NEW ISSUE - BOOK ENTRY ONLY **RATINGS: See "RATINGS"**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2010 Series A-1 Bonds and the 2010 Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Bond Counsel is of the further opinion that interest on the 2010 Series A-1 Bonds and the 2010 Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and that interest on the 2010 Series A-1 is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel observes that interest on the 2010 Series B Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Series 2010 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the 2010 Series A-2 and the 2010 Series A-3 Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the 2010 Bonds. See "TAX MATTERS" herein.

$58,055,000
COUNTY OF CONTRA COSTA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS
Comprised of:

$6,790,000 2010 Series A-1 (Capital Project I - Tax Exempt Bonds)
$13,130,000 2010 Series A-2 (Capital Project I - Taxable Build America Bonds)
$20,700,000 2010 Series A-3 (Capital Project I - Taxable Recovery Zone Bonds)
$17,435,000 2010 Series B (Refunding)

Dated: Date of Delivery **Due: June 1, as shown on inside cover**

The County of Contra Costa Public Financing Authority (the "Authority") is issuing $58,055,000 aggregate principal amount of County of Contra Costa Public Financing Authority Lease Revenue Bonds, comprised of: $6,790,000 principal amount of 2010 Series A-1 (Capital Project I - Tax Exempt Bonds) (the "2010 Series A-1 Bonds"); $13,130,000 principal amount of 2010 Series A-2 (Capital Project I - Taxable Build America Bonds) (the "Taxable 2010 Series A-2 Bonds"); and $20,700,000 principal amount of 2010 Series A-3 (Capital Project I - Taxable Recovery Zone Bonds) (the "Taxable 2010 Series A-3 Bonds," and collectively with the 2010 Series A-1 Bonds and the Taxable 2010 Series A-2 Bonds, the "2010 Series A Bonds"); and $17,435,000 principal amount of 2010 Series B (Refunding); (the "2010 Series B Bonds"). The 2010 Series A Bonds and the 2010 Series B Bonds are referred to together as the "2010 Bonds." The 2010 Bonds are being issued to: (i) finance and/or refinance the costs of acquiring, constructing, improving and equipping capital projects (collectively, the "2010 Projects") within the County of Contra Costa (the "County"); (ii) pay capitalized interest with respect to certain of the 2010 Projects as described herein; (iii) fund deposits into the separate Reserve Accounts (defined herein) established for each of the 2010 Series A Bonds and the 2010 Series B Bonds within the Reserve Fund (defined herein); and (iv) pay certain costs associated with the issuance of the 2010 Bonds. See "THE 2010 PROJECTS" and "ESTIMATED SOURCES AND USES OF FUNDS."

The 2010 Bonds are limited obligations of the Authority payable solely from certain revenues of the Authority, consisting primarily of Base Rental Payments (defined herein) to be made by the County to the Authority for the use and occupancy of the Facilities (defined herein) pursuant to a separate Sublease with respect to each Series of 2010 Bonds, each dated as of November 1, 2010 (each a "Sublease" and together, the "Subleases") between the Authority and the County. The County has covenanted in each Sublease to take such action as may be necessary to include Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. The County agrees in each Sublease to make all Base Rental Payments, subject to abatement in the event of damage to or destruction or condemnation of all or a portion of the related Facilities which results in substantial interference with the County's use and occupancy of the related Facilities, except as otherwise described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS."

Interest on the 2010 Bonds will be payable from their date of issuance commencing June 1, 2011 and semiannually thereafter on each December 1 and June 1.

The 2010 Bonds of each Series will be initially delivered in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Principal of, redemption premium, if any, and interest on each Series of 2010 Bonds will be paid by Wells Fargo Bank, National Association, as trustee (the "Trustee"), to DTC. DTC is obligated to remit such principal and interest to its DTC Participants for disbursement to the beneficial owners of the 2010 Bonds. See APPENDIX H–"DTC AND THE BOOK-ENTRY ONLY SYSTEM." **Certain Series of the 2010 Bonds are subject to optional, extraordinary and mandatory redemption as described herein.**

The 2010 Bonds are being issued pursuant to a Trust Agreement, dated as of November 1, 2010 (the "Trust Agreement"), by and between the Authority and the Trustee and acknowledged by the County.

THE 2010 BONDS OF EACH SERIES ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM RELATED REVENUES AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON, ANY PROPERTY OF THE AUTHORITY OR THE COUNTY OR ANY OF THEIR INCOME OR RECEIPTS, EXCEPT THE RELATED REVENUES (AS DESCRIBED HEREIN). NEITHER THE FULL FAITH NOR THE CREDIT OF THE AUTHORITY OR THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE 2010 BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2010 BONDS NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS UNDER THE RELATED SUBLEASE CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY OR THE COUNTY FOR WHICH EITHER ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH EITHER ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

MATURITY SCHEDULE

(See inside)

This cover page contains certain information for general reference only. It is ***not*** intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. An investment in the 2010 Bonds involves risk. For a discussion of certain risk factors associated with investment in the 2010 Bonds, see "Certain Risk Factors" as well as other factors discussed throughout this Official Statement.

The 2010 Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to approval as to their validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Authority. Certain other legal matters will be passed upon for the County and the Authority by County Counsel and by Lofton & Jennings, San Francisco, California, Disclosure Counsel and for the Underwriters by Chapman and Cutler LLP, San Francisco, California. It is anticipated that the 2010 Bonds in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about November 16, 2010.

WEDBUSH SECURITIES **PIPER JAFFRAY**

Date of Official Statement: October 28, 2010.

MATURITY SCHEDULE

$58,055,000
COUNTY OF CONTRA COSTA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS
Comprised of:

$6,790,000
2010 Series A-1 (Capital Project I - Tax-Exempt Bonds)

Maturity Date (June 1)	Principal Amount	Interest Rate	Initial Public Offering Yield(1)	CUSIP No.(2)
2014	$875,000	4.000%	1.870%	21226PJK5
2015	905,000	3.000	2.250	21226PJL3
2016	930,000	3.000	2.620	21226PJM1
2017	960,000	4.000	2.980	21226PJN9
2018	1,000,000	4.000	3.280	21226PJP4
2019	1,040,000	4.000	3.540	21226PJQ2
2020	1,080,000	5.000	3.730	21226PJR0

$13,130,000
2010 Series A-2 (Capital Project I - Taxable Build America Bonds)

Maturity Date (June 1)	Principal Amount	Interest Rate	Initial Public Offering Yield(1)	CUSIP No.(2)
2021	$1,135,000	5.750%	6.012%	21226PJS8
2022	1,175,000	5.900	6.162	21226PJT6
2023	1,220,000	6.000	6.262	21226PJU3
2024	1,270,000	6.100	6.362	21226PJV1
2025	1,320,000	6.250	6.462	21226PJW9
2026	500,000	6.500	6.572	21226PJX7

$6,510,000–6.800% Term 2010 Series A-2 Bond due June 1, 2030–Initial Public Offering Price(1): 96.738%–Initial Public Offering Yield(1): 7.111%–CUSIP No.(2) 21226PKU1

(1) Initial public offering prices and yields were provided by the Underwriters.
(2) Copyright, American Bankers Association. CUSIP data herein is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. None of the Authority or the Underwriters take any responsibility for the accuracy of such CUSIP numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2010 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

MATURITY SCHEDULE
(Continued)

$20,700,000
2010 Series A-3 (Capital Project I - Taxable Recovery Zone Bonds)

$9,645,000–6.900% Term 2010 Series A-3 Bond due June 1, 2035–Initial Public Offering Price(1): 96.551%–Initial Public Offering Yield(1): 7.201%–CUSIP No.(2) 21226PKD9

$11,055,000–7.000% Term 2010 Series A-3 Bond due June 1, 2040–Initial Public Offering Price(1): 96.368%–Initial Public Offering Yield(1): 7.301%–CUSIP No.(2) 21226PKE7

$17,435,000
2010 Series B (Refunding)

Maturity Date (June 1)	Principal Amount	Interest Rate	Initial Public Offering Yield(1)	CUSIP No.(2)
2012	$605,000	2.500%	1.220%	21226PKF4
2012	350,000	4.000	1.220	21226PKW7
2013	285,000	3.000	1.520	21226PKG2
2013	700,000	4.000	1.520	21226PKX5
2014	1,020,000	3.000	1.870	21226PKH0
2015	1,060,000	3.000	2.250	21226PKJ6
2016	1,095,000	4.000	2.620	21226PKK3
2017	1,150,000	4.000	2.980	21226PKL1
2018	1,195,000	4.000	3.280	21226PKM9
2019	1,245,000	4.000	3.540	21226PKN7
2020	1,305,000	5.000	3.730	21226PKP2
2021	1,370,000	3.750	4.020	21226PKQ0
2022	250,000	5.000	4.060(3)	21226PKR8
2022	1,180,000	4.000	4.160	21226PKY3
2023	1,500,000	4.000	4.250	21226PKS6
2024	250,000	5.000	4.250(3)	21226PKT4
2024	1,315,000	4.125	4.380	21226PKZ0
2025	1,560,000	4.250	4.500	21226PKV9

(1) Initial public offering prices and yields were provided by the Underwriters.
(2) Copyright, American Bankers Association. CUSIP data herein is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. None of the Authority or the Underwriters take any responsibility for the accuracy of such CUSIP numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2010 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.
(3) Priced to call at par on June 1, 2020.

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No dealer, broker, salesperson or other person has been authorized by the County or the Authority to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the 2010 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2010 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The County maintains a website. Unless specifically indicated otherwise, the information presented on that website is ***not*** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2010 Bonds.

The information set forth herein has been obtained from the County or the Authority and from other sources and is believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Authority since the date hereof. This Official Statement is submitted in connection with the sale of the 2010 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the County. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. All capitalized terms used herein, unless noted otherwise, shall have the meanings prescribed in the Trust Agreement and the Subleases. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Electronic Municipal Market Access site maintained by the Municipal Securities Rulemaking Board.

Any statement made in this Official Statement involving any forecast or matter of estimates or opinion, whether or not expressly stated, is intended solely as such and not as a representation of fact. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). Such forward-looking statements are generally identified by use of the words "plan," "project," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include, but are not limited to, statements contained in APPENDIX B–"COUNTY FINANCIAL INFORMATION." Such forward-looking statements refer to the achievement of certain results or other expectations or performance which involve known and unknown risks, uncertainties and other factors. These risks, uncertainties and other factors may cause actual results, performance or achievements to be materially different from any projected results, performance or achievements described or implied by such forward looking statements. Neither the County nor the Authority plans to issue updates or revisions to such forward-looking statements if or when the expectations, events, conditions or circumstances on which such statements are based, occur, or if actual results, performance or achievements are materially different from any results, performance or achievements described or implied by such forward-looking statements.

The 2010 Bonds have not been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. The registration or qualification of the 2010 Bonds in accordance with applicable provisions of Securities Laws of the states in which these Bonds have been registered or qualified, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the securities or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market prices of a Series of 2010 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell a Series of 2010 Bonds to certain dealers and banks at prices lower than the initial public offering prices and at yields higher than stated on the inside pages and such initial public offering prices and yields may be changed from time to time by the Underwriters.

COUNTY OF CONTRA COSTA, CALIFORNIA
BOARD OF SUPERVISORS OF THE COUNTY

John M. Gioia
(District 1)
Chair

Gayle B. Uilkema
(District 2)

Mary N. Piepho
(District 3)

Susan A. Bonilla
(District 4)

Federal D. Glover
(District 5)

COUNTY OFFICIALS

David J. Twa
Clerk of the Board and County Administrator

Stephen J. Ybarra
Auditor-Controller

William J. Pollacek
Treasurer-Tax Collector

Sharon L. Anderson
County Counsel

Gus S. Kramer
Assessor

Stephen L. Weir
County Clerk-Recorder

Lisa Driscoll
County Finance Director

SPECIAL SERVICES

Orrick, Herrington & Sutcliffe LLP
San Francisco, California
Bond Counsel

Lofton & Jennings
San Francisco, California
Disclosure Counsel

Tamalpais Advisors, Inc.
Sausalito, California
Financial Advisor

Wells Fargo Bank, National Association
San Francisco, California
Trustee, Paying Agent and 1998 Trustee

Causey Demgen & Moore Inc.
Denver, Colorado
Verification Agent

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$58,055,000
COUNTY OF CONTRA COSTA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS
Comprised of:

$6,790,000 2010 Series A-1 (Capital Project I - Tax Exempt Bonds)
$13,130,000 2010 Series A-2 (Capital Project I - Taxable Build America Bonds)
$20,700,000 2010 Series A-3 (Capital Project I - Taxable Recovery Zone Bonds)
$17,435,000 2010 Series B (Refunding)

INTRODUCTION

This Introduction contains only a brief summary of the terms of the 2010 Bonds being offered and a brief description of this Official Statement. A full review should be made of the entire Official Statement, including the inside cover through the Appendices. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings given to such terms as set forth in the Trust Agreement (defined below). See APPENDIX E–"SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS–CERTAIN DEFINITIONS."

General; Purpose

This Official Statement, which includes the cover page through the Appendices hereto (the "Official Statement"), provides certain information concerning the issuance by the County of Contra Costa Public Financing Authority (the "Authority") of $58,055,000 aggregate principal amount of County of Contra Costa Public Financing Authority Lease Revenue Bonds, comprised of: $6,790,000 principal amount of 2010 Series A-1 (Capital Project I - Tax Exempt Bonds) (the "2010 Series A-1 Bonds"); $13,130,000 principal amount of 2010 Series A-2 (Capital Project I - Taxable Build America Bonds) (the "Taxable 2010 Series A-2 Bonds"); and $20,700,000 principal amount of 2010 Series A-3 (Capital Project I - Taxable Recovery Zone Bonds) (the "Taxable 2010 Series A-3 Bonds" and together with the Taxable 2010 Series A-2 Bonds, the "Taxable 2010 Series A Bonds" and the Taxable 2010 Series A Bonds together with the 2010 Series A-1 Bonds are referred to as the "2010 Series A Bonds"); and $17,435,000 principal amount of 2010 Series B (Refunding) (the "2010 Series B Bonds"). The 2010 Series A Bonds and the 2010 Series B Bonds are referred to together, as the "2010 Bonds." The 2010 Bonds are being issued to: (i) finance and/or refinance the costs of acquiring, constructing, improving and equipping capital projects (collectively, the "2010 Projects") within the County of Contra Costa (the "County"); (ii) pay capitalized interest with respect to certain of the 2010 Projects as described herein; (iii) fund deposits into the separate Reserve Accounts (defined herein) established for each of the 2010 Series A Bonds and the 2010 Series B Bonds within the Reserve Fund (defined herein); and (iv) pay certain costs associated with the issuance of the 2010 Bonds. See "THE 2010 PROJECTS" and "ESTIMATED SOURCES AND USES OF FUNDS."

The 2010 Bonds are each limited obligations of the Authority payable solely from Revenues, consisting primarily of certain base rental payments (collectively, the "Base Rental Payments") to be made by the County for the use and occupancy of the related real property and improvements (each a "Facility" and together, the "Facilities"). Each Facility will be leased by the County to the Authority pursuant to the terms and conditions of a separate Site Lease with respect to each of the 2010 Series A Bonds and the 2010 Series B Bonds, each dated as of November 1, 2010 (respectively, the "2010 Series A Site Lease" and the "2010 Series B Site Lease" and together, the "Site Leases"), each between the

County, as lessor, and the Authority, as lessee. See "THE FACILITIES." Pursuant to the terms and conditions of a separate Sublease with respect to each of the 2010 Series A Bonds and the 2010 Series B Bonds, each dated as of November 1, 2010 (respectively, the "2010 Series A Sublease" and the "2010 Series B Sublease" and together, the "Subleases"), each between the Authority, as lessor and the County, as lessee, the Authority will sublet each of the Facilities to the County. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS."

Authority for Issuance

The 2010 Bonds will be issued pursuant to the Constitution and the laws of the State of California (the "State"), resolutions adopted by the Authority and the County and a Trust Agreement, dated as of November 1, 2010 (the "Trust Agreement"), between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee") and acknowledged by the County.

2010 Series A Bonds

The proceeds of the 2010 Series A Bonds will be applied to: (i) finance and/or refinance a portion of the costs of acquiring, constructing, improving and equipping a health clinic and related parking facilities to be located at 13613 and 13585-3613 San Pablo Avenue, San Pablo, California (collectively, "Capital Project I"); (ii) pay capitalized interest with respect to Capital Project I through June 1, 2013; (iii) fund a deposit into the 2010 Series A Reserve Account within the Reserve Fund; and (iv) pay certain costs associated with the issuance of the 2010 Series A Bonds. See "THE 2010 PROJECTS–Capital Project I" and "ESTIMATED SOURCES AND USES OF FUNDS."

2010 Series A-1 Bonds. The interest on the 2010 Series A-1 Bonds will be excluded from gross income for federal income tax and from State of California personal income taxes.

Taxable 2010 Series A-2 Bonds. The Taxable 2010 Series A-2 Bonds are being issued as "Build America Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 (the "Recovery Act"), the interest on which is ***not*** excluded from gross income for federal income tax purposes but is exempt from State of California personal income taxes. The Authority expects to receive direct cash subsides from the United States Treasury equal to 35% of the interest payable on such Taxable 2010 Series A-2 Bonds (the "BABs Subsidy Receipts"). The County and the Authority covenant in the tax certificate related to the Taxable 2010 Series A Bonds to comply with all of the conditions to the receipt and use of such BABs Subsidy Receipts. See "THE 2010 SERIES A BONDS–Designation of the Taxable 2010 Series A-2 Bonds as Build America Bonds."

Taxable 2010 Series A-3 Bonds. The Taxable 2010 Series A-3 Bonds are being issued as "Recovery Zone Economic Development Bonds" under the provisions of the Recovery Act, the interest on which is ***not*** excluded from gross income for federal income tax purposes but is exempt from State of California personal income taxes. The Authority expects to receive direct cash subsidies from the United States Treasury equal to 45% of the interest payable on such Taxable 2010 Series A-3 Bonds as provided in Section 6431 of the Code (the "Recovery Zone Subsidy Receipts" and together with the BABs Subsidy Receipts, the "Subsidy Receipts"). The County and the Authority covenant in the tax certificate related to the Taxable 2010 Series A Bonds to comply with all of the conditions to the receipt and use of such Recovery Zone Subsidy Receipts. See "THE 2010 SERIES A BONDS–Designation of the Taxable 2010 Series A-3 Bonds as Recovery Zone Economic Development Bonds."

See "TERMS RELATING TO EACH SERIES OF 2010 BONDS" and "2010 SERIES A BONDS."

2010 Series B Bonds

The proceeds of the 2010 Series B Bonds will be used by the Authority to: (i) effect a current refunding of the outstanding $17,400,000 principal amount of the County of Contra Costa Public Finance Authority Lease Revenue Bonds (Various Capital Facilities), 1998 Refunding Series A (the "1998 Bonds"); (ii) fund a deposit into the 2010 Series B Reserve Account within the Reserve Fund; and (iii) pay certain costs associated with the issuance of the 2010 Series B Bonds. See PLAN OF FINANCE–2010 Series B Bonds" and "ESTIMATED SOURCES AND USES OF FUNDS."

See "TERMS RELATING TO EACH SERIES OF 2010 BONDS" and "2010 SERIES B BONDS."

Security and Sources of Payment

General. Pursuant to the Trust Agreement, the Authority pledges to the Trustee, for the benefit of the related Bondholders, all of the "Revenues," defined as all Base Rental Payments and other payments paid by the County and received by the Authority pursuant to the related Sublease (excluding Additional Payments); and all interest or other income from any investment of any money held in any fund or account established for such Series of 2010 Bonds pursuant to the Trust Agreement or the related Sublease (other than the Rebate Fund).

The County covenants under each Sublease that so long as the related Facility is available for use and occupancy by the County, it will take such action as may be necessary to include the related Base Rental Payments and Additional Payments with respect to such Sublease in its annual budgets and to make the necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS."

The Base Rental Payments made by the County pursuant to each Sublease are subject to complete or partial abatement in the event of substantial interference with the use and occupancy by the County of the related Facility caused by damage to or destruction or condemnation of such Facility. See "CERTAIN RISK FACTORS" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS–Pledge of Revenues." Abatement of Base Rental Payments under the related Sublease could result in the Bondholders of such Series of 2010 Bonds receiving less than the full amount of principal of and interest on the related Series of 2010 Bonds, except to the extent proceeds of insurance or moneys in the respective Reserve Account within the Reserve Fund (as described herein) are available to make payments of principal of or interest on the related Series of 2010 Bonds (or the relevant portion thereof) during periods of abatement of related Base Rental.

Abatement of Base Rental Payments under one Sublease will *not* result in the abatement of Base Rental Payments under any other Sublease.

Each Series of 2010 Bonds is secured *solely* by the related Revenues which consist primarily of the Base Rental Payments to be made by the County to the Authority under the related Sublease. A default under one Sublease does *not* constitute a default under any other Sublease.

Additional Parity Bonds. So long as any of the 2010 Bonds are Outstanding, the Authority may only issue additional bonds under the Trust Agreement ("Additional Bonds") secured on a parity with the 2010 Bonds for the sole purpose of refunding a Series or subseries of 2010 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS–Additional Bonds." The 2010 Bonds, together with any Additional Bonds issued pursuant to the Trust Agreement, are herein referred to as the "Bonds."

THE 2010 BONDS OF EACH SERIES ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM RELATED REVENUES AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON, ANY PROPERTY OF THE

AUTHORITY OR THE COUNTY OR ANY OF THEIR INCOME OR RECEIPTS, EXCEPT THE RELATED REVENUES (AS DESCRIBED HEREIN). NEITHER THE FULL FAITH NOR THE CREDIT OF THE AUTHORITY OR THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE 2010 BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2010 BONDS NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS UNDER THE RELATED SUBLEASE CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY OR THE COUNTY FOR WHICH EITHER ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH EITHER ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

Reserve Fund

Pursuant to the Trust Agreement, a separate reserve account (the "2010 Series A Reserve Account" and the "2010 Series B Reserve Account" and together, the "Reserve Accounts") is established within the reserve fund (the "Reserve Fund") for the benefit of the Bondholders of the related Series of 2010 Bonds in an amount equal to the respective Reserve Fund Requirement (as defined herein). Amounts on deposit in a Reserve Account within the Reserve Fund are available to pay only the related Series of 2010 Bonds and any related Additional Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS–Reserve Fund."

A Reserve Account secures *only* the related Series of 2010 Bonds. The Reserve Account related to one Series of 2010 Bonds *will not* be available to pay the 2010 Bonds of another Series.

Certain Risk Factors

An investment in the 2010 Bonds involves risk. For a discussion of certain risk factors associated with investment in the 2010 Bonds, see "CERTAIN RISK FACTORS" as well as other factors discussed throughout this Official Statement.

Continuing Disclosure

The County has covenanted for the benefit of the beneficial owners of the 2010 Bonds to provide certain financial information and operating data relating to the County by no later than nine months after the end of each fiscal year (which fiscal year currently ends June 30), commencing with the report due for the Fiscal Year ended June 30, 2010 (each an "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and notices of material events will be filed by the County or Digital Assurance Certification, L.L.C., as dissemination agent, through the Electronic Municipal Market Access site maintained by the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX G–"PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Reference to Documents

The summaries and descriptions in this Official Statement of the Trust Agreement, the Subleases, the Site Leases, the Continuing Disclosure Agreement, and other agreements relating to the 2010 Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the 2010 Bonds are qualified in their entirety by the form thereof and the information with respect thereto included in such documents. All capitalized terms used herein, unless noted otherwise, shall have the meanings prescribed in the Trust Agreement and the Subleases. See APPENDIX E–"SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS–CERTAIN DEFINITIONS."

THE 2010 PROJECTS

Capital Project I

Description. The proceeds of the 2010 Series A Bonds will be used by the Authority to: (i) finance and refinance a portion of Capital Project I; (ii) pay capitalized interest with respect to Capital Project I through June 1, 2013; (iii) fund a deposit into the 2010 Series A Reserve Account within the Reserve Fund; and (iv) pay certain costs associated with the issuance of the 2010 Series A Bonds.

On January 26, 2010, the Board of Supervisors adopted a resolution designating the entire geographic area of the County as a recovery zone within the meaning of the Recovery Act. The County has received a total of $20.7 million in allocation under the Recovery Act in connection with Capital Project I. In addition, on August 6, 2009, the County submitted a grant request to the United States Health Resources and Services Administration for $12 million in funding under the Recovery Act Facilities Investment Program and a Notice of Grant Award in the amount of $12 million was issued to the County on October 29, 2009 (the "Grant").

Approximately $33 million of the costs related to Capital Project I are expected to be paid from with proceeds from the issuance of the 2010 Series A Bonds, with the remaining $12 million be paid from the proceeds of the Grant. The County estimates that all but $3.6 million of the Grant monies will be timely received and applied toward the costs of Capital Project I because there is an estimated six month delay between the time the County submits a claim to the federal government for the portion of each construction draw to be funded by the Grant and the actual date of receipt. The County Hospital Enterprise Fund will cover construction draws for Capital Project I, if necessary, in advance of receiving the Grant funds. The Hospital Enterprise Fund is statutorily backed by the County General Fund. The total budgeted cost for Capital Project I is $45 million.

Capital Project I consists of the construction and equipping of an approximately 53,000 square-foot, two-story health clinic and an approximately 320-space, three-story parking structure, and the installation of certain related improvements to replace the existing Richmond Health Center (the "RHC"). Capital Project I will be located on an approximately two-acre parcel (the "Site") owned by the County located at 13613 and 13585-3613 San Pablo Avenue, in San Pablo, California, which is less than 0.5 miles northwest of the location of the Doctors Medical Center, a nonprofit hospital. Upon completion of Capital Project I, the RHC will be demolished. The County purchased the Site from the Redevelopment Agency of the City of San Pablo (the "RDA") pursuant to the terms and conditions of a Disposition and Development Agreement entered into as of October 14, 2010 (the "DDA"), by and between the RDA and the County. The DDA specifies the terms and conditions for the sale, development and disposition of the Site, including, that prior to the completion date of Capital Project I, the County is prohibited from placing or allowing to be placed any mortgage deed of trust, encumbrance or lien on the site other than the documents relating to the 2010 Series A Bonds.

Contractors and Schedule. The County expects to award the construction contracts for Capital Project I to the contractor(s) submitting the lowest responsive responsible bid based upon a guaranteed maximum price procurement approach. There will be four phases of construction, with bids for the first phase expected to be submitted in winter 2010 and bids for the fourth and final phase expected to be submitted in spring 2011. Construction of Capital Project I is expected to commence in spring 2011 and be completed in spring 2012.

Environmental and Land Use Approvals. Projects undertaken by the County, including the Capital Project I, are generally subject to the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code) ("CEQA"). Under CEQA, a public agency is required, following preparation of an initial assessment, to determine whether an environmental impact report (an "EIR"), a negative declaration or a mitigated negative declaration is required for a project. If there is substantial evidence that significant environmental effects may occur, an EIR is required to be prepared. The County prepared an EIR for the Capital Project I that was certified on October 12, 2010. All other land use approvals necessary to proceed with the Capital Project I have been obtained or are expected to be obtained in due course.

Seismic Standards. Each component of the Capital Project I is designed to meet or exceed current seismic standards for medical clinic facilities. See also "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS–Insurance" and "–*Earthquake Insurance*."

Refunding

The proceeds of the 2010 Series B Bonds, together with funds held by the 1998 Trustee under the 1998 Trust Agreement (each defined below), will be used by the Authority to: (i) refund the 1998 Bonds outstanding in the aggregate principal amount of $17,400,000; (ii) fund a deposit into the 2010 Series B Reserve Account within the Reserve Fund; and (iii) pay certain costs associated with the issuance of the 2010 Series B Bonds.

The Authority issued $24,695,000 aggregate principal amount of the 1998 Bonds pursuant to a trust agreement, dated as of May 1, 1998 (the "1998 Trust Agreement"), by and between the County, the Authority and BNY Western Trust Company, as succeeded by Wells Fargo Bank, National Association, as successor trustee (the "1998 Trustee"), and acknowledged by the County. The 1998 Bonds were delivered to finance and refinance the costs of acquiring, constructing and renovating certain County facilities and to provide funds to acquire and install other capital improvements for the County.

A portion of the proceeds of the 2010 Series B Bonds will be deposited with the 1998 Trustee which, together with certain moneys on deposit under the 1998 Trust Agreement with respect to the 1998 Bonds, will be sufficient and will be used to redeem all of the Outstanding 1998 Bonds on November 17, 2010 at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest through the redemption date.

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The 1998 Bonds consist of the following:

$17,400,000
Contra Costa County Public Financing Authority
Lease Revenue Bonds
(Various Capital Facilities)
1998 Refunding Series A
Dated Date: May 1, 1998
Redemption Date: November 17, 2010
Redemption Price: 100%

Maturity Date (August 1)	Amount	Interest Rate	CUSIP (21226P)†
2011	$850,000	4.850%	AN8
2012	895,000	4.950	AP3
2013	940,000	5.000	AQ1
2014	995,000	5.050	AR9
2015	1,050,000	5.100	AS7
2016	1,115,000	5.100	AT5
2017	1,175,000	5.125	AU2
2018	1,240,000	5.150	AV0
2020	2,705,000	5.300	AW8
2024	6,435,000	5.350	AX6

Upon the deposit of cash into an escrow fund (the "1998 Bonds Escrow Fund") established pursuant to Letter of Escrow Instructions, dated as of November 1, 2010 (the "1998 Escrow Instructions") by and between the Authority and the 1998 Trustee, the 1998 Bonds will no longer be deemed outstanding under the 1998 Trust Agreement. The amount on deposit in the 1998 Bonds Escrow Fund will be sufficient to redeem the 1998 Bonds at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest to the redemption date.

The mathematical computations used to determine the sufficiency of the escrow deposit to defease the 1998 Bonds will be verified by Causey Demgen & Moore Inc., Denver, Colorado (the "Verification Agent") who will deliver a report to such effect upon delivery of the 2010 Series B Bonds. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE 2010 SERIES B BONDS."

THE FACILITIES

The County will lease each of the Facilities summarized in Table 1 to the Authority pursuant to the related Site Lease, and the Authority will lease back each of the Facilities to the County pursuant to the related Sublease. The Facilities consist of a number of essential County properties and the sites thereof. The Facilities include site development, landscaping, utilities, equipment, furnishings, improvements and appurtenant, and related facilities located on the real property, including any future improvements made to such Facilities.

The County covenants in each Sublease to use the related Facility for County and public purposes and so long as each such Facility is available for its use and occupancy, the County covenants to take such actions as may be necessary to include all Base Rental Payments and Additional Payments with respect to each Facility in its annual budgets and to make the necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS."

The value of each Facility included in the following table is based upon projected construction costs, historical cost, estimates of replacement cost or insured value. The actual market value of each Facility may differ materially from the estimated value listed below. The Authority has only a leasehold interest in each Facility and is not authorized to sell any Facility. The County represents and agrees that the annual Base Rental Payments represent the annual fair rental value of the related Facilities. See also "CERTAIN RISK FACTORS–Base Rental Payments Not a Debt of the County."

2010 Series A Facility

West County Health Clinic. For a description of this Facility see "THE 2010 PROJECTS–Capital Project I."

2010 Series B Facilities

Clerk-Recorder Building. This Facility is an approximately 35,115 square foot, three-story, wood frame construction building located on an approximately 0.92 acre site at 555 Escobar Street in Martinez, California. This Facility was constructed in 2007, and includes a surface parking lot for employees and the public. This Facility houses the entire department of the County Clerk-Recorder, which is comprised of the Clerk-Recorder and Elections divisions.

Employment and Human Services Department Building. This Facility consists of an approximately 48,897 square foot, three-story, building constructed from wood, concrete and masonry that is located on an approximately 1.43 acre site at 1305 Macdonald Avenue in Richmond, California. This Facility was constructed in 1972, and includes a surface parking lot for employees and the public. This Facility houses the West County units of the CalWorks and the General Assistance divisions of the Employment and Human Services Department.

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Table 1
Estimated Value of the Facilities

Facility	Address	Expected or Original Completion Year	Approx. Acreage of Site	Approx. Building Square Footage	Term of Facility Lease	Value ($millions)
2010 SERIES A FACILITY:						
West County Health Clinic	13613 and 13585-3613 San Pablo Avenue, San Pablo, CA	2012	2.5	131,000	30 years	$45.00[(1)]
				SUBTOTAL 2010 SERIES A FACILITY:		**$45.00**
2010 SERIES B FACILITIES:						
Clerk Recorder Building	555 Escobar Street, Martinez CA	2007	0.92	35,115	15 years	10.10[(2)]
Employment and Human Services Department Building	1035 MacDonald Avenue, Richmond CA	1971	1.43	49,897	15 years	7.81[(4)]
				SUBTOTAL 2010 SERIES B FACILITIES:		**$17.91**
				TOTAL - ALL FACILITIES:		**$62.91**

(1) Based upon the estimated construction cost of such project.
(2) Based upon the insured value for Fiscal Year 2010-11.
Source: County Administrator's Office.

Pursuant to the terms of each Sublease, the County and the Authority may substitute other properties for the related Facilities or portions thereof upon the satisfaction of certain conditions. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS–Substitution of Property."

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds related to the issuance of the 2010 Bonds.

Table 2
Estimated Sources and Uses of Funds

	2010 Series A	2010 Series B	Total
SOURCES:			
Principal Amount of 2010 Bonds	$40,620,000.00	$17,435,000.00	$58,055,000.00
Net Original Issue Premium/(Discount)	(721,353.05)	403,988.20	(317,364.85)
Transfer from the 1998 Trust Agreement	–	1,792,702.67	1,792,702.67
TOTAL SOURCES	$39,898,646.95	$19,631,690.87	$59,530,337.82
USES:			
Deposit to Project Fund	$32,755,761.67	–	$32,755,761.67
Deposit to Capitalized Interest Account	4,075,828.46(1)	–	4,075,828.46
Deposit to 1998 Bonds Escrow Account	–	$17,666,444.62	17,666,444.62
Deposit to Reserve Fund	2,478,604.64	1,698,043.76	4,176,648.40
Costs of Issuance(2)	304,128.28	145,157.41	449,285.69
Underwriters' Discount	284,323.90	122,045.08	406,368.98
TOTAL USES	$39,898,646.95	$19,631,690.87	$59,530,337.82

(1) Represents capitalized interest on a portion of Capital Project I through June 1, 2013.
(2) Includes legal and professional fees, rating agency and title insurance fees, printing costs and other miscellaneous costs of issuance.

TERMS RELATING TO EACH OF SERIES OF 2010 BONDS

General

The 2010 Bonds of each Series are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the County under the related Sublease.

The 2010 Bonds of each Series will be dated their date of issuance, issued as fully registered bonds and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the 2010 Bonds. Ownership interests in the 2010 Bonds may be purchased in book-entry form only, in the denominations hereinafter set forth. Purchasers will not receive physical certificates representing their beneficial ownership interest in the 2010 Bonds. So long as a Series of 2010 Bonds are registered in the name of Cede & Co., payment of principal of premium, if any and interest on such Series of 2010 Bonds will be payable to DTC. See APPENDIX H–"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Ownership interests in each Series of 2010 Bonds will be in Authorized Denominations of $5,000 or any integral multiple thereof. The 2010 Bonds will mature on the dates (each a "Maturity Date") and in the principal amounts, and the interest payable thereon will be computed at the rates, all as set forth on the inside cover pages of this Official Statement.

Interest on the 2010 Bonds is payable on June 1 and December 1 (each an "Interest Payment Date") of each year, commencing June 1, 2011 calculated from their date of issuance on the basis of a 360-day year composed of twelve 30-day months.

Redemption Procedures

Notice of Redemption. Pursuant to the Trust Agreement, the Trustee is required to mail notice of redemption by first class postage prepaid, to the respective Bondholders of 2010 Bonds designated for redemption at their addresses appearing on the registration books required to be kept by the Trustee not less than 30 nor more than 60 days prior to the Redemption Date. Each notice of redemption is required to state the date of such notice, the date of issue of the 2010 Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address of the Trustee), the CUSIP number of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the 2010 Bonds to be redeemed, and in the case of a 2010 Bond of a Series called for redemption in part, state the amount which is to be redeemed. Each such notice is also required to state that from and after the redemption date, interest on the Series of 2010 Bonds to be redeemed will cease to accrue. Failure to receive such notice will not invalidate any of the proceedings taken in connection with such redemption.

Effect of Redemption. If notice of redemption has been duly given as required by the Trust Agreement and money for the payment of the Redemption Price of the 2010 Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice, the 2010 Bonds for such Series so called for redemption will become due and payable, and from and after the date so designated interest on such 2010 Bonds will cease to accrue, and the Owners of such 2010 Bonds will have no rights in respect thereof except to receive payment of the Redemption Price thereof.

2010 SERIES A BONDS

2010 Series A-1 Bonds

The interest on the 2010 Series A-1 Bonds will be excluded from gross income for federal income tax and from State of California personal income taxes.

Principal with respect to the 2010 Series A-1 Bonds is payable on June 1 of each year, commencing June 1, 2014.

Designation of Taxable 2010 Series A-2 Bonds as Build America Bonds

The Taxable 2010 Series A-2 Bonds are being issued as "Build America Bonds" under the provisions of the Recovery Act. The Authority expects to receive BABs Subsidy Receipts pursuant to the Recovery Act equal to 35% of the interest payable on the Taxable 2010 Series A-2 Bonds on or about each Interest Payment Date. BABs Subsidy Receipts do not constitute a full faith and credit guarantee of the United States, but are required to be paid by the United States Treasury under the Recovery Act. Under the Trust Agreement, prior to completion of Capital Project I, the BABs Subsidy Receipts will be sent directly from the United States Treasury to the Trustee, and upon completion of Capital Project I, the BABs Subsidy Receipts will be sent directly to the County. Any BABs Subsidy Receipts received by the Trustee prior to the completion of Capital Project I will be applied by the Trustee to pay interest on the Taxable 2010 Series A-2 Bonds. Upon completion of Capital Project I, BABs Subsidy Receipts will be applied by the County solely to pay Base Rental under the 2010 Series A Sublease. **Upon completion of Capital Project I, the County is obligated to make all Base Rental Payments with respect to Capital Project I whether or not it receives BABs Subsidy Receipts.**

Principal with respect to the 2010 Series A-2 Bonds is payable on June 1 of each year, commencing June 1, 2014.

Designation of Taxable 2010 Series A-3 Bonds as Recovery Zone Economic Development Bonds

The Taxable 2010 Series A-3 Bonds are being issued as "Recovery Zone Economic Development Bonds" under provisions of the Recovery Act. The Authority expects to receive Recovery Zone Subsidy Receipts pursuant to the Recovery Act equal to 45% of the interest payable on the Taxable 2010 Series A-3 Bonds on or about each Interest Payment Date. Recovery Zone Subsidy Receipts do not constitute a full faith and credit guarantee of the United States, but are required to be paid by the United States Treasury under the Recovery Act. Under the Trust Agreement, prior to completion of Capital Project I, the Recovery Zone Subsidy Receipts will be sent directly from the United States Treasury to the Trustee and upon completion of Capital Project I, the Recovery Zone Subsidy Receipts will be sent directly to the County. Any Recovery Zone Subsidy Receipts received by the Trustee prior to the completion of Capital Project I will be applied by the Trustee to pay interest on the Taxable 2010 Series A-3 Bonds. Upon completion of Capital Project I, Recovery Zone Subsidy Receipts will be applied by the County solely to pay Base Rental under the 2010 Series A Sublease. **Upon completion of Capital Project I, the County is obligated to make all Base Rental Payments with respect to Capital Project I whether or not it receives Recovery Zone Subsidy Receipts.**

Principal with respect to the 2010 Series A-3 Bonds is payable on June 1 of each year, commencing June 1, 2014.

Payment of Taxable 2010 Series A Bonds is not Dependent Upon Subsidy Receipts

The United States Treasury may offset any Subsidy Receipts to which the Authority is otherwise entitled against any other liability of the Authority payable to the United States of America, including without limitation withholding or payroll taxes, or other penalties or interest that may be owed at any time to the United States of America. In order for the Authority to be entitled to receive the Subsidy Receipts, the Taxable 2010 Series A Bonds must comply with all of the requirements of the Internal Revenue Code of 1986 applicable to comparable tax-exempt obligations. If the Authority and the County fail to comply with the conditions to receiving the Subsidy Receipts throughout the term of the Taxable 2010 Series A-2 Bonds or the Taxable 2010 Series A-3 Bonds, it may no longer receive such payments and could be subject to a claim for the return of previously received payments. The County and the Authority covenant in the tax certificate related to the Taxable 2010 Series A Bonds to comply with all conditions pertaining to the receipt of the Subsidy Receipts.

Upon completion of Capital Project I, the County is obligated under the 2010 Series A Sublease to make the Base Rental Payments for use and occupancy of Capital Project I, without regard to the receipt of Subsidy Receipts.

Redemption Provisions

Optional Redemption. The 2010 Series A Bonds maturing on or prior to June 1, 2020 are ***not*** subject to optional redemption.

2010 Series A Bonds. The 2010 Series A Bonds maturing on or after June 1, 2021 are subject to optional redemption prior to their respective stated maturities, at the written direction of the Authority, from any moneys deposited by the Authority or the County, as a whole or in part (in such maturities as are designated in writing by the Authority to the Trustee) on any date on or after June 1, 2020 at a Redemption Price equal to 100% of the principal amount of the 2010 Series A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Extraordinary Optional Redemption of the Taxable 2010 Series A Bonds. Upon the occurrence of an Extraordinary Tax Event (defined below) and prior to June 1, 2020, at the option of the Authority, the Taxable 2010 Series A Bonds are subject to extraordinary optional redemption prior to their respective stated maturities, from any source of available funds, as a whole on any date, at the Extraordinary Redemption Price, which is the greater of:

(i) the issue price of the applicable Taxable 2010 Series A Bonds (but not less than 100% of the principal amount of such Taxable 2010 Series A Bonds to be redeemed); or

(ii) the sum of the present value of the remaining scheduled payments of principal and interest on the applicable Taxable 2010 Series A Bonds to be redeemed to the maturity date of such Taxable 2010 Series A Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the applicable Taxable 2010 Series A Bonds are to be redeemed, discounted to the date on which such Taxable 2010 Series A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the Treasury Rate plus 25 basis points,

plus in each case accrued interest on the applicable Taxable 2010 Series A Bonds to be redeemed to the redemption date.

An "Extraordinary Tax Event" is defined in the Trust Agreement as the occurrence of a material adverse change, as determined by the Authority, with respect to Section 54AA or 6431 of the Code (as such sections were added by Section 1531 of the Recovery Act, pertaining to Build America Bonds) or any guidance is published by the Internal Revenue Service or the United States Treasury with respect to such sections or any other determination by the Internal Revenue Service or the United States Treasury, which determination is not the result of an act or omission by the Authority to satisfy the requirements to receive the Subsidy Receipts from the United States Treasury, pursuant to which the Authority's Subsidy Receipts from the United States Treasury are reduced or eliminated.

Mandatory Sinking Fund Redemption of the Taxable 2010 Series A-2 and A-3 Bonds.

Taxable 2010 Series A-2 Bonds. The Taxable 2010 Series A-2 Bonds maturing on June 1, 2030 are subject to mandatory sinking fund redemption prior to their stated maturity, in part on June 1 of each year on or after June 1, 2026 by lot, from and in the amount of the mandatory sinking account payment due and payable on such dates, at a Redemption Price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium, in the amounts and on the dates set forth below.

Taxable 2010 Series A-2 Bonds Maturing on June 1, 2030

Sinking Account Payment Date (June 1)	Mandatory Sinking Account Payment
2026	$870,000
2027	1,430,000
2028	1,495,000
2029	1,560,000
2030†	1,155,000

† Maturity.

If the Taxable 2010 Series A-2 Bonds are optionally redeemed in part, the Authority may designate the mandatory sinking account payments to be allocated to such optional redemption.

Taxable 2010 Series A-3 Bonds. The Taxable 2010 Series A-3 Bonds maturing on June 1, 2035 are subject to mandatory sinking fund redemption prior to their stated maturity, in part on June 1 of each year on or after June 1, 2030 by lot, from and in the amount of the mandatory sinking account payment due and payable on such dates, at a Redemption Price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium, in the amounts and on the dates set forth below.

Taxable 2010 Series A-3 Bonds Maturing on June 1, 2035

Sinking Account Payment Date (June 1)	Mandatory Sinking Account Payment
2030	$475,000
2031	1,700,000
2032	1,765,000
2033	1,830,000
2034	1,900,000
2035†	1,975,000

† Maturity.

The Taxable 2010 Series A-3 Bonds maturing on June 1, 2040 are subject to mandatory sinking fund redemption prior to their stated maturity, in part on June 1 of each year on or after June 1, 2036 by lot, from and in the amount of the mandatory sinking account payment due and payable on such dates, at a Redemption Price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium, in the amounts and on the dates set forth below.

Taxable 2010 Series A-3 Bonds Maturing on June 1, 2040

Sinking Account Payment Date (June 1)	Mandatory Sinking Account Payment
2036	$2,045,000
2037	2,125,000
2038	2,210,000
2039	2,295,000
2040†	2,380,000

† Maturity.

If the Taxable 2010 Series A-3 Bonds are optionally redeemed in part, the Authority may designate the mandatory sinking account payments to be allocated to such optional redemption.

Extraordinary Redemption. The 2010 Series A Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole or in part by lot, or in case of the 2010 Series A-2 Bonds and the 2010 Series A-3 Bonds, *pro rata*, within each stated maturity in integral multiples of Authorized Denominations, from prepayments of Base Rental Payments made by the County from the net proceeds received by the County due to the taking of the related Facilities or portions thereof under the power of eminent domain, or from the net proceeds of title insurance or insurance received for damage to or destruction of the Facilities or portions thereof, under the circumstances described in the Trust Agreement and the 2010 Series A Sublease. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS–Insurance." The Redemption Price will be equal to the principal amount of the 2010 Series A Bonds to be redeemed and accrued interest thereon to the Redemption Date, without premium. Whenever less than all of the Outstanding Bonds are to be redeemed on any one date, the Trustee will select, in accordance with written instructions from the Authority, the 2010 Series A Bonds of a Series to be redeemed so that the aggregate annual amounts of principal of and interest on the 2010 Series A Bonds which will be payable after such Redemption Date will be as nearly proportional as practicable to the aggregate annual amounts of principal of and interest on the 2010 Series A Bonds outstanding prior to such Redemption Date.

Selection of the 2010 Series A-1 Bonds for Optional Redemption. The Authority will designate which maturities of the 2010 Series A-1 Bonds are to be redeemed. If less than all Outstanding 2010 Series A-1 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee will select the 2010 Series A-1 Bonds and maturity date to be redeemed from the Outstanding 2010 Series A-1 Bonds date by lot and promptly notify the Authority in writing of the 2010 Series A-1 Bonds selected for redemption. For purposes of such selection, 2010 Series A-1 Bonds will be deemed to be composed of multiples of minimum denominations of $5,000, and any such multiple may be separately redeemed. In the event the 2010 Series A-1 Bonds subject to sinking fund redemption are designated for redemption, the Authority may designate which sinking account payments are allocated to such redemption.

Selection of the Taxable 2010 Series A Bonds for Redemption. If the Taxable 2010 Series A Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Taxable 2010 Series A Bonds, if less than all of the Taxable 2010 Series A Bonds and a maturity are called for prior redemption, such Taxable 2010 Series A Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC operational arrangements then in effect that currently provide for adjustment of the principal by a factor provided pursuant to DTC operational arrangements. If the Trustee fails to provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis or if the DTC operational arrangements do not allow for the redemption of such Taxable 2010 Series A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, such Taxable 2010 Series A Bonds shall be selected for redemption by lot in accordance with DTC procedures.

2010 SERIES B BONDS

Principal with respect to the 2010 Series B Bonds is payable on June 1 of each year, commencing June 1, 2012.

Redemption Provisions

Optional Redemption. The 2010 Series B Bonds maturing on or prior to June 1, 2020 are ***not*** subject to optional redemption.

The 2010 Series B Bonds maturing on or after June 1, 2021 are subject to optional redemption prior to their respective stated maturities, at the written direction of the Authority, from any moneys deposited by the Authority or the County, as a whole or in part (in such maturities as are designated in writing by the Authority to the Trustee) on any date on or after June 1, 2020 at a Redemption Price equal to 100% of the principal amount of the 2010 Series B Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Extraordinary Redemption. The 2010 Series B Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole or in part by lot within each stated maturity in integral multiples of Authorized Denominations, from prepayments of Base Rental Payments made by the County from the net proceeds received by the County due to the taking of the related Facilities or portions thereof under the power of eminent domain, or from the net proceeds of title insurance or insurance received for damage to or destruction of the related Facilities or portions thereof, under the circumstances described in the Trust Agreement and in the 2010 Series B Sublease. See "SECURITY AND SOURCES OF PAYMENT FOR THE

2010 BONDS–Insurance." The Redemption Price will be equal to the principal amount of the 2010 Series B Bonds to be redeemed and accrued interest thereon to the Redemption Date, without premium. Whenever less than all of the Outstanding Bonds are to be redeemed on any one date, the Trustee will select, in accordance with written instructions from the Authority, the 2010 Series B Bonds to be redeemed so that the aggregate annual amounts of principal of and interest on the 2010 Series B Bonds which will be payable after such Redemption Date will be as nearly proportional as practicable to the aggregate annual amounts of principal of and interest on the 2010 Series B Bonds outstanding prior to such Redemption Date.

Selection of the 2010 Series B Bonds for Optional Redemption. The Authority will designate which maturities of the 2010 Series B Bonds are to be redeemed. If less than all Outstanding 2010 Series B Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee will select the 2010 Series B Bonds and maturity date to be redeemed from the Outstanding 2010 Series B Bonds date by lot and promptly notify the Authority in writing of the 2010 Series B Bonds selected for redemption. For purposes of such selection, 2010 Series B Bonds will be deemed to be composed of multiples of minimum denominations of $5,000, and any such multiple may be separately redeemed. In the event the 2010 Series B Bonds subject to sinking fund redemption are designated for redemption, the Authority may designate which sinking account payments are allocated to such redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS

Each Series of 2010 Bonds is secured *solely* by the related Revenues which consist primarily of the Base Rental Payments to be made by the County to the Authority under the related Sublease. A default or abatement under one Sublease does *not* constitute a default or abatement under any other Sublease.

General

Pursuant to each Sublease, the Authority leases the related Facilities to the County. As rental for the use and occupancy of the related Facilities, the County covenants to pay Base Rental Payments to the Authority, which payments are pledged to the Trustee for the benefit of the Owners of the related Series of 2010 Bonds. The Base Rental Payments, which are subject to abatement, are calculated to generate sufficient Revenues to pay principal of and interest on the related Series of 2010 Bonds when due.

The County covenants in each Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Payments due under the Subleases in its annual budgets and to make the necessary annual appropriations therefor. By the 15th day of the month immediately preceding each Interest Payment Date, the County must pay to the Trustee Base Rental Payments (to the extent required under each Sublease) which scheduled Base Rental Payments are sufficient to pay, when due, the principal of and interest on the related Series of 2010 Bonds. **Base Rental Payments are not subject to acceleration.**

Under each Sublease, the County agrees to pay Additional Payments for the payment of all expenses and all costs of the Authority and the Trustee related to the lease of the related Facility, including expenses of the Trustee payable by the Authority under the Trust Agreement, and fees of accountants, attorneys and consultants. The County is responsible for repair and maintenance of each of the related Facilities during the term of the related Sublease.

The Base Rental Payments will be abated proportionately during any period in which by reason of any damage to or destruction of the related Facilities, there is substantial interference with the use and occupancy of such Facilities by the County, in the proportion in which the cost of that portion of the related Facilities rendered unusable bears to the cost of the whole of the related Facilities. During any such period of abatement, except to the extent that amounts held by the Trustee in the Revenue Fund or the related Reserve Account within the Reserve Fund are otherwise available to pay the related Series of 2010 Bonds, Base Rental Payments from the County will not be available to pay the related Series of 2010 Bonds. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, such Sublease will continue in full force and effect and the County waives any right to terminate the related Sublease by virtue of any such damage or destruction.

If the whole of a related Facility under a Sublease or so much thereof as to render the remainder unusable is taken under power of eminent domain, the term of such Sublease will cease as of the day possession is so taken. If less than the whole of the related Facilities under a Sublease is taken by eminent domain, there will be a partial abatement of the rental due under such Sublease in an amount equivalent to the amount by which the annual payments of principal of and interest on the related Series of 2010 Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of the related Series of 2010 Bonds Outstanding.

If the County defaults under a Sublease, the Authority may (i) terminate such Sublease and take possession of the related Facility for the term of such Site Lease or (ii) retain such Sublease and seek to hold the County liable for all Base Rental Payments and Additional Payments thereunder (without acceleration) as they become due on an annual basis. See APPENDIX E–"SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS–SUBLEASES–Defaults and Remedies." Base Rental Payments and Additional Payments may not be accelerated. See "CERTAIN RISK FACTORS."

Pledge of Revenues

The Revenues consist primarily of the Base Rental Payments made by the County to the Authority under the related Sublease. In accordance with the Trust Agreement, all Revenues are irrevocably pledged to and will be used for the punctual payment of interest and premium, if any, on and principal of the related Series of 2010 Bonds and Reserve Facility Costs, if any, and will not be used for any other purpose while any of the Bonds remain Outstanding; *provided, however,* that out of the Revenues may be applied such sums as are permitted under the Trust Agreement. This pledge constitutes a first lien on the Revenues in accordance with the terms of the Trust Agreement.

The Authority directs that all Base Rental Payments be paid directly to the Trustee to be held in trust by the Trustee in the Revenue Fund for the benefit of the Bondholders. The County covenants under each Sublease that as long as the related Facilities are available for the County's use and occupancy, it will take such action as may be necessary to include all Base Rental Payments and Additional Payments due under such Sublease in its annual budgets and to make the necessary annual appropriations therefor.

Base Rental Payments

Base Rental Payments are calculated on an annual basis for twelve-month periods commencing on June 1 and ending on May 31, and each annual Base Rental Payment is divided into two interest components, due on June 1 and December 1, and one principal component, due on June 1. Each Base Rental Payment with respect to a Series of 2010 Bonds will be payable by the County to the Authority on the 15th day of the month immediately preceding its due date. Each annual Base Rental Payment (to be payable in installments as described above) will be for the use of the related Facility for the 12-month period commencing on June 1 of the period in which such installment is payable. With respect to Capital Project I, the County is not required to make Base Rental Payments under the 2010 Series A Sublease until it has use and occupancy of such Facility.

Pursuant to each Sublease, the County is required to make all Base Rental Payments to the Trustee for deposit in the interest or principal accounts established for the 2010 Series A Bonds and the 2010 Series B Bonds within the Revenue Fund (the "2010 Series A Interest Account" and the "2010 Series B Interest Account" and together, the "Interest Accounts" and the "2010 Series A Principal Account" and the "2010 Series B Principal Account" and together, the "Principal Accounts"). In accordance with the Trust Agreement, the Trustee will transfer such amounts as are necessary to the related Interest Account or the related Principal Account, as the case may be, to pay principal of and interest on the related Series of 2010 Bonds as the same become due and payable. On each Principal Payment Date, following the payment of principal of and interest on the 2010 Bonds, any excess amount in the Revenue Fund will be transferred to the related Reserve Account within the Reserve Fund, to the extent necessary to increase the amount on deposit therein to the related Reserve Fund Requirement or to pay any related Reserve Facility costs then due and owing, and thereafter returned to the County as an excess payment of Base Rental Payments. See APPENDIX E–"SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS–TRUST AGREEMENT–Revenue Fund."

THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL PAYMENTS IS AN OBLIGATION PAYABLE FROM THE GENERAL FUND OF THE COUNTY, AND DOES NOT CONSTITUTE A DEBT OF THE COUNTY, THE AUTHORITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION OR AN OBLIGATION FOR WHICH THE COUNTY MUST LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, ANY FORM OF TAXATION.

Reserve Fund

The Trust Agreement requires that the related Reserve Account for a Series of 2010 Bonds within the Reserve Fund be funded in an amount equal to the related Reserve Fund Requirement. The Reserve Fund Requirement is defined in the Trust Agreement to mean with respect to the Outstanding Bonds of each Series of Bonds an amount equal to the lesser of: (i) the maximum annual debt service attributable to the Outstanding Bonds and (ii) 125% of average annual debt service attributable to the Outstanding Bonds; *provided that* with respect to the calculation of the Reserve Fund Requirement upon the issuance of a Series of Bonds, the Reserve Fund Requirement will be the least of (i) or (ii) above, or the amount equal to 10% of the proceeds from the sale of such Series of Additional Bonds to the Reserve Account applicable to such Series of Bonds within the Reserve Fund; and *provided further* that debt service on the 2010 Series A-2 Bonds and the 2010 Series A-3 Bonds will be calculated net of Subsidy Receipts. For purposes of this definition, the 2010 Series A-1 Bonds, the Taxable 2010 Series A-2 Bonds and the Taxable 2010 Series A-3 Bonds are collectively considered a Series of Bonds and the 2010 Series B Bonds are considered a separate Series of Bonds. The Trust Agreement permits the Reserve Fund to be funded with cash, permitted investments, a surety bond, an insurance policy, or a letter of credit, or any combination thereof, as described therein.

2010 Series A Bonds. The Reserve Fund Requirement for the 2010 Series A Bonds will be equal to $2,478,604.64. Proceeds of the 2010 Series A Bonds in such amount, which is equal to the maximum annual debt service on the 2010 Series A Bonds, will be deposited in the 2010 Series A Reserve Account on the date the 2010 Series A Bonds are delivered.

2010 Series B Bonds. The Reserve Fund Requirement for the 2010 Series B Bonds will be equal to $1,698,043.76. Proceeds of the 2010 Series B Bonds in such amount, which is equal to the maximum annual debt service on the 2010 Series B Bonds, will be deposited in the 2010 Series B Reserve Account on the date the 2010 Series B Bonds are delivered.

A Reserve Account secures *only* the related Series of 2010 Bonds. The Reserve Account related to a Series of 2010 Bonds *will not* be available to pay the 2010 Bonds of another Series.

All money on deposit in each Reserve Account will be deposited with, used and withdrawn by the Trustee solely for the purpose of funding the related Interest Account or the Principal Account, in that order, for the related Series of 2010 Bonds, in the event of any deficiency in either of such accounts on a Principal Payment Date or Interest Payment Date, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in such Reserve Account in excess of the Reserve Fund Requirement will be withdrawn from such Reserve Account and transferred to the related Project Account within the Project Fund on each Interest Payment Date, or, if so directed by the Authority, and, upon completion of the respective 2010 Project, will be deposited into the Revenue Fund.

Insurance

Fire and Extended Coverage Insurance. Each Sublease requires the County to maintain or cause to be maintained, throughout the term of each Sublease, insurance against loss or damage to any structures constituting any part of a Facility by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance, and earthquake insurance, if available on the open market from reputable insurance companies at a reasonable cost as determined by the County. Such extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, and not attending a strike, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance will be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the related Facility, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed $250,000 or comparable amount adjusted for inflation or more in the case of earthquake insurance), or in the alternative, will be in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total or partial loss, to enable all 2010 Bonds of the related Series then Outstanding to be redeemed.

In the event of any damage to or destruction of any part of the related Facility caused by the perils covered by such insurance, the Authority, except as hereinafter described, will cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of such Facility, to at least the same condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee will hold such proceeds in the Insurance and Condemnation Fund and will permit withdrawals upon written request for such purposes. Any balance of said proceeds not required for such repair, reconstruction or replacement will be treated by the Trustee as Base Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, if the proceeds of such insurance together with any other moneys then available for such purpose are at least sufficient to redeem an aggregate principal amount of Outstanding 2010 Bonds of the related Series equal to the amount of Base Rental attributable to the portion of the related Facility so destroyed or damaged (determined by reference to the proportion which the cost of such portion of the related Facility bears to the cost of the Facility), the Authority, with the written consent of the County, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the related Facility and thereupon will cause said proceeds to be used for the redemption of Outstanding 2010 Bonds of the related Series pursuant to the provisions of the Trust Agreement.

The Authority and the County covenant to promptly apply for federal or State disaster aid in the event that any Facility is damaged or destroyed as a result of an earthquake occurring at any time. Any proceeds received as a result of such disaster aid will be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the related Facility, or, at the option of the County and the Authority, to redeem Outstanding 2010 Bonds of the related Series if such use of such disaster aid is permitted.

As an alternative to providing the fire and extended coverage insurance, or any portion thereof, required by each Sublease, the County may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection will afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the County. So long as such method or plan is being provided to satisfy the requirements of the applicable Sublease, there will be filed with the Trustee a statement of an actuary, insurance consultant or other qualified person (which may be the Risk Manager of the County), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the related Sublease and, when effective, would afford reasonable coverage for the risks required to be insured against. There will also be filed a certificate of the County setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the County under the related Sublease will be limited to the amounts in the self-insurance reserve fund or funds created under such method.

Liability Insurance. Each Sublease requires the County to procure or cause to be procured and maintain or cause to be maintained, throughout the term of the related Sublease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the related Facility, with minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $200,000 for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the County.

As an alternative to providing the standard comprehensive general liability insurance, or any portion thereof, the County may provide a self insurance method or plan of protection if and to the extent such self insurance method or plan of protection shall afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the County. So long as such method or plan is being provided to satisfy the requirements of each Sublease, there is required to be filed annually with the Trustee a statement of an actuary, independent insurance consultant or other qualified person (which may be the Risk Manager of the County), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Trust Agreement and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. The County is also required to file a Certificate of the County setting forth the details of such substitute method or plan.

Rental Interruption or Use and Occupancy Insurance. Each Sublease requires the County to maintain or cause to be maintained, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the related Facility as the result of any of the hazards covered by the fire and extended coverage insurance required by each Sublease described in the preceding paragraphs (provided that earthquake insurance will be required only if it is available on the open market from reputable insurance companies at a reasonable cost, as determined by the County), in an amount sufficient to pay the part of the total rent attributable to the portion of the related Facility rendered unusable (determined by reference to the proportion which the cost of such portion bears to the cost of the related Facility) for a period of at least two years, except that such insurance may be subject to a deductible clause of not to exceed $250,000 (or comparable amount adjusted for inflation or more in the case of earthquake coverage), with the additional exception that with respect to coverage for terrorism related loss, the period may be only one year, provided that the County use its best efforts to obtain such coverage for a period of at least two years assuming it is available on the open market from reputable insurance companies at a reasonable cost, as determined by the County. However, under the 2010 Series A Sublease, the County is not required to maintain rental interruption until Capital Project I is completed. Any proceeds of such insurance will be used by the Trustee to reimburse to the County any rental theretofore paid by the County under such Sublease attributable to such structure for a period of time during which the payment of rental under each Sublease is abated, and any proceeds of such insurance not so used will be applied to pay related Base Rental Payments and Additional Payments.

Earthquake Insurance. The County is required under each Sublease to purchase commercial insurance to cover damage due to earthquake only if it is available on the open market from reputable insurance companies at a reasonable cost, as determined by the County. The County has purchased an earthquake insurance policy for all of its property, including each of the Facilities, through the California State Association of Counties Excess Insurance Authority ("CSAC-EIA"). The County's current earthquake insurance coverage expires on March 31, 2011 with a policy limit of $240 million on a shared aggregate subject to a 5% deductible per location with a $100,000 minimum and $500,000 maximum deductible. The County is in the "Zone A" designation, which has the highest potential for an earthquake among all zone designations. No assurance is given that the County will continue to maintain earthquake insurance in the future. See "CERTAIN RISK FACTORS–Risk of Earthquake and Other Natural Disasters" and APPENDIX B–"COUNTY FINANCIAL INFORMATION–Insurance and Self-Insurance Programs."

Worker's Compensation Insurance. The County is also required to maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the County. Such insurance may be maintained by the County in the form of self-insurance.

Title Insurance. The County is also required to obtain, for the benefit of the Authority, title insurance on each of the Facilities, in an amount equal to the aggregate principal amount of the related Series of 2010 Bonds, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances.

Additional Bonds

The Authority may at any time issue Additional Bonds pursuant to a Supplemental Trust Agreement, payable from the related Revenues as provided therein and secured by a pledge of and charge and lien upon such Revenues as provided therein equal to the pledge, charge and lien securing an Outstanding Series of 2010 Bonds theretofore issued under the Trust Agreement, subject to certain conditions precedent, including that the proceeds from such Additional Bonds be applied solely to the refunding of the 2010 Bonds. APPENDIX E–"SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS–TRUST AGREEMENT–Conditions for the Issuance of Additional Bonds."

Substitution of Property

The County and the Authority, may substitute other real property as part of the Facilities for purposes of the related Sublease provided the County has filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the related Series of 2010 Bonds, all of the following:

(i) Executed copies of the Sublease or amendments thereto containing the amended description of the related Facilities.

(ii) A Certificate of the County with copies of the related Sublease or the related Site Lease, if required, or amendments thereto containing the amended description of the related Facilities stating that such documents have been duly recorded in the official records of the County Recorder of the County.

(iii) A Certificate of the County, supported by acquisition or construction cost information or an appraisal, evidencing that the fair market value of such Facilities will be at least equal to the aggregate outstanding principal amount of the related Base Rental Payments, that the annual fair rental value of the substitute such Facilities will be at least equal to the maximum annual Base Rental Payments thereafter coming due and payable under related Sublease and that the useful life of the substitute Facilities will at least extend to the final related Base Rental Payment date.

(iv) A Certificate of the County stating that, based upon review of such instruments, certificates or any other matters described in such Certificate of the County, the County has good merchantable title to such Facilities which will constitute the Facilities after such substitution. The term "good merchantable title" shall mean such title as is satisfactory and sufficient for the needs and operations of the County.

(v) A Certificate of the County stating that such substitution does not adversely affect the County's use and occupancy of such Facilities.

(vi) An Opinion of Bond Counsel stating that such amendment or modification (A) complies with the terms of the Constitution and laws of the State and of the Trust Agreement; (B) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the County; and (C) if the Series of 2010 Bonds Outstanding with respect thereto were issued on a tax-exempt basis, will not cause the interest on such Series of 2010 Bonds to be included in gross income for federal income tax purposes.

There is no requirement under the Subleases that any substitute Facilities be of the same or a similar nature or function as the then-existing Facilities.

Option to Purchase

Pursuant to each Sublease, the County has the option to purchase the interest of the Authority in any part of the Facilities upon payment of an option price consisting of moneys or securities satisfying the requirements specified in the Trust Agreement (and which securities are not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the increment, earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of each Sublease of the part of the total rent thereunder attributable to such part of the Facilities (determined by reference to the proportion which the cost of such part of the Facilities bears to the cost of all of the Facilities).

Payment of the option price is required to be made to the Trustee, will be treated as rental payments and will be applied by the Trustee to pay the principal of the Series of 2010 Bonds and interest on such Series of 2010 Bonds and to redeem Bonds if such Series of 2010 Bonds are subject to redemption pursuant to the terms of the Trust Agreement.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule relating to the 2010 Bonds. For a description of outstanding obligations of the County payable from the General Fund, see APPENDIX B–"COUNTY FINANCIAL INFORMATION–Long Term Obligations."

Table 3
Debt Service Schedule

Payment Date	2010 Series A Bonds Principal	Interest	*Less* Subsidy Receipts†	Total	2010 Series B Bonds Principal	Interest	Total	Fiscal Year Total
6/1/2011	–	$1,379,268.86	($510,649.68)	$868,619.18	–	$370,957.03	$370,957.03	$1,239,576.21
12/1/2011	–	1,273,171.25	(471,368.93)	801,802.32	–	342,421.88	342,421.88	–
6/1/2012	–	1,273,171.25	(471,368.93)	801,802.32	$955,000	342,421.88	1,297,421.88	3,243,448.40
12/1/2012	–	1,273,171.25	(471,368.93)	801,802.32	–	327,859.38	327,859.38	–
6/1/2013	–	1,273,171.25	(471,368.93)	801,802.32	985,000	327,859.38	1,312,859.38	3,244,323.40
12/1/2013	–	1,273,171.25	(471,368.93)	801,802.32	–	309,584.38	309,584.38	–
6/1/2014	$875,000	1,273,171.25	(471,368.93)	1,676,802.32	1,020,000	309,584.38	1,329,584.38	4,117,773.40
12/1/2014	–	1,255,671.25	(471,368.93)	784,302.32	–	294,284.38	294,284.38	–
6/1/2015	905,000	1,255,671.25	(471,368.93)	1,689,302.32	1,060,000	294,284.38	1,354,284.38	4,122,173.40
12/1/2015	–	1,242,096.25	(471,368.93)	770,727.32	–	278,384.38	278,384.38	–
6/1/2016	930,000	1,242,096.25	(471,368.93)	1,700,727.32	1,095,000	278,384.38	1,373,384.38	4,123,223.40
12/1/2016	–	1,228,146.25	(471,368.93)	756,777.32	–	256,484.38	256,484.38	–
6/1/2017	960,000	1,228,146.25	(471,368.93)	1,716,777.32	1,150,000	256,484.38	1,406,484.38	4,136,523.40
12/1/2017	–	1,208,946.25	(471,368.93)	737,577.32	–	233,484.38	233,484.38	–
6/1/2018	1,000,000	1,208,946.25	(471,368.93)	1,737,577.32	1,195,000	233,484.38	1,428,484.38	4,137,123.40
12/1/2018	–	1,188,946.25	(471,368.93)	717,577.32	–	209,584.38	209,584.38	–
6/1/2019	1,040,000	1,188,946.25	(471,368.93)	1,757,577.32	1,245,000	209,584.38	1,454,584.38	4,139,323.40
12/1/2019	–	1,168,146.25	(471,368.93)	696,777.32	–	184,684.38	184,684.38	–
6/1/2020	1,080,000	1,168,146.25	(471,368.93)	1,776,777.32	1,305,000	184,684.38	1,489,684.38	4,147,923.40
12/1/2020	–	1,141,146.25	(471,368.93)	669,777.32	–	152,059.38	152,059.38	–
6/1/2021	1,135,000	1,141,146.25	(471,368.93)	1,804,777.32	1,370,000	152,059.38	1,522,059.38	4,148,673.40
12/1/2021	–	1,108,515.00	(459,947.99)	648,567.01	–	126,371.88	126,371.88	–
6/1/2022	1,175,000	1,108,515.00	(459,947.99)	1,823,567.01	1,430,000	126,371.88	1,556,371.88	4,154,877.78
12/1/2022	–	1,073,852.50	(447,816.12)	626,036.38	–	96,521.88	96,521.88	–
6/1/2023	1,220,000	1,073,852.50	(447,816.12)	1,846,036.38	1,500,000	96,521.88	1,596,521.88	4,165,116.52
12/1/2023	–	1,037,252.50	(435,006.12)	602,246.38	–	66,521.88	66,521.88	–
6/1/2024	1,270,000	1,037,252.50	(435,006.12)	1,872,246.38	1,565,000	66,521.88	1,631,521.88	4,172,536.52
12/1/2024	–	998,517.50	(421,448.87)	577,068.63	–	33,150.00	33,150.00	–
6/1/2025	1,320,000	998,517.50	(421,448.87)	1,897,068.63	1,560,000	33,150.00	1,593,150.00	4,100,437.26
12/1/2025	–	957,267.50	(407,011.37)	550,256.13	–	–	–	–
6/1/2026	1,370,000	957,267.50	(407,011.37)	1,920,256.13	–	–	–	2,470,512.26
12/1/2026	–	911,437.50	(390,970.87)	520,466.63	–	–	–	–
6/1/2027	1,430,000	911,437.50	(390,970.87)	1,950,466.63	–	–	–	2,470,933.26
12/1/2027	–	862,817.50	(373,953.87)	488,863.63	–	–	–	–
6/1/2028	1,495,000	862,817.50	(373,953.87)	1,983,863.63	–	–	–	2,472,727.26
12/1/2028	–	811,987.50	(356,163.37)	455,824.13	–	–	–	–
6/1/2029	1,560,000	811,987.50	(356,163.37)	2,015,824.13	–	–	–	2,471,648.26
12/1/2029	–	758,947.50	(337,599.37)	421,348.13	–	–	–	–
6/1/2030	1,630,000	758,947.50	(337,599.37)	2,051,348.13	–	–	–	2,472,696.26
12/1/2030	–	703,290.00	(316,480.50)	386,809.50	–	–	–	–
6/1/2031	1,700,000	703,290.00	(316,480.50)	2,086,809.50	–	–	–	2,473,619.00
12/1/2031	–	644,640.00	(290,088.00)	354,552.00	–	–	–	–
6/1/2032	1,765,000	644,640.00	(290,088.00)	2,119,552.00	–	–	–	2,474,104.00
12/1/2032	–	583,747.50	(262,686.37)	321,061.13	–	–	–	–
6/1/2033	1,830,000	583,747.50	(262,686.37)	2,151,061.13	–	–	–	2,472,122.26
12/1/2033	–	520,612.50	(234,275.62)	286,336.88	–	–	–	–
6/1/2034	1,900,000	520,612.50	(234,275.62)	2,186,336.88	–	–	–	2,472,673.76
12/1/2034	–	455,062.50	(204,778.12)	250,284.38	–	–	–	–
6/1/2035	1,975,000	455,062.50	(204,778.12)	2,225,284.38	–	–	–	2,475,568.76
12/1/2035	–	386,925.00	(174,116.25)	212,808.75	–	–	–	–
6/1/2036	2,045,000	386,925.00	(174,116.25)	2,257,808.75	–	–	–	2,470,617.50
12/1/2036	–	315,350.00	(141,907.50)	173,442.50	–	–	–	–
6/1/2037	2,125,000	315,350.00	(141,907.50)	2,298,442.50	–	–	–	2,471,885.00
12/1/2037	–	240,975.00	(108,438.75)	132,536.25	–	–	–	–
6/1/2038	2,210,000	240,975.00	(108,438.75)	2,342,536.25	–	–	–	2,475,072.50
12/1/2038	–	163,625.00	(73,631.25)	89,993.75	–	–	–	–
6/1/2039	2,295,000	163,625.00	(73,631.25)	2,384,993.75	–	–	–	2,474,987.50
12/1/2039	–	83,300.00	(37,485.00)	45,815.00	–	–	–	–
6/1/2040	2,380,000	83,300.00	(37,485.00)	2,425,815.00	–	–	–	2,471,630.00
TOTAL	$40,620,000	$51,120,738.86	($20,885,638.90)	$70,855,099.96	$17,435,000	$6,193,750.91	$23,628,750.91	$94,483,850.87

† The County is obligated to make all Base Rental Payments whether or not it receives any Subsidy Receipts, provided that with respect to the Base Rental Payments relating to the 2010 Series A Bonds, the County is not obligated to pay Base Rental until Capital Project I is completed. Interest on the 2010 Series A Bonds is capitalized through June 1, 2013, net of Subsidy Payments anticipated through that date. See "2010 SERIES A BONDS."

CERTAIN RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the 2010 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations, which may be relevant to investing in the 2010 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Limited Obligation

The 2010 Bonds are not County debt and are limited obligations of the Authority. Neither the full faith and credit of the Authority nor the County is pledged for the payment of the interest on or principal of the 2010 Bonds nor for the payment of Base Rental Payments. The Authority has no taxing power. The obligation of the County to pay Base Rental Payments when due is an obligation payable from amounts in the General Fund of the County. The obligation of the County to make Base Rental Payments under each Sublease does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the 2010 Bonds nor the obligation of the County to make Base Rental Payments under each Sublease constitute a debt or indebtedness of the Authority, the County, the State or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restrictions.

Construction-Period Risk Relating to Capital Project I

Pursuant to the 2010 Series A Sublease, the County is not obligated to pay Base Rental until Capital Project I is completed and there is use and occupancy thereof by the County. Prior to the completion of Capital Project I, the County shall be obligated to pay the Base Rental Payments solely from and to the extent of certain amounts available to the Trustee, including capitalized interest deposited in the respective Capitalized Interest Account and amounts on deposit in the 2010 Series A Reserve Account. The County is not required to purchase or maintain rental interruption insurance prior to the completion of Capital Project I.

There can be no assurance that the construction of Capital Project I will be substantially completed within the estimated budget or by the expected completion date as many factors can affect either the budget or timely completion or both. If the costs for Capital Project I increases above the $45 million budget, the County plans to reduce the scope of the Capital Project I to complete it within the stated budget. If the County is unable to take possession of Capital Project I, the County will be under no legal obligation to make Base Rental Payments with respect to Capital Project I. Any shortfall would be paid solely from money available to the Trustee. Other sources of money available to the Trustee to make payments to Owners of the 2010 Series A Bonds would be limited to amounts in certain accounts established by the Trust Agreement (including the 2010 Series A Reserve Account and, to a limited extent, Project Fund, builders' all risk, casualty and liability insurance and payment and performance bonds required pursuant to the construction contracts, and amounts, if any, paid by contractors as liquidated damages pursuant to the construction contracts). These sources may not provide sufficient funds to cover payments to Owners of the 2010 Series A Bonds in full. Interest on the 2010 Series A Bonds is capitalized through June 1, 2013.

Base Rental Payments Not a Debt of the County; Other County Obligations

The Base Rental Payments due under each Sublease (and insurance costs, payment of costs of repair and maintenance of the Facilities, taxes and other governmental charges and assessments levied against the Facilities) are not secured by any pledge of taxes or any other revenues of the County but are payable from any funds lawfully available to the County. The County may incur other obligations in the future payable from the same sources as the Base Rental Payments. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other municipal services before making Base Rental Payments. The same result could occur if, because of State constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. The County's appropriations, however, have never exceeded the limitations on appropriations under Article XIII B of the California Constitution. For information on the County's current limitations on appropriations, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS–Article XIII B of the California Constitution."

Valid and Binding Covenant to Budget and Appropriate

Pursuant to each Sublease, the County covenants to take such action as may be necessary to include the related Base Rental Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the 2010 Bonds, Bond Counsel will render its opinion (substantially in the form of APPENDIX F–"PROPOSED FORM OF BOND COUNSEL OPINION") to the effect that, subject to the limitations and qualifications described therein, the Subleases constitute valid and binding obligations of the County. As to the Authority's practical realization of remedies upon default by the County, see "–Limitations on Remedies."

Abatement

In the event of loss or substantial interference in the use and occupancy of a Facility by the County caused by damage or destruction or condemnation of such Facility, the related Base Rental Payments will be subject to abatement. In the event that any Facility or any component thereof, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the County's rental interruption insurance will be available in lieu of Base Rental Payments plus the period for which funds are available from the related Reserve Account within the Reserve Fund or the Revenue Fund, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such Facility or such component of the related Facilities or redemption of the related Series of 2010 Bonds, there could be insufficient funds to make payments to Owners of the related Series of 2010 Bonds in full. See APPENDIX E–"SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS–SUBLEASES–Rental Abatement."

