

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Director of Finance
Dave Irish

COUNTY OF SACRAMENTO
State of California
For the Fiscal Year Ended June 30, 2007

FISCAL YEAR 2007
COMPREHENSIVE ANNUAL FINANCIAL REPORT



COUNTY OF SACRAMENTO
STATE OF CALIFORNIA

Dave Irish, Director of Finance

For The Fiscal Year Ended June 30, 2007

**COUNTY OF SACRAMENTO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION



COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE
AUDITOR-CONTROLLER

DAVE IRISH
Director of Finance

JULIE VALVERDE
Assistant Auditor-Controller

December 21, 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, 2007, 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, 2007, 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 2005-06 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, who 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 Capital 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.

Sacramento County is unique in the State in that approximately forty percent 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 during Fiscal Year 2005-06 the local economic conditions appeared to be improving. However, over the last year the local economic conditions appear to be mixed at this point. There has been no appreciable change in overall employment levels and an increase in unemployment due to general economic conditions. The unemployment rate has increased from 4.6% in August 2006 to 5.4% in August 2007. This is similar to the state's unemployment rate which was 4.9% and 5.4%, respectively, for the same time periods. However, in the Sacramento Metropolitan Statistical Area (SMSA), which includes Sacramento, El Dorado, and Placer Counties, the total wage and salary employment increased by 8,700 jobs or 0.9% from August 2006 to August 2007. This number is expected to increase slightly for Fiscal Year 2007-08 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 slowed during Fiscal Year 2006-07, similar to the rest of the state and country, with decreases of both new home construction and home resales. This means a slower growth rate of property tax revenues for the County during Fiscal Year 2007-08, without the benefit of resale transactions causing homes to be reassessed and fewer new construction homes to add more assessed value to the tax rolls. For Fiscal Year 2006-07, the secured property tax revenues increased by 21.26 percent. Sacramento County's property tax revenues are expected to increase by \$28.1 million for Fiscal Year 2007-08, due to an estimated growth rate in assessed valuations of 8-9%.

The County's sales tax revenues decreased in Fiscal Year 2006-07 as compared to Fiscal Year 2005-06 and are expected to increase slightly during Fiscal Year 2007-08. Currently, the County is fostering new/rehabilitated retail centers within the unincorporated area of the County in order to increase this revenue source.

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 this year are generally neutral. 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 tax 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:

Water Treatment Plant

The Water Agency issued \$380.6 million in revenue bonds to fund the Freeport Regional Water Project and a Ground Water Treatment Plant.

Animal Care Facility

The Board of Supervisors approved the construction of an Animal Care Facility that will include a 40,000 square foot facility, including an 1,800 square foot animal barn, a spay/neuter clinic and a dog exercise area where staff and volunteers can interact with the animals. The Facility will include an adoption area, animal support functions and the administrative functions for the department.

Fleet Maintenance Facility and Equipment Barn

The County opened a new Fleet Services Administration and Maintenance Facility and Equipment yard to allow the Department of General Services to service vehicles and equipment in a more efficient and productive manner. This facility also provides the necessary amenities to accommodate modern automotive technologies for vehicles that will be purchased in the future.

General Plan Outreach

The County conducted a substantial public outreach program for the draft General Plan with ten community meetings held in the fall of 2006. The preliminary draft plan was presented in November 2006 and the draft Plan was forwarded by the Board of Supervisors to the Planning and Environmental Review and Assessment Departments in the spring of 2007.

Wood and Green Waste Diversion Program

The Department of Waste Management and Recycling implemented a program to reduce wood and green waste received at its North Area Recovery Station (Station). A contractor collects these materials at the Station who hauls them to a co-generation power plant which turns this waste into electricity. The costs avoidance to the department is estimated to be over \$1.2 million or a savings of \$0.70 per month for each of the 152,000 households served by the Department.

Human Resources Service Delivery

The Board of Supervisors approved the consolidation of departmental human resources functions into a single new Department of Personnel Services. This change took effect July 1, 2007, and is intended to improve business practices and customer satisfaction levels throughout the County. The changes included:

- Consolidating county wide Human Resource functions into one department by transferring about 140 employees from other departments and adding eight new positions.
- Reorganizing the new department into three functional divisions:
 1. Department Services Division which handles all employee issues specific to departments;
 2. Employee Services Division which manages Leadership and Organizational Development, Personnel Actions and Employee Services; and
 3. Regulatory Services Division which manages Disability Compliance, Equal Employment Opportunities, Risk Management, Safety, Workers Compensation, Employee Benefits and Employee Health.

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 six departments: District Attorney; Environmental Management; Facility Planning, Architecture and Real Estate; Human Assistance; Probation; and Voter Registration and Elections.

District Attorney

During Fiscal Year 2006-07, the District Attorney's Office started three programs aimed at targeting recidivists in the areas of sexual assault, violent armed offenders and gang members, and driving while under the influence. Below is a brief description of each program:

- The Sacramento Sexual Assault Enforcement Team (SAFE) was formed. The goal of this multi-agency group is to reduce recidivism of the County's registered sex offender population through frequent contact and registration compliance monitoring. In the first quarter, SAFE made nearly 90 arrests in the first 120 days and initiated 110 investigations. A full time prosecutor has been assigned to this team and has reviewed in excess of 85 cases, filed 30 new felony and 7 misdemeanor cases, and approved 24 felony and 14 misdemeanor warrant requests.
- The TARGET Team was formed to target violent armed recidivists and gang members who present the highest level of threat to the community. Since January 2007, 40 cases have been prosecuted with 23 involving gang members and 10 involving parolees. The average plea has been 4 years in state prison.
- The Recidivist Driving Under the Influence (RED) Program was formed in March 2007. In a partnership with the California Office of Traffic Safety, the District Attorney's Office is actively pursuing making roads and highways safer by reducing alcohol-involved fatal and injury traffic collisions through targeting, for arrest and prosecution, recidivist DUI offenders that have active arrest warrants. The team consists of two criminal investigators and a prosecutor. Since the program's inception, approximately 620 cases have been received for investigation. Two tools being used in this effort include a website consisting of "Most Wanted" DUI offenders and a 24/7 dedicated tip line to report known locations of offenders.

Environmental Management Department

The following are major accomplishments of the Environmental Management Department (EMD) during Fiscal Year 2006-07:

- EMD completed a department-wide fee study and approval of a new five-year fee ordinance.
- The Environmental Health Division began implementation of Phase II of the Food Safety Program Enhancements, which consisted of increased inspection frequencies for restaurants and retail markets, a new placard system of the disclosure of inspection results, additional outreach and food safety education training, advanced training and standardization instruction for inspection staff, development of additional enforcement measures, and posting of placard results on the EMD website.
- EMD prepared staff and regulated the business community for implementation of new Retail Food Code (CalCode), which became effective July 1, 2007.
- EMD helped write a new Business Recycling ordinance by the Sacramento Regional Solid Waste Authority (SWA) and was designated by SWA to implement the ordinance, which will impact over 20,000 businesses in the region.
- EMD was a major participant to the development of statewide hazardous waste enforcement cases against two national retail stores.
- EMD was redesignated as the Solid Waste Local Enforcement Agency for all incorporated cities within Sacramento County.
- EMD successfully completed all State-mandated stormwater compliance inspections at specified commercial/industrial facilities on behalf of the County and the incorporated cities of Sacramento, Galt, Elk Grove, Folsom, Citrus Heights, and Rancho Cordova.

Department of Facility Planning, Architecture and Real Estate**Climate Action Plan/Energy Management Plan**

The Department of Facility Planning, Architecture and Real Estate's (FPARE) Energy Management Plan includes having a full-time Energy Program Manager and a Board-adopted Energy Policy. FPARE is currently working on a climate action plan and has taken the first steps by joining the Chicago Climate Exchange (CCX), California Climate Action Registry (CCAR) and ICLEI. In Fiscal Year 2006-07, FPARE completed the DGS Building – Old Voter Registration Energy Project (HVAC equipment replacement and upgrades) by working collaboratively with an Energy Services Company (ESCO) to develop a comprehensive customized energy approach to the facility. The repayment of the ESCO project costs are partially achieved through energy savings resulting from maximized energy utilization.

Sustainability Measures

FPARE currently has two facilities under construction (Animal Care and Water Quality) that are being constructed utilizing Leadership in Energy and Environmental Design (LEED) principles. FPARE expects to be awarded LEED Silver certification, which is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings resulting in immediate and measurable impact on the buildings' performance. LEED promotes a whole-building approach to sustainability by recognizing performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality.

Department of Human Assistance

The Department of Human Assistance developed a web-based application named Case Update and Tracking Eligibility (CUTE) to help investigations staff identify and prevent fraudulent activity by welfare clients within the County. By bringing together data from various local, state, and national agencies and integrating that data into a single application, time intensive manual operations have now been replaced with automated processes to alert investigations staff to cases within the CalWIN system that may require review or action of some nature. The system can identify situations that may be contributing to child or client endangerment, cases that may need review or action taken for client contact, sanctions, or discontinuance, and cases that need to be reviewed by investigators for fraud. The application features a full compliment of both static and drill-down ad-hoc reports.

Probation Department

Juvenile Justice System Networking: Once again, Probation co-hosted the annual *Trading Secrets* conference. *Trading Secrets* is hailed as a premiere County venue for the exchange of information concerning youth programs, service eligibility criteria, referral processes and best practices for meeting the challenges of at-risk youth and their families. The 2006 conference drew more than 500 attendees from nearly 100 different departments, agencies, community-based organizations and school districts.

Department of Voter Registration and Elections

The Department of Voter Registration and Elections has made significant additions and changes in its processes to accomplish the following:

- Improve the speed of processing absentee ballots by purchasing a Pitney-Bowes ballot sorter that decreased the time required to process these ballots.
- Improve the change of custody for the department's voting equipment by purchasing an Asset Shadow system that tracks the department's voting equipment during the entire election.
- Interface with the Statewide Registration Database as required by the Help America Vote Act (HAVA) to ensure each registered voter is eligible to vote on Election Day.
- Create a Memorandum of Understanding with the Probation Department, Sacramento County Boys Ranch Welding Shop to provide metal pallets for the storage of the department's AutoMark equipment used during the election to assist disabled voters and/or those requiring information in Spanish.

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 2006-07 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 2006-07, 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 2006-07 was 5.0494 percent. The yield for a one-year Constant Maturity U.S. Treasury Note during the same period was 5.01 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, 2007, 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 eighteen 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, 2006

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.

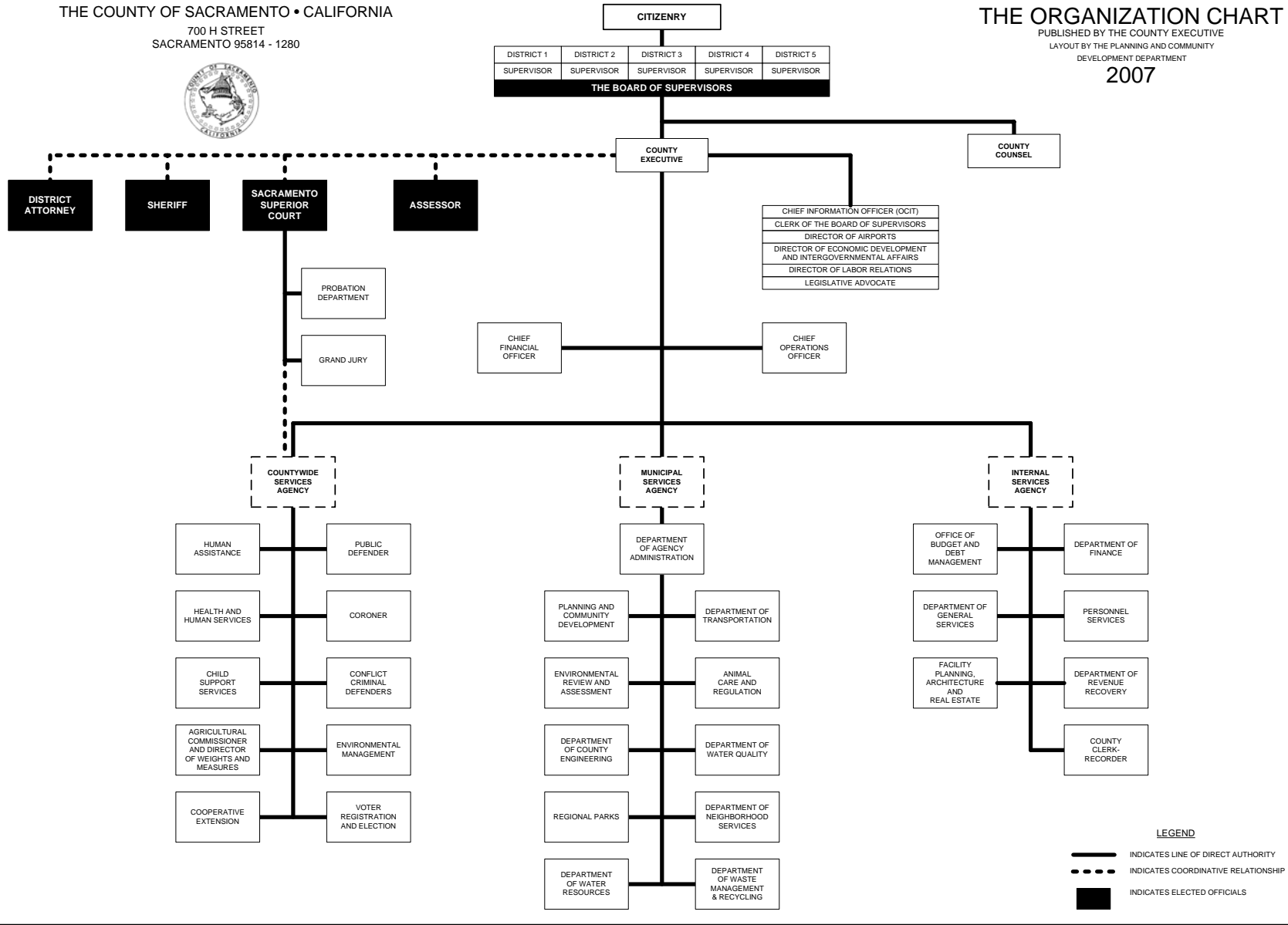


Cherie S. Cox

President

Jeffrey R. Egan

Executive Director



**COUNTY OF SACRAMENTO
LIST OF PUBLIC OFFICIALS
JUNE 30, 2007**

ELECTED:

Board of Supervisors:

Roger Dickinson
Jimmie Yee
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

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, 2007

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
Ron Dizon, Administrative Services Officer II

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FINANCIAL
SECTION**



MACIAS GINI & O'CONNELL LLP
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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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, 2007, 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.

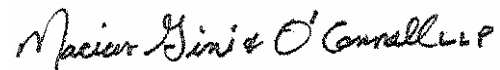
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2007, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2007, 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 19, 2007

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

This section of the County of Sacramento's (County) comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2007. 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

- The assets of the County exceeded liabilities at the close of the 2006-07 fiscal year by \$2,395,914 (net assets), of this amount, \$563,951 is restricted for specific purposes (restricted net assets), and \$1,612,178 is invested in capital assets, net of related debt. The government's total net assets increased by \$80,735.
- As of June 30, 2007, the County governmental funds reported combined fund balances of \$783,502 for a decrease of \$53,447, in comparison with the prior year. Approximately 51.6 percent of the combined fund balances, \$404,213 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 \$149,845 or 7.6 percent of total general fund expenditures. This entire amount is budgeted to be spent in the next fiscal year.
- The County's investment in capital assets increased by \$149,069 or 6.9 percent in comparison with July 1, 2006 balances.
- The County's total long-term obligations had a net increase of \$374,083 in comparison with July 1, 2006 balances. This net was comprised of a gross increase of \$563,535 and a gross decrease of \$189,452. 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 and a new Teeter note.

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 component unit of the County due to the operational relationship between the Authority and the County. The debts and liabilities of the Authority belong solely to it, and neither the County nor the Agency are any way responsible for those liabilities.

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

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

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

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

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

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

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Airport, Solid Waste, 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; Facility Planning, Architecture and Real Estate; 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 eight 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 41-105 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 105-197 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 \$2,395,914 at the close of the most recent fiscal year.

Statement of Net Assets
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Other assets	\$ 2,797,480	2,764,390	851,439	466,601	3,648,919	3,230,991
Capital assets	1,478,966	1,401,915	819,152	747,134	2,298,118	2,149,049
Total assets	<u>\$ 4,276,446</u>	<u>4,166,305</u>	<u>1,670,591</u>	<u>1,213,735</u>	<u>5,947,037</u>	<u>5,380,040</u>
Other liabilities	\$ 1,171,669	1,057,856	55,152	53,063	1,226,821	1,110,919
Long-term debt obligations	1,624,762	1,628,256	699,540	325,686	2,324,302	1,953,942
Total liabilities	<u>2,796,431</u>	<u>2,686,112</u>	<u>754,692</u>	<u>378,749</u>	<u>3,551,123</u>	<u>3,064,861</u>
Net assets:						
Invested in capital assets, net of related debt	1,099,603	1,058,751	512,575	461,723	1,612,178	1,520,474
Restricted net assets	425,187	408,290	138,764	115,208	563,951	523,498
Unrestricted net assets	(44,775)	13,152	264,560	258,055	219,785	271,207
Net assets	<u>1,480,015</u>	<u>1,480,193</u>	<u>915,899</u>	<u>834,986</u>	<u>2,395,914</u>	<u>2,315,179</u>
Liabilities and net assets	<u>\$ 4,276,446</u>	<u>4,166,305</u>	<u>1,670,591</u>	<u>1,213,735</u>	<u>5,947,037</u>	<u>5,380,040</u>

The largest portion of the County's net assets of \$1,612,178 (67 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 \$563,951 (24 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of total net assets, \$219,785 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. Unrestricted net assets decreased by \$51,422 from the prior year. The decrease in unrestricted net assets is a result of a reclassification of unrestricted net assets to restricted.

The major restrictions on net assets are for landfill closure (1%) debt service (24%) capital projects (11%), passenger facility charges (18%), health programs (41%) and transportation (3%). The County's restricted net assets increased by \$40,453 from the prior year restricted net asset amount of \$523,498. The increase in restricted net assets is primarily due to increased requirements for debt service and passenger facility charges.

The County's net assets increased by \$80,735 during the current fiscal year, which results in an increase of 3% of total net assets from prior year. At the end of the current fiscal year the County reported an increase of 6% in net assets invested in capital assets, net of related debt. The increase in net assets invested in capital assets, net of related debt of \$91,704, represents capital purchases net of depreciation plus the retirement of related long-term debt. The County's restricted net assets increased by 7% while unrestricted net assets decreased by 19%. During the 2006-07 fiscal year the County as a whole, reported positive balances in all three categories of net assets. Governmental activities reported positive balances in two of the three categories of net assets. Governmental activities reported a negative balance in unrestricted net assets of \$44,775, which is primarily due to recognition of debt associated with Series 2004 Pension Obligation Bonds.

Governmental activities. Governmental activities decreased the County's net assets by \$178.

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, 2007
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 428,772	408,506	231,170	234,904	659,942	643,410
Operating grants and contributions	1,104,969	1,096,348	29,451	26,246	1,134,420	1,122,594
Capital grants and contributions	41,993	31,523	21,895	16,272	63,888	47,795
General revenues:					-	-
Taxes:					-	-
Property	447,032	415,320	-		447,032	415,320
Sales / use	80,267	79,862	951	614	81,218	80,476
Transient	6,823	6,623	-	-	6,823	6,623
Unrestricted investment earnings	75,053	67,522	18,188	13,215	93,241	80,737
Grants and contributions not restricted to specific programs	199,811	224,467	-		199,811	224,467
Pledged tobacco settlement proceeds	12,795	12,082	-		12,795	12,082
Miscellaneous	109,194	85,701	-		109,194	85,701
Transfers	1,609	(638)	(1,609)	638	-	
Total revenues	<u>2,508,318</u>	<u>2,427,316</u>	<u>300,046</u>	<u>291,889</u>	<u>2,808,364</u>	<u>2,719,205</u>
Expenses:						
General government	217,194	208,862			217,194	208,862
Public assistance	736,120	731,099			736,120	731,099
Public protection	727,876	617,770			727,876	617,770
Health and sanitation	527,305	457,310			527,305	457,310
Public ways and facilities	139,424	160,495			139,424	160,495
Recreation and culture	37,522	32,678			37,522	32,678
Education	14,806	13,156			14,806	13,156
Interest and fiscal charges	108,249	96,182			108,249	96,182
Airport			113,018	104,486	113,018	104,486
Solid Waste			61,106	62,395	61,106	62,395
Water Agency			40,200	37,313	40,200	37,313
Parking Enterprise			2,630	2,606	2,630	2,606
County Transit			2,179	1,888	2,179	1,888
Total expenses	<u>2,508,496</u>	<u>2,317,552</u>	<u>219,133</u>	<u>208,688</u>	<u>2,727,629</u>	<u>2,526,240</u>
Change in net assets	(178)	109,764	80,913	83,201	80,735	192,965
Net assets, beginning of year	1,480,193	1,370,429	834,986	751,785	2,315,179	2,122,214
Net assets, end of year	<u>\$ 1,480,015</u>	<u>1,480,193</u>	<u>915,899</u>	<u>834,986</u>	<u>2,395,914</u>	<u>2,315,179</u>

Total revenues for the County's governmental activities increased by \$81,002 from the prior year.

Total expenses for governmental activities were \$2,508,496, an increase of \$190,944 or 8.2% from the prior year. As a service delivery entity the County's major cost component is salaries and benefits, which accounted for approximately 49.5% of total County expenses. The average full time equivalent (FTE) employee count for the County (including business-type activities) increased from 14,471 in the prior year to 14,585 as of June 30, 2007. Total salaries and benefits expense increased by \$66,726 or 5.7% 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 \$80,913. The increase is primarily related to increased activity for Airport and Water Agency. See page 14 for additional comments on changes to net assets.

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, 2007, the County's governmental funds reported combined fund balances of \$783,502 a decrease of \$53,447 in comparison with the prior year. Approximately 51.6 percent of the combined fund balances, \$404,213, 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 (\$78,719); 2) to reflect amounts set aside for future construction (\$145,291); 3) to acquire capital assets (\$24,083); 4) to reflect assets that are unavailable and do not represent available resources (\$43,629); 5) to liquidate contractual commitments of the period (\$87,567).

The decrease of \$53,447 in the governmental funds combined fund balances was attributable to the County's normal operations and its operating loss for the year.

The General Fund is the chief operating fund of the County. At June 30, 2007, unreserved fund balance of the general fund was \$149,845 while total fund balance reached \$198,695. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 7.6 percent of total fund expenditures, while total fund balance represents 10.1 percent of that same amount.

Revenues for governmental functions totaled \$2,378,809 in fiscal year 2006-07, which represents an increase of 3.0% from fiscal year 2005-06.

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 2007		FY 2006		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 534,122	22.45%	501,805	21.72%	32,317	6.44%
Use of money and property	74,172	3.12%	66,851	2.89%	7,321	10.95%
Licenses and permits	46,035	1.94%	50,125	2.17%	(4,090)	(8.16%)
Intergovernmental	1,374,776	57.79%	1,370,473	59.33%	4,303	0.31%
Charges for services	181,628	7.64%	181,786	7.87%	(158)	(0.09%)
Fines, forfeitures, and penalties	46,177	1.94%	41,014	1.78%	5,163	12.59%
Pledged tobacco settlement proceeds	12,705	0.53%	12,138	0.53%	567	4.67%
Miscellaneous	109,194	4.59%	85,701	3.71%	23,493	27.41%
Total	\$ 2,378,809	100.00%	2,309,893	100.00%	68,916	2.98%

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 2006-07.
- Use of money and property increase is due to the pooled interest being greater due to higher interest rates during 2006-07.
- Miscellaneous increased primarily due to revenue received from Superior Court per a Memorandum of Understanding for remaining County-provided services due to Superior Court's transition to the State of California.

Expenditures for governmental functions totaled \$2,489,528, in fiscal year 2006-07, which represents an increase of 7.1% from fiscal year 2005-06.

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 2007		FY 2006		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 177,952	7.15%	177,477	7.64%	475	0.27%
Public assistance	731,883	29.40%	730,185	31.41%	1,698	0.23%
Public protection	687,371	27.61%	627,594	27.00%	59,777	9.52%
Health and sanitation	501,490	20.14%	417,330	17.95%	84,160	20.17%
Public ways and facilities	102,617	4.12%	96,068	4.13%	6,549	6.82%
Recreation and culture	41,972	1.69%	36,133	1.55%	5,839	16.16%
Education	20,082	0.81%	17,051	0.73%	3,031	17.78%
Capital outlay	100,052	4.02%	110,519	4.75%	(10,467)	(9.47%)
Debt service:						
Principal	53,880	2.16%	41,053	1.77%	12,827	31.24%
Interest and fiscal charges	72,229	2.90%	51,336	2.22%	20,893	40.70%
Bond issuance costs	-	0.00%	4,043	0.17%	(4,043)	(100.00%)
Advance refunding escrow	-	0.00%	15,659	0.67%	(15,659)	(100.00%)
Total	<u>\$ 2,489,528</u>	<u>100.00%</u>	<u>2,324,448</u>	<u>99.99%</u>	<u>165,080</u>	<u>7.10%</u>

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

Public protection – Increase cost of \$35.9 million is associated with Sheriff’s Department, District Attorney’s Office and Probation. Additional \$23.4 million increase is associated with costs for Court functions, Planning and Community Development, Public Defender and Emergency Operations.

Health and sanitation – Increase is primarily due to increased costs for mental health, alcohol and drug programs, child protective services, in-home support services, prisoner health care, and reclassification of Water Agency from general government function to health and sanitation.

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

Capital outlay – Decrease is due to decreased construction costs related to Metro Air Park, Tobacco Litigation Settlement and 2006 Public Facilities.

Bond issuance costs/Advance refunding escrow – Decreases are due to prior year refundings of debt and payments to refund bond escrow for new debt issuances which occurred in fiscal year 2006 and did not occur in fiscal year 2007.

