Health Maintenance Organization, Airport, Housing Authority, and Sheriff Law Enforcement Training Center. The cost of medical services and supplies exceeded the increases in funding sources for the costs.

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 2003-2004 as reported in the fund-basis 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 in assessing 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, 2004, the county's governmental funds reported combined ending fund balances of \$457,509,000, an increase of \$3,975,000 in comparison with the prior year. Approximately \$354,352,000, or 77.5 percent of those fund balances, constitutes unreserved fund balances, which 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 has already been committed as follows: (1) for encumbrances - to liquidate remaining contracts and purchase orders \$42,975,000; (2) to reflect advances to other funds and inventories \$7,718,000; (3) for payment of debt service \$25,727,000; or (4) for miscellaneous other restricted purposes \$26,737,000.

The General Fund is the primary operating fund of the county. At June 30, 2004, the unreserved fund balance of the General Fund was \$75,888,000, a decrease of \$21,637,000 in comparison to the prior year, while total fund balance was \$119,886,000, a decrease of \$18,683,000 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 7.5 percent of total General Fund expenditures, while total fund balance represents 11.9 percent. For the prior year, these figures were 12.5 percent and 18.3 percent, respectively.

The assets and liabilities of the General Fund were decreased from fiscal year 2002-2003 primarily due to the issuance of \$55,000,000 of tax and revenue anticipation notes in that year that were redeemed November 17, 2003. The unreserved fund balance of the General Fund decreased primarily due to transfers to other funds to fund programs in which revenues did not grow to match the growth in expenditures (see Note 6 in the "Notes to the Basic Financial Statements"). General Fund revenues increased \$42,641,000 and expenditures increased \$29,133,000 in comparison to the prior year.

COUNTY OF CONTRA COSTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

Licenses, permits and franchise fee revenues increased primarily due to the county receiving approximately \$3,000,000 more in franchise fees due to utility rate increases. Fines, forfeitures and penalties revenues increased primarily due to the county transferring \$13,500,000 more of excess Tax Losses Reserve to revenue.

General Fund public protection expenditures increased approximately \$3,200,000 for trial courts, \$3,600,000 for healthcare at the detention facilities, and \$3,100,000 for emergency services. Health and sanitation expenditures increased primarily due to a \$7,000,000 increase in mental health expenditures. Public assistance expenditures increased primarily due to \$10,300,000 increased costs for services provided by the Employment and Human Services Department.

The Land Development Special Revenue Fund became a major fund in fiscal year 2003-2004 due to increased liabilities. Fees collected, but not yet earned, were recorded as deferred credits that resulted in total liabilities meeting the criteria for a major fund.

The RDA Capital Projects Fund became a major fund in fiscal year 2003-2004 due to increased cash and investments from unspent debt proceeds resulting in total assets meeting the criteria for a major fund.

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, 2004, was \$23,592,000 for the County Hospital Enterprise Fund, \$9,747,000 for the Health Maintenance Organization Enterprise Fund, \$51,617,000 for the Housing Authority Enterprise Fund, and \$24,514,000 for the other nonmajor enterprise funds. As a result of operations during the year, net assets of the County Hospital Enterprise Fund increased by \$1,221,000, net assets of the Health Maintenance Organization Enterprise Fund increased by \$501,000, net assets of the Housing Authority Enterprise Fund decreased by \$2,191,000, and net assets of the other nonmajor enterprise funds increased by \$1,065,000.

Additionally, the beginning net assets of the Housing Authority Enterprise Fund was increased by \$30,940,000 to reflect the Housing Authority's decision to report blended component units not previously reported (see Note 2 in the "Notes to the Basic Financial Statements"). The additional notes receivable and capital assets of the component units as well as increased HUD grant revenue resulted in the Fund's total assets and revenues meeting the criteria for a major fund.

Net assets of the internal service funds was a deficit of \$48,596,000. As a result of operations during the year, net assets of the Workers' Compensation Insurance County General Internal Service Fund further decreased by \$20,119,000, the net assets of the Workers' Compensation Insurance Fire Protection Internal Service Fund further decreased by \$2,941,000, and the net assets of the other internal service funds decreased by \$1,049,000. The county accelerated its Workers' Compensation claim processing to reduce the future effects of rising medical treatment costs, but this resulted in the actuary further increasing the reserve for benefits and claim expense. See Note 3 in the "Notes to the Basic Financial Statements" for further information.

COUNTY OF CONTRA COSTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

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 \$74,406,000 or 7.5 percent, in the final budget. Actual revenues were less than final budgeted revenues by \$20,254,000, or 1.9 percent. Total budgeted expenditures increased \$93,684,000 or 9.2 percent, in the final budget. Actual expenditures were less than final budgeted expenditures by \$111,078,000, or 9.9 percent. Significant factors impacting those changes were as follows:

Original Budget vs. Final Budget

Revenue Variances

- Budgeted taxes were reduced when the state adopted its budget and eliminated Vehicle License Fee backfill payments to the county.
- Budgeted intergovernmental and other revenues were increased to re-budget for construction projects not completed in the prior year.

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.
- The Final Budget for Health and Sanitation – Medical Disproportionate Share as determined by the state was higher than expected.
- The Final Budget for Public Assistance – Community Development was reduced due to reduced Housing and Urban Development Department Block Grants.
- The Final Budget for Public Assistance – EHSD Aging and Adult was increased to reflect actual state and federal allocations in Medi-Cal, Food Stamps, and IHSS after the state passed its budget.
- The Final Budget for Public Assistance – EHSD Workforce Services was increased to reflect actual state and federal allocations in CalWorks after the state passed its budget.

Final Budget vs. Actual Amounts

Revenue Variances

- Fines, forfeitures and penalties revenue was higher than budgeted because the Board of Supervisors allocated \$12,000,000 from the Tax Losses Reserve Fund to help fund county programs.
- Other revenue was less than expected because state and federal reimbursements were less than expected.

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

June 30, 2004

Expenditure Variances

- 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.
- The Public Assistance – EHSD Workforce Services expenditures were less than budgeted because of hiring freezes and other spending constraints to help offset funding reductions by the state.

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>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>Percent Change</u>
Infrastructure	\$ 255,543	248,399			255,543	248,399	2.9 %
Land	62,052	62,016	12,245	12,250	74,297	74,266	
Structures and improvements	255,953	232,032	152,149	132,471	408,102	364,503	12.0
Equipment	41,824	45,866	11,925	12,659	53,749	58,525	(8.2)
Construction in progress	76,598	83,366	25,712	48,433	102,310	131,799	(22.4)
Total	\$ <u>691,970</u>	<u>671,679</u>	<u>202,031</u>	<u>205,813</u>	<u>894,001</u>	<u>877,492</u>	<u>1.9 %</u>

The county's investment in capital assets for its governmental and business-type activities as of June 30, 2004, amount to \$894,001,000 (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 increase in the county's investment in capital assets for fiscal year 2003-2004 was 1.9 percent (a 3.0 percent increase for governmental activities and a 1.8 percent decrease in business-type activities).

New investment in capital assets was constrained by the county's limited resources. Structures and improvements were increased and construction in progress was reduced due to the completion of several projects during the year.

Major capital asset events during fiscal year 2003-2004 included the following:

- The completion of the Family Law Center at a total cost of \$12,101,000.
- The completion of an Animal Services Department Adoption Center in Pinole at a total cost of \$1,441,000.

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

June 30, 2004

- The completion of various Headstart facilities at a total cost of \$4,832,000.
- The completion of additional Employment and Human Services Department's office facilities in Antioch at a total cost of \$8,425,000.
- The completion of the Martinez Health Center previously called the Hospital Ambulatory Care Clinic at a total cost of \$17,350,000.
- The completion of the Pittsburg Health Center at a total cost of \$7,398,000.
- Construction in progress on a 242-bed expansion of Juvenile Hall for the Probation Department amounted to \$4,802,000 for the year.
- Construction in progress on a new shelter in Martinez for the Animal Services Department amounted to \$2,685,000 for the year.
- Construction in progress for a new Discovery House for the Health Services Department amounted to \$2,364,000 for the year.

At June 30, 2004, the county had construction commitments totaling \$2,004,000 as described in Note 19.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 are 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)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>		<u>Increase/ (Decrease)</u>
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>Percent Change</u>
Capital lease obligations	\$ 12,235	15,330	3,017	3,555	15,252	18,885	(19.2) %
Certificates of participation	30,555	31,700	125,250	128,980	155,805	160,680	(3.0)
Pension obligation bonds	569,220	587,220			569,220	587,220	(3.1)
Retirement litigation settlement	30,352				30,352		100.0
Notes payable	516		7,268	562	7,784	562	1,285.1
Other bonds payable	6,130	7,140			6,130	7,140	(14.1)
Lease revenue bonds	142,715	130,960	30,320	31,050	173,035	162,010	6.8
Tax allocation bonds	84,295	53,580			84,295	53,580	57.3
Special assessment debt	15,654	17,222			15,654	17,222	(9.1)
Total	\$ 891,672	843,152	165,855	164,147	1,057,527	1,007,299	5.0 %

COUNTY OF CONTRA COSTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

At June 30, 2004, the county had total long-term debt outstanding of \$1,057,527,000. The county's legal debt limit was \$5,453,627,000. The county's total debt increased by \$50,228,000 or 5.0 percent, during fiscal year 2003-2004.

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

Type of Issue	Moody's	S&P
Issuer rating/implied general obligation bond rating	Aa2	AA
Pension obligation bonds	Aa3	AA-
Lease revenue bonds/certificates of participation	A1	A+

Moody's has assigned a negative outlook to the county's long-term ratings, as it has done on all California county ratings. S&P has assigned a stable outlook to the county's ratings.

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

There was no change in the county's ratings during fiscal year 2003-2004.

Additional information of the county's long-term debt can be found in Note 11 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**

- Proposition 1A was approved by the voters on November 2, 2004. It will enable the county to have more predictable and stable local revenues. Proposition 1A constitutionally protects county property taxes, the county's portion of the existing Bradley-Burns sales tax rate, and local sales tax add-ons. It retains the existing funding shift from the county to school districts (Educational Revenue Augmentation Fund-ERAF) and allows for the additional two-year shift noted below. It prohibits the state from permanently increasing the amount of those shifts in future. Proposition 1A also protects Vehicle License Fee (VLF) backfill revenue (\$68,812,000 for fiscal year 2004-2005). The county VLF backfill will be replaced with a like amount of property taxes that are constitutionally protected. Proposition 1A requires repayment in fiscal year 2006-2007 of the \$20,408,000 portion of the fiscal year 2003-2004 VLF backfill that was not reimbursed. Beginning July 1, 2005, the proposition provides that the state must annually reimburse the county for state-mandated programs or the county may discontinue the programs.

COUNTY OF CONTRA COSTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

- The state Legislature and the Governor enacted legislation that will require the county General Fund, county special districts, and the Redevelopment Agency to shift additional property taxes to the schools and community college for two years. For each of the fiscal years 2004-2005 and 2005-2006, \$9,266,000, \$818,000, and \$806,000 of property taxes of the county General Fund, county special districts, and Redevelopment Agency, respectively, are shifted to the schools and community college.
- General Fund subsidies to the County Hospital and Health Maintenance Organization were \$35,311,000 and \$8,281,000, respectively. State budget cuts are expected and costs continue to rise more rapidly than revenue. Even with cost containment efforts in place, similar subsidies are expected to recur in fiscal year 2004-2005.
- All of the facts, decisions and conditions listed above were considered in preparing the county's budget for fiscal year 2004-2005.

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, 2004
 (In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	FIRST 5 Contra Costa Children and Families Commission
Assets:				
Cash and investments	\$ 483,825	91,886	575,711	46,417
Receivables (net)	139,716	25,891	165,607	2,008
Inventories	1,625	906	2,531	
Internal balances	4,302	(4,302)		
Due from fiduciary funds	23,208	2,271	25,479	
Due from component unit	2,118		2,118	
Notes receivable	46,968	28,251	75,219	
Prepaid items and deposits	12,063	4,065	16,128	7
Other current assets		3,935	3,935	
Land held for resale	680		680	
Prepaid pension asset	557,675		557,675	
Restricted assets:				
Restricted cash and investments		10,780	10,780	
Capital assets:				
Nondepreciable	138,650	37,957	176,607	
Depreciable, net	553,320	164,074	717,394	
Total Assets	1,964,150	365,714	2,329,864	48,432
Liabilities:				
Accounts payable and accrued liabilities	78,293	52,882	131,175	460
Accrued interest payable	6,668	2,123	8,791	
Due to primary government				2,118
Welfare program advances	7,068		7,068	
Deferred revenue	50,151	31,841	81,992	874
Loans payable		2,629	2,629	
Noncurrent liabilities:				
Due within one year	61,317	6,803	68,120	
Due in more than one year	985,571	160,947	1,146,518	
Total Liabilities	1,189,068	257,225	1,446,293	3,452
Net Assets:				
Invested in capital assets, net of related debt	400,332	52,808	453,140	
Restricted for:				
Legally segregated taxes, grants and fees	276,317		276,317	
Debt service	25,570	10,535	36,105	
Permanent Fund:				
Expendable	181		181	
Nonexpendable	1,729		1,729	
Children's programs				30,289
Unrestricted	70,953	45,146	116,099	14,691
Total Net Assets	\$ 775,082	108,489	883,571	44,980

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA
STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

Function/Program Activities:	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 103,796	94,121	9,496	
Public protection	421,782	119,133	121,049	50
Health and sanitation	220,135	66,577	85,820	
Public assistance	391,906	1,456	314,630	
Education	20,217	984	2,768	
Public ways and facilities	56,983	25,273	6,143	6,074
Recreation and culture	1,294	36	232	
Interest on debt	48,072			
Total Governmental Activities	1,264,185	307,580	540,138	6,124
Business-type activities:				
County hospital	275,301	247,712	19,281	4,201
Health maintenance organization	136,374	123,488	5,422	
Airport	4,668	3,065	1,069	
Housing authority	99,676	3,667	92,410	1,000
Major risk medical insurance	1,104	1,723		
Sheriff law enforcement training center	1,435	705	392	
Total Business-type Activities	518,558	380,360	118,574	5,201
Total Primary Government	\$ 1,782,743	687,940	658,712	11,325
Component Unit:				
FIRST 5 Contra Costa Children and Families Commission	\$ 10,006		55	

GENERAL REVENUES:

Taxes:

Property

Sales

Other

Grants/contributions not restricted

Investment earnings

Other

SPECIAL ITEM - Retirement Litigation Settlement

TRANSFERS

Total general revenues and transfers

Change in net assets

NET ASSETS, BEGINNING OF YEAR

Adjustments to beginning net assets

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
(179)		(179)	
(181,550)		(181,550)	
(67,738)		(67,738)	
(75,820)		(75,820)	
(16,465)		(16,465)	
(19,493)		(19,493)	
(1,026)		(1,026)	
(48,072)		(48,072)	
<u>(410,343)</u>		<u>(410,343)</u>	
	(4,107)	(4,107)	
	(7,464)	(7,464)	
	(534)	(534)	
	(2,599)	(2,599)	
	619	619	
	(338)	(338)	
	<u>(14,423)</u>	<u>(14,423)</u>	
<u>(410,343)</u>	<u>(14,423)</u>	<u>(424,766)</u>	
			(9,951)
\$			
250,620		250,620	
10,310		10,310	
15,782		15,782	12,745
69,341		69,341	
13,336	12	13,348	479
35,815	609	36,424	1
(31,979)		(31,979)	
(15,900)	15,900		
<u>347,325</u>	<u>16,521</u>	<u>363,846</u>	<u>13,225</u>
<u>(63,018)</u>	<u>2,098</u>	<u>(60,920)</u>	<u>3,274</u>
840,619	75,451	916,070	41,706
(2,519)	30,940	28,421	
<u>838,100</u>	<u>106,391</u>	<u>944,491</u>	<u>41,706</u>
<u>\$ 775,082</u>	<u>108,489</u>	<u>883,571</u>	<u>44,980</u>

COUNTY OF CONTRA COSTA
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2004
 (In Thousands)

	General	Land Development Special Revenue	Redevelopment Agency Capital Projects	Nonmajor	Total
Assets:					
Cash and investments	\$ 23,662	47,876	68,812	273,057	413,407
Accounts receivable and accrued revenue (net)	120,737	377	437	16,086	137,637
Inventories	1,625				1,625
Due from other funds	67,174	957	1,053	6,306	75,490
Due from component unit	2,118				2,118
Advances to other funds				6,102	6,102
Notes receivable	36,544		61	10,363	46,968
Prepaid items and deposits	8,394	14		1,709	10,117
Land held for resale			236	444	680
Total Assets	\$ 260,254	49,224	70,599	314,067	694,144
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 58,723	1,198	798	17,574	78,293
Due to other funds	14,519	1,595	1,080	30,242	47,436
Welfare program advances	7,065			3	7,068
Advances from other funds			1,372	4,730	6,102
Deferred revenue	60,061	23,408	289	13,978	97,736
Total Liabilities	140,368	26,201	3,539	66,527	236,635
Fund Balances:					
Reserved for:					
Encumbrances	34,169	61	3,200	5,545	42,975
Inventories	1,625				1,625
Advances to other funds				6,093	6,093
Prepaid items and deposits	8,204	14		1,709	9,927
Land held for resale			236	444	680
Bond proceeds with eligibility restriction			13,332		13,332
Child care facilities program			558		558
Housing projects				511	511
Debt service				25,727	25,727
Nonexpendable permanent funds				1,729	1,729
Unreserved, reported in:					
General fund	75,888				75,888
Special revenue funds		22,948		194,501	217,449
Debt service funds				7,075	7,075
Capital projects funds			49,734	4,025	53,759
Permanent fund				181	181
Total Fund Balances	119,886	23,023	67,060	247,540	457,509
Total Liabilities and Fund Balances	\$ 260,254	49,224	70,599	314,067	694,144

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, 2004
 (In Thousands)

Fund balances - total governmental funds (page 22)	\$	457,509
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.		557,675
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		691,970
Accrued revenue, which is not available soon enough to pay for the current period's expenditures, is deferred in the governmental funds.		617
Notes receivable are not available to pay current-period expenditures and, therefore, are deferred in the governmental funds.		46,968
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.		(47,615)
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(6,668)
Costs of issuance on bonds are not recognized as current expenditures and are deferred.	\$	2,031
Current year amortization of costs of issuance on bonds.		(85)
		1,946
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	(30,555)	
Lease revenue bonds	(142,715)	
Notes payable	(516)	
Tax allocation bonds	(84,295)	
Special assessment bonds	(15,654)	
Other bonds payable	(6,130)	
Pension obligation bonds	(569,220)	
Retirement litigation settlement	(30,352)	
Capital lease obligations	(12,235)	
Compensated absences	(36,110)	
Premiums, discounts and deferred amounts on refundings	462	
		(927,320)
Net assets of governmental activities (page 19)	\$	775,082

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, 2004
(In Thousands)

	General	Land Development Special Revenue	Redevelopment Agency Capital Projects	Nonmajor	Total
Revenues:					
Taxes	\$ 210,032		5,467	133,888	349,387
Licenses, permits and franchise fees	17,593	17,282		3,725	38,600
Fines, forfeitures and penalties	27,443			4,258	31,701
Use of money and property	5,412	367	539	5,624	11,942
Intergovernmental	508,679	50	120	34,080	542,929
Charges for services	186,508	7,258		43,508	237,274
Other revenue	88,489	6,260	57	32,535	127,341
Total Revenues	<u>1,044,156</u>	<u>31,217</u>	<u>6,183</u>	<u>257,618</u>	<u>1,339,174</u>
Expenditures:					
Current:					
General government	131,387			3,223	134,610
Public protection	294,449	17,490		127,001	438,940
Health and sanitation	204,188			11,536	215,724
Public assistance	335,236		8,255	57,382	400,873
Education	306			19,242	19,548
Public ways and facilities	38,419	9,378		34,939	82,736
Recreation and culture				1,337	1,337
Debt service:					
Principal				30,953	30,953
Bond issuance cost			654	568	1,222
Interest	432		24	47,235	47,691
Capital outlay	1,973				1,973
Total Expenditures	<u>1,006,390</u>	<u>26,868</u>	<u>8,933</u>	<u>333,416</u>	<u>1,375,607</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>37,766</u>	<u>4,349</u>	<u>(2,750)</u>	<u>(75,798)</u>	<u>(36,433)</u>
Other Financing Sources (Uses):					
Transfers in	30,288	12	311	50,276	80,887
Transfers out	(87,978)	(362)	(1,045)	(9,998)	(99,383)
Proceeds from the sale of real estate				500	500
Proceeds from issuance of debt			32,004	32,286	64,290
Premium on debt issuance				21	21
Discount on debt issued			(583)	(38)	(621)
Payment to refunded bond escrow agent				(7,259)	(7,259)
Capital lease financing	1,973				1,973
Total Other Financing Sources (Uses)	<u>(55,717)</u>	<u>(350)</u>	<u>30,687</u>	<u>65,788</u>	<u>40,408</u>
Net Change in Fund Balances	<u>(17,951)</u>	<u>3,999</u>	<u>27,937</u>	<u>(10,010)</u>	<u>3,975</u>
Fund Balances at Beginning of Year, as Previously Reported	138,569	19,024	39,123	257,369	454,085
Adjustments to beginning fund balances	(732)			181	(551)
Fund Balances at Beginning of Year, as Restated	<u>137,837</u>	<u>19,024</u>	<u>39,123</u>	<u>257,550</u>	<u>453,534</u>
Fund Balances at End of Year	<u>\$ 119,886</u>	<u>23,023</u>	<u>67,060</u>	<u>247,540</u>	<u>457,509</u>

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, 2004
(In Thousands)

Net change in fund balances - total governmental funds (page 24)	\$	3,975
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.		6,921
Governmental funds report capital outlay as 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	\$ 62,213	
Less loss on sale/retirement of capital assets	(3,821)	
Less current year depreciation	<u>(38,101)</u>	20,291
Some income reported in the governmental funds was previously reported in the statement of activities and therefore is not reported as current income.		(1,080)
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 lease revenue bonds	(18,500)	
Proceeds from tax allocation bonds	(45,790)	
Net premiums and discounts from lease revenue and tax allocation bonds	600	
Payment to refunded bond escrow agent - tax allocation bonds including deferred amount on refunding	7,259	
Deferral of bond issuance cost	1,222	
Principal payments	30,953	
City of Oakley (private purpose trust fund) payoff of their portion of the county's 1999 tax allocation bond	7,140	
Capital lease payments	6,501	
Issuance of capital lease	<u>(1,973)</u>	(12,588)
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	(407)	
Amortization of pension asset	(22,148)	
Amortization of bond issuance cost	(85)	
Net amortization of premiums, discounts, and deferred amounts on refunding	8	
Change in accrued interest payable	<u>(315)</u>	(22,947)
The retirement litigation settlement resulted in a long-term liability that is due and payable over twenty years. Future payments do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(31,979)
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>(25,611)</u>
Change in net assets of governmental activities (page 21)	\$	<u><u>(63,018)</u></u>

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
 JUNE 30, 2004*
 (In Thousands)

	Enterprise Funds					Internal Service
	County Hospital	Health Maintenance Organization	Housing Authority	Nonmajor	Total	
Assets:						
Current assets:						
Cash and investments	\$ 52,112	32,931	443	1,193	86,679	75,625
Accounts receivable and accrued revenue (net)	19,831	1,798	3,952	310	25,891	2,079
Inventories	900			6	906	
Due from other funds	9,392	6,459		49	15,900	828
Notes receivable			28,251		28,251	
Prepaid items and deposits	3,749	55	206	55	4,065	
Other assets			3,935		3,935	
Total Current Assets	<u>85,984</u>	<u>41,243</u>	<u>36,787</u>	<u>1,613</u>	<u>165,627</u>	<u>78,532</u>
Noncurrent assets:						
Restricted cash and investments	10,780				10,780	
Capital assets:						
Nondepreciable	15,551		11,862	10,544	37,957	
Depreciable, net	132,012	69	16,237	15,756	164,074	
Total Noncurrent Assets	<u>158,343</u>	<u>69</u>	<u>28,099</u>	<u>26,300</u>	<u>212,811</u>	
Total Assets	<u><u>244,327</u></u>	<u><u>41,312</u></u>	<u><u>64,886</u></u>	<u><u>27,913</u></u>	<u><u>378,438</u></u>	<u><u>78,532</u></u>
Liabilities and Net Assets						
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	25,097	25,477	1,856	452	52,882	
Accrued interest payable	1,271		831	21	2,123	
Due to other funds	11,242	5,776		865	17,883	1,420
Deferred revenue	31,227		614		31,841	
Loans payable			2,629		2,629	
Current portion of long-term liabilities	4,972	31	365	396	5,764	28,588
Total Current Liabilities	<u>73,809</u>	<u>31,284</u>	<u>6,295</u>	<u>1,734</u>	<u>113,122</u>	<u>30,008</u>
Noncurrent portion of long-term liabilities:						
Capital lease obligations	1,201			1,254	2,455	
Certificates of participation, net	109,099				109,099	
Compensated absences	7,009	281	63	98	7,451	
Claims payable						97,120
Bonds and notes payable, net	29,617		6,911	313	36,841	
Total Noncurrent Liabilities	<u>146,926</u>	<u>281</u>	<u>6,974</u>	<u>1,665</u>	<u>155,846</u>	<u>97,120</u>
Total Liabilities	<u><u>220,735</u></u>	<u><u>31,565</u></u>	<u><u>13,269</u></u>	<u><u>3,399</u></u>	<u><u>268,968</u></u>	<u><u>127,128</u></u>
Net Assets (Deficit):						
Invested in capital assets, net of related debt	3,453	69	24,937	24,349	52,808	
Restricted for debt service	10,535				10,535	
Unrestricted (Deficit)	9,604	9,678	26,680	165	46,127	(48,596)
Total Net Assets (Deficit)	<u><u>\$ 23,592</u></u>	<u><u>9,747</u></u>	<u><u>51,617</u></u>	<u><u>24,514</u></u>	<u><u>109,470</u></u>	<u><u>(48,596)</u></u>

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

(981)

Net assets of business-type activities (page 19)

\$ 108,489

See accompanying notes to the basic financial statements.

