
FISCAL YEAR 2005
COMPREHENSIVE ANNUAL FINANCIAL REPORT



SACRAMENTO COUNTY
STATE OF CALIFORNIA

Dave Irish, Director of Finance

For the Fiscal Year Ended June 30, 2005

**COUNTY OF SACRAMENTO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION



**COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE
AUDITOR-CONTROLLER**

DAVE IRISH
Director of Finance

JULIE VALVERDE
Assistant Auditor-Controller

December 30, 2005

To the Citizens of Sacramento County
Sacramento, California

Dear Citizens:

The Comprehensive Annual Financial Report (CAFR) of the County of Sacramento (County) for the fiscal year ended June 30, 2005, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and present fairly the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the County, as of June 30, 2005, and the respective changes in financial position and cash flow, where applicable, thereof for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a copy of the 2003-04 Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association of the United States and Canada, the County's organizational chart, and a list of principal officials. The financial section includes the independent auditor's report on the basic financial statements, the Management's Discussion and Analysis (MD&A) of the County's overall changes in financial position, the audited basic financial statements, note disclosures, and combining and nonmajor fund financial statements to provide readers with a comprehensive understanding of the County's financial activities of the past fiscal year. This letter is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found on pages 3 through 19 of this report. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

PROFILE OF SACRAMENTO COUNTY

Sacramento County was incorporated in 1850 as one of the original 27 counties of the State of California. The County's largest city, the City of Sacramento, is the seat of government for the State of California and also serves as the county seat. Sacramento became the State Capital in 1854.

Sacramento County encompasses approximately 994 square miles in the middle of the 400-mile long Central Valley, which is California's prime agricultural region. The County is bordered by Contra Costa and San Joaquin Counties on the south, Amador and El Dorado Counties on the east, Placer and Sutter Counties on the north, and Yolo and Solano Counties on the west. Sacramento County extends from the low delta lands between the Sacramento and San

Joaquin rivers north to about ten miles beyond the State Capitol and east to the foothills of the Sierra Nevada Mountains. The southernmost portion of Sacramento County has direct access to the San Francisco Bay.

The geographic boundaries of the County of Sacramento include seven incorporated cities, Sacramento, Folsom, Galt, Isleton, Citrus Heights, Elk Grove and Rancho Cordova. Each of these cities contributes a rich and unique dimension to the Sacramento County region.

The County has a charter form of government. It is governed by a five-member Board of Supervisors elected to serve four-year terms. The five members of the Board are elected on a non-partisan basis to serve four-year terms. Each is elected from one of the five supervisorial districts of the County. Supervisors from District 1, District 2, and District 5 are elected in gubernatorial election years (1998, 2002, etc.) while supervisors from District 3 and District 4 are elected in presidential election years (2000, 2004, etc.). District boundaries are adjusted after every federal census to equalize district population.

Other elected officials include the Assessor, District Attorney and Sheriff. A County Executive appointed by the Board of Supervisors runs the day-to-day business of the County.

The services provided by the County include public protection, construction and maintenance of all public facilities, sanitation, water, parks, health and human services, human assistance, planning tax collection and many others. Supporting the delivery of Countywide services are several Departments and Agencies.

The financial reporting entity of the County includes all the funds of the primary government (i.e., Sacramento County as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The County provides a full range of services including sheriff; health and sanitation; the construction and maintenance of highways, streets, and infrastructure assets; recreational activities and cultural events; election; library; social services; airports; waste removal; parking; and administration.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, certain districts and agencies accounted for in the Special Revenue, Debt Service, Capital Projects, Proprietary and Trust and Agency Fund Types are reported as part of the primary government.

The Authority is a public entity legally separate and apart from the County, and is considered a blended component unit of the County due to the operational relationship between the Authority and the County. The debts and liabilities of the Authority belong solely to it, and neither the Counties of Sacramento or San Diego are in any way responsible for those liabilities.

ECONOMIC CONDITION AND OUTLOOK

Sacramento County is unique in the State in that just under one-half of all county residents live in an urban unincorporated area and receive municipal services from the County and special districts rather than from cities as is typical in most urban areas in the State. Sacramento County thus has dual service responsibilities: (1) as a countywide provider of typical county services such as health, welfare, jails, and prosecution; and (2) as a municipal provider of police protection and public works services. This dual service responsibility has added additional complexity to the budget and resource allocation process. The county's general purpose financing also has a dual nature with identifiable countywide revenues, such as property taxes and vehicle license fees, and municipal revenues, such as sales tax and utility tax. In recent years, growth in municipal services costs, particularly Sheriff's services, has outpaced growth in municipal financing putting pressure on countywide services.

The budgetary status of Sacramento County is linked to the economic environment of the County and the State as a whole. Counties are responsible for delivering human services (health and welfare). There is an inverse relationship between growth in local revenues and growth in human service caseloads and county costs. As the economy slows, the numbers of unemployed and human service caseloads typically increase. At the same time there is little growth, or actual declines, in local revenues. The result is extraordinary growth in costs coupled with reduced ability to absorb those costs. The State of California faces the same situation, and at the same time the County is dealing with local issues, there is the threat of adverse state budget actions.

When the local and statewide economy are more robust, the number of employed increases, human service caseloads decrease, and revenue growth increases. At the same time, the State has the ability to increase support for local programs. The budgetary ups and downs of the past 16 years exemplify this inverse relationship between costs and revenue growth. In the early 1990s, there was a deep recession – caseloads increased and there was virtually no local revenue growth. In addition, the State passed much of its budget problem off to local governments in the form of property tax shifts from counties, cities, and special districts to schools, enabling the State to reduce its school funding commitments. The Board of Supervisors was faced with the necessity of making very deep spending and service level reductions.

In the late 1990s both the County and the State benefited from the booming economy. Employment and revenue growth were at peak levels. Caseloads and costs decreased. State funding for local programs increased. New spending commitments were made at both the local and state levels. Service levels were increased, but both the County and State found themselves taking on unsustainable commitments.

Over the past three years the County has faced significant budget pressure, but local economic conditions appear to be improving. There has been no appreciable change in overall employment levels and a slight decrease in unemployment due to population growth. The unemployment rate has declined from 5.3% in April 2004 to 4.5% in April 2005. This is lower than the state's unemployment rate which was 6.2 and 5.2 percent respectively for the same time periods. In the Sacramento Metropolitan Statistical Area (SMSA), which includes Sacramento, El Dorado, and Placer Counties, the total wage and salary employment increased by 11,600 jobs or 1.35 percent from July 2004 to July 2005. This number is expected to increase slightly for fiscal year 2005-06 with the lifting of the hiring freeze by the State and the County, as well as additional job growth in the private industry.

The real estate market in Sacramento County remains brisk, with historic levels of both new home construction and home resales. This means increased property tax revenues for the County since resale transactions cause homes to be reassessed at today's relatively high market values and new construction homes add more assessed value to the tax rolls. For Fiscal Year 2004-05, the secured property taxes revenues increased by 10.0 percent. Sacramento County's property taxes revenues are expected to increase by \$12.9 million for Fiscal Year 2005-06.

The county's sales tax revenues declined slightly in Fiscal Year 2004-05 as compared to Fiscal Year 2003-04 and are expected to remain flat during Fiscal Year 2005-06. This condition is largely the result of where the growth of sales taxes is concentrated in Sacramento County. Currently, the growth is centered in the incorporated cities, and along county borders and not in the unincorporated area of the county.

With the surprising results of the State's Fiscal Year 2005-06 Budget in which reductions to counties and local governments were minimal, it is highly probable there will be no layoffs in the near future. With additional job growth and no threat of layoffs, it is anticipated that consumer confidence and demand will increase, which will ultimately boost the sales taxes revenues. The performance of sales taxes and other non-property tax revenues is highly important to the County as the County will be relying heavily on these revenues in the next two years.

MAJOR INITIATIVES

Sacramento County is undertaking several major initiatives notwithstanding significant fiscal limitations:

Neighborhood Services

Department successfully opened the North Area Service Center as a pilot project for providing building permit, planning applications, traffic investigation and code enforcement services in the community. In addition, service area managers have been hired in the North, South and Arden-Arcade/Carmichael areas to promote community involvement and to serve as a resource for communities to have greater access and input regarding municipal services.

Community Planning Councils

On January 25, 2005, the Board of Supervisors approved a two-year pilot program for the creation of four Community Planning Councils (CPCs) to improve the delivery of municipal services to urban communities; facilitate and invite direct citizen participation in the planning process; and to address both present and future development policies affecting their communities. The CPCs will replace the existing Community Planning Advisory Councils (CPACs) for Rio Linda/Elverta, Arden-Arcade, Carmichael and Fair Oaks and will empower local communities by having decision-making authority over important local land use and related issues.

Mental Health Services Act

On November 2, 2004, the voters of California passed Proposition 63, the Mental Health Services Act (MHSA). The MHSA will significantly expand and change the delivery of mental health services in this state. The law became effective January 1, 2005. To pay for these expanded services, very high-income individuals will pay an additional one percent tax on that portion of their annual income that exceeds \$1 million dollars with these funds aside to achieve the following goals:

- To define mental illness as a condition deserving priority attention, including both prevention and early intervention services as well as medical and supportive care.
- To reduce the long-term adverse impact resulting from untreated serious mental illness.
- To expand successful, innovative service programs including culturally and linguistically competent approaches for underserved populations.
- To provide funds to adequately meet the needs of all who can be identified and enrolled.
- To ensure the funds are expended in the most cost effective manner and services are provided in accordance with recommended best practices with oversight to ensure accountability.

Sacramento County has been developing our plan to implement this significant program. During FY 2004-05 the county was allocated \$384,385 for this function.

The county was also very active in debt management and capital acquisition. Facing continued budget difficulties in the future, the County took advantage of low interest rates to achieve savings through restructuring long term debt.

DEPARTMENT FOCUS

Each year, we select activities or functions of the County to highlight particular successes or accomplishments. This year, we have selected the changes in the County's organization and the activities from six departments, Revenue Recovery, Finance, Human Assistance, Health and Human Services, Planning, Environmental Management and Transportation.

Probation Department

Electronic Document Transfer Project: The Department's MIS team has developed a web-based document transfer application that expedites case processing through the juvenile court system. In the past, vast amounts of man-hours were invested in the duplication and distribution of countless documents to seven departments at 33 different sites. Construction of the new Juvenile Court House, physically separate from Juvenile Hall, the District Attorney's office and the office of the Public Defender, would have further exacerbated this problem. The Electronic Document Transfer application replaces the manual paper processing that begins at the time a juvenile is booked into Juvenile Hall, and provides for direct and immediate access to case records from any web enabled computer device within the county network system.

Expansion of the Warren E. Thornton Youth Center: The Department has embarked on a multi-phase, multi-year expansion of the Warren E. Thornton Youth Center (WETYC), a juvenile commitment and treatment facility. Phase one consists of a new 60-bed facility funded by a combination of County and federal grant funds, that boasts innovative natural lighting, line-of-sight layout that enhances supervision, a state-of-the-art security system and superior programming and treatment amenities. Steel beds and desks for the new WETYC were manufactured by residents of the Sacramento County Boys Ranch, who are enrolled in our Construction and Technology Shop program. Ongoing and future phases of the expansion project include total renovation of the old, existing WETYC, thus bringing more and better services to as many as 110 juveniles.

Virtual Family Visitation: Innovative web-based technology is being employed to enable parents or guardians to 'visit' their children, who are placed in distant group homes. Historically, many parents and family members lacked the resources or opportunities to visit their children face-to-face. Such lack of interaction can hinder treatment and make family reunification difficult. Webcams placed in private interview rooms, allow youth and their parents an opportunity for frequent "virtual" contact and communication throughout the youth's out-of-town placement. Probation hopes to use this technology in the future to facilitate court hearings and spare young offenders, placed in distant group homes, the rigors of long distance travel.

Trading Secrets: Probation continues to co-host "Trading Secrets", hailed as the venue for the exchange of information concerning youth programs, service eligibility criteria, referral processes, and best practices for meeting the challenges of today's at-risk and delinquent youth and their families. First presented in 2001 and serving 250 attendees, the "Trading Secrets" conference in 2004 drew nearly 500 attendees from 90 different departments, agencies, community-based organizations and school districts. Important network contacts provided by this conference helps keep practitioners apprised of other's agency, innovations, programs, and referral processes to fosters collaboration between these entities. This enhances the functioning of our juvenile justice system; thereby benefiting our community, our youth, and our families.

Department of Health and Human Services

The Nurse-Family Partnership (NFP) program was initiated in Sacramento County in the Department of Health and Human Services in 2001. This program is a public health nurse home visitation program that serves low-income, first time pregnant women beginning early in their pregnancy and continuing until the first child is 2 years old. The goals focus on improving pregnancy outcomes, improving child health and development by promoting competent and nurturing care by parents, and improving the life course development of parents by encouraging them in setting and achieving their educational and employment goals. There are currently over 250 NFP sites nationwide.

As of May 31, 2005, Sacramento NFP has served 568 participants and their infants. The median age of the mothers at time of program intake was 18. Median education was 11 years. 44% had completed high school. 83% were unmarried. The annual median household income was \$10,500.

Ethnicities of participants are Hispanic 38%, African American/Black 29%, Non-Hispanic White 15%, Multiracial/other 11%, Asian 6%, and Native American 1%.

Data gathered by the PHNs throughout the approximately 2 ½ years of client participation is submitted via a secure data base to the national NFP office. An annual evaluation report is provided to the individual sites.

Department of Human Assistance

CalWORKs Informational Network (CalWIN): The CalWIN computer system was implemented in Sacramento County on March 3, 2005. The Department of Human Assistance (DHA) was the first large social services department in California to go live on the system. Since implementation, DHA has processed 27,737 food stamp, 22,801 Medi-Cal and 12,385 CalWORKs applications. Our staff are continually improving their efficiency and competence with the CalWIN system.

Earned Income Tax Credit (EITC): This is the 6th consecutive year that DHA has collaborated with the Internal Revenue Service, AmeriCorps and SETA to provide tax preparation services to low-income residents of Sacramento County. There were six EITC sites throughout Sacramento County staffed by culturally competent DHA, AmeriCorps and SETA staff. This year 2061 tax returns were processed. The total EITC tax revenue received by Sacramento County Residents was \$4,270,417. The average EITC return was \$1,796.

Senior Nutrition Services (SNS): Provided 199,166 meals at 25 congregate meal sites and 342,606 home delivered meals to seniors in all areas of Sacramento County. SNS added seniors living in the southern areas of the County to the Senior Nutrition Services congregate and home-delivered meal programs. In May 2005 SNS had eliminated its waiting list for home delivered meals, as of September 2005 the waiting list is up over 250.

Mather Community Campus (MCC): Created 22 additional apartments for families in the Community Campus program. In collaboration with Volunteers of America and other community agencies, interim housing at Mather for up to 35 Hurricane Katrina evacuee families was made available. In 2006 a ground breaking will take place on a project that will provide permanent housing for 80 persons with mental health issues.

Opened a respite program for up to 18 homeless individuals at the Salvation Army North B Street facility, in cooperation with local hospitals and service providers, to provide post-discharge recovery and reduce the length of stay of homeless patients in acute hospitals. Relocated the Aid-in-Kind Program for men to the Social Services Complex on North A Street and capacity was increased from 52 to 60 beds.

85 MCC students found employment at some point during the year at an average wage of \$10.87 per hour and the program sustained a 70.0 percent placement of students exiting the program to permanent housing.

SMUD Energy Assistance Program Rate (EAPR): The Department of Human Assistance (DHA) partners with the Sacramento Municipal Utility District (SMUD) to identify and inform low-income residents about SMUD's energy assistance program. In 2004 DHA received and submitted 8,154 EAPR applications. We will most likely exceed that number in 2005.

DHA Scholarship Program: This year the Department of Human Assistance awarded 46, \$500 Scholarships to low income graduating high school students. The student can use the scholarship at a University or Trade School.

Environmental Management Department (EMD)

Received a 2004 California State Association of Counties (CSAC) *Challenge Award for "Food Safety Education for Restaurants"*.

Received County Board of Supervisor approval for selected fee adjustments for fiscal year 2005-06 and for the rebate of surplus enforcement revenue to compliant businesses.

At the request of the City of Sacramento, EMD was appointed as the Lead Administering Agency for the oversight of the cleanup of a trap range site.

Presented more than thirty-six (36) Restaurant Food Safety Education classes in English, Spanish, and Cantonese with 555 participants representing 147 facilities. Collaborated with Cooperative Extension to produce nine (9) Consumer Fact Sheets highlighting Spring, Summer and Holiday Food Safety. Met with representatives from City of Toronto, Canada Health Department to gather information regarding their approach to public notification of restaurant inspection results. Hosted a Japanese delegation from the Food Labeling and Standards Division of the Food Safety and Consumer Affairs Bureau of Japan. Instituted an "Award of Excellence in Food Safety Program" and issued certificates to 93 restaurants (located in the County, including the incorporated cities) for demonstrating excellent food safety and sanitation standards. Hosted a delegation from Wellington, New Zealand with expressed interest in Department food policies and field applications.

Participated, with representatives from the State and Regional Water Quality Board, as well as Sanitation Districts, in the development and notification of Sanitary Sewer Overflows. Collaborated with the County Health Officer on issues concerning sewage overflows in residential areas.

Imaged more than 461,000 documents since January 2002 allowing for shared/multiple person viewing and retrieval of office space previously utilized for storage of paper documents.

Produced and distributed more than sixteen (16) Compliance Assistance Bulletins to approximately 8200 regulated businesses.

Held 23 Hazardous Material Plan (HMP) Workshops with 99 businesses attending.

Began conducting triennial Stormwater Compliance Inspections.

Initiated a formalized Registered Environmental Health Specialist (REHS) Training Program within the Department.

Department of the Coroner

Robert Lyons was named Coroner for the term February 2005 to June 2008.

"Live Scan" system implemented in Morgue for On-line identification of decedents. We are the first Coroner's Office in the State to have this system operational.

Homeland Security Grant funds in the amount of \$152k paid for a "Mass Casualty" Response Vehicle, Network Servers and Wireless Laptops for Response Vehicles.

Department acquired 2 Fixed Asset Acquisition Loans for purchase of Desktop Computers and Clinical Microscope to replace old equipment.

Department re-organized into 3 divisions (Administration, Investigations, Pathology/Morgue) and budget split into separate divisions for FY 2005/06 Budget.

Sacramento County Airport System

Construction was completed in September 2004 on Sacramento International Airport's (International) new 5,324-space, six-story parking garage, located directly across from Terminal A. This \$82 million project was financed with airport system revenue bonds. In addition, the environmental impact report has begun for the terminal B complex that was approved as part of International's Master Plan.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting Certificate of Achievement) to the Sacramento County Airport System for its comprehensive annual financial report for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a 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. The Sacramento County Airport System has received a Certificate of Achievement for the last 16 years (fiscal years ended 1989-2004). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and are submitting it to the GFOA.

FINANCIAL INFORMATION

County management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these 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) choices between these two concepts often require estimates and judgments by management.

The County's accounting records for governmental funds are maintained on the modified accrual basis of accounting. This essentially involves the recording of revenues when they become measurable and available and the recording of expenditures when the goods and services are received and the related liability incurred. Accounting records for the County's Proprietary Funds and Investment Trust Fund are maintained on the accrual basis of accounting.

Single Audit - As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management and the Department of Finance's Auditor-Controller Division's internal audit staff. The 2004-05 Single Audit will be issued under separate cover and will be available by contacting the Department of Finance, Auditor-Controller Division, after March 31, 2006.

Budgeting Controls - In addition to accounting controls, the County maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Supervisors.

The County prepares and adopts a budget for each fiscal year in accordance with the provisions of Sections 29000 through 29144 of the Government Code and other statutory provisions. All County departments are required to submit their annual budget requests for the ensuing year. The County Executive reviews each request and a budget is presented to the Board of Supervisors. This budget reflects, as nearly as possible, the estimated revenues and expenditures for the upcoming year.

The budget is made available for public inspection through a public notice. On the dates stated in the notice, the Board of Supervisors conducts public hearings on the budget and at the conclusion of the hearings makes a final determination thereon. The budget, which includes the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds, is adopted no later than August 30. The Board may, by resolution, extend on a permanent basis or for a limited time, the date from August 30 to October 2. Because the final budget must be balanced, any shortfalls in revenue require an equal reduction in anticipated expenditures.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the object level of all budgetary units except for capital assets, which are controlled on the sub-object level. The expenditure portion of the budget is enacted into law through the passage of an appropriation resolution. This resolution constitutes maximum spending authorization for the fiscal year. It cannot be exceeded except by amendment of the budget by the Board of Supervisors. During 2004-05, amendments were made to the final adopted budget. The budget data reflected in this comprehensive annual financial report includes the effect of all approved budget amendments.

The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control and cash planning. Open encumbrances at June 30, 2005, for all governmental fund types are reported as reservations of fund balances. Unencumbered appropriations lapse at the end of each fiscal year.

Cash Management

Cash temporarily idle during the year was invested in money market mutual funds, negotiable certificates of deposit, time certificates, commercial paper, municipal notes, and U.S. Treasury and Agency investments. The average yield on investments during 2004-05 was 2.187 percent. The yield for a one-year U.S. Treasury Note during the same period was 2.74 percent.

The County Pooled Investment Fund Policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. All collateral on deposits was held either by the County, its agents, or a financial institution's trust department in the County's name. All the categorized investments held by the County during the fiscal year and at June 30, 2005, were classified in the category of lowest custodial credit risk as defined by the Governmental Accounting Standards Board.

Risk Management

The County self-insures for property damage, liability, workers' compensation, unemployment and dental insurance claims. Self-insurance transactions are accounted for in Internal Service Funds. It is the County's policy to fund current self-insurance liabilities for Governmental Funds by making provisions in the budget of the succeeding year. Proprietary premium charges are expensed in the year incurred.

OTHER INFORMATION

Independent Audit - Section 25250 of the Government Code requires an annual audit by independent certified public accountants. The firm of Macias, Gini & Company LLP was selected by the County to meet this requirement. The independent auditor's report on the basic financial statements, and combining and individual fund statements and schedules is included in the financial section of this report.

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the County for its comprehensive annual financial reports for each of the last sixteen fiscal years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which must conform to program standards. Such a 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 our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate of Achievement.

Acknowledgments - The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Finance, and the cooperation and assistance of all County departments. We would like to commend the Board of Supervisors for its interest, support, and leadership in planning and conducting the financial operations of the County in a responsive and progressive manner.

Respectfully submitted,



Dave Irish
Director of Finance



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Sacramento,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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.



Nancy L. Zjelke

President

Jeffrey R. Enos

Executive Director

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 700 H STREET
 SACRAMENTO 95814 - 1280

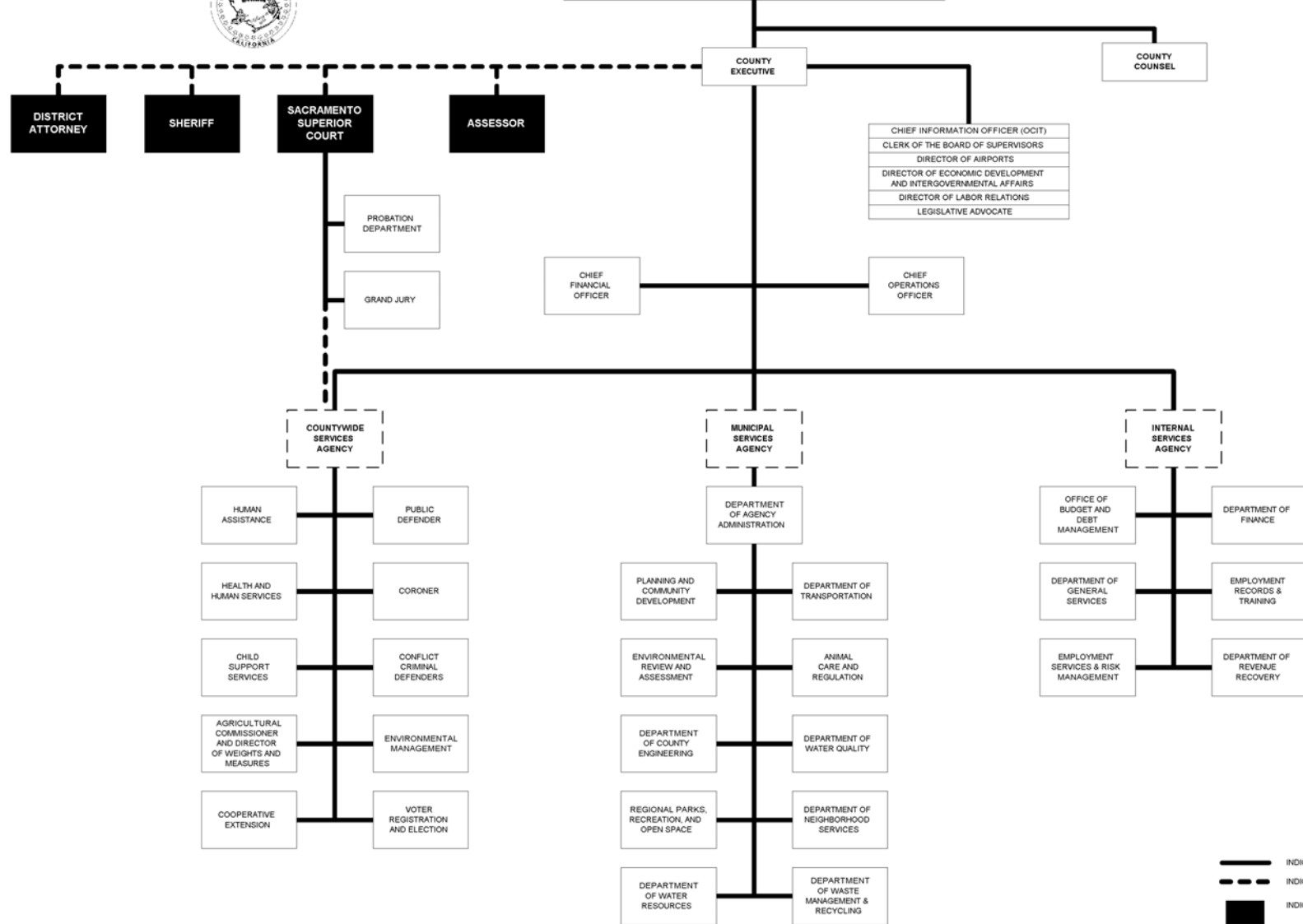


THE ORGANIZATION CHART

PUBLISHED BY THE COUNTY EXECUTIVE
 LAYOUT BY THE PLANNING AND COMMUNITY
 DEVELOPMENT DEPARTMENT

2005

CITIZENRY				
DISTRICT 1	DISTRICT 2	DISTRICT 3	DISTRICT 4	DISTRICT 5
SUPERVISOR	SUPERVISOR	SUPERVISOR	SUPERVISOR	SUPERVISOR
THE BOARD OF SUPERVISORS				



LEGEND

- INDICATES LINE OF DIRECT AUTHORITY
- INDICATES COORDINATIVE RELATIONSHIP
- INDICATES ELECTED OFFICIALS

**COUNTY OF SACRAMENTO
LIST OF PUBLIC OFFICIALS
JUNE 30, 2005**

ELECTED:

Board of Supervisors:

Roger Dickinson
Illa Collin
Susan Peters
Roberta MacGlashan
Don Nottoli

District 1
District 2
District 3
District 4
District 5

Department Heads:

Kenneth Stieger
Jan Scully
Lou Blanas

Assessor
District Attorney
Sheriff

APPOINTED:

Terry Schutten
Geoff Davey
Mark Norris
Dave Irish

County Executive
Chief Financial /Operations Officer
Director of Finance (through August 5, 2005)
Director of Finance (effective August 8, 2005)

**THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
COUNTY OF SACRAMENTO**

For the fiscal year ended June 30, 2005

ACKNOWLEDGEMENT

Prepared by the County of Sacramento
Department of Finance

Julie Valverde, Assistant Auditor-Controller
Mark Holmes, Senior Accounting Manager
Cheryl Ross, Accounting Manager
Steven Grimshaw, Accounting Manager
Linda MacLeod, Senior Accountant
Tracy Kilcrease, Accounting Technician
Ron Dizon, Administrative Services Officer I

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FINANCIAL
SECTION**



MACIAS GINI & COMPANY_{LLP}

3000 S Street, Ste. 300
Sacramento, California 95816

916.928.4600 PHONE
916.928.2755 FAX

INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors
County of Sacramento, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Sacramento (the County), California, as of and for the year ended June 30, 2005, 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 opinions on these financial statements based on our audit.

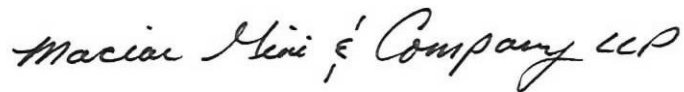
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Sacramento, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 considered in assessing the results of our audit.

The management's discussion and analysis (MD&A) on pages 3 through 19, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in cursive script that reads "Macias Meri & Company LLP".

Certified Public Accountants

Sacramento, California
December 16, 2005

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

This section of the County of Sacramento's (County) comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2005. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- During the fiscal year ended June 30, 2005, the special revenue fund for Sacramento Metropolitan Air Quality District (SMAQD) that was previously included in the reporting entity as a blended component unit was determined to no longer be a component unit of the County since the addition of new Board members to the entity meant that the County no longer had a voting majority. As a result, the SMAQD is no longer included as part of the entity in the financial statements.
- The assets of the County exceeded liabilities at the close of the 2004-05 fiscal year by \$2,139,695 (*net assets*), of this amount, \$619,557 is restricted for specific purposes (*restricted net assets*), and \$1,378,792 is invested in capital assets, net of related debt. The government's total net assets increased by \$181,516, after taking into consideration the effects of the elimination of SMAQD.
- As of June 30, 2005, the County governmental funds reported combined fund balances of \$720,820 for a decrease of \$42,553 after taking into consideration the effects of the elimination of SMAQD, in comparison with the prior year. Approximately 55 percent of the combined fund balances, \$398,332 is available to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$160,227 or 7.6 percent of total general fund expenditures. This entire amount is budgeted to be spent in the next fiscal year.
- The County's investment in capital assets increased by \$154,870 or 8.4 percent after taking into consideration the restatement of July 1, 2004 balances.
- The County's total long-term obligations had a net increase of \$329,141 after taking into consideration the restatement of July 1, 2004 balances. This net was comprised of a gross increase of \$524,095 and a gross decrease of \$194,954. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, Teeter notes, and pension obligation bonds. The increase resulted from new revenue bonds, a new Teeter note, and the issuance of the Series 2004 Pension Obligation Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all County 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 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 will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and culture. The business-type activities of the County include the Airport, Solid Waste, Parking Enterprise, Water Agency and the County Transit.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. Examples are County Service Area Number One, Water Agency, Sunrise and Mission Oaks Recreation and Park District, and County Transit. The Tobacco Securitization Authority of Northern California (Authority) is a public entity created by a Joint Exercise of Powers Agreement (Agreement) effective as of July 15, 2001 between Sacramento County (County) and San Diego County. The Authority is a public entity legally separate and apart from the County, and is considered a blended unit of the County due to the operational relationship between the Authority and the County. The debts and liabilities of the Authority belong solely to it, and neither the Counties of Sacramento or San Diego are any way responsible for those liabilities. The Sacramento County Public Financing Authority is a public entity created by a Joint Exercise of Powers Agreement effective as of November 2003 between Sacramento County and the Sacramento Housing and Redevelopment Agency. The Authority is a public entity legally separate and apart from the County, and is considered a blended presented component unit of the County due to the operational relationship between the Authority and the County. The debts and liabilities of the Authority belong solely to it, and neither the County nor the Agency are any way responsible for those liabilities.

The government-wide financial statements can be found on pages 22-24 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *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 funds financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because 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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 48 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The governmental funds financial statements can be found on pages 25-31 of this report.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Airport, Solid Waste, Parking Enterprise, Water Agency and the County Transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its liability/property self-insurance, telecommunication and information technology support, worker's compensation self-insurance, self-insurance for dental and unemployment claims (Self-Insurance – Other), regional communications, special services provided by the Public Works Agency and centralized services provided by the Department of General Services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Airport, Solid Waste and Water Agency operations are considered to be major funds of the County. The County's seven internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary funds financial statements can be found on pages 32-37 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 except for agency funds.

The fiduciary fund financial statements can be found on pages 38-39 of this report.

Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 41-98 of this report.

The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, enterprise and internal service funds, and can be found on pages 99-193 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$2,139,695 at the close of the most recent fiscal year.

Statement of Net Assets For the Year Ended June 30, 2005 (amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Other assets	\$ 2,656,432	2,172,695	478,195	468,252	3,134,627	2,640,947
Capital assets	1,313,560	1,257,839	683,796	591,035	1,997,356	1,848,874
Total assets	<u>\$ 3,969,992</u>	<u>3,430,534</u>	<u>1,161,991</u>	<u>1,059,287</u>	<u>5,131,983</u>	<u>4,489,821</u>
Other liabilities	\$ 1,023,444	882,687	56,626	60,233	1,080,070	942,920
Long-term debt obligations	1,570,922	1,237,249	341,296	351,473	1,912,218	1,588,722
Total liabilities	<u>2,594,366</u>	<u>2,119,936</u>	<u>397,922</u>	<u>411,706</u>	<u>2,992,288</u>	<u>2,531,642</u>
Net assets:						
Invested in capital assets, net of related debt	962,902	938,655	415,890	328,285	1,378,792	1,266,940
Restricted net assets	522,755	515,322	96,802	85,685	619,557	601,007
Unrestricted net assets	<u>(110,031)</u>	<u>(143,379)</u>	<u>251,377</u>	<u>233,611</u>	<u>141,346</u>	<u>90,232</u>
Net assets	<u>1,375,626</u>	<u>1,310,598</u>	<u>764,069</u>	<u>647,581</u>	<u>2,139,695</u>	<u>1,958,179</u>
Liabilities and net assets	<u>\$ 3,969,992</u>	<u>3,430,534</u>	<u>1,161,991</u>	<u>1,059,287</u>	<u>5,131,983</u>	<u>4,489,821</u>

The largest portion of the County's net assets of \$1,378,792 (64 percent) reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these 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 these liabilities.

Another significant portion of the County's net assets of \$619,557 (29 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of total net assets, \$141,346 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. Unrestricted net assets increased by \$51,114 after taking into consideration the effect of the elimination of SMAQD from the prior year unrestricted net asset amount of \$90,232. The increase in unrestricted net assets is a result of a reclassification of restricted net assets to unrestricted.

The major restrictions on net assets are for debt service (17%) capital projects (15%), passenger facility charges (11%) and other purposes (56%) such as fixed asset acquisition and encumbrances. The County's restricted net assets increased by \$18,550 from the prior year restricted net asset amount of \$601,007.

At the end of the current fiscal year the County reported a increase of 9% in net assets invested in capital assets, net of related debt. As discussed above, the County's restricted net assets increased by 3% while unrestricted net assets increased by 57%. During the 2004-05 fiscal year the County as a whole, reported positive balances in all three categories of net assets. Governmental activities reported positive balances in two of the three categories of net assets. Governmental activities reported a negative balance in unrestricted net assets of \$110,031 which is primarily due to the recognition of debt associated with the Series 2004 Pension Obligation Bonds.

The County's net assets increased by \$181,516 during the current fiscal year, which results in an increase of 9% of total net assets, this increase takes into consideration the elimination related to SMAQD from the prior year total net asset amount of \$1,958,179 to a restated amount of \$1,944,663. The increase in net assets invested in capital assets, net of related debt of \$111,852, represents capital purchases net of depreciation plus the retirement of related long-term debt.

Governmental activities. Governmental activities increased the County's net assets by \$65,028.

The table on the next page indicates the changes in net assets for governmental and business-type activities:

Statement of Activities
For the Year Ended June 30, 2005
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 353,695	350,292	236,813	230,919	590,508	581,211
Operating grants and contributions	1,099,378	998,332	27,435	18,498	1,126,813	1,016,830
Capital grants and contributions	37,506	98,317	38,838	26,153	76,344	124,470
General revenues:						
Taxes:						
Property	356,956	278,254			356,956	278,254
Sales / use	52,717	106,649	683	556	53,400	107,205
Transient	6,087	5,928			6,087	5,928
Unrestricted investment earnings	42,032	32,187	8,257	5,180	50,289	37,367
Grants and contributions not restricted to specific programs	184,671	262,321		3,000	184,671	265,321
Pledged tobacco settlement proceeds	12,880	13,388			12,880	13,388
Miscellaneous	102,281	102,038			102,281	102,038
Transfers	(7,782)		7,782			
Total revenues	<u>2,240,421</u>	<u>2,247,706</u>	<u>319,808</u>	<u>284,306</u>	<u>2,560,229</u>	<u>2,532,012</u>
Expenses:						
General government	191,798	173,913			191,798	173,913
Public assistance	707,374	684,036			707,374	684,036
Public protection	610,098	588,881			610,098	588,881
Health and sanitation	386,881	466,430			386,881	466,430
Public ways and facilities	120,551	63,478			120,551	63,478
Recreation and culture	44,951	26,481			44,951	26,481
Education	13,033	27,944			13,033	27,944
Interest and fiscal charges	87,191	84,493			87,191	84,493
Airport			99,249	101,219	99,249	101,219
Solid Waste			65,805	82,216	65,805	82,216
Water Agency			33,649	20,326	33,649	20,326
Parking Enterprise			2,929	2,767	2,929	2,767
County Transit			1,688	9,210	1,688	9,210
Total expenses	<u>2,161,877</u>	<u>2,115,656</u>	<u>203,320</u>	<u>215,738</u>	<u>2,365,197</u>	<u>2,331,394</u>
Change in net assets	78,544	132,050	116,488	68,568	195,032	200,618
Net assets, beginning of year	<u>1,297,082</u>	<u>1,178,548</u>	<u>647,581</u>	<u>579,013</u>	<u>1,944,663</u>	<u>1,757,561</u>
Net assets, end of year	<u>\$ 1,375,626</u>	<u>1,310,598</u>	<u>764,069</u>	<u>647,581</u>	<u>2,139,695</u>	<u>1,958,179</u>

Total revenues for the County's governmental activities decreased by \$7,285 from the prior year.