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

	FY 2007	FY 2006	Increase/(Decrease)	
			Amount	Percent
Transfers in	\$ 116,773	194,272	(77,499)	(39.89%)
Transfers out	(103,130)	(188,214)	85,084	(45.21%)
Capital leases obligations	4,105	837	3,268	390.44%
Long-term obligation proceeds	39,524	47,500	(7,976)	(16.79%)
Refunding debt issued	-	270,036	(270,036)	(100.00%)
Premium on debt issued	-	338	(338)	(100.00%)
Discounts on debt issued	-	(4,680)	4,680	(100.00%)
Payment to refund bond escrow agent	-	(182,672)	182,672	(100.00%)
Total other financing sources (uses)	<u>\$ 57,272</u>	<u>137,417</u>	<u>(80,145)</u>	<u>(58.32%)</u>

- Transfers in/out – Decrease is primarily due to decreases in transfers between 2006 Public Facilities Debt Service and Capital Projects funds, and transfers between Tobacco Securitization Authority Debt Service and Tobacco Litigation Settlement Capital Project fund.
- Capital leases obligations – Increase is due to new capital lease agreements for lighting and mechanical equipment and office trailers.
- Long-term obligation proceeds – Decrease is due to prior year issue of 2006 Public Facilities Financing debt.
- Refunding debt issued – Decrease is due to prior year partial refunding of the 1997 Public Facilities Project Certificate of Participation and refunding of Tobacco Securitization revenue bonds.
- Payment to refund bond escrow agent – Decrease is due to prior year 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	\$ 1,972,463	338,826	29,047	38,473	2,378,809
Expenditures	(1,971,652)	(325,446)	(126,109)	(66,321)	(2,489,528)
Other financing sources (uses), net	(55,114)	(14,152)	125,714	824	57,272
Net change in fund balance	(54,303)	(772)	28,652	(27,024)	(53,447)
Fund balances – beginning	252,998	313,688	82,370	187,893	836,949
Fund balances – ending	<u>\$ 198,695</u>	<u>312,916</u>	<u>111,022</u>	<u>160,869</u>	<u>783,502</u>

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 \$97,616, Solid Waste \$55,042, Water Agency \$78,485, Parking Enterprise \$6,665 and County Transit \$1,594. The internal service funds that are used to account for certain governmental activities had unrestricted net assets of \$36,561.

The Airport System’s total net assets increased by \$40,801 during fiscal year ended June 30, 2007 primarily due to an operating income, \$5,597; passenger facility charges, \$27,182; interest income, \$7,914; capital contributions and intergovernmental revenues, \$13,351; and offset by interest expense, \$12,058.

Solid Waste’s total net assets increased by \$3,943 during fiscal year ended June 30, 2007. This increase was attributable to non-operating revenue net of an operating loss of \$2,018.

The Water Agency’s total net assets increased by \$29,944 during fiscal year ended June 30, 2007. This increase was the result of the Agency’s normal operations and its operating income for the year.

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	\$ 103,649	57,277	39,661	2,864	179	203,630	486,000
Operating expenses	(98,052)	(59,295)	(22,679)	(2,363)	(1,811)	(184,200)	(449,703)
Operating income (loss)	5,597	(2,018)	16,982	501	(1,632)	19,430	36,297
Non-operating revenues, net	23,620	6,448	3,731	155	2,560	36,514	2,930
Income before capital contributions and transfers	29,217	4,430	20,713	656	928	55,944	39,227
Transfers in (out)	(1,080)	(487)		(42)		(1,609)	(12,034)
Capital contributions	12,664		9,231			21,895	
Changes in net assets	\$ 40,801	3,943	29,944	614	928	76,230	27,193

The income before capital contributions and transfers of enterprise funds of \$55,944 resulted primarily from net increases for Airports of \$29,217, Solid Waste of \$4,430, Water Agency of \$20,713 and a net increase for other nonmajor enterprise funds of \$1,584.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the Original Budget and the Final Budget resulted in a \$102,966 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 \$35.9 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 \$23.4 million. These were primarily due to increased funding for Court functions, Planning and Community Development, Public Defender and Emergency Operations.

Public Assistance: Final budget included additional funding (\$6.5 million) for the Medi-Cal program 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 \$24.5 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 \$2.3 million for additional prisoner health care.

General Government: During the fiscal year additional funding (\$8.3 million) was added to general government functions predominately for Interagency Procurement (Fund 030) and the Tobacco Settlement Litigation 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 \$155,392 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 led to reductions in budgeted state and federal revenues. Also, 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, recording fees and miscellaneous revenue that exceeded budgetary estimates. This is largely a consequence of the large increased assessed valuations which resulted in increased property tax collections.

Actual expenditures were \$260,463 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 2006-07. This unusually large number of vacant positions led to significant savings (under expenditures) in salaries and employee benefit accounts. Also the expenditures in Interagency Procurement (Fund 030) for actual project costs were much 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, 2007, amounted to \$2,298,118 (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 6.94%.

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)
	2007	2006	2007	2006	2007	2006	Percent of Change
Land	\$ 109,210	\$ 106,424	91,747	89,801	200,957	196,225	2.41%
Buildings and improvements	319,417	287,089	511,666	463,194	831,083	750,283	10.77%
Infrastructure	816,209	785,618	-	-	816,209	785,618	3.89%
Equipment	67,249	52,683	26,297	29,837	93,545	82,520	13.36%
Construction in progress	166,881	170,101	189,442	164,302	356,323	334,403	6.56%
Total	<u>\$ 1,478,966</u>	<u>1,401,915</u>	<u>819,152</u>	<u>747,134</u>	<u>2,298,118</u>	<u>2,149,049</u>	<u>6.94%</u>

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

- Buildings and improvements – increase is due to 1) Donations to County Dependent Park Districts (\$1), SCWA Zone 41 (\$5.4); 2) transfer of various construction in progress from Accumulated Capital Outlay fund for governmental activities (\$23.8), Airports (\$18.7), Dependent Park Districts (\$7.1); 3) additional improvements related to Water Resources (\$11.6), and Airports (\$11).
- Infrastructure – increase is due to road fund projects (\$30.6).
- Equipment – increase (\$11) is primarily due to governmental activity acquisitions for Live Scans, Mail Sorter, In Car Cameras, Weapons, Servers, and a New Collection System for the Department of Revenue Recovery.
- Construction in progress- increase (\$24) is due to Airport construction projects.

Additional information on the County's capital assets can be found in Note 6 on pages 62 – 63.

Debt Administration

At June 30, 2007, the County's governmental activities had long-term obligations, totaling \$1.675 billion. County debt issued by the Public Facilities Financing Corporation included and currently outstanding, \$35 million in Refunding Certificates of Participation, Main Jail Detention Facility, \$35 million in Juvenile Courthouse Project Certificates of Participation, \$14 million of Certificates of Participation for 2003 ADA Projects, \$7 million of Certificates of Participation for Cherry Island Golf Course, \$75 million of Certificates of Participation for implementation of the fixed asset financing program, \$19 million of Certificates of Participation for the 1997 Public Facilities Project, \$84 million in Certificates of Participation for construction of the Coroner/Crime Lab and a multipurpose building to house the County's Data Center, \$40 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, \$257 million in Revenue bonds for cash settlement of the tobacco settlement agreement, and \$52 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 \$99 million and capital lease obligations of \$7 million.

Other significant long-term obligations include \$32 million in loan agreements to fund the alternative method of distributing property taxes (Teeter Plan), and \$376 million in bonds issued to eliminate the unfunded pension obligation at July 5, 1995, \$143 million in bonds issued to eliminate unfunded pension obligation at July 15, 2003, 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 \$708 million. This includes \$4 million of refunding certificates of participation for the construction of parking garages, \$247 million of Airport System revenue bonds and other Airport debt, \$25 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 \$433 million.

For the year ended June 30, 2007, the County's total long-term obligations had a net increase of \$374,083. This net was comprised of a gross increase of \$563,535 and a gross decrease of \$189,452. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, pension obligations bonds, and Teeter notes of \$53,880, related to governmental activities. The increase resulted primarily from one new Teeter note and revenue bonds that amounted to \$452,942.

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 71 – 86.

Economic Factors and Next Year's Budget and Rates

- Three major sources of revenue generated from the performance of the local economy are:
 - Property tax revenue collections grew 21.26 percent for the fiscal year 2006-2007 due to the appreciation in real estate markets, home sales and the 2.0 percent Proposition 13 inflation adjustment. The fiscal year 2007-2008 assumes a 15.0 percent increase in property tax revenues and the return of \$12.2 million in Educational Revenue Augmentation fund (ERAF) revenues.
 - Sales tax decreased slightly to \$60.0 million, a decreased rate of 4.7 percent in 2006-2007 which corresponded with the trends statewide. For 2007-2008, the budget includes a minimal growth rate (2.32%) for sales tax revenues.
 - Hotel room sales increased Countywide by 1.03% in 2006-2007, with occupancy rates at 70%. For the fiscal year 2007-2008 the budget assumes a very modest growth rate of 1.1% in transient occupancy tax.
- The unemployment rate for the County increased slightly to 4.9% in April 2007 from 4.8% in April 2006. This is lower than the State's unemployment rate of 5.1 percent and slightly higher than the U.S. rate of 4.5 percent.
- The fiscal year 2007-2008 budget includes an increase in salaries of 2.9 percent for a cost of living adjustment.
- Unlike prior years, the County did not face massive program and staff reductions in order to balance the fiscal year 2007-08 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 Proposition 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 strategic in using limited resources to expand critical programs for the District Attorney, Sheriff, the Office of Emergency Operations, the Departments of Health and Human Services, Human Assistance, Probation, Public Defender, and Regional Parks.
- The Fiscal Year 2007-08 Adopted Final Budget included unaudited General Fund balance/carryover of \$74.53 million. Of this amount, the General Purpose Financing net improvement was approximately \$37.62 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, 2007
(amounts expressed in thousands)**

Page 1 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 1,406,398	258,935	1,665,333
Receivables, net of allowance for uncollectibles:			
Billed	86,144	19,882	106,026
Interest	31		31
Intergovernmental	159,137	8,343	167,480
Deposits with others		2,209	2,209
Internal balances	(21,896)	21,896	
Inventories	2,875	42	2,917
Restricted assets		9,345	9,345
Total current assets	<u>1,632,689</u>	<u>320,652</u>	<u>1,953,341</u>
Noncurrent assets:			
Restricted assets		518,003	518,003
Long-term receivables	111,061	11	111,072
Water facility rights		4,556	4,556
Deferred charges	18,556	8,217	26,773
Pension asset	1,035,174		1,035,174
Capital assets:			
Land and other nondepreciable assets	276,091	281,189	557,280
Facilities, infrastructure and equipment, net of depreciation	1,202,875	537,963	1,740,838
Total capital assets	<u>1,478,966</u>	<u>819,152</u>	<u>2,298,118</u>
Total noncurrent assets	<u>2,643,757</u>	<u>1,349,939</u>	<u>3,993,696</u>
Total assets	<u>\$ 4,276,446</u>	<u>1,670,591</u>	<u>5,947,037</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, 2007
(amounts expressed in thousands)**

Page 2 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities:			
Current liabilities:			
Warrants payable	\$ 34,525	5,627	40,152
Accrued liabilities	152,740	20,099	172,839
Tax and revenue anticipation notes	360,000		360,000
Intergovernmental payable	108,866	4	108,870
Current portion of accrued interest payable	5,384		5,384
Payable to external parties	1,615	19	1,634
Current portion of insurance claims payable	35,374		35,374
Current portion of long-term debt obligations	50,502	4,188	54,690
Current liabilities payable from restricted assets		9,345	9,345
Unearned revenue	61,191	805	61,996
Total current liabilities	<u>810,197</u>	<u>40,087</u>	<u>850,284</u>
Noncurrent liabilities:			
Insurance claims payable	104,290		104,290
Accreted interest	257,182		257,182
Long-term debt obligations	1,624,762	699,540	2,324,302
Arbitrage rebate payable		98	98
Landfill closure and postclosure care		14,967	14,967
Total noncurrent liabilities	<u>1,986,234</u>	<u>714,605</u>	<u>2,700,839</u>
Total liabilities	<u>2,796,431</u>	<u>754,692</u>	<u>3,551,123</u>
Net assets:			
Invested in capital assets, net of related debt	1,099,603	512,575	1,612,178
Restricted for:			
Landfill closure		7,996	7,996
Debt service	114,049	22,492	136,541
Capital projects	57,240	4,450	61,690
Passenger facility charges		103,826	103,826
Fire protection	1,168		1,168
Health programs	231,771		231,771
Transportation	15,506		15,506
Lighting and landscape maintenance	1,862		1,862
Community facilities	3,568		3,568
Fish and game	23		23
Unrestricted	(44,775)	264,560	219,785
Total net assets	<u>1,480,015</u>	<u>915,899</u>	<u>2,395,914</u>
Total liabilities and net assets	<u>\$ 4,276,446</u>	<u>1,670,591</u>	<u>5,947,037</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, 2007
(amounts expressed in thousands)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business- Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 217,194	134,274	2,127	985	(79,808)		(79,808)
Public assistance	736,120	10,621	663,010		(62,489)		(62,489)
Public protection	727,876	145,372	107,306	2,377	(472,821)		(472,821)
Health and sanitation	527,305	41,289	323,114	4,151	(158,751)		(158,751)
Public ways and facilities	139,424	82,266	9,412	34,480	(13,266)		(13,266)
Recreation and culture	37,522	14,694			(22,828)		(22,828)
Education	14,806	256			(14,550)		(14,550)
Interest and fiscal charges	108,249				(108,249)		(108,249)
Total governmental activities	<u>2,508,496</u>	<u>428,772</u>	<u>1,104,969</u>	<u>41,993</u>	<u>(932,762)</u>		<u>(932,762)</u>
Business-type activities:							
Airport	113,018	107,997	27,869	12,664		35,512	35,512
Solid Waste	61,106	64,676				3,570	3,570
Water Agency	40,200	54,894		9,231		23,925	23,925
Parking Enterprise	2,630	3,047				417	417
County Transit	2,179	556	1,582			(41)	(41)
Total business-type activities	<u>219,133</u>	<u>231,170</u>	<u>29,451</u>	<u>21,895</u>		<u>63,383</u>	<u>63,383</u>
Total primary government	<u>\$ 2,727,629</u>	<u>659,942</u>	<u>1,134,420</u>	<u>63,888</u>	<u>(932,762)</u>	<u>63,383</u>	<u>(869,379)</u>
General revenues:							
Taxes:							
Property							
					447,032		447,032
Sales / use							
					80,267	951	81,218
Transient occupancy							
					6,823		6,823
Unrestricted investment earnings							
					75,053	18,188	93,241
Grants and contributions not restricted to specific programs							
					199,811		199,811
Pledged tobacco settlement proceeds							
					12,795		12,795
Miscellaneous							
					109,194		109,194
Transfers							
					1,609	(1,609)	
Total general revenues and transfers							
					<u>932,584</u>	<u>17,530</u>	<u>950,114</u>
Changes in net assets							
					(178)	80,913	80,735
Net assets, beginning of year							
					1,480,193	834,986	2,315,179
Net assets, end of year							
					<u>\$ 1,480,015</u>	<u>915,899</u>	<u>2,395,914</u>

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

**COUNTY OF SACRAMENTO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007
(amounts expressed in thousands)**

	General	Nonmajor Governmental Funds	Total
Assets:			
Cash and investments	\$ 645,873	586,291	1,232,164
Receivables:			
Billed	64,658	17,997	82,655
Interest		31	31
Intergovernmental	149,215	8,109	157,324
Due from other funds	25,933	21,553	47,486
Long-term advances to other funds		33,999	33,999
Long-term receivables	25,191	85,751	110,942
Total assets	<u>\$ 910,870</u>	<u>753,731</u>	<u>1,664,601</u>
Liabilities and fund balances:			
Liabilities:			
Warrants payable	\$ 22,864	3,979	26,843
Accrued liabilities	110,692	22,133	132,825
Tax and revenue anticipation notes	360,000		360,000
Intergovernmental payable	72,915	26,450	99,365
Due to other funds	62,218	28,970	91,188
Deferred revenues	66,443	87,392	153,835
Long-term advances from other funds	17,043		17,043
Total liabilities	<u>712,175</u>	<u>168,924</u>	<u>881,099</u>
Fund balances:			
Reserved for:			
Encumbrances	14,748	72,819	87,567
Capital asset acquisitions	24,083		24,083
Assets not available	10,019	33,610	43,629
Debt service		78,719	78,719
Future construction		145,291	145,291
Unreserved, reported in:			
General Fund	149,845		149,845
Special revenue funds		250,264	250,264
Capital projects		4,104	4,104
Total fund balances	<u>198,695</u>	<u>584,807</u>	<u>783,502</u>
Total liabilities and fund balances	<u>\$ 910,870</u>	<u>753,731</u>	<u>1,664,601</u>

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, 2007
(amounts expressed in thousands)

Fund balances - total governmental funds	\$	783,502
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.		1,433,424
Pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds.		1,035,174
Bond issuance costs of the governmental activities are not financial resources and, therefore are not reported in the funds.		15,132
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(1,929,503)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		110,968
Internal service funds are used by management to charge the costs of certain activities, related to public works, general services, self-insurance, regional communications, office of communications and information technology, and facility planning architecture and real estate to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		31,318
Net assets of governmental activities	\$	1,480,015

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, 2007
(amounts expressed in thousands)**

	General	Nonmajor Governmental Funds	Total
Revenues:			
Taxes	\$ 467,489	66,633	534,122
Use of money and property	35,278	38,894	74,172
Licenses and permits	10,639	35,396	46,035
Intergovernmental	1,266,568	108,208	1,374,776
Charges for sales and services	92,091	89,537	181,628
Fines, forfeitures and penalties	19,898	26,279	46,177
Pledged tobacco settlement proceeds		12,705	12,705
Miscellaneous	80,500	28,694	109,194
Total revenues	<u>1,972,463</u>	<u>406,346</u>	<u>2,378,809</u>
Expenditures:			
Current:			
General government	134,476	43,476	177,952
Public assistance	704,964	26,919	731,883
Public protection	657,200	30,171	687,371
Health and sanitation	463,986	37,504	501,490
Public ways and facilities	83	102,534	102,617
Recreation and culture	10,558	31,414	41,972
Education	385	19,697	20,082
Capital outlay		100,052	100,052
Debt service:			
Principal		53,880	53,880
Interest and fiscal charges		72,229	72,229
Total expenditures	<u>1,971,652</u>	<u>517,876</u>	<u>2,489,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>811</u>	<u>(111,530)</u>	<u>(110,719)</u>
Other financing sources (uses):			
Transfers in	11,798	104,975	116,773
Transfers out	(66,912)	(36,218)	(103,130)
Capital leases obligations		4,105	4,105
Issuance of debt		39,524	39,524
Total other financing sources (uses)	<u>(55,114)</u>	<u>112,386</u>	<u>57,272</u>
Net change in fund balances	<u>(54,303)</u>	<u>856</u>	<u>(53,447)</u>
Fund balances - beginning	252,998	583,951	836,949
Fund balances - ending	<u>\$ 198,695</u>	<u>584,807</u>	<u>783,502</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, 2007
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	(53,447)
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.		72,511
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.		5,343
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.		9,483
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.		(40,566)
Some revenues will not be collected for several months after the year ends, and therefore are not considered "available" and are deferred in the governmental funds. Deferred revenues decreased by this amount during the year.		(16,012)
The net revenues of certain activities of internal service funds is reported with governmental activities.		22,510
Change in net assets of governmental activities	<u>\$</u>	<u>(178)</u>

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, 2007
(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	\$ 465,563	464,175	467,489	3,314
Use of money and property	23,220	27,938	35,278	7,340
Licenses and permits	11,615	11,782	10,639	(1,143)
Intergovernmental	1,341,481	1,389,854	1,266,568	(123,286)
Charges for sales and services	129,523	134,722	92,091	(42,631)
Fines, forfeitures and penalties	23,630	23,683	19,898	(3,785)
Miscellaneous	65,628	75,701	80,500	4,799
Total revenues	<u>2,060,660</u>	<u>2,127,855</u>	<u>1,972,463</u>	<u>(155,392)</u>
Expenditures:				
Current:				
General government:				
Legislative and administrative	96,373	100,713	68,541	32,172
Finance	17,163	16,485	14,353	2,132
Counsel	6,409	7,104	5,435	1,669
Human resources	18,447	18,401	16,490	1,911
Elections	12,042	16,909	14,071	2,838
Other	17,319	17,359	15,586	1,773
Total general government	<u>167,753</u>	<u>176,971</u>	<u>134,476</u>	<u>42,495</u>
Public assistance:				
Administration	386,645	393,131	347,909	45,222
Aid programs	393,015	392,988	357,055	35,933
Total public assistance	<u>779,660</u>	<u>786,119</u>	<u>704,964</u>	<u>81,155</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, 2007
(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	223,117	246,468	209,557	36,911
Police protection	335,635	365,931	331,083	34,848
Detention and correction	119,504	123,428	101,215	22,213
Protection and inspection	9,130	10,717	9,303	1,414
Other	6,433	6,559	6,042	517
Total public protection	<u>693,819</u>	<u>753,103</u>	<u>657,200</u>	<u>95,903</u>
Health and sanitation	475,847	502,603	463,986	38,617
Public ways and facilities	87	87	83	4
Recreation and culture	11,588	12,839	10,558	2,281
Education	395	393	385	8
Total expenditures	<u>2,129,149</u>	<u>2,232,115</u>	<u>1,971,652</u>	<u>260,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(68,489)</u>	<u>(104,260)</u>	<u>811</u>	<u>105,071</u>
Other financing sources (uses):				
Transfers in	11,798	11,798	11,798	
Transfers out	<u>(66,912)</u>	<u>(66,912)</u>	<u>(66,912)</u>	
Total other financing sources (uses)	<u>(55,114)</u>	<u>(55,114)</u>	<u>(55,114)</u>	
Net change in fund balance	<u>\$ (123,603)</u>	<u>(159,374)</u>	<u>(54,303)</u>	<u>105,071</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, 2007
 (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	\$ 111,032	62,941	77,869	7,093	258,935	174,234
Receivables, net of allowance for uncollectibles:						
Billed	8,239	9,474	2,143	26	19,882	3,489
Intergovernmental	6,836	740		767	8,343	1,813
Deposits with others	2,209				2,209	
Due from other funds	17	70	17	853	957	62,974
Inventories	42				42	2,875
Restricted assets	9,345				9,345	
Total current assets	<u>137,720</u>	<u>73,225</u>	<u>80,029</u>	<u>8,739</u>	<u>299,713</u>	<u>245,385</u>
Noncurrent assets:						
Restricted assets	150,362	8,028	359,613		518,003	
Long-term advances to other funds						33
Long-term receivables				11	11	119
Water facility rights			4,556		4,556	
Deferred charges	3,625	714	3,692	186	8,217	3,424
Capital assets:						
Land and other nondepreciable assets	85,250	43,903	150,737	1,299	281,189	
Facilities, infrastructure and equipment, net of depreciation	338,372	47,460	148,749	3,382	537,963	45,542
Total capital assets	<u>423,622</u>	<u>91,363</u>	<u>299,486</u>	<u>4,681</u>	<u>819,152</u>	<u>45,542</u>
Total noncurrent assets	<u>577,609</u>	<u>100,105</u>	<u>667,347</u>	<u>4,878</u>	<u>1,349,939</u>	<u>49,118</u>
Total assets	<u>\$ 715,329</u>	<u>173,330</u>	<u>747,376</u>	<u>13,617</u>	<u>1,649,652</u>	<u>294,503</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, 2007
 (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	\$ 4,359	225	988	55	5,627	7,682
Accrued liabilities	15,092	1,793	2,776	438	20,099	19,915
Tax and revenue anticipation notes						
Intergovernmental payable			4		4	9,501
Due to other funds	3,356	231	626	25	4,238	17,625
Current portion of insurance claims payable						35,374
Current portion of long-term debt obligations		1,275	2,353	560	4,188	
Current liabilities payable from restricted assets	9,345				9,345	
Unearned revenue	805				805	3,453
Total current liabilities	<u>32,957</u>	<u>3,524</u>	<u>6,747</u>	<u>1,078</u>	<u>44,306</u>	<u>93,550</u>
Noncurrent liabilities:						
Insurance claims payable						104,290
Long-term debt obligations	242,053	23,791	430,439	3,257	699,540	23,198
Long-term advances from other funds						16,989
Arbitrage rebate payable	98				98	
Landfill closure and postclosure care		14,967			14,967	
Total noncurrent liabilities	<u>242,151</u>	<u>38,758</u>	<u>430,439</u>	<u>3,257</u>	<u>714,605</u>	<u>144,477</u>
Total liabilities	<u>275,108</u>	<u>42,282</u>	<u>437,186</u>	<u>4,335</u>	<u>758,911</u>	<u>238,027</u>
Net assets:						
Invested in capital assets, net of related debt	211,869	67,978	231,705	1,023	512,575	19,915
Restricted for:						
Landfill closure		7,996			7,996	
Debt service	22,460	32			22,492	
Capital projects	4,450				4,450	
Passenger facility charges	103,826				103,826	
Unrestricted	97,616	55,042	78,485	8,259	239,402	36,561
Total net assets	<u>440,221</u>	<u>131,048</u>	<u>310,190</u>	<u>9,282</u>	<u>890,741</u>	<u>56,476</u>
Total liabilities and net assets	<u>\$ 715,329</u>	<u>173,330</u>	<u>747,376</u>	<u>13,617</u>		<u>294,503</u>
Adjustment to reflect internal service fund activities related to enterprise funds					25,158	
Net assets of business-type activities					<u>\$ 915,899</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, 2007
 (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	\$ 103,649	56,568	39,409	2,845	202,471	475,034
Other		709	252	198	1,159	10,966
Total operating revenues	<u>103,649</u>	<u>57,277</u>	<u>39,661</u>	<u>3,043</u>	<u>203,630</u>	<u>486,000</u>
Operating expenses:						
Salaries and benefits	29,194	22,695		614	52,503	228,308
Services and supplies	46,453	29,963	17,355	1,441	95,212	163,742
Cost of sales and services	573				573	5,117
Depreciation	21,063	6,637	5,324	391	33,415	13,042
Self-insurance						35,946
Other	769			1,728	2,497	3,548
Total operating expenses	<u>98,052</u>	<u>59,295</u>	<u>22,679</u>	<u>4,174</u>	<u>184,200</u>	<u>449,703</u>
Operating income (loss)	<u>5,597</u>	<u>(2,018)</u>	<u>16,982</u>	<u>(1,131)</u>	<u>19,430</u>	<u>36,297</u>
Nonoperating revenues (expenses):						
Use of money and property	7,914	3,428	6,484	362	18,188	881
Intergovernmental	687			1,582	2,269	1,618
Passenger facility charges	27,182				27,182	
Sales / use tax				951	951	
Interest expense	(12,058)	(1,162)	(2,753)	(182)	(16,155)	(1,057)
Other	(105)	4,182		2	4,079	1,488
Total nonoperating revenues (expenses)	<u>23,620</u>	<u>6,448</u>	<u>3,731</u>	<u>2,715</u>	<u>36,514</u>	<u>2,930</u>
Income before capital contributions and transfers	29,217	4,430	20,713	1,584	55,944	39,227
Transfers in		161			161	3,411
Transfers out	(1,080)	(648)		(42)	(1,770)	(15,445)
Capital contributions	12,664		9,231		21,895	
Changes in net assets	40,801	3,943	29,944	1,542	76,230	27,193
Net assets, beginning of year	399,420	127,105	280,246	7,740		29,283
Net assets, end of year	<u>\$ 440,221</u>	<u>131,048</u>	<u>310,190</u>	<u>9,282</u>		<u>56,476</u>
Adjustment to reflect internal service fund activities related to enterprise funds.					4,683	
Change in net assets of business-type activities					<u>\$ 80,913</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, 2007
 (amounts expressed in thousands)**