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the Sublease or at the time of the abatement. If the latter, it may be that the value of a Facility could be substantially higher or lower than its value at the time of issuance of the related Series of 2010 Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the 2010 Bonds.

Limited Recourse on Default

The enforcement of remedies provided in each Sublease and the Trust Agreement could be both expensive and time consuming. The Trustee has no interest in the Authority's title to any of the Facilities, and has no right to terminate any Sublease or reenter or relet the related Facility. Upon the occurrence of one of the "events of default" described below, the County will be deemed to be in default under the related Sublease and the Authority may exercise any and all remedies available pursuant to law or granted pursuant to such Sublease. Upon any such default, including a failure to pay Base Rental Payments, the Authority may either (1) terminate the related Sublease and seek to recover certain damages or (2) without terminating such Sublease, (i) continue to collect rent from the County on an annual basis by seeking a separate judgment each year for that year's related defaulted Base Rental Payments and/or (ii) reenter the related Facilities and relet them. In the event of default, there is no right to accelerate the total Base Rental Payments due over the term of the Sublease or any other Sublease, and the Trustee has no possessory interest in the related Facility and is not empowered to sell such Facility or any of the Facilities.

Events of default under each Sublease include: (i) the failure of the County to pay any rental payment under the related Sublease when the same become due (ii) the failure of the County to keep, observe or perform any term, covenant or condition of the related Sublease required to be kept or performed by the County for a period of 60 days after notice of the same has been given to the County by the Authority or the Trustee or for such additional time as reasonably required in the sole discretion of the Authority, to correct the same and (iii) assignment or transfer of the County's interest in the related Sublease, either voluntarily or by operation of law or otherwise, without the written consent of the Authority; (iv) the County or any assignee files any petition or institutes any proceeding under any act or acts, State or federal, dealing with or relating to the subject or subjects of the bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the County asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay the debts of the County or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the debts of the County, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the County, or if a receiver of the business or of the property or assets of the County is appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the County makes a general or any assignment for the benefit of the County's creditors, (v) the County abandons or vacates the related Facilities, or (vi) any representation or warranty made by the County in the related Sublease proves to have been false, incorrect, misleading or breached in any material respect on the date when made.

Upon a default, the Trustee may elect to proceed against the County to recover damages pursuant to the related Sublease. Any suit for money damages would be subject to statutory and judicial limitations on lessors' remedies under real property leases, other terms of the related Sublease and limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Limitations on Remedies

The rights of the Bondholders are subject to the limitations on legal remedies against counties in the State, including applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally, now or hereafter in effect, and to the application of general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the County, there are no involuntary petitions in bankruptcy. If the County were to file a petition under Chapter 9 of the Bankruptcy Code, the Bondholders, the Trustee and the Authority could be prohibited from taking any steps to enforce their rights under the related Sublease, and from taking any steps to collect amounts due from the County under the related Sublease.

All legal opinions with respect to the enforcement of the Subleases and the Trust Agreement will be expressly subject to a qualification that such agreements may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally and by applicable principles of equity if equitable remedies are sought.

Military Conflicts and Terrorist Activities

Military conflicts and terrorist activities may adversely impact the finances of the County. The County is unable to determine the effect of future terrorist events, if any, on, among other things, the County's current and future budgets, tax revenues, available reserves and additional public safety expenditures. The County conducted a review of certain existing safety and security measures after the events of September 11, 2001 and participates in additional security and public safety precautions taken in conjunction with "code" designations (*i.e.*, red, orange, yellow) announced by the federal government. Such precautions include coordination of safety and medical personnel, although specific anti-terrorist programs are not divulged publicly. The County does not guarantee that such actions will be adequate in the event that terrorist activities are directed against the County or its residents. The County cannot guarantee that additional safety or security related precautions taken by or affecting the County will not have a material adverse financial impact on the County.

Although, the County maintains various insurance coverages on its properties, including terrorism coverage for real and personal property, the County makes no representation that this insurance coverage will continue to be maintained in the future or as to the ability of any insurer to fulfill its obligations under any insurance policy. See also APPENDIX B–"COUNTY FINANCIAL INFORMATION–Insurance and Self-Insurance Programs."

There are three petroleum refineries located within the County, and during the past five Fiscal Years, the owners of these refineries were among the top 10 principal property taxpayers in the County. A terrorist act against any of these refineries or any principal taxpayer resulting in damage or destruction to company facilities or infrastructure could have a significant impact on revenues of the County. See also APPENDIX A–"GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION–ECONOMIC AND DEMOGRAPHIC INFORMATION–Principal Taxpayers."

Risk of Earthquake and Other Natural Disasters

There are several earthquake faults in the greater San Francisco Bay Area that could result in damage to the Facilities, the 2010 Projects, buildings, roads, bridges, and property within the County in the event of an earthquake. Past experiences, including the 1989 Loma Prieta earthquake, measuring 7.1 on the Richter scale with an epicenter approximately 60 miles south of the County, have resulted in minimal damage to the infrastructure and property in the County. Earthquake faults that could affect the County include but may not be limited to the Hayward Fault in the western part of the County, and the Concord/Green Valley, Diablo and Calaveras Faults within the eastern portions of the County.

The Subleases do not require the County to maintain insurance on the Facilities against earthquake risk unless such insurance is available from a reputable insurance company at a reasonable cost to the County. The County has purchased an earthquake insurance policy that expires on March 31, 2011 to cover all County property, including the Facilities. The County currently expects this insurance will be renewed. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS–Insurance–*Earthquake Insurance*" and APPENDIX B–"COUNTY FINANCIAL INFORMATION–Insurance and Self-Insurance Programs."

Hazardous Substances

Owners and operators of real property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance whether or not the owner (or operator) has or had anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly and adversely affect the operations and finances of the County.

Although the County handles, uses and stores certain hazardous substances, including but not limited to, solvents, paints and certain other chemicals on or near the Facilities, the County knows of no existing hazardous substances which require remedial action on or near the Facilities. However, it is possible that such substances do currently or potentially exist and that the County is not aware of them.

Limited Liability of Authority to the Owners

Except as expressly provided in the Trust Agreement, the Authority will not have any obligation or liability to the Owners of the 2010 Bonds with respect to the payment when due of the Base Rental Payments by the County, or with respect to the performance by the County of other agreements and covenants required to be performed by it contained in each Sublease, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

State Funding of Counties

The County receives a significant portion of its funding from subventions by the State. In Fiscal Year 2009-10, approximately 33.0% of the General Fund Budget is expected to consist of payments from the State. For Fiscal Year 2010-11, approximately 32.7% of the General Fund Budget consisted of payments from the State. As a result, decreases in the revenues received by the State can affect subventions made by the State to the County and other counties in the State. The potential impact of State budget actions on the County in particular, and other counties in the State generally, in this and future fiscal years is uncertain at this time but is expected to be materially adverse. For a discussion of the potential impact of State budget actions for Fiscal Year 2009-10 and Fiscal Year 2010-11 on the County in particular, and counties in the State generally, see APPENDIX B–"COUNTY FINANCIAL INFORMATION–State Budget Acts."

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Described below are certain measures which have impacted or may in the future impact the County's General Fund Budget.

Article XIII A of the California Constitution

In 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A was subsequently amended on several occasions in various respects. Article XIII A limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and or bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities approved by 55% of the voters voting on the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash" or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster or in the event of certain transfers to children or spouses or of the elderly or disabled to new residences.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years. See APPENDIX B–"COUNTY FINANCIAL INFORMATION–*Ad Valorem* Property Taxes–*Proposition 8 Appeals*" and "*–Declines in Fiscal Year 2009-10 and Fiscal Year 2010-11 Assessed Valuations*."

Article XIII B of the California Constitution

On October 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990, respectively, substantially modified Article XIII B. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living and population. The initial version of Article XIII B provided that the "base year" for establishing an appropriations limit was the 1978-79 fiscal year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Fiscal Year 1990-91 each appropriations limit must be recalculated using the actual 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitations of a local government under Article XIII B include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to all tax revenues plus the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (2) the investment of tax revenues, and (3) certain subventions received from the State. Article XIII B permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs. Appropriations for "qualified capital outlays" are excluded from the limits of Proposition 111.

The Article XIII B limits for the County for the last two Fiscal Years and estimated for Fiscal Year 2010-11 are set forth below.

Fiscal Year	Article XIII A Limit	Budget Amount
2008-09	$6,918,206,190	$349,812,942
2009-10	13,391,571,722(1)	314,567,183
2010-11(2)	14,927,584,999(1)	298,742,429

(1) The approximately 93.6% increase for Fiscal Year 2009-10 compared to Fiscal Year 2008-09 and approximately 11.5% increase for Fiscal Year 2010-11 compared to Fiscal Year 2009-10 is due to an increase in non-residential new construction growth compared to the net Countywide increase in assessed valuation.
(2) Estimated.
Source: County Auditor-Controller.

The County has never exceeded its Article XIII B appropriations limit and does not anticipate having any difficulty in operating within the appropriations limit.

Article XIII C and Article XIII D of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the County to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of Proposition 218 likely will be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote. Further, any general purpose tax which the County imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election which must be held within two years of November 5, 1996. The County believes that no existing County-imposed taxes deposited into its General Fund will be affected by the voter approval requirements of Proposition 218, although as indicated below certain tax levies may be affected by Proposition 62. The voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues for the General Fund, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIII D, over and above any general benefits conferred,

(iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. The County estimates that it will collect no such fees and assessments in Fiscal Year 2010-11. Article XIII C also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the County's General Fund. If such repeal or reduction occurs, the County's ability to repay the 2010 Bonds could be adversely affected.

Ventura Decision

For a discussion of the Ventura Decision and its impacts, see APPENDIX B–"COUNTY FINANCIAL INFORMATION–Pension Plan–Impact of the Ventura Decision."

Proposition 62

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a countywide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, required a two-thirds voter approval. Because the tax received an affirmative vote of only 54.1%, this special tax was found to be invalid. The decision did not address the question of whether or not it should be applied retroactively.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al*. ("La Habra"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

The County has no taxes to which Proposition 62 could apply.

Proposition 1A of 2004

The California Constitution and existing statutes give the legislature authority over property taxes, sales taxes and the VLF. The State legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State "mandates" a new local program or higher level of service. Due to the ongoing financial difficulties of the State, it has not provided in recent years reimbursements for many mandated costs. In other cases, the State has "suspended" mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

On November 3, 2004, the voters of the State approved Proposition 1A ("Proposition 1A of 2004") that amended the California Constitution to, among other things, reduce the State Legislature's authority over local government revenue sources by placing restrictions on the State's access to local government's property, sales and vehicle license fee revenues.

Proposition 1A of 2004 generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to a county for any fiscal year under the laws in effect as of November 3, 2004. The measure also specifies that any change in how property tax revenues are shared among local governments within a county must be approved by two-thirds of both houses of the Legislature (instead of by majority vote). Finally, the measure prohibits the State from reducing the property tax revenues provided to a county as replacement for the local sales tax revenues redirected to the State and pledged to pay debt service on State deficit-related bonds approved by voters in March 2004.

If the State reduces the VLF rate below its current level of 0.65% of the vehicle value, Proposition 1A of 2004 requires the State to provide local governments with equal replacement revenues. Proposition 1A of 2004 provides two significant exceptions to the above restrictions regarding sales and property taxes. First, beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues if: the Governor proclaims that the shift is needed due to a severe State financial hardship, the legislature approves the shift with a two-thirds vote of both houses and certain other conditions are met. The State must repay local governments for their property tax losses, with interest, within three years. Second, Proposition 1A of 2004 allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A of 2004 amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. Beginning in Fiscal Year 2005-06, if the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A of 2004 expands the definition of what constitutes a mandate to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had complete or partial financial responsibility. This provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

Proposition 1A of 2004 restricts the State's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example, the State could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the members of each house of the legislature (rather than a majority vote). As a result, Proposition 1A of 2004 could result in fewer changes to local government revenues than otherwise would have been the case.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, and Proposition 62 and 1A of 2004, were adopted as measures that qualified for the ballot through California's initiative process. From time to time other initiative measures could be adopted, further affecting the County's revenues.

THE AUTHORITY

The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated as of April 7, 1992 (the "JPA Agreement"), between the County and the Contra Costa County Redevelopment Agency (the "Agency"). The JPA Agreement was entered into pursuant to the California Government Code, commencing with Section 6500. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of assisting in financing and refinancing projects for the benefit of the County and the Agency.

The Authority is governed by a five member Board of Directors. The Board of Supervisors of the County constitutes the Board of Directors of the Authority. The Executive Director and Secretary of the Authority is the County Administrator and Clerk of the Board of Supervisors, respectively; the Assistant Executive Director of the Authority is the Department of Conservation and Development Director; the Deputy Executive Directors of the Authority are the County Finance Director and the Deputy Director, Department of Conservation and Development; the Treasurer of the Authority is the County Auditor-Controller and the Assistant Secretary of the Authority is the County Finance Director. The Authority's powers include, but are not limited to, the power to issue bonds and to sell such bonds to public or private purchasers at public or by negotiated sale. The Authority is entitled to exercise the powers common to its members and necessary to accomplish the purposes for which it was formed. These powers include the power to make and enter into contracts; to employ agents and employees; to acquire, construct, manage, maintain and operate buildings, works or improvements; to acquire, hold or dispose of property within the County; and to incur debts, liabilities or obligations.

THE COUNTY

The County of Contra Costa lies northeast of the San Francisco Bay and is the ninth most populous county in California. The County seat is in the City of Martinez. Major industries in the County include petroleum refining and telecommunications. The General Fund Adopted Budget for Fiscal Year 2009-10 was $1.2 billion and for Fiscal Year 2010-11 is approximately $1.2 billion.

For certain economic, demographic and financial information with respect to the County, see APPENDIX A–"GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION," APPENDIX B–"COUNTY FINANCIAL INFORMATION" and APPENDIX C–"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009."

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's, a division of the McGraw-Hill Companies ("S&P") have assigned uninsured ratings of "A1" (outlook stable) and "AA-" (outlook stable), respectively, to the 2010 Bonds.

Certain information was supplied by the Authority and the County to Moody's and S&P to be considered in evaluating the 2010 Bonds. The ratings express only the views of the rating agencies and are not a recommendation to buy, sell or hold the 2010 Bonds. An explanation of the significance of the ratings may be obtained from Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 and Standard & Poor's, a division of the McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041.

There is no assurance that such ratings will continue for any given period of time or that they will not be reduced or withdrawn entirely by the rating agencies, or either of them, if in their, or its, judgment, circumstances so warrant. The Authority, the County and the Trustee undertake no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal may have an adverse effect on the market price of the 2010 Bonds.

LITIGATION MATTERS

At the time of delivery of and payment for the 2010 Bonds, the County and the Authority will each certify that there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served, or to the best knowledge of the County or the Authority threatened, against the County or the Authority in any material respect affecting the existence of the County or the Authority or the titles of their officers to their respective offices or seeking to prohibit, restrain or enjoin the sale or delivery of the 2010 Bonds, the execution of the Trust Agreement, the Subleases, the Site Leases or the payment of Base Rental Payments or challenging, directly or indirectly, the location of the Facilities, or the proceedings to lease the Facilities from the Authority.

Numerous California cities, including many in Contra Costa County, have questioned the way that counties and their auditors calculated property tax administrative fees since Fiscal Year 2006-07. In mid-2009, the County and its cities entered into a tolling agreement to toll the statute of limitations relating to such claims by the County's cities, while the matter is litigated between other cities and counties. On July 7, 2010, the Court of Appeal for the Second District found that the Los Angeles County Auditor had improperly included certain property tax revenues in calculating the total amount of property tax administrative fees owed by the cities since Fiscal Year 2006-07. Los Angeles County is expected to appeal the decision to the California Supreme Court. When the decision becomes final, after the California Supreme Court renders a decision on the merits of the dispute or denies review of the case, it will be binding on all California courts. An unfavorable decision would have a negative impact on the County in the aggregate amount of $3.5 million, of which $626,755 is attributed to Fiscal Year 2006-07; $929,641 is attributed to Fiscal Year 2007-08; $1,043,944 is attributed to Fiscal Year 2008-09; and $955,524 is attributed to Fiscal Year 2009-10.

Various other legal actions are pending against the County. The aggregate amount of the uninsured liabilities of the County which may result from all legal claims currently pending against it will not, in the opinion of the County, materially affect the County's finances or impair its ability to make Base Rental Payments under the Subleases.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2010 Series A-1 Bonds and the 2010 Series B Bonds (collectively the "Tax-exempt Bonds") is excluded from gross income for federal income tax purposes under Section 103 of the Code, and interest on the Tax-exempt Bonds and the 2010 Series A-2 Bonds and 2010 Series A-3 Bonds (the "Taxable Bonds") is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Tax-exempt Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, and interest on the 2010 Series A-1 Bonds is not included in adjusted current earnings when calculating corporate alternative taxable income. Bond Counsel observes that interest on the 2010 Series B Bonds is included in adjusted current earnings when calculating corporate alternative taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX F hereto.

Tax Matters Relating to Tax-exempt Bonds

To the extent the issue price of any maturity of the Tax-exempt Bonds is less than the amount to be paid at maturity of such Tax-exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-exempt Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Tax-exempt Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Tax-exempt Bonds is the first price at which a substantial amount of such maturity of such Tax-exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Tax-exempt Bonds accrues daily over the term to maturity of such Tax-exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-exempt Bonds. Beneficial Owners of the Tax-exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-exempt Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-exempt Bonds is sold to the public.

Tax-exempt Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of the bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Tax-exempt Bonds. The Authority and the County have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to assure that interest on the Tax-exempt Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Tax-exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-exempt Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether actions taken (or not taken), or events occurring (or not occurring) or any other matters coming to Bond Counsel's attention after the date of issuance of the Tax-exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-exempt Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Tax-exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Tax-exempt Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner and the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-exempt Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Tax-exempt Bonds. Prospective purchasers of the Tax-exempt Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Tax-exempt Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the County have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-exempt Bonds ends with the issuance of the Tax-exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the County or the Beneficial Owners regarding the tax-exempt status of the Tax-exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the County and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-exempt Bonds, and may cause the Authority, the County or the Beneficial Owners to incur significant expense.

Tax Matters Relating to the Taxable Bonds

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a Beneficial Owner of a Taxable Bonds that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a Beneficial Owner of a Taxable Bonds (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

For U.S. Holders

The Taxable Bonds are not expected to be treated as issued with original issue discount (“OID”) for U.S. federal income tax purposes because the stated redemption price at maturity of the Taxable Bonds is not expected to exceed their issue price, or because any such excess is expected to only be a de minimis amount (as determined for tax purposes).

Prospective investors that are not individuals or regular C corporations who are U.S. persons purchasing the Taxable Bonds for investment should consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds.

Disposition of the Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, defeasance, retirement (including pursuant to an offer by the Authority) or other disposition of a Taxable Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bonds will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder’s holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

For Non-U.S. Holders

Interest. Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, as such term is defined in the Code, which is related to the Authority through stock ownership and (2) a bank which acquires such Taxable Bonds in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the Beneficial Owner of the Taxable Bonds provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

Disposition of the Bonds. Subject to the discussion below under the heading "Information Reporting and Backup Withholding," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Taxable Bonds generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Taxable Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that at the time of such individual's death, payments of interest with respect to such Taxable Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. U.S. information reporting and "backup withholding" requirements apply to certain payments of principal of, and interest on the Taxable Bonds, and to proceeds of the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Taxable Bonds, to certain noncorporate holders of Taxable Bonds that are United States persons. Under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the Beneficial Owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the Beneficial Owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Beneficial Owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. If a financial institution, other than a financial institution that is a qualified intermediary, provides the certification, the certification must state that the financial institution has received from the Beneficial Owner the certification set forth in the preceding sentence, set forth the information contained in such certification, and include a copy of such certification, and an authorized representative of the financial institution must sign the certificate under penalties of perjury. A financial institution generally will not be required to furnish to the IRS the names of the Beneficial Owners of the Taxable Bonds that are not United States persons and copies of such owners' certifications where the financial institution is a qualified intermediary that has entered into a withholding agreement with the IRS pursuant to applicable U.S. Treasury Regulations.

In the case of payments to a foreign partnership, foreign simple trust or foreign grantor trust, other than payments to a foreign partnership, foreign simple trust or foreign grantor trust that qualifies as a withholding foreign partnership or a withholding foreign trust within the meaning of applicable U.S. Treasury Regulations and payments to a foreign partnership, foreign simple trust or foreign grantor trust that are effectively connected with the conduct of a trade or business within the United States, the partners of the foreign partnership, the beneficiaries of the foreign simple trust or the persons treated as the owners of the foreign grantor trust, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from withholding and backup withholding tax requirements. The current backup withholding tax rate is 28% (subject to future adjustment).

In addition, if the foreign office of a foreign "broker," as defined in applicable U.S. Treasury Regulations pays the proceeds of the sale of a Bond to the seller of the Taxable Bond, backup withholding and information reporting requirements will not apply to such payment provided that such broker derives less than 50% of its gross income for certain specified periods from the conduct of a trade or business within the United States, is not a controlled foreign corporation, as such term is defined in the Code, and is not a foreign partnership (1) one or more of the partners of which, at any time during its tax year, are

U.S. persons (as defined in U.S. Treasury Regulations Section 1.1441-1(c)(2)) who, in the aggregate hold more than 50% of the income or capital interest in the partnership or (2) which, at any time during its tax year, is engaged in the conduct of a trade or business within the United States. Moreover, the payment by a foreign office of other brokers of the proceeds of the sale of a Taxable Bond, will not be subject to backup withholding unless the payer has actual knowledge that the payee is a U.S. person. Principal and interest so paid by the U.S. office of a custodian, nominee or agent, or the payment by the U.S. office of a broker of the proceeds of a sale of a Taxable Bond, is subject to backup withholding requirements unless the Beneficial Owner provides the nominee, custodian, agent or broker with an appropriate certification as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Circular 230

Under 31 C.F.R. part 10, the regulations governing practice before the I.R.S. (Circular 230), the Authority and our tax advisors are (or may be) required to inform you that:

- Any advice contained herein, including any opinions of counsel referred to herein, is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer;

- Any such advice is written to support the promotion or marketing of the Taxable Bonds and the transactions described herein (or in such opinion or other advice); and

- Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, will render an opinion with respect to the validity of the 2010 Bonds. Copies of such approving opinion will be available at the time of delivery of the 2010 Bonds. The form of the legal opinion proposed to be delivered by Bond Counsel is included as APPENDIX F to this Official Statement. Bond Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement. Certain legal matters will be passed upon for the County and the Authority by County Counsel, and by Lofton & Jennings, San Francisco, California, Disclosure Counsel, and for the Underwriters by Chapman and Cutler LLP, San Francisco, California. Compensation paid to Bond Counsel, Disclosure Counsel and Underwriters' Counsel is contingent on the delivery of the 2010 Bonds.

FINANCIAL ADVISOR

The County has retained Tamalpais Advisors Inc., Sausalito, California as financial advisor (the "Financial Advisor") to the County and the Authority in connection with the issuance of the 2010 Bonds. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or negotiable instruments. Compensation paid to the Financial Advisor is contingent on the delivery of the 2010 Bonds.

CONTINUING DISCLOSURE

The County will undertake all responsibilities for any continuing disclosure to Owners of the 2010 Bonds as described below.

The County will enter into a Continuing Disclosure Agreement with the Digital Assurance Certification, L.L.C., as Dissemination Agent, to be dated the date of delivery of the 2010 Bonds (the "Continuing Disclosure Agreement"), which provides for certain disclosure obligations on the part of the County. Under the Continuing Disclosure Agreement, the County will covenant for the benefit of Owners and Beneficial Owners of the 2010 Bonds to provide certain financial information and operating data relating to the County by not later than nine months after the end of its fiscal year (which fiscal year currently ends on June 30), commencing with the report for the fiscal year ending June 30, 2010 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"), if material. The Annual Report and notices of material events will be filed by the County or the Dissemination Agent, through the Electronic Municipal Market Access site maintained by the MSRB. These covenants will be made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

The County has not failed to comply with any prior such undertaking under the Rule. For a form of the Continuing Disclosure Agreement, see APPENDIX G–"PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT."

UNDERWRITING

Pursuant to the terms of a Bond Purchase Contract with respect to the 2010 Series A Bonds, dated October 28, 2010 (the "2010 Series A Bonds Purchase Contract") and a Bond Purchase Contract with respect to the 2010 Series B Bonds dated October 28, 2010 (the "2010 Series B Bonds Purchase Contract" and together with the 2010 Series A Bonds Purchase Contract, the "Purchase Contracts"), each among the Authority, the County and Wedbush Securities Inc. on its own behalf and as representative of Piper Jaffray & Co. (together, the "Underwriters"), the Underwriters will purchase all of the 2010 Bonds of a Series, if any are purchased.

The obligation of the Underwriters to make such purchase is subject to certain terms and conditions set forth in the related Purchase Contract.

The Underwriters may change the initial public offering prices and yields set forth on the inside cover pages of this Official Statement. The Underwriters may offer and sell the 2010 Bonds to certain dealers and others at prices lower or yields higher than the public offering prices and yields set forth on the inside cover pages hereof.

The following information has been provided by Piper Jaffray & Co. ("Piper") for inclusion in this Official Statement and the County cannot and does not make any representations as to its accuracy or completeness.

Piper Jaffray & Co. has entered into an agreement (the "Distribution Agreement") with Advisors Asset Management, Inc. ("AAM") for the distribution of certain municipal securities offerings, including the 2010 Bonds, allocated to Piper at the original offering prices. Under the Distribution Agreement, Piper will share with AAM a portion of the fee or commission, exclusive of management fees, paid to Piper.

2010 Series A Bonds

The Underwriters purchased the 2010 Series A Bonds at a price of $39,614,323.05 (which represents the principal amount of the 2010 Series A Bonds less a net original issue discount in the amount of $721,353.05 and less an Underwriter's discount in the amount of $284,323.90).

2010 Series B Bonds

The Underwriters purchased the 2010 Series B Bonds at a price of $17,716,943.12 (which represents the principal amount of the 2010 Series B Bonds plus a net original issue premium in the amount of $403,988.20 and less an Underwriters' discount in the amount of $122,045.08).

VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE 2010 SERIES B BONDS

Upon delivery of the 2010 Series B Bonds, Causey Demgen & Moore Inc. (the "Verification Agent"), will deliver a report stating that it has reviewed and confirmed the mathematical accuracy of certain computations relating to the adequacy of the funds and/or securities deposited in the 1998 Bonds Escrow Fund and the interest thereon, if any, to pay, when due, the redemption price and interest on the 1998 Bonds on the specified respective payment or redemption dates thereof.

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MISCELLANEOUS INFORMATION

References are made herein to certain documents, reports and laws that are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents, reports and laws for full and complete statements of the contents thereof. Copies of documents referred to herein are available upon written request from the County: 651 Pine Street, 10th Floor, Martinez, California 94553-0663; Attention: Finance Director. The County may impose a charge for copying, mailing and handling.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the County and the purchasers or Owners of any of the 2010 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Board of Directors of the Authority and approved by the County Board of Supervisors.

COUNTY OF CONTRA COSTA PUBLIC
FINANCING AUTHORITY

By: /s/ David J. Twa
Executive Director

APPENDIX A

GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

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APPENDIX A

GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The County of Contra Costa, California (the "County") was incorporated in 1850 as one of the original 27 counties of the State of California (the "State"), with the City of Martinez as the County seat. It is one of the nine counties in the San Francisco-Oakland Bay Area. The County covers about 733 square miles and extends from the northeastern shore of the San Francisco Bay easterly about 50 miles to San Joaquin County. The County is bordered on the south and west by Alameda County and on the north by the Suisun and San Pablo Bays. The western and northern shorelines are highly industrialized, while the interior sections are suburban/residential, commercial and light industrial. The County contains 19 incorporated cities, including Richmond in the west, Antioch in the northeast, and Concord in the middle.

A large part of the County is served by the San Francisco Bay Area Rapid Transit District ("BART"), which has enabled the expansion of both residential and commercial development throughout much of the County. In addition, economic development along the Interstate 680 corridor in the County has been substantial and has accounted for significant job creation in the Cities of Concord, Walnut Creek and San Ramon.

County Government

The County has a general law form of government. A five-member Board of Supervisors, each member of which is elected to a four-year term, serves as the County's legislative body. Also elected are the County Assessor, Auditor-Controller (the "County Auditor-Controller"), Clerk-Recorder, District Attorney-Public Administrator, Sheriff-Coroner and Treasurer-Tax Collector (the "County Treasurer"). A County Administrator appointed by the Board of Supervisors runs the day-to-day business of the County. The current County Administrator is David J. Twa.

CONTRA COSTA COUNTY
ELECTED OFFICIALS

Name	Office	Expiration of Current Term
John M. Gioia	Supervisor, District 1	January 3, 2011(1)
Gayle B. Uilkema	Supervisor, District 2	January 7, 2013
Mary N. Piepho	Supervisor, District 3	January 7, 2013
Susan A. Bonilla	Supervisor, District 4	January 3, 2011
Federal D. Glover	Supervisor, District 5	January 7, 2013
Stephen J. Ybarra	Auditor-Controller	January 3, 2011
William J. Pollacek	Treasurer-Tax Collector	January 3, 2011
Gus S. Kramer	Assessor	January 3, 2011(1)
Stephen L. Weir	Clerk Recorder	January 3, 2011(1)
Robert Kochly	District Attorney-Public Administrator	January 3, 2011(2)
Warren E. Rupf	Sheriff-Coroner	January 5, 2011

(1) Re-elected to a four-year term of office and will be sworn in on January 3, 2011.
(2) A run-off election for this office will be held on November 2, 2010.

At the June 8, 2010 Direct Primary Election, the persons listed below were each elected for a four-year term to the office indicated and will be sworn into office on the date set forth below:

Name	Office	Commencement of Term
Karen Mitchoff	Supervisor, District 4	January 3, 2011
Russell V. Watts	Treasurer-Tax Collector	January 3, 2011
Robert R. Campbell	Auditor-Controller	January 3, 2011
David Livingston	Sheriff-Coroner	January 5, 2011

Brief resumes of key County officials are set forth below.

David J. Twa, County Administrator. Mr. Twa was appointed County Administrator by the Board of Supervisors in June 2008 and is responsible for the overall administration of County government. Prior to his appointment, he served as the County Manager for Ramsey County, Minnesota from 2003-2008. Prior to that, Mr. Twa served as the County Administrator in three counties in Minnesota for over 20 years and served as an Elected County Attorney, Interim Property Records and Revenue Director, Executive Director of Housing and Redevelopment Authority, and Interim Director of Public Health and Long-term Care. Mr. Twa received his Juris Doctorate from the University of Minnesota, as well as a degree in accounting, and is also a Certified Public Accountant. Under Mr. Twa's leadership Ramsey County, Minnesota maintained a triple-A credit rating, one of few counties in the country to achieve this distinguished rating. He also oversaw the efforts of Ramsey County to institute a Strategic Planning Program, address its health care cost liability, start a two year budget process, work with community partners to improve public services in the Minneapolis-St. Paul Region, and institute significant redevelopment projects. Mr. Twa was named the County Manager of the Year (2007) by the Minnesota Association of County Administrators, for his innovation in public service.

Stephen J. Ybarra, Auditor-Controller. Mr. Ybarra was appointed Auditor-Controller of the County by the Board of Supervisors on June 1, 2004 and was reelected by the voters in 2006. Prior to his appointment in 2004, he was the Assistant Auditor-Controller of the County. Mr. Ybarra has worked for the County for more than 35 years. He received a Bachelor of Science degree in business administration with a concentration in accounting from the California State University, Sacramento. Mr. Ybarra is a Certified Government Financial Manager, an active member of the State Association of County Auditors, a member of the Government Finance Officer's Association and the Association of Government Accountants, a member of the Board of Directors of the Contra Costa County Federal Credit Union and serves on the County's Deferred Compensation Advisory Committee. Mr. Ybarra is a former chair of the Bay Area's Committee of County Auditors, a former president of the State Association of County Auditors Property Tax Managers and served as a member on the State Association's Property Tax Shift Guidelines Committee. Mr. Ybarra announced that he will retire from the County effective January 3, 2011.

Robert R. Campbell, Auditor-Controller Elect. Mr. Campbell was elected Auditor-Controller of the County by the voters on June 8, 2010 and will be sworn into office on January 3, 2011. Currently Mr. Campbell is the Chief Accountant over the property tax division. Mr. Campbell has worked for the County for more than 22 years. He received a Bachelor of Science degree in business administration from the California State University, Hayward. Mr. Campbell is an active member of the State Association of County Auditors, a member of the Government Finance Officer's Association and the Association of Government Accountants. Mr. Campbell is a former president of the State Association of County Auditors Property Tax and Payroll Managers' committees, and served as a member on various State Association's Property Tax Guideline Committees.

William J. Pollacek, Treasurer-Tax Collector. Mr. Pollacek was elected Treasurer-Tax Collector in June 1998 and has been reelected two times, most recently in June 2006. Prior to his election in 1998, he served as City Treasurer for the City of Martinez following a 27 year career as a senior credit officer and credit administrator with both Bank of America and Wells Fargo Bank. Mr. Pollacek received a Bachelors degree from San Jose State University, Masters degree in Business Administration from California State University at Fullerton, a Certificate in Advanced Investment Management from The Wharton School at the University of Pennsylvania and a Certificate in Public Treasury Management from the University of Southern California. Mr. Pollacek also serves on the Contra Costa County Employees' Retirement Association Board of Trustees and is a founding trustee of CalTRUST, an investment trust established by public agencies in the State for the purpose of pooling and investing local agency funds. Mr. Pollacek announced that he will retire from the County effective January 3, 2011.

Russell V. Watts, Treasurer-Tax Collector Elect. Mr. Watts was elected Treasurer-Tax Collector by the voters of the County on June 8, 2010 and will be sworn into office on January 3, 2011. Mr. Watts has been serving as Chief Deputy Treasurer-Tax Collector since 2002 where he has been responsible for the administration of the department. He has 16 years of county treasury and tax collection experience with administrative responsibilities in such areas as revenue collections, cash management, and investments. Mr. Watts holds a Bachelor's degree from Brigham Young University, Provo, UT, and a Masters degree in Public Administration from the University of North Carolina, Chapel Hill, NC. He is an active member of the California Association of County Treasurers and Tax Collectors (CACTTC) and the Government Finance Officers Association of America. Mr. Watts serves on various State-wide CACTTC committees. Commencing with his four-year term in 2011, Mr. Watts will also serve on the Contra Costa County Employees' Retirement Association Board of Trustees.

Population

The County is the ninth most populous county in California, with its population reaching approximately 1,073,055 as of January 1, 2010. This represents an increase of approximately 4.1% compared to the County's population as of January 1, 2006. The availability of rapid transit, close proximity to major employment hubs in San Francisco and Oakland, and relatively affordable existing and new housing have combined to attract more residents to the County over the past decade.

Population growth in the County has been strongest in unincorporated areas as well as in the cities of Antioch, Brentwood, Hercules, Oakley, Pittsburg and San Ramon.

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The following is a summary of the County's population levels since 2006.

Table A-1
COUNTY OF CONTRA COSTA
POPULATION(1)
(AS OF JANUARY 1)

	2006	2007	2008	2009	2010(2)
Antioch	100,163	99,580	100,957	101,041	102,330
Brentwood	45,974	48,677	51,908	51,950	52,492
Clayton	10,841	10,730	10,864	10,873	10,492
Concord	123,969	122,951	124,599	124,703	125,864
Danville	42,719	42,457	43,043	43,080	43,574
El Cerrito	23,289	23,086	23,440	23,461	23,666
Hercules	23,647	23,864	24,480	24,499	24,693
Lafayette	24,003	23,841	24,087	24,106	24,342
Martinez	36,306	36,018	36,348	36,378	36,663
Moraga	16,223	16,099	16,204	16,216	16,332
Oakley	29,485	31,755	34,468	34,500	35,846
Orinda	17,557	17,434	17,669	17,687	17,866
Pinole	19,315	19,143	19,383	19,400	19,555
Pittsburg	62,492	62,712	63,771	63,827	64,967
Pleasant Hill	33,203	32,964	33,547	33,576	33,844
Richmond	102,676	103,351	104,513	104,602	105,630
San Pablo	30,977	30,822	31,808	31,834	32,131
San Ramon	56,505	57,766	63,176	63,230	64,860
Walnut Creek	65,603	65,085	65,860	65,915	66,584
SUBTOTAL	864,947	868,335	890,125	890,878	901,731
Balance of County	165,785	169,141	170,310	170,447	171,054
TOTAL	1,030,732	1,037,580	1,060,435	1,061,325	1,073,055
California	37,195,240	37,559,440	38,292,687	38,255,508	38,648,090

(1) Columns may not total due to independent rounding.
(2) Preliminary.
Source: State Department of Finance, Table 2: E-4 Population Estimates for Cities, Counties and State, 2005-2009 with 2000 DRU Benchmark and E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change – January 1, 2009 and 2010.

Industry and Employment

As shown below, the County's civilian labor force was 526,000 in 2009. With average 2009 unemployment rates of 10.3% and 11.4% for the County and the State, respectively, the County has achieved a lower unemployment rate than that of the State in each of the prior five calendar years.

Table A-2
COUNTY OF CONTRA COSTA
EMPLOYMENT AND UNEMPLOYMENT OF
RESIDENT LABOR FORCE
WAGE AND SALARY EMPLOYMENT BY INDUSTRY
ANNUAL AVERAGES (IN THOUSANDS)

	2004	2005	2006	2007	2008	2009
County Civilian Labor Force (1)	512.5	516.1	519.0	519.7	526.9	526.0
Employment	484.6	491.0	496.7	495.4	494.4	471.7
Unemployment	27.9	25.1	22.3	24.3	32.4	54.3
Unemployment Rate:						
County	5.4%	4.9%	4.3%	4.7%	6.2%	10.3%
State of California	6.2%	5.4%	4.9%	5.4%	7.2%	11.4%
Wage and Salary Employment (2)	2004	2005	2006	2007	2008	2009†
Farm	0.8	0.8	0.7	0.7	0.7	
Natural Resources and Mining	0.9	0.9	1.0	1.0	1.0	
Construction	28.0	29.6	29.2	28.5	24.8	
Manufacturing	20.6	19.8	20.2	20.6	20.8	
Wholesale Trade	9.0	8.8	9.1	9.1	8.7	
Retail Trade	43.4	44.0	44.0	44.4	43.9	
Transportation and Public Utilities	7.5	7.6	8.4	8.8	8.8	
Information	14.0	13.5	13.4	13.0	11.9	
Finance and Insurance	25.0	26.4	24.7	22.4	20.0	
Real Estate, Rental and Leasing	7.6	7.6	7.4	6.8	6.4	
Professional and Business Services	45.9	46.7	50.6	49.4	49.4	
Education and Health Services	41.1	40.8	42.7	44.6	45.7	
Leisure and Hospitality	30.3	31.5	32.4	33.2	32.9	
Other Services	13.9	12.3	12.2	12.6	13.8	
Government	49.3	50.2	48.5	52.2	51.6	
TOTAL (3)	337.5	340.3	344.5	346.9	340.4	

† Detailed information is not yet available.
(1) Based on place of residence.
(2) Based on place of work.
(3) Columns may not total due to independent rounding.
Source: State of California, Employment Development Department, and Labor Market Information Division, March 2009 Benchmark.

Major Employers

Major industries in the County include petroleum refining, telecommunications, financial and retail services, steel manufacturing, prefabricated metals, chemicals, electronic equipment, paper products and food processing. Most of the County's heavy manufacturing is located along the County's northern boundary fronting on the Suisun Bay and San Pablo Bay leading to San Francisco Bay and the Pacific Ocean.

The County is located in the region east of the San Francisco Bay known as the "East Bay," which also includes the County of Alameda. The following Table A-3 provides a listing of major employers headquartered or with locations in the County who participated in the data collection survey and their estimated firm-wide employment levels.

Table A-3
MAJOR EMPLOYERS IN THE EAST BAY
WITH EMPLOYEES IN THE COUNTY
2010

Firm	Primary Location	Product or Service	Estimated No. Employees
University of California, Berkeley	Alameda	Higher Education	22,277
Kaiser Permanente Medical Center†	Walnut Creek, Martinez	Healthcare	17,572
State of California	Countywide	State Government	9,746
Safeway	Countywide	Supermarkets	9,570
Alameda County	Oakland	County Government	9,000
County of Contra Costa†	Martinez	County Government	8,423
Chevron Corp.†	Countywide	Energy, Oil and Gas	7,636
John Muir Health†	Walnut Creek	Health Care	6,335
Wells Fargo & Co.	Countywide	Banking	5,685
Alta Bates Summit Medical Center, Summit Campus	Oakland	Healthcare	5,265
Lawrence Livermore National Laboratory	Livermore	Scientific Research	4,765
U.S. Postal Service	Countywide	Postal Services	4,202
Lawrence Livermore National Laboratory	Berkeley	Scientific Research	3,336
Fremont Unified School District	Fremont	K-12 Education	3,000
PG&E Corp.	Countywide	Gas and Electric Service	2,850
Children's Hospital and Research Center Oakland	Oakland	Children's Hospital	2,725
San Francisco Bay Area Rapid Transit District (BART)	Oakland	Public Transit	2,163
Bayer HealthCare	Berkeley	Biopharmaceutical	2,000
San Ramon Valley Unified School District	Danville	K-12 Education	1,612
Ross Stores Inc.	Pleasanton	Retail	1,500
California State University, East Bay	Hayward	State University	1,440
Robert Half International Inc.	Menlo Park	Professional Services	1,156
Western Digital	Fremont	Technology Manufacturing	1,130

† Headquartered in the County.
Sources: San Francisco Business Times, *2010 Bay Area Book of Lists*. Data is for the reported entity's latest fiscal year.

Personal Income

The United States Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic account statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

Table A-4 below presents the latest available total income and per capita personal income for the County, the State and the nation for the calendar years 2005 through 2009. The County has traditionally had per capita income levels significantly higher than those of the State and the nation.

Table A-4
COUNTY OF CONTRA COSTA
PERSONAL INCOME
CALENDAR YEARS 2005 THROUGH 2009†

Year and Area	Personal Income (millions of dollars)	Per Capita Personal Income (dollars)
2009†		
County	N/A	N/A
State	$1,564,389	$42,325
United States	12,015,535	39,138
2008		
County	59,348	57,874
State	1,604,113	43,852
United States	12,225,589	40,166
2007		
County	58,492	57,881
State	1,572,271	43,402
United States	11,879,836	39,392
2006		
County	53,313	55,241
State	1,495,560	41,567
United States	11,256,516	37,698
2005		
County	51,528	51,566
State	1,387,682	38,767
United States	10,476,669	35,424

† Preliminary.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, April 2010.

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Commercial Activity

Commercial activity comprises an important part of the County's economy, with taxable transactions totaling approximately $13.3 billion in calendar year 2008, the most recent year for which complete annual data is available. For calendar year 2008, the approximately 5.5% decrease in total taxable transactions was due primarily to declines in building materials and farm implements (-20.1%) and automotive and vehicle dealers, parts and supplies (-22.4%). Presented in Table A-5 below is a summary of taxable transactions in the County since 2004.

Table A-5
COUNTY OF CONTRA COSTA
TAXABLE TRANSACTIONS
CALENDAR YEARS 2004 TO 2008[1]
($ IN 000'S)

	2004	2005	2006	2007	2008[1]
Apparel Stores	$411,121	$451,401	$462,451	$470,507	$528,456
General Merchandise Stores	1,794,677	1,840,754	1,882,310	1,878,711	1,753,124
Specialty Stores	1,313,316	1,339,013	1,353,099	[2]	[2]
Food Stores	596,922	607,168	607,062	616,296	594,275
Eating and Drinking Places	994,733	1,049,124	1,098,793	1,125,644	1,134,412
Home Furnishings and Appliances	492,686	483,977	468,008	427,995	471,620
Building Materials and Farm Implements	1,080,813	1,092,471	1,027,731	944,683	747,773
Service Stations	921,731	1,043,848	1,190,703	1,351,405	1,514,897
Automotive and Vehicle Dealers, Parts and Supplies	1,808,676	1,857,918	1,871,103	1,812,785	1,406,932
All Other Retail Stores	282,690	306,410	314,647	1,481,678	1,332,819
Total Retail Outlets	9,697,365	10,072,084	10,275,907	10,109,704	9,484,307
Business and Personal Services	506,336	524,750	567,375	555,973	533,701
All Other Outlets	2,786,837	2,883,241	3,024,379	3,420,618	3,289,673
TOTAL ALL OUTLETS	$12,990,538	$13,480,075	$13,867,661	$14,086,295	$13,307,681
% CHANGE	–	3.8%	2.9%	1.6%	(5.5%)

(1) Most recent annual data available.
(2) Beginning in 2007, the data for the category "Specialty Stores" is included in the total for All Other Retail Stores.
Source: State Board of Equalization.

Much of the County's commercial activity is concentrated in central business districts of its cities and unincorporated towns. Regional shopping centers, numerous smaller centers and several "big box" warehouse stores serve County residents. The County is served by all major banks including Bank of America and Wells Fargo Bank. In addition there are numerous local banks and branches of smaller California and foreign banks.

See also APPENDIX B–"COUNTY FINANCIAL INFORMATION."

Construction Activity

The value of residential building permits in the County decreased by 23.8% in calendar year 2009 compared to calendar year 2008 levels, the lowest level in the past five years. The decrease was due to sharp declines in building permits issued for the construction of multi-family homes.

The following Table A-6 provides a summary of residential building permit valuations and number of new dwelling units authorized in the County since calendar year 2005.

Table A-6
COUNTY OF CONTRA COSTA
RESIDENTIAL BUILDING PERMIT VALUATIONS
CALENDAR YEARS 2005 THROUGH 2009
($ IN THOUSANDS)

	Residential							
	Single Family		Multifamily		Alterations and	Total	Nonresidential	
Year	Units	Valuation	Units	Valuation	Additions	Residential	Valuation	Total†
2005	5,452	$1,525,515	860	$106,511	$293,394	$1,925,421	$392,870	$2,318,291
2006	3,310	986,6945	1,178	157,972	307,152	1,451,818	412,500	1,864,318
2007	2,698	832,053	909	94,505	290,108	1,216,665	491,315	1,707,980
2008	985	300,089	909	132,825	229,023	661,936	459.933	1,121,869
2009	1,038	300,363	163	34,119	170,150	504,632	314,301	818,934

† Total represents the sum of residential building permit valuations. Data may not total due to independent rounding.
Source: Construction Industry Research Board.

An approximately 5,979 acre development located east of the City of San Ramon known as "Dougherty Valley" is expected to add 11,000 new homes in the County. The development is being constructed in nine phases with complete buildout expected in 2015. All phases of construction of Dougherty Valley have been approved by the County. To date, approximately 8,900 homes have been constructed, as well as the 2,200 student Dougherty Valley High School which opened in fall 2007; two 900-student middle schools and three 760-student kindergarten through grade 5 elementary schools. For the 2009-10 academic year, approximately 1,520 students in grades 9 through 12 were enrolled in Dougherty Valley High School.

Urban Limit Line. In November 2004, County voters approved Measure J, which extended a ½ percent transportation sales tax program within the County. Measure J included a continuation of the Growth Management Program (the "GMP") originally approved under the transportation sales tax measure, known as "Measure C-1988," and it carried forward six of eight compliance requirements from the existing Measure C GMP. Measure J also added a new requirement that local jurisdictions adopt a voter-approved Urban Limit Line (a boundary outside of which future growth is prohibited). In order to remain eligible to receive the 18% Local Street Maintenance and Improvement Funds and the 5% Transportation for Livable Communities funds under Measure J, each jurisdiction is required to adopt a voter-approved Urban Limit Line.

On November 7, 2006, the voters in the County approved Measure L that: (i) extended the term of the County's Urban Limit Line to the Year 2026; (ii) requires voter approval to expand the Urban Limit Line by more than 30 acres; (iii) adopted a new Urban Limit Line Map; and, (iv) established new review procedures.

On April 3, 2007, the County received a letter from the Contra Costa Transportation Authority acknowledging that through the passage of Measure L, the County had a voter-approved Urban Limit Line in compliance with the GMP under Measure J. To date, the County, and the cities of Antioch, Brentwood, Pittsburg and San Ramon each have voter-approved Urban Limit Lines in compliance the Measure C GMP.

Transportation

Availability of a broad transportation network has been one of the major factors in the County's economic and population growth. Interstate 80 connects the western portion of the County to San Francisco and the central portion of the County to Sacramento and points north via Interstate 5, the major north-south highway from Mexico to Canada. Interstate 680 connects the central County communities to the rest of the Bay Area and portions of the Central Valley of the State via State Routes 4 and 24, the County's major east-west arteries.

Caltrans widened Interstate 80 in the western portion of the County at a cost of approximately \$200 million. This project was completed and opened to the public in fall 2009. Caltrans completed construction of the Alfred Zampa Memorial span across the Carquinez Strait on Interstate Highway 80 in 2003; and completed a five lane bridge, with nine toll booths, over the Benicia – Martinez Bridge on Interstate Highway 680 at a cost of approximately \$1.3 billion in August 2007. The realignment of the original Benicia-Martinez Bridge for four lanes of southbound traffic and two-way bicycle and pedestrian traffic opened in August 2009.

Ground transportation is available to County residents from several service providers, as described below:

- Central Contra Costa Transit Authority provides local bus service to the central area of the County including Walnut Creek, Pleasant Hill and Concord.

- BART connects the County to Alameda County, San Francisco, including the San Francisco International Airport, and Daly City and Colma in San Mateo County with two main lines, one from the San Francisco area to Richmond and the other to the Concord/Walnut Creek/Pittsburg/Bay Point area. BART has 43 stations and 104 miles of roadway in its system.

- AC Transit provides local bus service and connects Contra Costa communities to San Francisco and Oakland.

- Other bus service is provided by Greyhound.

- Commuter rail service is provided by the Capital Corridor, with daily runs between the Bay Area and Sacramento that stop at the intermodal facility in Martinez, the County seat.

- The Santa Fe and Union Pacific Railroads' main lines serve the County, both in the industrial coastal areas and in the inland areas.

Commercial water transportation and docking facilities are available through a number of port and marina locations in the County. The Port of Richmond on San Francisco Bay and several privately owned industrial docks on both San Pablo and Suisun Bays serve the heavy industry located in the area. The Port of Richmond, owned and operated by the City of Richmond, is comprised of seven city owned terminals, five dry docks and 11 privately owned terminals, covers approximately 202 acres and handles more than 20 million metric tons of general, liquid and dry bulk commodities annually. The majority of the shipments are bulk liquids, primarily petroleum, petroleum products, chemicals and petrochemicals, coconut and other vegetable oils, tallow and molasses. Imports of automobiles, agricultural products, vehicles, steel products, scrap metals and other diversified bulk cargo are significant components of Port activities.

Major scheduled airline passenger and freight transportation for County residents is available at either Oakland or San Francisco International Airports, located about 20 and 30 miles, respectively, from the County. In addition there are two general aviation fields, one located in Byron and the other in Concord.

Environmental Control Services

Water. The East Bay Municipal Utilities District ("EBMUD") and the Contra Costa County Water District ("CCWD") supply water to the County. EBMUD supplies water to the western part of the County, including Alamo, Crockett, Danville, Diablo, Hercules, Lafayette, Moraga, Orinda, Pinole, portions of Pleasant Hill, Richmond, Rodeo, San Pablo, San Ramon Selby and portions of Walnut Creek. Approximately 89% of its supply is from the Mokelumne River watershed stored at the 69.4 billion gallon capacity Pardee Dam in Ione, California. EBMUD is entitled to 325 million gallons per day under a contract with the State Water Resources Control Board, plus an additional 119 million gallons per day in a single dry year under a contract with the U.S. Water and Power Resources Service (formerly the U.S. Bureau of Reclamation). After dry winters in 2006 and 2007, EBMUD water supplies were at critically low levels. To safeguard the shrinking supply, in spring 2008, EBMUD declared a drought emergency, imposed mandatory water rationing goals ranging from 5% for industrial users to 19% for single family residential users to 30% for irrigation user, and imposed drought surcharge rates commencing August 1, 2008. As a result of strong customer conservation and greater run-off in spring 2009, the mandatory rationing program was terminated and was replaced with a voluntary 10% conservation program. The voluntary conservation program was terminated on April 27, 2010.

CCWD obtains its water from the Sacramento-San Joaquin Delta and serves approximately 500,000 customers in the central and eastern part of the County, including Antioch, Bay Point, Clayton, Clyde, Concord, Martinez, Oakley, portions of Pleasant Hill, Pittsburg and portions of Walnut Creek. It is entitled under a contract with the U.S. Water and Power Resources Service to purchase 195,000 acre-feet per year. Water purchased by CCWD has ranged between 80,000 and 110,000 acre-feet annually. In addition, a number of industrial users and several municipalities draw water directly from the San Joaquin River under their own riparian rights, so that actual water usage in the service area averages about 125,000 acre-feet annually. To provide expanded water storage capacity, CCWD constructed the Los Vaqueros Reservoir with a capacity of 100,000 acre-feet south of the City of Antioch. In spring 2004, 62% the voters within CCWD approved the preparation of an economic analysis, a technical feasibility report and environmental review to expand the reservoir up to 275,000 acre-feet. The United States Bureau of Reclamation is the lead federal agency and CCWD is the lead State agency for preparation of the Environmental Impact Statement/Environmental Impact Report. A draft feasibility report and the public draft environmental impact statement/environmental impact report considering four alternatives, including expansion of the reservoir to 160,000 acre feet acre feet was released in February 2009 and final drafts to expand the reservoir to 160,000 square-feet were certified by the CCWD on March 31, 2010. Design and construction is planned to commence in early 2011.

Sewer. Sewer services in the County are provided by approximately 20 sanitation districts and municipalities. Federal and State environmental requirements, plus grant money available from these two sources, resulted in upgrading, expanding and/or building new facilities by approximately 14 agencies.

Flood Control. The Contra Costa County Flood Control and Water Conservation District (the "District") has been in operation since 1951 to plan, build, and operate flood control projects in unincorporated areas of the County except for the Delta area on its eastern border. The Delta is interspersed with inland waterways that fall under the jurisdiction of the U.S. Army Corps of Engineers and the State Department of Water Resources. The District is responsible for meeting requirements set forth by the Environmental Protection Agency ("EPA") with respect to addressing potential pollutants in nonspecific groundwater runoff. The County is not presently able to estimate the cost of compliance with EPA requirements, although such costs may be significant.

Education and Health Services

Education. Public school education in the County is available through nine elementary school districts, two high school districts and seven unified school districts. As of Fiscal Year 2009-10, these districts provided 146 elementary schools, 43 middle, junior high and intermediate schools, seven alternative schools, 30 high schools, 20 continuation schools, six community day, juvenile court and a number of preschools, eight adult schools, and six special education facilities. In addition, there are 81 private schools with six or more students in the County. School enrollment for Fiscal Year 2009-10 (the most recent year for which data is available) numbered approximately 166,960 students in public schools and approximately 16,600 in regular graded private schools.

Higher education is available in the County through a combination of two-year community colleges and four-year colleges, including the Contra Costa County Community College District which has campuses in Richmond, Pleasant Hill and Pittsburg; California State University East Bay which operates a branch campus, called Contra Costa Center, in the City of Concord where late afternoon and evening classes in business, education and liberal arts are offered; and St. Mary's College of California, a four-year private institution, located on a 100-acre campus in Moraga. Also located within the County is the John F. Kennedy University with campuses in Pleasant Hill and Pittsburg, the UC Berkeley Extension Contra Costa Center in San Ramon and the University of Phoenix Campus in Concord.

Health Services. There are 12 privately operated hospitals and one public hospital in the County, with a combined total of approximately 1,900 beds. The major public hospital is the Contra Costa Regional Medical Center located in Martinez. See also "–Contra Costa Regional Medical Center." Five of the private hospitals are run by Kaiser, the largest health maintenance organization in the United States. The Walnut Creek-based John Muir/Mt. Diablo Health System operates hospitals at its Walnut Creek and Concord Campuses and outpatient services at its Brentwood Campus and in Rossmoor.

Doctors Medical Center. Doctors Medical Center is operated by the West Contra Costa Health Care District (the "Health Care District"). This 247 bed facility is located in the western portion of the County, which has a population of approximately 250,000, a large portion of whom are low income. Doctors Medical Center provides medical services to the general public and is a critical component of the County Emergency Medical Services system.

In September 2006, the Health Care District declared a financial emergency and authorized the filing of a bankruptcy petition in an effort to keep the hospital open. On September 19, 2006 and September 26, 2006 the Board of Supervisors received updates from the Health Care District regarding possible closure of the hospital. On October 1, 2006 the Health Care District filed a voluntary petition for Chapter 9 bankruptcy protection. On October 31, 2006, the Board of Supervisors approved the general structure of a recovery plan (the "Recovery Plan") to maintain services at Doctors Medical Center. The participants in the Recovery Plan are the County, the Health Care District, the physician groups that independently admit patients to the hospital, the State and the bankruptcy court, all of whom approved the general structure. The Recovery Plan, in part, includes: (i) execution of a joint powers financing agreement between the County and Doctors Medical Center to establish a joint management board on which the County will have majority representation; (ii) execution of an agreement between the County and the Health Care District for the temporary transfer, in installments, from the County General Fund, through June 30, 2007 of up to $10 million to the State's General Fund, which funds will be matched by the federal government and used by the State to provide enhanced Medi-Cal payments to Doctors Medical Center; and (iii) annual reallocation of approximately $2.5 million of *ad valorem* property tax revenues that would otherwise be allocated to the Health Care District in each of four successive years commencing with the Fiscal Year beginning July 1, 2007, to the County, to repay the County's transfer discussed in (ii) above. On February 5, 2007 the board of directors of the Health Care District unanimously approved the creation of a joint powers authority. On February 6, 2007 the Board of Supervisors unanimously approved the creation of the joint powers authority. The County is permitted to end its participation in the joint powers authority at any time with 90 days notice.

The Doctors Medical Center Management Authority (the "Medical Center JPA"), a joint powers authority, was organized pursuant to a Joint Exercise of Powers Agreement entered into in February 2007, between the County and the Healthcare District. The Medical Center JPA is governed by a seven member board of directors comprised of two members from the Healthcare District, one affiliated physician representing the Doctors Medical Center medical staff and four members representing the County. The County members of the Medical Center JPA are the Director of County Health Services, the Chief Financial Officer of County Health Services and two members from the Board of Supervisors. The Medical Center JPA is working with Wellspring Management Services, LLC, formerly known as Speltz & Wells LLC and wholly-owned by Huron Consulting Group ("Wellspring"), to develop a profitability analysis of existing services and potential operating models to reduce annual operating losses.

The Recovery Plan was executed by each participant. If the Recovery Plan is not successful and Doctors Medical Center is closed, demand at the County public hospital (described below) and other hospitals in the area is expected to increase.

As of June 30, 2007, the County had transferred all $10 million to the State's General Fund. Three million was transferred on November 3, 2006, $3 million on December 5, 2006 and $4 million on February 15, 2007.

During the period July 1, 2007 through September 30, 2008 the Medical Center JPA worked with Wellspring to implement a number of initiatives in the following areas: improving billing and collections; right sizing staffing with hospital volume and need and renegotiating pricing arrangements and vendor contracts to obtain better pricing on products and services provided to the hospital. These initiatives yielded $9.7 million in savings. The Medical Center JPA then negotiated a three year Medi-Cal contract increase in the amount of $36 million with the California Medical Assistance Commission (CMAC); a $12 million three year grant with Kaiser Permanente and a $3 million three year grant with John Muir Medical Center, the combination of which eliminated the annual $29.7 million structural deficit of Doctors Medical Center.

On June 3, 2008 Doctors Medical Center filed a "Disclosure Statement Plan for the adjustment of debt" in the United States Bankruptcy Court, Northern District of California. On August 14, 2008 the Plan was approved without objection and Doctors Medical Center emerged from bankruptcy.

The County has received $9.796 million of the contracted $11.5 million property tax exchange with the Hospital District. The property tax exchange commenced during Fiscal Year 2006-07 and repayment in full is expected in Fiscal Year 2010-11.

Contra Costa Regional Medical Center. The public hospital in the County is Contra Costa Regional Medical Center ("CCRMC"), a 164-bed facility that the County rebuilt and re-opened to the public in 1998 on the existing campus in Martinez. Since reconstruction of the hospital in 1998, the County completed a public health/clinical laboratory in 2001 on the CCRMC campus, converted the former Los Medanos Hospital into the Pittsburg Health Center, completed construction of an ambulatory care clinic on the campus of CCRMC and expanded clinics in Antioch, Concord and Brentwood. The County reopened the Bay Point Family Health Center in Pittsburg in February 2009, following extensive renovations, including construction of a state-of-the-art children's dental clinic, and the County also operates the Richmond Health Center which will be demolished upon the completion of Capital Project I. For a description of the replacement of the clinic in Richmond, see "THE 2010 PROJECTS–Capital Project I" in the front of this Official Statement.

APPENDIX B

COUNTY FINANCIAL INFORMATION

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APPENDIX B

COUNTY FINANCIAL INFORMATION

Introduction

California counties administer numerous health and social service programs as the administrative agent of the State and pursuant to State law. Many of these programs have been either wholly or partially funded with State revenues which have been subject each year to the State budget and appropriation process. Currently, the County is required to provide health care to all indigents, administer welfare programs, provide justice facilities (courts and jails) and administer the property tax system and real estate recordings. Due to competing program priorities and the lack of available State funds, some of these programs have had reduced State support without a corresponding reduction in program responsibilities for county governments. The result has been that the County has increased its contribution to maintain mandated services while optional local services have been reduced. The Board of Supervisors has responded to this trend in part by instituting measures to improve management, thereby reducing costs while increasing productivity and maintaining services with diminished funding.

The level of intergovernmental revenues that the County receives from the State in Fiscal Year 2010-11 and in subsequent fiscal years is likely to be affected by the financial condition of the State.

State Budgets

Property tax revenues received by local governments initially declined more than 50% following passage of Proposition 13 in June 1978. Subsequently, the State Legislature enacted measures to provide for the redistribution of the State's General Fund surplus to local agencies, the reallocation of certain State revenues to local agencies and the assumption of the cost of certain governmental functions by the State to assist municipalities to raise revenues.

Approximately 32.7% of the County's Fiscal Year 2010-11 General Fund Budget is expected to consist of payments collected by the State and passed-through to the County or collected by the County and allocated to County purposes by State law. For Fiscal Year 2009-10, approximately 33.0% of the County's General Fund Budget consisted of payments from the State. The financial condition of the State has an impact on the level of these revenues. In past years the State reduced revenues to counties to help solve the State's budget problems, although Proposition 1A of 2004 provides certain protections to counties. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS–Proposition 1A of 2004." The State has also diverted other revenues such as cigarette taxes and trailer coach in lieu taxes from counties to the State.

The State has faced and is continuing to face budget challenges caused by the nationwide economic slowdown and the State's ongoing pattern of overspending. The Governor and State Legislature agreed on State budgets for Fiscal Years 2008-09 through 2010-11 as described below. See "–State Budget Acts."

To the extent the State should be constrained by its Article XIII B appropriations limit, or its obligation to conform to Proposition 98, or other fiscal considerations, the absolute level, or the rate of growth, of State assistance to local governments may be reduced. Any such reductions in State aid could compound the serious fiscal constraints already experienced by many local governments, particularly counties.

State Budget Acts

The level of intergovernmental revenues that the County will receive from the State in Fiscal Year 2010-11 and in subsequent Fiscal Years will be affected by the financial condition of the State. See "CERTAIN RISK FACTORS–State Funding of Counties."

The following information concerning the State's Fiscal Year 2008-09 through Fiscal Year 2010-11 State Budgets has been obtained from publicly available information on the State Department of Finance, the State Treasurer and the California Legislative Analyst Office websites. The estimates and projections provided below are based upon various assumptions, which may be affected by numerous factors, including future economic conditions in the State and the nation, and there can be no assurance that the estimates will be achieved. For further information and discussion of factors underlying the State's projections, see the aforementioned websites. The County believes such information to be reliable, however, the County takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information.

Information about the State budget and State spending is regularly available at various State-maintained websites. Text of the budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov and at the Electronic Municipal Market Access site maintained by the Municipal Securities Rulemaking Board at www.emma.msrb.org. Information on these websites has not been reviewed or verified by the County, the Underwriters or the Financial Advisor and is not incorporated by reference in this Official Statement.

Fiscal Year 2008-09. The Fiscal Year 2008-09 Budget Act (the "2008 State Budget Act") was adopted by the Legislature on September 16, 2008 and signed by the Governor on September 23, 2008, reflecting a reduction of $850 million from the proposed budget bill adopted by the Legislature due to the line item veto by the Governor of $510 million in State General Fund appropriations and $340 million in State General Fund savings due to the delay in enacting the 2008 State Budget Act and the effect of Executive Order S-09-08 (which terminated the services of temporary employees and reduced overtime).

The 2008 State Budget Act reported that the State General Fund began Fiscal Year 2008-09 with a balance of $4 billion. The 2008 State Budget Act projected State General Fund revenues and transfers for Fiscal Year 2008-09 of $102 billion, a decrease of approximately 1% from the anticipated revenues and transfers for Fiscal Year 2007-08, and State General Fund expenditures of $103.4 billion, an increase of approximately 0.06% above the anticipated expenditures for Fiscal Year 2007-08. The 2008 State Budget Act projected ending Fiscal Year 2008-09 with a State General Fund balance of $2.6 billion, of which $885 million would be reserved for the liquidation of encumbrances and $1.7 billion would be deposited in a reserve for economic uncertainties.

The Governor's economic forecasts for Fiscal Year 2008-09 reflected weaker economic performance throughout the country and the State. The 2008 State Budget Act addressed a projected $24.3 billion budget shortfall which was identified in the Governor's May Revision to the Proposed 2008 Budget with a combination of cuts in expenditures and projections of increased revenues. The 2008 State Budget Act included vetoes on behalf of the Governor in the amount of $510 million of spending approved by the State legislature. The 2008 State Budget Act included a proposal to increase the Budget Stabilization Account (the "BSA") from 5% of State General Fund expenditures to 12.5%. In addition, the 2008 State Budget Act proposed an annual transfer to the BSA of 3% of the General Fund and the elimination of the ability to suspend such annual transfers. The State would only be permitted to transfer funds from the BSA if (1) actual revenues during such fiscal year are below a specified level and (2) funds transferred from the BSA to the State General Fund are appropriated in a stand-alone bill.

The State has previously required local governments to shift property taxes to the State and/or schools through the Educational Revenue Augmentation Fund (the "ERAF") in order to mitigate the impact of structural deficits in the State budget.

AB 1389. Faced with a budget gap for Fiscal Year 2008-09, the State enacted legislation, Assembly Bill 1389 (Chapter 751, Statutes 2008) ("AB 1389") requiring all redevelopment agencies to contribute an aggregate of $350 million to the ERAF in Fiscal Year 2008-09. AB 1389 provided that one-half of an agency's ERAF obligation for all project areas collectively is calculated based on gross tax increment received by the agency and other half of its ERAF obligation is calculated based on tax increment revenues net of any pass-through payments to affected taxing entities. On December 8, 2009, the California Redevelopment Association (the "CRA") and one of its member agencies brought suit in Sacramento Superior Court (*California Redevelopment Agency, et al. v. Michael C. Genest, Director of the Department of Finance, et al.)* (Case No. 34-2008-00028334) ("CRA I") challenging the constitutionality of the ERAF contributions and prohibiting the State from diverting such transfers. On April 30, 2009, the court held for CRA and issued an injunction that prohibited redevelopment agencies from making the ERAF transfer in Fiscal Year 2008-09. On May 26, 2009, the State filed a notice that it would appeal the decision. On September 28, 2009, the State noticed its withdrawal of the appeal.

Fiscal Year 2009-10. On February 20, 2009, the Governor signed into law the budget for Fiscal Year 2009-10 (the "2009 February State Budget"). The 2009 February State Budget contained $42 billion in budget solutions, but was balanced by assuming passage of certain ballot measures by the voters of the State on May 19, 2009. All five measures failed to gain the required majority vote. The 2009 February Budget also relied on revenue and expenditure projections for Fiscal Year 2009-10 that, similar to the estimates supporting the Fiscal Year 2008 State Budget Act, also quickly became out of date.

Impact of the American Recovery and Reinvestment Act of 2009 on the State. The 2009 February State Budget included a number of reductions and revenues tied to the American Recovery and Reinvestment Act of 2009 ("ARRA"). Certain reductions to Ca1WORKS grants, Medi-Cal benefits and reimbursements, SSI/SSP grants, in-home support services ("IHSS"), the judicial branch and higher education were scheduled to be enacted in statute and could be suspended if expected revenues from the ARRA are certified by the Department of Finance to equal $10 billion, including revenues anticipated to be received by June 30, 2010. If revenues from the ARRA are not sufficient to meet the $10 billion target, the reductions would be permanent. If revenues from the ARRA reach $10 billion, the reductions would not go into effect. A future statute would be required to enact the reductions should they become necessary. On March 4, 2009, the Department of Finance released a preliminary estimate that the State would receive approximately $8 billion in federal economic stimulus funds, $2 billion short of what is required to prevent the cuts. The Department of Finance and the State Treasurer's Office worked with various interested entities to analyze the Department of Finance's preliminary estimates.

Budget Actions after the 2009 February State Budget. From July 23, 2009 through July 24, 2009, the State Legislature voted on, and passed, a majority of the budget solutions amending the 2009 February State Budget to address the combined $60 billion budget deficit over Fiscal Years 2008-09 and 2009-10 that resulted from the deepening recession. The amendments included spending cuts, borrowing, redirecting revenues from local governments, accounting maneuvers, and a $921 million reserve.

On July 28, 2009, the Governor signed an amendment to the 2009 February State Budget (the "Amended 2009 State Budget Act") to include an additional $24.2 billion in budget solutions to address the further deterioration of the fiscal situation of the State identified in the 2009 May Revision. Because the State Legislature did not adopt budget solutions that eliminated the entire projected deficit, the Governor used his veto power to eliminate an additional $489 million in spending, leaving the State with a $500 million reserve.

The Amended 2009 State Budget Act contained $16.1 billion in spending cuts, $2.2 billion of borrowing, $3.5 billion of new revenues, $1 billion in fund shifts and $1.4 billion in other accounting changes.

The $24.2 billion in budget solutions contained in the Amended 2009 State Budget included: (i) expenditure reductions of $8.5 billion from K-12 education and additional cuts to the State colleges and university systems (just under $2 billion total for Fiscal Year 2008-09 and Fiscal Year 2009-10); $785 million from the Department of Corrections, with specific program reforms to be determined upon the return of the State Legislature in August 2009, $1.7 billion from General Government, by suspending COLAs; leveraging State assets, consolidating and reorganizing boards and commissions ($50 million in Fiscal Year 2009-10) and IT procurement reform ($100 million); $820 million from State Employee Compensation by adopting a third furlough day ($425 million), eliminating rural health care, and scoring health care savings; $3.0 billion from Health and Human Services by adopting long-term reforms to CalWORKs ($510 million in Fiscal Year 2009-10), changes and improvements to Medi-Cal eligibility and improved care coordination ($1.4 billion); reducing In-Home Supportive Services (IHSS) services for all but the most severely disabled and implementing anti-fraud initiatives ($264 million), funding to counties for Child Welfare Services ($80 million), changes to eligibility in the Healthy Families program and freezing of COLAs for IHSS and the Department of Developmental Services long-term care providers ($76 million) and elimination of funding for the Williamson Act Program which backfills property tax revenues that local governments forego when property is preserved for agriculture or open space uses; (ii) fund shifts, including a shift of redevelopment agency funds to schools ($1.7 billion) with the same amount of base school property tax shifted to the county-level Supplemental Revenue Augmentation Funds, from which $850 million will be used to fund courts, prisons, Medi-Cal, hospital, and K-12 school bond expenses that would otherwise be funded from the State General Fund and the remaining $850 million used to fund K-12 school costs offsetting Proposition 98 State General Fund costs; (iii) $3.5 billion in revenue augmentations, including optional personal income tax withholding changes; tax enforcement; permitting the State Compensation Insurance Fund (the "SCIF") to invest in bonds issued by the State Treasurer to raise cash, and special fund transfers; (iv) $2.2 billion in borrowing, including suspension of Proposition 1A of 2004 ($1.9 billion), a loan from the State Highway Account ($135 million) and various loans and fund shifts to keep State parks open; and (v) pushing the last State worker payday of the Fiscal Year from June 30, 2010, to July 1, 2010, the start of the next Fiscal Year ($1.4 billion) and (vi) receipt of at least $8 billion from the American Recovery and the American Recovery and Reinvestment Act of 2009 to offset expenditures in Fiscal Years 2008-09 and 2009-10.

The Amended 2009 State Budget Act reflected the harsh reality of diminished resources forced by the recession and the impact of the across the board cuts.

In November 2009, the Legislative Analyst's Office (the State's nonpartisan fiscal and policy advisor (the "LAO") estimated the size of the Fiscal Year 2009-10 and 2010-11 budget problem at $20.7 billion. The LAO stated that the Governor's estimate of $18.9 billion estimate was reasonable, but the baseline estimates of both revenues and expenditures were somewhat more optimistic than those presented by the LAO. The Governor's plan aggressively sought additional federal funding related to health, social services, education and prison programs and flexibility to reduce spending in several areas including IHSS and Proposition 98 school funding. Combined, the federal requests total approximately $8 billion (approximately 40%) of the proposed budget solutions. The LAO stated its belief that the likelihood that the federal governments would agree to all of the Governor's requests was almost non-existent.

County Responses to the Amended 2009 State Budget Act. Pursuant to Proposition 1A of 2004 approved by the voters of the State in November 2004, the State may shift up to 8% of local government property tax revenues to schools and community colleges during severe State financial hardship. Because the State chose to shift local government property tax revenues as allowed by Proposition 1A of 2004, the County experienced a reduction in its revenues in Fiscal Year 2009-10, as discussed below. The County estimated the potential effect of the State budget adopted in July, particularly the Proposition 1A of 2004 borrowing proposal. The County estimated that approximately $23.5 million of its General Fund revenues in Fiscal Year 2009-10 were subject to State suspension of Proposition 1A of 2004.

Disruptions in payments to the County from the State, whether temporary or permanent, would require adjustments in the General Fund budget. Deferrals in State payments jeopardize the ability of the County to maintain core discretionary programs that could require suspension of such programs. As a result, the County mitigated the $23.5 million impact related to the Proposition 1A of 2004 suspension/borrowing by participating in the California Statewide Communities Development Authority Proposition 1A Pooled Securitization Program that issued two series of bonds, each of which funded one-half of the amount of property taxes borrowed by the State from the County. The first securitization included $11.75 million in property tax that was borrowed by the State from the County in January 2010. The County received funds as a result of this securitization on January 15, 2010. The second securitization included approximately $11.75 million in property tax that was borrowed by the State in May 2010. The County received funds as a result of this securitization on May 3, 2010

Fiscal Year 2010-11. The Fiscal Year 2010-11 Budget Act was adopted by the Legislature and signed by the Governor on October 8, 2010 (the "2010 State Budget Act"). After having to close a $24.3 billion budget gap in Fiscal Year 2008-09 and a gap of $60 billion in Fiscal Year 2009-10, the 2010 State Budget Act closes a budget gap of $19.3 billion. The 2010 State Budget Act holds State General Fund spending essentially flat compared to Fiscal Year 2009-10, $86.6 billion in Fiscal Year 2010-11 compared to $86.3 billion in Fiscal Year 2009-10. This level of State General Fund spending is substantially lower than the level of spending in Fiscal Year 2004-05, adjusted for inflation and population growth, and is also lower than the level that would have been allowed had a spending cap been in place since Fiscal Year 1999-00. The 2010 State Budget Act closes the estimated budget gap of $19.3 billion by a combination of expenditure reductions ($6.8 billion), federal funds ($5.4 billion), revenue actions ($3.3 billion), and other solutions ($2.7 billion). The Governor exercised his line-item veto authority to reduce State General Fund spending by an additional $963 million, raising the reserve level from $375 million to $1.3 billion. Beyond the necessity of closing Fiscal Year 2010-11 budget gap, the Governor made clear that long-term reforms to the State's budgeting and pension systems were essential to the State's long-term fiscal health and stability, and were necessary components of any budget agreement.

In response, the Legislature approved a measure to place a budget reform constitutional amendment before the people at the March 2012 election. If approved, this constitutional amendment would substantially strengthen the State's Rainy Day Fund, with more stringent deposit requirements in good budget years to provide a greater cushion for bad budget years. In addition, the Legislature approved a measure to roll back unsustainable pension benefits for newly hired State employees.

The 2010 State Budget Act also includes additional cash measures to assist the Controller in managing cash immediately after budget enactment. Specifically, the cash management legislation provides for a short-term payment deferral for pension contribution for schools and potential deferrals to schools and higher education to assist the State in meeting its priority payments. These deferrals are in addition to deferrals that can be made under Controller's authority.

County Budget Process

Prior to the passage of Senate Bill 113 - the Local Government Omnibus Act of 2009 ("SB 113"), the County was required by State law to adopt a balanced budget by August 30 of each year, although the Board of Supervisors may, by resolution, extend the date on a permanent basis or for a limited period, to October 2. The County's budget process involves a number of steps. SB 113, among other things, implements the "County Budget Act" that clarifies the definition of the terms "administrative officer," "auditor," "board" and "controller," defines the terms "adopted budget," "budget year," "final budget" and "recommended budget," makes conforming changes throughout and repeats certain obsolete provisions. The process described below is the budget process the County has been using through the current budget year. However, the County will modify its budget process during Fiscal Year 2011-12 to comply with the statutory requirements set forth in SB 113.

First, upon release of the Governor's proposed budget in January, the County Administrator prepares a preliminary forecast of the County's budget based on current year expenditures, the assumptions and projections contained in the Governor's proposed budget and other projected revenue trends.

Second, the County Administrator develops and presents a proposed budget (the "Proposed Budget") to the Board of Supervisors. Absent the adoption of a Final Budget by June 30, the Proposed Budget is passed into the new Fiscal Year as the spending authority until a Final Budget is adopted.

Third, the County Administrator prepares a Preliminary/Recommended Budget (the "Recommended Budget") that is presented to the Board of Supervisors. Between January and the time the State adopts its own budget, (which is legally due no later than June 15), representatives of the County Administrator monitor, review and analyze the State budget and all adjustments made by the State legislature. Upon adoption of the final State budget, the County Administrator recommends revisions to the Proposed Budget or, dependent on timing, the Recommended Budget to align County expenditures with approved State revenue.