* Housing Authority Funds reported as of March 31, 2004.

COUNTY OF CONTRA COSTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004*
(In Thousands)

	Enterprise Funds					Internal Service
	County Hospital	Health Maintenance Organization	Housing Authority	Nonmajor	Total	
Operating Revenues:						
Use of money and property	\$ 242	310		3,073	3,625	
Charges for services	247,471	123,177	3,667	2,420	376,735	36,072
Other revenue	18		396	195	609	
Total Operating Revenues	<u>247,731</u>	<u>123,487</u>	<u>4,063</u>	<u>5,688</u>	<u>380,969</u>	<u>36,072</u>
Operating Expenses:						
Salaries and employee benefits	171,886	7,701	9,547	2,241	191,375	
Services and supplies	72,812	128,659		2,162	203,633	10,561
Benefit and claim expense						57,610
Other charges	11,307		87,115	739	99,161	
Depreciation	7,059	12	3,014	1,964	12,049	
Total Operating Expenses	<u>263,064</u>	<u>136,372</u>	<u>99,676</u>	<u>7,106</u>	<u>506,218</u>	<u>68,171</u>
Operating loss	<u>(15,333)</u>	<u>(12,885)</u>	<u>(95,613)</u>	<u>(1,418)</u>	<u>(125,249)</u>	<u>(32,099)</u>
Nonoperating Revenues (Expenses):						
State and federal grants	19,281	5,422	92,410	1,461	118,574	
Investment income			11	1	12	1,394
Interest expense	(9,739)	(2)		(102)	(9,843)	
Gain/(Loss) on disposal of fixed assets			1		1	
Total Nonoperating Revenues (Expenses)	<u>9,542</u>	<u>5,420</u>	<u>92,422</u>	<u>1,360</u>	<u>108,744</u>	<u>1,394</u>
Loss before Capital Contributions and Transfers	<u>(5,791)</u>	<u>(7,465)</u>	<u>(3,191)</u>	<u>(58)</u>	<u>(16,505)</u>	<u>(30,705)</u>
Capital contributions	4,201		1,000		5,201	
Transfers in	35,311	8,281		1,227	44,819	6,596
Transfers out	(32,500)	(315)		(104)	(32,919)	
Change in Net Assets	<u>1,221</u>	<u>501</u>	<u>(2,191)</u>	<u>1,065</u>	<u>596</u>	<u>(24,109)</u>
Total Net Assets at Beginning of the Year, as Previously Reported	<u>22,371</u>	<u>9,246</u>	<u>22,868</u>	<u>23,449</u>	<u>77,934</u>	<u>(24,487)</u>
Adjustments to beginning net assets			30,940		30,940	
Total Net Assets at Beginning of the Year, as Restated	<u>22,371</u>	<u>9,246</u>	<u>53,808</u>	<u>23,449</u>	<u>108,874</u>	<u>(24,487)</u>
Total Net Assets at End of Year	<u>\$ 23,592</u>	<u>9,747</u>	<u>51,617</u>	<u>24,514</u>	<u>109,470</u>	<u>(48,596)</u>

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

Change in net assets of enterprise funds.	\$ 596
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>1,502</u>
Change in net assets of business-type activities (page 21)	<u>\$ 2,098</u>

See accompanying notes to the basic financial statements.

* Housing Authority Funds reported as of March 31, 2004.

COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*
(In Thousands)

	Enterprise Funds					Internal Service
	County Hospital	Health Maintenance Organization	Housing Authority	Nonmajor	Total	
Cash Flows from Operating Activities:						
Cash received from customers/other funds	\$ 250,119	137,080	2,774	6,175	396,148	36,188
Cash payment to suppliers for goods and services	(90,107)	(138,985)	(87,598)	(3,482)	(320,172)	(48,870)
Cash payment to employees for services	(169,676)	(7,701)	(9,546)	(2,202)	(189,125)	
Net Cash Provided by (Used for)						
Operating Activities	<u>(9,664)</u>	<u>(9,606)</u>	<u>(94,370)</u>	<u>491</u>	<u>(113,149)</u>	<u>(12,682)</u>
Cash Flows from Noncapital Financing Activities:						
State and federal grants	19,281	5,422	92,410	1,461	118,574	
Transfers received	35,311	8,281		1,227	44,819	6,596
Transfers paid	(32,500)	(315)		(104)	(32,919)	
Due to other funds				(913)	(913)	
Net Cash Provided by Noncapital Financing Activities	<u>22,092</u>	<u>13,388</u>	<u>92,410</u>	<u>1,671</u>	<u>129,561</u>	<u>6,596</u>
Cash Flows from Capital and Related Financing Activities						
Proceeds from long term borrowings			4,556		4,556	
Capital contributions	4,201		4,581		8,782	
Acquisition and construction of capital assets	(5,393)		(9,600)	(1,263)	(16,256)	
Interest paid	(9,739)	(2)		(124)	(9,865)	
Lease purchase obligation principal payment	(202)			(333)	(535)	
Principal paid on bonds and certificates	(3,025)			(64)	(3,089)	
Payment on other noncurrent obligations	(836)				(836)	
Net Cash Used for Capital and Related Financing Activities	<u>(14,994)</u>	<u>(2)</u>	<u>(463)</u>	<u>(1,784)</u>	<u>(17,243)</u>	
Cash Flows from Investing Activities:						
Interest received on investments				1	1	1,394
Investments, net			1,784		1,784	
Net Cash Used for Investing Activities			<u>1,784</u>	<u>1</u>	<u>1,785</u>	<u>1,394</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(2,566)</u>	<u>3,780</u>	<u>(639)</u>	<u>379</u>	<u>954</u>	<u>(4,692)</u>
Cash and Cash Equivalents at Beginning of Year	65,458	29,151	5,630	814	101,053	80,317
Adjustments to beginning cash and cash equivalents			(4,548)		(4,548)	
Cash and Cash Equivalents at Beginning of Year, as Restated	<u>65,458</u>	<u>29,151</u>	<u>1,082</u>	<u>814</u>	<u>96,505</u>	<u>80,317</u>
Cash and Cash Equivalents at End of Year	<u>\$ 62,892</u>	<u>32,931</u>	<u>443</u>	<u>1,193</u>	<u>97,459</u>	<u>75,625</u>

(continued)

COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004*
(In Thousands)

	Enterprise Funds					Internal Service
	County Hospital	Health Maintenance Organization	Housing Authority	Nonmajor	Total	
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:						
Operating loss	\$ (15,333)	(12,885)	(95,613)	(1,418)	(125,249)	(32,099)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for)						
Operating Activities:						
Depreciation	7,059	12	3,014	1,964	12,049	
Changes in operating assets and liabilities:						
Decrease (increase) in:						
Accounts receivable and accrued revenue, net	(604)	844	(1,760)	474	(1,046)	211
Inventories	28				28	
Due from other funds	4,014	12,749		13	16,776	(95)
Prepaid items and deposits	(204)	130		(2)	(76)	
Notes receivable			(246)		(246)	
Increase (decrease) in:						
Accounts payable and accrued liabilities	817	897	560	(394)	1,880	19,716
Employee benefits payable	1,434	10		23	1,467	
Due to other funds	(6,629)	(11,353)		(185)	(18,167)	(415)
Deferred revenue	(1,022)		(369)		(1,391)	
Tenants deposit			14		14	
Compensated absences	776	(10)	30	16	812	
Net Cash Provided by (Used for)						
Operating Activities	<u>\$ (9,664)</u>	<u>(9,606)</u>	<u>(94,370)</u>	<u>491</u>	<u>(113,149)</u>	<u>(12,682)</u>
Noncash capital financing activities						
Accrued interest	\$ 33			4	37	
Debt amortization	703			4	707	

(concluded)

See accompanying notes to the basic financial statements.

* Housing Authority Funds reported as of March 31, 2004.

COUNTY OF CONTRA COSTA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 JUNE 30, 2004
 (In Thousands)

	Pension Trust*	Investment Trust	Private- Purpose Trust	Agency
Assets:				
Cash and investments	\$ 3,491,562	1,166,004	2,644	\$ 147,545
Cash collateral - securities lending	207,256			
Receivables	371,813		135	42,524
Due from other funds	4,408	1,391	2	8,510
Taxes receivables				172,773
Prepaid items and deposits	441			275
Capital assets, net	360			
Total Assets	4,075,840	1,167,395	2,781	\$ 371,627
Liabilities:				
Warrants outstanding		66,893		\$ 42,229
Accounts payable and accrued liabilities	554,678		50	96,196
Employee benefits payable	411			
Due to other funds		2,290	3	38,993
Security lending	207,256			
Unapportioned taxes				87,153
Tax loss guarantees				20,168
Due to other agencies				86,888
Total Liabilities	762,345	69,183	53	\$ 371,627
Net Assets:				
Held for:				
Employees' pension benefits	3,313,495			
Participation in individually directed investment accounts		1,098,212	2,728	
Total Net Assets	\$ 3,313,495	1,098,212	2,728	

* Pension Trust Fund reported as of December 31, 2003.
 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, 2004
(In Thousands)

	Pension Trust*	Investment Trust	Private- Purpose Trust
Additions:			
Employer contributions	\$ 427,823		
Employee contributions	51,603		
Contributions to investment accounts		2,857,811	
Paulson cost reimbursement	34,230		
Other revenue			2,315
Net investment income (loss)	621,895	3,168	50
Investment expense	(13,320)		
Total Additions	<u>1,122,231</u>	<u>2,860,979</u>	<u>2,365</u>
Deductions:			
Benefits paid	163,923		
Refunds of contributions	1,037		
Distribution from investment accounts		2,820,555	
Administrative and other expenses	4,292		6,611
Prepayment discount	4,754		
Other	267		3,585
Total Deductions	<u>174,273</u>	<u>2,820,555</u>	<u>10,196</u>
Change in Net Assets	947,958	40,424	(7,831)
Net Assets Held In Trust at Beginning of Year	<u>2,365,537</u>	<u>1,057,788</u>	<u>10,559</u>
Net Assets Held In Trust at End of Year	<u>\$ 3,313,495</u>	<u>1,098,212</u>	<u>2,728</u>

*Pension Trust Fund reported for Year Ended December 31, 2003.



COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

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 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 to emphasize it is legally separate from the 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.

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

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 capital projects financial activities of the RDA are reported as a major governmental fund. The special revenue and debt service financial activities of the RDA are reported as nonmajor governmental funds.

Contra Costa County Public Facilities Corporation

The Contra Costa County 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 recipients in finding qualified persons to assist eligible individuals who are unable to care for themselves at home. 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.

Special Districts and Service Areas

The county has 39 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 39 agencies and the

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

special revenue fund in which each is included are: Fire Protection – Contra Costa County Fire Protection District, Crockett-Carquinez Fire Protection District; 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, EMS-1, L-100, LIB-2, LIB-10, LIB-12, LIB-13, M-1, M-8, M-16, M-17, M-20, M-23, M-25, M-26, M-27, M-28, M-29, M30, R-4, R-7, R-9, R-10, RD-4 and Discovery Bay West Parking District; Law Enforcement - Service Areas P-1, P-2, P-5 and P-6; Other Special Revenue - Contra Costa County Water Agency. These special revenue funds are reported as nonmajor governmental funds.

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

Contra Costa County 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
651 Pine Street, 5th Floor North Wing, Martinez, CA 94553

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

COUNTY OF CONTRA COSTA
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B. 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*, mandates 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.

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 use in providing services after its debts are settled.

The statement of activities presents a comparison between direct 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

COUNTY OF CONTRA COSTA
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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 *Land Development Special Revenue Fund* reports the growth management related activities of the Building Inspection Department, Public Works Department, and the Community Development Department.
- The *Redevelopment Agency (Capital Projects) Fund* accounts for the acquisition of real property and construction of improvements thereon in the county's unincorporated areas for the purpose of removing or preventing blight.

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 *Health Maintenance Organization* accounts for the operations of the county's prepaid health plan. Revenues are primarily capitation payments by Medicare and Medi-Cal, premiums by private citizens and realignment revenues.
- 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, workers' compensation, 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 such as city of Oakley related to its redevelopment project area.

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- *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 L of this note).

C. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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.

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.

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, the majority of which are from the state and federal government are accrued when their receipt occurs within one year after the end of the accounting period so as to be both measurable and available. 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

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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.

D. 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.

E. 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, and all 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 and includes both realized and unrealized gains and losses on investments 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 districts, cemetery districts, pest control districts, recreation and park districts 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.

F. Inventories

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.

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G. 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 income, 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.

H. 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.

Each component of the prepaid pension asset will be amortized over a fifteen year period. (See Note 15.)

I. 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 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 permanent structures was increased from \$5,000 to \$100,000 effective July 1, 2003. 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.

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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.

J. 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.

K. 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 1st, 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 3rd. Property taxes on the secured roll are due in two installments: November 1st and February 1st and become delinquent after December 10th and April 10th, 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 1st), and become delinquent if unpaid by August 31st.

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.

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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 1st 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 \$6,831,000 at June 30, 2004. The year-end balance in the TLRF was \$20,168,000. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the county's Teeter Plan.

L. 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.

M. 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.

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Compensated absences at June 30, 2004, are valued at \$45,148,000, which includes \$30,955,000 attributable to the General Fund, \$5,155,000 attributable to the Special Revenue Funds, \$8,627,000 recorded in Enterprise Funds and \$411,000 recorded in the Pension Trust Fund. Amounts attributable to the General and Special Revenue Funds 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.

N. 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

General Fund Adjustment

Upon the courts moving from the General Fund, an accounts receivable from the courts was set up for debt service payments for equipment sold to the courts in the amount of \$594,000. However, the courts made its payments directly to debt service.

Reimbursement agreements between the county and drainage districts in the amount of \$138,000 had expired before being repaid and the amounts were written-off.

Nonmajor Governmental Adjustment

Reimbursement agreements between the county and drainage districts in the amount of \$138,000 had expired before being repaid and the amounts were written-off.

Previously the county had included the Small Business Micro Revolving Loan Fund as an Agency Fund. The county has determined that this fund does not meet the definition of an Agency Fund under GASB Statement No. 34 and it has moved it to the nonmajor governmental funds.

The Land Development Special Revenue and Redevelopment Agency Capital Projects Funds have been categorized as major funds this year. Accordingly, their balances are no longer included in the nonmajor governmental balances.

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Housing Authority Enterprise Fund Adjustment

This adjustment is to reflect the Housing Authority's decision to report a blended and discretely presented component units not previously reported.

Summary

The impact of the restatements on the fund balances/net assets at July 1, 2003 is presented below (in thousands):

	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Housing Authority Enterprise Fund</u>
Fund balances/net assets, as previously reported	\$ 138,569	\$ 257,369	\$ 22,868
Blended component unit net assets			2,433
Discretely presented component unit net assets			28,507
Debt service payment paid by courts	(594)		
Expired reimbursement agreements	(138)	138	
Fund reclassification		43	
	<hr/>	<hr/>	<hr/>
Fund balances/net assets, as restated	<u>\$ 137,837</u>	<u>\$ 257,550</u>	<u>\$ 53,808</u>

B. Reserve for Prepaid Items and Deposits

Reserves are less than total prepaid items and deposits because the General Fund advanced \$190,000 to subgrantees, which will use the funds for federal programs during fiscal year 2003-2004. As funds are spent, the federal government reimburses the county.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Net Assets

The Pension Bond Debt Service Fund, which is reported as part of the nonmajor governmental funds, had a fund balance deficit of \$4,884,000 at June 30, 2004. The deficit is the result of rates being changed by departments based on certain salary assumptions, which did not occur, causing the under funding. Rates will be increased to appropriately recover the shortfall.

Three Internal Service Funds had net assets deficits at June 30, 2004. The Medical Liability Insurance Fund had a deficit of \$981,000. The county provided \$4,000,000 in fiscal year 2004-2005 to reduce the deficit and plans to further evaluate funding options. The Workers' Compensation Insurance County General and Fire Protection Internal Service Funds had deficits of \$56,127,000 and \$8,025,000, respectively. The deficits in the Workers' Compensation Insurance Funds are symptomatic of other self-insured government agencies in the state of California. The increasing claims cost is a direct result of

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legislation awarding higher benefits on a multiyear basis. Favorable legislation has been passed to help control medical costs; however, the projected savings are unknown at this time. The county has taken action to increase premium charges to the departments to reflect current and future costs. Our aggressive loss control program has resulted in a reduction of frequency over the past fiscal year. Further negotiations are anticipated with represented labor groups to reduce benefits paid over and above the statutory requirements.

The Sheriff Law Enforcement Training Center Enterprise Fund (Training Center), which is reported as a nonmajor enterprise fund, had a year-end deficit of \$361,000, a deficit reduction of \$858,000 from the prior year. The Sheriff's Office has taken necessary steps to address the cause.

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 Retirement Board directs the investment activity of the Pension Trust Fund.

Cash and investments at June 30, 2004 (December 31, 2003, for the Pension Trust Fund and March 31, 2004, for the Housing Authority), are reported as follows (in thousands):

From the Statement of Net Assets

		<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Primary Government	Cash and investments	\$ 61,682	524,809	586,491
FIRST 5 Contra Costa Children and Families Commission	Cash and investments	5,504	40,913	46,417

From the Statement of Fiduciary Net Assets

Pension Trust Fund	Cash and investments	5,006	3,486,556	3,491,562
	Cash collateral - securities lending		207,256	207,256
Investment Trust Fund	Cash and investments	10,796	1,155,208	1,166,004
Private-Purpose Trust Fund	Cash and investments	592	2,052	2,644
Agency Funds	Cash and investments		<u>147,545</u>	<u>147,545</u>
Total		<u>\$ 83,580</u>	<u>5,564,339</u>	<u>5,647,919</u>

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A. Deposits

Deposits include bank deposits at a carrying amount of \$81,674,000. The balance reported by various financial institutions was \$84,715,000. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$1,394,000 was covered by federal depository insurance and \$83,321,000 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 generally accepted accounting principles in the United States of America, the county has classified certificates of deposit in the amount of \$1,905,000 as deposits. Of the certificates of deposit balance, \$343,000 was insured and \$1,562,000 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 110.0 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 150.0 percent of the secured public deposits. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the public agency's name.

B. Investments

Statutes authorize the county to invest in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, reverse repurchase agreements, medium-term notes, negotiable certificates of deposit, mutual funds and investments in accordance with the statutory provisions governing the issuance of bonds.

Pension Trust Fund investments are authorized by the County Employees' Retirement Law of 1937. Statutes authorize a "prudent investor" guideline as to the form and types of investments, which may be purchased.

The county's investments (including the Investment Trust Fund) and those of the Pension Trust Fund are categorized separately on the following page to indicate the level of custodial credit risk assumed by each investment portfolio for their respective year-ends. Category 1 includes investments that are insured or registered, or securities held by the county or its agent in the county's name. Category 2 includes uninsured and unregistered investments with the securities held by the counterparty's trust department or agent in the county's name, or in the agent's nominee name with subsidiary records listing the county as the legal owner. Category 3 includes uninsured and unregistered investments, with the securities held by the counterparty, or by its trust department or agent, but not in the county's

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name. Investments not evidenced by securities that exist in physical or book form cannot be categorized.

The Local Investment Advisory Board (Board) has oversight responsibility for the state Treasurer's Local Agency Investment Fund (LAIF). The Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different from the fair value of the county's position in the pool.

