



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**DAVE IRISH
DIRECTOR OF FINANCE**

**COUNTY OF SACRAMENTO
STATE OF CALIFORNIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FISCAL YEAR 2009
COMPREHENSIVE ANNUAL FINANCIAL REPORT



COUNTY OF SACRAMENTO
STATE OF CALIFORNIA

Dave Irish, Director of Finance

For The Fiscal Year Ended June 30, 2009

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

Table of Contents

TABLE OF CONTENTS i

INTRODUCTORY SECTION

 Letter of Transmittal vii

 Certificate of Achievement for Excellence in Financial Reporting xviii

 Organizational Chart xix

 List of Public Officials xx

 Acknowledgement xxi

FINANCIAL SECTION

 Independent Auditors’ Report 1

 Management’s Discussion and Analysis (Required Supplementary Information) 3

 Basic Financial Statements:

 Government-wide Financial Statements:

 Statement of Net Assets 22

 Statement of Activities 24

 Fund Financial Statements:

 Balance Sheet – Governmental Funds 25

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues and Expenditures – Budget and Actual – General Fund	30
Statement of Net Assets – Proprietary Funds	32
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	34
Statement of Cash Flows – Proprietary Funds.....	36
Statement of Fiduciary Net Assets – Fiduciary Funds.....	38
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	39
Notes to Basic Financial Statements	41
 Required Supplementary Information (Unaudited):	
Sacramento County Employees’ Retirement System- Schedule of Funding Progress.....	113
Other Post Employment Benefit (OPEB) Plan – Schedule of Funding Progress	114

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

Combining and individual fund statements and schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	116

Special Revenue Funds:

Combining Balance Sheet	120
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	123

Individual Funds:

Schedules of Revenues and Expenditures – Budget and Actual	126
--	-----

Debt Service Funds:

Combining Balance Sheet	146
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	148

Individual Funds:

Schedules of Revenues and Expenditures – Budget and Actual	150
--	-----

Capital Project Funds:

Combining Balance Sheet	166
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	169

Individual Funds:

Schedules of Revenues and Expenditures – Budget and Actual	172
--	-----

Nonmajor Enterprise Funds:

Combining Statement of Net Assets	192
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	193
Combining Statement of Cash Flows.....	194

Internal Service Funds:

Combining Statement of Net Assets	198
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	199
Combining Statement of Cash Flows.....	200

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

Agency Funds:

Combining Balance Sheet	204
Combining Statement of Changes in Assets and Liabilities	205

Investment Trust Funds:

Combining Statement of Fiduciary Net Assets	210
Combining Statement of Changes in Fiduciary Net Assets	211

STATISTICAL SECTION

Net Assets by Component	214
Changes in Net Assets	215
Fund Balances of Governmental Funds	218
Changes in Fund Balances of Governmental Funds	220
General Governmental Tax Revenues by Source	222
Assessed Value and Estimated Actual Value of Taxable Property	223
Average Property Tax Rates - All Direct and Overlapping Governments	224
Principal Property Taxpayers	225
County Wide 1% - Secured and Unitary Property Tax Levies and Collections	226
Ratios of Outstanding Debt by Type	227
Legal Debt Margin Information	228

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

Pledged-Revenue Coverage	229
Demographic and Economic Statistics.....	230
Principal Employers	231
Full-time Equivalent County Government Employees by Function.....	232
Operating Indicators by Function.....	234
Capital Asset Statistics by Function.....	236

Intentionally Blank

COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION



Internal Services Agency

Department of Finance

Auditor-Controller Division

Julie Valverde,
Assistant Auditor-Controller

Steven C. Szalay, Interim County Executive
Mark Norris, Agency Administrator
Dave Irish, CPA, Department Director

County of Sacramento

January 29, 2010

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, 2009, 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, 2009, 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 2007-08 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 public 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 (2002, 2006, etc.), while supervisors from District 3 and District 4 are elected in presidential election years (2004, 2008, 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 County provides a full range of services including public protection, construction and maintenance of all public facilities, waste management, water, parks and recreational activities, health and human services, human assistance, planning, tax collection, elections, airports and many others. Supporting the delivery of County-wide 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.

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.

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 services caseloads typically increase. At the same time there is little growth, or actual declines, in local revenues. The result is 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 potential impact of adverse State budget actions.

Over the last several of years the local economy has been in a downward trend, along with the rest of the State and country. In the Sacramento Metropolitan Statistical Area (SMSA), which includes Sacramento, El Dorado, Yolo and Placer Counties, there has been an approximate decrease in overall employment levels of 7.6% between December 2007 and September 2009, due to the general economic slowdown. The unemployment rate has increased from 5.4% in August 2007 to 11.8% in September 2009. This is similar to the State's unemployment rate which was 6.4% and 12.2%, respectively, for the same time periods.

The real estate market in Sacramento County began slowing in Fiscal Year 2006-07 and that slowdown has continued through 2008-09, similar to the rest of the State and country. The real estate market slowdown caused an almost flat, no-growth rate of current secured property tax revenues for the County during Fiscal Year 2008-09 as compared to Fiscal Year 2007-08. The main factors were a reduction in resale transactions which in past years had caused homes to be reassessed at their higher resale values, construction of fewer new homes, and valuation reductions of existing homes by the County Assessor. For Fiscal Year 2008-09, the current secured property tax revenues increased by less than 1%, or approximately \$2 million. Sacramento County's current secured property tax revenues are expected to decrease by 8%, or approximately \$18 million, in Fiscal Year 2009-10, due to an acceleration of the same factors as FY 2008-09.

The County's local sales tax revenues decreased by 15%, or approximately \$12 million, in Fiscal Year 2008-09 as compared to Fiscal Year 2007-08, and are expected to decrease an additional 14% in Fiscal Year 2009-10, or approximately \$10 million, due to the general economic slowdown being experienced nationally, statewide and locally.

MAJOR INITIATIVES

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

Airport System

Fiscal Year 2008-2009 represented the first full year of construction of the \$1.08 billion "Big Build" at Sacramento International Airport including completion of the first project element: a new remain overnight aircraft parking pad. The County is using the project delivery approach defined by California law as design-build contracting and best value procurement. Design-build contracting results in a shorter overall construction timeframe by awarding a construction contract based on 30% design documents. In the case of this project a minimum of 18 months was saved on the design and construction schedule. At an assumed escalation factor of 7%, the overall cost savings resulting from this delivery method is estimated to be about \$60 million. Best value procurement allows for the contract award to consider not only the initial cost of construction but also life cycle costs of the asset as well as sustainability and experience of the construction managers with projects of similar magnitude and scope.

Animal Care and Regulation

Completion of New Animal Care Facility

- Construction was completed on a 49,000 square foot, state of the art animal shelter in September 2009. The facility consists of modern housing for over 14,000 animals impounded annually and also houses a full medical center, livestock barn and pasture area, two acre public dog park and a public low cost spay neuter clinic. The building has been built to Leadership In Energy and Environmental Design (LEED) certification with an anticipated gold rating. A grand opening of the new facility occurred on October 29, 2009.

Public Spay Neuter Clinic

- The Department entered into a management agreement with the Sacramento Society for the Prevention of Cruelty to Animals (SPCA) to operate the Department's new public spay neuter clinic. This unique government private partnership will provide over 1,000 low cost spay neuter services to the community annually, further reducing pet overpopulation in the community.

Community Initiative Program

- Animal Care and Regulation (Animal Care) in partnership with Sacramento City Animal Services and the Sacramento SPCA was accepted into the American SPCA's Community Initiative Program focused to increase the live release rate for shelter animals. The three Sacramento area shelters have joined seven other communities across the country now working in this exciting program. The program guarantees a minimum of \$600,000 to be spent by The American Society for the Prevention of Cruelty to Animals in our community over the next three years to increase the live release rate of shelter animals. Through this program Animal Care has initiated new adoption programs and behavior evaluations for shelter animals. To date, the Department has seen a 10% adoption rate increase.

Waste Management and Recycling Department**Solid Waste Lifeline Assistance Program**

- The Department received Board of Supervisor approval to institute a Solid Waste Lifeline Assistance Program. This program, which began in July 2008, provides financial assistance to low income individuals to help them pay their solid waste bills.

Kiefer Landfill Module 3, Phases 1 and 2 Liner project

- The Department finished the construction of the Kiefer Landfill Module 3, Phases 1 and 2 Liner project and received a Project of the Year Award, 2009 from the American Public Works Association for the project.

Water Resources**Vineyard Surface Water Treatment Plant**

- The Sacramento County Water Agency continues to work on the \$207 million construction of the Vineyard Surface Water Treatment Plant. This facility will initially treat up to 50 million gallons per day (MGD) of water diverted from the Sacramento River as part of the Freeport Regional Water Project. Construction is scheduled for completion in 2011. This milestone facility is the first surface water treatment plant constructed by the Water Agency and the surface water produced by this facility will help stabilize levels in the Central Sacramento County Groundwater basin and meet customer demand over the next 20-30 years. The ultimate capacity of the treatment plant will be 100 MGD.

Department of Transportation**Watt Avenue at Folsom/LRT Grade Separation**

- In November 2009, Sacramento Department of Transportation (SACDOT) completed a \$22 million project to build a bridge for light rail trains over Watt Avenue and to make improvements to all corners of the intersection. The overall project took three years to complete, and motorists experienced an immediate difference on February 2, 2009 when light rail trains used the bridge for the first time. The blocking delay that occurred whenever light rail trains crossed Watt Avenue was eliminated and resulted in a safer roadway, much less congestion and a better flow of traffic.

Hazel Avenue Improvement Project

- A groundbreaking event to celebrate construction startup for Phase 1 of the Hazel Avenue Improvement Project was held on April 3rd, 2009. This "Complete Street" project will reduce existing and projected traffic congestion, enhance the appearance of the area, and improve safety and mobility for all modes of transportation in this corridor: motor vehicles, pedestrians, bicyclists, equestrians, and transit passengers. The Phase 1 project will widen Hazel Avenue from four to six lanes over the American River Bridge from U.S. 50 to Curragh Downs Drive. Flatiron West Inc., was awarded Phase 1 contract work (\$23 million) in March. The Hazel Avenue Corridor provides one of a limited number of American River crossings and is an essential transportation link for businesses, residents and commuters. It is anticipated that the Phase 1 project will be completed by December 2010. Right-of-way acquisition and design work are underway for a future project that will widen Hazel Avenue from four to six lanes from Curragh Downs Drive to Madison Avenue.