Page 1 of 2

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Airport	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 103,465	53,415	34,443	2,817	194,140	9,644
Receipts from interfund services provided						499,903
Payments to suppliers	(33,485)	(25,272)	(20,649)	(3,143)	(82,549)	(167,689)
Payments to employees	(29,299)	(22,588)		(606)	(52,493)	(225,788)
Claims payments						(37,620)
Other (payments) receipts	82	6,723	252	(122)	6,935	(3,593)
Payments for interfund services used		(4,938)		(34)	(4,972)	(25,102)
Other operating receipts				198	198	443
Net cash provided by (used for) operating activities	<u>40,763</u>	<u>7,340</u>	<u>14,046</u>	<u>(890)</u>	<u>61,259</u>	<u>50,198</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Intergovernmental revenue	960	927		2,577	4,464	1,614
Other non-operating revenue						3,008
Non-operating expense						(636)
Receipt of advances from other funds						12,983
Payment on advances from other funds				(62)	(62)	(6,838)
Interest paid on advances from other funds						(1,056)
Transfers	(1,080)	(487)		(42)	(1,609)	(12,034)
Net cash provided by (used for) noncapital financing activities	<u>(120)</u>	<u>440</u>		<u>2,473</u>	<u>2,793</u>	<u>(2,959)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of long-term obligations			378,657		378,657	
Acquisition and construction of capital assets	(44,029)	(3,913)	(51,189)	(448)	(99,579)	(17,835)
Principal paid on long-term obligations	(7,660)	(1,240)	(1,837)	(535)	(11,272)	
Interest paid on long-term obligations	(11,562)	(1,006)	(1,135)	(182)	(13,885)	
Bond issuance costs	(2)				(2)	
Proceeds from the sale of capital assets	126	435		2	563	440
Capital contributions	11,761		409		12,170	
Passenger facility charges	26,072				26,072	
Net cash provided by (used for) capital and related financing activities	<u>(25,294)</u>	<u>(5,724)</u>	<u>324,905</u>	<u>(1,163)</u>	<u>292,724</u>	<u>(17,395)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of investments			(22,595)		(22,595)	
Interest received on cash and investments	7,917	3,429	4,342	356	16,044	
Net cash provided by (used for) investing activities	<u>7,917</u>	<u>3,429</u>	<u>(18,253)</u>	<u>356</u>	<u>(6,551)</u>	
Net increase in cash and cash equivalents	23,266	5,485	320,698	776	350,225	29,844
Cash and cash equivalents, beginning of year as restated	247,473	65,484	88,803	6,317	408,077	144,390
Cash and cash equivalents, end of year	<u>\$ 270,739</u>	<u>70,969</u>	<u>409,501</u>	<u>7,093</u>	<u>758,302</u>	<u>174,234</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, 2007
 (amounts expressed in thousands)**

Page 2 of 2

	Business-type Activities - Enterprise Funds				Total	Activities- Internal Service Funds
	Airport	Solid Waste	Water Agency	Nonmajor Enterprise Funds		
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Cash and investments	\$ 111,032	62,941	77,869	7,093	258,935	174,234
Restricted current assets	9,345				9,345	
Restricted noncurrent assets (net of accrued interest)	150,362	8,028	359,613		518,003	
Less: Long-term investments included in restricted assets			(25,714)		(25,714)	
Less: Interest receivable included in restricted assets			(2,267)		(2,267)	
Cash and cash equivalents	<u>\$ 270,739</u>	<u>70,969</u>	<u>409,501</u>	<u>7,093</u>	<u>758,302</u>	<u>174,234</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ 5,597	(2,018)	16,982	(1,131)	19,430	36,297
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	21,063	6,637	5,324	358	33,382	13,042
Amortization				32	32	
Recoveries for uncollectible accounts	(71)				(71)	
Impact fee credits applied			(4,678)		(4,678)	
Other nonoperating revenue	82	3,453			3,535	
Gain (Loss) on disposal of fixed assets						(45)
Changes in assets and liabilities:						
Receivables	(105)	(1,536)	(297)	(26)	(1,964)	(879)
Due from other funds		(11)	10		(1)	(4,187)
Deposits with others	56				56	
Long-term receivables						(102)
Prepaid expenses	224				224	
Inventories	4				4	(401)
Accrued liabilities	10,120	(119)	(3,194)	(12)	6,795	(940)
Warrants payable	3,906	66		(85)	3,887	4,391
Compensated absences	(105)	70		8	(27)	2,519
Due to other funds		(558)	(101)	(34)	(693)	1,754
Deferred revenues	(8)				(8)	(698)
Due to other governments		(8)			(8)	(1,078)
Due from other governments		957			957	2,199
Insurance claims payable						(1,674)
Landfill closure and postclosure care		407			407	
Total adjustments	<u>35,166</u>	<u>9,358</u>	<u>(2,936)</u>	<u>241</u>	<u>41,829</u>	<u>13,901</u>
Net cash provided by (used for) operating activities	<u>\$ 40,763</u>	<u>7,340</u>	<u>14,046</u>	<u>(890)</u>	<u>61,259</u>	<u>50,198</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributed assets			8,822		8,822	
Amortization of bonds premium			80		80	
Retired assets - Net book value	46				46	
Write off of issuance costs on advance refunding			946		946	
Bond proceeds deposited into escrow to defease debt			43,683		43,683	
Capital assets purchases included in accrued liabilities	153				153	

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, 2007
 (amounts expressed in thousands)**

	Agency	Investment Trust
Assets:		
Cash and investments	\$ 238,031	2,424,990
Receivables, net of allowance for uncollectibles:		
Billed	9,024	
Interest	39,361	
Intergovernmental	1,092	
Due from other funds	1,634	
Long-term receivables	150	
Total assets	\$ 289,292	2,424,990
Liabilities:		
Warrants payable	\$ 17,907	
Accrued liabilities	19,326	
Intergovernmental payable	252,059	
Total liabilities	289,292	
Net assets held in trust for pool participants		2,424,990
Total liabilities and net assets held in trust for pool participants	\$ 289,292	2,424,990

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, 2007
 (amounts expressed in thousands)**

	<u>Investment Trust</u>
Additions:	
Contributions on pooled investments	\$ 15,086,004
Use of money and property	188,212
Total additions	15,274,216
Deductions:	
Distributions from pooled investments	14,942,578
Net increase in net assets	331,638
Net assets held in trust for pool participants, beginning of year	2,093,352
Net assets held in trust for pool participants, end of year	\$ 2,424,990

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

considered a blended component unit of the County. The County Board of Supervisors sits as the Board of Directors of the PFA. The PFA was created for the purpose of obtaining financing for various designated redevelopment and housing projects in the greater Sacramento area. The debts and liabilities of the PFA belong solely to it, and neither the County nor the Agency 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.

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 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:

AGENCY

Sacramento Area Council of Governments
Sacramento Employment and Training Agency
Sacramento Area Flood Control Agency
Sacramento Metropolitan Cable Television Commission
Sacramento Housing and Redevelopment Agency
Sacramento Port Authority
Sacramento Transportation Agency
Local Agency Formation Commission
Sacramento/Placerville Transportation

PURPOSE

Regional planning (primarily transportation)
Coordination of Federal and State funding for job programs
Regional flood control issues
Administration of the franchising and licensing of cable TV services
Housing/redevelopment projects
Operation of the Port of Sacramento
Administration of County-wide transportation projects
Formation of districts and cities within the County
Acquisition of rail lines for a transportation corridor

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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Sacramento Metropolitan Air Quality District	Monitor and enforce air quality
Solid Waste Authority	Regulate commercial waste collection franchises and regional programs
Library Joint Powers Authority	Library operations
Sacramento County Regional Sanitation District	Waste water conveyance, treatment and disposal
Sacramento County Sanitation District	Sewer Service

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. Governmental 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 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, 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.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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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 (other than property 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 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.

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

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

Cash and Cash Equivalents

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

Property Taxes

The County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within Sacramento County including the cities, school districts, and various special districts. Property taxes are payable in equal installments, November 1 and February 1. They become delinquent after December 10 and April 10, respectively. The assessment date for fiscal year 2006-07 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.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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Intergovernmental Revenues

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

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

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either due to/from other funds or advances to/from other funds. Any remaining balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. Advances to other funds, as reported in the fund statements, are offset by 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 four 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. The county has not reported infrastructure acquired prior to 1980. 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. Infrastructure acquired prior to 1980 has not been

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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reported. 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	4 to 50
Infrastructure	20 to 50
Equipment	3 to 25

Compensated Absences

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

Governmental Funds - Governmental funds record expenditures for compensated absences as they are taken by employees. A year-end accrual for compensated absences has not been made in the governmental funds as of June 30, 2007, 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.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
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Fund Equity

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

Use of Estimates in the Preparation of Financial Statements

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

Liability/Property and Workers Compensation ISF Deficit Net Assets

As of June 30, 2007, the Liability/Property and Workers Compensation ISF have deficit net assets of \$15,619 and \$48,016, respectively. These deficits in net assets represent the county's unfunded liability for the liability/property and workers compensation self insurance programs. The County is collecting additional amounts from the departments to eliminate the unfunded liability.

Reclassifications

Certain other amounts in the 2006 financial statements have been reclassified to conform with presentation of the 2007 financial statements.

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

Total fund balances of the County's governmental funds, \$783,502 differs from net assets of governmental activities, \$1,480,015, 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, 2007
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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	\$ 1,232,164		174,234		1,406,398
Receivables, net of allowance for uncollectibles:					
Billed	82,655		3,489		86,144
Interest	31				31
Intergovernmental	157,324		1,813		159,137
Due from other funds	47,486		37,816	(107,198)	(21,896)
Inventories			2,875		2,875
Total current assets	<u>1,519,660</u>		<u>220,227</u>	<u>(107,198)</u>	<u>1,632,689</u>
Noncurrent assets:					
Long-term receivables	110,942		119		111,061
Deferred charges		15,132	3,424		18,556
Long-term advances to other funds	33,999		33	(34,032)	
Pension asset		1,035,174			1,035,174
Capital assets:					
Land and other nondepreciable assets		276,091			276,091
Facilities, infrastructure and equipment, net of depreciation		1,157,333	45,542		1,202,875
Total capital assets		<u>1,433,424</u>	<u>45,542</u>		<u>1,478,966</u>
Total noncurrent assets	<u>144,941</u>	<u>2,483,730</u>	<u>49,118</u>	<u>(34,032)</u>	<u>2,643,757</u>
Total assets	<u>\$ 1,664,601</u>	<u>2,483,730</u>	<u>269,345</u>	<u>(141,230)</u>	<u>4,276,446</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Statement of Net Assets
Liabilities:					
Current liabilities:					
Warrants payable	\$ 26,843		7,682		34,525
Accrued liabilities	132,825		19,915		152,740
Tax and revenue anticipation notes	360,000				360,000
Intergovernmental payable	99,365		9,501		108,866
Current portion of accrued interest payable		5,384			5,384
Due to other funds/payable to external parties	91,188		17,625	(107,198)	1,615
Current portion of insurance claims payable			35,374		35,374
Current portion of long-term debt obligations		50,502			50,502
Deferred / unearned revenue	153,835	(96,097)	3,453		61,191
Total current liabilities	864,056	(40,211)	93,550	(107,198)	810,197
Noncurrent liabilities:					
Insurance claims payable			104,290		104,290
Accreted interest		257,182			257,182
Long-term debt obligations		1,601,564	23,198		1,624,762
Long-term advances from other funds	17,043		16,989	(34,032)	
Total noncurrent liabilities	17,043	1,858,746	144,477	(34,032)	1,986,234
Total liabilities	881,099	1,818,535	238,027	(141,230)	2,796,431
Fund balance/net assets:					
Reserved for:					
Encumbrances	87,567			(87,567)	
Capital asset acquisitions	24,083			(24,083)	
Assets not available	43,629			(43,629)	
Debt service	78,719			(78,719)	
Future construction	145,291			(145,291)	
Unreserved:					
Undesignated	404,213			(404,213)	
Invested in capital assets, net of related debt		1,079,688	19,915		1,099,603
Restricted for:					
Debt service		(254,155)		368,204	114,049
Capital projects		(87,283)		144,523	57,240
Fire protection				1,168	1,168
Health programs		6,809		224,962	231,771
Transportation				15,506	15,506
Lighting and landscape maintenance				1,862	1,862
Community facilities				3,568	3,568
Fish and game				23	23
Unrestricted		(79,864)	11,403	23,686	(44,775)
Total fund balance / net assets	783,502	665,195	31,318	(141,230)	1,480,015
Total liabilities and fund balance / net assets	\$ 1,664,601	2,483,730	269,345	(141,230)	4,276,446

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
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(a) Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets

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

Cost of capital assets	\$ 3,352,361
Accumulated depreciation	<u>(1,918,937)</u>
	<u>1,433,424</u>

Pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds. 1,035,174

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. 15,132

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	(76,339)
Accreted interest payable	(262,566)
Bonds, loans, capital leases, and other payables	(1,575,727)
Unamortized swap premium	<u>(14,871)</u>
	<u>(1,929,503)</u>

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

Deferred revenue	<u>110,968</u>
Total	<u>\$ 665,195</u>

(2) Internal service funds are used by management to charge the costs of certain activities, related to public works, general services, self-insurance, regional communications and office of communications and technology to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

\$ 31,318

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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The net change in fund balances for governmental funds, \$(53,447), differs from the change in net assets for governmental activities, \$(178) 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.

	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	\$ 447,032					447,032
Sales / use	80,267					80,267
Transient occupancy	6,823					6,823
Use of money and property	74,172			881		75,053
Licenses and permits	46,035				(46,035)	
Intergovernmental	1,374,776		1,267	1,618	(1,377,661)	
Charges for sales and services	181,628		(5,589)	140,400	112,333	428,772
Operating grants and contributions			(11,780)		1,116,749	1,104,969
Capital grants and contributions					41,993	41,993
Grants and contributions not restricted to specific programs					199,811	199,811
Fines, forfeitures and penalties	46,177				(46,177)	
Pledged tobacco settlement proceeds	12,705		90			12,795
Miscellaneous	109,194					109,194
Donated capital assets		1,013			(1,013)	
Total revenues	<u>2,378,809</u>	<u>1,013</u>	<u>(16,012)</u>	<u>142,899</u>		<u>2,506,709</u>
Current:						
Expenditures/expenses						
General government	177,952	13,589	276	25,377		217,194
Public assistance	731,883	53	(20)	4,204		736,120
Public protection	687,371	13,502	(488)	27,491		727,876
Health and sanitation	501,490	22,948	180	2,687		527,305
Public ways and facilities	102,617	(10,984)		47,791		139,424
Recreation and culture	41,972	(5,192)	23	719		37,522
Education	20,082	(5,362)		86		14,806
Capital outlay	100,052	(100,052)				
Debt service:						
Principal	53,880		(53,880)			
Interest and fiscal charges	72,229		36,020			108,249
Total expenditures/expenses	<u>2,489,528</u>	<u>(71,498)</u>	<u>(17,889)</u>	<u>108,355</u>		<u>2,508,496</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(110,719)</u>	<u>72,511</u>	<u>1,877</u>	<u>34,544</u>		<u>(1,787)</u>
Other financing sources (uses):						
Transfers in	116,773			3,411	(120,184)	
Transfers out	(103,130)			(15,445)	120,184	1,609
Capital leases obligations	4,105		(4,105)			
Issuance of debt	39,524		(39,524)			
Total other financing sources (uses)	<u>57,272</u>		<u>(43,629)</u>	<u>(12,034)</u>		<u>1,609</u>
Net change in fund balances/net assets	<u>(53,447)</u>	<u>72,511</u>	<u>(41,752)</u>	<u>22,510</u>		<u>(178)</u>
Fund balances/net assets - beginning	<u>836,949</u>	<u>1,360,913</u>	<u>(726,477)</u>	<u>8,808</u>		<u>1,480,193</u>
Fund balances/net assets - ending	<u>\$ 783,502</u>	<u>1,433,424</u>	<u>(768,229)</u>	<u>31,318</u>		<u>1,480,015</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
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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 depreciation expense charged for the year. Donated assets result in an increase in net assets.

Capital expenditures	\$ 151,558
Depreciation expense	(70,152)
Donated capital assets	1,013
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-in, disposals, etc.)	(9,908)
	\$ 72,511

(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.

\$ 5,343

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 amortization for the year.

(680)

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	13,845
Teeter notes	27,867
Tobacco revenue bonds	1,395
Pension Obligation Bonds	9,758
PFA revenue bonds	1,015
	53,880

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

Teeter notes	(39,522)
Capital leases obligations	(4,105)
Other long-term debt	(90)
	<u>(43,717)</u>
	<u>9,483</u>

Interest expense in the statement of activities differs from the amount reported in governmental funds because accreted 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.

(35,342)

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	<u>(5,224)</u>
	<u>(40,566)</u>

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

(16,012)

Total	<u><u>\$ (41,752)</u></u>
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COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

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 2006-07 was adopted on September 15, 2006. Until the adoption of a final balanced budget, operations were governed by the proposed budget approved by the Board of Supervisors on May 12, 2006. 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 2006-07, 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 2006-07, the appropriation limit for the fiscal year 2006-07 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
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

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, 2007, 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 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 the types listed in Government Code Section 53651; mortgage pass-through securities and other mortgage and consumer receivable backed bonds, not to exceed 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. Accordingly, the County believes it is not at measurable risk as to the four risk areas cited above.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

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, 2007, of the County’s \$4.8 billion in investments held by the Treasurer and fiscal agents, over 72.4 % of the investments have a maturity of six months or less. In addition, 93% of the portfolio matures within 2 years. The County does not have a policy specific to interest rate risk but has adopted an investment policy.

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, 2007, 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, 2007, approximately 45.2% 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, 2007, 35.1% 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 \$990,540; FHLMC Discount Notes/FHLMC of \$775,968.

The schedule on the following page indicates the credit and interest rate risk at June 30, 2007. For purposes of this schedule, NR 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, 2007
(amounts expressed in thousands)

	Credit Rating	Maturity					Carrying Value
		Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 Years	
Imprest cash							\$ 322
Cash in banks							1,370
In custody of Treasurer:							
Cash and cash deposits:							
Cash on hand							12
Cash in banks							41,497
Total cash and cash deposits							41,509
Investments held by Treasurer:							
Treasury Strips	Aaa/AAA					106	106
Federal Farm Credit Bonds	Aaa/AAA		19,897	39,713	136,704		196,314
Federal Home Loan Banks	Aaa/AAA		104,620	197,496	391,722		693,838
Federal National Mortgage Association	Aaa/AAA				20,425		20,425
US Treasury	Aaa/AAA					2,189	2,189
Federal National Mortgage Association Discount Notes	P-1/A-1+	24,832	118,779	28,775			172,386
FFCB Discount Notes	P-1/A-1+		2,027				2,027
FHLB Discount Notes	P-1/A-1+	294,113	2,589				296,702
FHLMC Discount Notes	P-1/A-1+	244,680	183,564	148,551			576,795
FHLMC	Aaa/AAA		34,888	44,605	119,680		199,173
State and Local Governments (SLG's)	Aaa/AAA		11,825				11,825
Commercial paper	P-1/A-1+	257,522	934,181				1,191,703
Negotiable certificates of deposit	P-1/A-1+	267,990	511,084	38,566			817,640
Other assets held by Treasurer (primarily Teeter Plan notes)	NR		322		31,981		32,303
Local Agency Investment Fund	NR	70,000					70,000
Mutual funds	AAAm	1,832					1,832
Guaranteed investment contracts	NR	362,838	24,554	326	985	105,190	493,893
Total investments held by Treasurer		1,523,807	1,948,330	498,032	701,497	107,485	4,779,151
Total in custody of Treasurer							4,820,660
Investments held by fiscal agents:							
Mutual funds	AAA/Aaa	3,735		1			3,736
Mutual funds	Aaa/AAAm/NR	7,727					7,727
Guaranteed investment contracts	NR					18,887	18,887
Total investments held by fiscal agents		11,462		1		18,887	30,350
Total investments		\$ 1,535,269	1,948,330	498,033	701,497	126,372	
Total cash, investments, and restricted assets							\$ 4,852,702

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

The County did not participate in any security lending transactions or enter into any reverse repurchase agreements during 2006-07. The County's investment with the State's Local Agency Investment Fund (LAIF) is \$70,000, this investment is included in the State's Pooled Money Investment Account (a separately issued report of LAIF is available at <http://www.treasurer.ca.gov/pmia-laif/index.asp>). As of June 30, 2007 the total amount invested by all public agencies in the State's Pooled Money Investment Account is \$66.1 billion. Of that \$66.1 billion managed by the State Treasurer, 96.5 percent is invested in non-derivative financial products and 3.5 percent is invested in derivative financial products. The average maturity of PMIA investments was 176 days as of June 30, 2007. 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, 2007, are as follows:

Government-wide statement of net assets:	
Cash and investments	\$ 1,665,333
Restricted assets, included in current assets	9,345
Restricted assets, included in noncurrent assets	518,003
Fiduciary funds statement of net assets:	
Agency	238,031
Investment Trust	<u>2,424,990</u>
Total cash, investments, and restricted assets per basic financial statements	4,855,702
Less interest receivable included in restricted assets	<u>(3,000)</u>
Total cash, investments, and restricted assets per summary of County cash deposits and investments	<u><u>\$ 4,852,702</u></u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

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, 2007:

Statement of net assets	Treasurer's Pool	Fiscal Agent Pool	Total
Net assets held for pool participants	\$ 3,478,283	1,342,377	4,820,660
Equity of internal pool participants	\$ 1,780,774	614,896	2,395,670
Equity of external pool participants	1,697,509	727,481	2,424,990
Total equity	\$ 3,478,283	1,342,377	4,820,660
Statement of changes in net assets			
Net assets at July 1, 2006	\$ 3,529,429	711,268	4,240,697
Net changes in investments by pool participants	(51,146)	631,109	579,963
Net assets at June 30, 2007	\$ 3,478,283	1,342,377	4,820,660

A summary of the investments held by the Treasurer's and Fiscal Agent Pools at June 30, 2007 are as follows:

	Carrying Value	Cost	Interest Rate Range (%)	Maturity Range
Government securities	\$2,171,780	2,160,414	3.4-8.6	7/07-1/21
Commercial paper	1,191,703	1,178,862	5.1-5.3	7/07-12/07
Negotiable certificates of deposit	817,640	817,799	4.0-5.3	7/07-6/08
Other assets held by Treasurer (primarily Teeter Plan notes)	32,303	32,303	4.8-5.2	8/07-8/11
Local Agency Investment Fund	70,000	70,000	5.2	
Mutual Funds	1,832	1,832	3.7-5.1	
Guaranteed investment contracts	493,893	493,893	3.7-7.3	7/07-5/39
Total investments held by Treasurer	\$4,779,151	4,755,103		

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

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, 2007, 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	\$ 24,680	52,289	76,969
Fund balances: reserved for assets not available	511	33,462	33,973
	<u>\$ 25,191</u>	<u>85,751</u>	<u>110,942</u>
<u>Long-term advances to other funds</u>			
Deferred revenues	\$	33,999	33,999
	<u>\$</u>	<u>33,999</u>	<u>\$ 33,999</u>

Deferred revenue and unearned revenue reported were as follows:

	Unavailable	Unearned	Total
Governmental Activities:			
General Fund			
Long-term receivables	\$ 24,680		24,680
Advances	-	41,763	41,763
Total General Fund	<u>24,680</u>	<u>41,763</u>	<u>66,443</u>
Nonmajor Funds:			
Long-term receivables	52,289		52,289
Long-term advances to other funds	33,999	1,104	35,103
Total Nonmajor Funds	<u>86,288</u>	<u>1,104</u>	<u>87,392</u>
Total Governmental Funds	110,968	42,867	153,835
Reconciling items:			
Unavailable	(110,968)		(110,968)
Internal Service Funds		3,453	3,453
Swap premiums		14,871	14,871
Total Governmental Activities		<u>61,191</u>	<u>61,191</u>
Business-type activities:			
Airport		805	805
Total Business-type activities		<u>805</u>	<u>805</u>
Total Entity Wide		<u>\$ 61,996</u>	<u>61,996</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007, is as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 106,424	3,097	(311)	109,210
Construction in progress	170,101	48,791	(52,011)	166,881
Total capital assets, not being depreciated	276,525	51,888	(52,322)	276,091
Capital assets, being depreciated:				
Buildings and improvements	552,849	53,178	(4,388)	601,639
Infrastructure	2,333,556	75,158	(1,723)	2,406,991
Equipment	238,724	35,585	(15,452)	258,857
Total capital assets, being depreciated	3,125,129	163,921	(21,563)	3,267,487
Less accumulated depreciation for:				
Buildings and improvements	(265,760)	(18,752)	2,290	(282,222)
Infrastructure	(1,547,938)	(43,939)	1,095	(1,590,782)
Equipment	(186,041)	(20,503)	14,936	(191,608)
Total accumulated depreciation	(1,999,739)	(83,194)	18,321	(2,064,612)
Total capital assets, being depreciated, net	1,125,390	80,727	(3,242)	1,202,875
Sub-total governmental activities	\$ 1,401,915	132,615	(55,564)	1,478,966
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 89,801	1,946	-	91,747
Construction in progress	164,302	81,596	(56,456)	189,442
Total capital assets, not being depreciated	254,103	83,542	(56,456)	281,189
Capital assets, being depreciated:				
Buildings and improvements	695,253	73,722	(23)	768,952
Equipment	113,111	4,993	(7,751)	110,353
Total capital assets, being depreciated	808,364	78,715	(7,774)	879,305
Less accumulated depreciation for:				
Buildings and improvements	(232,059)	(25,247)	20	(257,286)
Equipment	(83,274)	(7,917)	7,135	(84,056)
Total accumulated depreciation	(315,333)	(33,164)	7,155	(341,342)
Total capital assets, being depreciated, net	493,031	45,551	(619)	537,963
Sub-total business-type activities	\$ 747,134	129,093	(57,075)	819,152

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

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

	Depreciation Expense
Governmental activities:	
General government	\$ 6,397
Public assistance	212
Public protection	13,868
Health and sanitation	1,981
Public ways and facilities	44,818
Recreation and culture	2,703
Education	173
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	13,042
Total depreciation expense - governmental activities	<u>\$ 83,194</u>
Business-type activities:	
Airport	\$ 21,063
Solid Waste	6,589
Parking Enterprise	245
Water Agency	5,154
County Transit	113
Total depreciation expense - business-type activities	<u>\$ 33,164</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(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, 2007:

<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	\$ 21,604	Nonmajor enterprise	General	782
	Airport	991		Nonmajor governmental	52
	Solid Waste	3		Internal service	19
	Water Agency	13			
	Internal service	<u>3,322</u>			<u>853</u>
		<u>25,933</u>			
			Internal service	General	42,104
Nonmajor governmental	General	18,180		Nonmajor governmental	3,548
	Nonmajor governmental	3,297		Airport	2,345
	Airport	18		Solid Waste	228
	Water Agency	10		Water Agency	600
	Internal service	<u>48</u>		Nonmajor enterprise	10
		<u>21,553</u>		Internal service	<u>14,139</u>
					<u>62,974</u>
Airport	Nonmajor governmental	5	Agency	General	1,152
	Internal service	<u>12</u>		Nonmajor governmental	463
		<u>17</u>		Airport	1
Solid Waste	Nonmajor governmental	1		Water Agency	3
	Airport	1		Nonmajor enterprise	<u>15</u>
	Internal service	<u>68</u>			<u>1,634</u>
		<u>70</u>		Total	<u>\$ 113,051</u>
Water Agency	Internal service	<u>17</u>			

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(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, 2007.