Investments at fair value as of June 30, 2004 (December 31, 2003, for the Pension Trust Fund and March 31, 2004, for the Housing Authority Enterprise Fund), are shown as follows (in thousands):

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	Category		Total
	1	2	
County (Including Investment Trust Fund)			
Categorized Investments:			
Negotiable certificates of deposit	\$ 60,000	20,245	80,245
U.S. government securities	171,210	38,483	209,693
Commercial paper	355,396	1,117	356,513
Medium-term bonds	11,035	13,054	24,089
Local obligation bonds	129		129
Bankers' acceptances	13,042		13,042
Repurchase agreements		473,700	473,700
Total categorized investments	\$ 610,812	546,599	1,157,411
Uncategorized Investments:			
State Treasurer's Local Agency Investment Fund			531,147
Guaranteed investment contracts			24,924
Mutual funds			116,132
Total investments			1,829,614
Pension Trust Fund:			
Categorized Investments:			
Domestic stocks	\$ 911,744		911,744
International stocks	40,624		40,624
Corporate & government bonds	719,147		719,147
International bonds	136,384		136,384
Repurchase agreements		14,921	14,921
Total categorized investments	\$ 1,807,899	14,921	1,822,820
Uncategorized Investments:			
Domestic stocks			36,230
Domestic bonds			166,551
Mutual funds			1,089,800
Real estate			309,831
Private equity funds			46,135
Natural resource funds			15,189
Security lending collateral investment pool			207,256
Total investments			3,693,812
FIRST 5 Contra Costa			
Children and Families Commission			
U.S. government securities	\$ 40,913		40,913
Total Investments			\$ 5,564,339

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C. 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.

The CCCERA has investments with trustees who hold part of their portfolio in government and corporate obligations consisting of asset-backed securities, floating rate notes, constant maturity index Adjustable Rate Mortgages (ARMs), Collateralized Mortgage Obligations, and LIBOR indexed ARMs.

As of June 30, 2004, the county's proportionate share of structured notes and asset-backed securities held by LAIF was \$8,514,000 or 1.603 percent of the county's investment in LAIF. The disclosure statement for the portfolio holdings of the Local Agency Investment Fund (LAIF) can be viewed at URL <http://www.treasurer.ca.gov>.

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

The investments discussed above, which are included in the accompanying financial statements, represent 14.0 percent of total investments. The Treasurer's investment policy was approved by the Board of Supervisors. In accordance with California Government Code Sections 27130-27137, an investment oversight committee reviews the quarterly investment reports prepared by the Treasurer.

D. 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 and non-domestic securities, respectively, plus accrued interest (in the case of debt securities).

There are no restrictions on the amount of securities, which 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

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(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. At December 31, 2003, CCCERA has no credit risk exposure to borrowers. The fair value of investments on loan at December 31, 2003, is \$202,782,000, which was collateralized by cash and securities in the amount of \$207,256,000.

5. RECEIVABLES

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

Receivables- Governmental Activities	General Fund	Land Development Special Revenue	Redevelopment Agency Capital Projects	Nonmajor Funds	Internal Service Funds	Total Governmental Activities
Taxes	\$ 3,699			1,888		5,587
Accounts	116,948	377	437	14,198	2,079	134,039
Advances	94					94
Gross Receivables	120,741	377	437	16,086	2,079	139,720
Less: Allowance for uncollectibles	(4)					(4)
Total Receivables (net)	\$ 120,737	377	437	16,086	2,079	139,716

Receivables- Business-type Activities:	County Hospital	Health Maintenance Organization	Housing Authority	Nonmajor Funds	Total Business-type Activities
Accounts	\$ 180,247	1,798	3,952	310	186,307
Less: Allowance for uncollectibles	(160,416)				(160,416)
Total Receivables (net)	\$ 19,831	1,798	3,952	310	25,891

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
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At June 30, 2004, the various components of deferred revenue and unearned revenue reported were as follows (in thousands):

	<u>Unavailable</u>	<u>Unearned</u>
Governmental Activities:		
General Fund:		
Notes receivable (Community Development Block Grant-CDBG- loans)	\$ 36,544	
Advances not yet earned		13,165
Other receivables and advances		10,146
Resources received that do not yet meet the criteria for revenue recognition		206
Land Development Special Revenue:		
Other receivables and advances	104	23,304
Redevelopment Agency Capital Projects:		
Other receivables and advances		289
Nonmajor Funds:		
Property assessment tax receivable		
Notes receivable	10,424	
Other receivables and advances	500	3,029
Resources that do not yet meet the criteria for revenue recognition	13	12
Total Governmental Activities	\$ 47,585	50,151
Business-type Activities:		
Hospital:		
Resources received that do not yet meet the criteria for revenue recognition	\$	31,227
Housing Authority:		
Resources received that do not yet meet the criteria for revenue recognition		614
Total Business-type Activities	\$	31,841

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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6. INTERFUND TRANSACTIONS

A. Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2004, is as follows (in thousands):

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Land Development Special Revenue Fund	\$ 1,445
	RDA Capital Projects Fund	806
	Nonmajor Governmental Funds	25,771
	County Hospital Enterprise Fund	6,663
	Health Maintenance Organization Enterprise Fund	477
	Nonmajor Enterprise Funds	852
	Internal Service Funds	1,190
	Agency Funds	28,676
	Investment Trust Fund	1,267
	Private-Purpose Trust Fund	1
		<u>67,148</u>
Land Development Special Revenue Fund	General Fund	751
	RDA Capital Projects Fund	10
	Nonmajor Governmental Funds	129
	Internal Service Funds	4
	Agency Funds	63
		<u>957</u>
RDA Capital Projects Fund	General Fund	309
	Nonmajor Governmental Funds	4
	Investment Trust Fund	740
		<u>1,053</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,724
	General Fund	3,850
	Land Development Special Revenue Fund	73
	RDA Capital Projects Fund	166
	County Hospital Enterprise Fund	31
	Health Maintenance Organization Enterprise Fund	2
	Nonmajor Enterprise Funds	1
	Internal Service Funds	68
	Agency Funds	166
Investment Trust Fund	225	
		<u>6,306</u>

(Continued)

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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Receivable Fund	Payable Fund	Amount
County Hospital Enterprise Fund	General Fund	\$ 2,682
	Land Development Special Revenue Fund	3
	Nonmajor Governmental Funds	910
	Health Maintenance Organization Enterprise Fund	5,286
	Internal Service Funds	126
	Agency Funds	385
		9,392
Health Maintenance Organization Enterprise Fund	General Fund	\$ 5
	County Hospital Enterprise Fund	3,945
	Nonmajor Enterprise Funds	4
	Internal Service Funds	4
	Agency Funds	2,501
		6,459
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	6
	General Fund	42
	Agency Funds	1
		49
Internal Service Funds	Internal Service Funds	9
	General Fund	69
	Nonmajor Governmental Funds	62
	Agency Funds	688
		828
Investment Trust Fund	RDA Capital Projects Fund	98
	Agency Funds	1,293
		1,391
Private-Purpose Trust Fund	General Fund	2
		2
Agency Funds	Agency Funds	5,181
	General Fund	2,484
	Land Development Special Revenue Fund	74
	Nonmajor Governmental Funds	356
	County Hospital Enterprise Fund	365
	Health Maintenance Organization Enterprise Fund	6
	Nonmajor Enterprise Funds	2
	Internal Service Funds	19
	Investment Trust Fund	1
	Private-Purpose Trust Fund	2
		8,490

(Continued)

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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Receivable Fund	Payable Fund	Amount
Pension Trust Fund ⁽¹⁾	General Fund	\$ 2,783
	Nonmajor Governmental Funds	1,286
	County Hospital Enterprise Fund	238
	Health Maintenance Organization Enterprise Fund	5
	Agency Funds	39
	Investment Trust Fund	57
		4,408
Subtotal		106,483

⁽¹⁾ Adjustment: Reported as of December 31, 2003

Pension Trust Fund ⁽²⁾	General Fund	1,542
General Fund	Pension Trust Fund	26
Agency Funds	Pension Trust Fund	20
		1,588
Total		\$ 108,071

⁽²⁾ Activity relating to Pension Trust Fund as of June 30, 2004

The due to/from other funds account balances primarily resulted from interfund cash transactions recorded after the cash cut-off on June 30, 2004.

(Concluded)

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	Redevelopment Agency Capital Projects	\$ 1,372
Nonmajor Governmental Funds	Nonmajor Governmental Funds	4,730
Total		\$ 6,102

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

COUNTY OF CONTRA COSTA
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B. 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	\$ 34,058	Provide subsidy to cover portion of the County Hospital's operation.
	County Hospital Enterprise	151	Transfer vehicle depreciation from the General Fund.
	Health Maintenance Organization Enterprise	8,253	Provide subsidy to cover portion of the HMO's operation.
	Health Maintenance Organization Enterprise	28	Transfer vehicle depreciation from the General Fund.
	Internal Service Funds	6,596	Transfer funds from the General Fund to the Medical Liability Internal Service Fund.
	Nonmajor Enterprise Funds	8	Transfer vehicle depreciation from the General Fund.
	Nonmajor Enterprise Funds	1,219	Transfer of funds to the Sheriff Law Enforcement Training Center as authorized by Board of Supervisors.
Nonmajor Governmental Funds	County Hospital Enterprise	1,102	Transfer funds for reimbursement of Los Medanos project.
County Hospital Enterprise	General Fund	25,873	Transfer funds to reimburse the General Fund for intergovernmental transfer (IGT) payments.
	Nonmajor Governmental Funds	5,441	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	242	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
	Nonmajor Governmental Funds	944	Transfer of funds to cover the County Hospital's pro rata share of certain project lease payments.
Health Maintenance Organization Enterprise	Nonmajor Governmental Funds	200	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.

(continued)

COUNTY OF CONTRA COSTA
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<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Health Maintenance Organization Enterprise	Nonmajor Governmental Funds	9	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
	Nonmajor Governmental Funds	106	Transfer of funds to cover the Health Maintenance Organization's pro rata share of certain project lease payments.
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	101	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	3	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
Total		<u>\$ 84,334</u>	

(concluded)

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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Between Funds within the Governmental or Business-type Activities⁽¹⁾:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Land Development Special Revenue Fund	12	Transfer vehicle depreciation from the General Fund.
	RDA Capital Projects Fund	231	Transfer of Unocal RTS (Return to Source) funds to Board of Supervisors approved projects.
	Nonmajor Governmental Funds	493	Transfer of Unocal RTS (Return to Source) funds to Board of Supervisors approved projects.
	Nonmajor Governmental Funds	60	Provide an annual subsidy to cover operating expenses of the Automated Warrant ID Program.
	Nonmajor Governmental Funds	25	Provide an annual subsidy to cover operating expenses of the Pleasant Hill Bart Transportation Demand Management (TDM) Program.
	Nonmajor Governmental Funds	23,555	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	909	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
	Nonmajor Governmental Funds	12,228	Transfer of funds to cover the General Fund's pro rata share of project costs.
	Nonmajor Governmental Funds	152	Transfer vehicle depreciation from the General Fund.
Land Development Special Revenue Fund	General Fund	52	Reimburse for remodel cost overage.
	Nonmajor Governmental Funds	5	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	291	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	14	Transfer a portion of the Salaries and Benefits Expense to the Retirement Litigation Settlement Fund.

(continued)

⁽¹⁾ 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

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<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
RDA Capital Projects Fund	Nonmajor Governmental Funds	1,013	Contribution to the reserve accounts of the 2003 Series A and Series B Tax Allocation Bonds.
	Nonmajor Governmental Funds	32	Return of funds to source.
Nonmajor Governmental Funds	General Fund	119	Transfer funds for mental health services performed.
	General Fund	582	Reimburse for remodel cost.
	General Fund	1,338	Transfer funds to reimburse Sheriff's Cal ID expenditures.
	General Fund	2,324	Transfer funds to pay capital outlay.
	RDA Capital Projects Fund	80	Reimbursement of project costs related to housing for families of low and moderate income.
	Nonmajor Governmental Funds	305	Contribution to the reserve accounts of the 2003 Series A and Series B Tax Allocation Bonds.
	Nonmajor Governmental Funds	330	Reimbursement of debt service by the housing special revenue funds related to the bond proceeds used for projects that benefit housing for the families of low and moderate income.
	Nonmajor Governmental Funds	102	Transfer National Pollutant Discharge Elimination funds to the Road Fund.
	Nonmajor Governmental Funds	106	Transfer funds from the permanent fund to the Library.
	Nonmajor Governmental Funds	770	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond Fund.
	Nonmajor Governmental Funds	35	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
	Nonmajor Governmental Funds	2,002	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	803	Transfer Assessment District funds in preparation for debt service payment.
Total		<u>\$ 47,968</u>	

(concluded)

COUNTY OF CONTRA COSTA
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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>
2002	\$ 36,212
2003	46,759
2004	42,311

Certain health and welfare realignment revenues, previously recorded in the General Fund and transferred via subsidy to the Hospital and the Health Maintenance Organization Enterprise Funds, are now recorded directly to those funds as intergovernmental revenue. In fiscal year 2003-2004, these intergovernmental revenues were \$16,285,000 for the County Hospital and \$5,422,000 for the Health Maintenance Organization.

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2004 (March 31, 2004, for the Housing Authority), was as follows (in thousands):

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2004</u>
Governmental Activities:					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 62,016	272	(236)		62,052
Construction in progress	83,366	26,229	(179)	(32,818)	76,598
Total capital assets, not being depreciated	<u>145,382</u>	<u>26,501</u>	<u>(415)</u>	<u>(32,818)</u>	<u>138,650</u>
<i>Capital assets, being depreciated:</i>					
Infrastructure	319,802	7,811		6,019	333,632
Structures and improvements	456,322	17,269	(211)	26,799	500,179
Equipment	112,209	10,632	(10,902)		111,939
Total capital assets, being depreciated	<u>888,333</u>	<u>35,712</u>	<u>(11,113)</u>	<u>32,818</u>	<u>945,750</u>
Less accumulated depreciation for:					
Infrastructure	(71,403)	(6,686)			(78,089)
Structures and improvements	(224,290)	(20,102)	166		(244,226)
Equipment	(66,343)	(11,313)	7,541		(70,115)
Total accumulated depreciation	<u>(362,036)</u>	<u>(38,101)</u>	<u>7,707</u>		<u>(392,430)</u>
Total capital assets, being depreciated, net	<u>526,297</u>	<u>(2,389)</u>	<u>(3,406)</u>	<u>32,818</u>	<u>553,320</u>
Governmental activities capital assets, net	<u>\$ 671,679</u>	<u>24,112</u>	<u>(3,821)</u>		<u>691,970</u>

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

	Balance July 1, 2003 (as restated)	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2004
Business-type Activities:					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 12,250		(5)		12,245
Construction in progress	48,433	2,495		(25,216)	25,712
Total capital assets, not being depreciated	<u>60,683</u>	<u>2,495</u>	<u>(5)</u>	<u>(25,216)</u>	<u>37,957</u>
<i>Capital assets, being depreciated:</i>					
Structures and improvements	240,819	3,272	(4,284)	25,216	265,023
Equipment	30,864	2,670	(1,278)		32,256
Total capital assets, being depreciated	<u>271,683</u>	<u>5,942</u>	<u>(5,562)</u>	<u>25,216</u>	<u>297,279</u>
Less accumulated depreciation for:					
Structures and improvements	(108,348)	(8,811)	4,285		(112,874)
Equipment	(18,205)	(3,318)	1,192		(20,331)
Total accumulated depreciation*	<u>(126,553)</u>	<u>(12,129)</u>	<u>5,477</u>		<u>(133,205)</u>
Total capital assets, being depreciated, net	<u>145,130</u>	<u>(6,187)</u>	<u>(85)</u>	<u>25,216</u>	<u>164,074</u>
Business-type activities capital assets, net	<u>\$ 205,813</u>	<u>(3,692)</u>	<u>(90)</u>		<u>202,031</u>

* \$80,000 of the total addition to accumulated depreciation was due to a transfer from governmental funds.

At July 1, 2003, the county, particularly Housing Authority, made the following restatements to business-type capital assets and depreciation (in thousands):

<u>Business-type activities capital assets</u> as reported in the prior year:	\$ 192,375
Record cost adjustments for:	
Land	1,789
Construction in progress	6,767
Structures and improvements	6,248
Equipment	112
Record adjustments to accumulated depreciation for structures and improvements	(1,266)
Record adjustments to accumulated depreciation for equipment	<u>(212)</u>
Business-type activities capital assets, as restated - July 1, 2003	<u>\$ 205,813</u>

The Pension Trust Fund had net capital assets of \$360,000. This consisted of leasehold improvements and office equipment.

COUNTY OF CONTRA COSTA
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Depreciation

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

General government	\$ 21,791
Public protection	9,571
Health and sanitation	266
Public assistance	1,108
Education	381
Public ways and facilities	4,739
Recreation and culture	<u>245</u>
Total depreciation expense - governmental functions	<u>\$ 38,101</u>

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

County Hospital	\$ 7,059
Health Maintenance Organization	12
Housing Authority	3,014
Nonmajor enterprise funds	<u>1,964</u>
Total depreciation expense - business-type functions	<u>\$ 12,049</u>

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

8. SHORT-TERM NOTES PAYABLE

As of July 1, 2003, the county had tax and revenue anticipation notes outstanding in the amount of \$55,000,000. This amount was repaid on November 19, 2003.

9. PAYABLES

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

	General Fund	Land Development Special Revenue	Redevelopment Agency Capital Projects	Nonmajor Funds	Total Governmental Activities
Governmental Activities:					
Accounts payable	\$ 15,592	560	797	10,180	27,129
Accrued payroll	43,131	638	1	7,394	51,164
Total Accounts payable and accrued liabilities	\$ <u>58,723</u>	<u>1,198</u>	<u>798</u>	<u>17,574</u>	<u>78,293</u>
	County Hospital	Health Maintenance Organization	Housing Authority	Nonmajor Funds	Total Business-type Activities
Business-type Activities:					
Accounts payable	\$ 10,866	24,897	1,819	217	37,799
Accrued payroll	14,231	580	37	235	15,083
Total Accounts payable and accrued liabilities	\$ <u>25,097</u>	<u>25,477</u>	<u>1,856</u>	<u>452</u>	<u>52,882</u>

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

10. LEASES

A. Operating Leases

Total rental expense for the year ended June 30, 2004 (March 31, 2004, for the Housing Authority), for all operating leases and month-to-month lease arrangements amounted to \$12,276,000 for the General Fund, \$1,566,000 for the nonmajor governmental funds, \$8,000 for Land Development Special Revenue Fund, \$21,000 for the RDA Capital Projects Fund, \$3,242,000 for the County Hospital Enterprise Fund, \$94,000 for the Health Maintenance Organization Enterprise Fund, \$175,000 for the Housing Authority Enterprise Fund, and \$113,000 for nonmajor enterprise funds.

At June 30, 2004 (March 31, 2004, 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			Total
	General Fund	Nonmajor Funds	County Hospital	Housing Authority	Nonmajor Funds	
2005	\$ 7,066	93	168	179	82	7,588
2006	4,816	63	111	187	12	5,189
2007	3,650	5	100	194		3,949
2008	3,064	5	100	66		3,235
2009	2,950	5	100			3,055
2010-2014	6,381	7	500			6,888
2015-2019	2,524		300			2,824
	<u>\$ 30,451</u>	<u>178</u>	<u>1,379</u>	<u>626</u>	<u>94</u>	<u>32,728</u>

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 were \$17,400,000 for buildings and improvements and \$4,886,000 for equipment. The obligations related to those lease purchase agreements are included in the county's long-term obligations (see Note 11).

New capital lease obligations for the fiscal year ended June 30, 2004, were \$1,973,000. Of this amount, \$3,147,000 was used to obtain various assets during the fiscal year. Remaining unspent proceeds will be used in subsequent years.

COUNTY OF CONTRA COSTA
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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, 2004 (in thousands):

Fiscal Year Ending June 30	Governmental Activities	Business-type Activities
2005	\$ 2,976	689
2006	2,305	689
2007	2,190	689
2008	1,752	689
2009	1,542	202
2010-2014	3,078	484
2015-2019	668	
2020-2024	140	
Total	14,651	3,442
Less: Amount representing interest	(2,416)	(425)
Present value of future minimum lease payments	\$ 12,235	3,017

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, 2004, amounted to \$2,839,000 for the General Fund, \$1,534,000 for nonmajor governmental funds, \$73,000 RDA Capital Projects Fund, \$45,000 for the County Hospital Enterprise Fund and \$3,059,000 for nonmajor enterprise funds.