Watt Avenue at U.S. Highway 50 Interchange

- SACDOT is designing a project to modify the interchange of Watt Avenue at U.S. Highway 50. The project will reconfigure the existing interchange to improve traffic safety on the interchange, and to relieve congestion on both Watt Avenue and Highway 50. The project also includes enhancements that will support transit operations and bicycle and pedestrian travel. These include improvements that will support the future implementation of bus rapid transit (BRT) in the Watt Avenue corridor, and innovative bicycle and pedestrian facilities that will allow these modes to travel safely through the interchange. Estimated construction costs are \$42.2 million with project startup scheduled to begin in 2012.

State Route 99 @ Elverta Road Interchange

- The project will construct a new interchange to replace the existing at-grade intersection in this location. The interchange will be constructed to its ultimate length including a standard Type L-9 two-quadrant partial cloverleaf interchange with ramp meters and High Occupancy Vehicle (HOV) by-pass lanes. The four-lane over-crossing will have sufficient span to accommodate an eight-lane mainline. The project also includes off-ramp terminus traffic signals. This project has been approved for state funding under the Proposition 1B State Route 99 Bond Program. Estimated construction costs are \$32.6 million with project startup scheduled to begin in 2012.

I-5 @ Metro Air Parkway Interchange

- This project is a State Highway project to construct the first phase of a five-lane partial clover Type L-9 interchange for Metro Parkway at Interstate 5 (I-5). The first phase of this project will construct a three-lane overcrossing facility with a median, bike lanes and a sidewalk on the west side. Metro Air Parkway will connect on the north of the interchange and terminate south of I-5 with a cul-de-sac. South Bayou Road will be realigned to provide the right-of-way for partial completion of two-quadrant partial cloverleaf interchange. South Bayou Road connection to Metro Air Parkway is being deferred to a later phase. The interchange project also includes a one-lane northbound I-5 exit ramp and diagonal entrance ramp, one-lane southbound I-5 exit ramp, a two-lane southbound I-5 loop entrance ramp with auxiliary lane, street lighting, striping, signs, relocation of an existing drainage ditch on the south side of the freeway, construction of drainage improvements within the interchange, and relocation of utilities. Estimated construction costs are \$18 million with project startup scheduled to begin in 2012.

Hazel Avenue @ U.S. Highway 50 Interchange

- This project proposes to construct capacity, safety and access improvements at the US Highway 50/Hazel Avenue interchange and the Hazel Avenue/Folsom Boulevard intersection. Proposed improvements include modifications to the interchange structure and freeway ramps; extension of Hazel Avenue as a six lane facility south of US 50 and Folsom Boulevard; construction of a grade separation at the Hazel Avenue/Folsom Boulevard intersection to separate the Hazel Avenue extension from Folsom Boulevard and the light rail tracks; and construction of a “jug handle” connection road to provide new access between Folsom Boulevard and the Hazel Avenue extension. The extension of Hazel Avenue south of US 50 will provide for connections with residential and business development areas south of US 50, including the Easton and Westborough Specific Plan areas. Hazel Avenue will also ultimately connect with White Rock Road and the proposed Capital Southeast Connector transportation corridor. Estimated construction costs are \$55 million with project startup scheduled to begin in 2015.

Freedom Park Drive /Watt Avenue Enhancements

- Sacramento Housing and Redevelopment Agency (SHRA) and SACDOT are partnering on a project to make improvements to Freedom Park Drive as part of efforts to revitalize North Highlands and the continued transformation of the former McClellan Air Force base to civilian uses. The project supports the objectives of the North Highlands Town Center Development Code, and will serve as the primary corridor for the Town Center “Main Street” District. The project proposes installation of landscaped median, sidewalks, bike lanes and streetscape and landscape improvements on Watt Avenue (Karl to Don Julio) and on Freedom Park Drive (Watt to 32nd). The project will also incorporate “green street” features to address storm water quality. Estimated construction costs are \$6.1 million with project startup scheduled for 2010.

DEPARTMENT FOCUS

Each year, we select activities or functions of the County to highlight particular successes or accomplishments. This year, we have selected the following activities:

Environmental Management Department

In October 2009 the Environmental Health Division in the Environmental Management Department began a pilot program with five inspectors performing food inspections in the field utilizing computer tablets with EnvisionConnect Remote. In the past the inspectors had to complete an inspection report utilizing NCR forms. The operator/owner of the facilities received a copy of the hand written report after the inspection was completed. Then the inspector had to come back into the office and enter the inspection information into the Envision database. That hand written copy was then imaged electronically. Using tablets in the field allows the inspector to only enter the inspection information once and then print out a completed inspection report which is much easier for all to read. No data re-entry is needed and the document is automatically imaged and stored.

In mid-May 2009, the Environmental Health Division began adding more inspectors to test the process and have gone into full production with 40 inspectors in the Fall of 2009. Currently we are in the process of expanding the use of the tablets to our Hazardous Materials and Water Protection staff once their specific programs have been formatted in the system.

In addition to being able to provide the operator/owner with a more readable inspection report, it also allows for the inclusion of more educational verbiage, allows the inspectors to perform more inspections in the field on a daily bases, and cuts down on the expense for paper forms. Ultimately the Department's Imaging section will be fully automated.

County Engineering

Sacramento Air Quality Management District required all gasoline dispensing facilities to meet new vapor recovery standards by April 1, 2009. Instead of spending money to upgrade facilities at six County locations, a plan was devised to only upgrade the Conservation Road facility at Branch Center. This saved nearly a million dollars in upgrades and resolved the problem with the Downtown Garage fueling facility which would have been closed down as no approved technology was available to upgrade that facility.

Fleet Services developed a plan to avoid upgrading five of six gasoline dispensing facilities. The proposed solution: Assign only newer vehicles factory equipped with on board vapor recovery systems (ORVR) to re-fuel at the five non-complying locations. This was accomplished by vehicle reassignments and by using the key controlled fuel management system to lock out fueling at those locations by older non-ORVR equipped vehicles. The plan was submitted to the SMAQMD Board and approved before the April 1st, 2009 deadline. This effort was successful allowing all refueling stations to remain in operation. Finally, only one location needed to be upgraded realizing substantial savings to the County.

Coroner

On November 1, 2008, the Sacramento County Coroner's Office was granted Full Accreditation from the National Association of Medical Examiners (N.A.M.E.) for the period August 26, 2008 to August 26, 2013. This accreditation means that our facility has met the Standards, Inspection and Accreditation Criteria, established by NAME, for providing and operating an effective Medicolegal Death Investigation System.

We are the only Coroner operated facility in the nation and one of only three counties in California to receive this accreditation, which is usually only bestowed upon facilities managed by a Medical Examiner.

Sheriff's Department-Correctional Health**Installation of Fully Automated Pharmacy System:**

In June 2008, Correctional Health Services signed a contract with McKesson Provider Technologies to establish and install a fully automated pharmacy in each of the jail facilities. In 2009 the project was implemented successfully. The use of this technology has brought the pharmacy operations in the jails up to a level comparable with the top 5% of hospitals in the nation. The use of this technology has increased patient safety by requiring all orders to be entered electronically by the physician, confirmed by the pharmacy and then packaged through high-volume cabinets. The element of patient safety is further enhanced through the use of patient level scanning technology. This project was self-funded through savings in pharmaceutical waste and will pay for itself within four fiscal years.

Establishment of Telemedicine Program for Specialty Care:

In July 2009, CHS entered into an agreement with American Correctional Solutions to establish a telemedicine program that would provide the services of eight different specialties such as: cardiology, dermatology, urology and several others. This program allows the medical practice to conduct medical appointments within the Main Jail facility with the specialist participating in the appointment remotely at their office. The telemedicine equipment is state of the art with specialty specific modules and diagnostic equipment. The clinics are conducted on-site by a CHS registered nurse who is trained in the use of the equipment and can respond to any inquiry of the physician. This service delivery model is both clinically and financially effective and has been used for many years in remote parts of the United States. This model allows CHS to avoid costly specialty care visits in the community and allows more timely access to impacted specialty care areas.

Probation**Probation Services Divisions**

The River Oak Youth Development and Education Center opened its doors at 5445 Laurel Hills Drive in Sacramento to offer expanded services to minors in one convenient location. The center is a partnership between Probation, the River Oak Center for Children, Sacramento County Office of Education and Quality Group Homes. The new facility expanded services for youth under Probation's jurisdiction and includes, the Day Treatment Center, Integrated Model for Placement, Assessment, and Case Treatment (IMPACT), and Family and Children Community Treatment Program (FCCTP). This new modern facility also includes a gymnasium, a fully equipped kitchen, multiple classrooms, a computer lab, and activity/art rooms.

Institutional Services

The Youth Detention Facility implemented Performance-based Standards (PBS), a model for institutional improvement. PBS seeks to identify, monitor, and enhance conditions and treatment services for incarcerated minors by using national standards and outcome measures. The Youth Detention Facility also implemented Jireh Crisis Prevention Safe Management Principals and Techniques training, which is a program designed to develop a positive organizational culture to help staff effectively engage minors to prevent and resolve conflicts.

Community Support

From June 15-19, 2009, probation officers participated at the 23rd annual Kops-N-Kids summer camp for Sacramento youth between the ages 9-12. The camp is a collaboration between local, state and federal law enforcement agencies, local fire departments, educators and community volunteers. Nearly 350 youth attended this year's camp. In addition to gang awareness and prevention activities, campers participated in sports clinics involving dance/cheer, football, soccer, volleyball, basketball, and biking.

On July 19, 2008, the Department hosted the first annual Probation Games in honor of Probation Parole and Community Supervision Week. Five counties competed in basketball, flag football, softball, soccer and volleyball tournaments. Over 500 people attended the weekend event.