Fourth, after conducting public hearings and deliberating the details of the budget, the Board of Supervisors adopts the County's Final Budget by August 30, or by October 2 if the Board of Supervisors has adopted a resolution to extend the deadline.

In order to ensure that the budget remains in balance throughout the Fiscal Year, the County Administrator monitors actual expenditures and revenue receipts each month. In the event of a projected year-end deficit, steps are taken, in accordance with the State Constitution, to reduce expenditures. On a quarterly basis, the County Administrator's staff prepares a report that details the activity within each budget category and provides summary information on the status of the budget. Actions that are necessary to ensure a healthy budget status at the end of the fiscal year are recommended in the quarterly budget status reports. Other items which have major fiscal impacts are also reviewed quarterly. The County's ability to increase its revenues is limited by State laws that prohibit the imposition of fees to raise general revenue, except to recover the cost of regulation or provision of services. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS."

Recent County General Fund Budgets

Set forth in Table B-1 is a description of the County's comparative adopted budgets for Fiscal Years 2008-09 through 2010-11. For a summary of the actual audited financial results of the County for Fiscal Year 2008-09 and prior Fiscal Years. See TABLE B-6–"STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FISCAL YEAR 2004-05 THROUGH 2008-09." See also "COMPREHENSIVE FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009" in APPENDIX C to this Official Statement.

Fiscal Year 2008-09. The County's Fiscal Year 2008-09 budget, adopted by the Board of Supervisors on May 6, 2008 (the "Fiscal Year 2008-09 Adopted Budget"), reflected a General Fund budget of $1.256 billion, which was 4% or $50.3 million lower than the Fiscal Year 2007-08 approved budget. The Fiscal Year 2008-09 Adopted Budget required $52.0 million in reductions from the maintenance level identified by departments. The Hospital Enterprise Fund cut another $3.2 million in maintenance level costs for a combined $55 million in reductions from General Fund and Hospital Enterprise Fund in order to balance the budgets in those funds.

After adoption of the Fiscal Year 2008-09 Adopted Budget, the Board of Supervisors took significant actions to reduce further the County and Special District budgets, as summarized below:

- *August 12, 2008* – The Board of Supervisors received a report stating that anticipated assessed valuation had dropped from a projected 4% to 0.21% countywide. The lack of growth in assessed valuations translated to loss of anticipated General Fund revenue in the current year of $6.6 million that was part of an over $12 million in countywide property tax loss. The County Administrator was directed to return to the Board of Supervisors with rebalancing solutions for the Fiscal Year 2008-09 Budget.

- *October 28, 2008* – The Board of Supervisors adopted recommended Fiscal Year 2008-09 local departmental cuts in the following funds/amounts: General Fund deduction of $7.6 million ($6.6 million from property taxes, and $1.0 million from supplemental property taxes), Library Fund reduction of $0.8 million; Contra Costa County Fire Protection District reduction of $3.5 million, and East Contra Costa County Fire Protection District reduction of $1.4 million.

  Additionally, due to further economic uncertainty, the County Administrator recommended and the Board of Supervisors authorized the Auditor-Controller to reduce the General Fund Reserve Designation by $10,000,000, and to transfer those funds to an appropriation for contingency. In effect, this action 'budgeted' $10,000,000 of one-time reserves in the Fiscal Year 2008-09 Budget. This action was recommended in case of further loss of General Fund revenue and was not to be construed as a cushion for any known problems. The plan was for the County Administrator to continue to work with departments throughout the year to achieve balanced year-end expenditures.

- *December 9, 2008* –The Board of Supervisors adopted over $20 million in General Fund reductions included in over $22 million in total funding reductions to adjust for the impact of State and other local revenue losses and directed the County Administrator to return with a lay-off resolution necessary to implement the reductions.

- *December 16, 2008* – The Board of Supervisors adopted a lay-off resolution with lay-offs effective December 31, 2008. The resolution authorized the deletion of certain positions in affected County departments, as approved by the Board of Supervisors on December 9, 2008.

- *January 20, 2009* – The Board of Supervisors accepted a report regarding national and local economic impacts on Contra Costa County that projected a current year budget gap of $30 million and a Fiscal Year 2009-10 gap of an additional $26 million. For a variety of reasons including the economic situation and the magnitude of the County's problem ($56 million), the County Administrator recommended developing a two year budget for Fiscal Years 2009-10 and 2010-11. It was anticipated that the budget would be adopted in early spring with program reductions and lay-offs effective in the current fiscal year. The report ended by noting that every attempt would be made during current labor negotiations to achieve savings in order to protect services and jobs in the County.

- *February 3, 2009* – The Board of Supervisors declared its intent to adopt a balanced Fiscal Year 2009-10 General Fund to address a budget gap of over $56 million, which was in addition to the $90 million in reductions already made in Fiscal Year 2008-09. In addition, the Board of Supervisors directed the County Administrator to return with a 'Summit Report' on February 24 and directed Department Heads to work closely with the County Administrator to achieve reduced net County costs pursuant to Board policy and to begin the meet and confer process with employee representatives regarding the impact of potential program reductions on the terms and conditions of employment for affected employees. In addition, the County Administrator was directed to return to the Board of Supervisors March 17, 2009 with a Fiscal Year 2009-10 Recommended Budget that met the above requirements, with Tuesday, March 31, 2009 being targeted for adoption of the Fiscal Year 2009-10 County and Special District budgets.

The County has long focused on its mission of "providing public services which improve the quality of life of our residents and the economic viability of our businesses." As the County completed into Fiscal Year 2009-10 and moved into Fiscal Year 2010-11, national, State and local events made it apparent that the pursuit of the public service mission would be seriously challenged. Nonetheless, the County Administrator again affirmed the four major areas of focus that were first identified in Fiscal Year 2006-07: improving the County's fiscal health; providing services more efficiently and effectively; improving the County's credibility; and developing greater use of teams and partnerships to address issues. Focusing on these areas for improvement allowed the County to better manage its resources, lower its expense growth, improve its revenues, and build reserves.

Fiscal Year 2009-10. The Fiscal Year 2009-10 Budget was approved by the Board of Supervisors on March 31, 2009 (the "Fiscal Year 2009-10 Adopted Budget"). The County closed the projected General Fund gap between prior-year baseline requirements and Fiscal Year 2009-10 revenue projections of approximately $58.2 million. The Fiscal Year 2009-10 Adopted Budget assumed a 5% decline in assessed valuation, based upon a weak residential housing market and actions taken by the County Assessor to reduce property valuations pursuant to Proposition 8 and negative growth in sales tax and Proposition 172 public safety sales taxes. See APPENDIX A–"GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION–ECONOMIC AND DEMOGRAPHIC INFORMATION–Construction Activity" and APPENDIX B–"COUNTY FINANCIAL INFORMATION–*Ad Valorem* Property Taxes–*Proposition 8 Appeals*" and "*–Declines in Fiscal Year 2009-10 and Fiscal Year 2010-11 Assessed Valuation"*). The $58.2 million General Fund budget gap, which was net of a retirement expense decrease in the amount of $19.5 million, resulted in significant impacts upon County operations, including $49.4 million in reduced services.

Significant actions taken included the following:

• *April 2009* – The Board of Supervisors adopted lay-offs effective April 30 in order to achieve a two month savings in Fiscal Year 2008-09 and achieve a full 12 month savings in Fiscal Year 2009-10.

In order to address the structural imbalance in the budget and the expected continuation of budget pressure into Fiscal Year 2010-11, the County negotiated employee compensation concessions in the form of six furlough days in each of Fiscal Year 2009-10 and Fiscal Year 2010-11 for all represented employees and unrepresented management personnel. Total savings as a result of the furloughs was projected to be 2.31% of base salary or a total of $8.4 million in Fiscal Year 2009-10. The compensation concessions were adopted on July 21, 2009 by the Board of Supervisors along with significant modifications to health care premium subsidies. See "–Other Post-Employment Healthcare Benefits."

• *August 2009* – The County Administrator advised department heads that additional budget reductions would be necessary, in part due to a steeper decline in assessed valuation (-7.19%) compared to a 5% decline assumed in the Fiscal Year 2009-10 Adopted Budget. On October 6, 2009, the Board of Supervisors adopted over $11 million in General Fund departmental funding reductions to rebalance the Fiscal Year 2009-10 Adopted Budget. Of this amount, $8.8 million was due to reduced revenue projections and $4.5 million from a reduction in property tax revenue.

Fiscal Year 2010-11. The Fiscal Year 2010-11 Budget was approved by the Board of Supervisors on May 11, 2010 (the "Fiscal Year 2010-11 Approved Budget"). The Fiscal Year 2010-11 Approved Budget assumed a 5% decline in assessed valuation, based upon ongoing weakness in the residential property market, however, the actual assessed valuation decline was subsequently reported to be 3.3%. The County projected a General Fund deficit of approximately $34 million for Fiscal Year 2010-11 which was addressed by reducing General Fund contributions to health-related departments, by reducing other expenditures by $23.5 million through position reductions in other departments and by using $3.3 million of General Fund reserves. A total reduction of 119 full-time positions was approved by the Board of Supervisors, of which 78 positions were General Fund personnel. The Board of Supervisors also approved layoff resolutions in order to achieve the necessary budget reductions.

As was agreed to in Fiscal Year 2009-10, represented employees and unrepresented management personnel are subject to six furlough days, which is expected to save approximately $8.4 million in labor costs in Fiscal Year 2010-11.

In connection with the Fiscal Year 2010-11 Approved Budget, the Board of Supervisors took the following actions:

- *April 20, 2010* – Adopted the Fiscal Year 2010-11 Proposed Budget and directed the County Administrator to prepare for Board of Supervisors adoption of the Fiscal Year 2010-11 County and Special District budgets, as modified, to incorporate any changes directed by the Board of Supervisors during the public hearings.

- *May 11, 2010* – Requested the Auditor-Controller to make adjustments to the Fiscal Year 2009-2010 appropriations and revenues by reallocating and balancing budgeted and actual expenditures and revenues as needed for various budget units and special districts, subject to Board of Supervisors approval in September 2010 and directed the County Administrator to return to the Board of Supervisors by the end of September 2010 with further recommendations and/or refinements to the County Special District and County Service Area budgets.

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A summary of the General Fund Budgets for Fiscal Years 2008-09 through 2010-11 is presented in Table B-1.

Table B-1
COUNTY OF CONTRA COSTA
GENERAL FUND BUDGET
FOR FISCAL YEARS 2008-09 THROUGH 2010-11
($ IN 000'S)

	Final Adopted Budget 2008-09	Adopted Budget 2009-10	Approved Budget 2010-11
Requirements			
General Government	$146,915	$143,926	$141,521
Public Protection	376,644	341,510	343,233
Health and Sanitation	268,407	260,381	272,116
Public Assistance	410,294	403,108	411,741
Education	337	158	0
Public Ways and Facilities	60,019	49,231	49,390
Recreation and Culture	43	0	0
Reserves and Debt Service	100	100	0
TOTAL REQUIREMENTS	1,262,759	1,198,414	1,218,001
Available Funds			
Property Taxes	299,477	269,216	255,170
Fund Balance Available	9,510	10,132	3,333
Other Taxes	20,651	18,187	17,691
Licenses, Permits and Franchises	15,415	14,260	13,847
Fines, Forfeitures and Penalties	14,410	14,657	17,484
Use of Money and Property	6,281	3,199	3,809
Intergovernmental	604,216	561,415	574,602
Charges for Current Services	193,907	204,855	224,832
Other Revenue	98,891	102,493	107,233
TOTAL AVAILABLE FUNDS	$1,262,759	$1,198,414	$1,218,001

Source: County Auditor-Controller.

County Financial Management Policies

The Board of Supervisors has adopted a comprehensive set of financial management policies to provide for: (i) the annual adoption of a policy for the prudent investment of County funds; (ii) establishing a Treasury Oversight Committee; (iii) establishing and maintaining a General Fund reserve (iv) establishing formal fiscal policies regarding the adoption and maintenance of an annual balanced budget, and (v) establishing parameters for issuing and managing debt. Each of these financial management policies is described below.

Investment Policy. The County annually adopts an investment policy (the "Investment Policy") governing the County's investment of funds in the County Treasurer's Investment Pool, which as of June 30, 2010 held assets in the approximate amount of $2.0 billion. The most recent update to the Investment Policy was approved by the Board of Supervisors in May 2010. For a description of the Investment Policy and investments held in the County Treasurer's Investment Pool, see APPENDIX B–

"COUNTY FINANCIAL INFORMATION–CONTRA COSTA COUNTY TREASURER'S INVESTMENT POOL" and APPENDIX D–"COUNTY INVESTMENT POLICY."

Treasury Oversight Committee. In November 1995, the Board of Supervisors adopted an Order establishing a committee (the "Treasury Oversight Committee"). The Treasury Oversight Committee is composed of seven members: the County Superintendent of Schools or his/her designee; a representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County; a representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the County that are required or authorized to deposit funds in the County treasury; a representative appointed by the Board of Supervisors; and three members of the public nominated by the County Treasurer-Tax Collector (the "County Treasurer"). Members of the Treasury Oversight Committee are appointed to four year terms. The members of the first Treasury Oversight Committee were appointed by an Order of the Board of Supervisors in April 1996. The original members of the Treasury Oversight Committee were appointed by an Order of the Board of Supervisors adopted on March 18, 2008 and a replacement representative for the County Superintendent of Schools was appointed on May 1, 2009.

The Treasury Oversight Committee is responsible for conducting a quarterly review of the County investment portfolio and annually updating the Investment Policy.

Reserves Policy. In January 2006, the Board of Supervisors adopted a General Fund Reserves Policy (the "Reserves Policy"). The Reserves Policy requires the County to maintain a General Fund balance equal to a minimum of 10% of General Fund revenues and an unreserved balance equal to a minimum of 5% of General Fund revenues. Reserves exceeding the minimum are applied only to one-time uses such as additional reserves or capital projects up to an amount equal to 1% of General Fund revenues. The reserves can be used only in emergency situations and only if accompanied by a Board-approved plan to restore reserves to the target levels. Since Fiscal Year 2005-06, the County's audited financial reports confirms compliance with the Reserves Policy. For Fiscal Year 2008-09, the total General Fund balance was 10.7% of General Fund revenues and the unreserved portion was 8.6%.

For Fiscal Year 2009-10, the County estimates that the total fund balance was 11.5% of General Fund revenues and the unreserved portion was 8.6%. The budget for Fiscal Year 2010-11 estimates that the total fund balance will be 11.5% of General Fund Revenues and the unreserved portion will be 8.6%.

Budget Policy. In November 2006, the Board of Supervisors adopted a Budget Policy (the "Budget Policy") to establish best practices for the budget process and require the preparation of multi-year budget projections. Among other things, the Budget Policy requires: (i) the adoption of structurally balanced budgets; and (ii) preparation of mid-year departmental updates on budget status, with corrective actions presented to the Board of Supervisors within 30 days for any cost centers over budget.

Debt Management Policy. In December 2006, the Board of Supervisors adopted a Debt Management Policy (the "Debt Management Policy") that formulized guidelines for issuing and managing various types of debt instruments and other financial obligations. The Debt Management Policy provides that the County will undertake multi-year capital planning and sets forth guidelines for the term of debt issues, refunding savings targets and other structural debt features.

The Debt Management Policy established a Debt Affordability Advisory Committee (the "Advisory Committee") that establishes the viability of any proposed debt financing, monitors and evaluates the performance of the County against various debt ratio benchmarks, and annually prepares a comprehensive debt capacity report for the County Administrator. The Advisory Committee is composed of the Auditor-Controller, the County Treasurer, the Deputy Director, Department of Conservation and Development and the County Director of Finance.

The Advisory Committee issues an annual report to the County Administrator defining the debt capacity of the County. From Moody's Investors Service, the Advisory Committee evaluates the County against the following debt ratios from the most recently available national medians for counties in the "Aa" rating tier contained in Municipal Financial Ratio Analysis – U.S. Counties (Population > 1 million) and for the cohort group of the County in Moody's Investors Service's "California County Medians:"

1. Direct net debt as a percentage of assessed valuation;
2. Overall net debt as a percentage of assessed valuation; and
3. Assessed valuation per-capita.

From Standard and Poor's, the Advisory Committee evaluates the County against the following three debt ratios from the most recent available national medians for counties in the "AA" rating tier:

1. Percentage of total fund equity;
2. Percentage of unreserved fund equity; and
3. Direct debt per-capita.

The 2009 annual report, completed in September 2010, indicated that even with relatively weak performance, the performance of the County was improved compared to the 2008 annual report.

Workers' Compensation Funding. In September 2007, the Board of Supervisors established a workers' compensation internal services funding policy, the objective of which is to establish a targeted minimum confidence level (the measure of probability that the workers' compensation trust fund will have sufficient money to cover all benefits and claims that have been incurred) of 80%. The actuarial report dated as of June 30, 2009 indicated that the total County self insurance reserves reflected an approximately 99% confidence level on a discounted basis.

Ad Valorem **Property Taxes**

General. The County administers the property tax levy and collection system for the County and all local governments in the County. Taxes are levied for each fiscal year on taxable real and personal property that is situated in the County as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Ad valorem property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared to be in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is declared to be subject to the power of sale by the County Treasurer and may be subsequently sold by the County Treasurer.

Legislation established the "supplemental roll" in 1984, which directs the Assessor to re-assess real property, at market value, on the date the property changes ownership or upon completion of construction. *Ad valorem* property taxes on the supplemental roll are eligible for billing 30 days after the reassessment and notification to the new assessee. The resultant charge (or refund) is a one-time levy on the increase (or decrease) in value for the period between the date of the change in ownership or completion of construction and the date of the next regular tax roll upon which the assessment is entered.

Billings are made on a monthly basis and are due on the date mailed. If mailed between the months of July through October, the first installment becomes delinquent on December 10 and the second on April 10. If mailed within the months of November through June, the first installment becomes delinquent on the last day of the month following the month of billing. The second installment becomes delinquent on the last day of the fourth month following the date the first installment is delinquent.

Ad valorem property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue beginning November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) by filing a civil action against the taxpayer; (2) by filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) by filing a certificate of delinquency for recordation in the County Recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) by the seizure and sale of personal property, improvements or possessory interest, belonging to the taxpayer.

The County and its political subdivisions operate under the Teeter Plan pursuant to provisions of Sections 4701 through 4717 of the California Revenue and Taxation Code. See "–The Teeter Plan." Pursuant to those sections, the accounts of all political subdivisions that levy *ad valorem* taxes on the County tax rolls are credited with 100% of their respective tax levies regardless of actual payments and delinquencies. The County Treasury's cash position (from taxes) is protected by a special fund (the "Tax Losses Reserve Fund") into which all County-wide delinquent penalties are deposited. The County has used this method since Fiscal Year 1950-51. See the "–The Teeter Plan–*Tax Losses Reserve Fund.*"

Current secured *ad valorem* property tax revenues, which comprised approximately 13.6% of Fiscal Year 2009-10 General Fund revenues of the County, were significantly affected by a reduction in taxable property assessed values due to successful property owner appeals and/or unilateral reductions by the County Assessor pursuant to Proposition 8 (discussed below). For Fiscal Year 2010-11, the *ad valorem* property tax values for 49.9% of the parcels reviewed were reduced pursuant to Proposition 8.

Proposition 8 Appeals. In 1978, the voters of the State passed Proposition 8 ("Proposition 8"), a constitutional amendment to Article XIII A that allows a *temporary* reduction in assessed value when real property suffers a decline in value. A decline in value occurs when the *current market* value of real property is less than the *current assessed* (taxable) factored base year value as of the lien date, January 1. See also *"–Declines in Fiscal Year 2009-10 and Fiscal Year 2010-11 Assessed Valuation."*

A property owner may apply for a Proposition 8 reduction of the *ad valorem* property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "Proposition 8" appeal). In addition to reductions in assessed value resulting from Proposition 8 appeals, Proposition 8 also allows assessors to reduce assessed value unilaterally to reflect reductions in market value.

Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals, California law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary only for those property that are not sold to new owners, and are otherwise expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions will be eliminated.

Declines in Fiscal Year 2009-10 and Fiscal Year 2010-11 Assessed Valuations. In 2009, the County Assessor proactively reviewed 200,000 properties throughout the County and reduced the assessed valuation for approximately 168,000 parcels for Fiscal Year 2009-10. The majority of the reductions were in Antioch, Pittsburg, Brentwood, Oakley and San Ramon, the cities within the County that experienced the highest recent population growth. On July 1, 2009 the County Assessor sent a letter to the County Board of Supervisors to the effect that the Fiscal Year 2009-10 assessment roll had been prepared reflecting a 7.2% decline Countywide in assessed valuation compared to Fiscal Year 2008-09.

In February 2010, the County Assessor began identifying properties that had declines in value and automatically reviewing properties that received a reduction in value for Fiscal Year 2009-10. The County Assessor reviewed a total of 318,327 parcels (310,464 residential parcels and 7,863 commercial/industrial parcels) and reduced the assessed value for 154,889 parcels on the Fiscal Year 2010-11 roll, the majority of which are located in the eastern and western areas of the County.

On July 1, 2010, the County Assessor sent a letter to the County Board of Supervisors to the effect that due to the downturn in the economy, there was a $4.9 billion County-wide decrease in the local tax base for Fiscal Year 2010-11. The Fiscal Year 2010-11 County Assessment Roll delivered to the County Auditor indicated that assessed value was approximately $140.706 billion representing a decrease of approximately 3.4% compared to Fiscal Year 2009-10.

Pending Assessment Appeals. Property tax values calculated by the County Auditor-Controller and determined by the County Assessor may be subject to an appeal by the property owners. Assessment appeals are annually filed with the County Assessment Appeals Board (the "Appeals Board") for a hearing and resolution. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner.

Outstanding property tax assessment appeals by businesses and the oil industry with a difference of opinion in value of $50 million or more total approximately $13.1 billion in disputed value for Fiscal Years 2007-08 through 2009-10, with potential loss of revenue in the millions to various units of County local government. Of the total amount, an aggregate of approximately $11.4 billion is attributable to appeals by Chevron USA Inc. ("Chevron") for Fiscal Year 2007-08 through Fiscal Year 2009-10. On September 3, 2009, the County Appeals Board found in favor of Chevron and determined that the property tax assessments were too high by a combined amount of $1.2 billion for Fiscal Years 2004-05 through 2006-07 and Chevron had overpaid property taxes by at least $12.6 million.

On April 1, 2010, the County and Chevron reached a tentative agreement for a repayment plan for a $17.87 million refund owed to Chevron. The County's portion of such amount totals $1.8 million and, will result in a loss of property tax revenues in Fiscal Year 2010-11 in the amount of $600,000 and in the amount of $1.2 million in Fiscal Year 2011-12. The County paid $6 million to Chevron in August 2010 and will pay the remaining amount ($11.87 million) in August 2011. Chevron is also appealing its assessed valuation for the Fiscal Years 2007-08 through 2011-12. The County cannot predict whether or not appeals will be filed by Chevron or any other major property taxpayers in the future, or if filed whether or to what extent they will be successful.

Effect of Foreclosures on Property Tax Collections. As described above, once an installment of property tax becomes delinquent, penalties are assessed commencing on the applicable delinquency date until the delinquent installment(s) and all assessed penalties are paid. In the event of foreclosure and sale of property by a mortgage holder, all past due property taxes, penalties and interest are required to be paid before the property can be transferred to the purchaser/new owner.

In addition, as required under the Teeter Plan (described below), the County maintains a Tax Losses Reserve Fund, to cover potential losses that may result if tax-defaulted property is sold by the County for less than the amount of the taxes owed. See also "–The Teeter Plan."

A recent history of secured County tax levies, delinquencies and the Tax Losses Reserve Fund cash balances as of June 30th is shown in Table B-2 below.

Table B-2
COUNTY OF CONTRA COSTA
SUMMARY OF SECURED ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION FOR FISCAL YEARS 2000-01 THROUGH 2010-11(1)

Fiscal Year (June 30)	Secured Assessed Valuation†	Secured Property Tax Levies	Current Year Tax Delinquencies	Current Year Tax % Delinquent	Balance in Delinquent Property Tax	Total Tax Losses Reserve Fund	Tax Losses Reserve Fund as % of Total Delinquencies
2000-01	$81,169,335,859	$1,062,831,354	$16,728,410	1.57%	$31,050,012	$24,247,987	78.1%
2001-02	89,192,187,601	1,187,173,140	20,551,776	1.73	33,941,546	27,032,058	79.6
2002-03	96,329,938,366	1,293,561,117	25,574,249	1.98	38,614,691	30,347,321	78.6
2003-04	104,887,057,082	1,402,895,299	27,325,421	1.95	40,071,424	20,167,593	50.3
2004-05	114,462,803,733	1,584,132,373	26,598,823	1.68	37,821,908	23,134,013	61.2
2005-06	126,692,954,537	1,720,977,608	35,699,270	2.07	47,003,688	26,334,817	56.0
2006-07	141,883,051,128	1,967,771,060	80,851,968	4.11	97,323,762	33,558,844	34.5
2007-08	154,721,506,676	2,077,282,718	106,031,582	5.10	143,490,997	45,174,112	31.5
2008-09	154,820,838,330	2,061,930,220	86,035,461	4.17	129,971,278	66,209,174	50.9
2009-10	143,356,117,163	1,964,723,577	55,418,474	2.82	101,461,335	84,269,785	83.1
2010-11	139,106,978,652	N/A	N/A	N/A	N/A	N/A	N/A

† Restated to reflect secured assessed valuations only. In any Fiscal Year, unsecured assessed valuation represents less than 4.0% of the total.
Source: County Auditor-Controller.

Residential mortgage loan defaults and foreclosures have recently increased significantly in connection with the collapse of the subprime sector of the residential mortgage market and broader economic pressures. In California, the greatest impacts to date are in regions of the Central Valley and the Inland Empire (both areas that are outside of the County), although the County has been impacted as well, particularly in the eastern portions of the County where the largest number of new mortgages were originated as growth in residential development occurred since 2000.

Based on information provided by an independent data collection service for calendar year 2009, mortgage holders had sent 18,248 notices of default with respect to properties located within the County compared to 16,696 during calendar year 2008, and 7,998 trustee deeds had been recorded (indicating that the property has been lost to foreclosure) during calendar year 2009 compared to 11,270 during calendar year 2008.

During the first half (January through June) of calendar year 2010, mortgage holders sent 6,401 notices of default and recorded 3,826 trustee deeds compared to 10,086 notices of default sent and 3,778 trustee deeds recorded during the first three quarters of calendar year 2009.

Due to the continued downturn in the real estate market, there was an approximately $11.3 billion decrease in the local tax base for Fiscal Year 2009-10 and an approximately $4.9 billion decrease in Fiscal Year 2010-11. The Fiscal Year 2009-10 total assessment roll (including the supplemental roll) totaled approximately $145.6 billion, which represented a 7.2% decline in value compared to the Fiscal Year 2008-09 total assessment roll and the Fiscal Year 2010-11 total assessment roll (including, the supplemental roll) totals approximately $140.71 which represents an approximately 3.4% decline compared to Fiscal Year 2009-10. The greatest percentage declines in assessed value occurred in San Pablo, Oakley and Antioch, followed by Brentwood, Pittsburg, Hercules and Richmond.

A summary of the notices of default sent and trustee deeds recorded for the cities within the County during calendar years 2007 through 2009 and during the first two quarters (January through June) of calendar years 2009 and 2010 are set forth in Table B-3.

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Table B-3
CONTRA COSTA COUNTY
SUMMARY OF FORECLOSURE ACTIVITY
CALENDAR YEARS 2007 THROUGH 2009 AND FIRST THREE QUARTERS OF CALENDAR YEAR 2009 AND 2010

	Notices of Defaults							Foreclosures						
	Calendar Year				January through June			Calendar Year				January through June		
Incorporated	2007	2008	2009	% Change	2009	2010	% Change	2007	2008	2009	% Change	2009	2010	% Change
Alamo	46	61	124	103.3%	58	57	(1.7%)	4	20	23	15.0%	7	25	257.1%
Antioch	2,328	3,104	2,968	(4.4)	1,670	961	(58.6)	981	2,451	1,455	(41.2)	728	681	(6.5)
Bethel Island	11	14	37	164.3	18	8	(55.6)	7	16	10	(37.5)	6	11	83.3
Brentwood	1,011	1,406	1,611	14.6	909	526	(42.1)	377	930	729	(21.6)	361	308	(14.7)
Byron	7	13	15	15.4	8	5	(37.5)	5	8	3	(62.5)		1	–
Clayton	61	69,	118	71.0	59	49	(16.9)	12	24	36	50.0	11	18	63.6
Concord	1,091	1,798	1,922	6.9	1,010	768	(24.0)	396	1,140	837	(26.6)	397	413	4.0
Crockett	20	31	45	45.2	30	23	(23.3)	13	16	21	31.3	10	9	(10.0)
Danville	152	265	499	88.5	249	197	(20.9)	34	76	107	40.8	41	71	73.2
Diablo	2	3	2	(33.3)	0	1	–	0	0	1	–	1		–
Discovery Bay	328	487	568	16.6	295	176	(40.3)	120	286	241	(15.7)	90	106	17.8
El Cerrito	51	57	94	64.9	50	48	(4.0)	21	25	24	(4.0)	10	18	80.0
El Sobrante	144	231	421	82.3	228	187	(18.0)	79	262	179	(31.7)	79	91	15.2
Hercules	394	592	753	27.2	427	254	(40.5)	123	318	251	(21.1)	120	140	16.7
Knightsen	1	3	0	–	0	2	–	1	0	1	–	1	1	0.00
Lafayette	46	74	108	45.9	60	44	(26.7)	10	26	31	19.2	17	17	0.00
Martinez	245	402	598	48.8	307	245	(20.2)	89	251	219	(12.7)	99	141	42.4
Moraga	26	37	60	62.2	35	35	0.00	7	12	21	75.0	10	15	50.0
Oakley	688	1,053	1,049	(0.4)	612	348	(43.1)	256	801	505	(37.0)	222	226	1.8
Orinda	41	55	79	43.6	40	35	(12.5)	7	17	23	35.3	7	15	114.3
Pinole	184	273	322	17.9	170	109	(35.9)	53	161	150	(6.8)	63	54	(14.3)
Pittsburg	1,129	1,828	2,182	19.4	1,270	664	(47.7)	523	1,759	1,123	(36.2)	559	516	(7.7)
Pleasant Hill	162	237	318	34.2	160	125	(21.9)	40	120	106	(11.7)	45	64	42.2
Richmond	1,412	2,137	1,490	(30.3)	888	485	(45.4)	415	1,203	800	(33.5)	394	342	(13.2)
Rodeo	111	145	149	0.7	82	48	(41.5)	37	98	52	(46.9)	28	34	21.4
San Pablo	546	862	1,270	47.3	741	382	(48.4)	290	857	604	(29.5)	310	260	(16.1)
San Ramon	293	543	824	51.7	417	351	(15.8)	83	220	242	10.0	92	126	37.0
Walnut Creek	225	343	585	70.6	293	268	(8.5)	47	168	194	15.5	7	123	1,657.1
Subtotal Incorporated(1)	10,755	18,131	18,211	0.4	10,086	6,401	(36.5)	3,983	11,097	7,794	(29.8)	3,778	3,826	1.3
Unincorporated(2)	384	573	37	(93.5)	0	0	0.0	48	173	204	17.9	0	0	0.0
Total County(3)	11,139	16,696	18,248	9.3%	10,086	6,401	(36.5%)	4,031	11,270	7,998	(29.0%)	3,778	3,826	1.3%

(1) Represents the average for all incorporated areas.
(2) Represents the average for all unincorporated areas.
(3) Represents the Countywide average.
Source: MDA DataQuick Information.

The level of default and foreclosure activity has resulted in downward pressure on home prices in the affected areas. In response, the County has taken the proactive step of reducing the assessed valuation on certain properties pursuant to Proposition 8, legislation that permits a temporary *ad valorem* tax reduction when baseline market value is lower than current market value. See "*–Proposition 8 Appeals*."

The Teeter Plan

In 1949, the California Legislature enacted an alternative method for the distribution of secured *ad valorem* property taxes to local agencies. This method, known as the Teeter Plan, is set forth in Sections 4701-4717 of Revenue and Taxation Code of the State of California (the "Law"). Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. The County deposits in the Tax Losses Reserve Fund all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all participating taxing agencies is avoided. While the County bears the risk of loss on delinquent taxes that go unpaid, it benefits from the penalties associated with these delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk. The constitutionality of the Teeter Plan was upheld in *Corrie v. County of Contra Costa*, 110 Cal. App. 2d 210 (1952). The Teeter Plan was named after Desmond Teeter, the then Auditor-Controller of the County who originated this method of tax distribution. The County was the first Teeter Plan county in the State.

Tax Losses Reserve Fund. Pursuant to the Law, the County is required to establish the Tax Losses Reserve Fund to cover losses that may occur in the amount of tax liens as a result of special sales of tax-defaulted property (*i.e.*, if the sale price of the property is less than the amount owed). During each fiscal year, the Tax Losses Reserve Fund is reviewed and when the amount of the fund exceeds certain levels, the excess may be credited to the County General Fund as provided by Sections 4703 and 4703.2 of the California Revenue and Taxation Code. State law allows any county to draw down their tax losses reserve fund to a balance equal to (i) one percent of the total of all taxes and assessments levied on the secured roll for that year, or (ii) 25% of the current year delinquent secured tax levy.

As of June 30, 2010, the balance in the Tax Losses Reserve Fund was $84,269,785. An amount equal to $9 million of such reserve was transferred to the County's General Fund in Fiscal Year 2009-10.

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Largest Property Taxpayers

The 15 largest property taxpayers in the County, as shown on the Fiscal Year 2009-10 secured tax roll, and the approximate amounts of their *ad valorem* property tax payments are shown below. These 15 taxpayers paid a total of approximately $177.7 million in taxes, or approximately 9.1% of the County's Fiscal Year 2009-10 secured tax collection.

Table B-4
COUNTY OF CONTRA COSTA
FIFTEEN LARGEST PROPERTY TAXPAYERS
FISCAL YEAR 2009-10

Taxpayer	Total Taxes	% of Total County Tax Roll†
Chevron USA Inc.	$49,319,167	2.52%
Equilon Enterprises LLC	22,562,698	1.15
PG & E	18,803,909	0.96
Tesoro Refining & Marketing Co.	15,564,749	0.80
Tosco Corporation	12,228,749	0.63
Sunset Land Co./Annabel Investments	8,324,074	0.43
Seeno/Seecon/Century/West Coast	8,291,360	0.42
Pacific Bell Telephone Co./AT&T	7,327,581	0.37
Shappell Industries Inc.	7,034,400	0.36
Mirant Delta/Delta Energy Center	6,017,042	0.31
First Walnut Creek Mutual	5,654,149	0.29
Richmond / Alamo Essex	4,973,458	0.25
Macerich Northwest Association	4,102,743	0.21
Regency Centers	4,009,898	0.21
USS-Posco Industries	3,551,985	0.18
TOTAL FIFTEEN LARGEST TAXPAYERS	177,765,961	9.10
Other Taxpayers	1,776,609,727	90.90
TOTAL	$1,954,375,689	100.00%

† Column does not total due to rounding.
Source: County Treasurer-Tax Collector.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (the "SBE") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property," a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year. In 1999, the SBE adopted a rule that provides for local assessment of certain investor-owned electric utility facilities. As a result of this rule, the County Assessor currently assesses three power plants located in the County. However, assessment of certain power plants has been transferred to the SBE, so the portion of the County's total net assessed valuation constituting unitary property subject to SBE assessment has increased (see further discussion below).

For Fiscal Year 2009-10, approximately 1.8% of the County's total net assessed valuation constituted property subject to State assessment by the SBE, for which approximately $33.8 million of property taxes were collected in Fiscal Year 2009-10. The portion of Fiscal Year 2009-10 tax collections through the SBE assessment methodology attributable to the County General Fund was approximately $5.8 million.

For Fiscal Year 2010-11, approximately 2.1% of the County's total net assessed valuation constituted property subject to State assessment by the SBE, for which approximately $40.8 million of property taxes are expected to be collected in Fiscal Year 2010-11. The portion of Fiscal Year 2010-11 tax collections through the SBE assessment methodology attributable to the County General Fund for Fiscal Year 2010-11 is budgeted to be $7.8 million.

Redevelopment Agency

The California Community Redevelopment Law authorizes city or county redevelopment agencies to issue bonds payable from the allocation of tax revenues resulting from increases in full cash values of properties within designated project areas. In effect, local taxing authorities other than the redevelopment agency realize tax revenues only on the "frozen" tax base. The following Table B-5 shows redevelopment agency full cash value increments and tax allocations for agencies within the County.

Table B-5
COUNTY OF CONTRA COSTA
COMMUNITY REDEVELOPMENT AGENCY PROJECTS
FULL CASH VALUE INCREMENTS AND TAX ALLOCATIONS (1)
FISCAL YEARS 2001-02 THROUGH 2009-10

Fiscal Year	Base Year Value(2)	Full Cash Value Increment (3)	Total Tax Allocations(4)
2001-02	$3,578,860,177	$8,835,385,357	$91,289,481
2002-03	3,433,942,598	10,070,678,634	103,955,708
2003-04	3,600,771,960	11,403,833,690	116,813,986
2004-05	2,881,589,675(5)	12,875,417,794	131,478,464
2005-06	2,884,391,641	14,506,883,003	148,064,971
2006-07	3,711,200,834	17,084,543,345	175,384,368
2007-08	3,908,138,764	18,826,562,088	193,352,304
2008-09	3,912,742,668	19,128,706,951	196,972,694
2009-10	3,146,702,990	16,657,996,054	171,145,224

(1) Full cash values for all redevelopment projects above the "frozen" base year valuations. This data represents growth in full cash values generating tax revenues for use by the community redevelopment agencies.
(2) The Base Year Values since Fiscal Year 1999-00 have been reduced to exclude project areas with negative increment.
(3) Does not include unitary and operating non-unitary utility roll values which are determined by the State Board of Equalization on a county-wide basis.
(4) Actual tax revenues collected by the County which have been or will be paid to the community redevelopment agencies.
(5) Decrease reflects the removal of an undevelopable parcel from a redevelopment project area.
Source: County Auditor-Controller.

2009 SERAF Legislation. In connection with the Amended 2009 State Budget Act, Assembly Bill X4 26 (Chapter 21, Statutes 2009) (the "2009 SERAF Legislation") was enacted.

The 2009 SERAF Legislation restructured the ERAF transfer in an attempt to satisfy the finding made by the trial court in CRA I and to extend the ERAF transfer to Fiscal Year 2009-10 and 2010-11. Under the 2009 SERAF Legislation, redevelopment agencies in the State are required to contribute to the county Supplemental Educational Revenue Augmentation Fund (the "SERAF") an aggregate of $1.7 billion in Fiscal Year 2009-10 prior to May 10, 2010 and $350 million in Fiscal Year 2010-11 prior to May 10, 2011. The formula for calculating each agency's share of the total SERAF obligation is the same as that used in Fiscal Year 2008-09. Based on this formula, the County Redevelopment Agency's estimated SERAF share was $6.3 million for Fiscal Year 2009-10 and is $13 million for Fiscal Year 2010-11. Under the 2009 SERAF Legislation, redevelopment agencies may authorize, from July 1, 2009, to June 30, 2010, inclusive, the suspension of all or part of its required allocation to the low and moderate income housing fund from property tax increment revenues that are allocated to the agency with provisions to repay the fund by June 30, 2015, and use any funds that are legally available and not legally obligated for other uses, including reserve funds, proceeds of land sales, proceeds of bonds or other indebtedness, lease revenues, interest and other earned income to make the SERAF payments.

On October 20, 2009, the CRA and two member agencies again brought suit in Sacramento Superior Court (*California Redevelopment Association, et al. v. Michael C. Genest, Director of the Department of Finance, et al.) (CRA II)* (Case No. 34-2009-80000359) challenging the SERAF shift. A hearing on the merits was held on February 5, 2010. Supplemental briefs were filed February 23, 2010. On May 4, 2010, the Superior Court found that the SERAF shift did not violate the State Constitution and rejected CRA's request for a stay of the SERAF transfers. On May 10, 2010, the Third District Court of Appeal denied CRA's request for a temporary stay on making the SERAF payment. CRA filed an appeal on August 30, 2010.

<u>IRS Random Audit of Certain Redevelopment Agency Transactions</u>**.** During 2009, the Redevelopment Agency received notice from the Internal Revenue Service ("IRS") that it was conducting a random audit with respect to certain Redevelopment Agency bonds issued in 1999, 2003 and 2007. The IRS sent four Information Document Requests to the Redevelopment Agency requesting supporting documentation, to which the Redevelopment Agency has responded timely. This random audit by the IRS is ongoing and has not yet been completed.

Neither the County nor the Redevelopment Agency can predict when the IRS will conclude this random audit or the eventual outcome. While a negative outcome may impact the Redevelopment Agency, it will not affect the County General Fund.

Accounting Policies, Reports and Audits

The County believes that its accounting policies used in preparation of its audited financial statements conform to generally accepted accounting principles applicable to counties. The County's governmental funds and fiduciary funds use the modified accrual basis of accounting. This system recognizes revenues when they become available and measurable. Expenditures, with the exception of unmatured interest on general long-term debt, are recognized when the fund liability is incurred. Proprietary funds use the accrual basis of accounting, whereby revenues are recognized when they are earned and become measurable, while expenses are recognized when they are incurred.

The County Treasurer also holds certain trust and agency funds not under the control of the Board of Supervisors, such as those of school districts, which are accounted for on a cash basis.

The California Government Code requires every county to prepare an annual financial report. The County Auditor-Controller prepares the Comprehensive Annual Financial Report for the County. This annual report covers financial operations of the County, County districts and service areas, local autonomous districts and various trust transactions of the County Treasury. Under California law, independent audits are required of all operating funds under the control of the Board of Supervisors. The County has had independent audits for more than 40 years. See APPENDIX C–"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009."

In addition to the above-mentioned audits, the County Grand Jury may also conduct management audits of certain offices of the County.

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 these categories as follows: (i) governmental funds; (ii) property funds; and (iii) fiduciary funds.

Governmental Funds: 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.

The County maintains 28 individual governmental funds (*e.g.* General Fund, special revenue funds, debt service funds, capital projects funds and permanent fund) for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Contra Costa County Fire Protection District Special Revenue Fund, and the Land Development Special Revenue Fund.

Proprietary Funds: used to account for information of the same type as the government-wide financial statements, only in more detail. There are of two different types: (i) Enterprise Funds (used to report the same functions presented as business-type activities in the government-wide financial statements) and (ii) Internal Service Funds (used to accumulate and allocate costs internally among the County's various functions).

Fiduciary Funds: 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. 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.

Presented in Table B-6 on the following page is the County's Schedule of Revenues, Expenditures and Changes in Fund Balances for the County General Fund as of June 30th for the five most recent fiscal years for which audited financial statements are available. More detailed information from the County's audited financial report for the fiscal year ending June 30, 2009 appears in APPENDIX C to this Official Statement.

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Table B-6
COUNTY OF CONTRA COSTA GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEARS 2004-05 THROUGH 2008-09
($ IN THOUSANDS)

	2004-05	2005-06	2006-07	2007-08	2008-09
REVENUES					
Taxes	$237,828	$273,521	$304,323	$317,307	$314,074
Licenses, permits & franchises	12,736	14,442	15,265	12,613	14,041
Fines, forfeitures & penalties	16,620	14,167	13,714	21,255	14,538
Use of money & property	5,454	13,371	18,594	13,829	7,848
Intergovernmental revenues	530,155	578,249	603,078	588,193	552,511
Charges for services	183,774	213,553	215,232	216,838	221,026
Other revenue	76,892	86,745	107,624	99,325	97,203
TOTAL REVENUES	1,063,459	1,194,048	1,277,830	1,269,360	1,221,241
EXPENDITURES					
Current:					
General government	127,686	145,803	168,963	159,755	146,787
Public protection	285,743	307,005	331,986	341,334	345,338
Health & sanitation	197,686	179,305	181,851	196,017	211,228
Public assistance	357,657	381,600	391,106	392,182	390,659
Education	290	304	241	312	321
Public ways and facilities	51,884	66,929	86,634	88,851	54,848
Recreation	–	294	–	–	–
Debt service:					
Principal	–	–	93	95	98
Interest	–	2,181	4,453	5,108	2,274
Capital outlay	6,388	–	–	–	–
TOTAL EXPENDITURES	1,027,352	1,083,421	1,165,327	1,183,654	1,151,553
Excess (deficiency) of Revenues over (under) Expenditures	36,107	110,627	112,503	85,706	69,688
OTHER FINANCING SOURCES (USES)					
Operating transfers in	24,775	21,352	1,707	12,621	19,106
Operating transfers out	(94,093)	(91,609)	(104,817)	(106,506)	(106,313)
Issuance of debt	–	–	–	1,332	–
Premium on debt issues	–	–	1,007	970	–
Capital lease financing	6,388	1,705	3,578	2,375	2,629
TOTAL OTHER FINANCING SOURCES (USES)	(62,930)	(68,552)	(98,525)	(89,208)	(84,578)
NET CHANGE IN FUND BALANCES	(26,823)	42,075	13,978	(3,502)	(14,890)
FUND BALANCE AT BEGINNING OF YEAR, as Previously Reported	119,886	93,063	135,138	149,116	145,614
Adjustment to beginning fund balance	–	–	–	–	–
FUND BALANCE AT BEGINNING OF YEAR, if Restated	119,886	–	–	–	–
Residual equity transfers in	–	–	–	–	–
Residual equity transfers out	–	–	–	–	–
FUND BALANCE AT END OF YEAR	$93,063	$135,138	$149,116	$145,614	$130,724

Source: County Auditor-Controller.

County Employees

A summary of the number of County full-time equivalent (FTE) employees is set forth below:

Table B-7
COUNTY OF CONTRA COSTA
FULL-TIME EQUIVALENT COUNTY EMPLOYEES(1)

As of June 30	Number of FTE Employees
2002	8,779
2003	8,785
2004	8,670
2005	8,381
2006	8,423
2007	8,409
2008	8,697
2009	8,625
2010	8,191
2011†	8,142

† Budgeted.
Source: County Auditor-Controller.

Contract Negotiations

County employees are represented in 36 bargaining units by 17 labor organizations, the principal ones being Public Employees Union, Local One; Local 1021 of the Service Employees International Union ("SEIU") and Local 2700 of the American Federation of State County and Municipal Employees ("AFSCME") which, combined, represent approximately 72% of all County employees in a variety of classifications.

The Memoranda of Understanding (the "MOUs") of the employee organizations that have expired remain in full force and effect. Table B-8 summarizes the labor organizations at the County, contract expiration dates and status of negotiations.

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Table B-8
COUNTY OF CONTRA COSTA
LABOR ORGANIZATION UNIT CONTRACT EXPIRATION DATES

Labor Organization	Contract Expiration Date	Number of Employees
AFSCME Local 512, Professional and Technical Employees	06/30/11	272
AFSCME Local 2700, United Clerical, Technical and Specialized Employees	06/30/11	1,709
California Nurses Association	08/31/11	510
Contra Costa County Defenders Association	09/30/08(1)	69
Contra Costa County Deputy District Attorneys Association	09/30/08(1)	82
Deputy Sheriff's Association, Management Unit and Rank and File Unit	06/30/08(1)	780
District Attorney Investigator's Association	06/30/08(1)	18
East Contra Costa County Firefighters Association, IAFF, Local 1230	06/30/12(1)	315
Physicians and Dentists of Contra Costa	09/30/08(1)	276
Probation Peace Officers Association	09/30/08(1)	275
Professional and Technical Engineers, Local 21, AFL-CIO	(2)	837
Public Employees Union, FACS Site Supervisor Unit, Local One	06/30/11	21
Public Employees Union, Local One	06/30/11	2,463
SEIU United Health Care Workers West	09/30/09	812
SEIU Local 1021, Rank and File Unit and Service Line Supervisors Unit	06/30/11	776
SEIU Local 1021, Service Line Supervisors Unit	6/30/2011	36
United Chief Officers' Association	09/30/10	11
United Professional Firefighters, IAFF Local 1230	06/30/12	315
Western Council of Engineers	06/30/11	20

(1) Negotiations are in process and the employees continue to work for the County pursuant to the terms of the existing MOU for this labor organization.
(2) No current MOU. The members of this bargaining unit previously were unrepresented. Negotiations are in process.
Source: Contra Costa County Human Resources Department.

Pension Plan

Description. The Contra Costa County Employees' Retirement Association (the "Association" or "CCCERA") is a cost-sharing multiple-employer defined pension benefit plan governed by the County Employees' Retirement Law of 1937, as amended (the "Retirement Law"). The plan was established on July 1, 1947 and covers substantially all of the employees of the County, its special districts, the Housing Authority of the County and 16 other member agencies.

The plan provides for retirement, disability, and death and survivor benefits, in accordance with the Retirement Law. Annual cost-of-living adjustments to retirement benefits can be granted by the Board of Retirement of the Association (the "Board of Retirement") as provided by State statutes.

The Board of Retirement is responsible for the general management of the Association and is comprised of 12 trustees, three of which are alternates, one for Safety members, one for retirees and one appointed by the Board of Supervisors. Five members are appointed by the Board of Supervisors, including the alternate appointee; four members, including one of whom is the Safety alternate, are elected by the active membership of the Association; and two members, including the retiree alternate are elected by retirees. The County Treasurer serves as an *ex-officio* member of the Board of Retirement. Members of the Board of Retirement, with the exception of the County Treasurer, serve three-year terms of office, with no term limits.

The Board of Retirement has exclusive control of all retirement system investments and is responsible for establishing investment objectives, strategies and policies. The State Constitution and the Act authorize the Board of Retirement to invest in any investment deemed prudent in the opinion of the Board of Retirement. See "–Investment Policy of the Association."

The Association is divided into eight separate benefit sections in accordance with the Retirement Law. These sections are known as: General Tier I, Tier II, Tier III-Enhanced; Safety Tier A, Safety Tier C and Contra Costa County Fire Protection District Safety and Tier I. On October 1, 2002 the Board of Supervisors adopted Resolution No. 2002/608, providing enhanced benefit changes equal to 3% of eligible salary per year of service to safety employees retiring at age 50 (commonly known as 3% at 50) and 2% of eligible salary per year of service to general employees retiring at age 55 (commonly known as 2% at 55), effective July 1, 2002 and January 1, 2003, respectively.

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

Tier I includes members not mandated to be in Tier II or Tier III and reciprocal members who elect Tier I membership. County employees who were moved to Tier III effective October 1, 2002, continue to have Tier II benefits for service prior to that date unless the service is converted to Tier III. The Safety section includes members in active law enforcement, active fire suppression work or certain other "safety" classifications as designated by the Board of Retirement.

Effective November 1, 2002, an additional flat monthly retiree benefit of $200 is provided for all former members who retired prior to January 1, 1983, and are currently receiving pension benefits (including spousal continuance benefits). The cost of this benefit improvement, as determined by the actuary of the Association was $22,955,000 and has been funded by the Association.

Service retirement benefits are based on age, length of service and final average salary in accordance with the California Government Code. For Tiers I and III and Safety Tier A members, the retirement benefit is based on a one-year average salary. For Tier II and Safety Tier C, the retirement benefit is based on a three-year average salary. Effective January 1, 2007, Contra Costa County and the Deputy Sheriff's Association agreed to adopt a new Safety Tier C for sworn employees hired by the County after December 31, 2006. A Deputy Sheriff hired on or after January 1, 2007 is subject to a 3% at 50 benefit formula with a 2% maximum COLA and a 36-month final average salary period. A six-year schedule of the funding progress for the Association is set forth in Table B-9.

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Table B-9
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF FUNDED STATUS
($ in 000's)

Actuarial Valuation Date	Actuarial Value of Assets(1) (a)	Actuarial Accrued Liability (AAL)(2) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
12/31/04	$3,673,858	$4,481,243	$807,385	82.0%	$619,132	130.4%
12/31/05(3)	4,062,057	4,792,428	730,371	84.8	627,546	116.4
12/31/06(4)	4,460,871	5,293,977	833,106	84.3	653,953	127.4
12/31/07	5,016,137	5,581,048	564,912	89.9	671,618	84.1
12/31/08(5)	5,282,505	5,972,471	689,966	88.5	704,948	97.9
12/31/09	5,290,114	6,314,787	1,024,673	83.7	694,444	147.6

(1) Excludes assets for non-valuation reserves.
(2) Excludes liabilities from non-valuation reserves.
(3) Reflects the action by the Board of Retirement to revise the inflation rate assumption to 3.75%.
(4) Adjusted to reflect the action by the Board of Retirement to revise the annual investment return assumption to 7.8%.
(5) Excludes Accounts Payable. Restated to exclude non-valuation reserves.
Sources: Association Comprehensive Annual Financial Reports for the years ended December 31, 2005 through 2009 and Association Actuarial Valuation and Review as of December 31, 2009.

During calendar year 2009, 7,385 County employees were active members of the Association, representing approximately 82.6% of the Association's total active membership. Listed in Table B-10 is a summary of member population in the Association and in Table B-11 are the payments made by the County to the Association for normal retirement costs as well, as in certain years, UAAL amortized payments.

Table B-10
COUNTY OF CONTRA COSTA EMPLOYEES' RETIREMENT ASSOCIATION
TOTAL MEMBER POPULATION

Year Ended December 31	Total Association Active Members	Inactive Vested and Terminated Members†	Retired Members and Beneficiaries	Total Membership	Ratio of Non-Actives to Actives
2005	9,205	1,731	6,437	17,373	0.89:1
2006	9,210	1,919	6,646	17,775	0.93:1
2007	9,421	2,008	6,911	18,340	0.95:1
2008	9,385	2,153	7,012	18,550	0.98:1
2009	8,938	2,209	7,292	18,439	1.06:1

† Includes terminated members due a refund of member contributions.
Sources: Association Comprehensive Annual Financial Reports for the years ended December 31, 2006 through 2009 and Association Actuarial Valuation and Review as of December 31, 2009.

Table B-11
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Annual Percentage Contributed
2004	$118,245,418	100.0%
2005	147,165,108(1)	100.0
2006	179,755,314(2)	100.0
2007	196,929,570	100.0
2008	206,518,693	100.0
2009	195,613,673(3)	100.0

(1) Excludes the Contra Costa Consolidated Fire District and Moraga-Orinda Fire District pension obligation bond proceeds in the amounts of $124,917,000 and $28,317,911, respectively.
(2) Excludes the City of Pittsburg pension obligation bond proceeds in the amount of $11,693,396 received on June 27, 2006.
(3) Decrease is primarily attributed to investment gains prior to 2008 that were reflected in the December 31, 2007 actuarial valuation. Also includes approximately $2.4 million paid by County departments as a result of employees converting prior Tier 2 Service to Tier 3 Service.
Sources: Association Comprehensive Annual Financial Report for the Year Ended December 31, 2006 through 2009 and Association Actuarial Valuation and Review as of December 31, 2009.

CCCERA Funding Status. The actuarial report prepared by the Association's independent actuary, The Segal Company, reflected the financial status of the Association as of December 31, 2007. The market value of the plan's assets as of such date was $5,199,116,582 and the return on actuarial value of assets was 7.3%. The annual actuarial valuation for the period ending December 31, 2009 became available on October 28, 2010 and was presented to and accepted by the Retirement Board on November 3, 2010. The Retirement Board expects to adopt Fiscal Year 2011-12 contribution rates based upon the results of this annual actuarial valuation on November 23, 2010. A summary of the results of the annual actuarial valuation is presented in this Official Statement. The market value of the plan's assets as of December 31, 2009 was $4,476,729,530 and the return on actuarial value of assets was 0.34%.

The value of the plan's unfunded actuarial accrued liability ("UAAL") as of December 31, 2007 was estimated by the actuary to be $564,911,690 using a 7.8% actuarial rate of return. This includes the County's portion of the liability in the amount of $430,612,690 as well as that of the other entities comprising the Association. The GASB Statement No. 25 liabilities calculated for 2007, as shown in the Actuarial Valuation and Review as of December 31, 2007, showed that the funded ratio was approximately 89.9%. The value of the plan's UAAL as of December 31, 2009 was estimated by the actuary to be $1,024,673,085 using a 7.8% actuarial rate of return. The County's portion of the liability is not expected to be determined until late November 2010 after the Retirement Board adopts the contribution rates effective for Fiscal Year 2010-11. The GASB Statement No. 25 liabilities calculated for 2009, as shown in the Actuarial Valuation and Review as of December 31, 2009, showed that the funded ratio was approximately 83.8%.See also Table B-1–"Contra Costa County Employee's Retirement Association–Schedule of Funded Status."

The Association has established and maintains various reserves and designations from member and County contributions and the accumulations of investment income thereof, after satisfying investment and administrative expenses, including a Market Stabilization Account. See "*–Market Stabilization Account*."

Pursuant to provisions of the Retirement Law, the Retirement Board recommends the annual contribution rates for adoption by the Board of Supervisors. 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.

On March 25, 2009, the Retirement Board decided to leave the unfunded actuarial accrued liability (the "UAAL") derived from periods on or before the December 31, 2007 valuation date to be amortized on a level percent closed basis over 14 years on a declining basis.

Subsequent UAAL's starting with December 31, 2008, are amortized in multiple layers (each year will constitute a new layer) with each year's gains/losses amortized over a separate 18 year period on a declining basis.

On October 14, 2009, the Retirement Board took action to depool assets, liabilities and normal cost of the Association by employer when determining employer contribution rates retroactive to December 31, 2002. This retroactive application did not involve recalculation of any employer rates prior to December 31, 2009. In addition, the Retirement Board elected to discontinue certain cost sharing adjustments for both member and employer contribution rates for General Tier 1 and Safety Tier A. However, under the depooling structure, there are a few remaining cost sharing arrangements for smaller employers (less than 50 active members), the Superior Court (due to statutory requirements) and certain UAAL costs between cost groups and certain tiers.

Based upon recommendations of the Actuary developed in the December 31, 2009 Review of Economic Actuarial Assumptions for the Actuarial Valuation on May 10, 2010, the Association adopted an assumed rate of return equal to 7.75% for the Fiscal Year ending June 30, 2010.

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 employer rates in effect during Fiscal Year 2009-10 (based on covered payroll as of January 1, 2008) ranged from 3.98% to 45.06% of the employees' annual covered salary.

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The employer rates of contribution for the County and districts combined, calculated as a percentage of the covered payroll, including a 50% employer subvention of members basic contributions to fund the UAAL and cost of living adjustments, as determined in the actuarial reports are set forth in Table B-12.

Table B-12
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
EMPLOYER CONTRIBUTION RATES
(FISCAL YEARS)

	2008-09(1)	2009-10(1)	2010-11(2)
General Members, Tier I - Non-Enhanced	34.54%	32.38%	34.35%
General Members, Tier I - Enhanced	29.88	27.41	29.24
General Members, Tier III - Enhanced	26.01	23.03	24.09
Safety Members, Tier A - Non-Enhanced	41.90	34.38	37.41
Safety Members, Tier A - Enhanced	46.20	40.96	42.87
Safety Members, Tier C - Enhanced	43.33	38.89	40.85

(1) County and districts combined.
(2) Preliminary. Reflects the de-pooled rates recommended by the Actuary. The Retirement Board is expected to adopt de-pooled rates for Fiscal Year 2010-11 on or before November 30, 2010.
Sources: Association Comprehensive Annual Financial Reports for the Years Ended December 31, 2007 through December 31, 2009 and Association Actuarial Valuation and Review as of December 31, 2009.

Table B-13 sets forth the balances as of December 31, 2008 and December 31, 2009, in reserves and designated net assets:

Table B-13
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
RESERVES AND DESIGNATED NET ASSETS
ASSUMING A 7.8% ACTUARIAL RATE OF RETURN
(AS OF DECEMBER 31, 2008 AND 2009)

	Amount	
Category	2008	2009
Valuation Reserves	$5,282,505,159	$5,290,114,102
Post Retirement Death Benefit	13,455,741	14,147,559
Statutory Contingency Reserve (one percent)	0	0
Market Stabilization Account	(1,546,262,088)	(827,532,131)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$3,749,698,812	$4,476,729,530

Sources: Association Comprehensive Annual Financial Report for the Year Ended December 31, 2009.

Market Stabilization Account. The Market Stabilization Account represents the deferred return developed by the smoothing of realized and unrealized gains and losses based on five-year smoothing. This method smoothes only the semi-annual deviation of total market return (net of expenses) from the applicable return target per annum. As of December 31, 2009, the net balance in the Market Stabilization Account was negative $827.5 million. The assumed rate of return for the Fiscal Year ending June 30, 2007 through the Fiscal Year ending June 30, 2009 has been 7.8%. The Association has reported deferred losses of approximately $1.55 billion as of December 31, 2009. These losses are reflected in the updated actuarial report that became available on October 28, 2010. Unless offset by future investment gains or other favorable experience, the recognition of the market losses is expected to have a significant impact on the Association's future funded ratio and contribution rate requirements.

The revenues of the Association by source, net assets at the end of the year and the total return on market value for the six years ending December 31, 2009 are set forth in Table B-14. The total return for the first six months of calendar year 2010 was -1.9%.

Table B-14
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF REVENUES, NET ASSETS AT MARKET VALUE
AND RETURN ON MARKET VALUE
2004 THROUGH 2009

	Source of Revenues			Net Assets Held in Interest at Market Value	Total
Year (December 31)	Employee Contributions	Employer Contributions	Investment Income/ (Loss)[1]	End of Year[2]	Total Return on Market Value[3]
2004	$65,297,397	$118,245,418	$416,012,994	$3,718,615,896	13.4%
2005	73,474,816	300,300,019[4]	341,877,365	4,221,722,252	10.8
2006	73,468,648	191,448,711[5]	614,912,800	4,871,009,631	15.3
2007	75,590,807	196,929,570	306,459,115	5,199,116,582	7.3
2008	76,452,406	206,518,693	(1,467,872,206)	3,749,698,812	(26.5)
2009	66,536,161	195,613,673	736,956,891	4,476,729,530	21.9

(1) Net of investment expenses.
(2) Net of benefits paid, administrative costs, refund of contributions and other deductions.
(3) Before deduction of administrative fees and investments costs.
(4) Includes proceeds in the amount of $153,134,911 of pension obligation bonds issued by the Moraga-Orinda Fire Protection District and the Contra Costa County Fire Protection District in 2005.
(5) Includes proceeds in the amount of $11,693,396 received on June 27, 2006 from pension obligation bonds issued by the City of Pittsburg.
Sources: Association Comprehensive Annual Financial Reports for the years ended December 31, 2005 through 2009 and Association Actuarial Valuation and Review as of December 31, 2009.

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Investment Policy of the Association. The Board of Retirement adopted its investment guidelines in 1985 and has amended those guidelines, the most recent amendment having been adopted on April 8, 2009 (the "Investment Policy"). The Investment Policy prescribes, among other things, asset class targets for investment of Association funds. The asset allocation targets and their associated ranges, which are a function of the returns and risks from various asset class and the nature of the Association's liabilities, currently are set forth in Table B-15.

Table B-15
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT POLICY ASSET ALLOCATION TARGETS
(AS OF JUNE 30, 2010)

Asset Type	Current Investment Allocation	Target	Allocation Range
Total Equity	48.0%	48.1%	45% to 53%
Fixed Income	29.0	27.8	24 to 34
High Yield Fixed Income	3.1	3.0	1 to 5
Real Estate	12.1	11.5	8 to 14
Alternative Investments†	5.5	7.0	5 to 9
Cash and Equivalents	0.6	0.5	0 to 1
TOTAL	100.0%	100.0%	

† CCCERA does not have any hedge fund investments.
Source: Association.

The Association contracts with 34 investment managers who are responsible for investment of their respective portion of the portfolio. The Investment Policy prescribes investment guidelines to be followed by the investment managers as well as monitoring procedures regarding their performance.

The Association issues a stand-alone financial report, which is available at its office located at 1355 Willow Way, Suite 221, Concord, California 94520. For additional information on the County's pension plan, see APPENDIX C–"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009–Note 15–Employees' Retirement Plan."

Other Post-Employment Healthcare Benefits

Overview. The County is the plan sponsor and administers a single-employer defined benefit healthcare plan. This plan provides post-employment medical and dental insurance benefits to eligible retired employees and their dependents. Benefit provisions are established and may be amended through negotiations between the County and the respective bargaining units. The County contracts with Kaiser Permanente, Health Net, Contra Costa Health Plans and PERS to provide medical benefits and Delta Dental and PMI Deltacare for dental benefits.

Actuarial Reports. Since delivery of the initial actuarial report prepared by Buck Consultants LLC presenting the initial actuarial analysis of the liability of the County for retiree healthcare and other post-employment benefits ("OPEB"), the OPEB liability of the County declined from $2.6 billion based upon a 4.5% discount rate as of January 1, 2006 to $1.047 billion based upon a 6.32% discount rate as of January 1, 2010. The approximately 59.7% reduction in the OPEB liability is a result of the actions taken by the Board of Supervisors described below.

2006 Actuarial Report. On May 16, 2006, the Board of Supervisors accepted the initial OPEB actuarial analysis indicating that the then-current OPEB liability was $2.6 billion based upon a discount rate equal to 4.5%, and if fully amortized over the following 30 years would have required an annual required contribution (an "ARC") equal to $216 million, which at that time would have been approximately six times the amount the County was paying toward retiree health care premiums on a "pay-as-you-go" basis.

In fall 2006, the County Administrator established an OPEB Task Force (the "OPEB Task Force") to manage the long-term liability of the County for OPEB costs. The OPEB Task Force brought together the breadth of expertise available within the County and through professional contracts in the financial, audit, budget, personnel, labor relations, benefits and legal areas. In June 2007, following presentation by the OPEB Task Force of an OPEB update report, the Board of Supervisors took the following actions:

- Established goals to fully comply with GASB 45
- Adopted an OPEB financing strategy for partial pre-funding phased in over 30 years
- Adopted an initial OPEB funding target of 100% of the potential liability for the retiree population
- Adopted a specific allocation of resources in the amount of $588 million (plus interest) to be reserved by the end of Fiscal Year 2022-23 and $100 million to be added thereafter towards reducing the OPEB liability
- Directed the County Administrator to begin pre-negotiation meetings with County Labor representatives regarding the development of plans and models for benefit reform

2008 Actuarial Report and Establishment of Section 115 Irrevocable Trust. On January 15, 2008, the Board of Supervisors approved the establishment of an irrevocable trust under Section 115 of the Internal Revenue Code (the "OPEB Trust Fund") for the purpose of depositing OPEB funds, earning interest thereon and discounting the OPEB liability of the County. In Fiscal Year 2008-09, the County partially pre-funded the OPEB liability by depositing $20 million into the OPEB Trust Fund in addition to funding the annual "pay-as-you-go." GASB 45 permits the use of a higher discount rate based on the level of prefunding. On June 16, 2008, Buck Consultants LLC delivered an updated actuarial report (the "2008 Actuarial Report") based upon the partial pre-funding and determined that the applicable discount rate as a result of the partial prefunding was 6.32%. The County deposited an additional $20 million in the OPEB Trust Fund in Fiscal Year 2009-10 and has budgeted another $20 million deposit in Fiscal Year 2010-11.

In calendar year 2008, the Board of Supervisors adopted certain limitations to the benefits provided to safety and non-safety unrepresented employees, and appointed and elected officials and persons who retired from classifications that were unrepresented at the time of retirement, appointment or election. These limitations reduced the OPEB liability by approximately $200 million to $2.4 billion assuming a 4.5% discount rate. The OPEB liability was further reduced by an additional $300 million to approximately $1.9 billion when the actuary assumed a 6.32% discount rate reflecting the partial funding by the County of the OPEB liability.

2010 Actuarial Report. An updated actuarial analysis of the County's OPEB liability dated April 5, 2010 (the "2010 Actuarial Report") was presented by Buck Consultants LLC to the Board of Supervisors and was based upon census data for all active employees and retirees and financial data as of January 1, 2010.

The number of retirees and beneficiaries of retirees receiving OPEB benefits and the annual required contribution made by the County are set forth in Table B-16.

Table B-16
CONTRA COSTA COUNTY
OTHER POST EMPLOYMENT BENEFIT PLAN SUMMARY OF PARTICIPATING RETIREES AND CONTRIBUTIONS

Fiscal Year	Number of Participating Retirees(1)	County Normal Cost Contribution ($ in 000's)	UAAL(2)	Total ARC
2006-07	5,216	$130,604	$85,721(3)	$216,325
2007-08	5,216	116,102	78,909(3)	195,011
2008-09	5,813	76,274	62,641(4)	138,915
2009-10	5,251	29,232	34,066(4)	63,298

(1) Includes retirees and beneficiaries receiving benefits.
(2) Calculated based upon a 30-year amortization.
(3) Reflects the 4.5% pay-go discount rate.
(4) Reflects the 6.32% discount rate as a result of partial prefunding of the OPEB Trust Fund.
Source: Buck Consultants LLC.

Funded Status and Funding Progress. As of January 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $1.047 billion of which $25,048,000 was funded.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past exceptions and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities.

Table B-17
CONTRA COSTA COUNTY
POST EMPLOYMENT HEALTH BENEFITS
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b - a) / c)
01/01/2008	$20,038,000	$1,879,242,000	$1,859,209,000	1%	$625,273,000	297%
01/01/2010	25,048,000	1,047,028,000	1,021,980,000†	2	625,273,000	163

† The decline in the UAAL is a result of a change in the assumed discount rate to 6.32% reflecting the partial prefunding of the OPEB Trust Fund. See "*–Actuarial Reports–*2008 Actuarial Report and Establishment of Section 115 Irrevocable Trust*.*"
Source: Buck Consultants LLC.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The County charges current costs of these benefits to the employee's department. The County has determined that the future liability is an obligation of the general government. The County records the accrued liability and expense in the general government classification of the Government-Wide Statement of Net Assets and Statement of Activities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation ($ in thousands):

Annual required contribution	$138,892
Interest on net OPEB obligation	10,043
Adjustment to annual required contribution	0
Annual OPEB cost (expense	148,935
Contributions made	(57,582)
Increase in net OPEB obligation	91,353
Net OPEB obligation, beginning of year	158,909
Net OPEB obligation, end of year	$250,262

Source: Buck Consultants LLC.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for Fiscal Years 2007-08 and 2008-09 and are set forth in Table B-18:

Table B-18
CONTRA COSTA COUNTY
POST EMPLOYMENT HEALTH BENEFITS PLAN
ANNUAL OPEB COST
($ IN THOUSANDS)

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/08	$194,980	18.5%	$158,909
06/30/09	148,935	38.7	250,262

Source: Buck Consultants LLC.

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

In the 2010 Actuarial Report, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.75% investment rate of return and a discount rate equal to 6.32%. Both rates included a 3.75% inflation assumption. The UAAL is being amortized as a level dollar amount over 30 years on a closed basis. The remaining amortization period is 30 years.

The County began pre-funding benefits in Fiscal Year 2008-09. The County made a $20 million deposit into the OPEB Trust for Fiscal Year 2009-10 and expects to pre-fund an additional $20 million Fiscal Year 2010-11. CCCERA personnel are employees of the County. Their OPEB obligation is included with the County's data.

Table B-19 compares the actuarial accrued liability ("AAL") and the normal cost ("NC") calculated at the discount rate equal to 6.32% based upon the 2010 Actuarial Report and the 2008 Actuarial Report.

Table B-19
CONTRA COSTA COUNTY
POST EMPLOYMENT HEALTH BENEFITS PLAN
ACTUARIAL ACCRUED LIABILITY AND NORMAL COST AS OF JANUARY 1, 2010 AND 2008†

	January 1, 2008		January 1, 2010	
	AAL @ 6.32%	NC @ 6.32%	AAL @ 6.32%	NC @ 6.32%
Active Employees	$1,093,050,000	$76,274,000	$483,190,000	$29,232,000
Retirees	786,192,000	0	563,838,000	0
TOTAL	$1,879,242,000	$76,274,000	$1,047,028,000	$29,232,000

† Information presented in this Table B-19 includes all County entities included in the County's audited financial statements and utilizing County sponsored health benefit programs.
Source: Buck Consultants LLC.

Table B-20 shows the ARC for all County entities for Fiscal Years 2005-06 and 2007-08 using the 4.50% pay-as-you-go discount rate and for Fiscal Year 2009-10 using the 6.32% discount rate assumptions described above.

Table B-20
CONTRA COSTA COUNTY
POST EMPLOYMENT HEALTH BENEFITS PLAN
ANNUAL REQUIRED CONTRIBUTION FOR FISCAL YEARS 2008-09 AND 2009-10†

	4.50% Discount Rate Fiscal Year 2005-06	4.50% Discount Rate Fiscal Year 2007-08	6.32% Discount Rate Fiscal Year 2009-10
Total APBO	$2,571,650,000	$2,367,274,000	$1,047,028,000
Assets	0	20,038,000	25,048,000
UAAL	$2,571,650,000	$2,367,274,000	$1,021,980,000
Annual Required Contribution			
Normal Cost	$130,604,000	$116,102,000	$29,232,000
30 Year Amortization of UAAL	85,721,000	78,909,000	34,066,000
ARC	$216,325,000	$195,022,000	$63,298,000

† Information presented in this Table B-20 includes all County entities included in the County's audited financial statements and utilizing County sponsored health benefit programs.
Source: Buck Consultants LLC.

Eligibility. County retirees are eligible for membership in the plans upon retirement from the County (drawing a pension from CCCERA and PERS). Members in deferred retirement status may maintain membership in County health plans at their own cost and become eligible for coverage as a retiree upon commencement of their pension.

Funding Strategy. The contribution requirements for program members and the County are established and may be amended through negotiations between the County and the respective bargaining units. For over 40 years the County paid for healthcare costs, the funding was based on a pay-as-you-go ("pay-go") basis plus a contribution of $20 million to the OPEB Trust Fund in each of Fiscal Year 2008-09 through 2010-11. For Fiscal Year 2008-09, the County paid $37.5 million as the pay-go cost (approximately 86.7% of total premiums). Plan members receiving benefits contributed $5.8 million, or approximately 13.3% of the total premiums, through their required contribution. The contributions for Fiscal Year 2008-09, were as follows:

Table B-21
CONTRA COSTA COUNTY
OTHER POST EMPLOYMENT BENEFIT PLAN SUMMARY OF CONTRIBUTIONS
($ IN THOUSANDS)
FISCAL YEAR 2008-09

	Active Employees	Retirees	Total
Total blended premiums at $7,451 per plan member	$0	$43,312	$43,312
Employer pre-funding contributions	0	20,038	20,038
Less: member contributions	0	(5,768)	(5,768)
Total Employer Contributions	$0	$57,582	$57,582

Source: Buck Consultants LLC.

The County's current funding policy is to partially pre-fund the plan with annual trust contributions of $20 million and future planned increases to this amount while also funding the pay-as-you-go cost of benefits. This partial pre-funding strategy resulted in the current 6.32% discount rate which interpolates the lower pay-as-you-go discount rate with a higher full-funding discount rate. In addition, on June 26, 2007, the Board of Supervisors adopted a plan, that commencing in Fiscal Year 2014-15 will redirect budgeted amounts from pension obligation bond debt service to OPEB costs following the final maturity of separate series of pension obligation bonds in Fiscal Year 2014-15 and in Fiscal Year 2021-22.

Long Term Obligations

The County has never defaulted on the payment of principal or interest on any of its indebtedness. Following is a brief summary of the County's general obligation debt, lease obligations and direct and overlapping debt.

No General Obligation Debt. The County has no direct general obligation bonded indebtedness and has no authorized and unissued general obligation debt.

Lease Obligations. The County has made use of various lease arrangements with private and public financing entities, nonprofit corporations, the County of Contra Costa Public Financing Authority and the Contra Costa County Employees' Retirement Association for the use and acquisition of capital assets. These capital lease obligations have terms ranging from five to 30 years. The longest capital lease ends in 2028. Certain of the lease obligations of the County reflect annual payments made for debt service on lease revenue bonds issued to finance capital projects. As of October 1, 2010, the County had approximately $295.5 million in lease revenue obligations outstanding. For a summary of the County's lease revenue obligations, see APPENDIX C–"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009–Notes to General Purpose Financial Statements."

Pension Obligation Bonds. The County issued pension obligation bonds in 1994, a portion of which were restructured in 2001 and again in 2003 to refund debentures issued to evidence its statutory obligation to make pension payments with respect to its UAAL to CCCERA. See also "–Pension Plan."

Fiscal Year debt service for the County's lease revenue obligations and pension obligation bonds outstanding as of July 1, 2010 is shown in Table B-22 below.

Table B-22
COUNTY OF CONTRA COSTA
OUTSTANDING LEASE REVENUE OBLIGATIONS AND
PENSION OBLIGATION BONDS

Fiscal Year Ending (June 30)	Total Lease Debt Service(1)	Total POB Debt Service	Total Debt Service(2)
2011	$28,453,956	$59,549,809	$88,003,765
2012	28,460,190	63,262,284	91,722,474
2013	28,474,809	67,939,535	96,414,344
2014	28,095,633	68,401,566	96,497,199
2015	28,138,953	35,409,894	63,548,847
2016	28,133,306	36,914,525	65,047,831
2017	25,729,039	38,484,360	64,213,399
2018	25,204,797	40,114,901	65,319,698
2019	25,076,446	41,821,636	66,898,082
2020	23,561,628	43,600,400	67,162,028
2021	23,560,946	45,452,243	69,013,189
2022	21,038,788	47,382,397	68,421,185
2023	21,028,602	–	21,028,602
2024	11,012,192	–	11,012,192
2025	11,028,642	–	11,028,642
2026	9,224,950	–	9,224,950
2027	8,023,825	–	8,023,825
2028	3,004,350	–	3,004,350
TOTAL(3)	$377,251,052	$588,333,550	$965,584,602

(1) Excludes capital leases and the 2010 Bonds.
(2) Excludes deductions based upon estimated reimbursement from the State for County hospital and pension obligation bond debt service and estimated earnings on various debt service and debt service reserve funds.
(3) Totals do not add due to independent rounding.
Source: County Administrator's Office.

