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**FISCAL YEAR 2006**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**SACRAMENTO COUNTY**  
**STATE OF CALIFORNIA**

*Dave Irish, Director of Finance*

**For The Fiscal Year Ended June 30, 2006**

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**COUNTY OF SACRAMENTO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## INTRODUCTORY SECTION

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

**DAVE IRISH**  
Director of Finance

**JULIE VALVERDE**  
Assistant Auditor-Controller

January 26, 2007

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, 2006, 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, 2006, and the respective changes in financial position and cash flows, 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 2004-05 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, if applicable. 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.

### **ECONOMIC CONDITION AND OUTLOOK**

Sacramento County is located in the Central Valley of California and extends from the Delta of the Sacramento and San Joaquin Rivers to the lower range of foothills of the Sierra Nevada Mountains. To the southwest is the highly urban San Francisco Bay Area. The City of Sacramento, the largest and most populous city in the County, is both the State Capitol and the County Seat. The State Capitol building, many state offices, Sacramento City Hall, and the County Administration Center are all located in the downtown area of the City of Sacramento. There are six other cities in Sacramento County: Citrus Heights, Elk Grove, Folsom, Galt, Isleton, and Rancho Cordova.

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 is 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.

During Fiscal Year 2002-03 through Fiscal Year 2004-05 the County faced significant budget pressure, but for the last two years the 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 remained at 4.6% in April 2005 to 4.6% in April 2006. This is lower than the state's unemployment rate which was 5.4 and 4.9 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 20,200 jobs or 2.29 percent from July 2005 to July 2006. This number is expected to increase slightly for fiscal year 2006-07 with no threat of reduction in the workforce by the State and the County, as well as additional job growth in the private industry.

The real estate market in Sacramento County remained brisk during Fiscal Year 2005-06, 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 2005-06, the secured property taxes revenues increased by 15.33 percent. Sacramento County's property taxes revenues are expected to increase by \$53.6 million for Fiscal Year 2006-07 which includes the return of \$12.2 million in Educational Revenue Augmentation Fund (ERAF) revenues.

The County's sales tax revenues increased in Fiscal Year 2005-06 as compared to Fiscal Year 2004-05 and are expected to increase slightly during Fiscal Year 2006-07. Currently, the County is fostering new/rehabilitated retail centers within the unincorporated area of the County in order to increase this revenue source.

For the first time in six years, the State passed its budget before the start of the fiscal year. In recent history, passage of the state's spending plan routinely meant cuts for local governments. However, the impacts of the State Budget on the County are generally positive this year. Therefore, with the additional job growth identified above and no threat of government 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 are highly important to the County as the County relies heavily on these revenues to fund General Fund services.

### **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. Efforts are currently underway to locate new permanent facilities to house county services in all three of these locations.

- **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 prevention and early intervention services and 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 2005-06 the County was allocated \$9.9 million 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 activities from five departments, Coroner, Environmental Management, Health and Human Services, Probation and Voter Registration & Election.

**Coroner**

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

In Fiscal Year 2005/06, the Sacramento County Coroner's Office acquired and took possession of a "Mass Casualty Response Vehicle" which was paid for with a combination of State Homeland Security Grant and Urban Area Security Initiative (UASI) funds.

As a result of having this equipment, the Coroner was able to provide "Mutual-Aid" to the San Joaquin County Sheriff/Coroner during the heat wave last summer, when their Morgue Cooler broke down. This vehicle was loaned to them and functioned as a temporary Morgue Cooler until it could be arranged for the installation of portable refrigerated containers, while the cooler was being repaired.

**Environmental Management Department (EMD)**

Received approval from the Board of Supervisors on Ordinance language and personnel authorizations to facilitate EMD food Safety Initiatives. Conducted mock food facility inspections in preparation for implementation of the Green/Yellow/Red Placarding System scheduled to begin in January 2007.

Received Award of Excellence in Environmental Health from the California Conference of Directors of Environmental Health (CCDEH) for development and use of Compliance Assistance Bulletins (CABs).

Department staff participated in multiple emergency operations exercises conducted by both the County and the Department of Homeland Security.

Imaged more than 517,041 documents since January 2002 allowing for shared/multiple person viewing and electronic file reviews.

**Department of Health and Human Services**

The following are items of major accomplishments of the Child Protective Services Division for the 2005-06 fiscal year.

**Sienna Vista Violence Prevention Program Expands Services**

Sienna Vista Violence Prevention Program is a community collaborative with Child Protective Services (CPS), the Sheriff's Department, Probation, and the Department of Human Assistance. The collaborative provides an array of supportive services aimed at strengthening families within a targeted zip code area that reflected both high crime and child removal rates. The program is located at the Sienna Vista Apartment Complex, a housing complex that provides residency to 296 low-income families.

An on-site Family Resource Center provides services including referrals to community agencies, an on-site food closet and clothes closet, and child protective preventative services via a Multi-Disciplinary team (MDT) process. The collaborative also provided a Parent Support Group, Youth Sports Club, Alcohol and Other Drugs (AOD) Group, and a Teen Support Group. In addition to these services, children participated in the on-site after-school program aimed at keeping youth engaged in positive activities during the prime hours when many children are at risk.

**Making Decisions as Team Improves Placement Stability for Children**

Child Protective Services (CPS) is using a process called Team Decision Making (TDM) to bring together family, community and child welfare to make critical decisions regarding placement changes for children.

At a team decision making meeting, birth families, foster parents, social workers, teachers, service providers and others who are involved with a family come together to decide the best plan for a child's placement. TDM has been very effective in improving placement stability, including in-home placement. 243 children have been served by team decision-making this year. 78% of the children that were at risk of placement failure were able to remain in their placements or in their home.

**CPS Expands Prevention and Early Intervention Services**

Differential Response is a model that involves partnering with community based organizations to provide prevention, early intervention, and on-going support services to families at the neighborhood level. The intent is to bring services to families as needs arise and before critical situations develop leading to the removal of children.

Differential Response creates a response system where services to families are given in their neighborhood, when the need arises. We began partnering with Mutual Assistance Network in the Del Paso Heights community to link at-risk families to services within the 95838 zip code, in June of 2005. In July 2006, we began a partnership with River Oak Center for Children to provide expanded services to families in 4 south area zip code areas (95814, 94817, 95820 and 95832) in 2007.

**Probation Department**

**Evidence Based Practices:** The Department has made significant ongoing progress in implementing Evidence Based Practices (EBP), an outcome-based, research-supported system of programs which have proven to be effective and efficient in enhancing community protection and developing offender competency. Seven hundred (700) probation staff received training in the EBP principle of effective intervention, with additional training in motivational interviewing. The Department developed and currently utilizes an Action Plan for implementing EBP, and has identified two demonstration sites on which it is currently focusing efforts and resources.

**Facility Construction and Renovation:** The Department reached many milestones in its efforts to update and expand its facilities to meet the needs of its identified population and the community. The new Juvenile Hall Visitor Center became operational in October 2005, providing secure visiting accommodations for minors in custody and greatly expanding the visiting hours and dates available to families. In April 2006, the completion of Phase Two of the Warren E. Thornton Youth Center expansion and renovation project increased its operating capacity to 110 juveniles while providing enhanced safety and security features. Construction on Phase Two of the Juvenile Hall expansion project began in April 2006, with completion of Phase One currently projected for late 2006.

**Technology Division:** Probation's Technology Division continues to advance the use of technology throughout the department and all of its diverse operations, including the development of a new court presenter application for paperless viewing of juvenile court documents and court calendar, with automated notifications of court dispositions; a touch-tone appointment scheduling system for the Juvenile Hall Visitor Center; and an innovative kiosk reporting system that allows select offenders to report to Probation and receive automated instructions at several Probation sites. In June 2006, the National Law Enforcement and Corrections Technology Center specifically recognized Probation's Technology Division Chief, Karen Fuson, for her Division's development of numerous outstanding and innovative technological tools for use in community corrections.

**Neighborhood Accountability Boards:** Recently celebrating its ten year anniversary, the Department's Neighborhood Accountability Board was selected by the National Association of Counties to receive a 2006 Act of Caring Award, a national award – given in our Nation's Capital - recognizing community-based, government volunteers programs that provide a legacy for the future.

**Department of Voter Registration & Election**

- The County of Sacramento deployed the AutoMARK for the first time in the Special Statewide Election. The AutoMARK is a ballot marking device and is designed to assist voters with special needs to mark their ballot privately and independently. An AutoMARK Ballot marking device was available in every polling place.
- County of Sacramento was one of the first counties in California to fully comply with the new Help America Vote Act (HAVA) requirements for voters with disabilities. Implemented the HAVA statewide voter database requirements by the January 1, 2006, deadline. Beginning January 1, 2006, federal law required the first election for Federal office all punch card and lever machines be replaced. The County of Sacramento was fully compliant by the November 2005, Special Election.
- The County of Sacramento implemented a chain of custody system to track the Department of Voter Registration & Election new voting equipment which lets them know where the equipment is at the various locations utilized in the voting process. The Voter Registration & Election chain of custody system allows all voting equipment to be tracked when issued and received. In addition, the application allows real time monitoring for all county personnel. Prior to the implementation of HAVA requirements, the County of Sacramento had eight central counters to process all the ballots for each election. Since the implementation of HAVA and our new voting system we now have 2,004 devices in our inventory.
- Voter Registration & Election staff was required to survey all of their polling places to stay current with State ADA requirements and to find additional polling places for the change in state law that took effect this year which lowered the number of voters assigned to a polling place from 1,250 to 1,000.
- Beginning January 1, 2006, federal law requires that everyone who registers to vote must provide a California Driver's License or California State Identification (ID) number on their voter registration form. If a voter has never been issued a driver's license or ID card in California, they must provide the last four digits of their Social Security Number on the registration form. The County of Sacramento worked with the Secretary of State's office to be fully compliant by this due date.
- Voter Registration & Election Web site was enhanced to provide voters the ability to check their registration status on line via the internet. Voters now have the option to call our office or check on line for their registration status.
- Voter Registration & Election Outreach program has been focusing on high school students with numerous mock elections, as well as, interacting with the local Hispanic community via open forums and various different media organizations.

**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 Funds 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 2005-06 Single Audit will be issued under separate cover and will be available by contacting the Department of Finance, Auditor-Controller Division, after March 31, 2007.

**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 Office 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 2005-06, 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. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent-year expenditures.

### **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 2005-06 was 4.002 percent. The yield for a one-year U.S. Treasury Note during the same period was 4.43 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, 2006, 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 & O'Connell LLP was selected by the County to meet this requirement. The independent auditor's report on the basic financial statements 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 seventeen 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, 2005

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



President

Executive Director

THE COUNTY OF SACRAMENTO • CALIFORNIA

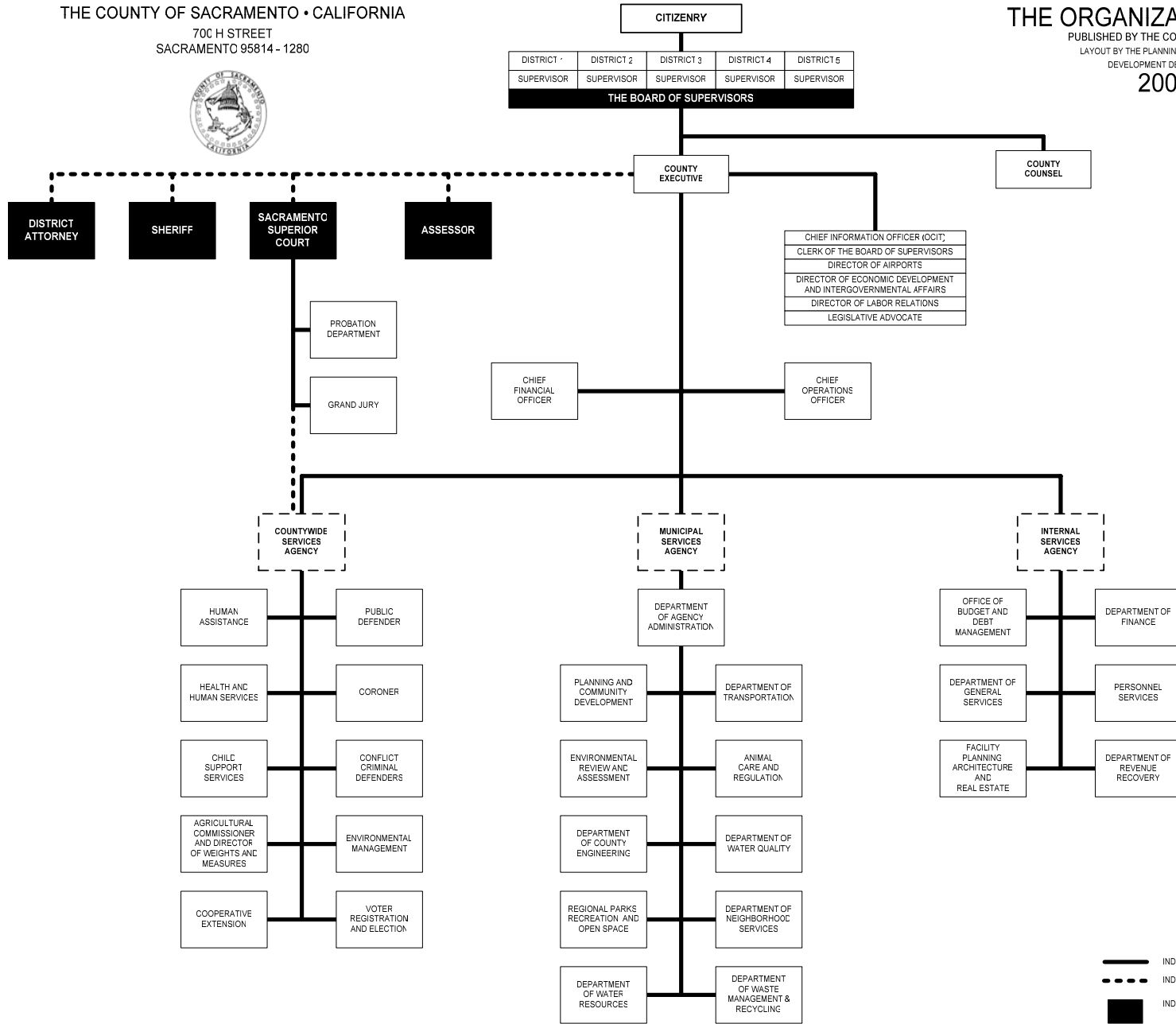
700 H STREET  
SACRAMENTO 95814 - 1280



THE ORGANIZATION CHART

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

2006



**COUNTY OF SACRAMENTO  
LIST OF PUBLIC OFFICIALS  
JUNE 30, 2006**

**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  
John McGinness

Assessor  
District Attorney  
Sheriff-Elect

**APPOINTED:**

Terry Schutten  
Geoff Davey  
Dave Irish

County Executive  
Chief Financial /Operations Officer  
Director of Finance

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

For the fiscal year ended June 30, 2006

**ACKNOWLEDGEMENT**

Prepared by the County of Sacramento  
Department of Finance

Julie Valverde, Assistant Auditor-Controller  
Karen Gee, Senior Accounting Manager  
Cheryl Ross, Accounting Manager  
Carlos Valencia, Accounting Manager  
Linda MacLeod, Senior Accountant  
Tracy Kilcrease, Accounting Technician  
Ron Dizon, Administrative Services Officer II

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FINANCIAL  
SECTION**

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**MACIAS GINI & O'CONNELL** LLP  
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## 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, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express 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, 2006, 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.

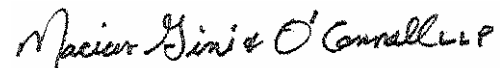


As discussed in Note 1 to the basic financial statements, effective July 1, 2005, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 46, *Net Assets Restricted by Enabling Legislation*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2006, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.



Certified Public Accountants

Sacramento, California  
December 14, 2006

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## FINANCIAL SECTION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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## 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, 2006. 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, 2006, the special revenue funds for Solid Waste Authority and the Library JPA, which were previously included in the reporting entity as a blended component unit, were determined to no longer be component units of the County. As a result, the Solid Waste Authority and the Library JPA are excluded as part of the entity in the financial statements.
- The assets of the County exceeded liabilities at the close of the 2005-06 fiscal year by \$2,315,179 (net assets), of this amount, \$523,498 is restricted for specific purposes (restricted net assets), and \$1,520,474 is invested in capital assets, net of related debt. The government's total net assets increased by \$192,965, after taking into consideration the effects of the elimination of Solid Waste Authority and the Library JPA.
- As of June 30, 2006, the County governmental funds reported combined fund balances of \$836,949 for an increase of \$122,862 after taking into consideration the effects of the elimination of Solid Waste Authority and the Library JPA, in comparison with the prior year. Approximately 57.4 percent of the combined fund balances, \$480,827 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 \$205,520 or 11.24 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 \$164,299 or 8.28 percent after taking into consideration the restatement of July 1, 2005 balances.
- The County's total long-term obligations had a net increase of \$59,805 after taking into consideration the restatement of July 1, 2005 balances. This net was comprised of a gross increase of \$489,962 and a gross decrease of \$430,157. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, Teeter notes, and pension obligation bonds. The increase resulted from a new revenue bond, a new Teeter note, and the issuance of one new Certificate of Participation.

## 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, Water Agency, Parking Enterprise 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 and Sunrise and Mission Oaks Recreation and Park District. 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 50 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, Water Agency, Parking Enterprise, 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 41-104 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 105-199 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 \$2,315,179 at the close of the most recent fiscal year.

Statement of Net Assets  
For the Year Ended June 30, 2006  
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Other assets	\$ 2,764,390	2,656,432	466,601	478,195	3,230,991	3,134,627
Capital assets	1,401,915	1,313,560	747,134	683,796	2,149,049	1,997,356
Total assets	<u>\$ 4,166,305</u>	<u>3,969,992</u>	<u>1,213,735</u>	<u>1,161,991</u>	<u>5,380,040</u>	<u>5,131,983</u>
Other liabilities	\$ 1,057,856	1,023,444	53,063	56,626	1,110,919	1,080,070
Long-term debt obligations	1,628,256	1,570,922	325,686	341,296	1,953,942	1,912,218
Total liabilities	<u>2,686,112</u>	<u>2,594,366</u>	<u>378,749</u>	<u>397,922</u>	<u>3,064,861</u>	<u>2,992,288</u>
Net assets:						
Invested in capital assets, net of related debt	1,058,751	962,902	461,723	415,890	1,520,474	1,378,792
Restricted net assets	408,290	522,755	115,208	96,802	523,498	619,557
Unrestricted net assets	13,152	(110,031)	258,055	251,377	271,207	141,346
Net assets	<u>1,480,193</u>	<u>1,375,626</u>	<u>834,986</u>	<u>764,069</u>	<u>2,315,179</u>	<u>2,139,695</u>
Liabilities and net assets	<u>\$ 4,166,305</u>	<u>3,969,992</u>	<u>1,213,735</u>	<u>1,161,991</u>	<u>5,380,040</u>	<u>5,131,983</u>

The largest portion of the County's net assets of \$1,520,474 (66 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 \$523,498 (23 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of total net assets, \$271,207 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. Unrestricted net assets increased by \$129,861 from the prior year. 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 landfill closure (2%) debt service (21%) capital projects (14%), passenger facility charges (16%), health programs (42%) and transportation (5%). The County's restricted net assets decreased by \$96,059 from the prior year restricted net asset amount of \$619,557.

At the end of the current fiscal year the County reported an increase of 10% in net assets invested in capital assets, net of related debt. The County's restricted net assets decreased by 16% while unrestricted net assets increased by 92%. During the 2005-06 fiscal year the County as a whole, reported positive balances in all three categories of net assets. Governmental activities also reported positive balances in all three categories of net assets.

The County's net assets increased by \$192,965 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 Solid Waste Authority, the Library JPA and the Water Agency restatement of capital assets from the prior year total net asset amount of \$2,139,695 to a restated amount of \$2,122,214. The increase in net assets invested in capital assets, net of related debt of \$141,682, 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 \$109,764.

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, 2006  
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 408,506	353,695	234,904	236,813	643,410	590,508
Operating grants and contributions	1,096,348	1,099,378	26,246	27,435	1,122,594	1,126,813
Capital grants and contributions	31,523	37,506	16,272	38,838	47,795	76,344
General revenues:						
Taxes:						
Property	415,320	356,956			415,320	356,956
Sales / use	79,862	52,717	614	683	80,476	53,400
Transient	6,623	6,087			6,623	6,087
Unrestricted investment earnings	67,522	42,032	13,215	8,257	80,737	50,289
Grants and contributions not restricted to specific programs	224,467	184,671			224,467	184,671
Pledged tobacco settlement proceeds	12,082	12,880			12,082	12,880
Miscellaneous	85,701	102,281			85,701	102,281
Transfers	(638)	(7,782)	638	7,782		
Total revenues	<u>2,427,316</u>	<u>2,240,421</u>	<u>291,889</u>	<u>319,808</u>	<u>2,719,205</u>	<u>2,560,229</u>
Expenses:						
General government	208,862	191,798			208,862	191,798
Public assistance	731,099	707,374			731,099	707,374
Public protection	617,770	610,098			617,770	610,098
Health and sanitation	457,310	386,881			457,310	386,881
Public ways and facilities	160,495	120,551			160,495	120,551
Recreation and culture	32,678	44,951			32,678	44,951
Education	13,156	13,033			13,156	13,033
Interest and fiscal charges	96,182	87,191			96,182	87,191
Airport			104,486	99,249	104,486	99,249
Solid Waste			62,395	65,805	62,395	65,805
Water Agency			37,313	33,649	37,313	33,649
Parking Enterprise			2,606	2,929	2,606	2,929
County Transit			1,888	1,688	1,888	1,688
Total expenses	<u>2,317,552</u>	<u>2,161,877</u>	<u>208,688</u>	<u>203,320</u>	<u>2,526,240</u>	<u>2,365,197</u>
Change in net assets	<u>109,764</u>	<u>78,544</u>	<u>83,201</u>	<u>116,488</u>	<u>192,965</u>	<u>195,032</u>
Net assets, beginning of year, as restated	<u>1,370,429</u>	<u>1,297,082</u>	<u>751,785</u>	<u>647,581</u>	<u>2,122,214</u>	<u>1,944,663</u>
Net assets, end of year	<u>\$ 1,480,193</u>	<u>1,375,626</u>	<u>834,986</u>	<u>764,069</u>	<u>2,315,179</u>	<u>2,139,695</u>

Total revenues for the County's governmental activities increased by \$186,895 from the prior year.

Total expenses for governmental activities were \$2,317,552, an increase of \$155,675 or 7.2% from the prior year. As a service delivery entity the County's major cost component is salaries and benefits, which accounted for approximately 50.7% of total County expenses. The average full time equivalent (FTE) employee count for the County (including business-type activities) increased from 14,285 in the prior year to 14,471 as of June 30, 2006. Total salaries and benefits expense increased by \$105,210 or 9.8% 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 \$83,201.

## 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, 2006, the County's governmental funds reported combined fund balances of \$836,949 an increase of \$122,862 after taking into consideration the elimination of Solid Waste Authority and the Library JPA, in comparison with the prior year. Approximately 57.4 percent of the combined fund balances, \$480,827, 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 (\$61,724); 2) to reflect amounts set aside for future construction (\$163,535); 3) to acquire capital assets (\$21,667); 4) to reflect assets that are unavailable and do not represent available resources (\$29,543); 5) to liquidate contractual commitments of the period (\$79,653).

The General Fund is the chief operating fund of the County. At June 30, 2006, unreserved fund balance of the general fund was \$205,520 while total fund balance reached \$252,998. 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 11.2 percent of total fund expenditures, while total fund balance represents 13.8 percent of that same amount.

Revenues for governmental functions totaled \$2,309,893 in fiscal year 2005-06, which represents an increase of 7.6% from fiscal year 2004-05.

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 2006		FY 2005		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 501,805	21.72%	442,560	20.63%	59,245	13.39%
Use of money and property	66,851	2.89%	41,993	1.96%	24,858	59.20%
Licenses and permits	50,125	2.17%	51,029	2.38%	(904)	(1.77%)
Intergovernmental	1,370,473	59.33%	1,294,614	60.34%	75,859	5.86%
Charges for services	181,786	7.87%	149,159	6.95%	32,627	21.87%
Fines, forfeitures, and penalties	41,014	1.78%	41,729	1.94%	(715)	(1.71%)
Pledged tobacco settlement proceeds	12,138	0.53%	13,225	0.62%	(1,087)	(8.22%)
Contributions from property owners		0.00%	9,276	0.43%	(9,276)	(100.00%)
Miscellaneous	85,701	3.71%	102,077	4.75%	(16,376)	(16.04%)
Total	\$ 2,309,893	100.00%	2,145,662	100.00%	164,231	7.65%

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 2005-06.
- Use of money and property increase is due to the pooled interest being greater due to higher interest rates during 2005-06.
- Charges for services increase is primarily due to the following: 1) an increase in water agency development fees; 2) increased charges associated with the Fixed Asset Financing Program.
- Contributions from property owners decrease due to a reclassification of special assessment debt proceeds in the prior fiscal year.

Expenditures for governmental functions totaled \$2,324,448, in fiscal year 2005-06, which represents a decrease of 11.5% from fiscal year 2004-05.

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 2006		FY 2005		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 177,477	7.64%	157,852	6.01%	19,625	12.43%
Public assistance	730,185	31.41%	786,505	29.93%	(56,320)	(7.16%)
Public protection	627,594	27.00%	850,786	32.38%	(223,192)	(26.23%)
Health and sanitation	417,330	17.95%	432,221	16.45%	(14,891)	(3.45%)
Public ways and facilities	96,068	4.13%	80,330	3.06%	15,738	19.59%
Recreation and culture	36,133	1.55%	36,652	1.39%	(519)	(1.42%)
Education	17,051	0.73%	15,572	0.59%	1,479	9.50%
Capital outlay	110,519	4.75%	93,384	3.55%	17,135	18.35%
Debt service:						
Principal	41,053	1.77%	113,618	4.32%	(72,565)	(63.87%)
Bond issuance costs	4,043	0.17%	6,131	0.23%	(2,088)	(34.06%)
Advance refunding escrow	15,659	0.67%		0.00%	15,659	
Interest and fiscal charges	51,336	2.22%	54,684	2.09%	(3,348)	(6.12%)
Total	<u>\$ 2,324,448</u>	<u>99.99%</u>	<u>2,627,735</u>	<u>100.00%</u>	<u>(303,287)</u>	<u>(11.54%)</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 increased costs for interagency procurement.

Public assistance and Public protection – Decreases are primarily due to prior year allocation of costs associated with Series 2004 Pension Obligation Bonds where proceeds and retirement expense were reported to General Fund.

Public ways and facilities – Increase is due to increased costs for road construction, improvement and maintenance.

Capital outlay – The increase is the result of: 1) a new voting system for Voter Registration and Election; 2) vehicles for General Services; 3) costs for various construction projects financed from Tobacco Litigation Settlement proceeds.

Debt service: principal- Decrease due to prior year 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 2006	FY 2005	Increase/(Decrease)	
			Amount	Percent
Transfers in	\$ 194,272	84,294	109,978	130.47%
Transfers out	(188,214)	(89,451)	(98,763)	110.41%
Capital leases obligations	837		837	
Long-term obligation proceeds	47,500	444,677	(397,177)	(89.32%)
Refunding debt issued	270,036		270,036	
Premium on debt issued	338		338	
Discounts on debt issued	(4,680)		(4,680)	
Payment to refund bond escrow agent	(182,672)		(182,672)	
Total other financing sources (uses)	<u>\$ 137,417</u>	<u>439,520</u>	<u>(302,103)</u>	<u>-68.73%</u>

- Transfers in/out – Increase primarily due to transfers between 2006 Public Facilities Debt Service and Capital Projects funds, transfers between Tobacco Securitization Authority Debt Service and Tobacco Litigation Settlement Capital Project fund and transfers between Water Agencies and Storm Water Utility.
- Long-term obligation proceeds – Decrease due to prior year issue of Pension Obligation Bond debt in July of 2004.
- Refunding debt issued – The increase is due to the partial refunding of the 1997 Public Facilities Project Certificate of Participation and refunding of Tobacco Securitization revenue bonds.
- Payment to refund bond escrow agent - the decrease is due to the partial refunding of the 1997 Public Facilities Project Certificate of Participation and refunding of Tobacco Securitization revenue bonds.

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	\$ 1,900,238	339,274	21,917	48,464	2,309,893
Expenditures	(1,828,483)	(295,815)	(101,400)	(98,750)	(2,324,448)
Other financing sources (uses), net	(20,709)	(18,221)	90,465	85,882	137,417
Net change in fund balance	51,046	25,238	10,982	35,596	122,862
Fund balances – beginning, as restated	201,952	288,450	71,388	152,297	714,087
Fund balances – ending	<u>\$ 252,998</u>	<u>313,688</u>	<u>82,370</u>	<u>187,893</u>	<u>836,949</u>

The fund balance of the County’s General Fund increased by \$51,046 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 \$101,483, Solid Waste \$48,987, Water Agency \$79,681, Parking Enterprise \$6,615 and County Transit \$814. The internal service funds that are used to account for certain governmental activities had unrestricted net assets of \$8,236.

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	\$ 100,981	61,170	45,037	2,630	168	209,986	469,421
Operating expenses	(91,815)	(61,159)	(22,118)	(2,319)	(1,812)	(179,223)	(430,657)
Operating income (loss)	9,166	11	22,919	311	(1,644)	30,763	38,764
Non-operating revenues (expenses), net	21,497	4,674	1,650	52	1,517	29,390	1,933
Income (loss) before capital contributions and transfers	30,663	4,685	24,569	363	(127)	60,153	40,697
Transfers in (out)	(459)	1,127		(30)		638	(6,696)
Capital contributions	10,890		5,382			16,272	
Changes in net assets	\$ 41,094	5,812	29,951	333	(127)	77,063	34,001

The income before capital contributions and transfers of enterprise funds of \$60,153 resulted primarily from net increases for Airports of \$30,663, Solid Waste of \$4,685, Water Agency of \$24,569 and a net increase for other nonmajor enterprise funds of \$236.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the Original Budget and the Final Budget resulted in a \$80,551 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 \$13.1 million. There were increases in federal, state and local funding for front line law enforcement, homeland security programs, and additional staffing for prisoners housing. Also, for the Judicial function, federal, state and local funding increased by \$5.6 million. These were primarily due to increased funding for Emergency Operations.