Airport System

During fiscal year 2008-2009, the Sacramento County Airport System proceeded as the County pilot for full implementation of the Plant Maintenance module in the Comprehensive Online Management Personnel and Accounting System for Sacramento County, COMPASS. The use of Plant Maintenance provides a clearer picture of actual maintenance costs for tracking and budgeting and has resulted in improved operational effectiveness and efficiency as well as a more accurate assignment of costs to cost centers.

Department of Human Assistance**Ending Chronic Homelessness Initiative**

The Sacramento County Department of Human Assistance (DHA) plays a key role in the Ten Year Plan to End Chronic Homelessness, a plan approved by the County Board of Supervisors and Sacramento City Council in 2006. The Second Annual Report released in March 2009 reported 320 chronic homeless people were housed in permanent supportive housing since January 2007. Two hundred, ninety-eight units of permanent supportive housing have been created in the first two years. The 2009 Homeless count documented a 35% decrease in chronic homelessness in the first two years of the Ten Year Plan.

Sacramento's second Project Homeless Connect was held May 30, 2009, where a wide range of services were provided to homeless people in a one day, one stop, consumer centric environment. The outcomes were:

- 700 homeless neighbors sought and received services
- 400 community volunteers and 300 staff representing 60 different public and private agencies attended the event to provide services

The Ending Chronic Homelessness staff developed the Faith and Homeless Families initiative with the support of Sacramento City Councilmember Rob Fong. For the initial pilot program, the ECHI recruited eight faith congregations and trained sixty volunteer mentors to provide mentoring and rental support to successfully house eight homeless families.

Document Imaging

Beginning November 2008, the Department of Human Assistance began imaging the entire caseload of 153,000 active cases in compliance with one of the criteria of the Medi-Cal Personal Identifiable Information (PII) requirements. The project was successfully completed October 1, 2009.

The department worked with General Services and was able to successfully bring a two year time line in under one year. Now, case files that formally had to be transferred from one bureau to another to be accessed, can be seen and worked on-line from any bureau location. Cases will no longer have to be sent to different locations. This will save significant time for staff and help with more efficient service for our recipients. It will also provide savings for the department of well over a million dollars.

Senior Volunteer Programs

- The **Foster Grandparent Program** provides seniors age 60 years or older, low income, willing to serve children with special needs and willing to serve a minimum of 15 hours a week an opportunity to volunteer in a variety of settings tutoring and mentoring children. They work with infants and children in hospitals, schools, day care centers, the Children's Receiving Home, Job Corps and Juvenile Hall. They tutor children in math; hold and nurture babies who are born prematurely with health problems or parentally exposed to alcohol and other drugs; help children with long term illnesses; help children who have been abused or neglected; and mentor children who are at risk from dropping out of school, or at risk of substance abuse. In fiscal year 2008-09, 115 volunteers worked approximately 98,889 hours for an equivalent of \$2,002,502 worth of volunteer services provided to children in Sacramento County.

- The **Retired Senior Volunteer Program (RSVP)** provides people 55 years of age or older an opportunity to volunteer in activities including tutoring children or adults; serving as docents for cultural events, nature centers or museums; providing support services at health centers; giving clerical support or consultant services; making friendly visits to the isolated elderly; preparing, serving, or distributing food, to name just a few. They volunteer in a variety of community settings such as schools, senior centers, TV/Radio stations, libraries, hospitals, nature centers, sheriff's service stations, food distribution centers, etc. In fiscal year 2008-09, 565 volunteers worked 129,650 hours which is the equivalent of \$2,625,412 worth of volunteer services provided to residents of Sacramento County. The Neighborhood Emergency Training project trained more than 450 seniors to be better prepared for a disaster. More than 250 veterans were interviewed for the Veteran's History Project.
- The **Senior Companion Program** provides people 55 years of age or older who meet certain criteria, an opportunity to help homebound seniors remain safely and happily in their own homes. Senior Companions must be low income, physically and mentally able to serve, available to serve 20 hours per week, and not be engaged in the regular workforce. They volunteer in activities by providing socialization and companionship, including visiting clients in their homes, or at adult day care centers; transporting them to medical appointments, senior nutrition centers or shopping; and respite care for caregivers; and assisting with correspondence, bill paying, etc. This program serves seniors in Sacramento County. In fiscal year 2008-09, 35 volunteers served over 39,000 hours allowing 300 frail at-risk seniors and disabled adults to continue to live independently in our community, which is the equivalent of \$789,750 worth of volunteer services provided to seniors in Sacramento County.

Senior Nutrition Services

The Program continues to streamline operations in the new kitchen facility located in West Sacramento. During Fiscal Year 2008-09, the Program prepared, delivered and served 616,127 meals to 7,086 seniors, an average of 850 at 25 congregate sites and 1,614 to homebound seniors each weekday. On average, 80% of all referrals for home delivered meals received services within 15 days of request and 99% within 30 days. Throughout the fiscal year, there was no wait list for services.

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 Agency 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 2008-09 Single Audit will be issued under separate cover and will be available by contacting the Department of Finance, Auditor-Controller Division, after March 31, 2010.

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 2008-09, 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 2008-09 was 2.4310 percent. The yield for a one-year Constant Maturity U.S. Treasury Note during the same period was 1.06 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.

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 fund 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 Vavrinek, Trine, Day & Co., LLP was selected by the County to meet this requirement. The independent auditors' 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 twenty 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, 2008

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



President

Executive Director

THE COUNTY OF SACRAMENTO • CALIFORNIA

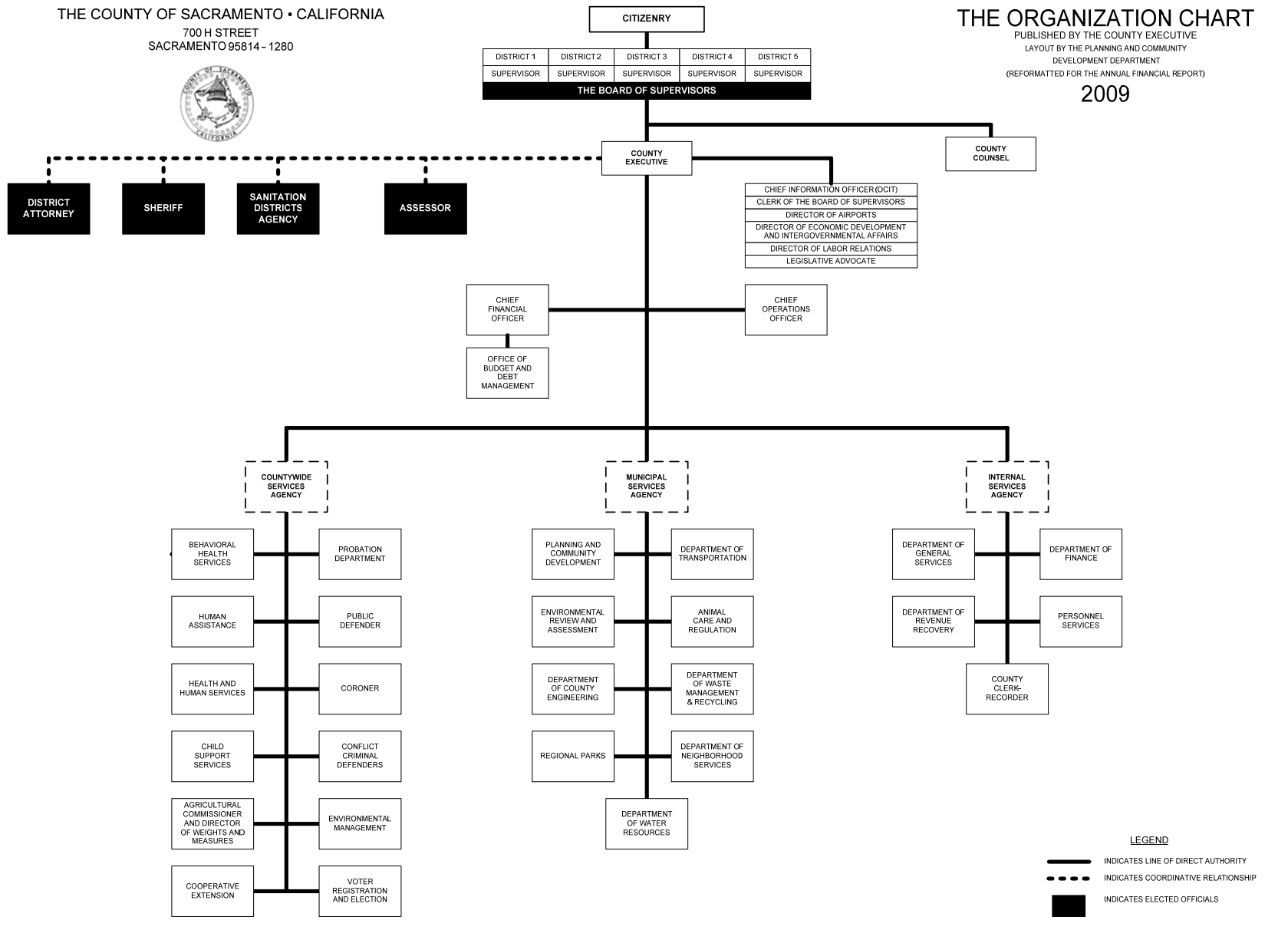
700 H STREET
SACRAMENTO 95814 - 1280



THE ORGANIZATION CHART

PUBLISHED BY THE COUNTY EXECUTIVE
LAYOUT BY THE PLANNING AND COMMUNITY
DEVELOPMENT DEPARTMENT
(REFORMATTED FOR THE ANNUAL FINANCIAL REPORT)

2009



**COUNTY OF SACRAMENTO
LIST OF PUBLIC OFFICIALS
JUNE 30, 2009**

Board of Supervisors:

ELECTED: 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 (Retired December 31, 2009)
Navdeep Gill
Mark Norris
Dave Irish

County Executive
Chief Operations Officer
Agency Administrator, Internal Services Agency
Director of Finance

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

For the fiscal year ended June 30, 2009

ACKNOWLEDGEMENT

Prepared by the County of Sacramento
Department of Finance

Julie Valverde, Assistant Auditor-Controller
Karen Gee, Senior Accounting Manager
Carlos Valencia, Accounting Manager
Linda MacLeod, Senior Accountant
Diana Lee, Senior Accountant
Paula Burris, Administrative Services Officer III

Intentionally Blank

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the 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, California (the County) as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express 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 statements 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, California, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 23 to the financial statements, the County is experiencing significant financial stress as evidenced by the General Fund Unreserved Fund Balance deficit of \$41.5 million at June 30, 2009 and a related Net Change in Fund Balance of negative \$128.7 million. The General Fund Unreserved Fund Balance at June 30, 2008 was \$97.7 million.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2010, 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 important for assessing the results of our audit.