The following is a schedule of future minimum rental receipts on non-cancelable lease arrangements, not including month-to-month lease agreements, as of June 30, 2004 (in thousands):

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities		Total
	General Fund	Nonmajor Funds	County Hospital	Nonmajor Funds	
2005	\$ 637	6	26	1,671	2,340
2006	462	6	26	1,590	2,084
2007	95	6	7	1,586	1,694
2008	36	1		1,506	1,543
2009	30			1,506	1,536
2010-2014	109			6,693	6,802
Thereafter	26			14,129	14,155
	\$ 1,395	19	59	28,681	30,154

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

11. LONG-TERM OBLIGATIONS

The following is a summary of long-term liabilities transactions for the year ended June 30, 2004 (in thousands):

	Balance July 1, 2003	Additions	Retirements	Principal Adjustments	Balance June 30, 2004	Amounts Due Within One Year
Governmental activities						
Compensated absences	\$ 35,703	407			36,110	3,611
Claims payable	99,402	77,294	(57,128)		119,568	27,549
Capital lease obligations	15,330	1,973	(6,432)	1,364	12,235	2,416
Certificates of participation	31,700		(1,145)		30,555	1,190
Pension bonds payable	587,220		(18,000)		569,220	14,485
Retirement litigation settlement		31,979	(1,627)		30,352	701
Notes payable			(85)	601	516	87
Other bonds payable	7,140		(1,010)		6,130	1,015
Lease revenue bonds	130,960	18,500	(6,745)		142,715	7,375
Tax allocation bonds	53,580	45,790	(15,075)		84,295	1,250
Special assessment debt	17,222		(1,568)		15,654	1,648
Total governmental activities						
- long-term obligations - gross	978,257	175,943	(108,815)	1,965	1,047,350	61,327
Capitalized premiums, discounts and deferred amounts on refundings	303	(773)	8		(462)	(10)
Total governmental activities						
- long-term obligations - net	\$ 978,560	175,170	(108,807)	1,965	1,046,888	61,317
Business-type activities						
Compensated absences	\$ 7,809	818			8,627	1,176
Medical liability claims payable	6,590	32	(482)		6,140	1,039
Capital lease obligations	3,555		(538)		3,017	562
Certificates of participation	128,980		(3,730)		125,250	3,925
Notes payable	562		(41)	6,747	7,268	44
Lease revenue bonds	31,050		(730)		30,320	760
Total business-type activities						
- long-term obligations-gross	178,546	850	(5,521)	6,747	180,622	7,506
Capitalized premiums, discounts and deferred amounts on refundings	(13,575)		703		(12,872)	(703)
Total business-type activities						
- long-term obligations-net	\$ 164,971	850	(4,818)	6,747	167,750	6,803

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2004, are as follows (in thousands):

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2004
Governmental activities					
Pension obligation bonds (4):					
2001 Issue/Remaining 1994 Issue	2014	5.55-6.80%	\$ 15,915-33,280	\$ 313,640	\$ 246,510
2003 Issue	2022	3.98-5.14	0-44,925	322,710	322,710
					<u>569,220</u>
Certificates of participation (1):					
1997 Capital projects	2021	3.55-5.10	655-2,610	34,910	<u>30,555</u>
Lease revenue bonds (1):					
1998 Lease revenue	2025	3.80-5.15	525-1,745	24,695	22,265
1999 Lease revenue	2028	4.00-5.25	1,095-3,350	66,560	52,560
2001A Lease revenue	2026	3.15-4.15	335-900	13,905	12,865
2001B Lease revenue	2017	4.25-5.20	80-250	3,695	3,530
2002A Lease revenue	2027	2.75-5.00	155-760	12,650	12,165
2002B Lease revenue	2019	2.00-4.60	930-2,090	25,440	21,585
2003A Lease revenue	2028	2.00-5.00	365-1,240	18,500	17,745
					<u>142,715</u>
Tax allocation bonds (3):					
1995A Tax allocation bond	2026	3.90-7.00	25-115	1,645	1,440
1995B Tax allocation bond	2026	4.25-6.90	45-200	2,735	2,425
1999 Tax allocation bond	2029	4.00-5.125	475-3,250	44,615	34,640
2003A Tax allocation bond	2034	3.00-5.85	375-5,055	43,345	43,345
2003B Tax allocation bond	2034	3.00-5.85	15-385	2,445	2,445
					<u>84,295</u>
Special assessment debt with government commitment (5):					
Kensington 91-1	2013	5.25-6.00	150-300	4,684	1,840
Pleasant Hill 87-1	2005	6.80-7.30	620-770	8,785	770
Pleasant Hill BART 93-5	2015	5.44-6.93	55-140	1,530	1,075
San Ramon 89-1	2005	7.55-7.85	75-90	980	90
Wayside Plaza 91-2	2007	7.00-7.20	135-190	2,010	490
Pleasant Hill BART CFD 92-1	2016	8.00	7-14	171	129
Pleasant Hill BART CFD 98-1	2017	4.20-5.10	135-3,075	4,785	4,165
Norris Canyon 2001-1	2032	4.10-6.10	110-495	7,220	7,095
					<u>15,654</u>
Other bonds payable (2):					
Recreation and park	2005	4.25-5.10	445-510	4,485	510
Storm drainage	2005	4.25	5	200	5
CCC PFA revenue bonds 2001	2017	4.00-5.69	360-570	6,575	5,615
					<u>6,130</u>
Notes payable (6):					
State Energy Commission	2009	3.00	9-48	315	226
State Energy Commission	2010	3.00	12-52	385	290
					<u>516</u>
Total Governmental activities					\$ <u>849,085</u>

COUNTY OF CONTRA COSTA
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June 30, 2004

<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, 2004</u>
<u>Business-type activities</u>					
Notes payable (6):					
State Dept. of Transportation	2016	5.08%	13-25	\$ 300	\$ 222
State Dept. of Transportation	2010	5.48	13-23	200	124
Promissory note	2059	7.52		185	185
California Housing Finance Agency	2025	7.80	5-50	600	534
Rental Housing Construction Program	2055	3.00		2,627	2,627
De Anza Housing Corporation	2044	6.80		1,000	1,000
Bank of America note	2006	2.25		2,576	2,576
					<u>7,268</u>
Lease revenue bonds (1):					
Hospital Enterprise					
1999 Los Medanos	2028	3.00-5.25	150-505	8,125	7,330
2001A Los Medanos	2026	3.15-4.15	10-265	4,125	3,815
2001B CC Regional Medical Center	2027	4.25-5.20	445-1,365	20,080	19,175
					<u>30,320</u>
Certificates of participation, net (1):					
1997 Certificates of participation	2023	3.75-6.00	3,390-10,185	145,340	125,250
Total Business-type activities				\$	<u>162,838</u>

NOTES:

- (1) 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.
- (2) Debt service payments are made from restricted property taxes and other revenues recorded in the General Fund and debt service funds.
- (3) Debt service payments are made from tax increment financing. The 1992 tax allocation bond was defeased with the issuance of the 2003A and B tax allocation bonds. The city of Oakley paid off their portion of the 1999 tax allocation bond, reducing the amount outstanding by \$6,995,000.
- (4) In 1994, Contra Costa 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 another \$322,710,000 in taxable pension obligation bonds (2003 Series A). Debt service payments are made from all county revenues.
- (5) Debt service payments are made from special assessments 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.

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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(6) 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.

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, 2004 (in thousands):

Fiscal Year Ending June 30	Capital Lease Obligations		Certificates of Participation		Pension Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 2,416	560	1,190	1,552	14,485	32,894
2006	1,847	458	1,245	1,499	17,730	31,945
2007	1,824	366	1,305	1,443	21,295	30,766
2008	1,468	284	1,365	1,383	22,725	29,339
2009	1,328	214	1,430	1,318	27,530	27,783
2010-2014	2,670	408	8,265	5,460	206,955	108,333
2015-2019	547	121	10,670	3,072	135,915	56,830
2020-2024	135	5	5,085	404	122,585	13,850
Total	\$ 12,235	2,416	30,555	16,131	569,220	331,740

Fiscal Year Ending June 30	Other Bonds Payable		Lease Revenue Bonds		Litigation Settlement	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 1,015	282	7,375	6,396	701	2,428
2006	530	247	7,650	6,146	757	2,372
2007	570	222	7,925	5,884	817	2,312
2008	365	201	8,240	5,608	883	2,246
2009	390	184	7,030	5,282	954	2,175
2010-2014	1,975	622	33,140	22,211	6,042	9,603
2015-2019	1,285	110	31,690	14,171	8,877	6,768
2020-2024			24,195	7,501	11,321	2,602
2025-2029			15,470	1,633		
Total	\$ 6,130	1,868	142,715	74,832	30,352	30,506

Fiscal Year Ending June 30	Tax Allocation Bonds		Special Assessment Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 1,250	4,405	1,648	877	87	15
2006	1,110	4,439	793	797	90	12
2007	1,395	4,391	824	748	93	9
2008	1,450	4,333	649	704	96	7
2009	1,505	4,270	665	668	98	4
2010-2014	8,650	20,194	2,167	2,931	52	1
2015-2019	11,110	17,656	4,283	1,989		
2020-2024	14,490	14,167	1,380	1,202		
2025-2029	18,935	9,613	1,850	719		
2030-2034	24,400	3,857	1,395	131		
Total	\$ 84,295	87,325	15,654	10,766	516	48

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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As of June 30, 2004, annual debt service requirements of business-type activities to maturity, except for compensated absences and medical liability claims payable, are as follows (in thousands):

Fiscal Year Ending June 30	Capital Lease Obligations		Certificates of Participation		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 562	127	3,925	6,718	44	847
2006	585	104	4,130	6,506	2,623	564
2007	610	79	4,350	6,268	51	214
2008	636	53	4,610	5,999	54	211
2009	175	27	4,885	5,736	57	209
2010-2014	449	35	28,545	25,226	231	996
2015-2019			37,140	15,603	148	931
2020-2024			37,665	4,282	198	866
2025-2029					50	802
2030-2034						800
2035-2039						805
2040-2044					1,000	737
2045-2049						465
2050-2054						465
2055-2059					2,627	148
2060					185	13
Total	\$ 3,017	425	125,250	76,338	7,268	9,073

Fiscal Year Ending June 30	Lease Revenue Bonds	
	Principal	Interest
2005	\$ 760	1,484
2006	795	1,453
2007	825	1,420
2008	860	1,386
2009	895	1,349
2010-2014	5,110	6,116
2015-2019	6,495	4,739
2020-2024	8,290	2,933
2025-2029	6,290	694
Total	\$ 30,320	21,574

Issuance of New Debt

Public Financing Authority

In July 2003, the County of Contra Costa Public Financing Authority issued \$18,500,000 in lease revenue bonds (2003 Series A), with interest rates ranging from 2.00 to 5.00 percent. The original issue premium was \$21,000. The costs of issuance amounted to \$539,000. The proceeds were used to finance or refinance the construction, acquisition and installation of various capital projects, and prepay a privately placed lease that financed the acquisition, rehabilitation and construction of an adolescent residential treatment facility.

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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Tax Allocation Revenue Bonds

In August 2003, the Contra Costa County Redevelopment Agency (RDA) issued 2003 tax allocation revenue bonds, Series A and B, for \$43,345,000 and \$2,445,000, respectively. Interest rates ranged from 3.00 to 5.85 percent. The proceeds of the bonds were used to refund the remaining portion of the 1992 tax allocation bonds for the Pleasant Hill BART Project Area and to finance redevelopment projects, including some housing projects. The bonds are a special obligation of the RDA and are payable from and secured by a pledge of property tax increment revenues.

Retirement Litigation Settlement

CCCERA settled its litigation, entitled Vernon D. Paulson, et al. vs. Board of Retirement of the CCC Employees' Retirement Association et al. The county and CCC Fire Protection District will pay their remaining portions of the liability over a twenty year period. The county's portion is \$28,065,000 and CCC Fire Protection District's portion is \$3,914,000.

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, 2004, \$53,640,000 in outstanding obligations is considered to be defeased.

In August 2003, the county issued \$43,345,000 in tax allocation bonds of which a portion was used to defease \$7,085,000 of 1992 tax allocation bonds. A summary of the sources and uses of funds, cash flow, and economic gain for this defeasance are as follows:

Sources and Uses of Funds:

Sources of Funds

Principal amount of tax allocation bonds	\$	43,345,000
Less: Net original issue discount		(583,000)
Less: Underwriter's discount		(433,000)
Cash contribution to reserve		1,012,000
Prior reserve		663,000
Total Sources of Funds	\$	44,004,000

Uses of Funds

Cost of issuance fund	\$	238,000
Capitalized interest account		1,394,000
Redevelopment funds		17,460,000
Refunding fund		7,253,000
Reserve funds		4,369,000
Escrow fund-series A		13,290,000
Total Uses of Funds	\$	44,004,000

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

Cash Flows:

Prior Debt Service	Refunding Debt Service	Reduction/(Increase) of Debt Service	Present Value of Reduction/(Increase) of Debt Service @ 5.6430023%
\$ 13,111,000	\$ 11,759,000	\$ 1,352,000	\$ 834,000

Economic Gain:

Present value of savings from cash flow	\$	834,000
Less: prior funds on hand		(663,000)
Plus: refunding funds on hand		625,000
Net Present Value of Economic Gain	\$	796,000

Legal Debt Limit

As of June 30, 2004, the county's debt limit (5 percent of valuation subject to taxation) was \$5.454 billion. The total amount of debt applicable to the debt limit was \$637 million, net of assets in the debt service funds and other deductions allowed by law. The resulting legal debt margin was \$4.816 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, 2004, 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, 2004, the county had participated in the issuance of thirty-five series of Multifamily or Single Family Housing Revenue Bonds. The aggregate principal amount remaining payable for the bonds issued was \$388,373,000.

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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Not included in the above amount are two defeased issues totaling \$54,805,000.

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 or 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, 2004, 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.
- *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.
- *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.

COUNTY OF CONTRA COSTA
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- *Nonexpendable permanent funds* – to reflect the fund’s principal balance which is not expendable.
- *Childcare facilities program* – to reflect funds restricted for the child care facilities program that represent child care mitigation fees collected from developers for the purpose of the creation or expansion of child care services in the redevelopment project areas.

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, \$181,000 at June 30, 2004, is shown on the Statement of Net Assets as Net Assets Restricted for Permanent Fund - Expendable.

15. EMPLOYEES’ RETIREMENT PLAN

A. Plan Description

The Contra Costa County Employees’ Retirement Association (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 1.A.

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% at 50 for safety members and 2% at 55 for general members, effective July 1, 2002, and January 1, 2003, respectively. The enhanced benefits do not apply to bargaining units represented by the California Nurses Association or to the non-represented employees within similar classifications as employees in bargaining units represented by the California Nurses Association, or to the supervisors and managers of those employees until January 1, 2005.

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,

COUNTY OF CONTRA COSTA
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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. As of December 31, 2003, Tier II includes only the employees described in the paragraph above for whom the county did not adopt the enhanced benefits. 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.

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

Effective November 1, 2002, an additional flat monthly retiree benefit of \$200 is being provided for all former members who retired prior to January 1, 1983, and are currently receiving pension benefits (including spousal continuance benefits). The total cost of this benefit improvement is \$22,955,000 and was funded from excess earnings.

Service retirement benefits are based on age, length of service and final average salary. For the Tiers I, III and Safety sections, the retirement benefit is based on a one-year average salary, in accordance with the California Code Section 31462. 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, 2001, became effective January 1, 2002. 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 16 years from the December 31, 2001, 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 2003-2004 (based on covered payroll as of January 1, 2003) ranged from 3.45 percent to 17.44 percent of the employees' annual covered salary.

COUNTY OF CONTRA COSTA
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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, 2002, for fiscal year 2003-2004 were:

	Non-Enhanced	Enhanced
General Members, Tier I	15.96%	17.43%
General Members, Tier II	9.04	N/A
General Members, Tier III	9.58	12.76
Safety Members	N/A	26.24

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, 2004, were as follows (in thousands):

Annual required contribution (county fiscal year basis)	\$ 81,494
Interest on pension asset	(47,502)
Adjustment to the annual required contribution	69,650
Annual pension cost	103,642
Contributions made (including Retirement Litigation Settlement)	81,494
Decrease in pension asset	(22,148)
Pension asset, beginning of year	579,823
Pension asset, end of year	\$ 557,675

The following table shows the county's annual pension cost and the percentage contributed for the 2004 fiscal year and each of the two preceding years (in thousands):

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2002	\$ 58,668	74.71%	\$ 278,723
2003	96,719	81.39%	579,823
2004	103,642	78.63%	557,675

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

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16. SPECIAL ITEM – RETIREMENT LITIGATION SETTLEMENT

During the year ended December 31, 1999, CCCERA settled its litigation, entitled Vernon D. Paulson, et al. vs. Board of Retirement of the Contra Costa County Employees' Retirement Association, et al. As of October 14, 1999, all legal documents to finalize the case settlement were signed by the court.

The consolidated lawsuit was brought on behalf of a class 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 Ventura Decision held that a county retirement system operating under provisions of the County Employees Retirement Law of 1937 must include certain types of cash incentive payments and additional pay elements received by an employee, within the employees' "compensation earnable" and "final" compensation when calculating the employee's retirement benefits. A settlement agreement has been entered into with all parties and a petitioners' class has been certified consisting of all retired members of CCCERA whose effective retirement date was on or before September 30, 1997 (i.e., the period prior to the October 1, 1997, effective date of the Ventura Decision).

As of January 1, 2003, the liability resulting from the settlement was \$108,294,000 for the county, \$2,019,000 for the Housing Authority of the County of Contra Costa (Housing Authority) and \$18,365,000 for the Contra Costa County Fire Protection District (CCC Fire). The CCCERA Board had previously designated \$90,000,000 from retirement unrestricted excess earnings, plus the interest earned, to help cover the anticipated liability. As of January 1, 2003, this amounted to \$99,185,000. The Housing Authority has paid all of its liability. CCC Fire and the county have entered into payment agreements for their portions of the liability (\$3,914,000 and \$28,065,000 respectively, plus interest) over a twenty year period.

The total amount has been recorded as a Special Item charge for fiscal year ending June 30, 2004, in the Government-wide Statement of Activities. Payments will be recorded as a charge each year in the fund basis statements.

17. 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

COUNTY OF CONTRA COSTA
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been audited by the fiscal intermediary through June 30, 2002. As such, the cost reports for the prior year 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, 2004, are summarized as follows:

Medicare	\$	3,204,000
Medi-Cal		4,538,000
Insurance and other third-party payers		<u>2,711,000</u>
Total	\$	<u><u>10,453,000</u></u>

18. 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 \$60,000,000 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 \$10,000,000 of excess insurance with commercial insurance carriers. The county adjusts all self-insured claims in-house.

The county maintains up to \$1,770,000,000 "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 \$375,000,000 and is subject to a minimum \$500,000 deductible. Loss caused by flood is insured to \$1,770,000,000 and is subject to a minimum \$100,000 deductible.

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 three 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. It is the county's policy 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 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 \$125,708,000 at June 30, 2004, 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

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

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 for fiscal years 2002-2003 and 2003-2004 are as follows (in thousands):

Liability at June 30, 2002	\$ 95,055
FY 2002-2003 claims and changes in estimates	62,344
FY 2002-2003 claim payments	<u>(51,407)</u>
Liability at June 30, 2003	105,992
FY 2003-2004 claims and changes in estimates	77,326
FY 2003-2004 claim payments	<u>(57,610)</u>
Liability at June 30, 2004	<u><u>\$ 125,708</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.

19. 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, 2004, 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 preferred 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, 80.0 percent of Health Net (HMO), 59.0 percent of Health Net (PPO) and 98.0 percent of CCHP A and

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

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 2003-2004 for active employees was \$65,881,000. The county's liability for health care benefits is limited to its annual contribution.

C. Postemployment 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, 2004, there were 4,633 retired employees participating in the health plans, and the county contributed \$25,216,000 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.

E. Construction Commitments

The county had entered a contract for the construction of the Contra Costa County Animal Services Facility. At June 30, 2004, there was an outstanding commitment of \$2,004,000 for this project.

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, 2004.



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, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts Budgetary	Variance- Positive
	Original	Final	Basis	(Negative)
Revenues:				
Taxes	\$ 227,047	208,897	210,032	1,135
Licenses, permits and franchise fees	14,258	15,386	17,593	2,207
Fines, forfeitures and penalties	14,944	15,223	27,443	12,220
Use of money and property	6,139	7,450	5,412	(2,038)
Intergovernmental	486,255	529,195	508,679	(20,516)
Charges for services	175,584	186,396	186,508	112
Other revenue	65,777	101,863	88,489	(13,374)
Total Revenues	990,004	1,064,410	1,044,156	(20,254)
Expenditures:				
Current:				
General Government:				
Administrator	4,102	3,998	3,473	525
Assessor	14,007	13,820	13,425	395
Auditor-Controller	6,713	6,566	6,315	251
Board of Supervisors	8,692	8,976	4,475	4,501
Building Maintenance	18,584	24,614	23,308	1,306
Building Occupancy Cost	14,683	16,274	14,373	1,901
Central Service/Microfilm	503	747	708	39
Clerk of the Board	598	598	489	109
Community Access Television	570	811	810	1
County Counsel	3,987	3,910	3,673	237
Crockett-Rodeo Revenues	1,267	463	463	
Economic Development	436	339	273	66
Elections	5,304	7,455	6,981	474
Employee Benefits	10,502	5,729	1,668	4,061
Fleet Services	3,137	3,300	3,003	297
General Services Administration	1	1	1	
Human Resources	7,878	7,837	6,344	1,493
Information Technology	1,948	1,708	1,413	295
Insurance	5,257	4,956	4,394	562
Management Information Systems	1,446	1,716	733	983
Personnel Merit Board	97	97	75	22
Plant Acquisition	37,356	79,319	28,912	50,407
Purchasing	861	911	829	82
Revenue Collections	2,382	2,382	2,190	192
Telecommunications	1,288	1,849	1,724	125
Treasurer-Tax Collector	4,745	4,597	4,295	302
UAAL Pension Bond Debt Service Transfers	(2,960)	(2,960)	(2,960)	
Total General Government	153,384	200,013	131,387	68,626

(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, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts Budgetary	Variance- Positive (Negative)
	Original	Final	Basis	
Public Protection:				
Agriculture	3,500	3,794	3,706	88
Animal Services	7,704	7,533	7,016	517
CCC Department Child Support Services	21,279	22,286	21,042	1,244
Community Development	6,448	6,664	6,623	41
Conflict Defense Services	1,648	1,648	1,551	97
Coroner	1,707	1,740	1,728	12
Criminal Grand Jury	77	77	74	3
District Attorney	23,581	23,136	21,668	1,468
Emergency Services	4,462	9,539	6,005	3,534
Flood Control	871	871	778	93
Grand Jury	107	112	112	
Jail	50,199	52,762	51,798	964
Jail - Health Services	11,235	12,593	12,571	22
Justice System Programs	2,733	1,007	546	461
Law and Justice Systems	301	301	299	2
Local Agency Formation	304	327	327	
Probation - Programs	25,007	24,286	23,194	1,092
Probation - Facilities	19,882	19,392	18,991	401
Probation - Care of Court Wards	8,998	8,978	6,104	2,874
Public Administrator	238	238	204	34
Public Defender	17,947	17,947	16,567	1,380
Recorder	3,463	3,663	3,625	38
Sheriff	82,093	79,241	75,171	4,070
Trial Court Programs	21,449	26,171	26,150	21
Vehicle Theft Programs	1,463	1,463	788	675
UAAL Pension Bond Debt Service Transfer	(12,189)	(12,189)	(12,189)	
Total Public Protection	<u>304,507</u>	<u>313,580</u>	<u>294,449</u>	<u>19,131</u>
Health and Sanitation:				
Children's Services	6,586	6,127	6,127	
Conservator/Guardianship	1,516	1,463	1,463	
Environmental Health	11,429	11,270	11,250	20
General Sewer Planning	23	23	23	
Health Services Homeless Program	5,619	5,626	5,600	26
Medical Disproportionate Share	17,561	25,873	25,873	
Mental Health	90,456	97,085	95,742	1,343
Public Health	44,631	42,267	42,108	159
Solid Waste Management	807	872	437	435
Substance Abuse	18,713	18,812	18,797	15
UAAL Pension Bond Debt Service Transfer	(3,232)	(3,232)	(3,232)	
Total Health and Sanitation	<u>194,109</u>	<u>206,186</u>	<u>204,188</u>	<u>1,998</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, 2004
 (In Thousands)

	Budgeted Amounts		Actual	Variance-
	Original	Final	Amounts Budgetary Basis	Positive Negative
Public Assistance:				
Ann Adler Child & Family	88	88	35	53
Community Development	15,817	10,519	9,260	1,259
Community Services	25,078	25,104	24,163	941
Housing Rehabilitation	322	322	311	11
EHSD - Administration	2,837	4,391	3,523	868
EHSD - Child & Family	111,110	109,824	107,525	2,299
EHSD - Aging & Adult	65,666	80,145	79,625	520
EHSD - Workforce Services	99,282	114,144	108,189	5,955
EHSD - WFRC Investment Board	6,905	7,962	6,612	1,350
Services Integration	674	689	484	205
Veterans Services	564	593	589	4
UAAL Pension Bond Debt Service Transfer	(5,080)	(5,080)	(5,080)	
Total Public Assistance	323,263	348,701	335,236	13,465
Education:				
Cooperative Extension Services	319	319	313	6
UAAL Pension Bond Debt Service Transfer	(7)	(7)	(7)	
Total Education	312	312	306	6
Public Ways and Facilities:				
Public Works	31,463	31,448	27,489	3,959
Road Construction	15,817	15,817	11,927	3,890
UAAL Pension Bond Debt Service Transfer	(997)	(997)	(997)	
Total Public Ways and Facilities	46,283	46,268	38,419	7,849
Recreation and Culture:				
Park Administration	1	1		1
Total Recreation and Culture	1	1		1
Debt Service:				
Interest	1,925	434	432	2
Capital Outlay		1,973	1,973	
Total Expenditures	1,023,784	1,117,468	1,006,390	111,078
Excess of Revenues Over/(Under) Expenditures	(33,780)	(53,058)	37,766	90,824
Other Financing Sources (Uses):				
Transfers in	21,367	32,772	30,288	(2,484)
Transfers out	(90,330)	(87,803)	(87,978)	(175)
Proceeds from issuance of debt	(11)			
Capital lease financing		1,973	1,973	
Total Other Financing Sources (Uses)	(68,974)	(53,058)	(55,717)	(2,659)
Net Change in Fund Balances	(102,754)	(106,116)	(17,951)	88,165
Fund Balance at Beginning of Year, as Previously Reported	138,569	138,569	138,569	
Prior period adjustment			(732)	(732)
Fund Balance at Beginning of Year, as Restated	138,569	138,569	137,837	(732)
Fund Balance at End of Year	\$ 35,815	32,453	119,886	87,433