Total expenses for governmental activities were \$2,161,877, an increase of \$46,221 or 2.2% from the prior year. As a service delivery entity the County's major cost component is salaries and benefits, which accounted for approximately 49.5% of total County expenses. The average full time equivalent (FTE) employee count for the County (including business-type activities) decreased from 14,713 in the prior year to 14,285 as of June 30, 2005. Total salaries and benefits expense increased by \$24,385 or 2.3% from the prior year.

The total increase in expenses is attributable generally to an increase in salary and benefit costs.

Business-type activities. Business-type activities increased the County's net assets by \$116,488.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the General, special revenue, debt service, and capital projects funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2005, the County's governmental funds reported combined fund balances of \$720,820 a decrease of \$42,553 after taking into consideration the elimination of SMAQD, in comparison with the prior year. Approximately 55 percent of the combined fund balances, \$398,332, constitutes *unreserved fund balance*, which is available to meet the County's current and future needs. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because it has been committed: 1) to pay debt service (\$56,364); 2) to reflect amounts set aside for future construction (\$139,774); 3) to liquidate contractual commitments of the period (\$83,240); 4) to acquire fixed assets (\$19,527); 5) to reflect assets that are unavailable and do not represent available resources (\$23,583).

The General Fund is the chief operating fund of the County. At June 30, 2005, unreserved fund balance of the general fund was \$160,227 while total fund balance reached \$201,952. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 7.6 percent of total fund expenditures, while total fund balance represents 9.6 percent of that same amount.

Revenues for governmental functions totaled \$2,145,662 in fiscal year 2004-05, which represents an increase of less than 1% from fiscal year 2003-04.

The table on the next page presents the amount of revenues from various sources as well as increases or decreases from the prior year.

Revenues Classified by Source
Governmental Funds
(amounts expressed in thousands)

Revenues by Source	FY 2005		FY 2004		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 442,560	20.63%	363,967	17.08%	78,593	21.59%
Use of money and property	41,993	1.96%	31,854	1.50%	10,139	31.83%
Licenses and permits	51,029	2.38%	50,416	2.37%	613	1.22%
Intergovernmental	1,294,614	60.34%	1,274,924	59.84%	19,690	1.54%
Charges for services	149,159	6.95%	189,526	8.90%	(40,367)	(21.30%)
Fines, forfeitures, and penalties	41,729	1.94%	44,531	2.09%	(2,802)	(6.29%)
Pledged tobacco settlement proceeds	13,225	0.62%	13,388	0.63%	(163)	(1.22%)
Contributions from property owners	9,276	0.43%	59,845	2.81%	(50,569)	(84.50%)
Miscellaneous	102,077	4.75%	102,210	4.78%	(133)	(0.13%)
Total	\$ 2,145,662	100.00%	2,130,661	100.00%	15,001	0.70%

The following provides an explanation of revenues by source that changed significantly over the prior year.

- Taxes increased due to significant increase in property tax revenue during 2004-05.
- Charges for services decrease is primarily due to the following: 1) a sharing of a portion of the community fee district fees with the City of Elk Grove; 2) a decrease in water agency development fees; 3) reversal of a prior year accrual.
- Contributions from property owners-decrease due to the issuance of special tax bonds by the Metro Air Park Community Facilities District in the prior fiscal year.

Expenditures for governmental functions totaled \$2,627,735, in fiscal year 2004-05, which represents an increase of 18.86% from fiscal year 2003-04.

The following table presents expenditures by function compared to prior year amounts.

Expenditures by Function
Governmental Funds
(amounts expressed in thousands)

Expenditures by Function	FY 2005		FY 2004		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 157,852	6.01%	132,386	5.99%	25,466	19.24%
Public assistance	786,505	29.93%	673,037	30.44%	113,468	16.86%
Public protection	850,786	32.38%	560,442	25.35%	290,344	51.81%
Health and sanitation	432,221	16.45%	436,181	19.73%	(3,960)	(0.91%)
Public ways and facilities	80,330	3.06%	99,212	4.49%	(18,882)	(19.03%)
Recreation and culture	36,652	1.39%	33,830	1.53%	2,822	8.34%
Education	15,572	0.59%	26,554	1.20%	(10,982)	(41.36%)
Capital outlay	93,384	3.55%	164,198	7.43%	(70,814)	(43.13%)
Debt service:						
Principal	113,618	4.32%	28,245	1.28%	85,373	302.26%
Bond issuance costs	6,131	0.23%	4,678	0.21%	1,453	31.06%
Interest and fiscal charges	54,684	2.09%	52,088	2.35%	2,596	4.98%
Total	<u>\$ 2,627,735</u>	<u>100.00%</u>	<u>2,210,851</u>	<u>100.00%</u>	<u>416,884</u>	<u>18.86%</u>

The following provides an explanation of the expenditures by function that changed significantly over the prior year.

General government – Increase is primarily due to the allocation of cost associated with the Series 2004 -Pension Obligation Bonds.

Public assistance – Increase due to: 1) costs associated with CALWIN; 2) increased costs in child protective services; 3) increase in welfare assistance case loads.

Public protection – Increases are due to the following: 1) increased cost in adult protective services; 2) new costs incurred for the startup of the City of Rancho Cordova; 3) increased costs in correctional health caused by additional inmate population, decline in overall health of inmates, and increased medical costs; 4) Main Jail and Rio Consumnes Correctional Center facility payment increased in current fiscal year.

Capital outlay – The decrease is the result of the: 1) the completion of the construction of the juvenile courthouse; 2) the completion of various accumulated capital outlay fund construction projects 3) completion of various Community Fee District construction projects.

Debt service: principal- Increase due to payoff of crossover debt for the 1994 Public Facilities Financing fund.

Other financing sources and uses are presented below to illustrate changes from the prior year:

	FY 2005	FY 2004	Increase/(Decrease)	
			Amount	Percent
Transfers in	\$ 84,294	98,175	(13,881)	(14.14%)
Transfers out	(89,451)	(98,175)	8,724	(8.89%)
Long-term obligation proceeds	444,677	70,901	373,776	527.18%
Refunding debt issued		152,321	(152,321)	(100.00%)
Payments to participating governments		(48,653)	48,653	(100.00%)
Discounts on debt issued		(206)	206	(100.00%)
Payment to refund bond escrow agent		(149,630)	149,630	(100.00%)
Total other financing sources (uses)	<u>\$ 439,520</u>	<u>24,733</u>	<u>414,787</u>	<u>104.15%</u>

- Long-term obligation proceeds – Increase due to issue of new Pension Obligation Bond debt in July of 2004.
- Payments to participating governments - Decrease is due to the disbursement of debt proceeds to the Sacramento Housing and Redevelopment Agency in the prior fiscal year.
- Refunding debt issued – The decrease is due to the partial refunding of the 1995 Pension Obligation Bonds in the prior fiscal year.
- Payment to refund bond escrow agent - the decrease is due to the partial refunding of the 1995 Pension Obligation Bonds in the prior fiscal year.

The current year excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses) is presented below:

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 (amounts expressed in thousands)

	Major Funds	Nonmajor Funds			Total
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Funds	
Revenues	\$ 1,782,157	303,741	15,894	43,870	2,145,662
Expenditures	(2,114,675)	(274,032)	(167,075)	(71,953)	(2,627,735)
Other financing sources (uses), net	395,298	(18,738)	70,739	(7,779)	439,520
Net change in fund balance	62,780	10,971	(80,442)	(35,862)	(42,553)
Fund balances – beginning, as restated	139,172	284,212	151,830	188,159	763,373
Fund balances – ending	<u>\$ 201,952</u>	<u>295,183</u>	<u>71,388</u>	<u>152,297</u>	<u>720,820</u>

The fund balance of the County’s General Fund increased by \$62,780 during the fiscal year.

Proprietary funds. The County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, the unrestricted net assets for the Airport were \$104,777, Solid Waste \$47,163, Water Agency \$77,665, Parking Enterprise \$6,608 and County Transit \$827. The internal service funds that are used to account for certain governmental activities had negative unrestricted net assets of \$21,714.

The table below shows actual revenues, expenses and results of operations for the current fiscal year:

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
(amounts expressed in thousands)

	Major Funds			Non-Major Funds		Totals	Internal Service Funds
	Airport	Solid Waste	Water Agency	Parking Enterprise	County Transit		
Operating revenues	\$ 92,549	66,317	50,708	2,452	146	212,172	439,728
Operating expenses	(82,929)	(61,041)	(18,278)	(2,537)	(1,613)	(166,398)	(419,207)
Operating income (loss)	9,620	5,276	32,430	(85)	(1,467)	45,774	20,521
Non-operating revenues (expenses), net	17,586	2,198	26	(80)	1,512	21,242	2,107
Income (loss) before capital contributions and transfers	27,206	7,474	32,456	(165)	45	67,016	22,628
Transfers		7,779		3		7,782	(2,625)
Capital contributions	24,598		14,240			38,838	
Changes in net assets	\$ 51,804	15,253	46,696	(162)	45	113,636	20,003

The income before capital contributions and transfers of enterprise funds of \$67,016 resulted primarily from net increases for Airports of \$27,206, Solid Waste of \$7,474, Water Agency of \$32,456 and a net decrease for other nonmajor enterprise funds of \$120.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the Original Budget and the Final Budget resulted in a \$621,622 increase in appropriations and can be briefly summarized as follows:

Public Protection: During the fiscal year appropriations for the Sheriff's Department, District Attorney Office and Probation Department increased by \$351 million. There were increases in federal, state and local funding for front line law enforcement, homeland security programs, prisoners housing and law enforcement contracts with cities. In addition, during the fiscal year appropriations for the detention and correction functions within the Sheriff's Department were increased by \$16.5 million, this includes \$5.5 million in restorations to the Sheriff's Department Correctional and Security Services Division. Also, for the Judicial function, federal, state and local funding increased by \$23.6 million during the fiscal year. These were primarily due to increased staffing at the newly expanded Warren E. Thorton Youth Center and the Juvenile Hall Visitors Center. In addition, the final budget amount includes the allocation of approximately \$250 million in Pension Obligation Bond costs.

Public Assistance: Final budget included additional funding for the CALWIN project and an allocation for the Pension Obligation Bond costs.

Health and Sanitation: During the fiscal year federal and state funding for the Health and Human Services Department increased by \$67.1 million. There were increases in federal and state funding for mental health, alcohol and drug programs, child protective services and in home support services. In addition, the final budget amount includes the allocation of approximately \$40 million in Pension Obligation Bond costs.

During the year, actual revenues were \$117,153 less than budgetary estimates. The under-collection of revenue was focused on intergovernmental revenues. Actual collections of revenue in other categories such as tax revenue and miscellaneous revenue exceeded budgetary estimates. This is largely a consequence of the increase number of funded vacant positions during the year. There were large number of vacant positions in health and human assistance programs, and these programs are primarily funded with state and federal revenues. In addition, human assistance aid payments and in-home support service provider payments were less than budgeted which lead to reductions in budgeted state and federal revenues.

Actual expenditures were \$278,350 less than appropriations. The County has a budgetary practice of both fully funding all authorized positions for an entire fiscal year and including full year estimates of revenues associated with the positions. A hiring freeze, implemented in December 2001, was lifted in September 2004. While departments were encouraged to be prudent in their staffing increases, because of the large number of vacant positions, many positions went unfilled during fiscal year 2004-05. This unusually large number of vacant positions led to significant savings (under expenditures) in salaries and employee benefit accounts. Caseloads for human assistance and in-home supportive services were less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounted to \$1,997,356 (net of accumulated depreciation). This investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment, and construction in progress. The total increase in the County's investment in capital assets for the current period was 8.4%.

Capital assets for the governmental and business-type activities are presented below (as restated for July 1, 2004) to illustrate changes from the prior year:

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2005	Restated	2005	2004	2005	Restated	Percent of Change
		2004				2004	
Land	\$ 96,641	95,658	83,023	66,612	179,664	162,270	10.72%
Buildings and improvements	290,368	295,280	392,490	272,387	682,858	567,667	20.27%
Infrastructure	742,503	702,392	61,284	37,865	803,787	740,257	8.58%
Equipment	48,522	46,958	34,059	30,708	82,581	77,666	6.33%
Construction in progress	135,526	111,163	112,940	183,463	248,466	294,626	(15.67%)
Total	<u>\$ 1,313,560</u>	<u>1,251,451</u>	<u>683,796</u>	<u>591,035</u>	<u>1,997,356</u>	<u>1,842,486</u>	<u>8.40%</u>

The following provides an explanation of significant changes in capital assets:

- Buildings and improvements – increase is due to: 1) the transfer of construction in progress from Airports and Solid Waste to buildings and improvements; 2) building and improvement acquisitions by Water Agency in the current fiscal year.
- Construction in progress – decrease is due to: 1) Water Agency transfers to infrastructure; 2) Airport and Solid Waste transfers to buildings and improvements.

Additional information on the County's capital assets can be found in Note 6 on pages 63 – 64.

Debt Administration

At June 30, 2005, the County's governmental activities had long-term obligations, totaling \$1.595 billion. County debt issued by the Public Facilities Financing Corporation included and currently outstanding, \$42 million in Refunding Certificates of Participation, Main Jail Detention Facility, \$36 million in Juvenile Courthouse Project Certificates of Participation, \$15 million of Certificates of Participation for 2003 ADA Projects, \$7 million of Certificates of Participation for Cherry Island Golf Course, \$81 million of Certificates of Participation for implementation of the fixed asset financing program, \$39 million of Certificates of Participation for the 1997 Public Facilities Project, \$88

million in Certificates of Participation for construction of the Coroner/Crime Lab and a multipurpose building to house the County's Data Center, \$176 million in Revenue bonds for cash settlement of the tobacco settlement agreement, and \$54 million revenue bonds to finance four redevelopment projects in designed redevelopment project areas in the City and County of Sacramento. In addition, compensated absences of the County amounted to \$85 million and capital lease obligations of \$13 million.

Other significant long-term obligations include \$15 million in loan agreements to fund the alternative method of distributing property taxes (Teeter Plan), and \$529 million in bonds issued to eliminate the unfunded pension obligation at July 5, 1995 and \$426 million in bonds issued to eliminate the unfunded pension obligation at July 1, 2004 existing between the County and the Sacramento County Employees' Retirement System. The remaining represents various other debt obligations.

Proprietary Funds had long-term obligations of approximately \$356 million. This includes \$5 million of refunding certificates of participation for the construction of parking garages, \$264 million of Airport System revenue bonds and other Airport debt, \$31 million of Solid Waste Enterprise certificates of participation and other Solid Waste debt, and Sacramento County Water Agency reimbursement agreements and usage fee totaling \$56 million.

For the year ended June 30, 2005, the County's total long-term obligations had a net increase of \$329,141. This net was comprised of a gross increase of \$524,095 and a gross decrease of \$194,954. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, and Teeter notes of \$112,391, related to governmental activities. The increase resulted primarily from one new Teeter note and one new pension obligation bond that amounted to \$444,677.

The County's current short-term ratings with Moody's Investors Services and Standard and Poor's are MIG-1 and SP1, respectively. The County currently has no long-term general obligations outstanding. The County does have various long-term (revenue-based) debt obligations, and the rating of each of these issues is specifically related to the security of the individual issues. Additional information regarding the County's long-term debt can be found in Note 9 on pages 71 – 82.

Economic Factors and Next Year's Budget and Rates

- Three major sources of revenue generated from the performance of the local economy are:
 - Property tax revenues grew 13.4 percent for the fiscal year 2004-2005 due to the appreciation in real estate markets, home sales and the 2.0 percent Proposition 13 inflation adjustment. The fiscal year 2005-2006 assumes a 15.2 percent increase in property tax revenues.
 - Sales tax decreased to 60.5 million, a reduction rate of 23.7 percent in 2004-2005 due to the incorporation of the City of Rancho Cordova and the Triple Flip provision enacted by the state. For 2005-2006, the budget includes a minimal growth rate for sales tax revenues.
 - Hotel room sales increased Countywide by 1.7% in 2004-2005, with occupancy rates at 72%. For the fiscal year 2005-2006 the budget assumes a growth rate of 1.5% in transient occupancy tax.
- The unemployment rate for the County declined from 5.3% in April 2004 to 4.5% in April 2005 at 5.2 percent. This is lower than the State's unemployment rate of 6.2 percent and the U.S. rate of 5.2 percent.

- The fiscal year 2005-2006 budget includes an increase in salaries of 3.1 percent for a cost of living adjustment.
- Unlike prior years, the County did not face massive program and staff reductions in order to balance the fiscal year 2005-06 Final Adopted Budget.
- In California, counties are political subdivisions of the State and the largest sources of financing for county programs are state and federal revenues.
- The passage of Prop 1A in November 2004 has limited the state's ability to pass their continuing budget difficulties on to local governments. Therefore Sacramento County did not have to make cuts in services to address reductions in state revenues.
- Sacramento County for the first time in a number of years was able to provide some additional funding to address the most pressing needs of our communities (i.e. gang suppression, expanding the law enforcement presence in the American River Parkway, illegal dumping, and expansion of the Mather Community Campus).
- The State Budget had some positive news for the County with the early repayment of \$26.9 million in fiscal year 2003-04 Vehicle License Fees. These funds will be used to bolster reserves to be used to offset the employer-paid retirement costs that begin to increase in fiscal year 2006-07.
- The fiscal year 2005-06 Adopted Final Budget included unaudited General Fund balance/carryover of \$102.56 million. Of this amount, the General Purpose Financing net improvement was approximately \$61.8 million. The remainder was year-end carryover improvements in departmental operations.

Request 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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, 700 H Street Room 4650, Sacramento, CA 95814.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

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COUNTY OF SACRAMENTO
 GOVERNMENT-WIDE
 STATEMENT OF NET ASSETS
 JUNE 30, 2005
 (amounts expressed in thousands)

Page 1 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 1,257,019	266,174	1,523,193
Receivables, net of allowance for uncollectibles:			
Billed	82,060	16,737	98,797
Interest	4		4
Intergovernmental	179,583	6,066	185,649
Deposits with others		3	3
Internal balances	(12,665)	12,665	
Inventories	2,976	46	3,022
Restricted assets		14,910	14,910
Total current assets	<u>1,508,977</u>	<u>316,601</u>	<u>1,825,578</u>
Noncurrent assets:			
Restricted assets		150,637	150,637
Long-term receivables	104,634	11	104,645
Water facility rights		4,822	4,822
Deferred charges	20,927	6,124	27,051
Pension asset	1,021,894		1,021,894
Capital assets:			
Land and other nondepreciable assets	232,167	195,963	428,130
Facilities, infrastructure and equipment, net of depreciation	1,081,393	487,833	1,569,226
Total capital assets	<u>1,313,560</u>	<u>683,796</u>	<u>1,997,356</u>
Total noncurrent assets	<u>2,461,015</u>	<u>845,390</u>	<u>3,306,405</u>
Total assets	<u>\$ 3,969,992</u>	<u>1,161,991</u>	<u>5,131,983</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
GOVERNMENT-WIDE
STATEMENT OF NET ASSETS
JUNE 30, 2005
(amounts expressed in thousands)**

Page 2 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities:			
Current liabilities:			
Warrants payable	\$ 26,763	2,257	29,020
Accrued liabilities	126,325	16,005	142,330
Tax and revenue anticipation notes	370,000		370,000
Current portion of accrued interest payable	4,994		4,994
Payable to external parties	1,178	306	1,484
Current portion of insurance claims payable	32,031		32,031
Current portion of long-term debt obligations	23,712	7,807	31,519
Current liabilities payable from restricted assets		14,910	14,910
Unearned revenue	45,828	1,204	47,032
Total current liabilities	<u>630,831</u>	<u>42,489</u>	<u>673,320</u>
Noncurrent liabilities:			
Intergovernmental payable	103,426	14	103,440
Insurance claims payable	107,131		107,131
Accrued interest payable	182,056		182,056
Long-term debt obligations	1,570,922	341,296	1,912,218
Arbitrage rebate payable		98	98
Landfill closure and postclosure care		14,025	14,025
Total noncurrent liabilities	<u>1,963,535</u>	<u>355,433</u>	<u>2,318,968</u>
Total liabilities	<u>2,594,366</u>	<u>397,922</u>	<u>2,992,288</u>
Net assets:			
Investment in capital assets, net of related debt	962,902	415,890	1,378,792
Restricted for:			
Landfill closure		7,746	7,746
Debt service	87,458	18,309	105,767
Capital projects	88,137	4,356	92,493
Passenger facility charges		66,391	66,391
Other purposes	347,160		347,160
Unrestricted	(110,031)	251,377	141,346
Total net assets	<u>1,375,626</u>	<u>764,069</u>	<u>2,139,695</u>
Total liabilities and net assets	<u>\$ 3,969,992</u>	<u>1,161,991</u>	<u>5,131,983</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business- Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 191,798	135,191	28,182	2,925	(25,500)		(25,500)
Public assistance	707,374	6,583	632,141		(68,650)		(68,650)
Public protection	610,098	114,352	122,633	1,902	(371,211)		(371,211)
Health and sanitation	386,881	17,883	290,719	4,599	(73,680)		(73,680)
Public ways and facilities	120,551	64,759	25,703	18,864	(11,225)		(11,225)
Recreation and culture	44,951	14,783		8,966	(21,202)		(21,202)
Education	13,033	144		250	(12,639)		(12,639)
Interest and fiscal charges	87,191				(87,191)		(87,191)
Total governmental activities	<u>2,161,877</u>	<u>353,695</u>	<u>1,099,378</u>	<u>37,506</u>	<u>(671,298)</u>		<u>(671,298)</u>
Business-type activities:							
Airport	99,249	97,753	25,335	24,598		48,437	48,437
Solid Waste	65,805	71,384	1,260			6,839	6,839
Water Agency	33,649	64,773	20	14,240		45,384	45,384
Parking Enterprise	2,929	2,676				(253)	(253)
County Transit	1,688	227	820			(641)	(641)
Total business-type activities	<u>203,320</u>	<u>236,813</u>	<u>27,435</u>	<u>38,838</u>		<u>99,766</u>	<u>99,766</u>
Total primary government	<u>\$ 2,365,197</u>	<u>590,508</u>	<u>1,126,813</u>	<u>76,344</u>	<u>(671,298)</u>	<u>99,766</u>	<u>(571,532)</u>
General revenues:							
Taxes:							
Property					356,956		356,956
Sales / use					52,717	683	53,400
Transient occupancy					6,087		6,087
Unrestricted investment earnings					42,032	8,257	50,289
Grants and contributions not restricted to specific programs					184,671		184,671
Pledged tobacco settlement proceeds					12,880		12,880
Miscellaneous					102,281		102,281
Transfers					(7,782)	7,782	
Total general revenues and transfers					<u>749,842</u>	<u>16,722</u>	<u>766,564</u>
Changes in net assets					78,544	116,488	195,032
Net assets, beginning of year, as restated					1,297,082	647,581	1,944,663
Net assets, end of year					<u>\$ 1,375,626</u>	<u>764,069</u>	<u>2,139,695</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005**

(amounts expressed in thousands)

	General	Nonmajor Governmental Funds	Total
Assets:			
Cash and investments	\$ 588,176	536,991	1,125,167
Receivables:			
Billed	53,941	24,749	78,690
Interest		4	4
Intergovernmental	169,529	6,893	176,422
Due from other funds	31,763	5,693	37,456
Long-term advances to other funds		47,710	47,710
Long-term receivables	33,992	70,642	104,634
Total assets	\$ 877,401	692,682	1,570,083
Liabilities and fund balances:			
Liabilities:			
Warrants payable	\$ 19,756	4,129	23,885
Accrued liabilities	84,954	16,446	101,400
Tax and revenue anticipation notes	370,000		370,000
Intergovernmental payable	68,677	23,170	91,847
Due to other funds	37,116	24,177	61,293
Deferred revenues	59,130	105,173	164,303
Long-term advances from other funds	35,816	719	36,535
Total liabilities	675,449	173,814	849,263
Fund balances:			
Reserved for:			
Encumbrances	15,211	68,029	83,240
Capital asset acquisitions	19,527		19,527
Assets not available	6,987	16,596	23,583
Debt service		56,364	56,364
Future construction		139,774	139,774
Unreserved, reported in:			
General Fund	160,227		160,227
Special revenue funds		271,060	271,060
Capital projects		(32,955)	(32,955)
Total fund balances	201,952	518,868	720,820
Total liabilities and fund balances	\$ 877,401	692,682	1,570,083

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SACRAMENTO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005
(amounts expressed in thousands)

Fund balances - total governmental funds	\$	720,820
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,278,138
Pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds.		1,021,894
Bond issuance costs of the governmental activities are not financial resources and, therefore are not reported in the funds.		17,175
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(1,779,126)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		135,780
Internal service funds are used by management to charge the costs of certain activities, related to public works, general services, self-insurance, regional communications and office of communications and information technology to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		(19,055)
Net assets of governmental activities	<u>\$</u>	<u>1,375,626</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	General	Nonmajor Governmental Funds	Total
Revenues:			
Taxes	\$ 375,822	66,738	442,560
Use of money and property	20,167	21,826	41,993
Licenses and permits	10,443	40,586	51,029
Intergovernmental	1,206,333	88,281	1,294,614
Charges for sales and services	81,173	67,986	149,159
Fines, forfeitures and penalties	23,940	17,789	41,729
Pledged tobacco settlement proceeds		13,225	13,225
Contributions from property owners		9,276	9,276
Miscellaneous	64,279	37,798	102,077
Total revenues	<u>1,782,157</u>	<u>363,505</u>	<u>2,145,662</u>
Expenditures:			
Current:			
General government	103,214	54,638	157,852
Public assistance	762,855	23,650	786,505
Public protection	824,164	26,622	850,786
Health and sanitation	406,445	25,776	432,221
Public ways and facilities	82	80,248	80,330
Recreation and culture	11,169	25,483	36,652
Education	476	15,096	15,572
Capital outlay		93,384	93,384
Debt service:			
Principal	139	113,479	113,618
Bond issuance costs	6,131		6,131
Interest and fiscal charges		54,684	54,684
Total expenditures	<u>2,114,675</u>	<u>513,060</u>	<u>2,627,735</u>
Deficiency of revenues under expenditures	<u>(332,518)</u>	<u>(149,555)</u>	<u>(482,073)</u>
Other financing sources (uses):			
Transfers in	14,257	70,037	84,294
Transfers out	(45,090)	(44,361)	(89,451)
Long-term obligation proceeds	426,131	18,546	444,677
Total other financing sources	<u>395,298</u>	<u>44,222</u>	<u>439,520</u>
Net change in fund balance	62,780	(105,333)	(42,553)
Fund balances - beginning, as restated	139,172	624,201	763,373
Fund balances - ending	<u>\$ 201,952</u>	<u>518,868</u>	<u>720,820</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds \$ (42,553)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and donated assets exceeded depreciation in the current period. 62,379

Governmental funds report the effect of the pension asset when first paid, whereas the amount is deferred and amortized in the statement of activities. This is the net amount during the year. 421,057

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (325,948)

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. (36,600)

Some revenues will not be collected for several months after the year ends, and therefore are not considered "available" and are deferred in the governmental funds. Deferred revenues decreased by this amount during the year. (16,942)

The net revenues of certain activities of internal service funds is reported with governmental activities. 17,151

Change in net assets of governmental activities \$ 78,544

The notes to the basic financial statements are an integral part of this statement.

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**COUNTY OF SACRAMENTO
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 1 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Taxes	\$ 261,126	328,712	375,822	47,110
Use of money and property	12,600	15,922	20,167	4,245
Licenses and permits	9,320	10,626	10,443	(183)
Intergovernmental	1,262,684	1,311,846	1,206,333	(105,513)
Charges for sales and services	127,295	153,919	81,173	(72,746)
Fines, forfeitures and penalties	20,627	22,923	23,940	1,017
Miscellaneous	42,127	55,362	64,279	8,917
Total revenues	<u>1,735,779</u>	<u>1,899,310</u>	<u>1,782,157</u>	<u>(117,153)</u>
Expenditures:				
Current:				
General government:				
Legislative and administrative	107,534	106,574	17,225	89,349
Finance	20,334	28,503	25,753	2,750
Counsel	4,795	8,657	8,208	449
Human resources	13,712	35,595	19,738	15,857
Elections	8,325	18,317	16,045	2,272
Other	13,445	20,081	19,018	1,063
Total general government	<u>168,145</u>	<u>217,727</u>	<u>105,987</u>	<u>111,740</u>
Public assistance:				
Administration	337,098	430,443	411,551	18,892
Aid programs	384,588	387,204	351,519	35,685
Total public assistance	<u>721,686</u>	<u>817,647</u>	<u>763,070</u>	<u>54,577</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 2 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Public protection:				
Judicial	161,885	234,869	225,597	9,272
Police protection	279,371	495,492	471,100	24,392
Detention and correction	76,637	133,416	121,226	12,190
Protection and inspection	7,481	10,008	9,374	634
Other	5,629	8,229	7,947	282
Total public protection	<u>531,003</u>	<u>882,014</u>	<u>835,244</u>	<u>46,770</u>
Health and sanitation	357,539	471,849	407,510	64,339
Public ways and facilities	87	83	82	1
Recreation and culture	7,629	12,156	11,247	909
Education	386	490	476	14
Debt service:				
Principal	139	139	139	
Bond issuance costs		6,131	6,131	
Total expenditures	<u>1,786,614</u>	<u>2,408,236</u>	<u>2,129,886</u>	<u>278,350</u>
Deficiency of revenues under expenditures	<u>(50,835)</u>	<u>(508,926)</u>	<u>(347,729)</u>	<u>161,197</u>
Other financing sources (uses):				
Transfers in	11,708	11,708	14,257	2,549
Transfers out	(45,090)	(45,090)	(45,090)	
Long-term obligation proceeds		426,131	426,131	
Total other financing sources (uses)	<u>(33,382)</u>	<u>392,749</u>	<u>395,298</u>	<u>2,549</u>
Net change in fund balance (budgetary basis)	<u>\$ (84,217)</u>	<u>(116,177)</u>	<u>47,569</u>	<u>163,746</u>
Basis adjustments:				
Encumbrances			15,211	
Net change in fund balance (GAAP basis)			<u>\$ 62,780</u>	

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2005
 (amounts expressed in thousands)**

Page 1 of 2

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airport	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Assets:						
Current assets:						
Cash and investments	\$ 111,952	65,233	82,552	6,437	266,174	131,852
Receivables, net of allowance for uncollectibles:						
Billed	6,687	7,671	2,297	82	16,737	3,370
Intergovernmental	5,432	4		630	6,066	3,161
Deposits with others	3				3	
Due from other funds	1,357	91	9	692	2,149	52,541
Inventories	46				46	2,976
Restricted assets	14,910				14,910	
Total current assets	<u>140,387</u>	<u>72,999</u>	<u>84,858</u>	<u>7,841</u>	<u>306,085</u>	<u>193,900</u>
Noncurrent assets:						
Restricted assets	118,018	3,452	29,167		150,637	
Long-term advances to other funds						133
Long-term receivables				11	11	
Water facility rights			4,822		4,822	
Deferred charges	3,780	863	1,230	251	6,124	3,752
Capital assets:						
Land and other nondepreciable assets	90,058	35,978	68,547	1,380	195,963	1,872
Facilities, infrastructure and equipment, net of depreciation	291,223	56,048	137,049	3,513	487,833	33,550
Total capital assets	<u>381,281</u>	<u>92,026</u>	<u>205,596</u>	<u>4,893</u>	<u>683,796</u>	<u>35,422</u>
Total noncurrent assets	<u>503,079</u>	<u>96,341</u>	<u>240,815</u>	<u>5,155</u>	<u>845,390</u>	<u>39,307</u>
Total assets	<u>\$ 643,466</u>	<u>169,340</u>	<u>325,673</u>	<u>12,996</u>	<u>1,151,475</u>	<u>233,207</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2005
 (amounts expressed in thousands)**

Page 2 of 2

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airport	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Liabilities:						
Current liabilities:						
Warrants payable	\$ 1,634	267	241	115	2,257	2,878
Accrued liabilities	6,954	3,051	5,592	408	16,005	24,925
Tax and revenue anticipation notes						
Intergovernmental payable		1	4	9	14	11,579
Due to other funds	2,999	256	791	81	4,127	28,210
Current portion of insurance claims payable						32,031
Current portion of long-term debt obligations	2,467	3,379	1,392	569	7,807	
Current liabilities payable from restricted assets	14,910				14,910	
Unearned revenue	1,204				1,204	332
Total current liabilities	<u>30,168</u>	<u>6,954</u>	<u>8,020</u>	<u>1,182</u>	<u>46,324</u>	<u>99,955</u>
Noncurrent liabilities:						
Insurance claims payable						107,131
Long-term debt obligations	254,874	27,068	55,074	4,280	341,296	19,531
Long-term advances from other funds						11,308
Arbitrage rebate payable	98				98	
Landfill closure and postclosure care		14,025			14,025	
Total noncurrent liabilities	<u>254,972</u>	<u>41,093</u>	<u>55,074</u>	<u>4,280</u>	<u>355,419</u>	<u>137,970</u>
Total liabilities	<u>285,140</u>	<u>48,047</u>	<u>63,094</u>	<u>5,462</u>	<u>401,743</u>	<u>237,925</u>
Net assets:						
Investment in capital assets, net of related debt	164,627	66,250	184,914	99	415,890	16,996
Restricted for:						
Landfill closure		7,746			7,746	
Debt service	18,175	134			18,309	
Capital projects	4,356				4,356	
Passenger facility charges	66,391				66,391	
Unrestricted	104,777	47,163	77,665	7,435	237,040	(21,714)
Total net assets	<u>358,326</u>	<u>121,293</u>	<u>262,579</u>	<u>7,534</u>	<u>749,732</u>	<u>(4,718)</u>
Total liabilities and net assets	<u>\$ 643,466</u>	<u>169,340</u>	<u>325,673</u>	<u>12,996</u>		<u>233,207</u>
Adjustment to reflect internal service fund activities related to enterprise funds					14,337	
Net assets of business-type activities					<u>\$ 764,069</u>	

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES
 IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2005
 (amounts expressed in thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airport	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Operating revenues:						
Charges for sales and services	\$ 91,163	65,535	49,612	2,580	208,890	429,894
Other	1,386	782	1,096	18	3,282	9,834
Total operating revenues	<u>92,549</u>	<u>66,317</u>	<u>50,708</u>	<u>2,598</u>	<u>212,172</u>	<u>439,728</u>
Operating expenses:						
Salaries and benefits	27,314	20,807		522	48,643	196,674
Services and supplies	37,689	32,055	12,958	1,624	84,326	149,764
Cost of sales and services	914				914	5,377
Depreciation and amortization	16,104	8,179	5,320	423	30,026	11,972
Self-insurance						49,059
Other	908			1,581	2,489	6,361
Total operating expenses	<u>82,929</u>	<u>61,041</u>	<u>18,278</u>	<u>4,150</u>	<u>166,398</u>	<u>419,207</u>
Operating income (loss)	<u>9,620</u>	<u>5,276</u>	<u>32,430</u>	<u>(1,552)</u>	<u>45,774</u>	<u>20,521</u>
Nonoperating revenues (expenses):						
Use of money and property	4,304	1,440	2,355	158	8,257	404
Intergovernmental	880	1,260	20	820	2,980	2,123
Passenger facility charges	24,455				24,455	
Sales / use tax				683	683	
Interest expense	(12,632)	(1,629)	(2,349)	(229)	(16,839)	(2,085)
Other	579	1,127			1,706	1,665
Total nonoperating revenues (expenses)	<u>17,586</u>	<u>2,198</u>	<u>26</u>	<u>1,432</u>	<u>21,242</u>	<u>2,107</u>
Income (loss) before capital contributions and transfers	27,206	7,474	32,456	(120)	67,016	22,628
Transfers in		7,779		3	7,782	3,109
Transfers out						(5,734)
Capital contributions	24,598		14,240		38,838	
Changes in net assets	51,804	15,253	46,696	(117)	113,636	20,003
Net assets, beginning of year	306,522	106,040	215,883	7,651		(24,721)
Net assets, end of year	<u>\$ 358,326</u>	<u>121,293</u>	<u>262,579</u>	<u>7,534</u>		<u>(4,718)</u>
Adjustment to reflect internal service fund activities related to enterprise funds.					2,852	
Change in net assets of business-type activities					<u>\$ 116,488</u>	

The notes to the basic financial statements are an integral part of this statement.