The management's discussion and analysis on pages 3 through 19 and the schedules of funding progress on pages 113 through 114 are not a required part of the basic financial statements but are 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 the County's basic financial statements. The introductory section, combining and individual fund financial 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 financial 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 and statistical sections 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.

Varrinck, Trine, Day & Co. LLP

Rancho Cucamonga, California
January 27, 2010

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, 2009. 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 2008-09 fiscal year by \$2,547,254 (net assets), of this amount, \$697,307 is restricted for specific purposes (restricted net assets), and \$1,997,771 is invested in capital assets, net of related debt. The County's total net assets decreased by \$153,604.
- As of June 30, 2009, the County governmental funds reported combined fund balances of \$586,174 for a decrease of \$211,140, in comparison with the prior year. Approximately 29.4 percent of the combined fund balances, \$172,431 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 a negative \$41,533 or negative 2.0 percent of total general fund expenditures. This entire amount is budgeted as a decrease to general fund programs in the next fiscal year.
- The County's investment in capital assets increased by \$432,187 or 15.67 percent in comparison with July 1, 2008 balances.
- The County's total long-term obligations had a net decrease of \$25,859 in comparison with July 1, 2008 balances. This net decrease was comprised of a gross increase of \$247,434 and a gross decrease of \$273,293. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, Teeter notes, compensated absences, and partial refunding of a pension obligation bond. The increase resulted from one new teeter note, one new refunding of a pension obligation bond, and an accrual for compensated absences.

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, First Five Commission, 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 component unit of the County due to the operational relationship between the Authority and the County. The debts and liabilities of the Authority belong solely to it, and neither the Counties of Sacramento or San Diego are 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 in 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 51 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 41-112 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 115-211 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 \$2,547,254 at the close of the most recent fiscal year.

Statement of Net Assets
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Other assets	\$ 2,708,288	2,867,156	814,455	1,091,157	3,522,743	3,958,313
Capital assets	1,812,828	1,760,980	1,376,779	996,440	3,189,607	2,757,420
Total assets	<u>\$ 4,521,116</u>	<u>4,628,136</u>	<u>2,191,234</u>	<u>2,087,597</u>	<u>6,712,350</u>	<u>6,715,733</u>
Other liabilities	\$ 1,413,611	1,192,773	140,828	64,130	1,554,439	1,256,903
Long-term debt obligations	1,596,800	1,737,220	1,013,857	1,020,752	2,610,657	2,757,972
Total liabilities	<u>3,010,411</u>	<u>2,929,993</u>	<u>1,154,685</u>	<u>1,084,882</u>	<u>4,165,096</u>	<u>4,014,875</u>
Net assets:						
Invested in capital assets, net of related debt	1,419,866	1,296,783	577,905	514,012	1,997,771	1,810,795
Restricted net assets	478,468	507,138	218,839	214,334	697,307	721,472
Unrestricted net assets	<u>(387,629)</u>	<u>(105,778)</u>	<u>239,805</u>	<u>274,369</u>	<u>(147,824)</u>	<u>168,591</u>
Net assets, as restated	<u>1,510,705</u>	<u>1,698,143</u>	<u>1,036,549</u>	<u>1,002,715</u>	<u>2,547,254</u>	<u>2,700,858</u>
Liabilities and net assets	<u>\$ 4,521,116</u>	<u>4,628,136</u>	<u>2,191,234</u>	<u>2,087,597</u>	<u>6,712,350</u>	<u>6,715,733</u>

The largest portion of the County's net assets of \$1,997,771 (78 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 are 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 \$697,307 (27 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of total net assets, negative \$147,824 is unrestricted and will result in a reduction to the County's ongoing obligations to citizens and creditors. Unrestricted net assets decreased by \$316,415 from the prior year. The decrease in unrestricted net assets is a result of reclassifying unrestricted net assets to restricted from governmental fund balances that have declined over the last several years due to financial stresses related to increasing costs combined with decreasing ongoing revenue streams.

The major restrictions on net assets are for landfill closure (1%) debt service (27%) capital projects (19%), passenger facility charges (15%), health programs (33%) and transportation (2%). The County's restricted net assets decreased by \$24,165 from the prior year restricted net asset amount of \$721,472. The decrease in restricted net assets is primarily due to decreased requirements for debt service, passenger facility and capital project charges.

The County's net assets decreased by \$153,604 during the current fiscal year, which results in a decrease of 6% of total net assets from prior year. The decrease takes into consideration a \$204 restatement of prior year net assets for County Transit enterprise fund and a \$225,146 restatement of prior net assets to governmental activities. Total prior year net asset amount of \$2,475,508 was restated to \$2,700,858. At the end of the current fiscal year the County reported an increase of 10.3% 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 \$186,976 represents capital purchases net of depreciation plus the retirement of related long-term debt. The County's restricted net assets decreased by 3% while unrestricted net assets decreased by 188%. During the 2008-09 fiscal year, the County as a whole, reported positive balances in two out of the three categories of net assets. Governmental activities reported a negative balance in unrestricted net assets of \$387,629 which is primarily due to recognition of long term debt from a declining fund balance, a result of the economic recession.

Governmental activities. Governmental activities decreased the County's net assets by \$187,438.

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, 2009
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 343,401	363,957	239,336	231,621	582,737	595,578
Operating grants and contributions	1,177,843	1,223,424	25,031	29,922	1,202,874	1,253,346
Capital grants and contributions	34,808	95,231	12,290	28,635	47,098	123,866
General revenues:						
Taxes:						
Property	475,629	474,947			475,629	474,947
Sales / use	69,225	82,472	483	433	69,708	82,905
Transient	5,311	6,964			5,311	6,964
Unrestricted investment earnings	49,804	72,706	6,778	31,890	56,582	104,596
Grants and contributions not restricted to specific programs	215,915	230,103			215,915	230,103
Pledged tobacco settlement proceeds	14,862	6,716			14,862	6,716
Miscellaneous	105,545	101,025			105,545	101,025
Transfers	7,514	1,988	(7,514)	(1,988)		
Total revenues	<u>2,499,857</u>	<u>2,659,533</u>	<u>276,404</u>	<u>320,513</u>	<u>2,776,261</u>	<u>2,980,046</u>
Expenses:						
General government	185,963	212,074			185,963	212,074
Public assistance	704,416	681,682			704,416	681,682
Public protection	744,072	705,953			744,072	705,953
Health and sanitation	724,666	661,440			724,666	661,440
Public ways and facilities	123,999	199,748			123,999	199,748
Recreation and culture	41,194	42,246			41,194	42,246
Education	24,161	22,621			24,161	22,621
Interest and fiscal charges	138,824	151,148			138,824	151,148
Airport			131,888	125,793	131,888	125,793
Solid Waste			66,991	60,149	66,991	60,149
Water Agency			29,277	45,992	29,277	45,992
Parking Enterprise			12,459	2,904	12,459	2,904
County Transit			1,955	1,954	1,955	1,954
Total expenses	<u>2,687,295</u>	<u>2,676,912</u>	<u>242,570</u>	<u>236,792</u>	<u>2,929,865</u>	<u>2,913,704</u>
Change in net assets	<u>(187,438)</u>	<u>(17,379)</u>	<u>33,834</u>	<u>83,721</u>	<u>(153,604)</u>	<u>66,342</u>
Net assets, beginning of year, as restated	<u>1,698,143</u>	<u>1,715,522</u>	<u>1,002,715</u>	<u>918,994</u>	<u>2,700,858</u>	<u>2,634,516</u>
Net assets, end of year	<u>\$ 1,510,705</u>	<u>\$ 1,698,143</u>	<u>1,036,549</u>	<u>1,002,715</u>	<u>2,547,254</u>	<u>2,700,858</u>

Total revenues for the County's governmental activities decreased by \$159,676 from the prior year. This decrease is primarily due to reduced internal service charge allocations to County Departments and an overall reduction in intergovernmental revenue for program costs.

Total expenses for governmental activities were \$2,687,295, an increase of \$10,383 or less than 1% from the prior year. As a service delivery entity the County's major cost component is salaries and benefits, which accounted for approximately 48.8% of total County expenses. The average full time equivalent (FTE) employee count for the County (including business-type activities) decreased from 14,558 in the prior year to 14,124 as of June 30, 2009. The decrease of FTE occurred near year-end, thus the savings will not be realized until Fiscal Year 2009-2010. Total salaries and benefits expense increased by \$60,390 or 4.8% from the prior year. The total increase in expenses is attributable to an increase in salary and benefit costs.

Business-type activities. Business-type activities increased the County's net assets by \$33,834. 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, 2009, the County's governmental funds reported combined fund balances of \$586,174 a decrease of \$211,140 in comparison with the prior year. Approximately 29.4 percent of the combined fund balances, \$172,431 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 (\$70,771); 2) to reflect amounts set aside for future construction (\$114,786); 3) to acquire capital assets (\$26,856); 4) to reflect assets that are unavailable and do not represent available resources (\$80,252); 5) to liquidate contractual commitments of the period (\$121,078).

The decrease of \$211,140 in the governmental funds combined fund balances was attributable to the economic recession. The County experienced a sharp drop in property tax, exacerbated by the devaluation of homes, loss of sales tax revenue, no opportunity to restructure debt, inability to use one-time funds and interfund transfers, and the State of California's lack of carry through on obligation to pay counties for their cost of doing business.