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	\$ 17,043
	Internal service	16,956
	Subtotal	<u>33,999</u>
Internal service	Internal service	<u>33</u>
	Total	<u>\$ 34,032</u>

Amounts advanced from nonmajor governmental funds are related to the Fixed Asset Financing Program which has financed \$17,043 for major capital projects (General Fund), and major bulk automobile purchases (internal service funds).

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, 2007
(amounts expressed in thousands)

Transfers From / To Other Funds

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	
General	Nonmajor governmental	\$ 66,912	Transfer to cover debt service payments, economic development and community development programs
Nonmajor governmental	General	11,798	Transfers for Transient Occupancy Tax and Teeter Property Tax
Nonmajor governmental	Nonmajor governmental	24,259	Transfer to cover community development programs and debt service payments
Nonmajor governmental	Solid Waste	161	Purchase of clean air refuse vehicles
Airport	Nonmajor governmental	1080	Transfer to cover POB debt service payments
Solid Waste	Nonmajor governmental	648	Transfer to cover POB debt service payments
Nonmajor enterprise	Nonmajor governmental	42	Transfer to cover POB debt service payments
Internal service	Internal service	3,411	Transfer to cover debt service payments
Internal service	Nonmajor governmental	12,034	Transfer to cover POB debt service payments
	Total	<u>\$ 120,345</u>	

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

NOTE 8 - LEASES

Lease Obligations

During the year ended June 30, 2007, the County and component units entered into the following capital lease agreements:

For mechanical equipment in the amount of \$660 with an interest rate of 4.39 percent and annual lease payments of \$15 through April 2022.

For lighting and mechanical equipment in the amount of \$3,052 with an interest rate of 4.39 percent and annual lease payments of \$70 through April 2022.

Sunrise Recreation and Park District for office trailers in the amount of \$166 with an interest rate of 8.25 percent and annual lease payments of \$39 through May 2011.

Sunrise Recreation and Park District for an office trailer in the amount of \$96 with an interest rate of 10.0 percent and annual lease payments of \$23 through November 2010.

Sunrise Recreation and Park District for an office trailer in the amount of \$131 with an interest rate of 10.0 percent and annual lease payments of \$30 through November 2010.

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, 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, 2007, the future minimum lease payments under capital leases are as follows:

<u>Year ending June 30</u>	<u>Capital Lease Agreements</u>
2008	\$ 852
2009	852
2010	852
2011	852
2012	761
2013-2017	3,306
2018-2022	1,718
Total minimum lease payments	<u>9,193</u>
Less amount representing interest	<u>(2,298)</u>
Net Present value of minimum lease payments	<u>\$ 6,895</u>

COUNTY OF SACRAMENTO
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The following is a schedule of capital assets under capital leases by major classes at June 30, 2007:

Capital Assets under Capital Leases	
	Governmental Activities
Structures and Improvements	\$ 8,092
Less: Accumulated depreciation	(539)
Total	\$ 7,553

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, 2007, are as follows:

Year Ending June 30	Operating Leases Commitment	
	Governmental	Proprietary
2008	\$ 26,042	1,382
2009	25,154	1,025
2010	25,144	940
2011	22,070	155
2012	19,730	
2013-2017	86,734	
2018-2022	35,200	
2023-2027	4,273	
	\$ 244,347	3,502

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, 2007, were \$46,110, \$840, and \$41,994 respectively.

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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 2007 the Airport System received approximately \$6,432, 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, 2007.

Year Ending June 30	Future Minimum Rents
2008	\$ 12,861
2009	11,464
2010	9,246
2011	8,549
2012	8,579
2013-2017	20,197
2018-2022	1,518
2023-2027	1,085
2028-2032	369
2033-2037	67
Total future minimum rentals receivable	\$ 73,935

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, 2007, was as follows:

	Balance July 1, 2006	Increase	Decrease	Balance June 30, 2007
Tax and revenue anticipation notes	\$ 380,000	360,000	380,000	360,000

COUNTY OF SACRAMENTO
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NOTE 10 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2007:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 91,794	89,545	(81,801)	99,538	7,497
Certificates of participation	322,605		(13,845)	308,760	14,540
Teeter notes	20,647	39,522	(27,867)	32,302	7,274
Pension obligation bonds	954,722		(9,758)	944,964	19,438
Revenue bonds	307,690	159	(2,410)	305,439	2,435
Accreted Interest	1,225	2,251		3,476	
Other long-term debt	3,875	90		3,965	305
Capital lease obligations	3,122	4,105	(332)	6,895	501
Deferred amounts					
For issuance premiums	3,638		(273)	3,365	273
For issuance discounts	(4,799)		124	(4,675)	(125)
On refundings	(30,401)		1,636	(28,765)	(1,636)
Total governmental activities - long-term obligations	<u>\$ 1,674,118</u>	<u>135,672</u>	<u>(134,526)</u>	<u>1,675,264</u>	<u>50,502</u>
Business-type activities:					
Compensated absences	\$ 4,402	3,491	(3,515)	4,378	
Revenue bonds	260,370	413,420	(48,935)	624,855	4,190
PFC and subordinate revenue bonds	50,645		(1,410)	49,235	1,480
Certificates of participation	30,510		(1,775)	28,735	1,835
Reimbursement agreements	382		(290)	92	
Usage fee - City	1,613			1,613	1,038
Deferred amounts					
For issuance premiums	4,700	12,407	(2,230)	14,877	404
For issuance discounts	(1,586)		242	(1,344)	
On Refunding	(15,540)	(1,455)	2,987	(14,008)	(54)
Total business-type activities - long-term obligations	<u>\$ 335,496</u>	<u>427,863</u>	<u>(54,926)</u>	<u>708,433</u>	<u>8,893</u>

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, \$23,198 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.

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The government-wide statement of net assets includes \$9,345 of the long-term liabilities due within one year for business-type activities in liabilities *payable from restricted assets*. Of this amount, \$4,705 represents current portion of long-term debt obligations.

Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2007 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, 2008 through the year 2015, escalating from \$3,655 to \$5,315, with interest ranging from 2.0 percent to 5.0 percent.	\$ 35,370
County of Sacramento 2003 Certificates of Participation (2003 Public Facilities Projects – ADA Improvements to the Boys Ranch, Mather Golf Course and Thornton Youth Center) issued April 24, 2003. Principal payments are due June 1, 2008 through the year 2034, escalating from \$295 to \$4,145, with interest rates ranging from 2.0 percent to 5.0 percent.	14,370
County of Sacramento 2003 Certificates of Participation (Juvenile Courthouse Project) issued June 19, 2003. Principal payments are due December 1, 2007, through the year 2034, escalating from \$705 to \$2,160, with interest rates ranging from 2.0 percent to 5.0 percent.	34,775
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, 2007, through the year 2018, escalating from \$415 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.	6,645
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, 2008, through the year 2020, escalating from \$3,710 to \$8,355. 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.	74,735

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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, 2007, through the year 2027, escalating from \$2,380 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. 83,905

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 Bank of America building, purchase / renovation 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, to release the Bank of America building from this lease. Principal payments are due February 1, 2008, through the year 2019, escalating from \$2,025 to \$2,870 with interest ranging from 4.875 percent to 5.375 percent. A lump-sum payment of \$13,420 is due February 1, 2019. 19,410

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 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 \$2,095.

	39,550
Total certificates of participation	308,760
Add: deferred amount for issuance premium	3,365
Less: deferred amount on refunding	(478)
	\$ 311,647

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Teeter notes:

<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 5.245 percent in fiscal year 2006-07 and was 5.150 percent at June 30, 2007.</p>	\$ 322
<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 5.063 percent in fiscal year 2006-07 and was 4.830 percent at June 30, 2007.</p>	658
<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 5.006 percent in fiscal year 2006-07 and was 4.790 percent at June 30, 2007.</p>	1,398
<p>County of Sacramento, 2005 Teeter Loan Agreement Note, dated October 4, 2005, to purchase the delinquent 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 4.994 percent in fiscal year 2006-07 and was 4.790 percent at June 30, 2007.</p>	3,432
<p>County of Sacramento, 2006 Teeter Loan Agreement Note, dated October 17, 2006, to purchase the delinquent secured property taxes receivable as of June 30, 2006. Annual payments of principal and interest are due August 1 of each year and ending in 2011. 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, 2011. Interest payments will be at a variable rate that averaged 4.917 percent in fiscal year 2006-07 and was 4.790 percent at June 30, 2007.</p>	<u>26,492</u>
Total Teeter notes	<u>\$ 32,302</u>

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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 defeasance 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 \$18,621 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.

142,563

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. The county entered into a swap agreement effective July 10, 2006, on

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series C-1 variable rate portion fixing the interest rate to 5.901%. See Note 11 Derivatives – Interest rate swaps. 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	944,964
Less: deferred amount on refunding	(13,758)
	\$ 931,206

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 outstanding balance on the refunded bonds is \$174,225 as of June 30, 2007.

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.

\$ 256,582

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 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

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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%.

	52,333
Total revenue bonds	308,915
Less: deferred amount for issuance discount	(4,675)
Less: deferred amount for refunding	(14,529)
	\$ 289,711

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.

\$ 3,965

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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, 2007

Year ending June 30	Certificates of Participation		Teeter Plan		Pension Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 14,540	11,562	7,274	818	19,438	17,237
2009	15,305	11,082	6,952	1,268	26,874	25,138
2010	16,120	10,555	6,623	915	13,136	76,935
2011	16,980	10,005	6,156	580	14,155	64,205
2012	17,895	9,414	5,297	268	13,553	68,441
2013 - 2017	87,890	36,792			75,628	395,318
2018 - 2022	60,230	24,080			296,409	238,583
2023 - 2027	38,915	14,822			239,563	127,124
2028 - 2032	24,520	6,634			183,805	47,411
2033 - 2037	16,365	1,662			62,403	2,997
2038 - 2042						
2043 - 2047						
	<u>\$ 308,760</u>	<u>136,608</u>	<u>32,302</u>	<u>3,849</u>	<u>944,964</u>	<u>1,063,389</u>
Year ending June 30	Revenue Bonds		Other			
	Principal	Interest	Principal	Interest		
2008	\$ 2,435	13,875	305			
2009	2,300	14,545	3,660			
2010	2,545	14,450				
2011	2,445	14,342				
2012	3,340	14,237				
2013 - 2017	18,615	68,747				
2018 - 2022	31,405	63,386				
2023 - 2027	37,059	57,154				
2028 - 2032	44,315	45,332				
2033 - 2037	46,655	33,458				
2038 - 2042	54,575	20,807				
2043 - 2047	68,423	254,641				
	<u>\$ 314,112</u>	<u>614,974</u>	<u>3,965</u>			
Less unaccrued interest	(5,197)					
	<u>\$ 308,915</u>					

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Swap Payments and Associated Debt: Using the rates as of June 30, 2007, 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		
2008	\$ 3,710	2,713	725	7,148
2009	3,970	2,578	689	7,237
2010	4,250	2,434	650	7,334
2011	4,545	2,280	609	7,434
2012	4,865	2,115	565	7,545
2013 - 2017	29,930	7,665	2,048	39,643
2018 - 2022	23,465	1,741	466	25,672
	<u>\$ 74,735</u>	<u>21,526</u>	<u>5,752</u>	<u>102,013</u>

Year ending June 30	Pension Obligation Bonds		Interest Rate Swaps, Net	Total
	1995 Series B & C Variable-Rate			
	Principal	Interest		
2008	\$	7,169	7,953	15,122
2009		7,169	7,953	15,122
2010		7,169	7,953	15,122
2011		7,169	7,953	15,122
2012		7,169	7,953	15,122
2013 - 2017		35,845	39,765	75,610
2018 - 2022	100,500	30,468	33,800	164,768
2022 - 2026	33,500	1,792	1,988	37,280
	<u>\$ 134,000</u>	<u>103,950</u>	<u>115,318</u>	<u>353,268</u>

Year ending June 30	Pension Obligation Bonds 2004		Interest Rate Swaps, Net	Total
	Series C-1 Variable-Rate			
	Principal	Interest		
2008	817	17,041	1,886	19,744
2009	373	16,998	1,881	19,252
2010	700	16,978	1,879	19,557
2011	1,821	16,941	1,875	20,637
2012	1,354	16,846	1,864	20,064
2013 - 2017	17,320	81,964	9,071	108,355
2018 - 2022	48,920	75,169	8,319	132,408
2023 - 2027	108,620	56,635	10,433	175,688
2028 - 2032	144,657	19,946	2,207	166,810
	<u>\$ 324,582</u>	<u>318,518</u>	<u>39,415</u>	<u>682,515</u>

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Business-type Activities:

Revenue bonds:

Series 1992 Airport System Revenue Bonds - Issued December 9, 1992, with interest rates ranging from 5.8 percent to 6.0 percent, payable January 1 and July 1. Annual principal payments ranging from \$585 to \$1,380 are due July 1 through 2024. The bonds are secured by the pledge of net revenues derived by the 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. 38,780

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. 69,865

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. 13,900

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. 6,275

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On May 9, 2007, Sacramento County Water Financing Authority issued \$184,500 of serial 2007A (Fixed Rate) series and \$228,920 of term series 2007B (Index Rate) Revenue Bonds. \$43,205 was advance refunding of a portion of the 2003 series bonds. Net proceeds of \$44,285 (after payment of \$368 for underwriting fees, insurance, and issuance costs, plus \$478 in premium and an additional \$970 from restricted accounts related to the 2003 and 2007 Revenue Bonds) were used to purchase securities and were deposited in an irrevocable trust with an escrow agent to provide for a portion of future debt service payments on \$41,740 of the 2003 Revenue Bonds. As a result, these bonds are considered to be defeased and the liability for the bonds has been removed from the long-term debt. The defeased 2003 Revenue Bonds outstanding at June 30, 2007, was \$41,740. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of debt of \$1,455. This difference is reported in the accompanying financial statements as a deduction from revenue bonds payable and is being charged to operations through the year 2034. The purpose of this issue was to refund a portion of the 2003 bonds and to finance or reimburse the costs of acquisition and construction of certain additions, betterments, and improvements to the Agency's Water System. This advance refunding was undertaken to reduce the total debt service payments over the next 27 years by \$3,467 and resulted in an economic gain of \$2,050. Debt service payments are funded with Water Development Fees and Water Service Fees. Concurrently with the sale of the Series 2007 bonds, the agency entered into the Series 2007B Swap. See Note 11 – Derivatives – Interest Rate Swap.

413,420

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. 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.

	76,325
Total revenue bonds	624,855
Add: deferred amount for issuance premiums	14,350
Less: deferred amount for issuance discounts	(1,250)
Less: deferred amount on refunding	(10,118)
	\$ 627,837

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

COUNTY OF SACRAMENTO
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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. \$ 4,870

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.

	<u>44,365</u>
Total PFC and subordinate revenue bonds	49,235
Less: deferred amounts for issuance discounts	(94)
Less: deferred amount on refunding	<u>(1,759)</u>
	<u>\$ 47,382</u>

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 5.0 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. \$ 24,990

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

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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.

	3,745
Total certificates of participation	28,735
Less: deferred amounts for refunding	(2,131)
Add: deferred amounts for issuance premium	527
	\$ 27,131

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	\$ 92
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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
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Long-term debt obligation maturities of business-type activities are summarized below. The amounts representing interest for variable rate obligations have been based on the debt's interest rate at June 30, 2007.

Year ending June 30	Revenue Bonds		PFC and Subordinate Revenue Bonds		COP	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 4,190	29,073	1,480	2,428	1,835	1,135
2009	7,560	27,677	1,560	2,345	1,895	1,069
2010	13,805	27,380	1,645	2,256	1,960	997
2011	14,425	26,791	1,735	2,166	2,040	917
2012	15,010	26,188	1,825	2,081	2,120	834
2013 - 2017	85,430	120,543	10,505	8,970	8,820	3,090
2018 - 2022	106,205	98,754	13,390	6,013	10,065	1,132
2023 - 2027	125,695	71,405	17,095	2,220		
2028 - 2032	107,545	44,147				
2033 - 3037	102,515	21,098				
3038 - 2042	42,475	2,667				
	<u>\$ 624,855</u>	<u>495,723</u>	<u>49,235</u>	<u>28,479</u>	<u>28,735</u>	<u>9,174</u>

Year ending June 30	Reimbursement Agreements		Useage fee - City	
	Principal	Interest	Principal	Interest
2008			1,038	157
2009	92		575	22
	<u>\$ 92</u>		<u>1,613</u>	<u>179</u>

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Swap Payments and Associated Debt: Using the rates as of June 30, 2007 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	Water Enterprise Series 2007B Revenue Bonds		Interest Rate	
	Principal	Interest	Swaps, Net	Total
2008		10,073	142	10,215
2009		9,493	134	9,627
2010		9,493	134	9,627
2011		9,493	134	9,627
2012		9,493	134	9,627
2013 - 2017		47,463	670	48,133
2018 - 2022		47,463	670	48,133
2023 - 2027	10,350	46,642	658	57,650
2028 - 2032	78,195	39,929	569	118,693
2033 - 2037	97,900	20,982	313	119,195
2038 - 2039	42,475	2,667	40	45,183
				-
	\$ 228,920	253,191	3,598	485,710

Year ending June 30	Airport Systems Revenue Bonds Series 1996 A Swap		Interest Rate	
	Principal	Interest	Swaps, Net	Total
2008		3,031	133	3,164
2009	3,225	2,912	128	6,265
2010	3,350	2,789	123	6,262
2011	3,500	2,661	116	6,277
2012	3,625	2,527	111	6,263
2013 - 2017	20,425	10,448	458	31,331
2018 - 2022	24,825	6,229	256	31,310
2023 - 2027	17,375	1,342	59	18,776
	\$ 76,325	31,939	1,384	109,648

COUNTY OF SACRAMENTO
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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 2006-07.

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, 2007 the County's debt limit for general obligation bonds and legal debt margin was \$1,551,581.

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 \$ 74,735. 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 \$4,812 at June 30, 2007. 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, 2007, 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, 2007.

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 3.63% whereas the reset of 1-Month LIBOR was 3.564%, a difference of 0.066% at June 30, 2007. As of June 30, 2007, the effect of this difference increases the intended synthetic fixed rate of 4.534% to a rate of 4.60%.

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Termination risk: The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate 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 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, 2007 the unamortized premium totaled \$8,398.

1995 B&C 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 \$11,135 at June 30, 2007. 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, 2007, 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

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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 AA- by Fitch Ratings, A+ by Standard & Poor's and A1 by Moody's Investors Services as of June 30, 2007.

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 5.35%, whereas the weekly reset was the same of 5.35% as of June 30, 2007. The intended synthetic fixed rate is 5.9375%.

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, 2007 the unamortized premium totaled \$6,473.

Taxable Pension Funding Bonds – 2004C-1 Swap

Objective of the interest rate swap: On July 21, 2004, for effective date July 10, 2006, the County entered into a swap agreement with Merrill Lynch Capital Services, Inc. in connection with the Series C-1 variable rate portion of the Taxable Pension Funding Bonds, Series 2004 C-1, C-2, and C-3 totaling \$426,131. The County did not wish to take the interest rate risk associated with the Series C-1 variable rate bonds and also needed a payment of accrued interest established, since the C-1 bonds were structured to pay its initial variable rate 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 5.25%.

Fair value: The swap has a negative fair value of \$7,245 at June 30, 2007. 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: The County is not exposed to credit risk resulting from a failure of the counterparty to perform because the swap has a negative fair value. The swap counterparty was rated AA- by Standard & Poor's and Aa3 by Moody's Investors Services.

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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. The Weekly Rate was 5.25%, and the 1-Month LIBOR was 5.32%, at June 30, 2007, a difference of 0.07%. As of June 30, 2007, the intended synthetic fixed rate is 5.901 minus 0.07% or 5.831%.

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.

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

Terms: The swap was entered into on September 8, 2004, with an effective date of May 2, 2006. On May 2, 2006, the Airport System issued \$83,475 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, 2007, the notional amount will be \$76,325, 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%. Subsequent bond interest rates are based on the auction results. .

Fair Value: The swap has a fair market value of \$176 at June 30, 2007. 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 System's variable-rate bonds adjust to changing interest rates, the notes do not have a corresponding fair value increase.

Credit Risk: The System would be 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.

Basis Risk: 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, as of June 30, 2007, the Auction Rate was 3.850%, with an effective rate of 4.10% including 0.25% broker/dealer fees, whereas 68% of the 1-Month LIBOR (reset weekly and weighted average) was 3.617%, a difference of 0.483%. The effect of this difference increased the intended synthetic rate to 4.268% (fixed rate of 3.785% plus 0.483%) for the 2006 A-1. For the 2006 A-2, as of June 30, 2007, the Auction Rate was 3.780%, with an effective rate of 4.03% including 0.25% broker/dealer fees, whereas 68% of the 1-Month LIBOR (reset weekly and weighted average) was 3.617%, a difference of 0.413%. The effect of this difference increased the intended synthetic rate to 4.198% (fixed rate of 3.785% plus 0.413%) for the 2006 A-2.

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

Water Agency Revenue Bonds, Series 2007B Swap

Objective of the interest rate swap: On April 26, 2007, for effective date May 9, 2007, the Sacramento County Water Agency (SCWA) entered into two swap agreements with Bear Stearns Financial Products Inc. in connection with the Series 2007B variable rate portion of the Revenue Bonds Zone 40 and 41 2007 Water System Project totaling \$228,920 (\$128,965 for 2034 Term and \$99,955 for 2039 Term). The SCWA did not wish to take the interest rate risk associated with the variable rate bonds. In order to protect exposure against higher interest rates in the future, the SCWA executed two swap agreements with Bear Stearns.

Terms: The bonds and the related swap agreement mature on June 1, 2034 and 2039, and the swap's original notional amount of \$128,965 for the 2034 term and \$99,955 for the 2039 term matched the \$228,920 accreted value on the variable-rate bonds. The swap's current notional amount is \$228,920. The swap was entered into on April 26, 2007, with an effective date of May 9, 2007. For the 2034 Term swap, the SCWA will pay a fixed rate of 4.193% to Bear Stearns and Bear Stearns will pay a variable rate of the lesser of 67% of USD-LIBOR-BBA plus .55 bps or 12% to the SCWA. For the 2039 Term swap, the SCWA will pay a fixed rate of 4.221% to Bear Stearns and Bear Stearns will pay a variable rate of the lesser of 67% of USD-LIBOR-BBA plus .57 bps or 12% to the SCWA.

Fair Value: The 2034 Term swap has a fair market value of \$1,749 and the 2039 Term swap has a fair value of \$2,115 at June 30, 2007. 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 SCWA's variable-rate certificates adjust to changing interest rates, the bonds do not have a corresponding fair value increase.

Credit Risk: The SCWA is not exposed to credit risk resulting from a failure of the counterparty to perform because the swap's positive fair value is less than \$10 million. The swap counterparty was rated A+ by Standard & Poor's and A1 by Moody's Investors Services.

Basis risk: The swaps are not exposed to basis risk since there is no difference between the rate paid on the variable rate bonds and the floating amount received from the interest rate swap.

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

NOTE 12 - SPECIAL ASSESSMENT DEBT AND RELATED ACTIVITIES

At June 30, 2007, special assessment improvement bonds outstanding for all assessment districts totaled \$138,093. 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

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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, 2007, the outstanding balance was \$11,100.

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, 2007. At June 30, 2007, the outstanding balance was \$10,200.

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 1990 bonds in original aggregate principal amount of \$24,155 are the only bonds that have been issued under such authorization. Thus, at June 30, 2007, \$1,845 of authorized Improvement Area No. 2 bonds and \$37,500 of authorized Improvement Area No. 1 bonds, remain unissued. As of June 30, 2007, the outstanding balance was \$23,470 for Improvement Area No. 1 and \$16,440 for Improvement Area No. 2.

The Metro Air Park Community Facilities District has been authorized to issue \$7,250 of Special Tax Bonds. On November 10, 1998, the Metro Air Park Community Facilities District issued \$5,310 of special tax bonds with an interest rate of 7.0%. These bonds constitute the entire bonded indebtedness as of June 30, 2007. The outstanding balance at June 30, 2007, was \$4,465.

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, 2007. The outstanding balance at June 30, 2007, was \$62,735.

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, 2007. At June 30, 2007, the outstanding balance was \$892.

The following accounts for debt activity for a variety of special assessment districts where money has 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, 2007, the outstanding balance was \$1.

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1911 bond Series CSD-110, Sewer Improvement Bonds, issued December 14, 1993 for \$191, with an interest rate of 7.0%. At June 30, 2007, the outstanding balance was \$20.

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, 2007, the outstanding balance was \$255.

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, 2007, the outstanding balance was \$6,700.

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, 2007, the outstanding balance was \$535.

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, 2007 the outstanding balance was \$1,280.

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, 2007, is as follows:

Debt service funds	\$ 70,540	Total interest capitalized	\$ 1,765
Enterprise funds	17,920		
Internal service funds	1,057	Total interest charged to	
		expense/expenditures	87,752
	\$ 89,517		\$ 89,517

During fiscal year 2006-07, interest costs of \$1,765 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.

Governmental Funds – The County's governmental funds has entered into contracts for the construction of certain projects totaling \$166,881 at June 30, 2007.

Airport – Airport Systems had approximately \$8,388 in outstanding construction contract commitments at June 30, 2007.

Solid Waste Enterprise Fund - Solid Waste has entered into equipment and construction agreements totaling \$852 at June 30, 2007.

Water Agency – The Agency has entered into contracts for the construction of certain projects totaling \$12,650 at June 30, 2007

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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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, 2007, as follows:

Solid Waste (Enterprise Fund)	<u>\$ 14,967</u>
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Solid Waste will recognize Kiefer landfill costs of \$26,393 as the remaining capacity in the landfill is used in future years. Solid Waste included Kiefer landfill postclosure care liabilities at June 30, 2007, of \$11,322 and at June 30, 2006, of \$10,803 for a change in liability of \$519. At June 30, 2007, the capacity of the landfill used to date was 30% and the estimated remaining landfill life is 34 years.