Direct and Overlapping Debt. The County contains numerous municipalities, school districts and special purpose districts, as well as the overlapping East Bay Municipal Utility District, which has issued general obligation bonded and lease indebtedness. Set forth in Table B-23 below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics Inc. that summarizes such indebtedness as of October 1, 2010. The Debt Report is included for general information purposes only and the County does not guaranty the completeness or accuracy of the information contained in the Debt Report.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the County. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

Table B-23
CONTRA COSTA COUNTY
DEBT STATEMENT

2010-11 Assessed Valuation:	$144,144,610,273	(includes unitary utility valuation)
Redevelopment Incremental Valuation:	15,940,570,594	
Adjusted Assessed Valuation:	$128,204,039,679	

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 10/1/10	
Bay Area Rapid Transit District	28.802%	$ 119,201,397	
East Bay Municipal Utility District Special District No. 1	6.495	1,770,212	
Contra Costa Community College District	100.	237,095,000	
Martinez Unified School District	100.	17,485,592	
Mt. Diablo Unified School District	100.	202,385,000	
Pittsburg Unified School District	100.	104,255,000	
San Ramon Valley Unified School District	100.	276,462,292	
West Contra Costa Unified School District	100.	744,126,995	
Acalanes and Liberty Union High School Districts	100.	181,417,516	
Brentwood Union School District	100.	53,840,289	
Lafayette School District	100.	38,930,000	
Oakley Union School District	100.	23,035,000	
Walnut Creek School District	100.	33,469,628	
Other School Districts	Various	74,207,206	
Cities and City Special Tax Districts	100.	31,069,977	
Pleasant Hill Recreation and Park District	100.	20,000,000	
East Bay Regional Park District	44.631	75,917,331	
West Contra Costa Healthcare District Parcel Tax Obligations	100.	22,420,000	
Community Facilities Districts	100.	253,353,691	
1915 Act Assessment Bonds (Estimate)	100.	402,319,301	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$2,912,761,427	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	**100. %**	**$ 295,456,318**	**(1)**
Contra Costa County Pension Obligations	**100.**	**435,310,000**	
Alameda-Contra Costa Transit District Certificates of Participation	9.919	3,716,153	
Antioch Unified School District Certificates of Participation	100.	46,075,000	
Pittsburg Unified School District Certificates of Participation	100.	63,680,000	
West Contra Costa Unified School District General Fund Obligations	100.	20,660,000	
Other School District General Fund Obligations	Various	35,905,386	
City of Brentwood General Fund Obligations	100.	56,745,000	
City of Concord General Fund Obligations	100.	25,400,000	
City of Pittsburg Pension Obligations	100.	39,026,056	
City of Richmond General Fund Obligations	100.	136,500,000	
City of Richmond Pension Obligations	100.	119,625,133	
City of San Ramon General Fund and Pension Obligations	100.	33,030,000	
Other City General Fund Obligations	100.	97,212,063	
Contra Costa County Fire Protection District Pension Obligations	100.	116,240,000	
San Ramon Valley Fire Protection District Certificates of Participation	100.	14,360,000	
Other Special District Certificates of Participation	18.176-100.	3,463,318	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$1,542,404,427	
Less: **Contra Costa County Obligations supported by revenue funds**		**126,062,344**	
City of Richmond obligations supported by port revenues		47,110,000	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$1,369,232,083	
GROSS COMBINED TOTAL DEBT		$4,455,165,854	(2)
NET COMBINED TOTAL DEBT		$4,281,993,510	

(1) Excludes the 2010 Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2010-11 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 2.02%

Ratios to Adjusted Assessed Valuation:
Gross Combined Direct Debt ($847,006,318) 0.66%
Net Combined Direct Debt ($720,943,974) 0.56%
Gross Combined Total Debt...3.48%
Net Combined Total Debt 3.34%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: $0

Source: California Municipal Statistics, Inc.

Future Capital Projects

The County expects to use available funds to finance a portion of an emergency communication system to be jointly shared by the County, Alameda County and cities and agencies located in both counties. The County will advance approximately $4.5 million for the project, of which the County's portion is approximately $1.83 million and the remainder will be repaid to the County by member cities and agencies.

In the future, the County may renovate and improve an administration building for use by the County Department of Conservation and Development and acquire, construct and install equipment for a government center to consolidate existing leased space into one location. Other projects within the County are being postponed until the economic environment improves.

Insurance and Self-Insurance Programs

The County is exposed to various risks of loss related to liabilities and damages to the public at-large, as well as damage to, loss of, and destruction of assets and has obligations to provide its employees with negotiated and mandated benefits.

The County self-insures its employee dental, state unemployment, management long-term disability, workers' compensation, automotive liability, public liability, and medical liability exposures. The County reports the activities of these exposures through its internal service funds.

With respect to the workers' compensation, automotive liability, public liability and medical liability exposures, the County purchases excess insurance:

- Workers' compensation: excess of $750,000 per accident to the State mandated benefit levels.

- Automotive and public liability: excess of $1 million per occurrence to $50 million.

- Medical liability: excess of $500,000 per incident to $11.5 million.

Otherwise, the County purchases insurance for the following:

County property:	$600 million excess of $50,000 from loss by fire, lightning and other perils; $240 million excess of 5%, with a $100,000 minimum, per location for loss caused by earthquake; $600 million excess of 2%, with a $100,000 minimum and $500,000 maximum, per location for loss caused by flood, $200 million excess of $500,000 for loss caused by terrorism; and $100 million excess of $5,000 for loss caused by boiler explosion.
Crime:	$20 million excess of $100,000 for theft and embezzlement by employees.
Airports:	$100 million for liability arising out of the operation of the two (2) County airports.
Helicopters:	$50 million for liability arising out of the operation of the County's two (2) helicopters.

Watercraft: $50 million for liability arising out of the operation of County watercraft.

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

Internal service funds are used to account for the County's self-insurance activities. The County's policy is to provide in each fiscal year, by charges to affected operating funds, amounts sufficient to cover the estimated expenditures for self-insured claims. Charges to operating funds are recorded as 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 $117,985,000 at June 30, 2009, 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, pubic and automobile liability, and medical liability and based on management's estimates for all other reserves. In the opinion of the County, the amounts accrued are adequate to cover claims incurred but not reported in addition to known claims.

Changes to the internal service funds' claims liability amount, including medical liability claims payable, for Fiscal Years 2007-2008 and 2008-09 are as follows ($ in thousands):

Liability at June 30, 2007	$115,849
FY 2007-2008 claims and changes in estimates	18,150
FY 2007-2008 claim payments	(26,846)
Liability at June 30, 2008	107,153
FY 2008-2009 claims and changes in estimates	60,181
FY 2008-2009 claim payments	(49,349)
Liability at June 30, 2009	$117,985

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.

For additional information on the County's insurance coverage, see APPENDIX C–"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009–NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS."

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APPENDIX C

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009

County of Contra Costa, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2009

Stephen J. Ybarra, Auditor-Controller

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COUNTY OF CONTRA COSTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

Contra Costa County

Office of
COUNTY AUDITOR-CONTROLLER

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Stephen J. Ybarra
Auditor-Controller

Elizabeth A. Verigin
Assistant Auditor-Controller

December 18, 2009

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

The Comprehensive Annual Financial Report (CAFR) of the County of Contra Costa (county) for fiscal year 2008-2009 is presented in compliance with California Government Code Sections 25250 and 25253. The Office of the County Auditor-Controller is responsible for both the accuracy of the presented data and the completeness and fairness of its presentation, including all disclosures, prepared this report. We believe the data, as presented, is accurate in all material respects, presented in a manner designed to fairly set forth the financial position and changes in financial position of the county and its various funds, and includes all disclosures necessary to enable the reader to gain maximum understanding of the county's financial affairs.

Management of Contra Costa County is responsible for establishing and maintaining a comprehensive system of internal controls to ensure that the assets of the county are protected from loss, theft, or misuse, and that accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that those objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgment by management.

For over 60 years, the policy of the county has been to require an annual audit of the financial statements of the county by independent, licensed certified public accountants. The Board of Supervisors selected the firm of Caporicci & Larson, Certified Public Accountants, to perform the fiscal year 2008 - 2009 audit.

The independent auditor concluded that the county's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of the CAFR.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all of its financial transactions. The accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to

accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A), which is located after the independent auditor's report. The letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it.

The CAFR is organized into three sections:

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

Profile of the Government

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

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

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

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

The reporting entity excludes certain separate legal entities that may have "Contra Costa" in their title, or that 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 before the start of the fiscal year. The budget is prepared by fund, function (e.g. public protection), department (e.g. Sheriff), and object level (e.g. salary and benefits). Department heads, with the approval of the County Administrator, may make transfers within the department; however, transfers between departments require the approval of the Board of Supervisors. For further information on the budget, see the "Note to Required Supplementary Information" in the Required Supplementary Information (other than MD&A) section of this report.

Local Economy

As of January 1, 2009, the county's population was estimated at 1,060,435. This represents an increase of approximately 3.9% compared to the county's population as of January 1, 2005. A study prepared by the Association of Bay Area Governments projects a 36.0% increase in population between 2000 and 2040.

Between July 2008 and June 2009 the county's jobless rate increased from 6.3% to 10.8%, which was significantly below the statewide averages of 7.0% and 12.1%, respectively (not seasonally adjusted). The county's economy is very diverse: major industries include petroleum refining, manufacturing, electronic equipment, 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	
2005	1,020,898
# 2006	1,030,732
2007	1,042,341
2008	1,051,674
2009	1,060,435

Median Price of Existing Homes Sold		
# 2005	September	557,000
# 2006	September	559,000
# 2007	September	561,000
2008	September	300,000
2009	September	259,500

Retail Sales (Thousands)	
2005	13,480,075
# 2006	13,867,661
2007	14,086,295
2008	N/A
2009	N/A

Retail Sales Per Capita	
2005	13,204
2006	13,598
2007	N/A
2008	N/A
2009	N/A

Revised
Source: California Department of Finance

Economic Challenges

Like most counties in the United States, Contra Costa County is experiencing a period of dramatic change caused by the severe recession. A large drop in revenues, coupled with large increases in mandatory expenses (e.g.,

Food Stamps, General Assistance, CalWORKs, Health Care, and future pension contributions) has challenged the Board of Supervisors throughout the year. As a result, the county had to find immediate ways to restructure its budget to maintain core services and reduce ongoing expenditures.

During the fiscal year, the Board of Supervisors took actions to reduce the county and special district budgets by over $90 million. The following is a summary of those actions:

- On May 6, 2008, the Board of Supervisors adopted a fiscal year 2008 - 2009 budget that included over $52 million in General Fund reductions and over $55 million in local cuts to baseline services.

- On August 12, 2008, the Board of Supervisors received a report stating that anticipated assessed valuation had dropped from a projected 4% to .21% countywide. The lack of growth in assessed valuations translated to loss of anticipated General Fund revenue in the current year of $6.6 million and included over $12 million in countywide loss from property tax revenue. The County Administrator was directed to return to the Board with rebalancing solutions.

- On October 28, 2008, the Board met and adopted recommended fiscal year 2008 - 2009 local departmental cuts in the following funds/amounts: General Fund reduction of $7.6 million ($6.6 million property tax, $1.0 million supplemental); Library Fund reduction of $0.8 million; Contra Costa County Fire Protection District reduction of $3.5 million; and East Contra Costa County Fire Protection District reduction of $1.4 million.

  Additionally, due to further economic uncertainty, the County Administrator recommended, and the Board authorized, the Auditor-Controller to reduce the General Fund Reserve Designation by $10 million and to transfer those funds to an appropriation for contingency. In effect, this action 'budgeted' $10 million of one-time reserves in the current fiscal year budget. That action was recommended in case of further loss of General Fund revenue and was not to be construed as a cushion for any known problems. The plan was for the County Administrator to continue to work with departments throughout the year to achieve balanced year-end expenditures and to implement a no-growth fiscal year 2009 - 2010 budget.

  It was anticipated that a no-growth budget would include significant additional reductions for increased cost of doing business due to forces not within the county's control.

- On November 18, 2008, the Board of Supervisors held a Budget Rebalancing/State Budget Workshop to discuss pending impacts on the fiscal year 2008 - 2009 budget. The County Administrator presented cost reduction options to rebalance the fiscal year 2008 - 2009 budget to reflect state cuts and other revenue loss. The options presented would rebalance the fiscal year 2008 - 2009 budget to reflect the known impact of state cuts and other local economic impacts on Employment and Human Services.

  The Board acknowledged the irony that because the county exists primarily to serve the most vulnerable populations, cuts in services necessarily affect the most vulnerable populations. Our county's problems are not unique in this respect, but indicative of local governments nationwide.

- On January 20, 2009, the Board of Supervisors accepted a report regarding national and local economic impacts on Contra Costa County. In summary, the report noted the importance of the Board and community receiving local and national economic impact information in the context of potential impacts on services to Contra Costa County residents. It was noted that the magnitude of loss of revenue and increased service level demand in Contra Costa is more easily understood in the context of the national and local economy.

- **Property Tax Revenues.** As has been widely communicated, the decline in growth of assessed value between fiscal years 2007 – 2008 and 2009 – 2010 was over 15%. The Contra Costa County Fire Protection District, East Contra Costa Fire District, and County Library also have property tax reductions.
- **State Budget Impacts.** Consistent with Board policy, when the state cut revenues used for specific county programs, the County Administrator made recommendations for reductions in those specific program areas. It is clear that Contra Costa is unable to back-fill loss of state and federal funding with county resources.
- **Reduced Revenues.** Most departments experienced reductions in their revenue streams. Departments developed plans to absorb those reductions through program cuts and reduced expenditures.

Long-term Financial Planning

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

Facilities Life-Cycle Investment Program and a Facilities Condition Assessment Action Plan

The Facilities Life-Cycle Investment Program and Facilities Condition Assessment Action Plan conducted in fiscal year 2007 - 2008 resulted in a comprehensive database that catalogs current deferred maintenance and future capital renewal costs for county buildings. The facility condition report was used to establish a qualified and prioritized list of facility repair needs for county buildings. The deferred maintenance and capital renewal needs were projected over a (10) ten-year period and totaled $251.2 million. The needs were organized into four categories based on level of priority. The distribution of costs by level of priority is as follows:

Priority 1 – Currently Critical	$ 2,059,913
Priority 2 – Potentially Critical	$ 25,881,877
Priority 3 – Necessary, but not Critical	$ 175,052,172
Priority 4 – Necessary, within 6 – 10 years	$ 48,180,568

This information will allow staff to perform the following:

- Establish credible information for qualified decision-making and budgeting.
- Prioritize short-term maintenance plans and identify long-term strategies.
- Identify and estimate the cost of current deferred maintenance backlog.
- Define equity and parity issues to guide equitable funding decisions.
- Forecast future expenditures.

Due to budget reductions and deteriorating economic conditions, projects were limited to $1 million in fiscal year 2008 - 2009 and were funded in the Criminal Justice Construction Fund from fine and fee revenue for Law and Justice Department buildings. The General Services Department has developed a recommended schedule of projects, which will be reviewed during budget negotiations for fiscal year 2010 - 2011.

County's long-term liability for Other Postemployment Benefits (OPEB).

The county established a task force to manage the county's long-term liability for Other Postemployment Benefits (OPEB). The Board of Supervisors established goals to guide the county's OPEB work that include the following: 1) comply with Governmental Accounting Standards Board (GASB) Statement 45; 2) adopt an OPEB financing plan that balances the requirement to provide public services with competitive health care benefits for county employees during their employment and retirement; and 3) pursue and support federal and state legislation.

To achieve the Board's goals, the OPEB Task Force utilized the breadth of expertise available within the county and through professional contracts in each of the following areas: financial, audit, budgetary, personnel, labor relations, benefits, and legal. The importance of incorporating the perspective of all stakeholders also is being addressed.

The Board of Supervisors, through the work of the Task Force, either has accomplished or set a timeline to accomplish the following tasks.

- **Economic Census Assumptions and Rationales.** Prior to ordering the first formal OPEB liability valuation, the OPEB task force met with actuaries from Buck Consultants and developed economic census assumptions and rationales for the actuarial valuation.
- **Funding Strategy.** For over (40) forty years, the county has paid for health care costs on a pay-as-you-go ("pay-go") basis. The Board has publicly acknowledged the necessity to partially pre-fund the health care costs. Due to the size of the liability, it is almost impossible for the county to fully pre-fund the liability; therefore, partial pre-funding will be phased in over (30) thirty years. It is the Board's intent to fully pre-fund OPEB benefits over time.
- **Funding Levels.** The Board established an initial pre-funding target for the county of 100% of its retirees, which currently translates to approximately 40% of the total OPEB liability. During the next (30) thirty years, the county will need to incorporate updated demographics and cost information into its financing plan to fully fund its OPEB benefits.
- **The Board considered a variety of items when they established the target level:** 1) the specific funding guidelines for financial long-term obligations; 2) the government-wide statement of net assets impact of various funding levels; 3) the liability impact of various funding levels; 4) the volatility of the assumptions/risk of funding; and 5) the ability to fund/affordability.
- **Pre-Funding Resources.** As an initial step towards funding the OPEB liability, the Board of Supervisors adopted the allocation of resources (and the future investment income earned) totaling $588 million (plus interest) reserved by the end of fiscal year 2022 - 2023, and $100 million added annually thereafter.
- **Employee Communication Forums and Information Sessions.** The County Administrator scheduled OPEB informational sessions throughout the county for employees. The purpose of the presentations was to provide information regarding OPEB, to answer employees' questions, and to seek input from employees regarding possible solutions.

- **Establishment of a Trust Fund.** The Board approved an irrevocable trust (Internal Revenue Code Section 115) for OPEB funding for Contra Costa County on January 15, 2008. The purpose of establishing the Trust was to comply with GASB to establish a mechanism for 1) saving OPEB funds; 2) earning interest; and 3) discounting the county's liability.
- **Selection of a Benefit Design Consultant.** The county selected and contracted with a Benefit Design consultant to assist in identifying cost control options.
- **Pre-Funding Allocations.** In fiscal year 2008 - 2009, the county partially pre-funded the OPEB liability by allocating $20 million to the OPEB trust. The county has budgeted an additional $20 million to the OPEB trust for fiscal year 2009 - 2010.
- **Health Care Changes.** In the summer and fall of 2008, the Board approved changes to health care benefits for unrepresented employees, appointed and elected officials, and persons who retired from classifications that were unrepresented, appointed, or elected. The changes, in combination with the actions listed above, reduced the county's total liability.

The Board of Supervisors' actions, to date, have had a significant impact on the county's original 2006 OPEB liability of $2.6 billion and annually required contribution (ARC) of $131 million. The projected valuation was reduced to $1.7 billion total liability and annually required contribution of $129.4 million.

Relevant Financial Policies

The Board of Supervisors operates under a comprehensive set of financial management policies, as described below.

Reserves Policy. The Reserves Policy requires the county to maintain a General Fund balance equal to a minimum of 10% of General Fund revenues and an unreserved balance equal to a minimum of 5% of General Fund revenues. Reserves exceeding the minimum are applied only to one time uses, such as additional reserves or capital projects, up to an amount equal to 1% of General Fund revenues. The reserves only can be used in emergencies and if accompanied by a Board-approved plan to restore reserves to the target levels. The county's audited financial report for fiscal year 2008 – 2009 confirms compliance with the reserves policy: the total General Fund balance was 10.7% of General Fund revenues and the unreserved portion was 8.6%.

Budget Policy. The objectives of the Budget Policy are to establish best practices for the county's budget process and requirement for preparation of multi-year budget projections. Among other things, the Budget Policy requires the adoption of structurally balanced budgets and requires mid-year updates on budget status by department, with corrective actions presented to the Board within 30 days for any cost centers over budget.

Debt Management Policy. The Debt Management Policy (Policy) formalized guidelines for the issuance and management of various types of debt instruments and other financial obligations. The Debt Management Policy provides that the county will undertake multi-year capital planning and sets forth guidelines for the term of debt issues, refunding savings targets, and other structural debt features.

The Debt Management Policy established a Debt Affordability Committee (DAC) that establishes the viability of any proposed debt-financing, monitors and evaluates the county's performance against various debt ratio benchmarks, and annually prepares a comprehensive debt capacity report for the County Administrator. The

DAC monitors specific statistical measures and compares them to those of other counties, rating agency standards, and the county's historical ratios.

The report shows that even with relatively weak performance, the county has maintained the same double-A credit ratings than stronger performing counties maintain. This achievement is due, in part, to the county's adherence to its financial management policies and the underlying strength of the county's wealth and demographics. In addition, the county's conservative fixed-rate debt portfolio has shielded the county from the serious and expensive disruptions in the variable rate market since the current financial crisis emerged in the fall of 2007. Nevertheless, the DAC again recommended that the county work toward improving its comparative credit performance so that the gap between the county and its cohort counties is reduced. Important elements under the county's control that would reduce the gap include:

- Increasing the unreserved General Fund balance percentage from the fiscal year 2008 – 2009 level of 8.6% toward the California cohort median (17.5%);
- Continuing to issue debt prudently and structuring debt issues conservatively to achieve low borrowing costs and maximum federal and state reimbursements, which is already required under the Policy;
- Maximizing the county's opportunity to earn allowable arbitrage interest on all indentured funds (such as reserve funds), which is a practice the county implemented with the assistance of a registered investment advisor;
- Monitoring the market for refunding opportunities to reduce debt service costs for capital projects and pension costs; and,
- Evaluating alternative funding sources to reduce reliance on issuance of lease revenue bonds.

Investment Pool Rating. The Contra Costa County Investment Pool was rated by Standard & Poor's (S & P) on March 31, 2009. The Pool was assigned a fund credit quality rating of "AAAf" and a fund volatility rating of "S1+." The "AAAf" rating is S & P's highest fund credit quality rating with the "S1+" volatility rating reflecting low sensitivity to changing market conditions. In order to maintain current and accurate ratings, S & P monitors the portfolio holdings on a regular basis. The Pool has maintained its AAAf and S1+ ratings since first rated in November 2007.

Workers' Compensation. The Board maintains a Workers' Compensation Internal Service Fund funding policy. The objective of the policy was to establish a targeted minimum confidence level of 80%. The objective again was exceeded during fiscal year 2008 – 2009.

Major Initiatives

Automation of the Board Agenda Process

In February 2009, the County Administrator's Office, on behalf of the Board of Supervisors, implemented an automated Board Agenda system in order to streamline the laborious process of preparing and reviewing agenda items and the weekly Board agenda and meeting packet; increase accountability in the review process; and leverage limited resources. The new system allows users to create and submit agenda items electronically, automatically route the agenda and packet, and publish the agenda and packet on the county's website. In addition to streamlining the agenda preparation, the new system also increases staff and public access to agenda materials and conveniently sends to people on user-created distribution lists an email that contains a link to the official minutes for an item, providing a record of the Board's final action. The electronic system has the potential for eliminating paper copies since all of the agenda documents are available on line. Staff and members of the public can print only those sections they need rather than the entire packet. Historical documents can be retrieved and re-used, reducing data input, saving time, and freeing up staff for other tasks.

Implementation of an Integrated Law and Justice Case Management System

In September 2008, the county selected a system and entered into a contract to implement a new integrated case management system to replace its aging Law & Justice Information System. The new system will enable the county to integrate with the Statewide Court System when that system is eventually implemented by the Contra Costa County Superior Court. The new system will enable justice departments to automatically generate forms and reports, compile statistics, monitor offender compliance, store interview and data collection details, control workflow, and manage work queues. The new system also allows sharing of case management data with multiple agencies, divisions, sub-agencies and jurisdictions, and provides virtual file storage for mug shots, 9-1-1 calls, scanned incident reports, etc.

Expansion of County Web Site Data/Board of Supervisor's Standing Committees

In January 2009, the County Administrator began publishing on the county's web site all agendas and reports for the Board of Supervisor's Standing Committees: Airport Committee; Family and Human Services Committee; Finance Committee; Internal Operations Committee; Legislation Committee; Public Protection Committee; and Transportation, Water, and Infrastructure Committee.

Established an Internal Service Fund for Fleet Services

Using seed funding from the Vehicle Replacement Reserve Fund, the county established a Fleet Internal Service Fund (ISF) as part of the fiscal year 2008 – 2009 budget adoption. The seed money was used to more aggressively replace aging vehicles in order to lower the average age of the fleet vehicles, take advantage of manufacturer warranties, and reduce maintenance and repair costs. In the first year of operation, more vehicles were replaced for ISF classes (108 for fiscal year 2008 – 2009 versus 69 for fiscal year 2007 – 2008) and vehicle replacements were timelier.

Weatherization Program

The county weatherized over 200 residences using U.S. Department of Energy Grants and obtained an additional $3.2 million in grants to expand the program.

Neighborhood Preservation Program

The county successfully rehabilitated 30 residences utilizing federal funds from the Community Block Grant and HOME programs.

Capital Road Improvement Program

The Public Works Department has once again been successful in its strategic objective to better focus on increasing revenues from various grant programs for the Capital Road Improvement Program. The Department successfully obtained $12.5 million in American Recovery and Reinvestment Act (ARRA) funds for two projects on Vasco Road. This large amount was possible due to the state of readiness of the Vasco Road Safety Project,

which received $10 million for Phase 1. The Department also completed the design and awarded contracts for two major bridge projects.

Project Second Chance (PSC)

The Contra Costa County Library's Adult Literacy program is celebrating 25 years of providing free, confidential, one-on-one literacy instruction to English speaking adults who read on less than a sixth grade level. One of the original 27 adult literacy programs funded by the California State Library in 1984, PSC has trained 3,020 volunteers. Those volunteers have donated over 300,000 hours tutoring 4,504 county residents so that they can read to their children, advance in their jobs, write to family and friends, follow directions, acquire their high school diplomas, vote, and perhaps most important of all, feel better about themselves.

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 comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the twenty-seventh consecutive year the county has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's 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 conducting the financial operations of the county in a responsible and progressive manner.

Respectfully submitted,

Stephen J. Ybarra

Stephen J. Ybarra

Auditor-Controller

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COUNTY OF CONTRA COSTA

PUBLIC OFFICIALS

June 30, 2009

ELECTED OFFICIALS

Supervisor, District 1	John M. Gioia
Supervisor, District 2	Gayle B. Uilkema
Supervisor, District 3	Mary K. Piepho
Supervisor, District 4	Susan A. Bonilla
Supervisor, District 5	Federal D. Glover
Assessor	Gus S. 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	David Twa
County Counsel	Silvano Marchesi
County Librarian	Anne Cain
County Probation Officer	Lionel Chatman
Director of Animal Services	Glenn Howell
Director of Child Support Services	Linda Dippel
Director of Conservation and Development (Interim)	Catherine Kutsuris
Director of Community Services	Pat Stroh
Director of Cooperative Extension	Shelley Murdock
Director of Employment and Human Services	Joseph Valentine
Director of General Services	Michael Lango
Director of Health Services	William Walker, MD
Director of Human Resources/Assistant County Administrator	Ted Cwiek
Director of Public Works	Julie Bueren
Agricultural Commissioner-Director of Weights and Measures	Vincent L. Guise
Chief Information Officer	Ed Woo
Public Defender	David Coleman III
County Veterans' Services Officer	Phillip Munley
Contra Costa County Fire Protection District	Chief Keith Richter
Crockett-Carquinez Fire Protection District	Chief Jerry Littleton, Jr.
East Contra Costa County Fire Protection District (Acting)	Chief Hugh Henderson

AFFILIATED ORGANIZATIONS

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

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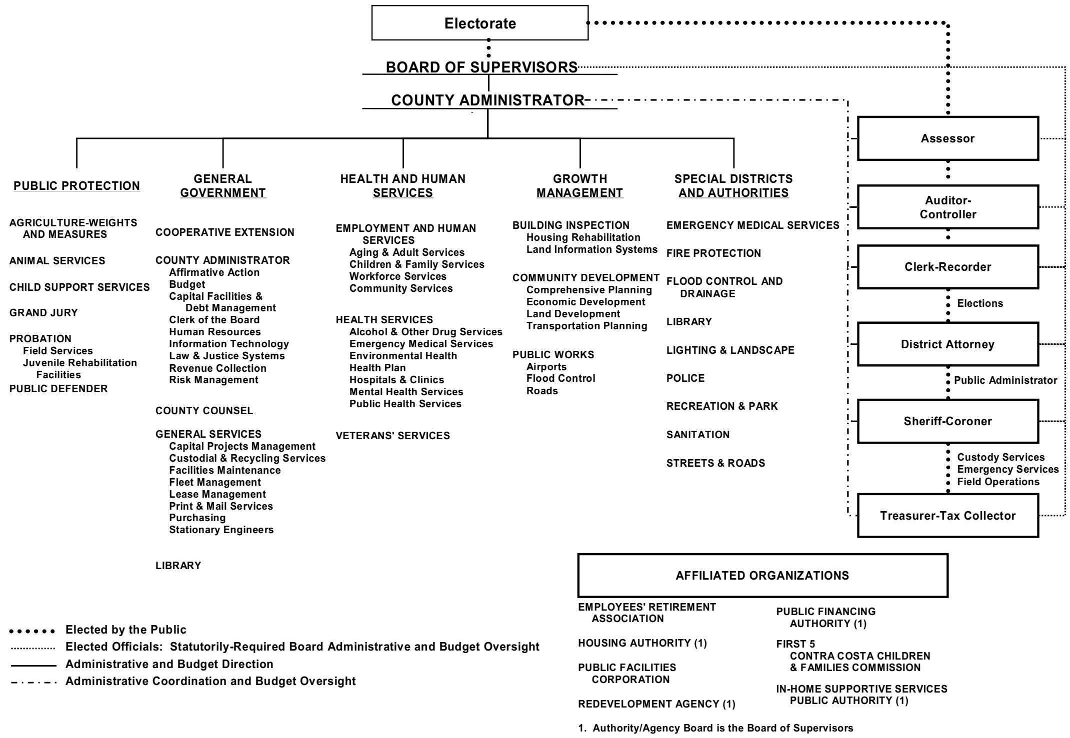
Organizational Chart of Contra Costa County



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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, 2008

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

President

Executive Director

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FINANCIAL SECTION

C&L
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 blended component units, 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, 2009, 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 $4,608,219,000 of assets of the Fiduciary Funds.
- Housing Authority of the County of Contra Costa, which represents $70,169,000 of assets and $94,279,000 of revenue of the business-type activities. The Housing Authority included the following blended component units:
  - Casa Del Rio Senior Housing Associates, L.P.
  - De Anza Gardens, Limited Partnership
  - De Anza Housing, Corporation
- FIRST 5 Contra Costa Children and Families First Commission, which represents $54,145,000 of assets and $13,001,000 of revenues and is presented as a discrete component unit.

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

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

Subsequent to the basic financial statements date of June 30, 2009 and the year then ended, the State of California (State) has borrowed, deferred paying certain revenues and proposed taking other funds from local governments including the County. These actions by the State include:

- 8% of Property Taxes borrowed – to be repaid in 3 years
- Redevelopment Agency funds – prepared to be taken for fiscal year 2010

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Oakland 180 Grand Ave., Suite 1365 Oakland, California 94612
Orange County 9 Corporate Park, Suite 100 Irvine, California 92606
Sacramento 777 Campus Commons Rd., Suite 200 Sacramento, California 95825
San Diego 4858 Mercury, Suite 106 San Diego, California 92111

These above amounts are very significant to the local governments and may affect their ongoing operations. Certain lawsuits are in process to stop such State actions. For more detailed information, see Note 20.B attached in the Notes to Basic Financial Statements.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, a discrete component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary Information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying Supplementary Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is 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.

Caporicci & Larson

Oakland, California
December 18, 2009

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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we furnished in our Letter to the Board of Supervisors and Citizens of the County.

Financial Highlights

- The government-wide assets of the county exceeded its liabilities at the close of fiscal year 2008-2009 by $796,861,000 (net assets), a 13.6% decrease from the prior year. Of this amount, $598,713,000 was invested in capital assets, net of related debt, an increase of 2.8%. Of the remaining net assets, $396,033,000 was restricted for specific purposes (restricted net assets), a decrease of 2.3%, and $(197,885,000) was available to meet the county's ongoing obligations to its citizens and creditors (unrestricted net assets), a decrease of 205.6%. This significant decrease to unrestricted net assets is mostly due to an increase in the county's net OPEB obligation for the primary government of $91,353,000 and decreases to unrestricted revenues, most notably in grants, investment income, and other revenue.

- As of June 30, 2009, the county's governmental funds reported, in the fund financial statements, ending fund balances of $539,723,000, a decrease of 4.6% from the prior year. Of this total amount, $373,457,000 (69.2%), was unreserved fund balance.

- As of June 30, 2009, unreserved fund balance for the General Fund was $105,260,000 or 8.6% of total General Fund revenues of $1,221,241,000.

- Net assets of the internal service funds was a surplus of $47,762,000, an increase of $5,017,000 from the prior year. This increase to the surplus is a result of the initial set up activities for the Fleet Services Internal Service Fund.

- The county's total debt decreased by $25,321,000 (2.2%) during fiscal year 2008-2009.

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.

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

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

Fund Financial Statements

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

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

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

The county maintains 28 individual governmental funds (e.g. general fund, special revenue funds, debt service funds, capital projects funds and permanent fund) for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Contra Costa County Fire Protection District Special Revenue Fund, and Land Development Special Revenue Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of those nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

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

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

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented separately in the enterprise funds sections of the proprietary fund statement of net assets and in the proprietary fund statement of revenues, expenses, and changes in net assets for the County Hospital Enterprise Fund and Housing Authority Enterprise Fund, which are considered to be major funds. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of those nonmajor enterprise funds is provided in the form of combining statements and schedules elsewhere in this report.

- **Internal service funds** are 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. During fiscal year 2008 – 2009, an internal service fund for fleet services was established to account for the rental of motor vehicles to other departments and related costs. The internal service funds are allocated between the governmental functions and business-type activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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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 Contra Costa County Other Postemployment Benefit (OPEB) irrevocable trust fund, the county's investment trust fund, private-purpose trust fund, and agency funds are reported under fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the county's major governmental funds budget and actual comparisons, and schedule of funding progress for other postemployment benefits. 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).

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, 2009
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2009	2008	2009	2008	2009	2008	Percent Change
Assets:							
Current and other assets	$ 1,375,574	1,660,257	134,171	119,449	1,509,745	1,779,706	(15.2) %
Capital assets	821,326	792,982	202,607	208,803	1,023,933	1,001,785	2.2
Total assets	2,196,900	2,453,239	336,778	328,252	2,533,678	2,781,491	(8.9) %
Liabilities:							
Current and other liabilities	134,690	352,972	83,825	63,438	218,515	416,410	(47.5) %
Long-term liabilities	1,351,758	1,270,592	166,544	171,958	1,518,302	1,442,550	5.3
Total liabilities	1,486,448	1,623,564	250,369	235,396	1,736,817	1,858,960	(6.6) %
Net Assets:							
Invested in capital assets, net of related debt	543,582	524,350	55,131	57,778	598,713	582,128	2.8 %
Restricted	369,912	380,563	26,121	24,591	396,033	405,154	(2.3)
Unrestricted	(203,042)	(75,238)	5,157	10,487	(197,885)	(64,751)	(205.6)
Total net assets	$ 710,452	829,675	86,409	92,856	796,861	922,531	(13.6) %

Analysis of Government-Wide Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The county's total assets exceeded total liabilities by $796,861,000 at June 30, 2009. The largest portion of the county's total net assets, $598,713,000 (75.1%), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets. The county uses capital assets to provide services to citizens; consequently, those assets are not available for future spending. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate those liabilities. An additional portion of the county's total net assets, $396,033,000 (49.7%), represents resources that are subject to external restrictions on usage. The major restriction on net assets, $344,302,000 is for legally segregated taxes, grants, and fees.

The remaining balance of total net assets, $(197,885,000) (-24.8%), is unrestricted. Unrestricted net assets of governmental activities decreased mostly due to an increase in the OPEB liability ($91,353,000) in the primary government and a decrease in unrestricted revenues, mostly in grants, investment income, and other revenue.

Unrestricted net assets of business-type activities decreased primarily due to losses in the provision of health care services (Hospital and Health Maintenance Organization – Commercial Plan), housing assistance (Housing Authority), and operations (Airport).

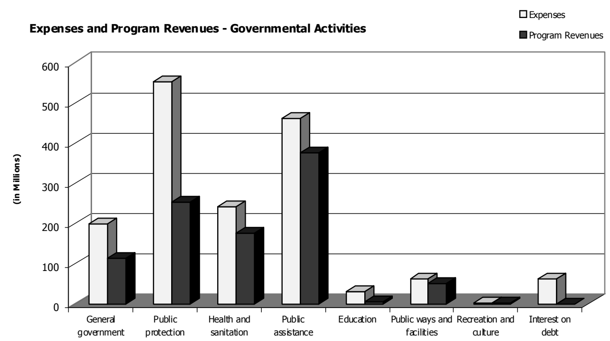
COUNTY'S CHANGE IN NET ASSETS
For the Fiscal Year Ended June 30, 2009
(In Thousands)

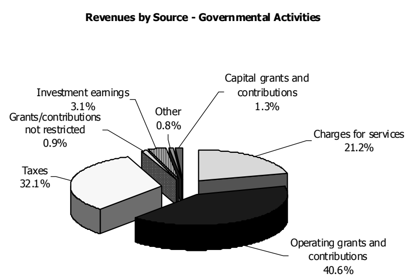
	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2009	2008	2009	2008	2009	2008	Percent Change
Revenues:							
Program revenues:							
Charges for services	$ 324,974	335,903	487,835	434,056	812,809	769,959	5.6 %
Operating grants and contributions	622,097	673,571	135,026	145,413	757,123	818,984	(7.6)
Capital grants and contributions	19,943	21,797	7,377	7,239	27,320	29,036	(5.9)
General revenues:							
Taxes	491,333	495,991			491,333	495,991	(0.9)
Grants/contributions not restricted	14,089	11,300			14,089	11,300	24.7
Investment earnings	47,051	60,239	429	455	47,480	60,694	(21.8)
Other	12,935	35,344	987	1,746	13,922	37,090	(62.5)
Total revenues	1,532,422	1,634,145	631,654	588,909	2,164,076	2,223,054	(2.7)
Expenses:							
General government	199,218	211,224			199,218	211,224	(5.7)
Public protection	552,037	566,154			552,037	566,154	(2.5)
Health and sanitation	240,383	234,551			240,383	234,551	2.5
Public assistance	461,159	468,892			461,159	468,892	(1.6)
Education	28,983	30,040			28,983	30,040	(3.5)
Public ways and facilities	60,726	86,443			60,726	86,443	(29.8)
Recreation and culture	1,447	1,141			1,447	1,141	26.8
Interest on debt	61,239	73,873			61,239	73,873	(17.1)
County Hospital			372,416	353,511	372,416	353,511	5.3
Housing Authority			97,217	98,849	97,217	98,849	(1.7)
Airport			5,127	5,183	5,127	5,183	(1.1)
Sheriff Law Enforcement Training Center			1,266	1,331	1,266	1,331	(4.9)
Child Care Enterprise			12	6	12	6	100.0
HMO Medi-Cal Plan			97,827	85,645	97,827	85,645	14.2
HMO Commercial			112,316	100,855	112,316	100,855	11.4
Major Risk Medical Insurance			1,013	1,288	1,013	1,288	(21.4)
Total expenses	1,605,192	1,672,318	687,194	646,668	2,292,386	2,318,986	(1.1)
Change in net assets before transfers	(72,770)	(38,173)	(55,540)	(57,759)	(128,310)	(95,932)	33.8
Transfers	(49,098)	(53,934)	49,098	53,934			
Change in net assets	(121,868)	(92,107)	(6,442)	(3,825)	(128,310)	(95,932)	33.8
Net Assets, Beginning of Year	829,675	921,782	92,856	98,512	922,531	1,020,294	(9.6)
Adjustments to beginning net assets	2,645		(5)	(1,831)	2,640	(1,831)	(244.2)
Net Assets, Beginning of Year, as Restated	832,320	921,782	92,851	96,681	925,171	1,018,463	(9.2)
Net Assets, End of Year	$ 710,452	829,675	86,409	92,856	796,861	922,531	(13.6) %

<u>Analysis of the Changes in Government Wide Net Assets</u>

The county's net assets decreased by $128,310,000 during fiscal year 2008-2009. Generally, this resulted from the recording of the expense offsetting the increase in the net OPEB obligation of $91,353,000 and decreases in revenues outpacing decreases in expenses. The changes are explained below in the governmental activities and business-type activities discussions.

Governmental Activities





Governmental activities decreased the county's net assets by $121,868,000. The decrease in net assets primarily is due to the current year increase of the county's net OPEB obligation for the primary government and overall decrease in revenues.

Governmental activities operating grants and contributions decreased by $51,474,000 (7.6%). Grant revenue for road construction has decreased since the majority of the major road construction projects are almost complete. Also, due to state cuts, workforce services grants have decreased.

Grants/contributions not restricted increased by $2,789,000 (24.7%) due to an increase in highway users tax received.

Overall, tax revenue decreased by $4,658,000 (0.9 %). Property taxes decreased by $8,559,000 (1.9%). This trend of lower assessed valuations, causing a decrease in property taxes, is expected to continue into the next year and, likely, subsequent years.

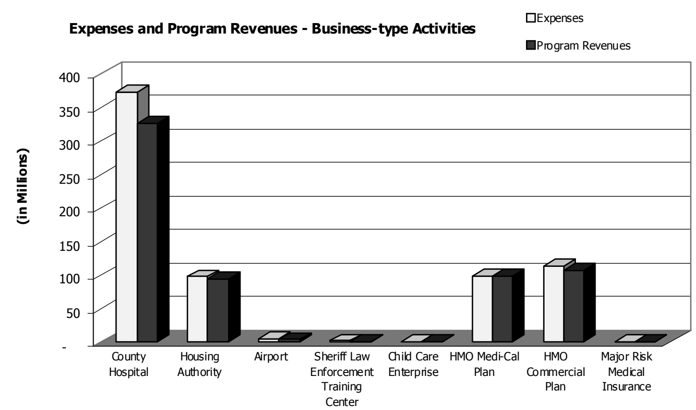
Investment earnings decreased by $13,188,000 (21.9%) due to significantly lower cash and investment balances and lower interest rates in the current year.

Other revenue decreased by $22,409,000 (63.4%) due mostly to a reduction in amounts received for plant acquisition, road construction, and other capital projects, as these projects are coming to an end.

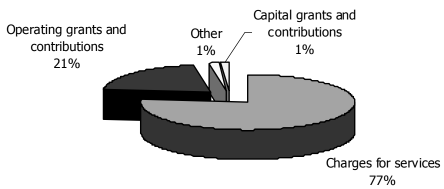
Expenses for governmental activities decreased by $67,126,000 (4.0%) due primarily to a decrease in plant acquisition (general government) and road construction (public ways and facilities) expenditures.

Additionally, there was a restatement of beginning net assets for the recording of the unamortized portion of the 2003 pension obligation bond cost of issuance. This resulted an increase to beginning net assets of $2,645,000.

Business-type Activities



Revenues by Source - Business-type Activities



Business-type activities decreased the county's net assets by $6,442,000. Expenses exceeded program revenues for the County Hospital, Housing Authority, Airport, Sheriff Law Enforcement Training Center, Major Risk Medical, Child Care, and Health Maintenance Organization (Commercial Plan).

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 2008-2009 as reported in the fund-basis financial statements.

Governmental Funds

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

As of June 30, 2009, the county's governmental funds reported combined ending fund balances of $539,723,000, a decrease of $25,885,000 in comparison with the prior year. Approximately $373,457,000 (69.2%) of those fund balances constitutes unreserved fund balances that are available for spending at the county's discretion. The remainder of those fund balances is reserved to indicate that it is not available for new spending because it already is committed as follows: (1) for encumbrances - to liquidate remaining contracts and purchase orders $56,388,000; (2) to reflect advances to other funds and inventories $9,480,000; (3) for payment of debt service $36,722,000; (4) bond proceeds with restrictions $42,708,000, or (5) for miscellaneous other restricted purposes $20,968,000.

General Fund

The General Fund is the primary operating fund of the county. At June 30, 2009, the unreserved fund balance of the General Fund was $105,260,000 a decrease of $16,256,000 in comparison to the prior year, while total fund balance was $130,724,000, a decrease of $14,890,000 in comparison to the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9.1% of total General Fund expenditures, while total fund balance represents 11.4%. For the prior year, these figures were 10.3% and 12.3%, respectively.

The unreserved fund balances of the General Fund decreased due to the county's decreases in revenues outpacing decreases in expenses.

General Fund revenues decreased by $48,119,000 (3.8%) while expenditures decreased by $32,101,000 (2.7%).

Assets and liabilities decreased due mainly to the redemption of the 2007 - 2008 Tax and Revenue Anticipation Note (TRAN) in December 2008.

Revenues

Intergovernmental revenue from other governmental entities decreased by $35,682,000 (6.1%), use of money and property decreased by $5,981,000 (43.3%), and fines, forfeitures, and penalties decreased by $6,717,000 (31.6%).

Intergovernmental revenue decreases were mostly in the Public Ways and Facilities and Public Protection functions. The most significant decrease was aid from miscellaneous government agencies for road construction in the Public Ways and Facilities function.

Use of money and property revenue decreases were mainly due to significantly lower cash and investment balances and lower interest rates in the current year.

Fines, forfeitures, and penalties revenue decreases were mostly attributed to a settlement that was received in the prior fiscal year.

Expenditures

General Government expenditures decreased by $12,968,000 (8.1%). The major component was a decrease in plant acquisition expenditures.

Health and Sanitation expenditures increased by $15,211,000 (7.8%). The primary cause was increased mental health expenditures.

Public Ways and Facilities expenditures decreased by $34,003,000 (38.3%). The major component was a decrease in road construction expenditures.

CCC Fire Protection District Fund

The CCC Fire Protection District provides fire and emergency medical services to nine cities and certain unincorporated areas in the county. The District's fund balance increased by $4,106,000 (16.7%) during fiscal year 2008 – 2009.

Revenues, primarily taxes and charges for services, decreased by $1,247,000 while expenditures, mainly services and supplies and salaries and benefits, decreased by $9,779,000.

Land Development Fund

The Land Development fund provides growth related management activities of the Public Works Department and the Department of Conservation & Development. The fund balance decreased by $6,809,000 (22%) during fiscal year 2008 – 2009.

Revenues primarily licenses, permits and franchise fees, decreased by $9,673,000 (25.6%). Expenditures decreased by $1,498,000 (4.2%), mainly from a decrease in public ways and facilities expenditures.

Nonmajor Funds

Special revenue funds had a significant decrease in fund balance of $14,881,000 due to an increase in Road fund expenditures relating to an increase in road repairs. Also, Health and Sanitation fund had an increase in the annual transfer out for Mental Health Services Act revenues.

Debt Service Funds had an increase in fund balance of $5,416,000.

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, 2009, was $14,093,000 for the County Hospital Enterprise Fund, $46,232,000 for the Housing Authority Enterprise Fund, and $24,246,000 for the nonmajor enterprise funds. As a result of operations during the year, net assets of the County Hospital Enterprise Fund decreased by $729,000, net assets of the Housing Authority Enterprise Fund decreased by $2,938,000, and net assets of the nonmajor enterprise funds decreased by $3,020,000. Additionally, the beginning net assets of the Housing Authority Enterprise Fund was decreased by $5,000 due to a reclassification of prior year expenses due to/from capital expenses.

Net assets of the internal service funds were $47,762,000. As a result of operations during the year, the net assets of the Public Liability Insurance Internal Service Fund increased by $5,498,000, and the new Fleet Services Internal Service Fund increased by $7,872,000. The net assets of the Workers' Compensation Insurance Fire Protection Internal Service Fund decreased by $5,845,000 creating a deficit net assets balance of $509,000; the net assets of the Long-Term Disability Insurance Internal Service Fund decreased by $2,206,000 creating a deficit net assets balance of $1,037,000; and, the net assets of the State Unemployment Insurance Internal Service Fund decreased by $1,688,000, but the fund did maintain a positive net assets balance. The net assets of the remaining internal service funds had a net increase $1,386,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

The county's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects and supplemental appropriations approved during the fiscal year. Total budgeted revenues were increased by $15,392,000 (1.2%) in the final budget. Actual revenues were less than final budgeted revenues by $45,035,000 (3.6%). Total budgeted expenditures increased by $35,454,000 (3.0%) in the final budget. Actual expenditures were less than final budgeted expenditures by $54,601,000 (4.5%). Significant factors impacting those changes were as follows:

Original Budget vs. Final Budget

Revenue Variances

- Tax revenue was decreased based on valuation adjustments lowering property values.
- Intergovernmental revenue was decreased mainly in response to the state of California's budget rebalance in November 2008.
- Charges for services were increased after additional information was received during the year as to the ability of others to request provision of services.
- Other revenue was increased during the year to set up revenue budget for plant acquisition, building maintenance, sheriff, and mental health activities.

Expenditure 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 General Government – Building Maintenance appropriations adjusted for change in intrafund transfers for services.
- The Final Budget for Health and Sanitation – Mental Health salaries and services and supplies appropriations adjustment was due to increased costs above the adopted budget level.

Final Budget vs. Actual Amounts

Revenue Variances

- Intergovernmental revenue (primarily state aid) was lower than expected by approximately $45,244,000.

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 and non-essential projects being deferred.

- Public Protection – Sheriff and jail expenditures were less than expected.
- Public Ways and Facilities – Road construction expenditures were less than budgeted due to progress on the Highway 4 Bypass not reaching expected levels.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital Assets

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

COUNTY'S CHANGES IN CAPITAL ASSETS
(Net of Depreciation)
(In Thousands)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2009	2008	2009	2008	2009	2008	Percent Change
Infrastructure	$ 313,677	293,001			313,677	293,001	7.06 %
Land	73,729	73,406	12,816	12,816	86,545	86,222	0.37
Structures and improvements	315,120	318,754	172,307	180,193	487,427	498,947	(2.31)
Equipment	48,524	48,589	13,289	11,451	61,813	60,040	2.95
Construction in progress	70,276	59,232	4,195	4,343	74,471	63,575	17.14
Total	$ 821,326	792,982	202,607	208,803	1,023,933	1,001,785	2.2 %

The county's investment in capital assets for its governmental and business-type activities as of June 30, 2009, was $1,023,933,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, drainage systems, and bridges. The total county's investment in net capital assets for fiscal year 2008-2009 increased by 2.2 % (a 3.6% increase for governmental activities and a 3.0 % decrease in business-type activities).

The major increase in the county's investment in capital assets for government activities is due to:

	Project Cost to Date:
Various Employment and Human Services facilities improvements	$11,963,000
Roads infrastructure and construction in progress	28,583,000
Drainage infrastructure and construction in progress	8,787,000

Business activities had a net decrease in capital assets as the result of depreciation expense exceeding new additions. Construction commitments for additional health care facilities under constructions are:

	Project Cost to Date:
Contra Costa Regional Medical Center	$1,526,000
Bay Point Health Center	335,000

Specific changes in governmental and business-type activities are presented in Note 7, in the "Notes to the Basic Financial Statements."

Long-Term Debt

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

COUNTY'S OUTSTANDING DEBT
Capital Lease Obligations, Pension Obligation Bonds, Retirement Litigation Settlement,
Notes Payable, Other Bonds Payable, Lease Revenue Bonds, Tax Allocation Bonds and Special Assessment Debt
(In Thousands)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2009	2008	2009	2008	2009	2008	Percent Change
Capital lease obligations	$ 11,680	12,478	1,083	1,346	12,763	13,824	(7.7) %
Pension obligation bonds	588,920	619,135			588,920	619,135	(4.9)
Retirement litigation settlement	23,197	24,034			23,197	24,034	(3.5)
Notes payable	1,384	1,482	18,246	18,563	19,630	20,045	(2.1)
Other bonds payable	3,260	3,650			3,260	3,650	(10.7)
Lease revenue bonds	176,084	162,386	134,293	138,319	310,377	300,705	3.2
Tax allocation bonds	130,880	132,290			130,880	132,290	(1.1)
Special assessment debt	11,075	11,740			11,075	11,740	(5.7)
Total	$ 946,480	967,195	153,622	158,228	1,100,102	1,125,423	(2.2) %

At June 30, 2009, the county had total long-term debt outstanding of $1,100,102,000. The county's legal debt limit was $7,990,942,000. During the year, the county's liabilities for long term debt decreased by $25,321,000 (2.2%). Specific changes in governmental and business-type activities are presented in Note 11 in the "Notes to the Basic Financial Statements."

During the current year through the Public Financing Authority, the county undertook a long-term debt transaction that provided $25,062,000 for acquisition, construction, improvement and/or equipping of central county Employment and Human Services Department (EHSD), EHSD building, and Martinez Health Clinic.

Refer also to the information on the Debt Management Policy in the Letter of Transmittal (page vii).

The outlook on the county's credit ratings continues to be "stable" by both Moody's Investors Service (Moody's) and Standard & Poor's Ratings Services (S&P) during fiscal year 2008-2009. The county's underlying long-term ratings are as follows:

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

At the time of issuance of most of its lease revenue bond series and pension obligation bond series, the county purchased municipal bond insurance policies that resulted in those series being rated in the highest possible rating categories of Aaa (Moody's) and AAA (S&P). Municipal bond insurers have been downgraded since early 2008. When the insured rating falls below the county's underlying rating, the affected series of bonds carries only the county's underlying ratings. All of the county's lease revenue bond issues now carry only the county's underlying ratings of A2 (Moody's) and AA- (S&P). Two of the county's three pension obligation bond series carry insured rating of AAA (S&P) and Aa3 (Moody's), with the Moody's rating the same as that of the bond insurer.

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

- Continuing to fund OPEB obligation at $20 million per year.
- Decrease of countywide assessed valuation of 7.2%. This decrease is the second greatest decline the county has experienced in 90 years.
- Continued fiscal crisis of state and federal governments.
- Reduction of general fund budget by $63.5 million due to reduced expenditures.
- Mandatory closure of many county buildings for six days and corresponding unpaid time off for employees.
- The state borrowed 8% of local jurisdictions property tax pursuant to Proposition 1A. The county was able to issue debt which offset the county's state loan.
- All of the facts, decisions and conditions listed above were considered in preparing the county's budget for fiscal year 2009-2010.

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, 2009
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Contra Costa Children and Families Commission
Assets:				
Cash and investments	$ 432,598	43,438	476,036	50,075
Receivables (net)	258,396	77,372	335,768	2,360
Inventories	2,012	786	2,798	
Internal balances	16,953	(16,953)		
Notes receivable	74,400	118	74,518	578
Prepaid items and deposits	8,097	1,632	9,729	193
Deferred charges	7,866	2,082	9,948	
Land held for resale	7,407		7,407	
Prepaid pension asset (net)	473,020		473,020	
Other noncurrent assets		539	539	
Restricted assets:				
Restricted cash and investments	94,825	23,976	118,801	
Notes receivable		1,181	1,181	
Capital assets:				
Nondepreciable	144,005	17,011	161,016	246
Depreciable, net	677,321	185,596	862,917	693
Total assets	2,196,900	336,778	2,533,678	54,145
Liabilities:				
Accounts payable and accrued liabilities	77,830	55,311	133,141	686
Accrued interest payable	10,798	658	11,456	
Due to primary government				720
Due to other agencies				810
Welfare program advances	9,636		9,636	
Unearned revenue	36,426	27,856	64,282	38
Noncurrent liabilities:				
Due within one year	88,162	8,294	96,456	10
Due in more than one year	1,263,596	158,250	1,421,846	93
Total liabilities	1,486,448	250,369	1,736,817	2,357
Net Assets:				
Invested in capital assets, net of related debt	543,582	55,131	598,713	939
Restricted for:				
Legally segregated taxes, grants and fees	343,951	351	344,302	
Tenant deposits		15,235	15,235	
Debt service	24,212	10,535	34,747	
Permanent fund:				
Expendable portion	20		20	
Nonexpendable portion	1,729		1,729	
Total restricted net assets	369,912	26,121	396,033	
Unrestricted (deficit)	(203,042)	5,157	(197,885)	50,849
Total net assets	$ 710,452	86,409	796,861	51,788

See accompanying notes to the basic financial statements.

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COUNTY OF CONTRA COSTA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	First 5 Contra Costa Children and Families Commission
Function/Program Activities:								
Primary government:								
Governmental activities:								
General government	$ 199,218	100,315	11,148		(87,755)		(87,755)	
Public protection	552,037	130,270	122,280		(299,487)		(299,487)	
Health and sanitation	240,383	76,938	97,607		(65,838)		(65,838)	
Public assistance	461,159	2,242	371,390		(87,527)		(87,527)	
Education	28,983	992	3,423		(24,568)		(24,568)	
Public ways and facilities	60,726	14,100	16,095	19,943	(10,588)		(10,588)	
Recreation and culture	1,447	117	154		(1,176)		(1,176)	
Interest on debt	61,239				(61,239)		(61,239)	
Total governmental activities	1,605,192	324,974	622,097	19,943	(638,178)		(638,178)	
Business-type activities:								
County Hospital	372,416	310,221	9,257	6,428		(46,510)	(46,510)	
Housing Authority	97,217	5,408	87,047	949		(3,813)	(3,813)	
Airport	5,127	3,446	326			(1,355)	(1,355)	
Sheriff Law Enforcement Training Center	1,266	768	239			(259)	(259)	
Child Care Enterprise	12					(12)	(12)	
HMO Medi-Cal Plan	97,827	98,211				384	384	
HMO Commercial Plan	112,316	68,845	38,157			(5,314)	(5,314)	
Major Risk Medical Insurance	1,013	936				(77)	(77)	
Total business-type activities	687,194	487,835	135,026	7,377		(56,956)	(56,956)	
Total primary government	$ 2,292,386	812,809	757,123	27,320	(638,178)	(56,956)	(695,134)	
Component unit:								
First 5 Contra Costa Children and Families Commission	$ 15,287		11,846					(3,441)
GENERAL REVENUES:								
Taxes:								
Property					$ 451,180		451,180	
Sales					13,444		13,444	
Other					26,709		26,709	
Grants/contributions not restricted					14,089		14,089	
Investment earnings					47,051	429	47,480	996
Other					12,935	987	13,922	159
TRANSFERS					(49,098)	49,098		
Total general revenues and transfers					516,310	50,514	566,824	1,155
Change in net assets					(121,868)	(6,442)	(128,310)	(2,286)
NET ASSETS, BEGINNING OF YEAR					829,675	92,856	922,531	54,074
Adjustments to beginning net assets (Note 2)					2,645	(5)	2,640	
NET ASSETS, BEGINNING OF YEAR, AS RESTATED					832,320	92,851	925,171	54,074
NET ASSETS, END OF YEAR					$ 710,452	86,409	796,861	51,788

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009
(In Thousands)

	General	CCC Fire Protection District Special Revenue	Land Development Special Revenue	Nonmajor	Total
Assets:					
Cash and investments	$	31,769		267,159	298,928
Accounts receivable and					
accrued revenue (net)	140,969	1,766	36,198	55,165	234,098
Inventories	2,012				2,012
Due from other funds	66,770	631	12,260	6,691	86,352
Advances to other funds				7,468	7,468
Notes receivable	62,877			11,523	74,400
Prepaid items and deposits	6,299	842		950	8,091
Land held for resale				7,407	7,407
Restricted cash and investments	3,352			91,473	94,825
Total assets	$ 282,279	35,008	48,458	447,836	813,581
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 55,689	6,050	1,578	14,307	77,624
Due to other funds	8,451	237	3,250	56,173	68,111
Welfare program advances	9,636				9,636
Advances from other funds				7,468	7,468
Deferred revenue	77,779	65	19,031	14,144	111,019
Total liabilities	151,555	6,352	23,859	92,092	273,858
Fund Balances:					
Reserved for:					
Encumbrances	14,396		18,058	23,934	56,388
Inventories	2,012				2,012
Advances to other funds				7,468	7,468
Prepaid items and deposits	6,106	842		950	7,898
Land held for resale				7,407	7,407
Programs with purpose restrictions				644	644
Bond proceeds with eligibility restriction				42,708	42,708
Housing projects				320	320
Debt service				36,722	36,722
Lease purchases	2,950				2,950
Permanent fund-expendable portion				20	20
Permanent fund-nonexpendable portion				1,729	1,729
Unreserved, designated for:					
Equipment replacement	1,783		1,116	6,315	9,214
Litigation/audit	5,000				5,000
CCC Fire Protection Dist reserve designation		7,684			7,684
General fund capital reserve	12,212				12,212
General fund reserve designation	76,133				76,133
Unreserved, undesignated, reported in:					
General fund	10,132				10,132
Special revenue funds		20,130	5,425	213,998	239,553
Capital projects funds				13,529	13,529
Total fund balances	130,724	28,656	24,599	355,744	539,723
Total liabilities and fund balances	$ 282,279	35,008	48,458	447,836	813,581

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, 2009
(In Thousands)

Fund balances - total governmental funds (page 22)		$ 539,723
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.		473,020
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		817,171
Accrued revenue, which is not available soon enough to pay for the current period's expenditures, is deferred in the governmental funds.		193
Notes receivable are not available to pay current-period expenditures and, therefore, are deferred in the governmental funds.		74,400
Internal service funds are used by management to charge the costs of self insurance and fleet services 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.		45,924
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(10,798)
Costs of issuance on bonds are not recognized as current expenditures and are deferred.	$ 8,401	
Current year amortization of costs of issuance on bonds.	(535)	7,866
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Lease revenue bonds	(176,084)	
Notes payable	(1,384)	
Tax allocation bonds	(130,880)	
Special assessment bonds	(11,075)	
Other bonds payable	(3,260)	
Pension obligation bonds	(588,920)	
Retirement litigation settlement	(23,197)	
Capital lease obligations	(11,680)	
Compensated absences	(38,656)	
Net OPEB obligation	(250,262)	
Environmental remediation	(694)	
Premiums, discounts and deferred amounts on refundings	(955)	(1,237,047)
Net assets of governmental activities (page 19)		$ 710,452

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, 2009
(In Thousands)

	General	CCC Fire Protection District Special Revenue	Land Development Special Revenue	Nonmajor	Total
Revenues:					
Taxes	$ 314,074	87,744		103,606	505,424
Licenses, permits and franchise fees	14,041	240	10,286	918	25,485
Fines, forfeitures and penalties	14,538			5,066	19,604
Use of money and property	7,848	158	643	30,961	39,610
Intergovernmental	552,511	4,987	104	84,556	642,158
Charges for services	221,026	5,197	12,114	41,356	279,693
Other revenue	97,203	735	4,988	54,369	157,295
Total revenues	1,221,241	99,061	28,135	320,832	1,669,269
Expenditures:					
Current:					
General government	146,787			26,453	173,240
Public protection	345,338	95,911	25,745	93,422	560,416
Health and sanitation	211,228			7,780	219,008
Public assistance	390,659		102	68,791	459,552
Education	321			26,940	27,261
Public ways and facilities	54,848		8,052	58,252	121,152
Recreation and culture				1,553	1,553
Debt service:					
Principal	98			42,940	43,038
Interest	2,274		44	58,781	61,099
Debt issuance cost				326	326
Total expenditures	1,151,553	95,911	33,943	385,238	1,666,645
Excess (deficiency) of revenues over (under) expenditures	69,688	3,150	(5,808)	(64,406)	2,624
Other Financing Sources (Uses):					
Transfers in	19,106	956		64,137	84,199
Transfers out	(106,313)		(1,001)	(31,144)	(138,458)
Issuance of debt				23,121	23,121
Capital lease financing	2,629				2,629
Total other financing sources (uses)	(84,578)	956	(1,001)	56,114	(28,509)
Net change in fund balances	(14,890)	4,106	(6,809)	(8,292)	(25,885)
Fund Balances at Beginning of Year	145,614	24,550	31,408	364,036	565,608
Fund Balances at End of Year	$ 130,724	28,656	24,599	355,744	539,723

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, 2009
(In Thousands)

Net change in fund balances - total governmental funds (page 24)		$ (25,885)
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.		1,699
Governmental funds report capital asset acquisitions as either capital outlay or other current program expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	$ 68,522	
Less loss on sale/retirement of capital assets	(2,961)	
Less current year depreciation	(38,650)	26,911
Increase in environmental remediation obligation is not considered due and payable and, therefore, is not reported as a liability in governmental funds.		(292)
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.		
Debt issuance	(23,121)	
Deferral of bond issuance cost	326	
Deferral of capital lease issuance cost	77	
Principal payments	43,038	
Capital lease payments	3,427	
Issuance of capital lease	(2,629)	
Expenditures made on environmental remediation	1,348	22,466
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in long-term compensated absences	1,494	
Amortization of pension asset	(58,721)	
Amortization of bond issuance cost	(535)	
Amortization of premiums, discounts and loss on refunding - Lease Revenue Bonds	255	
Amortization of premiums, discounts and loss on refunding - Tax Revenue Bonds	(100)	
Change in accrued interest payable	141	
Net OPEB obligation	(91,353)	(148,819)
Internal service funds are used by management to charge the costs of self insurance and fleet services to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities, except for the medical liability insurance fund.		2,052
Change in net assets of governmental activities (page 21)		$ (121,868)

See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009
(In Thousands)

	Enterprise Funds				
	County Hospital	Housing Authority*	Nonmajor	Total	Internal Service
Assets:					
Current assets:					
Cash and investments	$ 34,697	1,862	1,639	38,198	138,910
Accounts receivable and accrued revenue (net)	43,836	1,042	32,494	77,372	24,298
Inventories	771		15	786	
Due from other funds	17,958		28,770	46,728	1,176
Notes receivable		118		118	
Prepaid items and deposits	1,356	152	124	1,632	6
Deferred charges	2,082			2,082	
Total current assets	100,700	3,174	63,042	166,916	164,390
Noncurrent assets:					
Restricted cash and investments	9,049	14,907	20	23,976	
Notes receivable		1,181		1,181	
Other noncurrent assets		539		539	
Capital assets:					
Nondepreciable	161	4,278	12,572	17,011	366
Depreciable, net	131,565	46,090	7,941	185,596	3,789
Total noncurrent assets	140,775	66,995	20,533	228,303	4,155
Total assets	241,475	70,169	83,575	395,219	168,545
Liabilities and Net Assets					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	25,119	1,314	28,878	55,311	206
Accrued interest payable	540	112	6	658	
Due to other funds	35,006		28,634	63,640	2,505
Deferred revenue	26,447	852	557	27,856	
Current portion of long-term liabilities	6,660	650	76	7,386	33,330
Total current liabilities	93,772	2,928	58,151	154,851	36,041
Noncurrent liabilities:					
Capital lease obligations	266		674	940	
Compensated absences	9,117	82	504	9,703	78
Claims payable					84,664
Bonds and notes payable, net	123,578	16,295		139,873	
Landfill post closure	649			649	
Other noncurrent liabilities		4,632		4,632	
Total noncurrent liabilities	133,610	21,009	1,178	155,797	84,742
Total liabilities	227,382	23,937	59,329	310,648	120,783
Net Assets:					
Invested in capital assets, net of related debt	2,864	32,448	19,819	55,131	4,155
Restricted for debt service	10,535			10,535	
Restricted for tenant deposits		15,235		15,235	
Restricted			351	351	
Unrestricted	694	(1,451)	4,076	3,319	43,607
Total net assets	$ 14,093	46,232	24,246	84,571	47,762
Adjustment to reflect the consolidation of Medical Liability ISF activities related to enterprise funds.				1,838	
Net assets of business-type activities (page 19)				$ 86,409	

* Housing Authority Fund reported as of March 31, 2009.
See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

	Enterprise Funds				
	County Hospital	Housing Authority*	Nonmajor	Total	Internal Service
Operating Revenues:					
Use of money and property	$		3,621	3,621	
Charges for services	306,061	5,408	168,585	480,054	59,418
Other revenue		446	540	986	1,880
Total operating revenues	306,061	5,854	172,746	484,661	61,298
Operating Expenses:					
Salaries and employee benefits	244,357	9,901	14,382	268,640	1,601
Services and supplies	103,311		195,368	298,679	16,596
Benefit and claim expense					49,349
Other charges	300	82,648	5,593	88,541	740
Expenditure transfers			382	382	
Depreciation	8,319	3,526	1,767	13,612	1,299
Total operating expenses	356,287	96,075	217,492	669,854	69,585
Operating income (loss)	(50,226)	(90,221)	(44,746)	(185,193)	(8,287)
Nonoperating Revenues (Expenses):					
State and federal grants	9,257	87,047	38,722	135,026	
Investment income					7,022
Interest income		429		429	
Interest expense	(13,813)	(1,056)	(69)	(14,938)	
Other charges		(86)		(86)	
Total nonoperating revenue (expenses)	(4,556)	86,334	38,653	120,431	7,022
Income (loss) before capital contributions and transfers	(54,782)	(3,887)	(6,093)	(64,762)	(1,265)
Capital contributions	6,428	949		7,377	2,721
Transfers in	57,856		3,769	61,625	5,246
Transfers out	(10,231)		(696)	(10,927)	(1,685)
Change in net assets	(729)	(2,938)	(3,020)	(6,687)	5,017
Total Net Assets at Beginning of the Year, as Previously Reported	14,822	49,175	27,266	91,263	42,745
Adjustments to beginning net assets (Note 2)		(5)		(5)	
Total Net Assets at Beginning of the Year, as Restated	14,822	49,170	27,266	91,258	42,745
Total Net Assets at End of Year	$ 14,093	46,232	24,246	84,571	47,762

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

Change in net assets of enterprise funds.	$ (6,687)
Adjustment to reflect the consolidation of Medical Liability ISF activities related to enterprise funds.	245
Change in net assets of business-type activities (page 21)	$ (6,442)

* Housing Authority Fund reported as of March 31, 2009.
See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Enterprise Funds				
	County Hospital	Housing Authority*	Nonmajor	Total	Internal Service
Cash Flows from Operating Activities:					
Cash received from customers/other funds	$ 290,917	5,325	128,586	424,828	40,711
Cash payment to suppliers for goods and services	(86,607)	(81,023)	(170,338)	(337,968)	(55,279)
Cash payment to employees for services	(243,640)	(9,901)	(14,382)	(267,923)	(1,310)
Net Cash Provided by (Used for) Operating Activities	(39,330)	(85,599)	(56,134)	(181,063)	(15,878)
Cash Flows from Noncapital Financing Activities:					
State and federal grants	9,257	87,200	38,722	135,179	
Interest received		52		52	
Issuance of debt		(66)		(66)	
Debt payments		163		163	
Transfers in	57,881		3,769	61,650	5,246
Transfers out	(10,231)		(696)	(10,927)	(1,660)
Net Cash Provided by Noncapital Financing Activities	56,907	87,349	41,795	186,051	3,586
Cash Flows from Capital and Related Financing Activities:					
Issuance of debt	1,940			1,940	
Proceeds from sale of capital assets					
Capital contributions	6,428	695		7,123	
Acquisition and construction of capital assets	(6,129)	(759)	(359)	(7,247)	(2,758)
Interest paid	(13,813)	(977)	(46)	(14,836)	
Lease purchase obligation principal payment	(118)		(161)	(279)	
Principal paid on debt	(5,966)	(318)		(6,284)	
Accrued interest payable	(18)			(18)	
Debt premium - cost of issuance/deferred charges	995			995	
Net Cash Used for Capital and Related Financing Activities	(16,681)	(1,359)	(566)	(18,606)	(2,758)
Cash Flows from Investing Activities:					
Interest received on investments		408		408	7,022
Net Cash Used for Investing Activities		408		408	7,022
Net Increase (Decrease) in Cash and Cash Equivalents	896	799	(14,905)	(13,210)	(8,028)
Cash and Cash Equivalents at Beginning of Year	42,850	15,970	16,564	75,384	146,938
Cash and Cash Equivalents at End of Year	$ 43,746	16,769	1,659	62,174	138,910

(continued)

COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Enterprise Funds				
	County Hospital	Housing Authority*	Nonmajor	Total	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:					
Operating income (loss)	$ (50,226)	(90,221)	(44,746)	(185,193)	(8,287)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:					
Depreciation and amortization	8,319	3,526	1,767	13,612	1,299
Changes in operating assets and liabilities:					
Decrease (increase) in:					
Accounts receivable and accrued revenue, net	(16,500)	(26)	(28,807)	(45,333)	(19,835)
Inventories	(28)		28		
Due from other funds	(4,404)		(15,229)	(19,633)	(746)
Prepaid items and deposits	259	107		366	(6)
Increase (decrease) in:					
Accounts payable and accrued liabilities	177	383	13,367	13,927	204
Claims payable					10,832
Due to other funds	17,062	2	17,617	34,681	574
Deferred revenue	5,760	(81)	(121)	5,558	
Tenants deposit		2		2	
Compensated absences	251	34	(10)	275	87
FSS escrows		(218)		(218)	
Accrued salaries		229		229	
Post retirement benefits		664		664	
Net Cash Provided by (Used for) Operating Activities	$ (39,330)	(85,599)	(56,134)	(181,063)	(15,878)
Noncash investing, capital, and financing activities:					
Change in accrued interest	$ (18)		6	(12)	
Debt amortization	(625)			(625)	
Change in lease purchase obligation			17	17	
Contribution of capital assets from government					2,721
Transfer of capital asset	25			25	(25)

(concluded)

* Housing Authority Fund reported as of March 31, 2009.
See accompanying notes to the basic financial statements.

COUNTY OF CONTRA COSTA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009
(In Thousands)

	Pension* and Other Employee Benefit Trust Funds	Investment Trust	Private-Purpose Trust	Agency
Assets:				
Cash and investments	$ 186,299	1,248,561	12,290	$ 150,285
Cash collateral - securities lending	280,748			
Investments pension trust				
Stocks	1,584,443			
Bonds	1,569,705			
Real estate	372,960			
Alternative investments	218,175			
Receivables	406,185	2,575	322	19,408
Due from other governments	7,633			59,501
Taxes receivable				263,221
Prepaid items and deposits	531			
Capital assets, net	1,578			
Total assets	4,628,257	1,251,136	12,612	$ 492,415
Liabilities:				
Warrants outstanding		57,810		$ 25,475
Accounts payable and accrued liabilities	576,277	3,867	37	36,381
Employee benefits payable	1,496			
Due to other governments				203,709
Security lending	280,747			
Unapportioned taxes				103,447
Tax loss guarantees				66,209
Due to other agencies and districts				57,194
Total liabilities	858,520	61,677	37	$ 492,415
Net Assets:				
Held in trust for:				
Employees' pension benefits/ other postemployment benefits	3,769,737			
Participation in individually directed investment accounts		1,189,459	12,575	
Total net assets	$ 3,769,737	1,189,459	12,575	

* Pension Trust Fund reported as of December 31, 2008.
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, 2009
(In Thousands)

	Pension* and Other Employee Benefit Trust Funds	Investment Trust	Private-Purpose Trust
Additions:			
Employer contributions	$ 264,023		
Plan member contributions	82,220		
Contributions to investment accounts		3,665,072	
Other revenue			17,063
Net investment income (loss)	(1,437,460)	4,819	96
Investment expense	(26,942)		
Total additions	(1,118,159)	3,669,891	17,159
Deductions:			
Benefits paid	293,757		
Refunds of contributions	3,730		
Distribution from investment accounts		3,608,610	
Administrative and other expenses	5,601		1,023
Prepayment discount	7,624		
Other	508		16,802
Total deductions	311,220	3,608,610	17,825
Change in net assets	(1,429,379)	61,281	(666)
Net Assets Held In Trust at Beginning of Year	5,199,116	1,128,178	13,241
Net Assets Held In Trust at End of Year	$ 3,769,737	1,189,459	12,575

*Pension Trust Fund reported as of December 31, 2008.
See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Definition of Reporting Entity

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

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

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

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

<u>Blended Component Units</u>

Housing Authority of the County of Contra Costa

The Housing Authority of the County of Contra Costa (Housing Authority) was established to provide housing for the county's low and moderate income residents. Its board members are the same as the county Board of Supervisors. The financial activities of the Housing Authority are reported as an enterprise fund. The fiscal year of the Housing Authority ends on March 31st and its financial activities are reported as of that date. The Housing Authority has two discretely presented component units that have been blended with the Housing Authority in this report. The discretely presented component units have fiscal year ends of December 31. Their financial statements have been adjusted to March 31 for inclusion in the Housing Authority statements.

Contra Costa County Redevelopment Agency

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

County of Contra Costa Public Facilities Corporation

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

County of Contra Costa Public Financing Authority

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

Contra Costa County Employees' Retirement Association

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

In-Home Supportive Services Public Authority

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

Special Districts and Service Areas

The county has 37 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 37 agencies and the special revenue fund in which each is included are: Contra Costa County Fire Protection District; Other Fire Protection – Crockett-Carquinez Fire Protection District and East Contra Costa County Fire Protection District; Flood Control - Flood Control District, Storm Drainage District, Storm Drain District Nos. Z-16 and Z-19; Health

and Sanitation - Sanitation District No. 6; Service Areas - Service Areas D-2, EM-1, L-100, LIB-2, LIB-10, LIB-12, LIB-13, M-1, M-16, M-17, M-20, M-23, M-28, M-29, M-30, M-31 R-4, R-7A, R-9, R-10, RD-4 and Discovery Bay West Parking District; Law Enforcement - Service Areas P-1, P-2A, P-2B, P-5 and P-6, Public Transit-Service Area T1; Other Special Revenue - Contra Costa County Water Agency. These special revenue funds are reported as nonmajor governmental funds, with the exception of the Contra Costa County Fire Protection District, which is reported as a major governmental fund.

<u>Discretely Presented Component Unit</u>

First 5 Contra Costa Children and Families Commission

The First 5 Contra Costa Children and Families 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 originally appointed all nine members (and nine alternate members) of the Commission. One member of the Board of Supervisors serves on the Commission. However, the Commission hires its own employees, including an Executive Director and functions independent of the county. The Commission provides most of its services directly to the citizens of the county. The financial activity of the Commission is reported in separate columns on the government-wide financial statements.

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

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

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

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

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

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

First 5 Contra Costa Children and Families Commission
1485 Enea Court, Suite 1200, Concord CA 94520

B. New Accounting Pronouncements Implemented During the Year

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

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* enhances the usefulness and comparability of pollution remediation obligation information reported by state and local governments by setting uniform standards requiring more timely and complete reporting of those obligations and by requiring all governments to account for pollution remediation obligations in the same manner, including required reporting of pollution remediation obligations that previously may not have been reported.

GASB Statement No. 50, *Pension Disclosures, an amendment of GASB Statements No. 25 and No. 27,* improves the transparency and decision usefulness of reported information about pensions by state and local governmental plans and employers.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. Endowments include permanent and term endowments, and permanent funds. This Statement amends paragraph 2 of Statement of No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.*

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GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. It is intended to make it easier for preparers of state and local government financial statements to identify and apply the "GAAP hierarchy," which consists of sources of accounting principles used in the preparation of financial statements so that they are presented in conformity with GAAP and the framework for selecting those principles.

GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The Statement 56 guidance addresses three issues from the AICPA's literature—related party transactions, going concern considerations, and subsequent events.

C. Basis of Presentation

Government-wide Financial Statements

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, mandate the presentation of two basic government-wide financial statements, the *Statement of Net Assets* and the *Statement of Activities*. The statement of net assets and statement of activities display information about the primary government (the county) and its component units. The statement of net assets and statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statement of net assets and statement of activities also

distinguish between the *governmental* and *business-type activities* of the county and between the county and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees charged to external parties.

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

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

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

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

Fund Financial Statements

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

The county reports the following as major governmental funds:

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

- The *Land Development Special Revenue Fund* reports the growth management related activities of the Public Works Department and the Department of Conservation & Development.