The General Fund is the chief operating fund of the County. At June 30, 2009, unreserved fund balance of the general fund was a negative \$41,533 while total fund balance reached \$19,388. 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 a negative 2.0 percent of total fund expenditures, while total fund balance represents 1 percent of that same amount.

Revenues for governmental functions totaled \$2,412,030 in fiscal year 2008-09, which represents a decrease of 4.6% from fiscal year 2007-08.

The following table 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 2009		FY 2008		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 550,165	22.81%	564,383	22.33%	(14,218)	(2.52%)
Use of money and property	49,108	2.04%	72,908	2.88%	(23,800)	(32.64%)
Licenses and permits	41,762	1.73%	49,259	1.95%	(7,497)	(15.22%)
Intergovernmental	1,419,783	58.86%	1,431,493	56.64%	(11,710)	(0.82%)
Charges for sales and services	197,378	8.18%	179,710	7.11%	17,668	9.83%
Fines, forfeitures and penalties	33,427	1.39%	52,853	2.09%	(19,426)	(36.75%)
Pledged tobacco settlement proceeds	14,862	0.62%	13,525	0.54%	1,337	9.89%
Contributions from property owners		0.00%	62,050	2.46%	(62,050)	(100.00%)
Miscellaneous	105,545	4.39%	101,025	4.00%	4,520	4.47%
Total	\$ 2,412,030	100.02%	2,527,206	100.00%	(115,176)	(4.56%)

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

- Taxes decreased due to decrease in property and sales tax revenue during 2008-09 due to the economic recession.
- Use of money and property decrease is due to a lower pooled interest rate during 2008-09. Lower federal fund rates resulted from high unemployment rates and joblessness due to the economic recession and was a direct impact on the County's Pooled Investment Fund.
- Licenses and permits decreased due to the economic recession which resulted in a less applications and business license program activity during 2008-09.
- Fines, forfeitures, and penalties decreased due to less revenue collection for Teeter.
- Contributions from property owners decreased due to no new current year bond issuances.

Expenditures for governmental functions totaled \$2,721,976 in fiscal year 2008-09, which represents an increase of 2.7% from fiscal year 2007-08.

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 2009		FY 2008		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 171,945	6.32%	175,593	6.62%	(3,648)	(2.08%)
Public assistance	689,891	25.34%	673,098	25.39%	16,793	2.49%
Public protection	683,099	25.10%	666,706	25.15%	16,393	2.46%
Health and sanitation	681,774	25.05%	644,595	24.32%	37,179	5.77%
Public ways and facilities	102,254	3.76%	108,974	4.11%	(6,720)	(6.17%)
Recreation and culture	42,185	1.55%	49,871	1.88%	(7,686)	(15.41%)
Education	23,013	0.84%	22,416	0.85%	597	2.66%
Capital outlay	109,098	4.01%	128,542	4.85%	(19,444)	(15.13%)
Debt service:						
Principal	129,232	4.75%	83,964	3.17%	45,268	53.91%
Interest and fiscal charges	89,150	3.27%	87,098	3.29%	2,052	2.36%
Bond issuance costs	335	0.01%	9,949	0.37%	(9,614)	(96.63%)
Total	\$ 2,721,976	100.00%	2,650,806	100.00%	71,170	2.68%

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

General government – Decrease is primarily due to the combination of increases in retirement expenditures (\$10 million), decreases related to reduced interest expenditures for TRAN (\$7 million), decreases in election costs (\$1 million) and decreases in planning costs (\$6 million).

Public Assistance, Public Protection and Health and Sanitation – Increases are primarily a result of increases in costs related to In-Home Supportive Services provider payments, County Medically Indigent Service Program medical treatment, homeland security, and prisoner housing.

Capital Outlay – Decrease is due to decreased construction costs and no new major multiyear construction contracts awarded for Fiscal Year 2008-09. Current expenditures are specifically related to capital outlay financed from Mello-Roos special tax bonds, direct levy service charges, and previously issued Certificate of Participation bond proceeds.

Bond principal and interest costs – Increase is due to increased debt service for Pension Obligation Bonds and Teeter.

Bond issuance costs – Decrease is due to lesser amount refunded for 2004 Pension Obligation Bond in the current year.

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

	FY 2009	FY 2008	Increase/(Decrease)	
			Amount	Percent
Transfers in	174,740	184,870	(10,130)	(5.48%)
Transfers out	(156,475)	(171,783)	15,308	(8.91%)
Capital leases obligations		8,413	(8,413)	(100.00%)
Issuance of debt	80,006	160,241	(80,235)	(50.07%)
Payments to participating governments		(43,855)	43,855	(100.00%)
Refunding debt issued	49,760	359,165	(309,405)	(86.15%)
Premiums on debt issued		1,440	(1,440)	(100.00%)
Discounts on debt issued		(2,144)	2,144	(100.00%)
Swap, Lehmen termination payment	(23,019)		(23,019)	(100.00%)
Swap, premium short term	2,950		2,950	100.00%
Swap, premium long term	20,069		20,069	100.00%
Payment to refunded bonds escrow agent	(49,225)	(350,037)	300,812	(85.94%)
Total other financing sources (uses)	<u>\$ 98,806</u>	<u>146,310</u>	<u>(47,504)</u>	<u>(32.47%)</u>

- Transfers in/out – Decrease transfers between 2007 Public Facilities Debt Service and Capital Projects funds from prior year, combined with increased transfers in Pension Obligation Bond debt service and increased transfers for debt service reimbursement from Departments.
- Capital leases obligations – Decrease is the result of no new capital leases. In the prior year we reported capital lease agreements for energy conservation improvement and replacement of obsolete mechanical equipment at various county buildings.
- Issuance of debt – Decrease due to less debt issuances for the current year. County issued one new Teeter Note for the current year. In the prior year, the County issued one new Certificate of Participation, one Tax Allocation Revenue Bond in addition to one new Teeter Note.
- Payments to participating governments – No activity for current year. Prior year recorded issuance of tax allocation revenue bonds.
- Refunding debt issued and Payment to refund bond escrow – Decrease is due to lesser amount refunded in the current year for the 2004 Pension Obligation bonds.
- Premium on debt issued – No current year activity. Prior year premium due to issuance of debt for 2007 Certificate of Participation.
- Discounts on debt issued – No current year activity. Prior year discount due to refunding of 2004 Pension Obligation Bond and issuance of Tax Allocation Revenue bonds by the Sacramento Financing Authority.
- Swap – County entered into a replacement swap and swap option with Deutsche Bank AG due to Lehmen’s filing bankruptcy.

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	\$ 1,987,660	353,850	39,334	31,186	2,412,030
Expenditures	(2,071,452)	(343,409)	(218,717)	(88,398)	(2,721,976)
Other financing sources (uses), net	(44,955)	(8,521)	164,401	(12,119)	98,806
Net change in fund balance	(128,747)	1,920	(14,982)	(69,331)	(211,140)
Fund balances – beginning	148,135	310,398	135,554	203,227	797,314
Fund balances – ending	<u>\$ 19,388</u>	<u>312,318</u>	<u>120,572</u>	<u>133,896</u>	<u>586,174</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 \$119,896, Solid Waste \$32,420, Water Agency \$56,060, Parking Enterprise \$204 and County Transit \$946. The internal service funds that are used to account for certain governmental activities had unrestricted net assets of \$13,634.

The Airport System’s total net assets increased by \$25,365 during fiscal year ended June 30, 2009 primarily due to a combination of increases in concession revenue; \$2,184; building rent \$18,231; and decreases in services and supplies, \$4,396.

Solid Waste’s total net assets decreased by \$3,348 during fiscal year ended June 30, 2009. This decrease was attributable to a combination of an operating loss of \$2,941, net transfers in and out reflecting a loss of \$2,667, partially offset by non operating income of \$2,259.

The Water Agency’s total net assets increased by \$18,606 during fiscal year ended June 30, 2009. This increase was primarily attributable to the Agency’s normal operations, contributions and 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	\$ 118,991	61,653	41,836	2,990	146	225,616	419,865
Operating expenses	(109,127)	(61,673)	(26,148)	(10,037)	(1,946)	(208,931)	(417,580)
Operating income (loss)	9,864	(20)	15,688	(7,047)	(1,800)	16,685	2,285
Non-operating revenues, net	10,080	2,260	(1,762)	697	1,526	12,801	(382)
Income before capital contributions and transfers	19,944	2,240	13,926	(6,350)	(274)	29,486	1,903
Transfers in (out)	(1,514)	(5,588)	(412)			(7,514)	(10,751)
Capital contributions	6,935		5,092		263	12,290	
Changes in net assets	<u>\$ 25,365</u>	<u>(3,348)</u>	<u>18,606</u>	<u>(6,350)</u>	<u>(11)</u>	<u>34,262</u>	<u>(8,848)</u>

The income before capital contributions and transfers of enterprise funds of \$29,486 resulted primarily from net increases for Airports of \$19,944, Solid Waste of \$2,240, Water Agency of \$13,926 and a net decrease for other nonmajor enterprise funds of \$6,624.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the Original Budget and the Final Budget resulted in a \$1,797 million increase in appropriations and are briefly summarized as follows:

General Government: The budget for General Government decreased by \$18.6 million. Budgets for central finance functions decreased by \$14.8 million during the fiscal year as a result of economic conditions and lower interest expense due to reduced Tax Revenue Anticipation Notes. Additionally, the Board of Supervisors, Clerk of the Board, County Counsel, Voter Registration and Neighborhood Services departments were decreased due to reduced local revenues resulting from economic conditions.

Public Assistance: The budget for Public Assistance decreased \$6.7 million due to reduced local revenues resulting from economic conditions.

Public Protection: The Public Defender and Conflict Criminal Defender budgets were increased by \$5.2 million due to workload issues. The Sheriff's Department budget increased by \$5.0 million due to increased homeland security grants and additional prisoner housing. The Probation Department was reduced by \$0.9 million due to local economic conditions.

Health and Sanitation: In-Home Supportive Services provider payment budget increased by \$8.8 million and the County Medically Indigent Service Program medical treatment budget increased by \$9.5 million due to workload issues. Additionally, the Department of Health and Human Services and Correctional Health budgets decreased by \$0.8 million due to reduced local revenues resulting from economic conditions.