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**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2005
 (amounts expressed in thousands)**

Page 1 of 2

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airport	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 92,193	70,088	42,167	2,561	207,009	64,323
Receipts from interfund services provided						394,075
Payments to suppliers	(45,016)	(27,436)	(10,682)	(3,382)	(86,516)	(190,947)
Payments to employees	(27,008)	(20,540)		(487)	(48,035)	(200,117)
Other (payments) receipts	247			(35)	212	(4,400)
Payments for interfund services used		(4,193)		(175)	(4,368)	(22,423)
Net cash provided by (used for) operating activities	<u>20,416</u>	<u>17,919</u>	<u>31,485</u>	<u>(1,518)</u>	<u>68,302</u>	<u>40,511</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Intergovernmental revenue	880		20	1,948	2,848	3,099
Payment on advance from other fund						(50)
Advance to other funds		(1,105)	(153)	1,575	317	(2,243)
Transfers						(3,233)
Other nonoperating revenue						1,083
Net cash provided by (used for) noncapital financing activities	<u>880</u>	<u>(1,105)</u>	<u>(133)</u>	<u>3,523</u>	<u>3,165</u>	<u>(1,344)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of long-term obligations						6,377
Acquisition and construction of capital assets	(54,086)	(14,581)	(28,923)	(81)	(97,671)	(11,874)
Principal paid on long-term obligations	(6,425)	(1,820)	(2,831)	(490)	(11,566)	(8,457)
Interest paid on long-term obligations	(14,225)	(1,517)	(2,192)	(229)	(18,163)	(1,198)
Proceeds from the sale of capital assets	564	373			937	684
Capital contributions	24,704	7,779			32,483	
Passenger facility charges	22,275				22,275	
Net cash used for capital and related financing activities	<u>(27,193)</u>	<u>(9,766)</u>	<u>(33,946)</u>	<u>(800)</u>	<u>(71,705)</u>	<u>(14,468)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received on cash and investments	5,285	1,450	2,355	158	9,248	1
Net increase (decrease) in cash and cash equivalents	(612)	8,498	(239)	1,363	9,010	24,700
Cash and cash equivalents, beginning of year	245,492	60,176	111,958	5,074	422,700	107,152
Cash and cash equivalents, end of year	<u>\$ 244,880</u>	<u>68,674</u>	<u>111,719</u>	<u>6,437</u>	<u>431,710</u>	<u>131,852</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2005
 (amounts expressed in thousands)**

Page 2 of 2

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airport	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Cash and investments	\$ 111,952	65,233	82,552	6,437	266,174	131,852
Restricted current assets	14,910				14,910	
Restricted noncurrent assets (net of accrued interest)	118,018	3,441	29,167		150,626	
Cash and cash equivalents	<u>\$ 244,880</u>	<u>68,674</u>	<u>111,719</u>	<u>6,437</u>	<u>431,710</u>	<u>131,852</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	<u>\$ 9,620</u>	<u>5,276</u>	<u>32,430</u>	<u>(1,552)</u>	<u>45,774</u>	<u>20,521</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	16,104	8,179	5,320	423	30,026	11,972
Recoveries for uncollectible accounts	36				36	
Other nonoperating revenue	247	2,356			2,603	
Other nonoperating expense						(548)
Impact Fee credits applied			(8,015)			
Changes in assets and liabilities:						
Receivables	(1,910)	1,156	(528)	(38)	(1,320)	2,617
Advance to other funds						(241)
Due from other funds		262	4		266	(3,342)
Deposits with others	5,189				5,189	
Inventories	(6)				(6)	(564)
Accrued liabilities	(7,608)	442	3,176	(54)	(4,044)	735
Warrants payable	(2,349)	(748)		2	(3,095)	(14)
Compensated absences	306	129		48	483	1,041
Due to other funds		3	(902)	(347)	(1,246)	7,171
Deferred revenues	787				787	(1,463)
Due to other governments						2
Due from other governments						(9,722)
Estimated insurance liability						12,346
Landfill closure and postclosure care		864			864	
Total adjustments	<u>10,796</u>	<u>12,643</u>	<u>(945)</u>	<u>34</u>	<u>22,528</u>	<u>19,990</u>
Net cash provided by (used for) operating activities	<u>\$ 20,416</u>	<u>17,919</u>	<u>31,485</u>	<u>(1,518)</u>	<u>68,302</u>	<u>40,511</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributed assets			14,240		14,240	
Developer reimbursement agreement projects completed			1,228		1,228	
Amortization of bonds premium			91		91	

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2005
 (amounts expressed in thousands)**

	Agency	Investment Trust
Assets:		
Cash and investments	\$ 255,760	2,418,269
Receivables, net of allowance for uncollectibles:		
Billed	4,246	
Interest	17,409	
Intergovernmental	1,462	
Due from other funds	1,484	
Long-term receivables	702	
Total assets	\$ 281,063	2,418,269
Liabilities:		
Warrants payable	\$ 13,763	
Accrued liabilities	12,071	
Intergovernmental payable	255,229	
Total liabilities	281,063	
Net assets held in trust for pool participants		2,418,269
Total liabilities and net assets held in trust for pool participants	\$ 281,063	2,418,269

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SACRAMENTO
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2005
 (amounts expressed in thousands)**

	<u>Investment Trust</u>
Additions:	
Contributions on pooled investments	\$ 13,214,237
Use of money and property	<u>73,427</u>
Total additions	13,287,664
Deductions:	
Distributions from pooled investments	<u>12,542,743</u>
Net increase in net assets	744,921
Net assets held in trust for pool participants, beginning of year	<u>1,673,348</u>
Net assets held in trust for pool participants, end of year	<u><u>\$ 2,418,269</u></u>

The notes to the basic financial statements are an integral part of this statement.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Sacramento (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The County's significant accounting policies are described below.

Scope of Financial Reporting Entity

The County reporting entity includes all significant organizations, departments, and agencies over which the County is considered to be financially accountable. The County is a political subdivision of the State of California, and as such can exercise the powers specified by the Constitution and laws of the State of California. The County operates under a charter and is governed by a five-member Board of Supervisors. In addition, as required by GAAP, the financial statements present the financial position of the County and its component units (entities for which the County is considered to be financially responsible).

Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. All of the blended components have June 30 year-ends.

The special districts and agencies listed below are fiscally dependent on the County, and the County Board of Supervisors is their governing board, or their governing boards are made up substantially of the Board of Supervisors. In addition, financial actions such as setting rates, adopting the annual budget, and determining the legal liability for the general obligation debt, if any, of most of the component units remain with the County.

Blended Component Units:

Lighting and Landscape Maintenance District Special Revenue Fund: County Service Area Number One Sacramento County Landscape Maintenance District	Water Agencies Special Revenue Fund Library JPA Special Revenue Fund
Park Districts and Park Service Areas Special Revenue Fund: Del Norte Oaks Park Maintenance District Mission Oaks Recreation and Park District Carmichael Recreation and Park District Sunrise Recreation and Park District County Service Area Number Three County Service Area Number Four County Service Area Number Nine	

The Tobacco Securitization Authority (Authority) of Northern California is a public entity legally separate and apart from the County, and is considered a blended component unit of the County. The Authority was created by a Joint Powers Agreement effective July 15, 2001 between Sacramento County (County) and San Diego County. The Authority was created for the purpose of empowering the Authority to finance the payments received by the County from the nation-wide Tobacco Settlement Agreement (Payments) for such purposes, but not limited to, issuance, sale, execution and delivery of all Bonds secured by those Payments or the lending of money based thereof, or to securitize, sell, purchase or otherwise dispose of some or all of such payments of the County. The debts and liabilities of the Authority belong solely to it, and neither the Counties of Sacramento or San Diego are in any way responsible for those liabilities. The Authority meets the criteria set forth in generally accepted accounting principles as a blended component unit of the County because the Authority is providing services solely to the County.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

The Sacramento County Public Financing Authority (PFA) is a public entity created by a Joint Exercise of Powers Agreement effective as of November 2003 between Sacramento County and the Sacramento Housing and Redevelopment Agency (Agency). The Authority is a public entity legally separate and apart from the County, and is considered a blended component unit of the County. The County Board of Supervisors sits as the Board of Directors of the PFA. The PFA was created for the purpose of obtaining financing for various designated redevelopment and housing projects in the greater Sacramento area. The debts and liabilities of the PFA belong solely to it, and neither the County nor the Agency are any way responsible for those liabilities. However, the PFA has an agreement with the Agency in which the Agency will pay back to the PFA those debt proceeds advanced to them. The PFA meets the criteria set forth in generally accepted accounting principles as a blended component unit of the County because of the financial benefit/burden relationship of their activities and the governing body is the same as the County.

Included within the reporting entity: The County has created the Public Facilities Financing Corporation (Corporation) for the purpose of facilitating the financing of public projects within the County. The Board of Supervisors appoints the governing board of the Corporation and is responsible for the fiscal and administrative activities of the entity. For financial reporting purposes, capitalized leases between the County and the Corporation have been eliminated, and the financial data of the entity has been included within the County's reporting entity.

The Sacramento County Parking Authority is a public financing agency created by the County to provide parking facilities. The Board of Supervisors serves as the Parking Authority's governing board. For financial reporting purposes, the capitalized lease between the County's Parking Enterprise Fund and the Parking Authority has been eliminated.

Excluded from the reporting entity: The Sacramento County Employees' Retirement System is excluded from the reporting entity, as it is fiscally independent of the County and is governed by a separate Board of Directors and not by the County Board of Supervisors.

The Sacramento County Sanitation District #1 (District) is excluded from the reporting entity. The District is a political subdivision of the State of California. For the year ended June 30, 2003, it was a blended component unit of the County of Sacramento as the County's Board of Supervisors made up five of the District's nine Board members. However, for the year ended June 30, 2004, the District is no longer a component unit of the County of Sacramento because of the addition of a tenth board member (representing the City of Rancho Cordova) which means that the County of Sacramento no longer has a voting majority.

The Sacramento County Regional Sanitation District (District) is excluded from the reporting entity. The District is a political subdivision of the State of California. For the year ended June 30, 2003, it was a blended component unit of the County of Sacramento as the County's Board of Supervisors made up five of the nine Board members. However, for the year ended June 30, 2004, the District is no longer a component unit of the County of Sacramento because the addition of three Board members (representing the cities of Rancho Cordova, West Sacramento and Yolo County) which means the County of Sacramento no longer has a voting majority.

The Sacramento Metropolitan Air Quality Management District is excluded from the reporting entity. The District is a political subdivision of the State of California. For the year ended June 30, 2004, it was a blended component unit of the County of Sacramento as the County's Board of Supervisors made up the majority Board members. However, for the year ended June 30, 2005, the District is no longer a component unit of the County of Sacramento because the Sacramento Metropolitan Air Quality Management District's Board of Directors recently increased to 14 members, consisting of five Sacramento County Supervisors which means the County of Sacramento no longer has a voting majority.

The reporting entity excludes certain separate legal entities. Some of these entities may have "Sacramento" in their title or are required to keep their cash and investments with the County Treasurer or receive property tax apportionments from the County. Examples are school districts, community college districts, cities, joint

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powers agencies, the Sacramento Housing and Redevelopment Agency, and a variety of special-purpose independent districts for cemeteries, fire, recreation and parks, and reclamation. These entities are autonomous organizations with their own governmental powers and constituencies. The Board of Supervisors does not appoint a voting majority of their boards. Accordingly, they are not included in the accompanying basic financial statements.

Certain assets, principally cash and investments, of these separate legal entities held by the County in a custodial capacity are included in the investment trust funds.

Joint Power Authorities or Jointly Governed Organizations

The County of Sacramento is a member of several Joint Powers Agencies (JPA) and/or jointly managed agencies. These are:

<u>AGENCY</u>	<u>PURPOSE</u>
Sacramento Public Library JPA	County library services
Sacramento Area Council of Governments	Regional planning (primarily transportation)
Sacramento Employment and Training Agency	Coordination of Federal and State funding for job programs
Sacramento Area Flood Control Agency	Regional flood control issues
Sacramento Cable Commission	Administration of the franchising and licensing of cable TV services
Sacramento Housing and Redevelopment Agency	Housing/redevelopment projects
Sacramento Port Authority	Operation of the Port of Sacramento
Sacramento Transportation Agency	Administration of County-wide transportation projects
Local Agency Formation Commission	Formation of districts and cities within the County
Sacramento/Placerville Transportation	Acquisition of rail lines for a transportation corridor

The Sacramento County Director of Finance acts as the Auditor-Controller and as the Treasurer and depository for all the above agencies except for the Sacramento Public Library JPA, the Sacramento Housing and Redevelopment Agency and the Sacramento Port Authority. Funding, if any, for each of these agencies from the County is based on annual appropriations. The County has no continuing financial liability and does not expect any financial burden from its participation in any of these agencies. Separate financial statements of the JPAs can be obtained by contacting the individual agencies or the County Department of Finance, Auditor-Controller Division. Only the Sacramento Public Library JPA is considered a (blended) component unit under GASB 14 criteria, as its governing board is substantively the same as the County's; however, none of the others meet the criteria necessary to be considered a component unit.

Government-wide and fund financial statements presentation

Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities display information about the primary government, the County and its component units. These statements include financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Government activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's business-type activities and each function of the County's governmental 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 programs and

COUNTY OF SACRAMENTO
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2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 proprietary funds are separately aggregated and reported as nonmajor funds.

The County reports the following major governmental fund:

The General fund is used to account for all financial resources except those required or designated by the Board to be accounted for in another fund.

The County reports the following major enterprise funds:

The Airport fund is used to account for the facilities of the Airport Department, including the Metro, Executive, and Franklin Airports, and Mather Airfield. The Solid Waste fund is used to account for the costs of the Solid Waste collection business, including the Solid Waste disposal site and transfer stations. The Water Agency Fund is used to account for the construction of major water supply treatment, transmission and distribution as well as the retail service provider of water to the unincorporated area.

The County reports the following fund types:

Internal service funds are used to account for the financing of goods, services, or facilities provided by one department to other departments of the County, or to other governmental units, on a cost-reimbursement basis. Internal service funds include Public Works, General Services, Self-Insurance funds covering general liability and property damage, workers' compensation, dental and unemployment, Regional Communication for emergency communications services, and Office of Communications and Information Technology.

Investment trust funds account for the assets of legally separate entities that deposit cash with the County treasury. These entities include school districts, other independent special districts governed by local boards, regional boards and authorities, and pass through for property tax collections for cities. These funds represent assets, primarily cash and investments, held by the County in trust for these participants.

Agency funds account for the assets held by the County as an agent for various individuals, private organizations and other governmental agencies. These include Law Enforcement, Unapportioned Tax Collection, Court Operations agencies and other.

Measurement focus and basis of accounting

The government-wide, proprietary and investment trust fund financial statements are reported using economic resources measurement focus and accrual basis accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property and sales taxes, grants, entitlements and donations. 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.

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. Taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within three hundred sixty five days of the end of the accounting period so as to be both measurable and available. Licenses, permits, fines, forfeitures and other revenues are

COUNTY OF SACRAMENTO
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recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are accrued when their receipt occurs within sixty days of the end of the accounting period. Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide business-type activities and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services including: water, Solid Waste, airline fees and charges, parking fees and public transit fees. The principal operating revenues for the County's internal services funds are charges for customer services including: fleet operations, purchasing, printing services, central stores, mail services, building maintenance, surplus property disposal, telecommunications, water resources, special district formation, water quality, highways and bridges, real estate, surveyor, information and permits, self insurance for: liability and property damages, workers' compensation claims and dental and unemployment claims, emergency communication functions and telecommunication and data processing. Operating expenses for enterprise funds and internal services funds include cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When restricted assets become available, for their restricted purpose, they are used first, then unrestricted assets are used as they are needed.

Cash and Cash Equivalents

For purposes of the statement of cash flows the County considers all short-term highly liquid investments (including restricted assets) to be cash equivalents. Investments held in the County Treasurer's Pool are available on demand to individual entities, thus they are considered highly liquid and cash equivalents for purposes of the statements of cash flows.

Property Taxes

The County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within Sacramento County including the cities, school districts, and various special districts. Property taxes are payable in equal installments, November 1 and February 1. They become delinquent after December

COUNTY OF SACRAMENTO
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10 and April 10, respectively. The assessment date for fiscal year 2004-05 is July 1 and the lien date is January 1 (unsecured property taxes are paid in one installment August 31). The tax collections are recorded in the Unapportioned Tax Collection Agency fund prior to apportionment.

Beginning in fiscal year 1993-94, the County Board of Supervisors adopted a resolution authorizing the “Alternative Method of Property Tax Apportionment” (Teeter Plan), under which the County converted to an accrual method of apportioning secured property taxes. Under the Teeter Plan, the County purchases the annual delinquent secured property taxes from the local taxing entities and selected special assessment districts in Sacramento County. The financing of the purchase of the delinquent secured property taxes under the Teeter Plan has been accomplished by five-year legal, secured medium-term note obligations of the County which have been purchased by the Treasurer’s Pool. The terms of the notes include a variable interest rate, adjusted on a quarterly basis, equal to the rate of interest on the U.S. Treasury Note for the number of years corresponding to the remaining term of each note.

For financial reporting purposes, a debt service fund was created to account for the proceeds, subsequent purchase of delinquent taxes of the taxing entities, and the accumulation of financial resources to be used to repay the notes. Collections on the delinquent secured taxes purchased from the various taxing entities will be the primary funding source. The delinquent secured taxes are recorded as a long-term receivable in the debt service fund.

A description of the debt related to the Teeter Plan can be found in Note 9.

Intergovernmental Revenues

Federal and state governments reimburse the County for costs incurred on certain capital asset construction projects under capital grant agreements. Amounts claimed under such grants are credited to intergovernmental revenues if the project is being administered by a capital projects fund or to capital contributions revenue if administered by a proprietary fund. Additionally, the County receives reimbursement from federal and state governments for other programs, such as public assistance, administered by the County. These reimbursements are recorded in the fund administering the program as intergovernmental revenues with the related program costs included in expenditures.

The respective grant agreements generally require the County to maintain accounting records and substantiating evidence sufficient to determine if all costs incurred and claimed are proper and that the County is in substantial compliance with other terms of the grant agreements. These records are subject to audit by the appropriate government agency. Any amounts disallowed will reduce future claims or be directly recovered from the County.

Interfund Transactions

Interfund transactions are reflected as either loans, 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 or advances to/from other funds. Any remaining balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. Advances to other funds, as reported in the fund statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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Inventories

Inventories of proprietary funds are recorded at the lower of cost computed by the weighted average method or market value. Inventory purchases made by governmental funds are recorded as expenditures at the time of purchase.

Restricted Assets

Certain proceeds of proprietary fund obligations, as well as certain other resources set aside for obligation repayment and future construction or acquisition of assets, are classified as restricted assets on the statement of net assets. These amounts are restricted as their use is limited by applicable bond covenants or other external requirements.

Capital Assets

Capital assets, which include land, structures and improvements, machinery and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5 and an estimated useful life in excess of five years except for computer and peripheral equipment which have an estimated useful life of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital outlay is recorded as expenditures of the General, special revenue, and capital projects funds and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Amortization of assets acquired under capital lease is included in depreciation and amortization. Structures and improvements, infrastructure and equipment of the primary government, are depreciated using the straight line method over the following estimated used lives:

<u>Assets</u>	<u>Years</u>
Structures and Improvements	5 to 50
Infrastructure	20 to 50
Equipment	3 to 25

Compensated Absences

County employees are granted vacation in varying amounts based on classification and length of service. Additionally, certain employees are allowed compensated time-off in lieu of overtime compensation and/or for working on holidays.

Governmental Funds - Governmental funds record expenditures for compensated absences as they are taken by employees. A year-end accrual for compensated absences has not been made in the governmental funds as of June 30, 2005, because the County does not believe any of the available year-end resources will be required to fund the year-end compensated absences liability.

Proprietary Funds - Proprietary funds accrue a liability for unused compensated absences earned through year-end. An expense is recognized for the increase in liability from the prior year.

Sick leave is earned by regular, full-time employees. Any sick leave hours not used during the period are carried forward to future years, with no limit to the number of hours that can be accumulated. Any sick leave hours unused at the time of an employee's retirement are added to the actual period of service when computing

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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retirement benefits. The County does not pay accumulated sick leave to employees who terminate prior to retirement. It is the policy of the County to pay certain employees a portion of their sick leave at retirement. The amount of the liability has been accrued in accordance with GASB Statement 16, *Accounting for Compensated Absences*.

The County accrues for compensated absences in the government-wide and proprietary fund statement for which they are liable to make payment. The liquidation of compensated absences occurs in the fund where the employee resides when the hours are used or upon retirement or termination from the County.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount debt issued and premiums is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Liability/Property and Workers Compensation ISF Deficit Net Assets

Beginning with the financial statements for fiscal year 2003-04, the County elected to eliminate the long term receivable in the Liability/Property and the Worker's Compensation self insurance internal service funds (ISF) and the corresponding liabilities in the enterprise funds and the other ISF. The elimination of the long term receivable in the Liability/Property and the Worker's Compensation self insurance funds results in a deficit net assets of \$14,248 and \$84,616, respectively. This deficit in net assets represents the County's unfunded liability for the Liability/Property and Worker's Compensation self insurance.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Total fund balances of the County's governmental funds, \$720,820 differs from net assets of governmental activities, \$1,375,626, reported in the statement of net assets. The difference primarily results from the long-term economic focus in the statement of net assets versus the current financial resources focus in the governmental fund balance sheets.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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Balance Sheet/Statement of Net Assets

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	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Statement of Net Assets
Assets:					
Current assets:					
Cash and investments	\$ 1,125,167		131,852		1,257,019
Receivables, net of allowance for uncollectibles:					
Billed	78,690		3,370		82,060
Interest	4				4
Intergovernmental	176,422		3,161		179,583
Due from other funds	37,456		38,204	(88,325)	(12,665)
Inventories			2,976		2,976
Total current assets	<u>1,417,739</u>		<u>179,563</u>	<u>(88,325)</u>	<u>1,508,977</u>
Noncurrent assets:					
Long-term receivables	104,634				104,634
Deferred charges		17,175	3,752		20,927
Long-term advances to other funds	47,710		133	(47,843)	
Pension asset		1,021,894			1,021,894
Capital assets:					
Land and other nondepreciable assets		230,295	1,872		232,167
Facilities, infrastructure and equipment, net of depreciation		1,047,843	33,550		1,081,393
Total capital assets		<u>1,278,138</u>	<u>35,422</u>		<u>1,313,560</u>
Total noncurrent assets	<u>152,344</u>	<u>2,317,207</u>	<u>39,307</u>	<u>(47,843)</u>	<u>2,461,015</u>
Total assets	<u>\$ 1,570,083</u>	<u>2,317,207</u>	<u>218,870</u>	<u>(136,168)</u>	<u>3,969,992</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Statement of Net Assets
Liabilities:					
Current liabilities:					
Warrants payable	23,885		2,878		26,763
Accrued liabilities	101,400		24,925		126,325
Tax and revenue anticipation notes	370,000				370,000
Current portion of accrued interest payable		4,994			4,994
Due to other funds/payable to external parties	61,293		28,210	(88,325)	1,178
Current portion of insurance claims payable			32,031		32,031
Current portion of long-term debt obligations		23,712			23,712
Deferred / unearned revenue	164,303	(118,807)	332		45,828
Total current liabilities	720,881	(90,101)	88,376	(88,325)	630,831
Noncurrent liabilities:					
Intergovernmental payable	91,847		11,579		103,426
Insurance claims payable			107,131		107,131
Accrued interest payable		182,056			182,056
Long-term debt obligations		1,551,391	19,531		1,570,922
Long-term advances from other funds	36,535		11,308	(47,843)	
Total noncurrent liabilities	128,382	1,733,447	149,549	(47,843)	1,963,535
Total liabilities	849,263	1,643,346	237,925	(136,168)	2,594,366
Fund balance/net assets:					
Reserved for:					
Encumbrances	83,240			(83,240)	
Capital asset acquisitions	19,527			(19,527)	
Assets not available	23,583			(23,583)	
Debt service	56,364			(56,364)	
Future construction	139,774			(139,774)	
Unreserved:					
Undesignated	398,332			(398,332)	
Investment in capital assets, net of related debt		945,906	16,996		962,902
Restricted for:					
Debt service		(170,065)		257,523	87,458
Capital projects		(5,737)		93,874	88,137
Other purposes		39,571		307,589	347,160
Unrestricted		(135,814)	(36,051)	61,834	(110,031)
Total fund balance / net assets	720,820	673,861	(19,055)		1,375,626
Total liabilities and fund balance / net assets	\$ 1,570,083	2,317,207	218,870	(136,168)	3,969,992

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
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(a) Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets

(1) When capital assets (land, infrastructure, building, and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 3,083,801
Accumulated depreciation	<u>(1,805,663)</u>
	<u>1,278,138</u>

Pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds.

1,021,894

Bond issuance costs are expended in governmental funds when paid, and are capitalized and amortized over the life of the corresponding bonds for purposes of the statement of net assets.

17,175

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Compensated absences	(65,828)
Accrued interest	(187,050)
Bonds, loans, capital leases, and other payables	(1,509,275)
Unamortized swap premium	<u>(16,973)</u>
	<u>(1,779,126)</u>

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for certain period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Deferred revenue	<u>135,780</u>
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Total	<u>\$ 673,861</u>
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(2) Internal service funds are used by management to charge the costs of certain activities, related to public works, general services, self-insurance, regional communications and office of communications and technology to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

\$ (19,055)

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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The net change in fund balances for governmental funds, \$(42,553), differs from the change in net assets for governmental activities, \$78,544 reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities

	Total Governmental Funds	Capital- Related Items (3)	Long-term Revenues, Expenses (4)	Internal Service Funds (5)	Reclassifications and Eliminations	Statement of Activities
Revenues:						
Taxes:						
Property	\$ 356,956					356,956
Sales / use	79,517		(26,800)			52,717
Transient occupancy	6,087					6,087
Use of money and property	41,993		(365)	404		42,032
Licenses and permits	51,029				(51,029)	
Intergovernmental	1,294,614		(825)	2,123	(1,295,912)	
Charges for sales and services	149,159		4,119	107,659	92,758	353,695
Operating grants and contributions			7,274		1,092,104	1,099,378
Capital grants and contributions					37,506	37,506
Grants and contributions not restricted to specific programs					184,671	184,671
Other financing sources:						
Fines, forfeitures and penalties	41,729				(41,729)	
Pledged tobacco settlement proceeds	13,225		(345)			12,880
Contributions from property owners	9,276				(9,276)	
Miscellaneous	102,077				204	102,281
Donated capital assets		9,297			(9,297)	
Total revenues	<u>2,145,662</u>	<u>9,297</u>	<u>(16,942)</u>	<u>110,186</u>		<u>2,248,203</u>
Current:						
Expenditures/expenses						
General government	157,852	38,775	(26,244)	21,415		191,798
Public assistance	786,505	(745)	(82,739)	4,353		707,374
Public protection	850,786	(6,949)	(256,988)	23,249		610,098
Health and sanitation	432,221	(940)	(47,234)	2,834		386,881
Public ways and facilities	80,330	5,547	(3,158)	37,832		120,551
Recreation and culture	36,652	7,232	433	634		44,951
Education	15,572	(2,629)	(3)	93		13,033
Capital outlay	93,384	(93,373)	(11)			
Debt service:						
Principal	113,618		(113,618)			
Bond issuance costs	6,131		(6,131)			
Interest and fiscal charges	54,684		32,507			87,191
Total expenditures/expenses	<u>2,627,735</u>	<u>(53,082)</u>	<u>(503,186)</u>	<u>90,410</u>		<u>2,161,877</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(482,073)</u>	<u>62,379</u>	<u>486,244</u>	<u>19,776</u>		<u>86,326</u>
Other financing sources (uses):						
Transfers in	84,294			3,109	(87,403)	
Transfers out	(89,451)			(5,734)	87,403	(7,782)
Long-term obligation proceeds	444,677		(444,677)			
Total other financing sources (uses)	<u>439,520</u>		<u>(444,677)</u>	<u>(2,625)</u>		<u>(7,782)</u>
Net change in fund balances/net assets	<u>(42,553)</u>	<u>62,379</u>	<u>41,567</u>	<u>17,151</u>		<u>78,544</u>
Fund balances/net assets - beginning	<u>763,373</u>	<u>1,215,759</u>	<u>(645,844)</u>	<u>(36,206)</u>		<u>1,297,082</u>
Fund balances/net assets - ending	<u>\$ 720,820</u>	<u>1,278,138</u>	<u>(604,277)</u>	<u>(19,055)</u>		<u>1,375,626</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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(b) Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

- (3) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year. Donated assets result in an increase in net assets.

Capital expenditures	\$ 115,412
Depreciation expense	(62,330)
Donated capital assets	9,297
	\$ 62,379

- (4) Governmental funds report the effect of the pension asset when first paid, whereas the amount is deferred and amortized in the statement of activities. This is the net amount during the year.

Amount paid this year	\$ 420,000
Amount amortized during the year	1,057
	421,057

Bond issuance costs are expended in governmental funds when paid, and are capitalized and amortized over the life of the corresponding bonds for purposes of the statement of activities. This amount is the net between bond issuance costs (\$6,131) incurred and deferred (\$1,020) during the year.

5,111

Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the County as a whole, however, the principal payments reduce the liabilities in the statement of net assets. The County's bonded debt was reduced because principal payments were made to bond holders.

113,618

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. Proceeds were received from:

Teeter notes	(18,546)
Pension obligation bonds	(426,131)
	(444,677)
	(325,948)

COUNTY OF SACRAMENTO
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Interest expense in the statement of activities differs from the amount reported in governmental funds because additional accrued interest was calculated for bonds and notes payable, and additional interest expense was recognized on the amortization of bond discounts and premiums, including the swap premium, which are expended within the funds statements. (33,745)

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 compensated absences (2,855)

(36,600)

Some revenues will not be collected for several months after the year ends, and therefore are not considered "available" and are deferred in the governmental funds. Deferred revenues decreased by this amount during the year

(16,942)

Total

\$ 41,567

- (5) Internal service funds are used by management to charge the costs of certain activities, related to public works, general services, self-insurance, regional communications and office of communications and technology to individual funds. The adjustments for internal service funds close those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.

\$ 17,151

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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NOTE 3 – BUDGETARY PRINCIPLES

As required by the laws of the State of California, the County prepares and legally adopts a final balanced operating budget on or before August 30 of each fiscal year. The Board may, by resolution, extend on a permanent basis or for a limited period, the date from August 30 to October 2. The final budget for fiscal year 2004-05 was adopted on September 28, 2004. Until the adoption of a final balanced budget, operations were governed by the proposed budget approved by the Board of Supervisors on May 13, 2004, Public hearings were conducted on the proposed final budget to review all appropriations and the sources of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in financing requirements.

Operating budgets are adopted for the general fund, special revenue funds, debt service funds, and capital projects funds on the modified accrual basis of accounting except as explained below. Budgetary control and the legal level of control are at the budget unit and object level, which classifies expenditures by organizational unit, and by type of goods purchased and services obtained. The statement/schedules of revenues and expenditures - budget and actual (adjusted to the budgetary basis) presents revenues at the source level and expenditures at the function level. For the fiscal year ending June 30, 2005, the 1994 Public Facilities debt service fund and the Library JPA special revenue fund did not have an adopted budget.

It is not feasible to compare budget to actual data at the object level in this report. Therefore, this information is contained in a separate report prepared by the Department of Finance, Auditor-Controller Division, titled "Countywide Expenditure Status Report." Significant amendments, appropriation transfers between departments or funds, and transfers from contingencies must be approved by the County Board of Supervisors. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board.

During fiscal year 2004-05, the original adopted budget was amended by the Board of Supervisors. The final budget data contained in the financial statements reflects the effect of all approved budget amendments. During fiscal year 2004-05, the appropriation limit for the fiscal year 2004-05 budget year was reviewed and determined to be calculated in accordance with Article XIII B of the California Constitution.

Encumbrances, which are commitments related to the future purchase of goods or services, are recorded in the General, special revenue, debt service, and capital projects funds. For budgetary purposes, encumbrances outstanding at year-end are recorded as expenditures. For financial reporting purposes, encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent-year expenditures.

The County's budget for governmental funds is prepared on the modified accrual basis of accounting, except that encumbrances represent expenditures on a budgetary basis. Encumbrances not liquidated in the current year are added to the subsequent-year budget for reporting and control purposes.

NOTE 4 – CASH, INVESTMENTS, AND RESTRICTED ASSETS

All investments are reported on the statement of net assets/balance sheet in accordance with GASB Statement No. 31, at fair value. The County maintains two cash and investment pools. The primary cash and investment pool (Treasurer's Pool) is available for use by all funds. The portion of this pool applicable to each fund type is displayed on the statements of net assets/balance sheets as "cash and investments." The share of each fund in the pooled cash account is separately accounted for and interest earned, net of related expenses, is apportioned quarterly and at the end of the fiscal year based on the relationship of its average daily cash balance to the total of the pooled cash and investments. The apportionment due to the internal service funds and certain agency funds accrues to the benefit of the General fund. The County, acting in a fiduciary capacity, established a separate cash and investment pool (Fiscal Agent Pool) to segregate and invest monies in accordance with long-term obligation covenants. The County periodically distributes interest earned by these pools to the funds. The pools are accounted for on an amortized cost basis during the year. The Treasurer's and Fiscal Agent Pools are subject to oversight by the Treasury Oversight Committee. The value of pool shares that may be withdrawn is determined on an amortized cost basis, which differs from fair value. The County has not provided or obtained any legally binding guarantees during the fiscal year to

COUNTY OF SACRAMENTO
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support the value of pool shares. The County does not permit any voluntary participation in the Treasurer's Pool (a separately issued report of County Treasurer's Internal and External Pools is available at <http://www.finance.sacounty.net/Investments/RptQuarterly.asp>).

Cash and investments held by fiscal agents is restricted as to its use. It includes funds for the construction/acquisition of plant and equipment and funds designated by debt agreements as reserve funds and for servicing debt during the construction/acquisition of plant and equipment. At June 30, 2005, all cash held by fiscal agents was covered by federal depository insurance or by collateral held by the County's financial institutions in the County's name.

Investments and GASB 40 Presentation

Investments by the County Treasurer are restricted per Government Code Section 53600 et. seq. and 16429.1. This Code requires that the investments be made with the prudent investor standard, that is, when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the trustee (Treasurer and staff) will act with care, skill, prudence, and diligence under the circumstances then prevailing.

The Government Code also requires that when following the investing actions cited above, that the primary objective of the trustee be to safeguard the principal, secondarily meet the liquidity needs of depositors, and then achieve a return on the funds under the trustee's control. Further, the intent of the Government Code is to minimize risk of loss on County held investments from:

- a. Interest rate risk
- b. Credit risk
- c. Custodial credit risk
- d. Concentration of credit risk

Specific restrictions of investment are noted below:

Section 53601 lists the investments in which the Treasurer may purchase. These include bonds issued by the County; United States Treasury notes, bonds, bills or certificates of indebtedness; registered state warrants, treasury notes, or bonds of the State of California; bonds, notes, warrants or other forms of indebtedness of any local agency within California; obligations issued by banks for cooperatives, federal land banks, federal home loan banks, the Federal Home Loan Bank Board or other instruments of, or issued by, a federal agency or United States, government sponsored enterprise; bankers acceptances (not over 180 days maturity, not to exceed 40% of the total portfolio); commercial paper of "prime quality" (the highest ranking provided by either Moody's investor services or Standards and Poor Corporation) and these investments are further restricted as to capacity and credit rating of the company and are restricted as to a percentage of the whole portfolio and the dollar-weighted average maturity is also restricted; negotiable certificates of deposit issued by a approved banks, not to exceed 30% of the total portfolio; repurchase and reverse repurchase agreements are permitted investments but are subject to stringent rules regarding term, value and timing, all put in place to minimize risk of loss; medium term notes, carry a maturity of no more than five years and rated "A" or better by a nationally recognized rating service, not to exceed 30% of the portfolio; shares of beneficial interest issued by a diversified management company subject certain limitations; notes, bonds and other obligations that are at all times secured by a valid first priority security interest in securities of rules cited in Government Code Section 53651; mortgage pass-through securities and other mortgage and consumer receivable backed bonds, not to exceed a maturity of five years, subject to the credit rating of the issuer and not to exceed 20% of the portfolio; shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized previously.

In addition to the restrictions and guidelines cited in the Government Code, the County Board of Supervisors annually adopts an "Annual Investment Policy for the Pooled Investment Fund" (The Policy). The Policy is prepared by the Department of Finance and is based on criteria cited in the Government Code. The Policy adds further specificity to investments permitted, reducing concentration within most permitted investment types and reducing concentration of investments with any broker, dealer or issuer.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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The County was in full compliance with its own more restrictive policy, and therefore was also in compliance with the above cited Government Code sections. Accordingly, the County believes it is not at measurable risk as to the four risk areas cited above.

Interest rate risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2005, of the County’s \$2.7 billion Treasurer’s Pool, over 77 % of the investments have a maturity of six months or less. In addition, 95% of the portfolio matures within 2 years.

Credit Risk – This is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. The County is permitted to hold investments of issuers with a short term rating of *superior capacity* and a minimum long term rating of *upper medium grade* by the top two nationally recognized statistical rating organizations (rating agencies). For short-term rating, the issuers’ rating must be A-1 and P-1, and the long-term rating must be A- and A3, respectively by the rating agencies. In addition, the County is permitted to invest in the State’s Local Agency Investment Fund, collateralized certificates of deposits and notes issued by the County that are not-rated.

Custodial Credit Risk – This is the risk that in the event a financial institution or counterparty fails, the County would not be able to recover the value of its deposits and investments. As of June 30, 2005, one hundred percent (100%) of the County’s investments in deposits are held in the County’s name and are not exposed to custodial credit risk. There are no general policies relating to custodial credit risk.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. As of June 30, 2005, nearly 55% of the County’s investments at year-end are in U.S. Government and Agency securities. There is no limitation on amounts invested in these types of issues. As of June 30, 2005, 31% of the portfolio is invested in commercial paper or guaranteed investment contracts. No investment in a single issuer exceeds 5%, with the following exceptions: Federal Home Loan Banks/FHLB Discount Notes of \$853,053; Federal National Mortgage Association/Federal National Mortgage Association Discount Notes of \$657,108; FHLMC Discount Notes/FHLMC of \$688,504; and AIG guaranteed investment contract of \$368,163.