Solid Waste included Elk Grove landfill postclosure care liabilities at June 30, 2007, of \$3,162 and at June 30, 2006, of \$3,265 for a change in liability of \$103. The landfill is 100 percent full and the postclosure 30-year liability period runs through June 2024. At June 30, 2007, the reported liabilities represent postclosure costs for the remaining 17 years.

The fund reported Grand Island Landfill postclosure care liabilities at June 30, 2007 of \$483 and at June 30, 2006, of \$492 for a change in liability of \$9. The landfill is 100% full and the postclosure 30-year liability period runs through June 2029. At June 30, 2007 the reported liabilities represent postclosure costs for the remaining 22 years.

These future closure and postclosure costs are based on what it would cost to perform all closure and postclosure care in 2007. 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, 2007 and 2006. 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, 2008. Management expects that any increase to future closure and postclosure costs will be paid from charges to future users.

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NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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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, 2007 is available on the System's web site at www.scers.org. The System's Comprehensive Annual Financial Report, including a separate audit of the financial statements for the fiscal year ended June 30, 2007, 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 1.79% and 14.17% of their annual covered salary. The County is obligated by state law to make all required contributions to the plan, ranging from 13.10% to 36.27% of covered payroll. The required contributions include current service cost and amortization of prior service cost over a 30-year closed amortization period with 26 years remaining as of June 30, 2007. 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, 2007 totaled \$145,432.

Annual Pension Cost

The County's annual pension cost and required and actual contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 3.50 % annual general inflation, (b) 7.75% investment rate of return (net of administrative expenses), and (c) Projected salary increases of 4.95% to 11.55% for miscellaneous; 3.75% to 9.65% for safety (includes inflation at 3.5%, 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 26 years, on a closed basis. The County's annual pension cost and pension assets for the year ended June 30, 2007, were as follows

Annual required contribution	\$ 145,432
Interest on beginning net pension asset	(79,221)
Adjustment to the annual required contribution	<u>73,878</u>
Annual pension cost	140,089
Contributions made	<u>145,432</u>
Increase in net pension asset	5,343
Net pension asset, beginning of year	<u>1,029,831</u>
Net pension asset, end of year	<u>\$ 1,035,174</u>

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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 Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Contribution</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Asset</u>
6/30/05	\$ 94,315	\$ 515,372	546%	\$ 1,021,894
6/30/06	119,172	127,109	107%	1,029,831
6/30/07	140,089	145,432	104%	1,035,174

Schedule of funding progress for SCERS:

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded/ AAL</u>	<u>Annual Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
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%
6/30/07	5,406,461	5,788,336	381,875	93.4%	832,484	45.9%

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NOTES TO BASIC FINANCIAL STATEMENTS (continued)
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NOTE 17 – POST EMPLOYMENT HEALTH CARE BENEFITS

The County provides certain health care and dental insurance subsidies for retired members. Members that retired prior to May 31, 2007 are eligible for the subsidy upon retirement and after meeting the minimum eligibility qualifications for the calendar year 2008. This is not a vested or negotiated benefit and is subject to approval by the Board of Supervisors annually.

The County's contributions are financed on a pay-as-you-go basis. The cost of the retiree health care and dental insurance subsidy is recognized as an expense in the year the benefit is paid. For the fiscal year ended June 30, 2007 the total costs for the health and dental insurance were \$13,255. Approximately four thousand and six-hundred retirees meet the eligibility requirement and receive the insurance subsidy.

NOTE 18 - 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, 2007, 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 on a reimbursement basis.

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.

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Reconciliation of Claims Liabilities

	Liability/Property		Worker's Compensation		Dental & Unemployment	
	2007	2006	2007	2006	2007	2006
Unpaid claims and claim adjustment expenses at beginning of the fiscal year						
Current portion	\$ 12,062	11,591	23,690	20,440		
Noncurrent	22,942	20,099	82,644	87,032		
Total beginning balance	<u>35,004</u>	<u>31,690</u>	<u>106,334</u>	<u>107,472</u>		
Incurred claims and claim adjustment expenses:						
Provision for insured events for current year	9,461	9,917	23,185	23,112	1,147	1,268
Increase (decrease) in provision for insured events of prior fiscal years	7,080	11,386	(4,927)	(1,943)		
Total incurred claims and claim adjustment expenses	<u>16,541</u>	<u>21,303</u>	<u>18,258</u>	<u>21,169</u>	<u>1,147</u>	<u>1,268</u>
Payments:						
Claims and claim adjustment expenses attributable to insured events of current fiscal year	710	1,021	2,829	27,104	1,147	1,268
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	15,211	16,968	17,723	(4,797)		
Total payments	<u>15,921</u>	<u>17,989</u>	<u>20,552</u>	<u>22,307</u>	<u>1,147</u>	<u>1,268</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year June 30, 2006.	<u>\$ 35,624</u>	<u>35,004</u>	<u>104,040</u>	<u>106,334</u>		
Current portion of unpaid claims and claim adjustments	\$ 12,097	12,062	23,277	23,690		
Non current portion of unpaid claims and claim adjustments	<u>23,527</u>	<u>22,942</u>	<u>80,763</u>	<u>82,644</u>		
Total current and non current unpaid claims and claim adjustment expenses at end of the fiscal year.	<u>\$ 35,624</u>	<u>35,004</u>	<u>104,040</u>	<u>106,334</u>		

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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	Each occurrence
Property Program:			
Property Insurance (All Risk)*	1,471,000	50	Each occurrence
Flood*	1,171,000	2% / 100 minimum	Per Building / Each occurrence
Earthquake (EQ)*	427,500	5% / 100 minimum	Per building / Each occurrence
Sheriff Vehicle Physical Damage*	33,814	10	Each occurrence
Boiler/Machinery*	100,000	5 (25 at Water Treatment Plant locations)	Each occurrence
Crime:			
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)	7,841	Various	2.5% 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	500	Each occurrence
Workers' Compensation (Excess)	200,000	2,000	Self-insured retention
Employers' Liability	15,000	2,000	Self-insured retention

*Property Coverage renewed effective 3/31/07.

**Fiduciary coverage renewed effective 5/1/07; all other policy periods effective 7/1/07.

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, 2007 EQ is capped at \$85 million in Tower II, \$85 million in Tower V and \$25 million in Tower VI (primary and excess). The County participates in a pooled membership insurance program with 54 member counties and various additional public entities through CSAC-EIA. The property program utilizes "towers" to structure the insurance limits available to participating members based on property type, geographic location and cause of loss. Not all counties participate in all available towers. Sacramento County participates in the following towers: Tower II, Geographic; Tower V, administration Buildings, Courthouses, Jails and Hospitals; and Tower IV, Zone 2 Earthquake (non-Bay Area locations). The

COUNTY OF SACRAMENTO
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purpose of the towers is to spread risk geographically and by type of property and cause of loss. Each tower has defined uses and limits (caps). Related to towers is the “Rooftop” which is a kind of tower in that it adds additional limits available to the members on a shared basis. Total EQ limit is \$427.5 million (primary and excess plus shared Rooftop [Aggregate] coverage over Towers II and V). All Risk total is at \$1.471 billion (total of Towers II, V and VI primary and excess on an actual at risk and tower-capped basis). Flood total is at \$1.171 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 (Excess) limit total was increased to \$200 million effective July 1, 2006. The Employers’ Liability (Excess) limit was reduced from \$20 million to \$15 million effective July 1, 2004.

NOTE 19- 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, 2007 are as follows:

	Governmental Activities	Business-type Activities	Total
Landfill closure	\$	7,996	7,996
Debt service	114,049	22,492	136,541
Capital projects	57,240	4,450	61,690
Passenger facility charges		103,826	103,826
Fire protection	1,168		1,168
Health programs	231,771		231,771
Transportation	15,506		15,506
Lighting and landscape maintenance	1,862		1,862
Community facilities	3,568		3,568
Fish and game	23		23

Net assets restricted by enabling legislation are comprised of \$103,826 (passenger facility charges), \$1,862 (lighting and landscape maintenance) and \$3,568 (community facilities) in the Statement of Net Assets at June 30, 2007.

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.

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- *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.

- *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 service 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 20 – 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.

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- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

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

As of June 30, 2007, 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.

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- *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.
- *Future services* – to reflect management’s intent to provide funding for unspecified services and capital projects.
- *Future pension obligations* –to reflect management’s intent to improve cash reserves to pay for the incremental increase in future pension obligation bond payments over the next 13 years.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

NOTE 21- 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, 2007 are as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Reserved			
Encumbrances	\$ 14,748	72,819	87,567
Capital asset acquisitions	24,083		24,083
Assets not available:			
Teeter plan tax loss	6,833		6,833
TRANS interest	765		765
Teeter plan delinquencies	1,555		1,555
Imprest cash	255	148	403
Long term receivables and advances to other funds	511	33,462	33,973
Special deposits	100		100
Debt service		78,719	78,719
Future construction		145,291	145,291
Total Reserved Fund Balances	<u>48,850</u>	<u>330,439</u>	<u>379,289</u>
Unreserved/Designated			
General uses	22,672	50,453	73,125
Cash flow	32,422		32,422
Teeter plan notes	2,471		2,471
Future Pension Obligation	45,980		45,980
Future services	3,183	100,118	103,301
Total Unreserved/Designated Fund Balances	<u>106,728</u>	<u>150,571</u>	<u>257,299</u>
Total Unreserved/Undesignated Fund Balances	<u>43,117</u>	<u>103,797</u>	<u>146,914</u>
Total Unreserved	<u>149,845</u>	<u>254,368</u>	<u>404,213</u>
Total Fund Balances	<u>\$ 198,695</u>	<u>584,807</u>	<u>783,502</u>

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(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 – FUTURE GASB PRONOUNCEMENTS

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, Accounting and Financial Reporting by Employers of Post employment Benefits Other Than Pensions. GASB Statement No. 45 establishes standards for the measurement, recognition and display of other post-employment benefits (OPEBs) expenses/expenditures, related assets and liabilities, note disclosures and , if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2008. The County provides certain health care benefits for retired employees which historically have been funded on a pay-as-you-go basis, as described in Note 17. The County is currently working with an actuary to determine the unfunded actuarial liability.

In September 2006, GASB issued Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standard for transactions in which a government receives/pays resources in exchange for future cash flows generated by collecting specific future revenues, such as TSR's. In addition, this Statement establishes accounting and financial reporting standards that apply to intra-entity transfers of future revenues, such as between the Authority and the County. This Statement supersedes paragraphs 16-23 of TB No. 2004-1. The authority will implement this Statement during the year ending June 30, 2008.

NOTE 24 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

On July 3, 2007, the County issued \$390,000 in 2007 Tax and Revenue Anticipation Notes, \$390,000 at a rate of 3.6609% to mature on July 9, 2008. The notes are issued to supplement County cash flows until taxes and other revenues are collected. On July 17, 2007, the 2006 Tax and Revenue Anticipation notes in the amount of \$360,000 matured and were redeemed.

Teeter Plan

On November 27, 2007, the County issued its thirteenth Teeter Note (2007 Teeter Note) and purchased under the Teeter Plan the delinquent secured property tax receivables at June 30, 2006, in the amount of \$65,436 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, 2012.

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

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, 2007.

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 minus 50 basis points to the County.

Terms: The bonds and the related swap agreement mature on July 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, it would have a negative fair value of \$46 at June 30, 2007. 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.

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 minus 50 basis points was 4.9875%, there would be a difference of 0.3765%. As of June 30, 2007, the intended synthetic fixed rate would then be 5.4255%, or 5.802% minus 0.3765%.

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.

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Assets:				
Cash and investments	\$ 333,449	83,082	169,760	586,291
Receivables:				
Billed	17,450		547	17,997
Interest			31	31
Intergovernmental	6,601		1,508	8,109
Due from other funds	20,830	20	703	21,553
Long-term advances to other funds	33,999			33,999
Long-term receivables	6,927	78,824		85,751
Total assets	\$ 419,256	161,926	172,549	753,731
Liabilities and fund balances:				
Liabilities:				
Warrants payable	\$ 2,849		1,130	3,979
Accrued liabilities	15,076	3,997	3,060	22,133
Intergovernmental payable	21,988		4,462	26,450
Due to other funds	25,556	386	3,028	28,970
Deferred revenues	40,871	46,521		87,392
Total liabilities	106,340	50,904	11,680	168,924
Fund balances:				
Reserved for:				
Encumbrances	61,345		11,474	72,819
Assets not available	1,307	32,303		33,610
Debt service		78,719		78,719
Future construction			145,291	145,291
Unreserved:				
Designated	150,571			150,571
Undesignated	99,693		4,104	103,797
Total fund balances	312,916	111,022	160,869	584,807
Total liabilities and fund balances	\$ 419,256	161,926	172,549	753,731

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:				
Taxes	\$ 66,633			66,633
Use of money and property	24,177	4,210	10,507	38,894
Licenses and permits	35,396			35,396
Intergovernmental	101,285	3,195	3,728	108,208
Charges for sales and services	86,343		3,194	89,537
Fines, forfeitures and penalties	36	21,642	4,601	26,279
Pledged tobacco settlement proceeds	12,705			12,705
Miscellaneous	12,251		16,443	28,694
Total revenues	<u>338,826</u>	<u>29,047</u>	<u>38,473</u>	<u>406,346</u>
Expenditures:				
Current:				
General government	43,476			43,476
Public assistance	26,919			26,919
Public protection	30,171			30,171
Health and sanitation	37,504			37,504
Public ways and facilities	100,001		2,533	102,534
Recreation and culture	31,414			31,414
Education	19,697			19,697
Capital outlay	36,264		63,788	100,052
Debt service:				
Principal		53,880		53,880
Interest and fiscal charges		72,229		72,229
Total expenditures	<u>325,446</u>	<u>126,109</u>	<u>66,321</u>	<u>517,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,380</u>	<u>(97,062)</u>	<u>(27,848)</u>	<u>(111,530)</u>
Other financing sources (uses):				
Transfers in	8,320	96,655		104,975
Transfers out	(22,865)	(10,465)	(2,888)	(36,218)
Capital leases obligations	393		3,712	4,105
Issuance of debt		39,524		39,524
Total other financing sources (uses)	<u>(14,152)</u>	<u>125,714</u>	<u>824</u>	<u>112,386</u>
Net change in fund balances	<u>(772)</u>	<u>28,652</u>	<u>(27,024)</u>	<u>856</u>
Fund balances - beginning, restated	313,688	82,370	187,893	583,951
Fund balances - ending	<u>\$ 312,916</u>	<u>111,022</u>	<u>160,869</u>	<u>584,807</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

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

First 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, 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, 2007
(amounts expressed in thousands)

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	Road	First 5 Commission	Library	Transportation Sales Tax	Transient Occupancy Tax	Building Inspection	Public Facilities Fixed Asset Financing Program
Assets:							
Cash and investments	\$ 18,791	102,265	5,679	2,958	1,373	2,292	
Receivables, net of allowance for uncollectibles:							
Billed	1,221	2,959		4,131	1,235	413	
Intergovernmental	381			3,398			
Due from other funds	866		1			4	17,505
Long-term advances to other funds							33,999
Long-term receivables					118		
Total assets	\$ 21,259	105,224	5,680	10,487	2,726	2,709	51,504
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$ 20		52	106	195	56	
Accrued liabilities	1,274	4,584	2	6,312	39	16	3
Intergovernmental payable	1,368		73	5,060		852	
Due to other funds	1,139	988	69	961		795	17,244
Deferred revenues					63		33,999
Total liabilities	3,801	5,572	196	12,439	297	1,719	51,246
Fund balances:							
Reserved for:							
Encumbrances	3,118	16,907	24	30,780	641	6	306
Assets not available			2		1,159		
Unreserved:							
Designated	3,203	73,882	2			984	
Undesignated	11,137	8,863	5,456	(32,732)	629		(48)
Total fund balances	17,458	99,652	5,484	(1,952)	2,429	990	258
Total liabilities and fund balances	\$ 21,259	105,224	5,680	10,487	2,726	2,709	51,504

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007
(amounts expressed in thousands)

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	Lighting and Landscape Maintenance Districts	Park Districts and Park Service Areas	Water Agencies	Stormwater Utility	Tobacco	Community Services	Golf
Assets:							
Cash and investments	\$ 2,039	8,567	53,835	20,927	46,835		347
Receivables, net of allowance for uncollectibles:							
Billed	12	277	1	2,528		1,386	156
Intergovernmental		31		84		2,475	
Due from other funds	1			24	2,350	18	22
Long-term advances to other funds							
Long-term receivables							
Total assets	\$ 2,052	8,875	53,836	23,563	49,185	3,879	525
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$ 16	347	211	346	82	936	5
Accrued liabilities	163	335	20	4		215	187
Intergovernmental payable	2	148	37	52	794	23	
Due to other funds	9	74	88	86	267	2,147	183
Deferred revenues							
Total liabilities	190	904	356	488	1,143	3,321	375
Fund balances:							
Reserved for:							
Encumbrances	274	2,015	1,045	4,563	288	259	11
Assets not available						146	
Unreserved:							
Designated	1,498	1,726	41,079	7,648			139
Undesignated	90	4,230	11,356	10,864	47,754	153	
Total fund balances	1,862	7,971	53,480	23,075	48,042	558	150
Total liabilities and fund balances	\$ 2,052	8,875	53,836	23,563	49,185	3,879	525

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007
(amounts expressed in thousands)

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	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
Assets:						
Cash and investments	\$ 30,303	24,174	970	6,039	6,055	333,449
Receivables, net of allowance for uncollectibles:						
Billed	1,007	168		1,268	688	17,450
Intergovernmental				232		6,601
Due from other funds	19			20		20,830
Long-term advances to other funds						33,999
Long-term receivables			6,809			6,927
Total assets	\$ 31,329	24,342	7,779	7,559	6,743	419,256
Liabilities and fund balances:						
Liabilities:						
Warrants payable	\$ 340	11		28	98	2,849
Accrued liabilities	1,362		263	288	9	15,076
Intergovernmental payable	12,608			22	949	21,988
Due to other funds	214	12		358	922	25,556
Deferred revenues			6,809			40,871
Total liabilities	14,524	23	7,072	696	1,978	106,340
Fund balances:						
Reserved for:						
Encumbrances	1,058	18		28	4	61,345
Assets not available						1,307
Unreserved:						
Designated		15,427		4,833	150	150,571
Undesignated	15,747	8,874	707	2,002	4,611	99,693
Total fund balances	16,805	24,319	707	6,863	4,765	312,916
Total liabilities and fund balances	\$ 31,329	24,342	7,779	7,559	6,743	419,256

**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, 2007
(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
Revenues:							
Taxes	\$ 899		20,188	21,732	6,823		
Use of money and property	1,025	4,906	316	399	102	208	
Licenses and permits	691					11,150	
Intergovernmental	40,021	19,421	282	14,518		1,632	
Charges for sales and services	404			3		29	43,903
Fines, forfeitures and penalties							
Pledged tobacco settlement proceeds							
Miscellaneous	1,710			407	353	734	
Total revenues	<u>44,750</u>	<u>24,327</u>	<u>20,786</u>	<u>37,059</u>	<u>7,278</u>	<u>13,753</u>	<u>43,903</u>
Expenditures:							
Current:							
General government							
Public assistance							
Public protection						16,680	
Health and sanitation		17,648					
Public ways and facilities	40,754			54,059			
Recreation and culture					6,141		
Education			19,697				
Capital outlay							36,264
Total expenditures	<u>40,754</u>	<u>17,648</u>	<u>19,697</u>	<u>54,059</u>	<u>6,141</u>	<u>16,680</u>	<u>36,264</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,996</u>	<u>6,679</u>	<u>1,089</u>	<u>(17,000)</u>	<u>1,137</u>	<u>(2,927)</u>	<u>7,639</u>
Other financing sources (uses):							
Transfers in							
Transfers out		(61)			(1,332)		(7,381)
Capital leases obligations							
Total other financing sources (uses)		<u>(61)</u>			<u>(1,332)</u>		<u>(7,381)</u>
Net change in fund balances	3,996	6,618	1,089	(17,000)	(195)	(2,927)	258
Fund balances - beginning	13,462	93,034	4,395	15,048	2,624	3,917	
Fund balances - ending	<u>\$ 17,458</u>	<u>99,652</u>	<u>5,484</u>	<u>(1,952)</u>	<u>2,429</u>	<u>990</u>	<u>258</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, 2007
(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	\$ 364	7,997	6,938				
Use of money and property	123	1,762	2,479	1,076	1,764	369	4,220
Licenses and permits			8,364				
Intergovernmental	5	268	96	183		18,223	
Charges for sales and services	2,692	5,447	4,213	22,217		452	4,253
Fines, forfeitures and penalties							
Pledged tobacco settlement proceeds							
Miscellaneous	460	2,212	171	851		1,655	89
Total revenues	<u>3,644</u>	<u>17,686</u>	<u>22,261</u>	<u>24,327</u>	<u>1,764</u>	<u>20,699</u>	<u>8,562</u>
Expenditures:							
Current:							
General government	4,198			24,101			
Public assistance						26,919	
Public protection							
Health and sanitation			14,106		3,443		
Public ways and facilities							
Recreation and culture		17,347					7,876
Education							
Capital outlay							
Total expenditures	<u>4,198</u>	<u>17,347</u>	<u>14,106</u>	<u>24,101</u>	<u>3,443</u>	<u>26,919</u>	<u>7,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(554)</u>	<u>339</u>	<u>8,155</u>	<u>226</u>	<u>(1,679)</u>	<u>(6,220)</u>	<u>686</u>
Other financing sources (uses):							
Transfers in						6,462	
Transfers out						(220)	(994)
Capital leases obligations		393					
Total other financing sources (uses)		<u>393</u>				<u>6,242</u>	<u>(994)</u>
Net change in fund balances	<u>(554)</u>	<u>732</u>	<u>8,155</u>	<u>226</u>	<u>(1,679)</u>	<u>22</u>	<u>(308)</u>
Fund balances - beginning	2,416	7,239	45,325	22,849	49,721	536	458
Fund balances - ending	<u>\$ 1,862</u>	<u>7,971</u>	<u>53,480</u>	<u>23,075</u>	<u>48,042</u>	<u>558</u>	<u>150</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, 2007
(amounts expressed in thousands)

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	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
Revenues:						
Taxes	\$				1,692	66,633
Use of money and property	3,628	1,223	30	321	226	24,177
Licenses and permits	136	4,227		10,828		35,396
Intergovernmental	4,424	21		50	2,141	101,285
Charges for sales and services	1,890			665	175	86,343
Fines, forfeitures and penalties					36	36
Pledged tobacco settlement proceeds			12,705			12,705
Miscellaneous	1,927	109		1,569	4	12,251
Total revenues	12,005	5,580	12,735	13,433	4,274	338,826
Expenditures:						
Current:						
General government	14,949				228	43,476
Public assistance						26,919
Public protection				12,599	892	30,171
Health and sanitation			191		2,116	37,504
Public ways and facilities		5,163			25	100,001
Recreation and culture					50	31,414
Education						19,697
Capital outlay						36,264
Total expenditures	14,949	5,163	191	12,599	3,311	325,446
Excess (deficiency) of revenues over (under) expenditures	(2,944)	417	12,544	834	963	13,380
Other financing sources (uses):						
Transfers in	1,858					8,320
Transfers out	(67)		(12,480)	(330)		(22,865)
Capital leases obligations						393
Total other financing sources (uses)	1,791		(12,480)	(330)		(14,152)
Net change in fund balances	(1,153)	417	64	504	963	(772)
Fund balances - beginning	17,958	23,902	643	6,359	3,802	313,688
Fund balances - ending	\$ 16,805	24,319	707	6,863	4,765	312,916

**COUNTY OF SACRAMENTO
ROAD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 735	735	899	164
Use of money and property	395	553	1,025	472
Licenses and permits	529	529	691	162
Intergovernmental	36,593	58,096	40,021	(18,075)
Charges for sales and services	521	521	404	(117)
Miscellaneous	<u>5,772</u>	<u>6,674</u>	<u>1,710</u>	<u>(4,964)</u>
Total revenues	44,545	67,108	44,750	(22,358)
Expenditures:				
Current:				
Public ways and facilities	<u>55,739</u>	<u>73,561</u>	<u>40,754</u>	<u>32,807</u>
Net change in fund balance	<u>\$ (11,194)</u>	<u>(6,453)</u>	<u>3,996</u>	<u>10,449</u>

**COUNTY OF SACRAMENTO
 FIRST 5 COMMISSION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007
 (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	\$ 1,500	1,500	4,906	3,406
Intergovernmental	18,353	18,353	19,421	1,068
Total revenues	<u>19,853</u>	<u>19,853</u>	<u>24,327</u>	<u>4,474</u>
Expenditures:				
Current:				
Health and sanitation	<u>33,322</u>	<u>33,261</u>	<u>17,648</u>	<u>15,613</u>
Excess (deficiency) of revenues over (under) expenditures	(13,469)	(13,408)	6,679	20,087
Other financing uses:				
Transfers out	<u>(61)</u>	<u>(61)</u>	<u>(61)</u>	
Net change in fund balance	<u>\$ (13,530)</u>	<u>(13,469)</u>	<u>6,618</u>	<u>20,087</u>

**COUNTY OF SACRAMENTO
LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 18,817	19,317	20,188	871
Use of money and property	20	100	316	216
Intergovernmental	280	280	282	2
Total revenues	19,117	19,697	20,786	1,089
Expenditures:				
Current:				
Education	21,587	24,091	19,697	4,394
Net change in fund balance	<u>\$ (2,470)</u>	<u>(4,394)</u>	<u>1,089</u>	<u>5,483</u>

**COUNTY OF SACRAMENTO
TRANSPORTATION SALES TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 23,519	33,651	21,732	(11,919)
Use of money and property	522	522	399	(123)
Intergovernmental	29,240	35,960	14,518	(21,442)
Charges for sales and services			3	3
Miscellaneous	<u>803</u>	<u>908</u>	<u>407</u>	<u>(501)</u>
Total revenues	54,084	71,041	37,059	(33,982)
Expenditures:				
Current:				
Public ways and facilities	<u>70,843</u>	<u>89,272</u>	<u>54,059</u>	<u>35,213</u>
Net change in fund balance	<u>\$ (16,759)</u>	<u>(18,231)</u>	<u>(17,000)</u>	<u>1,231</u>