**Public Assistance:** Final budget included additional funding for the CALWIN project and additional allocation for increased caseload costs.

**Health and Sanitation:** During the fiscal year federal and state funding for the Health and Human Services Department increased by \$10.2 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, Correctional Health Services increased by \$4.4 million for additional prisoner health care.

**General Government:** During the fiscal year additional funding (\$22 million) was added to general government functions predominately for Interagency Procurement (Fund 030) and the Teeter Property Tax reimbursement program. In addition there were increases in funding for the County Clerk/Recorder and the Voter Registration and Elections.

During the year, actual revenues were \$65,242 less than budgetary estimates. The under-collection of revenue was focused on intergovernmental revenues and charges for sales and services. 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. There were also a decrease in revenue collection is the result of the transfer of Court/legal fees to the court as part of the transfer of the courts to the State. Also, recording fees and service fees for other services were not collected at the rates that were budgeted based on requests for services. These reductions in revenue collections were partially offset by actual collections of revenue in other categories such as tax revenue and miscellaneous revenue exceeded budgetary estimates. This is largely a consequence of the large increased assessed valuations which resulting in increased property tax collections.

Actual expenditures were \$247,517 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. 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 2005-06. This unusually large number of vacant positions led to significant savings (under expenditures) in salaries and employee benefit accounts. Also it was not necessary to allocate all the terminal pay and central labor funding during Fiscal Year 2005-06. Also the expenditures in Interagency Procurement (Fund 030) for actual project costs were less than had been originally budgeted through the Fixed Asset Acquisition Fund. In addition, caseloads for health, 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, 2006, amounted to \$2,149,049 (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 8.3%.

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

Schedule of Capital Assets  
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	Restated		Restated		Restated		Percent of Change
	2006	2005	2006	2005	2006	2005	
Land	\$ 106,424	\$ 96,641	89,801	83,023	196,225	179,664	9.22%
Buildings and improvements	287,089	290,368	384,114	380,206	671,203	670,574	0.09%
Infrastructure	785,618	742,503	79,080	61,284	864,698	803,787	7.58%
Equipment	52,683	48,200	29,837	34,059	82,520	82,259	0.32%
Construction in progress	170,101	135,526	164,302	112,940	334,403	248,466	34.59%
Total	\$ 1,401,915	1,313,238	747,134	671,512	2,149,049	1,984,750	8.28%

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

- Construction in progress – increase is due to: 1) Airport City Water Connection (\$21.4), Terminal Modernization (\$6.2) and Runway Rehabilitation (\$4.2); 2) Governmental Capital Construction Fund Juvenile Hall Expansion and Expansion of Youth Center Housing purchases less \$8.0 transfer of completed projects to Building & Improvements.

Library JPA is no longer part of County reporting for 2006.

Additional information on the County's capital assets can be found in Note 6 on pages 64 – 65.

### Debt Administration

At June 30, 2006, the County's governmental activities had long-term obligations, totaling \$1.673 billion. County debt issued by the Public Facilities Financing Corporation included and currently outstanding, \$39 million in Refunding Certificates of Participation, Main Jail Detention Facility, \$35 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, \$78 million of Certificates of Participation for

implementation of the fixed asset financing program, \$21 million of Certificates of Participation for the 1997 Public Facilities Project, \$86 million in Certificates of Participation for construction of the Coroner/Crime Lab and a multipurpose building to house the County's Data Center, \$41 million of Certificates of Participation for the 2006 Public Facilities Project for construction of a new fleet management facility and acquiring and improving the County's Voter Registration and Elections/Sheriff station house facility, \$255 million in Revenue bonds for cash settlement of the tobacco settlement agreement, and \$53 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 \$91 million and capital lease obligations of \$3 million.

Other significant long-term obligations include \$21 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 \$335 million. This includes \$4 million of refunding certificates of participation for the construction of parking garages, \$252 million of Airport System revenue bonds and other Airport debt, \$26 million of Solid Waste Enterprise certificates of participation and other Solid Waste debt, and Sacramento County Water Agency revenue bonds, reimbursement agreements and usage fee totaling \$53 million.

For the year ended June 30, 2006, the County's total long-term obligations had a net increase of \$59,805. This net was comprised of a gross increase of \$489,962 and a gross decrease of \$430,157. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, and Teeter notes of \$220,992, related to governmental activities. The increase resulted primarily from one new Teeter note, revenue bond and one new certificate of participation that amounted to \$317,686.

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 10 on pages 72 – 85.

### **Economic Factors and Next Year's Budget and Rates**

- Three major sources of revenue generated from the performance of the local economy are:
  1. Property tax revenues grew 15.33 percent for the fiscal year 2005-2006 due to the appreciation in real estate markets, home sales and the 2.0 percent Proposition 13 inflation adjustment. The fiscal year 2006-2007 assumes a 15.3 percent increase in property tax revenues and the return of \$12.2 million in Educational Revenue Augmentation fund (ERAF) revenues.
  2. Sales tax increased to \$63.0 million, an increase rate of 4.1 percent in 2005-2006 due to generally higher collections than had been originally anticipated. For 2006-2007, the budget includes a minimal growth rate for sales tax revenues.
  3. Hotel room sales increased Countywide by 1.7% in 2005-2006, with occupancy rates at 73% . For the fiscal year 2006-2007 the budget assumes a growth rate of 1.8% in transient occupancy tax and a room rate increase of 4-5%.

- The unemployment rate for the County remained constant at 4.6% in April 2006 and 4.6% in April 2005. This is lower than the State's unemployment rate of 4.9 percent and the U.S. rate of 4.7 percent.
- The fiscal year 2006-2007 budget includes an increase in salaries of 3.6 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 FY 2006-07 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 was able to provide critical funding for mental health and health services; expand adult probation activities; provide additional legal and support staff for both the District Attorney and the Public Defender; augment Sheriff's staffing for correctional facilities and establish an information technology division to support current law enforcement activities.
- The State Budget had some positive news for the County with the repayment of \$8.4 million in Proposition 42 funding which will be used for roadway maintenance in FY 2006-07.
- The Fiscal Year 2006-07 Adopted Final Budget included unaudited General Fund balance/carryover of \$140.72 million. Of this amount, the General Purpose Financing net improvement was approximately \$106.2 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, 2006  
(amounts expressed in thousands)**

Page 1 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 1,468,406	259,595	1,728,001
Receivables, net of allowance for uncollectibles:			
Billed	75,450	16,960	92,410
Interest	8		8
Intergovernmental	76,178	8,701	84,879
Deposits with others		2,283	2,283
Internal balances	(16,526)	16,526	
Inventories	2,474	48	2,522
Restricted assets		12,511	12,511
Total current assets	<u>1,605,990</u>	<u>316,624</u>	<u>1,922,614</u>
Noncurrent assets:			
Restricted assets		139,216	139,216
Long-term receivables	109,192	10	109,202
Water facility rights		4,689	4,689
Deferred charges	19,377	6,062	25,439
Pension asset	1,029,831		1,029,831
Capital assets:			
Land and other nondepreciable assets	276,525	254,103	530,628
Facilities, infrastructure and equipment, net of depreciation	1,125,390	493,031	1,618,421
Total capital assets	<u>1,401,915</u>	<u>747,134</u>	<u>2,149,049</u>
Total noncurrent assets	<u>2,560,315</u>	<u>897,111</u>	<u>3,457,426</u>
Total assets	<u>\$ 4,166,305</u>	<u>1,213,735</u>	<u>5,380,040</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, 2006  
(amounts expressed in thousands)**

Page 2 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities:			
Current liabilities:			
Warrants payable	\$ 32,202	1,739	33,941
Accrued liabilities	111,252	18,004	129,256
Tax and revenue anticipation notes	380,000		380,000
Intergovernmental payable	69,152	12	69,164
Current portion of accrued interest payable	6,767		6,767
Payable to external parties	3,289	51	3,340
Current portion of insurance claims payable	35,752		35,752
Current portion of long-term debt obligations	44,637	5,275	49,912
Current liabilities payable from restricted assets		12,511	12,511
Unearned revenue	45,024	813	45,837
Total current liabilities	<u>728,075</u>	<u>38,405</u>	<u>766,480</u>
Noncurrent liabilities:			
Insurance claims payable	105,586		105,586
Accrued interest payable	224,195		224,195
Long-term debt obligations	1,628,256	325,686	1,953,942
Arbitrage rebate payable		98	98
Landfill closure and postclosure care		14,560	14,560
Total noncurrent liabilities	<u>1,958,037</u>	<u>340,344</u>	<u>2,298,381</u>
Total liabilities	<u>2,686,112</u>	<u>378,749</u>	<u>3,064,861</u>
Net assets:			
Invested in capital assets, net of related debt	1,058,751	461,723	1,520,474
Restricted for:			
Landfill closure		7,832	7,832
Debt service	88,848	20,474	109,322
Capital projects	66,423	4,982	71,405
Passenger facility charges		81,920	81,920
Fire protection	297		297
Health programs	218,295		218,295
Transportation	28,510		28,510
Lighting and landscape maintenance	2,416		2,416
Community facilities	3,466		3,466
Fish and game	35		35
Unrestricted	13,152	258,055	271,207
Total net assets	<u>1,480,193</u>	<u>834,986</u>	<u>2,315,179</u>
Total liabilities and net assets	<u>\$ 4,166,305</u>	<u>1,213,735</u>	<u>5,380,040</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, 2006  
(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		
					Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 208,862	142,140	1,809	7,247	(57,666)		(57,666)
Public assistance	731,099	4,705	666,262		(60,132)		(60,132)
Public protection	617,770	140,842	96,376	1,984	(378,568)		(378,568)
Health and sanitation	457,310	25,471	307,878	4,444	(119,517)		(119,517)
Public ways and facilities	160,495	81,903	24,023	17,667	(36,902)		(36,902)
Recreation and culture	32,678	13,373		181	(19,124)		(19,124)
Education	13,156	72			(13,084)		(13,084)
Interest and fiscal charges	96,182				(96,182)		(96,182)
Total governmental activities	<u>2,317,552</u>	<u>408,506</u>	<u>1,096,348</u>	<u>31,523</u>	<u>(781,175)</u>		<u>(781,175)</u>
Business-type activities:							
Airport	104,486	104,566	25,361	10,890		36,331	36,331
Solid Waste	62,395	66,877				4,482	4,482
Water Agency	37,313	60,283	7	5,382		28,359	28,359
Parking Enterprise	2,606	2,921				315	315
County Transit	1,888	257	878			(753)	(753)
Total business-type activities	<u>208,688</u>	<u>234,904</u>	<u>26,246</u>	<u>16,272</u>		<u>68,734</u>	<u>68,734</u>
Total primary government	<u>\$ 2,526,240</u>	<u>643,410</u>	<u>1,122,594</u>	<u>47,795</u>	<u>(781,175)</u>	<u>68,734</u>	<u>(712,441)</u>
General revenues:							
Taxes:							
Property							
					415,320		415,320
Sales / use							
					79,862	614	80,476
Transient occupancy							
					6,623		6,623
Unrestricted investment earnings							
					67,522	13,215	80,737
Grants and contributions not restricted to specific programs							
					224,467		224,467
Pledged tobacco settlement proceeds							
					12,082		12,082
Miscellaneous							
					85,701		85,701
Transfers							
					(638)	638	
Total general revenues and transfers							
					<u>890,939</u>	<u>14,467</u>	<u>905,406</u>
Changes in net assets							
					109,764	83,201	192,965
Net assets, beginning of year, as restated							
					1,370,429	751,785	2,122,214
Net assets, end of year							
					<u>\$ 1,480,193</u>	<u>834,986</u>	<u>2,315,179</u>

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

**COUNTY OF SACRAMENTO  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2006  
(amounts expressed in thousands)**

	General	Nonmajor Governmental Funds	Total
<b>Assets:</b>			
Cash and investments	\$ 719,466	604,550	1,324,016
<b>Receivables:</b>			
Billed	56,915	15,925	72,840
Interest		8	8
Intergovernmental	56,358	15,807	72,165
Due from other funds	48,826	31,732	80,558
Long-term advances to other funds		40,307	40,307
Long-term receivables	34,272	74,903	109,175
<b>Total assets</b>	<b>\$ 915,837</b>	<b>783,232</b>	<b>1,699,069</b>
<b>Liabilities and fund balances:</b>			
<b>Liabilities:</b>			
Warrants payable	\$ 21,922	6,988	28,910
Accrued liabilities	74,006	16,391	90,397
Tax and revenue anticipation notes	380,000		380,000
Intergovernmental payable	28,895	29,676	58,571
Due to other funds	70,982	51,833	122,815
Deferred revenues	58,256	93,674	151,930
Long-term advances from other funds	28,778	719	29,497
<b>Total liabilities</b>	<b>662,839</b>	<b>199,281</b>	<b>862,120</b>
<b>Fund balances:</b>			
<b>Reserved for:</b>			
Encumbrances	17,952	61,701	79,653
Capital asset acquisitions	21,667		21,667
Assets not available	7,859	21,684	29,543
Debt service		61,724	61,724
Future construction		163,535	163,535
<b>Unreserved, reported in:</b>			
General Fund	205,520		205,520
Special revenue funds		277,814	277,814
Capital projects		(2,507)	(2,507)
<b>Total fund balances</b>	<b>252,998</b>	<b>583,951</b>	<b>836,949</b>
<b>Total liabilities and fund balances</b>	<b>\$ 915,837</b>	<b>783,232</b>	<b>1,699,069</b>

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, 2006**  
**(amounts expressed in thousands)**

Fund balances - total governmental funds	\$	836,949
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.		1,360,913
Pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds.		1,029,831
Bond issuance costs of the governmental activities are not financial resources and, therefore are not reported in the funds.		15,810
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(1,899,098)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		126,980
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.		8,808
Net assets of governmental activities	\$	1,480,193

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, 2006  
(amounts expressed in thousands)**

	General	Nonmajor Governmental Funds	Total
Revenues:			
Taxes	\$ 434,118	67,687	501,805
Use of money and property	30,424	36,427	66,851
Licenses and permits	10,937	39,188	50,125
Intergovernmental	1,264,262	106,211	1,370,473
Charges for sales and services	83,796	97,990	181,786
Fines, forfeitures and penalties	21,252	19,762	41,014
Pledged tobacco settlement proceeds		12,138	12,138
Miscellaneous	55,449	30,252	85,701
Total revenues	<u>1,900,238</u>	<u>409,655</u>	<u>2,309,893</u>
Expenditures:			
Current:			
General government	119,314	58,163	177,477
Public assistance	701,978	28,207	730,185
Public protection	596,408	31,186	627,594
Health and sanitation	400,570	16,760	417,330
Public ways and facilities	83	95,985	96,068
Recreation and culture	9,753	26,380	36,133
Education	377	16,674	17,051
Capital outlay		110,519	110,519
Debt service:			
Principal		41,053	41,053
Bond issuance costs		4,043	4,043
Advance refunding escrow		15,659	15,659
Interest and fiscal charges		51,336	51,336
Total expenditures	<u>1,828,483</u>	<u>495,965</u>	<u>2,324,448</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71,755</u>	<u>(86,310)</u>	<u>(14,555)</u>
Other financing sources (uses):			
Transfers in	23,407	170,865	194,272
Transfers out	(44,116)	(144,098)	(188,214)
Capital leases obligations		837	837
Issuance of debt		47,500	47,500
Refunding debt issued		270,036	270,036
Premiums on debt issued		338	338
Discounts on debt issued		(4,680)	(4,680)
Payment to refunded bonds escrow agent		(182,672)	(182,672)
Total other financing sources (uses)	<u>(20,709)</u>	<u>158,126</u>	<u>137,417</u>
Net change in fund balances	51,046	71,816	122,862
Fund balances - beginning, as restated	201,952	512,135	714,087
Fund balances - ending	<u>\$ 252,998</u>	<u>583,951</u>	<u>836,949</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, 2006  
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds \$ 122,862

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. 83,097

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. 7,937

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. (71,822)

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. (51,373)

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. (8,800)

The net revenues of certain activities of internal service funds is reported with governmental activities. 27,863

Change in net assets of governmental activities \$ 109,764

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  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$ 385,626	388,442	434,118	45,676
Use of money and property	15,416	23,089	30,424	7,335
Licenses and permits	11,209	10,988	10,937	(51)
Intergovernmental	1,283,836	1,340,011	1,264,262	(75,749)
Charges for sales and services	128,853	131,013	83,796	(47,217)
Fines, forfeitures and penalties	23,015	23,661	21,252	(2,409)
Miscellaneous	42,639	48,276	55,449	7,173
Total revenues	<u>1,890,594</u>	<u>1,965,480</u>	<u>1,900,238</u>	<u>(65,242)</u>
Expenditures:				
Current:				
General government:				
Legislative and administrative	149,154	175,423	61,492	113,931
Finance	23,025	16,256	13,442	2,814
Counsel	5,226	5,696	4,389	1,307
Human resources	17,376	17,464	15,206	2,258
Elections	11,351	13,218	10,547	2,671
Other	16,304	16,365	14,238	2,127
Total general government	<u>222,436</u>	<u>244,422</u>	<u>119,314</u>	<u>125,108</u>
Public assistance:				
Administration	342,055	355,207	334,621	20,586
Aid programs	363,698	371,098	367,357	3,741
Total public assistance	<u>705,753</u>	<u>726,305</u>	<u>701,978</u>	<u>24,327</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  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	185,695	196,003	176,253	19,750
Police protection	327,891	336,370	320,930	15,440
Detention and correction	96,204	98,998	85,973	13,025
Protection and inspection	8,260	8,397	7,753	644
Other	5,601	5,951	5,499	452
<b>Total public protection</b>	<u>623,651</u>	<u>645,719</u>	<u>596,408</u>	<u>49,311</u>
Health and sanitation	432,891	448,219	400,570	47,649
Public ways and facilities	87	83	83	
Recreation and culture	10,269	10,861	9,753	1,108
Education	362	391	377	14
<b>Total expenditures</b>	<u>1,995,449</u>	<u>2,076,000</u>	<u>1,828,483</u>	<u>247,517</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(104,855)</u>	<u>(110,520)</u>	<u>71,755</u>	<u>182,275</u>
Other financing sources (uses):				
Transfers in	23,403	23,403	23,407	4
Transfers out	(43,146)	(44,146)	(44,116)	30
<b>Total other financing sources (uses)</b>	<u>(19,743)</u>	<u>(20,743)</u>	<u>(20,709)</u>	<u>34</u>
<b>Net change in fund balance</b>	<u>\$ (124,598)</u>	<u>(131,263)</u>	<u>51,046</u>	<u>182,309</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, 2006  
 (amounts expressed in thousands)**

Page 1 of 2

	Business-type Activities - Enterprise Funds				Total	Governmental Activities-Internal Service Funds
	Airport	Solid Waste	Water Agency	Nonmajor Enterprise Funds		
Assets:						
Current assets:						
Cash and investments	\$ 108,255	65,404	79,619	6,317	259,595	144,390
Receivables, net of allowance for uncollectibles:						
Billed	7,177	7,937	1,846		16,960	2,610
Intergovernmental	6,196	1,697		808	8,701	4,013
Deposits with others	2,283				2,283	
Due from other funds	10	59	27	791	887	58,788
Inventories	48				48	2,474
Restricted assets	12,511				12,511	
Total current assets	<u>136,480</u>	<u>75,097</u>	<u>81,492</u>	<u>7,916</u>	<u>300,985</u>	<u>212,275</u>
Noncurrent assets:						
Restricted assets	126,707	81	12,428		139,216	
Long-term advances to other funds						33
Long-term receivables				10	10	17
Water facility rights			4,689		4,689	
Deferred charges	3,894	762	1,188	218	6,062	3,567
Capital assets:						
Land and other nondepreciable assets	113,907	42,719	96,178	1,299	254,103	141
Facilities, infrastructure and equipment, net of depreciation	294,013	51,953	143,773	3,292	493,031	40,861
Total capital assets	<u>407,920</u>	<u>94,672</u>	<u>239,951</u>	<u>4,591</u>	<u>747,134</u>	<u>41,002</u>
Total noncurrent assets	<u>538,521</u>	<u>95,515</u>	<u>258,256</u>	<u>4,819</u>	<u>897,111</u>	<u>44,619</u>
Total assets	<u>\$ 675,001</u>	<u>170,612</u>	<u>339,748</u>	<u>12,735</u>	<u>1,198,096</u>	<u>256,894</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, 2006  
 (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	\$ 470	158	647	464	1,739	3,292
Accrued liabilities	11,348	1,916	4,612	128	18,004	20,855
Tax and revenue anticipation notes						
Intergovernmental payable		8	4		12	10,581
Due to other funds	3,311	789	728	59	4,887	15,871
Current portion of insurance claims payable						35,752
Current portion of long-term debt obligations		2,849	1,827	599	5,275	
Current liabilities payable from restricted assets	12,511				12,511	
Unearned revenue	813				813	4,152
Total current liabilities	<u>28,453</u>	<u>5,720</u>	<u>7,818</u>	<u>1,250</u>	<u>43,241</u>	<u>90,503</u>
Noncurrent liabilities:						
Insurance claims payable						105,586
Long-term debt obligations	247,030	23,227	51,684	3,745	325,686	20,679
Long-term advances from other funds						10,843
Arbitrage rebate payable	98				98	
Landfill closure and postclosure care		14,560			14,560	
Total noncurrent liabilities	<u>247,128</u>	<u>37,787</u>	<u>51,684</u>	<u>3,745</u>	<u>340,344</u>	<u>137,108</u>
Total liabilities	<u>275,581</u>	<u>43,507</u>	<u>59,502</u>	<u>4,995</u>	<u>383,585</u>	<u>227,611</u>
Net assets:						
Invested in capital assets, net of related debt	190,642	70,205	200,565	311	461,723	38,582
Restricted for:						
Landfill closure		7,832			7,832	
Debt service	20,393	81			20,474	
Capital projects	4,982				4,982	
Passenger facility charges	81,920				81,920	
Unrestricted	<u>101,483</u>	<u>48,987</u>	<u>79,681</u>	<u>7,429</u>	<u>237,580</u>	<u>(9,299)</u>
Total net assets	<u>399,420</u>	<u>127,105</u>	<u>280,246</u>	<u>7,740</u>	<u>814,511</u>	<u>29,283</u>
Total liabilities and net assets	<u>\$ 675,001</u>	<u>170,612</u>	<u>339,748</u>	<u>12,735</u>	<u>814,511</u>	<u>256,894</u>
Adjustment to reflect internal service fund activities related to enterprise funds					20,475	
Net assets of business-type activities					<u>\$ 834,986</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, 2006  
 (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	\$ 100,981	60,475	44,113	2,784	208,353	458,385
Other		695	924	14	1,633	11,036
Total operating revenues	<u>100,981</u>	<u>61,170</u>	<u>45,037</u>	<u>2,798</u>	<u>209,986</u>	<u>469,421</u>
Operating expenses:						
Salaries and benefits	28,438	21,471		574	50,483	207,190
Services and supplies	41,462	32,009	15,881	1,435	90,787	159,907
Cost of sales and services	1,082				1,082	5,054
Depreciation and amortization	20,163	7,679	6,237	412	34,491	11,761
Self-insurance						43,740
Other	670			1,710	2,380	3,005
Total operating expenses	<u>91,815</u>	<u>61,159</u>	<u>22,118</u>	<u>4,131</u>	<u>179,223</u>	<u>430,657</u>
Operating income (loss)	<u>9,166</u>	<u>11</u>	<u>22,919</u>	<u>(1,333)</u>	<u>30,763</u>	<u>38,764</u>
Nonoperating revenues (expenses):						
Use of money and property	6,623	2,443	3,866	283	13,215	671
Intergovernmental	849		7	878	1,734	1,955
Passenger facility charges	24,512				24,512	
Sales / use tax				614	614	
Interest expense	(10,536)	(1,035)	(2,223)	(206)	(14,000)	(1,587)
Other	49	3,266			3,315	894
Total nonoperating revenues (expenses)	<u>21,497</u>	<u>4,674</u>	<u>1,650</u>	<u>1,569</u>	<u>29,390</u>	<u>1,933</u>
Income before capital contributions and transfers	30,663	4,685	24,569	236	60,153	40,697
Transfers in		1,371			1,371	
Transfers out	(459)	(244)		(30)	(733)	(6,696)
Capital contributions	10,890		5,382		16,272	
Changes in net assets	<u>41,094</u>	<u>5,812</u>	<u>29,951</u>	<u>206</u>	<u>77,063</u>	<u>34,001</u>
Net assets, beginning of year, as restated	<u>358,326</u>	<u>121,293</u>	<u>250,295</u>	<u>7,534</u>		<u>(4,718)</u>
Net assets, end of year	<u>\$ 399,420</u>	<u>127,105</u>	<u>280,246</u>	<u>7,740</u>		<u>29,283</u>
Adjustment to reflect internal service fund activities related to enterprise funds.					6,138	
Change in net assets of business-type activities					<u>\$ 83,201</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, 2006  
 (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	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users	\$ 101,381	59,089	35,952	2,842	199,264	65,485
Receipts from interfund services provided						412,774
Payments to suppliers	(44,625)	(27,495)	(16,516)	(2,928)	(91,564)	(206,959)
Payments to employees	(28,176)	(21,973)		(565)	(50,714)	(210,066)
Other (payments) receipts	223	3,529	924	(158)	4,518	(2,420)
Payments for interfund services used		(3,918)		(22)	(3,940)	(22,797)
Net cash provided by (used for) operating activities	<u>28,803</u>	<u>9,232</u>	<u>20,360</u>	<u>(831)</u>	<u>57,564</u>	<u>36,017</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Intergovernmental revenue	638		7	1,100	1,745	1,992
Payment on advance from other fund						(7,119)
Receipt of advances from other funds						7,067
Interest paid on advances from other funds						(903)
Advance to other funds						(33)
Transfers	(459)	1,127		(30)	638	(6,696)
Net cash provided by (used for) noncapital financing activities	<u>179</u>	<u>1,127</u>	<u>7</u>	<u>1,070</u>	<u>2,383</u>	<u>(5,692)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from sale of long-term obligations						
Acquisition and construction of capital assets	(40,718)	(10,400)	(38,401)	83	(89,436)	(17,832)
Principal paid on long-term obligations	(6,705)	(1,476)	(3,187)	(515)	(11,883)	
Interest paid on long-term obligations	(17,657)	(906)	(2,316)	(206)	(21,085)	(684)
Payment to refunded bonds escrow agent	(2,295)	(3,241)			(5,536)	
Bond issuance costs	(290)				(290)	
Proceeds from the sale of capital assets	8	20			28	494
Capital contributions	10,461				10,461	
Passenger facility charges	24,228				24,228	
Net cash used for capital and related financing activities	<u>(32,968)</u>	<u>(16,003)</u>	<u>(43,904)</u>	<u>(638)</u>	<u>(93,513)</u>	<u>(18,022)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest received on cash and investments	6,579	2,445	3,865	279	13,168	235
Net increase (decrease) in cash and cash equivalents	2,593	(3,199)	(19,672)	(120)	(20,398)	12,538
Cash and cash equivalents, beginning of year	244,880	68,674	111,719	6,437	431,710	131,852
Cash and cash equivalents, end of year	<u>\$ 247,473</u>	<u>65,475</u>	<u>92,047</u>	<u>6,317</u>	<u>411,312</u>	<u>144,390</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, 2006  
 (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
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>						
Cash and investments	\$ 108,255	65,404	79,619	6,317	259,595	144,390
Restricted current assets	12,511				12,511	
Restricted noncurrent assets (net of accrued interest)	126,707	71	12,428		139,206	
Cash and cash equivalents	<u>\$ 247,473</u>	<u>65,475</u>	<u>92,047</u>	<u>6,317</u>	<u>411,312</u>	<u>144,390</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 9,166	11	22,919	(1,333)	30,763	38,764
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	20,163	7,679	6,237	412	34,491	11,761
Recoveries for uncollectible accounts	(20)				(20)	
Impact fee credits applied			(8,594)		(8,594)	
Other nonoperating revenue	224	3,382			3,606	
Changes in assets and liabilities:						
Receivables	947	(265)	451	43	1,176	444
Advance to other funds						50
Due from other funds		32	(18)		14	(4,926)
Deposits with others	(2,279)	(1,693)			(3,972)	
Prepaid expenses	224				224	
Inventories	(1)				(1)	502
Accrued liabilities	583	(1,010)	(572)	(32)	(1,031)	(4,342)
Warrants payable	61	(109)		95	47	414
Compensated absences	262	130		10	402	1,148
Due to other funds		533	(63)	(26)	444	(12,340)
Deferred revenues	(527)				(527)	3,625
Due to other governments		7			7	(830)
Due from other governments						42
Estimated insurance liability						1,705
Landfill closure and postclosure care		535			535	
Total adjustments	<u>19,637</u>	<u>9,221</u>	<u>(2,559)</u>	<u>502</u>	<u>26,801</u>	<u>(2,747)</u>
Net cash provided by (used for) operating activities	<u>\$ 28,803</u>	<u>9,232</u>	<u>20,360</u>	<u>(831)</u>	<u>57,564</u>	<u>36,017</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>						
Contributed assets			5,382		5,382	
Proceeds of refunding bonds paid to escrow agent	85,068	27,386			112,454	
Cost of issuance paid from bond proceeds	1,247	791			2,038	
Developer reimbursement agreement projects completed			323		323	
Amortization of bonds premium			91		91	
Capital purchases included in accounts payable and warrants payable	4,523				4,523	

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, 2006  
 (amounts expressed in thousands)**

	Agency	Investment Trust
Assets:		
Cash and investments	\$ 298,381	2,093,352
Receivables, net of allowance for uncollectibles:		
Billed	10,480	
Interest	32,793	
Intergovernmental	2,654	
Due from other funds	3,340	
Long-term receivables	659	
Total assets	\$ 348,307	2,093,352
Liabilities:		
Warrants payable	\$ 16,686	
Accrued liabilities	8,999	
Intergovernmental payable	322,622	
Total liabilities	348,307	
Net assets held in trust for pool participants		2,093,352
Total liabilities and net assets held in trust for pool participants	\$ 348,307	2,093,352

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, 2006  
 (amounts expressed in thousands)**

	<u>Investment Trust</u>
Additions:	
Contributions on pooled investments	\$ 13,792,010
Use of money and property	157,552
Total additions	13,949,562
Deductions:	
Distributions from pooled investments	14,274,479
Net increase in net assets	(324,917)
Net assets held in trust for pool participants, beginning of year	2,418,269
Net assets held in trust for pool participants, end of year	\$ 2,093,352

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

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(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	Special Revenue Fund Other: Natomas Fire District County Service Area Number Ten
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 Four Water Agencies Special Revenue Fund	

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 the County and the County of San Diego. 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. 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 PFA 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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

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 is 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, beginning 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, beginning 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, beginning 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 increased to 14 members, consisting of five Sacramento County Supervisors which means the County of Sacramento no longer has a voting majority.