The schedule on the following page indicates the credit and interest rate risk at June 30, 2005. For purposes of this schedule, N/A is defined as not applicable to the rating disclosure requirements, and N/R is defined as not rated. The credit ratings listed are for Standard and Poor’s and Moody’s Investor Services, respectively. The unrated municipal bonds are Teeter Notes, which were described in Note 1 under Property taxes. Certain investments such as obligations, which are backed by the full faith and credit of the United States Treasury are not subjected to credit rating. Guaranteed investment contracts are subject to the credit rating disclosure requirements but are normally unrated.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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	Credit Rating	Maturity					Carrying Value
		Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 Years	
Imprest cash							\$ 412
Cash in banks							1,984
In custody of Treasurer:							
Cash and cash deposits:							
Cash on hand							12
Cash in banks							13,453
Total cash and cash deposits							13,465
Investments held by Treasurer:							
Treasury Bonds	N/A					9,800	9,800
Treasury Strips	N/A					109	109
Federal Farm Credit Bonds	Aaa/AAA	14,977	6,752		94,002		115,731
Federal Home Loan Banks	Aaa/AAA		98,658	285,973	224,352		608,983
Federal National Mortgage Association	Aaa/AAA	20,025	64,823	66,599	44,266		195,713
Government Agency Notes	Aaa/AAA					2,190	2,190
Federal National Mortgage Association Discount Notes	Aaa/AAA	63,523	397,872				461,395
FFCB Discount Notes	Aaa/AAA	40,075					40,075
FHLB Discount Notes	Aaa/AAA	85,879	158,191				244,070
FHLMC Discount Notes	Aaa/AAA	107,607	369,884	85,693			563,184
FHLMC	Aaa/AAA		70,162	14,841	40,317		125,320
State and Local Governments (SLG's)	Aaa/AAA		505	137	12,436		13,078
Commercial paper	A-1/P-1	252,254	681,764				934,018
Negotiable certificates of deposit	N/A	94,986	336,104	21,084			452,174
Other assets held by Treasurer (primarily Teeter Plan notes)	N/R		401		14,538		14,939
Local Agency Investment Fund	N/R	70,000					70,000
Mutual funds	AAAm	28,631					28,631
Guaranteed investment contracts	N/R	368,163			640	62,628	431,431
Total investments held by Treasurer		1,146,120	2,185,116	474,327	430,551	74,727	4,310,841
Total in custody of Treasurer							4,324,306
Investments held by fiscal agents:							
City of Sacramento investment pool	N/R	7,975					7,975
Mutual funds	AAA/Aaa		1,114				1,114
Mutual funds	Aaa/AAAmG	5,353					5,353
Mutual funds	AAAm		942				942
Guaranteed investment contracts	N/R					20,672	20,672
Total investments held by fiscal agents		13,328	2,056			20,672	36,056
Total investments		\$ 1,159,448	2,187,172	474,327	430,551	95,399	
Total cash, investments, and restricted assets							\$ 4,362,758

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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The County did not participate in any security lending transactions or enter into any reverse repurchase agreements during 2004-05. The County's investment with the State's Local Agency Investment Fund (LAIF) is \$70,000, this investment is included in the State's Pooled Money Investment Account (a separately issued report of LAIF is available at <http://www.treasurer.ca.gov/pmia-laif/index.htm>). The total amount invested by all public agencies in the State's Pooled Money Investment Account is \$60.5 billion. Of that \$60.5 billion managed by the State Treasurer, 97.6 percent is invested in non-derivative financial products and 2.4 percent is invested in derivative financial products. The average maturity of PMIA investments was 165 days as of June 30, 2005. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County's portion in the pool.

Cash, investments, and restricted assets as shown on the basic financial statements at June 30, 2005, are as follows:

Government-wide statement of net assets:	
Cash and investments	\$ 1,523,193
Restricted assets, included in current assets	14,910
Restricted assets, included in noncurrent assets	150,637
Fiduciary funds statement of net assets:	
Agency	255,760
Investment Trust	<u>2,418,269</u>
Total cash, investments, and restricted assets per basic financial statements	4,362,769
Less interest receivable included in restricted assets	<u>(11)</u>
Total cash, investments, and restricted assets per summary of County cash deposits and investments	<u><u>\$ 4,362,758</u></u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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The following are condensed statements of net assets and changes in net assets for the Treasurer's Pool and Fiscal Agent Pool at June 30, 2005:

Statement of net assets	Treasurer's Pool	Fiscal Agent Pool	Total
Net assets held for pool participants	\$ 3,130,710	1,193,596	4,324,306
Equity of internal pool participants	\$ 1,632,344	273,693	1,906,037
Equity of external pool participants	1,498,366	919,903	2,418,269
Total equity	\$ 3,130,710	1,193,596	4,324,306
Statement of changes in net assets			
Net assets at July 1, 2004	\$ 2,697,290	672,013	3,369,303
Net changes in investments by pool participants	433,420	521,583	955,003
Net assets at June 30, 2005	\$ 3,130,710	1,193,596	4,324,306

A summary of the investments held by the Treasurer's and Fiscal Agent Pools are as follows:

	Carrying Value	Cost	Interest Rate Range (%)	Maturity Range
Government securities	\$ 2,379,648	2,425,524	1.6-8.6	07/05 - 02/26
Commercial paper	934,018	927,620	2.7-3.5	07/05 - 12/05
Negotiable certificates of deposit	452,174	452,297	2.0-3.5	07/05 - 06/06
Other assets held by Treasurer (primarily Teeter Plan notes)	14,939	15,339	2.5-4.4	08/05 - 08/09
Local Agency Investment Fund	70,000	70,000	2.9	
Mutual funds	28,631	28,231	2.5-2.8	
Guaranteed investment contracts	431,431	431,431	2.5-7.3	07/05-12/34
Total investments held by Treasurer	\$ 4,310,841	4,350,442		

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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NOTE 5 - LONG-TERM RECEIVABLES

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 as of year-end, but not yet earned.

At June 30, 2005, the various components of long-term receivables were as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Long-term receivables</u>			
Deferred revenues	\$ 33,876	54,913	88,789
Fund balances: reserved for assets not available	116	15,729	15,845
	<u>\$ 33,992</u>	<u>70,642</u>	<u>104,634</u>
<u>Long-term advances to other funds</u>			
Deferred revenues	\$	46,991	46,991
Fund balances: reserved for assets not available		719	719
Total advances to other funds	<u>\$</u>	<u>47,710</u>	<u>47,710</u>

Deferred revenue and unearned revenue reported were as follows:

	Unavailable	Unearned	Total
Governmental Activities:			
General Fund			
Intergovernmental receivable	\$ 33,876		33,876
Planning department pending projects		3,684	3,684
Advances		21,454	21,454
Other receivables		116	116
Total General Fund	<u>33,876</u>	<u>25,254</u>	<u>59,130</u>
Nonmajor Funds:			
Intergovernmental receivables	48,075		48,075
Charges for services	46,991		46,991
Advances		3,269	3,269
Other receivables	6,838		6,838
Total Nonmajor Funds	<u>101,904</u>	<u>3,269</u>	<u>105,173</u>
Total Governmental Funds	<u>135,780</u>	<u>28,523</u>	<u>164,303</u>
Reconciling items:			
Unavailable	(135,780)		(135,780)
Internal Service Funds		332	332
Swap premiums		16,973	16,973
Total Governmental Activities		<u>45,828</u>	<u>45,828</u>
Business-type activities:			
Airport		1,204	1,204
Total Business-type activities		<u>1,204</u>	<u>1,204</u>
Total Entity Wide		<u>\$ 47,032</u>	<u>47,032</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005, is as follows:

	Restated Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 95,658	6,187	(5,204)	96,641
Construction in progress	111,163	33,125	(8,762)	135,526
Total capital assets , not being depreciated	<u>206,821</u>	<u>39,312</u>	<u>(13,966)</u>	<u>232,167</u>
Capital assets, being depreciated:				
Buildings and improvements	530,346	17,174	(6,984)	540,536
Infrastructure	2,168,170	80,189		2,248,359
Equipment	230,626	20,422	(22,008)	229,040
Total capital assets, being depreciated	<u>2,929,142</u>	<u>117,785</u>	<u>(28,992)</u>	<u>3,017,935</u>
Less accumulated depreciation for:				
Buildings and improvements	(235,066)	(16,023)	921	(250,168)
Infrastructure	(1,465,778)	(40,078)		(1,505,856)
Equipment	(183,668)	(18,201)	21,351	(180,518)
Total accumulated depreciation	<u>(1,884,512)</u>	<u>(74,302)</u>	<u>22,272</u>	<u>(1,936,542)</u>
Total capital assets, being depreciated, net	<u>1,044,630</u>	<u>43,483</u>	<u>(6,720)</u>	<u>1,081,393</u>
Sub-total governmental activities	<u>\$ 1,251,451</u>	<u>82,795</u>	<u>(20,686)</u>	<u>1,313,560</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 66,612	16,411		83,023
Construction in progress	183,463	56,634	(127,157)	112,940
Total capital assets, not being depreciated	<u>250,075</u>	<u>73,045</u>	<u>(127,157)</u>	<u>195,963</u>
Capital assets, being depreciated:				
Buildings and improvements	455,821	138,764		594,585
Infrastructure	43,833	25,110		68,943
Equipment	107,625	13,155	(11,055)	109,725
Total capital assets, being depreciated	<u>607,279</u>	<u>177,029</u>	<u>(11,055)</u>	<u>773,253</u>
Less accumulated depreciation for:				
Buildings and improvements	(183,434)	(18,661)		(202,095)
Infrastructure	(5,968)	(1,691)		(7,659)
Equipment	(76,917)	(9,402)	10,653	(75,666)
Total accumulated depreciation	<u>(266,319)</u>	<u>(29,754)</u>	<u>10,653</u>	<u>(285,420)</u>
Total capital assets, being depreciated, net	<u>340,960</u>	<u>147,275</u>	<u>(402)</u>	<u>487,833</u>
Sub-total business-type activities	<u>\$ 591,035</u>	<u>220,320</u>	<u>(127,559)</u>	<u>683,796</u>

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In the fiscal year ending June 30, 2005, Metro Air Quality District is no longer part of the reporting entity. As a result, the July 1, 2004 beginning balance of the governmental-type activities has been restated in the amount of \$6,388, net of depreciation.

Depreciation expense was charged to functions/programs of the primary government as follows:

	Depreciation Expense
Governmental activities:	
General government	\$ 1,324
Public assistance	207
Public protection	3,239
Health and sanitation	533
Public ways and facilities	55,098
Recreation and culture	1,252
Education	677
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	11,972
Total depreciation expense - governmental activities	\$ 74,302
Business-type activities:	
Airports	\$ 16,104
Solid Waste	8,083
Parking	309
Water Agency	5,144
County Transit	114
Total depreciation expense - business-type activities	\$ 29,754

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
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NOTE 7 - INTERFUND TRANSACTIONS

The following summarizes interfund receivables and payables, advances to / from other funds, and transfers as of and for the year ended June 30, 2005:

Due From / To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General	Nonmajor governmental	\$ 17,577	Nonmajor enterprise	General	646	
	Airport	973		Nonmajor governmental	43	
	Water Agency	15		Internal service	3	
	Solid Waste	5			<u>692</u>	
	Nonmajor enterprise	43		Internal service	General	32,662
	Internal service	13,150			Nonmajor governmental	3,674
		<u>31,763</u>		Airport	1,969	
Nonmajor governmental	General	2,829		Solid Waste	251	
	Nonmajor governmental	2,651		Water Agency	731	
	Water Agency	45		Nonmajor enterprise	21	
	Internal service	168		Internal service	13,233	
		<u>5,693</u>			<u>52,541</u>	
Airport	Internal service	1,357	Agency	General	979	
				Nonmajor governmental	199	
Solid Waste	Nonmajor governmental	33		Airport	57	
	Internal service	58		Nonmajor enterprise	17	
		<u>91</u>		Internal service	232	
Water Agency	Internal service	9			<u>1,484</u>	
		<u>9</u>		Total	<u>\$ 93,630</u>	

COUNTY OF SACRAMENTO
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Amounts due the General Fund are related to: 1) Principal and interest due from Public Facilities Fixed Asset Financing Program (nonmajor governmental), 2) To fund community services activities pending reimbursement from federal, state and local government, 3) Sheriff security & Department of Environmental Review and Assessment services provided to the Airports, and 4) Reimbursement due from liability/property Internal Service fund for the final quarter of the fiscal year ending June 30, 2005.

Amounts due the nonmajor governmental funds are a result of: 1) Transactions to repay the Public Facilities Fixed Asset Financing Program for year end purchases, 2) Teeter excess, net penalty and interest revenue remaining after debt service interest costs are paid.

Amounts due the internal service funds are a result of: 1) Self-insurance funds owed costs of premiums for property insurance, workers' compensation claims, dental insurance costs and unemployment insurance from all funds, 2) General Services work requests for mailings, technical services, building design, and water quality work, 3) Services provided by Public Works-MIS unit to other internal service funds, 4) General Service facility management site work for other internal service fund departments, 5) Self-insurance fund owed overpayment of premiums for property insurance to Airports.

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Nonmajor governmental	General	\$ 35,816
	Nonmajor governmental	719
	Internal service	11,175
	Subtotal	47,710
Internal service	Internal service	133
	Total	\$ 47,843

Amounts advanced from nonmajor governmental funds are related to the Fixed Asset Financing Program which has financed \$35,816 for major capital projects (General Fund), and major bulk automobile purchases (internal service funds).

Advance from Economic Development fund (nonmajor governmental) to Accumulated Capital Outlay Capital Project Fund (nonmajor governmental) to remodel building at Mather \$719.

Public Works (internal service) advance of \$133 to General Services Internal Service Fund was for the scanning center.

COUNTY OF SACRAMENTO
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Transfers From / To Other Funds

Between funds within governmental activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	
General	Nonmajor governmental	\$ 45,090	Transfer to cover debt service payments, economic development and community development programs
Nonmajor governmental	General	11,708	Transfers for Transient Occupancy Tax and Teeter Property Tax
	Nonmajor governmental	24,871	Transfer to cover debt service payments and capital project transfer
	Solid waste	7,779	Transfers from Tobacco Litigation Settlement capital project fund for the purchase of clean fuel garbage and recycling trucks
	Nonmajor enterprise	3	Equity Transfers from Dental ISF
Internal service	General	2,549	Equity Transfers from Dental ISF
	Nonmajor governmental	76	Equity Transfers from Dental ISF
	Internal service	746	Equity Transfers from Dental ISF
	Internal service	2,363	Equity Transfers from Dental ISF
	Total	<u>\$ 95,185</u>	

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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NOTE 8 - LEASES

Lease Obligations

During the year ended June 30, 2003, the County of Sacramento entered into a capital lease agreement for facilities in the amount of \$10,390. Terms of the lease will not be finalized until 2006.

During the year ended June 30, 2001, the County of Sacramento entered into a capital lease agreement for facilities in the amount of \$3,150 with an interest rate of 12.0 percent per annum or the maximum legal rate and semi-annual lease payments of \$166 through December 2015.

As of June 30, 2005, the future minimum lease payments under capital leases are as follows:

	Capital Lease Agreements
<u>Year ending June 30</u>	<u>County</u>
2006	\$ 1,511
2007	1,540
2008	1,570
2009	1,601
2010	1,633
2011-2015	8,671
2016-2020	8,100
2021-2025	5,253
Total minimum lease payments	29,879
Less amount representing interest	(16,903)
Net Present value of minimum lease payments	\$ 12,976

The following is a schedule of capital assets under capital leases by major classes at June 30, 2005:

	Capital Assets under Capital Leases
	<u>Governmental Activities</u>
Structures and Improvements	\$ 12,867
Less: Accumulated depreciation	(1,009)
Total	\$ 11,858

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The County also leases buildings and equipment under operating leases, some of which contain escalation clauses. Future minimum non-cancelable operating lease payments for governmental and proprietary fund types as of June 30, 2005, are as follows:

<u>Year Ending June 30</u>	Operating Leases Commitment	
	Governmental	Proprietary
2006	\$ 24,680	2,257
2007	22,757	1,285
2008	21,258	731
2009	20,001	374
2010	19,958	374
2011-2015	78,484	160
2016-2020	53,690	
2021-2025	5,323	
	\$ 246,151	5,181

Operating leases may be terminated without substantial penalty if the Board of Supervisors determines that funds are not available for appropriation in the County budget.

Total rental payments for operating leases recorded in the governmental funds, the enterprise funds, and the internal service funds for the year ended June 30, 2005, were \$44,125, \$740, and \$5,031 respectively.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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Lease Income and Receivables

The Airport System derives a substantial portion of its revenues from charges to air carriers and concessionaires. Substantially all of the assets classified under capital assets in the Statements of Net Assets are held by the Airport System for the purpose of rental or related use.

The Airport System, as lessor, leases land, buildings and terminal space to air carriers and concessionaires on a fixed fee as well as a contingent basis. All leases of the Airport System are treated as operating leases for accounting purposes. Most of the leases provide for an annual review and re-determination of the rental amounts.

In fiscal year 2005, the Airport System received approximately \$4,046, for contingent rental payments in excess of stated minimums. The following is a schedule of future minimum rentals receivable on non-cancelable operating leases as of June 30, 2005.

Year Ending June 30	Future Minimum Rents
2006	\$ 14,424
2007	12,934
2008	11,587
2009	10,529
2010	8,495
2011-2015	32,477
2016-2020	4,144
2021-2025	2,363
2026-2030	591
2031-2035	297
Total future minimum rentals receivable	<u>\$ 97,841</u>

COUNTY OF SACRAMENTO
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NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2005:

	Restated Balance July 1, 2004	Additions	Retirements	Balance June 30, 2005	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 81,463	74,104	(70,209)	85,358	6,098
Certificates of participation	396,910		(87,795)	309,115	12,820
Teeter notes	15,019	18,546	(18,541)	15,024	401
Pension obligation bonds	528,591	426,131		954,722	
Revenue bonds	235,961	203	(6,055)	230,109	1,935
Other long-term debt	2,105	2,258	(1,088)	3,275	3,275
Capital lease obligations	13,115		(139)	12,976	166
Deferred amounts					
For issuance premiums	3,826		(262)	3,564	262
For issuance discounts	(3,550)		96	(3,454)	(97)
On refunding	(17,203)		1,148	(16,055)	(1,148)
Total governmental activities - long-term obligations	<u>\$ 1,256,237</u>	<u>521,242</u>	<u>(182,845)</u>	<u>1,594,634</u>	<u>23,712</u>
Business-type activities:					
Compensated absences	\$ 3,510	1,625	(1,135)	4,000	4,000
Revenue bonds	275,015		(6,060)	268,955	6,290
PFC and subordinate revenue bonds	53,260		(1,275)	51,985	1,340
Certificates of participation	36,565		(2,310)	34,255	2,415
Reimbursement agreements	1,958	1,228	(1,332)	1,854	
Usage fee - City	2,516		(436)	2,080	467
Deferred amounts					
For issuance premiums	4,477		(169)	4,308	
For issuance discounts	(4,468)		224	(4,244)	
On Refunding	(7,769)		384	(7,385)	
Total business-type activities - long-term obligations	<u>\$ 365,064</u>	<u>2,853</u>	<u>(12,109)</u>	<u>355,808</u>	<u>14,512</u>

At June 30, 2005, the Metropolitan Air Quality Management District is no longer part of the reporting entity. As a result, the July 1, 2004 beginning balances for governmental-type activities has been restated in the amount of \$5,611.

COUNTY OF SACRAMENTO
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Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$19,530 of internal services funds compensated absences are included in the above amounts. Also for the governmental activities, claims and judgments (if applicable) and compensated absences are liquidated by the General Fund.

The government-wide statement of net assets includes \$14,910 of the long-term liabilities due within one year for business-type activities in liabilities *payable from restricted assets*. Of this amount, \$6,705 represents current portion of long-term debt obligations.

Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2005 are as follows:

Governmental Activities:

Certificates of participation:

County of Sacramento Refunding Certificates of Participation, Main Jail Detention Facility, issued April 24, 2003, to advance refund the 1993 Refunding Certificates of Participation (Sacramento Main Detention Facility). Principal payments are due June 1, 2006 through the year 2015, escalating from \$3,315 to \$5,315, with interest ranging from 2.0 percent to 5.0 percent.	42,155
County of Sacramento 2003 Certificates of Participation (2003 Public Facilities Projects – ADA Improvements) issued April 24, 2003. Principal payments are due June 1, 2006, through the year 2034, escalating from \$285 to \$4,145, with interest rates ranging from 2.0 percent to 5.0 percent.	14,950
County of Sacramento 2003 Certificates of Participation (Juvenile Courthouse Project) issued June 19, 2003. Principal payments are due December 1, 2005, through the year 2034, escalating from \$680 to \$2,160, with interest rates ranging from 2.0 percent to 5.0 percent.	36,150
County of Sacramento, 1999 Refunding Certificate of Participation (1991 Refunding Certificates of Participation, Series B for Cherry Island Golf Course Project) issued December 14, 1999, to advance refund and defease \$8,900 of outstanding debt for County of Sacramento 1991 Refunding Certificates of Participation, Series B for Cherry Island Golf Course Project and finance certain improvements to golf courses owned by the County. Principal payments are due July 15, 2005, through the year 2018, escalating from \$385 to \$730, with interest rates ranging from 4.1 percent to 5.75 percent. A lump sum payment of \$3,830 is due July 15, 2018.	7,430
County of Sacramento Certificates of Participation (Administration Center and Courthouse Project) issued October 4, 1990, for the implementation of the County’s fixed asset financing program. This program provides long-term financing to County departments for the acquisition and construction of capital assets. Principal payments are due June 1, 2006, through the year 2020, escalating from \$3,240 to \$8,355, with a variable interest rate of 2.05 percent at June 30, 2005. The certificates are collateralized by the Main Jail Detention Facility, and secured by a letter of credit in the original amount of \$110,817. See Note 10 – Derivatives – Interest Rate Swap.	81,445
County of Sacramento 1997 Refunding Certificates of Participation (1994 Public Facilities Project – Coroner/Crime Lab and Data Center) issued January 1, 1998, to defease \$89,500 of outstanding debt for the County of Sacramento Certificates of Participation (1994 Public	

COUNTY OF SACRAMENTO
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Facilities Project). Principal payments are due October 1, 2005, through the year 2027, escalating from \$2,180 to \$6,170, with interest rates ranging from 4.3 percent to 5.0 percent. Lump-sum payments of \$17,495 and \$50,295 are due October 1, 2017, and October 1, 2027, respectively. 88,360

County of Sacramento Certificates of Participation (1997 Public Facilities Project) issued February 1, 1997, for the acquisition and construction of a dormitory jail and other improvements at the Rio Cosumnes Correctional Center, and defeasance of \$36,355 of outstanding debt: \$2,265 for California Counties Lease Financing Program Certificates of Participation and \$34,090 of outstanding debt for County of Sacramento Certificates of Participation (1990 Public Facilities Project). Principal payments are due February 1, 2006, through the year 2019, escalating from \$2,735 to \$4,070 with interest ranging from 4.875 percent to 5.375 percent. A lump-sum payment of \$13,420 is due February 1, 2019. 38,625

Total certificates of participation	309,115
Add: deferred amount for issuance premium	<u>3,564</u>
	<u>\$ 312,679</u>

Teeter notes:

County of Sacramento, 2000 Teeter Loan Agreement Note, dated September 1, 2000, to purchase the delinquent secured property taxes receivable as of June 30, 2000. Annual payments of principal and interest are due August 1 of each year and ending in 2005. The amount of principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2005. Interest payments will be at a variable rate that averaged 2.985 percent in fiscal year 2004-05 and was 3.590 percent at June 30, 2005. 401

County of Sacramento, 2001 Teeter Loan Agreement Note, dated August 27, 2001, to purchase the delinquent property taxes receivable as of June 30, 2001. Annual payments of principal and interest are due August 1 of each year and ending in 2006. The amount of principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2006. Interest payments will be at a variable rate that averaged 3.295 percent in fiscal year 2004-05 and was 4.0 percent at June 30, 2005. 1,933

County of Sacramento, 2002 Teeter Loan Agreement Note, dated September 20, 2002, to purchase the delinquent property taxes receivable as of June 30, 2002. Annual payments of principal and interest are due August 1 of each year and ending in 2007. The amount of principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2007. Interest payments will be at a variable rate that averaged 3.620 percent in fiscal year 2004-05 and was 4.150 percent at June 30, 2005. 2,362

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County of Sacramento, 2003 Teeter Loan Agreement Note, dated September 16, 2003, to purchase the delinquent property taxes receivable as of June 30, 2003. Annual payments of principal and interest are due August 1 of each year and ending in 2008. The amount of principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2008. Interest payments will be at a variable rate that averaged 3.844 percent in fiscal year 2004-05 and was 4.265 percent at June 30, 2005

2,988

County of Sacramento, 2004 Teeter Loan Agreement Note, dated September 14, 2004, to purchase the delinquent property taxes receivable as of June 30, 2004. Annual payments of principal and interest are due August 1 of each year and ending in 2009. The amount of principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2009. Interest payments will be at a variable rate that averaged 3.870 percent in fiscal year 2004-05 and was 4.380 percent at June 30, 2005

7,340

Total Teeter notes \$ 15,024

Pension obligation bonds:

County of Sacramento Pension Obligation Bonds issued July 5, 1995, \$538,060 of Series 1995 Taxable Pension Funding Bonds to fund the accrued actuarial liability of the County to the Retirement System. The issue is composed of \$404,060 of Series 1995A Fixed Rate Bonds, \$67,000 of Series 1995B Variable Rate Bonds, and \$67,000 of Series 1995C Variable Rate Bonds. Principal payments on the fixed rate bonds are due commencing August 15, 1998, through August 15, 2021, escalating from \$13,060 to \$78,879. Principal payments on the variable rate bonds are due commencing July 1, 2019, through July 1, 2022, with equal payments of \$33,500. Rates on the fixed rate bonds range from 6.625 percent to 7.68 percent. The variable rate bonds had an initial rate of 6.1 percent through July 1, 1998. Thereafter, the variable rate will be determined by the Remarketing Agent as explained below. The variable rate bonds (Series 1995B and Series 1995C) are secured by a letter of credit in the amount of \$134,000.

Interest on the Series 1995A Fixed Rate Bonds will be payable on February 15 and August 15 of each year commencing August 15, 1995. The Series 1995B Variable Rate Bonds and the Series 1995C Variable Rate Bonds will initially be issued in the Multiannual Mode (the interest rate will be determined by the Remarketing Agent to remain in effect for a rate period of one year or any multiple of one year) with the initial rate period ending on July 1, 1998, and interest payable semiannually on each January 1 and July 1 during the rate period commencing on January 1, 1996. For periods after July 1, 1998, the County has executed an agreement fixing the variable interest rate at 5.935 percent. See Note 10 – Derivatives – Interest Rate Swap. On July 15, 2003 a partial advance refunding and defease in the amount of \$128,430 from 2003 Taxable Pension Funding Bonds was done to provide budgetary relief over the next three to seven years. As of June 30, 2005 the balance of the advanced refunded bonds is \$99,395.

376,270

County of Sacramento Pension Obligation Bonds issued July 15, 2003, \$152,321 of Series 2003A & B Taxable Pension Funding Bonds. The net proceeds, \$149,630 established an irrevocable escrow fund to defease to maturity a portion of the Series 1995 Taxable Pension Funding Bonds, from August 15, 2003 through August 15, 2008. The issue is composed of \$54,879 of Series 2003A, Capital Appreciation Bonds,

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\$97,441 of Series 2003B Convertible Capital Appreciation Bonds to provide budgetary relief over the next three to seven years due to pension benefit enhancements and losses incurred by the pension system. Principal payments on the Series 2003A bonds are due commencing August 15, 2006, through August 15, 2008, escalating from \$9,757 to \$26,500. Principal payments on the Series 2003B bonds are due commencing August 15, 2022, for \$69,014, and August 15, 2023, for \$28,426. Rates on Series 2003A range from 2.44 percent to 3.46 percent. The rate on Series 2003B bonds is 5.73 percent.

The advance refunding resulted in a \$21,200 difference between the reacquisition price and the net carrying amount of the old debt. The difference will be amortized over the life of the refunded debt in accordance with GASB 23. The refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets.

152,321

County of Sacramento Pension Obligation Bonds issued July 24, 2004, \$426,131 of Series 2004 C-1, C-2 & C3 Taxable Pension Funding Bonds. The issue is composed of \$324,582 of Series C-1, \$39,147 of Series C-2 and \$62,402 of Series C-3 Convertible Auction Rate Securities. The bonds are issued to fund the accrued actuarial liability of the County to the Retirement System. The initial variable rate on issue C-1 was 3.42 percent through July 10, 2006, the initial variable rate on issue C-2 was 4.61 percent through July 10, 2009, the initial variable rate on issue C-3 was 5.63 percent through July 10, 2014. Principal payments on the Series C-1 bonds are due commencing July 10, 2007 through July 10, 2031, escalating from \$817 to \$41,521. Principal payment on the Series C-2 bonds are due on July 10, 2031, for \$39,160. Principal payments on the Series C-3 bonds are due on July 10, 2032 and July 10, 2033 in the amount of \$30,269 and \$32,132.

	<u>426,131</u>
Total pension obligation bonds	954,722
Less: deferred amount on refunding	<u>(16,055)</u>
	<u>\$ 938,667</u>

Revenue bonds:

Tobacco Securitization Authority of Northern California, Series 2001A Term Bonds for \$121,615. The first Series A Term Bonds for \$25,410 were issued at 98% of par with an interest rate of 5.25%, final early (Turbo) redemption date on June 1, 2015, with a due date June 1, 2031. The second Series A Term Bond for \$96,205 issued at 97.5% of par with an interest rate of 5.375%, final Turbo redemption on June 1, 2021, with a due date of June 1, 2041.

\$78,005 for the Series B Bonds. The first Series B Bonds for \$16,585 are serial issued with prices from 101.22 to 99.41%, interest rates ranging from 3% to 4.8% with maturities that commence June 1, 2003 through June 1, 2014. The second Series B Bonds include two Series B Term Bonds for \$61,420. The first for \$25,160 issued at 99.01%, with an interest rate of 4.375%, with a final Turbo redemption date of June 1, 2007, and due on June 1, 2021. The second for \$36,260 issued at 98% with interest rate of 5.0%, with a final Turbo redemption date of June 1, 2013, due date of June 1, 2028. A bond discount of \$3,604 was recorded net of proceeds. Accumulated amortization of the bond discount was \$345.

176,080

The Sacramento County Financing Authority issued three series of Revenue Bonds issued December 23, 2003 for the purpose of allowing the Authority to finance four redevelopment projects in designated redevelopment project areas in the City and County of Sacramento. The net

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proceeds were then in turn loaned to the County and City. The source of repayment of the bonds are tax increment and/or housing set-aside tax increment revenues, depending upon the project. Series A - \$33,696 Mather/McClellan and Del Paso Heights project areas improvements. The series includes \$14,000 in serial bonds, maturing from December 2004 - 2022, with interest rates ranging from 2.0% to 5.0%. In addition, \$8,165 in term bonds were issued with a stated rate of 5.125% maturing in December 2028. Another term bond of \$9,065 was issued with a stated interest rate of 4.75% which matures in December 2033. Finally, \$2,526 in capital appreciation bonds were issued with a stated interest rate ranging from 5.18% to 5.58% that mature from December 2020-2030. Series B - \$8,345 Mather/McClellan Housing Project. The issue consists of four term bonds ranging in value from \$670 to \$4,450. The bonds mature from 2008 through 2033. Stated interest rates range from 3.82%-6.26%. Series C - \$12,880 North Sacramento Project, North Sacramento Housing Project, Alkali Flat Project and Alkali Flat Housing Project. This issue contains 18 serial bonds, totaling \$8,665 maturing from December 2004 to 2021. Interest rates range from 2.5% to 5.3%. It also has two term bonds (\$1,635 and 2,580) maturing in December 2028 and 2033, respectively. Both term bonds have a stated interest rate of 5%.

	54,029
Total revenue bonds	230,109
Less: deferred amount for issuance discount	(3,454)
	\$ 226,655

Other long-term debt:

Sacramento County Water Agency reimbursement agreements with interest at net County Treasury Pool Rate to be paid on unpaid balance after County acceptance of project completion, unless paid within 60 days of acceptance and maturities ranging from 30 days to 5 years to be repaid from drainage permit revenues in the Water Agencies Special Revenue Fund.

\$ 3,275

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Long-term debt obligation maturities of governmental activities are summarized below. The amounts representing interest for variable rate obligations have been based on the debt's interest rate at June 30, 2005.

Year ending June 30	Certificates of Participation		Teeter Plan		Pension Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 12,820	11,379	401	411		1,380
2007	13,470	10,964	1,933	391	9,757	17,386
2008	14,035	10,508	2,362	322	19,438	17,237
2009	14,795	10,031	2,988	217	26,874	25,138
2010	15,605	9,510	7,340		13,136	76,935
2011 - 2015	92,035	38,488			73,896	357,008
2016 - 2020	71,115	23,484			150,966	344,439
2021 - 2025	32,095	14,244			361,864	162,874
2026 - 2030	29,200	6,439			155,721	63,844
2031 - 2035	13,945	2,103			143,070	15,917
	<u>\$ 309,115</u>	<u>137,150</u>	<u>15,024</u>	<u>1,341</u>	<u>954,722</u>	<u>1,082,158</u>

Year ending June 30	Revenue Bonds		Other	
	Principal	Interest	Principal	Interest
2006	\$ 1,935	11,708	3,275	
2007	1,925	11,648		
2008	2,705	11,584		
2009	2,725	11,483		
2010	2,775	11,376		
2011 - 2015	13,335	55,023		
2016 - 2020	7,650	52,657		
2021 - 2025	17,800	45,504		
2026 - 2030	50,475	39,584		
2031 - 2035	38,085	27,863		
2036 - 2040		25,855		
2041 - 2042	90,699	5,171		
	<u>\$ 230,109</u>	<u>309,456</u>	<u>3,275</u>	

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Swap Payments and Associated Debt: Using the rates as of June 30, 2005, debt service requirements of the variable rate debt and the net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year ending June 30	1990 COP Variable -Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	Debt Service
2006	\$ 3,240	1,914	1,995	7,149
2007	3,470	1,838	1,916	7,224
2008	3,710	1,756	1,831	7,297
2009	3,970	1,669	1,740	7,379
2010	4,250	1,576	1,643	7,469
2011 - 2015	26,145	6,234	6,498	38,877
2016 - 2020	36,660	2,701	2,815	42,175
	<u>\$ 81,445</u>	<u>17,688</u>	<u>18,438</u>	<u>117,570</u>

Year ending June 30	Pension Obligation Bonds Series B & C Variable-Rate		Interest Rate	Total
	Principal	Interest	Swaps, Net	Total
2006	\$	4,435	7,953	12,388
2007		4,435	7,953	12,388
2008		4,435	7,953	12,388
2009		4,435	7,953	12,388
2010		4,435	7,953	12,388
2011 - 2015		22,177	39,765	61,942
2016 - 2020	33,500	22,177	39,765	95,442
2021 - 2023	100,500	6,653	15,906	123,059
	<u>\$ 134,000</u>	<u>73,182</u>	<u>135,201</u>	<u>342,383</u>

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Business-type Activities:

Revenue bonds:

Series 1992 Airport System Revenue Bonds - Issued December 9, 1992, with interest rates ranging from 5.8 percent to 6.0 percent, payable January 1 and July 1. Annual principal payments ranging from \$585 to \$1,380 are due July 1 through 2024. The bonds are secured by the pledge of net revenues derived by the Department of Airports from the operations of the airport system. The bonds are subject to call and redemption at the Airport's option prior to their respective maturity dates as a whole on any date or in part on any interest payment date on or after July 1, 2002, at a price equal to the principal amount plus a premium ranging up to 1 percent. In September 1998, \$19,070 was refunded and in August 2002 \$10,220 was refunded. The series 1992 bonds are issued in parity with the outstanding principal balance of the Series 1989 bonds. The bonds are secured by the pledge of net revenues of the airport system. 6,290

Series 1996 A&B Airport System Revenue Bonds - Issued July 2, 1996, with interest rates ranging from 5.3 percent to 6.0 percent, payable January 1 and July 1. Annual principal payments ranging from \$2,340 to \$6,560 are due July 1, through 2024. The bonds are secured by the pledge of net revenues derived by the Department of Airports from the operations of the airport system. The bonds are subject to call and redemption at the Airport's option prior to their respective maturity dates as a whole on any date or in part on any interest payment date on or after July 1, 2006, at a price equal to the principal amount plus a premium ranging up to 2 percent. 84,085

On September 3, 1998, the County issued \$42,510 of Airport System Revenue Refunding Bonds, Series 1998A, and \$45,620 of Airport System PFC and Subordinated Revenue Refunding Bonds, Series 1998B (Series 1998 Bonds). The Series 1998 Bonds were issued to advance refund a portion of the principal amount of Series 1989 Senior Bonds, Series 1992 Senior Bonds, Series 1996 Senior Bonds, and Series 1996 PFC Bonds. The Airport System Revenue Refunding Bonds are secured by the pledge of future net revenues of the Airport System. The PFC and Subordinated Revenue Refunding Bonds are secured by the net proceeds of a Passenger Facility Charge approved by the Federal Aviation Administration in addition to net revenues of the Airport System subordinate and junior to the lien of the outstanding senior revenue bonds (including the Series 1998 Senior Revenue Bonds) and any additional senior revenue bonds which may be issued in the future. The interest rate on the bonds range from 4.1 to 5.0 percent and the final maturity is on July 1, 2026. 40,640

On July 26, 2002, the County issued \$74,015 of Airport System Revenue Bonds, Series 2002A. The Series 2002A Revenue Bonds were issued to finance primarily a multi-level parking garage for Sacramento International Airport. The bonds are payable from, and secured by, future Net Revenues of the Airport. The interest rate on the bonds range from 3.0 percent – 5.25 percent and the final maturity is on July 1, 2032. 72,675

On July 26, 2002, the County issued \$17,805 of Airport System Revenue Refunding Bonds, Series 2002B. The Series 2002B Revenue Refunding Bonds were issued to refund all of the outstanding Series 1989 Revenue Bonds and a portion of the outstanding series 1992A

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Revenue Bonds. The Bonds are payable from, and secured by, future Net Revenues of the Airport. The interest rate on the bonds range from 3.0 – 5.25 percent and the final maturity is on July 1, 2022. 15,380

On June 12, 2003, Sacramento County Water Financing Authority issued \$23,850 of 2003 serial 2003 series and \$26,945 of term series 2003 Revenue bonds. The interest rates on the serial bonds range from 2.0 percent to 5.0 percent, the term series bonds interest rate are 4.75 percent and 5.0 percent. The maturity dates on the serial bonds range from June 1, 2005 to June 1, 2023; the maturity on the term bonds range from June 1, 2028 and June 1, 2034.