**COUNTY OF SACRAMENTO
TRANSIENT-OCCUPANCY TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 6,250	6,700	6,823	123
Use of money and property	40	100	102	2
Miscellaneous	350	350	353	3
Total revenues	<u>6,640</u>	<u>7,150</u>	<u>7,278</u>	<u>128</u>
Expenditures:				
Current:				
Recreation and culture	7,127	7,216	6,141	1,075
Principal	66	3,146		3,146
Total expenditures	<u>7,193</u>	<u>10,362</u>	<u>6,141</u>	<u>4,221</u>
Excess (deficiency) of revenues over (under) expenditures	(553)	(3,212)	1,137	4,349
Other financing uses:				
Transfers out		(1,332)	(1,332)	
Net change in fund balance	<u>\$ (553)</u>	<u>(4,544)</u>	<u>(195)</u>	<u>4,349</u>

**COUNTY OF SACRAMENTO
BUILDING INSPECTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 80	80	208	128
Licenses and permits	17,600	17,171	11,150	(6,021)
Intergovernmental	2,880	2,880	1,632	(1,248)
Charges for sales and services	28	28	29	1
Miscellaneous	197	197	734	537
Total revenues	20,785	20,356	13,753	(6,603)
Expenditures:				
Current:				
Public protection	20,295	20,478	16,680	3,798
Net change in fund balance	<u>\$ 490</u>	<u>(122)</u>	<u>(2,927)</u>	<u>(2,805)</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, 2007
(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	\$ 43,904	43,904	43,903	(1)
Miscellaneous	34,080	34,080		(34,080)
Total revenues	<u>77,984</u>	<u>77,984</u>	<u>43,903</u>	<u>(34,081)</u>
Expenditures:				
Capital outlay	<u>70,900</u>	<u>63,519</u>	<u>36,264</u>	<u>27,255</u>
Excess of revenues over expenditures	<u>7,084</u>	<u>14,465</u>	<u>7,639</u>	<u>(6,826)</u>
Other financing sources (uses):				
Transfers out	<u>(14,762)</u>	<u>(14,762)</u>	<u>(7,381)</u>	<u>7,381</u>
Net change in fund balance	<u>\$ (7,678)</u>	<u>(297)</u>	<u>258</u>	<u>555</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, 2007
(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	\$ 164	164	364	200
Use of money and property	15	23	123	100
Intergovernmental	3	803	5	(798)
Charges for sales and services	2,842	2,917	2,692	(225)
Miscellaneous	756	608	460	(148)
Total revenues	<u>3,780</u>	<u>4,515</u>	<u>3,644</u>	<u>(871)</u>
Expenditures:				
General government	<u>4,515</u>	<u>5,432</u>	<u>4,198</u>	<u>1,234</u>
Net change in fund balance	<u>\$ (735)</u>	<u>(917)</u>	<u>(554)</u>	<u>363</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, 2007
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 7,231	7,516	7,997	481
Use of money and property	1,514	1,529	1,762	233
Intergovernmental	2,257	2,653	268	(2,385)
Charges for sales and services	5,181	5,980	5,447	(533)
Miscellaneous	<u>9,676</u>	<u>10,419</u>	<u>2,212</u>	<u>(8,207)</u>
Total revenues	25,859	28,097	17,686	(10,411)
Expenditures:				
Current:				
Recreation and culture	<u>30,354</u>	<u>33,786</u>	<u>17,347</u>	<u>16,439</u>
Excess (deficiency) of revenues over (under) expenditures	(4,495)	(5,689)	339	6,028
Other financing sources (uses):				
Capital leases obligations	<u>393</u>	<u>393</u>	<u>393</u>	
Net change in fund balance	<u>\$ (4,102)</u>	<u>(5,296)</u>	<u>732</u>	<u>6,028</u>

**COUNTY OF SACRAMENTO
WATER AGENCIES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 6,720	6,720	6,938	218
Use of money and property	1,248	2,448	2,479	31
Licenses and permits	6,400	6,400	8,364	1,964
Intergovernmental	121	121	96	(25)
Charges for sales and services	12,242	15,742	4,213	(11,529)
Miscellaneous			171	171
Total revenues	26,731	31,431	22,261	(9,170)
Expenditures:				
Current:				
Health and sanitation	30,346	35,679	14,106	21,573
Net change in fund balance	<u>\$ (3,615)</u>	<u>(4,248)</u>	<u>8,155</u>	<u>12,403</u>

**COUNTY OF SACRAMENTO
STORMWATER UTILITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 605	616	1,076	460
Intergovernmental	2,712	2,712	183	(2,529)
Charges for sales and services	22,369	22,369	22,217	(152)
Miscellaneous	<u>616</u>	<u>616</u>	<u>851</u>	<u>235</u>
Total revenues	26,302	26,313	24,327	(1,986)
Expenditures:				
Current:				
General government	<u>32,823</u>	<u>41,515</u>	<u>24,101</u>	<u>17,414</u>
Net change in fund balance	<u>\$ (6,521)</u>	<u>(15,202)</u>	<u>226</u>	<u>15,428</u>

**COUNTY OF SACRAMENTO
 TOBACCO SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007
 (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	\$ 1,682	1,682	1,764	82
Expenditures:				
Current:				
Health and sanitation	6,118	3,813	3,443	370
Net change in fund balance	<u>\$ (4,436)</u>	<u>(2,131)</u>	<u>(1,679)</u>	<u>452</u>

**COUNTY OF SACRAMENTO
COMMUNITY SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 402	402	369	(33)
Intergovernmental	21,042	21,065	18,223	(2,842)
Charges for sales and services	421	421	452	31
Miscellaneous	1,977	2,037	1,655	(382)
Total revenues	23,842	23,925	20,699	(3,226)
Expenditures:				
Current:				
Public assistance	30,405	30,781	26,919	3,862
Deficiency of revenues under expenditures	(6,563)	(6,856)	(6,220)	636
Other financing sources (uses):				
Transfers in	6,462	6,462	6,462	
Transfers out	(220)	(220)	(220)	
Total other financing sources (uses)	6,242	6,242	6,242	
Net change in fund balance	\$ (321)	(614)	22	636

**COUNTY OF SACRAMENTO
GOLF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 4,521	4,521	4,220	(301)
Charges for sales and services	4,217	4,218	4,253	35
Miscellaneous	<u>69</u>	<u>69</u>	<u>89</u>	<u>20</u>
Total revenues	8,738	8,808	8,562	(246)
Expenditures:				
Current:				
Recreation and culture	<u>8,657</u>	<u>8,048</u>	<u>7,876</u>	<u>172</u>
Excess of revenues over expenditures	<u>81</u>	<u>760</u>	<u>686</u>	<u>(74)</u>
Other financing uses:				
Transfers out	<u>(994)</u>	<u>(994)</u>	<u>(994)</u>	
Net change in fund balance	<u>\$ (913)</u>	<u>(234)</u>	<u>(308)</u>	<u>(74)</u>

**COUNTY OF SACRAMENTO
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 2,460	2,460	3,628	1,168
Licenses and permits	176	176	136	(40)
Intergovernmental	8,038	8,038	4,424	(3,614)
Charges for sales and services	850	850	1,890	1,040
Miscellaneous	<u>7,462</u>	<u>9,801</u>	<u>1,927</u>	<u>(7,874)</u>
Total revenues	18,986	21,325	12,005	(9,320)
Expenditures:				
Current:				
General government	<u>31,517</u>	<u>39,215</u>	<u>14,949</u>	<u>24,266</u>
Deficiency of revenues under expenditures	<u>(12,531)</u>	<u>(17,890)</u>	<u>(2,944)</u>	<u>14,946</u>
Other financing sources (uses):				
Transfers in	1,858	1,858	1,858	
Transfers out	<u>(67)</u>	<u>(67)</u>	<u>(67)</u>	
Total other financing sources (uses)	<u>1,791</u>	<u>1,791</u>	<u>1,791</u>	
Net change in fund balance	<u>\$ (10,740)</u>	<u>(16,099)</u>	<u>(1,153)</u>	<u>14,946</u>

**COUNTY OF SACRAMENTO
ROADWAY FEE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 386	401	1,223	822
Licenses and permits	2,850	3,100	4,227	1,127
Intergovernmental			21	21
Miscellaneous	153	128	109	(19)
Total revenues	3,389	3,629	5,580	1,951
Expenditures:				
Current:				
Public ways and facilities	6,987	12,103	5,163	6,940
Net change in fund balance	<u>\$ (3,598)</u>	<u>(8,474)</u>	<u>417</u>	<u>8,891</u>

**COUNTY OF SACRAMENTO
TOBACCO SECURITIZATION AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 31	31	30	(1)
Pledged tobacco settlement proceeds	<u>12,705</u>	<u>12,705</u>	<u>12,705</u>	
Total revenues	12,736	12,736	12,735	(1)
Expenditures:				
Current:				
Health and sanitation	<u>191</u>	<u>191</u>	<u>191</u>	
Excess of revenues over expenditures	12,545	12,545	12,544	(1)
Other financing uses:				
Transfers out	<u>(12,480)</u>	<u>(12,480)</u>	<u>(12,480)</u>	
Net change in fund balance	<u>\$ 65</u>	<u>65</u>	<u>64</u>	<u>(1)</u>

**COUNTY OF SACRAMENTO
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 80	80	321	241
Licenses and permits	10,427	10,427	10,828	401
Intergovernmental	106	106	50	(56)
Charges for sales and services	702	702	665	(37)
Miscellaneous	<u>2,456</u>	<u>2,535</u>	<u>1,569</u>	<u>(966)</u>
Total revenues	13,771	13,850	13,433	(417)
Expenditures:				
Current:				
Public protection	<u>15,123</u>	<u>15,045</u>	<u>12,599</u>	<u>2,446</u>
Excess (deficiency) of revenues over (under) expenditures	(1,352)	(1,195)	834	2,029
Other financing uses:				
Transfers out	<u>(330)</u>	<u>(330)</u>	<u>(330)</u>	<u></u>
Net change in fund balance	<u>\$ (1,682)</u>	<u>(1,525)</u>	<u>504</u>	<u>2,029</u>

**COUNTY OF SACRAMENTO
OTHER SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 1,439	1,589	1,692	103
Use of money and property	21	21	226	205
Intergovernmental	2,280	2,433	2,141	(292)
Charges for sales and services	334	331	175	(156)
Fines, forfeitures and penalties	38	38	36	(2)
Miscellaneous			4	4
Total revenues	<u>4,112</u>	<u>4,412</u>	<u>4,274</u>	<u>(138)</u>
Expenditures:				
Current:				
General government	739	772	228	544
Public protection	1,469	1,916	892	1,024
Health and sanitation	2,239	2,413	2,116	297
Public ways and facilities	2,728	2,906	25	2,881
Recreation and culture	39	50	50	
Total expenditures	<u>7,214</u>	<u>8,057</u>	<u>3,311</u>	<u>4,746</u>
Net change in fund balance	<u>\$ (3,102)</u>	<u>(3,645)</u>	<u>963</u>	<u>4,608</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

DEBT SERVICE FUNDS

DEBT SERVICE FUNDS

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

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

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

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

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, 2007
(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
Assets:								
Cash and investments	\$ 1,323	2,664		15,409	3,745	1,393	3,944	3,049
Due from other funds			20					
Long-term receivables								
Total assets	\$ 1,323	2,664	20	15,409	3,745	1,393	3,944	3,049
Liabilities and fund balances:								
Liabilities:								
Accrued liabilities	\$		20					
Due to other funds	256	130						
Deferred revenues								
Total liabilities	256	130	20					
Fund balances:								
Reserved for:								
Assets not available								
Debt service	1,067	2,534		15,409	3,745	1,393	3,944	3,049
Total fund balances	1,067	2,534		15,409	3,745	1,393	3,944	3,049
Total liabilities and fund balances	\$ 1,323	2,664	20	15,409	3,745	1,393	3,944	3,049

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007
(amounts expressed in thousands)**

Page 2 of 2

	Pension Obligation Bonds	Teeter Plan	Tobacco Securitization Authority	Sacramento County Public Financing Authority	Total
Assets:					
Cash and investments	\$ 13,082	12,679	21,715	4,079	83,082
Due from other funds					20
Long-term receivables		32,303		46,521	78,824
Total assets	\$ 13,082	44,982	21,715	50,600	161,926
Liabilities and fund balances:					
Liabilities:					
Accrued liabilities	\$ 3,977				3,997
Due to other funds					386
Deferred revenues				46,521	46,521
Total liabilities	3,977			46,521	50,904
Fund balances:					
Reserved for:					
Assets not available		32,303			32,303
Debt service	9,105	12,679	21,715	4,079	78,719
Total fund balances	9,105	44,982	21,715	4,079	111,022
Total liabilities and fund balances	\$ 13,082	44,982	21,715	50,600	161,926

**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, 2007
(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
Revenues:								
Use of money and property	\$ 261	25		804	172	77	99	144
Intergovernmental								
Fines, forfeitures and penalties								
Total revenues	<u>261</u>	<u>25</u>		<u>804</u>	<u>172</u>	<u>77</u>	<u>99</u>	<u>144</u>
Expenditures:								
Debt service:								
Principal	3,470	400	3,470	2,275	1,930	295	1,310	695
Interest and fiscal charges	1,692	352	3,911	4,041	1,134	673	1,187	1,522
Total expenditures	<u>5,162</u>	<u>752</u>	<u>7,381</u>	<u>6,316</u>	<u>3,064</u>	<u>968</u>	<u>2,497</u>	<u>2,217</u>
Deficiency of revenues under expenditures	<u>(4,901)</u>	<u>(727)</u>	<u>(7,381)</u>	<u>(5,512)</u>	<u>(2,892)</u>	<u>(891)</u>	<u>(2,398)</u>	<u>(2,073)</u>
Other financing sources (uses):								
Transfers in	5,254	1,516	7,381	6,326	3,044	1,013	2,723	2,316
Transfers out								
Issuance of debt								
Total other financing sources (uses)	<u>5,254</u>	<u>1,516</u>	<u>7,381</u>	<u>6,326</u>	<u>3,044</u>	<u>1,013</u>	<u>2,723</u>	<u>2,316</u>
Net change in fund balances	353	789		814	152	122	325	243
Fund balances - beginning	714	1,745		14,595	3,593	1,271	3,619	2,806
Fund balances - ending	<u>\$ 1,067</u>	<u>2,534</u>		<u>15,409</u>	<u>3,745</u>	<u>1,393</u>	<u>3,944</u>	<u>3,049</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, 2007
(amounts expressed in thousands)**

Page 2 of 2

	Pension Obligation Bonds	Teeter Plan	Tobacco Securitization Authority	Sacramento County Public Financing Authority	Total
Revenues:					
Use of money and property	\$ 1,344	151	931	202	4,210
Intergovernmental				3,195	3,195
Fines, forfeitures and penalties		21,642			21,642
Total revenues	1,344	21,793	931	3,397	29,047
Expenditures:					
Debt service:					
Principal	9,758	27,867	1,395	1,015	53,880
Interest and fiscal charges	41,951	1,781	11,600	2,385	72,229
Total expenditures	51,709	29,648	12,995	3,400	126,109
Deficiency of revenues under expenditures	(50,365)	(7,855)	(12,064)	(3)	(97,062)
Other financing sources (uses):					
Transfers in	54,602		12,480		96,655
Transfers out		(10,465)			(10,465)
Issuance of debt		39,524			39,524
Total other financing sources (uses)	54,602	29,059	12,480		125,714
Net change in fund balances	4,237	21,204	416	(3)	28,652
Fund balances - beginning	4,868	23,778	21,299	4,082	82,370
Fund balances - ending	\$ 9,105	44,982	21,715	4,079	111,022

**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, 2007
(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	\$		261	261
Expenditures:				
Debt service:				
Principal	3,470	3,470	3,470	
Interest and fiscal charges	2,218	2,498	1,692	806
Total expenditures	5,688	5,968	5,162	806
Deficiency of revenues under expenditures	(5,688)	(5,968)	(4,901)	1,067
Other financing sources:				
Transfers in	5,254	5,254	5,254	
Net change in fund balance	\$ (434)	(714)	353	1,067

**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, 2007
(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	\$		25	25
Expenditures:				
Debt service:				
Principal	400	400	400	
Interest and fiscal charges	1,116	1,138	352	786
Total expenditures	1,516	1,538	752	786
Deficiency of revenues under expenditures	(1,516)	(1,538)	(727)	811
Other financing sources:				
Transfers in	1,516	1,516	1,516	
Net change in fund balance	\$	(22)	789	811

**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, 2007
(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	\$ 3,470	3,470	3,470	
Interest and fiscal charges	3,911	3,911	3,911	
	<u>7,381</u>	<u>7,381</u>	<u>7,381</u>	
Total expenditures	<u>7,381</u>	<u>7,381</u>	<u>7,381</u>	
Deficiency of revenues under expenditures	<u>(7,381)</u>	<u>(7,381)</u>	<u>(7,381)</u>	
Other financing sources (uses):				
Transfers in	<u>7,381</u>	<u>7,381</u>	<u>7,381</u>	
Net change in fund balance	<u><u>\$</u></u>	<u><u></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, 2007
(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	\$		804	804
Expenditures:				
Debt service:				
Principal	2,275	2,275	2,275	
Interest and fiscal charges	10,536	11,749	4,041	7,708
Total expenditures	12,811	14,024	6,316	7,708
Deficiency of revenues under expenditures	(12,811)	(14,024)	(5,512)	8,512
Other financing sources:				
Transfers in	6,326	6,326	6,326	
Net change in fund balance	\$ (6,485)	(7,698)	814	8,512

**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, 2007
(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	\$		172	172
Expenditures:				
Debt service:				
Principal	1,930	1,930	1,930	
Interest and fiscal charges	2,613	2,736	1,134	1,602
Total expenditures	4,543	4,666	3,064	1,602
Deficiency of revenues under expenditures	(4,543)	(4,666)	(2,892)	1,774
Other financing sources (uses):				
Transfers in	3,044	3,044	3,044	
Net change in fund balance	\$ (1,499)	(1,622)	152	1,774

**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, 2007
(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	77	47
Expenditures:				
Debt service:				
Principal	295	295	295	
Interest and fiscal charges	1,620	1,748	673	1,075
Total expenditures	1,915	2,043	968	1,075
Deficiency of revenues under expenditures	(1,885)	(2,013)	(891)	1,122
Other financing sources:				
Transfers in	1,013	1,013	1,013	
Net change in fund balance	\$ (872)	(1,000)	122	1,122

**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, 2007
(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	\$		99	(99)
Expenditures:				
Debt service:				
Principal	1,310	1,310	1,310	
Interest and fiscal charges	1,528	2,070	1,187	883
Total expenditures	2,838	3,380	2,497	883
Deficiency of revenues under expenditures	(2,838)	(3,380)	(2,398)	982
Other financing sources (uses):				
Transfers in	5,447	5,447	2,723	(2,724)
Net change in fund balance	\$ 2,609	2,067	325	(1,742)

**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, 2007
(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	\$		144	144
Expenditures:				
Debt service:				
Principal	695	695	695	
Interest and fiscal charges	3,302	3,633	1,522	2,111
Total expenditures	3,997	4,328	2,217	2,111
Deficiency of revenues under expenditures	(3,997)	(4,328)	(2,073)	2,255
Other financing sources:				
Transfers in	4,632	4,632	2,316	2,316
Net change in fund balance	\$ 635	304	243	(61)

**COUNTY OF SACRAMENTO
PENSION OBLIGATION BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$ 283	283	1,344	1,061
Expenditures:				
Debt service:				
Principal	9,758	9,758	9,758	
Interest and fiscal charges	45,016	48,654	41,951	6,703
Total expenditures	<u>54,774</u>	<u>58,412</u>	<u>51,709</u>	<u>6,703</u>
Deficiency of revenues under expenditures	<u>(54,491)</u>	<u>(58,129)</u>	<u>(50,365)</u>	<u>7,764</u>
Other financing sources:				
Transfers in	<u>54,602</u>	<u>54,602</u>	<u>54,602</u>	
Net change in fund balance	<u>\$ 111</u>	<u>(3,527)</u>	<u>4,237</u>	<u>7,764</u>

**COUNTY OF SACRAMENTO
TEETER PLAN DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$		151	151
Fines, forfeitures and penalties			21,642	21,642
Total revenues			<u>21,793</u>	<u>21,793</u>
Expenditures:				
Debt service:				
Principal	19,539	29,816	27,867	1,949
Interest and fiscal charges	8,863	10,753	1,781	8,972
Total expenditures	<u>28,402</u>	<u>40,569</u>	<u>29,648</u>	<u>10,921</u>
Deficiency of revenues under expenditures	<u>(28,402)</u>	<u>(40,569)</u>	<u>(7,855)</u>	<u>32,714</u>
Other financing sources (uses):				
Transfers out	(10,465)	(10,465)	(10,465)	
Issuance of debt	39,524	39,524	39,524	
Total other financing sources (uses)	<u>29,059</u>	<u>29,059</u>	<u>29,059</u>	
Net change in fund balance	<u>\$ 657</u>	<u>(11,510)</u>	<u>21,204</u>	<u>32,714</u>

**COUNTY OF SACRAMENTO
TOBACCO SECURITIZATION AUTHORITY DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$	836	931	95
Expenditures:				
Debt service:				
Principal		1,395	1,395	
Interest and fiscal charges		11,600	11,600	
Total expenditures		12,995	12,995	
Deficiency of revenues under expenditures		(12,159)	(12,064)	95
Other financing sources (uses):				
Transfers in		12,480	12,480	
Transfers out				
Refunding debt issued				
Discounts on debt issued				
Payment to refunded bonds escrow agent				
Total other financing sources (uses)		12,480	12,480	
Net change in fund balance	\$	321	416	95

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, 2007
(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	\$ 202	202	202	
Intergovernmental	3,195	3,195	3,195	
	<u>3,397</u>	<u>3,397</u>	<u>3,397</u>	
Total revenues				
Expenditures:				
Debt service:				
Principal	1,015	1,015	1,015	
Interest and fiscal charges	2,385	2,385	2,385	
	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>	
Total expenditures				
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

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.

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, 2007
(amounts expressed in thousands)

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	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
Assets:							
Cash and investments	\$ 200	2,105	22,047	122	191	6,127	6,918
Receivables, net of allowance for uncollectibles:							
Billed		429					
Interest						4	27
Intergovernmental							
Due from other funds							
Total assets	\$ 200	2,534	22,047	122	191	6,131	6,945
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$	1					
Accrued liabilities							
Intergovernmental payable	24	1,035	1				
Due to other funds		12	68	13	7	26	32
Total liabilities	24	1,048	69	13	7	26	32
Fund balances:							
Reserved for:							
Encumbrances			261				3
Future construction	176	1,486	21,717	109	184	6,105	2,806
Unreserved:							
Undesignated							4,104
Total fund balances	176	1,486	21,978	109	184	6,105	6,913
Total liabilities and fund balances	\$ 200	2,534	22,047	122	191	6,131	6,945

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007
(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	Tobacco Litigation Settlement	McClellan CFD
Assets:							
Cash and investments	\$ 22,131	14,847		3,607	2,039	81,637	6,146
Receivables, net of allowance for uncollectibles:							
Billed	118						
Interest							
Intergovernmental	208	1,300					
Due from other funds	703						
Total assets	\$ 23,160	16,147		3,607	2,039	81,637	6,146
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$ 1,129						
Accrued liabilities	1,603	1,456					
Intergovernmental payable	1,297	2,082				1	22
Due to other funds	2,785	78					6
Total liabilities	6,814	3,616				1	28
Fund balances:							
Reserved for:							
Encumbrances	9,176	2,034					
Future construction	7,170	10,497		3,607	2,039	81,636	6,118
Unreserved:							
Undesignated							
Total fund balances	16,346	12,531		3,607	2,039	81,636	6,118
Total liabilities and fund balances	\$ 23,160	16,147		3,607	2,039	81,637	6,146

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007
(amounts expressed in thousands)

Page 3 of 3

	Sacramento County Landscape Maintenance CFD	Metro Air Park Service Tax	Total
Assets:			
Cash and investments	\$ 181	1,462	169,760
Receivables, net of allowance for uncollectibles:			
Billed			547
Interest			31
Intergovernmental			1,508
Due from other funds			703
Total assets	\$ 181	1,462	172,549
Liabilities and fund balances:			
Liabilities:			
Warrants payable	\$		1,130
Accrued liabilities	1		3,060
Intergovernmental payable			4,462
Due to other funds	1		3,028
Total liabilities	2		11,680
Fund balances:			
Reserved for:			
Encumbrances			11,474
Future construction	179	1,462	145,291
Unreserved:			
Undesignated			4,104
Total fund balances	179	1,462	160,869
Total liabilities and fund balances	\$ 181	1,462	172,549

**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, 2007
(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	\$ 5	100	1,535	8	11	341	392
Intergovernmental							757
Charges for sales and services							
Fines, forfeitures and penalties							
Miscellaneous		5	913	152	60	263	2
Total revenues	<u>5</u>	<u>105</u>	<u>2,448</u>	<u>160</u>	<u>71</u>	<u>604</u>	<u>1,151</u>
Expenditures:							
Public ways and facilities						1,043	1,490
Capital outlay		1,028	7,344	117	59		
Total expenditures		<u>1,028</u>	<u>7,344</u>	<u>117</u>	<u>59</u>	<u>1,043</u>	<u>1,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5</u>	<u>(923)</u>	<u>(4,896)</u>	<u>43</u>	<u>12</u>	<u>(439)</u>	<u>(339)</u>
Other financing sources (uses):							
Transfers out							
Capital leases obligations							
Total other financing sources (uses)							
Net change in fund balances	5	(923)	(4,896)	43	12	(439)	(339)
Fund balances - beginning	171	2,409	26,874	66	172	6,544	7,252
Fund balances - ending	<u>\$ 176</u>	<u>1,486</u>	<u>21,978</u>	<u>109</u>	<u>184</u>	<u>6,105</u>	<u>6,913</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, 2007
(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	Tobacco Litigation Settlement	McClellan CFD
Revenues:							
Use of money and property	\$ 608	667		428	447	5,544	365
Intergovernmental	2,303	668					
Charges for sales and services	90	2,410					
Fines, forfeitures and penalties	4,601						
Miscellaneous	14,715	229					104
Total revenues	<u>22,317</u>	<u>3,974</u>		<u>428</u>	<u>447</u>	<u>5,544</u>	<u>469</u>
Expenditures:							
Public ways and facilities							
Capital outlay	16,477	7,946	4	1,400	8,159	20,290	937
Total expenditures	<u>16,477</u>	<u>7,946</u>	<u>4</u>	<u>1,400</u>	<u>8,159</u>	<u>20,290</u>	<u>937</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,840</u>	<u>(3,972)</u>	<u>(4)</u>	<u>(972)</u>	<u>(7,712)</u>	<u>(14,746)</u>	<u>(468)</u>
Other financing sources (uses):							
Transfers out	(2,726)					(162)	
Capital leases obligations	3,712						
Total other financing sources (uses)	<u>986</u>					<u>(162)</u>	
Net change in fund balances	6,826	(3,972)	(4)	(972)	(7,712)	(14,908)	(468)
Fund balances - beginning	9,520	16,503	4	4,579	9,751	96,544	6,586
Fund balances - ending	<u>\$ 16,346</u>	<u>12,531</u>	<u>4</u>	<u>3,607</u>	<u>2,039</u>	<u>81,636</u>	<u>6,118</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, 2007
(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	\$ 6	50	10,507
Intergovernmental			3,728
Charges for sales and services	92	602	3,194
Fines, forfeitures and penalties			4,601
Miscellaneous			16,443
Total revenues	<u>98</u>	<u>652</u>	<u>38,473</u>
Expenditures:			
Public ways and facilities			2,533
Capital outlay	27		63,788
Total expenditures	<u>27</u>		<u>66,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71</u>	<u>652</u>	<u>(27,848)</u>
Other financing sources (uses):			
Transfers out			(2,888)
Capital leases obligations			3,712
Total other financing sources (uses)			<u>824</u>
Net change in fund balances	71	652	(27,024)
Fund balances - beginning	108	810	187,893
Fund balances - ending	<u>\$ 179</u>	<u>1,462</u>	<u>160,869</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, 2007
(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
Net change in fund balance	\$		5	5