The Solid Waste Authority (the Authority) is excluded from the reporting entity. The Authority is a political subdivision of the State of California. For the fiscal year ended June 30, 2005, it was a blended component unit of Sacramento County. However, for the year ended June 30, 2006, the Authority is no longer a component unit of the County of Sacramento.

The Library Joint Powers Authority (JPA) is excluded from the reporting entity. The JPA is a political subdivision of the State of California. For the fiscal year ended June 30, 2005, it was a blended component unit of Sacramento County. However, for the year ended June 30, 2006, the JPA is no longer a component unit of the County of Sacramento.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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**(amounts expressed in thousands)**

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 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 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 Metropolitan Cable Television 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 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. The above agencies do not meet the criteria under GASB 14 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**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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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 System, including the International, 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 also 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**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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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 County 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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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**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 10 and April 10, respectively. The assessment date for fiscal year 2005-06 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 10.

**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.



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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**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 deferred revenue or 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.

**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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

**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, 2006, 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 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 are 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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

**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 other owing funds. 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 \$18,190 and \$68,888, respectively. This deficit in net assets represents the County's unfunded liability for the Liability/Property and Worker's Compensation self insurance.

**Government Accounting Standards Board (GASB) Statement No. 46**

Effective July 1, 2005, the County implemented GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34." GASB Statement No. 46 requires disclosure of the County's net assets at the end of the reporting period that are restricted by enabling legislation. Net assets are considered restricted by enabling legislation when the resources can only be used for purposes specified by the legislation.

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

Total fund balances of the County's governmental funds, \$836,949 differs from net assets of governmental activities, \$1,480,193, reported financial resources. 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)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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	Balance Sheet/Statement of Net Assets				
	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	\$ 1,324,016		144,390		1,468,406
Receivables, net of allowance for uncollectibles:					
Billed	72,840		2,610		75,450
Interest	8				8
Intergovernmental	72,165		4,013		76,178
Due from other funds	80,558		38,313	(135,397)	(16,526)
Inventories			2,474		2,474
Total current assets	<u>1,549,587</u>		<u>191,800</u>	<u>(135,397)</u>	<u>1,605,990</u>
Noncurrent assets:					
Long-term receivables	109,175		17		109,192
Deferred charges		15,810	3,567		19,377
Long-term advances to other funds	40,307		33	(40,340)	
Pension asset		1,029,831			1,029,831
Capital assets:					
Land and other nondepreciable assets		276,384	141		276,525
Facilities, infrastructure and equipment, net of depreciation		1,084,529	40,861		1,125,390
Total capital assets		<u>1,360,913</u>	<u>41,002</u>		<u>1,401,915</u>
Total noncurrent assets	149,482	<u>2,406,554</u>	<u>44,619</u>	<u>(40,340)</u>	<u>2,560,315</u>
Total assets	<u>\$ 1,699,069</u>	<u>2,406,554</u>	<u>236,419</u>	<u>(175,737)</u>	<u>4,166,305</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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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	\$ 28,910		3,292		32,202
Accrued liabilities	90,397		20,855		111,252
Tax and revenue anticipation notes	380,000				380,000
Intergovernmental payable	58,571		10,581		69,152
Current portion of accrued interest payable		6,767			6,767
Due to other funds/payable to external parties	122,815		15,871	(135,397)	3,289
Current portion of insurance claims payable			35,752		35,752
Current portion of long-term debt obligations		44,637			44,637
Deferred / unearned revenue	151,930	(111,058)	4,152		45,024
<b>Total current liabilities</b>	<b>832,623</b>	<b>(59,654)</b>	<b>90,503</b>	<b>(135,397)</b>	<b>728,075</b>
Noncurrent liabilities:					
Insurance claims payable			105,586		105,586
Accrued interest payable		224,195			224,195
Long-term debt obligations		1,607,577	20,679		1,628,256
Long-term advances from other funds	29,497		10,843	(40,340)	
<b>Total noncurrent liabilities</b>	<b>29,497</b>	<b>1,831,772</b>	<b>137,108</b>	<b>(40,340)</b>	<b>1,958,037</b>
<b>Total liabilities</b>	<b>862,120</b>	<b>1,772,118</b>	<b>227,611</b>	<b>(175,737)</b>	<b>2,686,112</b>
Fund balance/net assets:					
Reserved for:					
Encumbrances	79,653			(79,653)	
Capital asset acquisitions	21,667			(21,667)	
Assets not available	29,543			(29,543)	
Debt service	61,724			(61,724)	
Future construction	163,535			(163,535)	
Unreserved:					
Undesignated	480,827			(480,827)	
Invested in capital assets, net of related debt		1,020,169	38,582		1,058,751
Restricted for:					
Debt service		(292,184)		381,032	88,848
Capital projects		(4,607)		71,030	66,423
Fire protection				297	297
Health programs		6,719		211,576	218,295
Transportation				28,510	28,510
Lighting and landscape maintenance				2,416	2,416
Community facilities				3,466	3,466
Fish and game				35	35
Unrestricted		(95,661)	(29,774)	138,587	13,152
<b>Total fund balance / net assets</b>	<b>836,949</b>	<b>634,436</b>	<b>8,808</b>	<b>(175,737)</b>	<b>1,480,193</b>
<b>Total liabilities and fund balance / net assets</b>	<b>\$ 1,699,069</b>	<b>2,406,554</b>	<b>236,419</b>	<b>(175,737)</b>	<b>4,166,305</b>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

(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	\$ 3,215,626
Accumulated depreciation	(1,854,713)
	1,360,913

Pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds.	1,029,831
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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.	15,810
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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	(71,115)
Accrued interest	(230,962)
Bonds, loans, capital leases, and other payables	(1,581,099)
Unamortized swap premium	(15,922)
	(1,899,098)

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	126,980
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Total	\$ 634,436
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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

	\$ 8,808
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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

The net change in fund balances for governmental funds, \$122,862, differs from the change in net assets for governmental activities, \$109,764 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	\$ 415,320					415,320
Sales / use	79,862					79,862
Transient occupancy	6,623					6,623
Use of money and property	66,851			671		67,522
Licenses and permits	50,125				(50,125)	
Intergovernmental	1,370,473		(771)	1,955	(1,371,657)	
Charges for sales and services	181,786		(7,403)	109,992	124,131	408,506
Operating grants and contributions			(570)		1,096,918	1,096,348
Capital grants and contributions					31,523	31,523
Grants and contributions not restricted to specific programs					224,467	224,467
Fines, forfeitures and penalties	41,014				(41,014)	
Pledged tobacco settlement proceeds	12,138		(56)			12,082
Miscellaneous	85,701					85,701
Donated capital assets		14,243			(14,243)	
Total revenues	<u>2,309,893</u>	<u>14,243</u>	<u>(8,800)</u>	<u>112,618</u>		<u>2,427,954</u>
Current:						
Expenditures/expenses						
General government	177,477	12,627	403	18,355		208,862
Public assistance	730,185	1	(55)	968		731,099
Public protection	627,594	(24,949)	(1,202)	16,327		617,770
Health and sanitation	417,330	38,620	633	727		457,310
Public ways and facilities	96,068	23,273		41,154		160,495
Recreation and culture	36,133	(4,000)	30	515		32,678
Education	17,051	(3,907)	(1)	13		13,156
Capital outlay	110,519	(110,519)				
Debt service:						
Principal	41,053		(41,053)			
Bond issuance costs	4,043		(4,043)			
Advance refunding escrow	15,659		(15,659)			
Interest and fiscal charges	51,336		44,846			96,182
Total expenditures/expenses	<u>2,324,448</u>	<u>(68,854)</u>	<u>(16,101)</u>	<u>78,059</u>		<u>2,317,552</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,555)</u>	<u>83,097</u>	<u>7,301</u>	<u>34,559</u>		<u>110,402</u>
Other financing sources (uses):						
Transfers in	194,272				(194,272)	
Transfers out	(188,214)			(6,696)	194,272	(638)
Capital leases obligations	837		(837)			
Issuance of debt	47,500		(47,500)			
Refunding debt issued	270,036		(270,036)			
Premiums on debt issued	338		(338)			
Discounts on debt issued	(4,680)		4,680			
Payment to refunded bonds escrow agent	(182,672)		182,672			
Total other financing sources (uses)	<u>137,417</u>		<u>(131,359)</u>	<u>(6,696)</u>		<u>(638)</u>
Net change in fund balances/net assets	<u>122,862</u>	<u>83,097</u>	<u>(124,058)</u>	<u>27,863</u>		<u>109,764</u>
Fund balances/net assets - beginning	<u>714,087</u>	<u>1,277,816</u>	<u>(602,419)</u>	<u>(19,055)</u>		<u>1,370,429</u>
Fund balances/net assets - ending	<u>\$ 836,949</u>	<u>1,360,913</u>	<u>(726,477)</u>	<u>8,808</u>		<u>1,480,193</u>

**COUNTY OF SACRAMENTO**  
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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	\$ 145,419
Depreciation expense	(64,449)
Donated capital assets	14,243
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-in, disposals, etc.)	<u>(12,116)</u>
	<u>\$ 83,097</u>

(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 amount amortized during the year.

\$ 7,937

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 (\$4,043) incurred and amortized (\$618) during the year.

3,425

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.

Certificate of participation	12,820
Teeter notes	15,567
Tobacco revenue bonds	985
PFA revenue bonds	990
Capital leases obligations	<u>10,691</u>
	<u>41,053</u>



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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:

Cetificates of Participation	(40,860)
Less discounts	4,680
Teeter notes	(21,190)
Tobacco revenue bonds	(255,486)
Add premium	(338)
Capital leases obligations	(837)
Other long-term debt	(600)
	(314,631)
Payment to excrow agents for refunding	198,331
	(71,822)

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.

(44,228)

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	(7,145)
	(51,373)

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

(8,800)

Total	\$ (124,058)
-------	--------------

- (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.

\$ 27,863

**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 2005-06 was adopted on September 15, 2005. Until the adoption of a final balanced budget, operations were governed by the proposed budget approved by the Board of Supervisors on May 12, 2005. 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. 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 presents revenues at the source level and expenditures at the function level.

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 2005-06, 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 2005-06, the appropriation limit for the fiscal year 2005-06 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. 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.

**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 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.saccounty.net/Investments/RptQuarterly.asp>).

**COUNTY OF SACRAMENTO**  
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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, 2006, 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.

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.

**COUNTY OF SACRAMENTO**  
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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, 2006, of the County’s \$4.2 billion in investments held by the Treasurer and fiscal agents, over 80 % of the investments have a maturity of six months or less. In addition, 96% 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 Standard & Poor’s and Moody’s 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, 2006, 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, 2006, approximately 41% of total 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, 2006, 39% 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 \$690,029; Federal National Mortgage Association/Federal National Mortgage Association Discount Notes of \$303,005; FHLMC Discount Notes/FHLMC of \$557,513.

The schedule on the following page indicates the credit and interest rate risk at June 30, 2006. For purposes of this schedule, N/R is defined as not rated. The credit ratings listed are for Standard and Poor’s and Moody’s Investor Services, respectively. Guaranteed investment contracts are subject to the credit rating disclosure requirements but are normally unrated.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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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							\$ 329
Cash in banks							3,862
In custody of Treasurer:							
Cash and cash deposits:							
Cash on hand							12
Cash in banks							35,155
Total cash and cash deposits							35,167
Investments held by Treasurer:							
Treasury Strips	Aaa/AAA					99	99
Federal Farm Credit Bonds	Aaa/AAA		24,880	39,383	68,563		132,826
Federal Home Loan Banks	Aaa/AAA		77,149	101,122	289,937		468,208
Federal National Mortgage Association Discount Notes	Aaa/AAA	133,500	169,505				303,005
Government Agency Notes	Aaa/AAA					2,190	2,190
FFCB Discount Notes	Aaa/AAA	39,525	350				39,875
FHLB Discount Notes	Aaa/AAA	221,821					221,821
FHLMC Discount Notes	Aaa/AAA	150,837	256,513	12,375			419,725
FHLMC	Aaa/AAA		9,925	19,986	107,877		137,788
State and Local Governments (SLG's)	Aaa/AAA		5,184	140	11,825		17,149
Commercial paper	P-1/A-1+	331,532	745,077				1,076,609
Municipal bond	Aa2/AA+					2,300	2,300
Negotiable certificates of deposit	P-1/A-1+	114,979	620,643	25,968			761,590
Other assets held by Treasurer (primarily Teeter Plan notes)	N/R	163	431		20,215		20,809
Local Agency Investment Fund	N/R	50,667					50,667
Mutual funds	AAAm	2,961					2,961
Guaranteed investment contracts	N/R	416,194	60,708		1,699	69,307	547,908
Total investments held by Treasurer		1,462,179	1,970,365	198,974	500,116	73,896	4,205,530
Total in custody of Treasurer							4,240,697
Investments held by fiscal agents:							
Mutual funds	AAA/Aaa		1				1
Mutual funds	Aaa/AAAmG	6,116					6,116
Guaranteed investment contracts	N/R					20,446	20,446
Total investments held by fiscal agents		6,116	1			20,446	26,563
Total investments		\$ 1,468,295	1,970,366	198,974	500,116	94,342	
Total cash, investments, and restricted assets							\$ 4,271,451

**COUNTY OF SACRAMENTO**  
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The County did not participate in any security lending transactions or enter into any reverse repurchase agreements during 2005-06. The County's investment with the State's Local Agency Investment Fund (LAIF) is \$50,667, 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.asp>). As of June 30, 2006, the total amount invested by all public agencies in the State's Pooled Money Investment Account is \$63.3 billion. Of that \$63.3 billion managed by the State Treasurer, 97.4 percent is invested in non-derivative financial products and 2.6 percent is invested in derivative financial products. The average maturity of PMIA investments was 152 days as of June 30, 2006. 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, 2006, are as follows:

Government-wide statement of net assets:	
Cash and investments	\$ 1,728,001
Restricted assets, included in current assets	12,511
Restricted assets, included in noncurrent assets	139,216
Fiduciary funds statement of net assets:	
Agency	298,381
Investment Trust	<u>2,093,352</u>
Total cash, investments, and restricted assets per basic financial statements	4,271,461
Less interest receivable included in restricted assets	<u>(10)</u>
Total cash, investments, and restricted assets per summary of County cash deposits and investments	<u><u>\$ 4,271,451</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, 2006:

Statement of net assets	Treasurer's Pool	Fiscal Agent Pool	Total
Net assets held for pool participants	\$ 3,529,429	711,268	4,240,697
Equity of internal pool participants	\$ 1,862,257	285,088	2,147,345
Equity of external pool participants	1,667,172	426,180	2,093,352
Total equity	\$ 3,529,429	711,268	4,240,697
Statement of changes in net assets			
Net assets at July 1, 2005	\$ 3,130,710	1,193,596	4,324,306
Net changes in investments by pool participants	398,719	(482,328)	(83,609)
Net assets at June 30, 2006	\$ 3,529,429	711,268	4,240,697

A summary of the investments held by the Treasurer's and Fiscal Agent Pools at June 30, 2006 are as follows:

	Carrying Value	Cost	Interest Rate Range (%)	Maturity Range
Government securities	\$ 1,742,686	1,741,745	1.9-8.6	7/06-7/30
Commercial paper	1,076,609	1,065,905	4.5-5.4	7/06-12/06
Negotiable certificates of deposit	761,590	762,300	3.6-5.3	7/06-6/07
Other assets held by Treasurer (primarily Teeter Plan notes)	20,809	20,809	4.2-5.1	8/06-8/10
Local Agency Investment Fund	50,667	50,667	4.6	
Mutual funds	2,961	2,961	3.42-4.86	
Municipal bond	2,300	2,300	3.5	7/30
Guaranteed investment contracts	547,908	547,908	3.7-7.3	7/06-2/36
Total investments held by Treasurer	\$ 4,205,530	4,194,595		

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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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, 2006, 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	\$ 33,306	54,086	87,392
Fund balances: reserved for assets not available	966	20,817	21,783
	<u>\$ 34,272</u>	<u>74,903</u>	<u>109,175</u>
<u>Long-term advances to other funds</u>			
Deferred revenues	\$	39,588	39,588
Fund balances: reserved for assets not available		719	719
	<u>\$</u>	<u>40,307</u>	<u>\$ 40,307</u>

Deferred revenue and unearned revenue reported were as follows:

	Unavailable	Unearned	Total
Governmental Activities:			
General Fund			
Long-term receivables	\$ 33,306		33,306
Advances		24,950	24,950
Total General Fund	<u>33,306</u>	<u>24,950</u>	<u>58,256</u>
Nonmajor Funds:			
Long-term receivables	54,086		54,086
Long-term advances to other funds	39,588		39,588
Total Nonmajor Funds	<u>93,674</u>		<u>93,674</u>
Total Governmental Funds	126,980	24,950	151,930
Reconciling items:			
Unavailable	(126,980)		(126,980)
Internal Service Funds		4,152	4,152
Swap premiums		15,922	15,922
Total Governmental Activities		<u>45,024</u>	<u>45,024</u>
Business-type activities:			
Airport		813	813
Total Business-type activities		<u>813</u>	<u>813</u>
Total Entity Wide		<u>\$ 45,837</u>	<u>45,837</u>



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2006, is as follows:

	Restated Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 96,641	12,476	(2,693)	106,424
Construction in progress	135,526	47,582	(13,007)	170,101
Total capital assets, not being depreciated	232,167	60,058	(15,700)	276,525
Capital assets, being depreciated:				
Buildings and improvements	540,536	13,343	(1,030)	552,849
Infrastructure	2,248,359	85,231	(34)	2,333,556
Equipment	223,431	29,739	(14,446)	238,724
Total capital assets, being depreciated	3,012,326	128,313	(15,510)	3,125,129
Less accumulated depreciation for:				
Buildings and improvements	(250,168)	(16,495)	903	(265,760)
Infrastructure	(1,505,856)	(42,094)	12	(1,547,938)
Equipment	(175,231)	(17,621)	6,811	(186,041)
Total accumulated depreciation	(1,931,255)	(76,210)	7,726	(1,999,739)
Total capital assets, being depreciated, net	1,081,071	52,103	(7,784)	1,125,390
Sub-total governmental activities	\$ 1,313,238	112,161	(23,484)	1,401,915
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 83,023	6,780	(2)	89,801
Construction in progress	112,940	88,437	(37,075)	164,302
Total capital assets, not being depreciated	195,963	95,217	(37,077)	254,103
Capital assets, being depreciated:				
Buildings and improvements	579,427	27,194		606,621
Infrastructure	68,943	22,236	(2,547)	88,632
Equipment	109,725	4,964	(1,578)	113,111
Total capital assets, being depreciated	758,095	54,394	(4,125)	808,364
Less accumulated depreciation for:				
Buildings and improvements	(199,221)	(23,330)	44	(222,507)
Infrastructure	(7,659)	(1,893)		(9,552)
Equipment	(75,666)	(8,997)	1,389	(83,274)
Total accumulated depreciation	(282,546)	(34,220)	1,433	(315,333)
Total capital assets, being depreciated, net	475,549	20,174	(2,692)	493,031
Sub-total business-type activities	\$ 671,512	115,391	(39,769)	747,134

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

In the fiscal year ending June 30, 2006, Library JPA is no longer part of the reporting entity. As a result, the July 1, 2005, beginning balance of the governmental-type activities has been restated in the amount of \$322, net of depreciation.

During the fiscal year ended June 30, 2006 the Sacramento County Water Agency Enterprise Fund discovered that purchased infrastructure from fiscal years ended June 30, 1997 through June 30, 2005 was inadvertently included in the capital contributions and capital assets financial statement line items, which resulted in the duplication in these accounts. As a result, the beginning balance of buildings and improvements at July 1, 2005 was restated and decreased by \$15,158 and the respective accumulated depreciation was decreased by \$2,874

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

	Depreciation Expense
<b>Governmental activities:</b>	
General government	\$ 2,129
Public assistance	96
Public protection	2,966
Health and sanitation	442
Public ways and facilities	57,522
Recreation and culture	1,294
Education	
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	11,761
Total depreciation expense - governmental activities	\$ 76,210
<b>Business-type activities:</b>	
Airport	\$ 20,163
Solid Waste	7,618
Parking Enterprise	265
Water Agency	6,060
County Transit	114
Total depreciation expense - business-type activities	\$ 34,220

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

**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, 2006:

<u>Due From / To Other Funds</u>					
<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	\$ 45,670	Nonmajor enterprise	General	733
	Airport	819		Nonmajor governmental	47
	Solid Waste	16		Internal service	11
	Nonmajor enterprise	37			<u>791</u>
	Internal service	<u>2,284</u>			
		<u>48,826</u>			
			Internal service	General	37,502
Nonmajor government	General	29,853		Nonmajor governmental	4,090
	Nonmajor governmental	1,618		Airport	2,269
	Airport	218		Solid Waste	772
	Water Agency	10		Water Agency	706
	Internal service	33		Nonmajor enterprise	5
		<u>31,732</u>		Internal service	<u>13,444</u>
					<u>58,788</u>
Airport	General	<u>10</u>	Agency	General	2,884
Solid Waste	Nonmajor governmental	3		Nonmajor governmental	405
	Airport	2		Airport	3
	Internal service	<u>54</u>		Solid Waste	1
		<u>59</u>		Water Agency	12
				Nonmajor enterprise	17
				Internal service	18
					<u>3,340</u>
Water Agency	Internal service	<u>27</u>		Total	<u>\$ 143,573</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

*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, 2006.

*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.

<u>Advances To/From Other Funds</u>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental	General	\$ 28,778
	Nonmajor governmental	719
	Internal service	<u>10,810</u>
	Subtotal	<u>40,307</u>
Internal service	Internal service	<u>33</u>
	Total	<u><u>\$ 40,340</u></u>

Amounts advanced from nonmajor governmental funds are related to the Fixed Asset Financing Program which has financed \$28,778 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 \$33 to General Services Internal Service Fund was for the scanning center.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

Transfers From / To Other Funds

Between funds within governmental activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	
General	Nonmajor governmental	\$ 44,116	Transfer to cover debt service payments, economic development and community development programs
Nonmajor governmental	General	23,407	Transfers for Transient Occupancy Tax and Teeter Property Tax
Nonmajor governmental	Nonmajor governmental	119,320	Transfer to cover community development programs and debt service payments
Nonmajor governmental	Solid Waste	1,371	Purchase of clean air refuse vehicles
Airport	Nonmajor governmental	459	Transfer to cover POB debt service payments
Solid Waste	Nonmajor governmental	244	Transfer to cover POB debt service payments
Nonmajor enterprise	Nonmajor governmental	30	Transfer to cover POB debt service payments
Internal service	Nonmajor governmental	6,696	Transfer to cover debt service payments
	Total	<u>\$ 195,643</u>	

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

**NOTE 8 - LEASES**

**Lease Obligations**

During the year ended June 30, 2006, the County of Sacramento entered into a capital lease agreement for an energy conservation retro fit project in the amount of \$837 with an interest rate of 4.30 percent per annum and semi-annual lease payments of \$22 through September 2017.

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. The lease was cancelled in March of 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, 2006, the future minimum lease payments under capital leases are as follows:

	Capital Lease Agreements
<u>Year ending June 30</u>	<u>County</u>
2007	\$ 422
2008	422
2009	422
2010	422
2011	422
2012-2016	1,941
2017	111
Total minimum lease payments	4,162
Less amount representing interest	(1,040)
Net Present value of minimum lease payments	\$ 3,122

The following is a schedule of capital assets under capital leases by major classes at June 30, 2006:

	Capital Assets under Capital Leases
	<u>Governmental</u>
	<u>Activities</u>
Structures and Improvements	\$ 3,314
Less: Accumulated depreciation	(392)
Total	\$ 2,922

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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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, 2006, are as follows:

<u>Year Ending June 30</u>	<u>Operating Leases Commitment</u>	
	<u>Governmental</u>	<u>Proprietary</u>
2007	\$ 22,757	1,285
2008	21,258	731
2009	20,001	374
2010	19,958	374
2011	17,313	157
2012-2016	75,076	3
2017-2021	42,630	
2022	2,478	
	\$ 221,471	2,924

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, 2006, were \$44,300, \$1,214, and \$4,652 respectively.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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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 Statement of Net Assets for the Airport are held 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 2006, the Airport System received approximately \$5,638, 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, 2006.

Year Ending June 30	Future Minimum Rents
2007	\$ 13,149
2008	11,741
2009	9,039
2010	8,497
2011	7,870
2012-2016	26,677
2017-2021	2,873
2022-2026	1,860
2027-2031	404
2032-2036	121
Total future minimum rentals receivable	\$ 82,231

**NOTE 9 - SHORT-TERM DEBT ACTIVITY**

The County issues tax and revenue anticipation notes in advance of property tax and other revenue collections. The notes are issued to supplement County cash flows until taxes and other revenues are collected.

Short-term debt activity for the year ended June 30, 2006, was as follows:

	Balance			Balance
	<u>July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2006</u>
Tax and revenue anticipation notes	\$ 370,000	380,000	370,000	380,000



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

**NOTE 10 - LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation transactions for the year ended June 30, 2006:

	Restated Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006	Amounts Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 83,500	87,614	(79,320)	91,794	6,897
Certificates of participation	309,115	40,860	(27,370)	322,605	13,845
Teeter notes	15,024	21,190	(15,567)	20,647	9,979
Pension obligation bonds	954,722			954,722	9,758
Revenue bonds	230,109	255,636	(178,055)	307,690	1,015
Other long-term debt	3,275	600		3,875	3,875
Capital lease obligations	12,976	837	(10,691)	3,122	240
Deferred amounts					
For issuance premiums	3,564	338	(264)	3,638	273
For issuance discounts	(3,454)	(4,680)	3,335	(4,799)	(97)
On refundings	(16,055)	(15,749)	1,403	(30,401)	(1,148)
Total governmental activities - long-term obligations	<u>\$ 1,592,776</u>	<u>386,646</u>	<u>(306,529)</u>	<u>1,672,893</u>	<u>44,637</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 4,000	4,147	(3,745)	4,402	1,673
Revenue bonds	268,955	79,450	(88,035)	260,370	4,070
PFC and subordinate revenue bonds	51,985		(1,340)	50,645	1,410
Certificates of participation	34,255	27,580	(31,325)	30,510	1,775
Reimbursement agreements	1,854	323	(1,795)	382	290
Usage fee - City	2,080		(467)	1,613	501
Deferred amounts					
For issuance premiums	4,308	597	(205)	4,700	91
For issuance discounts	(4,244)		2,658	(1,586)	
On Refunding	(7,385)	(8,781)	626	(15,540)	
Total business-type activities - long-term obligations	<u>\$ 355,808</u>	<u>103,316</u>	<u>(123,628)</u>	<u>335,496</u>	<u>9,810</u>

At June 30, 2006 the Library JPA is no longer part of the reporting entity. As a result, the July 1, 2005, beginning balances for governmental-type activities has been restated in the amount of \$1,858.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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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, \$20,679 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 \$12,511 of the long-term liabilities due within one year for business-type activities in liabilities *payable from restricted assets*. Of this amount, \$4,535 represents current portion of long-term debt obligations.

Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2006 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, 2007 through the year 2015, escalating from \$3,470 to \$5,315, with interest ranging from 2.0 percent to 5.0 percent.	\$ 38,840
County of Sacramento 2003 Certificates of Participation (2003 Public Facilities Projects – ADA Improvements) issued April 24, 2003. Principal payments are due June 1, 2007 through the year 2034, escalating from \$295 to \$4,145, with interest rates ranging from 2.0 percent to 5.0 percent.	14,665
County of Sacramento 2003 Certificates of Participation (Juvenile Courthouse Project) issued June 19, 2003. Principal payments are due December 1, 2006, through the year 2034, escalating from \$695 to \$2,160, with interest rates ranging from 2.0 percent to 5.0 percent.	35,470
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, 2006, through the year 2018, escalating from \$400 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.	7,045
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, 2007, through the year 2020, escalating from \$3,470 to \$8,355, with a variable interest rate of 3.92 percent at June 30, 2006. 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 11 – Derivatives – Interest Rate Swap.	78,205

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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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 Facilities Project). Principal payments are due October 1, 2006, through the year 2027, escalating from \$2,275 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. 86,180

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). On May 11, 2006 a partial advance refunding was done from the 2006 Certificates of Participation, in the amount of \$14,550 Principal payments are due February 1, 2007, through the year 2019, escalating from \$1,930 to \$5,590 with interest ranging from 4.875 percent to 5.375 percent. A lump-sum payment of \$13,420 is due February 1, 2019. 21,340

County of Sacramento Certificates of Participation (2006 Public Facilities Project) issued on May 11, 2006, \$40,860 of refunding bonds for the cost of acquisition, Construction of a new fleet maintenance facility, acquiring and improving the county’s voter registration and elections / sheriff station house facility, partially refunded and defeased \$14,550 of outstanding debt for the County of Sacramento’s 1997 Certificates of Participation (1997 Public Facilities Project). The advance refunding resulted in a \$542 difference between the reacquisition price of \$15,092 and the net carrying amount of the old debt \$14,550. The advance refunding will result in reducing the debt service payments by \$1,865 to obtain an economic gain (difference between the present value of the debt service payments on the refunded debt and refunding debt ) of \$351. The difference will be amortized over the life of the remaining 1997 Certificates of Participation debt in accordance with GASB No. 23. The refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets.

The County issued \$27,690 in Serial Certificates with interest ranging from 4.0 percent to 4.6 percent, \$5,785 of 5 percent Term Certificates due February 1, 2031 and \$7,385 of 5 percent Term Certificates due February 1, 2036. Principal payments are due February 1, 2007, through the year 2036, escalating from \$770 to \$1,625.