The county reports the following as major enterprise funds:

- The *County Hospital (the Hospital)* accounts for hospital operations involved in providing health services to county residents. Revenues are principally fees for patient services, payments from federal and state programs such as Medicare, Medi-Cal and Short-Doyle, realignment revenues, and subsidies from the General Fund.

- The *Housing Authority* accounts for the financial resources designated for housing and housing assistance to low and moderate income residents of Contra Costa County.

The county reports the following additional fund types:

- *Internal Service Funds* account for the county's fleet services and self-insurance programs – employee dental insurance, long-term disability insurance, workers' compensation insurance, automotive liability insurance, general liability insurance, state unemployment insurance, medical liability insurance, and special district property insurance, on a cost-reimbursement basis.

- The *Pension Trust Fund* accumulates contributions from the county, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula), and administrative expenses. This fund includes all assets of the CCCERA.

- *OPEB Irrevocable Trust* accounts for assets held in trust to pay post retirement health benefits. The trust, which consists of assets contributed by the county (and other participating employers), will be administered by the financial officials typically responsible for safeguarding the county's assets. The Trustee shall separately account for all contributions, distributions, payments, expenses, gains and losses attributable to the county and each other employer that participates in the trust.

- The *Investment Trust Fund* accounts for the assets of legally separate entities who make directed investments through the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. This fund represents the assets, primarily cash and investments, and the related obligation of the county to disburse these monies on demand.

- The *Private-Purpose Trust Fund* accounts for assets held in trust for the benefit of individuals, private organizations, and other governments.

- *Agency Funds* account for assets pending transfer or distribution to individuals, private organizations or other governmental entities held by the county in an agency capacity. Included in these funds are the Unapportioned Taxes Fund and the Tax Losses Reserve Fund, which provide controls necessary for the county to manage property taxes under the Teeter Plan (see section M of this note).

D. Basis of Accounting

The government-wide, proprietary fund and fiduciary, excluding agency, fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the county is giving (or receiving) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

E. Cash and Cash Equivalents

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

F. Investments

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

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

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

G. Inventories and Prepaid Items

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

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

H. Notes Receivable

Generally loans are either deferred or collected on a residual receipts basis with all remaining principal and interest due on the earlier of the due date of the note or sale or transfer of property. Any

repayment of principal or interest is treated as program revenue, the use of which is restricted by federal regulations. As such, notes receivable are recorded with an offset to deferred revenue in the fund financial statements because the amounts are unavailable. The notes receivable balances in the General Fund consist of loans made with funds provided to the county under the U.S. Department of Housing and Urban Development programs. The loans are made to carry out activities for affordable housing and economic development.

I. Prepaid Pension Asset

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

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

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

J. Restricted Assets

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

K. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) consisting of certain improvements including roads, bridges, water/sewer, lighting systems, drainage systems, and flood control. The capitalization threshold for infrastructure is $25,000. The capitalization threshold for buildings is $100,000. The capitalization threshold for equipment and vehicles is $5,000. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the activities within the government-wide financial statements, proprietary funds and the Pension Trust Fund.

The estimated useful lives are as follows:

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

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

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

L. Bond Discounts, Issuance Costs, and Deferred Amounts on Refundings

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

M. Property Tax Levy, Collection, and Maximum Rates

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property situated in the county. The levy is based on the assessed values as of the preceding January 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. 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 $21,509,000 at June 30, 2009. The year-end balance in the TLRF was $66,209,000. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the county's Teeter Plan.

N. Interfund Transactions

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

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

O. Compensated Absences and Sick Leave

Under terms of union contracts and various Board resolutions, county employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation hours. Employees are not reimbursed for accumulated sick leave except management employees who are eligible for a payoff of unused sick leave accruals at resignation. Management employees must have a balance of at least 70.0% 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% of accrued sick leave; however, the amount of sick leave payable is considered de minimis. Accordingly, no accrual for sick leave has been made in the accompanying basic financial statements.

Compensated absences as of June 30, 2009, were valued at $51,441,000, which includes $31,434,000 attributable to the General Fund, $7,222,000, attributable to the Special Revenue Funds, $11,099,000 recorded in Enterprise Funds, $87,000 recorded in Internal Service Funds, $103,000 recorded in the Component Unit, and $1,496,000 recorded in the Pension Trust Fund. Amounts attributable to the General Fund, Special Revenue Funds, and Component Unit are expected to be claimed in future periods and paid with future resources from those funds. Accordingly, this liability is reflected in the government-wide statement of net assets. In the proprietary funds and the Pension Trust Fund, compensated absences are recorded as an expense and liability as the benefits accrue to employees. In compliance with GASB Statement No. 16, *Accounting for Compensated Absences*, the amounts reported include estimated employer liability for taxes and workers' compensation premiums.

P. Estimates

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

2. FUND EQUITY

A. Restatement of Fund Equity/Net Assets

<u>Government-wide Financial Statements – Restatement of Net Assets</u>

In April 2003, the county issued Pension Obligation Bonds with a cost of issuance of $3,590,000. While properly recorded as an expenditure at the fund level, it was inadvertently not deferred at the government-wide level. $945,000 would have been amortized through the prior year resulting in a net remaining balance of $2,645,000 at July 1, 2008.

Summary

The adjustment to the beginning net assets is presented below (in thousands):

Net assets, beginning of year, as previously stated	$	829,675
Deferral of remaining Cost of Issuance on 2003 Pension Obligation Bond		2,645
Net assets, beginning of year, as restated	$	832,320

<u>Housing Authority Enterprise Fund Adjustment</u>

As of April 1, 2008, the Housing Authority's adjustments resulted in a prior year restatement of $5,000. The Housing Authority reclassified expenditures to/from capital expenditures.

Summary

The impact of the restatement on net assets at April 1, 2008, is presented below (in thousands):

		Housing Authority Enterprise*
Fund Balances/net assets as previously reported	$	49,175
Reclassification of prior year expenditures to/from capital expenditures		(5)
Fund Balances/net assets as restated	$	49,170

* Housing Authority Fund reported as of March 31, 2009.

B. Reserve for Prepaid Items and Deposits

Reserves are less than total prepaid items and deposits because the General Fund advanced $193,000 to subgrantees, which will use the funds for federal programs during fiscal year 2009-2010. As funds are spent, the federal government reimburses the county.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

B. Deficit Net Assets

At June 30, 2009, governmental activities in the government-wide statement of net assets had unrestricted net assets of $(203,042,000). This deficit is primarily due to an increase in the county's net OPEB obligation for the primary government of $91,353,000 and a decrease in unrestricted revenues.

Two internal service funds had deficit net assets at June 30, 2009. The Long-Term Disability Insurance and Workers' Compensation Insurance Fire Protection funds show deficits of $1,037,000 and $509,000 respectively, declining from $1,169,000 and $5,336,000 surpluses in the June 30, 2008 CAFR. The declines are attributed to a decrease in fee revenue and increases in claims payable and benefit and claim expense.

The Sheriff Law Enforcement Training Center Enterprise Fund (Training Center), which is reported as a nonmajor enterprise fund, reported a year-end deficit of $509,000. This represents an increase of $54,000 from the June 30, 2008, CAFR and can be attributed mainly to a decrease in Sheriff's Academy enrollment and fees collected. From the inception of the Training Center, the Enterprise Fund has consistently experienced small annual deficits that have accumulated since fiscal year 2001 – 2002, despite diligent efforts to recover program costs through fees and other revenues. In recognition of the countywide benefits of the Training Center, the Board of Supervisors approved a small ongoing General Fund subsidy, and, combined with the continuing efforts of the Sheriff to increase operational efficiency and maximize cost recovery, is expected to eliminate any remaining deficit over time.

The County Facilities Capital Projects Fund eliminated the deficit of $9,095,000 carried forward from the June 30, 2008, CAFR. This was accomplished with revenues resulting from the issuance of the 2009 Lease Revenue Bonds for capital improvements to Ellinwood Way, Pleasant Hill and Delta Fair Blvd., Antioch.

4. CASH AND INVESTMENTS

Summary of cash and investment balances by activity (in thousands):

	Primary Government		Component Unit	
	Governmental Activities	Business-Type Activities	First 5 Contra Costa Children and Families Commission	Fiduciary Funds
Cash and investments	$ 432,598	43,438	50,075	5,623,466
Restricted cash held by fiscal agent	94,825	23,976		
	$ 527,423	67,414	50,075	5,623,466

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

COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

A. Summary of Cash and Investments

Cash and investments at June 30, 2009 (December 31, 2008, for the Pension Trust Fund and March 31, 2009, for the Housing Authority), are reported as follows (in thousands):

		Deposits and Certificates of Deposits	Investments	Total
From the Statement of Net Assets				
Primary Government	Cash and investments	$ 15,581	460,455	476,036
	Restricted cash and investments	19,951	98,850	118,801
First 5 Contra Costa Children and Families Commission	Cash and investments	35,425	14,650	50,075
From the Statement of Fiduciary Net Assets				
Pension and Other Employee Benefit Trust Funds	Cash and investments	20,114	3,911,468	3,931,582
	Cash collateral-securities lending		280,748	280,748
Investment Trust Fund	Cash and investments	10,000	1,238,561	1,248,561
Private-Purpose Trust Fund	Cash and investments	3,976	8,314	12,290
Agency Funds	Cash and investments	50,003	100,282	150,285
Total		$ 155,050	6,113,328	6,268,378

B. Investments (excluding the Pension Trust Fund)

Deposits

Deposits include bank deposits at a carrying amount of $154,960,000. The balance reported by various financial institutions was $150,750,000. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, $3,661,000 was covered by federal depository insurance and $147,089,000 was collateralized by the pledging financial institutions as required by California Government Code Section 53652.

According to the California Government Code Section 53601, bank obligations such as certificates of deposit are considered investments. However, in accordance with accounting principles generally accepted in the United States of America, the county has classified certificates of deposit in the amount of $64,369,000 as deposits. Of the certificates of deposit balance, $1,003,000 was insured and $63,366,000 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% 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% of the secured public deposits. The collateral must be held at the pledging bank's trust department or at another bank, acting as the pledging bank's agent, in the public agency's name. The county may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The county, however, has not waived the collateralization requirements.

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

Authorized Investments

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

Bonds and notes issued by local agencies with a maximum maturity of five years. Obligations issued by Agencies or Instrumentalities of the U.S. Government.

State or Municipal Depository Funds, such as the Local Agency Investment Fund (LAIF) or pooled cash investment funds managed by county treasurers.

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

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

Bonds, notes, warrants, or other evidence of debt issued by a local agency within the state of California, County Treasurer, other local agencies or Joint Powers Agencies.

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

Banker's acceptances with a term not to exceed 270 days, limited to 40% of surplus funds; no more than 30% of surplus funds can be invested in Bankers Acceptances of any single commercial bank.

Prime commercial paper not to exceed 180 days and the highest ranking issued by Moody's Investors Service or Standard & Poor's Corp., limited to 15% of surplus funds; provided that if the average total maturity of all commercial paper does not exceed 31 days up to 30% of surplus funds can be invested in commercial paper.

Negotiable certificates of deposit issued by federally or state chartered banks or associations, limited to not more than 30% of surplus funds.

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

Medium-term notes (not to exceed two years) of U.S. corporations rated "AAA" or better by Moody's or Standard & Poor's limited to not more than 30% of surplus funds.

Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (Money Market Mutual Funds); Funds must carry the highest rating of at least two national rating agencies and are limited to not more than 20% of surplus funds.

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

Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable-backed bond with a maximum maturity of five years, securities in this category must be rated AA or better by a national rating service and are limited to not more than 30% of surplus funds.

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

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

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

Insured money market accounts (Housing Authority).

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

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

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

Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations.

Risk Disclosures

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

At June 30, 2009, the county (March 31, 2009, for the Housing Authority) excluding CCCERA investments (as of December 31, 2008, which are shown on page 55), had the following investments and maturities (in thousands):

		Investment Maturities				
Investment Type:		Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Fair Value Total
U.S. Treasury notes & bonds	$	6,409	37,864	1,028		45,301
U.S. agencies -						
(FHLB, FNMA, FFCB, FHLMC)		77,797	232,953	2,848		313,598
Corporate notes		9,984	28,489	1,663		40,136
Municipal bonds		998	1,706			2,704
Asset backed securities		79				79
Repurchase agreements		185,000				185,000
Commercial paper		342,093				342,093
Negotiable certificates of deposit		251,656				251,656
Guaranteed investment contracts					13,472	13,472
Mutual funds		168,356				168,356
LAIF		476,597				476,597
CAMP		426				426
Local obligation bond					85	85
Banker's acceptance		81,609				81,609
Total	$	1,601,004	301,012	5,539	13,557	1,921,112

As of June 30, 2009, the portfolio contained $58,715,000 of callable U.S. Agencies, representing 14.04% of investment cost at June 30, 2009.

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

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

Investment Type:		Fair Value (in thousands)	Quality Rating Range
U.S. Treasury notes, strips, bills	$	45,301	AAA to A-1+
Federal Home Loan Bank (FHLB)		148,869	AAA to A-1+
Federal National Mortgage			
Association (FNMA)		65,392	AAA
Federal Farm Credit Bank (FFCB)		26,372	AAA
Federal Home Loan Mortgage-			
Corp (FHLMC)		58,568	AAA to A-1+
Federal agriculture mortgage		7,220	Not rated
Freddie Mac		6,669	Not rated
Fannie Mae		508	AAA
Corporate notes		40,136	AAA to A
Municipal bonds		2,704	AA+ to A+
Asset-backed securities		79	AAA
Repurchase agreements		185,000	Not rated
Commercial paper		342,093	A-1+ to A-1
Negotiable certificates of deposit		251,656	A-1+ to A-1
Guaranteed investment contracts		13,472	Not rated
Mutual funds		85,123	AAA
Mutual funds		83,072	Not rated
Mutual funds		161	Not rated
LAIF		476,597	Not rated
CAMP		426	Not rated
Banker's acceptance		81,609	A-1+ to A-1
Local obligation bond		85	Not rated
Total	$	1,921,112	

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

Concentration of Credit Risk. The Treasurer's investment policies and guidelines permit the county to be invested in any one issuer's investments up to 10% of the county's total assets of the investments held by the county. The investment portfolio contained no concentration of investments in any one entity (other than those issued or guaranteed by the U.S. Government) that represented 10% or more of plan net assets.

Other Financial Instruments

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

The Treasurer holds principal-only strip instruments for the benefit of some county school districts. Those school districts utilize the services of an independent financial advisor in determining their investment strategy. As of June 30, 2009, the county's portfolio included $1,249,000 of strip investments.

The county's investments with the Local Agency Investment Fund (LAIF), a state of California investment pool, at June 30, 2009, included a portion of the pool funds invested in structured notes and asset-backed securities, as follows:

> Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
>
> Asset-Backed Securities the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets (such as principal) and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2009, the county had $442,597,000 invested in LAIF, the Housing Authority (March 31, 2009) had $7,267,000 invested in LAIF, and the fiscal agents had $26,733,000 invested in LAIF which had invested 0.17% of the pool investment funds in structured notes and asset-backed securities.

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

At June 30, 2009 (March 31, 2009, for the Housing Authority), the amount of assets restricted by legal and contractual requirements was as follows (in thousands):

	Governmental Activities		Business-type Activities		
	General Fund	Nonmajor Governmental Funds	County Hospital	Housing Authority	Nonmajor Enterprise Funds
Lease purchase	$ 3,012				
Pension obligation bond		10,315			
Nonexpendable portion of permanent fund		1,729			
Bond proceeds, housing projects, and debt services		67,350			
Public Financing Authority:					
1998 Lease revenue bond		1,793			
1999 Lease revenue bond		107			
2001A & 2001B Lease revenue bonds		19			
2003 Lease revenue bond		457			
2007A & 2007B Lease revenue bonds		7,301			
2001 Reassessment bond		397			
Pleasant Hill BART bond reserve 1987-1 reserve account		521			
San Ramon bond reserve 1989-1 reserve account		43			
Kensington reserve fund AD 91-1 reserve account		266			
San Pablo bond reserve AD 91-3 reserve account		28			
Pleasant Hill BART RFD 98 reserve account		519			
Norris Canyon 2001-1 reserve account		602			
Kensington construction/improvement bond AD 91-1		26			
County Hospital Enterprise Fund:					
2007A & 2007B Lease revenue bonds			8,382		
Construction fund			667		
Capital lease funds that have not been spent, operating revenues required by lender, and funds held on behalf of its clients.				14,907	
Restricted program money	340				20
Total restricted assets	$ 3,352	91,473	9,049	14,907	20

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

C. Pension Trust Fund Deposits and Investment Risk Disclosures

Deposits

At year-end, the carrying amount of CCCERA's cash deposits was $90,000 (which is included in cash equivalents) and the bank balance was $956,000. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, $100,000 was covered by federal depository insurance, and $856,000 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

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

Investment Stewardship

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

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

Investment Risk

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

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

The following schedule is a list of fixed income and short-term investments and the related maturity schedule for CCCERA as of December 31, 2008 (in thousands):

		Investment Maturities				
Investment type		Less than 1 year	1-5 years	6-10 years	More than 10 years	Fair Value Total
Collateralized mortgage-backed securities (CMBS)	$	5,634	28,045	29,834	36,809	100,322
Collateralized mortgage-obligations			692	13	119,576	120,281
Corporate bonds		11,183	136,920	135,882	25,002	308,987
Private placements		229,844	19,630	54,238	62,731	366,443
Short-term investment-fund instruments					124,295	124,295
U.S. Treasury notes & bonds		39,016	23,038	35,847	173,652	271,553
U.S. agencies - (GNMA, FNMA, FHLMC)		4,025	58,100	46,754	301,796	410,675
Total	$	289,702	266,425	302,568	843,861	1,702,556

Custodial Credit Risk. For an investment, custodial credit risk is the risk that CCCERA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counter party fails. At year-end, CCCERA has no custodial credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The fair value of investments on loan at December 31, 2008, is $276,873,000, which was collateralized by cash in the amount of $280,748,000.

Concentration of Credit Risk. The Board's investment policies and guidelines permit investments in numerous specified asset classes to take advantage of professional investment management advice and a well-diversified portfolio. The investment portfolio contained no concentration of investments in any one entity (other than those issued or guaranteed by the U.S. Government) that represented 5% or more of plan net assets.

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

Fixed maturity investments may consist of rated or non-rated securities. Ratings can range from AAA (highest quality) to D (default). Debt securities with ratings of BBB or higher are considered investment grade issues, and debt securities with ratings of BB or lower are non-investment grade issues, and debt securities with rating of BB or lower are non-investment grade issues. Debt securities in the non-investment grade category are more speculative and often referred to as "high-yield." This is due to the fact that lower rated debt securities generally carry a higher interest rate to compensate the buyer for taking on additional risk.

The following is a schedule of the credit risk ratings of CCCERA's fixed income and short-term investments as of December 31, 2008, as rated by Standard and Poor's:

Quality Rating		Fair Value (in thousands)
AAA	$	1,033,769
AA+		37,669
AA		23,310
AA-		74,710
A+		22,178
A		38,211
A-		16,233
BBB+		26,342
BBB		33,703
BBB-		29,280
BB+		28,479
BB		17,700
BB-		19,925
B+		14,803
B		29,636
B-		20,556
CCC+		8,232
CCC		2,085
CCC-		24
CC		13
D		3,574
NR		222,124
Total	$	1,702,556

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The following is a schedule of credit quality ratings, by type, of CCCERA's fixed income and short-term investments as of December 31, 2008, as rated by Standard and Poor's:

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

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

Foreign Currency Risk. The risk that changes in exchange rates will adversely affect the fair value of an investment. CCCERA's external investment managers may invest in international securities and must follow CCCERA's investment guidelines pertaining to these types of investments. CCCERA does not have a formal policy relating to foreign currency risk. CCCERA's exposure to foreign currency risk is as follows:

Currency		(in thousands)
Australian dollar	$	10,629
Brazilian dollar		3,827
British pound sterling		65,402
Canadian dollar		9,511
Columbian peso		1,605
Czech Koruna		1,539
Danish krone		4,262
Egyptian pound		2,091
Euro		159,610
Ghanaian Cedi		2,531
Hong Kong dollar		19,945
Indian rupee		2,208
Indonesian rupiah		1,434
Japanese yen		87,761
Maldive Rufiyaa		1,908
Mexican peso		3,437
New Zealand dollar		4,784
Nigerian Naira		2,288
Norwegian krone		4,213
Polish zloty		8,218
Singapore dollar		3,377
Swedish krona		3,671
Swiss franc		42,898
Total	$	447,149

The following schedule is a list of investments for CCCERA as of December 31, 2008:

Type of Investment		Fair Value (in thousands)
Deposit	$	90
Short term investments held by fiscal agent		445,626
Short term investments held by the county		1,307
Total short term investments		447,023
U.S. government and agency instruments		802,828
Private placement bonds		366,443
Domestic corporate bonds		251,882
International bonds		148,552
Total bonds		1,569,705
Domestic stocks		1,181,871
International stocks		402,572
Total stocks		1,584,443
Real estate		372,960
Alternative investments		218,175
Total investments	$	4,192,306

Other Financial Instruments

As permitted by the California Government Code and the investment policy, CCCERA uses forward settlement contracts, forward currency contracts, futures and options contracts and other derivative products within fixed income financial instruments. These derivative financial instruments are used to reduce financial market risks, enhance yields and to participate in all market areas without increasing investment costs. At December 31, 2008, the following derivative financial instruments were held by investment managers:

Various investment managers for CCCERA manage fixed income portfolios that contain derivative type financial investments. These instruments include government and corporate obligations consisting of asset-backed securities, call and put options, floating rate notes, constant maturity index, Adjustable Rate Mortgages (ARMs), Collateralized Mortgage Obligations (CMOs), Collateralized Mortgage Backed Securities (CMBS) and LIBOR Indexed ARMs. The fair value of derivative financial instruments at December 31, 2008, is $682,538,000.

PIMCO and Lazard have made investments in forward currency contracts, which are unrecorded commitments to purchase or sell stated amounts of foreign currency. Gains or losses on the disposition of the commitments are recorded at the time of settlement. The fair values of forward contracts are determined by quoted currency prices from national exchanges. As of December 31, 2008, total commitments in forward currency contracts to purchase and sell foreign securities were $189,960,000 and $189,960,000, respectively, with market values of $195,768,000 and $193,950,000 respectively.

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

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

The custodian bank manages the securities lending program and receives cash and/or securities as collateral. The collateral cash can be invested and is automatically rolled into a Short-Term Investment Fund (STIF). The collateral securities cannot be pledged or sold by the CCCERA without borrower default. Securities on loan must be collateralized at 102.0% and 105.0% 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 that can be loaned at one time. CCCERA has the right to terminate any loan in whole or in part by providing the custodian bank with written notice (a "Recall Notice"). Because the loans are terminable at will, the term to maturity of the security loans is generally not matched with the term to maturity of the cash collateral. There were no losses associated with securities lending transactions during the year.

At year-end, additional funds of $3,522,000 are due as collateral for CCCERA's securities on loan. This is known as the "calculated mark" and will settle on the first business day of January, 2009. CCCERA had

no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The fair value of investments on loan at December 31, 2008, is $276,873,000, which was collateralized by cash in the amount of $280,748,000, and has been reported as an asset and liability in the CCCERA Statement of Plan Net Assets.

5. RECEIVABLES

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

Governmental Activities		General	CCC Fire Protection District Special Revenue	Land Development Special Revenue	Nonmajor	Internal Service	Total Governmental Activities
Taxes receivable	$	1,184	692		224		2,100
Accounts receivable		139,705	1,074	36,198	54,941	24,298	256,216
Advances receivable		84					84
Gross receivables		140,973	1,766	36,198	55,165	24,298	258,400
Less: Allowance for uncollectibles		(4)					(4)
Total receivables (net)	$	140,969	1,766	36,198	55,165	24,298	258,396

Business-type Activities		County Hospital	Housing Authority	Nonmajor	Total Business-type Activities
Accounts receivable	$	222,055	1,042	32,494	255,591
Gross receivables		222,055	1,042	32,494	255,591
Less: Allowance for uncollectibles		(178,219)			(178,219)
Total receivables (net)	$	43,836	1,042	32,494	77,372

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.

At June 30, 2009, the various components of deferred revenue and unearned revenue reported were as follows (in thousands):

	Unavailable	Unearned
Governmental Activities:		
General:		
Notes receivable (Community Development Block Grant-CDBG loans)	$ 62,877	
Advances not yet earned		5,167
Other receivables and advances		9,671
Resources received that do not yet meet the criteria for revenue recognition		64
CCC Fire Protection District Special Revenue:		
Resources received that do not yet meet the criteria for revenue recognition	65	
Land Development Special Revenue:		
Other receivables and advances		18,903
Resources received that do not yet meet the criteria for revenue recognition	128	
Nonmajor Governmental:		
Notes receivable	11,523	
Advances not yet earned		505
Other receivables and advances		2,116
Total Governmental Activities	$ 74,593	36,426
Business-type Activities:		
County Hospital:		
Resources received that do not yet meet the criteria for revenue recognition		$ 26,447
Housing Authority:		
Resources received that do not yet meet the criteria for revenue recognition		852
Nonmajor Enterprise:		
Resources received that do not yet meet the criteria for revenue recognition		557
Total Business-type Activities		$ 27,856

6. INTERFUND TRANSACTIONS

A. Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2009, is as follows (in thousands):

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Land Development Special Revenue Fund	$ 3,204
	CCC Fire Protection District Special Revenue Fund	231
	Nonmajor Governmental Funds	52,232
	County Hospital Enterprise Fund	7,426
	Nonmajor Enterprise Funds	1,346
	Internal Service Funds	2,331
		66,770
CCC Fire Protection District Special Revenue Fund	General Fund	12
	Nonmajor Governmental Funds	598
	Internal Service Funds	21
		631
Land Development Special Revenue Fund	General Fund	225
	CCC Fire Protection District Special Revenue Fund	3
	Nonmajor Governmental Funds	295
	Nonmajor Enterprise Funds	11,737
		12,260
Nonmajor Governmental Funds	General Fund	4,193
	Land Development Special Revenue Fund	21
	Nonmajor Governmental Funds	2,386
	County Hospital Enterprise Fund	53
	Nonmajor Enterprise Funds	5
	Internal Service Funds	33
		6,691
County Hospital Enterprise Fund	General Fund	1,868
	Land Development Special Revenue Fund	5
	Nonmajor Governmental Funds	532
	Nonmajor Enterprise Funds	15,519
	Internal Service Funds	34
		17,958
Nonmajor Enterprise Funds	General Fund	1,234
	County Hospital Enterprise Fund	27,520
	Internal Service Funds	16
		28,770
Internal Service Funds	General Fund	919
	CCC Fire Protection District Special Revenue Fund	3
	Land Development Special Revenue Fund	20
	Nonmajor Governmental Funds	130
	County Hospital Enterprise Fund	7
	Nonmajor Enterprise Funds	27
	Internal Service Funds	70
		1,176
Total		$ 134,256

The due to/from other funds account balances primarily resulted from interfund cash transactions recorded after the cash cut-off on June 30, 2009.

B. Advances To/From

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	Nonmajor Governmental Funds	$ 7,468
Total		$ 7,468

The advances to/from other funds account balances resulted from interfund loans from the Other Special Revenue Fund to the RDA.

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COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

C. Interfund Transfers

Transfers were made during the year from the General Fund to subsidize the operations of the Hospital, HMO, and Sheriff Law Enforcement Training Center. Other transfers primarily consisted of payments from the various operating funds (principally the General Fund) to debt service funds in accordance with long-term debt covenants. In addition, special revenue funds made transfers to other funds to reimburse eligible costs incurred.

Interfund transfers to/from other funds for the year ended June 30, 2009 were as follows (in thousands):

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	$ 328	Transfer for reimbursement of the County Emergency Communication Equipment Project.
	Nonmajor Governmental Funds	1,957	Transfer a portion of Salaries and Benefits Expense for the Retirement Litigation Settlement.
	Nonmajor Governmental Funds	268	Transfer funds for the Sheriff's Patrol usage of helicopter and communication systems.
	Nonmajor Governmental Funds	30	Transfer funds to reimburse for Aries Maintenance expenditures.
	Nonmajor Governmental Funds	60	Provide subsidy for Justice Automated Warrant System (JAWS).
	Nonmajor Governmental Funds	16	Transfer funds to reimburse for annexation costs.
	Nonmajor Governmental Funds	38,371	Transfer a portion of Salaries and Benefits Expense to the Pension Obligation Bond fund.
	Nonmajor Governmental Funds	51	Transfer of unspent lease purchase proceeds.
	County Hospital Enterprise Fund	57,831	Provide subsidy to cover portion of the County Hospital's operation.
	Nonmajor Enterprise Funds	3,519	Provide subsidy to cover a portion of the HMO's operation.
	Nonmajor Enterprise Funds	250	Provide subsidy to cover a portion of Law Enforcement Training Center operation.
	Internal Service Funds	3,632	Transfer release of fund balance reserve for vehicle replacement to the Fleet Services Internal Service Fund.
Total		$ 106,313	
Land Development Special Revenue Fund	General Fund	$ 383	Transfer funds for the Neighborhood Preservation Program.
	Nonmajor Governmental Funds	581	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond fund.
	Nonmajor Governmental Funds	37	Transfer a portion of Salaries and Benefits Expense for the Retirement Litigation Settlement.
Total		$ 1,001	

(continued)

Transfer From	Transfer To	Amount	Purpose
Nonmajor Governmental Funds	General Fund	$ 578	Transfer special revenue to support operations for detention and patrol.
	General Fund	6	Transfer and reimbursement for STAND! subsidy.
	General Fund	17,484	Transfer of Mental Health Services Act revenues for Fiscal Year 2008 - 2009.
	General Fund	253	Transfer funds for CLEEP interest.
	General Fund	2	Transfer of interest earned on CDBG for remittance to Housing Urban Development.
	General Fund	170	Transfer funds for Automated Systems Development.
	General Fund	216	Transfer funds for jail allocation.
	General Fund	5	Transfer funds for Fish and Wildlife grant.
	General Fund	8	Transfer to reimburse for the costs of the Discovery Bay Resident Deputies.
	CCC Fire Protection District Special Revenue Fund	132	Transfer funds from the Contra Costa Fire Protection District pension obligation bond to the Fire Pension Obligation Bond Stabilization fund.
	CCC Fire Protection District Special Revenue Fund	161	Transfer of Measure H funds to reimburse for Emergency Medical Services medical equipment.
	CCC Fire Protection District Special Revenue Fund	163	Transfer of Measure H funds for paramedic costs and oversight activities.
	CCC Fire Protection District Special Revenue Fund	500	Transfer of funds for the purchase of a fire truck, to improve fire safety, and emergency services within the county.
	Nonmajor Governmental Funds	1,865	Transfer a portion of Salaries and Benefits Expense to the Pension Obligation Bond fund.
	Nonmajor Governmental Funds	214	Transfer and reimbursement between stormwater funds.
	Nonmajor Governmental Funds	17	Transfer of CSA EM-a Measure H funds to reimburse for EMS medical equipment.
	Nonmajor Governmental Funds	687	Transfer a portion of Salaries and Benefits Expense for the Retirement Litigation Settlement.

(continued)

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Transfer From	Transfer To	Amount	Purpose
	Nonmajor Governmental Funds	60	Transfer funds in support of Clean Catch Basins initiative.
	Nonmajor Governmental Funds	60	Transfer funds in support of Litter Pickup initiative.
	Nonmajor Governmental Funds	4	Transfer project charges.
	Nonmajor Governmental Funds	8,249	RDA interfund transfers related to debt service and capital projects.
	Nonmajor Governmental Funds	76	Transfer from the Permanent fund to the Library.
	Nonmajor Governmental Funds	200	Transfer funds to the Dougherty Station Library from the County Service Area M-29 revenue per reimbursement agreement.
	Nonmajor Governmental Funds	34	Transfer Proposition 12 funds to County Service Area.
Total		$ 31,144	
County Hospital Enterprise Fund	Nonmajor Governmental Funds	$ 9,613	Transfer a portion of the Salaries and Benefits Expense to the Pension Obligation Bond fund.
	Nonmajor Governmental Funds	618	Transfer a portion of the Salaries and Benefits Expense for the Retirement Litigation Settlement.
Total		$ 10,231	
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	$ 36	Transfer a portion of the Salaries and Benefit Expense to the Pension Obligation Bond fund.
	Nonmajor Governmental Funds	646	Transfer a portion of the Salaries and Benefit Expense for the Retirement Litigation Settlement.
	Internal Service Funds	14	Transfer release of fund balance reserve for vehicle replacement to the Fleet Services Internal Service Fund.
Total		$ 696	
Internal Service Funds	Nonmajor Governmental Funds	$ 60	Transfer a portion of the Salaries and Benefit Expense to the Pension Obligation Bond fund.
	County Hospital Enterprise Fund	25	Transfer vehicle from Fleet Services to the County Hospital.
	Internal Service Funds	1,600	Transfer from Medical Liability Insurance fund to the Public Liability Insurance fund.
Total		$ 1,685	

(concluded)

The county pays a subsidy to the County Hospital, Health Maintenance Organization and Sheriff Law Enforcement Training Center 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):

Year End June 30	Total Subsidy
2007	$59,749
2008	62,244
2009	61,600

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 (March 31, 2009, for the Housing Authority), was as follows (in thousands):

		Balance July 1, 2008	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2009
Governmental Activities:						
Capital assets, not being depreciated:						
Land	$	73,406	2,332	(2,009)		73,729
Construction in progress		59,232	15,599		(4,555)	70,276
Total capital assets, not being depreciated		132,638	17,931	(2,009)	(4,555)	144,005
Capital assets, being depreciated:						
Infrastructure		400,870	24,602		4,555	430,027
Structures and improvements		631,199	17,285	(739)		647,745
Equipment		136,168	11,486	(7,232)	(25)	140,397
Total capital assets, being depreciated		1,168,237	53,373	(7,971)	4,530	1,218,169
Less accumulated depreciation for:						
Infrastructure		(107,869)	(8,481)			(116,350)
Structures and improvements		(312,445)	(20,684)	504		(332,625)
Equipment		(87,579)	(10,784)	6,490		(91,873)
Total accumulated depreciation		(507,893)	(39,949)	6,994		(540,848)
Total capital assets, being depreciated, net		660,344	13,424	(977)	4,530	677,321
Governmental activities capital assets, net	$	792,982	31,355	(2,986)	(25)	821,326

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		Balance July 1, 2008 (as restated)	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2009
Business-type Activities:						
Capital assets, not being depreciated:						
Land	$	12,816				12,816
Construction in progress		4,335	1,118		(1,258)	4,195
Total capital assets, not being depreciated		17,151	1,118		(1,258)	17,011
Capital assets, being depreciated:						
Structures and improvements		333,108	2,066	(89)	1,258	336,343
Equipment		37,706	4,300	(887)	25	41,144
Total capital assets, being depreciated		370,814	6,366	(976)	1,283	377,487
Less accumulated depreciation for:						
Structures and improvements		(152,915)	(11,158)	37		(164,036)
Equipment		(26,255)	(2,454)	854		(27,855)
Total accumulated depreciation		(179,170)	(13,612)	891		(191,891)
Total capital assets, being depreciated, net		191,644	(7,246)	(85)	1,283	185,596
Business-type activities capital assets, net	$	208,795	(6,128)	(85)	25	202,607

At July 1, 2008, the county, particularly Housing Authority, made the following restatements to business-type capital assets and depreciation (in thousands):

Business-type activities capital assets as reported in the prior year:	$208,803
Record adjustments to construction in progress	(8)
Business-type activities capital assets as restated - July 1, 2008	$208,795

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		Balance July 1, 2008	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2009
Component Unit:						
Capital assets, not being depreciated:						
Land	$	246				246
Total capital assets, not being depreciated		246				246
Capital assets, being depreciated:						
Structures and improvements		667				667
Equipment		95	12			107
Total capital assets, being depreciated		762	12			774
Less accumulated depreciation for:						
Structures and improvements		(29)	(25)			(54)
Equipment		(10)	(17)			(27)
Total accumulated depreciation		(39)	(42)			(81)
Total capital assets, being depreciated, net		723	(30)			693
Component unit capital assets, net	$	969	(30)			939

The Pension Trust Fund had net capital assets of $1,578,000. This consisted of servers, equipment, furniture, and leasehold improvements.

Depreciation

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

General government	$	21,535
Public protection		10,052
Health and sanitation		244
Public assistance		543
Education		303
Public ways and facilities		5,698
Recreation and culture		275
Capital assets held by the county's internal service funds are charged to the various functions based on their usage of the assets.		1,299
Total depreciation expense - governmental functions	$	39,949

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

County Hospital	$	8,319
Housing Authority		3,526
Nonmajor Enterprise Funds		1,767
Total depreciation expense - business-type functions	$	13,612

8. SHORT-TERM NOTES PAYABLE

On June 30, 2009, the county had no outstanding tax and revenue anticipation notes. The county redeemed the November 15, 2007, issue of $180,000,000 on December 5, 2008. The redemption monies were from taxes and other revenues transferred to a fiscal agent during the fiscal year. Total interest incurred on these notes during fiscal year 2008-2009 was $3,115,000. The note was issued to finance seasonal cash flow requirements for fiscal year ended June 30, 2009.

(In Thousands)

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
$	180,000		(180,000)	

9. PAYABLES

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

Governmental Activities		General	CCC Fire Protection District Special Revenue	Land Development Special Revenue	Nonmajor	Internal Service	Total Governmental Activities
Accounts payable	$	7,463	987	548	10,067	206	19,271
Accrued payroll		48,226	5,063	1,030	4,240		58,559
Total accounts payable and accrued liabilities	$	55,689	6,050	1,578	14,307	206	77,830

Business-type Activities		County Hospital	Housing Authority	Nonmajor	Total Business-type Activities
Accounts payable	$	5,906	960	27,818	34,684
Accrued payroll		19,213	354	1,060	20,627
Total accounts payable and accrued liabilities	$	25,119	1,314	28,878	55,311

10. LEASES

A. Operating Leases

Total rental expense for the year ended June 30, 2009 (March 31, 2009, for the Housing Authority), for all operating leases and month-to-month lease arrangements amounted to: $12,843,000 for the General Fund; $83,000 for the CCC Fire Protection District Special Revenue Fund; $1,112,000 for the nonmajor governmental funds; $22,000 for the Land Development Special Revenue Fund; $4,490,000 for the County Hospital Enterprise Fund; and $284,000 for nonmajor enterprise funds.

At June 30, 2009 (March 31, 2009, 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
2010	$	7,563	100
2011		6,645	100
2012		5,223	100
2013		3,627	100
2014		3,305	100
2015-2019		14,547	300
2020-2024		14,240	
Thereafter		15,052	
	$	70,202	800

B. Capital Leases

The county has capital lease purchase agreements for various county buildings, improvements, and equipment. The assets acquired under those lease purchase agreements are included in the county's capital assets. The costs of these assets for both governmental and business-type activities were $11,267,000 for buildings and improvements and $10,311,000 for equipment. The obligations related to those lease purchase agreements are included in the county's long-term obligations (see Note 11).

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COUNTY OF CONTRA COSTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

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, 2009 (in thousands):

Fiscal Year Ending June 30		Governmental Activities	Business-type Activities
2010	$	4,350	198
2011		3,432	355
2012		1,951	354
2013		1,169	214
2014		906	107
2015-2019		1,332	
2020-2024		140	
Total		13,280	1,228
Less: Amount representing interest		(1,600)	(145)
Present value of future minimum lease payments	$	11,680	1,083

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, 2009, amounted to $1,601,000 for the General Fund, $492,000 for nonmajor governmental funds, $45,000 for the County Hospital Enterprise Fund and $3,423,000 for nonmajor enterprise funds.

The leased assets included both land and buildings for both governmental and business-type activities. The net book value of the leased buildings was $1,259,000; including cost of $2,678,000 and accumulated depreciation of $1,419,000. The land leases were primarily associated with business-type activities at the Airport. The cost of the land associated with these leases is indeterminate, as the leased land is a small percentage of Airport land asset.

The following is a schedule of future minimum rental receipts on non-cancelable lease agreements, not including month-to-month lease agreements, as of June 30, 2009 (in thousands):

Fiscal Year Ending June 30		Governmental Activities	Business-type Activities
2010	$	348	2,206
2011		325	2,164
2012		222	1,899
2013		143	1,833
2014		13	1,747
2015-2019			8,350
2020-2024			7,035
2025-2029			6,818
2030-2034			6,449
2035-2039			5,098
2040-2044			2,831
2045-2049			368
	$	1,051	46,798

11. LONG-TERM OBLIGATIONS

The following is a summary of long-term liabilities transactions for the year ended June 30, 2009 (in thousands):

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Amounts Due Within One Year
Governmental Activities					
Compensated absences	$ 40,150	33,612	(35,019)	38,743	3,874
Claims payable	101,476	60,181	(47,033)	114,624	32,413
Net OPEB obligation (Note 16)	158,909	148,935	(57,582)	250,262	
Retirement litigation settlement debt service	24,034		(837)	23,197	904
Capital leases	12,478	2,629	(3,427)	11,680	3,803
Pension bonds payable	619,135		(30,215)	588,920	33,430
Notes payable	1,482		(98)	1,384	52
Other bonds payable	3,650		(390)	3,260	405
Lease revenue bonds	162,386	23,121	(9,423)	176,084	9,751
Tax allocation bonds	132,290		(1,410)	130,880	2,280
Special assessments	11,740		(665)	11,075	400
Environmental remediation [9]	1,750	292	(1,348)	694	694
Total government funds-gross	1,269,480	268,770	(187,447)	1,350,803	88,006
Capitalized premiums, discounts and deferred amounts on refundings	1,112		(157)	955	156
Total governmental activities - Long-term obligations - net	$ 1,270,592	268,770	(187,604)	1,351,758	88,162
Business-type activities					
Compensated absences	$ 10,823	10,462	(10,186)	11,099	1,396
Medical liability claims payable	5,677		(2,316)	3,361	908
Capital leases	1,346	16	(279)	1,083	144
Notes payable	18,563		(317)	18,246	324
Other non-current liabilities	4,226	407		4,633	
Landfill post closure and closure liability[1]	649			649	
Lease revenue bonds payable	138,319	1,940	(5,966)	134,293	6,347
Total enterprise funds-gross	179,603	12,825	(19,064)	173,364	9,119
Capitalized premiums/discounts	(7,645)		825	(6,820)	(825)
Total business-type activities - Long-term obligations - net	$ 171,958	12,825	(18,239)	166,544	8,294
Component unit					
Compensated absences	$ 93	87	(77)	103	10

Individual issues of bonds and notes outstanding at June 30, 2009, are as follows (in thousands):

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2009
Governmental activities					
Pension obligation bonds [4],[5]:					
2001 Issue/Remaining 1994 Issue	2014	5.55-6.80%	$ 15,915-33,280	$ 313,640	$ 145,995
2003 Issue	2022	3.98-5.14	0-44,925	322,710	319,460
2005 CCCFPD Issue	2022	4.11-5.06	1,620-10,900	129,900	123,465
					588,920
Lease revenue bonds [8]:					
1998 Lease revenue	2025	3.80-5.15	525-1,745	24,695	18,965
1999 Lease revenue	2028	4.00-5.25	1,095-3,350	66,560	20,068
2001A Lease revenue	2026	3.15-4.15	335-900	13,905	2,950
2001B Lease revenue	2017	4.25-5.20	80-365	5,258	437
2002A Lease revenue	2027	2.75-5.00	155-760	12,650	3,490
2002B Lease revenue	2019	2.00-4.60	930-2,090	25,440	11,620
2003A Lease revenue	2028	2.00-5.00	365-1,240	18,500	6,970
2007A Lease revenue	2028	4.00-5.00	0-13,294	95,544	58,169
2007B Lease revenue	2018	5.00	1,170-4,525	40,337	30,294
2009A Lease revenue	2024	4.48	1,119-2,057	23,121	23,121
					176,084
Tax allocation bonds [3]:					
1999 Tax allocation bond	2029	4.00-5.125	475-3,250	44,615	20,295
2003A Tax allocation bond	2034	3.00-5.85	375-5,055	43,345	6,780
2007A Tax allocation bond	2037	4.00-5.00	305-6,945	87,705	87,400
2007B Tax allocation bond	2037	4.00-5.00	260-1,090	16,665	16,405
					130,880
Special assessment debt with government commitment [6]:					
Kensington 91-1	2013	5.25-6.00	150-300	4,684	755
Pleasant Hill BART 93-5	2015	5.44-6.93	55-140	1,530	695
Pleasant Hill BART CFD 92-1	2016	8.00	7-14	171	85
Pleasant Hill BART CFD 98-1	2017	4.20-5.10	135-3,075	4,785	3,075
Norris Canyon 2001-1	2032	4.10-6.10	110-495	7,220	6,465
					11,075
Other bonds payable [2]:					
CCC PFA revenue bonds 2001	2017	4.00-5.69	360-570	6,575	3,260
Notes payable [7]:					
State Energy Commission	2010	3.00	12-52	385	52
State Energy Commission	2025	3.95	68-122	1,332	1,332
					1,384
Total governmental activities					$ 911,603

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2009
Business-type activities					
Notes payable [7]:					
Westamerica note	2017	4.33%	50-161	$ 1,570	$ 1,073
California Housing Finance Agency	2025	7.8	5-50	600	469
Housing Authority Office Building	2017	7.25	8-2,282	2,848	2,756
Rental Housing Construction Program	2055	3.00		2,627	2,627
California Community Reinvestment Corp	2023	6.60	9-6,443	10,115	9,693
State Energy Commission	2025	3.95	83-149	1,628	1,628
					18,246
Lease revenue bonds [8]:					
Hospital Enterprise					
1999 Los Medanos	2028	3.00-5.25	150-505	8,125	2,327
2001A Los Medanos	2026	3.15-4.15	10-265	4,125	875
2001B CC Regional Medical Center	2027	4.25-5.20	445-1,250	18,517	1,759
2007A Lease revenue	2028	4.00-5.00	0-3,691	26,521	63,016
2007B Lease revenue	2018	5.00	2,485-9,615	69,928	64,376
2009A Lease revenue	2024	4.48	94-173	1,940	1,940
					134,293
Total business-type activities					$ 152,539

NOTES:

(1) State environmental laws require the monitoring by the county of closed landfills for at least thirty years after closure. The liability is recognition of the estimated cost of performing the required post closure monitoring.

(2) Debt service payments are made from restricted property taxes and other revenues recorded in the debt service funds.

(3) The tax allocation bonds are secured by property tax increments. Annual principal and interest payments on the bonds are expected to require 90% of revenues from RDA Debt Service fund. The total principal and interest remaining to be paid on the bonds is $250,066,000. For the current year, principal and interest paid were $8,207,000 and property tax increment revenues were $7,119,000. The tax allocation bonds required 115% of current year's property tax increment revenues.

(4) In 1994, the county issued $337,365,000 in taxable pension obligation bonds. In 2001, the county restructured those bonds with a new issue in the amount of $107,005,000. In April 2003, the county issued $322,710,000 in taxable pension obligation bonds (2003 Series A).

(5) In July 2005, the CCC Fire Protection District issued $129,900,000 in taxable pension obligation bonds (2005 Series). Debt service payments are made from county and CCC Fire Protection District revenues.

(6) Debt service payments are made from special assessment levies on properties in each assessment district. The county administers the assessment and repayment of those bonds. Since early redemption is allowed, there may be differences between the earnings on money received from property owners wishing to pay off their debt early and the interest obligation that accumulates on their debt between the time they submit funds to the county and the next available redemption date,

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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.

Annual principal and interest payments on the special assessment debt are expected to require 75% of revenues. The total principal and interest remaining to be paid on the debt is $18,046,000. For the current year, principal and interest paid were $1,333,000 and revenues were $1,941,000. The special assessment debt required 69% of current year's revenues.

(7) Debt service payments are made from operating revenues.

(8) Debt service payments are made from lease payments by the General Fund, Special Revenue Funds, and County Hospital Enterprise Fund to the Public Financing Authority.

(9) RDA has entered into a global settlement agreement involving four parties to remediate hazardous materials located in Hookston Station, a project in the RDA Capital Projects fund. The estimated cost of the clean up and monitoring is $10,000,000, of which RDA has agreed to pay $2,542,000. During the year, expenditures in the amount of $1,348,000 and an increase of $292,000 were recognized leaving a remaining estimated balance of $694,000 at June 30, 2009.

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

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

Following is a schedule of debt payment requirements to maturity for governmental activities for long-term obligations, excluding compensated absences, environmental remediation, net OPEB obligation, and claims payable that have indefinite maturities, outstanding at June 30, 2009 (in thousands):

Fiscal Year Ending	Capital Lease Obligations		Pension Obligation Bonds		Other Bonds Payable	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 3,803	547	33,430	31,973	405	164
2011	3,060	372	39,410	29,899	360	145
2012	1,715	236	45,990	27,540	385	126
2013	1,009	160	53,795	24,943	405	105
2014	799	107	57,850	21,905	420	82
2015-2019	1,159	173	182,120	76,564	1,285	110
2020-2024	135	5	176,325	19,160		
Total	$ 11,680	1,600	588,920	231,984	3,260	732

Fiscal Year Ending June 30		Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Retirement Litigation Settlement Principal	Retirement Litigation Settlement Interest
2010	$	9,751	8,246	904	1,856
2011		10,186	7,828	976	1,783
2012		9,621	7,378	1,055	1,705
2013		10,186	6,931	1,139	1,621
2014		10,297	6,451	1,230	1,530
2015-2019		55,346	24,684	7,794	6,006
2020-2024		54,511	11,221	10,099	2,348
2025-2029		16,186	1,561		
Total	$	176,084	74,300	23,197	16,849

Fiscal Year Ending June 30		Tax Allocation Bonds Principal	Tax Allocation Bonds Interest	Special Assessment Debt Principal	Special Assessment Debt Interest	Notes Payable Principal	Notes Payable Interest
2010	$	2,280	6,712	400	638	52	1
2011		2,340	6,608	411	614		125
2012		2,415	6,500	436	589	68	57
2013		2,530	6,385	602	559	76	49
2014		2,645	6,262	318	531	79	46
2015-2019		15,340	29,180	4,283	1,988	445	181
2020-2024		19,750	24,774	1,380	1,202	542	85
2025-2029		25,440	18,930	1,850	719	122	4
2030-2034		32,820	11,356	1,395	131		
2035-2039		25,320	2,479				
Total	$	130,880	119,186	11,075	6,971	1,384	548

As of June 30, 2009, annual debt service requirements of business-type activities to maturity, except for compensated absences, medical liability claims payable, landfill post closure liability, and other noncurrent liabilities that have indefinite maturities, are as follows (in thousands):

Fiscal Year Ending June 30		Capital Lease Obligations Principal	Capital Lease Obligations Interest	Notes Payable Principal	Notes Payable Interest	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest
2010	$	144	54	324	928	6,347	6,440
2011		310	45	336	1,113	6,640	6,130
2012		325	29	450	1,009	7,987	5,804
2013		200	14	482	978	8,281	5,407
2014		104	3	510	950	8,682	4,996
2015-2019				4,662	4,055	45,733	18,178
2020-2024				8,667	2,720	38,288	7,832
2025-2029				188	397	12,335	1,200
2030-2034					390		
2035-2039					395		
2040-2044					395		
2045-2049					395		
2050-2054					395		
2055-2059				2,627	79		
Total	$	1,083	145	18,246	14,199	134,293	55,987

New Bonds Issued

2009A Lease Revenue Bonds – In June 2009, the Public Financing Authority issued $25,062,000 of 2009 Lease Revenue Bonds Series A. The bonds were sold in a private placement with Banc of America. The proceeds are to be used for acquisition, construction, improvement and/or equipping of Central County Employment and Human Services Department (EHSD), EHSD Building, the Martinez Health Clinic, and to pay cost of issuance of $355,000. The bonds carry a 4.48% interest rate and mature serially through fiscal year 2023 – 2024.

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, 2009, $79,515,000 in outstanding obligations is considered to be defeased.

Legal Debt Limit

As of June 30, 2009, the county's debt limit (5% of valuation subject to taxation) was $7.991 billion. The total amount of debt applicable to the debt limit was $681 million, net of assets in the debt service funds and other deductions allowed by law. The resulting legal debt margin was $7.310 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, 2009, 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, 2009, the county had participated in the issuance of 37 series of Multifamily or Single Family Housing Revenue Bonds. The aggregate principal amount remaining payable for the bonds issued was $300,660,000.

Not included in the above amount are two defeased issues totaling $46,500,000.

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 in capital assets (net of related debt), restricted and unrestricted.

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

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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, 2009, reservations of fund balance are described below:

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

- *Bond proceeds with eligibility restriction* – to account for bond proceeds held in escrow by the trustee for future use on capital projects once certain eligibility requirements are met.
- *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.
- *Lease purchases* – to reflect the funds held by trustees or fiscal agents for lease purchases.
- *Permanent fund-expendable portion* – to reflect the fund's accumulated expendable earnings.
- *Permanent fund-nonexpendable portion* – to reflect the fund's principal balance, which is not expendable.

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

- *Equipment replacement* – to reflect financial resources intended for equipment replacement.
- *Litigation/audit* – to reflect financial resources for potential litigation or audit. This is in addition to the amounts in the internal service funds.
- *CCC Fire Protection District reserve designation* – to reflect the financial resources of the Reserve Policy established by the Board of Supervisors to serve as a prudent management tool in maintaining the long term financial health and stability of the CCC Fire Protection District.
- *General fund capital reserve* – to reflect reserved financial resources by board designation for capital projects.
- *General fund reserve designation* – to reflect the financial resources of the Reserve Policy established by the Board of Supervisors to serve as a prudent management tool in maintaining the long term financial health and stability of the county.

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, $20,000, at June 30, 2009, is shown on the Statement of Net Assets as Net Assets Restricted for Permanent Fund – expendable portion.

15. EMPLOYEES' RETIREMENT PLAN

A. Plan Description

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

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

The plan is currently divided into seven benefit sections in accordance with the 1937 Act. These sections are known as General Tier I, Tier II, Tier III enhanced; Safety Tier A, Tier C and Contra Costa County Fire Protection District Safety and Tier 1. 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.

Effective January 1, 2007, Contra Costa County and the Deputy Sheriff's Association agreed to adopt a new Safety Tier C for sworn employees hired by the county after December 31, 2006. A Deputy Sheriff hired on or after this date will have a 3% at 50 benefit formula with a 2% maximum COLA and a 36 month final average salary period.

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

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

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

Service retirement benefits are based on age, length of service and final average salary in accordance with the California Government Code Section 31462 and 31462.1. For the Tiers I, III and Safety Tier A sections, the retirement benefit is based on a one-year average salary. For Tier II and Safety Tier C, 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, 2006, became effective July 1, 2008. 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.

On March 25, 2009, the Retirement Board decided to leave the unfunded liability (UAAL) derived from periods on or before the December 31, 2007, valuation date to be amortized on a level percent closed basis over 14 years on a declining basis.

Subsequent UAAL's, starting with December 31, 2008, will be amortized in multiple layers (each year will constitute a new layer) with each year's gains/losses amortized over a separate 18 year period on a declining basis.

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 2008-2009 (based on covered payroll as of January 1, 2007) ranged from 4.63% to 17.81% of the employees' annual covered salary.

The county employer rates of contribution, calculated as a percentage of the county's covered payroll as determined in an actuary report as of December 31, 2006, for fiscal year 2008-2009 were:

	Enhanced
General Members, Tier I	27.52 %
General Members, Tier II	N/A
General Members, Tier III	25.95
Safety Members, Tier A	50.03
Safety Members, Tier C	43.33
CCC Fire Protection District - Safety	29.46
CCC Fire Protection District - Tier I	19.71

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, 2009, were as follows (in thousands):

Annual required contribution (county fiscal year basis)	$	169,348
Interest on beginning pension asset		(43,470)
Adjustment to the annual required contribution		102,191
Annual pension cost		228,069
Contributions made (including Retirement Litigation Settlement)		169,348
Increase (Decrease) in pension asset		(58,721)
Net pension asset, beginning of year		531,741
Net pension asset, end of year	$	473,020

The following table shows the county's annual pension cost (APC) and the percentage contributed for the fiscal year 2008-2009 and each of the two preceding fiscal years (in thousands):

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2007	$192,412	78.76 %	$580,854
2008	209,223	76.53	531,741
2009	228,069	74.25	473,020

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

CCCERA's funded status based on the most recent actuarial valuation performed by The Segal Company as of December 31, 2007, is as follows:

SCHEDULE OF FUNDED STATUS
(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets*	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/07	$ 5,016,137	$ 5,581,048	$ 564,911	89.9%	$ 671,618	84.1%

16. OTHER POSTEMPLOYMENT HEALTHCARE PLAN

A. Plan Description

The county is the plan sponsor and administers a single-employer defined benefit healthcare plan. The plan provides postemployment medical and dental insurance benefits to eligible retired employees and their dependents (County of Contra Costa Post Retirement Health Benefit Plan). Benefit provisions are established and may be amended through negotiations between the county and the respective bargaining units. See Note 19 Commitments and Contingencies – B. Health Insurance.

The county contracts with Kaiser Permanente, Health Net, Contra Costa Health Plans, and the California Public Employees' Retirement System (CalPERS) to provide medical benefits and Delta Dental and PMI Deltacare for dental benefits.

In calendar year 2008, the Contra Costa County Board of Supervisors adopted for both safety and non-safety unrepresented employees, and appointed and elected officials, and for persons who retired from classifications that were unrepresented at the time of retirement, appointed, or elected, the following changes:

- Beginning on January 1, 2010, the county health care premium subsidy including CalPERS is set at the calendar year 2009 dollar amount.
- Beginning on January 1, 2010, the county dental care premium subsidy including CalPERS is set at the calendar year 2009 amount.
- After December 31, 2008, employees and retirees, and dependents of employees and retirees, can no longer have dual coverage in two county/district health or dental plans, including CalPERS plans. This provision will apply to county and district employees and retirees who have spouses or partners who are either county or district employees or who retired either from the county or from a Board governed special district such as the Contra Costa Fire Protection District.
- Individuals who become 65 on or after January 1, 2009 are required to enroll in Medicare Parts A and B.
- A new health care tier was established for employees hired, appointed, or elected after December 31, 2008.

B. Eligibility

County retirees are eligible for membership in the plans upon retirement from the county (drawing a pension from CCCERA or CalPERS). Members in deferred retirement status may maintain membership in county health plans at their own cost and become eligible for coverage as a retiree upon commencement of their pension.

	Primary Government	Blended Component Unit Housing Authority	Discrete Component Unit First 5 Contra Costa Children and Families Commission
Active plan members	8,549	98	19
Retirees and beneficiaries receiving benefits	5,813	56	
Terminated plan members entitled to, but not yet receiving benefits	11		1

C. County Funding Policy

The contribution requirements of program members and the county are established and may be amended through negotiations between the county and the respective bargaining units. For the fiscal year ended June 30, 2009, the funding was based on the "pay-go" basis plus a contribution of $20 million to the Contra Costa County Other Postemployment Benefits Irrevocable Trust Fund. For fiscal year ended June 30, 2009, the county paid $37.5 million as the "pay-go" cost (approximately 86.7% of total premiums). Plan members receiving benefits contributed $5.8 million, or approximately 13.3% of the total premiums, through their required contribution. The contributions for fiscal year ended June 30, 2009, were as follows (in thousands):

	Active Employees	Retirees	Total
Total blended premiums at $7,451 per plan member	$ 0	43,312	43,312
Employer pre-funding contributions		20,038	20,038
Less: member contributions	0	(5,768)	(5,768)
Total Employer Contributions	$ 0	57,582	57,582

D. Annual OPEB Cost and Net OPEB Obligation

The county's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The county charges current costs of these benefits to the employee's department. The county has determined that the future liability is an obligation of the general government. The county records the accrued liability and expense in the general government classification of the Government-Wide Statement of Net Assets and Statement of Activities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the county's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the county's net OPEB obligation (dollar amounts in thousands):

	Primary Government	Blended Component Unit Housing Authority	Discrete Component Unit First 5 Contra Costa Children and Families Commission
Annual required contribution	$ 138,892	861	89
Interest on net OPEB obligation	10,043	13	2
Adjustment to annual required contribution	0	25	(2)
Annual OPEB cost (expense)	148,935	899	89
Contributions made	(57,582)	(212)	0
Increase in net OPEB obligation	91,353	687	89
Net OPEB obligation, beginning of year	158,909	281	31
Net OPEB obligation, end of year	$ 250,262	968	120

The county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2009, and the preceding fiscal year, were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/09	$ 148,935	38.7 %	$ 250,262
06/30/08	194,980	18.5	158,909

Refer to the Required Supplemental Information for the schedule of funding progress.

E. Funded Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $1.879 billion of which $20,038,000 is funded. The covered payroll (annual payroll of active employees covered by the plan) was $625,273,000, and the ratio of the unfunded accrued actuarial liability (UAAL) to the covered payroll was 297.31%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past exceptions and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are

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designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.32% investment rate of return (net of administrative expenses), which is the expected long-term investment return on the county's own investments and an annual healthcare cost trend rate of 10% initially, reduced by 1% decrements to an ultimate rate of 5% after five years. Both rates included a 3.5% inflation assumption. The UAAL is being amortized as a level dollar amount over 30 years on a closed basis. The remaining amortization period is twenty-eight years.

The county began pre-funding benefits in fiscal year ended June 30, 2008. Funding was increased to $20 million in fiscal year ending June 30, 2009. The county will pre-fund an additional $20 million in fiscal year ending June 30, 2010. CCCERA personnel are employees of the county. Their OPEB obligation is included with the county's data.

G. Blended and Discretely Presented Component Units

Housing Authority of the County of Contra Costa

The Housing Authority of the County of Contra Costa is a blended component unit. Its personnel are covered by a separate OPEB plan administered by the Housing Authority. Housing Authority's annual OPEB cost and net OPEB obligation for the fiscal year ended March 31, 2009, and the preceding fiscal year, were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
03/31/09	$ 899	23.6 %	$ 968
03/31/08	1,305	78.5	281

The Housing Authority issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by submitting a request in writing to the following address:

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

First 5 Contra Costa Children and Families Commission

First 5 Contra Costa Children and Families Commission is a discretely presented component unit. Its personnel are covered by a separate OPEB plan administered by First 5 Contra Costa Children and Families Commission. First 5 Contra Costa Children and Families Commission's annual OPEB cost and net OPEB obligation for the fiscal year ended June 30, 2009, and the preceding year, were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/09	$ 89	0.0 %	$ 120
06/30/08	31	0.0	31

First 5 Contra Costa Children and Families Commission issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by submitting a request in writing to the following address:

First 5 Contra Costa Children and Families Commission
1485 Enea Court, Suite 1200, Concord, CA 94520

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 been audited by the fiscal intermediary through June 30, 2002, and June 30, 2006, respectively. 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, 2009, are summarized as follows (in thousands):

Medicare	$ 4,962
Medi-Cal	33,923
Private insurance	2,578
Total Net Patient Receivables	$ 41,463

The net receivables from patients and third party payers exclude an allowance for uncollectible non-patient receivables of approximately $10,351,000.

18. RISK MANAGEMENT

The county self-insures its unemployment, dental and management long-term disability.

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.

The county maintains up to $600,000,000 "All Risk" insurance coverage subject to a $50,000 deductible to cover its property, except for loss caused by earthquake or flood. Loss caused by earthquake is insured to $240,000,000 on a shared aggregate and is subject to a minimum 5% deductible per location with a minimum $100,000 basis and maximum $500,000 deductible. Loss caused by flood is insured to $600,000,000 on a shared aggregate and is subject to a minimum 2% deductible per location with a $100,000 minimum and $500,000 maximum per occurrence deductible. The county has $100,000,000 boiler and machinery coverage with a $5,000 deductible.

The county is exposed to various risk of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The county currently reports its risk management activities in its Workers' Compensation Insurance, Long-Term Disability Trust, Employee Benefits Trust, and Personal Injury and Property Damage Funds (Internal Service Funds).

The county is self-insured for most insurable risk, except for excess insurance coverage provided by commercial insurance and reinsurance companies that are limited to the following:

- Airports hangar keepers liability and property damage coverage is limited to a maximum of $100 million with no deductible.
- Property insurance - all risk in excess of $50,000 per incident, but limited to $600 million.
- Property insurance - flood damage in excess of 2% per unit, $100,000 minimum and $500,000 maximum deductible per incident, but limited to $600 million shared aggregate.
- Property insurance - earthquake in excess of 5% per unit, $100,000 minimum and $500,000 maximum deductible, but limited to a maximum of $240 million shared aggregate.
- Property insurance - terrorism limited to $200 million with a $500,000 deductible.
- Crime bond coverage in excess of $50,000 per incident, but limited to a maximum of $10 million for fidelity coverage and $250,000 forgery coverage with a $2,500 deductible.
- General and auto liability in excess of $1 million per incident, but limited to a maximum of $50 million.
- Workers' Compensation in excess of $750,000 per incident, but limited to a maximum of $50 million; coverage provided by CSAC-EIA (California State Association of Counties Excess Insurance Pooling Fund).
- Medical malpractice in excess of $500,000 per incident, limited to $11.5 million.
- Watercraft in excess of $1,000 per incident, limited to a maximum of $1 million.
- Sheriff's helicopters limited to $50 million per incident.
- Boiler and machinery limited to $100 million with a $5,000 deductible.

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

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

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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 $117,985,000 at June 30, 2009, for all self-insured claims in the internal service funds, which includes an amount for incurred, but not reported, claims. The self-insurance reserve is based on actuarially determined amounts for workers' compensation, public and automobile liability, and medical liability and based on management's estimates for all other reserves. In the opinion of the county, the amounts accrued are adequate to cover claims incurred but not reported in addition to known claims.

Changes to the internal service funds' claims liability amount, including medical liability claims payable, for fiscal years 2007-2008 and 2008-2009 are as follows (in thousands):

Liability at June 30, 2007	$ 115,849
FY 2007-2008 claims and changes in estimates	18,150
FY 2007-2008 claim payments	(26,846)
Liability at June 30, 2008	107,153
FY 2008-2009 claims and changes in estimates	60,181
FY 2008-2009 claim payments	(49,349)
Liability at June 30, 2009	$ 117,985

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, 2009, have not yet been conducted. Accordingly, the county's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The county believes that such disallowances, if any, would not have a material effect on the basic financial statements.

B. Health Insurance

Health care benefits for active and retired employees are jointly financed by the beneficiaries and by the county. Most employees have a choice of participation in five medical plans: Kaiser Permanente, a private health maintenance organization (HMO); Health Net (HMO); Health Net, a preferred 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, United Chief Officers Association, East Contra Costa Fire Fighters, and Unrepresented Fire Managers 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% of Kaiser Permanente, 80.0% of Health Net (HMO), 58.0% of Health Net (PPO) and 98.0% of CCHP A and 90.0% 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 2008-2009 for active employees was $92,818,000. The county's liability for health care benefits is limited to its annual contribution.

C. 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.

D. Construction Commitments

The county had entered into contracts for the construction of certain projects. At June 30, 2009, there were outstanding commitments of $2,836,000 for State Route 4 Bypass Project, $6,797,000 for Iron Horse Corridor Overcrossing, $10,152,000 for the Bethel Island Bridge, $1,390,000 for miscellaneous capital projects.

E. 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, 2009.

20. SUBSEQUENT EVENTS

A. Defeasance of 2007 Tax Allocation Bonds

At the time the 2007 Tax Allocation Bonds, Series A, A-T, and B (Bonds) were issued, $7,850,000 was placed into escrow for the benefit of the North Richmond Project Area under the Indenture of Trust with U.S. Bank National Association, dated as of May 1, 2007 (Indenture). The escrowed proceeds were to be

released by August 1, 2009 upon completion of an amendment to the North Richmond Project Area Plan that increased the debt limit and upon meeting other conditions relating to debt capacity. On June 11, 2009, the RDA requested $3,000,000 of the escrowed proceeds to be released, as this is the amount of proceeds eligible to the North Richmond Project Area based on the conditions of the Indenture. On August 3, 2009, the remaining escrowed proceeds held by the escrow agent were used to defease $4,850,000 of the Bonds.

B. State of California Fiscal Crisis

The state of California (state) has decided to borrow, to defer certain revenue payments and to take certain funds from local governments including the county. The amounts are very significant to the county and are as follows:

- 8% of Property Taxes $38,240,000
- RDA $6,300,000

Property Taxes borrowed by the state for fiscal year 2009 – 2010 were nearly $2 billion statewide to help the state's budget shortfall. Legislators and the Governor promised to allow local agencies to sell their eventual repayment from the state to investors to cover the property taxes and to pay the full cost of the sale, or securitization. Passage of Senate Bill 67 (SB 67) was accomplished on October 14, 2009. A future bond sale is necessary to complete the funding or securitization. The county has planned to use these funds in the 2009 – 2010 budget. Any delay in funding may mean that the county will have no choice but to adopt mid-year service reductions, layoffs and other measures to manage significant cash flow shortfalls that will occur. However, funding is expected to occur on the same days as the shifts of property tax to the state.

The State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of $2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the state's Proposition 98 obligations to schools. The RDA's share of this revenue shift is approximately $6.3 million in fiscal year 2009 – 2010 and $1.3 million in fiscal year 2010 – 2011. Payments are to be made by May 10 of each respective fiscal year. In response to AB 26 4x, the RDA has reprogrammed funds from previously funded initiatives in order to make the required payments.

REQUIRED SUPPLEMENTARY INFORMATION (Other than MD&A)

COUNTY OF CONTRA COSTA

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
CURRENT YEAR AND ONE YEAR AGO
(In Thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	Primary Government						
2009	Jan. 1, 2008	$ 20,038	$ 1,879,031	$ 1,858,993	1.07 %	$ 625,273	297.31 %
2008	Jan. 1, 2008	0	2,367,023	2,367,023	0.00	609,856	388.13
	Housing Authority						
2009	Apr. 1, 2008	0	8,237	8,237	0.00	5,345	154.10
2008	Jan. 1, 2006	0	16,457	16,457	0.00	5,279	311.74
	First 5 Contra Costa Children and Families Commission						
2009	July 1, 2008	0	359	359	0.00	1,183	30.35
2008	Jan. 1, 2008	0	251	251	0.00	1,059	23.70

SCHEDULE OF FUNDING PROGRESS
EMPLOYEES' RETIREMENT PLAN
CURRENT YEAR AND TWO YEARS AGO
(In Thousands)

Calendar Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2008	Dec. 31, 2007	$ 5,016,137	$ 5,581,048	$ 564,911	89.90 %	$ 671,618	84.00 %
2007	Dec. 31, 2006	4,460,871	5,293,977	833,106	84.00	653,953	127.00
2006	Dec. 31, 2005	4,062,057	4,792,428	730,371	85.00	627,546	116.00

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, 2009
(In Thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 320,128	312,486	314,074	1,588
Licenses, permits and franchise fees	15,415	15,418	14,041	(1,377)
Fines, forfeitures and penalties	14,411	14,690	14,538	(152)
Use of money and property	6,281	6,343	7,848	1,505
Intergovernmental	604,216	597,755	552,511	(45,244)
Charges for services	193,907	211,226	221,026	9,800
Other revenue	96,526	108,358	97,203	(11,155)
Total revenues	1,250,884	1,266,276	1,221,241	(45,035)
Expenditures:				
Current:				
General government:				
Administrator	4,350	4,705	3,965	740
Assessment Litigation Services		2,704	2,704	
Assessor	16,625	16,342	15,653	689
Auditor-Controller	7,971	8,008	7,557	451
Board Mitigation Programs	2,600	2,600	994	1,606
Board of Supervisors	5,173	5,164	4,720	444
Building Maintenance	32,675	39,382	38,572	810
Building Occupancy Cost	12,921	13,404	13,348	56
Central Service/Microfilm	516	564	558	6
Clerk of the Board	595	608	608	
Community Access Television	2,885	2,354	765	1,589
County Counsel	5,350	5,397	4,904	493
Crockett-Rodeo Revenues	640	640	447	193
Economic Development	56	77	63	14
Elections	10,533	10,372	9,607	765
Employee Benefits	4,244	4,244	2,650	1,594
Fleet Services	896	1,147	233	914
General Services Administration		630	630	
General Services Outside Agency Service	507	1,479	1,479	
Human Resources	8,749	8,706	7,356	1,350
Information Technology	3,523	3,523	3,417	106
Insurance	12,311	12,208	10,647	1,561
Keller Canyon Mitigation	1,704	1,704	1,395	309
Management Information Systems	1,401	1,390	1,180	210
Personnel Merit Board	88	87	53	34
Plant Acquisition	13,432	19,944	5,498	14,446
Purchasing	989	981	916	65
Revenue Collections	2,928	2,914	2,899	15
Telecommunications	2,943	3,553	3,533	20
Treasurer-Tax Collector	5,342	5,308	4,971	337
UAAL Pension Bond Debt Service Transfer	(4,535)	(4,535)	(4,535)	
Total general government	157,412	175,604	146,787	28,817

(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, 2009
(In Thousands)

	Budgeted Amounts		Actual Amounts Budgetary	Variance with Final Budget Positive
	Original	Final	Basis	(Negative)
Public protection:				
Agriculture	5,247	5,253	5,179	74
Animal Services	10,448	10,382	9,769	613
Community Development	10,799	10,792	10,620	172
Conflict Defense Services	2,675	4,270	4,270	
Coroner	2,832	2,929	2,929	
Criminal Grand Jury	50	77	77	
District Attorney	29,006	29,597	29,565	32
Emergency Services	7,948	12,514	9,655	2,859
Flood Control	585	832	832	
Grand Jury	147	154	153	1
Jail	76,940	74,833	70,775	4,058
Jail - Health Services	17,340	17,402	17,364	38
Law and Justice Systems	423	2,110	2,070	40
Local Agency Information	180	180	180	
Probation - Programs	28,264	27,229	27,177	52
Probation - Facilities	28,051	26,982	26,116	866
Probation - Care of Court Wards	7,095	7,095	6,719	376
Public Administrator	313	313	300	13
Public Defender	19,416	19,318	18,713	605
Recorder	3,876	3,694	3,297	397
Sheriff	103,140	105,312	100,599	4,713
Trial Court Programs	20,150	20,116	18,535	1,581
Vehicle Theft Programs	1,607	1,607	1,048	559
UAAL Pension Bond Debt Service Transfer	(20,604)	(20,604)	(20,604)	
Total public protection	355,928	362,387	345,338	17,049
Health and sanitation:				
Children's Services	8,793	7,951	7,950	1
Conservator/Guardianship	2,149	2,629	2,629	
Environmental Health	16,799	16,714	16,693	21
Health Services Homeless Program	3,270	3,991	3,991	
Mental Health	114,378	129,399	129,399	
Public Health	40,255	39,593	39,552	41
Solid Waste Management	396	396	361	35
Substance Abuse	15,974	15,904	15,904	
UAAL Pension Bond Debt Service Transfer	(5,251)	(5,251)	(5,251)	
Total health and sanitation	196,763	211,326	211,228	98

(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, 2009
(In Thousands)

	Budgeted Amounts		Actual Amounts Budgetary	Variance with Final Budget Positive
	Original	Final	Basis	(Negative)
Public assistance:				
Ann Adler Child & Family	92	75	75	
ARRA-HPRP/CDBG R Grants		36	36	
Community Development	12,203	12,206	8,514	3,692
Community Services	33,938	33,090	32,724	366
Housing Rehabilitation	851	851	678	173
EHSD - Administration	2,297	4,723	4,689	34
EHSD - Child & Family	129,344	107,506	107,506	
EHSD - Aging & Adult	95,052	106,503	106,503	
EHSD - Workforce Services	126,243	126,477	126,477	
EHSD - WFRC Investment Board	6,086	8,411	8,411	
Services Integration	992	131	131	
Veterans Services	748	737	716	21
Zero Tolerance Domestic Violence Initiative	2,073	2,437	2,436	1
UAAL Pension Bond Debt Service Transfer	(8,237)	(8,237)	(8,237)	
Total public assistance	401,682	394,946	390,659	4,287
Education:				
Cooperative Extension Services	337	346	333	13
UAAL Pension Bond Debt Service Transfer	(12)	(12)	(12)	
Total education	325	334	321	13
Public ways and facilities:				
Public Works	37,772	38,465	38,410	55
Road Construction	22,264	22,264	18,125	4,139
UAAL Pension Bond Debt Service Transfer	(1,687)	(1,687)	(1,687)	
Total public ways and facilities	58,349	59,042	54,848	4,194
Recreation and culture:				
Park Administration	43	43		43
Total recreation and culture	43	43		43
Debt service:				
Principal	98	98	98	
Interest	100	2,374	2,274	100
Total expenditures	1,170,700	1,206,154	1,151,553	54,601
Excess of revenues over expenditures	80,184	60,122	69,688	9,566
Other Financing Sources (Uses):				
Transfers in	2,366	7,006	19,106	12,100
Transfers out	(107,713)	(105,412)	(106,313)	(901)
Capital lease financing			2,629	2,629
Total other financing sources (uses)	(105,347)	(98,406)	(84,578)	13,828
Net change in fund balances	(25,163)	(38,284)	(14,890)	23,394
Fund Balance at Beginning of Year	145,614	145,614	145,614	
Fund Balance at End of Year	$ 120,451	107,330	130,724	23,394

(concluded)

COUNTY OF CONTRA COSTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CCC FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 92,960	89,485	87,744	(1,741)
Licenses, permits, and franchise fees	106	106	240	134
Use of money and property	522	522	158	(364)
Intergovernmental	4,844	4,819	4,987	168
Charges for services	4,234	5,164	5,197	33
Other revenue	100	251	735	484
Total revenues	102,766	100,347	99,061	(1,286)
Expenditures:				
Current:				
Public protection				
Salaries and benefits	80,774	80,348	72,659	7,689
Services and supplies	14,237	13,114	7,942	5,172
Other charges	3,028	3,078	2,857	221
Fixed assets	8,234	9,780	3,088	6,692
Expenditure transfers	9,342	9,366	9,365	1
Total expenditures	115,615	115,686	95,911	19,775
Excess (deficiency) of revenues over (under) expenditures	(12,849)	(15,339)	3,150	18,489
Other Financing Sources:				
Transfers in	150	650	956	306
Total other financing sources	150	650	956	306
Net change in fund balance	(12,699)	(14,689)	4,106	18,795
Fund Balance at Beginning of the Year	24,550	24,550	24,550	
Fund Balance at End of Year	$ 11,851	9,861	28,656	18,795

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, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses, permits and franchise fees	$ 16,982	16,982	10,286	(6,696)
Use of money and property	1,828	1,828	643	(1,185)
Intergovernmental	19	1,213	104	(1,109)
Charges for services	14,494	14,494	12,114	(2,380)
Other revenue	7,240	7,240	4,988	(2,252)
Total revenues	40,563	41,757	28,135	(13,622)
Expenditures:				
Public protection				
Salaries and benefits	13,556	13,539	12,633	906
Services and supplies	16,916	16,497	3,125	13,372
Other charges	1,722	1,743	1,264	479
Fixed assets	18,470	18,231	139	18,092
Expenditure transfers	8,361	9,015	8,584	431
Total public protection	59,025	59,025	25,745	33,280
Public assistance				
Services and supplies		1,052	17	1,035
Expenditure transfers		142	85	57
Total public assistance		1,194	102	1,092
Public ways and facilities				
Services and supplies	1,106	1,106	333	773
Other charges	221	721	627	94
Expenditure transfers	9,891	9,391	7,092	2,299
Total public ways and facilities	11,218	11,218	8,052	3,166
Debt service:				
Interest	44	44	44	
Total expenditures	70,287	71,481	33,943	37,538
Deficiency of revenues under expenditures	(29,724)	(29,724)	(5,808)	23,916
Other Financing Uses:				
Transfers out	(618)	(618)	(1,001)	(383)
Total other financing (uses)	(618)	(618)	(1,001)	(383)
Net change in fund balance	(30,342)	(30,342)	(6,809)	23,533
Fund Balance at Beginning of Year	31,408	31,408	31,408	
Fund Balance at End of Year	$ 1,066	1,066	24,599	23,533

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2009

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 the departments don't exceed the amounts appropriated by the Board of Supervisors for the year. The county uses an encumbrance system as an extension of normal budgetary accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities and are re-established, along with their encumbered appropriations as part of the following year's budget. Any appropriations remaining in the departments at the end of the fiscal year automatically lapse and are transferred to fund balance. The year-end fund balance, along with projected revenues, becomes available for appropriation the following year.