**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, 2007
(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	\$ 9	9	100	91
Miscellaneous	3	3	5	2
Total revenues	<u>12</u>	<u>12</u>	<u>105</u>	<u>93</u>
Expenditures:				
Capital outlay	<u>1,951</u>	<u>2,457</u>	<u>1,028</u>	<u>1,429</u>
Net change in fund balance	<u>\$ (1,939)</u>	<u>(2,445)</u>	<u>(923)</u>	<u>1,522</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, 2007
(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	\$ 55	55	1,535	1,480
Miscellaneous	250	250	913	663
Total revenues	<u>305</u>	<u>305</u>	<u>2,448</u>	<u>2,143</u>
Expenditures:				
Capital outlay	<u>3,666</u>	<u>29,127</u>	<u>7,344</u>	<u>21,783</u>
Net change in fund balance	<u>\$ (3,361)</u>	<u>(28,822)</u>	<u>(4,896)</u>	<u>23,926</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, 2007
(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	\$		8	8
Miscellaneous	130	130	152	22
Total revenues	<u>130</u>	<u>130</u>	<u>160</u>	<u>30</u>
Expenditures:				
Capital outlay	<u>232</u>	<u>196</u>	<u>117</u>	<u>79</u>
Net change in fund balance	<u>\$ (102)</u>	<u>(66)</u>	<u>43</u>	<u>109</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, 2007
(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
Miscellaneous	60	59	60	1
Total revenues	<u>60</u>	<u>59</u>	<u>71</u>	<u>12</u>
Expenditures:				
Capital outlay	<u>235</u>	<u>247</u>	<u>59</u>	<u>188</u>
Net change in fund balance	<u>\$ (175)</u>	<u>(188)</u>	<u>12</u>	<u>200</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, 2007
(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	341	241
Miscellaneous			263	263
Total revenues	<u>100</u>	<u>100</u>	<u>604</u>	<u>504</u>
Expenditures:				
Public ways and facilities	<u>3,039</u>	<u>6,428</u>	<u>1,043</u>	<u>5,385</u>
Net change in fund balance	<u>\$ (2,939)</u>	<u>(6,328)</u>	<u>(439)</u>	<u>5,889</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, 2007
(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	392	352
Intergovernmental			757	757
Miscellaneous	446	450	2	(448)
Total revenues	<u>486</u>	<u>490</u>	<u>1,151</u>	<u>661</u>
Expenditures:				
Public ways and facilities	<u>1,691</u>	<u>4,881</u>	<u>1,490</u>	<u>3,391</u>
Net change in fund balance	<u>\$ (1,205)</u>	<u>(4,391)</u>	<u>(339)</u>	<u>4,052</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, 2007
(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	\$ 55	55	608	553
Intergovernmental	12,829	12,850	2,303	(10,547)
Charges for sales and services	48	48	90	42
Fines, forfeitures and penalties	3,900	3,900	4,601	701
Miscellaneous	42,097	29,128	14,715	(14,413)
Total revenues	<u>58,929</u>	<u>45,981</u>	<u>22,317</u>	<u>(23,664)</u>
Expenditures:				
Capital outlay	<u>55,773</u>	<u>55,119</u>	<u>16,477</u>	<u>38,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,156</u>	<u>(9,138)</u>	<u>5,840</u>	<u>14,978</u>
Other financing sources (uses):				
Transfers out	(2,726)	(2,726)	(2,726)	
Capital leases obligations	<u>3,712</u>	<u>3,712</u>	<u>3,712</u>	
Total other financing sources (uses)	<u>986</u>	<u>986</u>	<u>986</u>	
Net change in fund balance	<u>\$ 4,142</u>	<u>(8,152)</u>	<u>6,826</u>	<u>14,978</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, 2007
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 50	50	667	617
Intergovernmental			668	668
Charges for sales and services	3,732	5,025	2,410	(2,615)
Miscellaneous		134	229	95
Total revenues	<u>3,782</u>	<u>5,209</u>	<u>3,974</u>	<u>(1,235)</u>
Expenditures:				
Capital outlay	<u>18,259</u>	<u>22,742</u>	<u>7,946</u>	<u>14,796</u>
Net change in fund balance	<u>\$ (14,477)</u>	<u>(17,533)</u>	<u>(3,972)</u>	<u>13,561</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, 2007
(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	\$	5	4	1
Net change in fund balance	<u>\$</u>	<u>(5)</u>	<u>(4)</u>	<u>1</u>

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, 2007
(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	\$		428	428
Total revenues			428	428
Expenditures:				
Capital outlay	391	4,579	1,400	3,179
Net change in fund balance	\$ (391)	(4,579)	(972)	3,607

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, 2007
(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	<u>\$</u>		<u>447</u>	<u>447</u>
Expenditures:				
Capital outlay	<u>14,505</u>	<u>9,751</u>	<u>8,159</u>	<u>1,592</u>
Net change in fund balance	<u>\$ (14,505)</u>	<u>(9,751)</u>	<u>(7,712)</u>	<u>2,039</u>

**COUNTY OF SACRAMENTO
TOBACCO LITIGATION SETTLEMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
(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	\$		5,544	5,544
Expenditures:				
Capital outlay	94,780	96,383	20,290	76,093
Deficiency of revenues under expenditures	(94,780)	(96,383)	(14,746)	81,637
Other financing sources (uses):				
Transfers out	162	162	162	
Net change in fund balance	<u>\$ (94,942)</u>	<u>(96,545)</u>	<u>(14,908)</u>	<u>81,637</u>

**COUNTY OF SACRAMENTO
 McCLELLAN CFD CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007
 (amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 50	50	365	315
Miscellaneous	90	90	104	14
Total revenues	<u>140</u>	<u>140</u>	<u>469</u>	<u>329</u>
Expenditures:				
Capital outlay	<u>6,837</u>	<u>6,726</u>	<u>937</u>	<u>5,789</u>
Net change in fund balance	<u>\$ (6,697)</u>	<u>(6,586)</u>	<u>(468)</u>	<u>6,118</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, 2007
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 50		6	6
Charges for sales and services	85	332	92	(240)
Total revenues	<u>135</u>	<u>332</u>	<u>98</u>	<u>(234)</u>
Expenditures:				
Capital outlay	<u>152</u>	<u>398</u>	<u>27</u>	<u>371</u>
Net change in fund balance	<u>\$ (17)</u>	<u>(66)</u>	<u>71</u>	<u>137</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, 2007
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		50	50
Charges for sales and services	<u>379</u>	<u>597</u>	<u>602</u>	<u>5</u>
Total revenues	379	597	652	55
Expenditures:				
Capital outlay	<u>1,143</u>	<u>1,407</u>		<u>1,407</u>
Net change in fund balance	<u>\$ (764)</u>	<u>(810)</u>	<u>652</u>	<u>1,462</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR ENTERPRISE FUNDS SECTION

NONMAJOR ENTERPRISE FUNDS

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

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

**COUNTY OF SACRAMENTO
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Assets:			
Current assets:			
Cash and investments	\$ 5,892	1,201	7,093
Receivables, net of allowance for uncollectibles:			
Billed		26	26
Intergovernmental	1	766	767
Due from other funds	853		853
Total current assets	<u>6,746</u>	<u>1,993</u>	<u>8,739</u>
Noncurrent assets:			
Long-term receivables		11	11
Deferred charges	186		186
Capital assets:			
Land and other nondepreciable assets	1,299		1,299
Facilities, infrastructure and equipment, net of depreciation	3,143	239	3,382
Total capital assets	<u>4,442</u>	<u>239</u>	<u>4,681</u>
Total noncurrent assets	<u>4,628</u>	<u>250</u>	<u>4,878</u>
Total assets	<u>\$ 11,374</u>	<u>2,243</u>	<u>13,617</u>
Liabilities:			
Current liabilities:			
Warrants payable	\$ 55		55
Accrued liabilities	115	323	438
Due to other funds	25		25
Current portion of long-term debt obligations	560		560
Total current liabilities	<u>755</u>	<u>323</u>	<u>1,078</u>
Noncurrent liabilities:			
Long-term debt obligations	3,257		3,257
Total noncurrent liabilities	<u>3,257</u>		<u>3,257</u>
Total liabilities	<u>4,012</u>	<u>323</u>	<u>4,335</u>
Net assets:			
Invested in capital assets, net of related debt	697	326	1,023
Unrestricted	6,665	1,594	8,259
Total net assets	<u>7,362</u>	<u>1,920</u>	<u>9,282</u>
Total liabilities and net assets	<u>\$ 11,374</u>	<u>2,243</u>	<u>13,617</u>

**COUNTY OF SACRAMENTO
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Operating revenues:			
Charges for sales and services	\$ 2,666	179	2,845
Other	198		198
Total operating revenues	<u>2,864</u>	<u>179</u>	<u>3,043</u>
Operating expenses:			
Salaries and benefits	614		614
Services and supplies	1,349	92	1,441
Depreciation	278	113	391
Other	122	1,606	1,728
Total operating expenses	<u>2,363</u>	<u>1,811</u>	<u>4,174</u>
Operating income (loss)	<u>501</u>	<u>(1,632)</u>	<u>(1,131)</u>
Nonoperating revenues (expenses):			
Use of money and property	337	25	362
Intergovernmental		1,582	1,582
Sales / use tax		951	951
Interest expense	(182)		(182)
Other		2	2
Total nonoperating revenues	<u>155</u>	<u>2,560</u>	<u>2,715</u>
Income before transfers	656	928	1,584
Transfers out	(42)		(42)
Changes in net assets	614	928	1,542
Net assets, beginning of year	6,748	992	7,740
Net assets, end of year	<u>\$ 7,362</u>	<u>1,920</u>	<u>9,282</u>

**COUNTY OF SACRAMENTO
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

Page 1 of 2

	Parking Enterprise	County Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 2,665	152	2,817
Payments to suppliers	(1,314)	(1,829)	(3,143)
Payments to employees	(606)		(606)
Other payments	(122)		(122)
Payments for interfund services used	(34)		(34)
Other operating receipts	198		198
Net cash provided by (used for) operating activities	<u>787</u>	<u>(1,677)</u>	<u>(890)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue	(1)	2,578	2,577
Payment on advances from other funds	(62)		(62)
Transfers	(42)		(42)
Net cash provided by (used for) noncapital financing activities	<u>(105)</u>	<u>2,578</u>	<u>2,473</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(274)	(174)	(448)
Principal paid on long-term obligations	(535)		(535)
Interest paid on long-term obligations	(182)		(182)
Proceeds from the sale of capital assets		2	2
Net cash used for capital and related financing activities	<u>(991)</u>	<u>(172)</u>	<u>(1,163)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on cash and investments	336	20	356
Net cash provided by investing activities	<u>336</u>	<u>20</u>	<u>356</u>
Net increase in cash and cash equivalents	27	749	776
Cash and cash equivalents, beginning of year	5,865	452	6,317
Cash and cash equivalents, end of year	<u>\$ 5,892</u>	<u>1,201</u>	<u>7,093</u>

**COUNTY OF SACRAMENTO
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

Page 2 of 2

	<u>Parking Enterprise</u>	<u>County Transit</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 501	(1,632)	(1,131)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	245	113	358
Amortization	32		32
Changes in assets and liabilities:			
Receivables		(26)	(26)
Warrants payable	47	(132)	(85)
Compensated absences	8		8
Accrued liabilities	(12)		(12)
Due to other funds	(34)		(34)
Total adjustments	<u>286</u>	<u>(45)</u>	<u>241</u>
Net cash provided by (used for) operating activities	<u>\$ 787</u>	<u>(1,677)</u>	<u>(890)</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

Facility Planning, Architecture and Real estate - Accounts for the County's facility planning, architecture and real estate

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007
(amounts expressed in thousands)**

	Self Insurance					Regional Communications	Office of Communications and Information Technology	Facility Planning Architecture and Real Estate	Total
	Public Works	General Services	Liability/Property	Worker's Compensation	Other				
Assets:									
Current assets:									
Cash and investments	\$ 77,841	42,352	5,143	19,157	2,757	7,040	11,494	8,450	174,234
Receivables, net of allowance for uncollectibles:									
Billed	3,489								3,489
Intergovernmental	1,720	3	30	40	2		2	16	1,813
Due from other funds	3,286	448	18,143	37,409	1,959		680	1,049	62,974
Inventories		2,875							2,875
Total current assets	86,336	45,678	23,316	56,606	4,718	7,040	12,176	9,515	245,385
Noncurrent assets:									
Long-term advances to other funds	33								33
Long-term receivables				119					119
Deferred charges		3,424							3,424
Capital assets:									
Land and other nondepreciable assets									
Facilities, infrastructure and equipment, net of depreciation	2,192	34,973				5,957	2,385	35	45,542
Total capital assets	2,192	34,973				5,957	2,385	35	45,542
Total noncurrent assets	2,225	38,397		119		5,957	2,385	35	49,118
Total assets	\$ 88,561	84,075	23,316	56,725	4,718	12,997	14,561	9,550	294,503
Liabilities and fund balances:									
Current liabilities:									
Warrants payable	\$ 691	898	1,889	522		213	624	2,845	7,682
Accrued liabilities	4,125	11,045	1,387	56		13	2,515	774	19,915
Intergovernmental payable	9,487						14		9,501
Due to other funds	12,137	2,784	18	4	3	6	1,814	859	17,625
Current portion of insurance claims payable			12,097	23,277					35,374
Deferred revenues			17	119		3,317			3,453
Total current liabilities	26,440	14,727	15,408	23,978	3	3,549	4,967	4,478	93,550
Noncurrent liabilities:									
Insurance claims payable			23,527	80,763					104,290
Long-term debt obligations	16,599	2,760				25	2,917	897	23,198
Long-term advances from other funds		16,895						94	16,989
Total noncurrent liabilities	16,599	19,655	23,527	80,763		25	2,917	991	144,477
Total liabilities	43,039	34,382	38,935	104,741	3	3,574	7,884	5,469	238,027
Net assets:									
Invested in capital assets, net of related debt	526	11,008				5,957	2,389	35	19,915
Unrestricted	44,996	38,685	(15,619)	(48,016)	4,715	3,466	4,288	4,046	36,561
Total net assets	45,522	49,693	(15,619)	(48,016)	4,715	9,423	6,677	4,081	56,476
Total liabilities and net assets	\$ 88,561	84,075	23,316	56,725	4,718	12,997	14,561	9,550	294,503

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

	Self Insurance					Regional Communications	Office of Communications and Information Technology	Facility Planning Architecture and Real Estate	Total
	Public Works	General Services	Liability/Property	Worker's Compensation	Other				
Operating revenues:									
Charges for sales and services	\$ 211,594	84,552	19,143	39,026	1,963	3,612	51,356	63,788	475,034
Other	4,787	5,736		443					10,966
Total operating revenues	<u>216,381</u>	<u>90,288</u>	<u>19,143</u>	<u>39,469</u>	<u>1,963</u>	<u>3,612</u>	<u>51,356</u>	<u>63,788</u>	<u>486,000</u>
Operating expenses:									
Salaries and benefits	158,676	38,081				343	22,988	8,220	228,308
Services and supplies	54,787	30,336	451		1	968	23,280	53,919	163,742
Cost of sales and services		5,117							5,117
Depreciation	974	9,376				1,443	1,240	9	13,042
Self-insurance			16,541	18,258	1,147				35,946
Other		2,401	123	339	14			671	3,548
Total operating expenses	<u>214,437</u>	<u>85,311</u>	<u>17,115</u>	<u>18,597</u>	<u>1,162</u>	<u>2,754</u>	<u>47,508</u>	<u>62,819</u>	<u>449,703</u>
Operating income	<u>1,944</u>	<u>4,977</u>	<u>2,028</u>	<u>20,872</u>	<u>801</u>	<u>858</u>	<u>3,848</u>	<u>969</u>	<u>36,297</u>
Nonoperating revenues (expenses):									
Use of money and property		1	543		(1)	338			881
Intergovernmental	1,614	4							1,618
Interest expense	(851)	(190)						(16)	(1,057)
Other	969	1,154				(367)	(268)		1,488
Total nonoperating revenues (expenses)	<u>1,732</u>	<u>969</u>	<u>543</u>		<u>(1)</u>	<u>(29)</u>	<u>(268)</u>	<u>(16)</u>	<u>2,930</u>
Income before transfers	<u>3,676</u>	<u>5,946</u>	<u>2,571</u>	<u>20,872</u>	<u>800</u>	<u>829</u>	<u>3,580</u>	<u>953</u>	<u>39,227</u>
Transfers in								3,411	3,411
Transfers out	(5,515)	(5,630)				(12)	(4,005)	(283)	(15,445)
Changes in net assets	(1,839)	316	2,571	20,872	800	817	(425)	4,081	27,193
Net assets, beginning of year	47,361	49,377	(18,190)	(68,888)	3,915	8,606	7,102		29,283
Net assets, end of year	<u>\$ 45,522</u>	<u>49,693</u>	<u>(15,619)</u>	<u>(48,016)</u>	<u>4,715</u>	<u>9,423</u>	<u>6,677</u>	<u>4,081</u>	<u>56,476</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

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	Self Insurance					Regional Communications	Office of Communications and Information Technology	Facility Planning Architecture and Real Estate	Total
	Public Works	General Services	Liability/Property	Worker's Compensation	Other				
CASH FLOWS FROM OPERATING ACTIVITIES:									
Receipts from customers and users	\$ 3,899	5,745							9,644
Receipts from interfund services provided	214,314	110,666	16,174	37,008	2,250	3,612	52,297	63,582	499,903
Other operating receipts				443					443
Payments to suppliers	(54,043)	(38,904)	155	(7)	(1)	(1,475)	(23,115)	(50,299)	(167,689)
Payments to employees	(157,096)	(38,165)				(342)	(22,862)	(7,323)	(225,788)
Claims payments			(15,921)	(20,552)	(1,147)				(37,620)
Other payments		(2,401)	(123)	(339)	(14)			(716)	(3,593)
Payments for interfund services used		(23,211)	(1,482)	(396)	(13)				(25,102)
Net cash provided by (used for) operating activities	<u>7,074</u>	<u>13,730</u>	<u>(1,197)</u>	<u>16,157</u>	<u>1,075</u>	<u>1,795</u>	<u>6,320</u>	<u>5,244</u>	<u>50,198</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:									
Intergovernmental revenue	1,614								1,614
Other non-operating revenue	969	1,158	543			338			3,008
Non-operating expense					(1)	(367)	(268)		(636)
Receipt of advances from other funds		12,889						94	12,983
Payment on advances from other funds		(6,838)							(6,838)
Interest paid on advances from other funds	(851)	(189)						(16)	(1,056)
Transfers to other funds	(5,515)	(5,630)				(12)	(4,005)	3,128	(12,034)
Net cash provided by (used for) noncapital financing activities	<u>(3,783)</u>	<u>1,390</u>	<u>543</u>		<u>(1)</u>	<u>(41)</u>	<u>(4,273)</u>	<u>3,206</u>	<u>(2,959)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:									
Acquisition and construction of capital assets	(323)	(15,242)				(820)	(1,450)		(17,835)
Proceeds from the sale of capital assets	143	297							440
Net cash used for capital and related financing activities	<u>(180)</u>	<u>(14,945)</u>				<u>(820)</u>	<u>(1,450)</u>		<u>(17,395)</u>
Net increase (decrease) in cash and cash equivalents	3,111	175	(654)	16,157	1,074	934	597	8,450	29,844
Cash and cash equivalents, beginning of year	74,730	42,177	5,797	3,000	1,683	6,106	10,897		144,390
Cash and cash equivalents, end of year	<u>\$ 77,841</u>	<u>42,352</u>	<u>5,143</u>	<u>19,157</u>	<u>2,757</u>	<u>7,040</u>	<u>11,494</u>	<u>8,450</u>	<u>174,234</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

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	Public Works	General Services	Self Insurance			Regional Communications	Office of Communications and Information Technology	Facility Planning Architecture and Real Estate	Total
			Liability/Property	Worker's Compensation	Other				
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES									
Operating income	\$ 1,944	4,977	2,028	20,872	801	858	3,848	969	36,297
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:									
Depreciation	974	9,376				1,443	1,240	9	13,042
Gain (Loss) on disposal of fixed assets								(45)	(45)
Other nonoperating expense									
Changes in assets and liabilities:									
Compensated absences	1,579	(84)				1	126	897	2,519
Receivables	(887)	8							(879)
Due from other funds	78	2,000	(2,950)	(2,017)	286		(535)	(1,049)	(4,187)
Due from other governments	2,178	58	(19)	(1)	1		(2)	(16)	2,199
Long-term receivables				(102)					(102)
Inventories	263	(664)							(401)
Accrued liabilities	1,171	(2,025)	(698)	(89)		(25)	(48)	774	(940)
Warrants payable	328	(686)	1,410	82		212	199	2,846	4,391
Due to other funds	464	844	(1,482)	(396)	(13)		1,478	859	1,754
Due to other governments	(1,018)	(74)					14		(1,078)
Deferred revenues			(106)	102		(694)			(698)
Insurance claims payable			620	(2,294)					(1,674)
Total adjustments	5,130	8,753	(3,225)	(4,715)	274	937	2,472	4,275	13,901
Net cash provided by (used for) operating activities	\$ 7,074	13,730	(1,197)	16,157	1,075	1,795	6,320	5,244	50,198

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



AGENCY FUNDS

AGENCY FUNDS

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

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

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, 2007
 (amounts expressed in thousands)**

	Law Enforcement	Unapportioned Tax Collection	Other	Total
Assets:				
Cash and investments	\$ 28,263	29,398	180,370	238,031
Receivables, net of allowance for uncollectibles:				
Billed		8,288	736	9,024
Interest			39,361	39,361
Intergovernmental		350	742	1,092
Due from other funds	4	247	1,383	1,634
Long-term receivables			150	150
Total assets	<u>\$ 28,267</u>	<u>38,283</u>	<u>222,742</u>	<u>289,292</u>
Liabilities:				
Warrants payable	\$ 3,549	6,162	8,196	17,907
Accrued liabilities	779	188	18,359	19,326
Intergovernmental payable	23,939	31,933	196,187	252,059
Total liabilities	<u>\$ 28,267</u>	<u>38,283</u>	<u>222,742</u>	<u>289,292</u>

**COUNTY OF SACRAMENTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

Page 1 of 3

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
Law Enforcement				
Assets:				
Cash and investments	\$ 47,957		19,694	28,263
Receivables, net of allowance for uncollectibles:				
Billed	150		150	-
Due from other funds	884		880	4
Total assets	<u>\$ 48,991</u>		<u>20,724</u>	<u>28,267</u>
Liabilities:				
Warrants payable	\$ 3,509	40		3,549
Accrued liabilities	115	664		779
Intergovernmental payable	45,367		21,428	23,939
Total liabilities	<u>\$ 48,991</u>	<u>704</u>	<u>21,428</u>	<u>28,267</u>
Unapportioned Tax Collection				
Assets:				
Cash and investments	\$ 62,592		33,194	29,398
Receivables, net of allowance for uncollectibles:				
Billed	5,802	2,486		8,288
Intergovernmental	1,251		901	350
Due from other funds	380		133	247
Total assets	<u>\$ 70,025</u>	<u>2,486</u>	<u>34,228</u>	<u>38,283</u>
Liabilities:				
Warrants payable	\$ 5,807	355		6,162
Accrued liabilities	72	116		188
Intergovernmental payable	64,146		32,213	31,933
Total liabilities	<u>\$ 70,025</u>	<u>471</u>	<u>32,213</u>	<u>38,283</u>

**COUNTY OF SACRAMENTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

Page 2 of 3

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Other				
Assets:				
Cash and investments	\$ 157,114	23,256		180,370
Receivables, net of allowance for uncollectibles:				
Billed	1,266		530	736
Interest	32,793	6,568		39,361
Intergovernmental	859		117	742
Due from other funds	474	909		1,383
Long-term receivables	150			150
Total assets	\$ 192,656	30,733	647	222,742
Liabilities:				
Warrants payable	\$ 6,029	2,167		8,196
Accrued liabilities	6,245	12,114		18,359
Intergovernmental payable	180,382	15,805		196,187
Total liabilities	\$ 192,656	30,086		222,742

COUNTY OF SACRAMENTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)

Page 3 of 3

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Totals				
Assets:				
Cash and investments	\$ 267,663	23,256	52,888	238,031
Receivables, net of allowance for uncollectibles:				
Billed	7,218	2,486	680	9,024
Interest	32,793	6,568		39,361
Intergovernmental	2,110		1,018	1,092
Due from other funds	1,738	909	1,013	1,634
Long-term receivables	150			150
Total assets	<u>\$ 311,672</u>	<u>33,219</u>	<u>55,599</u>	<u>289,292</u>
Liabilities:				
Warrants payable	\$ 15,345	2,562		17,907
Accrued liabilities	6,432	12,894		19,326
Intergovernmental payable	289,895	15,805	53,641	252,059
Total liabilities	<u>\$ 311,672</u>	<u>31,261</u>	<u>53,641</u>	<u>289,292</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



INVESTMENT TRUST FUNDS

INVESTMENT TRUST FUNDS

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

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

**COUNTY OF SACRAMENTO
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007
(amounts expressed in thousands)**

	<u>Treasurer's Pool</u>	<u>Fiscal Agent Pool</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 1,697,509	727,481	2,424,990
	<u>1,697,509</u>	<u>727,481</u>	<u>2,424,990</u>
Net assets held in trust for pool participants	\$ 1,697,509	727,481	2,424,990
	<u>1,697,509</u>	<u>727,481</u>	<u>2,424,990</u>

**COUNTY OF SACRAMENTO
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

	<u>Treasurer's Pool</u>	<u>Fiscal Agent Pool</u>	<u>Total</u>
Additions:			
Contributions on pooled investments	\$ 7,875,549	7,210,455	15,086,004
Use of money and property	110,966	77,246	188,212
	<u>7,986,515</u>	<u>7,287,701</u>	<u>15,274,216</u>
Total additions			
Deductions:			
Distributions from pooled investments	7,956,178	6,986,400	14,942,578
	<u>30,337</u>	<u>301,301</u>	<u>331,638</u>
Net increase in net assets			
	<u>1,667,172</u>	<u>426,180</u>	<u>2,093,352</u>
Net assets held in trust for pool participants, beginning of year			
	<u>\$ 1,697,509</u>	<u>727,481</u>	<u>2,424,990</u>
Net assets held in trust for pool participants, end of year			

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



**STATISTICAL
SECTION**

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 county's financial performance and well-being have changed over time.