	40,860
Total certificates of participation	322,605
Add: deferred amount for issuance premium	3,638
Less: deferred amount on refunding	(537)
	\$ 325,706

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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Teeter notes:

<p>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 4.493 percent in fiscal year 2005-06 and was 5.07 percent at June 30, 2006.</p>	\$ 431
<p>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 4.545 percent in fiscal year 2005-06 and was 5.070 percent at June 30, 2006.</p>	860
<p>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 4.516 percent in fiscal year 2005-06 and was 5.080 percent at June 30, 2006.</p>	1,605
<p>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 4.551 percent in fiscal year 2005-06 and was 5.075 percent at June 30, 2006.</p>	3,526
<p>County of Sacramento, 2005 Teeter Loan Agreement Note, dated October 4, 2005, to purchase the delinquent secured property taxes receivable as of June 30, 2005. Annual payments of principal and interest are due August 1 of each year and ending in 2010. 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, 2010. Interest payments will be at a variable rate that averaged 4.730 percent in fiscal year 2005-06 and was 5.070 percent at June 30, 2006.</p>	<u>14,225</u>
Total Teeter notes	\$ <u>20,647</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

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 11 – 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.

\$ 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, \$97,441 of Series 2003B Convertible Capital Appreciation Bonds to provide budgetary relief (over three to seven years at the time of bonds were issued) 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**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

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.

	426,131
Total pension obligation bonds	954,722
Less: deferred amount on refunding	(14,907)
	\$ 939,815

Revenue bonds:

Tobacco Securitization Authority issued on December 1, 2005, \$255,486 of refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$176,080 of bonds and to provide additional funds to be used by the County on selected projects. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$15,207. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The refunding has increased debt service payments by approximately \$200,352 and resulted in an economic loss of \$15,986. The outstanding balance on the refunded bonds is \$175,135 as of June 30, 2006.

The Authority issued \$219,685 for the Series 2005A-1 Senior Current Interest Bonds. The first Series A-1 Term Bonds are for \$45,825 with an interest rate of 4.75 %, final early (Turbo) redemption date of June 1, 2015, with a due date of June 1, 2023. The second Series A-1 Term Bonds are for \$87,290 with an interest rate of 5.375%, final Turbo redemption date of June 1, 2024, with a due date of June 1, 2038. The third Series A-1 Term Bonds are for \$86,570 with an interest rate of 5.5%, final Turbo redemption date of June 1, 2028, with a due date of June 1, 2045. The Authority issued \$12,468 for the Series 2005A-2 Senior Convertible Bonds with an interest rate of 5.4%, final Turbo redemption date of June 1, 2017, with a due date of June 1, 2027. The Authority issued \$11,674 for the Series 2005B First Subordinate Capital Appreciation Bonds with an interest rate of 5.9%, final Turbo redemption date of June 1, 2030, with a due date of June 1, 2045. The Authority issued \$11,658 for the Series 2005C Second Subordinate Capital Appreciation Bonds with an interest rate of 6.7%, final Turbo redemption date of June 1, 2033, with a due date of June 1, 2045.

\$ 254,501

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 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 \$13,490 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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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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 5.0%.

	53,189
Total revenue bonds	307,690
Less: deferred amount for issuance discount	(4,799)
Less: deferred amount for refunding	(14,957)
	\$ 287,934

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.

\$ 3,875

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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, 2006.

Year ending June 30	Certificates of Participation		Teeter Plan		Pension Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 13,845	11,519	9,979	949	9,758	17,386
2008	14,540	11,564	3,556	505	19,438	17,237
2009	15,305	11,080	3,556	336	26,874	25,138
2010	16,120	10,555	3,556	168	13,136	76,935
2011	16,980	10,005			14,155	64,205
2012 - 2016	91,380	40,101			73,457	376,739
2017 - 2021	67,465	26,150			219,274	296,208
2022 - 2026	37,680	16,628			304,742	142,360
2027 - 2031	29,730	7,931			172,339	56,412
2032 - 2036	19,560	2,594			101,549	8,156
	<u>\$ 322,605</u>	<u>148,127</u>	<u>20,647</u>	<u>1,958</u>	<u>954,722</u>	<u>1,080,776</u>
Year ending June 30	Revenue Bonds		Other			
	Principal	Interest	Principal	Interest		
2007	\$ 1,015	13,970	3,875			
2008	2,435	13,942				
2009	2,300	14,612				
2010	2,545	14,516				
2011	2,445	14,408				
2012 - 2016	18,090	69,914				
2017 - 2021	27,425	65,030				
2022 - 2026	38,139	59,074				
2027 - 2031	43,285	47,445				
2032 - 2036	46,805	35,881				
2037 - 2041	51,305	23,606				
2042 - 2046	77,257	257,607				
	<u>\$ 313,046</u>	<u>630,005</u>	<u>3,875</u>			
Less unaccrued interest	(5,356)					
	<u>\$ 307,690</u>					



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Swap Payments and Associated Debt: Using the rates as of June 30, 2006, 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		Interest Rate Swaps, Net	Total Debt Service
	Variable -Rate Bonds			
	Principal	Interest		
2007	\$ 3,470	3,066	751	7,287
2008	3,710	2,930	717	7,357
2009	3,970	2,784	682	7,436
2010	4,250	2,629	644	7,523
2011	4,545	2,462	603	7,610
2012 - 2016	27,975	9,374	2,296	39,645
2017 - 2021	30,285	3,068	751	34,104
	<u>\$ 78,205</u>	<u>26,313</u>	<u>6,444</u>	<u>110,962</u>

Year ending June 30	Pension Obligation Bonds		Interest Rate Swaps, Net	Total
	Series B & C Variable-Rate			
	Principal	Interest		
2007	\$	7,276	7,953	15,229
2008		7,276	7,953	15,229
2009		7,276	7,953	15,229
2010		7,276	7,953	15,229
2011		7,276	7,953	15,229
2012 - 2016		36,381	39,765	76,146
2017 - 2021	67,000	34,562	37,776	139,338
2022 - 2026	67,000	5,456	9,942	82,398
	<u>\$ 134,000</u>	<u>112,779</u>	<u>127,248</u>	<u>374,027</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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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 Airport System from the operations of the Airport System. The bonds are subject to call and redemption at the Airport System'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

On September 3, 1998, the County issued \$42,510 of Airport System Revenue Refunding Bonds, Series 1998A, and \$45,620 of Airport System Public Financing Authority (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. 39,730

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 System. The interest rate on the bonds range from 3.0 percent – 5.25 percent and the final maturity is on July 1, 2032. 71,290

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 Revenue Bonds. The Bonds are payable from, and secured by, future Net Revenues of the Airport System. The interest rate on the bonds range from 3.0 – 5.25 percent and the final maturity is on July 1, 2020. 14,650

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. 48,960

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On May 2, 2006, The County issued \$79,450 of Airport System Revenue Refunding Bonds, Series 2006A. The Series 2006A Revenue Refunding Bonds were issued to refund all of the outstanding 1996A Revenue Bonds. As a result the 1996A Revenue Bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$6,262. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce the total debt service payments over the next 18 years by \$4,870 and resulted in an economic gain of \$7,614. These bonds are payable, and secured by, future Net Revenues of the Airport. The interest rate on these variable rate bonds are set at auction every 35 days, due 2007 – 2024. See Note 11– Derivatives – Interest Rate Swap.

	79,450
Total revenue bonds	260,370
Add: deferred amount for issuance premiums	4,138
Less: deferred amount for issuance discounts	(1,316)
Less: deferred amount on refunding	(9,244)
	\$ 253,948

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 Airport System from the operations of the Airport System. The bonds are subject to call and redemption at the Airport System 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.

\$ 6,150

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.

	44,495
Total PFC and subordinate revenue bonds	50,645
Less: deferred amounts for issuance discounts	(270)
Less: deferred amount on refunding	(3,972)
	\$ 46,403

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Certificates of Participation:

On July 19, 2005, Sacramento County Department of Waste Management & Recycling issued the 2005 Refunding Revenue Certificates of Participation totaling \$27,580, with interest rates ranging from 3.0 percent to 5.00 percent. Proceeds from this were used to (i) establish irrevocable escrow funds to refund in full the \$15,865 of County of Sacramento Certificates of Participation 1997 Public Facilities Project (Solid Waste Facilities); \$8,800 of County of Sacramento Certificates of Participation 1998 Public Facilities Project (Gas to Energy Facilities); and \$4,795 of County of Sacramento Certificates of Participation 2002 Public Facilities Project (Solid Waste Facilities); (ii) pay the costs of the bond insurance premium and (iii) purchase a Reserve Fund Surety Bond in the amount of the reserve fund requirement. The certificates are due serially through December 1, 2021 with a term Certificate of \$2,195 due in 2021.

As a result, the County of Sacramento Certificates of Participation 1997 Public Facilities Project, the County of Sacramento Certificates of Participation 1998 Public Facilities Project and the County of Sacramento Certificates of Participation 2002 Public Facilities Project are considered to be defeased and the liability for those Certificates of Participation have been removed from the Fund's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$2,518. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The advance refunding will result in reducing the debt service payments by \$1,172 to obtain an economic gain (difference between the present value of the debt service payments on the refunded debt and refunding debt) of \$77.

\$ 26,230

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 \$535 to \$695, 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.

4,280

Total certificates of participation 30,510

Less: deferred amounts for refunding (2,324)

Add: deferred amounts for issuance premium 562

\$ 28,748

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

\$ 382

**COUNTY OF SACRAMENTO**  
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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.

\$ 1,613

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, 2006.

Year ending June 30	Revenue Bonds		PFC and Subordinate Revenue Bonds		COP	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 4,070	10,696	1,410	2,504	1,775	1,200
2008	7,315	11,533	1,480	2,427	1,835	1,134
2009	7,560	11,260	1,560	2,345	1,895	1,069
2010	7,845	10,956	1,645	2,256	1,960	998
2011	8,195	10,632	1,735	2,166	2,040	916
2012 - 2016	46,265	47,964	10,020	9,469	9,185	3,440
2017 - 2021	57,630	36,243	12,755	6,666	9,625	1,571
2022 - 2025	64,835	22,061	16,280	3,054	2,195	45
2026 - 2030	38,835	8,976	3,760	94		
2031 - 3035	17,820	1,351				
	<u>\$ 260,370</u>	<u>171,672</u>	<u>50,645</u>	<u>30,981</u>	<u>30,510</u>	<u>10,373</u>

Year ending June 30	Reimbursement Agreements		Useage fee - City	
	Principal	Interest	Principal	Interest
2007	\$ 290		501	97
2008	92		537	61
2009			575	22
	<u>\$ 382</u>		<u>1,613</u>	<u>180</u>

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Swap Payments and Associated Debt: Using the rates as of June 30, 2006, 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	Airport Systems Revenue Bonds Series 1996 A Swap		Interest Rate	
	Principal	Interest	Swaps, Net	Total
2007		1,878	191	2,069
2008	3,125	2,668	375	6,168
2009	3,225	2,559	359	6,143
2010	3,350	2,446	344	6,140
2011	3,500	2,329	327	6,156
2012 - 2016	19,625	9,717	1,364	30,706
2017 - 2021	23,900	6,001	843	30,744
2022 - 2025	22,725	1,594	223	24,542
	\$ 79,450	29,192	4,026	112,668

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 2005-06.

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, 2006, the County's debt limit for general obligation bonds and legal debt margin was \$1,353,766.

**COUNTY OF SACRAMENTO**  
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**NOTE 11 – 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 with Bank of America. 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 \$78,205. 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 2003-04, 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 \$4,998 at June 30, 2006. 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, 2006, 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, 2006.

Basis risk: The swap exposes the County to basis risk. The basis risk is the difference between the Weekly Rate paid on the variable rate bonds and the floating amount received from the interest rate swap of 67% of 1-Month LIBOR. The Weekly Rate was 3.920%, whereas the reset of 1-Month LIBOR was 3.574%, a difference of 0.346%. As of June 30, 2006, the effect of this difference increases the intended synthetic fixed rate of 4.534% to a rate of 4.88%.

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, 2006, the unamortized premium totaled \$9,044.

**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 with Lehman Bros. 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 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 based on the Weekly Rate provided by the remarketing agent.

Fair value: The swap had a negative fair value of \$12,439 at June 30, 2006. 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, 2006, 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, AA- by Standard & Poor's and Aa3 by Moody's Investors Services as of June 30, 2006.



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Basis risk: There is no effect of the difference in basis risk. The basis risk is the difference between the Weekly Rate paid on the variable rate bonds and the floating amount received from the interest rate swap. The Weekly Rate was 5.43%, whereas the weekly reset was the same of 5.43%. As of June 30, 2006, the intended synthetic fixed rate is 5.935%.

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, 2006, the unamortized premium totaled \$6,878.

**Airports System Revenue Bonds Series 1996A Swap(Refunding to Series 2006 A-1 and A-2)**

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 were advance refunded; however, A and C were subject to Alternative Minimum Tax and consequently could not be advance refunded. In order to take advantage of low interest rates, reduce exposure to the possibility of higher interest rates in 2006 when the bonds first became 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. Under the terms of the swap, the Airport System pays a fixed rate of 3.785% to the Counterparty and the Counterparty pays a variable rate tied to the LIBOR rate, adjusted depending on whether the LIBOR rate either exceeds or is less than 3%.

Terms: The swap was entered into on September 8, 2004, with an effective date of May 2, 2006. On May 2, 2006, the Airport System issued \$79,450 of series 2006A revenue bonds. The series 2006A bonds were issued as auction rate securities, in two separate sub series with staggered 35-day auction periods. The bonds and the related swap agreement mature on July 1, 2024. The original notional amount of the swap was \$83,475. As of July 1, 2006, the notional amount will be \$79,450, equal to the outstanding principal of the 2006A bonds. 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 58% of the 1-month LIBOR, plus 30 basis points (0.30%) if the LIBOR rate is below 3%. The variable rate payable on the 2006A bonds was initially 3.55%. Subsequently bond interest rates are based on the auction results.

Fair Value: At June 30, 2006, the swap had a fair value of \$488. 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: The County is exposed to credit risk resulting from a failure of the Counterparty to perform because the swap's fair value is positive, however because the fair value is less than the threshold amount of \$7,000 no collateral is required at this time. The swap Counterparty was rated A+ by Standard & Poor's and Aa3 by Moody's Investors Services.

**COUNTY OF SACRAMENTO**  
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**(amounts expressed in thousands)**

Basis Risk: The swap can expose the County to basis risk, but did not as of June 30, 2006. The basis risk is the difference between the 35-day Auction Rate paid on the variable rate bonds and the floating amount received from the interest rate swap of 68% of 1-Month LIBOR. For the 2006 A-1, the Auction Rate was 3.30%, whereas 68% of the 1-Month LIBOR was 3.554%, a difference of 0.254%. As of June 30, 2006, the effect of this difference decreased the intended synthetic rate to 3.531% for the 2006 A-1 bonds. For the 2006 A-2 bonds, the Auction Rate was 3.55%, whereas 68% of the 1-Month LIBOR was 3.554%, a difference of 0.004%. As of June 30, 2006, the effect of this difference decreased the intended synthetic rate to 3.781% for the 2006 A-2 bonds.

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 negative fair value, the Airport System would be liable to the Counterparty for a payment equal to the swap's fair value.

**NOTE 12 - SPECIAL ASSESSMENT DEBT AND RELATED ACTIVITIES**

At June 30, 2006, special assessment improvement bonds outstanding for all assessment districts totaled \$143,563. 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%, the proceeds of which were used to defease the outstanding 1999 Bonds with an average interest rate of 6.3 percent. At June 30, 2006, 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%. 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, 2006. At June 30, 2006, the outstanding balance was \$10,210.

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 1990 Bonds were subsequently paid off in December 2000. 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 1991 bonds in original aggregate principal amount of \$24,155 are the only bonds that have been issued under such authorization. Thus, at June 30, 2006, \$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, 2006, the outstanding balance was \$24,570 for Improvement Area No. 1 and \$17,110 for Improvement Area No. 2.

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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%. These bonds constitute the entire bonded indebtedness as of June 30, 2006. The outstanding balance at June 30, 2006, was \$4,630.

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%. These bonds constitute the entire bonded indebtedness as of June 30, 2006. The outstanding balance at June 30, 2006, 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%, and Convertible Capital Appreciation Bonds in the original principal amount of \$892 at the interest rate of 8.25%. These bonds constitute the entire bonded indebtedness as of June 30, 2006. At June 30, 2006, the outstanding balance was \$937.

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, 2006, 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, 2006, the outstanding balance was \$25.

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, 2006, the outstanding balance was \$370.

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, 2006, the outstanding balance was \$8,770.

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, 2006, the outstanding balance was \$575.

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, 2006 the outstanding balance was \$1,380.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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**NOTE 13 - 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, 2006, is as follows:

Debt service funds	\$	39,230	Total interest capitalized	\$	1,567
Enterprise funds		15,567			
Internal service funds		1,587	Total interest charged to expense/expenditures		54,817
		\$ 56,384			\$ 56,384

During fiscal year 2005-06, interest costs of \$1,567 relating to bonds issued for the construction of projects were capitalized for enterprise funds.

**NOTE 14 - COMMITMENTS**

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

**Airport** – Airport Systems had approximately \$7,166 in outstanding construction contract commitments at June 30, 2006.

**Solid Waste Enterprise Fund** - Solid Waste has entered into equipment and construction agreements totaling \$2,528 at June 30, 2006.

**Water Agency** – The Agency has entered into contracts for the construction of certain projects totaling \$15,224 at June 30, 2006.

**NOTE 15 - 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, 2006, as follows:

Solid Waste (Enterprise Fund)	\$ <u>14,560</u>
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Solid Waste will recognize Kiefer landfill costs of \$26,320 as the remaining capacity in the landfill is used in future years. Solid Waste included Kiefer landfill postclosure care liabilities at June 30, 2006, of \$10,803 and at June 30, 2005, of \$10,162 for a change in liability of \$641. At June 30, 2006, the capacity of the landfill used to date was 29% and the estimated remaining landfill life is 35 years.

**COUNTY OF SACRAMENTO**  
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Solid Waste included Elk Grove landfill postclosure care liabilities at June 30, 2006, of \$3,265 and at June 30, 2005, of \$3,363 for a change in liability of \$98. The landfill is 100 percent full and the postclosure 30-year liability period runs through June 2024. At June 30, 2006, the reported liabilities represent postclosure costs for the remaining 18 years.

The fund reported Grand Island Landfill postclosure care liabilities at June 30, 2006 of \$492 and at June 30, 2005, of \$500 for a change in liability of \$8. The landfill is 100% full and the postclosure 30-year liability period runs through June 2029. At June 30, 2006 the reported liabilities represent postclosure costs for the remaining 23 years.

These future closure and postclosure costs are based on what it would cost to perform all closure and postclosure care in 2006. 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 accumulated sufficient assets to finance Kiefer Landfill closure costs as required by applicable laws at June 30, 2006 and 2005. The Board of Supervisors has approved pledges of revenues to provide financial assurance for the postclosure maintenance costs of both the Kiefer and Elk Grove Landfills. The Board of Supervisors will be asked to approve a pledge of revenues to provide financial assurance for the postclosure maintenance costs of the Grand Island Landfill in fiscal year ending June 30, 2007. Management expects that any increase to future closure and postclosure costs will be paid from charges to future users..

**NOTE 16 - 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, 2006 is available on the System's web site at [www.scers.org](http://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, 2006, 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 3.63% and 14.88% of their annual covered salary. The County is obligated by state law to make all required contributions to the plan, ranging from 12.95% to 36.01% of covered payroll. The required contributions include current service cost and amortization of prior service cost over a 30-year closed amortization period with 27 years remaining as of June 30, 2006. 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. Employer contributions for the year ended June 30, 2006 totaled \$127,109.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
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Annual Pension Cost

The County's annual pension cost and required and actual contributions were determined as part of the June 30, 2004 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 5.25% to 10.85% for miscellaneous; 5.65% to 9.75% for safety (includes inflation at 4.0%, plus real across the board salary increase of 0.25% plus 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, 2006, were as follows

Annual required contribution	\$ 147,630
Interest on beginning net pension asset	(99,218)
Adjustment to the annual required contribution	<u>70,760</u>
Annual pension cost	119,172
Contributions made	<u>127,109</u>
Increase in net pension asset	7,937
Net pension asset, beginning of year	<u>1,021,894</u>
Net pension asset, end of year	<u>\$ 1,029,831</u>

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:

<u>Fiscal year</u> <u>Ended</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Contribution</u>	<u>Percentage</u> <u>Of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Asset</u>
6/30/04	\$109,884	\$112,736	103%	\$ 600,837
6/30/05	94,315	515,372	546%	1,021,894
6/30/06	119,172	127,109	107%	1,029,831

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**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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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
6/30/04*	\$ 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%
6/30/06	4,848,953	5,214,915	365,962	93.0%	782,572	46.8%

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

**NOTE 17 - 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, 2006, 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**  
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Reconciliation of Claims Liabilities

	<u>Liability/Property</u>		<u>Worker's Compensation</u>		<u>Dental &amp; Unemployment</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year						
Current portion	\$ 11,591	13,574	20,440	13,603		441
Noncurrent	20,099	16,992	87,032	84,630		
Total beginning balance	<u>31,690</u>	<u>30,566</u>	<u>107,472</u>	<u>98,233</u>		441
Incurred claims and claim adjustment expenses:						
Provision for insured events for current year	9,917	10,540	23,112	28,739	1,268	1,336
Increase (decrease) in provision for insured events of prior fiscal years	<u>11,386</u>	<u>7,439</u>	<u>(1,943)</u>	<u>1,005</u>		
Total incurred claims and claim adjustment expenses	<u>21,303</u>	<u>17,979</u>	<u>21,169</u>	<u>29,744</u>	1,268	1,336
Payments:						
Claims and claim adjustment expenses attributable to insured events of current fiscal year	1,021	1,149	27,104	3,506	1,268	
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>16,968</u>	<u>15,706</u>	<u>(4,797)</u>	<u>16,999</u>		1,777
Total payments	<u>17,989</u>	<u>16,855</u>	<u>22,307</u>	<u>20,505</u>	1,268	1,777
Total unpaid claims and claim adjustment expenses at end of the fiscal year June 30, 2006.	<u>\$ 35,004</u>	<u>31,690</u>	<u>106,334</u>	<u>107,472</u>		
Current portion of unpaid claims and claim adjustments	\$ 12,062	11,591	23,690	20,440		
Non current portion of unpaid claims and claim adjustments	<u>22,942</u>	<u>20,099</u>	<u>82,644</u>	<u>87,032</u>		
Total current and non current unpaid claims and claim adjustment expenses at end of the fiscal year.	<u>\$ 35,004</u>	<u>31,690</u>	<u>106,334</u>	<u>107,472</u>		



**COUNTY OF SACRAMENTO**  
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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 Risk)*	1,365,000	50	Each occurrence
Flood*	1,090,000	2% / 100 minimum	Per Building / Each occurrence
Earthquake (EQ)*	300,000	5% / 100 minimum	Per building / Each occurrence
Sheriff Vehicle Physical Damage*	35,770	10	Each occurrence
Boiler/Machinery*	100,000	5	Each occurrence
Crime:		5 (25 Water Treatment Plant locations)	
Faithful Performance	10,000	25	Each occurrence
Employee Dishonesty	10,000	25	Each occurrence
Forgery/Money/Computer Fraud	10,000	25	Each occurrence
Sheriff's Helicopters/Airplanes			
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)	150,000	2,000	Self-insured retention
Employers' Liability	15,000	2,000	Self-insured retention

\*Property Coverage renewed effective 3/31/06.

\*\*Fiduciary coverage renewed effective 5/1/06; all other policy periods effective 7/1/06.

During the last several years, there have been no settlements in excess of insurance coverage limits. Airport Liability and Hangerkeepers - Coverage is subject to War & Terrorism exclusion. Effective March 31 2005, County property is covered for Terrorism Coverage subject to a \$200 million occurrence and annual aggregate limit. The County has not purchased the buy-back coverage due to the expense and limited coverage. Effective March 31, 2006 EQ is capped at \$75 million in Tower II, \$75 million in Tower V and \$25 million in Tower VI (primary and excess). Total EQ limit is \$300 million (primary and excess plus shared Rooftop [Aggregate] coverage over Towers II and V). All Risk total is at \$1.365 billion (total of Towers II, V and VI primary and excess on an actual at risk and tower-capped basis). Flood total is at \$1.090 billion (total of Towers II, V and VI primary and excess on an actual at risk and tower-capped basis). Workers' Compensation (Excess) limit was reduced from statutory (unlimited) to \$50 million and the self-insured retention (SIR) was increased from \$1.5 million to \$2.0 million effective July 1, 2002. Workers' Compensation

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(Excess) limit total was increased to \$150 million effective July 5, 2005. The Employers' Liability (Excess) limit was reduced from \$20 million to \$15 million effective July 1, 2004.

**NOTE 18 – RESTRICTED NET ASSETS**

Restricted Net Assets are assets that are subject to constraints either 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provision or enabling legislation. Restricted net assets as of June 30, 2006 are as follows:

	Governmental Activities	Business-type Activities	Total
Landfill closure	\$	7,832	7,832
Debt service	88,848	20,474	109,322
Capital projects	66,423	4,982	71,405
Passenger facility charges		81,920	81,920
Fire protection	297		297
Health programs	218,295		218,295
Transportation	28,510		28,510
Lighting and landscape maintenance	2,416		2,416
Community facilities	3,466		3,466
Fish and game	35		35

Net assets restricted by enabling legislation are comprised of \$81,920 (passenger facility charges), \$2,416 (lighting and landscape maintenance) and \$3,466 (community facilities) in the Statement of Net Assets at June 30, 2006.

Restricted Net Assets include:

- *Landfill closure* – accounts for the accumulation of resources necessary to finance closure and post closure care costs in the future.
- *Debt service* – established to finance and account for the payment of interest and principal on bonds or other long-term borrowing.
- *Capital projects* – accounts for financial resources to be used in the acquisition or construction of major capital facilities.
- *Passenger facilities charges* – accounts for fees collected from airline passengers which are used to finance airport projects.
- *Fire protection* – accounts for property taxes used to fund the provision of fire protection services provided by the Natomas Fire District to approximately 40 square miles of the unincorporated area.

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- *Health programs* – health programs are comprised of the following:
  - *First five Commission* – accounts for funds received from State Proposition 10 which are used to support healthy development of children prenatal to age five.
  - *Water Agencies* – accounts for funds received from drainage fees and assessments used to protect the community from flood hazards.
  - *Stormwater Utilities* – used to account for funds received from Stormwater Utility fees, ad valorem tax proceeds, interest income and other various revenues to provide storm drainage, flood control, flood preparation and stormwater quality management services.
  - *Tobacco* – accounts for the revenues and expenditures associated with the tobacco litigation settlement to be used for the operation of health, youth, and tobacco prevention programs.
  - *Tobacco Securitization Authority* – reports the activities related to the County securitizing its portion of the nation-wide Tobacco Settlement Agreement.
- *Transportation* – accounts for funds received from developer fees and transportation sales tax used to finance construction, improvements and maintenance of the County road system.
- *Lighting and landscape maintenance* – accounts for funds received from special assessments used to maintain landscaped corridors, medians and natural open space.
- *Community facilities* – accounts for services charges collected from direct levies on property tax bills for various community facilities districts.
- *Fish and game* – used to account for fines collected for violations of the fish and game code and deposited to the Fish and Game Propagation Program to support activities related to fish and game, including education.

**NOTE 19 – 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.

**COUNTY OF SACRAMENTO**  
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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, 2006, 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.
  - *Special deposits* – to reflect the advances to employees for travel purposes.
- *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.
- *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.
- *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)**  
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**NOTE 20 - 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, 2006 are as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Reserved</b>			
Encumbrances	\$ 17,952	61,701	79,653
Capital asset acquisitions	21,667		21,667
Assets not available:			
Teeter plan tax loss	4,618		4,618
TRANS interest	422		422
Teeter plan delinquencies	1,498		1,498
Imprest cash	255	148	403
Long term receivables and advances to other funds	966	21,536	22,502
Special deposits	100		100
Debt service		61,724	61,724
Future construction		163,535	163,535
Total Reserved Fund Balances	<u>47,478</u>	<u>308,644</u>	<u>356,122</u>
<b>Unreserved/Designated</b>			
General uses	22,847	36,551	59,398
Cash flow	15,000	1,845	16,845
Teeter plan notes	2,588		2,588
Rate stabilization		472	472
Future services	6,991	74,038	81,029
Future construction		23,654	23,654
Total Unreserved/Designated Fund Balances	<u>47,426</u>	<u>136,560</u>	<u>183,986</u>
Total Unreserved/Undesignated Fund Balances	<u>158,094</u>	<u>138,747</u>	<u>296,841</u>
Total Unreserved	<u>205,520</u>	<u>275,307</u>	<u>480,827</u>
 Total Fund Balances	 <u>\$ 252,998</u>	 <u>583,951</u>	 <u>836,949</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

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.

**NOTE 21 RESTATEMENT OF NET ASSETS**

The effect of the elimination of Library JPA and Solid Waste Authority 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	\$ 1,375,626	518,868
Elimination of blended component units:		
Fund balances	(6,733)	(6,733)
Reconciling items:		
Capital assets	(322)	
Long term obligations	1,858	
	(5,197)	(6,733)
Net Assets/Fund Balances, as restated	\$ 1,370,429	512,135

During the fiscal year ended June 30, 2006, the Water Agency (enterprise fund) discovered that purchased infrastructure from fiscal years ended June 30, 1997 through June 30, 2005 was inadvertently included in the capital contributions and capital assets financial statements line items, which resulted in the duplication in these accounts. As a result, beginning net assets for fiscal year ended June 30, 2005 have been restated as follows:

	Business Type Activities	Water Agency
Net assets, as previously reported	\$ 764,069	\$ 262,579
Capital asset restatement	(12,284)	(12,284)
Net assets, as restated	\$ 751,785	\$ 250,295

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

**NOTE 22 – 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 23 - SUBSEQUENT EVENTS**

**Tax and Revenue Anticipation Notes**

On July 6, 2006, the County issued \$360,000 in 2006 Tax and Revenue Anticipation Notes, \$360,000 at a rate of 3.671% to mature on July 17, 2007. The notes are issued to supplement County cash flows until taxes and other revenues are collected. On July 10, 2006, the 2005 Tax and Revenue Anticipation notes in the amount of \$380,000 matured and were redeemed.

**Teeter Plan**

On October 17, 2006, the County issued its thirteenth Teeter Note (2006 Teeter Note) and purchased under the Teeter Plan the delinquent secured property tax receivables at June 30, 2006, in the amount of \$39,542 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, 2006. Such payments may be made more frequently, but not more often than quarterly. The note matures August 1, 2011.

Note 1 (Property Taxes) and Note 10 further describe the Teeter Note issues.

**Taxable Pension Funding Bonds 2004C-1 Swap**

This is a forward swap effective July 10, 2006. The fair market valuation for this forward swap is as if the transaction was in progress as of June 30, 2006.