	49,885
Total revenue bonds	268,955
Add: deferred amount for issuance premiums	4,308
Less: deferred amount for issuance discounts	(2,823)
Less: deferred amount on refunding	(3,862)
	\$ 266,578

PFC and subordinate revenue bonds:

Series 1996 C&D PFC and Subordinated Airport System Revenue Bonds - Issued July 2, 1996, with interest rates ranging from 5.3 percent to 5.9 percent, payable January 1 and July 1. Annual principal payments ranging from \$605 to \$1,500 are due July 1, through 2010. The bonds are secured by the pledge of net revenues derived by the Department of Airports from the operations of the airport system. The bonds are subject to call and redemption at the Airport's option prior to their respective maturity dates as a whole on any date or in part on any interest payment date on or after July 1, 2006, at a price equal to the principal amount plus a premium ranging up to 2 percent. 7,365

On September 3, 1998, the County issued \$42,510 of Airport System Revenue Refunding Bonds, Series 1998A, and \$45,620 of Airport System PFC and Subordinated Revenue Refunding Bonds, Series 1998B (Series 1998 Bonds). The Series 1998 Bonds were issued to advance refund a portion of the principal amount of Series 1989 Senior Bonds, Series 1992 Senior Bonds, Series 1996 Senior Bonds, and Series 1996 PFC Bonds. The Airport System Revenue Refunding Bonds are secured by the pledge of future net revenues of the Airport System. The PFC and Subordinated Revenue Refunding Bonds are secured by the net proceeds of a Passenger Facility Charge approved by the Federal Aviation Administration in addition to net revenues of the Airport System subordinate and junior to the lien of the outstanding senior revenue bonds (including the Series 1998 Senior Revenue Bonds) and any additional senior revenue bonds which may be issued in the future. The interest rate on the bonds range from 4.1 to 5.0 percent and the final maturity is on July 1, 2026. 44,620

	44,620
Total PFC and subordinate revenue bonds	51,985
Less: deferred amounts for issuance discounts	(929)
Less: deferred amount on refunding	(3,523)
	\$ 47,533

Certificates of Participation:

County of Sacramento Certificates of Participation, 1997 Public Facilities Project (Solid Waste Facilities) - Issued January 16, 1997, for the acquisition and construction of certain improvements to the County's solid waste collection, transfer, disposal, and processing system.

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Principal payments are due December 1 of each year through 2010, escalating from \$980 to \$1,735, with interest rates ranging from 4.9 percent to 5.3 percent. A lump-sum payment of \$9,165 is due December 1, 2016. 15,865

County of Sacramento Certificates of Participation, 1998 Public Facilities Project (Gas to Energy Facilities) - Issued September 1, 1998, for the acquisition and installation of three stationary internal combustion engines used for the production of electrical energy as well as ancillary buildings and equipment. Principal payments are due December 1 of each year through 2014, escalating from \$720 to \$1,065, with interest rates ranging from 4.0 percent to 4.5 percent. 8,800

County of Sacramento Certificates of Participation, 2002 Public Facilities Project (Solid Waste Facilities) - Issued June 18, 2002, for the acquisition of Kiefer Landfill real property. Principal payments are due December 1 of each year through 2012, escalating from \$205 to \$400, with interest rates ranging from 3.0 percent to 5.0 percent. A lump-sum payment of \$2,975 is due December 1, 2021. 4,795

County of Sacramento, 1999 Refunding Certificate of Participation (1991 Refunding Certificates of Participation, Series A for Parking Enterprise) issued December 14, 1999, to advance refund and defease \$7,545 of outstanding debt for County of Sacramento 1991 Refunding Certificates of Participation, Series A for Parking Enterprise. Principal payments are due July 15, 2005, through the year 2012, escalating from \$515 to \$605, with interest rates ranging from 4.0 percent to 5.1 percent. The County advance refunded Series 1991 Refunding Certificates of Participation, Series A for Parking Enterprise. 4,795

Total certificates of participation	34,255
Less: deferred amounts for issuance discount	(492)
	\$ 33,763

Reimbursement agreements:

The Sacramento County Water Agency enters into various reimbursement agreements with developers for construction of water supply facilities within the Agency's jurisdiction. Impact fees are established within the zone to pay for the construction of new water supply facilities. A reimbursement agreement is established when the amount of impact fees applied to the water supply facilities exceed the amount of the fees due to the contractors for performing the service of construction for the water supply facilities.

Total reimbursement agreements \$ 1,854

Usage fee – City:

The Water Agency has agreed to pay the City of Sacramento for use of Sacramento River water treatment plant facilities for diverting, treating and, conveying surface water. The long-term obligation will be repaid over a ten-year period ending fiscal year 2008-09. \$ 2,080

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Long-term debt obligation maturities of business-type activities are summarized below. The amounts representing interest for variable rate obligations have been based on the debt's interest rate at June 30, 2005.

Year ending June 30	Revenue Bonds		PFC and Subordinate Revenue Bonds		COP	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 6,290	13,668	1,340	2,577	2,415	1,601
2007	6,535	13,418	1,410	2,505	2,520	1,491
2008	6,790	13,151	1,480	2,428	2,645	1,373
2009	7,075	12,850	1,560	2,345	2,760	1,248
2010	7,390	12,517	1,645	2,256	2,885	1,115
2011 - 2015	42,775	56,595	9,560	9,941	15,230	3,336
2016 - 2020	55,180	43,827	12,145	7,289	5,020	588
2021 - 2025	67,560	27,019	15,505	3,849	780	39
2026 - 2030	44,695	11,034	7,340	372		
2031 - 2035	24,665	2,480				
	<u>\$ 268,955</u>	<u>206,559</u>	<u>51,985</u>	<u>33,562</u>	<u>34,255</u>	<u>10,791</u>

Year ending June 30	Reimbursement Agreements		Useage fee - City	
	Principal	Interest	Principal	Interest
2006	\$		467	130
2007			501	97
2008			537	61
2009	1,706		575	22
2010	148			
	<u>\$ 1,854</u>		<u>2,080</u>	<u>310</u>

The various debt indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various sinking funds. The County was in compliance with all such significant financial limitations and restrictions for fiscal year 2004-05.

Maturities for capital lease obligations are disclosed in Note 8. Debt service requirements for compensated absences have not been disclosed, as this information cannot be predicted.

At June 30, 2005, the County's debt limit for general obligation bonds and legal debt margin was \$1,163,625.

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NOTE 10 – DERIVATIVES - INTEREST RATE SWAP

1990 Certificates of Participation (COP)

Objective of the interest rate swap: As a means to stabilize its variable rate borrowing costs during a historically low fixed-rate interest environment, the County entered into an interest rate swap in connection with its \$105,750, 1990 Certificates of Participation. The intention of the swap was to effectively change the County's variable interest rate on the certificates to a synthetic fixed rate of 4.534%.

Terms: The certificates and the related swap agreement mature on June 1, 2020, and the swap's original notional amount of \$89,950 matched the \$89,950 variable-rate certificates. The swap's current notional amount is \$81,445. During January 1, 2007 through January 1, 2020, the counterparty has the option of ending the swap arrangement and no payments will be made to either party on the fixed and variable rate payment dates, nor will there be a termination payment. If the counterparty exercises this option, it will not constitute an early termination. The swap was entered into on October 9, 2002 with an effective date of January 2, 2003. Starting in fiscal year 2004-05, the notional value of the swap and the principal amount of the associated debt began to decline. Under the swap, the County pays the counterparty a fixed payment of 4.534% and receives a variable payment computed as 67% of the 1-month London Interbank Offered Rate (LIBOR). The certificates' variable rate payments are based on the Weekly Rate provided by Lehman Brothers, the remarketing agent.

Fair value: The swap had a negative fair value of \$11,327 at June 30, 2005. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because the payments on the County's variable-rate certificates adjust to changing interest rates, the certificates do not have a corresponding fair value increase.

Credit risk: As of June 30, 2005, the County was not exposed to credit risk resulting from a failure of the counterparty to perform because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to the credit risk of the counterparty in the amount of the derivative's fair value. The swap counterparty was rated AA by Fitch Ratings, AA- by Standard & Poor's and Aa2 by Moody's Investors Services as of June 30, 2005.

Basis risk: The swap exposes the County to basis risk. The effect of the difference in basis between 67% of 1-Month LIBOR and the Weekly Rate is indicated by the difference between the intended synthetic rate (4.534%) and the synthetic rate (4.799%) as of June 30, 2005. As a result of the actual synthetic rate being greater than the intended synthetic rate by 0.2655%, the County is incurring additional cost and thus the negative fair value of the agreement has increased to include the additional basis points cost. As of June 30, 2005, the Weekly Rate was 2.35%, whereas 67% of 1-Month LIBOR was 2.0845%.

Termination risk: The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate certificates would no longer carry a synthetic interest rate. If the swap is terminated, other than by the counterparty exercising its option under the agreement, and at the time of termination, the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the swap's fair value.

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One-time premium: As part of the swap agreement, the County received a one-time premium payment equal to the negative value of the swap agreement on January 2, 2003, totaling \$11,300 from the counterparty. The County has recorded this amount in the County's Statement of Net Assets as deferred revenue to be amortized over the term of the agreement. At June 30, 2005, the unamortized premium totaled \$9,690.

Pension Obligation Bonds

Objective of the interest rate swap: As a means to stabilize its variable rate borrowing costs, the County entered into an interest rate swap in connection with its \$134,000 County of Sacramento Taxable Pension Funding Bonds, Series 1995 Series B and C Variable Rate Bonds. The intention of the swap was to effectively change the County's variable interest rate on the bonds to a synthetic fixed rate of 5.935%.

Terms: The bonds and the related swap agreement mature on July 1, 2022, and the swap's original notional amount of \$134 million matched the \$134 million variable-rate bonds. The swap originated on July 1, 1998 with a termination date of July 1, 2002, and the option for the counterparty to extend the agreement at the same original synthetic fixed rate of 5.935%.

On April 5, 2000, the swap arrangement with the original counterparty was transferred to another counterparty, who also served as the remarketing agent for the variable rate bonds, with a new option for the counterparty to extend the term from June 30, 2002 to June 30, 2009. On July 1, 2002, the counterparty executed its option to extend to June 30, 2009 with the same original synthetic fixed rate of 5.935%.

On June 18, 2003, effective June 23, 2003, the County sold the counterparty an option to terminate the swap on any June 30 or December 30 from June 30, 2009 to December 30, 2014. The County received a one-time premium of \$8,100 for the option. If the counterparty exercises this option, it will not constitute an early termination.

Starting in fiscal year 2019-20, the notional value of the swap and the principal amount of the associated debt will begin to decline. Under the swap, the County pays the counterparty a fixed payment of 5.935% and receives a variable payment equal to the rate of interest (Weekly Rate) determined by the counterparty. The bonds' variable rate payments are also based on the Weekly Rate provided by the remarketing agent.

Fair value: The swap had a negative fair value of \$28,457 at June 30, 2005. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because the payments on the County's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase.

Credit risk: As of June 30, 2005, the County was not exposed to credit risk resulting from a failure of the counterparty to perform because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the County would be exposed to the credit risk of the counterparty in the amount of the derivative's fair value. In that event, because of the counterparty's current credit ratings, the counterparty is required to deliver collateral to the County. The swap counterparty was rated A+ by Fitch Ratings, A+ by Standard & Poor's and Aa3 by Moody's Investors Services as of June 30, 2005.

Basis risk: The swap does not expose the County to basis risk. As there is no effect of the difference in basis between the Weekly Rate of the intended synthetic rate (5.935%) and the synthetic rate (5.935%) as of June 30, 2005. As of June 30, 2005, the Weekly Rate was 3.31%.

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Termination risk: The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. If the swap is terminated, other than by the counterparty exercising its option under the agreement, and at the time of termination, the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the swap's fair value.

One-time premium: As part of the extended terms negotiated on June 23, 2004, the County received a one-time premium payment equal to the negative value of the swap agreement totaling \$8,100 from the counterparty. The County has recorded this amount in the County's Statement of Net Assets as deferred revenue to be amortized over the term of the agreement. At June 30, 2005, the unamortized premium totaled \$7,283.

NOTE 11 - SPECIAL ASSESSMENT DEBT AND RELATED ACTIVITIES

At June 30, 2005, special assessment improvement bonds outstanding for all assessment districts totaled \$152,070. Since the County is not obligated in any manner for special assessment bonds, the debt is not recorded in these financial statements. However, construction of special assessment projects and the related debt obligation proceeds are accounted for in the Capital Projects Funds. Since the County acts as an agent for the property owners in collecting assessments and forwarding such funds to the bondholders, this activity is reported in the Agency Funds.

On April 29, 2005, the Laguna Stonelake Community Facilities District No.1 issued \$11,525 of 2005 Refunding Bonds with interest rates ranging from 1.75 to 4.50 percent, the proceeds of which were used to defease the outstanding 1999 Bonds with an average interest rate of 6.3 percent. At June 30, 2005, the outstanding balance was \$11,525.

On September 28, 2004, the McClellan Park Community Facilities District issued \$10,250 of Special tax bonds with interest rates ranging from 3 percent to 5.875 percent. The principal purpose was to provide funding to pay the costs of acquiring and constructing public facilities. These bonds constitute the entire bonded indebtedness as of June 30, 2005. At June 30, 2005, the outstanding balance was \$10,250.

On October 30, 2002, the Laguna Community Facilities District issued \$9,480 of Series 2002 Special Tax Refunding Bonds with an average interest rate of 3.50 percent that were used to defease the Series 1992 Special Tax Bonds with an average interest rate of 5.46 percent. As of June 30, 2005, none of the Series 1992 Special Tax Bonds remain outstanding and the outstanding balance for Series 2002 Special Tax Refunding Bonds was \$3,260.

The Laguna Community Facilities District has been authorized to issue \$47,855 of Special Tax Bonds by Board of Supervisors' Resolution No. 87-794, dated June 9, 1987. The Series 1987 Bonds in the original aggregate principal amount of \$35,700 are the only bonds that have been issued that are counted under such authorization. Thus, as of June 30, 2005, authorized but unissued bonds amounted to \$12,155.

On December 30, 1997, the Laguna Creek Ranch/Elliott Ranch Community Facilities District No.1 issued \$31,980 of 1997 Refunding Bonds with an average interest rate of 5.08%, the proceeds of which were used to defease the outstanding 1990 Bonds with an average interest rate of 7.83%. The 1997 Refunding Bonds constitute the entire bonded indebtedness of the District. The District has been authorized to issue \$63,500 of Special Tax Bonds for both Improvement Area No. 1 and No. 2 by Board of Supervisors Resolution No. 910-2101 dated December 5, 1990, with \$26,000 being the authorized bonded indebtedness for Improvement Area No. 2 and \$37,500 for Improvement Area No. 1. The defeased 1990 bonds in original aggregate principal amount of \$24,155 are the only bonds that have been issued under such

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authorization. Thus, at June 30, 2005, \$1,845 of authorized Improvement Area No. 2 bonds and \$3,500 of authorized Improvement Area No. 1 bonds, remain unissued. As of June 30, 2005, the outstanding balance was \$25,615 for Improvement Area No. 1 and \$17,745 for Improvement Area No. 2.

The Metro Air Park Community Facilities District has been authorized to issue \$7,250 of Special Tax Bonds. On November 10, 1998, the Metro Air Park Community Facilities District issued \$5,310 of special tax bonds with an interest rate of 7.0 percent. These bonds constitute the entire bonded indebtedness as of June 30, 2005. The outstanding balance at June 30, 2005, was \$4,785.

The Metro Air Park Community Facilities District has been authorized to issue \$63,260 of Special Tax Bonds. On April 8, 2004, the Metro Air Park Community Facilities District issued \$63,260 of special tax bonds with an interest rate of 7.0 percent. These bonds constitute the entire bonded indebtedness as of June 30, 2005. The outstanding balance at June 30, 2005, was \$63,460.

The Park Meadows Community Facilities District No. 1 has been authorized to issue \$1,122 of Special Tax Bonds by Board of Supervisors Resolutions No. 2000-0648, 2000-0649, and 2000-0650. On June 28, 2000, Park Meadows issued Current Interest Bonds in the amount of \$230 at the interest rate of 7.75 percent, and Convertible Capital Appreciation Bonds in the original principal amount of \$892 at the interest rate of 8.25 percent. These bonds constitute the entire bonded indebtedness as of June 30, 2005. At June 30, 2005, the outstanding balance was \$977.

The following accounts for debt activity for a variety of special assessment districts where money have been borrowed under the 1911/1915 Improvement Bond Act:

1911 Bond Series 1989-01, Street Improvement Bonds, issued July 24, 1989 for \$654, with an interest rate of 7.8%. At June 30, 2005, the outstanding balance was \$1.

1911 Bond Series CSD-110, Sewer Improvement Bonds, issued December 14, 1993 for \$191, with an interest rate of 7.0%. At June 30, 2005, the outstanding balance was \$32.

1915 Act Bonds for Jackson Road Industrial Park issued July 19, 1988 for \$1,419, with an interest rate of 8.1%. As of June 30, 2005, the outstanding balance was \$475.

1915 Act Bonds for Sunrise/Cordova 98 refunding issued July 21, 1998 for \$22,685, with an interest rate of 5.4%. At June 30, 2005, the outstanding balance was \$11,780.

1915 Act Bonds for Hampton Village A.D. issued April 11, 1995 for \$2,283, with an interest rate of 6.9%. At June 30, 2005, the outstanding balance was \$615.

1915 Act Bonds for Bradshaw / U.S. 50 Corridor A.D. issued August 10, 1995 for \$2,301 with an interest rate of 7.1%. At June 30, 2005 the outstanding balance was \$1,550.

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NOTE 12 - INTEREST COSTS

The County's total interest costs relating to outstanding debt excluding interest costs on interfund advances (see Note 7) for the year ended June 30, 2005, is as follows:

Debt service funds	\$ 50,809	Total interest capitalized	\$ 1,762
Enterprise funds	18,601		
Internal service funds	2,085	Total interest charged to	69,733
		expense/expenditures	
	\$ 71,495		\$ 71,495

During fiscal year 2004-05, interest costs of \$1,762 relating to bonds issued for the construction of projects were capitalized for enterprise funds.

NOTE 13 - COMMITMENTS

The County has entered into several agreements related to the construction of capital projects, the expansion of the airport and other activities.

Airport - The Department of Airports had approximately \$18,888 in outstanding construction contract commitments at June 30, 2005.

Solid Waste Enterprise Fund - Solid Waste has entered into equipment and construction agreements totaling \$8,265 at June 30, 2005.

Water Agency - The Agency has entered into contracts for the construction of certain projects totaling \$138 at June 30, 2005.

NOTE 14 - CLOSURE AND POSTCLOSURE CARE COST

The County uses GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs". This statement is based on state and federal laws and regulations that place specific requirements on the County regarding closure and postclosure maintenance and monitoring functions for the Solid Waste Department for 30 years after closure

Solid Waste reported closure and postclosure care liabilities at June 30, 2005, as follows:

Solid Waste (Enterprise Fund)	\$ 14,025
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Solid Waste will recognize Kiefer landfill costs of \$25,950 as the remaining capacity in the landfill is used in future years. Solid Waste included Kiefer landfill postclosure care liabilities at June 30, 2005, of \$10,162 and at June 30, 2004, of \$9,620 for a change in liability of \$542. At June 30, 2005, the capacity of the landfill used to date was 28 percent and the estimated remaining landfill life is 32 to 37 years.

Solid Waste included Elk Grove landfill postclosure care liabilities at June 30, 2005, of \$3,363 and at June 30, 2004, of \$3,540 for a change in liability of \$177. The landfill is 100 percent full and the postclosure 30-year liability period runs through June 2024. At June 30, 2005, the reported liabilities represent postclosure costs for the remaining 19 years.

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The fund reported Grand Island Landfill postclosure care liabilities at June 30, 2005 of \$500. There were no reported liabilities at June 30, 2004. The landfill is 100% full and the postclosure 30-year liability period runs through June 2029. At June 30, 2005 the reported liabilities represent postclosure costs for the remaining 24 years.

These future closure and postclosure costs are based on what it would cost to perform all closure and postclosure care in 2005. Actual costs may be higher due to inflation, changes in technology, and/or changes in regulations.

The County is required by state and federal laws and regulations to provide financial assurance that appropriate resources will be available to finance closure and postclosure care costs in the future. For Solid Waste, management has reserved a portion of retained earnings to comply with the laws and regulations. The County will increase these reserved retained earnings annually as the closure of the sites approaches. Management expects that any changes to future closure and postclosure costs (due to changes in technology or applicable laws or regulations, for example) will be paid from charges to future users.

NOTE 15 - RETIREMENT PLAN

All County full-time and part-time employees participate in the Sacramento County Employees' Retirement System ("SCERS" or the "System"), a multiple-employer, cost-sharing, public employee retirement system. For purposes of County financial statements, SCERS is considered a sole employer plan because the County's contributions substantially make up the total contributions of the plan. Membership in the System primarily consists of employees of the County. The System provides retirement, disability, and death benefits based on the employee's years of service, age and average final compensation. Employees vest after 5 years of service and may receive retirement benefits at age 50. A summary of System membership at June 30, 2005 is available on the System's web site at www.scers.org. The System's Comprehensive Annual Financial Report, including a separate audit of the financial statements for the fiscal year ended June 30, 2005, is available on the System's web site or can be obtained by contacting the County's Department of Finance.

Funding Policy

Contributions to the plan are made pursuant to Section 31584 of the County Employees Retirement Law of 1937. The System's funding policy provides for periodic contributions at actuarially-determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate adequate assets to pay benefits when due. Members of the System are required to contribute between 3.57% and 11.58% of their annual covered salary. The County is obligated by state law to make all required contributions to the plan, ranging from 13.14% to 35.18% of covered payroll. The required contributions include current service cost and amortization of prior service cost over a 30-year closed amortization period with 28 years remaining as of June 30, 2005. Employer contribution rates are determined using the entry age normal funding method based on a level percentage of payroll. The System also uses this actuarial method to amortize the unfunded liability, if applicable.

On July 24, 2004, SCERS received \$420,000 in proceeds from pension obligation bonds (POB) issued by the County. SCERS also received \$10,538 in POB proceeds from the Sacramento Metropolitan Fire District on October 20, 2004. SCERS recorded the POB proceeds as contributions when received. Contributions for the year ended June 30, 2005 totaled \$566,534. Included in this total were employer contributions of \$529,618 and member contributions of \$36,916. All contributions were made in accordance with actuarially-determined contribution requirements based on the actuarial valuations performed as of June 30, 2003. Additionally, the effect of the POB proceeds received from the County was reflected in the employer contribution rates charged during the year ended June 30, 2005.

Annual Pension Cost

The County's annual pension cost and required and actual contributions were determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 3.50 % annual general inflation, (b) 7.75% investment rate of return (net of administrative expenses), and (c) Projected salary increases of 4.95% to 11.55% for miscellaneous; 3.75% to 9.65% for safety (includes inflation at 3.50% , plus real across the board salary increase of 0.25% plus

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merit and longevity increases). The actuarial value of SCERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period (smoothed fair value). SCERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a period of 30 years, on a closed basis. The County's annual pension cost and pension assets for the year ended June 30, 2005, were as follows

Annual required contribution	\$ 95,371
Interest on beginning net pension asset	(46,149)
Adjustment to the annual required contribution	45,093
Annual pension cost	94,315
Contributions made	95,372
Increase in net pension asset	1,057
Pension Obligation Bonds, Series 2004 issued July 24, 2004	420,000
Net pension asset, beginning of year	600,837
Net pension asset, end of year	\$1,021,894

The County's contributions to the plan in the fiscal year ended June 30, 1996 included \$538,060 from the proceeds of the Pension Obligation Bonds, Series 1995. In addition, the County contribution to the plan in the fiscal year ended June 30, 2005 included \$420,000 from the proceeds of Pension Obligation Bonds, series 2004.

Three-year trend information:

Fiscal year Ended	Annual Pension Cost (APC)	Contribution	Percentage Of APC Contributed	Net Pension Asset
6/30/03	\$ 36,383	40,818	112%	597,985
6/30/04	109,884	112,736	103%	600,837
6/30/05	94,315	515,371	546%	1,021,894

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

Schedule of funding progress for SCERS:

Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded/AAL	Annual Funded Ratio	Covered Payroll	Unfunded/ (Overfunded) AAL as a Percentage of Covered Payroll
6/30/03	\$ 3,864,400	4,108,294	243,894	94.1%	733,296	33.3%
6/30/04*	4,379,514	4,694,009	314,495	93.3%	714,069	44.0%
6/30/05	4,530,583	4,860,882	330,299	93.2%	722,015	45.7%

*Actuarial value of assets as of June 30, 2004 includes receivable contributions from pension obligation bonds.

NOTE 16 - SELF-INSURANCE

The County self-insures for property damage, general liability, workers' compensation, unemployment, and dental insurance claims. Self-insurance programs are accounted for in internal service funds, and interfund premium charges are treated as interfund services. Interfund premiums are based primarily upon the insured funds' claims experience and are adjusted for any excess or deficit net assets within the self-insurance funds. At June 30, 2005, governmental and proprietary funds owed premium charges to the Liability/Property, Workers' Compensation, and Other Self-Insurance funds. It is the County's policy to fund the governmental funds' liability for premium charges by making provisions in budgets of succeeding years. The self-insurance internal service funds recognize revenue and the owing funds expense/expenditure when the owing funds make payment to the self-insurance internal service funds.

The Liability/Property and the Workers' Compensation Self-Insurance funds' estimated claim liabilities are actuarially based and include claims incurred but not reported. The estimated liabilities include provisions for allocated claims adjustment expenses, including administrative, attorney, and other associated expenses. Proceeds received for salvage and subrogation are recognized as revenue in the year of receipt, and therefore are not included in the estimated liabilities.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

Reconciliation of Claims Liabilities

	Liability/Property		Worker's Compensation		Dental & Unemployment	
	2005	2004	2005	2004	2005	2004
Unpaid claims and claim adjustment expenses at beginning of the fiscal year						
Current portion	\$ 13,574	12,228	13,603	12,563	441	
Noncurrent	16,992	15,872	84,630	75,690		
Total beginning balance	<u>30,566</u>	<u>28,100</u>	<u>98,233</u>	<u>88,253</u>	<u>441</u>	
Incurred claims and claim adjustment expenses:						
Provision for insured events for current year	10,540	10,864	28,739	26,069	1,336	16,495
Increase (decrease) in provision for insured events of prior fiscal years	7,439	6,590	1,005	10,362		
Total incurred claims and claim adjustment expenses	<u>17,979</u>	<u>17,454</u>	<u>29,744</u>	<u>36,431</u>	<u>1,336</u>	<u>16,495</u>
Payments:						
Claims and claim adjustment expenses attributable to insured events of current fiscal year	1,149	1,412	3,506	3,389		16,054
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	15,706	13,576	16,999	23,062	441	
Total payments	<u>16,855</u>	<u>14,988</u>	<u>20,505</u>	<u>26,451</u>	<u>441</u>	<u>16,054</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year.	<u>\$ 31,690</u>	<u>30,566</u>	<u>107,472</u>	<u>98,233</u>		<u>441</u>
Current portion of unpaid claims and claim adjustments	\$ 11,591	13,574	20,440	13,603		441
Non current portion of unpaid claims and claim adjustments	<u>20,099</u>	<u>16,992</u>	<u>87,032</u>	<u>84,630</u>		
Total current and non current unpaid claims and claim adjustment expenses at end of the fiscal year.	<u>\$ 31,690</u>	<u>30,566</u>	<u>107,472</u>	<u>98,233</u>		<u>441</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

Coverage for specific perils required under the terms of certain debt issues and County policies obtained from outside carriers is as follows:

Coverage	Amount	Deductible Provision	
Airport Liability & Hanger keepers	\$ 500,000	\$25/\$100	Each occurrence / Aggregate
Property Program:			
Property Insurance (All)	1,241,000	50	Each occurrence
Flood	1,241,000	2% / 100 minimum	Per Building / Each occurrence
Earthquake	375,000	5% / 100 minimum	Per building / Each occurrence
Sheriff Vehicle Physical Damage	26,075	10	Each vehicle
Boiler/Machinery	100,000	5	Each occurrence
Crime:		25 water treatment plant locations	
Faithful Performance	10,000	20	Each occurrence
Employee Dishonesty	10,000	20	Each occurrence
Forgery/Money/Computer Fraud	10,000	20	Each occurrence
Helicopter/Airplane			
Liability	25,000	None	Not applicable
Hull (Physical Damage)	5,270	Various	5% In-motion / \$1 not-in-motion
Fiduciary Retirement Liability	10,000	50	Each claim
General Liability (Excess)	25,000	2,000	Self-insured retention
Pollution Liability	10,000	25/100 (Sewer lines)	Each occurrence
Workers' Compensation (Excess)	110,000	2,000	Self-insured retention
Employers' Liability	15,000	2,000	Self-insured retention

During the last several years, there have been no settlements in excess of insurance coverage limits. Airport Liability and Hangerkeepers Coverage is subject to a War & Terrorism exclusion. Effective 3/31/05 County property is covered for Terrorism Coverage subject to a \$200,000 occurrence and annual aggregate limit.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

NOTE 17 – NET ASSETS/FUND BALANCES

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

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

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

As of June 30, 2005, reservations of fund balance are described below:

- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received.
- *Capital asset acquisitions* – to reflect amounts that are restricted due to debt covenants requiring that the expenditures only be used for fixed asset acquisition and management of the program.
- *Assets not available:*
 - *Teeter plan tax loss* – to cover losses in the event that a shortfall may occur as a result of the sale of tax-defaulted property.
 - *TRANS interest* – to cover accrued interest on Tax and Revenue Anticipation Notes not payable from current year appropriation.
 - *Teeter plan delinquencies* – to cover long-term delinquent taxes when the final note payment is made.
 - *Imprest cash* – to reflect the funds held by departments for imprest cash expenditures. Such amounts do not represent available spendable resources.
 - *Long term receivables and advances to other funds* – to reflect the amount due from other funds and receivables that are long-term in nature. Such amounts do not represent available spendable resources.
- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general operations.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

- *Future construction* – to reflect management’s intent to expend these funds solely for planned capital projects.

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures. Fund balance designations include:

- *General uses* – to reflect management’s intent to fund County operations and to improve cash reserves.
- *Cash flow* – to reflect the impact on cash flows of budget uncertainties.
- *Teeter plan notes* – to reflect an amount equal to the amount of the final payment on the Teeter note.
- *Booking fees* – to reflect management’s intent to provide funds for rate reduction in booking fees charged to cities.
- *Rate stabilization* – to reflect management’s intent to stabilize various billing rates.
- *Future services* – to reflect management’s intent to provide funding for unspecified services and capital projects.
- *Future construction* – to reflect management’s intent to expend these funds on unspecified future capital projects.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

NOTE 18 - FUND BALANCES

Fund balances, which are not available for appropriation or are not considered "expendable available financial resources" are reserved. Unreserved fund balances that have been earmarked by the Board of Supervisors for specified purposes are considered designated. Such reserved and designated fund balances at June 30, 2005 are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Reserved			
Encumbrances	\$ 15,211	68,029	83,240
Capital asset acquisitions	19,527		19,527
Assets not available:			
Teeter plan tax loss	4,617		4,617
TRANS interest	500		500
Teeter plan delinquencies	1,500		1,500
Imprest cash	254	148	402
Long term receivables and advances to other funds	116	16,448	16,564
Debt service		56,364	56,364
Future construction		139,774	139,774
	<u>41,725</u>	<u>280,763</u>	<u>322,488</u>
Unreserved/Designated			
General uses	15,478	29,498	44,976
Cash flow	15,000	336	15,336
Teeter plan notes	2,349		2,349
Booking fees	1,450		1,450
Rate stabilization		629	629
Future services	2,127	71,401	73,528
Future construction		21,413	21,413
	<u>36,404</u>	<u>123,277</u>	<u>159,681</u>
Total Unreserved/Designated Fund Balances	36,404	123,277	159,681
Total Unreserved/Undesignated Fund Balances	<u>123,823</u>	<u>114,828</u>	<u>238,651</u>
Total Unreserved	<u>160,227</u>	<u>238,105</u>	<u>398,332</u>
 Total Fund Balances	 <u>\$ 201,952</u>	 <u>518,868</u>	 <u>720,820</u>

As not all long-term assets are reserved, see Note 5 for the allocation between reserved fund balance and deferred revenue as Note 1 discloses as being the policy of the County.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

NOTE 19 – RESTATEMENT OF NET ASSETS

The effect of the elimination of Metro Air Quality District on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances is summarized as follows:

	Governmental Activities	Nonmajor Governmental Funds
Net Assets/Fund Balances, as previously reported	\$ 1,310,598	637,098
Elimination of blended component unit:		
Fund balance	(12,897)	(12,897)
Reconciling items:		
Capital assets	(6,388)	
Long term obligations	5,611	
Accrued interest payable	158	
	(13,516)	
Net Assets/Fund Balances, as restated	\$ 1,297,082	624,201

NOTE 20 - CONTINGENCIES

The County is a defendant in various lawsuits related to self-insurance programs and for other claims, including construction, property tax assessments, and claims arising from audits of federal- and state-funded programs. Anticipated costs related to such claims and litigation are accrued in the Self-Insurance funds where appropriate. Although the final outcome of these matters cannot be predicted, the County believes that these accruals are adequate to provide for its estimated future obligations in these matters, and that any amounts in excess of such accruals will not be significant to the County.

NOTE 21 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

On July 1, 2005, the County issued \$380,000 in 2005 Tax and Revenue Anticipation Notes, \$380,000 at a rate of 3.705 percent to mature on July 10, 2006. The notes are issued to supplement County cash flows until taxes and other revenues are collected. On July 11, 2005 the 2004 Tax and Revenue Anticipation notes in the amount of \$370,000 matured and were redeemed.

Teeter Plan

On October 4, 2005, the County issued its twelfth Teeter Note (2005 Teeter Note) and purchased under the Teeter Plan the delinquent secured property tax receivables at June 30, 2005, in the amount of \$21,190 from the local taxing entities and selected special assessment districts in Sacramento County. The financing of this purchase was accomplished by a five-year legal, secured medium-term note obligation of the County that was purchased by the Treasurer's Pool. The terms of the note include a variable interest rate, adjusted on a quarterly basis, equal to the rate of interest on the Constant Maturity U.S. Treasury Note for the number of years corresponding to the remaining term of the note. The County agreed to make principal and interest payments on the note annually on or before August 1 each year, commencing August 1, 2005. Such payments may be made more frequently, but not more often than quarterly. The note matures August 1, 2010.

Note 1 (Property Taxes) and Note 9 further describe the Teeter Note issues.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

Taxable Pension Funding Bonds 2004C-1 Swap

OBJECTIVE OF THE INTEREST RATE SWAP: On July 21, 2004, for effective date July 10, 2006, the County entered into a swap agreement with Merrill Lynch Capital Services, Inc. in connection with the Series C-1 variable rate portion of the Taxable Pension Funding Bonds, Series 2004 C-1, C-2, and C-3 totaling \$426,131. The County did not wish to take the interest rate risk associated with the Series C-1 variable rate bonds and also needed a payment of accrued interest established, since the C-1 bonds were structured to pay its initial variable rate of 3.4225%, on July 10, 2006, two years after issuance date. On July 10, 2006, a new variable rate would be determined. In order to protect exposure against higher interest rates in 2006, the County executed a swap agreement with Merrill. The County will pay a fixed rate of 5.901% to Merrill and Merrill will pay a variable rate of the 1-month LIBOR to the County.

TERMS: The bonds and the related swap agreement mature on June 10, 2030, and the swap's original notional amount of \$347,675 matched the \$347,675 accreted value on the variable-rate bonds. The swap's current notional amount is \$347,675. The swap was entered into on July 21, 2004, with an effective date of July 10, 2006. Under the swap, the County pays the counterparty a fixed payment of 5.901% and receives a variable payment computed on the 1-month LIBOR. The bonds' variable rate payments are based on the Convertible Auction Rate of 3.4225%.

FAIR VALUE: If the swap was in effect, it would have a negative fair value of \$53,626 at June 30, 2005. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because the payments on the County's variable-rate certificates adjust to changing interest rates, the certificates do not have a corresponding fair value increase.

CREDIT RISK: If the swap was in effect, the County would not be exposed to credit risk resulting from a failure of the counterparty to perform because the swap had a negative fair value. The swap counterparty was rated A+ by Standard & Poor's and Aa3 by Moody's Investors Services.

BASIS RISK: If the swap was in effect, the County would be exposed to basis risk. The effect of the difference in basis between 1-Month LIBOR and the Convertible Auction Rate is indicated by the difference between the intended synthetic rate (5.901%) and the synthetic rate (5.9835%) as of June 30, 2005. As a result of the actual synthetic rate being greater than the intended synthetic rate by 0.0825%, the County is incurring additional cost and thus the negative fair value of the agreement has increased to include the additional basis points cost. As of June 30, 2005, the Convertible Auction Rate was 3.4225%, whereas 1-Month LIBOR was 3.34%.