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY SCHEDULES

COUNTY OF CONTRA COSTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
Assets:					
Cash and investments	$ 231,212	12,854	22,995	98	267,159
Accounts receivable and accrued revenue	47,794	6,616	755		55,165
Due from other funds	3,938	1,989	764		6,691
Advances to other funds	7,468				7,468
Notes receivable	11,501		22		11,523
Prepaid items and deposits	950				950
Land held for resale	2,645		4,762		7,407
Restricted cash and investments	13,389	31,679	44,676	1,729	91,473
Total assets	$ 318,897	53,138	73,974	1,827	447,836
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 10,928	3,085	294		14,307
Due to other funds	39,089	13,225	3,781	78	56,173
Advances from other funds	6,030	106	1,332		7,468
Deferred revenue	14,122		22		14,144
Total liabilities	70,169	16,416	5,429	78	92,092
Fund Balances:					
Reserved for:					
Encumbrances	7,473		16,461		23,934
Advances to other funds	7,468				7,468
Prepaid items and deposits	950				950
Land held for resale	2,645		4,762		7,407
Programs with purpose restrictions			644		644
Bond proceeds with eligibility restrictions	9,559		33,149		42,708
Housing projects	320				320
Debt service		36,722			36,722
Permanent fund-expendable portion				20	20
Permanent fund-nonexpendable portion				1,729	1,729
Unreserved, designated for:					
Equipment replacement	6,315				6,315
Unreserved, undesignated, reported in:					
Special revenue funds	213,998				213,998
Capital projects funds			13,529		13,529
Total fund balances	248,728	36,722	68,545	1,749	355,744
Total liabilities and fund balances	$ 318,897	53,138	73,974	1,827	447,836

COUNTY OF CONTRA COSTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
Revenues:					
Taxes	$ 76,150	20,737	6,719		103,606
Licenses, permits and franchise fees	918				918
Fines, forfeitures and penalties	5,066				5,066
Use of money and property	4,839	24,798	1,267	57	30,961
Intergovernmental	80,544		4,012		84,556
Charges for services	41,356				41,356
Other revenue	19,392	11,112	23,865		54,369
Total revenues	228,265	56,647	35,863	57	320,832
Expenditures:					
Current:					
General government	3,842	22,611			26,453
Public protection	93,422				93,422
Health and sanitation	7,780				7,780
Public assistance	32,538	11,706	24,547		68,791
Education	26,940				26,940
Public ways and facilities	54,457		3,795		58,252
Recreation and culture	1,553				1,553
Debt service:					
Principal		42,940			42,940
Interest	1,011	57,743	27		58,781
Debt issuance cost		326			326
Total expenditures	221,543	135,326	28,369		385,238
Excess (deficiency) of revenues over (under) expenditures	6,722	(78,679)	7,494	57	(64,406)
Other Financing Sources (Uses):					
Transfers in	1,418	61,970	749		64,137
Transfers out	(23,021)	(996)	(7,049)	(78)	(31,144)
Issuance of debt		23,121			23,121
Total other financing sources (uses)	(21,603)	84,095	(6,300)	(78)	56,114
Net change in fund balances	(14,881)	5,416	1,194	(21)	(8,292)
Fund Balances at Beginning of Year	263,609	31,306	67,351	1,770	364,036
Fund Balances at End of Year	$ 248,728	36,722	68,545	1,749	355,744

Nonmajor Special Revenue Funds

SPECIAL REVENUE FUNDS

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

ROAD FUND

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

LIBRARY FUND

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

OTHER FIRE PROTECTION FUND

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

HEALTH AND SANITATION FUND

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

SERVICE AREAS FUND

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

FLOOD CONTROL FUND

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

LAW ENFORCEMENT FUND

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

COURTS AND CRIMINAL JUSTICE FUND

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

RECORDER/CLERK MODERNIZATION FUND

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

REDEVELOPMENT AGENCY (RDA) FUND

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

CHILD DEVELOPMENT FUND

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

IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY (IHSS) FUND

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

OTHER SPECIAL REVENUE FUND

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

COUNTY OF CONTRA COSTA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2009
(In Thousands)

	Road	Library	Other Fire Protection	Health & Sanitation	Service Areas	Flood Control	Law Enforcement	Courts & Criminal Justice	Recorder/ Clerk Modernization	Redevelopment Agency	Child Development	In-Home Supportive Services	Other Special Revenue	Total
Assets:														
Cash and investments	$ 63,557		11,364	24,058	32,534	52,676	30,446	545	9,085	6,946	1			231,212
Accounts receivable and accrued revenue	3,054	11,048	19	390	91	280	1,233	349	24	470	3,891	372	26,573	47,794
Due from other funds	617	272	10	165	119	261	325	328		312	1,063	229	237	3,938
Advances to other funds													7,468	7,468
Notes receivable										4,432			7,069	11,501
Prepaid items and deposits	704		1			18	50		16			77	84	950
Land held for resale										2,645				2,645
Restricted cash and investments										13,389				13,389
Total assets	$ 67,932	11,320	11,394	24,613	32,744	53,235	32,054	1,222	9,125	28,194	4,955	678	41,431	318,897
Liabilities and Fund Balances														
Liabilities:														
Accounts payable and accrued liabilities	$ 2,011	1,958	1,114	752	146	490	1,001		264	175	991	107	1,919	10,928
Due to other funds	3,040	148	28	19,317	690	2,081	8,308	655	25	408	3,225	547	617	39,089
Advances from other funds										6,030				6,030
Deferred revenue	2,101			5						4,432	505		7,079	14,122
Total liabilities	7,152	2,106	1,142	20,074	836	2,571	9,309	655	289	11,045	4,721	654	9,615	70,169
Fund Balances:														
Reserved for:														
Encumbrances	365	1,493	207	2		325	17	172	26	4,810			56	7,473
Advances to other funds													7,468	7,468
Prepaid items and deposits	704		1			18	50		16			77	84	950
Land held for resale										2,645				2,645
Bond proceeds with purpose restriction										9,559				9,559
Housing projects										320				320
Unreserved, designated for:														
Equipment replacement	5,410	109				606	98						92	6,315
Unreserved, undesignated	54,301	7,612	10,044	4,537	31,908	49,715	22,580	395	8,794	(185)	234	(53)	24,116	213,998
Total fund balances	60,780	9,214	10,252	4,539	31,908	50,664	22,745	567	8,836	17,149	234	24	31,816	248,728
Total liabilities and fund balances	$ 67,932	11,320	11,394	24,613	32,744	53,235	32,054	1,222	9,125	28,194	4,955	678	41,431	318,897

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(In Thousands)

	Road	Library	Other Fire Protection	Health & Sanitation	Service Areas	Flood Control
Revenues:						
Taxes	$ 13,205	20,890	11,014	4,657	6,050	9,050
Licenses, permits and franchise fees					10	801
Fines, forfeitures and penalties				1,971		
Use of money and property	952	67		189	660	791
Intergovernmental	19,941	3,410	382	10,701	228	1,000
Charges for services	5,994	992	12	92	11,588	18,003
Other revenue	3,681	564	584	135	1,925	2,377
Total revenues	43,773	25,923	11,992	17,745	20,461	32,022
Expenditures:						
Current:						
General government		81				
Public protection			11,378		13,116	29,320
Health and sanitation				7,780		
Public assistance						
Education		26,743			197	
Public ways and facilities	52,266				875	1,232
Recreation and culture					1,553	
Debt service:						
Interest	67			3		
Total expenditures	52,333	26,824	11,378	7,783	15,741	30,552
Excess (deficiency) of revenues over (under) expenditures	(8,560)	(901)	614	9,962	4,720	1,470
Other Financing Sources (Uses):						
Transfers in	119	277	17		50	218
Transfers out	(4)	(744)		(17,859)	(234)	(334)
Total other financing sources (uses)	115	(467)	17	(17,859)	(184)	(116)
Net change in fund balances	(8,445)	(1,368)	631	(7,897)	4,536	1,354
Fund Balances at Beginning of Year	69,225	10,582	9,621	12,436	27,372	49,310
Fund Balances at End of Year	$ 60,780	9,214	10,252	4,539	31,908	50,664

	Law Enforcement	Courts & Criminal Justice	Recorder/ Clerk Modernization	Redevelopment Agency	Child Development	In-Home Supportive Services	Other Special Revenue	Total
Revenues:								
Taxes	7,322			3,459			503	76,150
Licenses, permits and franchise fees							107	918
Fines, forfeitures and penalties	973	2,077					45	5,066
Use of money and property	216	13		337	15		1,599	4,839
Intergovernmental	6,406				18,435	1,457	18,584	80,544
Charges for services	1,300		1,602			3	1,770	41,356
Other revenue	465			61	6,227	209	3,164	19,392
Total revenues	16,682	2,090	1,602	3,857	24,677	1,669	25,772	228,265
Expenditures:								
Current:								
General government	407	3,325					29	3,842
Public protection	16,323		2,292				20,993	93,422
Health and sanitation								7,780
Public assistance				4,209	24,411	1,657	2,261	32,538
Education								26,940
Public ways and facilities							84	54,457
Recreation and culture								1,553
Debt service:								
Interest		2	1	79	5		854	1,011
Total expenditures	16,730	3,327	2,293	4,288	24,416	1,657	24,221	221,543
Excess (deficiency) of revenues over (under) expenditures	(48)	(1,237)	(691)	(431)	261	12	1,551	6,722
Other Financing Sources (Uses):								
Transfers in	358	328	1				50	1,418
Transfers out	(1,238)		(45)	(1,410)	(238)		(915)	(23,021)
Total other financing sources (uses)	(880)	328	(44)	(1,410)	(238)		(865)	(21,603)
Net change in fund balances	(928)	(909)	(735)	(1,841)	23	12	686	(14,881)
Fund Balances at Beginning of Year	23,673	1,476	9,571	18,990	211	12	31,130	263,609
Fund Balances at End of Year	22,745	567	8,836	17,149	234	24	31,816	248,728

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
ROAD SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 13,205	13,205	13,205	
Use of money and property	2,371	2,271	952	(1,319)
Intergovernmental	25,878	25,003	19,941	(5,062)
Charges for services	6,541	7,658	5,994	(1,664)
Other revenue	3,573	5,290	3,681	(1,609)
Total revenues	51,568	53,427	43,773	(9,654)
Expenditures:				
Public ways and facilities				
Services and supplies	39,243	28,989	14,960	14,029
Other charges	6,532	12,012	10,411	1,601
Fixed assets	736	1,515	1,033	482
Expenditure transfers	21,863	28,094	25,862	2,232
Total public ways and facilities	68,374	70,610	52,266	18,344
Debt service:				
Interest	67	67	67	
Total expenditures	68,441	70,677	52,333	18,344
Deficiency of revenues under expenditures	(16,873)	(17,250)	(8,560)	8,690
Other Financing Sources (Uses) :				
Transfers in	103	103	119	16
Transfers out	(497)	(497)	(4)	493
Total other financing sources (uses)	(394)	(394)	115	509
Net change in fund balance	(17,267)	(17,644)	(8,445)	9,199
Fund Balance at Beginning of Year	69,225	69,225	69,225	
Fund Balance at End of Year	$ 51,958	51,581	60,780	9,199

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 21,469	20,665	20,890	225
Use of money and property	76	76	67	(9)
Intergovernmental	3,807	3,835	3,410	(425)
Charges for services	1,047	1,047	992	(55)
Other revenue	20	353	564	211
Total revenues	26,419	25,976	25,923	(53)
Expenditures:				
General government				
Services and supplies		1	1	
Other charges		2	2	
Fixed assets	800	795	76	719
Expenditure transfers		2	2	
Total general government	800	800	81	719
Education				
Salaries and benefits	19,998	19,429	18,481	948
Services and supplies	5,562	5,752	4,923	829
Other charges	3,059	3,088	2,880	208
Fixed assets	1,204	1,110	428	682
Expenditure transfers	32	32	31	1
Total education	29,855	29,411	26,743	2,668
Total expenditures	30,655	30,211	26,824	3,387
Deficiency of revenues under expenditures	(4,236)	(4,235)	(901)	3,334
Other Financing Sources (Uses):				
Transfers in	1,647	1,647	277	(1,370)
Transfers out	(744)	(744)	(744)	
Total other financing sources (uses)	903	903	(467)	(1,370)
Net change in fund balance	(3,333)	(3,332)	(1,368)	1,964
Fund Balance at Beginning of Year	10,582	10,582	10,582	
Fund Balance at End of Year	$ 7,249	7,250	9,214	1,964

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
OTHER FIRE PROTECTION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 12,760	11,400	11,014	(386)
Use of money and property	30	30		(30)
Intergovernmental	573	573	382	(191)
Charges for services	96	96	12	(84)
Other revenue	20	20	584	564
Total revenues	13,479	12,119	11,992	(127)
Expenditures:				
Public protection				
Salaries and benefits	8,421	8,421	8,056	365
Services and supplies	5,930	5,499	2,053	3,446
Other charges	1,469	1,457	956	501
Fixed assets	2,760	2,876	313	2,563
Total expenditures	18,580	18,253	11,378	6,875
Excess (deficiency) of revenues over (under) expenditures	(5,101)	(6,134)	614	6,748
Other Financing Sources (Uses):				
Transfers in	74	74	17	(57)
Transfers out	(139)	(206)		206
Total other financing sources (uses)	(65)	(132)	17	149
Net change in fund balance	(5,166)	(6,266)	631	6,897
Fund Balance at Beginning of the Year	9,621	9,621	9,621	
Fund Balance at End of Year	$ 4,455	3,355	10,252	6,897

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
HEALTH AND SANITATION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 4,598	4,602	4,657	55
Fines, forfeitures and penalties	1,650	1,784	1,971	187
Use of money and property	110	274	189	(85)
Intergovernmental	3,173	11,306	10,701	(605)
Charges for services	92	92	92	
Other revenue	12	70	135	65
Total revenues	9,635	18,128	17,745	(383)
Expenditures:				
Health and sanitation				
Salaries and benefits	538	537	533	4
Services and supplies	16,363	7,153	3,436	3,717
Other charges	2,199	2,230	1,669	561
Fixed assets	153	167	33	134
Expenditure transfers	2,160	2,563	2,109	454
Total health and sanitation	21,413	12,650	7,780	4,870
Debt service:				
Interest	3	3	3	
Total expenditures	21,416	12,653	7,783	4,870
Excess (deficiency) of revenues over (under) expenditures	(11,781)	5,475	9,962	4,487
Other Financing Sources (Uses):				
Transfers in	(60)	30		(30)
Transfers out	(489)	(18,012)	(17,859)	153
Total other financing sources (uses)	(549)	(17,982)	(17,859)	123
Net change in fund balance	(12,330)	(12,507)	(7,897)	4,610
Fund Balance at Beginning of Year	12,436	12,436	12,436	
Fund Balance at End of Year	$ 106	(71)	4,539	4,610

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COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
SERVICE AREAS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 4,059	4,078	6,050	1,972
Licenses, permits and franchise fees	18	18	10	(8)
Use of money and property	1,138	1,138	660	(478)
Intergovernmental	1,601	1,855	228	(1,627)
Charges for services	8,924	8,997	11,588	2,591
Other revenue	22	76	1,925	1,849
Total revenues	15,762	16,162	20,461	4,299
Expenditures:				
Public protection				
Services and supplies	29,788	28,969	10,147	18,822
Other charges	1,841	816	816	
Fixed assets	1	7	7	
Expenditure transfers	451	2,180	2,146	34
Reserves	29	25		25
Total public protection	32,110	31,997	13,116	18,881
Education				
Other charges	302	302	197	105
Total education	302	302	197	105
Public ways and facilities				
Services and supplies	5,172	4,740	53	4,687
Other charges	387	703	699	4
Fixed assets		2	2	
Expenditure transfers	8	122	121	1
Total public ways and facilities	5,567	5,567	875	4,692
Recreation and culture				
Services and supplies	622	667	432	235
Other charges	289	561	523	38
Fixed assets	3,110	3,110	205	2,905
Expenditure transfers	346	397	393	4
Total recreation and culture	4,367	4,735	1,553	3,182
Total expenditures	42,346	42,601	15,741	26,860
Excess (deficiency) of revenues over (under) expenditures	(26,584)	(26,439)	4,720	31,159
Other Financing Sources (Uses):				
Transfers in		50	50	
Transfers out		(188)	(234)	(46)
Total other financing sources (uses)		(138)	(184)	(46)
Net change in fund balance	(26,584)	(26,577)	4,536	31,113
Fund Balance at Beginning of Year	27,372	27,372	27,372	
Fund Balance at End of Year	$ 788	795	31,908	31,113

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
FLOOD CONTROL SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 9,162	9,162	9,050	(112)
Licenses, permits and franchise fees	3,288	3,290	801	(2,489)
Use of money and property	1,301	1,301	791	(510)
Intergovernmental	2,862	2,863	1,000	(1,863)
Charges for services	14,564	14,641	18,003	3,362
Other revenue	821	831	2,377	1,546
Total revenues	31,998	32,088	32,022	(66)
Expenditures:				
Current:				
Public protection				
Services and supplies	35,111	29,651	14,592	15,059
Other charges	22,931	25,598	4,875	20,723
Fixed assets	118	262	195	67
Expenditure transfers	9,694	11,794	9,658	2,136
Reserves	2,508	2,492		2,492
Total public protection	70,362	69,797	29,320	40,477
Public ways and facilities				
Services and supplies	6,005	6,005	1,231	4,774
Other charges	1,502	1,502	1	1,501
Total public ways and facilities	7,507	7,507	1,232	6,275
Debt service:				
Principal	98	98		98
Total expenditures	77,967	77,402	30,552	46,850
Excess (deficiency) of revenues over (under) expenditures	(45,969)	(45,314)	1,470	46,784
Other Financing Sources (Uses):				
Transfers in	(327)	(222)	218	440
Transfers out	(2,033)	(2,833)	(334)	2,499
Total other financing sources (uses)	(2,360)	(3,055)	(116)	2,939
Net change in fund balance	(48,329)	(48,369)	1,354	49,723
Fund Balance at Beginning of Year	49,310	49,310	49,310	
Fund Balance at End of Year	$ 981	941	50,664	49,723

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 8,173	8,386	7,322	(1,064)
Fines, forfeitures and penalties	650	650	973	323
Use of money and property	703	703	216	(487)
Intergovernmental	7,570	7,536	6,406	(1,130)
Charges for services	997	997	1,300	303
Other revenue	315	318	465	147
Total revenues	18,408	18,590	16,682	(1,908)
Expenditures:				
General government				
Services and supplies	1,926	1,926		1,926
Other charges		1	1	
Expenditure transfers	2,725	2,724	406	2,318
Total general government	4,651	4,651	407	4,244
Public protection				
Salaries and benefits	2,280	2,095	1,681	414
Services and supplies	11,826	10,327	115	10,212
Other charges	5,823	4,848	3,369	1,479
Fixed assets	300	1,467	118	1,349
Expenditure transfers	15,040	15,871	11,040	4,831
Total public protection	35,269	34,608	16,323	18,285
Total expenditures	39,920	39,259	16,730	22,529
Deficiency of revenues under expenditures	(21,512)	(20,669)	(48)	20,621
Other Financing Sources (Uses):				
Transfers in	329	242	358	116
Transfers out	(1,938)	(2,737)	(1,238)	1,499
Total other financing sources (uses)	(1,609)	(2,495)	(880)	1,615
Net change in fund balance	(23,121)	(23,164)	(928)	22,236
Fund Balance at Beginning of Year	23,673	23,673	23,673	
Fund Balance at End of Year	$ 552	509	22,745	22,236

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
COURTS AND CRIMINAL JUSTICE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Fines, forfeitures and penalties	$ 2,348	2,348	2,077	(271)
Use of money and property	(18)	(18)	13	31
Intergovernmental	328	328		(328)
Total revenues	2,658	2,658	2,090	(568)
Expenditures:				
General government				
Services and supplies	181	181		181
Other charges	2,591	3,325	3,325	
Fixed assets		626		626
Total general government	2,772	4,132	3,325	807
Debt service:				
Interest	2	2	2	
Total expenditures	2,774	4,134	3,327	807
Deficiency of revenues under expenditures	(116)	(1,476)	(1,237)	239
Other Financing Sources:				
Transfers in			328	328
Total other financing sources			328	328
Net change in fund balance	(116)	(1,476)	(909)	567
Fund Balance at Beginning of Year	1,476	1,476	1,476	
Fund Balance at End of Year	$ 1,360		567	567

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
RECORDER/CLERK MODERNIZATION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 1,868	1,868	1,602	(266)
Total revenues	1,868	1,868	1,602	(266)
Expenditures:				
Public protection				
Salaries and benefits	1,137	1,137	1,092	45
Services and supplies	8,704	8,704	755	7,949
Other charges	531	530	333	197
Fixed assets	514	514	112	402
Total public protection	10,886	10,885	2,292	8,593
Debt service:				
Interest		1	1	
Total expenditures	10,886	10,886	2,293	8,593
Deficiency of revenues under expenditures	(9,018)	(9,018)	(691)	8,327
Other Financing Sources (Uses):				
Transfers in			1	1
Transfers out	(45)	(45)	(45)	
Total other financing sources (uses)	(45)	(45)	(44)	1
Net change in fund balance	(9,063)	(9,063)	(735)	8,328
Fund Balance at Beginning of Year	9,571	9,571	9,571	
Fund Balance at End of Year	$ 508	508	8,836	8,328

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COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 2,328	2,328	3,459	1,131
Use of money and property	73	73	337	264
Other revenue	70	70	61	(9)
Total revenues	2,471	2,471	3,857	1,386
Expenditures:				
Public assistance				
Services and supplies	22,305	18,893	5	18,888
Other charges	1,841	1,841	6	1,835
Fixed assets	865	4,198	4,198	
Total public assistance	25,011	24,932	4,209	20,723
Debt service:				
Interest		79	79	
Total expenditures	25,011	25,011	4,288	20,723
Deficiency of revenues under expenditures	(22,540)	(22,540)	(431)	22,109
Other Financing Uses:				
Transfers out			(1,410)	(1,410)
Total other financing uses			(1,410)	(1,410)
Net change in fund balance	(22,540)	(22,540)	(1,841)	20,699
Fund Balance at Beginning of Year	18,990	18,990	18,990	
Fund Balance at End of Year	$ (3,550)	(3,550)	17,149	20,699

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
CHILD DEVELOPMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Use of money and property	$ 5	5	15	10
Intergovernmental	19,455	19,975	18,435	(1,540)
Other revenue	7,736	7,736	6,227	(1,509)
Total revenues	27,196	27,716	24,677	(3,039)
Expenditures:				
Public assistance				
Salaries and benefits	8,965	8,875	6,417	2,458
Services and supplies	2,306	2,304	2,090	214
Other charges	4,495	4,620	4,619	1
Fixed assets	50	100		100
Expenditure transfers	11,328	11,765	11,285	480
Total public assistance	27,144	27,664	24,411	3,253
Debt service:				
Interest	5	5	5	
Total expenditures	27,149	27,669	24,416	3,253
Excess of revenues over expenditures	47	47	261	214
Other Financing Uses:				
Transfers out	(238)	(238)	(238)	
Total other financing uses	(238)	(238)	(238)	
Net change in fund balance	(191)	(191)	23	214
Fund Balance at Beginning of Year	211	211	211	
Fund Balance at End of Year	$ 20	20	234	214

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COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$ 1,593	1,593	1,457	(136)
Charges for services			3	3
Other revenue	364	364	209	(155)
Total revenues	1,957	1,957	1,669	(288)
Expenditures:				
Public assistance				
Salaries and benefits	1,458	1,011	913	98
Services and supplies	186	360	205	155
Other charges	146	419	398	21
Expenditure transfers	141	141	141	
Total expenditures	1,931	1,931	1,657	274
Excess of revenues over expenditures	26	26	12	(14)
Net change in fund balance	26	26	12	(14)
Fund Balance at Beginning of Year	12	12	12	
Fund Balance at End of Year	$ 38	38	24	(14)

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COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
OTHER SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 1,414	1,414	503	(911)
Licenses, permits and franchise fees	105	105	107	2
Fines, forfeitures and penalties	43	43	45	2
Use of money and property	697	697	1,599	902
Intergovernmental	20,165	19,335	18,584	(751)
Charges for services	2,379	2,379	1,770	(609)
Other revenue	1,803	1,803	3,164	1,361
Total revenues	26,606	25,776	25,772	(4)
Expenditures:				
General government				
Services and supplies	593	592		592
Other charges		1	1	
Expenditure transfers	64	64	28	36
Total general government	657	657	29	628
Public protection				
Salaries and benefits	16,352	16,372	15,836	536
Services and supplies	6,653	6,685	3,739	2,946
Other charges	2,737	2,745	883	1,862
Fixed assets	10	8	8	
Expenditure transfers	1,517	979	527	452
Total public protection	27,269	26,789	20,993	5,796
Public assistance				
Salaries and benefits	209	209	198	11
Services and supplies	11,918	12,040	1,387	10,653
Other charges	603	616	295	321
Expenditure transfers	500	500	381	119
Total public assistance	13,230	13,365	2,261	11,104
Public ways and facilities				
Services and supplies	74	53		53
Other charges	65	1		1
Expenditure transfers		85	84	1
Total public ways and facilities	139	139	84	55
Debt service:				
Interest	212	855	854	1
Total expenditures	41,507	41,805	24,221	17,584
Excess (deficiency) of revenues over (under) expenditures	(14,901)	(16,029)	1,551	17,580
Other Financing Sources (Uses):				
Transfers in	3	358	50	(308)
Transfers out	(4,237)	(4,107)	(915)	3,192
Total other financing sources (uses)	(4,234)	(3,749)	(865)	2,884
Net change in fund balance	(19,135)	(19,778)	686	20,464
Fund Balance at Beginning of Year	31,130	31,130	31,130	
Fund Balance at End of Year	$ 11,995	11,352	31,816	20,464

Nonmajor Debt Service Funds

DEBT SERVICE FUNDS

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

RECREATION AND PARK BONDS FUND

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

STORM DRAINAGE BONDS FUND

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

PUBLIC FINANCING AUTHORITY (PFA) FUND

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

RETIREMENT LITIGATION SETTLEMENT FUND

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

REDEVELOPMENT AGENCY (RDA) FUND

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

PENSION BOND FUND

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

CCC FIRE PROTECTION DISTRICT PENSION BOND FUND

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

ASSESSMENT DISTRICTS FUND

This fund is used to account for accumulated 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, 2009
(In Thousands)

	Recreation and Park Bonds	Storm Drainage Bonds	Public Financing Authority	Retirement Litigation Settlement	Redevelopment Agency	CCC Fire Protection District Pension Bond	County Pension Bond Debt Service	Assessment Districts	Total
Assets:									
Cash and investments	$ 77	1	30		4,230	6,348		2,168	12,854
Accounts receivable and accrued revenue				2,530			4,085	1	6,616
Due from other funds				230	1,730			29	1,989
Restricted cash and investments			10,074		9,311		10,315	1,979	31,679
Total assets	$ 77	1	10,104	2,760	15,271	6,348	14,400	4,177	53,138
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	$			2,760				325	3,085
Due to other funds			155		405		12,665		13,225
Advance from other funds					106				106
Total liabilities			155	2,760	511		12,665	325	16,416
Fund Balances:									
Reserved for:									
Debt service	77	1	9,949		14,760	6,348	1,735	3,852	36,722
Total fund balances	77	1	9,949		14,760	6,348	1,735	3,852	36,722
Total liabilities and fund balances	$ 77	1	10,104	2,760	15,271	6,348	14,400	4,177	53,138

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

DEBT SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(In Thousands)

	Recreation and Park Bonds	Storm Drainage Bonds	Public Financing Authority	Retirement Litigation Settlement	Redevelopment Agency	CCC Fire Protection District Pension Bond	County Pension Bond Debt Service	Assessment Districts	Total
Revenues:									
Taxes	$				7,119			13,618	20,737
Use of money and property			23,746		131	34	841	46	24,798
Other revenue						9,342	1,770		11,112
Total revenues			23,746		7,250	9,376	2,611	13,664	56,647
Expenditures:									
Current:									
General government			22,600				11		22,611
Public assistance					1			11,705	11,706
Debt service:									
Principal			9,813	837	1,410	2,685	27,530	665	42,940
Interest			14,455	1,923	6,797	6,117	27,783	668	57,743
Debt issuance cost			326						326
Total expenditures			47,194	2,760	8,208	8,802	55,324	13,038	135,326
Excess (deficiency) of revenues over (under) expenditures			(23,448)	(2,760)	(958)	574	(52,713)	626	(78,679)
Other Financing Sources (Uses):									
Transfers in			574	2,760	7,500		51,136		61,970
Transfers out					(290)	(132)		(574)	(996)
Issuance of debt			23,121						23,121
Total other financing sources (uses)			23,695	2,760	7,210	(132)	51,136	(574)	84,095
Net change in fund balances			247		6,252	442	(1,577)	52	5,416
Fund Balances at Beginning of Year	77	1	9,702		8,508	5,906	3,312	3,800	31,306
Fund Balances at End of Year	$ 77	1	9,949		14,760	6,348	1,735	3,852	36,722

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COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
RECREATION AND PARK BONDS DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 529	529		(529)
Intergovernmental	5	5		(5)
Total revenues	534	534		(534)
Expenditures:				
Current:				
Public assistance	67	67		67
Debt service:				
Principal	420	420		420
Interest	124	124		124
Total expenditures	611	611		611
Excess (deficiency) of revenues over (under) expenditures	(77)	(77)		77
Net change in fund balance	(77)	(77)		77
Fund Balance at Beginning of Year	77	77	77	
Fund Balance at End of Year	$		77	77

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
STORM DRAINAGE BONDS DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:	$			
Total revenues				
Expenditures:				
Current:				
Public assistance	1	1		1
Total expenditures	1	1		1
Excess (deficiency) of revenues over (under) expenditures	(1)	(1)		1
Net change in fund balance	(1)	(1)		1
Fund Balance at Beginning of Year	1	1	1	
Fund Balance at End of Year	$		1	1

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
RETIREMENT LITIGATION SETTLEMENT DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:	$			
Total revenues				
Expenditures:				
Debt service:				
Principal	837	837	837	
Interest	1,923	1,923	1,923	
Total expenditures	2,760	2,760	2,760	
Deficiency of revenues under expenditures	(2,760)	(2,760)	(2,760)	
Other Financing Sources:				
Transfers in	2,760	2,760	2,760	
Total other financing sources	2,760	2,760	2,760	
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 FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 8,293	8,293	7,119	(1,174)
Use of money and property	1,212	1,212	131	(1,081)
Total revenues	9,505	9,505	7,250	(2,255)
Expenditures:				
Current:				
Public assistance	5	5	1	4
Debt service:				
Principal	1,290	1,410	1,410	
Interest	8,210	8,090	6,797	1,293
Total expenditures	9,505	9,505	8,208	1,297
Deficiency of revenues under expenditures			(958)	(958)
Other Financing Sources (Uses):				
Transfers in			7,500	7,500
Transfers out			(290)	(290)
Total other financing sources (uses)			7,210	7,210
Net change in fund balance			6,252	6,252
Fund Balance at Beginning of Year	8,508	8,508	8,508	
Fund Balance at End of Year	$ 8,508	8,508	14,760	6,252

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
CCC FIRE PROTECTION DISTRICT PENSION BOND DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ 135	135	34	(101)
Other revenue	3,029	3,029	9,342	6,313
Total revenues	3,164	3,164	9,376	6,212
Expenditures:				
Current:				
Public protection	118	118		118
Debt service:				
Principal	2,685	2,685	2,685	
Interest	6,117	6,117	6,117	
Total expenditures	8,920	8,920	8,802	118
Excess (deficiency) of revenues over (under) expenditures	(5,756)	(5,756)	574	6,330
Other Financing Uses:				
Transfers out	(150)	(150)	(132)	18
Total other financing uses	(150)	(150)	(132)	18
Net change in fund balance	(5,906)	(5,906)	442	6,348
Fund Balance at Beginning of Year	5,906	5,906	5,906	
Fund Balance at End of Year	$		6,348	6,348

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
COUNTY PENSION BOND DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ 900	900	841	(59)
Other revenue		1,770	1,770	
Total revenues	900	2,670	2,611	(59)
Expenditures:				
Current:				
General government	4,212	4,212	11	4,201
Debt service:				
Principal	27,530	27,530	27,530	
Interest	27,783	27,783	27,783	
Total expenditures	59,525	59,525	55,324	4,201
Deficiency of revenues under expenditures	(58,625)	(56,855)	(52,713)	4,142
Other Financing Sources:				
Transfers in	55,313	53,543	51,136	(2,407)
Total other financing sources	55,313	53,543	51,136	(2,407)
Net change in fund balance	(3,312)	(3,312)	(1,577)	1,735
Fund Balance at Beginning of Year	3,312	3,312	3,312	
Fund Balance at End of Year	$		1,735	1,735

Nonmajor Capital Projects Funds

CAPITAL PROJECTS FUNDS

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

REDEVELOPMENT AGENCY (RDA) FUND

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

COUNTY FACILITIES FUND

This fund is used to account for the cost of improvements to the leased facility at Ellinwood Park and other miscellaneous capital project expenses.

ASSESSMENT DISTRICTS FUND

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

COUNTY OF CONTRA COSTA
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2009
(In Thousands)

	Redevelopment Agency	County Facilities	Assessment Districts	Total
Assets:				
Cash and investments	$ 20,593	1,684	718	22,995
Accounts receivable and accrued revenue (net)	755			755
Due from other funds	706	58		764
Notes receivable	22			22
Land held for resale	4,762			4,762
Restricted cash and investments	44,650		26	44,676
Total assets	$ 71,488	1,742	744	73,974
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 293		1	294
Due to other funds	2,039	1,742		3,781
Advances from other funds	1,332			1,332
Deferred revenue	22			22
Total liabilities	3,686	1,742	1	5,429
Fund balances:				
Reserved for:				
Encumbrances	16,461			16,461
Land held for resale	4,762			4,762
Programs with purpose restrictions	644			644
Bond proceeds with eligibility restrictions	33,149			33,149
Unreserved, undesignated	12,786		743	13,529
Total fund balances	67,802		743	68,545
Total liabilities and fund balances	$ 71,488	1,742	744	73,974

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COUNTY OF CONTRA COSTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Redevelopment Agency	County Facilities	Assessment Districts	Total
Revenues:				
Taxes	$ 6,719			6,719
Use of money and property	1,240		27	1,267
Intergovernmental	4,012			4,012
Other revenue	1,041	22,824		23,865
Total revenues	13,012	22,824	27	35,863
Expenditures:				
Current:				
Public assistance	10,818	13,729		24,547
Public ways and facilities			3,795	3,795
Debt service:				
Interest	27			27
Total expenditures	10,845	13,729	3,795	28,369
Excess (deficiency) of revenues over (under) expenditures	2,167	9,095	(3,768)	7,494
Other Financing Sources (Uses):				
Transfers in	749			749
Transfers out	(7,049)			(7,049)
Total other financing sources (uses)	(6,300)			(6,300)
Net change in fund balance	(4,133)	9,095	(3,768)	1,194
Fund Balances at Beginning of Year	71,935	(9,095)	4,511	67,351
Fund Balances at End of Year	$ 67,802		743	68,545

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 6,654	6,654	6,719	65
Use of money and property	252	252	1,240	988
Intergovernmental	94	94	4,012	3,918
Other revenue	8,537	8,537	1,041	(7,496)
Total revenues	15,537	15,537	13,012	(2,525)
Expenditures:				
Current:				
Public assistance				
Services and supplies	42,291	42,291	4,560	37,731
Other charges	29,769	29,769	3,115	26,654
Fixed assets	7,020	7,020	1,664	5,356
Expenditure transfers	1,565	1,565	1,479	86
Total public assistance	80,645	80,645	10,818	69,827
Debt service:				
Interest	33	33	27	6
Total expenditures	80,678	80,678	10,845	69,833
Excess (deficiency) of revenues over (under) expenditures	(65,141)	(65,141)	2,167	67,308
Other Financing Sources (Uses):				
Transfers in	23	23	749	726
Transfers out	(1,300)	(1,300)	(7,049)	(5,749)
Total other financing sources (uses)	(1,277)	(1,277)	(6,300)	(5,023)
Net change in fund balance	(66,418)	(66,418)	(4,133)	62,285
Fund Balance at Beginning of Year	71,935	71,935	71,935	
Fund Balance at End of Year	$ 5,517	5,517	67,802	62,285

COUNTY OF CONTRA COSTA
BUDGETARY COMPARISON SCHEDULE
COUNTY FACILITIES CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Other revenue	$	13,730	22,824	9,094
Total revenues		13,730	22,824	9,094
Expenditures:				
Current:				
Public assistance				
Other charges		84	84	
Fixed assets		11,963	11,963	
Expenditure transfers		1,682	1,682	
Total expenditures		13,729	13,729	
Excess of revenues over expenditures		1	9,095	9,094
Net change in fund balance		1	9,095	9,094
Fund Balance at Beginning of Year	(9,095)	(9,095)	(9,095)	
Fund Balance at End of Year	$ (9,095)	(9,094)		9,094

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 102).

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.

CHILD CARE ENTERPRISE

This fund was established to account for the fee-for-service childcare program through the Community Services Bureau. This program was established to meet the needs of families who do not qualify for Child Development programs due to a higher family income yet cannot afford to pay the cost of the market rate for childcare. Revenues will be generated by the program fees for childcare. The revenues are expected to cover the cost of the program operation.

HMO MEDI-CAL PLAN

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

HMO COMMERCIAL PLAN

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

MAJOR RISK MEDICAL INSURANCE FUND

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

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2009

(In Thousands)

	Airport	Sheriff Law Enforcement Training Center	Child Care Enterprise	HMO Medi-Cal Plan	HMO Commercial Plan	Major Risk Medical Insurance	Total
Assets:							
Current assets:							
Cash and investments	$			744	470	425	1,639
Accounts receivable and accrued revenue (net)	1,403	27		25,452	5,611	1	32,494
Inventories	15						15
Due from other funds	1	329	9	3,412	25,019		28,770
Prepaid items and deposits	42	82					124
Total current assets	1,461	438	9	29,608	31,100	426	63,042
Noncurrent assets:							
Restricted cash and investments	20						20
Capital assets:							
Nondepreciable	12,572						12,572
Depreciable, net	7,649	274		18			7,941
Total noncurrent assets	20,241	274		18			20,533
Total assets	$ 21,702	712	9	29,626	31,100	426	83,575
Liabilities and Net Assets							
Liabilities:							
Current liabilities:							
Accounts payable and accrued liabilities	$ 475	125		16,847	11,404	27	28,878
Accrued interest payable	6						6
Due to other funds	88	1,065	8	9,764	17,661	48	28,634
Deferred revenue	556	1					557
Current portion of long-term liabilities	30	3		43			76
Total current liabilities	1,155	1,194	8	26,654	29,065	75	58,151
Noncurrent portion of long-term liabilities:							
Capital lease obligations	674						674
Compensated absences	92	27		385			504
Total noncurrent portion of long-term liabilities	766	27		385			1,178
Total liabilities	1,921	1,221	8	27,039	29,065	75	59,329
Net Assets (Deficit):							
Invested in capital assets, net of related debt	19,527	274		18			19,819
Restricted						351	351
Unrestricted (deficit)	254	(783)	1	2,569	2,035		4,076
Total net assets (deficit)	19,781	(509)	1	2,587	2,035	351	24,246
Total liabilities and net assets	$ 21,702	712	9	29,626	31,100	426	83,575

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

(In Thousands)

	Airport	Sheriff Law Enforcement Training Center	Child Care Enterprise	HMO Medi-Cal Plan	HMO Commercial Plan	Major Risk Medical Insurance	Total
Operating Revenues:							
Use of money and property	$ 3,434				183	4	3,621
Charges for services	12	768		98,211	68,662	932	168,585
Other revenue	496	32	12				540
Total operating revenues	3,942	800	12	98,211	68,845	936	172,746
Operating Expenses:							
Salaries and employee benefits	1,946	931		11,505			14,382
Services and supplies	802	181		81,056	112,316	1,013	195,368
Other charges	279	73		5,241			5,593
Expenditure transfers	320	50	12				382
Depreciation	1,727	31		9			1,767
Total operating expenses	5,074	1,266	12	97,811	112,316	1,013	217,492
Operating income (loss)	(1,132)	(466)		400	(43,471)	(77)	(44,746)
Nonoperating Revenues (Expenses):							
State and federal grants	326	239			38,157		38,722
Interest expense	(53)			(16)			(69)
Total nonoperating revenues (expenses)	273	239		(16)	38,157		38,653
Income (Loss) Before Transfers	(859)	(227)		384	(5,314)	(77)	(6,093)
Transfers in		250			3,519		3,769
Transfers out	(167)	(77)		(452)			(696)
Change in net assets	(1,026)	(54)		(68)	(1,795)	(77)	(3,020)
Total Net Assets at Beginning of Year	20,807	(455)	1	2,655	3,830	428	27,266
Total Net Assets at End of Year	$ 19,781	(509)	1	2,587	2,035	351	24,246

COUNTY OF CONTRA COSTA

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(In Thousands)

	Airport	Sheriff Law Enforcement Training Center	Child Care Enterprise	HMO Medi-Cal Plan	HMO Commercial Plan	Major Risk Medical Insurance	Total
Cash Flows from Operating Activities:							
Cash received from customers/other funds	$ 2,524	585	6	75,093	49,188	1,190	128,586
Cash payment to suppliers for goods and services	(1,386)	(61)	(7)	(76,791)	(91,122)	(971)	(170,338)
Cash payment to employees for services	(1,951)	(936)		(11,495)			(14,382)
Net Cash Provided by Operating Activities	(813)	(412)	(1)	(13,193)	(41,934)	219	(56,134)
Cash Flows from Noncapital Financing Activities:							
State and federal grants	326	239			38,157		38,722
Transfers received		250			3,519		3,769
Transfers paid	(167)	(77)		(452)			(696)
Net Cash Provided by (Used for) Noncapital Financing Activities	159	412		(452)	41,676		41,795
Cash Flows from Capital and Related Financing Activities:							
Acquisition and construction of capital assets	(359)						(359)
Interest paid	(30)			(16)			(46)
Lease purchase obligation principal payment	(161)						(161)
Net Cash Used in Capital and Related Financing Activities	(550)			(16)			(566)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,204)		(1)	(13,661)	(258)	219	(14,905)
Cash and Cash Equivalents at Beginning of Year	1,224		1	14,405	728	206	16,564
Cash and Cash Equivalents at End of Year	$ 20			744	470	425	1,659
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating income (loss)	$ (1,132)	(466)		400	(43,471)	(77)	(44,746)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:							
Depreciation	1,727	31		9			1,767
Changes in operating assets and liabilities:							
Decrease (increase) in:							
Accounts receivable and accrued revenue	(1,295)	(10)	2	(24,606)	(3,131)	233	(28,807)
Inventories	28						28
Due from other funds	(1)	(205)	(8)	1,489	(16,525)	21	(15,229)
Prepaid items and deposits	21	(21)					
Increase (decrease) in:							
Accounts payable and accrued liabilities	19	45		2,929	10,356	18	13,367
Due to other funds	(53)	218	5	6,586	10,837	24	17,617
Deferred revenue	(122)	1					(121)
Compensated absences	(5)	(5)					(10)
Net Cash Provided by (Used in) Operating Activities	$ (813)	(412)	(1)	(13,193)	(41,934)	219	(56,134)
Noncash capital financing activities (Airport):							
Change in accrued interest	$ 6						6
Change in lease purchase obligation	$ 17						17

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INTERNAL SERVICE FUNDS

FLEET SERVICES

This fund is used to account for the rental of motor vehicles to other departments and related costs.

SELF-INSURANCE FUNDS

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

Employee Dental Insurance
Long-Term Disability Insurance (Management Employees)
Workers' Compensation Insurance
- County General
- Fire Protection

Automotive Liability Insurance
Public (General) Liability Insurance
State Unemployment Insurance
Medical Liability Insurance
Special District Property Insurance

COUNTY OF CONTRA COSTA
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 2009
(In Thousands)

	Fleet Services	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General	Workers' Compensation Insurance Fire Protection	Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
Assets:											
Current assets:											
Cash and investments	$ 3,591	4,379	2,590	91,397	628	4,045	23,167	2,114	5,240	1,759	138,910
Accounts receivable and accrued revenue (net)	17		154		23,873		151	103			24,298
Due from other funds	1,109					67					1,176
Prepaid items and deposits	6										6
Total current assets	4,723	4,379	2,744	91,397	24,501	4,112	23,318	2,217	5,240	1,759	164,390
Noncurrent assets:											
Capital assets:											
Nondepreciable	366										366
Depreciable, net	3,789										3,789
Total noncurrent assets	4,155										4,155
Total assets	$ 8,878	4,379	2,744	91,397	24,501	4,112	23,318	2,217	5,240	1,759	168,545
Liabilities and Equity:											
Liabilities:											
Current liabilites:											
Accounts payable	$ 206										206
Due to other funds	713	601	6	607	50	11	456	13	41	7	2,505
Claims payable		864	3,146	19,007	4,134	207	3,606	1,449	908		33,321
Compensated absences payable	9										9
Total current liabilities	928	1,465	3,152	19,614	4,184	218	4,062	1,462	949	7	36,041
Noncurrent liabilities:											
Claims payable			629	54,543	20,826	521	5,692		2,453		84,664
Compensated absences payable	78										78
Total noncurrent liabilities	78		629	54,543	20,826	521	5,692		2,453		84,742
Total liabilities	1,006	1,465	3,781	74,157	25,010	739	9,754	1,462	3,402	7	120,783
Net Assets:											
Invested in capital assets	4,155										4,155
Unrestricted net assets	3,717	2,914	(1,037)	17,240	(509)	3,373	13,564	755	1,838	1,752	43,607
Total net assets	7,872	2,914	(1,037)	17,240	(509)	3,373	13,564	755	1,838	1,752	47,762
Total liabilities and net assets	$ 8,878	4,379	2,744	91,397	24,501	4,112	23,318	2,217	5,240	1,759	168,545

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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, 2009

(In Thousands)

	Fleet Services	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General	Workers' Compensation Insurance Fire Protection	Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
Operating Revenues:											
Charges for services	$ 11,335	9,957		20,858	4,215	1,020	4,724	1,200	4,160	1,949	59,418
Other revenue			1,879						1		1,880
Total operating revenues	11,335	9,957	1,879	20,858	4,215	1,020	4,724	1,200	4,161	1,949	61,298
Operating Expenses:											
Salaries and employee benefits	1,601										1,601
Services and supplies	6,105	604	25	5,880	552	1	1,827	14		1,588	16,596
Benefit and claim expense		9,454	4,085	19,921	10,527			2,909	2,316	137	49,349
Other charges	740										740
Depreciation	1,299										1,299
Total operating expenses	9,745	10,058	4,110	25,801	11,079	1	1,827	2,923	2,316	1,725	69,585
Operating Income (Loss)	1,590	(101)	(2,231)	(4,943)	(6,864)	1,019	2,897	(1,723)	1,845	224	(8,287)
Nonoperating Revenues:											
Investment income		39	25	4,762	1,019	136	1,001	35		5	7,022
Income (loss) before capital contributions and transfers	1,590	(62)	(2,206)	(181)	(5,845)	1,155	3,898	(1,688)	1,845	229	(1,265)
Capital contributions	2,721										2,721
Transfers in	3,646						1,600				5,246
Transfers out	(85)								(1,600)		(1,685)
Change in net assets	7,872	(62)	(2,206)	(181)	(5,845)	1,155	5,498	(1,688)	245	229	5,017
Total Net Assets at Beginning of Year		2,976	1,169	17,421	5,336	2,218	8,066	2,443	1,593	1,523	42,745
Total Net Assets at End of Year	$ 7,872	2,914	(1,037)	17,240	(509)	3,373	13,564	755	1,838	1,752	47,762

COUNTY OF CONTRA COSTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Fleet Services	Employee Dental Insurance	Long-Term Disability Insurance	Workers' Compensation Insurance County General	Workers' Compensation Insurance Fire Protection	Automotive Liability Insurance	Public Liability Insurance	State Unemployment Insurance	Medical Liability Insurance	Special District Property Insurance	Total
Cash Flows from Operating Activities:											
Cash received from customers/other funds	$ 10,203	9,957	1,725	24,052	(18,747)	1,063	5,032	1,202	4,264	1,960	40,711
Cash payment to suppliers for goods and services	(6,132)	(9,293)	(761)	(18,529)	(3,364)	(486)	(8,680)	(1,696)	(4,619)	(1,719)	(55,279)
Cash payment to employees for services	(1,308)			(1)				(1)			(1,310)
Net Cash Provided by (Used for) Operating Activities	2,763	664	964	5,522	(22,111)	577	(3,648)	(495)	(355)	241	(15,878)
Cash Flows from Noncapital Financing Activities:											
Transfers received	3,646						1,600				5,246
Transfers paid out	(60)								(1,600)		(1,660)
Net Cash Provided by Noncapital Financing Activities	3,586						1,600		(1,600)		3,586
Cash Flows from Capital and Related Financing Activities:											
Acquisition and construction of capital assets	(2,758)										(2,758)
Net Cash Used in Capital and Related Financing Activities	(2,758)										(2,758)
Cash Flows from Investing Activities:											
Interest received on investments		39	25	4,762	1,019	136	1,001	35		5	7,022
Net Cash Provided by Investing Activities		39	25	4,762	1,019	136	1,001	35		5	7,022
Net Increase (Decrease) in Cash and Cash Equivalents	3,591	703	989	10,284	(21,092)	713	(1,047)	(460)	(1,955)	246	(8,028)
Cash and Cash Equivalents at Beginning of Year		3,676	1,601	81,113	21,720	3,332	24,214	2,574	7,195	1,513	146,938
Cash and Cash Equivalents at End of Year	$ 3,591	4,379	2,590	91,397	628	4,045	23,167	2,114	5,240	1,759	138,910
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:											
Operating Income (Loss)	$ 1,590	(101)	(2,231)	(4,943)	(6,864)	1,019	2,897	(1,723)	1,845	224	(8,287)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:											
Depreciation	1,299										1,299
Changes in operating assets and liabilities:											
Decrease (increase) in:											
Accounts receivable and accrued revenue	(17)		(154)	3,004	(22,994)	30	236	1	48	11	(19,835)
Due from other funds	(1,109)			190	32	13	72	1	55		(746)
Prepaid expense	(6)										(6)
Increase (decrease) in:											
Accounts payable and accrued liabilities	206			(1)				(1)			204
Claims payable		215	3,349	7,223	7,757	(487)	(6,137)	1,228	(2,316)		10,832
Due to other funds	713	550		49	(42)	2	(716)	(1)	13	6	574
Compensated absences	87										87
Net Cash Provided by (Used for) Operating Activities	$ 2,763	664	964	5,522	(22,111)	577	(3,648)	(495)	(355)	241	(15,878)
Noncash investing, capital, and financing activities:											
Contribution of capital assets from government	$ 2,721										2,721
Transfer of capital asset	(25)										(25)

FIDUCIARY FUNDS

TRUST FUNDS

PENSION TRUST FUND

This fund is under the control of the Contra Costa County Employees' Retirement Association and is governed by the rules and regulations of the Retirement Act of 1937. The fund accumulates contributions from the county, contributions from employees, and earnings from the fund's investments. Disbursements are made from the fund for retirements, postemployment benefits, disability and death benefits, refund and administrative costs. This fund includes all assets of the retirement system.

OTHER POSTEMPLOYMENT BENEFITS IRREVOCABLE TRUST

This dedicated irrevocable trust fund accounts for the partial pre-funding of the county's postemployment health benefits plan. This plan provides health benefits to certain retired employees and their spouses and dependents.

AGENCY FUNDS

TAX LOSSES RESERVE

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

UNAPPORTIONED TAXES

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

OTHER AGENCIES

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

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COUNTY OF CONTRA COSTA
COMBING STATEMENT OF NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Pension Trust*	CCC OPEB Irrevocable Trust	Totals
Assets:			
Cash and investments	$ 166,275	20,024	186,299
Cash collateral - securities lending	280,748		280,748
Investments pension trust			
Stocks	1,584,443		1,584,443
Bonds	1,569,705		1,569,705
Real estate	372,960		372,960
Alternative Investments	218,175		218,175
Receivables	406,185		406,185
Due from other governments	7,619	14	7,633
Prepaid items and deposits	531		531
Capital assets, net	1,578		1,578
Total assets	4,608,219	20,038	4,628,257
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	576,277		576,277
Employee benefits payable	1,496		1,496
Securities lending	280,747		280,747
Total liabilities	858,520		858,520
Net Assets:			
Held in trust for employees' pension benefits/ other postemployment benefits	3,749,699	20,038	3,769,737
Total net assets	$ 3,749,699	20,038	3,769,737

*CCCERA reported for Year ended December 31, 2008

COUNTY OF CONTRA COSTA
COMBINING STATEMENT OF CHANGES IN NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

	Pension Trust*	CCC OPEB Irrevocable Trust	Totals
Additions:			
Employer contributions	$ 206,519	57,504	264,023
Plan member contributions	76,452	5,768	82,220
Investment income (loss)	(1,437,538)	78	(1,437,460)
Investment expense	(26,942)		(26,942)
Total additions	(1,181,509)	63,350	(1,118,159)
Deductions:			
Benefits paid	250,445	43,312	293,757
Refunds of contributions	3,730		3,730
Administrative and other expenses	5,601		5,601
Prepayment discount	7,624		7,624
Other	508		508
Total deductions	267,908	43,312	311,220
Net Increase (Decrease)	(1,449,417)	20,038	(1,429,379)
Net Assets Held In Trust at Beginning of Year	5,199,116		5,199,116
Net Assets Held in Trust at End of Year	$ 3,749,699	20,038	3,769,737

*CCCERA reported for Year ended December 31, 2008

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COUNTY OF CONTRA COSTA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

		Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Tax Losses Reserve:					
Assets:					
Cash and investments	$	46,366	29,623	10,069	65,920
Due from other governments		8,808	9,289	8,808	9,289
Total assets	$	55,174	38,912	18,877	75,209
Liabilities:					
Due to other governments	$	10,000	9,000	10,000	9,000
Tax loss guarantees		45,174	30,104	9,069	66,209
Total liabilities	$	55,174	39,104	19,069	75,209
Unapportioned Taxes:					
Assets:					
Accounts receivable	$	88,636	97,815	177,804	8,647
Due from other governments			50,212		50,212
Taxes receivable		254,796	1,476,445	1,468,020	263,221
Total assets	$	343,432	1,624,472	1,645,824	322,080
Liabilities:					
Accounts payable	$	107,026	97,811	180,913	23,924
Due to other governments		133,303	107,559	46,153	194,709
Unapportioned taxes		103,103	1,888,770	1,888,426	103,447
Total liabilities	$	343,432	2,094,140	2,115,492	322,080
Other Agencies:					
Assets:					
Cash and investments	$	88,435	1,626,424	1,630,494	84,365
Accounts receivable		12,478	18,091	19,808	10,761
Due from other governments			3,080	3,080	
Total assets	$	100,913	1,647,595	1,653,382	95,126
Liabilities:					
Warrants outstanding	$	24,824	662,246	661,595	25,475
Accounts payable		16,279	875,317	879,139	12,457
Due to other governments			4,234	4,234	
Due to other agencies and districts		59,810	210,400	213,016	57,194
Total liabilities	$	100,913	1,752,197	1,757,984	95,126

(continued)

COUNTY OF CONTRA COSTA
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(In Thousands)

		Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Totals-Agency Funds:					
Assets:					
Cash and investments	$	134,801	1,656,047	1,640,563	150,285
Accounts receivable		101,114	115,906	197,612	19,408
Due from other governments		8,808	62,581	11,888	59,501
Taxes receivable		254,796	1,476,445	1,468,020	263,221
Total assets	$	499,519	3,310,979	3,318,083	492,415
Liabilities:					
Warrants outstanding	$	24,824	662,246	661,595	25,475
Accounts payable		123,305	973,128	1,060,052	36,381
Due to other governments		143,303	120,793	60,387	203,709
Unapportioned taxes		103,103	1,888,770	1,888,426	103,447
Tax loss guarantees		45,174	30,104	9,069	66,209
Due to other agencies and districts		59,810	210,400	213,016	57,194
Total liabilities	$	499,519	3,885,441	3,892,545	492,415

(concluded)

STATISTICAL SECTION

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COUNTY OF CONTRA COSTA

Statistical Section

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

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the county's most significant local revenue source, property taxes.

Debt Capacity

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

Economic & Demographic Information

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

Operating Information

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

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

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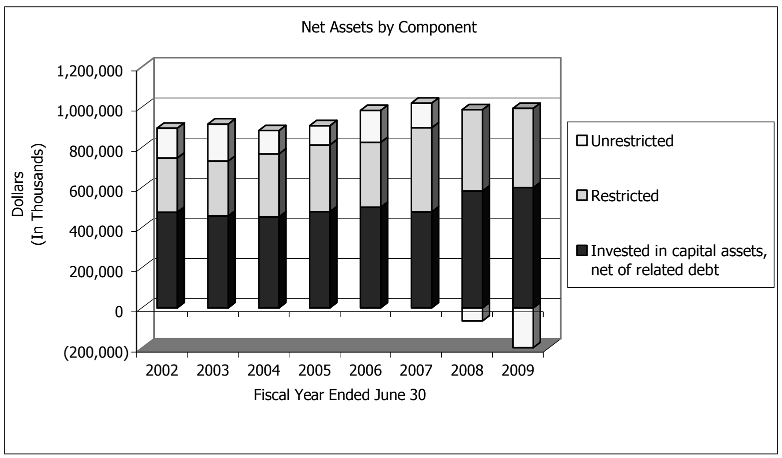
COUNTY OF CONTRA COSTA
NET ASSETS BY COMPONENT[1]
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)
(In Thousands)
(Unaudited)

	Fiscal Year Ending June 30							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt[2]	$ 437,866	415,444	400,332	420,834	436,879	415,045	524,350	543,582
Restricted	259,481	264,054	303,797	319,706	309,387	401,842	380,563	369,912
Unrestricted	131,292	161,121	70,953	58,002	136,193	104,895	(75,238)	(203,042)
Total governmental activities net assets	828,639	840,619	775,082	798,542	882,459	921,782	829,675	710,452
Business-type activities								
Invested in capital assets, net of related debt	38,558	41,987	52,808	58,366	63,957	62,470	57,778	55,131
Restricted	11,376	10,535	10,535	13,132	14,242	18,483	24,591	26,121
Unrestricted	16,798	22,929	45,146	37,935	23,257	17,559	10,487	5,157
Total business-type activities net assets	66,732	75,451	108,489	109,433	101,456	98,512	92,856	86,409
Primary government								
Invested in capital assets, net of related debt	476,424	457,431	453,140	479,200	500,836	477,515	582,128	598,713
Restricted	270,857	274,589	314,332	332,838	323,629	420,325	405,154	396,033
Unrestricted	148,090	184,050	116,099	95,937	159,450	122,454	(64,751)	(197,885)
Total primary governmental net assets	$ 895,371	916,070	883,571	907,975	983,915	1,020,294	922,531	796,861



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

[2] Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, and equipment.

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

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

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

	Fiscal Year Ending June 30							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities								
General government	$ 115,534	91,367	103,796	129,016	166,470	165,911	211,224	199,218
Public protection	365,757	403,297	421,782	441,068	451,053	500,698	566,154	552,037
Health and sanitation	184,109	209,772	220,135	201,567	185,966	181,922	234,551	240,383
Public assistance	328,450	372,499	391,906	391,620	396,538	426,503	468,892	461,159
Education	16,364	18,822	20,217	21,321	22,647	25,452	30,040	28,983
Public ways and facilities	56,197	58,886	56,983	63,648	76,561	99,630	86,443	60,726
Recreation and culture	793	875	1,294	1,421	1,425	1,298	1,141	1,447
Interest on debt	36,340	33,029	48,072	48,855	55,532	81,243	73,873	61,239
Total government activities expenses	1,103,544	1,188,547	1,264,185	1,298,516	1,356,192	1,482,657	1,672,318	1,605,192
Business-type activities								
County Hospital	229,584	245,497	275,301	306,871	310,911	325,208	353,511	372,416
Housing Authority	65,038	82,591	99,676	101,331	97,351	97,278	98,849	97,217
Airport	4,323	4,554	4,668	4,903	5,239	4,972	5,183	5,127
Sheriff Law Enforcement Training Center	1,106	1,578	1,435	1,288	1,319	1,504	1,331	1,266
Child Care Enterprise							6	12
Health Maintenance Organization [1]	112,386	117,677	136,374	142,887				
HMO Medi-Cal Plan					69,434	81,703	85,645	97,827
HMO Commercial Plan					83,654	90,646	100,855	112,316
Major risk medical insurance	931	1,744	1,104	1,819	1,625	1,892	1,288	1,013
Total business-type activities expenses	413,368	453,641	518,558	559,099	569,533	603,203	646,668	687,194
Total primary government expenses	$ 1,516,912	1,642,188	1,782,743	1,857,615	1,925,725	2,085,860	2,318,986	2,292,386
Program revenues								
Governmental activities								
Charges for services								
General government	$ 73,680	71,976	94,121	81,289	92,169	97,371	102,339	100,315
Public protection	100,344	117,342	119,133	122,919	137,069	140,065	135,403	130,270
Health and sanitation	51,533	60,587	66,577	61,930	64,221	64,449	65,823	76,938
Public assistance	1,648	2,121	1,456	2,895	1,898	2,323	3,068	2,242
Education	738	687	984	848	838	866	923	992
Public ways and facilities	22,557	24,643	25,273	22,737	28,971	22,240	28,133	14,100
Recreation and culture	36	19	36	33	108	144	214	117
Operating grants and contributions	544,900	538,684	540,138	584,347	631,510	660,371	673,571	622,097
Capital grants and contributions	12,573	12,332	6,124	5,629	5,726	8,970	21,797	19,943
Total government activities program revenues	808,009	828,391	853,842	882,627	962,510	996,799	1,031,271	967,014
Business-type activities								
Charges for services								
County Hospital	178,040	209,779	247,712	271,216	246,452	248,401	271,565	310,221
Housing Authority	3,536	3,466	3,667	3,885	5,405	6,164	5,406	5,408
Airport	3,002	2,957	3,065	3,090	3,107	3,321	3,433	3,446
Sheriff Law Enforcement Training Center	200	587	705	826	982	927	879	768
Child Care Enterprise								
Health Maintenance Organization [1]	105,157	113,298	123,488	128,742				
HMO Medi-Cal Plan					67,126	77,261	86,163	98,211
HMO Commercial Plan					65,111	62,010	65,246	68,845
Major risk medical insurance	931	1,662	1,723	1,723	1,953	1,383	1,364	936
Operating grants and contributions	94,474	103,347	118,574	120,955	125,763	134,915	145,413	135,026
Capital grants and contributions	7,194	4,595	5,201	7,941	7,945	8,866	7,239	7,377
Total business-type activities program revenues	392,534	439,691	504,135	538,378	523,844	543,248	586,708	630,238
Total primary government program revenues	$ 1,200,543	1,268,082	1,357,977	1,421,005	1,486,354	1,540,047	1,617,979	1,597,252
Net (Expense)/Revenue[2]								
Governmental activities	$ (295,535)	(360,156)	(410,343)	(415,889)	(393,682)	(485,858)	(641,047)	(638,178)
Business-type activities	(20,834)	(13,950)	(14,423)	(20,721)	(45,689)	(59,955)	(59,960)	(56,956)
Total primary government net expense	$ (316,369)	(374,106)	(424,766)	(436,610)	(439,371)	(545,813)	(701,007)	(695,134)

[1] For fiscal years 2002-2005 the fund was the Health Maintenance Organization. Beginning in 2006 the fund was split into HMO-Medical Plan and HMO-Commercial Plan.

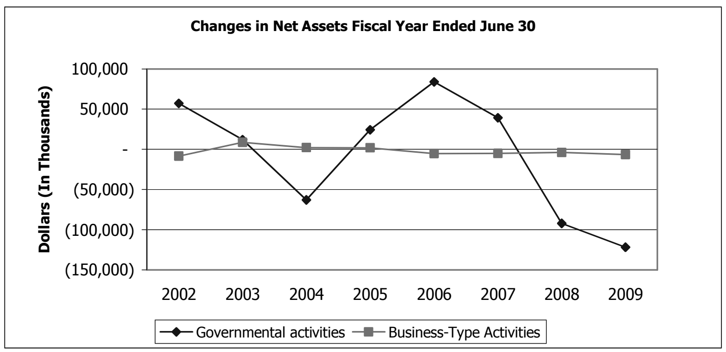
[2] Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses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

(continued)

C-100

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

		Fiscal Year Ending June 30							
		2002	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets									
Governmental activities									
Taxes									
Property	$	211,376	227,113	250,620	266,043	386,558	437,658	459,739	451,180
Sales		11,616	10,966	10,310	10,811	12,175	13,064	14,073	13,444
Other		15,692	18,841	15,782	16,214	15,869	16,941	22,179	26,709
Grants/contributions not restricted		77,741	83,035	69,341	107,861	20,326	16,120	11,300	14,089
Investment earnings		27,035	18,347	13,336	31,608	48,254	62,024	60,239	47,051
Other		20,158	36,140	35,815	29,587	33,048	32,661	35,344	12,935
Special item - retirement litigation settlement[1]				(31,979)					
Transfers		(11,063)	(22,306)	(15,900)	(21,836)	(38,631)	(53,287)	(53,934)	(49,098)
Total governmental activities		352,555	372,136	347,325	440,288	477,599	525,181	548,940	516,310
Business-type activities									
Investment earnings		298	376	12	134	49	386	455	429
Gain (loss) on sale of capital assets			(564)			(167)			
Other		1,076	551	609	596	1,841	1,082	1,746	987
Transfers		11,063	22,306	15,900	21,836	38,631	53,287	53,934	49,098
Total business-type activities		12,437	22,669	16,521	22,566	40,354	54,755	56,135	50,514
Total primary government	$	364,992	394,805	363,846	462,854	517,953	579,936	605,075	566,824
Change in Net Assets									
Governmental activities	$	57,020	11,980	(63,018)	24,399	83,917	39,323	(92,107)	(121,868)
Business-type activities		(8,397)	8,719	2,098	1,845	(5,335)	(5,200)	(3,825)	(6,442)
Total primary government	$	48,623	20,699	(60,920)	26,244	78,582	34,123	(95,932)	(128,310)



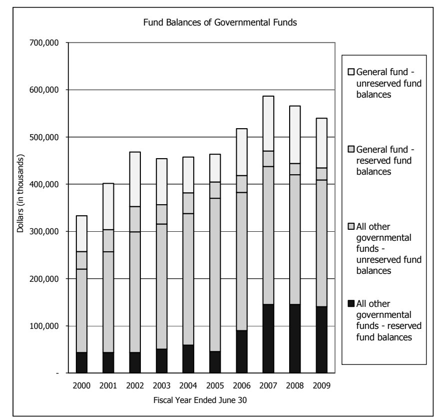
[1] During the year ended December 31, 1999, CCCERA settled its litigation, entitled Vernon D. Paulson, et al. v. Board of Retirement of the Contra Costa Employee's Retirement Association, et al. The consolidated lawsuit was brought on behalf of retired members of CCCERA regarding the inclusions and the exclusions from "final" compensation that are used in calculating members' retirement benefits as a result of the Ventura Decision. The final expense related to the settlement was determined and recorded in FY 2003 - 2004.

(concluded)

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

		Fiscal Year Ending June 30									
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund											
Reserved	$	36,920	46,904	53,744	41,044	43,998	34,404	35,764	33,003	24,098	25,464
Unreserved		75,801	97,703	115,658	97,525	75,888	58,659	99,374	116,113	121,516	105,260
Total general fund		112,721	144,607	169,402	138,569	119,886	93,063	135,138	149,116	145,614	130,724
All Other Governmental Funds											
Reserved											
Special Revenue Funds		17,268	14,864	14,305	13,370	14,377	14,796	20,533	28,086	49,997	47,315
Capital Projects Funds		1,928	131	159	1,170	17,326	3,995	59,233	82,021	62,182	55,016
Debt Service Funds		24,071	28,583	27,464	34,241	25,727	25,074	8,198	33,306	31,306	36,722
Permanent Funds				1,726	1,729	1,729	1,852	1,828	1,800	1,770	1,749
Total Reserved		43,267	43,578	43,654	50,510	59,159	45,717	89,792	145,213	145,255	140,802
Unreserved											
Special Revenue Funds		104,750	129,156	176,792	205,174	217,449	257,558	260,264	280,208	269,570	254,668
Capital Projects Funds		45,383	47,249	29,092	41,948	53,759	1,256	8,158	11,969	5,169	13,529
Debt Service Funds		27,072	37,034	48,973	17,609	7,075	65,776	24,390			
Permanent Funds				353	275	181					
Total Unreserved		177,205	213,439	255,210	265,006	278,464	324,590	292,812	292,177	274,739	268,197
Total all other governmental funds		220,472	257,017	298,864	315,516	337,623	370,307	382,604	437,390	419,994	408,999
Total Governmental Funds											
Total Reserved		80,187	90,482	97,398	91,554	103,157	80,121	125,556	178,216	169,353	166,266
Total Unreserved		253,006	311,142	370,868	362,531	354,352	383,249	392,186	408,290	396,255	373,457
Total governmental funds	$	333,193	401,624	468,266	454,085	457,509	463,370	517,742	586,506	565,608	539,723

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



COUNTY OF CONTRA COSTA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

(In Thousands)

(Unaudited)

					Fiscal Year Ending June 30					
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:										
Taxes	$ 204,383	296,644	322,635	343,321	349,387	403,373	434,930	484,472	508,058	505,424
Licenses, permits and franchise fees	20,395	25,749	35,277	37,748	38,600	31,862	38,992	43,018	29,853	25,485
Fines, forfeitures and penalties	19,000	18,296	18,525	18,233	31,701	21,095	18,651	18,300	29,430	19,604
Use of money and property	37,956	43,632	23,764	16,154	11,942	29,968	46,575	57,908	59,829	39,610
Intergovernmental	564,289	490,842	545,724	547,651	542,929	587,529	637,179	669,343	689,528	642,158
Charges for services	169,240	188,545	196,588	219,894	237,274	239,694	267,633	265,453	275,699	279,693
Other revenue	35,020	27,166	94,280	125,090	127,341	103,704	119,585	144,858	141,007	157,295
Total revenues	1,050,283	1,090,874	1,236,793	1,308,091	1,339,174	1,417,225	1,563,545	1,683,352	1,733,404	1,669,269
Expenditures:										
Current:										
General government	101,772	106,380	130,351	135,197	134,610	131,069	148,201	195,909	176,350	173,240
Public protection	307,260	325,821	378,011	426,662	438,940	456,489	494,005	551,970	575,163	560,416
Health and sanitation	164,142	161,220	182,164	201,140	215,724	208,160	191,505	190,749	206,942	219,008
Public assistance	302,690	294,317	337,673	383,360	400,873	395,337	418,521	445,690	473,525	459,552
Education	14,216	14,589	16,367	18,414	19,548	21,231	22,679	25,863	26,394	27,261
Public ways and facilities	50,508	54,611	88,830	79,119	82,736	96,895	107,005	137,726	141,684	121,152
Recreation and culture	619	426	1,099	716	1,337	1,284	1,439	1,642	1,076	1,553
Debt service:										
Principal	21,347	25,266	25,110	50,533	30,953	27,726	33,775	62,335	38,417	43,038
Debt issuance cost		1,643	412	441	1,222	565	1,267	3,314	363	326
Refunding bond issuance cost		1,881								
Payment to refunded bond escrow agent		1,595		3,272						
Interest	39,288	33,443	36,307	31,652	47,691	49,418	53,131	57,535	64,265	61,099
Other charges							3,726	1,539		
Capital outlay	23,109	14,830	32,236	2,630	1,973	6,388				
Total expenditures	1,024,951	1,036,022	1,228,560	1,333,136	1,375,607	1,394,562	1,475,254	1,674,272	1,704,179	1,666,645
Excess of revenues over (under) expenditures	25,332	54,852	8,233	(25,045)	(36,433)	22,663	88,291	9,080	29,225	2,624
Other Financing Sources (Uses):										
Transfers in	72,483	67,945	72,230	93,231	80,887	79,291	76,985	60,957	73,094	84,199
Transfers out	(67,941)	(76,188)	(83,293)	(115,537)	(99,383)	(103,105)	(117,605)	(116,239)	(126,926)	(138,458)
Proceeds from the sale of real estate			500	500	500					
Proceeds of refunding bonds		113,389								
Proceeds from issuance of debt		24,897	12,650	348,467	64,290	1,563	129,900	222,685	36,617	23,121
Proceeds on issuance of debt transferred to business-type activities									(36,687)	
Proceeds on issuance of debt transferred to the investment trust funds									(526)	
Premium on debt issued					21			7,701	1,930	
Discount on debt issued					(621)					
Payment to retirement trustee				(319,095)			(124,904)	(118,998)		
Payment to refund bonds		(94,944)								
Payment to refunded bond escrow agent		(16,231)		(329)	(7,259)					
Capital lease financing	5,500	1,269	9,907	3,627	1,973	6,388	1,705	3,578	2,375	2,629
Total other financing sources (uses)	10,042	20,137	11,994	10,864	40,408	(15,863)	(33,919)	59,684	(50,123)	(28,509)
Net change in fund balances	35,374	74,989	20,227	(14,181)	3,975	6,800	54,372	68,764	(20,898)	(25,885)
Fund Balances at Beginning of Year, as Previously Reported	299,648	333,193	401,624	468,266	454,085	457,509	463,370	517,742	586,506	565,608
Adjustments to beginning fund balances	(1,829)	(6,558)	46,415		(551)	(939)				
Fund Balances at Beginning of Year, as Restated	297,819	326,635	448,039	468,266	453,534	456,570	463,370	517,742	586,506	565,608
Residual equity transfers in	200									
Residual equity transfers out	(200)									
Fund Balances at End of Year	$ 333,193	401,624	468,266	454,085	457,509	463,370	517,742	586,506	565,608	539,723
Debt Service:										
Principal	$ 21,347	25,266	25,110	50,533	30,953	27,726	33,775	62,335	38,417	43,038
Interest	39,288	33,443	36,307	31,652	47,691	49,418	53,131	57,535	64,265	61,099
Total Debt Service	$ 60,635	58,709	61,417	82,185	78,644	77,144	86,906	119,870	102,682	104,137
NonCapital Expenditures:										
Total Expenditures	$ 1,024,951	1,036,022	1,228,560	1,333,136	1,375,607	1,394,562	1,473,987	1,674,272	1,704,179	1,666,645
Less: Capital Outlays										
Capital Outlays	23,109	14,830	32,236	2,630	1,973	6,388				
Capital Outlays included in Function Expenditures			56,441	73,622	60,240	44,016	42,688	63,519	106,522	68,522
Total NonCapital Expenditures	$ 1,001,842	1,021,192	1,139,883	1,256,884	1,313,394	1,344,158	1,431,299	1,610,753	1,597,657	1,598,123
Debt service as a percentage of noncapital expenditures	6.05%	5.75%	5.39%	6.54%	5.99%	5.74%	6.07%	7.44%	6.43%	6.52%

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

COUNTY OF CONTRA COSTA

PROGRAM REVENUES BY FUNCTION/PROGRAM

LAST EIGHT FISCAL YEARS

(Accrual basis of accounting)

(In Thousands)

(Unaudited)

		Fiscal Year Ended June 30							
		2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities - program revenues									
Charges for services									
General government	$	73,680	71,976	94,121	81,289	92,169	97,371	102,339	100,315
Public Protection		100,344	117,342	119,133	122,919	137,069	140,065	135,403	130,270
Health and sanitation		51,533	60,587	66,577	61,930	64,221	64,449	65,823	76,938
Public assistance		1,648	2,121	1,456	2,895	1,898	2,323	3,068	2,242
Education		738	687	984	848	838	866	923	992
Public ways and facilities		22,557	24,643	25,273	22,737	28,971	22,240	28,133	14,100
Recreation and culture		36	19	36	33	108	144	214	117
Subtotal		250,536	277,375	307,580	292,651	325,274	327,458	335,903	324,974
Operating grants and contributions									
General government		19,682	19,378	9,496	10,900	20,264	11,151	13,386	11,148
Public protection		119,742	122,134	121,049	123,050	128,668	135,827	130,103	122,280
Health and sanitation		80,561	82,260	85,820	88,114	90,928	94,059	111,516	97,607
Public assistance		308,577	307,544	314,630	336,542	364,668	371,183	372,251	371,390
Education		3,152	3,019	2,768	3,065	3,229	4,055	3,642	3,423
Public ways and facilities		13,134	4,307	6,143	22,657	23,742	43,389	42,591	16,095
Recreation and culture		52	42	232	19	11	707	82	154
Subtotal		544,900	538,684	540,138	584,347	631,510	660,371	673,571	622,097
Capital grants and contributions									
Public protection		76	53	50	50	12	12		
Public ways and facilities		12,497	12,279	6,074	5,579	5,714	8,958	21,797	19,943
Subtotal		12,573	12,332	6,124	5,629	5,726	8,970	21,797	19,943
Total governmental activities program revenues	$	808,009	828,391	853,842	882,627	962,510	996,799	1,031,271	967,014
Business-type activities program revenues									
Charges for services									
County Hospital	$	178,040	209,779	247,712	271,216	246,452	248,401	271,565	310,221
Housing Authority		3,536	3,466	3,667	3,885	5,405	6,164	5,406	5,408
Airport		3,002	2,957	3,065	3,090	3,107	3,321	3,433	3,446
Sheriff Law Enforcement Training Center		200	587	705	826	982	927	879	768
HMO Medi-Cal Plan		105,157	113,298	123,488	128,742	67,126	77,261	86,163	98,211
HMO Commercial Plan						65,111	62,010	65,246	68,845
Major risk medical insurance		931	1,662	1,723	1,723	1,953	1,383	1,364	936
Subtotal		290,866	331,749	380,360	409,482	390,136	399,467	434,056	487,835
Operating grants and contributions									
County Hospital		31,886	20,840	19,281	20,379	21,387	20,995	22,604	9,257
Housing Authority		59,459	77,227	92,410	93,176	89,557	86,897	92,233	87,047
Airport		130	978	1,069	452	426	1,813	222	326
Sheriff Law Enforcement Training Center		242	468	392	271	212	391	237	239
HMO Medi-Cal Plan		2,757	3,834	5,422	6,677				
HMO Commercial Plan						14,181	24,819	30,117	38,157
Subtotal		94,474	103,347	118,574	120,955	125,763	134,915	145,413	135,026
Capital grants and contributions									
County Hospital		7,194	4,595	4,201	5,052	5,171	7,677	5,941	6,428
Housing Authority				1,000	2,889	2,774	1,189	1,298	949
Subtotal		7,194	4,595	5,201	7,941	7,945	8,866	7,239	7,377
Total business-type activities program revenues		392,534	439,691	504,135	538,378	523,844	543,248	586,708	630,238
Total primary government program revenues	$	1,200,543	1,268,082	1,357,977	1,421,005	1,486,354	1,540,047	1,617,979	1,597,252

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

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

COUNTY OF CONTRA COSTA

GOVERNMENT FUNDS - TAX REVENUES BY SOURCE

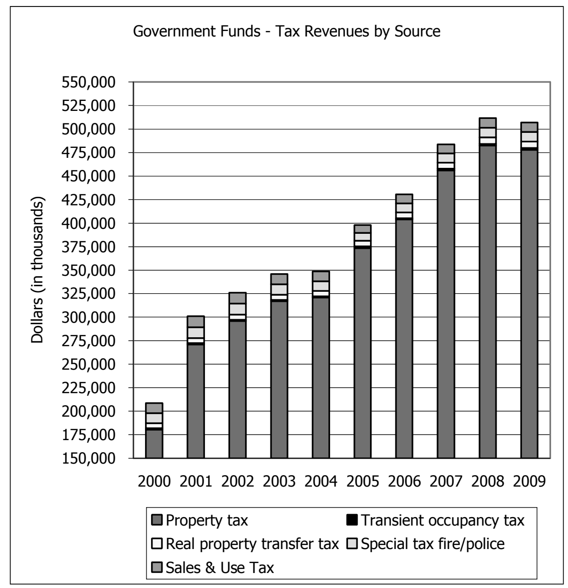
LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

(In Thousands)

(Unaudited)

Fiscal Year Ended		Property Tax	Transient Occupancy Tax	Real Property Transfer Tax	Special Tax Fire/Police	Sales & Use Tax	Total
2000	$	180,518	1,370	6,554	5,223	10,718	204,383
2001		270,773	1,628	7,294	5,317	11,632	296,644
2002		295,792	1,287	8,273	5,667	11,616	322,635
2003		317,208	1,117	8,434	5,596	10,966	343,321
2004		320,894	1,283	11,161	5,739	10,310	349,387
2005		373,526	1,825	13,826	5,830	8,366	403,373
2006		403,919	1,344	14,043	5,924	9,700	434,930
2007		456,104	1,872	10,427	6,279	9,790	484,472
2008		482,396	1,777	6,664	6,893	10,328	508,058
2009		478,005	1,844	8,614	6,961	10,000	505,424



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

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COUNTY OF CONTRA COSTA

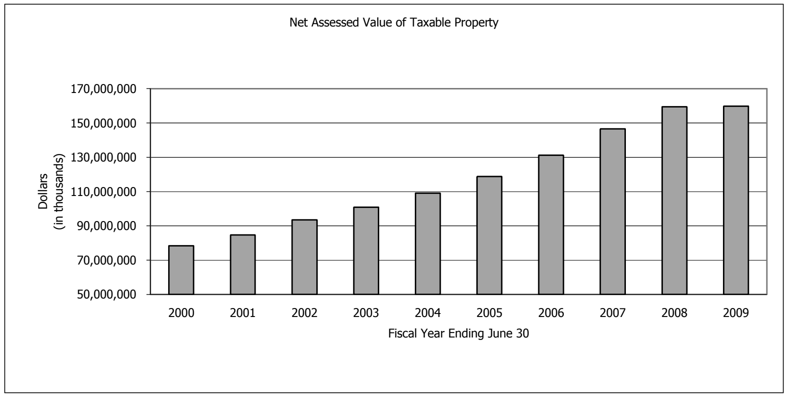
ASSESSED VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(In Thousands)

(Unaudited)

Fiscal Year Ended June 30	Assessed Value [1] Real Property	Personal Property	Total	Exemptions	Net Assessed Value of Taxable Property	Total Direct Tax Rate	Net Increase Amount	Percentage
2000	$ 77,475,617	2,495,049	79,970,666	1,624,132	78,346,534	1.00 %	$ 4,646,979	6.31 %
2001	83,329,641	2,936,004	86,265,645	1,637,667	84,627,978	1.00	6,281,444	8.02
2002	92,091,316	3,350,098	95,441,414	1,951,214	93,490,200	1.00	8,862,222	10.47
2003	99,461,281	3,570,777	103,032,058	2,106,357	100,925,701	1.00	7,435,501	7.95
2004	108,071,968	3,190,706	111,262,674	2,190,126	109,072,548	1.00	8,146,847	8.07
2005	117,931,015	3,167,502	121,098,517	2,322,240	118,776,277	1.00	9,703,729	8.90
2006	130,458,278	3,235,764	133,694,042	2,568,829	131,125,213	1.00	12,348,936	10.40
2007	145,844,300	3,408,666	149,252,966	2,729,501	146,523,465	1.00	15,398,252	11.74
2008	158,953,496	3,592,778	162,546,274	3,101,166	159,445,108	1.00	12,921,643	8.82
2009	159,825,416	3,714,884	163,540,300	3,721,464	159,818,836	1.00	373,728	0.23



[1] Assessed values are those defined under California Revenue and Taxation Code Sections: 601 and 721 et. seq.
Article XIIIA, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased:
a) to reflect annual inflation up to 2 percent; b) to reflect current market value at time of ownership change; and
c) to reflect market value for new construction.