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 3.42 percent on July 10, 2006, two years after issuance date. 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%.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

Fair value: If the swap was in effect, it would have a negative fair value of \$6,478 at June 30, 2006. 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 bonds 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 were in place, it could be exposed to basis risk. The basis risk is the difference between the Weekly Rate paid on the variable rate bonds and the floating amount received from the interest rate swap of the 1-Month LIBOR. If the Weekly Rate was 3.4225% (current rate of interest on bonds), and the 1-Month LIBOR was 3.574%, there would be a difference of 0.152%. As of June 30, 2006, the intended synthetic fixed rate was 3.575%.

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.

*Taxable Pension Funding Bonds 2004C-2 Swap*

This is a forward swap effective July 10, 2009. The fair market valuation for this forward swap is as if the transaction was in progress as of June 30, 2006.

Objective of the interest rate swap: On trade date June 22, 2006, for effective date July 10, 2009, the County entered into a swap agreement with Morgan Stanley, Inc. in connection with the Series C-2 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-2 variable rate bonds, since the C-2 bonds are structured to pay its initial variable rate on July 10, 2009, four years after issuance date. In order to protect exposure against higher interest rates in 2009, the County executed a swap agreement with Morgan Stanley. The County will pay a fixed rate of 5.802% to Morgan Stanley and Morgan Stanley will pay a variable rate of the 5 year USD-ISDA SWAP rate to the County.

Terms: The bonds and the related swap agreement mature on June 10, 2031, and the swap's original notional amount of \$49,225 matched the \$49,225 accreted value on the variable-rate bonds. The swap's current notional amount is \$49,225. The swap was entered into on June 22, 2006, with an effective date of July 10, 2009. Under the swap, the County pays the counterparty a fixed payment of 5.802% and receives a variable payment computed on the 5-year USD-ISDA SWAP rate. The bonds' variable rate payments are based on the Convertible Auction Rate of 4.611%.

Fair value: If the swap was in effect, the fair value would be \$836 at June 30, 2006. The fair value is 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 bonds do not have a corresponding fair value increase.



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

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 were in place, it would not be exposed to basis risk. The basis risk is the difference between the rate paid on the variable rate bonds and the floating amount received from the interest rate swap of the 5 year USD-ISDA. If the variable rate was 4.611% (current rate of interest on bonds), and the 5 year USD-ISDA SWAP was 5.148%, there would be a difference of 0.537%. As of June 30, 2006, the intended synthetic fixed rate would then be 5.265%.

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.

One-time premium: As part of the swap agreement, the County received a one-time premium payment equal to the value of the swap agreement on June 30, 2006, totaling \$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.

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## NONMAJOR GOVERNMENTAL FUNDS SECTION

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**COUNTY OF SACRAMENTO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006  
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
<b>Assets:</b>				
Cash and investments	\$ 325,527	74,467	204,556	604,550
<b>Receivables:</b>				
Billed	15,044		881	15,925
Interest			8	8
Intergovernmental	12,516		3,291	15,807
Due from other funds	31,647	26	59	31,732
Long-term advances to other funds	40,307			40,307
Long-term receivables	6,953	67,950		74,903
<b>Total assets</b>	<b>\$ 431,994</b>	<b>142,443</b>	<b>208,795</b>	<b>783,232</b>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Warrants payable	\$ 6,525		463	6,988
Accrued liabilities	7,433	2	8,956	16,391
Intergovernmental payable	19,974		9,702	29,676
Due to other funds	38,004	12,767	1,062	51,833
Deferred revenues	46,370	47,304		93,674
Long-term advances from other funds			719	719
<b>Total liabilities</b>	<b>118,306</b>	<b>60,073</b>	<b>20,902</b>	<b>199,281</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Encumbrances	34,836		26,865	61,701
Assets not available	1,038	20,646		21,684
Debt service		61,724		61,724
Future construction			163,535	163,535
<b>Unreserved:</b>				
Designated	136,560			136,560
Undesignated	141,254		(2,507)	138,747
<b>Total fund balances</b>	<b>313,688</b>	<b>82,370</b>	<b>187,893</b>	<b>583,951</b>
<b>Total liabilities and fund balances</b>	<b>\$ 431,994</b>	<b>142,443</b>	<b>208,795</b>	<b>783,232</b>

**COUNTY OF SACRAMENTO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Taxes	\$ 67,687			67,687
Use of money and property	22,186	2,987	11,254	36,427
Licenses and permits	39,188			39,188
Intergovernmental	90,404	3,214	12,593	106,211
Charges for sales and services	94,792		3,198	97,990
Fines, forfeitures and penalties	36	15,208	4,518	19,762
Pledged tobacco settlement proceeds	12,138			12,138
Miscellaneous	12,843	508	16,901	30,252
Total revenues	<u>339,274</u>	<u>21,917</u>	<u>48,464</u>	<u>409,655</u>
Expenditures:				
Current:				
General government	58,163			58,163
Public assistance	28,207			28,207
Public protection	31,186			31,186
Health and sanitation	16,760			16,760
Public ways and facilities	79,159		16,826	95,985
Recreation and culture	26,380			26,380
Education	16,674			16,674
Capital outlay	28,595		81,924	110,519
Debt service:				
Principal	10,691	30,362		41,053
Bond issuance costs		4,043		4,043
Advance refunding escrow		15,659		15,659
Interest and fiscal charges		51,336		51,336
Total expenditures	<u>295,815</u>	<u>101,400</u>	<u>98,750</u>	<u>495,965</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,459</u>	<u>(79,483)</u>	<u>(50,286)</u>	<u>(86,310)</u>
Other financing sources (uses):				
Transfers in	17,853	65,608	87,404	170,865
Transfers out	(36,074)	(105,665)	(2,359)	(144,098)
Capital leases obligations			837	837
Issuance of debt		47,500		47,500
Refunding debt issued		270,036		270,036
Premiums on debt issued		338		338
Discounts on debt issued		(4,680)		(4,680)
Payment to refunded bonds escrow agent		(182,672)		(182,672)
Total other financing sources (uses)	<u>(18,221)</u>	<u>90,465</u>	<u>85,882</u>	<u>158,126</u>
Net change in fund balances	25,238	10,982	35,596	71,816
Fund balances - beginning, restated	288,450	71,388	152,297	512,135
Fund balances - ending	<u>\$ 313,688</u>	<u>82,370</u>	<u>187,893</u>	<u>583,951</u>

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## NONMAJOR GOVERNMENTAL FUNDS SECTION

### SPECIAL REVENUE FUNDS

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## 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 5 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.

**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.

**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, 2006**  
**(amounts expressed in thousands)**

Page 1 of 3

	Road	First 5 Commission	Library	Transportation Sales Tax	Transient Occupancy Tax	Building Inspection	Public Facilities Fixed Asset Financing Program
<b>Assets:</b>							
Cash and investments	\$ 9,276	93,180	4,521	14,249	1,519	5,254	
Receivables, net of allowance for uncollectibles:							
Billed	1,997	3,549		232	1,160	289	
Intergovernmental	4,283			7,276			
Due from other funds	1,781						29,250
Long-term advances to other funds							39,588
Long-term receivables					234		
<b>Total assets</b>	<b>\$ 17,337</b>	<b>96,729</b>	<b>4,521</b>	<b>21,757</b>	<b>2,913</b>	<b>5,543</b>	<b>68,838</b>
<b>Liabilities and fund balances:</b>							
<b>Liabilities:</b>							
Warrants payable	\$ 27			735	225	45	
Accrued liabilities	2,400	2,661		305	1	459	10
Intergovernmental payable	1,124	2	69	4,001		898	
Due to other funds	324	1,032	57	1,668		224	29,240
Deferred revenues					63		39,588
<b>Total liabilities</b>	<b>3,875</b>	<b>3,695</b>	<b>126</b>	<b>6,709</b>	<b>289</b>	<b>1,626</b>	<b>68,838</b>
<b>Fund balances:</b>							
<b>Reserved for:</b>							
Encumbrances	8,685	3,835	1	13,573	866		298
Assets not available			2		171		
<b>Unreserved:</b>							
Designated	3,203	65,760				3,627	
Undesignated	1,574	23,439	4,392	1,475	1,587	290	(298)
<b>Total fund balances</b>	<b>13,462</b>	<b>93,034</b>	<b>4,395</b>	<b>15,048</b>	<b>2,624</b>	<b>3,917</b>	<b>(298)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,337</b>	<b>96,729</b>	<b>4,521</b>	<b>21,757</b>	<b>2,913</b>	<b>5,543</b>	<b>68,838</b>

**COUNTY OF SACRAMENTO  
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006  
(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
<b>Assets:</b>							
Cash and investments	\$ 2,741	7,588	45,516	22,208	50,976		682
Receivables, net of allowance for uncollectibles:							
Billed	101	640		2,308		1,898	
Intergovernmental						957	
Due from other funds	1	17		21		2	475
Long-term advances to other funds							
Long-term receivables							
<b>Total assets</b>	<b>\$ 2,843</b>	<b>8,245</b>	<b>45,516</b>	<b>24,537</b>	<b>50,976</b>	<b>2,857</b>	<b>1,157</b>
<b>Liabilities and fund balances:</b>							
<b>Liabilities:</b>							
Warrants payable	\$ 351	173	112	66	45	849	4
Accrued liabilities		671	4	54	104	252	26
Intergovernmental payable	23	149	9	89	665	50	
Due to other funds	53	13	66	1,479	441	1,170	669
Deferred revenues							
<b>Total liabilities</b>	<b>427</b>	<b>1,006</b>	<b>191</b>	<b>1,688</b>	<b>1,255</b>	<b>2,321</b>	<b>699</b>
<b>Fund balances:</b>							
<b>Reserved for:</b>							
Encumbrances	265	975	288	5,100		101	13
Assets not available						146	
<b>Unreserved:</b>							
Designated	1,290	2,049	28,155	10,317			405
Undesignated	861	4,215	16,882	7,432	49,721	289	40
<b>Total fund balances</b>	<b>2,416</b>	<b>7,239</b>	<b>45,325</b>	<b>22,849</b>	<b>49,721</b>	<b>536</b>	<b>458</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,843</b>	<b>8,245</b>	<b>45,516</b>	<b>24,537</b>	<b>50,976</b>	<b>2,857</b>	<b>1,157</b>

**COUNTY OF SACRAMENTO  
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006  
(amounts expressed in thousands)**

Page 3 of 3

	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
<b>Assets:</b>						
Cash and investments	\$ 29,236	26,700	836	5,828	5,217	325,527
Receivables, net of allowance for uncollectibles:						
Billed	1,007	156		1,140	567	15,044
Intergovernmental						12,516
Due from other funds	19			20	61	31,647
Long-term advances to other funds	719					40,307
Long-term receivables			6,719			6,953
<b>Total assets</b>	<b>\$ 30,981</b>	<b>26,856</b>	<b>7,555</b>	<b>6,988</b>	<b>5,845</b>	<b>431,994</b>
<b>Liabilities and fund balances:</b>						
<b>Liabilities:</b>						
Warrants payable	\$ 374	2,902		39	578	6,525
Accrued liabilities		39	193	207	47	7,433
Intergovernmental payable	12,159	1		10	725	19,974
Due to other funds	490	12		373	693	38,004
Deferred revenues			6,719			46,370
<b>Total liabilities</b>	<b>13,023</b>	<b>2,954</b>	<b>6,912</b>	<b>629</b>	<b>2,043</b>	<b>118,306</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Encumbrances	816	10		10		34,836
Assets not available	719					1,038
<b>Unreserved:</b>						
Designated		17,386		4,216	152	136,560
Undesignated	16,423	6,506	643	2,133	3,650	141,254
<b>Total fund balances</b>	<b>17,958</b>	<b>23,902</b>	<b>643</b>	<b>6,359</b>	<b>3,802</b>	<b>313,688</b>
<b>Total liabilities and fund balances</b>	<b>\$ 30,981</b>	<b>26,856</b>	<b>7,555</b>	<b>6,988</b>	<b>5,845</b>	<b>431,994</b>

**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, 2006  
(amounts expressed in thousands)**

Page 1 of 3

	Road	First 5 Commission	Library	Transportation Sales Tax	Transient Occupancy Tax	Building Inspection	Public Facilities Fixed Asset Financing Program
<b>Revenues:</b>							
Taxes	\$ 2,400		18,433	25,269	6,623		
Use of money and property	596	3,451	124	375	113	231	
Licenses and permits	605					16,018	
Intergovernmental	37,217	18,738	281	6,294		2,283	
Charges for sales and services	586			10		16	47,243
Fines, forfeitures and penalties							
Pledged tobacco settlement proceeds							
Miscellaneous	3,409			1,536	339	251	
Total revenues	<u>44,813</u>	<u>22,189</u>	<u>18,838</u>	<u>33,484</u>	<u>7,075</u>	<u>18,799</u>	<u>47,243</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government							
Public assistance							
Public protection						18,524	
Health and sanitation		13,457					
Public ways and facilities	41,547			29,000			
Recreation and culture					3,283		
Education			16,674				
Capital outlay							28,595
<b>Debt service:</b>							
Principal							10,691
Total expenditures	<u>41,547</u>	<u>13,457</u>	<u>16,674</u>	<u>29,000</u>	<u>3,283</u>	<u>18,524</u>	<u>39,286</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,266</u>	<u>8,732</u>	<u>2,164</u>	<u>4,484</u>	<u>3,792</u>	<u>275</u>	<u>7,957</u>
<b>Other financing sources (uses):</b>							
Transfers in							255
Transfers out		(21)			(2,957)	(115)	(8,212)
Total other financing sources (uses)		<u>(21)</u>			<u>(2,957)</u>	<u>(115)</u>	<u>(7,957)</u>
Net change in fund balances	3,266	8,711	2,164	4,484	835	160	
Fund balances - beginning	10,196	84,323	2,231	10,564	1,789	3,757	
Fund balances - ending	<u>\$ 13,462</u>	<u>93,034</u>	<u>4,395</u>	<u>15,048</u>	<u>2,624</u>	<u>3,917</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, 2006**  
**(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
Revenues:							
Taxes	\$ 299	6,986	5,983				
Use of money and property	1,592	1,643	1,641	817	1,852	335	4,079
Licenses and permits			9,456				
Intergovernmental	5	361	98	231		16,993	850
Charges for sales and services	2,954	5,443	9,032	21,811		411	3,641
Fines, forfeitures and penalties							
Pledged tobacco settlement proceeds							
Miscellaneous		894	3	782		1,463	154
Total revenues	<u>4,850</u>	<u>15,327</u>	<u>26,213</u>	<u>23,641</u>	<u>1,852</u>	<u>19,202</u>	<u>8,724</u>
Expenditures:							
Current:							
General government	5,030		13,365	26,130			
Public assistance						28,207	
Public protection							
Health and sanitation					1,474		
Public ways and facilities							
Recreation and culture		16,008					7,039
Education							
Capital outlay							
Debt service:							
Principal							
Total expenditures	<u>5,030</u>	<u>16,008</u>	<u>13,365</u>	<u>26,130</u>	<u>1,474</u>	<u>28,207</u>	<u>7,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(180)</u>	<u>(681)</u>	<u>12,848</u>	<u>(2,489)</u>	<u>378</u>	<u>(9,005)</u>	<u>1,685</u>
Other financing sources (uses):							
Transfers in				5,828	391	9,906	
Transfers out			(5,828)		(4,485)	(759)	(1,338)
Total other financing sources (uses)			<u>(5,828)</u>	<u>5,828</u>	<u>(4,094)</u>	<u>9,147</u>	<u>(1,338)</u>
Net change in fund balances	<u>(180)</u>	<u>(681)</u>	<u>7,020</u>	<u>3,339</u>	<u>(3,716)</u>	<u>142</u>	<u>347</u>
Fund balances - beginning	2,596	7,920	38,305	19,510	53,437	394	111
Fund balances - ending	<u>\$ 2,416</u>	<u>7,239</u>	<u>45,325</u>	<u>22,849</u>	<u>49,721</u>	<u>536</u>	<u>458</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, 2006**  
**(amounts expressed in thousands)**

Page 3 of 3

	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
<b>Revenues:</b>						
Taxes	\$				1,694	67,687
Use of money and property	3,825	1,110	25	216	161	22,186
Licenses and permits	176	3,172		9,761		39,188
Intergovernmental	5,163	148		23	1,719	90,404
Charges for sales and services	2,581	1		772	291	94,792
Fines, forfeitures and penalties					36	36
Pledged tobacco settlement proceeds			12,138			12,138
Miscellaneous	1,988	245		1,715	64	12,843
<b>Total revenues</b>	<b>13,733</b>	<b>4,676</b>	<b>12,163</b>	<b>12,487</b>	<b>3,965</b>	<b>339,274</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	13,538				100	58,163
Public assistance						28,207
Public protection				11,145	1,517	31,186
Health and sanitation			130		1,699	16,760
Public ways and facilities		8,596			16	79,159
Recreation and culture					50	26,380
Education						16,674
Capital outlay						28,595
<b>Debt service:</b>						
Principal						10,691
<b>Total expenditures</b>	<b>13,538</b>	<b>8,596</b>	<b>130</b>	<b>11,145</b>	<b>3,382</b>	<b>295,815</b>
Excess (deficiency) of revenues over (under) expenditures	195	(3,920)	12,033	1,342	583	43,459
<b>Other financing sources (uses):</b>						
Transfers in	1,173				300	17,853
Transfers out	(327)		(11,914)	(118)		(36,074)
<b>Total other financing sources (uses)</b>	<b>846</b>		<b>(11,914)</b>	<b>(118)</b>	<b>300</b>	<b>(18,221)</b>
<b>Net change in fund balances</b>	<b>1,041</b>	<b>(3,920)</b>	<b>119</b>	<b>1,224</b>	<b>883</b>	<b>25,238</b>
Fund balances - beginning	16,917	27,822	524	5,135	2,919	288,450
<b>Fund balances - ending</b>	<b>\$ 17,958</b>	<b>23,902</b>	<b>643</b>	<b>6,359</b>	<b>3,802</b>	<b>313,688</b>

**COUNTY OF SACRAMENTO  
ROAD SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Taxes	\$ 2,760	767	2,400	1,633
Use of money and property	413	413	596	183
Licenses and permits	540	575	605	30
Intergovernmental	34,238	44,197	37,217	(6,980)
Charges for sales and services	968	1,534	586	(948)
Miscellaneous	2,069	8,748	3,409	(5,339)
Total revenues	40,988	56,234	44,813	(11,421)
Expenditures:				
Current:				
Public ways and facilities	43,828	61,385	41,547	19,838
Net change in fund balance	<u>\$ (2,840)</u>	<u>(5,151)</u>	<u>3,266</u>	<u>8,417</u>



**COUNTY OF SACRAMENTO  
 FIRST 5 COMMISSION SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2006  
 (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	\$ 1,100	1,100	3,451	2,351
Intergovernmental	17,127	17,127	18,738	1,611
Total revenues	<u>18,227</u>	<u>18,227</u>	<u>22,189</u>	<u>3,962</u>
Expenditures:				
Current:				
Health and sanitation	<u>27,169</u>	<u>27,169</u>	<u>13,457</u>	<u>13,712</u>
Excess (deficiency) of revenues over (under) expenditures	(8,942)	(8,942)	8,732	17,674
Other financing uses:				
Transfers out	<u>(21)</u>	<u>(21)</u>	<u>(21)</u>	
Net change in fund balance	<u>\$ (8,963)</u>	<u>(8,963)</u>	<u>8,711</u>	<u>17,674</u>

**COUNTY OF SACRAMENTO  
LIBRARY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 17,106	17,897	18,433	536
Use of money and property	20	20	124	104
Intergovernmental	280	280	281	1
Total revenues	17,406	18,197	18,838	641
Expenditures:				
Current:				
Education	18,345	20,426	16,674	3,752
Net change in fund balance	<u>\$ (939)</u>	<u>(2,229)</u>	<u>2,164</u>	<u>4,393</u>

**COUNTY OF SACRAMENTO  
TRANSPORTATION SALES TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 44,043	43,857	25,269	(18,588)
Use of money and property	50	450	375	(75)
Intergovernmental	17,314	34,219	6,294	(27,925)
Charges for sales and services			10	10
Miscellaneous			1,536	1,536
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	61,407	78,526	33,484	(45,042)
Expenditures:				
Current:				
Public ways and facilities	70,415	89,090	29,000	60,090
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	<u>\$ (9,008)</u>	<u>(10,564)</u>	<u>4,484</u>	<u>15,048</u>

**COUNTY OF SACRAMENTO  
TRANSIENT-OCCUPANCY TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 6,164	6,183	6,623	440
Use of money and property	30	53	113	60
Miscellaneous	350	350	339	(11)
Total revenues	<u>6,544</u>	<u>6,586</u>	<u>7,075</u>	<u>489</u>
Expenditures:				
Current:				
Recreation and culture	5,259	5,282	3,283	1,999
Principal	66	66		66
Total expenditures	<u>5,325</u>	<u>5,348</u>	<u>3,283</u>	<u>2,065</u>
Excess of revenues over expenditures	1,219	1,238	3,792	2,554
Other financing uses:				
Transfers out	<u>(2,957)</u>	<u>(2,957)</u>	<u>(2,957)</u>	<u></u>
Net change in fund balance	<u>\$ (1,738)</u>	<u>(1,719)</u>	<u>835</u>	<u>2,554</u>

**COUNTY OF SACRAMENTO  
BUILDING INSPECTION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	70	231	161
Licenses and permits	12,000	15,212	16,018	806
Intergovernmental	3,283	5,337	2,283	(3,054)
Charges for sales and services	14	14	16	2
Miscellaneous	4	4	251	247
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	15,371	20,637	18,799	(1,838)
Expenditures:				
Current:				
Public protection	15,256	20,651	18,524	2,127
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	115	(14)	275	289
Other financing uses:				
Transfers out	(115)	(115)	(115)	
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	<u>\$</u>	<u>(129)</u>	<u>160</u>	<u>289</u>

**COUNTY OF SACRAMENTO**  
**PUBLIC FACILITIES FIXED ASSET FINANCING PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(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	\$		47,243	47,243
Miscellaneous	75,874	75,874		(75,874)
Total revenues	<u>75,874</u>	<u>75,874</u>	<u>47,243</u>	<u>(28,631)</u>
Expenditures:				
Capital outlay	33,176	57,304	28,595	28,709
Debt service:				
Principal		10,366	10,691	(325)
Total expenditures	<u>33,176</u>	<u>67,670</u>	<u>39,286</u>	<u>28,384</u>
Excess of revenues over expenditures	<u>42,698</u>	<u>8,204</u>	<u>7,957</u>	<u>(247)</u>
Other financing sources (uses):				
Transfers in	255	255	255	
Transfers out	<u>(8,212)</u>	<u>(8,212)</u>	<u>(8,212)</u>	
Total other financing sources (uses)	<u>(7,957)</u>	<u>(7,957)</u>	<u>(7,957)</u>	
Net change in fund balance	<u>\$ 34,741</u>	<u>247</u>	<u></u>	<u>(247)</u>

**COUNTY OF SACRAMENTO  
LIGHTING AND LANDSCAPE MAINTENANCE DISTRICTS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Taxes	\$	149	299	150
Use of money and property	6	19	1,592	1,573
Intergovernmental		3	5	2
Charges for sales and services	491	3,524	2,954	(570)
Miscellaneous		875		(875)
Total revenues	<u>497</u>	<u>4,570</u>	<u>4,850</u>	<u>280</u>
Expenditures:				
General government	<u>1,037</u>	<u>5,876</u>	<u>5,030</u>	<u>846</u>
Net change in fund balance	<u>\$ (540)</u>	<u>(1,306)</u>	<u>(180)</u>	<u>1,126</u>

**COUNTY OF SACRAMENTO  
PARK DISTRICTS AND PARK SERVICE AREAS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 6,192	6,190	6,986	796
Use of money and property	1,468	1,465	1,643	178
Intergovernmental	1,957	2,873	361	(2,512)
Charges for sales and services	4,989	5,654	5,443	(211)
Miscellaneous	1,045	7,370	894	(6,476)
Total revenues	15,651	23,552	15,327	(8,225)
Expenditures:				
Current:				
Recreation and culture	19,143	29,424	16,008	13,416
Net change in fund balance	\$ (3,492)	(5,872)	(681)	5,191



**COUNTY OF SACRAMENTO  
WATER AGENCIES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 5,998	5,998	5,983	(15)
Use of money and property	782	782	1,641	859
Licenses and permits	3,850	3,850	9,456	5,606
Intergovernmental	116	116	98	(18)
Charges for sales and services	17,559	19,293	9,032	(10,261)
Miscellaneous	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total revenues	28,305	30,039	26,213	(3,826)
Expenditures:				
Current:				
General government	<u>30,929</u>	<u>32,725</u>	<u>13,365</u>	<u>19,360</u>
Excess (deficiency) of revenues over (under) expenditures	(2,624)	(2,686)	12,848	15,534
Other financing uses:				
Transfers out	<u>(5,828)</u>	<u>(5,828)</u>	<u>(5,828)</u>	<u>          </u>
Net change in fund balance	<u>\$ (8,452)</u>	<u>(8,514)</u>	<u>7,020</u>	<u>15,534</u>

**COUNTY OF SACRAMENTO  
STORMWATER UTILITY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$ 240	240	817	577
Intergovernmental	1,500	2,196	231	(1,965)
Charges for sales and services	21,943	21,943	21,811	(132)
Miscellaneous	503	2,503	782	(1,721)
Total revenues	24,186	26,882	23,641	(3,241)
Expenditures:				
Current:				
General government	35,473	41,902	26,130	15,772
Deficiency of revenues under expenditures	(11,287)	(15,020)	(2,489)	12,531
Other financing sources:				
Transfers in	5,828	5,828	5,828	
Net change in fund balance	\$ (5,459)	(9,192)	3,339	12,531

**COUNTY OF SACRAMENTO  
 TOBACCO SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2006  
 (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	\$ 3,285	3,285	1,852	(1,433)
Fines, forfeitures and penalties	3,317	3,317		(3,317)
Total revenues	6,602	6,602	1,852	(4,750)
Expenditures:				
Current:				
Health and sanitation	4,726	4,791	1,474	3,317
Excess of revenues over expenditures	1,876	1,811	378	(1,433)
Other financing sources (uses):				
Transfers in	391	391	391	
Transfers out	(4,485)	(4,485)	(4,485)	
Total other financing sources (uses)	(4,094)	(4,094)	(4,094)	
Net change in fund balance	\$ (2,218)	(2,283)	(3,716)	(1,433)

**COUNTY OF SACRAMENTO  
COMMUNITY SERVICES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$ 318	318	335	17
Intergovernmental	20,629	21,890	16,993	(4,897)
Charges for sales and services	344	445	411	(34)
Miscellaneous	1,871	1,871	1,463	(408)
Total revenues	23,162	24,524	19,202	(5,322)
Expenditures:				
Current:				
Public assistance	32,350	33,917	28,207	5,710
Deficiency of revenues under expenditures	(9,188)	(9,393)	(9,005)	388
Other financing sources (uses):				
Transfers in	9,906	9,906	9,906	
Transfers out	(759)	(759)	(759)	
Total other financing sources (uses)	9,147	9,147	9,147	
Net change in fund balance	\$ (41)	(246)	142	388

**COUNTY OF SACRAMENTO  
GOLF SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$ 4,178	4,228	4,079	(149)
Intergovernmental			850	850
Charges for sales and services	4,352	4,057	3,641	(416)
Miscellaneous			154	154
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	8,530	8,285	8,724	439
Expenditures:				
Current:				
Recreation and culture	7,569	7,236	7,039	197
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	961	1,049	1,685	636
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers in	400	850		(850)
Transfers out	(1,338)	(1,338)	(1,338)	
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(938)	(488)	(1,338)	(850)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	\$ 23	561	347	(214)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**COUNTY OF SACRAMENTO  
ECONOMIC DEVELOPEMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$ 2,314	3,257	3,825	568
Licenses and permits	51	51	176	125
Intergovernmental	5,285	6,123	5,163	(960)
Charges for sales and services	2,450	2,450	2,581	131
Miscellaneous	5,324	5,497	1,988	(3,509)
Total revenues	15,424	17,378	13,733	(3,645)
Expenditures:				
Current:				
General government	33,049	34,940	13,538	21,402
Excess (deficiency) of revenues over (under) expenditures	(17,625)	(17,562)	195	17,757
Other financing sources (uses):				
Transfers in	1,173	1,173	1,173	
Transfers out	(327)	(327)	(327)	
Total other financing sources (uses)	846	846	846	
Net change in fund balance	\$ (16,779)	(16,716)	1,041	17,757

**COUNTY OF SACRAMENTO  
ROADWAY FEE DISTRICT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$ 230	220	1,110	890
Licenses and permits	2,000	2,100	3,172	1,072
Intergovernmental		192	148	(44)
Charges for sales and services			1	1
Miscellaneous	<u>177</u>	<u>224</u>	<u>245</u>	<u>21</u>
Total revenues	2,407	2,736	4,676	1,940
Expenditures:				
Current:				
Public ways and facilities	<u>8,999</u>	<u>13,162</u>	<u>8,596</u>	<u>4,566</u>
Net change in fund balance	<u>\$ (6,592)</u>	<u>(10,426)</u>	<u>(3,920)</u>	<u>6,506</u>

**COUNTY OF SACRAMENTO  
TOBACCO SECURITIZATION AUTHORITY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$ 25	25	25	
Pledged tobacco settlement proceeds	12,138	12,138	12,138	
Total revenues	12,163	12,163	12,163	
Expenditures:				
Current:				
Health and sanitation	130	130	130	
Excess of revenues over expenditures	12,033	12,033	12,033	
Other financing uses:				
Transfers out	(11,914)	(11,914)	(11,914)	
Net change in fund balance	<u>\$ 119</u>	<u>119</u>	<u>119</u>	



**COUNTY OF SACRAMENTO  
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$		216	216
Licenses and permits	8,577	8,545	9,761	1,216
Intergovernmental		83	23	(60)
Charges for sales and services	461	482	772	290
Miscellaneous	<u>2,797</u>	<u>2,780</u>	<u>1,715</u>	<u>(1,065)</u>
Total revenues	11,835	11,890	12,487	597
Expenditures:				
Current:				
Public protection	<u>12,144</u>	<u>12,682</u>	<u>11,145</u>	<u>1,537</u>
Excess (deficiency) of revenues over (under) expenditures	(309)	(792)	1,342	2,134
Other financing uses:				
Transfers out	<u>(118)</u>	<u>(118)</u>	<u>(118)</u>	
Net change in fund balance	<u>\$ (427)</u>	<u>(910)</u>	<u>1,224</u>	<u>2,134</u>