Sales tax and property tax revenues decreased by \$6.4 million due to local economic conditions. Use of money and property decreased by \$6.7 million due to lower earnings and reduced Tax Revenue Anticipation Notes. Federal and State reimbursement revenues decreased by \$18.2 million due to reductions in programs that generate these revenues. Those programs decreased due to reduced local revenues resulting from economic conditions.

Actual revenues were \$109,715 million less than budgetary estimates. The under-collection of revenues was due to local economic conditions, particularly toward the end of the fiscal year. Reduced local resources resulted in reduced federal and State reimbursement revenues. Also, reduced demand for public services resulted in reduced revenue collection from charges for sales and services.

Actual expenditures were \$91,151 million less than budgetary estimates, primarily due to the accumulation of vacant positions in anticipation of reductions in the next fiscal year. 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, 2009, amounted to \$3,189,607 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 15.67%.

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

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2009	2008	2009	2008	2009	2008	Percent of Change
Land	\$ 113,113	\$ 110,377	84,439	82,911	197,552	193,288	2.21%
Buildings and improvements*	354,406	307,852	561,526	533,988	915,932	841,840	8.80%
Water facility rights			20,335	11,073	20,335	11,073	83.64%
Infrastructure*	1,088,608	1,065,231	88,000	86,462	1,176,608	1,151,693	2.16%
Equipment	58,137	65,407	29,970	22,870	88,107	88,277	(0.19%)
Construction in progress	198,564	212,113	592,509	259,136	791,073	471,249	67.87%
Total	\$ 1,812,828	\$ 1,760,980	1,376,779	996,440	3,189,607	2,757,420	15.67%

*2008 balance has been adjusted due to Water Utilities GASB 34 prior year contributed capital increasing Infrastructure (\$225,156) and decreasing Buildings and improvements (\$10)

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

- Buildings and improvements - increase is due to Airports Remain Overnight Concrete Aircraft Parking Pad (\$12.3). Kiefer Landfill Liner (\$15.3), Carmichael Library (\$7.1), Warren E. Thornton Youth Center (\$15.3), Juvenile Hall Phase I Expansion (\$8.7), and New Equipment Shop Fleet Services (\$12.8).
- Water facility rights - Water Agencies Enterprise fund (\$9.2).
- Infrastructure – increase due to Water Agency prior year contributed capital (\$308) and Road Fund projects (\$19.9).
- Construction in progress - increase due to Airport terminal modernization program wide costs (\$195.7), Vineyard SWTP Phase 1 (\$92.9), Freeport Regional Water Project (\$50.7), Pipeline Segment 4 (\$7.0), and Governmental projects for: Juvenile Hall expansion (\$17.6), construction of 4 Juvenile Hall housing units (\$5.7), and construction of new Animal Care Shelter (\$9.4).

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

Debt Administration

At June 30, 2009, the County's governmental activities had long-term obligations, totaling \$1.762 billion. County debt issued by the Public Facilities Financing Corporation included and currently outstanding, \$28 million in Refunding Certificates of Participation, Main Jail Detention Facility, \$33 million in Juvenile Courthouse Project Certificates of Participation, \$14 million of Certificates of Participation for 2003 ADA Projects, \$6 million of Certificates of Participation for Cherry Island Golf Course, \$67 million of Certificates of Participation for implementation of the fixed asset financing program, \$15 million of Certificates of Participation for the 1997 Public Facilities Project, \$79 million in Certificates of Participation for construction of the Coroner/Crime Lab and a multipurpose building to house the County's Data Center, \$37 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, \$46 million of Certificates of Participation for the 2007 Public Facilities project for construction of the Animal Care and Youth Detention facilities, \$247 million in Revenue bonds for cash settlement of the tobacco settlement agreement, \$50 million revenue bonds to finance four redevelopment projects in designated redevelopment project areas in the City and County of Sacramento, and \$47 million revenue bonds to finance redevelopment activities, including low and moderate income housing in the designated redevelopment project area in the County of Sacramento. In addition, compensated absences of the County amounted to \$106 million and capital lease obligations of \$11 million.

Other significant long-term obligations include \$50 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, \$97 million in bonds issued to eliminate unfunded pension obligation at July 15, 2003, \$62 million in bonds issued to eliminate the unfunded pension obligation at July 1, 2004, \$359 million in bonds issued to eliminate the unfunded pension obligation at March 28, 2008, and \$50 million in bonds issued to eliminate the unfunded pension obligation at June 12, 2009 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 \$1.044 billion. This includes \$3 million of refunding certificates of participation for the construction of parking garages, \$563 million of Airport System revenue bonds and other Airport debt, \$23 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 \$455 million.

For the year ended June 30, 2009, the County's total long-term obligations had a net decrease of \$25,859. This net was comprised of a gross increase of \$247,434 and a gross decrease of \$273,293. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, Teeter notes of \$110,186, and related principal retirement and partial refunding of pension obligation bonds of \$66,048. The increase resulted primarily from one new Teeter note and one new refunding of the pension obligation bond that amounted to \$129,766.

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 – 85.

Economic Factors and Next Year's Budget and Rates

- Four major sources of revenue generated from the performance of the economy are:
 - Property tax revenues decreased by \$38.9 million in the Fiscal Year 2009-10 budget, a 10.1 percent decrease. This projection is based on the Assessor's experience with the assessed property value roll and appeals to those values by homeowners.
 - Sales tax revenues decreased by \$15.4 million in the Fiscal Year 2009-10 budget, a 20.7 percent decrease. This projected revenue is based on actual Fiscal Year 2008-09 collections and available actual collections in the budget year.
 - Proposition 172 revenue decreased by \$33.8 million in the Fiscal Year 2009-10 budget, a 31.1 percent decrease. This projected revenue is based on State wide average actual collections in Fiscal year 2008-09.
 - Realignment revenue decreased by \$25.9 million in the Fiscal Year 2009-10 budget, a 12.9 percent decrease. This revenue source includes a sales tax component as well as a portion of vehicle license fees. Both sources are expected to decrease in the budget year.
- The Fiscal Year 2009-10 budget includes an increase in salaries of 2.9 percent for employees represented by employee organizations. Unrepresented employees received no salary increase and were furloughed one day per month.
- The Fiscal Year 2009-10 General Fund budget included reductions of \$195.0 million. Positions were reduced by approximately 1,600, resulting in 724 employee layoffs.
- An unaudited General Fund balance/carryover of \$11.6 million was included in the budget. Of this amount, the General Purpose Financing net improvement was approximately \$9.1 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.

Intentionally Blank

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

Intentionally Blank

**COUNTY OF SACRAMENTO
GOVERNMENT-WIDE
STATEMENT OF NET ASSETS
JUNE 30, 2009
(amounts expressed in thousands)**

Page 1 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 1,234,245	268,391	1,502,636
Restricted cash and investments		57,612	57,612
Receivables, net of allowance for uncollectibles:			
Billed	36,058	28,352	64,410
Interest	5		5
Intergovernmental	199,563	13,253	212,816
Internal balances	(21,243)	21,243	
Prepaid expenses		12,878	12,878
Inventories	2,389	231	2,620
Total current assets	<u>1,451,017</u>	<u>401,960</u>	<u>1,852,977</u>
Noncurrent assets:			
Restricted assets		394,172	394,172
Long-term receivables	192,172		192,172
Deferred charges	28,464	18,323	46,787
Pension asset	1,036,635		1,036,635
Capital assets:			
Land and other nondepreciable assets	311,677	676,948	988,625
Facilities, infrastructure and equipment, net of depreciation	1,501,151	699,831	2,200,982
Total capital assets	<u>1,812,828</u>	<u>1,376,779</u>	<u>3,189,607</u>
Total noncurrent assets	<u>3,070,099</u>	<u>1,789,274</u>	<u>4,859,373</u>
Total assets	<u>\$ 4,521,116</u>	<u>2,191,234</u>	<u>6,712,350</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, 2009
(amounts expressed in thousands)**