(concluded)

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, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, permits and franchise fees	\$ 11,598	11,598	17,282	5,684
Use of money and property	541	541	367	(174)
Intergovernmental			50	50
Charges for services	12,453	12,553	7,258	(5,295)
Other revenue	6,724	6,976	6,260	(716)
Total Revenues	<u>31,316</u>	<u>31,668</u>	<u>31,217</u>	<u>(451)</u>
Expenditures:				
Current:				
Public Protection				
Salaries and benefits	9,531	9,444	8,653	791
Services and supplies	20,879	20,849	2,497	18,352
Other charges	1,661	1,941	1,855	86
Fixed assets	289	348	85	263
Expenditure transfers	4,692	4,874	4,400	474
Total Public Protection	<u>37,052</u>	<u>37,456</u>	<u>17,490</u>	<u>19,966</u>
Public Ways and Facilities				
Services and supplies	2,517	2,725	1,235	1,490
Other charges	145	246	243	3
Expenditure transfers	9,606	9,298	7,900	1,398
Total Public Ways and Facilities	<u>12,268</u>	<u>12,269</u>	<u>9,378</u>	<u>2,891</u>
Total Expenditures	<u>49,320</u>	<u>49,725</u>	<u>26,868</u>	<u>22,857</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,004)</u>	<u>(18,057)</u>	<u>4,349</u>	<u>22,406</u>
Other Financing Sources (Uses):				
Transfers in			12	12
Transfers out	(310)	(310)	(362)	(52)
Total Other Financing Sources (Uses)	<u>(310)</u>	<u>(310)</u>	<u>(350)</u>	<u>(40)</u>
Net Change in Fund Balance	(18,314)	(18,367)	3,999	22,366
Fund Balance at Beginning of Year	<u>19,024</u>	<u>19,024</u>	<u>19,024</u>	
Fund Balance at End of Year	<u>\$ 710</u>	<u>657</u>	<u>23,023</u>	<u>22,366</u>

COUNTY OF CONTRA COSTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 6,462	6,827	5,467	(1,360)
Use of money and property	429	429	539	110
Intergovernmental			120	120
Charges for services	949	949		(949)
Other revenue			57	57
Total Revenues	7,840	8,205	6,183	(2,022)
Expenditures:				
Current:				
Public Assistance				
Salaries and benefits		8		8
Services and supplies	9,762	10,364		10,364
Other charges	66,719	65,206	8,255	56,951
Expenditure transfers	1,182	1,488		1,488
Total Public Assistance	77,663	77,066	8,255	68,811
Debt service:				
Interest			24	(24)
Bond issuance cost			654	(654)
Capital outlay		961		961
Total Expenditures	77,663	78,027	8,933	69,094
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,823)	(69,822)	(2,750)	67,072
Other Financing Sources (Uses):				
Transfers in	1,901	1,901	311	(1,590)
Transfers out	(1,417)	(1,417)	(1,045)	372
Proceeds from issuance of debt	29,625	29,625	32,004	2,379
Discount on debt issued			(583)	(583)
Total Other Financing Sources (Uses)	30,109	30,109	30,687	578
Net Change in Fund Balance	(39,714)	(39,713)	27,937	67,650
Fund Balance at Beginning of Year	39,123	39,123	39,123	
Fund Balance at End of Year	\$ (591)	(590)	67,060	67,650

COUNTY OF CONTRA COSTA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2004

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.

COUNTY OF CONTRA COSTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2004
 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
Assets:					
Cash and investments	\$ 223,373	43,564	4,104	2,016	273,057
Accounts receivable and accrued revenue	13,392	2,693			16,085
Due from other funds	6,149	157			6,306
Advances to other funds	6,103				6,103
Notes receivable	10,363				10,363
Prepaid items and deposits	1,709				1,709
Land held for resale	444				444
Total Assets	\$ 261,533	46,414	4,104	2,016	314,067
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 12,699	4,796	79		17,574
Due to other funds	21,414	8,722		106	30,242
Welfare program advances	3				3
Advances from other funds	4,636	94			4,730
Deferred revenue	13,978				13,978
Total Liabilities	52,730	13,612	79	106	66,527
Fund Balances:					
Reserved for:					
Encumbrances	5,545				5,545
Advances to other funds	6,093				6,093
Prepaid items and deposits	1,709				1,709
Land held for resale	444				444
Housing projects	511				511
Debt service		25,727			25,727
Nonexpendable permanent fund				1,729	1,729
Unreserved, reported in:					
Special revenue funds	194,501				194,501
Debt service funds		7,075			7,075
Capital projects funds			4,025		4,025
Permanent fund				181	181
Total Fund Balances	208,803	32,802	4,025	1,910	247,540
Total Liabilities and Fund Balances	\$ 261,533	46,414	4,104	2,016	314,067

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
Revenues:					
Taxes	\$ 126,599	7,289			133,888
Licenses, permits and franchise fees	3,725				3,725
Fines, forfeitures and penalties	4,258				4,258
Use of money and property	3,746	1,835	31	12	5,624
Intergovernmental	34,072	8			34,080
Charges for services	43,508				43,508
Other revenue	15,559	16,976			32,535
Total Revenues	<u>231,467</u>	<u>26,108</u>	<u>31</u>	<u>12</u>	<u>257,618</u>
Expenditures:					
Current:					
General government	3,219	4			3,223
Public protection	127,001				127,001
Health and sanitation	11,536				11,536
Public assistance	20,122	37,260			57,382
Education	19,242				19,242
Public ways and facilities	34,939				34,939
Recreation and culture	1,337				1,337
Debt service:					
Principal	377	30,576			30,953
Bond issuance cost	29	539			568
Interest	176	47,058	1		47,235
Total Expenditures	<u>217,978</u>	<u>115,437</u>	<u>1</u>		<u>333,416</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,489</u>	<u>(89,329)</u>	<u>30</u>	<u>12</u>	<u>(75,798)</u>
Other Financing Sources (Uses):					
Transfers in	938	49,338			50,276
Transfers out	(7,988)	(1,904)		(106)	(9,998)
Proceeds from the sale of real estate	500				500
Proceeds from issuance of debt	2,201	30,085			32,286
Premium on debt issuance		21			21
Discount on debt issued	(38)				(38)
Payment to refunded bond escrow agent		(7,259)			(7,259)
Total Other Financing Sources (Uses)	<u>(4,387)</u>	<u>70,281</u>		<u>(106)</u>	<u>65,788</u>
Net Change in Fund Balances	<u>9,102</u>	<u>(19,048)</u>	<u>30</u>	<u>(94)</u>	<u>(10,010)</u>
Fund Balances at Beginning of Year, as Previously Reported	199,520	51,850	3,995	2,004	257,369
Adjustments to beginning fund balances	181				181
Fund Balances at Beginning of Year, as Restated	<u>199,701</u>	<u>51,850</u>	<u>3,995</u>	<u>2,004</u>	<u>257,550</u>
Fund Balances at End of Year	<u>\$ 208,803</u>	<u>32,802</u>	<u>4,025</u>	<u>1,910</u>	<u>247,540</u>

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 FUNDS

These funds were established to provide 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 was established to provide library services for all areas of the county except the city of Richmond. Property taxes provide most of the fund's revenues.

FIRE PROTECTION FUNDS

These special district funds provide fire protection services to both cities and unincorporated areas in the county. They are financed primarily by property taxes.

HEALTH AND SANITATION FUNDS

These funds provide a variety of health and sanitation services. They are financed by state grants, the county's share of the tobacco tax and user fees.

SERVICE AREAS FUNDS

These special district funds provide services such as lighting, park, or street maintenance to specific areas in the county. They are financed by property taxes and user charges.

FLOOD CONTROL FUNDS

These special district funds provide services to control flood and storm waters. Revenues are primarily received from property taxes and federal grants.

LAW ENFORCEMENT FUNDS

These funds provide for a variety of law enforcement services financed by property taxes, narcotics seizures and court fines and fees.

COURTS AND CRIMINAL JUSTICE FUNDS

These funds are used 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 FUNDS

These funds provide 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) FUNDS

These funds are 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 provide services to both providers and recipients of in-home care delivered through the In-Home Supportive Services program.

OTHER SPECIAL REVENUE FUNDS

These funds account for the activities of several non-grant Special Revenue Funds. They include Fish and Game, Survey Monuments, Victim Assistance, Sans Crainte Drainage and county Water Districts.



COUNTY OF CONTRA COSTA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

JUNE 30, 2004
(In Thousands)

	Road	Library	Fire Protection	Health & Sanitation	Service Areas	Flood Control
Assets:						
Cash and investments	\$ 50,024	10,140	38,874	9,092	21,150	27,059
Accounts receivable and accrued revenue	6,022	1,126	3,151	567	73	712
Due from other funds	2,757	117	236	11	76	763
Advances to other funds	25					25
Notes receivable						
Prepaid items and deposits	504	84	955	4		20
Land held for resale						
Total Assets	\$ 59,332	11,467	43,216	9,674	21,299	28,579
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 710	1,203	6,979	928	1,276	352
Due to other funds	1,761	340	618	2,449	247	3,693
Welfare program advances					1	
Advances from other funds						
Deferred revenue	2,496		13			
Total Liabilities	4,967	1,543	7,610	3,377	1,524	4,045
Fund Balances:						
Reserved for:						
Encumbrances	595	1,102	3,188			203
Advances to other funds	25					25
Prepaid items and deposits	504	84	955	4		20
Land held for resale						
Housing projects						
Unreserved:						
Designated for equipment replacement	4,012	146				310
Undesignated	49,229	8,592	31,463	6,293	19,775	23,976
Total Fund Balances	54,365	9,924	35,606	6,297	19,775	24,534
Total Liabilities and Fund Balances	\$ 59,332	11,467	43,216	9,674	21,299	28,579

Law Enforcement	Courts & Criminal Justice	Recorder/Clerk Modernization	Redevelopment Agency	Child Development	In-Home Supportive Services	Other Special Revenue	Total
26,479	2,716	12,563	5,233	712	267	19,064	223,373
162	324	29	38	840	192	156	13,392
216	22		198	1,730		23	6,149
			4,432			6,053	6,103
23		8		111		5,931	10,363
			444				1,709
							444
<u>26,880</u>	<u>3,062</u>	<u>12,600</u>	<u>10,345</u>	<u>3,393</u>	<u>459</u>	<u>31,227</u>	<u>261,533</u>
165	38	70		639	84	255	12,699
6,522	236	3		1,735	97	3,713	21,414
2							3
			4,636				4,636
	25		4,432	870		6,142	13,978
<u>6,689</u>	<u>299</u>	<u>73</u>	<u>9,068</u>	<u>3,244</u>	<u>181</u>	<u>10,110</u>	<u>52,730</u>
14		8	322	5	14	94	5,545
						6,043	6,093
23		8		111			1,709
			444				444
			511				511
87							4,555
<u>20,067</u>	<u>2,763</u>	<u>12,511</u>		<u>33</u>	<u>264</u>	<u>14,980</u>	<u>189,946</u>
<u>20,191</u>	<u>2,763</u>	<u>12,527</u>	<u>1,277</u>	<u>149</u>	<u>278</u>	<u>21,117</u>	<u>208,803</u>
<u>26,880</u>	<u>3,062</u>	<u>12,600</u>	<u>10,345</u>	<u>3,393</u>	<u>459</u>	<u>31,227</u>	<u>261,533</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, 2004
 (In Thousands)

	Road	Library	Fire Protection	Health & Sanitation	Service Areas	Flood Control
Revenues:						
Taxes	\$ 16,083	14,769	72,420	4,543	4,005	6,165
Licenses, permits and franchise fees			107		10	3,600
Fines, forfeitures and penalties			1	1,657		
Use of money and property	598	80	188	68	1,544	503
Intergovernmental	2,740	2,766	3,313	3,899	1,595	856
Charges for services	12,159	983	2,732	190	4,815	13,048
Other revenue	3,481	489	774	797	70	1,051
Total Revenues	35,061	19,087	79,535	11,154	12,039	25,223
Expenditures:						
Current:						
General government		17				
Public protection			78,680		7,551	23,371
Health and sanitation				11,536		
Public assistance						
Education		18,893			349	
Public ways and facilities	34,295				643	1
Recreation and culture					990	
Debt service:						
Principal			369			
Interest						
Bond issuance cost						
Total Expenditures	34,295	18,910	79,049	11,536	9,533	23,372
Excess (Deficiency) of Revenues Over (Under) Expenditures	766	177	486	(382)	2,506	1,851
Other Financing Sources (Uses):						
Transfers in	595	185			25	
Transfers out		(408)		(8)		(102)
Proceeds from the sale of real estate	500					
Proceeds from issuance of debt						
Discount on debt issued						
Total Other Financing Sources (Uses)	1,095	(223)		(8)	25	(102)
Net Change in Fund Balances	1,861	(46)	486	(390)	2,531	1,749
Fund Balances at Beginning of Year, as Previously Reported	52,504	9,970	35,120	6,687	17,244	22,647
Adjustments to beginning fund balance						138
Fund Balances at Beginning of Year, as Restated	52,504	9,970	35,120	6,687	17,244	22,785
Fund Balances at End of Year	\$ 54,365	9,924	35,606	6,297	19,775	24,534

Law Enforcement	Courts & Criminal Justice	Recorder/Clerk Modernization	Redevelopment Agency	Child Development	In-Home Supportive Services	Other Special Revenue	Total
5,186			2,226			1,202	126,599
						8	3,725
396	2,190					14	4,258
242	25		32	11		455	3,746
7,380	522			8,258	1,005	1,738	34,072
1,698		4,184				3,699	43,508
414				6,559	38	1,886	15,559
<u>15,316</u>	<u>2,737</u>	<u>4,184</u>	<u>2,258</u>	<u>14,828</u>	<u>1,043</u>	<u>9,002</u>	<u>231,467</u>
448						2,754	3,219
12,006	100	1,851				3,442	127,001
							11,536
			2,487	14,363	1,307	1,965	20,122
							19,242
							34,939
347							1,337
		8					377
3		1	79			93	176
			29				29
<u>12,804</u>	<u>100</u>	<u>1,860</u>	<u>2,595</u>	<u>14,363</u>	<u>1,307</u>	<u>8,254</u>	<u>217,978</u>
2,512	2,637	2,324	(337)	465	(264)	748	13,489
133							938
(3,786)	(2,004)	(20)	(714)	(237)		(709)	(7,988)
							500
			2,201				2,201
			(38)				(38)
<u>(3,653)</u>	<u>(2,004)</u>	<u>(20)</u>	<u>1,449</u>	<u>(237)</u>	<u></u>	<u>(709)</u>	<u>(4,387)</u>
<u>(1,141)</u>	<u>633</u>	<u>2,304</u>	<u>1,112</u>	<u>228</u>	<u>(264)</u>	<u>39</u>	<u>9,102</u>
21,332	2,130	10,223	165	(79)	542	21,035	199,520
						43	181
<u>21,332</u>	<u>2,130</u>	<u>10,223</u>	<u>165</u>	<u>(79)</u>	<u>542</u>	<u>21,078</u>	<u>199,701</u>
<u>20,191</u>	<u>2,763</u>	<u>12,527</u>	<u>1,277</u>	<u>149</u>	<u>278</u>	<u>21,117</u>	<u>208,803</u>

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
ROAD SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$	16,083	16,083	
Use of money and property	680	680	598	(82)
Intergovernmental	24,770	5,324	2,740	(2,584)
Charges for services	8,308	10,103	12,159	2,056
Other revenue	2,780	3,450	3,481	31
Total Revenues	36,538	35,640	35,061	(579)
Expenditures:				
Public Ways and Facilities				
Services and supplies	25,090	22,540	11,017	11,523
Other charges	9,365	9,169	6,454	2,715
Fixed assets	217	513	435	78
Expenditure transfers	14,335	17,042	16,389	653
Reserves	177	166		166
Total Expenditures	49,184	49,430	34,295	15,135
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,646)	(13,790)	766	14,556
Other Financing Sources (Uses) :				
Transfers in	525	1,019	595	(424)
Transfers out	(486)	(486)		486
Proceeds from the sale of real estate	500	500	500	
Total Other Financing Sources (Uses)	539	1,033	1,095	62
Net Change in Fund Balance	(12,107)	(12,757)	1,861	14,618
Fund Balance at Beginning of Year	52,504	52,504	52,504	
Fund Balance at End of Year	\$ 40,397	39,747	54,365	14,618

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 13,929	13,929	14,769	840
Use of money and property	41	41	80	39
Intergovernmental	2,702	2,702	2,766	64
Charges for services	907	907	983	76
Other revenue	693	1,039	489	(550)
Total Revenues	<u>18,272</u>	<u>18,618</u>	<u>19,087</u>	<u>469</u>
Expenditures:				
General Government				
Fixed assets	1,623	1,623	17	1,606
Total General Government	<u>1,623</u>	<u>1,623</u>	<u>17</u>	<u>1,606</u>
Education				
Salaries and benefits	13,262	13,440	13,269	171
Services and supplies	4,241	4,868	3,309	1,559
Other charges	2,034	2,459	2,240	219
Fixed assets	1,258	374	75	299
Total Education	<u>20,795</u>	<u>21,141</u>	<u>18,893</u>	<u>2,248</u>
Total Expenditures	<u>22,418</u>	<u>22,764</u>	<u>18,910</u>	<u>3,854</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,146)</u>	<u>(4,146)</u>	<u>177</u>	<u>4,323</u>
Other Financing Sources (Uses):				
Transfers in	574	574	185	(389)
Transfers out	(408)	(408)	(408)	
Total Other Financing Sources (Uses)	<u>166</u>	<u>166</u>	<u>(223)</u>	<u>(389)</u>
Net Change in Fund Balance	<u>(3,980)</u>	<u>(3,980)</u>	<u>(46)</u>	<u>3,934</u>
Fund Balance at Beginning of Year	<u>9,970</u>	<u>9,970</u>	<u>9,970</u>	
Fund Balance at End of Year	<u>\$ 5,990</u>	<u>5,990</u>	<u>9,924</u>	<u>3,934</u>

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 73,119	73,119	72,420	(699)
Licenses, permits, and franchise fees	145	145	107	(38)
Fines, forfeitures and penalties			1	1
Use of money and property	214	214	188	(26)
Intergovernmental	1,171	1,171	3,313	2,142
Charges for services	2,954	3,126	2,732	(394)
Other revenue	1,733	1,734	774	(960)
Total Revenues	<u>79,336</u>	<u>79,509</u>	<u>79,535</u>	<u>26</u>
Expenditures:				
Current:				
Public Protection				
Salaries and benefits	70,812	70,480	65,436	5,044
Services and supplies	12,241	11,000	6,831	4,169
Other charges	3,706	3,990	3,062	928
Fixed assets	14,181	15,642	3,351	12,291
Total Public Protection	<u>100,940</u>	<u>101,112</u>	<u>78,680</u>	<u>22,432</u>
Debt service:				
Principal	<u>369</u>	<u>369</u>	<u>369</u>	
Total Expenditures	<u>101,309</u>	<u>101,481</u>	<u>79,049</u>	<u>22,432</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,973)</u>	<u>(21,972)</u>	<u>486</u>	<u>22,458</u>
Other Financing Sources (Uses):				
Transfers in	178	178		(178)
Transfers out	<u>(206)</u>	<u>(206)</u>		<u>206</u>
Total Other Financing Sources (Uses)	<u>(28)</u>	<u>(28)</u>		<u>28</u>
Net Change in Fund Balance	(22,001)	(22,000)	486	22,486
Fund Balance at Beginning of the Year	<u>35,120</u>	<u>35,120</u>	<u>35,120</u>	
Fund Balance at End of Year	<u>\$ 13,119</u>	<u>13,120</u>	<u>35,606</u>	<u>22,486</u>

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
HEALTH AND SANITATION SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 4,306	4,306	4,543	237
Fines, forfeitures and penalties	1,305	1,657	1,657	
Use of money and property	1,651	2	68	66
Intergovernmental	3,758	4,743	3,899	(844)
Charges for services	165	190	190	
Other revenue		797	797	
Total Revenues	11,185	11,695	11,154	(541)
Expenditures:				
Current:				
Health and Sanitation				
Salaries and benefits	393	393	257	136
Services and supplies	12,939	12,837	7,064	5,773
Other charges	924	1,296	1,268	28
Fixed assets	25	25		25
Expenditure transfers	3,500	3,750	2,947	803
Reserves	(12)			
Total Health and Sanitation	17,769	18,301	11,536	6,765
Debt service:				
Principal	60	60		60
Interest	10	10		10
Total Expenditures	17,839	18,371	11,536	6,835
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,654)	(6,676)	(382)	6,294
Other Financing Uses:				
Transfers out	(8)	(8)	(8)	
Total Other Financing Uses	(8)	(8)	(8)	
Net Change in Fund Balance	(6,662)	(6,684)	(390)	6,294
Fund Balance at Beginning of Year	6,687	6,687	6,687	
Fund Balance at End of Year	\$ 25	3	6,297	6,294

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
SERVICE AREAS SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 3,381	3,390	4,005	615
Licenses, permits and franchise fees	15	15	10	(5)
Use of money and property	449	451	1,544	1,093
Intergovernmental	1,300	1,300	1,595	295
Charges for services	3,234	3,234	4,815	1,581
Other revenue	10	14	70	56
Total Revenues	8,389	8,404	12,039	3,635
Expenditures:				
Current:				
Public Protection				
Services and supplies	10,386	10,618	4,865	5,753
Other charges	1,658	1,680	2,129	(449)
Fixed assets	3,726	3,407	52	3,355
Expenditure transfers	403	468	505	(37)
Reserves	154	154		154
Total Public Protection	16,327	16,327	7,551	8,776
Education				
Services and supplies	212	2		2
Other charges		271	349	(78)
Total Education	212	273	349	(76)
Public Ways and Facilities				
Services and supplies	3,621	3,548	265	3,283
Other charges	90	340	309	31
Fixed assets	841	841	46	795
Expenditure transfers	211	33	23	10
Total Public Ways and Facilities	4,763	4,762	643	4,119

(continued)