**COUNTY OF SACRAMENTO  
OTHER SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,557	1,430	1,694	264
Use of money and property	21	28	161	133
Intergovernmental	1,931	2,080	1,719	(361)
Charges for sales and services	480	473	291	(182)
Fines, forfeitures and penalties	37	37	36	(1)
Miscellaneous			64	64
Total revenues	<u>4,026</u>	<u>4,048</u>	<u>3,965</u>	<u>(83)</u>
Expenditures:				
Current:				
General government	669	380	100	280
Public protection	2,468	3,001	1,517	1,484
Health and sanitation	1,910	2,063	1,699	364
Public ways and facilities	1,310	1,769	16	1,753
Recreation and culture	60	54	50	4
Total expenditures	<u>6,417</u>	<u>7,267</u>	<u>3,382</u>	<u>3,885</u>
Deficiency of revenues under expenditures	(2,391)	(3,219)	583	3,802
Other financing sources:				
Transfers in	<u>300</u>	<u>300</u>	<u>300</u>	
Net change in fund balance	<u>\$ (2,091)</u>	<u>(2,919)</u>	<u>883</u>	<u>3,802</u>

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## NONMAJOR GOVERNMENTAL FUNDS SECTION

### DEBT SERVICE FUNDS

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## 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, 2003 and 2006 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 unfounded 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, 2006**  
**(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	2006 Public Facilities	Juvenile Courthouse
<b>Assets:</b>								
Cash and investments	\$ 818	1,884		14,571	3,593	1,271	3,619	2,807
Due from other funds				26				
Long-term receivables								
<b>Total assets</b>	<b>\$ 818</b>	<b>1,884</b>		<b>14,597</b>	<b>3,593</b>	<b>1,271</b>	<b>3,619</b>	<b>2,807</b>
<b>Liabilities and fund balances:</b>								
<b>Liabilities:</b>								
Accrued liabilities	\$							1
Due to other funds	104	139		2				
Deferred revenues								
<b>Total liabilities</b>	<b>104</b>	<b>139</b>		<b>2</b>				<b>1</b>
<b>Fund balances:</b>								
<b>Reserved for:</b>								
<b>Assets not available</b>								
Debt service	714	1,745		14,595	3,593	1,271	3,619	2,806
<b>Total fund balances</b>	<b>714</b>	<b>1,745</b>		<b>14,595</b>	<b>3,593</b>	<b>1,271</b>	<b>3,619</b>	<b>2,806</b>
<b>Total liabilities and fund balances</b>	<b>\$ 818</b>	<b>1,884</b>		<b>14,597</b>	<b>3,593</b>	<b>1,271</b>	<b>3,619</b>	<b>2,807</b>

**COUNTY OF SACRAMENTO  
NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006  
(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
<b>Assets:</b>						
Cash and investments	\$ 4,869	15,647	7	21,299	4,082	74,467
Due from other funds						26
Long-term receivables		20,646			47,304	67,950
<b>Total assets</b>	<b>\$ 4,869</b>	<b>36,293</b>	<b>7</b>	<b>21,299</b>	<b>51,386</b>	<b>142,443</b>
<b>Liabilities and fund balances:</b>						
<b>Liabilities:</b>						
Accrued liabilities	\$ 1					2
Due to other funds		12,515	7			12,767
Deferred revenues					47,304	47,304
<b>Total liabilities</b>	<b>1</b>	<b>12,515</b>	<b>7</b>		<b>47,304</b>	<b>60,073</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Assets not available		20,646				20,646
Debt service	4,868	3,132		21,299	4,082	61,724
<b>Total fund balances</b>	<b>4,868</b>	<b>23,778</b>		<b>21,299</b>	<b>4,082</b>	<b>82,370</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,869</b>	<b>36,293</b>	<b>7</b>	<b>21,299</b>	<b>51,386</b>	<b>142,443</b>

**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, 2006  
(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	2006 Public Facilities	Juvenile Courtthouse
Revenues:								
Use of money and property	\$ 184	63		700	168	61		234
Intergovernmental								
Fines, forfeitures and penalties								
Miscellaneous				508				
Total revenues	<u>184</u>	<u>63</u>		<u>1,208</u>	<u>168</u>	<u>61</u>		<u>234</u>
Expenditures:								
Debt service:								
Principal	3,315	385	3,240	2,180	2,735	285		680
Bond issuance costs							861	
Advance refunding escrow					1,059			
Interest and fiscal charges	1,795	397	4,523	4,143	2,540	680	547	1,542
Total expenditures	<u>5,110</u>	<u>782</u>	<u>7,763</u>	<u>6,323</u>	<u>6,334</u>	<u>965</u>	<u>1,408</u>	<u>2,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,926)</u>	<u>(719)</u>	<u>(7,763)</u>	<u>(5,115)</u>	<u>(6,166)</u>	<u>(904)</u>	<u>(1,408)</u>	<u>(1,988)</u>
Other financing sources (uses):								
Transfers in	5,207	1,521	8,018	6,329	4,714	1,010	2,072	2,315
Transfers out			(255)		(2,072)		(23,693)	
Issuance of debt							26,310	
Refunding debt issued					14,550			
Premiums on debt issued							338	
Discounts on debt issued								
Payment to refunded bonds escrow agent					(14,033)			
Total other financing sources (uses)	<u>5,207</u>	<u>1,521</u>	<u>7,763</u>	<u>6,329</u>	<u>3,159</u>	<u>1,010</u>	<u>5,027</u>	<u>2,315</u>
Net change in fund balances	281	802		1,214	(3,007)	106	3,619	327
Fund balances - beginning	433	943		13,381	6,600	1,165		2,479
Fund balances - ending	<u>\$ 714</u>	<u>1,745</u>		<u>14,595</u>	<u>3,593</u>	<u>1,271</u>	<u>3,619</u>	<u>2,806</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, 2006  
(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
<b>Revenues:</b>						
Use of money and property	\$ 538	14		836	189	2,987
Intergovernmental					3,214	3,214
Fines, forfeitures and penalties		15,208				15,208
Miscellaneous						508
Total revenues	<u>538</u>	<u>15,222</u>		<u>836</u>	<u>3,403</u>	<u>21,917</u>
<b>Expenditures:</b>						
<b>Debt service:</b>						
Principal		15,567		985	990	30,362
Bond issuance costs				3,182		4,043
Advance refunding escrow				14,600		15,659
Interest and fiscal charges	21,651	874	7	10,227	2,410	51,336
Total expenditures	<u>21,651</u>	<u>16,441</u>	<u>7</u>	<u>28,994</u>	<u>3,400</u>	<u>101,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,113)</u>	<u>(1,219)</u>	<u>(7)</u>	<u>(28,158)</u>	<u>3</u>	<u>(79,483)</u>
<b>Other financing sources (uses):</b>						
Transfers in	22,508			11,914		65,608
Transfers out		(16,420)		(63,225)		(105,665)
Issuance of debt		21,190				47,500
Refunding debt issued				255,486		270,036
Premiums on debt issued						338
Discounts on debt issued				(4,680)		(4,680)
Payment to refunded bonds escrow agent				(168,639)		(182,672)
Total other financing sources (uses)	<u>22,508</u>	<u>4,770</u>		<u>30,856</u>		<u>90,465</u>
Net change in fund balances	1,395	3,551	(7)	2,698	3	10,982
Fund balances - beginning	3,473	20,227	7	18,601	4,079	71,388
Fund balances - ending	<u>\$ 4,868</u>	<u>23,778</u>		<u>21,299</u>	<u>4,082</u>	<u>82,370</u>



**COUNTY OF SACRAMENTO  
PUBLIC FACILITIES FINANCING CORPORATION  
MAIN JAIL DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$		184	184
Expenditures:				
Debt service:				
Principal	3,315	3,315	3,315	
Interest and fiscal charges	2,144	2,325	1,795	530
Total expenditures	5,459	5,640	5,110	530
Deficiency of revenues under expenditures	(5,459)	(5,640)	(4,926)	714
Other financing sources:				
Transfers in	5,207	5,207	5,207	
Net change in fund balance	\$ (252)	(433)	281	714

**COUNTY OF SACRAMENTO  
PUBLIC FACILITIES FINANCING CORPORATION  
CHERRY ISLAND GOLF COURSE DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$		63	63
Expenditures:				
Debt service:				
Principal	385	385	385	
Interest and fiscal charges	1,136	1,136	397	739
Total expenditures	1,521	1,521	782	739
Deficiency of revenues under expenditures	(1,521)	(1,521)	(719)	802
Other financing sources:				
Transfers in	1,521	1,521	1,521	
Net change in fund balance	\$		802	802

**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, 2006  
(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	\$ 3,240	3,240	3,240	
Interest and fiscal charges	4,523	4,523	4,523	
	<u>7,763</u>	<u>7,763</u>	<u>7,763</u>	
Total expenditures	<u>7,763</u>	<u>7,763</u>	<u>7,763</u>	
Deficiency of revenues under expenditures	<u>(7,763)</u>	<u>(7,763)</u>	<u>(7,763)</u>	
Other financing sources (uses):				
Transfers in	8,018	8,018	8,018	
Transfers out	(255)	(255)	(255)	
Total other financing sources	<u>7,763</u>	<u>7,763</u>	<u>7,763</u>	
Net change in fund balance	<u>\$</u>	<u></u>	<u></u>	

**COUNTY OF SACRAMENTO  
PUBLIC FACILITIES FINANCING CORPORATION  
1994 PUBLIC FACILITIES DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$ 61	61	700	639
Miscellaneous			508	508
Total revenues	<u>61</u>	<u>61</u>	<u>1,208</u>	<u>1,147</u>
Expenditures:				
Debt service:				
Principal	2,180	2,180	2,180	
Interest and fiscal charges	<u>4,210</u>	<u>10,695</u>	<u>4,143</u>	<u>6,552</u>
Total expenditures	<u>6,390</u>	<u>12,875</u>	<u>6,323</u>	<u>6,552</u>
Deficiency of revenues under expenditures	(6,329)	(12,814)	(5,115)	7,699
Other financing sources:				
Transfers in	<u>6,329</u>	<u>6,329</u>	<u>6,329</u>	
Net change in fund balance	<u>\$</u>	<u>(6,485)</u>	<u>1,214</u>	<u>7,699</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, 2006  
(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	\$ 112	112	168	56
Expenditures:				
Debt service:				
Principal	2,735	2,735	2,735	
Advance refunding escrow		1,100	1,059	41
Interest and fiscal charges	2,090	4,976	2,540	2,436
Total expenditures	4,825	8,811	6,334	2,477
Deficiency of revenues under expenditures	(4,713)	(8,699)	(6,166)	2,533
Other financing sources (uses):				
Transfers in	4,714	4,714	4,714	
Transfers out	(2,072)	(2,072)	(2,072)	
Refunding debt issued		14,550	14,550	
Payment to refunded bonds escrow agent		(15,093)	(14,033)	1,060
Total other financing sources (uses)	2,642	2,099	3,159	1,060
Net change in fund balance	\$ (2,071)	(6,600)	(3,007)	3,593

**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, 2006  
(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	\$ 30	30	61	31
Expenditures:				
Debt service:				
Principal	285	285	285	
Interest and fiscal charges	755	953	680	273
Total expenditures	1,040	1,238	965	273
Deficiency of revenues under expenditures	(1,010)	(1,208)	(904)	304
Other financing sources:				
Transfers in	1,010	1,010	1,010	
Net change in fund balance	\$	(198)	106	304

**COUNTY OF SACRAMENTO  
PUBLIC FACILITIES FINANCING CORPORATION  
2006 PUBLIC FACILITIES DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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:				
Bond issuance costs	\$	861	861	
Interest and fiscal charges		864	547	317
Total expenditures		1,725	1,408	317
Deficiency of revenues under expenditures		(1,725)	(1,408)	317
Other financing sources (uses):				
Transfers in		4,144	2,072	(2,072)
Transfers out		(23,693)	(23,693)	
Issuance of debt		30,080	26,310	(3,770)
Premiums on debt issued		338	338	
Total other financing sources		10,869	5,027	(5,842)
Net change in fund balance	\$	9,144	3,619	(5,525)

**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, 2006  
(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	\$		234	234
Expenditures:				
Debt service:				
Principal	680	680	680	
Interest and fiscal charges	1,635	1,896	1,542	354
Total expenditures	2,315	2,576	2,222	354
Deficiency of revenues under expenditures	(2,315)	(2,576)	(1,988)	588
Other financing sources:				
Transfers in	2,315	2,315	2,315	
Net change in fund balance	\$	(261)	327	588



**COUNTY OF SACRAMENTO  
PENSION OBLIGATION BONDS DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$		538	538
Expenditures:				
Debt service:				
Interest and fiscal charges	<u>22,508</u>	<u>25,451</u>	<u>21,651</u>	<u>3,800</u>
Deficiency of revenues under expenditures	(22,508)	(25,451)	(21,113)	4,338
Other financing sources:				
Transfers in	<u>22,508</u>	<u>22,508</u>	<u>22,508</u>	
Net change in fund balance	<u>\$</u>	<u>(2,943)</u>	<u>1,395</u>	<u>4,338</u>

**COUNTY OF SACRAMENTO  
TEETER PLAN DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$		14	14
Fines, forfeitures and penalties	24,864	24,864	15,208	(9,656)
Total revenues	<u>24,864</u>	<u>24,864</u>	<u>15,222</u>	<u>(9,642)</u>
Expenditures:				
Debt service:				
Principal	20,219	22,160	15,567	6,593
Interest and fiscal charges		892	874	18
Total expenditures	<u>20,219</u>	<u>23,052</u>	<u>16,441</u>	<u>6,611</u>
Deficiency of revenues under expenditures	<u>4,645</u>	<u>1,812</u>	<u>(1,219)</u>	<u>(3,031)</u>
Other financing sources (uses):				
Transfers out	(16,420)	(16,420)	(16,420)	
Issuance of debt			21,190	21,190
Total other financing sources (uses)	<u>(16,420)</u>	<u>(16,420)</u>	<u>4,770</u>	<u>21,190</u>
Net change in fund balance	<u>\$ (11,775)</u>	<u>(14,608)</u>	<u>3,551</u>	<u>18,159</u>

**COUNTY OF SACRAMENTO  
 MENTAL HEALTH FACILITY DEBT SERVICE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2006  
 (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:				
Interest and fiscal charges	\$ _____	_____ 7	_____ 7	_____
Net change in fund balance	<u>\$ _____</u>	<u>_____ (7)</u>	<u>_____ (7)</u>	<u>_____</u>

**COUNTY OF SACRAMENTO  
TOBACCO SECURITIZATION AUTHORITY DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$	836	836	
Expenditures:				
Debt service:				
Principal		985	985	
Bond issuance costs		3,182	3,182	
Advance refunding escrow		14,600	14,600	
Interest and fiscal charges		10,227	10,227	
Total expenditures		28,994	28,994	
Deficiency of revenues under expenditures		(28,158)	(28,158)	
Other financing sources (uses):				
Transfers in		11,914	11,914	
Transfers out		(63,225)	(63,225)	
Refunding debt issued		255,486	255,486	
Discounts on debt issued		(4,680)	(4,680)	
Payment to refunded bonds escrow agent		(168,639)	(168,639)	
Total other financing sources (uses)		30,856	30,856	
Net change in fund balance	\$	2,698	2,698	

**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, 2006**  
**(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	\$ 189	189	189	
Intergovernmental	<u>3,214</u>	<u>3,214</u>	<u>3,214</u>	
Total revenues	<u>3,403</u>	<u>3,403</u>	<u>3,403</u>	
Expenditures:				
Debt service:				
Principal	990	990	990	
Interest and fiscal charges	<u>2,410</u>	<u>2,410</u>	<u>2,410</u>	
Total expenditures	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>	
Net change in fund balance	<u>\$ 3</u>	<u>3</u>	<u>3</u>	

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## NONMAJOR GOVERNMENTAL FUNDS SECTION

### CAPITAL PROJECT FUNDS

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## 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.

**2006 Public Facilities** - Accounts for construction of various projects including; a new Fleet Maintenance Facility, improvements to the Voter Registration Facility and Sheriff Station House Facility.

**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, 2006**  
**(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
<b>Assets:</b>							
Cash and investments	\$ 190	2,960	28,849	66	172	6,591	7,248
Receivables, net of allowance for uncollectibles:							
Billed		429					
Interest						4	4
Intergovernmental							
Due from other funds							
Total assets	<u>\$ 190</u>	<u>3,389</u>	<u>28,849</u>	<u>66</u>	<u>172</u>	<u>6,595</u>	<u>7,252</u>
<b>Liabilities and fund balances:</b>							
<b>Liabilities:</b>							
Warrants payable	\$	1	9				
Accrued liabilities			1,948				
Intergovernmental payable	19	969					
Due to other funds		10	18			51	
Long-term advances from other funds							
Total liabilities	<u>19</u>	<u>980</u>	<u>1,975</u>			<u>51</u>	
<b>Fund balances:</b>							
<b>Reserved for:</b>							
Encumbrances		9	538			22	349
Future construction	171	2,400	26,336	66	172	155	2,682
<b>Unreserved:</b>							
Undesignated						6,367	4,221
Total fund balances	<u>171</u>	<u>2,409</u>	<u>26,874</u>	<u>66</u>	<u>172</u>	<u>6,544</u>	<u>7,252</u>
Total liabilities and fund balances	<u>\$ 190</u>	<u>3,389</u>	<u>28,849</u>	<u>66</u>	<u>172</u>	<u>6,595</u>	<u>7,252</u>

**COUNTY OF SACRAMENTO  
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006  
(amounts expressed in thousands)**

Page 2 of 3

	Accumulated		Public Facilities Financing Corporation				Tobacco	McClellan
	Capital Outlay	Community Fee Districts	1994 Public Facilities	1997 Public Facilities	2006 Public Facilities	Juvenile Courthouse	Litigation Settlement	CFD
<b>Assets:</b>								
Cash and investments	\$ 15,951	23,063	28	4,579	9,772		97,571	6,598
Receivables, net of allowance for uncollectibles:								
Billed	20	432						
Interest								
Intergovernmental	2,572	719						
Due from other funds	57		2					
<b>Total assets</b>	<b>\$ 18,600</b>	<b>24,214</b>	<b>30</b>	<b>4,579</b>	<b>9,772</b>		<b>97,571</b>	<b>6,598</b>
<b>Liabilities and fund balances:</b>								
<b>Liabilities:</b>								
Warrants payable	\$ 453							
Accrued liabilities	5,311	1,697						
Intergovernmental payable	1,781	5,906					1,027	
Due to other funds	816	108	26		21			12
Long-term advances from other funds	719							
<b>Total liabilities</b>	<b>9,080</b>	<b>7,711</b>	<b>26</b>		<b>21</b>		<b>1,027</b>	<b>12</b>
<b>Fund balances:</b>								
<b>Reserved for:</b>								
Encumbrances	22,615	3,332						
Future construction		13,171	4	4,579	9,751		96,544	6,586
<b>Unreserved:</b>								
Undesignated	(13,095)							
<b>Total fund balances</b>	<b>9,520</b>	<b>16,503</b>	<b>4</b>	<b>4,579</b>	<b>9,751</b>		<b>96,544</b>	<b>6,586</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,600</b>	<b>24,214</b>	<b>30</b>	<b>4,579</b>	<b>9,772</b>		<b>97,571</b>	<b>6,598</b>

**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2006**  
**(amounts expressed in thousands)**

Page 3 of 3

	County Landscape Maintenance	Metro Air Park Service Tax	Total
<b>Assets:</b>			
Cash and investments	\$ 108	810	204,556
Receivables, net of allowance for uncollectibles:			
Billed			881
Interest			8
Intergovernmental			3,291
Due from other funds			59
Total assets	<u>\$ 108</u>	<u>810</u>	<u>208,795</u>
<b>Liabilities and fund balances:</b>			
<b>Liabilities:</b>			
Warrants payable	\$		463
Accrued liabilities			8,956
Intergovernmental payable			9,702
Due to other funds			1,062
Long-term advances from other funds			719
Total liabilities			<u>20,902</u>
<b>Fund balances:</b>			
<b>Reserved for:</b>			
Encumbrances			26,865
Future construction	108	810	163,535
<b>Unreserved:</b>			
Undesignated			(2,507)
Total fund balances	<u>108</u>	<u>810</u>	<u>187,893</u>
Total liabilities and fund balances	<u>\$ 108</u>	<u>810</u>	<u>208,795</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, 2006  
(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	\$ 23	89	1,453	5	1	603	316
Intergovernmental						4,809	671
Charges for sales and services							
Fines, forfeitures and penalties							
Miscellaneous		22	1,299	36	59		3
Total revenues	<u>23</u>	<u>111</u>	<u>2,752</u>	<u>41</u>	<u>60</u>	<u>5,412</u>	<u>990</u>
Expenditures:							
Public ways and facilities						15,346	1,480
Capital outlay	1,148	806	12,804	134	60		
Total expenditures	<u>1,148</u>	<u>806</u>	<u>12,804</u>	<u>134</u>	<u>60</u>	<u>15,346</u>	<u>1,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,125)</u>	<u>(695)</u>	<u>(10,052)</u>	<u>(93)</u>		<u>(9,934)</u>	<u>(490)</u>
Other financing sources (uses):							
Transfers in		292					
Transfers out							
Capital leases obligations							
Total other financing sources (uses)		<u>292</u>					
Net change in fund balances	<u>(1,125)</u>	<u>(403)</u>	<u>(10,052)</u>	<u>(93)</u>		<u>(9,934)</u>	<u>(490)</u>
Fund balances - beginning	1,296	2,812	36,926	159	172	16,478	7,742
Fund balances - ending	<u>\$ 171</u>	<u>2,409</u>	<u>26,874</u>	<u>66</u>	<u>172</u>	<u>6,544</u>	<u>7,252</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, 2006**  
**(amounts expressed in thousands)**

Page 2 of 3

	<u>Public Facilities Financing Corporation</u>							
	Accumulated Capital Outlay	Community Fee Districts	1994 Public Facilities	1997 Public Facilities	2006 Public Facilities	Juvenile Courtthouse	Tobacco Litigation Settlement	McClellan CFD
Revenues:								
Use of money and property	\$ 324	653		505			6,833	426
Intergovernmental	7,113							
Charges for sales and services	195	2,514						
Fines, forfeitures and penalties	4,518							
Miscellaneous	12,831	2,141		391				115
Total revenues	<u>24,981</u>	<u>5,308</u>		<u>896</u>			<u>6,833</u>	<u>541</u>
Expenditures:								
Public ways and facilities								
Capital outlay	18,002	7,911	26		13,942	115	24,246	2,707
Total expenditures	<u>18,002</u>	<u>7,911</u>	<u>26</u>		<u>13,942</u>	<u>115</u>	<u>24,246</u>	<u>2,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,979</u>	<u>(2,603)</u>	<u>(26)</u>	<u>896</u>	<u>(13,942)</u>	<u>(115)</u>	<u>(17,413)</u>	<u>(2,166)</u>
Other financing sources (uses):								
Transfers in	194				23,693		63,225	
Transfers out	(988)						(1,371)	
Capital leases obligations	837							
Total other financing sources (uses)	<u>43</u>				<u>23,693</u>		<u>61,854</u>	
Net change in fund balances	7,022	(2,603)	(26)	896	9,751	(115)	44,441	(2,166)
Fund balances - beginning	2,498	19,106	30	3,683		115	52,103	8,752
Fund balances - ending	<u>\$ 9,520</u>	<u>16,503</u>	<u>4</u>	<u>4,579</u>	<u>9,751</u>		<u>96,544</u>	<u>6,586</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, 2006  
(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	\$ 3	20	11,254
Intergovernmental			12,593
Charges for sales and services	81	408	3,198
Fines, forfeitures and penalties			4,518
Miscellaneous	4		16,901
Total revenues	<u>88</u>	<u>428</u>	<u>48,464</u>
Expenditures:			
Public ways and facilities			16,826
Capital outlay	23		81,924
Total expenditures	<u>23</u>	<u></u>	<u>98,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65</u>	<u>428</u>	<u>(50,286)</u>
Other financing sources (uses):			
Transfers in			87,404
Transfers out			(2,359)
Capital leases obligations			837
Total other financing sources (uses)	<u></u>	<u></u>	<u>85,882</u>
Net change in fund balances	65	428	35,596
Fund balances - beginning	43	382	152,297
Fund balances - ending	<u>\$ 108</u>	<u>810</u>	<u>187,893</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, 2006  
(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	\$	24	23	(1)
Expenditures:				
Capital outlay		<u>1,153</u>	<u>1,148</u>	<u>5</u>
Net change in fund balance	<u>\$</u>	<u>(1,129)</u>	<u>(1,125)</u>	<u>4</u>

**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, 2006  
(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	89	78
Miscellaneous	3	6	22	16
Total revenues	<u>14</u>	<u>17</u>	<u>111</u>	<u>94</u>
Expenditures:				
Capital outlay	<u>2,963</u>	<u>3,105</u>	<u>806</u>	<u>2,299</u>
Deficiency of revenues under expenditures	(2,949)	(3,088)	(695)	2,393
Other financing sources:				
Transfers in	<u>292</u>	<u>292</u>	<u>292</u>	
Net change in fund balance	<u>\$ (2,657)</u>	<u>(2,796)</u>	<u>(403)</u>	<u>2,393</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, 2006  
(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	\$ 205	205	1,453	1,248
Miscellaneous	250	1,065	1,299	234
Total revenues	<u>455</u>	<u>1,270</u>	<u>2,752</u>	<u>1,482</u>
Expenditures:				
Capital outlay	<u>36,960</u>	<u>37,997</u>	<u>12,804</u>	<u>25,193</u>
Net change in fund balance	<u>\$ (36,505)</u>	<u>(36,727)</u>	<u>(10,052)</u>	<u>26,675</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, 2006  
(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	\$		5	5
Miscellaneous	125	130	36	(94)
Total revenues	<u>125</u>	<u>130</u>	<u>41</u>	<u>(89)</u>
Expenditures:				
Capital outlay	<u>450</u>	<u>288</u>	<u>134</u>	<u>154</u>
Net change in fund balance	<u>\$ (325)</u>	<u>(158)</u>	<u>(93)</u>	<u>65</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, 2006  
(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
Miscellaneous	59	58	59	1
Total revenues	<u>59</u>	<u>58</u>	<u>60</u>	<u>2</u>
Expenditures:				
Capital outlay	<u>230</u>	<u>230</u>	<u>60</u>	<u>170</u>
Net change in fund balance	<u>\$ (171)</u>	<u>(172)</u>	<u></u>	<u>172</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, 2006  
(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	\$ 100	100	603	503
Intergovernmental	156	156	4,809	4,653
Miscellaneous	4,018	4,093		(4,093)
Total revenues	<u>4,274</u>	<u>4,349</u>	<u>5,412</u>	<u>1,063</u>
Expenditures:				
Public ways and facilities	<u>19,296</u>	<u>20,804</u>	<u>15,346</u>	<u>5,458</u>
Net change in fund balance	<u>\$ (15,022)</u>	<u>(16,455)</u>	<u>(9,934)</u>	<u>6,521</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, 2006  
(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	\$ 40	40	316	276
Intergovernmental			671	671
Miscellaneous	425	454	3	(451)
Total revenues	<u>465</u>	<u>494</u>	<u>990</u>	<u>496</u>
Expenditures:				
Public ways and facilities	<u>2,421</u>	<u>5,513</u>	<u>1,480</u>	<u>4,033</u>
Net change in fund balance	<u>\$ (1,956)</u>	<u>(5,019)</u>	<u>(490)</u>	<u>4,529</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, 2006  
(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	\$ 20	20	324	304
Intergovernmental	10,375	11,109	7,113	(3,996)
Charges for sales and services	1,015	1,015	195	(820)
Fines, forfeitures and penalties	3,900	3,900	4,518	618
Miscellaneous	13,878	58,228	12,831	(45,397)
Total revenues	<u>29,188</u>	<u>74,272</u>	<u>24,981</u>	<u>(49,291)</u>
Expenditures:				
Capital outlay	30,319	74,896	18,002	56,894
Debt service:				
Principal	1,379	1,379		1,379
Total expenditures	<u>31,698</u>	<u>76,275</u>	<u>18,002</u>	<u>58,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,510)</u>	<u>(2,003)</u>	<u>6,979</u>	<u>8,982</u>
Other financing sources (uses):				
Transfers in	194	194	194	
Transfers out	(988)	(988)	(988)	
Capital leases obligations	837	837	837	
Total other financing sources (uses)	<u>43</u>	<u>43</u>	<u>43</u>	
Net change in fund balance	<u>\$ (2,467)</u>	<u>(1,960)</u>	<u>7,022</u>	<u>8,982</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, 2006  
(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	\$ 95	95	653	558
Charges for sales and services	2,707	2,707	2,514	(193)
Miscellaneous			2,141	2,141
Total revenues	<u>2,802</u>	<u>2,802</u>	<u>5,308</u>	<u>2,506</u>
Expenditures:				
Capital outlay	<u>20,991</u>	<u>21,809</u>	<u>7,911</u>	<u>13,898</u>
Net change in fund balance	<u>\$ (18,189)</u>	<u>(19,007)</u>	<u>(2,603)</u>	<u>16,404</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, 2006**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Expenditures:				
Capital outlay	\$	29	26	3
Net change in fund balance	\$	(29)	(26)	3



**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, 2006**  
**(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	\$		505	505
Miscellaneous			391	391
Total revenues			<u>896</u>	<u>896</u>
Expenditures:				
Capital outlay		<u>3,657</u>		<u>3,657</u>
Net change in fund balance	<u>\$</u>	<u>(3,657)</u>	<u>896</u>	<u>4,553</u>

**COUNTY OF SACRAMENTO**  
**2006 PUBLIC FACILITIES FINANCING CORPORATION CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Expenditures:				
Capital outlay	\$	14,216	13,942	274
Other financing sources:				
Transfers in		23,639	23,693	54
Net change in fund balance	<u>\$</u>	<u>9,423</u>	<u>9,751</u>	<u>328</u>

**COUNTY OF SACRAMENTO**  
**PUBLIC FACILITIES FINANCING CORPORATION JUVENILE COURTHOUSE CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2006**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Expenditures:				
Capital outlay	<u>\$ 115</u>	<u>115</u>	<u>115</u>	
Net change in fund balance	<u><u>\$ (115)</u></u>	<u><u>(115)</u></u>	<u><u>(115)</u></u>	