Page 2 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities:			
Current liabilities:			
Warrants payable	\$ 17,869	15,702	33,571
Accrued liabilities	111,968	21,279	133,247
Tax and revenue anticipation notes	440,000		440,000
Intergovernmental payable	105,706	518	106,224
Current portion of accrued interest payable	27,036		27,036
Payable to external parties	4,587	343	4,930
Current portion of insurance claims payable	37,667		37,667
Current portion of long-term debt obligations	60,360	22,285	82,645
Current liabilities payable from restricted assets		55,509	55,509
Unearned revenue	57,792	1,053	58,845
Total current liabilities	<u>862,985</u>	<u>116,689</u>	<u>979,674</u>
Noncurrent liabilities:			
Insurance claims payable	120,542		120,542
Accreted interest	325,640		325,640
Long-term debt obligations	1,596,800	1,013,857	2,610,657
Compensated absences	99,601	5,939	105,540
Other post employment benefits	5,334	405	5,739
Long-term advances from other funds	(491)	491	
Arbitrage rebate payable		1,329	1,329
Landfill closure and postclosure care		15,975	15,975
Total noncurrent liabilities	<u>2,147,426</u>	<u>1,037,996</u>	<u>3,185,422</u>
Total liabilities	<u>3,010,411</u>	<u>1,154,685</u>	<u>4,165,096</u>
Net assets:			
Invested in capital assets, net of related debt	1,419,866	577,905	1,997,771
Restricted for:			
Landfill closure		8,279	8,279
Kiefer Wetlands Preserve		862	862
Debt service	158,782	29,260	188,042
Capital projects	60,576	74,642	135,218
Passenger facility charges		103,733	103,733
Endowments:			
Expendable		63	63
Nonexpendable		2,000	2,000
Fire protection	1,544		1,544
Health programs	233,512		233,512
Transportation	16,245		16,245
Lighting and landscape maintenance	3,178		3,178
Community facilities	4,601		4,601
Fish and game	30		30
Unrestricted	(387,629)	239,805	(147,824)
Total net assets	<u>1,510,705</u>	<u>1,036,549</u>	<u>2,547,254</u>
Total liabilities and net assets	<u>\$ 4,521,116</u>	<u>2,191,234</u>	<u>6,712,350</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, 2009
(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	Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 185,963	89,134	280	423	(96,126)		(96,126)
Public assistance	704,416	9,156	608,333		(86,927)		(86,927)
Public protection	744,072	122,229	49,839	1,844	(570,160)		(570,160)
Health and sanitation	724,666	51,561	485,030	5,336	(182,739)		(182,739)
Public ways and facilities	123,999	53,711	34,352	25,584	(10,352)		(10,352)
Recreation and culture	41,194	17,312	9	1,621	(22,252)		(22,252)
Education	24,161	298			(23,863)		(23,863)
Interest and fiscal charges	138,824				(138,824)		(138,824)
Total governmental activities	<u>2,687,295</u>	<u>343,401</u>	<u>1,177,843</u>	<u>34,808</u>	<u>(1,131,243)</u>		<u>(1,131,243)</u>
Business-type activities:							
Airport	131,888	123,192	22,469	6,935		20,708	20,708
Solid Waste	66,991	67,018	234			261	261
Water Agency	29,277	43,954	579	5,092		20,348	20,348
Parking Enterprise	12,459	4,989	733			(6,737)	(6,737)
County Transit	1,955	183	1,016	263		(493)	(493)
Total business-type activities	<u>242,570</u>	<u>239,336</u>	<u>25,031</u>	<u>12,290</u>		<u>34,087</u>	<u>34,087</u>
Total primary government	<u>\$ 2,929,865</u>	<u>582,737</u>	<u>1,202,874</u>	<u>47,098</u>	<u>(1,131,243)</u>	<u>34,087</u>	<u>(1,097,156)</u>
General revenues:							
Taxes:							
Property					475,629		475,629
Sales / use					69,225	483	69,708
Transient occupancy					5,311		5,311
Unrestricted investment earnings					49,804	6,778	56,582
Grants and contributions not restricted to specific programs					215,915		215,915
Pledged tobacco settlement proceeds					14,862		14,862
Miscellaneous					105,545		105,545
Transfers					7,514	(7,514)	
Total general revenues and transfers					<u>943,805</u>	<u>(253)</u>	<u>943,552</u>
Changes in net assets					(187,438)	33,834	(153,604)
Net assets, beginning of year, as restated					1,698,143	1,002,715	2,700,858
Net assets, end of year					<u>\$ 1,510,705</u>	<u>1,036,549</u>	<u>2,547,254</u>

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

**COUNTY OF SACRAMENTO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009
(amounts expressed in thousands)**

	General	Nonmajor Governmental Funds	Total
Assets:			
Cash and investments	\$ 504,016	549,181	1,053,197
Receivables:			
Billed	17,392	14,900	32,292
Interest		5	5
Intergovernmental	182,817	15,416	198,233
Due from other funds	26,200	16,298	42,498
Inventories	603		603
Long-term advances to other funds		23,306	23,306
Long-term receivables	54,178	137,612	191,790
Total assets	\$ 785,206	756,718	1,541,924
Liabilities and fund balances:			
Liabilities:			
Warrants payable	\$ 9,076	2,897	11,973
Accrued liabilities	65,871	27,104	92,975
Tax and revenue anticipation notes	440,000		440,000
Intergovernmental payable	63,661	34,692	98,353
Due to other funds	54,824	18,466	73,290
Deferred revenues	89,290	106,773	196,063
Long-term advances from other funds	43,096		43,096
Total liabilities	765,818	189,932	955,750
Fund balances:			
Reserved for:			
Encumbrances	8,107	112,971	121,078
Capital asset acquisitions	26,856		26,856
Assets not available	25,958	54,294	80,252
Debt service		70,771	70,771
Future construction		114,786	114,786
Unreserved, reported in:			
Designated			
Special revenue funds		111,883	111,883
Undesignated			
General Fund	(41,533)		(41,533)
Special revenue funds		107,708	107,708
Capital projects		(5,627)	(5,627)
Total fund balances	19,388	566,786	586,174
Total liabilities and fund balances	\$ 785,206	756,718	1,541,924

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, 2009
(amounts expressed in thousands)

Fund balances - total governmental funds	\$	586,174
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.		1,773,832
Pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds.		1,036,635
Bond issuance costs of the governmental activities are not financial resources and, therefore are not reported in the funds.		23,555
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(2,122,351)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		167,428
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.		45,432
Net assets of governmental activities	<u>\$</u>	<u>1,510,705</u>

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

**COUNTY OF SACRAMENTO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

	General	Nonmajor Governmental Funds	Total
Revenues:			
Taxes	\$ 469,111	81,054	550,165
Use of money and property	21,394	27,714	49,108
Licenses and permits	10,744	31,018	41,762
Intergovernmental	1,282,839	136,944	1,419,783
Charges for sales and services	117,685	79,693	197,378
Fines, forfeitures and penalties	18,976	14,451	33,427
Pledged tobacco settlement proceeds		14,862	14,862
Miscellaneous	66,911	38,634	105,545
Total revenues	<u>1,987,660</u>	<u>424,370</u>	<u>2,412,030</u>
Expenditures:			
Current:			
General government	100,962	70,983	171,945
Public assistance	653,127	36,764	689,891
Public protection	668,038	15,061	683,099
Health and sanitation	637,795	43,979	681,774
Public ways and facilities	67	102,187	102,254
Recreation and culture	11,077	31,108	42,185
Education	386	22,627	23,013
Capital outlay		109,098	109,098
Debt service:			
Principal		129,232	129,232
Bond issuance costs		335	335
Interest and fiscal charges		89,150	89,150
Total expenditures	<u>2,071,452</u>	<u>650,524</u>	<u>2,721,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,792)</u>	<u>(226,154)</u>	<u>(309,946)</u>
Other financing sources (uses):			
Transfers in	37,594	137,146	174,740
Transfers out	(82,549)	(73,926)	(156,475)
Issuance of debt		80,006	80,006
Refunding debt issued		49,760	49,760
Swap, Lehmen termination payment		(23,019)	(23,019)
Swap, premium short term		2,950	2,950
Swap, premium long term		20,069	20,069
Payment to refunded bonds escrow agent		(49,225)	(49,225)
Total other financing sources (uses)	<u>(44,955)</u>	<u>143,761</u>	<u>98,806</u>
Net change in fund balances	<u>(128,747)</u>	<u>(82,393)</u>	<u>(211,140)</u>
Fund balances - beginning, as restated	148,135	649,179	797,314
Fund balances - ending	<u>\$ 19,388</u>	<u>566,786</u>	<u>586,174</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, 2009
(amounts expressed in thousands)

Net change in fund balances - total governmental funds \$ (211,140)

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.	57,964
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 amortization during the year.	(934)
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.	49,239
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.	(78,235)
Some revenues will not be collected up to twelve months after the year end, and therefore are not considered "available" and are deferred in the governmental funds. Deferred revenues decreased by this amount during the year.	4,088
The net revenues of certain activities of internal service funds is reported with governmental activities.	(8,420)
Change in net assets of governmental activities	<u>\$ (187,438)</u>