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

COUNTY OF CONTRA COSTA

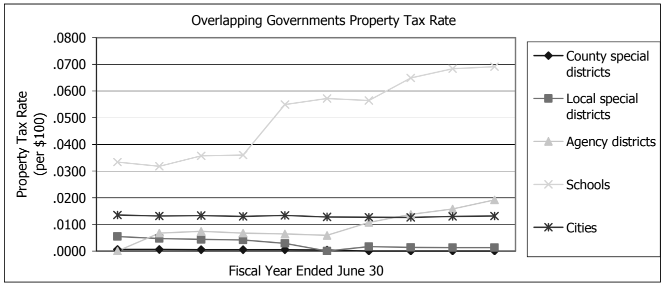
PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30	Countywide Rate [1] County	Other	Total	County Special Districts	Local [2] Special Districts	Agency Districts	Schools	Cities	Total
2000	.1375	.8625	1.0000	.0006	.0055	.0099 [3]	.0334	.0135	1.0629
2001	.1367	.8633	1.0000	.0006	.0047	.0067	.0318	.0131	1.0569
2002	.1356	.8644	1.0000	.0005	.0044	.0074	.0357	.0133	1.0613
2003	.1352	.8648	1.0000	.0005	.0042	.0067	.0360	.0130	1.0604
2004	.1342	.8658	1.0000	.0005	.0029	.0064	.0549	.0134	1.0781
2005	.1341	.8659	1.0000	.0004	.0011 [3]	.0059	.0572	.0128	1.0774
2006	.1337	.8663	1.0000	.0000	.0017	.0107	.0564	.0127	1.0815
2007	.1329	.8671	1.0000	.0000	.0014	.0137	.0649	.0126	1.0926
2008	.1330	.8670	1.0000	.0000	.0013	.0158	.0684	.0130	1.0985
2009	.1330	.8670	1.0000	.0000	.0013	.0192	.0691	.0131	1.1027



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

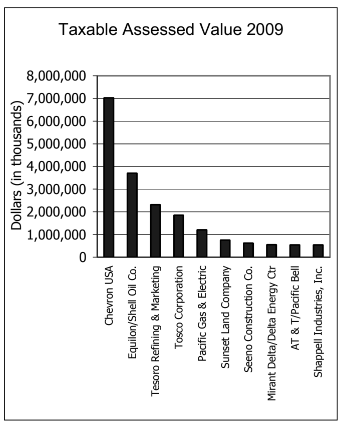
[2] The 2005 rate for Local Special Districts includes a negative rate computed for the Los Medanos Community Healthcare District to affect a refund to the taxpayers of $850,000. The District's taxpayers had paid a special property tax for many years to fund the bond payments for healthcare facilities.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

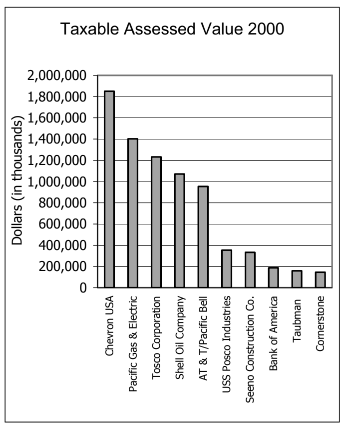
[3] Revised

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

COUNTY OF CONTRA COSTA
PRINCIPAL PROPERTY TAX PAYERS
RANKED BY ASSESSED VALUE [1]
CURRENT YEAR AND NINE YEARS AGO
(In Thousands)
(Unaudited)

	Fiscal Year Ended June 30, 2009			Fiscal Year Ended June 30, 2000		
Taxpayers	Taxable Assessed Value Secured and Unitary	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value Secured and Unitary	Rank	Percentage of Taxable Assessed Value
Chevron USA	$ 7,027,178	1	4.62 %	$ 1,850,029	1	2.36 %
Equilon/Shell Oil Co.	3,701,044	2	2.43			
Tesoro Refining & Marketing	2,306,945	3	1.52			
Tosco Corporation	1,847,022	4	1.21	1,231,249	3	1.57
Pacific Gas & Electric	1,202,116	5	0.79	1,401,841	2	1.79
Sunset Land Company	749,218	6	0.49			
Seeno Construction Co.	617,935	7	0.41	332,253	7	0.42
Mirant Delta/Delta Energy Ctr	549,140	8	0.36			
AT & T/Pacific Bell	543,666	9	0.36	954,453	5	1.22
Shappell Industries, Inc.	539,087	10	0.35			
USS Posco Industries				353,574	6	0.45
Shell Oil Company				1,070,926	4	1.37
Bank of America				186,853	8	0.24
Taubman				159,884	9	0.20
Cornerstone				145,184	10	0.19
Total	$ 19,083,351		12.54	$ 7,686,246		9.81





[1]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
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)
(Unaudited)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collection in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2000	$ 981,580	$ 965,676	98.38 %	$ 15,848	$ 981,524	99.89 %
2001	1,062,831	1,046,103	98.43	16,501	1,062,604	99.88
2002	1,187,173	1,166,621	98.27	20,262	1,186,883	99.88
2003	1,293,561	1,267,987	98.02	24,282	1,292,269	99.90
2004	1,402,895	1,375,570	98.05	26,367	1,401,937	99.93
2005	1,584,132	1,557,533	98.32	24,606	1,582,139	99.87
2006	1,720,978	1,685,279	97.93	30,073	1,715,352	99.67
2007	1,967,771	1,886,919	95.89	67,473	1,954,392	99.32
2008	2,077,283	1,971,251	94.90	87,040	2,058,291	99.09
2009	2,061,930	1,975,895	95.83		1,975,895	95.83

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

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COUNTY OF CONTRA COSTA

OUTSTANDING DEBT BY TYPE

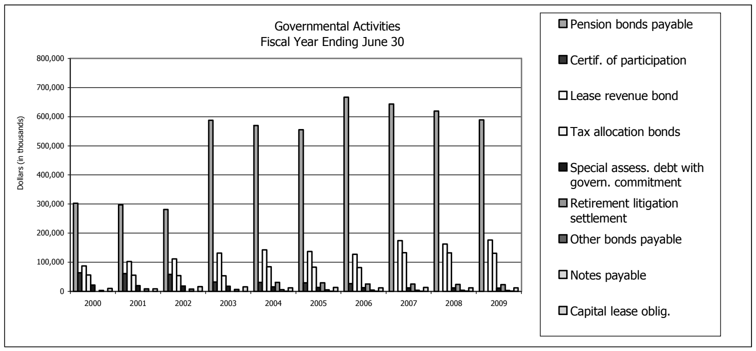
LAST TEN FISCAL YEARS

(In Thousands)

(Unaudited)

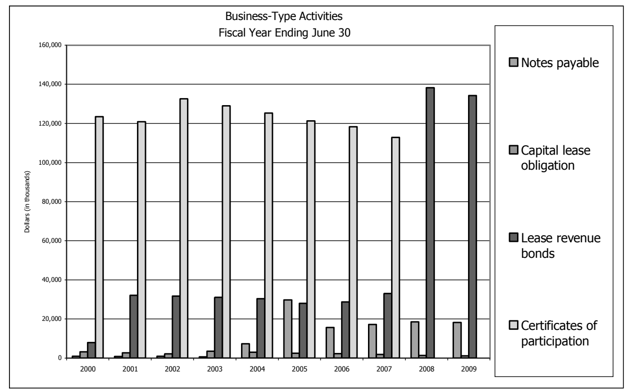
Governmental Activities

Fiscal Year Ended June 30	Pension Bonds Payable	Certif. of Partici-pation	Lease Revenue Bonds	Tax Allocation Bonds	Special Assess. Debt with Govern. Commitment	Retirement Litigation Settlement	Other Bonds Payable	Notes Payable	Capital Lease Oblig.	Total
2000	$ 302,275	63,820	87,615	56,150	21,652		3,044	6	9,927	544,489
2001	297,340	61,465	102,245	55,360	20,276		8,505	6	8,988	554,185
2002	281,425	58,665	111,420	54,525	18,589		8,055		16,238	548,917
2003	587,220	31,700	130,960	53,580	17,222		7,140		15,330	843,152
2004	569,220	30,555	142,715	84,295	15,654	30,352	6,130	516	12,235	891,672
2005	554,735	29,365	136,903	83,045	14,006	29,651	5,115	429	13,784	867,033
2006	666,905	27,008	127,766	81,935	13,213	25,527	4,585	339	12,646	959,924
2007	643,990		174,633	133,105	12,389	24,809	4,015	788	13,444	1,007,173
2008	619,135		162,386	132,290	11,740	24,034	3,650	1,482	12,478	967,195
2009	588,920		176,084	130,880	11,075	23,197	3,260	1,384	11,680	946,480



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

	Business-Type Activities								
Fiscal Year Ended June 30	Notes Payable	Capital Lease Obligation	Lease Revenue Bonds	Certificates of Participation	Total	Government Total	Ratio Net Debt to Assessed Value	Percentage of Personal Income [1]	Net Debt Per Capita
2000	$ 914	3,169	7,950	123,443	135,476	679,965	0.87 %	1.60 %	$ 731
2001	859	2,716	32,077	120,893	156,545	710,730	0.84	1.63	731
2002	984	2,146	31,760	132,550	167,440	716,357	0.77	1.65	730
2003	562	3,555	31,050	128,980	164,147	1,007,299	1.00	2.28	1,012
2004	7,268	3,017	30,320	125,250	165,855	1,057,527	0.97	2.22	1,050
2005	29,766	2,455	27,997	121,325	181,543	1,048,576	0.88	2.08	1,027
2006	15,651	2,281	28,689	118,307	164,928	1,124,852	0.86	2.11	1,091
2007	17,255	1,899	33,037	112,845	165,036	1,172,209	0.75	2.08	1,052
2008	18,563	1,346	138,319		158,228	1,125,423	0.71	N/A	1,070
2009	18,246	1,083	134,293		153,622	1,100,102	0.69	N/A	1,037



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

[1] Ratios are calculated using personal income and population data shown in the schedule of Demographic and Economic statistics.

N/A Not Available

COUNTY OF CONTRA COSTA

DIRECT AND OVERLAPPING BOND DEBT

(In Thousands)

(Unaudited)

	Debt Applicable July 1, 2009 [1] Percentage		Amount
2008 - 2009 Assessed Value of Taxable Property (includes unitary utility valuation)		$	159,782,935
Less: Redevelopment Increments			19,073,433
Adjusted Assessed Valuation		$	140,709,502
DIRECT GENERAL FUND OBLIGATION DEBT:			
Contra Costa County General Fund Obligations	100	$	285,315
Contra Costa County Pension Obligations	100		465,455
TOTAL DIRECT DEBT			750,770
OVERLAPPING GENERAL FUND OBLIGATIONS DEBT			
City of Richmond Pension Obligations	100		130,815
Contra Costa County Fire Protection District Pension Obligation	100		123,465
City of Richmond General Fund Obligations	100		99,530
Other Cities' General Fund Obligations	100		75,610
City of Pittsburg Pension Obligations	100		39,441
City of Concord General Fund and Judgment Obligations	100		30,725
City of Antioch General Fund Obligations	100		29,230
West Contra Costa Unified School District General Fund Obligation	100		23,390
Other School Districts' General Fund Obligations	Various		23,011
Antioch Unified School District Certificates of Participation	100		22,715
City of San Ramon General Fund Obligations	100		16,780
San Ramon Valley Fire Protection District Certificates of Participation	100		15,755
Alameda-Contra Costa Transit District Certificates of Participation	11.368		4,862
Other Special District Certificates of Participation	100		3,689
Total Overlapping General Fund Obligations Debt			639,018
OVERLAPPING TAX AND ASSESSMENT DEBT:			
West Contra Costa Unified School District	100		597,710
1915 Act Assessment Bonds (Estimate)	100		439,376
Community Facilities Districts	100		295,954
San Ramon Valley Unified School District	100		286,948
Mt. Diablo Unified School District	100		212,965
Contra Costa Community College District	100		176,050
Acalanes and Liberty Union High School Districts	100		180,116
Bay Area Rapid Transit District	31.414		138,649
Pittsburg Unified School District	100		109,400
East Bay Regional Park District	46.312		58,284
Brentwood Union School District	100		58,450
Other School Districts	Various		70,530
Walnut Creek School District	100		31,585
Martinez Unified School District	100		24,212
Oakley Union School District	100		24,365
West Contra Costa Healthcare District Parcel Tax Obligation	100		23,905
Lafayette School District	100		22,450
Cities and City Special Tax Districts	100		32,650
East Bay Municipal Water District and Special District No. 1	6.287		1,873
Total Overlapping Tax and Assessment Debt			2,785,472
TOTAL DIRECT AND OVERLAPPING DEBT		$	4,175,260

(continued)

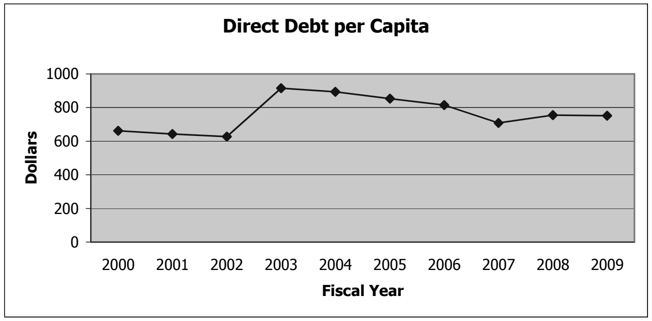
COUNTY OF CONTRA COSTA

DIRECT AND OVERLAPPING BOND DEBT

(In Thousands)

(Unaudited)

	Ratio to Adjusted Assessed Valuation Value (%)		Per Capita
Population [2]			1,060,435
Direct Debt	0.53	$	708
Total Direct and Overlapping Debt	2.97		3,937



Source: [1] California Municipal Statistics, Inc.

a. Percentage of overlapping agency's assessed valuation located within boundaries of the county.

b. Excludes tax and revenue anticipation notes, revenue, mortgage, revenue and tax allocation bonds and non-bonded capital lease obligations.

[2] Not in thousands

(concluded)

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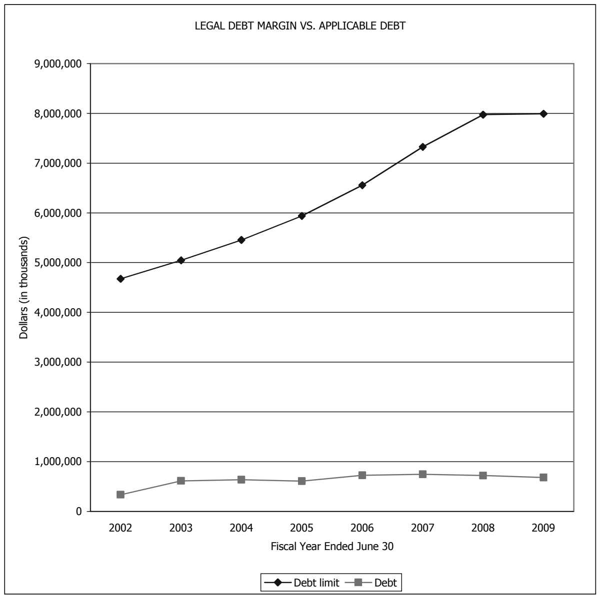
COUNTY OF CONTRA COSTA
LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS
(In Thousands)
(Unaudited)

		Fiscal Year Ended June 30							
		2002	2003	2004	2005	2006	2007	2008	2009
Assessed value of taxable property	$	93,490,200	100,925,701	109,072,548	118,776,277	131,125,213	146,523,465	159,445,108	159,818,836
Debt limit - 5% of assessed value [1]	(A) $	4,674,510	5,046,285	5,453,627	5,938,814	6,556,261	7,326,173	7,972,255	7,990,942
Amount of debt applicable to debt limit [2]									
Total bonded debt		344,005	641,810	654,030	637,780	748,840	777,095	751,425	719,800
Less: Assets of debt service funds		7,875	26,632	16,708	28,981	21,157	31,034	32,097	38,857
Total net general obligation debt	(B)	336,130	615,178	637,322	608,799	727,683	746,061	719,328	680,943
Legal debt margin	(A - B) $	4,338,380	4,431,107	4,816,305	5,330,015	5,828,578	6,580,112	7,252,927	7,309,999
Total net general obligation debt applicable to the limit as a percentage of debt limit		7.19%	12.19%	11.69%	10.25%	11.10%	10.18%	9.02%	8.52%



[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 nor Assessment District debt.

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

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

Fiscal Year Ended June 30	Population[1]	Personal[2] Income	Per Capita[2] Personal Income	Median[3] Age	Education[4] Level	School[5] Enrollment	Average[6] Unemployment Rate
2000	930,025	42,417,859	44,496 #	36.4	36.5	272,905	3.5 %
2001	972,103	43,472,330	44,724 #		37.4	273,467	4.0
2002	981,555	43,304,580	44,124 #		35.9	278,456	5.7
2003	994,908	44,177,166 #	44,661 #		38.7	269,081	6.1
2004	1,007,606 #	47,550,512 #	47,797 #	37.1	36.3	280,523	5.4
2005	1,020,898	50,199,803 #	50,097 #	37.2	37.8 #	284,773	5.1
2006	1,030,732 #	53,876,204 #	53,571 #	37.5	37.2	277,459	4.5
2007	1,042,341	56,396,753	55,580	37.9	37.1	272,443	4.7
2008	1,051,674	N/A	N/A	38.1	38.7	280,617	6.3
2009	1,060,435	N/A	N/A	N/A	N/A	N/A	10.8

\# Revised
N/A Not Available
[1] California Department of Finance Estimate for January 1 of each year.
[2] U.S. Department of Commerce - Bureau of Economic Analysis (thousands)
[3] U.S. Census Bureau
[4] Percent of population with Bachelor or Graduate Degree - U.S. Census Bureau
[5] Population three years and over enrolled in school - U.S. Census Bureau
[6] State of California - Employment Development Department - June Data

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COUNTY OF CONTRA COSTA
PRINCIPAL EMPLOYERS [1]
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Employer	2009 [2] Estimated Employees	2009 Rank	2009 Percentage of Total County Employment	2000 [4] Estimated Employees	2000 Rank	2000 Percentage of Total County Employment
Chevron Corp.	4,700	1	0.99 %	3,500	2	0.72 %
Kaiser Foundation Hospital	2,300	2	0.49	2,300	3	0.48
John Muir Medical Center	1,900	3	0.40	1,900	4	0.39
Bio-Rad Laboratories	1,700	4	0.36			
John Muir/Mt. Diablo Medical Center	1,500	5	0.32	1,500	5	0.31
24 Hour Fitness	1,300	6	0.27			
Doctors Medical Center	1,000	7	0.21	1,000	6	0.21
USS Posco Industries	975	8	0.20	975	7	0.20
Contra Costa Newspapers, Inc.	900	9	0.19	900	8	0.18
Bank of the West	800	10	0.17	700	9	0.14
Kaiser Permanente				5,000	1	1.03
Aetna Health Services				600	10	0.12
All Others	456,725		96.40	464,025		96.22
Total	473,800 [3]		100.00 %	482,400 [5]		100.00 %

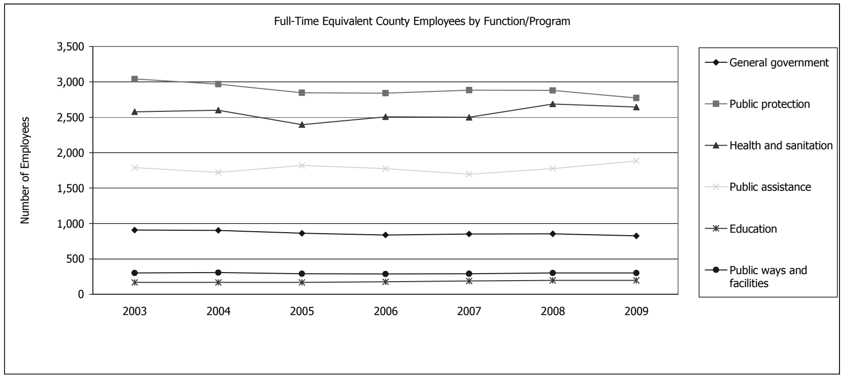
Contra Costa County Employment by Industry [6]
2009 Annual Average

Trade, Transportation, & Utilities	18.60 %
Government	17.85
Professional & Business Services	15.53
Educational & Health Services	12.85
Financial Activities	5.36
Leisure & Hospitality	8.74
Natural Resources & Mining	0.12
Manufacturing	8.88
Other Services	3.57
Information	2.70
Agriculture	0.17
Construction	5.63

[1] Government Employers Excluded
[2] Rich's Everyday Sales Prospecting Directory (2009) - Contra Costa County
[3] State of California Employment Development Department, 2009 annual, not adjusted
[4] Rich's Everyday Sales Prospecting Directory (2001) - Contra Costa County
[5] State of California Employment Development Department, 2000 annual, not adjusted
[6] State of California Employment Development Department, June 2009, not adjusted

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

Function	2003	2004	2005	2006	2007	2008	2009
	Full-time Equivalent Employees as of June 30						
General Government	908	904	861	838	852	854	825
Public Protection	3,041	2,969	2,847	2,841	2,883	2,880	2,773
Health and Sanitation	2,579	2,600	2,396	2,507	2,499	2,689	2,645
Public Assistance	1,788	1,723	1,819	1,774	1,697	1,775	1,884
Education	167	167	167	176	187	197	197
Public Ways and Facilities	302	307	291	287	291	302	301
Total	8,785	8,670	8,381	8,423	8,409	8,697	8,625



Source: County Administrator's Office, Contra Costa County, California

COUNTY OF CONTRA COSTA

OPERATING INDICATORS BY FUNCTION

LAST EIGHT FISCAL YEARS

FOR THE FISCAL YEAR ENDED JUNE 30

(Unaudited)

Function	2002	2003	2004	2005	2006	2007	2008	2009
General Government								
Assessor								
Number of Assessment Roll Units - Secured	323,710	328,537	332,630	338,032	345,212	353,469	355,637	356,213
Number of Assessment Roll Units - Unsecured	49,523	50,140	50,242	49,238	49,488	49,909	48,963	48,281
Auditor-Controller								
Tax Rate Areas Administered	1,136	1,141	1,171	1,024	1,024	1,040	1,057	1,064
County Counsel								
Tort Claims Filed Against County Transferred to County Counsel	246	254	280	253	274	255	255	277
Juvenile Law Contests Set for Each Child	2,971	2,531	2,259	2,890	3,063	3,449	2,596	1,873
Standard Forms Services Agreements								1,486
Formal Written County Counsel Opinions								26
Clerk-Recorder								
New Voter Registration		23,021	41,377	82,571	22,172	32,304	63,003	79,155
Updates to Voter Registration						49,838	113,810	77,250
Cancelled Voter Registration		6,158	35,596	28,110	14,450	30,063	21,328	24,461
Total Voter Registration	476,935	484,640	444,167	504,505	492,656	464,042	493,315	524,229
Recorded Documents	419,868	583,521	722,437	574,294	581,595	447,969	332,167	305,382
General Services								
Fleet Operations								
Fleet Size					1,473	1,464	1,526	1,518
On Road Fleet					1,175	1,285	1,330	1,313
Vehicles Maintained					1,599	1,515	1,540	1,518
Vehicle Availability Rate					96.05%	95.89%	95.42%	93.91%
Vehicle Repair Orders					5,824	5,368	5,373	6,927
Billable Hours					16,825	16,660	17,867	17,651
CNG Usage (Gal)					15,877	17,145	22,254	24,196
Unleaded Gasoline Usage (Gal)					826,739	820,733	824,467	763,722
Diesel Usage (Gal)					101,892	89,990	105,605	113,873
Total Fuel Usage (Gal)					944,508	927,868	952,326	901,791
Miles Traveled					10,900,129	10,436,107	11,686,360	11,847,115
CNG Vehicles					35	36	38	54
E-85 Vehicles					22	29	44	85
Hybrid Vehicles					63	72	83	109

(continued)

COUNTY OF CONTRA COSTA

OPERATING INDICATORS BY FUNCTION

LAST EIGHT FISCAL YEARS

FOR THE FISCAL YEAR ENDED JUNE 30

(Unaudited)

Function	2002	2003	2004	2005	2006	2007	2008	2009
General Government (continued)								
General Services continued								
Print and Mail								
Copies & Impressions Produced			32,161,483	28,720,591	32,161,483	29,669,219	29,170,473	29,172,931
Amount of Mail Processed			4,461,591	4,586,664	4,411,824	4,347,545	3,885,354	3,941,525
Real Estate Services								
Acquisition Leases Negotiated						8	10	11
Revenue Leases Negotiated						2	3	
Licenses/Permits Issued								10
Leases Renewed or Amended						26	12	17
Leases Terminated						16	7	6
Special Projects, Reports, Studies						23	28	24
Leased Buildings Managed						209	205	198
Leased Buildings Square Footage						1,914,476	1,830,393	1,910,523
County Owned Buildings						257	261	267
County Owned Buildings Square Footage						2,686,424	2,753,200	2,856,676
Purchasing/Materials Management								
Purchase Orders Processed					4,243	4,433	4,560	5,249
Formal On-Line Solicitations (Bids)							224	212
Dollar Value of Processed Purchase Orders			70,535,554	80,671,297	79,188,531	85,717,001	91,059,826	89,435,095
Estimated Savings on Bids							1,629,365	
Building Expenses								
Electricity Expense			6,497,771	7,140,149	6,945,811	7,016,109	7,014,696	7,610,113
Natural Gas Expense			1,395,284	1,360,646	1,711,079	1,783,934	1,808,847	1,774,528
Water Expense			794,117	872,751	901,781	870,288	841,329	982,009
Sewer Expense			453,533	451,094	472,280	508,979	542,001	542,624
Garbage Expense			860,239	785,324	751,670	793,068	773,514	741,501
Total Utilities Expense		10,638,214	10,000,944	10,609,964	10,782,621	10,972,378	10,980,387	11,650,775
Building Debt Service Expense		29,094,151	34,346,876	31,161,691	31,340,978	32,035,960	33,134,182	31,358,197
Rent Expense		8,265,779	8,411,466	8,323,056	7,917,009	8,050,262	7,404,969	9,531,167
Property Insurance Expense		1,906,782	2,013,306	1,779,012	2,409,659	2,808,278	2,378,103	3,426,481
Taxes and Assessments Expense		267,810	223,783	257,765	188,825	225,548	198,781	279,107

(continued)

COUNTY OF CONTRA COSTA
OPERATING INDICATORS BY FUNCTION
LAST EIGHT FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30
(Unaudited)

Function	2002	2003	2004	2005	2006	2007	2008	2009
General Government (continued)								
General Services continued								
Facilities Maintenance								
Work Requests Received			75	6,467	10,457	11,559	14,730	13,543
Work Requests Completed			3	5,675	9,627	11,112	14,054	10,834
Non-Emergency Requests Received			85	3,700	5,610	6,497	10,041	8,330
Emergency Requests Received			21	3,498	5,963	6,006	6,149	6,209
Completed Remodel & Security Upgrades								54
Capital Projects								
Number of Projects								57
Value of Projects								120,000,000
Number of Construction Contracts Awarded								27
Dollar Value of Construction Contracts								1,900,000
Number of Projects Completed								25
Human Resources								
Employment Applications Processed	14,100	21,901	14,860	15,982	15,817	26,334	24,048	13,557
Examinations Conducted	206	196	150	166	221	223	248	229
Personnel Transactions Processed						12,185	31,700	24,903
Appointments				943	1,103	1,329	841	404
Percentage of Applications Received as a result of the Online Application Process			22.00%	25.00%	35.00%	53.30%	80.50%	82.00%
Information Technology								
Enterprise Server Transactions Monthly				11,000,000	9,000,000	3,026,138	2,246,295	2,100,000
Enterprise Server Availability				100.00%	99.00%	99.00%	99.98%	99.00%
Viruses Stopped				920,000	3,100,000	47,879	3,000	5,000
Spam Emails Stopped				3,000,000	11,000,000	73,000,000	180,000,000	190,000,000
Tax Collector-Treasurer								
Secured Tax Bills	318,922	330,214	334,983	328,061	338,259	345,429	353,607	355,847
Unsecured Tax Bills	50,651	51,794	53,558	50,062	48,739	54,139	52,401	51,814
Supplemental Tax Bills	41,697	46,602	46,425	42,679	43,736	56,995	22,932	25,180
Business Licenses Issued	8,543	6,889	7,160	6,255	6,157	6,387	6,231	6,256

(continued)

COUNTY OF CONTRA COSTA
OPERATING INDICATORS BY FUNCTION
LAST EIGHT FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30
(Unaudited)

Function	2002	2003	2004	2005	2006	2007	2008	2009
Public Protection								
Agriculture								
Number of Shipments Inspected/ Profiled	36,607	37,371	45,153	60,912	78,263	88,094	74,797	69,934
Pest Control Inspections	1,003	905	876	1,019	1,047	741	651	657
Number of Taxis Inspected	460	294	339	271	229	224	198	375
Number of Petroleum Dispensing Devices Inspected	3,465	3,807	5,782	4,917	2,951	4,819	6,159	6,040
Animal Services								
Licenses Sold	44,064	44,235	44,062	44,822	45,977	41,054	37,753	39,936
Animals Handled	26,631	24,752	24,604	24,056	25,043	23,987	18,706	24,815
Animals Adopted	3,779	4,267	4,110	4,218	5,584	5,606	6,746	6,862
Animals Returned to Owner	2,812	2,871	2,595	2,482	2,363	2,364	2,366	2,303
Building Inspection								
Plans Reviewed	1,363	1,987	1,920	2,074	2,152	2,035	1,986	
Permits Issued	10,707	12,096	12,736	13,194	13,629	13,492	11,415	
Inspections Performed	54,461	53,612	63,730	70,331	81,363	95,189	78,024	
Code Enforcement Cases Opened	975	1,117	1,323	1,699	2,260	1,537	1,431	
Child Support Services								
Number of Cases					38,482	37,657	36,416	35,952
Community Development								
Number of Land Use Applications Received	908	986	1,114	1,182	1,165	1,080	917	
Number of Land Use Entitlements Issued						521	486	
Solid Waste Diverted from Landfills						50%	54%	
Number of Affordable Housing Units Provided Financial Assistance						767	432	
Fire Protection Services								
Contra Costa Fire Protection District								
Emergency Calls	37,655	40,420	40,726	41,100	42,255	45,188	45,504	44,491
Fire Calls	2,007	2,301	2,113	1,981	1,914	2,175	1,940	1,770
Medical Calls	19,533	26,045	28,043	28,815	29,864	30,401	30,244	29,997
Inspections Performed	2,536	3,187	2,438	1,888	1,198	1,970	2,180	5,433
East County Fire Protection District (Calendar Year)								
Emergency Calls	686	4,326	4,469	4,910	5,016	5,387		5,555
Fire Calls	58	470	445	421	424	453		439
Medical Calls	524	3,360	3,373	3,606	3,640	3,875		3,970
Inspections Performed	90	150	350	650	800	800		800

(continued)

COUNTY OF CONTRA COSTA
OPERATING INDICATORS BY FUNCTION
LAST EIGHT FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30
(Unaudited)

Function	2002	2003	2004	2005	2006	2007	2008	2009
Public Protection (continued)								
District Attorney (Calendar Year)								
Felony Cases Filed	4,356	3,701	4,264	4,564	5,423	5,081	4,319	
Misdemeanor Cases Filed	13,280	13,339	12,307	10,843	10,726	11,108	10,895	
Probation								
Court Reports	7,343	6,783	8,873	8,873	9,391	10,320	9,417	7,986
Average Supervision Caseload (Including Home Sup.)	5,473	5,450	4,671	4,555	4,602	6,902	7,555	4,906
Juvenile Hall Detention Care Days	55,153	52,016	46,586	36,428	56,862	51,684	62,179	63,432
Youth Rehabilitation Care Days	33,214	32,763	32,216	32,384	33,578	35,171	35,437	36,409
Juvenile Community Service Days Worked	5,311	4,746	4,110	4,365	3,924	3,405	3,275	0
Public Administrator								
Cases Opened			87	93	90	156	162	177
Cases Closed			75	93	103	136	141	162
Public Defender (Calendar Year)								
Cases Handled								
Felony	4,364	3,977	3,765	4,152	3,891	3,458	2,998	
Misdemeanor	8,873	7,263	6,948	6,932	8,264	8,196	7,666	
Juvenile								
Criminal	2,473	2,381	2,319	3,304	3,510	2,953	3,787	
Probate Guardian	511	566	568	629	498	486	470	
Superior Court	2,081	2,457	2,013	1,888	2,196	2,336	2,314	
Other/Order to Show Cause (OSC)	537	367	304	413	562	979	1,110	
Sheriff								
Calls for Service								
Priority 1 - Respond immediately	113,845	111,385	107,297	119,675	121,261	123,871	115,936	113,595
Priority 2 - Respond as soon as possible	57,564	61,021	53,375	57,134	57,634	55,804	52,248	51,982
Priority 3 - Respond when available	148,816	151,347	147,141	155,548	154,915	156,484	163,112	151,825
Citations Issued	20,303	21,167	19,864	24,795	21,657	20,026	15,455	13,154
Crime Reports Processed	31,966	25,838	31,400	31,726	30,607	34,024	32,092	29,164
Warrants Served	16,359	16,423	15,070	14,175	19,799	7,730	7,514	8,806
Custody Services								
Bookings - Detention Facility	25,622	25,612	24,683	25,072	25,144	24,955	23,556	23,126
Bookings - Custody Alternative	3,691	3,873	3,909	4,176	3,874	3,333	4,259	4,268
Average Daily Population - All Facilities		1,868	1,582	1,673	1,715	1,639	1,552	1,494

(continued)

COUNTY OF CONTRA COSTA
OPERATING INDICATORS BY FUNCTION
LAST EIGHT FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30
(Unaudited)

Function	2002	2003	2004	2005	2006	2007	2008	2009
Health and Sanitation								
Health Services								
Mental Health								
Inpatient Average Daily Census	263	294	310	340	333	323	303	340
Outpatient Visits	347,760	394,296	418,644	367,476	338,072	300,883	317,256	367,476
Conservatorship Clients	7,192	7,451	8,119	8,676	8,876	9,176	9,119	8,676
Alcohol & Other Drugs								
Residential Days	80,057	83,021	86,486	86,854	80,122	77,844	72,024	86,854
Outpatient Visits	74,139	76,361	77,317	63,183	58,813	64,785	64,767	63,183
Detention - Average Monthly Inmates	1,756	1,629	1,593	1,632	1,659	1,631	1,560	1,632
Public Health								
AIDS/HIV Tests	3,602	3,624	3,160	2,166	2,784	2,765	2,738	2,166
Immunizations Given	45,147	48,911	43,505	31,313	27,180	19,926	21,108	31,313
Senior Nutrition Meals Served	442,604	440,271	438,587	458,333	463,668	452,722	488,119	458,333
Environmental Health								
Hazardous Material Incident Responses	3,156	2,616	3,336	2,808	3,356	3,248	3,713	3,048
Environmental Health Inspections	34,776	28,524	32,436	26,160	36,091	38,864	53,787	26,160
California Child Serves Cases	2,325	2,473	2,565	2,739	2,864	3,054	3,195	2,739
Homeless Clients in Shelters	477	513	557	635	707	721	736	635
Public Assistance								
Community Services								
Number of Children Served (Head Start)	3,272	3,326	3,600	3,427	3,480	3,120	3,350	3,553
Number of Dwellings Weatherized		603	501	310	439	434	303	271
Employment and Human Services								
Average Number of Households Receiving Food Stamps		8,640	9,805	11,545	12,737	13,777	15,182	18,785
Welfare Warrants Issued				94,098	100,670	13,046		
Welfare Direct Deposit Items				9,041	7,544			
Number of Adult Protective Service Reports	1,396	1,727	1,849	1,508	1,563	1,724	1,964	1,977
Average Monthly Number of Medi-Cal Beneficiaries	89,946	95,673	101,786	106,760	111,575	111,780	114,105	122,523
Number of Children Served by Child Welfare	4,493	4,344	4,341	4,033	3,714	3,680	3,486	2,932
Number of Families Receiving Childrens Services	2,351	2,393	2,411	2,261	2,123	2,100	2,017	1,770
Average Number of Children in Foster Care	2,323	2,206	2,055	1,523	1,834	1,717	1,141	1,049
Average Number of Families receiving CalWORKS Assistance				8,859	9,019	8,956	9,152	9,973
Average Number of Welfare to Work Participants				2,884	3,016	3,504	3,605	4,410
Average Participants for In-Home Support Services				6,902	6,239	6,562	7,111	7,574

(continued)

COUNTY OF CONTRA COSTA

OPERATING INDICATORS BY FUNCTION

LAST EIGHT FISCAL YEARS

FOR THE FISCAL YEAR ENDED JUNE 30

(Unaudited)

Function	2002	2003	2004	2005	2006	2007	2008	2009
Public Assistance (continued)								
Veteran Services								
Claims/Appeals Filed for the Benefit of Veterans	1,321	1,712	1,803	1,698	1,781	2,039	2,193	2,140
Interviews	3,663	4,525	5,010	4,964	5,170	5,143	5,500	5,467
Incoming Calls Received								14,798
State of California College Fee Waiver Applications								372
Number of Veterans receiving monthly benefits								941
Number of Veterans, Family Members, Dependents or Survivors receiving retroactive or lump sum benefits								1,069
Education								
Library								
Library Visits	2,744,678	3,127,801	3,223,863	3,284,934	3,422,469	3,426,151	3,742,311	3,878,217
Items Circulated	4,036,417	4,253,135	4,522,958	4,736,101	4,929,783	5,428,511	6,132,207	6,728,411
Annual Hours Open	42,712	51,086	51,822	51,555	53,820	55,484	56,940	57,148
Cooperative Education								
4-H Club Membership		900	611	611	847	836	906	
Youth Federal Nutrition Program						3,859	3,214	
Public Ways and Facilities								
Public Works								
Pavement Condition Index Rating	87	87	87	87	86	85	83	79
Flood Control Development Reviews	510	467	502	549	559	552	447	310
Land Development Reviews	68	102	81	75	89	79	47	31
Service Requests						2,266	1,897	1,620

(continued)

COUNTY OF CONTRA COSTA
OPERATING INDICATORS BY FUNCTION
LAST EIGHT FISCAL YEARS
FOR THE FISCAL YEAR ENDED JUNE 30
(Unaudited)

Function	2002	2003	2004	2005	2006	2007	2008	2009
Enterprise Activities								
Hospital								
Hospital & Clinics								
Inpatient Days	48,095	48,681	49,465	48,125	49,936	47,026	45,126	48,125
Outpatient Visits	339,398	376,464	400,332	434,467	421,479	418,236	433,541	434,467
Health Maintenance Plans								
CCHP M-Cal Plan Enrollees	40,366	41,225	42,238	43,656	42,519	44,744	48,393	43,656
CCHP Commercial Plan Enrollees	16,805	18,460	20,147	20,188	20,954	21,749	31,218	20,188
CCHP Major Risk Enrollees	150	229	225	212	134	85	68	212
Sheriff Training Center								
Law Enforcement Training Academy- LETC								
Number of Students- Academy		139	87	80	72	102	120	95
Number of Students- In Service		2,201	1,976	2,587	2,821	2,905	2,690	2,007
Hours of Instruction- Academy		3,350	1,821	3,053	2,016	2,603	2,776	2,200
Hours of Instruction- In Service		3,454	2,421	2,505	2,284	2,575	2,228	2,436
Airport (Calendar Year)								
Aircraft Operations (Take off / Landing)								
Buchanan	143,649	138,572	119,106	128,375	124,102	93,881	92,951	93,881
Byron (Estimated)					60,000	50,000	50,000	50,000

Source: Contra Costa County Departments

(concluded)

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

Function	Fiscal Year Ended June 30							
	2002	2003	2004	2005	2006	2007	2008	2009
General Government								
Clerk-Recorder								
DFM Mark-A-Vote System								
Data General Terminal	1	1	1	1	1	1	1	1
Card Readers	14	14	14	14	20	20	20	20
BCWin Terminal	1	1	1	1	4	4	4	4
Election Systems and Software								
M100 Precinct Tally Machines					768	768	768	768
AutoMark- ADA Assist Ballot Marking Devices					768	768	768	768
M650 High Volume Ballot Scanners					4	4	5	6
Public Protection								
Animal Services								
Animal Shelters	2	2	2	2	2	2	2	2
Fire Protection Services								
Contra Costa Fire Protection District								
Fire Stations	30	30	30	30	30	30	30	30
Fire Engines/Trucks/Other Apparatus	87	88	88	90	92	91	90	97
East County Fire Protection District								
Fire Stations					8	8	8	8
Fire Engines/Trucks/Other Apparatus					26	25	25	25
Probation								
Juvenile Hall - Certified Beds					290	290	290	290
Orin Allen Youth Rehabilitation Facility - Certified Beds					100	100	100	100
Sheriff								
Square Miles Patrolled	521	521	521	521	521	521	521	521
Detention Facilities	3	3	3	3	3	3	3	3
Public Ways and Facilities								
Public Works								
Miles of Road Maintained	661	658	659	661	664	664	664	664
Miles of Creek/ Channels Maintained	75	75	75	75	75	75	75	75
Enterprise Activities								
Hospital								
Hospital	1	1	1	1	1	1	1	1
Sheriff Training Center								
Law Enforcement Training Academy- LETC	1	1	1	1	1	1	1	1
Airport								
Buchanan	1	1	1	1	1	1	1	1
Byron	1	1	1	1	1	1	1	1
Education								
Community Libraries	23	23	23	23	24	25	25	25

Source: Contra Costa County Departments

COUNTY OF CONTRA COSTA
MISCELLANEOUS STATISTICS
(Unaudited)

GEOGRAPHICAL LOCATION:	Contra Costa County is located near San Francisco in the Bay Area. It is bordered by San Francisco Bay and San Pablo Bay on the west, by Suisun Bay and the Sacramento and San Joaquin Rivers on the north, by the delta country of San Joaquin County on the east and by Alameda County on the south.
ALTITUDE:	Sea level to 3,849 feet
AREA OF COUNTY:	732.6 square miles of land and 73.3 square miles of water.
COUNTY SEAT:	Martinez, California
FORM OF GOVERNMENT:	General Law County, governed by a five member Board of Supervisors. Contra Costa County is one of the original 27 counties established when California became a state in 1850.

Source: County Administrator's Office

	November 4, 2008 General Election	May 19, 2009 Statewide Special Election
REGISTERED VOTERS	527,145	524,229
NUMBER VOTING	456,876	185,406
PERCENT VOTING	86.67%	35.37%

Source: County Clerk-Recorder Department, Elections Division

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APPENDIX D

COUNTY INVESTMENT POLICY

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CONTRA COSTA COUNTY

INVESTMENT POLICY

JUNE 2010

STANDARDS AND OBJECTIVES

§53600.3.[1] Standard for Governing Bodies or Persons Authorized to Make Investment Decisions for Local Agencies

Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the ***prudent investor standard***. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part to an overall strategy, investments may be acquired as authorized by law.

§53600.5. Trustee's Objectives Regarding Funds

When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the primary objective of a trustee shall be to ***safeguard the principal*** of the funds under its control. The secondary objective shall be to ***meet the liquidity*** needs of the depositor. The third objective shall be to ***achieve a return*** on the funds under its controls.

[1] Number refers to Government Code number and section.

INSTRUMENTS AUTHORIZED FOR INVESTMENT

§53601. Instruments Authorized for Investment

A. ***Bonds issued by the local agencies***, including bonds payable solely out of the revenues from a revenue-producing property, owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.

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

C. ***Registered state warrants or treasury notes or bonds of this state***, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency or authority of the state.

D. ***Bonds, notes, warrants or other evidences of indebtedness of any local agency within this state***, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency, or by a department, board, agency or authority of the local agency.

E. ***Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments***, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

F. ***Bankers acceptances otherwise known as bills of exchange or time drafts*** drawn on and accepted by a commercial bank. Purchases of banker's acceptances may not exceed 180 days' maturity or 40 percent of the agency's money that may be invested pursuant to this section. However, no more than 30 percent of the agency's money may be invested in the banker's acceptances of any one commercial bank pursuant to this section. This subdivision does not preclude a municipal utility district from investing any money in its treasury in any manner authorized by the Municipal Utility District Act (Division 6, commencing with Section 11501, of the Public Utilities Code).

G. ***Commercial paper*** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria:
   (A) Is organized and operating in the United States as a general corporation.
   (B) Has total assets in excess of five hundred million dollars ($500,000,000).

(C) Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).

(2) The entity meets the following criteria:
(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
(B) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their money in eligible commercial paper. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635. Following are the concentration limits (Government Code Section 53635, subdivision (a)):

1. Not more than 40 percent of the local agency's money may be invested in eligible commercial paper.
2. Not more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.

H. ***Negotiable certificates of deposit*** issued by a nationally- or state-chartered bank or a savings association or federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's money that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposits do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the money are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or any person with investment decision making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

I. Investments in ***repurchase agreements*** or ***reverse repurchase agreements*** of any securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

1. **"Repurchase agreement"** means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the

securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

a. **"Securities,"** for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date and maturity.

b. Investments in repurchase agreements may be made on any investment authorized in this section when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

2. **"Reverse repurchase agreement"** means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

   Reverse repurchase agreements may be utilized only when all of the following conditions are met:

   The security to be sold on reverse repurchase agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale; the total of all reverse repurchase agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio; the agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.

   Investments in reverse repurchase agreements shall only be made with primary dealers of the Federal Reserve Bank of New York, or with a nationally- or state-chartered bank that has or has had a significant banking relationship with a local agency…"Significant banking relationship" means any of the following activities of a bank:

   a. Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, notes, or other evidence of indebtedness.

b. Financing of a local agency's activities.

c. Acceptance of a local agency's securities or funds as deposits.

J. ***Medium-term notes*** of a maximum of five-years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a nationally-recognized rating service. Purchases of medium-term notes may not exceed 30 percent of the agency's money that may be invested pursuant to this section.

K. 1. ***Shares of beneficial interest*** issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (j), inclusive, or subdivision (m) or (n) and that comply with the investment restrictions of this article and Article 2.

2. ***Shares of beneficial interest*** issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (I5 U.S.C. Sec. 80a-1 et seq.).

3. If investment is in shares issued pursuant to paragraph (2), the company shall have met the following criteria:

a. Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

b. Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

4. The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency's money that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

L. ***Moneys held by a trustee or fiscal agent*** and pledged to the payment of security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are not specific statutory provision, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

M. ***Notes, bonds, or other obligations that are at all times secured by a valid first-priority security interest*** in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

N. ***Any mortgage pass-through security, collaterialized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond*** of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of **"AA"** or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.

O. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (n) , inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (n) inclusive.
(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

P. *Local Agency Investments – LAIF - (All references in this section to the Treasurer and the Controller pertain to the State Treasurer and the State Controller)*.

§16305.9. (a) All money in the Local Agency Investment Fund shall be held in trust in the custody of the Treasurer.

(b) All money in the Local Agency Investment Fund is nonstate money. That money shall be held in a trust account or accounts. The Controller shall be responsible for maintaining those accounts to record the Treasurer's accountability, and shall maintain a separate account for each trust deposit in the Local Agency Investment Fund.

(c) That money shall be subject to audit by the Department of Finance and to cash count as provided for in Sections 13297,13298, and 13299. It may be withdrawn only upon the order of the depositing entity or its disbursing officers. The system that the Director of Finance has established for the handling, receiving, holding, and disbursing of state agency money shall also be used for the money in the Local Agency Investment Fund.

(d) All money in the Local Agency Investment Fund shall be deposited, invested and reinvested in the same manner and to the same extent as if it were state money in the State Treasury.

§16429.1. Existence and Appropriation of Fund; Investment and Distribution of Deposits

(a) There is in trust in the custody of the Treasurer the Local Agency Investment Fund, which fund is hereby created. The Controller shall maintain a separate account for each governmental unit having deposits in this fund.

(b) Notwithstanding any other provisions of law, a local governmental official, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(c) Notwithstanding any other provisions of law, an officer of any nonprofit corporation whose membership is confined to public agencies or public officials, or an officer of a qualified quasi-governmental agency, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(d) Notwithstanding any other provision of law or of this section, a local agency, with the approval of its governing body, may deposit in the Local Agency Investment Fund proceeds of the issuance of bonds, notes, certificates of participation, or other evidences of indebtedness of the agency pending expenditure of the proceeds for the authorized purpose of their issuance. In connection with these deposits of proceeds, the Local Agency Investment Fund is authorized to receive and disburse moneys, and to provide information, directly with or to an authorized officer of a trustee or fiscal agency engaged by the local agency, the Local Agency Investment Fund is authorized to hold investments in the name and for the account of that trustee or fiscal agent, and the Controller shall maintain a separate account for each deposit of proceeds.

(e) The local governmental unit, the nonprofit corporation, or the quasi-governmental agency has the exclusive determination of the length of time its money will be on deposit with the Treasurer.

(f) The trustee or fiscal agent of the local governmental unit has the exclusive determination of the length of time proceeds from the issuance of bonds will be on deposit with the Treasurer.

(g) The Local Investment Advisory Board shall determine those quasi-governmental agencies which qualify to participate in the Local Agency Investment Fund.

(h) The Treasurer may refuse to accept deposits into the fund if, in the judgment of the Treasurer, the deposit would adversely affect the state's portfolio.

(i) The Treasurer may invest the money of the fund in securities prescribed in Section 16430. The Treasurer may elect to have the money of the fund invested through the Surplus Money Investment Fund as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2.

(j) Money in the fund shall be invested to achieve the objective of the fund, that is to realize the maximum return consistent with safe and prudent treasury management.

(k) All instruments of title of all investments of the fund shall remain in the Treasurer's vault or be held in safekeeping under control of the Treasurer in any federal reserve bank, or any branch thereof, or the Federal Home Loan Bank of San Francisco, with any trust company, or the trust department of any state or national bank.

(l) Immediately at the conclusion of each calendar quarter, all interest earned and other increment derived from investments shall be distributed by the Controller to the contributing governmental units or trustees or fiscal agents, nonprofit corporations, and quasi-governmental agencies in amounts directly proportionate to the respective amounts deposited in the Local Agency Investment fund and the length of time the amounts remained therein. An amount equal to the reasonable costs incurred in carrying out the provisions of this section, not to exceed a maximum of one-half of one percent of the earnings of this fund, shall be deducted from the earnings prior to distribution. The amount of this deduction shall be credited as reimbursements to the state agencies having incurred costs in carrying out the provisions of this section.

(m) The Treasurer shall prepare for distribution a monthly report of investments made during the preceding month.

FURTHER RESTRICTIONS/LIMITATIONS BY GOVERNMENT CODE AND COUNTY TREASURER

Further Restrictions Set by Treasurer

A. Reverse repurchase agreements will be used strictly for the purpose of supplementing income with a limit of 10 percent of the total portfolio without prior approval of the Treasurer.

B. Swaps and Trades will each be approved on a per-trade basis by Treasurer or Assistant Treasurer.

C. SBA loans require prior approval of the Treasurer in every transaction.

D. Repurchase Agreements will generally be limited to Wells Fargo Bank, Bank of America or other institutions with whom the County treasury has executed tri-party agreements. Collateral will be held by a third party to the transaction that may include the trust department of particular banks. Collateral will be only securities that comply with Government Code 53601.

E. Securities purchased through brokers will be held in safekeeping at The Bank of New York Trust Company, N.A. or as designated by the specific contract(s) for government securities and tri-party repurchase agreements.

F. Bank C.D.s or non-negotiable C.D.s will be collateralized at 110 percent by government securities or 150 percent by current mortgages. There will be no waiver of the first $100,000 collateral except by special arrangement with the Treasurer.

G. All investments purchased by the Treasurer's Office shall be of investment grade. The minimum credit rating of purchased investments shall be as defined by Government Code 53600 et. seq.

H. All legal securities issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars or snuff or for smoking in pipes or a company that has total revenues of 15 percent or more from the sale of such products. The tobacco-related issuers restricted from any investment are British American Tobacco, Gallaher Group PLC, Imasco Ltd., Lowes Companies, ALTRIA Group, Inc., RJ Reynolds Tobacco Holdings, Inc., Brooke Groupe LTD., UST, Inc. and Universal Corp. However, tobacco-related companies will not be limited to the foregoing list. Additional companies will be prohibited as long as said entities fall within the definition of tobacco-related companies.

I. Financial futures or financial option contracts will each be approved on a per trade basis by the County Treasurer.

J. No more than 10 percent of the local agency's money may be invested in the outstanding commercial paper of any single issuer.

K. No more than 10 percent of the outstanding commercial paper of any single issuer may be purchased by the local agency.

§53601.6. Prohibited Investments by Government Code

A. A local agency shall not invest any funds pursuant to this Article or pursuant to Article 2 (commencing with Section 53630) in ***inverse floaters, range notes or interest-only strips*** that are derived from a pool of mortgages.

B. A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630)in ***any security that could result in zero interest accrual if held to maturity***. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1,et seq.) that are authorized for investment pursuant to subdivision (k) of Section 53601.

§53601. Instruments Authorized for Investments: Maturity

Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, **no investment shall be made in any security**, other than a security underlying a repurchase or reverse repurchase agreement authorized by this section, that at the time of the investment **has a term remaining to maturity in excess of five years**, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

Quality of Investment Instruments, Issuers and Sources

Regular financial review and analysis of issuers and sources of securities such as banks and brokerage firms shall be performed. These will be based on credit-rating services' evaluations, financial documents such as audits, Form 10-Q filings to the Securities and Exchange Commission and other reliable financial information.

SAFEKEEPING AND CUSTODY

§53601. Instruments Authorized for Investment

A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered or non-registered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisors, consultants or managers using the agency's funds, by book entry, physical delivery or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book-entry account may be used for book-entry delivery. For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term of remaining maturity at the time of the investment, no investment shall be made in any security other than a security underlying a repurchase or reverse repurchase agreement authorized by this section.

In compliance with this section, the securities of Contra Costa County and its agencies shall be in safekeeping at The Bank of New York Trust Company, N. A., a counterparty bank's trust department or as defined in the debt indenture and contract.

AUTHORIZED BROKERS AND DEALERS

Securities for Contra Costa County and its agencies shall be purchased from the following:

- Primary dealers of the Federal Reserve Bank of New York and their subcontracts.
- Banks and financial institutions that sell and buy instruments authorized for investments per Government Code 53600 et. seq. and their subcontracts.
- Issuers of securities authorized by Government Code 53601 et. seq.

Securities shall not be purchased from brokers, brokerages, dealers or securities firms who within any 48-month period following January 1, 1996, made a political contribution to the local treasurer, any member of the governing board of the local agency or any candidate for those offices in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board.

LIMITS ON THE RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Gift Prohibitions

All state and local officials who are listed in Government Code Section 87200, and candidates for those elective offices (except judges), are prohibited from accepting a gift or gifts aggregating more than **as stated in California Government Code §89502(a) and §89503(f)** in a calendar year from a single source.

Beginning on January 1, 1993, the State Fair Political Practices Commission shall adjust the gift limitations in this section on January 1st of each odd-numbered year to reflect changes in the Consumer Price Index rounded to the nearest ten dollars ($10). §89503(f)

Honorarium Prohibition

All state and local officials who are listed in Government Code Section 87200, and candidates for those elective offices (except judges), are prohibited from accepting any honorarium for any speech given, article published or attendance at any public or private conference, convention, meeting, social event, meal or like gathering.

Exceptions

- The gift limit and honorarium prohibitions do not apply to a part-time member of the governing board of a public institution of higher education unless the member is also an elected official.

- For state board and commission members, the gift limit and honorarium prohibition are applicable only if the member would be required to report the receipt of income or gifts from the source on his or her statement of economic interests. The $10 gift limit is applicable only to lobbyists and lobbying firms registered to lobby the board or commission member's agency.

Disqualification

Public officials are, under certain circumstances, required to disqualify themselves from making, participating in, or attempting to influence governmental decisions that will affect any of their financial interests, not just those that they are required to disclose on a statement of economic interests.

Enforcement

The Fair Political Practices Commission may impose penalties for statements of economic interests that are filed late. The fine is $10 per day, beginning the day after the filing deadline, up to a maximum of $100. Late-filing penalties can be reduced or waived under certain circumstances.

In addition, the Fair Political practices Commission may initiate investigations with respect to any suspected violation of the Political Reform Act. Other law enforcement agencies (the Attorney General or District Attorney) may initiate investigations under certain circumstances. If violations are found, the Commission may initiate administrative enforcement proceedings that could result in the imposition of monetary penalties of up to **$5,000** per violation. In lieu of administrative prosecution, a civil action may be brought for negligent or intentional violations by the appropriate civil prosecutor (the Commission, Attorney General or District Attorney) where the measure of damages for most violations is the amount of value not properly reported. Persons who violate the conflict-of-interest disclosure provisions of the Political Reform Act can also be subject to discipline by their agency, including dismissal.

Finally, a knowing or willful violation of any provision of the Political Reform Act is a misdemeanor. Persons convicted of a misdemeanor may be disqualified for four years from the date of the conviction from serving as a lobbyist or running for elective office in addition to other penalties that may be imposed. The Act also provides for numerous civil penalties, including monetary penalties and damages, and injunctive relief from the courts.

FURTHER AMENDMENTS TO THE CONFLICT OF INTEREST CODES
(Per a Contra Costa County Board of Supervisors' Order dated February 6, 1996)

Amend all local Conflict of Interest Codes as follows:

Pursuant to Government Code Sections 87302 and 87306 et. seq., this Board hereby amends every local Conflict of Interest Code previously approved by the Board of Supervisors to add the following:

"All other provisions of this Code notwithstanding, the following provisions hereafter apply:

1. No designated employee shall accept **any** honorarium.

   Subdivisions (b), (c) and (e) of Government Code Section 89502 shall apply to the prohibitions in this Section. This Section shall not limit or prohibit payments, advances or reimbursements for travel and related lodging and subsistence authorized by Government Code Section 89506.

2. No designated employee shall accept any gifts with a total value of more than four hundred twenty dollars ($420) in a calendar year from any single source.

   Subdivision (d) of Government Code Section 89504 shall apply to this Section."

This amendment is necessary to assure that all local codes comply with recent amendments to Government Code Section 89502.

INVESTMENT REPORT

The Treasurer may render a quarterly report "…to the Chief Executive Officer, the Internal Auditor and the legislative body of the local agency…" (Government Code 53646).

The County shall submit copies of its second and fourth quarter reports to the California Debt and Investment Advisory Commission within 60 days after the close of the second and fourth quarters of each calendar year (Government Code 53646(g)).

In addition the County Treasurer will provide "…the County Treasury Oversight Committee with an investment report as required by the Board of Supervisors…" (Government Code 27133 (e)).

The County shall submit copies of its investment policy each calendar year to the California Debt and Investment Advisory Commission. All subsequent policy amendment(s) have to be submitted within 60 days.

PLEDGE REPORT

Any securities that are pledged or loaned for any purpose shall be reported in the Quarterly Investment Report. The transaction detail will be provided, including purpose, beginning and termination dates and all parties to the contract. The security descriptions as to type, name, maturity date, coupon rate, CUSIP and other material information will be included.

REVERSE REPURCHASE AGREEMENTS

All reverse repurchase agreements entered into, whether active or inactive by the end of each quarter, shall be reported in the Treasurer's Quarterly Investment Report.

LOCAL AGENCY INVESTMENTS

To be eligible to receive local agency money, a bank, savings association, federal association, or federally-insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisorial agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. (Government Code 53635)

METHODOLOGY OF CALCULATING AND APPORTIONING TREASURY COSTS

Regular and Routine Investments

- $20 per investment transaction; i.e., $20 at placement and $20 at maturity.
- .00333 of interest income; i.e., $3.33 per $1,000 of interest income.

Charged quarterly by journal entry.

Special Reports and Research

Actual staff time and materials.

Special Bank Transactions

Actual bank fee schedule, staff time and materials.

§53684. Alternative Procedure for Investment of Excess Funds

B. The County Treasurer shall, at *least* quarterly, apportion any interest or other increment derived from the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency *and to the total average daily balance of deposits in the investment pool. In apportioning and distributing that interest or increment, the county treasurer may use the cash method, the accrual method, or any other method in accordance with generally accepted accounting principles.* *

Prior to distributing that interest or increment, the County Treasurer may deduct the actual costs incurred by the county in administering this section in proportion to the average daily balance of the amounts deposited by the local agency and *to the total average daily balance of deposits in the investment pool.*

C. The County Treasurer shall disclose to each local agency that invests funds pursuant to this section the method of accounting used, whether cash, accrual, or other, and shall notify each local agency of any proposed changes in the accounting method at least 30 days prior to the date on which the proposed changes take effect. *

* In Contra Costa County, the Auditor-Controller performs these functions for fiscal control purposes.

NON-MANDATED DEPOSITS AND WITHDRAWALS IN THE TREASURY

Following are the terms and conditions for deposit of funds for investment purposes by entities that are not legally required to deposit their funds in the County Treasury.

- Resolution by the County Board of Supervisors authorizing the acceptance of outside participants by the County Treasury.

- Resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to Government Code 53684.

- Treasury investments will be directed transactions.

Withdrawal of funds in the Treasury shall coincide with investment maturities or authorized sale of securities by the legislative or governing body of the local agency. Except for funds in the California State Local Agency Investment Fund, a five-business-days notification may be required when authorized sale of securities is involved. However, the section on evaluation of request for withdrawal of funds for use outside the County treasury pool by both mandated and non-mandated treasury pool participants shall also apply.

WITHDRAWAL OF FUNDS BY MANDATED TREASURY PARTICIPANTS

The withdrawal of mandated deposits in the Treasury will coincide with investment maturities and/or authorized sale of securities by authorized personnel of the local agency. Except for funds in the California State Local Agency Fund, a five-business-days notification may be required when authorized sale of securities is involved. However, the section on evaluation of request for withdrawal of funds for use outside the County treasury pool by both mandated and non-mandated treasury pool participants shall also apply.

Evaluation of Request For Withdrawal of Funds For Use Outside the County Treasury Pool by Both Mandated and Non-Mandated Treasury Pool Participants

Pursuant to Section 27136(a):

"Notwithstanding any other provisions of law, any local agency, public agency, public entity or public official that has funds on deposit in the County treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the County treasury pool shall first submit the request for withdrawal to the County Treasurer before withdrawing funds from the County treasury pool."

The County Treasurer shall evaluate each proposed withdrawal and may request up to 30 days in order to assess the effect of the proposed withdrawal on the stability and predictability of the investments in the County treasury and that the interests of the other depositors will not be adversely affected.

APPROVED BROKERS AND ISSUERS

ABN AMRO, Incorporated
American Express Credit Corporation
Associates Corporation of North America
Associates First Capital
Bank of America
Bank of the West
Bankers Trust Company
Barclays Capital, Incorporated
California Arbitrage Management Program
Chase Securities, Incorporated
Chevron Corporation
Chevron Funding
Citibank
Citigroup Funding Inc.
Credit Suisse First Boston
Deere & Company
Donaldson, Lufkin & Jenrette Securities Corporation
Exxon Mobil Corporation and Subsidiaries
First Commercial Bank
General Electric Capital Corporation
General Electric Capital Services
General Electric Company
Gilford Securities, Incorporated
Goldman, Sachs & Company
Government Perspectives
John Deere Capital Corporation
Mechanics Bank
Mellon Bank
Prudential Securities, Incorporated
Public Financial Management, Incorporated
Rauscher Pierce Refsnes, Incorporated
Salomon Smith Barney, Incorporated
Sumitomo Bank of California
Toyota Motors Credit Corporation
UBS Financial Services
Union Bank
US Bancorp
Wells Fargo Bank
Westamerica Bank

Note: The County Treasury will not be limited to the above list. Others will be included as long as all conditions for authorized brokers and dealers set forth in this policy are met. Additionally, deletions and additions are based on the maintenance of required credit quality as rated by Standard and Poor's, Moody's and other recognized rating services and reliable financial sources.

APPROVED PRIMARY GOVERNMENT SECURITIES DEALERS REPORTING TO THE MARKET REPORTS DIVISION OF THE FEDERAL RESERVE BANK OF NEW YORK AS OF APRIL 1, 2010

BNP Paribas Securities Corp.
Banc of America Securities LLC
Barclays Capital Inc.
Cantor Fitzgerald & Co.
Citigroup Global Markets, Inc.
Credit Suisse Securities (USA) LLC
Daiwa Capital Markets America Inc.
Deutsche Bank Securities Inc.
Goldman, Sachs & Co.
HSBC Securities (USA) Inc.
Jefferies & Company, Inc.
J.P. Morgan Securities, Inc.
Mizuho Securities USA Inc.
Morgan Stanley & Co. Incorporated
Nomura Securities Inc.
RBS Securities Inc.
UBS Securities LLC.

GLOSSARY

Agencies A colloquial term for securities issued by the federal agencies.

Bankers Acceptances A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank "accepts" such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. Little risk is involved for the investor because the commercial bank assumes primary liability once the draft is accepted.

Basis Point One basis point is equal to 1/100 of one percent. For example, if interest rates increase from 8.25% to 8.50%, the difference is referred to as a 25-basis-point increase.

Blue Sky Laws Common term for state securities law, which vary from state to state. Generally refers to provision related to prohibitions against fraud, dealer and broker regulations and securities registration.

Book Value Refers to value of a held security as carried in the records of an investor. May differ from current market value of the security.

Certificates of Deposit (C/Ds) Certificates issued against funds deposited in a commercial bank for a definite period of time and earning a specified rate of return. They are issued in two forms, negotiable and non-negotiable.

- **Negotiable Certificates of Deposit** May be sold by one holder to another prior to maturity. This is possible because the issuing bank agrees to pay the amount of the deposit plus interest earned to the bearer of the certificate at maturity.

- **Non-Negotiable Certificates of Deposit** These certificates are collateralized and are not money market instruments since they cannot be traded in the secondary market. They are issued on a fixed-maturity basis and often pay higher interest rates than are permissible on other savings or time-deposit accounts.

Commercial Paper Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

Coupon Rate The annual rate of interest payable on a security expressed as a percentage of the principal amount.

CUSIP Numbers CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

Inverse Floaters An adjustable interest rate note keyed to various indices such as LIBOR, commercial paper, federal funds, treasuries and derivative structures. The defined interest rate formula is the opposite or inverse of these indices. Interest rates and pay dates may reset daily, weekly, monthly, quarterly, semi-annually or annually.

Liquidity Usually refers to the ability to convert assets (such as investments) into cash.

Mark to Market Valuing the inventory of held securities at its current market value.

Market Value Price at which a security can be traded in the current market.

Maturity The date upon which the principal of a security becomes due and payable to the holder.

Medium-Term Notes (MTNs) Corporate debt obligations continuously offered in a broad range of maturities. MTNs were created to bridge the gap between commercial paper and corporate bonds. The key characteristic of MTNs is that they are issued on a continuous basis.

Money Market Instruments Private and government obligations of one year or less.

Offer The price of a security at which a person is willing to sell.

Par Value The stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

Premium The amount by which the price paid for a security exceeds par value, generally representing the difference between the nominal interest rate and the actual or effective return to the investor.

Range Notes A security whose rate of return is pegged to an index. The note defines the interest rate minimum or floor and the interest rate maximum or cap. An example of an index may be federal funds. The adjustable rate of interest is determined within the defined range of the funds.

Repurchase Agreement or RP or REPO An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

Settlement Date The date used in price and interest computations, usually the date of delivery.

SLUGS An acronym for State and Local Government Series. SLUGS are special United States Government securities sold by the Secretary of the Treasury to states, municipalities and other local government bodies through individual subscription agreements. The interest rates and maturities of SLUGS are arranged to comply with arbitrage restrictions imposed under Section 103 of the Internal Revenue Code. SLUGS are most commonly used for deposit in escrow in connection with the issuance of refunding bonds.

STRIPS US Treasury acronym for “separate trading of registered interest and principal of securities." Certain registered Treasury securities can be divided into separate interest and principal components, which may then be traded as separate entities.

SWAP Generally refers to an exchange of securities, with essentially the same par value, but may vary in coupon rate, type of instrument, name of issuer and number of days to maturity. The purpose of the SWAP may be to enhance yield, to shorten the maturity or any benefit deemed by the contracting parties.

Treasury Securities Debt obligations of the United States Government sold by the Treasury Department in the form of bills, notes and bonds:

- **Bills** Short-term obligations that mature in one year or less and are sold at a discount in lieu of paying periodic interest.

- **Notes** Interest-bearing obligations that mature between one year and 10 years.

- **Bonds** Interest-bearing long-term obligations that generally mature in 10 years or more.

Zero-Coupon Security A security that makes no periodic interest payments but instead is sold at a deep discount from its face value.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

Certain provisions of the Trust Agreement, the Site Leases and the Subleases and not previously discussed in this Official Statement, are summarized below. These summaries do not purport to be complete or definitive and are qualified in their entirety by reference to the full terms of the documents. Complete copies of the documents are available upon request from the County Finance Director, County of Contra Costa.

CERTAIN DEFINITIONS

The following are definitions of certain of the terms defined in the Trust Agreement or the Subleases, to which references are hereby made. The following definitions are equally applicable to both the singular and plural forms of the terms defined herein. Capitalized terms not otherwise defined herein will have the meanings assigned to such terms in the Trust Agreement or, if not defined therein, in the Subleases.

"Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended) and all laws amendatory thereof or supplemental thereto.

"Additional Bonds" means all bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance therewith.

"Additional Payments" means all amounts payable to the Authority or the Trustee or any other person from the County as Additional Payments pursuant to each Sublease.

"Architects" means the architects, engineers or designers of any Project or portion thereof, and any successor or successors to any thereof.

"Authority" means the County of Contra Costa Public Financing Authority created pursuant to the Act and its successors and assigns in accordance with the Trust Agreement.

"Authorized Denominations" for the 2010 Bonds means $5,000 or any integral multiple thereof.

"Authorized Representative" means the Chair, Vice-Chair, Executive Director, Assistant Executive Director or Deputy Executive Director of the Authority or any other person designated to act on behalf of the Authority by a written certificate, delivered to the Trustee, containing the specimen signature of such person and signed on behalf of the Authority by an Authorized Representative.

"Base Rental" and "Base Rental Payments" means all amounts payable to the Authority from the County as Base Rental Payments pursuant to each Sublease.

"Base Rental Payment Schedule" means the schedule of Base Rental Payments payable to the Authority from the County pursuant to each Sublease.

"Bond Counsel" means counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Authority.

"Bond Year" means the twelve (12)-month period ending on June 1 of each year to which reference is made.

“Bondholder or “Owner” means any person who shall be the registered owner of any Outstanding Bond.

“Bonds” means the 2010 Bonds and all Additional Bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance therewith.

“Business Day” means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of New York or California are authorized to remain closed, or a day on which the Federal Reserve system is closed.

“Capital Project I” means the various public capital improvements and projects, including, but not limited to the acquisition, construction, improvement, and/or equipping of the West County Clinic and related parking facilities to be located at 13613 and 13585-3613 San Pablo Avenue, San Pablo, California, as described in Sublease (Capital Project I) and to be financed by a portion of the proceeds of the 2010 Series A Bonds, as the same may be amended from time to time.

“Capitalized Interest Fund” means the fund by that name created pursuant to the Trust Agreement.

“Certificate of the Authority” means an instrument in writing signed by any of the following officials of the Authority: Chair, Vice-Chair, Executive Director, Assistant Executive Director or Deputy Executive Director or a designee of any such officer, or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

“Certificate of the County” means an instrument in writing signed by any of the following County officials: the Chair of the Board of Supervisors, the County Administrator of the County, the Treasurer-Tax Collector of the County or the County Finance Director or by any such officials’ duly appointed designee, or by any other officer of the County duly authorized by the Board of Supervisors of the County for that purpose.

“Code” means the Internal Revenue Code of 1986, as amended.

“Contractor” means the construction contractor for any portion of Capital Project I and any successor or successors to any thereof.

“Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement executed by the County and Digital Assurance Certification, L.L.C. dated the date of issuance and delivery of the 2010 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the County or the Authority and related to the authorization, execution and delivery of the Subleases, the Site Leases, the Trust Agreement and the issuance and sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds, title search and title insurance fees, fees of the Authority and any other authorized cost, charge or fee in connection with the issuance of the Bonds.