TERMINATION RISK: The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate certificates would no longer carry a synthetic interest rate. If the swap is terminated, other than by the counterparty exercising its option under the agreement, and at the time of termination, the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the swap's fair value.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

Airports System Revenue Bonds Series 1996A Swap

OBJECTIVE OF THE INTEREST RATE SWAP: In 1996 the Sacramento County Airport System (Airport System) issued four series A, B, C, and D of revenue bonds totaling \$168,280. Series B and D have been advanced refunded; however, A and C are subject to Alternative Minimum Tax and consequently cannot be advanced refunded. In order to take advantage of the current low interest rates, reduce exposure to the possibility of higher interest rates in 2006 when the bonds first become callable and reduce its overall cost of borrowing, the Airport System entered into a forward fixed rate trigger swap with Morgan Stanley, the Counterparty, on September 8, 2004. The Airport System will pay a fixed rate of 3.785% to the Counterparty and the Counterparty will pay a variable rate tied to the LIBOR rate, adjusted depending on whether the LIBOR rate either exceeds or is less than three percent.

TERMS: The swap was entered into on September 8, 2004, with an effective date of May 2, 2006. The bonds and the related swap agreement mature on July 1, 2024. The swap's original notional amount of \$83,475 matched the \$83,475 variable-rate bonds. The swap's current notional amount is \$83,475. Under the swap, the Airport System pays the Counterparty a fixed payment of 3.785% and receives a variable payment computed on 68% of the 1-month LIBOR if the LIBOR rate is above 3% and if 3% or less, 58% of the 1-month LIBOR, plus 30 basis points. The bond's variable rate payments will be based on a variable rate to be determined in July 2006.

FAIR VALUE: If the swap was in effect, it would have a negative fair value of \$4,517 at June 30, 2005. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because the payments on the Airport System's variable-rate certificates adjust to changing interest rates, the certificates do not have a corresponding fair value increase.

CREDIT RISK: If the swap was in effect, the Airport System would not be exposed to credit risk resulting from a failure of the Counterparty to perform because the swap had a negative fair value. The swap Counterparty was rated A+ by Standard & Poor's and Aa3 by Moody's Investors Services.

BASIS RISK: If the swap was in effect, the Airport System could be exposed to basis risk. The effect of the difference in basis between 1-month LIBOR and the variable rate would be indicated by the difference between the intended synthetic rate (3.785%) and the synthetic rate which will be determined July 2006.

TERMINATION RISK: The Airport System or the Counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate certificates would no longer carry a synthetic interest rate. If the swap is terminated, other than by the Counterparty exercising its option under the agreement, and at the time of termination the swap has negative fair value, the Airport System would be liable to the Counterparty for a payment equal to the swap's fair value.

Tobacco Securitization Authority of Northern California

On December 9, 2005, the Tobacco Securitization Authority of Northern California (a component unit of the County of Sacramento) issued \$250,782 of Tobacco Settlement Asset-Backed Bonds, Series 2005. The bonds consist of Series 2005A-1 Senior Current Interest Bonds \$216,920, Series 2005A-2 Senior Convertible Bonds \$11,950, Series 2005B First Subordinate CABs \$10,756 and Series 2005C Second Subordinate CABs \$11,156. The bonds were issued to fund the Authority's loan to the Sacramento County Tobacco Securitization Corporation; (a component unit of the County of Sacramento) and to advance refund all of the outstanding 2001 bonds. The final maturity date for Series 2005A-1 Senior Current Interest Bonds June 1, 2024 for the Series 2005A-2 Senior Convertible Bonds June 1, 2020, For Series 2005B First Subordinate CABs June 1, 2030, and for Series 2005C Second Subordinate CABs June 1, 2032.

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Assets:				
Cash and investments	\$ 307,776	65,611	163,604	536,991
Receivables:				
Billed	23,628		1,121	24,749
Interest			4	4
Intergovernmental	2,883		4,010	6,893
Due from other funds	3,426	34	2,233	5,693
Long-term advances to other funds	47,710			47,710
Long-term receivables	7,543	63,099		70,642
Total assets	\$ 392,966	128,744	170,972	692,682
Liabilities and fund balances:				
Liabilities:				
Warrants payable	\$ 2,146		1,983	4,129
Accrued liabilities	10,002	6	6,438	16,446
Intergovernmental payable	16,053	483	6,634	23,170
Due to other funds	12,484	8,792	2,901	24,177
Deferred revenues	57,098	48,075		105,173
Long-term advances from other funds			719	719
Total liabilities	97,783	57,356	18,675	173,814
Fund balances:				
Reserved for:				
Encumbrances	22,551		45,478	68,029
Assets not available	1,572	15,024		16,596
Debt service		56,364		56,364
Future construction			139,774	139,774
Unreserved:				
Designated	122,813			122,813
Undesignated	148,247		(32,955)	115,292
Total fund balances	295,183	71,388	152,297	518,868
Total liabilities and fund balances	\$ 392,966	128,744	170,972	692,682

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:				
Taxes	\$ 66,738			66,738
Use of money and property	15,256	1,930	4,640	21,826
Licenses and permits	40,586			40,586
Intergovernmental	81,110	3,567	3,604	88,281
Charges for sales and services	63,223		4,763	67,986
Fines, forfeitures and penalties	3,145	10,397	4,247	17,789
Pledged tobacco settlement proceeds	13,225			13,225
Contributions from property owners			9,276	9,276
Miscellaneous	20,458		17,340	37,798
Total revenues	<u>303,741</u>	<u>15,894</u>	<u>43,870</u>	<u>363,505</u>
Expenditures:				
Current:				
General government	54,638			54,638
Public assistance	23,650			23,650
Public protection	26,622			26,622
Health and sanitation	25,776			25,776
Public ways and facilities	73,369		6,879	80,248
Recreation and culture	25,483			25,483
Education	15,096			15,096
Capital outlay	28,310		65,074	93,384
Debt service:				
Principal	1,088	112,391		113,479
Interest and fiscal charges		54,684		54,684
Total expenditures	<u>274,032</u>	<u>167,075</u>	<u>71,953</u>	<u>513,060</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,709</u>	<u>(151,181)</u>	<u>(28,083)</u>	<u>(149,555)</u>
Other financing sources (uses):				
Transfers in	6,254	60,181	3,602	70,037
Transfers out	(24,992)	(7,988)	(11,381)	(44,361)
Long-term obligation proceeds		18,546		18,546
Total other financing sources (uses)	<u>(18,738)</u>	<u>70,739</u>	<u>(7,779)</u>	<u>44,222</u>
Net change in fund balance	10,971	(80,442)	(35,862)	(105,333)
Fund balances - beginning, restated	284,212	151,830	188,159	624,201
Fund balances - ending	<u>\$ 295,183</u>	<u>71,388</u>	<u>152,297</u>	<u>518,868</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

Road - Accounts for Sacramento County road activities in the unincorporated area, including design, construction, and maintenance of roads, traffic signals, other right-of-way, safety-related road improvement projects, and the Radar/Speed Control Program.

First Five Commission - Accounts for funds received from the State from Proposition 10.

Library - Accounts for County's share of revenue and operating transfer to the Library JPA.

Library JPA - Accounts for revenues (primarily from County Library Fund and the City of Sacramento) and expenditures for library operations throughout the County.

Transportation Sales Tax - Accounts for the public road improvements in the unincorporated area of the County that are funded from the Measure A Transportation Sales Tax.

Transient Occupancy Tax - Accounts for the revenues generated from a transient-occupancy tax of 12 percent of the rent charged at hotels, motels, and similar structures for short-term lodging. Expenditures from this fund are for artistic, musical, cultural, civic, and other activities that enhance the image of the community.

Building Inspection - Accounts for building inspection and code enforcement services to the unincorporated area of the County.

Public Facilities Fixed Asset Financing Program - Accounts for a comprehensive approach to providing for and financing public facilities and major infrastructure assets within the County.

Lighting and Landscape Maintenance Districts - Formed to provide all street and highway safety lighting services in the unincorporated area of the County (lighting) and to account for revenues and expenditures for the maintenance of the landscaped corridors in medians and natural open spaces in the unincorporated areas.

Park Districts and Park Service Areas - Accounts for the operation of three Board of Supervisors-governed park districts, and for administrative and program assistance provided by the Department of Parks and Recreation to four County service areas.

Water Agencies - Various zones created to provide specialized services within specific geographic areas.

Stormwater Utility - Accounts for revenues and expenditures relating to collection and discharge of stormwater runoff in the region.

Tobacco - Accounts for revenues and expenditures associated with the tobacco litigation settlement to be used for the operation of health, youth, and tobacco prevention programs.

Community Services – Accounts for several programs related to children, to retired and senior citizens, the elderly, independent living, senior nutrition services, homeless, and homeless employment services.

Golf Fund - Includes the costs of operating, maintaining and improving the county's three golf courses. The major sources of funding are greens fees and concession payments. There is no General Fund subsidy and fully reimburses the General Fund for overhead and support.

Economic Development - Primary programs revolve around the reuse of the former Mather and McClellan Air Force Bases. The department also engages in more general economic development and job creation programs.

Roadway Fee District - Accounts for public road improvements with several geographical districts in response to land use development decisions.

Solid Waste Authority - Accounts for revenues and expenditures for regulation of commercial waste collection franchisees and regional programs.

Tobacco Securitization Authority – Reports the activities related to the County securitizing its portion of the nation-wide Tobacco Settlement Agreement.

Environmental Management – Accounts for revenues and expenditures for public health and environmental regulatory services of water, food, and hazardous materials.

Other – Accounts for miscellaneous Special Revenue Funds of the County.

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COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(amounts expressed in thousands)

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	Road	First Five Commission	Library	Library JPA	Transportation Sales Tax	Transient Occupancy Tax	Building Inspection	Public Facilities Fixed Asset Financing Program
Assets:								
Cash and investments	\$ 11,200	83,738	2,350	7,975	9,444	741	4,554	
Receivables, net of allowance for uncollectibles:								
Billed	1,249	3,212			6,430	1,092	511	
Intergovernmental	2,811				72			
Due from other funds	205	1			3		1	2,485
Long-term advances to other funds								46,991
Long-term receivables						522		
Total assets	\$ 15,465	86,951	2,350	7,975	15,949	2,355	5,066	49,476
Liabilities and fund balances:								
Liabilities:								
Warrants payable	\$ 90	50			220	417	58	
Accrued liabilities	1,130	1,026		2,690	795	86	26	3
Intergovernmental payable	144		67		3,900		764	
Due to other funds	636	1,552	52		470		461	2,482
Deferred revenues	3,269					63		46,991
Total liabilities	5,269	2,628	119	2,690	5,385	566	1,309	49,476
Fund balances:								
Reserved for:								
Encumbrances	1,550	2,728	1		9,007	903		290
Assets not available			2			459		
Unreserved:								
Designated	3,203	64,865				700	2,430	
Undesignated	5,443	16,730	2,228	5,285	1,557	(273)	1,327	(290)
Total fund balances	10,196	84,323	2,231	5,285	10,564	1,789	3,757	49,476
Total liabilities and fund balances	\$ 15,465	86,951	2,350	7,975	15,949	2,355	5,066	49,476

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(amounts expressed in thousands)

Page 2 of 3

	Lighting and Landscape Maintenance Districts	Park Districts and Park Service Areas	Water Agencies	Stormwater Utility	Tobacco	Community Services	Golf Fund
Assets:							
Cash and investments	\$ 2,918	8,710	38,477	18,150	54,296		449
Receivables, net of allowance for uncollectibles:							
Billed	9	233	80	2,580		4,867	254
Intergovernmental							
Due from other funds	14	11	66	24		339	81
Long-term advances to other funds							
Long-term receivables							
Total assets	<u>\$ 2,941</u>	<u>8,954</u>	<u>38,623</u>	<u>20,754</u>	<u>54,296</u>	<u>5,206</u>	<u>784</u>
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$ 12	161	186	157		674	12
Accrued liabilities	211	696	21	214		504	78
Intergovernmental payable	23	156		38	556	66	
Due to other funds	99	21	111	835	303	3,568	583
Deferred revenues							
Total liabilities	<u>345</u>	<u>1,034</u>	<u>318</u>	<u>1,244</u>	<u>859</u>	<u>4,812</u>	<u>673</u>
Fund balances:							
Reserved for:							
Encumbrances	345	2,283	491	4,331		40	16
Assets not available						146	
Unreserved:							
Designated	2,052	1,747	22,068	6,147			
Undesignated	199	3,890	15,746	9,032	53,437	208	95
Total fund balances	<u>2,596</u>	<u>7,920</u>	<u>38,305</u>	<u>19,510</u>	<u>53,437</u>	<u>394</u>	<u>111</u>
Total liabilities and fund balances	<u>\$ 2,941</u>	<u>8,954</u>	<u>38,623</u>	<u>20,754</u>	<u>54,296</u>	<u>5,206</u>	<u>784</u>

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(amounts expressed in thousands)

Page 3 of 3

	Economic Development	Roadway Fee District	Solid Waste Authority	Tobacco Securitization Authority	Environmental Management	Other	Total
Assets:							
Cash and investments	\$ 25,390	27,663	1,512	677	4,496	5,036	307,776
Receivables, net of allowance for uncollectibles:							
Billed	1,007	183			1,357	564	23,628
Intergovernmental							2,883
Due from other funds	34				30	132	3,426
Long-term advances to other funds	719						47,710
Long-term receivables		246		6,775			7,543
Total assets	<u>\$ 27,150</u>	<u>28,092</u>	<u>1,512</u>	<u>7,452</u>	<u>5,883</u>	<u>5,732</u>	<u>392,966</u>
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$ 65		5		27	12	2,146
Accrued liabilities	153	247	26	153	444	1,499	10,002
Intergovernmental payable	9,782	1			13	543	16,053
Due to other funds	233	22	33		264	759	12,484
Deferred revenues				6,775			57,098
Total liabilities	<u>10,233</u>	<u>270</u>	<u>64</u>	<u>6,928</u>	<u>748</u>	<u>2,813</u>	<u>97,783</u>
Fund balances:							
Reserved for:							
Encumbrances	222		311		27	6	22,551
Assets not available	719	246					1,572
Unreserved:							
Designated	360	15,674	285		3,154	128	122,813
Undesignated	15,616	11,902	852	524	1,954	2,785	148,247
Total fund balances	<u>16,917</u>	<u>27,822</u>	<u>1,448</u>	<u>524</u>	<u>5,135</u>	<u>2,919</u>	<u>295,183</u>
Total liabilities and fund balances	<u>\$ 27,150</u>	<u>28,092</u>	<u>1,512</u>	<u>7,452</u>	<u>5,883</u>	<u>5,732</u>	<u>392,966</u>

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

Page 1 of 3

	Road	First Five Commission	Library	Library JPA	Transportation Sales Tax	Transient Occupancy Tax	Building Inspection	Public Facilities Fixed Asset Financing Program
Revenues:								
Taxes	\$ 750		16,063		29,688	6,087		
Use of money and property		1,775	8		177	53	110	
Licenses and permits	576						15,384	
Intergovernmental	28,494	18,723	281		6,785		1,274	
Charges for sales and services	1,386				2		36	19,338
Fines, forfeitures and penalties								
Pledged tobacco settlement proceeds								
Miscellaneous	2,406	112			146	709	186	
Total revenues	<u>33,964</u>	<u>20,610</u>	<u>16,352</u>		<u>36,798</u>	<u>6,849</u>	<u>16,990</u>	<u>19,338</u>
Expenditures:								
Current:								
General government								
Public assistance								
Public protection							15,664	
Health and sanitation		11,612						
Public ways and facilities	30,485				41,029			
Recreation and culture						3,647		
Education			15,096					
Capital outlay								28,310
Debt service:								
Principal								
Total expenditures	<u>30,485</u>	<u>11,612</u>	<u>15,096</u>		<u>41,029</u>	<u>3,647</u>	<u>15,664</u>	<u>28,310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,479</u>	<u>8,998</u>	<u>1,256</u>		<u>(4,231)</u>	<u>3,202</u>	<u>1,326</u>	<u>(8,972)</u>
Other financing sources (uses):								
Transfers in								
Transfers out						(3,532)		(7,815)
Total other financing sources (uses)						<u>(3,532)</u>		<u>(7,815)</u>
Net change in fund balance	3,479	8,998	1,256		(4,231)	(330)	1,326	(16,787)
Fund balances - beginning, as restated	6,717	75,325	975	5,285	14,795	2,119	2,431	16,787
Fund balances - ending	<u>\$ 10,196</u>	<u>84,323</u>	<u>2,231</u>	<u>5,285</u>	<u>10,564</u>	<u>1,789</u>	<u>3,757</u>	

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

Page 2 of 3

	Lighting and Landscape Maintenance Districts	Park Districts and Park Service Areas	Water Agencies	Stormwater Utility	Tobacco	Community Services	Golf Fund
Revenues:							
Taxes	\$ 239	6,210	6,240				
Use of money and property	46	1,512	764	441	3,036		3,771
Licenses and permits			8,495				
Intergovernmental	4	364	118			19,990	
Charges for sales and services	3,578	6,650	3,360	21,708			4,158
Fines, forfeitures and penalties					3,096		
Pledged tobacco settlement proceeds							
Miscellaneous	319	1,567	2,175	6,349		898	13
Total revenues	<u>4,186</u>	<u>16,303</u>	<u>21,152</u>	<u>28,498</u>	<u>6,132</u>	<u>20,888</u>	<u>7,942</u>
Expenditures:							
Current:							
General government	4,269		12,597	25,465			
Public assistance						23,650	
Public protection							
Health and sanitation					9,093		
Public ways and facilities							
Recreation and culture		12,167					8,143
Education							
Capital outlay							
Debt service:							
Principal			1,088				
Total expenditures	<u>4,269</u>	<u>12,167</u>	<u>13,685</u>	<u>25,465</u>	<u>9,093</u>	<u>23,650</u>	<u>8,143</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83)</u>	<u>4,136</u>	<u>7,467</u>	<u>3,033</u>	<u>(2,961)</u>	<u>(2,762)</u>	<u>(201)</u>
Other financing sources (uses):							
Transfers in		13				2,667	6
Transfers out					(511)		
Total other financing sources (uses)		<u>13</u>			<u>(511)</u>	<u>2,667</u>	<u>6</u>
Net change in fund balance	<u>(83)</u>	<u>4,149</u>	<u>7,467</u>	<u>3,033</u>	<u>(3,472)</u>	<u>(95)</u>	<u>(195)</u>
Fund balances - beginning, as restated	2,679	3,771	30,838	16,477	56,909	489	306
Fund balances - ending	<u>\$ 2,596</u>	<u>7,920</u>	<u>38,305</u>	<u>19,510</u>	<u>53,437</u>	<u>394</u>	<u>111</u>

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

Page 3 of 3

	Economic Development	Roadway Fee District	Solid Waste Authority	Tobacco Securitization Authority	Environmental Management	Other	Total
Revenues:							
Taxes	\$					1,461	66,738
Use of money and property	2,443	566	41	12	65	84	15,256
Licenses and permits	68	3,298	3,614		9,151		40,586
Intergovernmental	2,808	837			9	1,423	81,110
Charges for sales and services	1,860				857	290	63,223
Fines, forfeitures and penalties			5			44	3,145
Pledged tobacco settlement proceeds				13,225			13,225
Miscellaneous	3,358	80			2,073	67	20,458
Total revenues	<u>10,537</u>	<u>4,781</u>	<u>3,660</u>	<u>13,237</u>	<u>12,155</u>	<u>3,369</u>	<u>303,741</u>
Expenditures:							
Current:							
General government	12,235					72	54,638
Public assistance							23,650
Public protection					10,334	624	26,622
Health and sanitation			3,471	133		1,467	25,776
Public ways and facilities		1,507				348	73,369
Recreation and culture						1,526	25,483
Education							15,096
Capital outlay							28,310
Debt service:							
Principal							1,088
Total expenditures	<u>12,235</u>	<u>1,507</u>	<u>3,471</u>	<u>133</u>	<u>10,334</u>	<u>4,037</u>	<u>274,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,698)</u>	<u>3,274</u>	<u>189</u>	<u>13,104</u>	<u>1,821</u>	<u>(668)</u>	<u>29,709</u>
Other financing sources (uses):							
Transfers in	254				3,314		6,254
Transfers out				(13,134)			(24,992)
Total other financing sources (uses)	<u>254</u>			<u>(13,134)</u>	<u>3,314</u>		<u>(18,738)</u>
Net change in fund balance	(1,444)	3,274	189	(30)	5,135	(668)	10,971
Fund balances - beginning, as restated	18,361	24,548	1,259	554		3,587	284,212
Fund balances - ending	<u>\$ 16,917</u>	<u>27,822</u>	<u>1,448</u>	<u>524</u>	<u>5,135</u>	<u>2,919</u>	<u>295,183</u>

**COUNTY OF SACRAMENTO
ROAD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 741	725	750	25
Use of money and property	579	397	352	(45)
Licenses and permits	1,005	522	576	54
Intergovernmental	42,887	32,464	28,494	(3,970)
Charges for sales and services	833	769	1,386	617
Miscellaneous	<u>2,201</u>	<u>2,333</u>	<u>2,406</u>	<u>73</u>
Total revenues	48,246	37,210	33,964	(3,246)
Expenditures:				
Current:				
Public ways and facilities	<u>54,237</u>	<u>40,723</u>	<u>32,035</u>	<u>8,688</u>
Net change in fund balance	<u>\$ (5,991)</u>	<u>(3,513)</u>	1,929	<u>5,442</u>
Basis adjustments:				
Encumbrances			<u>1,550</u>	
Net change in fund balance (GAAP basis)			<u>\$ 3,479</u>	

**COUNTY OF SACRAMENTO
 FIRST FIVE COMMISSION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2005
 (amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 1,100	1,100	1,775	675
Intergovernmental	17,666	17,666	18,723	1,057
Miscellaneous			112	112
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	18,766	18,766	20,610	1,844
Expenditures:				
Current:				
Health and sanitation	24,360	24,332	14,340	9,992
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	<u>\$ (5,594)</u>	<u>(5,566)</u>	6,270	<u>11,836</u>
Basis adjustments:				
Encumbrances			<hr/> 2,728	
Net change in fund balance (GAAP basis)			<u>\$ 8,998</u>	

**COUNTY OF SACRAMENTO
LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 14,060	15,392	16,063	671
Use of money and property		20	8	(12)
Intergovernmental	280	280	281	1
Total revenues	14,340	15,692	16,352	660
Expenditures:				
Current:				
Education	15,022	16,665	15,097	1,568
Net change in fund balance	\$ (682)	(973)	1,255	2,228
Basis adjustments:				
Encumbrances			1	
Net change in fund balance (GAAP basis)			\$ 1,256	

**COUNTY OF SACRAMENTO
TRANSPORTATION SALES TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 54,296	37,680	29,688	(7,992)
Use of money and property			177	177
Intergovernmental	20,139	30,802	6,785	(24,017)
Charges for sales and services			2	2
Miscellaneous	<u>4,462</u>	<u>20</u>	<u>146</u>	<u>126</u>
Total revenues	78,897	68,502	36,798	(31,704)
Expenditures:				
Current:				
Public ways and facilities	<u>98,905</u>	<u>83,293</u>	<u>50,036</u>	<u>33,257</u>
Net change in fund balance	<u>\$ (20,008)</u>	<u>(14,791)</u>	(13,238)	<u>1,553</u>
Basis adjustments:				
Encumbrances			<u>9,007</u>	
Net change in fund balance (GAAP basis)			<u>\$ (4,231)</u>	

COUNTY OF SACRAMENTO
TRANSIENT-OCCUPANCY TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 5,734	6,229	6,087	(142)
Use of money and property	70	25	53	28
Miscellaneous	404	350	709	359
	6,208	6,604	6,849	245
Total revenues				
Expenditures:				
Current:				
Recreation and culture	3,124	3,242	4,550	(1,308)
	3,084	3,362	2,299	(1,063)
Excess of revenues over expenditures				
Other financing sources (uses):				
Long-term obligation proceeds	2,389	2,789		(2,789)
Transfers out	(3,529)	(3,529)	(3,532)	(3)
	(1,140)	(740)	(3,532)	(2,792)
Total other financing sources (uses)				
Net change in fund balance	\$ 1,944	2,622	(1,233)	(3,855)
Basis adjustments:				
Encumbrances			903	
Net change in fund balance (GAAP basis)			\$ (330)	

**COUNTY OF SACRAMENTO
BUILDING INSPECTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 38	40	110	70
Licenses and permits	12,100	14,330	15,384	1,054
Intergovernmental		2,317	1,274	(1,043)
Charges for sales and services	85	93	36	(57)
Miscellaneous	3	87	186	99
Total revenues	12,226	16,867	16,990	123
Expenditures:				
Current:				
Public protection	13,490	16,868	15,664	1,204
Net change in fund balance	\$ (1,264)	(1)	1,326	1,327

COUNTY OF SACRAMENTO
PUBLIC FACILITIES FIXED ASSET FINANCING PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Charges for sales and services	\$		19,338	19,338
Miscellaneous	<u>84,737</u>	<u>80,675</u>		<u>(80,675)</u>
Total revenues	84,737	80,675	19,338	(61,337)
Expenditures:				
Capital outlay	<u>78,670</u>	<u>81,038</u>	<u>28,600</u>	<u>52,438</u>
Excess (deficiency) of revenues over (under) expenditures	6,067	(363)	(9,262)	(8,899)
Other financing uses:				
Transfers out	<u>(7,815)</u>	<u>(7,815)</u>	<u>(7,815)</u>	
Net change in fund balance	<u>\$ (1,748)</u>	<u>(8,178)</u>	(17,077)	<u>(8,899)</u>
Basis adjustments:				
Encumbrances			<u>290</u>	
Net change in fund balance (GAAP basis)			<u>\$ (16,787)</u>	

COUNTY OF SACRAMENTO
LIGHTING AND LANDSCAPE MAINTENANCE DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 138	133	239	106
Use of money and property	63	47	46	(1)
Intergovernmental	3	3	4	1
Charges for sales and services	3,388	3,638	3,578	(60)
Miscellaneous	1,000	487	319	(168)
Total revenues	4,592	4,308	4,186	(122)
Expenditures:				
General government	5,497	4,934	4,614	320
Net change in fund balance	<u>\$ (905)</u>	<u>(626)</u>	(428)	<u>198</u>
Basis adjustments:				
Encumbrances			<u>345</u>	
Net change in fund balance (GAAP basis)			<u>\$ (83)</u>	

COUNTY OF SACRAMENTO
PARK DISTRICTS AND PARK SERVICE AREAS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 5,723	5,797	6,210	413
Use of money and property	1,383	1,479	1,512	33
Intergovernmental	780	2,041	364	(1,677)
Charges for sales and services	6,773	8,200	6,650	(1,550)
Miscellaneous	1,001	1,135	1,567	432
Total revenues	15,660	18,652	16,303	(2,349)
Expenditures:				
Current:				
Recreation and culture	18,064	20,676	14,450	6,226
Excess (deficiency) of revenues over (under) expenditures	(2,404)	(2,024)	1,853	3,877
Other financing sources:				
Transfers in	13	13	13	
Net change in fund balance	\$ (2,391)	(2,011)	1,866	3,877
Basis adjustments:				
Encumbrances			2,283	
Net change in fund balance (GAAP basis)			\$ 4,149	

**COUNTY OF SACRAMENTO
WATER AGENCIES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 5,050	5,475	6,240	765
Use of money and property	450	410	764	354
Licenses and permits	2,000	4,525	8,495	3,970
Intergovernmental	111	110	118	8
Charges for sales and services	6,134	14,690	3,360	(11,330)
Miscellaneous		1,477	2,175	698
Total revenues	<u>13,745</u>	<u>26,687</u>	<u>21,152</u>	<u>(5,535)</u>
Expenditures:				
Current:				
General government	19,472	32,412	13,088	19,324
Principal	75	1,088	1,088	
Total expenditures	<u>19,547</u>	<u>33,500</u>	<u>14,176</u>	<u>19,324</u>
Net change in fund balance	<u>\$ (5,802)</u>	<u>(6,813)</u>	6,976	<u>13,789</u>
Basis adjustments:				
Encumbrances			<u>491</u>	
Net change in fund balance (GAAP basis)			<u>\$ 7,467</u>	

**COUNTY OF SACRAMENTO
STORMWATER UTILITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 400	340	441	101
Intergovernmental		3,000		(3,000)
Charges for sales and services	21,651	22,200	21,708	(492)
Miscellaneous	<u>593</u>	<u>3,601</u>	<u>6,349</u>	<u>2,748</u>
Total revenues	22,644	29,141	28,498	(643)
Expenditures:				
Current:				
General government	<u>36,485</u>	<u>41,604</u>	<u>29,796</u>	<u>11,808</u>
Net change in fund balance	<u>\$ (13,841)</u>	<u>(12,463)</u>	(1,298)	<u>11,165</u>
Basis adjustments:				
Encumbrances			<u>4,331</u>	
Net change in fund balance (GAAP basis)			<u>\$ 3,033</u>	

**COUNTY OF SACRAMENTO
 TOBACCO SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005
 (amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 4,703	3,036	3,036	
Fines, forfeitures and penalties	3,174	3,380	3,096	(284)
Total revenues	7,877	6,416	6,132	(284)
Expenditures:				
Current:				
Health and sanitation	9,853	7,379	9,093	(1,714)
Deficiency of revenues under expenditures	(1,976)	(963)	(2,961)	(1,998)
Other financing uses:				
Transfers out	(511)	(511)	(511)	
Net change in fund balance	<u>\$ (2,487)</u>	<u>(1,474)</u>	<u>(3,472)</u>	<u>(1,998)</u>

**COUNTY OF SACRAMENTO
COMMUNITY SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 180	266		(266)
Intergovernmental	20,403	22,775	19,990	(2,785)
Charges for sales and services	562	400		(400)
Miscellaneous	<u>1,145</u>	<u>2,369</u>	<u>898</u>	<u>(1,471)</u>
Total revenues	22,290	25,810	20,888	(4,922)
Expenditures:				
Current:				
Public assistance	<u>25,346</u>	<u>28,779</u>	<u>23,690</u>	<u>5,089</u>
Deficiency of revenues under expenditures	(3,056)	(2,969)	(2,802)	167
Other financing sources:				
Transfers in	<u>2,639</u>	<u>2,639</u>	<u>2,667</u>	<u>28</u>
Net change in fund balance	<u>\$ (417)</u>	<u>(330)</u>	(135)	<u>195</u>
Basis adjustments:				
Encumbrances			<u>40</u>	
Net change in fund balance (GAAP basis)			<u>\$ (95)</u>	

**COUNTY OF SACRAMENTO
GOLF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 3,991	4,187	3,771	(416)
Charges for sales and services	4,136	4,273	4,158	(115)
Miscellaneous	<u>32</u>	<u></u>	<u>13</u>	<u>13</u>
Total revenues	8,159	8,460	7,942	(518)
Expenditures:				
Current:				
Recreation and culture	<u>8,576</u>	<u>8,308</u>	<u>8,159</u>	<u>149</u>
Excess (deficiency) of revenues over (under) expenditures	(417)	152	(217)	(369)
Other financing sources:				
Transfers in	<u></u>	<u>6</u>	<u>6</u>	<u></u>
Net change in fund balance	<u>\$ (417)</u>	<u>158</u>	(211)	<u>(369)</u>
Basis adjustments:				
Encumbrances			<u>16</u>	
Net change in fund balance (GAAP basis)			<u>\$ (195)</u>	

COUNTY OF SACRAMENTO
ECONOMIC DEVELOPEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 3,491	2,988	2,443	(545)
Licenses and permits	33	42	68	26
Intergovernmental	10	35,010	2,808	(32,202)
Charges for sales and services	2,510	2,250	1,860	(390)
Miscellaneous	<u>6,554</u>	<u>5,787</u>	<u>3,358</u>	<u>(2,429)</u>
Total revenues	12,598	46,077	10,537	(35,540)
Expenditures:				
Current:				
General government	<u>33,774</u>	<u>64,328</u>	<u>12,457</u>	<u>51,871</u>
Deficiency of revenues under expenditures	(21,176)	(18,251)	(1,920)	16,331
Other financing sources:				
Transfers in	<u>250</u>	<u>254</u>	<u>254</u>	
Net change in fund balance	<u>\$ (20,926)</u>	<u>(17,997)</u>	(1,666)	<u>16,331</u>
Basis adjustments:				
Encumbrances			<u>222</u>	
Net change in fund balance (GAAP basis)			<u>\$ (1,444)</u>	

**COUNTY OF SACRAMENTO
ROADWAY FEE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 462	333	566	233
Licenses and permits	4,270	2,475	3,298	823
Intergovernmental	279		837	837
Miscellaneous	<u>150</u>	<u>102</u>	<u>80</u>	<u>(22)</u>
Total revenues	5,161	2,910	4,781	1,871
Expenditures:				
Current:				
Public ways and facilities	<u>13,402</u>	<u>11,783</u>	<u>1,507</u>	<u>10,276</u>
Net change in fund balance	<u>\$ (8,241)</u>	<u>(8,873)</u>	<u>3,274</u>	<u>(8,405)</u>

**COUNTY OF SACRAMENTO
SOLID WASTE AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 30	30	41	11
Licenses and permits	3,224	3,636	3,614	(22)
Intergovernmental	81	36		(36)
Fines, forfeitures and penalties	<u>23</u>	<u>10</u>	<u>5</u>	<u>(5)</u>
Total revenues	3,358	3,712	3,660	(52)
Expenditures:				
Current:				
Health and sanitation	<u>4,632</u>	<u>4,685</u>	<u>3,782</u>	<u>903</u>
Net change in fund balance	<u>\$ (1,274)</u>	<u>(973)</u>	(122)	<u>851</u>
Basis adjustments:				
Encumbrances			<u>311</u>	
Net change in fund balance (GAAP basis)			<u>\$ 189</u>	

**COUNTY OF SACRAMENTO
TOBACCO SECURITIZATION AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 11	11	12	1
Pledged tobacco settlement proceeds	<u>13,225</u>	<u>13,225</u>	<u>13,225</u>	
Total revenues	13,236	13,236	13,237	1
Expenditures:				
Current:				
Health and sanitation	<u>133</u>	<u>133</u>	<u>133</u>	
Excess of revenues over expenditures	13,103	13,103	13,104	1
Other financing sources (uses):				
Transfers out	<u>(13,134)</u>	<u>(13,134)</u>	<u>(13,134)</u>	
Net change in fund balance	<u>\$ (31)</u>	<u>(31)</u>	<u>(30)</u>	<u>1</u>

COUNTY OF SACRAMENTO
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		65	65
Licenses and permits		8,221	9,151	930
Intergovernmental		4	9	5
Charges for sales and services		442	857	415
Miscellaneous		2,683	2,073	(610)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues		11,350	12,155	805
Expenditures:				
Current:				
Public protection	3,290	11,488	10,361	1,127
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(3,290)	(138)	1,794	1,932
Other financing sources:				
Transfers in	3,290	3,314	3,314	
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	\$	3,176	5,108	1,932
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Basis adjustments:				
Encumbrances			27	
			<hr/>	
Net change in fund balance (GAAP basis)			\$ 5,135	
			<hr/> <hr/>	

**COUNTY OF SACRAMENTO
OTHER SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 1,268	1,416	1,461	45
Use of money and property	42	32	84	52
Intergovernmental	26	1,680	1,423	(257)
Charges for sales and services	1,157	1,722	290	(1,432)
Fines, forfeitures and penalties	33	44	44	
Miscellaneous			67	67
	<u>2,526</u>	<u>4,894</u>	<u>3,369</u>	<u>(1,525)</u>
Total revenues				
Expenditures:				
Current:				
General government	239	299	72	227
Public protection	1,913	2,104	624	1,480
Health and sanitation	20	1,658	1,473	185
Public ways and facilities	3,216	4,275	348	3,927
Recreation and culture	85	70	1,526	(1,456)
	<u>5,473</u>	<u>8,406</u>	<u>4,043</u>	<u>4,363</u>
Total expenditures				
Net change in fund balance	<u>\$ (2,947)</u>	<u>(3,512)</u>	(674)	<u>2,838</u>
Basis adjustments:				
Encumbrances			<u>6</u>	
Net change in fund balance (GAAP basis)			<u>\$ (668)</u>	

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

DEBT SERVICE FUNDS

DEBT SERVICE FUNDS

Main Jail - Services the debt related to the Certificates of Participation associated with the Main Jail.

Cherry Island Golf Course – Established in fiscal year 1987-88 to service the Certificates of Participation associated with the Cherry Island Golf Course.

Fixed Asset Financing Program - Services all debt associated with the acquisition of fixed assets for the Public Facilities Financing Corporation.

Public Facilities Financing Program - Services the debt associated with the Public Facilities Financing Corporation's 1994, 1997 and 2003 Public Facilities Financing funds.

Juvenile Courthouse – Services all debt associated with the 2003 borrowing which financed the Juvenile Courthouse.

Pension Obligation Bonds – Services the debt related to Pension Obligation Bonds issued to pay off the unfunded pension liability the County owed the Sacramento County Employees' Retirement System.

Teeter Plan – Services the debt associated with the County purchases of delinquent recurrent property taxes receivables under the Alternative Method of Tax Apportionment, the "Teeter Plan."

Mental Health Facility - Services all debt associated with the 1989 borrowing which financed the County Mental Health Facility.

Tobacco Securitization Authority – Established in 2001-02 fiscal year to service debt associated with the securitization of tobacco settlement agreement payments.

Sacramento County Public Financing Authority – Established in 2003-04 fiscal year to service debt associated with housing and redevelopment projects throughout Sacramento County.