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
SERVICE AREAS SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation and Culture				
Salaries and benefits	2	3	2	1
Services and supplies	171	528	489	39
Other charges	211	212	192	20
Fixed assets	2,701	2,281	183	2,098
Expenditure transfers	62	130	124	6
Total Recreation and Culture	3,147	3,154	990	2,164
Total Expenditures	24,449	24,516	9,533	14,983
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,060)	(16,112)	2,506	18,618
Other Financing Sources (Uses):				
Transfers in	25	25	25	
Transfers out	(130)	(78)		78
Total Other Financing Sources (Uses)	(105)	(53)	25	78
Net Change in Fund Balance	(16,165)	(16,165)	2,531	18,696
Fund Balance at Beginning of Year	17,244	17,244	17,244	
Fund Balance at End of Year	\$ 1,079	1,079	19,775	18,696

(concluded)

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
FLOOD CONTROL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 5,298	5,749	6,165	416
Licenses, permits and franchise fees	2,883	2,903	3,600	697
Use of money and property	123	152	503	351
Intergovernmental	70	409	856	447
Charges for services	11,976	12,942	13,048	106
Other revenue	690	850	1,051	201
Total Revenues	21,040	23,005	25,223	2,218
Expenditures:				
Current:				
Public Protection				
Salaries and benefits	2	2	2	
Services and supplies	21,403	20,425	12,993	7,432
Other charges	9,274	8,429	1,271	7,158
Fixed assets	278	217	214	3
Expenditure transfers	4,706	8,557	8,891	(334)
Reserves	1,914	1,889		1,889
Total Public Protection	37,577	39,519	23,371	16,148
Public Ways and Facilities				
Services and supplies	4,214	4,214		4,214
Other charges	2	2	1	1
Total Public Ways and Facilities	4,216	4,216	1	4,215
Debt service:				
Principal	73	94		94
Interest		24		24
Total Expenditures	41,866	43,853	23,372	20,481
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,826)	(20,848)	1,851	22,699
Other Financing Sources (Uses):				
Transfers in	200	200		(200)
Transfers out	(1,968)	(1,945)	(102)	1,843
Total Other Financing Sources (Uses)	(1,768)	(1,745)	(102)	1,643
Net Change in Fund Balance	(22,594)	(22,593)	1,749	24,342
Fund Balance at Beginning of Year, as Previously Reported	22,647	22,647	22,647	
Adjustments to beginning fund balance			138	138
Fund Balance at Beginning of Year, as Restated	22,647	22,647	22,785	138
Fund Balance at End of Year	\$ 53	54	24,534	24,480

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 4,809	4,845	5,186	341
Fines, forfeitures and penalties	396	396	396	
Use of money and property	184	196	242	46
Intergovernmental	7,671	7,805	7,380	(425)
Charges for services	547	612	1,698	1,086
Other revenue	357	357	414	57
Total Revenues	13,964	14,211	15,316	1,105
Expenditures:				
General Government				
Services and supplies	4,503	3,972		3,972
Other charges		1		1
Expenditure transfers		449	448	1
Total General Government	4,503	4,422	448	3,974
Public Protection				
Salaries and benefits	1,547	1,625	1,400	225
Services and supplies	10,030	9,412	3,980	5,432
Other charges	3,147	3,366	2,961	405
Fixed assets	72	116	22	94
Expenditure transfers	8,917	9,243	3,643	5,600
Total Public Protection	23,713	23,762	12,006	11,756
Recreation and Culture				
Salaries and benefits	6	6	6	
Services and supplies	362	179	136	43
Other charges	20	20	16	4
Fixed assets	5	185	179	6
Expenditure transfers	6	10	10	
Total Recreation and Culture	399	400	347	53
Debt service:				
Interest			3	(3)
Total Expenditures	28,615	28,584	12,804	15,780
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,651)	(14,373)	2,512	16,885
Other Financing Sources (Uses):				
Transfers in	572	490	133	(357)
Transfers out	(3,841)	(4,055)	(3,786)	269
Total Other Financing Sources (Uses)	(3,269)	(3,565)	(3,653)	(88)
Net Change in Fund Balance	(17,920)	(17,938)	(1,141)	16,797
Fund Balance at Beginning of Year	21,332	21,332	21,332	
Fund Balance at End of Year	\$ 3,412	3,394	20,191	16,797

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
COURTS AND CRIMINAL JUSTICE SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, forfeitures and penalties	\$ 2,003	2,003	2,190	187
Use of money and property			25	25
Intergovernmental		421	522	101
Total Revenues	<u>2,003</u>	<u>2,424</u>	<u>2,737</u>	<u>313</u>
Expenditures:				
General Government				
Services and supplies	743	324		324
Other charges	1,164	2,004		2,004
Total General Government	<u>1,907</u>	<u>2,328</u>		<u>2,328</u>
Public Protection				
Services and supplies	222	221	99	122
Other charges		1	1	
Total Public Protection	<u>222</u>	<u>222</u>	<u>100</u>	<u>122</u>
Total Expenditures	<u>2,129</u>	<u>2,550</u>	<u>100</u>	<u>2,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(126)</u>	<u>(126)</u>	<u>2,637</u>	<u>2,763</u>
Other Financing Uses:				
Transfers out	<u>(2,004)</u>	<u>(2,004)</u>	<u>(2,004)</u>	
Total Other Financing Uses	<u>(2,004)</u>	<u>(2,004)</u>	<u>(2,004)</u>	
Net Change in Fund Balance	<u>(2,130)</u>	<u>(2,130)</u>	<u>633</u>	<u>2,763</u>
Fund Balance at Beginning of Year	<u>2,130</u>	<u>2,130</u>	<u>2,130</u>	
Fund Balance at End of Year	<u>\$</u>		<u>2,763</u>	<u>2,763</u>

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
RECORDER/CLERK MODERNIZATION SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 2,353	2,353	4,184	1,831
Total Revenues	<u>2,353</u>	<u>2,353</u>	<u>4,184</u>	<u>1,831</u>
Expenditures:				
Current:				
Public Protection				
Salaries and benefits	825	825	632	193
Services and supplies	9,498	9,445	904	8,541
Other charges	17	67	59	8
Fixed assets	2,197	2,197	256	1,941
Total Public Protection	<u>12,537</u>	<u>12,534</u>	<u>1,851</u>	<u>10,683</u>
Debt Service:				
Principal		2	8	(6)
Interest			1	(1)
Total Expenditures	<u>12,537</u>	<u>12,536</u>	<u>1,860</u>	<u>10,676</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,184)</u>	<u>(10,183)</u>	<u>2,324</u>	<u>12,507</u>
Other Financing Uses:				
Transfers out	(20)	(20)	(20)	
Total Other Financing Uses	<u>(20)</u>	<u>(20)</u>	<u>(20)</u>	
Net Change in Fund Balance	(10,204)	(10,203)	2,304	12,507
Fund Balance at Beginning of Year	<u>10,223</u>	<u>10,223</u>	<u>10,223</u>	
Fund Balance at End of Year	<u>\$ 19</u>	<u>20</u>	<u>12,527</u>	<u>12,507</u>

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,384	1,367	2,226	859
Use of money and property	73	73	32	(41)
Charges for services	1,830	1,830		(1,830)
Total Revenues	<u>3,287</u>	<u>3,270</u>	<u>2,258</u>	<u>(1,012)</u>
Expenditures:				
Current:				
Public Assistance				
Services and supplies	4,534	6,779	20	6,759
Other charges	4,124	1,798	2,467	(669)
Fixed assets	482	482		482
Total Public Assistance	<u>9,140</u>	<u>9,059</u>	<u>2,487</u>	<u>6,572</u>
Debt service:				
Principal				
Interest		64	79	(15)
Bond issuance cost			29	(29)
Total Expenditures	<u>9,140</u>	<u>9,123</u>	<u>2,595</u>	<u>6,528</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,853)</u>	<u>(5,853)</u>	<u>(337)</u>	<u>5,516</u>
Other Financing Sources (Uses):				
Transfers out	(164)	(164)	(714)	(550)
Proceeds from issuance of debt	2,589	2,589	2,201	(388)
Discount on debt issued			(38)	(38)
Total Other Financing Sources (Uses)	<u>2,425</u>	<u>2,425</u>	<u>1,449</u>	<u>(976)</u>
Net Change in Fund Balance	<u>(3,428)</u>	<u>(3,428)</u>	<u>1,112</u>	<u>4,540</u>
Fund Balance at Beginning of Year	<u>165</u>	<u>165</u>	<u>165</u>	
Fund Balance at End of Year	<u>\$ (3,263)</u>	<u>(3,263)</u>	<u>1,277</u>	<u>4,540</u>

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
CHILD DEVELOPMENT SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$		11	11
Intergovernmental	8,099	8,349	8,258	(91)
Other revenue	6,004	6,391	6,559	168
Total Revenues	<u>14,103</u>	<u>14,740</u>	<u>14,828</u>	<u>88</u>
Expenditures:				
Public Assistance				
Salaries and benefits	7,278	7,658	7,658	
Services and supplies	1,299	821	769	52
Other charges	529	606	606	
Expenditure transfers	4,673	5,331	5,330	1
Total Expenditures	<u>13,779</u>	<u>14,416</u>	<u>14,363</u>	<u>53</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>324</u>	<u>324</u>	<u>465</u>	<u>141</u>
Other Financing Uses:				
Transfers out	(237)	(237)	(237)	
Total Other Financing Uses	<u>(237)</u>	<u>(237)</u>	<u>(237)</u>	
Net Change in Fund Balance	87	87	228	141
Fund Balance at Beginning of Year	<u>(79)</u>	<u>(79)</u>	<u>(79)</u>	
Fund Balance at End of Year	<u>\$ 8</u>	<u>8</u>	<u>149</u>	<u>141</u>

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property				
Intergovernmental	\$ 5,725	1,210	1,005	(205)
Other revenue	1,294	33	38	5
Total Revenues	<u>7,019</u>	<u>1,243</u>	<u>1,043</u>	<u>(200)</u>
Expenditures:				
Current:				
Public Assistance				
Salaries and benefits	768	948	828	120
Services and supplies	6,449	472	311	161
Other charges	336	357	168	189
Total Expenditures	<u>7,553</u>	<u>1,777</u>	<u>1,307</u>	<u>470</u>
Net Change in Fund Balance	(534)	(534)	(264)	270
Fund Balance at Beginning of Year	<u>542</u>	<u>542</u>	<u>542</u>	
Fund Balance at End of Year	<u>\$ 8</u>	<u>8</u>	<u>278</u>	<u>270</u>

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
OTHER SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 1,143	1,143	1,202	59
Licenses, permits and franchise fees	106	106	8	(98)
Fines, forfeitures and penalties	10	10	14	4
Use of money and property	1,502	1,502	455	(1,047)
Intergovernmental	988	718	1,738	1,020
Charges for services	3,487	3,999	3,699	(300)
Other revenue	1,303	1,303	1,886	583
Total Revenues	8,539	8,781	9,002	221
Expenditures:				
Current:				
General Government				
Services and supplies	4,566	1,841		1,841
Other charges	1	2,726	2,722	4
Expenditure transfers	75	75	32	43
Total General Government	4,642	4,642	2,754	1,888
Public Protection				
Salaries and benefits		262	262	
Services and supplies	4,533	4,255	2,215	2,040
Other charges	1	99	91	8
Fixed assets		19	19	
Expenditure transfers	514	979	855	124
Total Public Protection	5,048	5,614	3,442	2,172
Public Assistance				
Salaries and benefits		8	7	1
Services and supplies	7,382	6,733	1,348	5,385
Other charges	187	245	232	13
Expenditure transfers	100	378	378	
Total Public Assistance	7,669	7,364	1,965	5,399
Debt service:				
Interest	800	800	93	707
Total Expenditures	18,159	18,420	8,254	10,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,620)	(9,639)	748	10,387
Other Financing Uses:				
Transfers in	(3)	(3)		3
Transfers out	(2,030)	(2,030)	(709)	1,321
Total Other Financing Uses	(2,033)	(2,033)	(709)	1,324
Net Change in Fund Balance	(11,653)	(11,672)	39	11,711
Fund Balance at Beginning of Year, as Previously Reported	21,035	21,035	21,035	
Adjustments to beginning fund balance			43	43
Fund Balance at Beginning of Year, as Restated	21,035	21,035	21,078	43
Fund Balance at End of Year	\$ 9,382	9,363	21,117	11,754



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 accumulate 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 accumulate monies for payment of storm drainage bonds. Financing is provided by specific property tax levies.

PUBLIC FINANCING AUTHORITY FUNDS

These funds are used to accumulate 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 accumulate 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 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) FUNDS

These funds are used to accumulate monies for payment of general long-term debt incurred for the purchase of real property within the area of the Redevelopment Agency.

PENSION BOND FUND

This fund is used to accumulate monies for payment of taxable pension obligation bonds. These bonds were issued to reduce or extinguish the county's unfunded actuarial accrued liability (UAAL).

ASSESSMENT DISTRICTS FUNDS

These funds were established 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, 2004
 (In Thousands)

	Recreation and Park Bonds	Storm Drainage Bonds	Public Financing Authority
Assets:			
Cash and investments	\$ 13	1	24,338
Accounts receivable and accrued revenue	7		
Due from other funds			
	20	1	24,338
	20	1	24,338
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities			4,504
Due to other funds			
Advance from other funds			
			4,504
			4,504
Fund Balances:			
Reserved for:			
Debt service	20	1	7,875
Unreserved, designated for:			
Future projects			11,959
Undesignated			
	20	1	19,834
	20	1	19,834
Total Liabilities and Fund Balances	\$ 20	1	24,338
	20	1	24,338

Retirement Litigation Settlement	Redevelopment Agency	Pension Bond	Assessment Districts	Total
1,101	12,744		5,367	43,564
	102	2,583	1	2,693
157				157
<u>1,258</u>	<u>12,846</u>	<u>2,583</u>	<u>5,368</u>	<u>46,414</u>
		3	289	4,796
1,258		7,464		8,722
	94			94
<u>1,258</u>	<u>94</u>	<u>7,467</u>	<u>289</u>	<u>13,612</u>
	12,752		5,079	25,727
		(4,884)		11,959
		(4,884)		(4,884)
	12,752	(4,884)	5,079	32,802
<u>1,258</u>	<u>12,846</u>	<u>2,583</u>	<u>5,368</u>	<u>46,414</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, 2004
 (In Thousands)

	Recreation and Park Bonds	Storm Drainage Bonds	Public Financing Authority
Revenues:			
Taxes	\$ 516	6	
Use of money and property			739
Intergovernmental	8		
Other revenue			15,952
Total Revenues	524	6	16,691
Expenditures:			
Current:			
General Government			
Public Assistance	2		37,227
Capital outlay			
Debt service:			
Principal	490	5	8,405
Bond issuance cost			539
Interest	38		8,384
Total Expenditures	530	5	54,555
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6)	1	(37,864)
Other Financing Sources (Uses):			
Transfers in			16,089
Transfers out			(1,101)
Proceeds from issuance of debt			18,500
Premium on debt issuance			21
Payment to refunded bond escrow agent			
Total Other Financing Sources (Uses)			33,509
Net Change in Fund Balances	(6)	1	(4,355)
Fund Balances at Beginning of Year	26		24,189
Fund Balances at End of Year	\$ 20	1	19,834

<u>Retirement Litigation Settlement</u>	<u>Redevelopment Agency</u>	<u>Pension Bond</u>	<u>Assessment Districts</u>	<u>Total</u>
	3,433		3,334	7,289
	253	827	16	1,835
				8
<u>47</u>		<u>977</u>		<u>16,976</u>
<u>47</u>	<u>3,686</u>	<u>1,804</u>	<u>3,350</u>	<u>26,108</u>
		4		4
			31	37,260
1,258	850	18,000	1,568	30,576
				539
	<u>2,197</u>	<u>35,463</u>	<u>976</u>	<u>47,058</u>
<u>1,258</u>	<u>3,047</u>	<u>53,467</u>	<u>2,575</u>	<u>115,437</u>
<u>(1,211)</u>	<u>639</u>	<u>(51,663)</u>	<u>775</u>	<u>(89,329)</u>
1,211	1,679	30,359		49,338
			(803)	(1,904)
	11,585			30,085
	(7,259)			21
				(7,259)
<u>1,211</u>	<u>6,005</u>	<u>30,359</u>	<u>(803)</u>	<u>70,281</u>
	6,644	(21,304)	(28)	(19,048)
	6,108	16,420	5,107	51,850
	<u>12,752</u>	<u>(4,884)</u>	<u>5,079</u>	<u>32,802</u>

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
RECREATION AND PARK BONDS DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 529	529	516	(13)
Intergovernmental	5	5	8	3
Total Revenues	<u>534</u>	<u>534</u>	<u>524</u>	<u>(10)</u>
Expenditures:				
Current:				
Public Assistance	16	16	2	14
Debt service:				
Principal	420	420	490	(70)
Interest	124	124	38	86
Total Expenditures	<u>560</u>	<u>560</u>	<u>530</u>	<u>30</u>
Net Change in Fund Balance	(26)	(26)	(6)	20
Fund Balance at Beginning of Year	26	26	26	
Fund Balance at End of Year	<u>\$</u>	<u></u>	<u>20</u>	<u>20</u>

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
STORM DRAINAGE BONDS DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 5	5	6	1
Expenditures:				
Debt service:				
Principal	5	5	5	
Interest	1	1		1
Total Expenditures	6	6	5	1
Net Change in Fund Balance	(1)	(1)	1	2
Fund Balance at Beginning of Year				
Fund Balance at End of Year	\$ (1)	(1)	1	2

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
RETIREMENT LITIGATION SETTLEMENT DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other revenue	\$ 47	47	47	
Total Revenues	47	47	47	
Expenditures:				
Debt service:				
Principal		1,258	1,258	
Total Expenditures		1,258	1,258	
Excess (Deficiency) of Revenues Over (Under) Expenditures	47	(1,211)	(1,211)	
Other Financing Sources:				
Transfers in	(47)	1,211	1,211	
Total Other Financing Sources	(47)	1,211	1,211	
Net Change in Fund Balance				
Fund Balance at Beginning of Year				
Fund Balance at End of Year	\$			

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,664	1,625	3,433	1,808
Use of money and property			253	253
Charges for services				
Total Revenues	1,664	1,625	3,686	2,061
Expenditures:				
Debt service:				
Principal	855	855	850	5
Interest	3,620	4,322	2,197	2,125
Total Expenditures	4,475	5,177	3,047	2,130
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,811)	(3,552)	639	4,191
Other Financing Sources (Uses):				
Transfers in			1,679	1,679
Transfers out		(1)		1
Proceeds from issuance of debt	2,811	10,812	11,585	773
Deposit with escrow agent		(7,259)	(7,259)	
Total Other Financing Sources (Uses)	2,811	3,552	6,005	2,453
Net Change in Fund Balance			6,644	6,644
Fund Balance at Beginning of Year	6,108	6,108	6,108	
Fund Balance at End of Year	\$ 6,108	6,108	12,752	6,644

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
PENSION BOND DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 1,063	618	827	209
Other revenue	968	977	977	
Total Revenues	2,031	1,595	1,804	209
Expenditures:				
Current:				
General Government	1,011	11	4	7
Public Assistance				
Debt service:				
Principal	16,739	18,009	18,000	9
Refunding bond issuance cost				
Interest	21,682	35,482	35,463	19
Total Expenditures	39,432	53,502	53,467	35
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,401)	(51,907)	(51,663)	244
Other Financing Sources (Uses):				
Transfers in	24,572	35,488	30,359	(5,129)
Transfers out				
Total Other Financing Sources (Uses)	24,572	35,488	30,359	(5,129)
Net Change in Fund Balance	(12,829)	(16,419)	(21,304)	(4,885)
Fund Balance at Beginning of Year	16,420	16,420	16,420	
Fund Balance at End of Year	\$ 3,591	1	(4,884)	(4,885)

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.

COUNTY FACILITIES FUNDS

These funds are used to report improvements to Juvenile Hall facilities and other miscellaneous capital projects.

ASSESSMENT DISTRICTS FUNDS

These funds were established 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, 2004
 (In Thousands)

	County Facilities	Assessment Districts	Total
Assets:			
Cash and investments	\$ 144	3,960	4,104
Due from other funds			
Total Assets	\$ 144	3,960	4,104
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 78	1	79
Due to other funds			
Total Liabilities	78	1	79
Fund balances:			
Unreserved:			
Undesignated	66	3,959	4,025
Total Fund Balances	66	3,959	4,025
Total Liabilities and Fund Balances	\$ 144	3,960	4,104

COUNTY OF CONTRA COSTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	County Facilities	Assessment Districts	Total
Revenues:			
Use of money and property	\$ 1	30	31
Total Revenues	1	30	31
Expenditures:			
Debt service:			
Interest	1		1
Total Expenditures	1		1
Net Change in Fund Balance		30	30
Fund Balances at Beginning of Year	66	3,929	3,995
Fund Balances at End of Year	66	3,959	4,025

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
COUNTY FACILITIES CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$		1	1
Total Revenues			1	1
Expenditures:				
Debt service:				
Interest	21	21	1	20
Total Expenditures	21	21	1	20
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21)	(21)		21
Net Change in Fund Balance	(21)	(21)		21
Fund Balance at Beginning of Year	66	66	66	
Fund Balance at End of Year	\$ 45	45	66	21

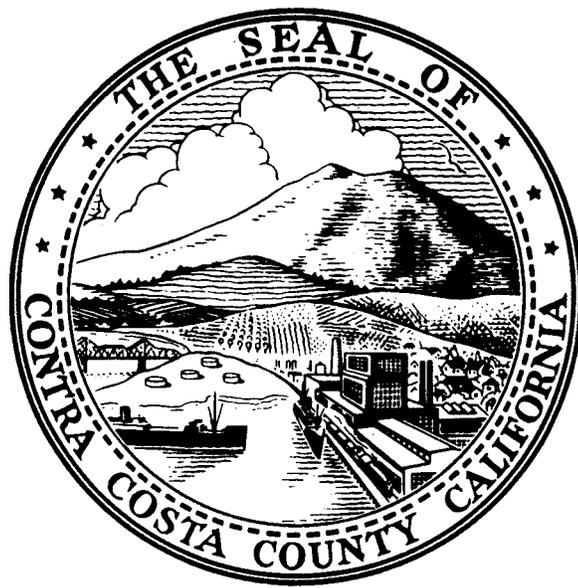
Nonmajor Governmental Fund

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 87).

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.

MAJOR RISK MEDICAL INSURANCE FUND

This fund accounts for operations of the county's participation in the state's Major Risk Medical Insurance Program. The program is designed to provide health insurance to Californians who are unable to obtain coverage on the open market. The Contra Costa Health Plan acts as the fiscal intermediary for the state. The county is not at risk for the costs of services in the program, which is funded through a combination of subscriber premiums and state funding from tobacco tax monies.