**COUNTY OF SACRAMENTO  
TOBACCO LITIGATION SETTLEMENT CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006  
(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	\$		6,833	6,833
Expenditures:				
Capital outlay	<u>35,929</u>	<u>50,249</u>	<u>24,246</u>	<u>26,003</u>
Deficiency of revenues under expenditures	<u>(35,929)</u>	<u>(50,249)</u>	<u>(17,413)</u>	<u>32,836</u>
Other financing sources (uses):				
Transfers in			63,225	63,225
Transfers out	<u>(1,371)</u>	<u>(1,371)</u>	<u>(1,371)</u>	
Total other financing sources (uses)	<u>(1,371)</u>	<u>(1,371)</u>	<u>61,854</u>	<u>63,225</u>
Net change in fund balance	<u>\$ (37,300)</u>	<u>(51,620)</u>	<u>44,441</u>	<u>96,061</u>

**COUNTY OF SACRAMENTO  
 McCLELLAN CFD CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2006  
 (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	\$		426	426
Miscellaneous	90	90	115	25
Total revenues	<u>90</u>	<u>90</u>	<u>541</u>	<u>451</u>
Expenditures:				
Capital outlay	<u>7,036</u>	<u>8,842</u>	<u>2,707</u>	<u>6,135</u>
Net change in fund balance	<u>\$ (6,946)</u>	<u>(8,752)</u>	<u>(2,166)</u>	<u>6,586</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, 2006**  
**(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	\$		3	3
Charges for sales and services	157	81	81	
Miscellaneous			4	4
Total revenues	<u>157</u>	<u>81</u>	<u>88</u>	<u>7</u>
Expenditures:				
Capital outlay	<u>180</u>	<u>94</u>	<u>23</u>	<u>71</u>
Net change in fund balance	<u>\$ (23)</u>	<u>(13)</u>	<u>65</u>	<u>78</u>

**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, 2006  
(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	\$		20	20
Charges for sales and services	<u>379</u>	<u>379</u>	<u>408</u>	<u>29</u>
Total revenues	379	379	428	49
Expenditures:				
Capital outlay	<u>748</u>	<u>761</u>		<u>761</u>
Net change in fund balance	<u>\$ (369)</u>	<u>(382)</u>	<u>428</u>	<u>810</u>

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## NONMAJOR ENTERPRISE FUNDS SECTION

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## 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, 2006  
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Assets:			
Current assets:			
Cash and investments	\$ 5,865	452	6,317
Receivables, net of allowance for uncollectibles:			
Intergovernmental		808	808
Due from other funds	791		791
Total current assets	<u>6,656</u>	<u>1,260</u>	<u>7,916</u>
Noncurrent assets:			
Long-term receivables		10	10
Deferred charges	218		218
Capital assets:			
Land and other nondepreciable assets	1,299		1,299
Facilities, infrastructure and equipment, net of depreciation	3,114	178	3,292
Total capital assets	<u>4,413</u>	<u>178</u>	<u>4,591</u>
Total noncurrent assets	<u>4,631</u>	<u>188</u>	<u>4,819</u>
Total assets	<u>\$ 11,287</u>	<u>1,448</u>	<u>12,735</u>
Liabilities:			
Current liabilities:			
Warrants payable	\$ 8	456	464
Accrued liabilities	128		128
Intergovernmental payable			
Due to other funds	59		59
Current portion of long-term debt obligations	599		599
Total current liabilities	<u>794</u>	<u>456</u>	<u>1,250</u>
Noncurrent liabilities:			
Long-term debt obligations	3,745		3,745
Total noncurrent liabilities	<u>3,745</u>		<u>3,745</u>
Total liabilities	<u>4,539</u>	<u>456</u>	<u>4,995</u>
Net assets:			
Invested in capital assets, net of related debt	133	178	311
Unrestricted	6,615	814	7,429
Total net assets	<u>6,748</u>	<u>992</u>	<u>7,740</u>
Total liabilities and net assets	<u>\$ 11,287</u>	<u>1,448</u>	<u>12,735</u>

**COUNTY OF SACRAMENTO  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Operating revenues:			
Charges for sales and services	\$ 2,616	168	2,784
Other	14		14
Total operating revenues	<u>2,630</u>	<u>168</u>	<u>2,798</u>
Operating expenses:			
Salaries and benefits	574		574
Services and supplies	1,289	146	1,435
Depreciation and amortization	298	114	412
Other	158	1,552	1,710
Total operating expenses	<u>2,319</u>	<u>1,812</u>	<u>4,131</u>
Operating income (loss)	<u>311</u>	<u>(1,644)</u>	<u>(1,333)</u>
Nonoperating revenues (expenses):			
Use of money and property	258	25	283
Intergovernmental		878	878
Sales / use tax		614	614
Interest expense	(206)		(206)
Total nonoperating revenues (expenses)	<u>52</u>	<u>1,517</u>	<u>1,569</u>
Income (loss) before transfers	363	(127)	236
Transfers out	(30)		(30)
Changes in net assets	333	(127)	206
Net assets, beginning of year	<u>6,415</u>	<u>1,119</u>	<u>7,534</u>
Net assets, end of year	<u>\$ 6,748</u>	<u>992</u>	<u>7,740</u>

**COUNTY OF SACRAMENTO  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

Page 1 of 2

	Parking Enterprise	County Transit	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 2,630	212	2,842
Payments to suppliers	(1,320)	(1,608)	(2,928)
Payments to employees	(565)		(565)
Other payments	(158)		(158)
Payments for interfund services used	(22)		(22)
Net cash provided by (used for) operating activities	<u>565</u>	<u>(1,396)</u>	<u>(831)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Intergovernmental revenue	(99)	1,199	1,100
Advance to other funds			
Transfers	(30)		(30)
Net cash provided by (used for) noncapital financing activities	<u>(129)</u>	<u>1,199</u>	<u>1,070</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(76)	159	83
Principal paid on long-term obligations	(515)		(515)
Interest paid on long-term obligations	(206)		(206)
Net cash provided by (used for) capital and related financing activities	<u>(797)</u>	<u>159</u>	<u>(638)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on cash and investments	259	20	279
Net cash provided by investing activities	<u>259</u>	<u>20</u>	<u>279</u>
Net decrease in cash and cash equivalents	(102)	(18)	(120)
Cash and cash equivalents, beginning of year	5,967	470	6,437
Cash and cash equivalents, end of year	<u>\$ 5,865</u>	<u>452</u>	<u>6,317</u>

**COUNTY OF SACRAMENTO  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

Page 2 of 2

	Parking Enterprise	County Transit	Total
Operating income (loss)	\$ 311	(1,644)	(1,333)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	298	114	412
Changes in assets and liabilities:			
Receivables:		43	43
Warrants payable		95	95
Compensated absences	10		10
Accrued liabilities	(32)		(32)
Due to other funds	(22)	(4)	(26)
Total adjustments	254	248	502
Net cash provided by (used for) operating activities	\$ 565	(1,396)	(831)

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## INTERNAL SERVICE FUNDS

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## 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, 2006  
(amounts expressed in thousands)**

	Public Works	General Services	Self Insurance			Regional Communications	Office of Communications and Information Technology	Total
			Liability/Property	Worker's Compensation	Other			
<b>Assets:</b>								
<b>Current assets:</b>								
Cash and investments	\$ 74,730	42,177	5,797	3,000	1,683	6,106	10,897	144,390
Receivables, net of allowance for uncollectibles:								
Billed	2,602	8						2,610
Intergovernmental	3,898	62	11	39	3			4,013
Due from other funds	3,364	2,449	15,193	35,392	2,245		145	58,788
Inventories	263	2,211						2,474
Total current assets	<u>84,857</u>	<u>46,907</u>	<u>21,001</u>	<u>38,431</u>	<u>3,931</u>	<u>6,106</u>	<u>11,042</u>	<u>212,275</u>
<b>Noncurrent assets:</b>								
Long-term advances to other funds	33							33
Long-term receivables				17				17
Deferred charges		3,567						3,567
<b>Capital assets:</b>								
Land and other nondepreciable assets		141						141
Facilities, infrastructure and equipment, net of depreciation	2,986	29,120				6,579	2,176	40,861
Total capital assets	<u>2,986</u>	<u>29,261</u>				<u>6,579</u>	<u>2,176</u>	<u>41,002</u>
Total noncurrent assets	<u>3,019</u>	<u>32,828</u>		<u>17</u>		<u>6,579</u>	<u>2,176</u>	<u>44,619</u>
Total assets	<u>\$ 87,876</u>	<u>79,735</u>	<u>21,001</u>	<u>38,448</u>	<u>3,931</u>	<u>12,685</u>	<u>13,218</u>	<u>256,894</u>
<b>Liabilities and fund balances:</b>								
<b>Current liabilities:</b>								
Warrants payable	\$ 363	1,584	479	440			426	3,292
Accrued liabilities	2,954	13,071	2,085	145		37	2,563	20,855
Intergovernmental payable	10,505	75				1		10,581
Due to other funds	11,673	1,940	1,500	400	16	6	336	15,871
Current portion of insurance claims payable			12,062	23,690				35,752
Deferred revenues	1		123	17		4,011		4,152
Total current liabilities	<u>25,496</u>	<u>16,670</u>	<u>16,249</u>	<u>24,692</u>	<u>16</u>	<u>4,055</u>	<u>3,325</u>	<u>90,503</u>
<b>Noncurrent liabilities:</b>								
Insurance claims payable			22,942	82,644				105,586
Long-term debt obligations	15,019	2,845				24	2,791	20,679
Long-term advances from other funds		10,843						10,843
Total noncurrent liabilities	<u>15,019</u>	<u>13,688</u>	<u>22,942</u>	<u>82,644</u>		<u>24</u>	<u>2,791</u>	<u>137,108</u>
Total liabilities	<u>40,515</u>	<u>30,358</u>	<u>39,191</u>	<u>107,336</u>	<u>16</u>	<u>4,079</u>	<u>6,116</u>	<u>227,611</u>
<b>Net assets:</b>								
Invested in capital assets, net of related debt	566	29,261				6,579	2,176	38,582
Unrestricted	46,795	20,116	(18,190)	(68,888)	3,915	2,027	4,926	(9,299)
Total net assets	<u>47,361</u>	<u>49,377</u>	<u>(18,190)</u>	<u>(68,888)</u>	<u>3,915</u>	<u>8,606</u>	<u>7,102</u>	<u>29,283</u>
Total liabilities and net assets	<u>\$ 87,876</u>	<u>79,735</u>	<u>21,001</u>	<u>38,448</u>	<u>3,931</u>	<u>12,685</u>	<u>13,218</u>	<u>256,894</u>

**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006  
(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			
Operating revenues:								
Charges for sales and services	\$ 211,302	140,870	15,668	37,020	2,750	3,422	47,353	458,385
Other	3,894	5,049	1,328	765				11,036
Total operating revenues	<u>215,196</u>	<u>145,919</u>	<u>16,996</u>	<u>37,785</u>	<u>2,750</u>	<u>3,422</u>	<u>47,353</u>	<u>469,421</u>
Operating expenses:								
Salaries and benefits	144,741	40,195				375	21,879	207,190
Services and supplies	53,949	84,902				1,044	20,012	159,907
Cost of sales and services		5,054						5,054
Depreciation and amortization	1,044	8,313				1,208	1,196	11,761
Self-insurance			21,303	21,169	1,268			43,740
Other		1,496	70	888	15	226	310	3,005
Total operating expenses	<u>199,734</u>	<u>139,960</u>	<u>21,373</u>	<u>22,057</u>	<u>1,283</u>	<u>2,853</u>	<u>43,397</u>	<u>430,657</u>
Operating income (loss)	<u>15,462</u>	<u>5,959</u>	<u>(4,377)</u>	<u>15,728</u>	<u>1,467</u>	<u>569</u>	<u>3,956</u>	<u>38,764</u>
Nonoperating revenues (expenses):								
Use of money and property		2	436			233		671
Intergovernmental	1,956		(1)					1,955
Interest expense	(684)	(903)						(1,587)
Other	357	537						894
Total nonoperating revenues (expenses)	<u>1,629</u>	<u>(364)</u>	<u>435</u>			<u>233</u>		<u>1,933</u>
Income (loss) before transfers	<u>17,091</u>	<u>5,595</u>	<u>(3,942)</u>	<u>15,728</u>	<u>1,467</u>	<u>802</u>	<u>3,956</u>	<u>40,697</u>
Transfers out	<u>(2,255)</u>	<u>(967)</u>				<u>(6)</u>	<u>(3,468)</u>	<u>(6,696)</u>
Changes in net assets	14,836	4,628	(3,942)	15,728	1,467	796	488	34,001
Net assets, beginning 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>
Net assets, end of year	<u>\$ 47,361</u>	<u>49,377</u>	<u>(18,190)</u>	<u>(68,888)</u>	<u>3,915</u>	<u>8,606</u>	<u>7,102</u>	<u>29,283</u>

**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

Page 1 of 2

	Self Insurance					Regional Communications	Office of Communications and Information Technology	Total
	Public Works	General Services	Liability/Property	Worker's Compensation	Other			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Receipts from customers and users	\$ 4,388	5,083	598	789		7,263	47,364	65,485
Receipts from interfund services provided	212,771	163,177	12,547	25,349	(1,070)			412,774
Payments to suppliers	(58,513)	(91,033)	(14,720)	(20,208)	(1,353)	(1,051)	(20,081)	(206,959)
Payments to employees	(143,576)	(40,445)	(1,354)	(2,574)	(96)	(375)	(21,646)	(210,066)
Other payments		(1,496)		(431)		(182)	(311)	(2,420)
Payments for interfund services used		(22,618)	(149)		(30)			(22,797)
Net cash provided by (used for) operating activities	<u>15,070</u>	<u>12,668</u>	<u>(3,078)</u>	<u>2,925</u>	<u>(2,549)</u>	<u>5,655</u>	<u>5,326</u>	<u>36,017</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>								
Intergovernmental revenue	1,992							1,992
Payment on advance from other fund		(7,119)						(7,119)
Receipt of advances from other funds		7,067						7,067
Interest paid on advances from other funds		(903)						(903)
Advance to other funds	(33)							(33)
Transfers	(2,255)	(967)				(6)	(3,468)	(6,696)
Net cash used for noncapital financing activities	<u>(296)</u>	<u>(1,922)</u>				<u>(6)</u>	<u>(3,468)</u>	<u>(5,692)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
Acquisition and construction of capital assets	(484)	(11,525)				(4,496)	(1,327)	(17,832)
Interest paid on long-term obligations	(684)							(684)
Proceeds from the sale of capital assets		484					10	494
Net cash used for capital and related financing activities	<u>(1,168)</u>	<u>(11,041)</u>				<u>(4,496)</u>	<u>(1,317)</u>	<u>(18,022)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Interest received on cash and investments		2				233		235
Net increase (decrease) in cash and cash equivalents	13,606	(293)	(3,078)	2,925	(2,549)	1,386	541	12,538
Cash and cash equivalents, beginning of year	61,124	42,470	8,875	75	4,232	4,720	10,356	131,852
Cash and cash equivalents, end of year	<u>\$ 74,730</u>	<u>42,177</u>	<u>5,797</u>	<u>3,000</u>	<u>1,683</u>	<u>6,106</u>	<u>10,897</u>	<u>144,390</u>

**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006  
(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)	\$ 15,462	5,959	(4,377)	15,728	1,467	569	3,956	38,764
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation and amortization	1,044	8,313				1,208	1,196	11,761
Changes in assets and liabilities:								
Receivables:	(101)	33	471	(18)	16	43		444
Advance to other funds	50							50
Due from other funds	1,468	(384)	(2,638)	(3,407)	4	1	30	(4,926)
Inventories	595	(93)						502
Accrued liabilities	(4,667)	(1,548)	1,862	44		(3)	(30)	(4,342)
Warrants payable	(48)	520	(26)	(62)			30	414
Compensated absences	1,165	(250)					233	1,148
Due to other funds	947	73	(1,286)	(8,165)	(3,840)	(3)	(66)	(12,340)
Deferred revenues			73	(57)	(196)	3,840	(35)	3,625
Due to other governments	(845)						15	(830)
Due from other governments		45					(3)	42
Estimated insurance liability			2,843	(1,138)				1,705
Total adjustments	(392)	6,709	1,299	(12,803)	(4,016)	5,086	1,370	(2,747)
Net cash provided by (used for) operating activities	\$ 15,070	12,668	(3,078)	2,925	(2,549)	5,655	5,326	36,017

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## AGENCY FUNDS

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## 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, 2006  
(amounts expressed in thousands)**

	<u>Law Enforcement</u>	<u>Unapportioned Tax Collection</u>	<u>Court Operations</u>	<u>Other</u>	<u>Total</u>
<b>Assets:</b>					
Cash and investments	\$ 47,957	62,592	30,718	157,114	298,381
<b>Receivables, net of allowance for uncollectibles:</b>					
Billed	150	5,802	3,262	1,266	10,480
Interest				32,793	32,793
Intergovernmental		1,251	544	859	2,654
Due from other funds	884	380	1,602	474	3,340
Long-term receivables			509	150	659
<b>Total assets</b>	<u>\$ 48,991</u>	<u>70,025</u>	<u>36,635</u>	<u>192,656</u>	<u>348,307</u>
<b>Liabilities:</b>					
Warrants payable	\$ 3,509	5,807	1,341	6,029	16,686
Accrued liabilities	115	72	2,567	6,245	8,999
Intergovernmental payable	45,367	64,146	32,727	180,382	322,622
<b>Total liabilities</b>	<u>\$ 48,991</u>	<u>70,025</u>	<u>36,635</u>	<u>192,656</u>	<u>348,307</u>

**COUNTY OF SACRAMENTO  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

Page 1 of 3

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Law Enforcement				
Assets:				
Cash and investments	\$ 47,836	121		47,957
Receivables, net of allowance for uncollectibles:				
Billed	247		97	150
Due from other funds		884		884
Total assets	<u>\$ 48,083</u>	<u>1,005</u>	<u>97</u>	<u>48,991</u>
Liabilities:				
Warrants payable	\$ 371	3,138		3,509
Accrued liabilities	5,465		5,350	115
Intergovernmental payable	42,247	3,120		45,367
Total liabilities	<u>\$ 48,083</u>	<u>6,258</u>	<u>5,350</u>	<u>48,991</u>
Unapportioned Tax Collection				
Assets:				
Cash and investments	\$ 45,365	17,227		62,592
Receivables, net of allowance for uncollectibles:				
Billed		5,802		5,802
Interest				-
Intergovernmental	1,125	126		1,251
Due from other funds	584		204	380
Total assets	<u>\$ 47,074</u>	<u>23,155</u>	<u>204</u>	<u>70,025</u>
Liabilities:				
Warrants payable	\$ 3,410	2,397		5,807
Accrued liabilities	91		19	72
Intergovernmental payable	43,573	20,573		64,146
Total liabilities	<u>\$ 47,074</u>	<u>22,970</u>	<u>19</u>	<u>70,025</u>

**COUNTY OF SACRAMENTO  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

Page 2 of 3

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Court Operations				
Assets:				
Cash and investments	\$ 28,670	2,048		30,718
Receivables, net of allowance for uncollectibles:				
Billed	1,605	1,657		3,262
Intergovernmental		544		544
Due from other funds	625	977		1,602
Long-term receivables	509			509
Total assets	<u>\$ 31,409</u>	<u>5,226</u>		<u>36,635</u>
Liabilities:				
Warrants payable	\$ 823	518		1,341
Accrued liabilities	4,656		2,089	2,567
Intergovernmental payable	25,930	6,797		32,727
Total liabilities	<u>\$ 31,409</u>	<u>7,315</u>	<u>2,089</u>	<u>36,635</u>
Other				
Assets:				
Cash and investments	\$ 133,889	23,225		157,114
Receivables, net of allowance for uncollectibles:				
Billed	2,394		1,128	1,266
Interest	17,409	15,384		32,793
Intergovernmental	337	522		859
Due from other funds	275	199		474
Long-term receivables	193		43	150
Total assets	<u>\$ 154,497</u>	<u>39,330</u>	<u>1,171</u>	<u>192,656</u>
Liabilities:				
Warrants payable	\$ 9,159		3,130	6,029
Accrued liabilities	1,859	4,386		6,245
Intergovernmental payable	143,479	36,903		180,382
Total liabilities	<u>\$ 154,497</u>	<u>41,289</u>	<u>3,130</u>	<u>192,656</u>

**COUNTY OF SACRAMENTO  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2006  
 (amounts expressed in thousands)**

Page 3 of 3

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Totals				
Assets:				
Cash and investments	\$ 255,760	42,621		298,381
Receivables, net of allowance for uncollectibles:				
Billed	4,246	7,459	1,225	10,480
Interest	17,409	15,384		32,793
Intergovernmental	1,462	1,192		2,654
Due from other funds	1,484	2,060	204	3,340
Long-term receivables	702		43	659
Total assets	<u>\$ 281,063</u>	<u>68,716</u>	<u>1,472</u>	<u>348,307</u>
Liabilities:				
Warrants payable	\$ 13,763	6,053	3,130	16,686
Accrued liabilities	12,071	4,386	7,458	8,999
Intergovernmental payable	255,229	67,393		322,622
Total liabilities	<u>\$ 281,063</u>	<u>77,832</u>	<u>10,588</u>	<u>348,307</u>

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## INVESTMENT TRUST FUNDS

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## 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, 2006  
(amounts expressed in thousands)**

	<u>Treasurer's Pool</u>	<u>Fiscal Agent Pool</u>	<u>Total</u>
Assets:			
Cash and investments	<u>\$ 1,667,172</u>	<u>426,180</u>	<u>2,093,352</u>
Net assets held in trust for pool participants	<u>\$ 1,667,172</u>	<u>426,180</u>	<u>2,093,352</u>



**COUNTY OF SACRAMENTO  
INVESTMENT TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006  
(amounts expressed in thousands)**

	<u>Treasurer's Pool</u>	<u>Fiscal Agent Pool</u>	<u>Total</u>
Additions:			
Contributions on pooled investments	\$ 7,587,763	6,204,247	13,792,010
Use of money and property	87,092	70,460	157,552
	<hr/>	<hr/>	<hr/>
Total additions	7,674,855	6,274,707	13,949,562
Deductions:			
Distributions from pooled investments	7,506,049	6,768,430	14,274,479
	<hr/>	<hr/>	<hr/>
Net increase in net assets	168,806	(493,723)	(324,917)
Net assets held in trust for pool participants, beginning of year	<hr/>	<hr/>	<hr/>
	1,498,366	919,903	2,418,269
Net assets held in trust for pool participants, end of year	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,667,172	426,180	2,093,352

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**STATISTICAL  
SECTION**

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## STATISTICAL SECTION

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

**Financial Trends** – These schedules contain trend information to help the reader understand how the counties financial performance and well-being have changed over time.

**Revenue Capacity** – These schedules contain information to help the reader assess the counties most significant local revenue source, property and sales tax.

**Debt Capacity** – These schedules present information to help the reader assess the affordability of the counties current levels of outstanding debt and the counties ability to issue additional debt in the future.

**Demographic and Economic Information** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the county financial activities take place and to help make comparisons over time and with other governments.

**Operating Information** – These schedules contain information about the counties operation and resources to help the reader understand how the county financial information relates to the services the county provides and the activities it performs.

**Sources:** - Unless otherwise noted; the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The county implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**COUNTY OF SACRAMENTO  
NET ASSETS BY COMPONENT  
FISCAL YEARS 2001-02 THROUGH 2005-06  
(amounts expressed in thousands)**

	<b>Fiscal Year</b>				
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 763,070	798,416	938,655	962,902	1,058,751
Restricted	503,532	516,881	515,322	522,755	408,290
Unrestricted	(559,029)	23,216	(143,379)	(110,031)	13,152
<b>Total governmental activities net assets</b>	<u>\$ 707,573</u>	<u>1,338,513</u>	<u>1,310,598</u>	<u>1,375,626</u>	<u>1,480,193</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 893,543	990,082	328,285	415,890	461,723
Restricted	99,202	114,904	85,685	96,802	115,208
Unrestricted	460,371	490,131	233,611	251,377	258,055
<b>Total business-type activities net assets</b>	<u>\$ 1,453,116</u>	<u>1,595,117</u>	<u>647,581</u>	<u>764,069</u>	<u>834,986</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 1,656,613	1,788,498	1,266,940	1,378,792	1,520,474
Restricted	602,734	631,785	601,007	619,557	523,498
Unrestricted	(98,658)	513,347	90,232	141,346	271,207
<b>Total primary government net assets</b>	<u>\$ 2,160,689</u>	<u>2,933,630</u>	<u>1,958,179</u>	<u>2,139,695</u>	<u>2,315,179</u>

Note: 1) Trend data is only available for the last five fiscal years due to the implementation of GASB 34.

2) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

**COUNTY OF SACRAMENTO  
CHANGE IN NET ASSETS  
FISCAL YEARS 2001-02 THROUGH 2005-06  
(amounts expressed in thousands)**

Page 1 of 3

	Fiscal Year				
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 135,129	110,633	173,913	191,798	\$ 208,862
Public assistance	716,295	708,491	684,036	707,374	731,099
Public protection	578,910	599,659	588,881	610,098	617,770
Health and sanitation	318,859	393,575	466,430	386,881	457,310
Public ways and facilities	66,447	66,861	63,478	120,551	160,495
Recreation and culture	38,664	31,878	26,481	44,951	32,678
Education	29,638	26,951	27,944	13,033	13,156
Interest and fiscal charges	58,667	64,724	84,493	87,191	96,182
Total governmental activities	<u>1,942,609</u>	<u>2,002,772</u>	<u>2,115,656</u>	<u>2,161,877</u>	<u>2,317,552</u>
Business-type activities:					
Airport	80,794	88,445	101,219	99,249	104,486
Regional Sanitation District	107,357	105,620			
Solid Waste	63,477	68,111	82,216	65,805	62,395
Sanitation District Number One	43,444	42,333			
Water Agency	13,171	14,188	20,326	33,649	37,313
Parking Enterprise	3,231	3,188	2,767	2,929	2,606
County Transit	323	756	9,210	1,688	1,888
Total business-type activities	<u>311,797</u>	<u>322,641</u>	<u>215,738</u>	<u>203,320</u>	<u>208,688</u>
Total primary government	<u>\$ 2,254,406</u>	<u>2,325,413</u>	<u>2,331,394</u>	<u>2,365,197</u>	<u>2,526,240</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 111,437	94,355	139,026	135,191	142,140
Public assistance	21,633	3,944	9,016	6,583	4,705
Public protection	78,962	83,624	99,670	114,352	140,842
Health and sanitation	33,866	36,200	52,132	17,883	25,471
Public ways and facilities	20,849	19,752	37,552	64,759	81,903
Recreation and culture	10,623	10,431	11,749	14,783	13,373
Education	622	4	1,147	144	72
Operating grants and contributions	961,467	980,076	998,332	1,099,378	1,096,348
Capital grants and contributions	18,629	23,892	98,317	37,506	31,523
Total governmental activities	<u>1,258,088</u>	<u>1,252,278</u>	<u>1,446,941</u>	<u>1,490,579</u>	<u>1,536,377</u>

Note: 1) Trend data is only available for the last five fiscal years due to the implementation of GASB 34.

2) As of the year ended June 30, 2004, the Sacramento County Sanitation District One and Sacramento County Regional Sanitation District are no longer component units of the County of Sacramento.

**COUNTY OF SACRAMENTO  
CHANGE IN NET ASSETS  
FISCAL YEARS 2001-02 THROUGH 2005-06  
(amounts expressed in thousands)**

Page 2 of 3

	<b>Fiscal Year</b>				
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Business-type activities:					
Charges for services:					
Airport	72,109	75,936	87,885	97,753	104,566
Regional Sanitation District	124,419	146,688			
Solid Waste	65,519	69,716	84,983	71,384	66,877
Sanitation District Number One	34,720	43,517			
Water Agency	27,798	38,009	46,874	*50,707	60,283
Parking Enterprise	2,492	2,350	2,588	2,676	2,921
County Transit	133	337	8,589	227	257
Operating grants and contributions	15,259	18,112	18,498	27,435	26,246
Capital grants and contributions	51,682	40,247	26,153	38,838	16,272
Total business-type activities	<u>394,131</u>	<u>434,912</u>	<u>275,570</u>	<u>289,020</u>	<u>277,422</u>
Total primary government	<u>\$ 1,652,219</u>	<u>1,687,190</u>	<u>1,722,511</u>	<u>1,779,599</u>	<u>1,813,799</u>
Net (expense)/revenue					
Governmental activities	\$ (684,521)	(750,494)	(668,715)	(671,298)	(781,175)
Business-type activities	82,334	112,271	59,832	85,700	68,734
Total primary government net expense	<u>\$ (602,187)</u>	<u>(638,223)</u>	<u>(608,883)</u>	<u>(585,598)</u>	<u>(712,441)</u>
<b>General Revenues and Other Changes in</b>					
<b>Net Assets</b>					
Governmental activities:					
Taxes:					
Property	\$ 240,640	262,647	278,254	356,956	415,320
Sales/Use	85,988	83,275	106,649	52,717	79,862
Transient occupancy	8,651	7,891	5,928	6,087	6,623
Unrestricted investment earnings	53,747	47,065	32,187	42,032	67,522
Grants and contributions not restricted to specific programs	297,805	293,767	262,321	184,671	224,467
Pledged tobacco settlement proceeds	171,966		13,388	12,880	12,082
Miscellaneous	101,582	93,239	102,038	102,281	85,701
Transfers				(7,782)	(638)
Total general revenues and transfers	<u>960,379</u>	<u>787,884</u>	<u>800,765</u>	<u>749,842</u>	<u>890,939</u>

\*Restated

Note: 1) Trend data is only available for the last five fiscal years due to the implementation of GASB 34.