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(amounts expressed in thousands)**

Page 1 of 2

	Public Facilities Financing Corporation						
	Main Jail	Cherry Island Golf Course	Fixed Asset Financing Program	1994 Public Facilities	1997 Public Facilities	2003 Public Facilities	Juvenile Courthouse
Assets:							
Cash and investments	\$ 450	1,020		13,864	6,600	1,165	2,479
Due from other funds							
Long-term receivables							
Total assets	<u>\$ 450</u>	<u>1,020</u>		<u>13,864</u>	<u>6,600</u>	<u>1,165</u>	<u>2,479</u>
Liabilities and fund balances:							
Liabilities:							
Accrued liabilities	\$ 6						
Intergovernmental payable				483			
Due to other funds	11	77					
Deferred revenues							
Total liabilities	<u>17</u>	<u>77</u>		<u>483</u>			
Fund balances:							
Reserved for:							
Assets not available							
Debt service	433	943		13,381	6,600	1,165	2,479
Total fund balances	<u>433</u>	<u>943</u>		<u>13,381</u>	<u>6,600</u>	<u>1,165</u>	<u>2,479</u>
Total liabilities and fund balances	<u>\$ 450</u>	<u>1,020</u>		<u>13,864</u>	<u>6,600</u>	<u>1,165</u>	<u>2,479</u>

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(amounts expressed in thousands)**

Page 2 of 2

	Pension Obligation Bonds	Teeter Plan	Mental Health Facility	Tobacco Securitization Authority	Sacramento County Public Financing Authority	Total
Assets:						
Cash and investments	\$ 4,173	13,173	7	18,601	4,079	65,611
Due from other funds		34				34
Long-term receivables		15,024			48,075	63,099
Total assets	\$ 4,173	28,231	7	18,601	52,154	128,744
Liabilities and fund balances:						
Liabilities:						
Accrued liabilities	\$					6
Intergovernmental payable						483
Due to other funds	700	8,004				8,792
Deferred revenues					48,075	48,075
Total liabilities	700	8,004			48,075	57,356
Fund balances:						
Reserved for:						
Assets not available		15,024				15,024
Debt service	3,473	5,203	7	18,601	4,079	56,364
Total fund balances	3,473	20,227	7	18,601	4,079	71,388
Total liabilities and fund balances	\$ 4,173	28,231	7	18,601	52,154	128,744

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 1 of 2

	Public Facilities Financing Corporation						
	Main Jail	Cherry Island Golf Course	Fixed Asset Financing Program	1994 Public Facilities	1997 Public Facilities	2003 Public Facilities	Juvenile Courthouse
Revenues:							
Use of money and property	\$ 94	7		333	79	64	113
Intergovernmental							
Fines, forfeitures and penalties							
Total revenues	<u>94</u>	<u>7</u>		<u>333</u>	<u>79</u>	<u>64</u>	<u>113</u>
Expenditures:							
Debt service:							
Principal	1,635	370	3,030	79,880	2,600	280	
Interest and fiscal charges	1,838	497	4,785	8,397	2,127	692	1,555
Total expenditures	<u>3,473</u>	<u>867</u>	<u>7,815</u>	<u>88,277</u>	<u>4,727</u>	<u>972</u>	<u>1,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,379)</u>	<u>(860)</u>	<u>(7,815)</u>	<u>(87,944)</u>	<u>(4,648)</u>	<u>(908)</u>	<u>(1,442)</u>
Other financing sources (uses):							
Transfers in	3,560	1,520	7,815	6,900	4,147	654	
Transfers out							
Long-term obligation proceeds							
Total other financing sources	<u>3,560</u>	<u>1,520</u>	<u>7,815</u>	<u>6,900</u>	<u>4,147</u>	<u>654</u>	
Net change in fund balance	181	660		(81,044)	(501)	(254)	(1,442)
Fund balances - beginning	252	283		94,425	7,101	1,419	3,921
Fund balances - ending	<u>\$ 433</u>	<u>943</u>		<u>13,381</u>	<u>6,600</u>	<u>1,165</u>	<u>2,479</u>

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 2 of 2

	Pension Obligation Bonds	Teeter Plan	Mental Health Facility	Tobacco Securitization Authority	Sacramento County Public Financing Authority	Total
Revenues:						
Use of money and property	\$ 291	2	7	769	171	1,930
Intergovernmental					3,567	3,567
Fines, forfeitures and penalties		10,397				10,397
Total revenues	<u>291</u>	<u>10,399</u>	<u>7</u>	<u>769</u>	<u>3,738</u>	<u>15,894</u>
Expenditures:						
Debt service:						
Principal		18,541		4,960	1,095	112,391
Interest and fiscal charges	21,556	607	642	9,348	2,640	54,684
Total expenditures	<u>21,556</u>	<u>19,148</u>	<u>642</u>	<u>14,308</u>	<u>3,735</u>	<u>167,075</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,265)</u>	<u>(8,749)</u>	<u>(635)</u>	<u>(13,539)</u>	<u>3</u>	<u>(151,181)</u>
Other financing sources (uses):						
Transfers in	22,451			13,134		60,181
Transfers out		(7,988)				(7,988)
Long-term obligation proceeds		18,546				18,546
Total other financing sources	<u>22,451</u>	<u>10,558</u>		<u>13,134</u>		<u>70,739</u>
Net change in fund balance	1,186	1,809	(635)	(405)	3	(80,442)
Fund balances - beginning	2,287	18,418	642	19,006	4,076	151,830
Fund balances - ending	<u>\$ 3,473</u>	<u>20,227</u>	<u>7</u>	<u>18,601</u>	<u>4,079</u>	<u>71,388</u>

**COUNTY OF SACRAMENTO
MAIN JAIL DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		94	94
Expenditures:				
Debt service:				
Principal	1,635	1,635	1,635	
Interest and fiscal charges	1,838	1,838	1,838	
Total expenditures	3,473	3,473	3,473	
Deficiency of revenues under expenditures	(3,473)	(3,473)	(3,379)	94
Other financing sources:				
Transfers in	3,560	3,560	3,560	
Net change in fund balance	\$ 87	87	181	94

**COUNTY OF SACRAMENTO
 CHERRY ISLAND GOLF COURSE DEBT SERVICE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005
 (amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		7	7
Expenditures:				
Debt service:				
Principal	370	370	370	
Interest and fiscal charges	2,669	2,656	497	2,159
Total expenditures	3,039	3,026	867	2,159
Deficiency of revenues under expenditures	(3,039)	(3,026)	(860)	2,166
Other financing sources:				
Transfers in	1,520	1,520	1,520	
Net change in fund balance	\$ (1,519)	(1,506)	660	2,166

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
FIXED ASSET FINANCING PROGRAM DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Expenditures:				
Debt service:				
Principal	\$ 3,030	3,030	3,030	
Interest and fiscal charges	4,785	4,785	4,785	
Total expenditures	<u>7,815</u>	<u>7,815</u>	<u>7,815</u>	
Deficiency of revenues under expenditures	(7,815)	(7,815)	(7,815)	
Other financing sources:				
Transfers in	<u>7,815</u>	<u>7,815</u>	<u>7,815</u>	
Net change in fund balance	<u><u>\$</u></u>	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
1997 PUBLIC FACILITIES DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 50		79	79
Expenditures:				
Debt service:				
Principal	2,600	2,600	2,600	
Interest and fiscal charges	148	4,218	2,127	2,091
Total expenditures	2,748	6,818	4,727	2,091
Deficiency of revenues under expenditures	(2,698)	(6,818)	(4,648)	2,170
Other financing sources:				
Transfers in	4,147	4,147	4,147	
Net change in fund balance	<u>\$ 1,449</u>	<u>(2,671)</u>	<u>(501)</u>	<u>2,170</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
2003 PUBLIC FACILITIES DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 740	356	64	(292)
Expenditures:				
Debt service:				
Principal	280	280	280	
Interest and fiscal charges	1,832	692	692	
Total expenditures	2,112	972	972	
Deficiency of revenues under expenditures	(1,372)	(616)	(908)	(292)
Other financing sources:				
Transfers in	654	654	654	
Net change in fund balance	<u>\$ (718)</u>	<u>38</u>	<u>(254)</u>	<u>(292)</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
JUVENILE COURTHOUSE DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 1,720	1,542	113	(1,429)
Expenditures:				
Debt service:				
Interest and fiscal charges	4,800	1,555	1,555	
Net change in fund balance	\$ (3,080)	(13)	(1,442)	(1,429)

**COUNTY OF SACRAMENTO
PENSION OBLIGATION BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 298	113	291	178
Expenditures:				
Debt service:				
Interest and fiscal charges	<u>24,264</u>	<u>25,543</u>	<u>21,556</u>	<u>3,987</u>
Deficiency of revenues under expenditures	<u>(23,966)</u>	<u>(25,430)</u>	<u>(21,265)</u>	<u>4,165</u>
Other financing sources:				
Transfers in	21,801	22,451	22,451	
Long-term obligation proceeds	<u> </u>	<u>1,064</u>	<u> </u>	<u>(1,064)</u>
Total other financing sources	<u>21,801</u>	<u>23,515</u>	<u>22,451</u>	<u>(1,064)</u>
Net change in fund balance	<u>\$ (2,165)</u>	<u>(1,915)</u>	<u>1,186</u>	<u>3,101</u>

**COUNTY OF SACRAMENTO
TEETER PLAN DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		2	2
Fines, forfeitures and penalties			10,397	10,397
Total revenues			<u>10,399</u>	<u>10,399</u>
Expenditures:				
Debt service:				
Principal	16,615	18,541	18,541	
Interest and fiscal charges	782	1,082	607	475
Total expenditures	<u>17,397</u>	<u>19,623</u>	<u>19,148</u>	<u>475</u>
Deficiency of revenues under expenditures	<u>(17,397)</u>	<u>(19,623)</u>	<u>(8,749)</u>	<u>10,874</u>
Other financing sources (uses):				
Transfers out	(7,988)	(7,988)	(7,988)	
Long-term obligation proceeds	18,546	18,546	18,546	
Total other financing sources (uses)	<u>10,558</u>	<u>10,558</u>	<u>10,558</u>	
Net change in fund balance	<u>\$ (6,839)</u>	<u>(9,065)</u>	<u>1,809</u>	<u>10,874</u>

**COUNTY OF SACRAMENTO
TOBACCO SECURITIZATION AUTHORITY DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 769	769	769	
Expenditures:				
Debt service:				
Principal	4,960	4,960	4,960	
Interest and fiscal charges	9,348	9,348	9,348	
Total expenditures	14,308	14,308	14,308	
Deficiency of revenues under expenditures	(13,539)	(13,539)	(13,539)	
Other financing sources:				
Transfers in	13,134	13,134	13,134	
Net change in fund balance	<u>\$ (405)</u>	<u>(405)</u>	<u>(405)</u>	

COUNTY OF SACRAMENTO
SACRAMENTO COUNTY PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Debt service:				
Use of money and property	\$		171	171
Intergovernmental			3,567	3,567
			<u>3,738</u>	<u>3,738</u>
Total revenues			<u>3,738</u>	<u>3,738</u>
Expenditures:				
Debt service:				
Principal	1,095	1,095	1,095	
Interest and fiscal charges	2,437	2,437	2,640	(203)
			<u>3,735</u>	<u>(203)</u>
Total expenditures	<u>3,532</u>	<u>3,532</u>	<u>3,735</u>	<u>(203)</u>
Net change in fund balance	<u>\$ (3,532)</u>	<u>(3,532)</u>	<u>3</u>	<u>3,535</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

CAPITAL PROJECT FUNDS

CAPITAL PROJECTS FUNDS

Improvement Bond Act of 1911 - Accounts for construction activity in various special assessment districts where monies have been received under the 1911 Improvement Bond Act from special assessment district property owners.

Improvement Bond Act of 1915 - Accounts for construction activity in various special assessment districts where monies have been received from special assessment district property owners under the 1915 Improvement Bond Act.

Metro Air Park Community Facilities District - Accounts for construction activity in the Metro Air Park Community Facilities District.

Laguna Stonelake Community Facilities District - Accounts for construction activity in the Laguna Stonelake Community Facilities District.

Park Meadows Community Facilities District – Accounts for construction activity in the Park Meadows Community Facilities District.

Laguna Community Facilities District - Accounts for construction activity in the Laguna Community Facilities District.

Laguna Creek Ranch/Elliott Ranch Community Facilities District Number One and Two - Accounts for construction activity in the Laguna Creek Ranch/Elliott Ranch Community Facilities District.

Accumulated Capital Outlay - Accounts for general capital outlay expenditures of the County.

Community Fee Districts - Established by property owners to account for construction of public projects financed by various developer fees and other miscellaneous revenues.

1994 Public Facilities - Accounts for construction of the County Data Processing Center and Coroner Crime Lab.

1997 Public Facilities - Accounts for construction of an additional dormitory-style jail at the Rio Cosumnes Correctional Center, and acquisition of the Bank of America building (to be leased to the City of Sacramento) in downtown Sacramento.

2003 Public Facilities – Accounts for construction of various projects including; expansion of the Youth Center, expansion of the Boys Ranch and improvements to facilities to accommodate the American Disabilities Act.

Juvenile Courthouse – Accounts for construction of the County Juvenile Courthouse.

Tobacco Litigation Settlement - Accounts for construction projects from the Tobacco Litigation Settlement Securitization proceeds including the Juvenile Court Facility and the Primary Care Clinic.

McClellan Community Facilities District – Accounts for infrastructure construction activity in the McClellan Community Facilities District.

Sacramento County Landscape Maintenance Community Facilities District – Accounts for landscape maintenance activity of the Sacramento County Landscape Maintenance Community Facilities District.

Metro Air Park Service Tax - Accounts for landscape maintenance activity within the Metro Air Park Community Facilities District.

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(amounts expressed in thousands)

Page 1 of 3

	Assessment Districts		Mello-Roos Community Facilities Act of 1982				Laguna Creek Ranch/Elliott Ranch Community Facilities District No. One and Two
	Improvement Bond Act of 1911	Improvement Bond Act of 1915	Metro Air Park CFD	Laguna Stonelake CFD	Park Meadows CFD	Laguna Community Facilities District	
Assets:							
Cash and investments	\$ 1,312	3,247	37,012	211	162	17,768	7,784
Receivables, net of allowance for uncollectibles:							
Billed		566					
Interest						3	1
Intergovernmental		30	4		16		
Due from other funds							
Total assets	\$ 1,312	3,843	37,016	211	178	17,771	7,785
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$	2	3	41		1,265	
Accrued liabilities		30					21
Intergovernmental payable	16	951					
Due to other funds		48	87	11	6	28	22
Long-term advances from other funds							
Total liabilities	16	1,031	90	52	6	1,293	43
Fund balances:							
Reserved for:							
Encumbrances			1,072			22	1
Future construction	1,296	2,812	35,854	159	172	16,456	7,741
Unreserved:							
Undesignated							
Total fund balances	1,296	2,812	36,926	159	172	16,478	7,742
Total liabilities and fund balances	\$ 1,312	3,843	37,016	211	178	17,771	7,785

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(amounts expressed in thousands)**

Page 2 of 3

	Accumulated Capital Outlay	Community Fee Districts	Public Facilities Financing Corporation				Tobacco Litigation Settlement	McClellan CFD
			1994 Public Facilities	1997 Public Facilities	2003 Public Facilities	Juvenile Courthouse		
Assets:								
Cash and investments	\$ 6,009	19,260	30	3,959	75	1,673	55,925	8,752
Receivables, net of allowance for uncollectibles:								
Billed		555						
Interest								
Intergovernmental	3,873	87						
Due from other funds	1,957				276			
Total assets	<u>\$ 11,839</u>	<u>19,902</u>	<u>30</u>	<u>3,959</u>	<u>351</u>	<u>1,673</u>	<u>55,925</u>	<u>8,752</u>
Liabilities and fund balances:								
Liabilities:								
Warrants payable	\$ 308	364						
Accrued liabilities	6,222	165						
Intergovernmental payable	1,634	211					3,822	
Due to other funds	458	56		276	351	1,558		
Long-term advances from other funds	719							
Total liabilities	<u>9,341</u>	<u>796</u>		<u>276</u>	<u>351</u>	<u>1,558</u>	<u>3,822</u>	
Fund balances:								
Reserved for:								
Encumbrances	35,453	8,930						
Future construction		10,176	30	3,683		115	52,103	8,752
Unreserved:								
Undesignated	(32,955)							
Total fund balances	<u>2,498</u>	<u>19,106</u>	<u>30</u>	<u>3,683</u>		<u>115</u>	<u>52,103</u>	<u>8,752</u>
Total liabilities and fund balances	<u>\$ 11,839</u>	<u>19,902</u>	<u>30</u>	<u>3,959</u>	<u>351</u>	<u>1,673</u>	<u>55,925</u>	<u>8,752</u>

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(amounts expressed in thousands)**

Page 3 of 3

	Sacramento County Landscape Maintenance CFD	Metro Air Park Service Tax	Total
Assets:			
Cash and investments	\$ 43	382	163,604
Receivables, net of allowance for uncollectibles:			
Billed			1,121
Interest			4
Intergovernmental			4,010
Due from other funds			2,233
Total assets	<u>\$ 43</u>	<u>382</u>	<u>170,972</u>
Liabilities and fund balances:			
Liabilities:			
Warrants payable	\$		1,983
Accrued liabilities			6,438
Intergovernmental payable			6,634
Due to other funds			2,901
Long-term advances from other funds			719
Total liabilities			<u>18,675</u>
Fund balances:			
Reserved for:			
Encumbrances			45,478
Future construction	43	382	139,774
Unreserved:			
Undesignated			(32,955)
Total fund balances	<u>43</u>	<u>382</u>	<u>152,297</u>
Total liabilities and fund balances	<u>\$ 43</u>	<u>382</u>	<u>170,972</u>

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 1 of 3

	Assessment Districts		Mello-Roos Community Facilities Act of 1982				
	Improvement Bond Act of 1911	Improvement Bond Act of 1915	Metro Air Park CFD	Laguna Stonelake CFD	Park Meadows CFD	Laguna Community Facilities District	Laguna Creek Ranch/Elliott Ranch Community Facilities District No. One and Two
Revenues:							
Use of money and property	\$ 49	48	898	11	3	438	161
Intergovernmental		1					
Charges for sales and services							
Fines, forfeitures and penalties							
Contributions from property owners				168			
Miscellaneous		63	2,956		55	850	1,722
Total revenues	<u>49</u>	<u>112</u>	<u>3,854</u>	<u>179</u>	<u>58</u>	<u>1,288</u>	<u>1,883</u>
Expenditures:							
Public ways and facilities						6,533	346
Capital outlay	1,110	8	20,369	658	49		
Total expenditures	<u>1,110</u>	<u>8</u>	<u>20,369</u>	<u>658</u>	<u>49</u>	<u>6,533</u>	<u>346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,061)</u>	<u>104</u>	<u>(16,515)</u>	<u>(479)</u>	<u>9</u>	<u>(5,245)</u>	<u>1,537</u>
Other financing sources (uses):							
Transfers in							
Transfers out							
Total other financing sources (uses)							
Net change in fund balance	(1,061)	104	(16,515)	(479)	9	(5,245)	1,537
Fund balances - beginning	2,357	2,708	53,441	638	163	21,723	6,205
Fund balances - ending	<u>\$ 1,296</u>	<u>2,812</u>	<u>36,926</u>	<u>159</u>	<u>172</u>	<u>16,478</u>	<u>7,742</u>

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 2 of 3

	Public Facilities Financing Corporation							
	Accumulated Capital Outlay	Community Fee Districts	1994 Public Facilities	1997 Public Facilities	2003 Public Facilities	Juvenile Courthouse	Tobacco Litigation Settlement	McClellan CFD
Revenues:								
Use of money and property	\$ 56	432	1	358	60	134	1,971	18
Intergovernmental	3,603							
Charges for sales and services	753	3,582						
Fines, forfeitures and penalties	4,247							
Contributions from property owners								9,108
Miscellaneous	11,514	168						11
Total revenues	20,173	4,182	1	358	60	134	1,971	9,137
Expenditures:								
Public ways and facilities								
Capital outlay	13,589	5,956		547	4,005	14,077	4,315	385
Total expenditures	13,589	5,956		547	4,005	14,077	4,315	385
Excess (deficiency) of revenues over (under) expenditures	6,584	(1,774)	1	(189)	(3,945)	(13,943)	(2,344)	8,752
Other financing sources (uses):								
Transfers in				3,602				
Transfers out	(3,602)						(7,779)	
Total other financing sources (uses)	(3,602)			3,602			(7,779)	
Net change in fund balance	2,982	(1,774)	1	3,413	(3,945)	(13,943)	(10,123)	8,752
Fund balances - beginning	(484)	20,880	29	270	3,945	14,058	62,226	
Fund balances - ending	\$ 2,498	19,106	30	3,683		115	52,103	8,752

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 3 of 3

	Sacramento County Landscape Maintenance CFD	Metro Air Park Service Tax	Total
Revenues:			
Use of money and property	\$	2	4,640
Intergovernmental			3,604
Charges for sales and services	48	380	4,763
Fines, forfeitures and penalties			4,247
Contributions from property owners			9,276
Miscellaneous	1		17,340
Total revenues	<u>49</u>	<u>382</u>	<u>43,870</u>
Expenditures:			
Public ways and facilities			6,879
Capital outlay	6		65,074
Total expenditures	<u>6</u>		<u>71,953</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43</u>	<u>382</u>	<u>(28,083)</u>
Other financing sources (uses):			
Transfers in			3,602
Transfers out			(11,381)
Total other financing sources (uses)			<u>(7,779)</u>
Net change in fund balance	43	382	(35,862)
Fund balances - beginning			188,159
Fund balances - ending	<u>\$ 43</u>	<u>382</u>	<u>152,297</u>

**COUNTY OF SACRAMENTO
ASSESSMENT DISTRICTS - IMPROVEMENT
BOND ACT OF 1911 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$	15	49	34
Expenditures:				
Capital outlay		84	1,110	(1,026)
Principal		1,030		1,030
Total expenditures		1,114	1,110	4
Net change in fund balance	\$	(1,099)	(1,061)	38

**COUNTY OF SACRAMENTO
ASSESSMENT DISTRICTS - IMPROVEMENT
BOND ACT OF 1915 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$	16	48	32
Intergovernmental			1	1
Miscellaneous	<u>3</u>	<u>28</u>	<u>63</u>	<u>35</u>
Total revenues	3	44	112	68
Expenditures:				
Capital outlay	<u>1,042</u>	<u>2,390</u>	<u>8</u>	<u>2,382</u>
Net change in fund balance	<u>\$ (1,039)</u>	<u>(2,346)</u>	<u>104</u>	<u>2,450</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
METRO AIR PARK COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		898	898
Miscellaneous		4,588	2,956	(1,632)
Total revenues		<u>4,588</u>	<u>3,854</u>	<u>(734)</u>
Expenditures:				
Capital outlay	<u>663</u>	<u>22,001</u>	<u>21,441</u>	<u>560</u>
Net change in fund balance	<u>\$ (663)</u>	<u>(17,413)</u>	<u>(17,587)</u>	<u>(174)</u>
Basis adjustments:				
Encumbrances			<u>1,072</u>	
Net change in fund balance (GAAP basis)			<u>\$ (16,515)</u>	

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA STONELAKE COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		11	11
Contributions from property owners			168	168
Miscellaneous	112	135		(135)
Total revenues	<u>112</u>	<u>135</u>	<u>179</u>	<u>44</u>
Expenditures:				
Capital outlay	<u>1,283</u>	<u>658</u>	<u>658</u>	
Net change in fund balance	<u>\$ (1,171)</u>	<u>(523)</u>	<u>(479)</u>	<u>44</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
PARK MEADOWS COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		3	3
Miscellaneous	<u>56</u>	<u>57</u>	<u>55</u>	<u>(2)</u>
Total revenues	56	57	58	1
Expenditures:				
Capital outlay	<u>215</u>	<u>120</u>	<u>49</u>	<u>71</u>
Net change in fund balance	<u>\$ (159)</u>	<u>(63)</u>	<u>9</u>	<u>72</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 250	100	438	338
Miscellaneous	335	579	850	271
Total revenues	<u>585</u>	<u>679</u>	<u>1,288</u>	<u>609</u>
Expenditures:				
Public ways and facilities	<u>22,002</u>	<u>7,001</u>	<u>6,555</u>	<u>446</u>
Net change in fund balance	<u>\$ (21,417)</u>	<u>(6,322)</u>	<u>(5,267)</u>	<u>1,055</u>
Basis adjustments:				
Encumbrances			<u>22</u>	
Net change in fund balance (GAAP basis)			<u>\$ (5,245)</u>	

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA CREEK RANCH/ELLIOTT RANCH COMMUNITY FACILITIES
DISTRICT NUMBER ONE AND TWO CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 70	50	161	111
Miscellaneous	444	1,788	1,722	(66)
Total revenues	<u>514</u>	<u>1,838</u>	<u>1,883</u>	<u>45</u>
Expenditures:				
Public ways and facilities	<u>6,060</u>	<u>5,858</u>	<u>347</u>	<u>5,511</u>
Net change in fund balance	<u>\$ (5,546)</u>	<u>(4,020)</u>	1,536	<u>5,556</u>
Basis adjustments:				
Encumbrances			<u>1</u>	
Net change in fund balance (GAAP basis)			<u>\$ 1,537</u>	

COUNTY OF SACRAMENTO
ACCUMULATED CAPITAL OUTLAY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 75	25	56	31
Intergovernmental	16,536	14,323	3,603	(10,720)
Charges for sales and services	901	809	753	(56)
Fines, forfeitures and penalties	3,600	3,800	4,247	447
Miscellaneous	42,868	53,301	11,514	(41,787)
Total revenues	<u>63,980</u>	<u>72,258</u>	<u>20,173</u>	<u>(52,085)</u>
Expenditures:				
Capital outlay	53,075	53,183	49,042	4,141
Principal	30	388		388
Total expenditures	<u>53,105</u>	<u>53,571</u>	<u>49,042</u>	<u>4,529</u>
Excess (deficiency) of revenues over (under) expenditures	10,875	18,687	(28,869)	(47,556)
Other financing uses:				
Transfers out	(3,602)	(3,602)	(3,602)	
Net change in fund balance	<u>\$ 10,875</u>	<u>18,687</u>	(32,471)	<u>(47,556)</u>
Basis adjustments:				
Encumbrances			<u>35,453</u>	
Net change in fund balance (GAAP basis)			<u>\$ 2,982</u>	

**COUNTY OF SACRAMENTO
COMMUNITY FEE DISTRICTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (ADJUSTED TO BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 326	116	432	316
Charges for sales and services	5,802	5,944	3,582	(2,362)
Miscellaneous			168	168
Total revenues	<u>6,128</u>	<u>6,060</u>	<u>4,182</u>	<u>(1,878)</u>
Expenditures:				
Capital outlay	<u>27,119</u>	<u>16,938</u>	<u>14,886</u>	<u>2,052</u>
Net change in fund balance	<u>\$ (20,991)</u>	<u>(10,878)</u>	(10,704)	<u>174</u>
Basis adjustments:				
Encumbrances			<u>8,930</u>	
Net change in fund balance (GAAP basis)			<u>\$ (1,774)</u>	

COUNTY OF SACRAMENTO
1994 PUBLIC FACILITIES FINANCING CORPORATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		1	1
Net change in fund balance	\$		1	1

COUNTY OF SACRAMENTO
1997 PUBLIC FACILITIES FINANCING CORPORATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 200	1	358	357
Expenditures:				
Capital outlay		<u>271</u>	<u>547</u>	<u>(276)</u>
Excess (deficiency) of revenues over (under) expenditures	200	(270)	(189)	81
Other financing sources:				
Transfers in	<u>3,602</u>	<u>3,602</u>	<u>3,602</u>	
Net change in fund balance	<u>\$ 3,802</u>	<u>3,332</u>	<u>3,413</u>	<u>81</u>

COUNTY OF SACRAMENTO
2003 PUBLIC FACILITIES FINANCING CORPORATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$	348	60	(288)
Expenditures:				
Capital outlay	<u>9,530</u>	<u>4,281</u>	<u>4,005</u>	<u>276</u>
Net change in fund balance	<u>\$ (9,530)</u>	<u>(3,933)</u>	<u>(3,945)</u>	<u>(12)</u>

**COUNTY OF SACRAMENTO
 JUVENILE COURTHOUSE CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005
 (amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$	110	134	24
Expenditures:				
Capital outlay	<u>14,077</u>	<u>14,077</u>	<u>14,077</u>	
Net change in fund balance	<u>\$ (14,077)</u>	<u>(13,967)</u>	<u>(13,943)</u>	<u>24</u>

**COUNTY OF SACRAMENTO
TOBACCO LITIGATION SETTLEMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		1,971	1,971
Expenditures:				
Capital outlay	<u>62,226</u>	<u>47,300</u>	<u>4,315</u>	<u>42,985</u>
Deficiency of revenues under expenditures	(62,226)	(47,300)	(2,344)	44,956
Other financing uses:				
Transfers out			<u>(7,779)</u>	<u>(7,779)</u>
Net change in fund balance	<u>\$ (62,226)</u>	<u>(47,300)</u>	<u>(10,123)</u>	<u>37,177</u>

**COUNTY OF SACRAMENTO
 McCLELLAN CFD CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2005
 (amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		18	18
Contributions from property owners			9,108	9,108
Miscellaneous		90	11	(79)
Total revenues		<u>90</u>	<u>9,137</u>	<u>9,047</u>
Expenditures:				
Capital outlay		<u>9,198</u>	<u>385</u>	<u>8,813</u>
Net change in fund balance	<u>\$</u>	<u>(9,108)</u>	<u>8,752</u>	<u>17,860</u>

COUNTY OF SACRAMENTO
SACRAMENTO COUNTY LANDSCAPE MAINTENANCE CFD CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Charges for sales and services	\$	48	48	
Miscellaneous			1	1
Total revenues		48	49	1
Expenditures:				
Capital outlay		48	6	42
Net change in fund balance	\$		43	43

**COUNTY OF SACRAMENTO
METRO AIR PARK SERVICE TAX CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		2	2
Charges for sales and services		379	380	1
Total revenues		<u>379</u>	<u>382</u>	<u>3</u>
Expenditures:				
Capital outlay		<u>379</u>		<u>379</u>
Net change in fund balance	<u>\$</u>		<u>382</u>	<u>382</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR ENTERPRISE FUNDS SECTION

NONMAJOR ENTERPRISE FUNDS

Parking Enterprise – Accounts for all downtown parking facilities that generate revenues from user fees from both the public and County employees.

County Transit - Accounts for the operations of the South County Transit program.

**COUNTY OF SACRAMENTO
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2005
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Assets:			
Current assets:			
Cash and investments	\$ 5,967	470	6,437
Receivables, net of allowance for uncollectibles:			
Billed		82	82
Intergovernmental		630	630
Due from other funds	692		692
Total current assets	<u>6,659</u>	<u>1,182</u>	<u>7,841</u>
Noncurrent assets:			
Long-term receivables		11	11
Deferred charges	251		251
Capital assets:			
Land and other nondepreciable assets	1,380		1,380
Facilities, infrastructure and equipment, net of depreciation	3,221	292	3,513
Total capital assets	<u>4,601</u>	<u>292</u>	<u>4,893</u>
Total noncurrent assets	<u>4,852</u>	<u>303</u>	<u>5,155</u>
Total assets	<u>\$ 11,511</u>	<u>1,485</u>	<u>12,996</u>
Liabilities:			
Current liabilities:			
Warrants payable	\$ 7	108	115
Accrued liabilities	155	253	408
Intergovernmental payable	9		9
Due to other funds	76	5	81
Current portion of long-term debt obligations	569		569
Total current liabilities	<u>816</u>	<u>366</u>	<u>1,182</u>
Noncurrent liabilities:			
Long-term debt obligations	4,280		4,280
Total noncurrent liabilities	<u>4,280</u>		<u>4,280</u>
Total liabilities	<u>5,096</u>	<u>366</u>	<u>5,462</u>
Net assets:			
Investment in capital assets, net of related debt	(193)	292	99
Unrestricted	6,608	827	7,435
Total net assets	<u>6,415</u>	<u>1,119</u>	<u>7,534</u>
Total liabilities and net assets	<u>\$ 11,511</u>	<u>1,485</u>	<u>12,996</u>

**COUNTY OF SACRAMENTO
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Operating revenues:			
Charges for sales and services	\$ 2,434	146	2,580
Other	18		18
Total operating revenues	<u>2,452</u>	<u>146</u>	<u>2,598</u>
Operating expenses:			
Salaries and benefits	522		522
Services and supplies	1,496	128	1,624
Depreciation and amortization	309	114	423
Other	210	1,371	1,581
Total operating expenses	<u>2,537</u>	<u>1,613</u>	<u>4,150</u>
Operating loss	<u>(85)</u>	<u>(1,467)</u>	<u>(1,552)</u>
Nonoperating revenues (expenses):			
Use of money and property	149	9	158
Intergovernmental		820	820
Sales / use tax		683	683
Interest expense	(229)		(229)
Total nonoperating revenues (expenses)	<u>(80)</u>	<u>1,512</u>	<u>1,432</u>
Income (loss) before transfers	(165)	45	(120)
Transfers in	3		3
Changes in net assets	(162)	45	(117)
Net assets, beginning of year	<u>6,577</u>	<u>1,074</u>	<u>7,651</u>
Net assets, end of year	<u>\$ 6,415</u>	<u>1,119</u>	<u>7,534</u>

**COUNTY OF SACRAMENTO
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

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	<u>Parking Enterprise</u>	<u>County Transit</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 2,453	108	2,561
Payments to suppliers	(1,489)	(1,893)	(3,382)
Payments to employees	(487)		(487)
Other payments	(35)		(35)
Payments for interfund services used	(175)		(175)
Net cash provided by (used for) operating activities	<u>267</u>	<u>(1,785)</u>	<u>(1,518)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue		1,948	1,948
Advance to other funds	1,575		1,575
Net cash provided by noncapital financing activities	<u>1,575</u>	<u>1,948</u>	<u>3,523</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(81)		(81)
Principal paid on long-term obligations	(490)		(490)
Interest paid on long-term obligations	(229)		(229)
Net cash used for capital and related financing activities	<u>(800)</u>		<u>(800)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on cash and investments	149	9	158
Net cash provided by investing activities	<u>149</u>	<u>9</u>	<u>158</u>
Net increase in cash and cash equivalents	1,191	172	1,363
Cash and cash equivalents, beginning of year	4,776	298	5,074
Cash and cash equivalents, end of year	<u>\$ 5,967</u>	<u>470</u>	<u>6,437</u>

**COUNTY OF SACRAMENTO
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 2 of 2

	Parking Enterprise	County Transit	Total
Operating loss	\$ (85)	(1,467)	(1,552)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation and amortization	309	114	423
Changes in assets and liabilities:			
Receivables:		(38)	(38)
Warrants payable	2		2
Compensated absences	48		48
Accrued liabilities	28	(82)	(54)
Due to other funds	(35)	(312)	(347)
Total adjustments	352	(318)	34
Net cash provided by (used for) operating activities	\$ 267	(1,785)	(1,518)

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Public Works - Accounts for special services provided by the Department of Public Works to other County departments and special districts. These services include Water Resources; Special District Formation; Water Quality; Highways and Bridges; Real Estate; Surveyor, Information and Permits; Technical Services and Construction Equipment.

General Services - Created to centralize many of the activities providing services to County departments. These activities include Automobile Fleet Operations; Purchasing; Printing; Mail; Central Stores; Surplus Property Disposal; Building Maintenance & Operations; and Telecommunications.

Liability/Property Self-insurance - Accounts for the County's program of self-insurance for liability/property perils.

Workers' Compensation Self-insurance - Accounts for the County's self-insurance of all workers' compensation claims.

Other Self-Insurance - Accounts for the County's self-insurance of all dental and unemployment claims.

Regional Communications - Accounts for the operations of the County's emergency communications function.

Office of Communications and Information Technology – Accounts for central telecommunication and data processing support to County departments.