COUNTY OF CONTRA COSTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2004
(In Thousands)

	Airport	Sheriff Law Enforcement Training Center	Major Risk Medical Insurance	Total
Assets:				
Current assets:				
Cash and investments	\$ 750		443	1,193
Accounts receivable and accrued revenue (net)	55	41	214	310
Inventories	6			6
Due from other funds	7	41	1	49
Prepaid items and deposits	41	14		55
Total current assets	<u>859</u>	<u>96</u>	<u>658</u>	<u>1,613</u>
Capital assets:				
Nondepreciable	10,544			10,544
Depreciable, net	15,329	427		15,756
Total Assets	<u>\$ 26,732</u>	<u>523</u>	<u>658</u>	<u>27,913</u>
Liabilities and Net Assets				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 360	67	25	452
Accrued interest	21			21
Due to other funds	82	779	4	865
Current portion of long-term debt	392	4		396
Total current liabilities	<u>855</u>	<u>850</u>	<u>29</u>	<u>1,734</u>
Noncurrent portion of long-term liabilities:				
Capital lease obligations	1,254			1,254
Compensated absences	64	34		98
Bonds and notes payable	313			313
Total noncurrent portion of long-term liabilities	<u>1,631</u>	<u>34</u>		<u>1,665</u>
Total Liabilities	<u>2,486</u>	<u>884</u>	<u>29</u>	<u>3,399</u>
Net Assets:				
Invested in capital assets, net of related debt	23,922	427		24,349
Unrestricted	324	(788)	629	165
Total Net Assets	<u>24,246</u>	<u>(361)</u>	<u>629</u>	<u>24,514</u>
Total Liabilities and Net Assets	<u>\$ 26,732</u>	<u>523</u>	<u>658</u>	<u>27,913</u>

COUNTY OF CONTRA COSTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Airport	Sheriff Law Enforcement Training Center	Major Risk Medical Insurance	Total
Operating Revenues:				
Use of money and property	\$ 3,064		9	3,073
Charges for services	1	705	1,714	2,420
Other revenue	194	1		195
Total Operating Revenues	<u>3,259</u>	<u>706</u>	<u>1,723</u>	<u>5,688</u>
Operating Expenses:				
Salaries and employee benefits	1,252	989		2,241
Services and supplies	725	336	1,101	2,162
Other charges	659	80		739
Expenditure transfers				
Depreciation	1,934	30		1,964
Total Operating Expenses	<u>4,570</u>	<u>1,435</u>	<u>1,101</u>	<u>7,106</u>
Operating income (loss)	<u>(1,311)</u>	<u>(729)</u>	<u>622</u>	<u>(1,418)</u>
Nonoperating Revenues (Expenses):				
State and federal grants	1,069	392		1,461
Investment income	1			1
Interest expense	(98)		(4)	(102)
Total Nonoperating Revenue (Expenses)	<u>972</u>	<u>392</u>	<u>(4)</u>	<u>1,360</u>
Income/Loss Before Transfers	(339)	(337)	618	(58)
Transfers in		1,227		1,227
Transfers out	(72)	(32)		(104)
Change in Net Assets	(411)	858	618	1,065
Total Net Assets at Beginning of Year	<u>24,657</u>	<u>(1,219)</u>	<u>11</u>	<u>23,449</u>
Total Net Assets at End of Year	<u>\$ 24,246</u>	<u>(361)</u>	<u>629</u>	<u>24,514</u>

COUNTY OF CONTRA COSTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Airport	Sheriff Law Enforcement Training Center	Major Risk Medical Insurance	Total
Cash Flows from Operating Activities:				
Cash received from customers/other funds	\$ 3,299	703	2,173	6,175
Cash payment to suppliers for goods and services	(1,381)	(513)	(1,588)	(3,482)
Cash payment to employees for services	(1,230)	(972)		(2,202)
Net Cash Provided by Operating Activities	<u>688</u>	<u>(782)</u>	<u>585</u>	<u>491</u>
Cash flows from Noncapital Financing Activities:				
State and federal grants	1,069	392		1,461
Transfers received		1,227		1,227
Transfers paid	(72)	(32)		(104)
Due to other funds		(775)	(138)	(913)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>997</u>	<u>812</u>	<u>(138)</u>	<u>1,671</u>
Cash Flows from Capital and Related Financing Activities				
Principal paid on bonds and certificates	(64)			(64)
Acquisition and construction of capital assets	(1,233)	(30)		(1,263)
Interest paid	(120)		(4)	(124)
Lease purchase obligation principal payment	(333)			(333)
Net Cash Used in Capital and Related Financing Activities	<u>(1,750)</u>	<u>(30)</u>	<u>(4)</u>	<u>(1,784)</u>
Cash Flows from Investing Activities:				
Interest received on investments	1			1
Net Cash Provided by (Used in) Investing Activities	<u>1</u>			<u>1</u>
Net Increase in Cash and Cash Equivalents	(64)		443	379
Cash and Cash Equivalents at Beginning of Year	814			814
Cash and Cash Equivalents at End of Year	<u>\$ 750</u>		<u>443</u>	<u>1,193</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:				
Operating loss	\$ (1,311)	(729)	622	(1,418)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	1,934	30		1,964
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable and accrued revenue	44	(21)	451	474
Due from other funds	(4)	18	(1)	13
Prepaid items and deposits	(16)	14		(2)
Increase (decrease) in:				
Accounts payable and accrued liabilities	81	9	(484)	(394)
Employee benefits payable	13	10		23
Due to other funds	(62)	(120)	(3)	(185)
Compensated absences	9	7		16
Net Cash Provided by (Used in) Operating Activities	<u>\$ 688</u>	<u>(782)</u>	<u>585</u>	<u>491</u>
Noncash capital financing activities (Airport):				
Accrued interest	\$ 4			4
Debt amortization	4			4

INTERNAL SERVICE FUNDS

SELF-INSURANCE FUNDS

These funds are established to account for administrative costs and for 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, 2004
 (In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General
Assets:			
Cash and investments	\$ 2,217	2,620	27,431
Accounts receivable and accrued revenue (net)		169	1,663
Due from other funds	688	1	
Total Assets	\$ 2,905	2,790	29,094
Liabilities and Equity:			
Liabilities:			
Accounts payable and accrued liabilities			
Due to other funds	\$ 48	23	821
Claims payable:			
Current	472	361	20,680
Noncurrent		52	63,720
Total Liabilities	520	436	85,221
Net Assets:			
Unrestricted net assets	2,385	2,354	(56,127)
Total Net Assets	2,385	2,354	(56,127)
Total Liabilities and Net Assets	\$ 2,905	2,790	29,094

Workers' Compensation Insurance Fire Protection	Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
3,796	2,155	28,726	2,756	5,207	717	75,625
148		12	87			2,079
8	59	72				828
<u>3,952</u>	<u>2,214</u>	<u>28,810</u>	<u>2,843</u>	<u>5,207</u>	<u>717</u>	<u>78,532</u>
108	14	340	16	48	2	1,420
2,676	415	2,722	221	1,039	2	28,588
9,193	1,081	17,973		5,101		97,120
<u>11,977</u>	<u>1,510</u>	<u>21,035</u>	<u>237</u>	<u>6,188</u>	<u>4</u>	<u>127,128</u>
<u>(8,025)</u>	<u>704</u>	<u>7,775</u>	<u>2,606</u>	<u>(981)</u>	<u>713</u>	<u>(48,596)</u>
<u>(8,025)</u>	<u>704</u>	<u>7,775</u>	<u>2,606</u>	<u>(981)</u>	<u>713</u>	<u>(48,596)</u>
<u>3,952</u>	<u>2,214</u>	<u>28,810</u>	<u>2,843</u>	<u>5,207</u>	<u>717</u>	<u>78,532</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, 2004
 (In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General
Operating Revenues:			
Charges for services	\$ 8,213	2,035	20,514
Total Operating Revenues	<u>8,213</u>	<u>2,035</u>	<u>20,514</u>
Operating Expenses:			
Salaries and employee benefits			
Services and supplies	486	23	4,365
Benefit and claim expense	7,797	910	37,002
Total Operating Expenses	<u>8,283</u>	<u>933</u>	<u>41,367</u>
Operating Income (Loss)	<u>(70)</u>	<u>1,102</u>	<u>(20,853)</u>
Nonoperating Revenues:			
Investment income	15	10	734
Income (Loss) Before Transfers	(55)	1,112	(20,119)
Transfers in			
Transfers out			
Changes in Net Assets	(55)	1,112	(20,119)
Total Net Assets at Beginning of Year	<u>2,440</u>	<u>1,242</u>	<u>(36,008)</u>
Total Net Assets at End of Year	<u>\$ 2,385</u>	<u>2,354</u>	<u>(56,127)</u>

Workers' Compensation Insurance Fire Protection	Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
1,799	697	1,356	995		463	36,072
1,799	697	1,356	995		463	36,072
448	110	2,725	10	2,016	378	10,561
4,360	422	6,056	546	482	35	57,610
4,808	532	8,781	556	2,498	413	68,171
(3,009)	165	(7,425)	439	(2,498)	50	(32,099)
68		548	15		4	1,394
(2,941)	165	(6,877)	454	(2,498)	54	(30,705)
		2,596		4,000		6,596
(2,941)	165	(4,281)	454	1,502	54	(24,109)
(5,084)	539	12,056	2,152	(2,483)	659	(24,487)
(8,025)	704	7,775	2,606	(981)	713	(48,596)

COUNTY OF CONTRA COSTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General
Cash Flows from Operating Activities:			
Cash received from customers/other funds	\$ 8,208	2,031	20,479
Cash payment to suppliers for goods and services	(8,282)	(942)	(25,261)
Net Cash Provided by (Used for) Operating Activities	<u>(74)</u>	<u>1,089</u>	<u>(4,782)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers received			
Net Cash Provided by (Used for) Noncapital Financing Activities			
Cash Flows from Investing Activities:			
Interest received on investments	15	10	734
Net Cash Provided by Investing Activities	<u>15</u>	<u>10</u>	<u>734</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(59)	1,099	(4,048)
Cash and Cash Equivalents at Beginning of Year	<u>2,276</u>	<u>1,521</u>	<u>31,479</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,217</u>	<u>2,620</u>	<u>27,431</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (70)	1,102	(20,853)
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	8	(3)	(37)
Due from other funds	(13)	(1)	2
Increase (decrease) in:			
Accounts payable and accrued liabilities		(2)	16,267
Due to other funds	1	(7)	(161)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (74)</u>	<u>1,089</u>	<u>(4,782)</u>

Workers' Compensation Insurance Fire Protection	Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
2,022	691	1,289	1,005		463	36,188
(3,613)	(439)	(6,397)	(552)	(2,959)	(425)	(48,870)
(1,591)	252	(5,108)	453	(2,959)	38	(12,682)
		2,596		4,000		6,596
		2,596		4,000		6,596
68		548	15		4	1,394
68		548	15		4	1,394
(1,523)	252	(1,964)	468	1,041	42	(4,692)
5,319	1,903	30,690	2,288	4,166	675	80,317
3,796	2,155	28,726	2,756	5,207	717	75,625
(3,009)	165	(7,425)	439	(2,498)	50	(32,099)
228		5	10			211
(5)	(6)	(72)				(95)
1,447	95	2,371		(450)	(12)	19,716
(252)	(2)	13	4	(11)		(415)
(1,591)	252	(5,108)	453	(2,959)	38	(12,682)



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

These funds 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

These funds account for assets held by the county for individuals, private organizations and other governmental units. These funds include payroll deduction clearing and collections clearing funds.

COUNTY OF CONTRA COSTA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(In Thousands)

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
Tax Losses Reserve:				
Assets:				
Cash and investments	\$ 24,967	11,712	21,063	15,616
Due from other funds	5,435	4,552	5,435	4,552
Total Assets	\$ 30,402	16,264	26,498	20,168
Liabilities:				
Due to other funds	\$ 55		55	
Tax loss guarantees	30,347	10,804	20,983	20,168
Total Liabilities	\$ 30,402	10,804	21,038	20,168
Unapportioned Taxes:				
Assets:				
Accounts receivable	\$ 25,854	44,649	37,918	32,585
Due from other funds	6,318	458,364	464,646	36
Taxes receivable	142,023	996,226	965,476	172,773
Total Assets	\$ 174,195	1,499,239	1,468,040	205,394
Liabilities:				
Accounts payable	\$ 63,622	62,837	37,572	88,887
Due to other funds	31,589	85,246	87,481	29,354
Unapportioned taxes	78,984	977,384	969,215	87,153
Total Liabilities	\$ 174,195	1,125,467	1,094,268	205,394
Other Agencies:				
Assets:				
Cash and investments	\$ 102,322	1,904,725	1,875,118	131,929
Accounts receivable	8,435	13,980	12,476	9,939
Due from other funds	9,987	35,772	41,837	3,922
Prepaid items and deposits	35	2,817	2,577	275
Total Assets	\$ 120,779	1,957,294	1,932,008	146,065
Liabilities:				
Warrants outstanding	\$ 36,499	895,564	889,834	42,229
Accounts payable	4,197	777,256	774,144	7,309
Due to other funds	13,835	30,920	35,116	9,639
Due to other agencies and districts	66,248	299,951	279,311	86,888
Total Liabilities	\$ 120,779	2,003,691	1,978,405	146,065

(continued)

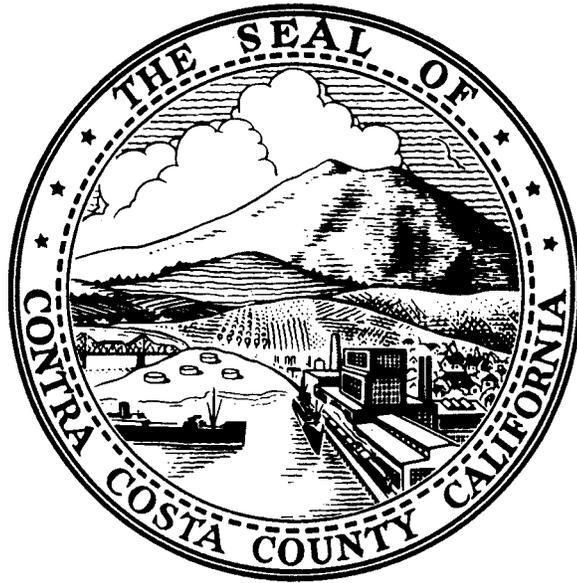
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(In Thousands)

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2004</u>
Totals-Agency Funds:				
Assets:				
Cash and investments	\$ 127,289	1,916,437	1,896,181	147,545
Accounts receivable	34,289	58,629	50,394	42,524
Due from other funds	21,740	498,688	511,918	8,510
Taxes receivable	142,023	996,226	965,476	172,773
Prepaid items and deposits	35	2,817	2,577	275
Total Assets	<u>\$ 325,376</u>	<u>3,472,797</u>	<u>3,426,546</u>	<u>371,627</u>
Liabilities:				
Warrants outstanding	\$ 36,499	895,564	889,834	42,229
Accounts payable	67,819	840,093	811,716	96,196
Due to other funds	45,479	116,166	122,652	38,993
Unapportioned taxes	78,984	977,384	969,215	87,153
Tax loss guarantees	30,347	10,804	20,983	20,168
Due to other agencies and districts	66,248	299,951	279,311	86,888
Total Liabilities	<u>\$ 325,376</u>	<u>3,139,962</u>	<u>3,093,711</u>	<u>371,627</u>
				(concluded)



CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS



COUNTY OF CONTRA COSTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF FUNDING SOURCES
 JUNE 30, 2004
 (In Thousands)

General Capital Assets:

Land	\$	62,052
Buildings and improvements		366,221
Buildings and improvements - lease purchases		133,958
Equipment		107,053
Equipment - lease purchase		4,886
Infrastructure		333,632
Construction in progress		76,598
		76,598
Total Governmental Funds Capital Assets	\$	1,084,400

Investments in Capital Assets from:

General obligation bonds	\$	39,733
Federal grants		74,422
State grants		79,491
General fund		399,285
Special revenue funds		487,328
Other government agencies		2,590
Gifts		1,551
		1,551
Total Governmental Funds Capital Assets	\$	1,084,400

COUNTY OF CONTRA COSTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2004
(In Thousands)

Function and Activity	Total	Land	Buildings & Improve - ments	Buildings & Improvements Lease Purchases	Equipment
General Government:					
Legislative and administrative	\$ 508				508
Finance	1,081		9		989
Counsel	32				32
Personnel	199				199
Elections	1,791				1,791
Communications	8,079		13		7,235
Property management	23,636		1,092	3,094	19,191
Plant acquisition	525,002	54,418	292,831	130,864	411
Other general	7,702				6,034
Total General Government	568,030	54,418	293,945	133,958	36,390
Public Protection:					
Judicial	2,194				2,179
Police protection	16,080	7	1,609		12,964
Detention and correction	35,477	1,492	30,988		2,997
Fire protection	52,439	2,006	20,370		30,063
Flood control	161,214	177	24		1,333
Protective inspection	2,433				2,433
Other protection	4,407		2,646		1,761
Total Public Protection	274,244	3,682	55,637		53,730
Health and Sanitation:					
Health	2,129		6		2,123
Hospital care	773	141			588
Sanitation	988		924		64
Total Health and Sanitation	3,890	141	930		2,775
Public Assistance:					
Assistance administration	3,739				3,643
Aid programs	580				264
Veteran's services	7				7
Other assistance	4,832	2,824	1,023		969
Total Public Assistance	9,158	2,824	1,023		4,883
Education:					
Library services	7,534	349	5,837		1,348
Agricultural education	6				6
Total Education	7,540	349	5,837		1,354
Public Ways and Facilities:					
Public ways	216,490	141	4,323		7,896
Total Public Ways and Facilities	216,490	141	4,323		7,896
Recreation and Cultural Services:					
Veteran's memorial buildings	25				25
Recreation facilities	5,023	497	4,526		
Total Recreation and Cultural Services	5,048	497	4,526		25
Total General Capital Assets	\$ 1,084,400	62,052	366,221	133,958	107,053

<u>Equipment Lease Purchases</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>
83		
831		
259		46,478
<u>1,668</u>		
<u>2,841</u>		<u>46,478</u>
15		
1,500		
	141,351	18,329
<u>1,515</u>	<u>141,351</u>	<u>18,329</u>
44		
<u>44</u>		
96		
316		
<u>16</u>		
<u>428</u>		
<u>58</u>	<u>192,281</u>	<u>11,791</u>
<u>58</u>	<u>192,281</u>	<u>11,791</u>
<u>4,886</u>	<u>333,632</u>	<u>76,598</u>

COUNTY OF CONTRA COSTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (In Thousands)

Function and Activity	Balance July 1, 2003	Additions	Deletions	Transfers	Balance June 30, 2004
General Government:					
Legislative and administrative	\$ 492	16			508
Finance	1,057	94	(87)	17	1,081
Counsel	27	5			32
Personnel	196	12	(9)		199
Elections	1,849	78	(212)	76	1,791
Communications	4,397	2,632	(47)	1,097	8,079
Property management	24,508	3,157	(3,462)	(567)	23,636
Plant acquisition	498,667	26,467	(132)		525,002
Other general	7,773	1,342	(1,390)	(23)	7,702
Total General Government	538,966	33,803	(5,339)	600	568,030
Public Protection:					
Judicial	1,669	715	(122)	(68)	2,194
Police protection	15,885	374	(241)	62	16,080
Detention and correction	35,232	287	(43)	1	35,477
Fire protection	50,475	3,351	(1,387)		52,439
Flood control	154,940	6,500	(370)	144	161,214
Protective inspection	2,333	173	(81)	8	2,433
Other protection	4,839	484	(924)	8	4,407
Total Public Protection	265,373	11,884	(3,168)	155	274,244
Health and Sanitation:					
Health	2,069	74	(54)	40	2,129
Hospital care	745	24	(32)	36	773
Sanitation	1,006		(18)		988
Total Health and Sanitation	3,820	98	(104)	76	3,890
Public Assistance:					
Assistance administration	4,717	180	(901)	(257)	3,739
Aid programs	1,083	26	(11)	(518)	580
Veteran's services	7				7
Other assistance	4,110	1,025	(303)		4,832
Total Public Assistance	9,917	1,231	(1,215)	(775)	9,158
Education:					
Library services	7,486	92	(125)	81	7,534
Agricultural education	6				6
Total Education	7,492	92	(125)	81	7,540
Public Ways and Facilities:					
Public ways	203,281	14,923	(1,577)	(137)	216,490
Total Public Ways and Facilities	203,281	14,923	(1,577)	(137)	216,490
Recreation and Cultural Services:					
Veteran's memorial buildings	25				25
Recreation facilities	4,841	182			5,023
Total Recreation and Cultural Services	4,866	182			5,048
Total Governmental Funds Capital Assets	\$ 1,033,715	62,213	(11,528)		1,084,400

**STATISTICAL
SECTION**

COUNTY OF CONTRA COSTA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
GOVERNMENTAL ACTIVITIES
 LAST TWO FISCAL YEARS
 (In Thousands)

Fiscal Year Ended June 30	General Government	Public Protection	Health and Sanitation	Public Assistance	Education	Public Ways and Facilities	Recreation and Culture	Interest on Debt	Total
2003	\$ 91,367	403,297	209,772	372,499	18,822	58,886	875	33,029	1,188,547
2004	103,796	421,780	220,135	391,906	20,217	56,983	1,294	48,072	1,264,183

COUNTY OF CONTRA COSTA
GOVERNMENT-WIDE REVENUES
GOVERNMENTAL ACTIVITIES
 LAST TWO FISCAL YEARS
 (In Thousands)

Fiscal Year Ended June 30	Program Revenues			General Revenues				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants/ Contributions Not Restricted	Investment Earnings	Other	
2003	\$ 277,375	538,684	12,332	256,920	83,035	18,347	36,140	1,222,833
2004	307,580	540,138	6,124	276,712	69,341	13,336	35,815	1,249,046

COUNTY OF CONTRA COSTA
GENERAL COUNTY REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (In Thousands)

Fiscal Year Ended June 30	Taxes	Licenses, Permits & Franchise Fees	Fines, Forfeitures and Penalties	Use of Money and Property	Inter- governmental	Charges for Services	Other	Total
1995	\$ 167,185	13,332	21,306	30,600	478,350	140,354	14,923	866,050
1996	179,431	14,569	20,477	33,903	470,211	130,087	21,360	870,038
1997	184,805	14,265	17,343	35,457	469,257	127,208	25,585	873,920
1998	179,331	14,194	16,249	42,168	471,208	130,468	19,844	873,462
1999	192,915	16,221	17,088	40,649	502,908	145,210	27,283	942,274
2000	204,383	20,395	19,000	37,956	564,289	169,240	35,020	1,050,283
2001	296,644	25,749	18,296	43,632	490,842	188,545	27,166	1,090,874
2002	322,635	35,277	18,525	23,764	545,724	196,588	94,280	1,236,793
2003	343,321	37,748	18,233	16,154	547,651	219,894	125,090	1,308,091
2004	349,387	38,600	31,701	11,942	542,929	237,274	127,341	1,339,174

NOTE: Includes all government fund types.