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

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

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

Operating Information – These schedules contain information about the county's operation and resources to help the reader understand how the county's 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 2006-07
(amounts expressed in thousands)**

	Fiscal Year					
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 763,070	798,416	938,655	962,902	1,058,751	1,099,603
Restricted	503,532	516,881	515,322	522,755	408,290	425,187
Unrestricted	(559,029)	23,216	(143,379)	(110,031)	13,152	(44,775)
Total governmental activities net assets	<u>\$ 707,573</u>	<u>1,338,513</u>	<u>1,310,598</u>	<u>1,375,626</u>	<u>1,480,193</u>	<u>1,480,015</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 893,543	990,082	328,285	415,890	461,723	512,575
Restricted	99,202	114,904	85,685	96,802	115,208	138,764
Unrestricted	460,371	490,131	233,611	251,377	258,055	264,560
Total business-type activities net assets	<u>\$ 1,453,116</u>	<u>1,595,117</u>	<u>647,581</u>	<u>764,069</u>	<u>834,986</u>	<u>915,899</u>
Primary government						
Invested in capital assets, net of related debt	\$ 1,656,613	1,788,498	1,266,940	1,378,792	1,520,474	1,612,178
Restricted	602,734	631,785	601,007	619,557	523,498	563,951
Unrestricted	(98,658)	513,347	90,232	141,346	271,207	219,785
Total primary government net assets	<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>	<u>2,395,914</u>

- Note: 1) Trend data is only available for the last six 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 2006-07
(amounts expressed in thousands)**

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	Fiscal Year					
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Expenses						
Governmental activities:						
General government	\$ 135,129	110,633	173,913	191,798	\$ 208,862	\$ 217,194
Public assistance	716,295	708,491	684,036	707,374	731,099	736,120
Public protection	578,910	599,659	588,881	610,098	617,770	727,876
Health and sanitation	318,859	393,575	466,430	386,881	457,310	527,305
Public ways and facilities	66,447	66,861	63,478	120,551	160,495	139,424
Recreation and culture	38,664	31,878	26,481	44,951	32,678	37,522
Education	29,638	26,951	27,944	13,033	13,156	14,806
Interest and fiscal charges	58,667	64,724	84,493	87,191	96,182	108,249
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>	<u>2,508,496</u>
Business-type activities:						
Airport	80,794	88,445	101,219	99,249	104,486	113,018
Regional Sanitation District	107,357	105,620				
Solid Waste	63,477	68,111	82,216	65,805	62,395	61,106
Sanitation District Number One	43,444	42,333				
Water Agency	13,171	14,188	20,326	33,649	37,313	40,200
Parking Enterprise	3,231	3,188	2,767	2,929	2,606	2,630
County Transit	323	756	9,210	1,688	1,888	2,179
Total business-type activities	<u>311,797</u>	<u>322,641</u>	<u>215,738</u>	<u>203,320</u>	<u>208,688</u>	<u>219,133</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>	<u>2,727,629</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 111,437	94,355	139,026	135,191	142,140	134,274
Public assistance	21,633	3,944	9,016	6,583	4,705	10,621
Public protection	78,962	83,624	99,670	114,352	140,842	145,372
Health and sanitation	33,866	36,200	52,132	17,883	25,471	41,289
Public ways and facilities	20,849	19,752	37,552	64,759	81,903	82,266
Recreation and culture	10,623	10,431	11,749	14,783	13,373	14,694
Education	622	4	1,147	144	72	256
Operating grants and contributions	961,467	980,076	998,332	1,099,378	1,096,348	1,104,969
Capital grants and contributions	18,629	23,892	98,317	37,506	31,523	41,993
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>	<u>1,575,734</u>

Note: 1) Trend data is only available for the last six 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 2006-07
(amounts expressed in thousands)**

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	Fiscal Year					
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Business-type activities:						
Charges for services:						
Airport	72,109	75,936	87,885	97,753	104,566	107,997
Regional Sanitation District	124,419	146,688				
Solid Waste	65,519	69,716	84,983	71,384	66,877	64,676
Sanitation District Number One	34,720	43,517				
Water Agency	27,798	38,009	46,874	*50,707	60,283	54,894
Parking Enterprise	2,492	2,350	2,588	2,676	2,921	3,047
County Transit	133	337	8,589	227	257	556
Operating grants and contributions	15,259	18,112	18,498	27,435	26,246	29,451
Capital grants and contributions	51,682	40,247	26,153	38,838	16,272	21,895
Total business-type activities	<u>394,131</u>	<u>434,912</u>	<u>275,570</u>	<u>289,020</u>	<u>277,422</u>	<u>282,516</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>	<u>1,858,250</u>
Net (expense)/revenue						
Governmental activities	\$ (684,521)	(750,494)	(668,715)	(671,298)	(781,175)	(932,762)
Business-type activities	82,334	112,271	59,832	85,700	68,734	63,383
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>	<u>(869,379)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes:						
Property	\$ 240,640	262,647	278,254	356,956	415,320	447,032
Sales/Use	85,988	83,275	106,649	52,717	79,862	80,267
Transient occupancy	8,651	7,891	5,928	6,087	6,623	6,823
Unrestricted investment earnings	53,747	47,065	32,187	42,032	67,522	75,053
Grants and contributions not restricted to specific programs	297,805	293,767	262,321	184,671	224,467	199,811
Pledged tobacco settlement proceeds	171,966		13,388	12,880	12,082	12,795
Miscellaneous	101,582	93,239	102,038	102,281	85,701	109,194
Transfers				(7,782)	(638)	1,609
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>	<u>932,584</u>

*Restated

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

**COUNTY OF SACRAMENTO
CHANGE IN NET ASSETS
FISCAL YEARS 2001-02 THROUGH 2006-07
(amounts expressed in thousands)**

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	Fiscal Year					
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Business-type activities:						
Property tax	4,672	5,381				
Sales/Use tax	492	576	556	683	614	951
Unrestricted investment earnings	28,332	18,859	5,180	8,257	13,215	18,188
Grants and contributions not restricted to specific programs	2,528	2,850	3,000			
Miscellaneous	2,827	2,064				
Transfers				7,782	638	(1,609)
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>	<u>17,530</u>
Total primary government	<u>\$ 999,230</u>	<u>817,614</u>	<u>809,501</u>	<u>766,564</u>	<u>905,406</u>	<u>950,114</u>
Change in Net Assets						
Governmental activities	\$ 275,858	37,390	132,050	78,544	109,764	(178)
Business-type activities	<u>121,185</u>	<u>142,001</u>	<u>68,568</u>	<u>102,422</u>	<u>83,201</u>	<u>80,913</u>
Total primary government	<u>\$ 397,043</u>	<u>179,391</u>	<u>200,618</u>	<u>180,966</u>	<u>192,965</u>	<u>80,735</u>

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

**COUNTY OF SACRAMENTO
FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 1997-98 THROUGH 2006-07
(amounts expressed in thousands)**

	Fiscal Year									
	<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>	<u>2006-07</u>
General fund										
Reserved	\$ 29,396	\$ 40,894	\$ 32,756	\$ 47,861	\$ 47,679	\$ 41,199	\$ 43,108	\$ 41,725	\$ 47,478	\$ 48,850
Unreserved	61,612	76,525	112,266	111,369	86,506	114,666	96,064	160,227	205,520	149,845
Total general fund	<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>	<u>\$ 198,695</u>
All other governmental funds										
Reserved	\$ 140,091	\$ 155,560	\$ 172,998	\$ 284,055	\$ 378,181	\$ 453,180	\$ 394,234	\$ 280,763	\$ 308,644	\$ 330,439
Unreserved, reported in:										
Special revenue funds	76,992	72,507	120,223	134,320	252,921	244,638	265,170	271,060	277,814	250,264
Capital projects funds						(41,212)	(22,306)	(32,955)	(2,507)	4,104
Total all other governmental funds	<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>	<u>\$ 584,807</u>

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COUNTY OF SACRAMENTO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 1997-98 THROUGH 2006-07
(amounts expressed in thousands)

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	Fiscal Year									
	<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>	<u>2006-07</u>
Revenues										
Taxes	\$ 220,988	247,684	286,658	299,486	\$ 335,279	353,813	363,967	442,560	501,805	534,122
Use of money and property	35,613	47,920	48,719	56,624	53,433	46,880	31,854	41,993	66,851	74,172
Licenses and permits	39,029	47,635	48,848	49,124	53,652	49,686	50,416	51,029	50,125	46,035
Intergovernmental	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	1,374,776
Charges for services	139,542	137,733	166,662	150,290	177,646	153,983	189,526	149,159	181,786	181,628
Fines, forfeitures, and penalties	16,220	20,379	35,500	35,141	23,335	33,853	44,531	41,729	41,014	46,177
Contributions and donations	38,082	999	725	757	249		59,845	13,225		
Pledged tobacco settlement proceeds							13,388	9,276	12,138	12,705
Miscellaneous	58,327	51,592	80,860	83,438	101,582	112,639	102,210	102,077	85,701	109,194
Total revenues	<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>	<u>2,378,809</u>
Expenditures										
General government	108,449	136,096	144,134	131,054	119,803	85,265	132,386	157,852	177,477	177,952
Public assistance	538,639	590,582	622,744	654,084	708,598	701,080	673,037	786,505	730,185	731,883
Public protection	402,276	387,386	449,893	493,346	558,193	583,457	560,442	850,786	627,594	687,371
Health and sanitation	167,831	186,453	226,113	261,329	308,869	379,561	436,181	432,221	417,330	501,490
Public ways and facilities	65,623	64,902	73,871	105,469	99,462	82,695	99,212	80,330	96,068	102,617
Recreation and culture	20,970	22,175	26,754	32,857	35,875	37,211	33,830	36,652	36,133	41,972
Education	18,830	21,743	27,085	30,731	28,619	26,283	26,554	15,572	17,051	20,082
Capital outlay	75,342	53,696	68,706	99,529	83,492	94,519	164,198	93,384	110,519	100,052
Debt service:										
Principal	23,590	28,303	25,682	27,475	35,235	37,301	28,245	113,618	41,053	53,880
Bond issuance cost						2,400	4,678	6,131	4,043	
Advanced refunding escrow						5,584			15,659	
Interest and fiscal charges	38,335	42,833	50,321	49,465	45,948	47,608	52,088	54,684	51,336	72,229
Total expenditures	<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>	<u>2,489,528</u>
Excess (deficiency) of revenues over (under) expenditures	(3,861)	(7,935)	26,107	(8,960)	(3,423)	(33,264)	(80,190)	(482,073)	(14,555)	(110,719)

COUNTY OF SACRAMENTO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 1997-98 THROUGH 2006-07
(amounts expressed in thousands)

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	<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>	<u>2006-07</u>
Other financing sources (uses)										
Transfers in	82,899	76,380	81,821	84,261	94,836	80,108	98,175	84,294	194,272	116,773
Transfers out	(82,899)	(76,380)	(81,821)	(84,261)	(94,836)	(80,108)	(98,175)	(89,451)	(188,214)	(103,130)
Capital leases obligations						10,390			837	4,105
Long-term obligations	88,071	4,349	33,178	17,761	19,976	67,446	70,901	444,677		
Issuance of debt									47,500	39,524
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	(83,149)		(8,900)			(45,308)	(149,630)		(182,672)	
Sale of capital assets										
Total other financing sources (uses)	<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>	<u>57,272</u>
Net change in fund balances	<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>	<u>(53,447)</u>
Debt service as a percentage of noncapital expenditures*	4.47%	4.80%	4.62%	4.31%	4.25%	4.31%	4.04%	4.77%	4.24%	5.39%

* Debt service as a percentage of noncapital expenditures was revised for fiscal years 2001 to 2006.

**COUNTY OF SACRAMENTO
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
FISCAL YEARS 1997-98 THROUGH 2006-07
(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>
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
2006-07	447,032	80,267	6,823	534,122

COUNTY OF SACRAMENTO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FISCAL YEARS 1997-98 THROUGH 2006-07
(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)
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%
2006-07	121,280,525	4,805,476	1,538,907	-3,498,437	124,126,471	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: Equalized Rolls Valuation reports

**COUNTY OF SACRAMENTO
AVERAGE PROPERTY TAX RATES - ALL
DIRECT AND OVERLAPPING GOVERNMENTS
FISCAL YEARS 1997-98 THROUGH 2006-07
(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)	
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
2006-07	1.000	0.0046	N/A	0.0447	1.0493

- (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. For FY 2006-07 the Special District rate was for Sacramento Regional County Sanitation District which has expired, therefore there are no bond rates for Special District in FY 2006-07.
- (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, 2007 AND 1998
(amounts expressed in thousands)**

<u>Taxpayer</u>	JUNE 30, 2007			JUNE 30, 1998		
	Taxable Assessed Value (a)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Intel Corporation	\$ 7,240	1	0.70 %	\$ 2,153	6	0.35 %
AT & T Communications	4,081	2	0.40			
Pacific Gas and Electric	3,980	3	0.39	3,147	2	0.51
Elliott Homes, Inc	3,376	4	0.33	2,265	4	0.37
Aerojet General Corporation	2,929	5	0.28	1,502	8	0.24
Surewest	2,692	6	0.26			
Verizon	2,514	7	0.24			
Lennar Renaissance Inc.	2,319	8	0.22			
Rosetta Resources CA LLC	2,264	9	0.22			
Oates Marvin, Et Al.	2,138	10	0.21			
Pacific Bell				7,358	1	1.20
BGP Russell Ranch LLC				2,403	3	0.39
Grupe Development Associates - 2				2,167	5	0.35
Campbell Soup				1,661	7	0.27
MCI				1,420	9	0.23
Speiker Properties				1,241	10	0.20

Source: Sacramento County Department of Finance

**COUNTY OF SACRAMENTO
COUNTY WIDE 1% - SECURED AND UNITARY
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 1997-98 THROUGH 2006-07
(amounts expressed in thousands)**

Fiscal Year	(1) Taxes Levied	(2) Collections Within the Fiscal Year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
1997-98	\$ 500,035	\$ 490,631	98.12%	\$ 9,404	\$ 500,035	100%
1998-99	523,535	514,689	98.31	8,846	523,535	100
1999-00	558,022	548,746	98.34	9,276	558,022	100
2000-01	603,051	593,371	98.39	9,680	603,051	100
2001-02	638,752	629,045	98.48	9,707	638,752	100
2002-03	722,729	710,458	98.30	12,271	722,729	100
2003-04	802,626	791,023	98.55	11,603	802,626	100
2004-05	899,246	886,226	98.55	13,020	899,246	100
2005-06	1,033,339	1,009,552	97.70	23,787	1,033,339	100
2006-07	1,191,030	1,146,704	96.28	44,326	1,191,030	100

(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.

Source: County's internal financial documents

COUNTY OF SACRAMENTO
RATIOS OF OUTSTANDING DEBT BY TYPE
FISCAL YEARS 1997-98 THROUGH 2006-07
(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			
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				1,821,758	4.89%	1,423
2002-03	410,090	14,974	504,700		13,310	2,435	929,250	54,470	39,330				1,968,559	5.09%	1,503
2003-04	402,465	15,019	528,591	235,961	13,115	2,105	275,015	53,260	36,565				1,562,096	3.83%	1,170
2004-05	309,115	15,024	954,722	230,109	12,976	3,275	268,955	51,985	34,255				1,880,416	4.30%	1,373
2005-06	322,605	20,647	954,722	307,690	3,122	3,875	260,370	50,645	30,510			1,995	1,956,181	4.22%	1,411
2006-07	308,760	32,302	944,964	308,915	6,895	3,965	624,855	49,235	28,735			1,705	2,310,331	N/A	1,642

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 1997-98 THROUGH 2006-07
(amounts expressed in thousands)**

	<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>	<u>2006-07</u>
Assessed Value of Property	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	124,126,471
Debt Limit, 1.25% of Assessed Value (Statutory Limitation)	685,126	714,795	758,014	815,380	883,762	971,443	1,057,046	1,183,650	1,353,766	1,551,581
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>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>	<u>1,551,581</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 State finance statutes 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 1997-98 THROUGH 2006-07
 (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)			Gross Revenue	Less: Operating Expenses (b)	Net Available Revenue	Debt Service Requirements (c) (d)		
		Principal	Interest	Coverage	Principal	Interest		Coverage				
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			
2006-07	116,610	78,637	37,973	7,660	11,801	1.95	3,201	2,085	1,116			

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		2,118	15.24
2004-05	50,707	12,957	37,750	910	2,184	12.20
2005-06	45,037	15,881	29,156	925	2,166	9.43
2006-07	39,661	17,355	22,306	945	1,195	10.42

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 1997-98 THROUGH 2006-07
(amounts expressed in thousands except per capita amount)**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate (%)
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	28,460 *	222	4.2
2001-02	1,280	37,225,183	29,386 *	228	4.7
2002-03	1,310	38,649,539	29,682 *	233	5.2
2003-04	1,335	40,789,349 *	30,668 *	235	5.2
2004-05	1,370	43,742,244 *	32,382 *	238	4.5
2005-06	1,386	46,375,880 *	34,014	239	4.7
2006-07	1,407	**N/A	**N/A	238	5.3

*Bureau of Economic Analysis revised population and per capita personal income estimates back to the year 2000

**Not Available until April 2008

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, 2007 AND 1998**

Employer	JUNE 30, 2007			JUNE 30, 1998		
	Employees (a)	Rank	Percentage of Total County Employment	Employees (b)	Rank	Percentage of Total County Employment
Kaiser Permanente	7,734	1	1.52%	4,911	4	0.97%
Raley's Inc. / Bel Air	7,158	2	1.41%	4,900	5	0.96%
University of California, Davis (UCD) Medical Center	6,897	3	1.36%			
CHW / Mercy Health Care	6,845	4	1.35%	5,119	3	1.01%
Intel Corporation	6,800	5	1.34%	3,750	9	0.74%
Sutter / California Health Services	6,026	6	1.19%	9,567	1	1.88%
AT & T California	4,697	7	0.92%			
Hewlett-Packard	4,000	8	0.79%	4,000	7	0.79%
Wal-Mart Stores, Inc.	3,503	9	0.69%			
Target Corporation	3,435	10	0.68%			
McClatchy Newspapers, Inc.				7,590	2	1.49%
Pacific Bell				4,566	6	0.90%
Packard Bell				3,800	8	0.75%
Albertson's Inc.				3,500	10	0.69%
Total	57,095		11.25%	51,703		10.18%

(a) Source: Sacramento Business Journal Annual Book of Lists

(b) Source: Sacramento Area Commerce and Trade Organization

**COUNTY OF SACRAMENTO
 FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
 FISCAL YEARS 2002-03 THROUGH 2006-07**

Full-time Equivalent Employees as of June 30

Function	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
General Government	1,857	823	729	901	924
Public Assistance	2,067	1,903	2,552	3,059	3,115
Public Protection	4,657	4,115	4,204	5,011	5,161
Health & Sanitation	2,816	2,594	1,334	1,729	1,760
Recreation and Culture	257	196	155	212	214
Education	4	4	5	2	3
Total	<u>11,658</u>	<u>9,635</u>	<u>8,979</u>	<u>10,914</u>	<u>11,177</u>

Note: 1) County Employees 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

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**COUNTY OF SACRAMENTO
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 2001-02 THROUGH 2006-07**

Page 1 of 2

Function	Fiscal Year					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
General Government						
Assessors:						
Number of parcels assessed	\$ 444,833	\$ 451,693	\$ 465,104	\$ 468,547	\$ 467,629	\$ 495,090
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	120,869,403
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	4,805,562
Clerk Recorders:						
Number of recorded documents	522,591	692,854	713,726	688,483	607,272	488,272
Public Assistance						
Human assistance total caseload	83,102	90,461	96,484	103,295	100,585	117,576
Percent served of children in poverty	81.30 %	91.00 %	90.00 %	90.00 %	92.40 %	95.00 %
Senior nutrition, meals served	486,075	529,441	473,232	473,232	441,772	592,904
Housing services provided	8,045	8,647	13,400	13,400	12,211	12,032
Employed non-exempt recipients CalWORKs	51%	62%	61%	56%	50 %	33 %
Public Protection						
DA:						
Filed felonies	10,338	11,010	11,570	11,571	11,371	11,837
Filed misdemeanors	20,151	22,450	21,703	20,306	20,397	21,197
Probation:						
Cases supervised *	Not Available	11,312	10,148	11,350	12,379	12,755
Institutional care for minors (days in Juvenile Hall)	**117,601	**163,689	**181,776	**178,423	**191,884	**194,939
Juvenile referrals processed	11,376	11,556	13,107	12,126	13,240	12,041
Prepared adult sentencing reports	4,363	4,748	4,860	***8,452	***9,052	***9,420
Public Defender:						
Felony Unit Jury Trials	70	88	105	125	143	160
Sheriff:						
Emergency calls for service:						
Priority 0	31	54	57	55	60	58
Priority 1	32,266	33,754	39,815	41,179	44,996	34,177
Emergency response time (minutes)						
Priority 0	5	13	10	10	9	9.3
Priority 1	15	14	15	14	15	15.61
Processed and booked adult offenders	24,830	25,084	25,199	26,568	23,477	22,493
Physical arrests	28,446	28,265	28,707	29,197	26,029	20,745
Total miles patrolled by Sheriffs	871.5	871.5	871.5	871.5	871.5	871.5

*Previously reported numbers were revised to eliminate duplicate counts.

** Figures in fiscal years ending 2003 through 2006 were revised to include Sacramento County Boys Ranch & Warren E. Thornton Youth Center.

***2004-2007 includes categories not tracked in 2001-2004.

Note: Operating Indicators by function/program is only available for the last six fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 2001-02 THROUGH 2006-07**

Page 2 of 2

Function	Fiscal Year					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Health and Sanitation						
Patient treatments at Public Health clinics	161,105	160,350	153,351	146,223	153,297	153,407
Percent of paramedic/911 medical aid unit and training programs in compliance (by inspection)	100%	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	10,230
Square Feet of Graffiti Removed or Abated	260,390	252,613	271,383	257,733	269,242	233,641
Recreation and Culture						
Number of Visitors/Program Participants at Effie Yeaw Nature Center	74,775	72,759	62,289	68,804	78,822	88,449
Number of Individuals Who Use Parks Golf Services	214,409	208,940	203,104	192,735	190,317	190,827
Education						
Library:						
Printed Materials Loaned	4,503,820	4,765,549	4,646,283	4,708,765	4,575,031	4,580,021
Audio Visual Media Loaned	285,007	316,115	402,631	495,444	670,296	777,078
Library cards issued	60,059	64,733	63,596	59,848	58,068	62,767
Library Visits	N/A	2,621,931	2,697,487	2,975,128	2,761,395	2,907,427
Airport						
Number of Commercial Airlines	12	14	15	15	15	16
Number of Flights	56,940	53,290	56,940	56,940	61,685	67,525
Number of Enplaned Passengers	4,042,585	4,314,273	4,563,607	4,986,171	5,150,229	5,307,289
Solid Waste						
Percent of Diversion/Recycled Waste	51%	52%	61%	58%	57% (est.)	57% (est.)
Tons Disposed	494,438	624,035	789,265	718,464	706,134	762,009
Water Agency						
Water Supply:						
Number of Water Connections	31,800	34,700	36,890	41,450	46,204	48,639
Water Delivered (acre feet)	27,600	30,140	27,877	31,105	34,422	41,764
Storm Water Utilities						
Drainage:						
Mainline and Lateral Pipes Cleaned (miles)	N/A	227	60	137	101	97.78
Parking Enterprise						
Daily Public Parking (count)	388,532	372,978	353,173	362,480	371,292	385,869
Monthly Parking Passes Issued to County Employees (count)	30,098	31,023	31,284	32,001	32,880	33,480
Outside Agency Usage	8,301	8,186	8,984	10,399	9,923	7,496

Note: Operating Indicators by function/program is only available for the last six fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO
CAPITAL ASSET STATISTICS BY FUNCTION
FISCAL YEARS 2001-02 THROUGH 2006-07**

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>	<u>2006-07</u>
Public Protection						
Sheriff:						
Administration buildings	1	1	1	1	1	1
Aircrafts						
Operational	4	5	4	4	3	4
Non-Operational	2	2	1	1	2	1
Fixed Wing						
Sheriff	2	2	2	2	2	2
CAL-MMET	2	2	2	2	2	2
Community service centers	12	12	12	14	14	10
Jail and detention facilities	2	2	2	2	2	2
Patrol Units	450	470	474	491	391	348
Stations	7	7	7	7	7	5
Health and Sanitation						
Clinics	2	2	3	3	3	3
Mental Health Treatment						
Clinics	1	1	1	1	1	1
Public ways and facilities						
Centerline miles of roads maintained	2,742	2,308	2,340	2,171	2,171	2,203
Traffic signals	521	531	571	402	402	434
Recreation and Culture						
Number of Golf Courses	4	4	4	4	4	4
Number of Developed Parks	38	38	38	38	38	38
Developed Parks acreage	10,500	12,500	14,500	15,000	15,000	15,000
Education						
Libraries	8	9	9	9	9	9

Note: 1) Capital assets and infrastructure statistics by function/program is only available for the last six fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.

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 2006-07**

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>	<u>2006-07</u>
Airport						
Airports	4	4	4	4	4	4
Licensed Vehicles:						
Cars and Light Trucks	126	116	120	108	112	120
Busses	45	47	55	47	44	35
Solid Waste						
Number of Collection Trucks	179	193	172	190	179	134
Number of Landfills	3	3	3	3	3	3
Water Agency						
Water Supply:						
Water mains (miles)	469.5	503	566	631	651	659
Storage Capacity (thousands of gallons)	16,400	20,400	20,400	27,900	31,400	34,400
Drainage:						
Drainage Inlets	14,280	15,397	16,578	17,828	18,946	21,596
Drainage Manholes	8,040	8,669	9,334	10,037	10,780	11,773
Drainage Pipes (miles)	608	656	706	759	762	804
Parking Enterprise						
Structures	2	2	2	2	2	2

Note: 1) Capital assets and infrastructure statistics by function/program is only available for the last six fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.

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, 2007**