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2005
(amounts expressed in thousands)**

	Self Insurance					Regional Communications	Office of Communications and Information Technology	Total
	Public Works	General Services	Liability/Property	Worker's Compensation	Other			
Assets:								
Current assets:								
Cash and investments	\$ 61,124	42,470	8,875	75	4,232	4,720	10,356	131,852
Receivables, net of allowance for uncollectibles:								
Billed	3,340	30						3,370
Intergovernmental	3,011	73	17	38	7		15	3,161
Due from other funds	4,476	1,528	12,114	31,986	2,261	1	175	52,541
Inventories	858	2,118						2,976
Total current assets	<u>72,809</u>	<u>46,219</u>	<u>21,006</u>	<u>32,099</u>	<u>6,500</u>	<u>4,721</u>	<u>10,546</u>	<u>193,900</u>
Noncurrent assets:								
Long-term advances to other funds	133							133
Deferred charges		3,709				43		3,752
Capital assets:								
Land and other nondepreciable assets	76	1,796						1,872
Facilities, infrastructure and equipment, net of depreciation	3,468	24,736				3,291	2,055	33,550
Total capital assets	<u>3,544</u>	<u>26,532</u>				<u>3,291</u>	<u>2,055</u>	<u>35,422</u>
Total noncurrent assets	<u>3,677</u>	<u>30,241</u>				<u>3,334</u>	<u>2,055</u>	<u>39,307</u>
Total assets	<u>\$ 76,486</u>	<u>76,460</u>	<u>21,006</u>	<u>32,099</u>	<u>6,500</u>	<u>8,055</u>	<u>12,601</u>	<u>233,207</u>
Liabilities and fund balances:								
Current liabilities:								
Warrants payable	\$ 411	1,064	505	502			396	2,878
Accrued liabilities	7,620	14,347	222	102		41	2,593	24,925
Intergovernmental payable	11,350	30			196		3	11,579
Due to other funds	10,725	1,867	2,786	8,565	3,856	9	402	28,210
Current portion of insurance claims payable			11,591	20,440				32,031
Deferred revenues	1		51	74		171	35	332
Total current liabilities	<u>30,107</u>	<u>17,308</u>	<u>15,155</u>	<u>29,683</u>	<u>4,052</u>	<u>221</u>	<u>3,429</u>	<u>99,955</u>
Noncurrent liabilities:								
Insurance claims payable			20,099	87,032				107,131
Long-term debt obligations	13,854	3,095				24	2,558	19,531
Long-term advances from other funds		11,308						11,308
Total noncurrent liabilities	<u>13,854</u>	<u>14,403</u>	<u>20,099</u>	<u>87,032</u>		<u>24</u>	<u>2,558</u>	<u>137,970</u>
Total liabilities	<u>43,961</u>	<u>31,711</u>	<u>35,254</u>	<u>116,715</u>	<u>4,052</u>	<u>245</u>	<u>5,987</u>	<u>237,925</u>
Net assets:								
Investment in capital assets, net of related debt	3,544	8,106				3,291	2,055	16,996
Unrestricted	28,981	36,643	(14,248)	(84,616)	2,448	4,519	4,559	(21,714)
Total net assets	<u>32,525</u>	<u>44,749</u>	<u>(14,248)</u>	<u>(84,616)</u>	<u>2,448</u>	<u>7,810</u>	<u>6,614</u>	<u>(4,718)</u>
Total liabilities and net assets	<u>\$ 76,486</u>	<u>76,460</u>	<u>21,006</u>	<u>32,099</u>	<u>6,500</u>	<u>8,055</u>	<u>12,601</u>	<u>233,207</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	Self Insurance							Total
	Public Works	General Services	Liability/Property	Worker's Compensation	Other	Regional Communications	Office of Communications and Information Technology	
Operating revenues:								
Charges for sales and services	\$ 190,534	138,147	15,066	33,313	2,335	2,925	47,574	429,894
Other	3,542	5,134	778	356	24			9,834
Total operating revenues	<u>194,076</u>	<u>143,281</u>	<u>15,844</u>	<u>33,669</u>	<u>2,359</u>	<u>2,925</u>	<u>47,574</u>	<u>439,728</u>
Operating expenses:								
Salaries and benefits	136,642	38,745				356	20,931	196,674
Services and supplies	50,180	77,489				842	21,253	149,764
Cost of sales and services		5,377						5,377
Depreciation and amortization	1,120	8,678				835	1,339	11,972
Self-insurance			17,979	29,744	1,336			49,059
Other		1,769	60	406	543		3,583	6,361
Total operating expenses	<u>187,942</u>	<u>132,058</u>	<u>18,039</u>	<u>30,150</u>	<u>1,879</u>	<u>2,033</u>	<u>47,106</u>	<u>419,207</u>
Operating income (loss)	<u>6,134</u>	<u>11,223</u>	<u>(2,195)</u>	<u>3,519</u>	<u>480</u>	<u>892</u>	<u>468</u>	<u>20,521</u>
Nonoperating revenues (expenses):								
Use of money and property	1	1	276			121	5	404
Intergovernmental	2,123							2,123
Interest expense	(870)	(1,198)					(17)	(2,085)
Other	1,442	808				(140)	(445)	1,665
Total nonoperating revenues (expenses)	<u>2,696</u>	<u>(389)</u>	<u>276</u>			<u>(19)</u>	<u>(457)</u>	<u>2,107</u>
Income (loss) before transfers	8,830	10,834	(1,919)	3,519	480	873	11	22,628
Transfers in	544	2,504				1	60	3,109
Transfers out	(2,363)				(3,371)			(5,734)
Changes in net assets	7,011	13,338	(1,919)	3,519	(2,891)	874	71	20,003
Net assets, beginning of year	<u>25,514</u>	<u>31,411</u>	<u>(12,329)</u>	<u>(88,135)</u>	<u>5,339</u>	<u>6,936</u>	<u>6,543</u>	<u>(24,721)</u>
Net assets, end of year	<u>\$ 32,525</u>	<u>44,749</u>	<u>(14,248)</u>	<u>(84,616)</u>	<u>2,448</u>	<u>7,810</u>	<u>6,614</u>	<u>(4,718)</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 1 of 2

	<u>Self Insurance</u>					Regional Communications	Office of Communications and Information Technology	Total
	Public Works	General Services	Liability/Property	Worker's Compensation	Other			
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from customers and users	\$ 7,480	4,807	401	283	114	2,955	48,283	64,323
Receipts from interfund services provided	189,673	159,877	19,937	20,576	4,012			394,075
Payments to suppliers	(49,548)	(83,573)	(16,689)	(17,533)	(1,668)	(823)	(21,113)	(190,947)
Payments to employees	(136,642)	(38,681)	(1,235)	(2,505)	(82)	(357)	(20,615)	(200,117)
Other payments					(527)	(18)	(3,855)	(4,400)
Payments for interfund services used	(443)	(20,990)	(133)	(828)	(29)			(22,423)
Net cash provided by (used for) operating activities	<u>10,520</u>	<u>21,440</u>	<u>2,281</u>	<u>(7)</u>	<u>1,820</u>	<u>1,757</u>	<u>2,700</u>	<u>40,511</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Intergovernmental revenue	3,099							3,099
Payment on advance from other fund	(50)							(50)
Advance to other funds	(2,243)							(2,243)
Transfers		140			(3,373)			(3,233)
Other nonoperating revenue		808	275					1,083
Net cash provided by (used for) noncapital financing activities	<u>806</u>	<u>948</u>	<u>275</u>		<u>(3,373)</u>			<u>(1,344)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from sale of long-term obligations		6,377						6,377
Acquisition and construction of capital assets		(9,198)				(1,094)	(1,582)	(11,874)
Principal paid on long-term obligations		(8,208)					(249)	(8,457)
Interest paid on long-term obligations		(1,198)						(1,198)
Proceeds from the sale of capital assets		684						684
Net cash used for capital and related financing activities		<u>(11,543)</u>				<u>(1,094)</u>	<u>(1,831)</u>	<u>(14,468)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest received on cash and investments		1						1
Net increase (decrease) in cash and cash equivalents	11,326	10,846	2,556	(7)	(1,553)	663	869	24,700
Cash and cash equivalents, beginning of year	49,798	31,624	6,319	82	5,785	4,057	9,487	107,152
Cash and cash equivalents, end of year	<u>\$ 61,124</u>	<u>42,470</u>	<u>8,875</u>	<u>75</u>	<u>4,232</u>	<u>4,720</u>	<u>10,356</u>	<u>131,852</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 2 of 2

	Public Works	General Services	Self Insurance			Regional Communications	Office of Communications and Information Technology	Total
			Liability/ Property	Worker's Compensation	Other			
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES								
Operating income (loss)	\$ 6,134	11,223	(2,195)	3,519	480	892	468	20,521
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:								
Depreciation and amortization	1,120	8,678				835	1,339	11,972
Other nonoperating expense	(151)					(18)	(379)	(548)
Changes in assets and liabilities:								
Receivables:								
Advance to other funds	4,800	(67)	(1,983)		(133)			2,617
Due from other funds	(446)	205						(241)
Due from other funds	(1,069)	9	1,842	(4,844)	(5)	17	708	(3,342)
Inventories	(858)	294						(564)
Accrued liabilities	601	648	(1,200)	(28)	(8)	18	704	735
Warrants payable	9	(54)	58	73		(7)	(93)	(14)
Compensated absences	823	61				(1)	158	1,041
Due to other funds	10,329	441	2,642	(7,966)	1,927	3	(205)	7,171
Deferred revenues	(1,050)		10		(441)	18		(1,463)
Due to other governments		2						2
Due from other governments	(9,722)							(9,722)
Estimated insurance liability			3,107	9,239				12,346
Total adjustments	4,386	10,217	4,476	(3,526)	1,340	865	2,232	19,990
Net cash provided by (used for) operating activities	\$ 10,520	21,440	2,281	(7)	1,820	1,757	2,700	40,511

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AGENCY FUNDS

AGENCY FUNDS

Law Enforcement - Accounts for law enforcement revenues collected pending disbursement, reimbursement, or apportionment to the appropriate County law enforcement department or other local police agency.

Unapportioned Tax Collection - Accounts for property taxes received but not yet apportioned by the County.

Court Operations - Accounts for the State block grants for all judicial positions, the Sheriff's court security services, and the interfund reimbursement from the General Fund required for court operations.

Other - Accounts for other agency funds where the County holds money in a custodial capacity.

**COUNTY OF SACRAMENTO
AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Law Enforcement</u>	<u>Unapportioned Tax Collection</u>	<u>Court Operations</u>	<u>Other</u>	<u>Total</u>
Assets:					
Cash and investments	\$ 47,836	45,365	28,670	133,889	255,760
Receivables, net of allowance for uncollectibles:					
Billed	247		1,605	2,394	4,246
Interest				17,409	17,409
Intergovernmental		1,125		337	1,462
Due from other funds		584	625	275	1,484
Long-term receivables			509	193	702
Total assets	<u>\$ 48,083</u>	<u>47,074</u>	<u>31,409</u>	<u>154,497</u>	<u>281,063</u>
Liabilities:					
Warrants payable	\$ 371	3,410	823	9,159	13,763
Accrued liabilities	5,465	91	4,656	1,859	12,071
Intergovernmental payable	42,247	43,573	25,930	143,479	255,229
Total liabilities	<u>\$ 48,083</u>	<u>47,074</u>	<u>31,409</u>	<u>154,497</u>	<u>281,063</u>

**COUNTY OF SACRAMENTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 1 of 3

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
Law Enforcement				
Assets:				
Cash and investments	\$ 29,648	18,188		47,836
Receivables, net of allowance for uncollectibles:				
Billed	682		435	247
Due from other funds	9		9	
Total assets	<u>\$ 30,339</u>	<u>18,188</u>	<u>444</u>	<u>48,083</u>
Liabilities:				
Warrants payable	\$ 160	211		371
Accrued liabilities	4,692	773		5,465
Intergovernmental payable	25,487	16,760		42,247
Total liabilities	<u>\$ 30,339</u>	<u>17,744</u>		<u>48,083</u>
Unapportioned Tax Collection				
Assets:				
Cash and investments	\$ 36,745	8,620		45,365
Receivables, net of allowance for uncollectibles:				
Intergovernmental	1,140		15	1,125
Due from other funds	408	176		584
Total assets	<u>\$ 38,293</u>	<u>8,796</u>	<u>15</u>	<u>47,074</u>
Liabilities:				
Warrants payable	\$ 5,436		2,026	3,410
Accrued liabilities	1	90		91
Intergovernmental payable	32,856	10,717		43,573
Total liabilities	<u>\$ 38,293</u>	<u>10,807</u>	<u>2,026</u>	<u>47,074</u>

**COUNTY OF SACRAMENTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

Page 2 of 3

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
Court Operations				
Assets:				
Cash and investments	\$ 15,480	13,190		28,670
Receivables, net of allowance for uncollectibles:				
Billed	6,283		4,678	1,605
Due from other funds	602	23		625
Long-term receivables	509			509
Total assets	<u>\$ 22,874</u>	<u>13,213</u>	<u>4,678</u>	<u>31,409</u>
Liabilities:				
Warrants payable	\$ 780	43		823
Accrued liabilities	4,425	231		4,656
Intergovernmental payable	17,669	8,261		25,930
Total liabilities	<u>\$ 22,874</u>	<u>8,535</u>	<u></u>	<u>31,409</u>
Other				
Assets:				
Cash and investments	\$ 137,647		3,758	133,889
Receivables, net of allowance for uncollectibles:				
Billed	1,172	1,222		2,394
Interest	2,425	14,984		17,409
Intergovernmental	355		18	337
Due from other funds	1,462		1,187	275
Long-term receivables	487		294	193
Total assets	<u>\$ 143,548</u>	<u>16,206</u>	<u>5,257</u>	<u>154,497</u>
Liabilities:				
Warrants payable	\$ 4,407	4,752		9,159
Accrued liabilities	11,809		9,950	1,859
Intergovernmental payable	127,332	16,147		143,479
Total liabilities	<u>\$ 143,548</u>	<u>20,899</u>	<u>9,950</u>	<u>154,497</u>

**COUNTY OF SACRAMENTO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2005
 (amounts expressed in thousands)**

Page 3 of 3

	<u>Balance</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2005</u>
Totals				
Assets:				
Cash and investments	\$ 219,520	39,998	3,758	255,760
Receivables, net of allowance for uncollectibles:				
Billed	8,137	1,222	5,113	4,246
Interest	2,425	14,984		17,409
Intergovernmental	1,495		33	1,462
Due from other funds	2,481	199	1,196	1,484
Long-term receivables	996		294	702
Total assets	<u>\$ 235,054</u>	<u>56,403</u>	<u>10,394</u>	<u>281,063</u>
Liabilities:				
Warrants payable	\$ 10,783	5,006	2,026	13,763
Accrued liabilities	20,927	1,094	9,950	12,071
Intergovernmental payable	203,344	51,885		255,229
Total liabilities	<u>\$ 235,054</u>	<u>57,985</u>	<u>11,976</u>	<u>281,063</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



INVESTMENT TRUST FUNDS

INVESTMENT TRUST FUNDS

Treasurer's Pool - Accounts for assets held for external investment pool participants.

Fiscal Agent Pool - Accounts for separate investment pools and maintains accounts for assets of various long-term obligations.

**COUNTY OF SACRAMENTO
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005
(amounts expressed in thousands)**

	Treasurer's Pool	Fiscal Agent Pool	Total
Assets:			
Cash and investments	\$ 1,498,366	919,903	2,418,269
Net assets held in trust for pool participants	\$ 1,498,366	919,903	2,418,269

**COUNTY OF SACRAMENTO
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005
(amounts expressed in thousands)**

	<u>Treasurer's Pool</u>	<u>Fiscal Agent Pool</u>	<u>Total</u>
Additions:			
Contributions on pooled investments	\$ 7,373,703	5,840,534	13,214,237
Use of money and property	22,151	51,276	73,427
	<hr/>	<hr/>	<hr/>
Total additions	7,395,854	5,891,810	13,287,664
Deductions:			
Distributions from pooled investments	7,256,350	5,286,393	12,542,743
	<hr/>	<hr/>	<hr/>
Net increase in net assets	139,504	605,417	744,921
Net assets held in trust for pool participants, beginning of year	1,358,862	314,486	1,673,348
	<hr/>	<hr/>	<hr/>
Net assets held in trust for pool participants, end of year	<u>\$ 1,498,366</u>	<u>919,903</u>	<u>2,418,269</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



**STATISTICAL
SECTION**

**COUNTY OF SACRAMENTO
GOVERNMENTAL EXPENDITURES BY FUNCTION (a)
FISCAL YEARS 1995-96 THROUGH 2004-05
(amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Assistance</u>	<u>Public Protection</u>	<u>Health & Sanitation</u>	<u>Public Ways & Facilities</u>	<u>Recreation & Culture</u>	<u>Education</u>	<u>Withdrawals by Plan Members</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total Expenditures</u>
1995-96	\$ 92,028	564,766	334,713	138,880	53,055	24,785	17,103		79,680	82,533	1,387,543
1996-97	113,725	543,153	355,095	151,171	58,290	24,932	19,258	15,566 (b)	87,502	42,759	1,411,451
1997-98	105,266	536,237	401,244	166,034	54,954	24,463	19,783		60,614	61,925	1,430,520
1998-99	124,332	588,586	383,281	184,287	53,623	25,537	22,133		43,108	71,136	1,496,023
1999-00	136,714	616,842	445,172	225,699	50,764	28,987	27,987		58,116	76,003	1,666,284
2000-01	122,731	652,949	485,488	259,513	75,874	33,412	32,045		85,711	76,940	1,824,663
2001-02	119,803	708,598	558,193	308,869	99,462	35,875	28,619		83,492	81,183	2,024,094
2002-03	85,265	701,080	583,457	379,561	82,695	37,211	26,283		94,519	92,893	2,082,964
2003-04	132,386	673,037	560,442	436,181	99,212	33,830	26,554		164,198	85,011	2,210,851
2004-05	158,940	786,505	850,786	432,221	80,330	36,652	15,572		93,384	173,345	2,627,735

Source: MD&A
Expenditures by Function, Governmental Funds

- (a) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.
- (b) Commencing in 1996-97, the County Deferred Compensation Plan changed asset ownership to the individual participants. Consequently, the Plan is no longer reported in the financial statements.

Source: financial statements.

**COUNTY OF SACRAMENTO
GOVERNMENTAL REVENUES BY SOURCE (a)
FISCAL YEARS 1995-96 THROUGH 2004-05
(amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Use of Money & Property</u>	<u>Licenses & Permits</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Fines & Forfeitures</u>	<u>Contributions from Property Owners</u>	<u>Pledged Tobacco Settlement Proceeds</u>	<u>Miscellaneous</u>	<u>Total Revenues</u>
1995-96	\$ 216,316	39,523	32,287	823,633	131,391	8,789	6,416		79,875	1,338,230
1996-97	218,162	94,977	33,351	836,761	144,157	10,384	4,781		101,927 (b)	1,444,500
1997-98	220,988	37,653	39,029	908,223	141,021	16,220	5,592		60,260	1,428,986
1998-99	247,684	50,226	47,635	972,292	139,404	20,379	999		53,996	1,532,615
1999-00	286,658	50,908	48,848	1,073,438	168,572	35,500	725		82,980	1,747,629
2000-01	299,486	60,101	49,124	1,201,519	152,022	35,141	757		84,836	1,882,986
2001-02	335,279	53,433	53,652	1,275,495	177,646	23,335	249		101,582	2,020,671
2002-03	353,813	46,880	49,686	1,298,846	153,983	33,853			112,639	2,049,700
2003-04	363,967	31,854	50,416	1,274,924	189,526	44,531	59,845	13,388	102,210	2,130,661
2004-05	442,560	41,993	51,029	1,294,614	149,159	41,729	9,276	13,225	102,077	2,145,662

(a) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

(b) Included in miscellaneous is \$21,930 in contributions from plan members. Commencing in 1996-97, the County Deferred Compensation Plan changed asset ownership to the individual participants. Consequently, the Plan is no longer reported in the financial statements.

Source: financial statements.

COUNTY OF SACRAMENTO
GOVERNMENTAL TAX REVENUES BY SOURCE (a)
FISCAL YEARS 1995-96 THROUGH 2004-05
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales/Use</u>	<u>Transient</u>	<u>Total</u>
1995-96	\$ 136,532	74,798	4,986	216,316
1996-97	136,423	76,214	5,525	218,162
1997-98	144,048	70,840	6,100	220,988
1998-99	166,068	74,890	6,726	247,684
1999-00	196,689	82,992	6,977	286,658
2000-01	203,314	87,701	8,471	299,486
2001-02	240,640	85,988	8,651	335,279
2002-03	262,647	83,275	7,891	353,813
2003-04	278,254	79,785	5,928	363,967
2004-05	356,956	79,517	6,087	442,560

(a) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

Source: financial statements.

**COUNTY OF SACRAMENTO
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 1995-96 THROUGH 2004-05
(amounts expressed in thousands)**

Fiscal Year	Total Assessed Valuation (a)	Secured Tax Levies (b)	Current Secured Levy Delinquent at June 30		Total Collections	
			Dollar	%	June 30 Dollar (c)	% Current Levy
1995-96	\$ 54,056,086	\$ 491,167	\$ 11,599	2.4	\$ 479,568	97.64
1996-97	54,158,275	492,473	10,145	2.1	482,328	97.94
1997-98	54,810,113	500,035	9,404	1.9	490,631	98.12
1998-99	57,181,929	523,535	8,846	1.7	514,689	98.31
1999-00	60,640,474	558,022	9,276	1.7	548,746	98.34
2000-01	65,228,760	603,051	9,680	1.6	593,371	98.39
2001-02	70,700,747	638,752	9,707	1.5	629,045	98.48
2002-03	77,715,716	722,729	12,271	1.7	710,458	98.30
2003-04	82,831,026	802,626	11,603	1.4	791,023	98.55
2004-05	93,089,961	899,246	13,020	1.4	886,226	98.55

(a) Includes secured, unsecured, utility roll, and State-reimbursed exemptions.

(b) Adjusted levy amount as of June 30 – Secured Countywide 1% and Utility 1%.

(c) Collection amount as of June 30 – Secured Countywide 1% and Utility 1%.

Source: County's internal financial documents.

**COUNTY OF SACRAMENTO
 ASSESSED VALUE OF PROPERTY
 FISCAL YEARS 1995-96 THROUGH 2004-05
 (amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Secured (a)</u>	<u>Unsecured</u>	<u>Total Assessed Value (b)</u>
1995-96	\$ 50,790,844	3,265,242	54,056,086
1996-97	50,977,283	3,180,992	54,158,275
1997-98	51,541,123	3,268,990	54,810,113
1998-99	53,778,895	3,403,034	57,181,929
1999-00	57,145,432	3,495,042	60,640,474
2000-01	61,544,661	3,684,099	65,228,760
2001-02	66,871,156	3,829,591	70,700,747
2002-03	73,822,143	3,893,573	77,715,716
2003-04	78,798,760	4,032,266	82,831,026
2004-05	89,041,829	4,048,132	93,089,961

(a) Includes Operating Unitary State Utility roll.

(b) Property is assessed at 100% of market value.

Source: County's internal financial documents

COUNTY OF SACRAMENTO
AVERAGE PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
FISCAL YEARS 1995-96 THROUGH 2004-05

Fiscal Year	Total 1% Countywide Rate			Countywide Average Bond Rate (a)	Total Countywide Average Tax Rate
	General Fund	Other Agencies	Schools		
1995-96	0.1816	0.3077	0.5107	0.1473	1.1473
1996-97	0.1821	0.3067	0.5112	0.1090	1.1090
1997-98	0.1777	0.3132	0.5091	0.1576	1.1576
1998-99	0.1784	0.3157	0.5059	0.1075	1.1075
1999-00	0.1783	0.3119	0.5099	0.0900	1.0901
2000-01	0.1780	0.3185	0.5035	0.0958	1.0958
2001-02	0.1764	0.3242	0.4994	0.0820	1.0820
2002-03	0.1758	0.3229	0.5013	0.0623	1.0623
2003-04	0.1679	0.3321	0.5000	0.0708	1.0708
2004-05	0.1528	0.3228	0.5244	0.0971	1.0971

(a) The average bond rate is the average of the County bond rate and the highest bond rate plus the Regional Sanitation bond rate.

Source: County's internal financial documents.

**COUNTY OF SACRAMENTO
 PRINCIPAL SACRAMENTO COUNTY TAXPAYERS
 AND METROPOLITAN AREA PRIVATE-SECTOR EMPLOYERS
 (Ten largest taxpayers and/or ten largest employers)
 (amounts expressed in thousands)**

<u>Company</u>	<u>Product/Service</u>	<u>Average Number of Employees - 2004 (a)</u>	<u>Total Taxes Billed 2004-05 (b)</u>	<u>Percentage of Total Taxes Billed</u>
Intel Corporation	Electronics	6,500	\$ 6,400	0.80%
SBC Communications	Telephone Services	5,753	4,124	0.51%
Elliot Homes, Inc.	Real Estate		4,092	0.51%
Aerojet General Corp.	Aerospace		2,903	0.36%
Oates Marvin, Et Al.	Real Estate		2,208	0.28%
Pacific Gas & Electric Co.	Energy		3,039	0.38%
Calpine Natural Gas Co.	Energy		2,052	0.26%
GMAC Model Homes Finance, Inc.	Mortgage Banking		2,017	0.25%
MP-200 LLC (lease)	Real Estate		1,590	0.20%
JB Management LP	Real Estate		1,982	0.25%
Kaiser Permanente	Medical Services	11,729		
Raley's Inc./Bel Air	Retail Sales	8,203		
Sutter Health	Medical Services	11,284		
CHW / Mercy Health Care	Medical Services	5,229		
Hewlett-Packard	Electronics	4,500		
Wal-Mart Stores, Inc.	Retail Sales	3,300		
Target Corporation	Retail Sales	3,693		
University of California, Davis (UCD)	Medical Services	8,000		

(a) Source: Sacramento Business Journal

(b) Source: Sacramento County Department of Finance

**COUNTY OF SACRAMENTO
 COMPUTATION OF LEGAL DEBT MARGIN
 AS OF APRIL 1, 2005
 (amounts expressed in thousands)**

Assessed valuation	\$ 93,089,961
Debt limit = 1.25% of assessed value	\$ 1,163,625
Amount of debt applicable to debt limit:	
General obligation bonds	<u> </u>
Legal debt margin	<u>\$ 1,163,625</u>
Source: Tax Accounting	

Note: Article XIII A of the California State Constitution and Senate Bill 1656, Statutes of 1978, provided for changing assessed value from 25 percent of full cash value to full cash value. Hence, the 5 percent limitation on general obligation bond indebtedness imposed by Section 29909 of the Government Code became 1.25 percent of assessed value.

Source: County's internal documents and financial statements.

COUNTY OF SACRAMENTO
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA
FISCAL YEARS 1995-96 THROUGH 2004-05
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Valuation</u>	<u>Debt Limit</u>	<u>Debt Margin</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Reserve (a)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
1995-96	1,125	\$ 54,056,086	\$ 675,701	\$ 675,701			N/A	N/A	N/A
1996-97	1,141	54,158,275	676,978	676,978			N/A	N/A	N/A
1997-98	1,160	54,810,113	685,126	685,126			N/A	N/A	N/A
1998-99	1,178	57,181,929	714,774	714,774			N/A	N/A	N/A
1999-00	1,210	60,640,474	758,006	758,006			N/A	N/A	N/A
2000-01	1,259	65,228,760	815,359	815,359			N/A	N/A	N/A
2001-02	1,280	70,700,747	883,759	883,759			N/A	N/A	N/A
2002-03	1,310	77,715,716	971,446	971,446			N/A	N/A	N/A
2003-04	1,335	82,831,026	1,035,388	1,035,388			N/A	N/A	N/A
2004-05	1,370 (b)	93,089,961	1,163,625	1,163,625			N/A	N/A	N/A

(a) Represents amounts available for repayment of general obligation bonds.

(b) Sacramento County population at January 1, 2005, as estimated by the California State Department of Finance.

COUNTY OF SACRAMENTO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GOVERNMENTAL EXPENDITURES
FISCAL YEARS 1995-96 THROUGH 2004-05
(amounts expressed in thousands)

Fiscal Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Total Debt Service to Total Governmental Expenditures
1995-96	\$ 505	13	518	1,387,543	0.00037
1996-97				1,411,451	N/A
1997-98				1,430,520	N/A
1998-99				1,496,023	N/A
1999-00				1,666,284	N/A
2000-01				1,824,663	N/A
2001-02				2,024,094	N/A
2002-03				2,082,964	N/A
2003-04				2,210,851	N/A
2004-05				2,627,735	N/A

Source: County's internal financial documents.

Since July 1, 1996, the County has had no General Obligation Debt.

COUNTY OF SACRAMENTO
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
(amounts expressed in thousands)

	<u>Applicable Percentage</u>	<u>Debt as of June 1, 2005</u>
Sacramento County General Fund Obligations	100.00	\$ 309,115
Sacramento County Board of Education	100.00	13,295
School Districts	Various	1,339,025
City of Sacramento and Authorities	100.00	592,190
Other Cities	100.00	57,189
Other Water, Park, and Reclamation Districts	Various	<u>79,830</u>
Total gross direct and overlapping bonded debt		<u><u>\$ 2,390,644</u></u>

Source: California Municipal Statistics, Inc. (selected data combined/omitted).

COUNTY OF SACRAMENTO
SCHEDULE OF REVENUE BOND COVERAGE FOR PROPRIETARY FUNDS
FISCAL YEARS 1995-96 THROUGH 2004-05
(amounts expressed in thousands)

Fiscal Year	Gross Revenue (a)	Direct Operating Expenses (b)	Net Revenue	Debt Service Requirements (c)			Coverage
			Available for Debt Service	Principal	Interest	Total	
<u>Airport Revenue Bond Coverage</u>							
1995-96	\$ 47,855	32,017	15,838	855	3,457	4,312	3.67
1996-97	52,296	35,315	16,981	900	5,834	6,734	2.52
1997-98	53,905	35,201	18,704	950	7,245	8,195	2.28
1998-99	64,281	41,887	22,394	4,565	10,315	14,880	1.50
1999-00	78,480	45,104	33,376	4,055	11,996	16,051	2.08
2000-01	84,937	49,297	35,640	4,250	11,796	16,046	2.22
2001-02	83,866	56,135	27,731	4,470	11,586	16,056	1.73
2002-03	89,259	62,270	26,989	4,845	14,164	19,009	1.42
2003-04	91,477	66,005	25,472	6,425	14,367	20,792	1.23
2004-05	110,135	66,825	43,310	6,425	12,632	19,057	2.27
<u>Parking Authority Revenue Bond Coverage</u>							
1995-96	2,252	1,568	684	235	23	258	2.65
1996-97	2,478	1,701	777	250	11	261	2.98
1997-98	2,640	1,730	910				
1998-99	2,574	1,533	1,041				
1999-00	2,188	1,222	966				
2000-01	2,387	1,591	796				
2001-02	2,492	1,645	847				
2002-03	2,346	1,267	1,079				
2003-04	2,388	1,897	491				
2004-05	2,452	2,228	224				

- (a) Per bond resolution, Revenues include all Airport System Revenues exclude certain interest earnings and restricted revenues.
(b) Total operating expenses exclusive of depreciation.
(c) Includes principal and interest of revenue bonds only. Does not include general obligation bonds or certificates of participation..

Source: County's internal financial documents.

**COUNTY OF SACRAMENTO
DEMOGRAPHIC STATISTICS
FISCAL YEARS 1995-96 THROUGH 2004-05
(amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Public School Enrollment</u>	<u>Unemployment Rate (%)</u>
1995-96	1,125	192	6.8
1996-97	1,141	200	5.8
1997-98	1,160	205	5.2
1998-99	1,178	210	5.3
1999-00	1,210	214	4.8
2000-01	1,259	222	4.2
2001-02	1,280	228	4.7
2002-03	1,310	233	5.2
2003-04	1,335	235	5.2
2004-05	1,370 (a)	238 (b)	4.5 (c)

(a) As of January 1, 2005.

(b) For the 2004/05 school year.

(c) Rate for April 2005.

Sources: California State Department of Finance, Sacramento County Office of Education, and California State Employment Development Department.

COUNTY OF SACRAMENTO
PROPERTY VALUES, RESIDENTIAL CONSTRUCTION AND BANK DEPOSITS
CALENDAR YEARS 1995 THROUGH 2004
(amounts expressed in thousands)

Calendar Year	Property Value (Building Permit Valuations)			Residential Construction			Bank Deposits
	Residential	Non-Residential	Total	Single-Family	Multi-Family	Total	
1995	\$ 586,496	386,576	973,072	3,539	328	3,867	\$ 6,949,350
1996	595,801	403,782	999,583	3,594	281	3,875	6,602,506
1997	600,913	686,665	1,287,578	3,610	366	3,976	9,498,879
1998	1,021,230	800,309	1,821,539	5,110	2,610	7,720	10,135,152
1999	1,158,833	948,189	2,107,022	5,523	4,900	10,423	10,491,810
2000	1,449,414	1,183,303	2,632,717	7,054	3,362	10,416	11,108,700
2001	1,835,507	547,986	2,383,493	8,616	973	9,589	12,361,000
2002	2,317,674	466,514	2,784,188	10,519	2,609	13,128	13,399,000
2003	2,357,495	506,642	2,864,137	10,006	2,328	12,334	14,719,000
2004	2,382,098	522,248	2,904,346	9,365	754	10,119	16,689,000 (a)

(a) as of June 30, 2004.

Sources: Sacramento County Assessor's Office. Bank deposit information was obtained from the California State Banking Department.

**COUNTY OF SACRAMENTO
TAXABLE TRANSACTIONS
CALENDAR YEARS 1995 THROUGH 2004
(amounts expressed in thousands)**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 (a)
Apparel Stores	325,766	337,455	351,076	364,544	369,927	410,328	435,758	522,579	515,374	
General Merchandise Stores	1,429,394	1,443,568	1,536,577	1,663,856	1,851,634	1,960,570	1,996,605	2,181,379	2,105,678	
Specialty Stores	1,249,240	1,294,671	1,335,040	1,449,835	1,624,485	1,800,343	1,780,073	1,789,935	1,928,593	
Food Stores	604,318	630,408	644,514	641,284	696,416	758,169	792,603	831,510	823,780	
Package Liquor Stores	47,337	49,274	55,851	60,809	66,236	71,301	75,536	74,009	80,685	
Eating & Drinking Places	887,305	907,290	949,013	1,008,886	1,080,021	1,163,483	1,242,312	1,375,264	1,375,098	
Home Furnishings & Appliances	550,338	557,687	480,584	489,935	547,607	604,626	623,515	656,135	694,654	
Building Materials & Farm Implements	577,845	629,926	703,511	766,340	947,034	1,070,505	1,247,180	1,434,696	1,508,319	
Service Stations	516,520	594,514	586,279	517,785	630,998	811,847	816,696	910,996	943,620	
Automobile, Boat, Motorcycle, & Plane Dealers & Parts Outlets	1,396,685	1,502,419	1,584,697	1,752,127	2,124,519	2,421,359	2,539,207	2,963,002	2,749,194	
Total Retail Outlets	7,584,748	7,947,212	8,227,142	8,715,401	9,938,877	11,072,531	11,549,485	12,739,505	12,724,995	
Business & Personal Services	479,781	500,914	552,663	619,589	705,364	729,836	861,189	871,761	906,662	
All Other Outlets	3,368,795	3,532,149	3,754,364	3,993,656	4,335,152	4,791,358	4,811,127	4,611,207	4,874,809	
Total All Outlets	11,433,324	11,980,275	12,534,169	13,328,646	14,979,393	16,593,725	17,221,801	18,222,473	18,506,466	

(a) Not available

Source: State Board of Equalization

COUNTY OF SACRAMENTO
LABOR MARKET SURVEY - NUMBER OF PEOPLE EMPLOYED
CALENDAR YEARS 1995 THROUGH 2004
(amounts expressed in thousands)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002 (a)</u>	<u>2003</u>	<u>2004</u>
Mining	0.1	0.1	0.1							
Construction	20.2	21.2	23.3	25.9	31.7	34.3	34.9	37.4	39.6	42.8
Manufacturing	28.4	31.5	32.7	33.9	34.9	36.0	34.6	29.1	28.5	30.5
Transportation & Public Utilities	20.3	20.8	20.1	20.8	22.4	22.6	22.7	11	11.1	12.3
Wholesale Trade	19.4	19.6	20.6	21.1	21.8	21.4	22.1	17.3	16.8	17.4
Retail Trade	82.7	82.8	84.2	84.5	92.1	99.8	96.3	63.9	66.0	67.9
Finance, Insurance, & Real Estate	34.5	33.8	35.5	40.6	43.5	40.2	39.8	38.7	41.8	41.5
Services	131.0	135.7	137.4	143.2	157.1	163.3	160.1	139.2	139.4	137.9
Government	144.9	145.4	146.2	146.3	154.5	158.8	165.4	169.6	161.1	155.4
Agriculture	<u>3.4</u>	<u>2.9</u>	<u>2.9</u>	<u>2.9</u>	<u>3.1</u>	<u>2.6</u>	<u>3.8</u>	<u>2.1</u>	<u>2.3</u>	<u>2</u>
Total	<u><u>484.9</u></u>	<u><u>493.8</u></u>	<u><u>503.0</u></u>	<u><u>519.2</u></u>	<u><u>561.1</u></u>	<u><u>579.0</u></u>	<u><u>579.7</u></u>	<u><u>508.3</u></u>	<u><u>506.6</u></u>	<u><u>507.7</u></u>

(a) Beginning with calendar year 2002, industries are classified according to the North American Industry Classification System.

Source: State Employment Development Department

**COUNTY OF SACRAMENTO
 AGRICULTURAL PRODUCTION
 CALENDAR YEARS 1995 THROUGH 2004
 (amounts expressed in thousands)**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Field crops	\$ 55,272	60,616	57,842	37,311	42,356	43,756	42,558	49,719	46,855	46,850
Livestock & poultry products	37,935	43,506	42,581	51,103	48,790	43,121	49,927	38,824	39,170	56,192
Livestock & poultry	27,993	25,049	27,429	27,852	24,220	24,594	24,982	28,819	37,777	37,214
Vegetable crops	26,344	26,058	23,760	25,639	30,636	17,088	19,433	23,938	24,384	38,534
Fruit & nut crops	62,886	64,452	73,778	110,297	124,217	127,499	124,151	104,429	91,308	105,585
Nursery products	9,582	15,745	17,275	17,933	17,113	26,408	28,968	26,378	31,442	35,220
Seed crops	9,721	8,942	6,912	5,290	6,412	3,041	4,882	3,775	3,913	5,902
Apiary products	54	48	216	159	115	65	59	55	51	30
Total	<u>\$ 229,787</u>	<u>244,416</u>	<u>249,793</u>	<u>275,584</u>	<u>293,859</u>	<u>285,572</u>	<u>294,960</u>	<u>275,937</u>	<u>274,900</u>	<u>325,527</u>

Source: Sacramento County Agricultural Commissioner

**COUNTY OF SACRAMENTO
MISCELLANEOUS STATISTICS
FOR THE YEAR ENDED JUNE 30, 2005**

Geographical location: Sacramento County is situated in the middle of the California Central Valley, encompassing the low delta lands between the Sacramento and San Joaquin Rivers, and extending to the Sierra Nevada foothills.

County Seat: City of Sacramento

Year of incorporation: 1850

Form of government: Chartered County

Number of permanent employees: 10,904 as of April 2005

Area in square miles: 994

Unincorporated facilities and services:

Culture and recreation:

Number of parks	38
Number of golf courses	4
Number of acres in parks	7,100

Sheriff protection: (including the City of Citrus Heights, the City of Elk Grove, and the City of Rancho Cordova)

Number of stations	7
Number of community service centers	11
Number of sworn sheriff personnel	1642
Total number of arrests, calendar year 2004	28,966

Judicial:

Number of Superior Court judges	52
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Airports:

Number of airports	4
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**COUNTY OF SACRAMENTO
MISCELLANEOUS STATISTICS
FOR THE YEAR ENDED JUNE 30, 2005**

Facilities and services not included within the reporting entity:

Education (October 2004):

Number of public elementary schools	286
Enrollment in public elementary schools	165,251
Number of public secondary schools	65
Enrollment in public secondary schools	73,134
Number of community colleges	4
Number of public universities	1

Hospitals

Number of hospitals (as of 12/31/2004)	15
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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2005**