COUNTY OF CONTRA COSTA
GENERAL COUNTY EXPENDITURES BY FUNCTION
 LAST TEN FISCAL YEARS
 (In Thousands)

Fiscal Year Ended June 30	General Government	Public Protection	Health & Sanitation	Public Assistance	Education	Public Ways & Facilities	Debt Service & Other	Total
1995	\$ 69,828	270,099	157,787	293,294	9,394	35,336	80,156	915,894
1996	84,137	257,933	138,243	286,457	12,878	39,536	72,515	891,699
1997	79,195	272,415	148,004	272,163	11,439	32,566	65,904	881,686
1998	85,786	266,707	161,532	268,633	11,774	33,071	76,088	903,591
1999	108,963	287,538	170,806	289,570	12,828	45,855	72,385	987,945
2000	101,772	307,260	181,998	302,690	14,216	50,508	84,363	1,042,807
2001	106,380	325,821	191,183	294,317	14,589	54,611	79,084	1,065,985
2002	130,351	378,011	218,376	337,673	16,367	88,830	95,164	1,264,772
2003	135,197	426,662	247,899	383,360	18,414	79,119	89,244	1,379,895
2004	134,610	438,940	258,035	400,873	19,548	82,736	83,176	1,417,918

NOTE: Includes all governmental fund types. Health and Sanitation includes transfer to the County Hospital and HMO Enterprise Funds in constant dollars (\$21,454,000 for fiscal year 2003-2004). Health and Sanitation amounts for fiscal years ended June 30, 1997-2003 have been revised to include the transfer that were previously omitted.

COUNTY OF CONTRA COSTA
GENERAL COUNTY REVENUES BY SOURCE -
CONSTANT DOLLARS (1)(2)
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30	Taxes	Licenses, Permits & Franchise Fees	Fines, Forfeitures and Penalties	Use of Money and Property	Inter- governmental	Charges For Services	Other	Total
1995	\$ 111,290	8,875	14,183	20,369	318,422	93,429	9,934	576,502
1996	117,301	9,524	13,387	22,164	307,394	85,043	13,964	568,777
1997	117,287	9,053	11,007	22,503	297,815	80,733	16,238	554,636
1998	110,087	8,713	9,975	25,886	289,262	80,091	12,182	536,196
1999	114,083	9,593	10,105	24,038	297,403	85,872	16,134	557,228
2000	115,962	11,572	10,780	21,535	320,164	96,023	19,870	595,906
2001	159,332	13,830	9,827	23,435	263,638	101,270	14,591	585,923
2002	173,292	18,948	9,950	12,764	293,116	105,590	50,639	664,299
2003	175,720	19,320	9,332	8,268	280,300	112,547	64,024	669,511
2004	177,160	19,572	16,074	6,055	275,297	120,312	64,569	679,039

NOTES: (1) Includes all governmental fund types.

(2) The information for the years 1995 through 2004 has been adjusted using the average Consumer Price Index-Urban for each year with a base point of December 1983 equal to 100.

COUNTY OF CONTRA COSTA
GENERAL COUNTY EXPENDITURES BY FUNCTION - CONSTANT DOLLARS (1) (2)
 LAST TEN FISCAL YEARS
 (In Thousands)

Fiscal Year Ended June 30	General Government	Public Protection	Health & Sanitation	Public Assistance	Education	Public Ways & Facilities	Debt Service & Other	Total
1995	\$ 46,482	179,796	105,034	195,236	6,253	23,522	53,357	609,680
1996	55,003	168,620	90,375	187,268	8,419	25,846	47,406	582,937
1997	50,261	172,889	93,931	172,729	7,260	20,668	41,826	559,564
1998	52,662	163,724	99,160	164,907	7,228	20,301	46,708	554,690
1999	64,437	170,040	101,009	171,242	7,586	27,117	42,806	584,237
2000	57,743	174,332	103,261	171,739	8,066	28,657	47,866	591,664
2001	57,138	175,003	102,687	158,082	7,836	29,332	42,477	572,555
2002	70,013	203,035	113,856	181,369	8,791	47,712	51,114	675,890
2003	69,197	218,375	128,060	196,213	9,425	40,495	45,677	707,442
2004	68,255	222,568	130,839	203,266	9,912	41,952	42,175	718,967

- NOTES: (1) Includes all governmental fund types. Health and Sanitation includes transfer to the County Hospital and HMO Enterprise Funds in constant dollars (\$21,454,000 for fiscal year 2003-2004). Health and Sanitation amounts for fiscal years ended June 30, 1997-2003 have been revised to include the transfer that were previously omitted.
- (2) The information for the years 1995 through 2004 has been adjusted using the average Consumer Price Index-Urban for each year with a base point of December 1983 equal to 100.

COUNTY OF CONTRA COSTA
ASSESSED VALUE OF TAXABLE PROPERTY (1)
 LAST TEN FISCAL YEARS
 (In Thousands)

Fiscal Year Ended June 30	Assessed Value				Net Increase		
	Real Property	Personal Property	Total	Exemptions	Assessed Value of Taxable Property	Amount	Per- centage
1995	\$ 63,992,943	\$ 2,406,789	\$ 66,399,732	\$ 1,105,367	\$ 65,294,365	\$ 1,866,669	2.94 %
1996	65,949,619	2,417,931	68,367,550	1,221,088	67,146,462	1,852,097	2.84
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	1,683,078	78,287,588	4,588,033	6.23
2001	83,329,641	2,936,004	86,265,645	1,637,667	84,627,978	6,340,390	8.10
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

- NOTE:
- (1) Assesed values are those defined under California Revenue and Taxation Code Sections: 601 and 721 et. seq.
 - (2) 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.

COUNTY OF CONTRA COSTA
GENERAL TAXES LEVIED AND COLLECTED
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Taxes Levied (1)	General Taxes Collected (2)
1995	\$ 652,943,650	\$ 652,943,650
1996	671,464,620	671,464,620
1997	692,421,000	692,421,000
1998	703,148,010	703,148,010
1999	736,995,550	736,995,550
2000	783,465,430	783,465,430
2001	846,279,780	846,279,780
2002	934,902,000	934,902,000
2003	1,009,257,010	1,009,257,010
2004	1,090,725,480	1,090,725,480

-
- NOTES:
- (1) General taxes are calculated at 1 percent of total assessed value less local exemptions.
 - (2) General County 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.

COUNTY OF CONTRA COSTA
SPECIAL ASSESSMENTS LEVIED AND COLLECTED
 LAST TEN FISCAL YEARS
 (In Thousands)

Fiscal Year Ended June 30	Special Assessments Levied (1)	Special Assessments Collected (2)
1995	\$ 4,810	\$ 4,810
1996	3,694	3,694
1997	3,232	3,232
1998	2,946	2,946
1999	3,155	3,155
2000	3,028	3,028
2001	3,031	3,031
2002	2,601	2,601
2003	3,147	3,147
2004	3,143	3,143

-
- NOTES:
- (1) Special assessments are amounts levied to pay special assessment debt with government commitment.
 - (2) Special assessments 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.

COUNTY OF CONTRA COSTA
PROPERTY TAX RATES (1)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	County- wide Rate	County Special Districts	Local Special Districts	Agency Districts	Schools	Cities	Total
1995	1.0000	.0010	.0071	.0314	.0206	.0147	1.0748
1996	1.0000	.0010	.0068	.0338	.0223	.0153	1.0792
1997	1.0000	.0010	.0064	.0309	.0263	.0148	1.0794
1998	1.0000	.0009	.0063	.0304	.0297	.0142	1.0815
1999	1.0000	.0008	.0061	.0262	.0342	.0139	1.0812
2000	1.0000	.0006	.0055	.0091	.0334	.0135	1.0621
2001	1.0000	.0006	.0047	.0067	.0318	.0131	1.0569
2002	1.0000	.0005	.0044	.0074	.0357	.0133	1.0613
2003	1.0000	.0005	.0042	.0067	.0360	.0130	1.0604
2004	1.0000	.0005	.0029	.0064	.0549	.0134	1.0781

NOTE: 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 full cash value (\$1 per \$100 of taxable assessed valuation). The rates shown above are percentages of assessed valuation.

COUNTY OF CONTRA COSTA
PROPERTY TAXES
DIRECT AND ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30	County	County Special Districts	Local Special Districts	Schools	Cities	Redevelopment Agency	Totals
1995	\$ 97,074	75,845	147,215	364,439	132,043	58,766	875,382
1996	100,025	78,752	157,323	374,506	136,030	59,137	905,773
1997	102,991	81,617	157,386	383,348	137,713	61,122	924,177
1998	103,519	84,097	169,578	390,822	134,065	62,598	944,679
1999	109,632	79,057	178,329	416,242	139,426	65,433	988,119
2000	115,829	81,995	176,174	444,126	144,964	71,203	1,034,291
2001	123,479	90,555	188,040	479,738	154,298	78,553	1,114,663
2002	134,411	98,966	213,930	535,689	168,551	93,530	1,245,077
2003	145,707	106,385	235,679	588,391	175,365	105,119	1,356,646
2004	154,905	115,656	251,066	645,962	190,302	119,724	1,477,615

NOTE: This schedule shows the property tax levies by major group of taxing agencies.

COUNTY OF CONTRA COSTA
PROPERTY TAX LEVIES AND DELINQUENCIES
LAST TEN FISCAL YEARS
(Dollar Amounts Are In Thousands)

Fiscal Year Ended June 30	Total Current Year Tax Levy	Portion of Current Levy Delinquent at June 30	Percentage of Current Levy Delinquent at June 30	Total Delinquent Taxes at June 30 for all Years	Tax Losses Reserve Fund at June 30	Reserve as a Percentage of Delinquent Taxes
1995	\$ 823,496	\$ 20,640	2.51 %	\$ 43,588	\$ 24,709	56.69 %
1996	854,520	18,296	2.14	41,993	18,671	44.46
1997	869,581	18,057	2.08	42,022	17,155	40.82
1998	892,581	15,548	1.74	37,200	19,509	52.44
1999	939,437	15,375	1.64	32,858	21,322	64.89
2000	981,580	15,904	1.62	31,563	22,827	72.32
2001	1,062,831	16,728	1.57	31,050	24,248	78.09
2002	1,187,173	20,552	1.73	33,942	27,032	79.64
2003	1,293,561	25,574	1.98	34,508	30,347	87.94
2004	1,402,895	27,325	1.95	40,071	20,168	50.33

COUNTY OF CONTRA COSTA
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA (1)
 LAST TEN FISCAL YEARS
 (Dollar Amounts Are In Thousands)

Fiscal Year Ended June 30	Population	Assessed Value of Taxable Property	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita ⁽²⁾
1995	883,390	\$ 65,294,365	\$ 373,161	\$ 2,616	\$ 370,545	0.567	\$ 419.46
1996	870,724	67,146,462	366,517	2,371	364,146	0.542	418.21
1997	879,206	69,242,100	360,830	2,513	358,317	0.517	407.55
1998	900,688	70,314,801	352,965	2,766	350,199	0.498	388.81
1999	916,403	73,699,555	317,695	2,711	314,984	0.427	343.72
2000	930,025	78,287,588	304,635	3,857	300,778	0.384	323.41
2001	972,103	84,627,978	299,270	10,656	288,614	0.341	296.90
2002	981,555	93,490,200	282,905	7,875	275,030	0.294	280.20
2003	994,908	100,925,701	588,230	19,340	568,890	0.564	571.80
2004	1,003,909	109,072,548	569,735	3,862	565,873	0.519	563.67

NOTES: (1) Does not include Public Financing Authority debt, Public Facilities Corporation debt, Redevelopment Agency debt nor Assessment District debt with government commitment.

(2) Not in thousands.

COUNTY OF CONTRA COSTA
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
 LAST TEN FISCAL YEARS
 (Dollars In Thousands)

Fiscal Year Ended June 30	New Dwelling Units (1)		Construction Valuation		Bank Deposits (2)
	Single Family	Multiple Family	Residential	Non- Residential	
1994	3,682	230	\$ 583,734	\$ 164,684	\$ 12,804,748
1995	3,137	618	619,685	190,443	13,193,883
1996	3,080	450	584,108	170,069	14,194,988
1997	3,105	381	582,793	173,055	15,210,082
1998	3,144	999	738,939	180,794	15,500,256
1999	3,909	504	852,256	235,905	17,746,965
2000	3,692	1,071	841,990	234,752	19,744,740
2001	4,451	1,061	984,236	403,641	19,042,604
2002	3,848	800	952,507	328,854	16,267,338
2003	4,753	972	1,275,245	340,959	17,556,360
2004	5,063	820	1,444,739	332,879	20,949,947

Source: (1) Economic Sciences Corp: 1994-2000, US Census Bureau 2001-2004

(2) "All Institution Deposits", Federal Deposit Insurance Corporation.

Assessed Value of Taxable Property

<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Land</u>	<u>Total</u>
\$ 42,295,192	\$ 7,602,074	\$ 12,357,698	\$ 1,172,732	\$ 63,427,696
43,971,060	7,556,205	12,591,768	1,175,332	65,294,365
45,312,035	7,448,151	13,281,211	1,105,065	67,146,462
46,568,404	8,805,645	12,775,064	1,092,987	69,242,100
47,836,713	9,456,047	11,924,385	1,097,656	70,314,801
50,500,004	9,865,342	12,187,476	1,146,733	73,699,555
54,364,322	10,563,204	12,026,728	1,333,334	78,287,588
59,629,822	11,590,814	11,955,053	1,452,289	84,627,978
65,655,065	12,667,758	13,503,954	1,663,423	93,490,200
71,818,729	13,513,951	13,645,155	1,947,866	100,925,701
79,612,053	13,950,379	13,743,141	1,756,068	109,061,641

COUNTY OF CONTRA COSTA
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
 BONDED DEBT TO TOTAL GENERAL EXPENDITURES (2)**
 LAST TEN FISCAL YEARS
 (Dollar Amounts Are in Thousands)

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio Of Debt Service To Total General Expenditures
1995	\$ 1,278	\$ 22,338	\$ 23,616	\$ 915,893	.0258
1996	4,000	22,435	26,435	891,699	.0296
1997	5,703	22,242	27,945	881,686	.0317
1998	7,475	21,952	29,427	903,591	.0326
1999	9,370	21,539	30,909	987,945	.0313
2000	11,325	20,952	32,277	1,042,807	.0310
2001	15,730	18,330	34,060	1,065,985	.0320
2002	16,365	19,439	35,804	1,264,772	.0283
2003	17,385	18,414	35,799	1,379,895	.0259
2004	18,495	35,501	53,996	1,417,900	.0381

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- NOTES: (1) Includes all governmental fund types. Includes transfers to the County Hospital Enterprise and Health Maintenance Organization (HMO) Enterprise Funds (\$42,311,000 for fiscal year 2003-2004). Total General Expenditures for fiscal years ended June 30, 1997-2003 have been revised to include transfers that were previously omitted.
- (2) Does not include Public Financing Authority, Public Facilities Corporation, Redevelopment Agency nor Assessment District debt.

COUNTY OF CONTRA COSTA
COMPUTATION OF LEGAL DEBT MARGIN
 YEAR ENDED JUNE 30, 2004
 (In Thousands)

Assessed Value of Taxable Property	\$	109,072,548
		<u>109,072,548</u>
Debt Limit Five Percent of Assessed Value (1)	\$	5,453,627
Amount of Debt Applicable to Debt Limit (2)		
Total Bonded Debt		654,030
Less: Assets in Debt Service Funds		16,708
		<u>637,322</u>
Total Amount of Debt Applicable to Debt Limit		<u>637,322</u>
Legal Debt Margin	\$	4,816,305
		<u>4,816,305</u>

NOTES: (1) 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.

(2) Does not include Public Financing Authority or Assessment District debt.

COUNTY OF CONTRA COSTA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
(Dollar Amounts Are in Thousands)

	Debt Applicable July 1, 2004 ⁽¹⁾	
	Percentage	Amount
DIRECT GENERAL FUND OBLIGATION DEBT:		
Contra Costa County General Fund Obligations	100	\$ 328,840
Contra Costa County Pension Obligations	100	569,220
TOTAL DIRECT DEBT		898,060
OVERLAPPING DEBT:		
Contra Costa County Board of Education Cert. of Participation	100	2,060
Alameda-Contra Costa Transit District Cert. of Participation	10.604	2,286
East Bay Municipal Water District and Special District No. 1	49.586 & 6.081	4,406
Acalanes and Liberty Union High School Districts	100	37,377
Martinez Unified School District	100	27,545
Pittsburg Unified School District	100	27,545
Lafayette School District	100	26,840
San Ramon Valley Unified School District & Educ. Facility Corp.	100	19,705
San Ramon Valley Unified School District	100	129,932
Other School Districts' Overlapping Tax and Assessment Debt	.408-100	48,267
Antioch Unified School District Certificates of Participation	100	17,631
Other School Districts' General Fund Obligations	.157-100	41,244
Cities' Overlapping Tax and Assessment Debt	100	20,710
City of Concord General Fund and Judgment Obligations	100	39,260
City of Richmond General Fund Obligations	100	47,187
City of Richmond Pension Obligations	100	27,945
City of Antioch General Fund Obligations	100	30,819
City of San Ramon General Fund Obligations	100	21,320
Other Cities' General Fund Obligations	100	46,006
East Bay Regional Park District	45.120	69,115
Other Special Districts' Cert. of Participation	100	12,450
Other Special Districts' Overlapping Tax and Assessment Debt	100	515,000
Community Facilities District	100	291,774
1915 Act Assessment Bonds (Estimate)	100	453,950
West Contra Costa Unified School District	100	315,155
Mt. Diablo Unified School District	100	60,750
Contra Costa Community College District	100	48,500
Brentwood Union School District	100	40,337
Walnut Creek School District	100	25,965
TOTAL OVERLAPPING DEBT		2,451,081

(continued)

COUNTY OF CONTRA COSTA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT

TOTAL GROSS DIRECT AND OVERLAPPING DEBT		3,349,141
Less: East Bay Municipal Utility District (100% Self-Supporting)		<u>1,954</u>
TOTAL NET DIRECT AND OVERLAPPING DEBT		<u><u>\$ 3,347,187</u></u>
<hr/>		
2003 - 2004 Assessed Value of Taxable Property	\$ 109,072,548	
Less: Redevelopment Increments	<u>11,403,834</u>	
Adjusted Assessed Valuation	<u><u>\$ 97,668,714</u></u>	
Population	1,003,909	
	Ratio to Full Cash Value (%)	Per Capita ⁽²⁾
	<hr/>	<hr/>
Direct Debt (Includes County Lease Revenue Obligations)	0.92	\$ 89
Total Gross Direct and Overlapping Debt	3.43	334
Total Net Direct and Overlapping Debt	3.43	333
<hr/>		

(concluded)

Source: (1) California Municipal Statistics, Inc. Excludes tax and revenue anticipation notes, revenue, mortgage, revenue and tax allocation bonds and non-bonded capital lease obligations.

(2) Dollars not in thousands.

COUNTY OF CONTRA COSTA
TEN PRINCIPAL TAXPAYERS
 YEAR ENDED JUNE 30, 2004
 (Dollar Amounts Are in Thousands)

Taxpayer	Type of Business	2003 - 2004 Secured Assessed Valuation	Percent Of Total Secured Assessed Valuation
Chevron USA	Petroleum Refining	\$ 5,014,020	4.60 %
Tesoro Petroleum	Petroleum Refining	3,137,757	2.88
Equilon Enterprise	Petroleum Refining	2,586,143	2.37
Tosco Corporation	Petroleum Refining	1,504,771	1.38
USS Posco	Steel	1,226,913	1.12
Delta Energy	Utility	1,082,800	0.99
Pacific Gas & Electric	Utility	863,388	0.79
First Walnut Creek Mutual	Housing	834,446	0.77
Southern Bell Company	Utility	700,499	0.64
Union Pacific	Transportation	<u>558,490</u>	<u>0.51</u>
		<u>\$ 17,509,227</u>	<u>16.05 %</u>

Note: 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.

**COUNTY OF CONTRA COSTA
DEMOGRAPHICS - POPULATION**

Jurisdiction	Date of Incorporation	1960	1970	Special Census 1975	1980	1990	2000	2004
Antioch	2/2/1872	17,305	28,060	33,215	43,559	61,379	84,485	100,590
Brentwood	1/1/1948	2,186	2,649	3,662	4,434	7,515	23,090	37,060
Clayton	3/18/1964		1,385	1,790	4,325	7,219	11,373	10,990
Concord	2/2/1905	36,208	85,164	94,673	103,251	110,640	114,932	124,856
Danville	7/1/1982					28,675	40,484	43,243
El Cerrito	8/20/1917	25,437	25,190	22,950	22,731	22,684	23,874	23,398
Hercules	12/15/1900	310	252	121	5,963	16,554	19,552	21,704
Lafayette	7/22/1968		20,484	19,628	20,879	24,482	24,360	24,298
Martinez	4/1/1876	9,604	16,506	18,702	22,582	33,510	37,034	36,805
Moraga	11/13/1974			14,418	15,014	14,780	17,006	16,442
Oakley	7/1/1999							27,530
Orinda	7/1/1985					16,704	17,436	17,757
Pinole	6/25/1903	6,064	13,266	15,337	14,253	17,147	18,657	19,540
Pittsburg	6/22/1903	19,062	20,651	24,347	33,034	47,190	54,383	61,481
Pleasant Hill	11/14/1961		24,610	25,398	25,124	31,115	33,169	33,618
Richmond	8/7/1905	71,584	79,043	70,126	74,676	83,718	94,369	101,655
San Pablo	4/26/1948	19,687	21,461	19,392	19,750	24,709	26,827	31,033
San Ramon	7/1/1983					34,170	45,704	48,609
Walnut Creek	10/19/1914	9,903	39,844	46,034	53,643	60,542	64,710	65,950
Total Incorporated		217,350	378,565	409,793	463,218	642,733	751,445	846,559
Unincorporated		191,680	177,240	173,036	194,034	154,548	178,580	157,350
TOTAL COUNTY		409,030	555,805	582,829	657,252	797,281	930,025	1,003,909

Source: 1960-2000 U.S. Censuses; 2001-2004 California Department of Finance.

**COUNTY OF CONTRA COSTA
MISCELLANEOUS STATISTICS**

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.

	OCTOBER 7, 2003 SPECIAL ELECTION	MARCH 2, 2004 PRESIDENTIAL PRIMARY ELECTION
REGISTERED VOTERS	444,355	453,034
NUMBER VOTING	320,944	250,235
PERCENT VOTING	72.2%	55.2%

ROADS: 658.9 miles of county maintained streets and roads in the unincorporated areas.

COUNTY EMPLOYEES AT JUNE 30:		PERCENT OF INCREASE (DECREASE)	NUMBER OF EMPLOYEES PER THOUSAND OF POPULATION
	YEAR	NUMBER OF EMPLOYEES*	
	1999	7,749	7.4
	2000	8,325	7.4
	2001	8,640	3.8
	2002	8,779	1.6
	2003	8,785	0.1
	2004	8,670	(1.3)

*Full-time equivalents, authorized and funded. Does not include employees of the courts or independent fire districts. Source: County Administrator.