"Costs of Issuance Fund" means the fund by that name established pursuant to the Trust Agreement.

"County" means the County of Contra Costa, a County organized and validly existing under the Constitution and general laws of the State.

"Current Interest Bonds" means Bonds the interest on which is payable on each Interest Payment Date to the maturity date for each such Bond.

"Debt Service" means, for any Fiscal Year or other period, the sum of (1) the interest accruing during such Fiscal Year or other period on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds so long as such funded interest is in an amount equal to the gross amount necessary to pay such interest on the Bonds and is invested in Government Securities which mature no later than the related Interest Payment Date), (2) the principal amount of all Outstanding Serial Bonds maturing during such Fiscal Year or other period, and (3) the principal amount of all Outstanding Term Bonds required to be redeemed or paid (together with the redemption premiums, if any, thereon) during such Fiscal Year or other period.

"Depository" means DTC or another recognized securities depository selected by the Authority which maintains a book-entry system for the Bonds.

"Dissemination Agent" means the County or any successor appointed under the Continuing Disclosure Agreement.

"DTC" means The Depository Trust Company, New York, New York.

"Event of Default" shall have the meaning specified in the Trust Agreement and in each Sublease.

"Extraordinary Tax Event" means that a material adverse change, as determined by the Authority, has occurred with respect to Section 54AA or 6431 of the Code (as such sections were added by Section 1531 of the Recovery Act, pertaining to Build America Bonds) or any guidance is published by the Internal Revenue Service or the United States Treasury with respect to such sections or any other determination by the Internal Revenue Service or the United States Treasury, which determination is not the result of an act or omission by the Authority to satisfy the requirements to receive the Subsidy Receipts from the United States Treasury, pursuant to which the Authority's Subsidy Receipts from the United States Treasury are reduced or eliminated.

"Extraordinary Redemption Price" means the greater of:

(1) the issue price of the Taxable 2010 Bonds (but not less than 100% of the principal amount of the Taxable 2010 Bonds to be redeemed); or

(2) the sum of the present value of the remaining scheduled payments of principal and interest on the Taxable 2010 Bonds to be redeemed to the maturity date of such Taxable 2010 Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Taxable 2010 Bonds are to be redeemed, discounted to the date on which the Taxable 2010 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the Treasury Rate plus twenty-five (25) basis points,

plus in each case accrued interest on the Taxable 2010 Bonds to be redeemed to the redemption date.

"Facilities" shall mean the real property and the improvements thereon as set forth in each Sublease, or any County buildings, other improvements and facilities added thereto or substituted therefor, or any portion thereof, in accordance with each Sublease and the Trust Agreement.

"Fiscal Year" means the twelve (12)-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

"Fixed Rate Bonds" means Bonds of any Series which bear interest at a fixed interest rate from the date of such Bonds until the maturity or redemption date thereof.

"Government Securities" means (1) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGS"); (2) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities; (3) Resolution Funding Corp. (REFCORP) strips (interest component only) which have been stripped by request to the Federal Reserve Bank of New York in book entry form; (4) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P, or if not rated by Moody's, then pre-refunded bonds that have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA-rated pre-refunded municipal obligations; (5) obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: (a) U.S. Export-Import Bank direct obligations or fully guaranteed certificates of beneficial ownership, (b) Farmers Home Administration (FmHA) certificates of beneficial ownership, (c) Federal Financing Bank, (d) General Services Administration participation certificates, (e) U.S. Maritime Administration Guaranteed Title XI financing, (f) U.S. Department of Housing and Urban Development (HUD) Project Notes, Local Authority Bonds, New Communities Debentures – U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or another state of the United States of America or a comparable successor, appointed and paid by the Authority, and who, or each of whom –

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority or the County;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the County; and

(3) is not connected with the Authority or the County as a member, officer or employee of the Authority or the County, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority or the County.

"Interest Payment Date" means June 1 and December 1 in each year, commencing June 1, 2011.

"Interest Payment Period" means the period from and including each Interest Payment Date (or, for the first Interest Payment Period, the date of the Bonds) to and including the day immediately preceding the next succeeding Interest Payment Date.

"Joint Powers Agreement" means the Joint Exercise of Powers Agreement by and between the County and the Contra Costa County Redevelopment Agency, dated April 7, 1992, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions of the Trust Agreement.

"Letter of Escrow Instructions" means the Letter of Escrow Instructions from the Authority to the Trustee providing for the refunding and defeasance of the 1998 Series A Bonds.

"Moody's" means Moody's Investors Service a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

"Opinion of Counsel" means a written opinion of Bond Counsel.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds except

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of the Trust Agreement;

(3) Bonds deemed tendered but not yet presented for purchase; and

(4) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant to the Trust Agreement.

"Permitted Encumbrances" means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to the Subleases, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of each Sublease in the office of the County Recorder of the County of Contra Costa and which the County certifies in writing will not materially impair the use of the respective Facilities; (3) the Site Leases, as they may be amended from time to time and the Subleases, as they may be amended from time to time; (4) the Trust Agreement, as it may be amended from time to time; (5) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (6) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Authority and the County consent in writing and certify to the Trustee will not materially impair the ownership interests of the Authority or use of the Facilities by the County; and (7) subleases and assignments of the County which will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds.

“Permitted Investments” means any of the following:

(1) Government Securities;

(2) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(3) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (a) Farmers Home Administration (FmHA) certificates of beneficial ownership, (b) Federal Housing Administration (FHA) debentures, (c) General Services Administration participation certificates, (d) Government National Mortgage Association (GNMA or “Ginnie Mae”) guaranteed mortgage-backed bonds and guaranteed pass-through obligations (participation certificates), (e) U.S. Maritime Administration guaranteed Title XI financing, and (f) U.S. Department of Housing and Urban Development (HUD) Project Notes and Local Authority Bonds;

(4) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (a) Federal Home Loan Bank System senior debt obligations (consolidated debt obligations), (b) Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”) participation certificates (mortgage-backed securities) and senior debt obligations, (c) Federal National Mortgage Association (FNMA or “Fannie Mae”) mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal), (d) Resolution Funding Corp. (REFCORP) strips (interest component only) which have been stripped by request to the Federal Reserve Bank of New York in book entry form, and (e) Farm Credit System Consolidated systemwide bonds and notes;

(5) money market funds registered under the Federal Investment Company Act of 1940, the shares of which are registered under the Federal Securities Act of 1933, and which have a rating by S&P of AAAm-G, AAAm, or AA-m and, if rated by Moody’s, rated Aaa, Aal or Aa2, and which funds may include funds which the Trustee, its affiliates, or subsidiaries provide investment advisory or other management services;

(6) certificates of deposit secured at all times by collateral described in (2) and/or (3) above (which collateral must be held by a third party and subject to a perfected first security interest held by the Trustee) with a maturity of one year or less and issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated “A-1+” or better by S&P and “Prime-l” by Moody’s;

(7) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF;

(8) investment agreements, including guaranteed investment contracts;

(9) commercial paper rated “Prime-1” by Moody’s and “A-1+” or better by S&P;

(10) bonds or notes issued by any state or municipality which is rated by Moody’s and S&P in one of the two highest long-term rating categories assigned by such agencies;

(11) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1+" or better by S&P;

(12) repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender) and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date and that satisfy the following criteria:

(a) repurchase agreements must be between the municipal entity and dealer banks or securities firms that are (i) on the Federal Reserve reporting dealer list which fall under the jurisdiction of the SIPC and which are rated A or better by S&P and Moody's, or (ii) banks rated "A" or above by S&P and Moody's, and

(b) repurchase agreements must include the following: (i) securities that are acceptable for transfer, including those describe in clauses (2) and (3) above, (ii) terms of not more than 30 days, (iii) collateral must be delivered to the Trustee (if Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before or simultaneously with payment (perfection by possession of certificated securities), (iv) the Trustee must have a perfected first priority security interest in the collateral, (v) collateral must be free and clear of third-party liens and, in the case of an SIPC broker, must not have been acquired pursuant to a repurchase agreement or reverse repurchase agreement, (vi) failure to maintain the requisite collateral percentage, after a two day restoration period, requires the Trustee to liquidate collateral, (vii) securities must be valued weekly and marked-to-market at current market price plus accrued interest, and (viii) the value of-collateral must be equal to 104% or, if the securities used as collateral are FNMA or FHLMC securities, 105%, of the amount of cash transferred to the dealer bank or security firm under the repurchase agreement plus accrued interest and, if the value of securities held as collateral slips below such amount, then additional cash and/or acceptable securities must be transferred;

(13) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P or, if the there is no Moody's rating, then pre-refunded bonds pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipal obligations;

(14) the County of Contra Costa Investment Pool;

(15) shares of beneficial interest issued by the Investment Trust of California (CalTRUST) pursuant to California Government Code Section 6509.7 and authorized for local agency investment pursuant to California Government Code Section 53601(o); and

(16) the Local Agency Investment Fund of the State of California. The Trustee may conclusively rely on the written instructions of the Authority and the County that such investment is a Permitted Investment.

"Person" means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Office" refers to the office of the Trustee noted in the Trust Agreement and such other offices as the Trustee may designate from time to time.

"Principal Payment Date" means any date on which principal of the Bonds is required to be paid (whether by reason of maturity, redemption or acceleration).

"Project Fund" means the fund by that name established pursuant to the Trust Agreement.

"Projects" means the 2010 Projects.

"Rating Category" means one of the general long-term (or short-term, if so specifically provided) rating categories of either Moody's and S&P, without regard to any refinement or gradation of such rating category by a numerical modifier (unless a short-term rating) or otherwise.

"Record Date" means the close of business on the fifteenth (15th) calendar day (whether or not a Business Day) of the month preceding any Interest Payment Date.

"Recovery Act" means the American Recovery and Reinvestment Act of 2009 or any successor thereto or replacement thereof.

"Redemption Date" shall mean the date fixed for redemption of any Bonds.

"Redemption Price" means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Trust Agreement.

"Rental Payment Period" means the twelve month period commencing June 1 of each year and ending the following May 31, and the initial period commencing on the effective date of the Sublease and ending the following May 31.

"Representation Letter" means the blanket letter of representation of the Authority to DTC or any similar letter to a substitute depository.

"Reserve Facility" means a surety bond or insurance policy issued to the Trustee, on behalf of the Bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of the principal of and interest on the Bonds (a "municipal bond insurer") if such municipal bond insurer at the time of acquisition of such Reserve Facility shall be rated in the two highest rating categories issued by Moody's and by S&P, or a letter of credit issued or confirmed by a state or national bank, or a foreign bank with an agency or branch located in the continental United States, which at the time of acquisition of such letter of credit has outstanding an issue of unsecured long term debt securities rated at least equal to the second highest rating category by Moody's and S&P, or any combination thereof, deposited with the Trustee by the Authority to satisfy each Reserve Fund Requirement.

"**Reserve Facility Costs"** means amounts owed with respect to repayment of draws on a Reserve Facility, including interest thereon at the rate specified in the agreement pertaining to such Reserve Facility and expenses owed to the provider of a Reserve Facility.

"Reserve Fund" means the fund of that name established pursuant to the Trust Agreement.

"Reserve Fund Requirement" means with respect to all Outstanding Bonds of each Series of Bonds an amount equal to the lesser of (i) the maximum annual debt service attributable to the Outstanding Bonds and (ii) 125% of average annual debt service attributable to the Outstanding Bonds; provided that with respect to the calculation of the Reserve Fund Requirement upon the issuance of a Series of Bonds the Reserve Fund Requirement shall be the least of (i) or (ii) above, or the amount equal to 10% of the proceeds from the sale of such Series of Bonds to the applicable reserve account of such Series of Bonds within the Reserve Fund; and provided further that debt service on the 2010 Series A-2 Bonds and the 2010 Series A-3 Bonds shall be calculated net of Subsidy Receipts. For purposes of this definition, the 2010 Series A-1 Bonds, the 2010 Series A-2 Bonds, and the 2010 Series A-3 Bonds shall collectively be considered a Series of Bonds, and the 2010 Series B Bonds shall be considered a separate Series of Bonds.

"Responsible Officer" means any officer of the Trustee assigned to administer its duties under the Trust Agreement.

"Revenue Fund" means the fund by that name created pursuant to the Trust Agreement.

"Revenues" means (i) all Base Rental Payments and other payments paid by the County and received by the Authority pursuant to each respective Sublease (but not Additional Payments) and (ii) all interest or other income from any investment, pursuant to the Trust Agreement, of any money in any fund or account (other than the Rebate Fund) established pursuant to the Trust Agreement or each respective Sublease.

"Serial Bonds" means Bonds for which no sinking fund payments are provided.

"Series" whenever used in the Trust Agreement with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Trust Agreement.

"S&P" means Standard & Poor's, a division of the McGraw-Hill Companies, Inc., and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

"Site Leases" means, collectively, those certain leases, entitled "Site Lease (Capital Project I)" and "Site Lease (Refunding)," each by and between the County and the Authority, dated as of November 1, 2010, which lease or a memorandum thereof was recorded in the office of the County Recorder of the County of Contra Costa, as originally executed and recorded or as they may from time to time be supplemented, modified or amended pursuant to the provisions of the Trust Agreement and the Site Leases.

"State" means the State of California.

"Subleases" means, collectively, those certain leases, entitled "Sublease (Capital Project I)" and "Sublease (Refunding)," each by and between the County and the Authority, dated as of November 1, 2010, which lease or a memorandum thereof was recorded in the office of the County Recorder of the County of Contra Costa, as originally executed and recorded or as they may from time to time be supplemented, modified or amended pursuant to the provisions of the Trust Agreement and the Subleases.

"Subsidy Receipts" means payments with respect to the interest due on a Series of Bonds made by the United States Treasury to the County, unless otherwise instructed by the Authority, pursuant to Section 54AA of the Code or Section 6431 of the Code or any successor to either of such provisions of the Code.

"Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory of the Trust Agreement or supplemental thereto; but only if and to the extent that such Supplemental Trust Agreement is executed and delivered pursuant to the provisions of the Trust Agreement.

"Tax Certificate" means the Tax Certificate and Agreement delivered by the Authority and the County at the time of the issuance and delivery of a Series of Tax-Exempt Bonds, as the same may be amended or supplemented in accordance with its terms.

"Tax-Exempt Bonds" means the 2010 Series A-1 Bonds, the 2010 Series B Bonds and all Additional Bonds whose interest is excluded from gross income for federal income tax purposes under Section 103 of the Code.

"Taxable 2010 Bonds" means, collectively, the 2010 Series A-2 Bonds and the 2010 Series A-3 Bonds.

"Taxable 2010 Bonds Tax Certificate" means the Tax Certificate delivered by the Authority in connection with the issuance of the Taxable 2010 Bonds, as it may be amended or supplemented in accordance with its terms.

"Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

"Treasury Rate" means, with respect to any redemption date for the Taxable 2010 Bonds, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two (2) Business Days prior to the redemption date (excluding inflation-indexed securities) or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of such Taxable 2010 Bonds; provided, however, that if the period from the redemption date to the maturity date of such Taxable 2010 Bond is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used to determine such rate.

"Trust Agreement" means the Trust Agreement, dated as of November 1, 2010, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions of the Trust Agreement.

"Trustee" means Wells Fargo Bank, National Association, or any other association or corporation which may at any time be substituted in its place as provided in the Trust Agreement.

"1998 Escrow Fund" means the fund by that name created pursuant to the Letter of Escrow Instructions for the defeasance and refunding of the 1998 Series A Bonds.

"1998 Series A Bonds" means the County of Contra Costa Public Financing Authority Lease Revenue Bonds (Various Capital Facilities), 1998 Refunding Series A, which will be refunded and defeased by the 2010 Series B Bonds.

"2010 Bonds" means, collectively, the 2010 Series A-1 Bonds, the 2010 Series A-2 Bonds, the 2010 Series A-3 Bonds and the 2010 Series B Bonds, issued pursuant to the Trust Agreement.

"2010 Costs of Issuance Fund" means the fund by that name established pursuant to the Trust Agreement.

"2010 Projects" means, collectively, the financing and refinancing of various capital projects of the County, and payment of any costs associated with the financing and refinancing of said projects, as set forth in Sublease (Capital Project I), as the same may be changed from time to time by the County by filing a Certificate of the County with the Trustee.

"2010 Series A Bonds" means, collectively, the 2010 Series A-1 Bonds, the 2010 Series A-2 Bonds and the 2010 Series A-3 Bonds.

"2010 Series A Project Account" means the account by that name established pursuant to the Trust Agreement.

"2010 Series A Reserve Account" means the account by that name established pursuant to the Trust Agreement.

"2010 Series A-1 Bonds" means the County of Contra Costa Public Financing Authority Lease Revenue Bonds, 2010 Series A-1 (Capital Project I - Tax-Exempt Bonds).

"2010 Series A-1 Capitalized Interest Account" means the account by that name established pursuant to the Trust Agreement.

"2010 Series A-2 Bonds" means the County of Contra Costa Public Financing Authority Lease Revenue Bonds, 2010 Series A-2 (Capital Project I - Taxable Build America Bonds).

"2010 Series A-2 Capitalized Interest Account" means the account by that name established pursuant to the Trust Agreement.

"2010 Series A-3 Bonds" means the County of Contra Costa Public Financing Authority Lease Revenue Bonds, 2010 Series A-3 (Capital Project I - Taxable Recovery Zone Bonds).

"2010 Series A-3 Capitalized Interest Account" means the account by that name established pursuant to the Trust Agreement.

"2010 Series B Bonds" means the County of Contra Costa Public Financing Authority Lease Revenue Bonds, 2010 Series B (Refunding).

"2010 Series B Reserve Account" means the account by that name established pursuant to the Trust Agreement.

"Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by its Chair, Vice-Chair, Executive Director, Assistant Executive Director or Deputy Executive Director or a designee of any such officer or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Board of Directors of the Authority to sign or execute such a document on its behalf.

"Written Request of the County" means an instrument in writing signed by the County Administrator of the County or his designee, or by the County Finance Director of the County, or the County Treasurer-Tax Collector, or by any other officer of the County duly authorized by the County Administrator of the County or the County Finance Director of the County in writing to the Trustee for that purpose.

SUBLEASES

The following is a summary of Sublease (Capital Project I) and Sublease (Refunding) (each a "Sublease" and collectively, the "Subleases") and is equally applicable to each Sublease unless otherwise noted.

Lease of Facilities

The Authority leases to the County and the County leases from the Authority the Facilities, subject, however, to all easements, encumbrances, and restrictions that exist at the time of the commencement of the term of each Sublease. The County agrees and covenants during the term of each Sublease that, except as provided therein, it will use the Facilities for public and County purposes so as to afford the public the benefits contemplated by each Sublease.

Term; Occupancy and Release of Existing Facilities

The term of each Sublease shall commence on the date of recordation of such Sublease in the office of the County Recorder of Contra Costa County, State of California, or on December 1, 2010, whichever is earlier, and shall end on the dates specified in each Sublease, unless such term is extended or sooner terminated as provided in such Sublease. If on such dates, the Base Rental Payments attributable to the related Facility and all other amounts then due thereunder with respect to such Facility, including any Reserve Facility Costs, shall not be fully paid, or if the rental payable under the Sublease with respect to such Facility shall have been abated at any time and for any reason, then the term of the Sublease with respect to such Facility shall be extended until the Base Rental Payments attributable to such Facility and all other amounts then due under the Sublease with respect to such Facility, including any Reserve Facility Costs, shall be fully paid, except that the term of the Sublease with respect to such Facility shall in no event be extended beyond ten (10) years after the date identified with respect thereto. If prior to such dates, the Base Rental Payments attributable to the related Facility or all Bonds payable therefrom and all other amounts then due under the Sublease with respect to such Facility, including any Reserve Facility Costs, shall be fully paid, or provision therefor made, the term of the Sublease with respect to such Facility shall end ten (10) days thereafter or upon written notice by the County to the Authority, whichever is earlier.

Rental Payments

<u>Base Rental Payments</u>. The County agrees to pay to the Authority, as Base Rental Payments for the use and occupancy of the Facilities annual rental payments with principal and interest components, the interest components being payable semi-annually, in accordance with the Base Rental Payment as set forth in each Sublease. Each annual payment of Base Rental shall be for the use of the Facilities leased under the respective Subleases.

If the term of a Sublease shall have been extended pursuant to such Sublease, Base Rental Payment installments shall continue to be due on December 1 and June 1 in each year, and payable prior thereto as described in such Sublease, continuing to and including the date of termination thereof. Upon such extension of the Sublease, the County shall deliver to the Trustee a Certificate setting forth the extended rental payment schedule, which schedule shall establish the principal and interest components of the Base Rental Payments so that the principal components will in the aggregate be sufficient to pay all unpaid principal components with interest components sufficient to pay all unpaid interest components plus interest and to pay any Reserve Facility Costs.

Pursuant to Sublease (Capital Project I), the County is not obligated to pay Base Rental until Capital Project I is completed and there is use and occupancy thereof by the County. Prior to the completion of Capital Project I, the County shall be obligated to pay the Base Rental Payments solely from and to the extent of certain amounts available to the Trustee, including capitalized interest deposited in the respective Capitalized Interest Account and amounts on deposit in the 2010 Series A Reserve Account.

Additional Payments. The County shall also pay such amounts (the "Additional Payments") as shall be required by the Authority for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of each Sublease, or any pledge of Base Rental payable thereunder, the Trust Agreement, the Reserve Facility, its interest in the respective Facilities and the lease of such Facilities to the County, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to such Facilities, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in Additional Payments amounts required to pay the principal of or interest on the Bonds or the portion of any Reserve Facility Costs related thereto.

Fair Rental Value

Such payments of Base Rental Payments and Additional Payments for each rental period during the term of each Sublease shall constitute the total rental for said Rental Payment Period and shall be paid by the County in each Rental Payment Period for and in consideration of the right of use and occupancy of, and continued quiet use and enjoyment of, the Facilities during each such period for which said rental is to be paid. The parties to each Sublease have agreed and determined that such total rental payable for each Rental Payment Period represents the fair rental value of the Facilities for each such period. In making such determination, consideration has been given to the value of such Facilities, costs of acquisition, design, construction and financing of such Facilities, other obligations of the parties under each Sublease, the uses and purposes which may be served by such Facilities and the benefits therefrom which will accrue to the County and the general public.

Payment Provisions

Any installment of rental accruing under each Sublease which shall not be paid when due and payable under the terms of such Sublease shall bear interest at the rate of twelve percent (12%) per annum, or such lesser rate of interest as may be permitted by law, from the date when the same is due under such Sublease until the same shall be paid. Notwithstanding any dispute between the Authority and the County, the County shall make all rental payments when due without deduction or offset of any kind and shall not withhold any rental payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent rental payments due under each Sublease or refunded at the time of such determination. Amounts required to be deposited by the County with the Trustee pursuant to each Sublease on any date shall be reduced to the extent of amounts on deposit in the Revenue Fund, the Interest Account or the Principal Account and available therefor.

All payments received shall be applied first to the interest components of the Base Rental Payments due under each Sublease, then to the principal components of the Base Rental Payments due thereunder and thereafter to all Additional Payments due thereunder, but no such application of any payments which are less than the total rental due and owing shall be deemed a waiver of any default under each Sublease. Rental is subject to abatement as provided in each Sublease.

Appropriations Covenant

The County covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due under each Sublease in its annual budgets, to make necessary annual appropriations for all such Base Rental Payments and Additional Payments as shall be required to provide funds in such year for such Base Rental Payments and Additional Payments. The covenants on the part of the County contained in each Sublease shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements agreed to be carried out and performed by the County in each Sublease.

The Authority and the County understand and intend that the obligation of the County to pay Base Rental Payments and Additional Payments under each Sublease shall constitute a current expense of the County and shall not in any way be construed to be a debt of the County in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the County, nor shall anything contained in each Sublease constitute a pledge of the general tax revenues, funds or moneys of the County. Base Rental Payments and Additional Payments due under each Sublease shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due under each Sublease as consideration for use of the respective Facilities. Such Sublease shall not create an immediate indebtedness for any aggregate payments which may become due thereunder in the event that the term of such Sublease is continued. The County has not pledged the full faith and credit of the County, the State of California or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due under each Sublease.

Rental Abatement

The Base Rental Payments and Additional Payments shall be abated proportionately, during any period in which by reason of any damage or destruction (other than by condemnation which is provided for in each Sublease) there is substantial interference with the use and occupancy of the Facilities by the County, in the proportion in which the initial cost of that portion of such Facilities rendered unusable bears to the initial cost of the whole of such Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, each Sublease shall continue in full force and effect and the County waives any right to terminate such Sublease by virtue of any such damage or destruction.

Maintenance and Utilities

During such time as the County is in possession of the Facilities, all maintenance and repair, both ordinary and extraordinary, of the Facilities shall be the responsibility of the County, which shall at all times maintain or otherwise arrange for the maintenance of the Facilities in first class condition, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Facilities resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Facilities. In exchange for the rental provided in each Sublease, the Authority agrees to provide only the Facilities as described in each Sublease.

Change to the Facilities

Subject to each Sublease, the County shall, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements to the Facilities. All such additions, modifications and improvements shall thereafter comprise part of the Facilities and be subject to the provisions of each Sublease. Such additions, modifications and improvements shall not in any way damage the Facilities or cause them to be used for purposes other than those authorized under the provisions of state and federal law; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to each Sublease, shall be of a value which is at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements.

Installation of County's Equipment

The County and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Facilities. All such items shall remain the sole property of such party, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to such Facilities resulting from the installation, modification or removal of any such items. Nothing in any Sublease shall prevent the County from purchasing items to be installed pursuant thereto under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the respective Facilities.

Defaults and Remedies

(a) If the County shall fail to pay any rental payable under a Sublease when the same becomes due, time being expressly declared to be of the essence of such Sublease or the County shall fail to keep, observe or perform any other term, covenant or condition contained in such Sublease to be kept or performed by the County for a period of sixty (60) days after notice of the same has been given to the County by the Authority or the Trustee or for such additional time as is reasonably required, in the sole discretion of the Authority, to correct the same, or upon the happening of any of the events specified in paragraph (b) below (any such case above being an "Event of Default"), the County shall be deemed to be in default under such Sublease and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to such Sublease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate such Sublease in the manner provided therein on account of default by the County, notwithstanding any re-entry or re-letting of the related Facilities as provided for in subparagraph (2) below, and to re-enter the such Facilities and remove all persons in possession thereof and all personal

property whatsoever situated upon such Facilities and place such personal property in storage in any warehouse or other suitable place located within the County of Contra Costa, California. In the event of such termination, the County agrees to surrender immediately possession of such Facilities, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the County, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon such Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in such Sublease. Neither notice to pay rent or to deliver up possession of the related Facilities given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of such Facilities nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under such Sublease shall of itself operate to terminate such Sublease, and no termination of such Sublease on account of default by the County shall be or become effective by operation of law or acts of the parties thereto, or otherwise, unless and until the Authority shall have given written notice to the County of the election on the part of the Authority to terminate such Sublease. The County covenants and agrees that no surrender of the related Facilities or of the remainder of the term of such Sublease or any termination thereof shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(2) Without terminating such Sublease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision thereof to be kept or performed by the County, regardless of whether or not the County has abandoned the related Facilities, or (ii) to exercise any and all rights of entry and re-entry upon the related Facilities. In the event the Authority does not elect to terminate such Sublease in the manner provided for in subparagraph (1) above, the County shall remain liable and agrees to keep or perform all covenants and conditions contained in such Sublease to be kept or performed by the County and, if the related Facilities are not re-let, to pay the full amount of the rent to the end of the term of such Sublease or, in the event that the related Facilities are re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as provided in such Sublease for the payment of rent thereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental specified in such Sublease, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the related Facilities. Should the Authority elect to enter or re-enter as provided in such Sublease, the County irrevocably appoints the Authority as the agent and attorney-in-fact of the County to re-let the related Facilities, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the related Facilities and to place such personal property in storage in any warehouse or other suitable place located in the County of Contra Costa, California, for, to the extent permitted by law, the account of and at the expense of the County, and the County, to the extent permitted by law, exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the related Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in such Sublease. The County agrees that the terms of such Sublease constitute full and sufficient notice of the right of the Authority to re-let the related Facilities and to do all other acts to maintain or preserve such Facilities as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender of such Sublease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of such Sublease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the County the right to terminate such Sublease shall vest in the Authority to be effected

in the sole and exclusive manner provided for in sub-paragraph (1) above. The County further waives the right to any rental obtained by the Authority in excess of the rental specified in such Sublease and conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the related Facilities or any part thereof. The County further agrees, to the extent permitted by law, to pay the Authority the reasonable cost of any alterations or additions to the related Facilities necessary to place such Facilities in condition for re-letting immediately upon notice to the County of the completion and installation of such additions or alterations.

The County waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the related Facilities as provided in such Sublease and all claims for damages that may result from the destruction of or injury to such Facilities and all claims for damages to or loss of any property belonging to the County, or any other person, that may be in or upon such Facilities.

(b) If (1) the County's interest in such Sublease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as provided for in such Sublease, or (2) the County or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the County asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the County's debts or obligations, or offers to the County's creditors to effect a composition or extension of time to pay the County's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the County's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the County, or if a receiver of the business or of the property or assets of the County shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the County shall make a general or any assignment for the benefit of the County's creditors, or (3) the County shall abandon or vacate the related Facilities, or (4) any representation or warranty made by the County in such Sublease proves to have been false, incorrect, misleading or breached in any material respect on the date when made, then the County shall be deemed to be in default under such Sublease.

(c) The Authority shall in no event be in default in the performance of any of its obligations under such Sublease or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within sixty (60) days or such additional time as is reasonably required to correct any such default after notice by the County to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the County shall be entitled to pursue any remedy provided by law.

(d) In addition to the other remedies set forth in such Sublease, upon the occurrence of an event of default as described therein, the Authority shall be entitled to proceed to protect and enforce the rights vested in the Authority by such Sublease or by law. The provisions of such Sublease and the duties of the County and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority shall have the right to bring the following actions:

(1) Accounting. By action or suit in equity to require the County and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the County (and its board, officers and employees) and to compel the County to perform and carry out its duties and obligations under the law and its covenants and agreements with the County as provided in such Sublease.

The exercise of any rights or remedies under such Sublease shall not permit acceleration of Base Rental Payments.

Each and all of the remedies given to the Authority under or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege under such Sublease shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in such Sublease shall include, but not be limited to, re-letting by means of the operation by the Authority of the related Facilities. If any statute or rule of law validly shall limit the remedies given to the Authority under such Sublease, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of such Sublease, the County agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority under such Sublease, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

Eminent Domain

If the whole of the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the County shall be taken under the power of eminent domain, the term of the respective Sublease shall cease as of the day that possession shall be so taken. If less than the whole of the Facilities shall be taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the County at the time of such taking, then the respective Sublease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due under the respective Sublease in an amount equivalent to the amount by which the annual payments of principal and interest on the Outstanding Bonds will be reduced by the application of the award in eminent domain to the redemption of such outstanding Bonds. So long as any of the related Bonds shall be outstanding, any award made in eminent domain proceedings for taking the respective Facilities or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in the respective Sublease. Any such award made after all of the related Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the to the County.

Prepayment

The County shall prepay on any date from insurance (including proceeds of title insurance) and eminent domain proceeds, to the extent provided in each Sublease (provided, however, that in the event of partial damage to or destruction of the Facilities caused by perils covered by insurance, if in the judgment of the Authority the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of such Facilities, such proceeds shall be held by the Trustee and used to repair, reconstruct or replace the damaged or destroyed portion of such Facilities, pursuant to the procedure set forth in each Sublease for proceeds of insurance), all or any part of the related Base Rental Payments then unpaid so that the aggregate annual amounts of Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of Base

Rental Payments unpaid prior to the prepayment date (taking into account the reduction in Base Rental allocable to future interest on the related Bonds that are redeemed), at a prepayment amount equal to the redemption payment of the maximum amount of the related Bonds, including the principal thereof and the interest thereon to the date of redemption, plus any applicable premium redeemable from such proceeds.

The County may prepay, from any source of available funds, all or any portion of Base Rental Payments by depositing with the Trustee moneys or securities as provided in the Trust Agreement sufficient to defease Bonds corresponding to such Base Rental Payments when due under each Sublease; provided that the County furnishes the Trustee with an Opinion of Counsel that such deposit will not cause interest on the related Tax-Exempt Bonds to be includable in gross income for federal income tax purposes. The County agrees that if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments under the related Sublease and shall not be entitled to any reimbursement of such Base Rental Payments.

When (1) there shall have been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the County may exercise its option to purchase the Facilities or any portion or item thereof, in trust for the benefit of the Owners of the related Bonds and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient moneys and Permitted Investments described in subsection (1) of the definition thereof in the Trust Agreement, not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal, premium, if any, and interest on the related Bonds to the due date of such Bonds or date when the County may exercise its option to purchase the related Facilities, as the case may be; (2) all requirements of the Trust Agreement have been satisfied; and (3) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the related Bonds shall remain unpaid, then and in that event the right, title and interest of the Authority in the respective Sublease and the obligations of the County thereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the County to have such moneys and such Permitted Investments applied to the payment of the related Base Rental Payments or option price) and the Authority's interest in and title to the related Facilities or applicable portion or item thereof shall be transferred and conveyed to the County.

Option to Purchase; Sale of Personal Property

The County shall have the option to purchase the Authority's interest in any part of the Facilities upon payment of an option price consisting of moneys or securities of the category specified in clause (1) of the definition of the term Permitted Investments contained in the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the increment, earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of the respective Sublease of the part of the total rent thereunder attributable to such part of the respective Facilities (determined by reference to the proportion which the cost of such part of the Facilities bears to the cost of all of such Facilities). Any such payment shall be made to the Trustee and shall be treated as rental payments and shall be applied by the Trustee to pay the principal of the related Bonds and interest on such Bonds and to redeem such Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all requirements set forth in the Trust Agreement, (a) the Base Rental thereafter payable under the respective Sublease shall be reduced by the amount thereof attributable to such part of the respective Facilities and theretofore paid pursuant to this paragraph, (b) the provisions of rental abatement in the respective Sublease shall not thereafter be applicable to such part of the Facilities, (c) the insurance required by the respective Sublease need not be maintained as to such part of the Facilities, and (d) title to such part of the Facilities shall vest in the County and the term of the respective Sublease shall end as to such Facilities.

The County, in its discretion, may request the Authority to sell or exchange any personal property which may at any time constitute a part of the Facilities, and to release said personal property from the respective Sublease, if (a) in the opinion of the County the property so sold or exchanged is no longer required or useful in connection with the operation of such Facilities, (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released, and (c) if the value of any such property shall, in the opinion of the Authority, exceed the amount of $100,000, the Authority shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Authority) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of such Facilities. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Authority. Any money so paid to the Authority may, so long as the County is not in default under any of the provisions of each Sublease, be used upon the Written Request of the County to purchase personal property, which property shall become a part of the Facilities. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to each Sublease or before releasing for the purchase of new personal property money received by it for personal property so sold.

Liens

In the event the County shall at any time during the term of each Sublease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Facilities, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon or about the respective Facilities and shall keep such Facilities free of any and all mechanics' or materialmen's liens or other liens against such Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the respective Facilities or the Authority's interest therein, the County shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the County desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the County shall forthwith pay and discharge said judgment. The County agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the respective Facilities or the Authority's interest therein.

Assignment and Subleasing

Neither the Subleases nor any interest of the County thereunder shall be mortgaged, pledged, assigned, sublet or transferred by the County by voluntary act or by operation of law or otherwise, except with the prior written consent of the Authority, which, in the case of subletting, shall not be unreasonably withheld; provided such subletting shall not affect the tax-exempt status of the interest on the Tax-Exempt Bonds. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the County to make the Base Rental Payments and Additional Payments required under each Sublease.

Title to Facilities

During the term of each Sublease, the Authority shall hold a leasehold estate to the Facilities and any and all additions which comprise fixtures, repairs, replacement or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the County and which may be removed without damaging the respective Facilities, and except for any items added to such Facilities by the County pursuant to the respective Sublease. This provision shall not operate to the benefit of any insurance company if there is rental interruption covered by insurance pursuant to each Sublease.

Upon the termination or expiration of each Sublease upon payment in full of the Base Rental Payments attributed to the Facilities leased thereunder and all amounts owing on the related Bonds, the Authority's interest in the title to the respective Facilities shall vest in the County and the Authority shall execute such conveyances, deeds and other documents as may be necessary to evidence the ownership of such Facilities by the County and to clarify the title of the County on the record thereof.

Tax Covenants

The County and the Authority shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest on the Tax-Exempt Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Authority and the County covenant that they will comply with the requirements of the Tax Certificates.

The Taxable Bonds are taxable to the beneficial owners thereof under the Code. The Authority and the County shall deliver the Taxable Bonds Tax Certificate regarding the Taxable Bonds containing necessary and appropriate representations and covenants as Bond Counsel shall require regarding compliance with the Code applicable to the receipt of Subsidy Receipts relating to the Taxable Bonds. Without limiting the generality of the foregoing, the Authority and the County covenant that they will comply with the requirements of the Taxable Bonds Tax Certificate.

If at any time the County or the Authority is of the opinion that it is necessary to restrict or limit the yield on or change in any way the investment of any moneys held by the Trustee or the County or the Authority under the Subleases or the Trust Agreement, the County or the Authority shall so instruct the Trustee or the appropriate officials of the County in writing, and the Trustee or the appropriate officials of the County, as the case may be, shall take such actions as may be necessary in accordance with such instructions.

In furtherance of the covenants of the County and the Authority set forth above, the County will comply with the Tax Certificates and the Taxable Bonds Tax Certificate and will instruct the Trustee in writing as necessary to comply with the such documents. The Trustee and the Authority may conclusively rely on any such written instructions, and the County agrees to hold harmless the Trustee and the Authority for any loss, claim, damage, liability or expense incurred by the Authority and the Trustee for any actions taken by the Authority or the Trustee in accordance with such instructions. This covenant shall survive payment in full or defeasance of the Bonds.

Taxes

The County shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Facilities or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the term of each Sublease as and when the same become due.

Authority's Purpose

The Authority covenants that, prior to the discharge of each Sublease, it will not engage in any activities inconsistent with the purposes for which the Authority is organized.

Purpose of Sublease

The County covenants that during the term of each Sublease, except as provided therein, (a) it will use, or cause the use of, the Facilities for public purposes and for the purposes for which the Facilities are customarily used, (b) it will not vacate or abandon the Facilities or any part thereof, and (c) it will not make any use of the Facilities which would jeopardize in any way the insurance coverage required to be maintained pursuant to each Sublease.

Net-Net-Net Lease

Each Sublease shall be deemed and construed to be a "net-net-net lease" and the County agrees that the rentals provided for in each Sublease shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Amendment or Termination

The Authority and the County may at any time agree to the amendment or termination of any Sublease; provided, however, that the Authority and the County agree and recognize that each Sublease is entered into in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

SITE LEASES

The following is a summary of the Site Lease (Capital Project I) and Site Lease (Refunding) (each a "Site Lease" and collectively, the "Site Leases") and is equally applicable to each Site Lease unless otherwise noted.

Lease of Facilities

The County leases to the Authority and the Authority hires from the County, on the terms and conditions set forth in each Site Lease, the real property situated in the County of Contra Costa, State of California, together with the improvements thereon, as described in each Site Lease, and any additional real property added thereto by any supplement or amendment to each Site Lease, or any real property substituted for all or any portion of such property in accordance with each Site Lease and the Trust Agreement; subject, however, to any conditions, reservations, and easements of record or known to the County.

Term

The term of each Site Lease as to the respective Facilities shall commence on the date of recordation of each Site Lease in the office of the County Recorder of County of Contra Costa, State of

California, or on December 1, 2010 whichever is earlier, and shall end on the respective dates identified in each Site Lease, as applicable to the related Facility, unless such term is extended or sooner terminated as provided in each Site Lease. If on such dates the Base Rental Payments attributable to the related Facility and all other amounts then due under the Sublease with respect to such Facility, including any Reserve Facility Costs, shall not be fully paid, or if the rental or other amounts payable under the Sublease with respect to such Facility shall have been abated at any time and for any reason, then the term of the Site Lease with respect to such Facility shall be extended until ten (10) days after the Base Rental Payments attributable to such Facility and all other amounts then due under the Sublease with respect to such Facility, including any Reserve Facility Costs, shall be fully paid, except that the term of the Site Lease as to the respective Facility shall in no event be extended beyond ten (10) years after the date identified with respect thereto. If prior to such date the Base Rental Payments attributable to the related Facility and all other amounts then due under the Sublease with respect to such Facility, including any Reserve Facility Costs, shall be fully paid, the term of the Site Lease with respect to such Facility shall end ten (10) days thereafter or upon written notice by the County to the Authority, whichever is earlier.

Owner in Fee

The County covenants that it is the owner in fee of the Facilities. The County further covenants and agrees that if for any reason this covenant proves to be incorrect, the County will either institute eminent domain proceedings to condemn the property or institute a quiet title action to clarify the County's title, and will diligently pursue such action to completion.

TRUST AGREEMENT

The Trust Agreement provides for, among other things, the issuance, execution and delivery of the Bonds and sets forth the terms thereof, the creation of certain of the funds and accounts described therein, certain covenants of the Authority, defines events of default and remedies therefor, and sets forth the rights and responsibilities of the Trustee. Certain provisions of the Trust Agreement setting forth the terms of the Bonds, the redemption provisions thereof and the use of the proceeds of the Bonds are set forth elsewhere in the Official Statement.

Conditions for the Issuance of Additional Bonds

The Authority may at any time issue Additional Bonds pursuant to a Supplemental Trust Agreement, payable from the Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues as provided therein equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued under the Trust Agreement, but only subject to the following specific conditions, which are made conditions precedent to the issuance of any such Additional Bonds:

(a) The Authority shall be in compliance with all agreements and covenants contained in the Trust Agreement.

(b) The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Bonds shall be applied only for the refunding of Outstanding Bonds.

(c) The Supplemental Trust Agreement shall provide, if necessary, that from such proceeds or other sources an amount shall be deposited in the Reserve Fund so that following such deposit there shall be on deposit in the Reserve Fund an amount at least equal to the Reserve Fund Requirement.

(d) The aggregate principal amount of Bonds issued and at any time Outstanding under the Trust Agreement shall not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.

(e) The respective Sublease shall have been amended, if necessary, so that the Base Rental Payments payable by the County under the Trust Agreement in each Fiscal Year shall at least equal Debt Service, including Debt Service on the Additional Bonds, in each Fiscal Year.

Proceedings for Authorization of Additional Bonds

Whenever the Authority and the County shall determine to execute and deliver any Additional Bonds pursuant to the Trust Agreement, the Authority and the Trustee shall enter into a Supplemental Trust Agreement providing for the issuance of such Additional Bonds, specifying the maximum principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds.

The Supplemental Trust Agreement shall prescribe the form or forms of such Additional Bonds and, subject to the provisions of the Trust Agreement, shall provide for the distinctive designation, denominations, method of numbering, dates, payment dates, interest rates (or method of determining the rates, if variable), interest payment dates, provisions for redemption (if desired) and places of payment of principal and interest.

Before such Additional Bonds shall be issued, the County and the Authority shall file or cause to be filed the following documents with the Trustee:

(a) An Opinion of Counsel setting forth that (1) such Counsel has examined the Supplemental Trust Agreement and the amendment to the respective Sublease required by the Trust Agreement; (2) the execution and delivery of the Additional Bonds have been sufficiently and duly authorized by the County and the Authority; and (3) said amendment to the respective Sublease when duly executed by the County and the Authority, will be a valid and binding obligation of the County and the Authority.

(b) A Certificate of the Authority stating that the requirements of the Trust Agreement have been met.

(c) A certified copy of a resolution or ordinance of the County authorizing the execution of the amendments to the respective Sublease required by the Trust Agreement.

(d) An executed counterpart or duly authenticated copy of any amendment to the respective Sublease required by the Trust Agreement.

(e) A Certificate of the County stating that the insurance required by the respective Sublease is in effect.

Upon the delivery to the Trustee of the foregoing instruments and upon the Trustee's receipt of Certificates of the County and of the Authority stating that all applicable provisions of the Trust Agreement have been complied with, the Trustee shall authenticate and deliver said Additional Bonds in the aggregate principal amount specified in such Supplemental Trust Agreement to, or upon the Written Request of, the Authority.

Limitations on the Issuance of Obligations Payable from Revenues

The Authority will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, however denominated, payable in whole or in part from Revenues except the following:

(a) Bonds of any Series authorized pursuant to the Trust Agreement;

(b) Obligations owing or agreements with respect to a Reserve Facility, including principal, interest and fees relating thereto; provided such obligations shall be payable on a subordinate basis to principal and interest on the Bonds.

(c) Obligations which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Bonds and which subordinated obligations are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Revenues after the prior payment of all amounts then required to be paid under the Trust Agreement from Revenues for principal, premium, interest and reserve fund requirements for the Bonds, as the same become due and payable and at the times and in the manner as required in the Trust Agreement.

Pledge of Revenues

All Revenues, any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund created pursuant to the Trust Agreement) and any other amounts (excluding Additional Payments) received by the Authority in respect of the Facilities are irrevocably pledged and assigned to the payment of the interest and premium, if any, on and principal of the Bonds and Reserve Facility Costs as provided in the Trust Agreement, and the Revenues and other amounts pledged under the Trust Agreement shall not be used for any other purpose while any of the Bonds remain Outstanding or Reserve Facility Costs remain unpaid; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. This pledge shall constitute a pledge of and charge and first lien upon the Revenues, all other amounts pledged under the Trust Agreement and all other moneys on deposit in the funds and accounts established thereunder (excluding amounts on deposit in the Rebate Fund created pursuant to the Trust Agreement) for the payment of the interest on and principal of the Bonds and Reserve Facility Costs in accordance with the terms of the Trust Agreement, provided that each Series of Bonds shall be separately secured by the respective Sublease and Revenues derived therefrom and accounts related to such Series of Bonds established under the Trust Agreement and shall not be entitled to the funds held in any accounts established with respect to other Series of Bonds or the Revenues derived from the respective Sublease relating to such other Series of Bonds.

Receipt and Deposit of Revenues in the Revenue Fund

In order to carry out and effectuate the pledge, assignment, charge and lien contained in the Trust Agreement, the Authority agrees and covenants that all Revenues and all other amounts pledged under the Trust Agreement when and as received shall be received by the Authority in trust under the Trust Agreement for the benefit of the Bondholders and shall be transferred when and as received by the Authority to the Trustee for deposit in the Revenue Fund, which fund is created and which fund the Trustee agrees and covenants to maintain in trust for Bondholders so long as any Bonds shall be Outstanding under the Trust Agreement. The County has been directed to pay all Base Rental Payments directly to the Trustee. If the Authority receives any Base Rental Payments, it shall hold the same in trust as agent of the Trustee and shall immediately transfer such Base Rental Payments to the Trustee. All Revenues and all other amounts pledged and assigned under the Trust Agreement shall be accounted for through and held in trust in the Revenue Fund, and the Trustee shall have no beneficial right or interest in any of the Revenues except only as provided in the Trust Agreement. All Revenues and all other amounts pledged and assigned thereunder, whether received by the Authority in trust or deposited with the Trustee as provided in the Trust Agreement, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses as set forth in the Trust Agreement, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Trustee.

Project Fund

The Trustee agrees to establish and maintain so long as any Bonds are Outstanding the Project Fund and, within the Project Fund, a 2010 Series A Project Account. The moneys in the 2010 Series A Project Account shall be disbursed by the Trustee upon the Written Request of the County for the payment of costs relating to the financing and completion of Capital Project I.

Costs of Issuance Fund

There is established in trust a special fund designated as the "Costs of Issuance Fund" to be maintained by the Trustee, the initial payments into which are provided for in the Trust Agreement. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Bonds upon receipt of a Written Request of the Authority.

Revenue Fund

Subject to the Trust Agreement, all money in the Revenue Fund shall be set aside by the Trustee in the following respective special accounts or funds within the Revenue Fund to be maintained by the Trustee. Moneys from each respective Sublease shall be paid into the related Interest and Principal Accounts and shall only be available to pay the principal of and interest on such related Series of Bonds.

2010 Series A Interest Account
2010 Series B Interest Account,
2010 Series A Principal Account, and
2010 Series B Principal Account.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized in the Trust Agreement. On each Principal Payment Date, following payment of principal of and interest on the Bonds, any excess amount on deposit in the Revenue Fund shall be transferred to the applicable Reserve Account within the Reserve Fund to the extent necessary to increase the amount therein to the respective Reserve Fund Requirement or to pay any respective Reserve Facility Costs then due and owing and any excess shall then be returned to the County as an excess payment of Base Rental Payments.

Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in each respective Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds of the respective Series on such Interest Payment Date.

No deposit need be made in the Interest Account if the amount contained therein and available to pay interest on the respective Series of Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds of such Series on such Interest Payment Date.

All money in each Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the respective Series of Bonds as it shall become due and payable (including accrued interest on any such Bonds purchased or redeemed prior to maturity).

Principal Account. On or before each June 1, commencing on the dates set forth below for each Series of Bonds, the Trustee shall set aside from the Revenue Fund and deposit in each respective Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such June 1 into the respective sinking fund accounts for all Outstanding Term Bonds of the respective Series of Bonds and the principal amount of all Outstanding Serial Bonds of such Series maturing on such June 1.

Bonds	First Principal Payment Date
2010 Series A-1 Bonds	June 1, 2014
2010 Series A-2 Bonds	June 1, 2014
2010 Series A-3 Bonds	June 1, 2014
2010 Series B Bonds	June 1, 2012

No deposit need be made in the Principal Account if the amount contained therein and available to pay principal of such Series of Bonds is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds of such Series maturing by their terms on such June 1 plus the aggregate amount of all sinking fund payments required to be made on such June 1 for all Outstanding Term Bonds of such Series.

Capitalized Interest Fund. The Authority agrees to establish and maintain a separate fund designated the "Capitalized Interest Fund," which fund shall be held by the Trustee. Within the Capitalized Interest Fund, the Trustee is directed to establish separate accounts to be designated as the 2010 Series A-1 Capitalized Interest Account, the 2010 Series A-2 Capitalized Interest Account and the 2010 Series A-3 Capitalized Interest Account.

The Trustee shall transfer on or before each Interest Payment Date from each respective Capitalized Interest Account for deposit into the respective Interest Account of each of the Series of Bonds as set forth in the Trust Agreement.

Subsidy Receipts. Prior to completion of Capital Project I, the Trustee shall receive Subsidy Receipts with respect to the Taxable 2010 Bonds directly from the Department of the Treasury and shall deposit such Subsidy Receipts to the respective accounts in the Capitalized Interest Fund relating to the Series of Taxable 2010 Bonds for which such Subsidy Receipts are received. Upon completion of Capital Project I, all amounts on deposit in the 2010 Series A-2 Capitalized Interest Account and all amounts on deposit in the 2010 Series A-3 Capitalized Interest Account shall be transferred to the 2010 Series A Project Account and expended on capital expenditures as specified by the County.

Application of Insurance Proceeds

In the event of any damage to or destruction of any part of the Facilities covered by insurance, the Authority shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds designated the "2010 Series ___ Insurance and Condemnation Fund", to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the respective Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The County shall file a Certificate of the County with the Trustee that sufficient funds from insurance proceeds or from any funds legally available to the County, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace the respective Facilities. The Trustee shall invest said proceeds in Permitted Investments pursuant to the Written Request of the County, as agent for the Authority under the respective Sublease, and withdrawals of said proceeds shall be made from time to time upon the filing with the Trustee of a Written Request of the County, stating that the County has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the respective Facilities, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance shall be paid to the Trustee as Base Rental Payments and applied in the manner provided in the Trust Agreement. Alternatively, the County, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of the respective Facilities, or that portion, in the case of partial damage or destruction of such Facilities, of the Base Rental Payments and all other amounts relating to the damaged or destroyed portion of such Facilities, may elect not to repair, reconstruct or replace the damaged or destroyed portion of such Facilities and thereupon shall cause said proceeds to be used for the redemption of the respective Outstanding Bonds pursuant to the applicable provisions of the Trust Agreement. The County shall not apply the proceeds of insurance as set forth in the Trust Agreement to redeem the respective Bonds in part due to damage or destruction of a portion of such Facilities unless the Base Rental Payments on the undamaged portion of such Facilities will be sufficient to pay the scheduled principal and interest on the Bonds remaining unpaid after such redemption.

Deposit and Investments of Money in Accounts and Funds

Subject to the Trust Agreement, all money held by the Trustee in any of the accounts or funds established pursuant thereto shall be invested in Permitted Investments at the Written Request of the Authority or, if no instructions are received, in money market funds described in clause (5) of the definition of Permitted Investments. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement; provided, however, that moneys in the Reserve Accounts shall be invested in Permitted Investments with a term to maturity not exceeding five (5) years. For purposes of this restriction, Permitted Investments containing a repurchase option or put option by the investor shall be treated as having a maturity of no longer than such option. Unless otherwise instructed by the Authority, all interest or profits received on any money so invested in the 2010 Series A Project Account, the 2010 Series A Reserve Account and the 2010 Series A Capitalized Interest Accounts shall be deposited in the 2010 Series A Project Account until completion of Capital Project I and shall thereafter be deposited first in the 2010 Series A Reserve Account, to the extent necessary to make the amount on deposit in such Reserve Account equal to the Reserve Fund Requirement, and then in the Revenue Fund; provided that proceeds of the Taxable 2010 Bonds shall remain in the 2010 Series A Project Account until expended on capital expenditures. Unless otherwise instructed by the Authority, all interest or profits received on any money so invested in the 2010 Series B Reserve Account shall be deposited first in the 2010 Series B Reserve Account, to the extent necessary to make the amount on deposit in such Reserve Account equal to the Reserve Fund Requirement, and then in the Revenue Fund. The Trustee shall value Permitted Investments held in each Reserve Account no later than June 1 and December 1 in each year; provided that for purposes of this paragraph the value of any such Permitted Investment shall be an amount equal to the lesser of the cost or the fair market value of such Permitted Investment. The Trustee and its affiliates may act as principal, agent, sponsor or advisor with respect to any investments. The Trustee shall not be liable for any losses on investments made in accordance with the terms and provisions of the Trust Agreement.

Investments purchased with funds on deposit in the Revenue Fund shall mature not later than the payment date or redemption date, as appropriate, immediately succeeding the investment.

Subject to the Trust Agreement, investments in any and all funds and accounts except for the Rebate Fund may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions in the Trust Agreement for transfer to or holding in particular funds and accounts amounts received or held by the Trustee thereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Trust Agreement.

Punctual Payment and Performance

The Authority will punctually pay out of the Revenues the interest on and principal of and redemption premiums, if any, to become due on every Bond issued under the Trust Agreement in strict conformity with the terms thereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained in the Trust Agreement and in the Bonds.

Against Encumbrances

The Authority will not make any pledge or assignment of or place any charge or lien upon the Revenues except as provided in the Trust Agreement, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except as provided in the Trust Agreement.

Tax Covenants for Tax-Exempt Bonds; Rebate Fund

In addition to the accounts created pursuant to the Trust Agreement, the Trustee shall establish and maintain a fund separate from any other fund or account established and maintained under the Trust Agreement designated as the Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. Notwithstanding the provisions of the Trust Agreement relating to the pledge of Revenues, the allocation of money in the Revenue Fund, the investments of money in any fund or account, the application of funds upon acceleration and the defeasance of Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by the Trust Agreement and by the Tax Certificate. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate.

Any funds remaining in the Rebate Fund with respect to a Series of Tax-Exempt Bonds after redemption and payment of all such Series of Bonds and all other amounts due under the Trust Agreement or under the respective Sublease relating to such Series of Tax-Exempt Bonds, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees and expenses of the Trustee and satisfaction of the Rebate Requirement (as defined in the Tax Certificate), shall be withdrawn by the Trustee and remitted to or upon the Written Request of the Authority.

The Authority shall not use or permit the use of any proceeds of the Tax-Exempt Bonds or any funds of the Authority, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Tax-Exempt Bonds to be treated as an obligation not described in Section 103(a) of the Code. In the event that at any time the Authority is of the opinion that for purposes of this paragraph it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Authority shall so instruct the Trustee under the Trust Agreement in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Notwithstanding any provisions of the Trust Agreement, if the Authority shall provide to the Trustee an Opinion of Counsel that any specified action required under the Trust Agreement or the Tax Certificate is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Tax-Exempt Bonds, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this paragraph, and, notwithstanding the provision of amendment to the Trust Agreement, the covenants under the Trust Agreement shall be deemed to be modified to that extent.

The foregoing provisions of the Trust Agreement shall not be applicable to any Series of Bonds or the proceeds thereof that the Authority determines upon the issuance thereof are to be taxable bonds, the interest on which is intended to be included in the gross income of the Owner thereof for federal income tax purposes.

Tax Covenants for Taxable 2010 Bonds

The Taxable 2010 Bonds shall be accorded "Build America Bonds" status under the provisions of the Recovery Act and interest on such Taxable 2010 Bonds shall be included in gross income for federal tax purposes. The Authority covenants and agrees as follows with respect to the Taxable 2010 Bonds:

(a) The Authority shall not use or permit the use of any proceeds of the Taxable 2010 Bonds or any funds of the Authority, directly or indirectly, to acquire any securities or obligations that would adversely affect the receipt of the Subsidy Receipts, and shall not take or permit to be taken any other action or actions, which would cause any such Taxable 2010 Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable regulations promulgated from time to time thereunder. The Authority shall observe and comply with all requirements of Sections 148 and 149(b) of the Code and any such applicable regulations promulgated from time to time thereunder to the extent applicable to the Taxable 2010 Bonds.

(b) The Authority covenants to comply with the provisions and procedures of the Taxable 2010 Bonds Tax Certificate.

(c) The Authority shall not use or permit the use of any proceeds of the Taxable 2010 Bonds or any funds of the Authority (so long as such proceeds or other funds are under its control), directly or indirectly, in any manner, and shall not take or omit to take any action that would adversely affect the receipt of the Subsidy Receipts.

(d) Notwithstanding any provisions of the Trust Agreement or the Taxable 2010 Bonds Tax Certificate, if the Authority shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required under the Trust Agreement is no longer required or that some further or different action is required to maintain the receipt of the Subsidy Receipts with respect to the Taxable 2010 Bonds, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of the Trust Agreement, and, notwithstanding any other provision of the Trust Agreement or the Taxable

2010 Bonds Tax Certificate, the covenants under the Trust Agreement shall be deemed to be modified to that extent.

Maintenance of Revenues

The Authority will promptly collect all rents and charges due for the occupancy or use of the Facilities as the same become due, and will promptly and vigorously enforce its rights against any tenant or other person who does not pay such rents or charges as they become due. The Authority will at all times maintain and vigorously enforce all of its rights under the Subleases.

Amendments to Subleases

The Authority shall not supplement, amend, modify or terminate any of the terms of the Subleases, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent if such supplement, amendment, modification or termination (a) will not materially adversely affect the interests of the Bondholders or result in any material impairment of the security given for the payment of the Bonds by the Trust Agreement (provided that such supplement, amendment or modification shall not be deemed to have such adverse effect or to cause such material impairment solely by reason of providing for the payment of Additional Bonds as required by the Trust Agreement or substitution of real property pursuant to the respective Sublease), (b) is to add to the agreements, conditions, covenants and terms required to be observed or performed under the Trust Agreement by any party thereto, or to surrender any right or power therein reserved to the Authority or the County, (c) is to cure, correct or supplement any ambiguous or defective provision contained therein, (d) is to accommodate any substitution in accordance with the respective Sublease, (e) is to modify the legal description of the Facilities to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended or preferred to be included therein, or substituted for the Facilities pursuant to the provision of the respective Sublease, or (f) if the Trustee first obtains the written consent of the Bondholders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that no such supplement, amendment, modification or termination shall reduce the amount of Base Rental Payments to be made to the Authority or the Trustee by the County pursuant to the respective Sublease to an amount less than the scheduled principal and interest payment on the Outstanding Bonds, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by the Trust Agreement on the Base Rental Payments (except as expressly provided in the respective Sublease), in each case without the written consent of all of the Bondholders of the Bonds then Outstanding.

Leasehold Estate

The Authority will be, on the date of the delivery of the Bonds, the owner and lawfully possessed of the leasehold estate described in the Site Leases, and the Subleases will be, on the date of delivery of the Bonds, valid subsisting demises for the term therein set forth of the property which it purports to demise. At the time of the delivery of the Bonds the County will be the owner in fee simple of the premises described in the Site Leases, and the Site Leases will be lawfully made by the County, and the covenants contained in the Site Leases on the part of the County will be valid and binding. At the time of the delivery of the Bonds, the Authority will have good right, full power and lawful authority to lease said leasehold estate, in the manner and form provided in the Subleases, and the Subleases will be duly and regularly executed.

Without allowance for any days of grace which may or might exist or be allowed by law or granted pursuant to any terms or conditions of the Subleases, the Authority will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Subleases to be kept, performed and complied with by it. The Authority will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for declaring a forfeiture of each respective Sublease, or would or might be a ground for cancellation or termination of such Sublease by the lessee thereunder. The Authority will promptly deposit with the Trustee (to be held by the Trustee until the title and rights of the Trustee under the Trust Agreement shall be released or reconvened) any and all documentary evidence received by it showing compliance with the provisions of the Subleases to be performed by the Authority.

Events of Default and Acceleration of Maturities

If one or more of the following events (herein called "events of default") shall happen, that is to say:

(a) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for mandatory redemption;

(c) if default shall be made by the Authority in the performance of any of the other agreements or covenants required in the Trust Agreement to be performed by the Authority, and such default shall have continued for a period of sixty (60) days or such additional time (with respect to agreements or covenants that cannot be corrected or performed within such sixty (60) day period but the correction of which is being diligently pursued by the Authority) as is reasonably required to correct any such default after the Authority shall have been given notice in writing of such default by the Trustee;

(d) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or

(e) if an Event of Default has occurred under the respective Sublease;

then and in each and every such case during the continuance of such event of default the Trustee, upon the written request of the Bondholders of not less than a majority in aggregate principal amount of the Bonds of the Series in default then Outstanding shall, by notice in writing to the Authority, declare the principal of all Bonds of such Series then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained in the Trust Agreement or in the Bonds to the contrary notwithstanding. The Trustee shall promptly notify all Bondholders by first class mail of any such event of default which is continuing of which a Responsible Officer has actual knowledge or written notice.

The provision set forth above, however, is subject to the condition that if at any time after the principal of a Series of Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the

Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all such Bonds and all principal of such Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of such Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee or the Bondholders of such Series of Bonds of not less than a majority in aggregate principal amount of such Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Bondholders of all of such Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration

All moneys in the accounts and funds provided in the Trust Agreement relating to the Series of Bonds then in default upon the date of the declaration of acceleration by the Trustee as provided in the Trust Agreement and all Revenues (other than Revenues on deposit in the Rebate Fund) derived from the Sublease related to such Series of Bonds thereafter received by the Authority under the Trust Agreement shall be transmitted to the Trustee and shall be applied by the Trustee in the following order –

First, to the payment of the reasonable fees, costs and expenses of the Trustee in providing for the declaration of such event of default and carrying out its duties under the Trust Agreement, including reasonable compensation to their accountants and counsel together with interest on any amounts advanced as provided in the Trust Agreement and thereafter to the payment of the reasonable costs and expenses of the Bondholders, if any, in carrying out the provisions of Trust Agreement, including reasonable compensation to their accountants and counsel; and

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

Institution of Legal Proceedings by Trustee

If one or more of the events of default shall happen and be continuing, the Trustee may, and upon the written request of the Bondholders of a majority in principal amount of the Bonds then Outstanding, and in each case upon being indemnified to its reasonable satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Bondholders of Bonds under the Trust Agreement and under the respective Sublease by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Trust Agreement, or in aid of the execution of any power therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties thereunder.

Non-Waiver

Nothing in the Trust Agreement or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Bondholders of the Bonds at the respective dates of maturity or upon prior redemption as provided in the Trust Agreement from the Revenues as provided therein pledged for such payment, or shall affect or impair the right of such Bondholders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Trust Agreement and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Bondholder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Bondholder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Bondholders by the Act or by the Trust Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bondholders. If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Bondholder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Actions by Trustee as Attorney-in-Fact

Any action, proceeding or suit which any Bondholder shall have the right to bring to enforce any right or remedy under the Trust Agreement may be brought by the Trustee for the equal benefit and protection of all Bondholders, whether or not the Trustee is a Bondholder, and the Trustee is appointed (and the successive Bondholders, by taking and holding the Bonds issued under the Trust Agreement, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Bondholders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Bondholders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Remedies Not Exclusive

No remedy conferred upon in the Trust Agreement or reserved to the Bondholders is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Limitation on Bondholders' Right to Sue

No Bondholder of any Bond issued under the Trust Agreement shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless (a) such Bondholder shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in the Trust Agreement; (b) the Bondholders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted or to institute such suit, action or proceeding in its own name; (c) said Bondholders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Bondholder of Bonds of any remedy under the Trust Agreement; it being understood and intended that no one or more Bondholders of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Trust Agreement, except in the manner provided in the Trust Agreement, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner provided in the Trust Agreement and for the equal benefit of all Bondholders of the Outstanding Bonds.

The Trustee

Wells Fargo Bank, National Association shall serve as the initial Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee under the Trust Agreement and for the purpose of allocating, applying and using such money as provided in the Trust Agreement and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment, with the rights and obligations provided in the Trust Agreement. The Authority agrees that it will at all times maintain a Trustee having a principal office in California.

The Authority, unless there exists any Event of Default as defined in the Trust Agreement, may at any time remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank, banking institution, or trust company, having (or whose parent holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars ($50,000,000) and subject to supervision or examination by federal or state authority. If such bank, banking institution, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the Trust Agreement the combined capital and surplus of such bank, banking institution, or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Authority, and by mailing by first class mail to the Bondholders notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. The successor Trustee shall send notice of its acceptance by first class mail to the Bondholders. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required by the Trust Agreement.

Amendment of the Trust Agreement

The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consent of the Bondholders of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Trust Agreement, are filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity or Series remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under the Trust Agreement. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Bondholder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided in the Trust Agreement superior to or on a parity with the pledge, charge and lien created by the Trust Agreement for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority, or the County without their prior written assent thereto, respectively.

The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption but without the consent of any Bondholders, for any purpose that will not materially adversely affect the interests of the Bondholders, including (without limitation) for any one or more of the following purposes –

(a) to add to the agreements and covenants required in the Trust\ to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved in the Trust Agreement to or conferred therein on the Authority;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising thereunder which the Authority may deem desirable or necessary;

(c) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in the Trust Agreement (which shall be deemed not to adversely affect Bondholders);

(d) to add to the agreements and covenants required in the Trust Agreement, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939; or

(e) to add any provisions required by the provider of a surety bond, insurance policy or letter of credit under the Trust Agreement.

Discharge of Bonds

If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Bondholders of all or any portion of the Outstanding Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated in the Trust Agreement and in the Bonds, and the Authority shall pay in full all other amounts due under the Trust Agreement and under the Subleases, then the Bondholders of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided in the Trust Agreement, and all agreements, covenants and other obligations of the Authority to the Bondholders of such Bonds under the Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Trust Agreement which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds and for the payment of all other amounts due under the Trust Agreement and under the Subleases.

Liability of Authority Limited to Revenues

Notwithstanding anything contained in the Trust Agreement, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided in the Trust Agreement for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants contained in the Trust Agreement. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds as provided in the Trust Agreement. The Bonds are not a debt of the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

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APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

[CLOSING DATE]

County of Contra Costa Public Financing Authority
Martinez, California

County of Contra Costa Public Financing Authority
Lease Revenue Bonds
$6,790,000 2010 Series A-1 (Capital Project I - Tax-Exempt Bonds),
$13,130,000 2010 Series A-2 (Capital Project I - Taxable Build America Bonds),
$20,700,000 2010 Series A-3 (Capital Project I - Taxable Recovery Zone Bonds), and
$17,435,000 2010 Series B (Refunding)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Contra Costa Public Financing Authority (the "Authority") in connection with issuance by the Authority of the above-captioned Bonds (collectively, the "Bonds"), issued pursuant to a trust agreement, dated as of November 1, 2010 (the "Trust Agreement"), between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, the Site Leases, the Subleases, the Tax Certificates for the 2010 Series A-1 Bonds and the 2010 Series B Bonds, dated the date hereof (the "Tax Certificates"), opinions of counsel to the Authority, the County and the Trustee, certificates of the Authority, the County, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority and the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Site Leases, the Subleases and the Tax Certificates, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2010 Series A-1 Bonds and the 2010 Series B Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Site Leases, the Subleases, and the Tax Certificates and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities and counties in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Site Leases, the Subleases or the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.

2. The Trust Agreement has been duly executed and delivered by the Authority and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Authority. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including the proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Trust Agreement, except the Rebate Fund, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.

3. The Site Leases and the Subleases have been duly executed and delivered by, and constitute the valid and binding obligations of, the County and the Authority.

4. Interest on the 2010 Series A-1 Bonds and the 2010 Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the 2010 Series A-1 Bonds and the 2010 Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes and that interest on the 2010 Series A-1 Bonds is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel observes that interest on the 2010 Series B Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Bonds is exempt from State of California personal income taxes. Interest on the 2010 Series A-2 Bonds and the 2010 Series A-3 Bonds is not excluded from gross income for federal income tax purposes under the Code. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX G

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of November 16, 2010, is executed and delivered by the County of Contra Costa, California (the "County"), and acknowledged and agreed to by Digital Assurance Certification, L.L.C., as dissemination agent, in connection with the issuance by the County of Contra Costa Public Financing Authority (the "Authority") of $58,055,000 aggregate principal amount of its Lease Revenue Bonds, comprised of: $6,790,000 principal amount of 2010 Series A-1 (Capital Project I - Tax Exempt Bonds), $13,130,000 principal amount of 2010 Series A-2 (Taxable Build America Bonds); $20,700,000 principal amount of 2010 Series A-3 (Taxable Recovery Zone Bonds); and $17,435,000 principal amount of 2010 Series B (Refunding) (collectively, the "2010 Bonds"). The 2010 Bonds are being issued pursuant to a Trust Agreement, dated as of November 1, 2010 (the "Trust Agreement"), by and between the County of Contra Costa Public Financing Authority (the "Authority") and the Trustee and acknowledged by the County. Pursuant to a Sublease related to each Series of 2010 Bonds, each dated as November 1, 2010 (each a "Sublease" and collectively, the "Subleases"), the County has covenanted to comply with its obligations under this Disclosure Agreement and to assume all obligations for continuing disclosure with respect to each Series of 2010 Bonds. The County and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement This Disclosure Agreement is being executed and delivered by the County and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of each Series of 2010 Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Series of 2010 Bonds (including persons holding a Series of 2010 Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the County Administrator, the County Finance Director or his or her designee, or such other officer or employee as the County shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean the County, or any successor Dissemination Agent, which may be designated in writing by the County and which has filed with the Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement

"Participating Underwriters" shall mean any of the original underwriters of the 2010 Bonds required to comply with the Rule in connection with offering of the 2010 Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission..

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3 Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the County's fiscal year (presently June 30), commencing with the report for the 2009-10 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided*, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than thirty (30) days (not more than sixty (60) days) prior to the date on which the Annual Report is to be provided pursuant to subsection (a), the Dissemination Agent shall give notice to the County that the Annual Report is so required to be filed in accordance with the terms of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If by said date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the County of such failure to receive the Annual Report.

(c) If the County is unable to provide to the Dissemination Agent an Annual Report by the date required in subsection (a), the Dissemination Agent is irrevocably instructed to file a notice, in electronic format, to the Repository in substantially the form attached hereto as Exhibit A.

The Dissemination Agent shall file a report with the County stating that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the County for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Numerical and tabular information for the immediately preceding Fiscal Year of the type contained in the Official Statement under the following captions:

1. The status of the construction and installation of the improvement constituting Capital Project I and Capital Project II, until such time as each Capital Project has been completed;

2. Report of changes in "DEBT SERVICE SCHEDULE;"

3. APPENDIX B–"COUNTY FINANCIAL INFORMATION–Recent County General Fund Budgets" (update Table B-1 "COUNTY OF CONTRA COSTA GENERAL FUND BUDGET");

4. APPENDIX B–"COUNTY FINANCIAL INFORMATION–Ad Valorem Property Taxes" (update Table B-2 "COUNTY OF CONTRA COSTA SUMMARY OF SECURED ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION");

5. APPENDIX B–"COUNTY FINANCIAL INFORMATION–Accounting Policies, Reports and Audits" (update Table B-6 "COUNTY OF CONTRA COSTA GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES");

6. APPENDIX B–"COUNTY FINANCIAL INFORMATION–Pension Plan" (update Table B-9 "CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF FUNDED STATUS");

7. APPENDIX B–"COUNTY FINANCIAL INFORMATION–Other Post-Employment Healthcare Benefits" (update Table B-16 "CONTRA COSTA COUNTY OTHER POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN SUMMARY OF PARTICIPATING EMPLOYEES AND CONTRIBUTIONS");

8. APPENDIX B–"COUNTY FINANCIAL INFORMATION–Long Term Obligations" (update Table B-22–"CONTRA COSTA COUNTY OUTSTANDING LEASE OBLIGATIONS AND PENSION OBLIGATION BONDS").

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been filed with the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5 and to the extent applicable, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, no later than 10 business days following the occurrence of such event:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. modifications to rights of Holders of any Series of 2010 Bonds;
4. optional, contingent or unscheduled bond calls;
5. defeasances;
6. rating changes;
7. adverse tax opinions or events adversely affecting the tax-exempt status of the 2010 Series A-1 Bonds (Capital Project I - Tax Exempt Bonds) or the 2010 Series B Bonds (Refunding);
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on credit enhancements reflecting financial difficulties;

10. substitution of credit or liquidity providers, or their failure to perform; and
11. release, substitution or sale of property securing repayment of any Series of 2010 Bonds.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the County determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the County shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the County to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected 2010 Bonds pursuant to the Trust Agreement.

SECTION 6 CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements and notices of Listed Events, the County shall indicate the full name of the 2010 Bonds and the nine-digit CUSIP numbers for the 2010 Bonds as to which the provided information relates.

SECTION 7 Termination of Reporting Obligation. The County's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2010 Bonds. If such termination occurs prior to the final maturity of the 2010 Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. If at any time there is no designated Dissemination Agent appointed by the County, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the County shall be the Dissemination Agent an undertake or assume its obligations hereunder. The Dissemination Agent (other than the County) shall not be responsible in any manner for the content of any notice or report required to be delivered by the County pursuant to this Disclosure Agreement.

SECTION 9. Amendment; Waiver Notwithstanding any other provision of this Disclosure Agreement, the County may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to such Series of 2010 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the

Rule at the time of the original issuance of the 2010 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the affected Series of 2010 Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of the Holders or Beneficial Owners of such Series of 2010 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default In the event of a failure of the County to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriters or the Holders or Beneficial Owners of at least 25% of aggregate principal amount of the Certificates then outstanding, shall) or any Holders or Beneficial Owners of the 2010 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Agreement; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Contra Costa or in the U.S. District Court in the County of Contra Costa. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2010 Bonds.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the County:	County of Contra Costa County Administrator's Office 651 Pine Street, 6th Floor Martinez, CA 94553-0063 Attention: Lisa Driscoll, County Finance Director Telephone: 925-335-1093 Fax: 925-646-1228
If to the Dissemination Agent:	Digital Assurance Certification, L.L.C. 390 North Orange Avenue, Suite 1750 Orlando, FL 32801-1674 Attention: Customer Assistance Telephone: 888-824-2663

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the 2010 Bonds, and shall create no rights in any other person or entity.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: November 16, 2010

COUNTY OF CONTRA COSTA

By______________________________________

Chair of the Board of Supervisors
County of Contra Costa,
State of California

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Dissemination Agent

By:______________________________________

Dissemination Agent

EXHIBIT A

FORM OF NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District:	County of Contra Costa
Name of Bond Issue:	County of Contra Costa Public Financing Authority Lease Revenue Bonds, comprised of: 2010 Series A-1 (Capital Project I - Tax Exempt Bonds), 2010 Series A-2 (Taxable Build America Bonds), 2010 Series A-3 (Taxable Recovery Zone Bonds), and 2010 Series B (Refunding)
Date of Issuance:	November 16, 2010

NOTICE IS HEREBY GIVEN that the County of Contra Costa (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by Section 8.08 of the Subleases, each dated as of November 1, 2010, by and between the County of Contra Costa Public Financing Authority and the County. The County anticipates that the Annual Report will be filed by _____________.

Dated: _______________

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By:____
Dissemination Agent

cc: County of Contra Costa

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APPENDIX H

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2010 Bonds, payment of principal, redemption premium, if any, and interest with respect to the 2010 Bonds to DTC, its Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2010 Bonds and other related transactions by and between DTC, its Participants and the Beneficial Owners is based solely on the understanding of the Authority of such procedures and record keeping from information provided by DTC. Accordingly, no representations can be made concerning these matters and neither DTC, its Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or its Participants, as the case may be. The Authority, the Trustee and the Underwriters understand that the current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and that the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2010 Bonds. The 2010 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the 2010 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC", "GSCC", "MBSCC", and "EMCC", also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2010 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2010 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2010 Bonds, except in the event that use of the book-entry system for the 2010 Bonds is discontinued.

To facilitate subsequent transfers, all 2010 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2010 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2010 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2010 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of the 2010 Bonds may wish to ascertain that the nominee holding the 2010 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2010 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the 2010 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the 2010 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2010 BONDS,AUTHORITY WILL SEND NOTICES TO HOLDERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO ANY OTHER ACTION PREMISED ON SUCH NOTICE.

THE AUTHORITY HAS NO RESPONSIBILITY OR LIABILITY FOR ANY ASPECT OF THE RECORDS RELATING TO OR PAYMENTS MADE ON ACCOUNT OF BENEFICIAL OWNERSHIP, OR FOR MAINTAINING, SUPERVISING OR REVIEWING ANY RECORDS RELATING TO BENEFICIAL OWNERSHIP OF INTERESTS IN THE 2010 BONDS.

THE AUTHORITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE 2010 BONDS RECEIVED BY DTC TO DTC PARTICIPANTS OR THAT THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE 2010 BONDS RECEIVED TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE AUTHORITY IS NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT WITH RESPECT TO THE 2010 BONDS OR AN ERROR OR DELAY RELATING THERETO.

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COUNTY OF CONTRA COSTA PUBLIC FINANCING AUTHORITY • LEASE REVENUE BONDS, 2010 SERIES A-1, 2010 SERIES A-2, 2010 SERIES A-3 AND 2010 SERIES B

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