**COUNTY OF SACRAMENTO  
CHANGE IN NET ASSETS  
FISCAL YEARS 2001-02 THROUGH 2005-06  
(amounts expressed in thousands)**

Page 3 of 3

	<b>Fiscal Year</b>				
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Business-type activities:					
Property tax	4,672	5,381			
Sales/Use tax	492	576	556	683	614
Unrestricted investment earnings	28,332	18,859	5,180	8,257	13,215
Grants and contributions not restricted to specific programs	2,528	2,850	3,000		
Miscellaneous	2,827	2,064			
Transfers				7,782	638
Total general revenues and transfers	<u>38,851</u>	<u>29,730</u>	<u>8,736</u>	<u>16,722</u>	<u>14,467</u>
Total primary government	<u>\$ 999,230</u>	<u>817,614</u>	<u>809,501</u>	<u>766,564</u>	<u>905,406</u>
Change in Net Assets					
Governmental activities	\$ 275,858	37,390	132,050	78,544	109,764
Business-type activities	<u>121,185</u>	<u>142,001</u>	<u>68,568</u>	<u>102,422</u>	<u>83,201</u>
Total primary government	<u>\$ 397,043</u>	<u>179,391</u>	<u>200,618</u>	<u>180,966</u>	<u>192,965</u>

Note: 1) Trend data is only available for the last five fiscal years due to the implementation of GASB 34.



**COUNTY OF SACRAMENTO  
FUND BALANCES OF GOVERNMENTAL FUNDS  
FISCAL YEARS 2001-02 THROUGH 2005-06  
(amounts expressed in thousands)**

	<u>Fiscal Year</u>									
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
General fund										
Reserved	\$ 28,145	\$ 29,396	\$ 40,894	\$ 32,756	\$ 47,861	\$ 47,679	\$ 41,199	\$ 43,108	\$ 41,725	\$ 47,478
Unreserved	65,357	61,612	76,525	112,266	111,369	86,506	114,666	96,064	160,227	205,520
Total general fund	<u>\$ 93,502</u>	<u>\$ 91,008</u>	<u>\$ 117,419</u>	<u>\$ 145,022</u>	<u>\$ 159,230</u>	<u>\$ 134,185</u>	<u>\$ 155,865</u>	<u>\$ 139,172</u>	<u>\$ 201,952</u>	<u>\$ 252,998</u>
All other governmental funds										
Reserved	\$ 159,026	\$ 140,091	\$ 155,560	\$ 172,998	\$ 284,055	\$ 378,181	\$ 453,180	\$ 394,234	\$ 280,763	\$ 308,644
Unreserved, reported in:										
Special revenue funds	51,528	76,992	72,507	120,223	134,320	252,921	244,638	265,170	271,060	277,814
Capital projects funds							(41,212)	(22,306)	(32,955)	(2,507)
Total all other governmental funds	<u>\$ 210,554</u>	<u>\$ 217,083</u>	<u>\$ 228,067</u>	<u>\$ 293,221</u>	<u>\$ 418,375</u>	<u>\$ 631,102</u>	<u>\$ 656,606</u>	<u>\$ 637,098</u>	<u>\$ 518,868</u>	<u>\$ 583,951</u>

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**COUNTY OF SACRAMENTO**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2001-02 THROUGH 2005-06**  
**(amounts expressed in thousands)**

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	Fiscal Year									
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
<b>Revenues</b>										
Taxes	\$ 218,162	220,988	247,684	286,658	299,486	\$ 335,279	353,813	363,967	442,560	501,805
Use of money and property	41,211	35,613	47,920	48,719	56,624	53,433	46,880	31,854	41,993	66,851
Licenses and permits	33,351	39,029	47,635	48,848	49,124	53,652	49,686	50,416	51,029	50,125
Intergovernmental	836,761	908,223	972,292	1,073,438	1,201,519	1,275,495	1,298,846	1,274,924	1,294,614	1,370,473
Charges for services	142,450	139,542	137,733	166,662	150,290	177,646	153,983	189,526	149,159	181,786
Fines, forfeitures, and penalties	10,384	16,220	20,379	35,500	35,141	23,335	33,853	44,531	41,729	41,014
Contributions and donations	4,781	38,082	999	725	757	249		59,845	13,225	
Pledged tobacco settlement proceeds								13,388	9,276	12,138
Miscellaneous	78,099	58,327	51,592	80,860	83,438	101,582	112,639	102,210	102,077	85,701
Total revenues	<u>1,365,199</u>	<u>1,456,024</u>	<u>1,526,234</u>	<u>1,741,410</u>	<u>1,876,379</u>	<u>2,020,671</u>	<u>2,049,700</u>	<u>2,130,661</u>	<u>2,145,662</u>	<u>2,309,893</u>
<b>Expenditures</b>										
General government	97,921	108,449	136,096	144,134	131,054	119,803	85,265	132,386	157,852	177,477
Public assistance	545,290	538,639	590,582	622,744	654,084	708,598	701,080	673,037	786,505	730,185
Public protection	356,053	402,276	387,386	449,893	493,346	558,193	583,457	560,442	850,786	627,594
Health and sanitation	152,296	167,831	186,453	226,113	261,329	308,869	379,561	436,181	432,221	417,330
Public ways and facilities	71,329	65,623	64,902	73,871	105,469	99,462	82,695	99,212	80,330	96,068
Recreation and culture	21,250	20,970	22,175	26,754	32,857	35,875	37,211	33,830	36,652	36,133
Education	18,298	18,830	21,743	27,085	30,731	28,619	26,283	26,554	15,572	17,051
Capital outlay	115,950	75,342	53,696	68,706	99,529	83,492	94,519	164,198	93,384	110,519
Debt service:										
Principal	25,202	23,590	28,303	25,682	27,475	35,235	37,301	28,245	113,618	41,053
Bond issuance cost							2,400	4,678	6,131	4,043
Advanced refunding escrow							5,584			15,659
Interest and fiscal charges	36,772	38,335	42,833	50,321	49,465	45,948	47,608	52,088	54,684	51,336
Total expenditures	<u>1,440,361</u>	<u>1,459,885</u>	<u>1,534,169</u>	<u>1,715,303</u>	<u>1,885,339</u>	<u>2,024,094</u>	<u>2,082,964</u>	<u>2,210,851</u>	<u>2,627,735</u>	<u>2,324,448</u>
Deficiency of revenues under expenditures	(75,162)	(3,861)	(7,935)	26,107	(8,960)	(3,423)	(33,264)	(80,190)	(482,073)	(14,555)

**COUNTY OF SACRAMENTO**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2001-02 THROUGH 2005-06**  
**(amounts expressed in thousands)**

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	Fiscal Year									
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
<b>Other financing sources (uses)</b>										
Transfers in	83,755	82,899	76,380	81,821	84,261	94,836	80,108	98,175	84,294	194,272
Transfers out	(83,755)	(82,899)	(76,380)	(81,821)	(84,261)	(94,836)	(80,108)	(98,175)	(89,451)	(188,214)
Capital leases obligations							10,390			837
Long-term obligations	58,216	88,071	4,349	33,178	17,761	19,976	67,446	70,901	444,677	
Issuance of debt										47,500
Payments to participating governments								(48,653)		
Tobacco settlement proceeds						171,966				
Refunding certificates issued							43,790	152,321		
Refunding of debt issued										270,036
Premium on bonds issued							4,130			
Premium on debt issued										338
Discount on bonds issued								(206)		
Discount on debt issued										(4,680)
Purchase of delinquent property tax				(12,563)						
Payments to refunded bond escrow agent	(38,192)	(83,149)		(8,900)			(45,308)	(149,630)		(182,672)
Sale of capital assets										
Total other financing sources (uses)	<u>20,024</u>	<u>4,922</u>	<u>4,349</u>	<u>11,715</u>	<u>17,761</u>	<u>191,942</u>	<u>80,448</u>	<u>24,733</u>	<u>439,520</u>	<u>137,417</u>
Net change in fund balances	<u>\$ (55,138)</u>	<u>1,061</u>	<u>(3,586)</u>	<u>37,822</u>	<u>8,801</u>	<u>\$ 188,519</u>	<u>47,184</u>	<u>(55,457)</u>	<u>(42,553)</u>	<u>122,862</u>
Debt service as a percentage of noncapital expenditures	4.68%	4.47%	4.80%	4.62%	4.31%	4.18%	4.27%	3.93%	4.73%	4.17%

**COUNTY OF SACRAMENTO  
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
FISCAL YEARS 1967-97 THROUGH 2005-06  
(modified accrual basis)  
(amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales/Use Tax</u>	<u>Transient Tax</u>	<u>Total</u>
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	52,717	6,087	415,760
2005-06	415,320	79,862	6,623	501,805

**COUNTY OF SACRAMENTO**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**FISCAL YEARS 1996-97 THROUGH 2005-06**  
**(amounts expressed in thousands)**

Fiscal Year	Secured	Unsecured	Unitary	Exemptions - Welfare-Other	Total Taxable Assessed Value	Total Direct Tax Rate
	(1)	(2)	(3)	(4)		(5)
1996-97	50,977,283	3,232,681	1,577,291	-1,712,681	54,158,275	1.000%
1997-98	51,451,123	3,338,032	1,698,690	-1,834,624	54,810,113	1.000%
1998-99	53,778,895	3,479,037	1,723,719	-1,893,772	57,183,605	1.000%
1999-00	57,328,048	3,629,760	1,759,319	-2,075,975	60,641,152	1.000%
2000-01	61,967,062	3,850,668	1,681,486	-2,268,825	65,230,391	1.000%
2001-02	67,219,202	3,948,912	1,969,703	-2,436,887	70,700,930	1.000%
2002-03	74,042,245	4,025,888	2,050,186	-2,402,913	77,715,406	1.000%
2003-04	81,527,736	4,167,021	1,658,892	-2,789,971	84,563,678	1.000%
2004-05	91,856,798	4,192,998	1,530,186	-2,888,011	94,691,971	1.000%
2005-06	105,593,291	4,479,276	1,542,700	-3,313,984	108,301,283	1.000%

- (1) Secured property is generally real property which includes land, improvements, structures, crops, vines, and mobile homes
- (2) Secured property is generally personal property which includes boats, aircrafts, fixtures, equipments, leasehold improvements, and possessory interests
- (3) Unitary properties are railroads, utilities properties which are assessed by the State Board of Equalization
- (4) Exemptions as provided by the State Constitution provides property tax relieves to Welfare, Church, and Non-Profit Organizations
- (5) Proposition 13 limits the General Direct Property tax rate to 1% of the net assessed values

Source: County's internal financial documents

**COUNTY OF SACRAMENTO  
AVERAGE PROPERTY TAX RATES - ALL  
DIRECT AND OVERLAPPING GOVERNMENTS  
FISCAL YEARS 1996-97 THROUGH 2005-06  
(rate per \$100 of assessed value)**

Fiscal Year	Basic Tax Rate Countywide (A)	Overlapping General Obligation Bonds Rates			Total County Average Tax Rate
		Cities (B)	Special District (C)	Schools (D)	
1996-97	1.000	0.0220	0.0160	0.0615	1.0995
1997-98	1.000	0.0256	0.0177	0.0735	1.1168
1998-99	1.000	0.0214	0.0172	0.0527	1.0914
1999-00	1.000	0.0168	0.0159	0.0504	1.0831
2000-01	1.000	0.0120	0.0148	0.0563	1.0831
2001-02	1.000	0.0101	0.0102	0.0544	1.0746
2002-03	1.000	0.0091	0.0091	0.0550	1.0732
2003-04	1.000	0.0074	0.0087	0.0485	1.0645
2004-05	1.000	0.0057	0.0081	0.0466	1.0603
2005-06	1.000	0.0048	0.0055	0.0411	1.0514

- (A) In June 1978 California voter approved Proposition 13, which restricted property taxes to a County-wide rate of 1% per \$100 of assessed value plus voter approved indebtedness. The distribution of County-wide basic tax rate of 1% is based on the County's AB 8 Apportionment factors.
- (B) Rate represents a weighted average of the four incorporated cities within the County for the fiscal year ending 1996-97. Rate represents a weighted average of the five incorporated cities (inclusion of the City of Citrus Heights which incorporated in 1997-98) within the County for the fiscal year ending 1997-98 through 1999-2000. Rate represents a weighted average of the six incorporated cities (inclusion of the City of Elk Grove which incorporated in 2000-2001) within the County for the fiscal year ending 2000-2001 through 2002-2003. Rate represents a weighted average of the six incorporated cities (inclusion of the City of Rancho Cordova which incorporated in 2003-2004) within the County for the fiscal year ending 2003-2004 and thereafter.
- (C) Rate represents a weighted average of the various special districts with general obligation bond rates.
- (D) Rate represents a weighted average of the various school districts with general obligation bond rates.

Source: County's internal financial documents

**COUNTY OF SACRAMENTO  
PRINCIPAL PROPERTY TAXPAYERS  
JUNE 30, 2006 AND 1997  
(amounts expressed in thousands)**

<b>Taxpayer</b>	<b>JUNE 30, 2006</b>			<b>JUNE 30, 1997</b>		
	Taxable Assessed Value (a)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Intel Corporation	\$ 5,648	1	0.63 %	\$		
SBC Pac Bell	4,174	2	0.46			
Pacific Gas and Electric	3,413	3	0.38	3,195	2	0.53 %
Elliott Homes, Inc	3,348	4	0.37	2,508	4	0.42
Aerojet General Corporation	2,944	5	0.33			
Lennar Renaissance Inc	2,904	6	0.32			
Cingular	2,576	7	0.29			
Surewest	2,298	8	0.30			
Rosetta Resources Inc	2,175	9	0.24			
Oates Marvin, Et Al.	2,160	10	0.24			
Pacific Bell				6,865	1	1.10
Grupe Development Associates-2				2,819	3	0.47
Frederic L. Dame, Inc				2,345	5	0.39
Tsakopoulos, Angelo K.				1,782	6	0.30
Campbell Soup				1,674	7	0.28
MCI				1,559	8	0.26
Praire Oaks				1,509	9	0.25
Laguna West 829 L/P				1,340	10	0.22

Source: Sacramento Business Journal



**COUNTY OF SACRAMENTO  
COUNTY WIDE 1% - SECURED AND UNITARY  
PROPERTY TAX LEVIES AND COLLECTIONS  
FISCAL YEARS 1996-97 THROUGH 2005-06  
(amounts expressed in thousands)**

Fiscal Year	(1)	(2)		(3)	
	Taxes Levied	Collections Within the Fiscal Year		1% - Secured Tax Delinquent at June 30	
		Amount	%	Amount	%
1996-97	492,473	482,328	97.94	10,145	2.06
1997-98	500,035	490,631	98.12	9,404	1.88
1998-99	523,535	514,689	98.31	8,846	1.69
1999-00	558,022	548,746	98.34	9,276	1.66
2000-01	603,051	593,371	98.39	9,680	1.61
2001-02	638,752	629,045	98.48	9,707	1.52
2002-03	722,729	710,458	98.30	12,271	1.7
2003-04	802,626	791,023	98.55	11,603	1.45
2004-05	899,246	886,226	98.55	13,020	1.45
2005-06	1,033,339	1,009,552	97.70	23,787	2.30

- (1) County wide 1% - Secured and Unitary Tax Rolls - Adjusted levy amount as of June 30 Levied Amounts for the County General Fund, School districts, Cities, and Special districts.
- (2) Collection amounts for the fiscal year as of June 30 for the County wide 1% portion of the Secured and Unitary Taxes.
- (3) In the 1993 fiscal year, the Board of Supervisors adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sales proceeds (Teeter Plan) as provided in R & T code section 4701. Under Teeter Plan, the Secured property tax roll is distributed to all taxing agencies within the County of Sacramento on the basis of the adjusted tax levy, rather than on the basis of actual cash collections.

Source: County's internal financial documents

**COUNTY OF SACRAMENTO**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**FISCAL YEARS 1996-97 THROUGH 2005-06**  
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Teeter Notes	Pension Obligation Bonds	Revenue Bonds	Capital Leases	Other Debt	Revenue Bonds	PFC and Subordinate Revenue Bonds	Certificates of Participation	General Obligation Bonds	Capital Leases	Other Debt			
1996-97	314,330	24,830	538,060		131	11,712	602,801			30,360		108	1,522,332	5.73%	1,334
1997-98	307,165	22,002	538,060		60	10,720	554,221			29,366	36,537		1,498,131	5.34%	1,291
1998-99	300,775	18,802	532,985		711	12,406	539,373			40,656	34,573		1,480,281	4.90%	1,257
1999-00	294,350	16,643	529,045		1,247	9,394	792,852			38,358			1,681,889	5.25%	1,390
2000-01	372,500	17,409	523,160		4,166	6,448	875,201			36,795	26,524	4,064	1,866,267	5.33%	1,482
2001-02	369,315	17,239	515,125		3,550	3,134	816,955	55,625		40,815			1,766,133	4.74%	1,380
2002-03	410,090	14,974	504,700		13,310	2,435	929,250	54,470		39,330			1,914,089	4.95%	1,461
2003-04	402,465	15,019	528,591	235,961	13,115	2,105	275,015	53,260		36,565			1,272,875	3.13%	953
2004-05	309,115	15,024	954,722	230,109	12,976	3,275	268,955	51,985		34,255			1,598,322	3.70%	1,167
2005-06	322,605	20,647	954,722	307,690	3,122	3,875	260,370	50,645		30,510		1,995	1,597,846	N/A	1,166

Note: 1) The County of Sacramento has not had any General Obligation Bonds since 2002

2) See the "Demographic and Economic Statistics" table for population figures.

**COUNTY OF SACRAMENTO  
LEGAL DEBT MARGIN INFORMATION  
FISCAL YEARS 1996-97 THROUGH 2005-06  
(amounts expressed in thousands)**

	Fiscal Year									
	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Assessed Value of Property	\$54,158,275	54,810,113	57,183,605	60,641,152	65,230,391	70,700,930	77,715,406	84,563,678	94,691,971	108,301,283
Debt Limit, 1.25% of Assessed Value (Statutory Limitation)	676,978	685,126	714,795	758,014	815,380	883,762	971,443	1,057,046	1,183,650	1,353,766
Amount of Debt Applicable to Limit:										
General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 676,978</u>	<u>685,126</u>	<u>714,774</u>	<u>758,006</u>	<u>815,359</u>	<u>883,759</u>	<u>971,446</u>	<u>1,035,388</u>	<u>1,163,625</u>	<u>1,353,766</u>
Total net debt applicable to the limit as a percentage of the limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: 1) 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.

2) The legal debt margin is the County's available borrowing authority under stat finance statues and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Source: County's internal documents and financial statements

**COUNTY OF SACRAMENTO  
PLEDGED-REVENUE COVERAGE  
FISCAL YEARS 1996-97 THROUGH 2005-06  
(amounts expressed in thousands)**

Fiscal Year	Airport Revenue Bond Coverage						Parking Authority Revenue Bond Coverage					
	Gross Revenue (a)	Less: Operating Expenses (b)	Net Available Revenue	Debt Service Requirements (c)		Coverage	Gross Revenue (a)	Less: Operating Expenses (b)	Net Available Revenue	Debt Service Requirements (c) (d)		Coverage
		Principal	Interest	Principal	Interest			Principal	Interest			
1996-97	52,296	35,315	16,981	855	5,834	2.54	2,478	1,701	777	250	11	2.98
1997-98	53,905	35,202	18,704	900	7,245	2.30	2,640	1,730	910			
1998-99	64,281	41,887	22,394	950	10,315	1.99	2,574	1,533	1,041			
1999-00	78,480	45,104	33,376	4,565	11,996	2.02	2,188	1,222	966			
2000-01	84,937	49,297	35,640	4,055	11,796	2.25	2,387	1,591	796			
2001-02	83,865	56,135	27,731	4,250	11,586	1.75	2,492	1,645	847			
2002-03	89,255	63,338	25,917	4,470	14,164	1.39	2,346	1,267	1,079			
2003-04	90,324	66,843	23,481	4,845	14,367	1.22	2,388	1,897	491			
2004-05	104,769	67,525	37,245	6,425	14,082	1.82	2,452	2,228	224			
2005-06	111,467	72,669	38,798	6,705	11,882	2.09	2,888	2,021	867			

Water Agency (e)						
Fiscal Year	Operating Revenue	Less: Operating Expenses (b)	Net Available Revenue	Debt Service Requirements (c)		Coverage
				Principal	Interest	
2002-03	38,009	10,382	27,627			
2003-04	46,005	13,724	32,281		2,257	14.30
2004-05	50,707	12,957	37,750	910	2,328	11.66
2005-06	45,037	15,881	29,156	925	2,310	9.01

Note: Solid Waste Authority does not have Revenue bonds

(a) Per bond resolution, Revenues include all Airport System revenues exclude certain interest earnings and restricted revenues.

(b) Total operating expenses exclusive of depreciation and amortization

(c) Includes principal and interest of Revenue bonds only. Does not include General obligation bonds or Certificates of participation.

(d) Parking Authority Revenue Bond Coverage paid off in 1997-98

(e) Water Agency Revenue bonds were issued June 12, 2003

Source: County's internal financial documents

**COUNTY OF SACRAMENTO  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 FISCAL YEARS 1996-97 THROUGH 2005-06  
 (amounts expressed in thousands except per capita amount)**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate (%)
1996-97	1,141	\$ 26,560,408	\$ 22,983	200	5.8
1997-98	1,160	28,050,979	23,978	205	5.2
1998-99	1,178	30,179,191	25,433	210	5.3
1999-00	1,210	32,018,953	26,535	214	4.8
2000-01	1,259	35,016,668	28,463	222	4.2
2001-02	1,280	37,225,183	29,398	228	4.7
2002-03	1,310	38,649,539	29,699	233	5.2
2003-04	1,335	40,627,363	30,538	235	5.2
2004-05	1,370	43,228,715	31,987	238	4.5
2005-06	1,386	*N/A	*N/A	239	4.7

\*Not Available until April 2007

Source: California State Department of Finance; Bureau of Economic Analysis, Sacramento County Office of Education,  
 and California State Employment Development Department.

**COUNTY OF SACRAMENTO  
PRIVATE SECTOR PRINCIPAL EMPLOYERS  
JUNE 30, 2006 AND 1997**

<b>Employer</b>	<b>JUNE 30, 2006</b>			<b>JUNE 30, 1997</b>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Kaiser Permanente	11,729	1	2.31%	5,156	2	1.01%
Sutter / California Health Services	11,284	2	2.22%	9,500	1	1.87%
Raley's Inc. / Bel Air	8,203	3	1.61%	4,850	4	0.95%
University of California, Davis (UCD) Medical Center	8,000	4	1.57%			
Intel Corporation	6,500	5	1.28%	3,800	8	0.75%
SBC Communications (formerly Pacific Bell)	5,753	6	1.13%	4,433	6	0.87%
CHW / Mercy Health Care	5,229	7	1.03%	4,376	7	0.86%
Hewlett-Packard	4,500	8	0.89%	5,000	3	0.98%
Target Corporation	3,693	9	0.73%			
Wal-Mart Stores, Inc.	3,300	10	0.65%			
Packard Bell				4,500	5	0.89%
Albertson's Inc.				3,500	9	0.69%
Bank of America				2,388	10	0.47%
<b>Total</b>	<u>68,191</u>		<u>13.42%</u>	<u>47,503</u>		<u>9.34%</u>

Source: Sacramento Business Journal

**COUNTY OF SACRAMENTO  
 FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION  
 FISCAL YEARS 2002-03 THROUGH 2005-06**

**Full-time Equivalent Employees as of June 30**

<b>Function</b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
General Government	1,857	823	729	901
Public Assistance	2,067	1,903	2,552	3,059
Public Protection	4,657	4,115	4,204	5,011
Health & Sanitation	2,816	2,594	1,334	1,729
Recreation and Culture	257	196	155	212
Education	4	4	5	2
Total	<u>11,658</u>	<u>9,635</u>	<u>8,979</u>	<u>10,914</u>

Note: 1) County Employees by function/program is only available for the last four fiscal years due to the change in the County's functions as a result of the implementation of GASB 44.

Source: County of Sacramento Department Records

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**COUNTY OF SACRAMENTO  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 2001-02 THROUGH 2005-06**

Page 1 of 2

Function	Fiscal Year				
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
General Government					
Assessors:					
Number of parcels assessed	\$ 444,833	\$ 451,693	\$ 465,104	\$ 468,547	\$ 467,629
Gross total amount of Secured Roll (amount expressed in thousands)	67,219,202	74,042,245	81,527,736	91,856,798	105,593,291
Gross total amount of Unsecured Roll (amount expressed in thousands)	3,948,912	4,025,888	4,167,021	4,192,998	4,479,276
Clerk Recorders:					
Number of recorded documents	522,591	692,854	713,726	688,483	607,272
Public Assistance					
Human assistance total caseload	83,102	90,461	96,484	103,295	100,585
Percent served of children in poverty	81.30 %	91.00 %	90.00 %	90.00 %	92.40 %
Senior nutrition, meals served	486,075	529,441	473,232	473,232	441,772
Housing services provided	8,045	8,647	13,400	13,400	12,211
Employed non-exempt recipients CalWORKs	51%	62%	61%	56%	50 %
Public Protection					
DA:					
Filed felonies	10,338	11,010	11,570	11,571	11,371
Filed misdemeanors	20,151	22,450	21,703	20,306	20,397
Probation:					
Cases supervised	Not Available	22,876	24,704	27,483	*43,609
Institutional care for minors (days in Juvenile Hall)	117,601	110,666	123,869	121,394	124,490
Juvenile referrals processed	11,376	11,556	13,107	12,126	13,240
Prepared adult sentencing reports	4,363	4,748	4,860	*8,452	*9,052
Public Defender:					
Felony Unit Jury Trials	70	88	105	125	143
Sheriff:					
Emergency calls for service:					
Priority 0	31	54	57	55	60
Priority 1	32,266	33,754	39,815	41,179	44,996
Emergency response time (minutes)					
Priority 0	5	13	10	10	9
Priority 1	15	14	15	14	15
Processed and booked adult offenders	24,830	25,084	25,199	26,568	23,477
Physical arrests	28,446	28,265	28,707	29,197	26,029
Total miles patrolled by Sheriffs	871.5	871.5	871.5	871.5	871.5

\*Includes categories not captured in prior years' statistics

Note: Operating Indicators by function/program is only available for the last five fiscal years due to the change in the County's functions as a result of the implementation of GASB 44.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 2001-02 THROUGH 2005-06**

Page 2 of 2

Function	Fiscal Year				
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Health and Sanitation					
Patient treatments at Public Health clinics	161,105	160,350	153,351	146,223	153,297
Percent of paramedic/911 medical aid unit and training programs in compliance (by inspection)	100%	100%	100%	100%	100%
Public Ways and Facilities					
Number of Traffic Signs Reset and Replaced	9,387	8,873	11,117	11,274	10,690
Square Feet of Graffiti Removed or Abated	260,390	252,613	271,383	257,733	269,242
Recreation and Culture					
Number of Visitors/Program Participants at Effie Yeaw Nature Center	74,775	72,759	62,289	68,804	78,822
Number of Individuals Who Use Parks Golf Services	214,409	208,940	203,104	192,735	190,317
Education					
Library:					
Books borrowed	4,503,820	4,765,549	4,646,283	4,708,765	4,525,031
Library cards issued	60,059	64,733	63,596	59,848	58,068
Video rentals	285,007	316,115	402,631	495,444	670,296
Airport					
Number of Commercial Airlines	12	14	15	15	15
Number of Flights	56,940	53,290	56,940	56,940	61,685
Number of Enplaned Passengers	4,042,585	4,314,273	4,563,607	4,986,171	5,150,229
Solid Waste					
Percent of Diversion/Recycled Waste	51%	52%	61%	55% (est.)	55% (est.)
Tons Disposed	494,438	624,035	789,265	718,464	706,134
Water Agency					
Water Supply:					
Number of Water Connections	31,800	34,700	36,890	41,450	46,204
Water Delivered (acre feet)	27,600	30,140	27,877	31,105	34,422
Storm Water Utilities					
Drainage:					
Mainline and Lateral Pipes Cleaned (miles)	N/A	227	60	137	101
Parking Enterprise					
Daily Public Parking (count)	388,532	372,978	353,173	362,480	371,292
Monthly Parking Passes Issued to County Employees (count)	30,098	31,023	31,284	32,001	32,880
Outside Agency Usage	8,301	8,186	8,984	10,399	9,923

Note: Operating Indicators by function/program is only available for the last five fiscal years due to the change in the County's functions as a result of the implementation of GASB 44.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO  
CAPITAL ASSET STATISTICS BY FUNCTION  
FISCAL YEARS 2001-02 THROUGH 2005-06**

Page 1 of 2

Function	Fiscal Year				
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Public Protection					
Sheriff:					
Administration buildings	1	1	1	1	1
Aircrafts					
Operational	4	5	4	4	3
Non-Operational	2	2	1	1	2
Fixed Wing					
Sheriff	2	2	2	2	2
CAL-MMET	2	2	2	2	2
Community service centers	12	12	12	14	14
Jail and detention facilities	2	2	2	2	2
Patrol Units	450	470	474	491	391
Stations	7	7	7	7	7
Health and Sanitation					
Clinics	2	2	3	3	3
Mental Health Treatment					
Clinics	1	1	1	1	1
Public ways and facilities					
Centerline miles of roads maintained	2,742	2,308	2,340	2,171	2,171
Traffic signals	521	531	571	402	402
Recreation and Culture					
Number of Golf Courses	4	4	4	4	4
Number of Developed Parks	38	38	38	38	38
Developed Parks acreage	10,500	12,500	14,500	15,000	15,000
Education					
Libraries	8	9	9	9	9

Note: 1) Capital assets and infrastructure statistics by function/program is only available for the last five fiscal years due to the change in the County's functions as a result of the implementation of GASB 44.

2) Building includes those that are capitalized but excludes real property that is leased.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO  
CAPITAL ASSET STATISTICS BY FUNCTION  
FISCAL YEARS 2001-02 THROUGH 2005-06**

Page 2 of 2

Function	Fiscal Year				
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Airport					
Airports	4	4	4	4	4
Licensed Vehicles:					
Cars and Light Trucks	126	116	120	108	112
Busses	45	47	55	47	44
Solid Waste					
Number of Collection Trucks	179	193	172	190	179
Number of Landfills	3	3	3	3	3
Water Agency					
Water Supply:					
Water mains (miles)	469.5	503	566	631	651
Storage Capacity (thousands of gallons)	16,400	20,400	20,400	27,900	31,400
Drainage:					
Drainage Inlets	14,280	15,397	16,578	17,828	18,946
Drainage Manholes	8,040	8,669	9,334	10,037	10,780
Drainage Pipes (miles)	608	656	706	759	762
Parking Enterprise					
Structures	2	2	2	2	2

Note: 1) Capital assets and infrastructure statistics by function/program is only available for the last five fiscal years due to the change in the County's functions as a result of the implementation of GASB 44.

2) Building includes those that are capitalized but excludes real property that is leased.

Source: County of Sacramento Department Records

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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2006**