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

Intentionally Blank

**COUNTY OF SACRAMENTO
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

Page 1 of 2

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 487,906	481,543	469,111	(12,432)
Use of money and property	27,692	21,010	21,394	384
Licenses and permits	11,848	11,848	10,744	(1,104)
Intergovernmental	1,378,207	1,360,042	1,282,839	(77,203)
Charges for sales and services	142,428	142,330	117,685	(24,645)
Fines, forfeitures and penalties	22,192	22,192	18,976	(3,216)
Miscellaneous	58,607	58,410	66,911	8,501
Total revenues	<u>2,128,880</u>	<u>2,097,375</u>	<u>1,987,660</u>	<u>(109,715)</u>
Expenditures:				
Current:				
General government:				
Legislative and administrative	32,888	30,965	18,178	12,787
Finance	51,955	37,107	37,107	
Counsel	6,285	5,995	4,827	1,168
Human resources	17,004	16,965	14,791	2,174
Elections	11,228	10,872	8,883	1,989
Other	18,669	17,562	17,176	386
Total general government	<u>138,029</u>	<u>119,466</u>	<u>100,962</u>	<u>18,504</u>
Public assistance:				
Administration	258,942	252,131	245,044	7,087
Aid programs	384,806	384,806	377,146	7,660
Other	31,289	31,367	30,937	430
Total public assistance	<u>675,037</u>	<u>668,304</u>	<u>653,127</u>	<u>15,177</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, 2009
(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	172,037	177,695	172,551	5,144
Police protection	221,535	226,663	218,335	8,328
Detention and correction	238,929	237,605	229,404	8,201
Protection and inspection	4,496	4,475	4,074	401
Other	52,968	53,042	43,674	9,368
	<u>689,965</u>	<u>699,480</u>	<u>668,038</u>	<u>31,442</u>
Total public protection				
Health and sanitation	645,670	663,201	637,795	25,406
Public ways and facilities	67	67	67	
Recreation and culture	11,640	11,668	11,077	591
Education	398	417	386	31
	<u>2,160,806</u>	<u>2,162,603</u>	<u>2,071,452</u>	<u>91,151</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	(31,926)	(65,228)	(83,792)	(18,564)
Other financing sources (uses):				
Principal	50	50		(50)
Transfers in	37,594	37,594	37,594	
Transfers out	(82,549)	(82,549)	(82,549)	
	<u>(44,905)</u>	<u>(44,905)</u>	<u>(44,955)</u>	<u>(50)</u>
Total other financing sources (uses)				
Net change in fund balance	<u>\$ (76,831)</u>	<u>(110,133)</u>	<u>(128,747)</u>	<u>(18,614)</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, 2009
 (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	\$ 147,528	48,585	71,786	492	268,391	181,048
Restricted cash and investments	55,509		2,103		57,612	
Receivables, net of allowance for uncollectibles:						
Billed	10,959	9,424	7,960	9	28,352	3,766
Intergovernmental	11,717	281		1,255	13,253	1,330
Due from other funds	368	215	123	47	753	55,052
Prepaid expenses	12,878				12,878	
Inventories	231				231	1,786
Total current assets	<u>239,190</u>	<u>58,505</u>	<u>81,972</u>	<u>1,803</u>	<u>381,470</u>	<u>242,982</u>
Noncurrent assets:						
Restricted assets	221,047	9,142	163,983		394,172	
Long-term advances to other funds						35,860
Long-term receivables						382
Deferred charges	14,134	619	3,570		18,323	4,909
Capital assets:						
Land and other nondepreciable assets	314,307	32,679	328,653	1,309	676,948	28
Facilities, infrastructure and equipment, net of depreciation	358,312	84,139	253,728	3,652	699,831	38,968
Total capital assets	<u>672,619</u>	<u>116,818</u>	<u>582,381</u>	<u>4,961</u>	<u>1,376,779</u>	<u>38,996</u>
Total noncurrent assets	<u>907,800</u>	<u>126,579</u>	<u>749,934</u>	<u>4,961</u>	<u>1,789,274</u>	<u>80,147</u>
Total assets	<u>\$ 1,146,990</u>	<u>185,084</u>	<u>831,906</u>	<u>6,764</u>	<u>2,170,744</u>	<u>323,129</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, 2009
 (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	\$ 14,977	292	410	23	15,702	5,896
Accrued liabilities	5,517	2,848	12,725	189	21,279	19,724
Intergovernmental payable	442	76			518	7,353
Due to other funds	4,178	5,523	367	64	10,132	19,811
Current portion of insurance claims payable						37,667
Current portion of long-term debt obligations	10,801	1,457	9,402	625	22,285	
Current liabilities payable from restricted assets	55,509				55,509	
Unearned revenue	1,053				1,053	2,923
Total current liabilities	<u>92,477</u>	<u>10,196</u>	<u>22,904</u>	<u>901</u>	<u>126,478</u>	<u>93,374</u>
Noncurrent liabilities:						
Insurance claims payable						120,542
Long-term debt obligations	548,921	19,763	443,300	1,873	1,013,857	
Compensated absences	3,351	1,777	808	3	5,939	16,932
Other post employment benefits	164	112	125	4	405	991
Long-term advances from other funds				491	491	15,579
Arbitrage rebate payable			1,329		1,329	
Landfill closure and postclosure care		15,975			15,975	
Total noncurrent liabilities	<u>552,436</u>	<u>37,627</u>	<u>445,562</u>	<u>2,371</u>	<u>1,037,996</u>	<u>154,044</u>
Total liabilities	<u>644,913</u>	<u>47,823</u>	<u>468,466</u>	<u>3,272</u>	<u>1,164,474</u>	<u>247,418</u>
Net assets:						
Invested in capital assets, net of related debt	175,059	95,700	305,277	1,869	577,905	62,077
Restricted for:						
Landfill closure		8,279			8,279	
Kiefer Wetlands Preserve		862			862	
Debt service	29,260				29,260	
Capital projects	72,066		2,103	473	74,642	
Passenger facility charges	103,733				103,733	
Endowments:						
Expendable	63				63	
Nonexpendable	2,000				2,000	
Unrestricted	<u>119,896</u>	<u>32,420</u>	<u>56,060</u>	<u>1,150</u>	<u>209,526</u>	<u>13,634</u>
Total net assets	<u>502,077</u>	<u>137,261</u>	<u>363,440</u>	<u>3,492</u>	<u>1,006,270</u>	<u>75,711</u>
Total liabilities and net assets	<u>\$ 1,146,990</u>	<u>185,084</u>	<u>831,906</u>	<u>6,764</u>		<u>323,129</u>
Adjustment to reflect internal service fund activities related to enterprise funds					30,279	
Net assets of business-type activities					<u>\$ 1,036,549</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, 2009
 (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	\$ 118,691	60,895	39,935	3,037	222,558	407,314
Other	300	758	1,901	99	3,058	12,551
Total operating revenues	<u>118,991</u>	<u>61,653</u>	<u>41,836</u>	<u>3,136</u>	<u>225,616</u>	<u>419,865</u>
Operating expenses:						
Salaries and benefits	32,126	23,704	7,299	542	63,671	164,730
Services and supplies	49,871	29,286	8,363	9,399	96,919	162,565
Cost of sales and services	498				498	5,363
Depreciation	25,750	7,126	8,418	418	41,712	14,716
Self-insurance						65,955
Landfill closure costs		1,557			1,557	
Other	882		2,068	1,624	4,574	4,251
Total operating expenses	<u>109,127</u>	<u>61,673</u>	<u>26,148</u>	<u>11,983</u>	<u>208,931</u>	<u>417,580</u>
Operating income (loss)	<u>9,864</u>	<u>(20)</u>	<u>15,688</u>	<u>(8,847)</u>	<u>16,685</u>	<u>2,285</u>
Nonoperating revenues (expenses):						
Use of money and property	6,157	1,467	(961)	115	6,778	696
Intergovernmental	979	234	579	1,749	3,541	1,069
Passenger facility charges	21,490				21,490	
Sales / use tax				483	483	
Interest expense	(18,204)	(1,085)	(2,428)	(139)	(21,856)	(1,450)
Other	(342)	1,644	1,048	15	2,365	(697)
Total nonoperating revenues (expenses)	<u>10,080</u>	<u>2,260</u>	<u>(1,762)</u>	<u>2,223</u>	<u>12,801</u>	<u>(382)</u>
Income before capital contributions and transfers	19,944	2,240	13,926	(6,624)	29,486	1,903
Transfers in						263
Transfers out	(1,514)	(5,588)	(412)		(7,514)	(11,014)
Capital contributions	6,935		5,092	263	12,290	
Changes in net assets	25,365	(3,348)	18,606	(6,361)	34,262	(8,848)
Net assets, beginning of year, as restated	476,712	140,609	344,834	9,853		84,559
Net assets, end of year	<u>\$ 502,077</u>	<u>137,261</u>	<u>363,440</u>	<u>3,492</u>		<u>75,711</u>
Adjustment to reflect internal service fund activities related to enterprise funds.					(428)	
Change in net assets of business-type activities					<u>\$ 33,834</u>	

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

Intentionally Blank

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2009
 (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	\$ 117,282	54,538	36,090	3,099	211,009	62,832
Receipts from interfund services provided		121			121	381,962
Receipts from other operating activities		6,389	1,901		8,290	257
Payments to suppliers	(40,430)	(24,749)	(10,492)	(11,194)	(86,865)	(215,892)
Payments to employees	(31,635)	(23,486)	(5,958)	(589)	(61,668)	(169,811)
Payments for interfund services used				749	749	(24,938)
Other (payments) receipts	157			22	179	(3,451)
Net cash provided by (used for) operating activities	<u>45,374</u>	<u>12,813</u>	<u>21,541</u>	<u>(7,913)</u>	<u>71,815</u>	<u>30,959</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Receipt of advances from other funds				491	491	6,433
Intergovernmental revenue	1,455	1,873		2,232	5,560	1,069
Other non-operating revenue						495
Non-operating expense						(1,191)
Payment on advance from other fund						(7,558)
Advance to other funds						(35,860)
Interest paid on advances from other funds						(1,450)
Transfers to/from other funds	(1,514)	(5,588)	(412)		(7,514)	(10,751)
Net cash provided by (used for) noncapital financing activities	<u>(59)</u>	<u>(3,715)</u>	<u>(412)</u>	<u>2,723</u>	<u>(1,463)</u>	<u>(48,813)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Intergovernmental grants received				223	223	
Capital contributions	4,801	56			4,857	
Acquisition and construction of capital assets	(197,585)	(17,424)	(155,433)	(653)	(371,095)	(9,313)
Principal paid on long-term obligations	(4,970)	(1,310)	(2,371)	(585)	(9,236)	
Interest paid on long-term obligations	(17,496)	(926)	(19,150)	(139)	(37,711)	
Bond issuance costs	(12)				(12)	
Proceeds from the sale of capital assets	28	348		15	391	1,372
Passenger facility charges	20,509				20,509	
Retentions placed in escrow account			8,581		8,581	
Net cash provided by (used for) capital and related financing activities	<u>(194,725)</u>	<u>(19,256)</u>	<u>(168,373)</u>	<u>(1,139)</u>	<u>(383,493)</u>	<u>(7,941)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of investments	(79,875)		(7,700)		(87,575)	
Proceeds from sales and maturities of investments	244,443		72,042		316,485	
Interest received on cash and investments	10,912	1,466	11,224	125	23,727	34
Net cash provided by (used for) investing activities	<u>175,480</u>	<u>1,466</u>	<u>75,566</u>	<u>125</u>	<u>252,637</u>	<u>34</u>
Net increase in cash and cash equivalents	26,070	(8,692)	(71,678)	(6,204)	(60,504)	(25,761)
Cash and cash equivalents, beginning of year as restated	287,274	66,419	225,794	6,696	586,183	206,809
Cash and cash equivalents, end of year	<u>\$ 313,344</u>	<u>57,727</u>	<u>154,116</u>	<u>492</u>	<u>525,679</u>	<u>181,048</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, 2009
 (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	\$ 147,528	\$ 48,585	\$ 71,786	492	268,391	181,048
Restricted cash and investments	55,509		2,103		57,612	
Restricted noncurrent assets (net of accrued interest)	221,047	9,142	163,983		394,172	
Less: Long-term investments included in restricted assets	(110,740)		(83,756)		(194,496)	
Cash and cash equivalents	<u>\$ 313,344</u>	<u>57,727</u>	<u>154,116</u>	<u>492</u>	<u>525,679</u>	<u>181,048</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ 9,864	(20)	15,688	(8,847)	16,685	2,285
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	25,750	7,126	8,418	418	41,712	14,716
Amortization				32	32	
Recoveries for uncollectible accounts	(25)				(25)	
Impact fee credits applied			(2,541)		(2,541)	
Other nonoperating revenue	157	(262)			(105)	
Gain (Loss) on disposal of fixed assets						
Changes in assets and liabilities:						
Receivables	(1,124)	279	(2,628)	63	(3,410)	3,568
Due from other funds		(207)	1,324	750	1,867	(1,508)
Deposits with others	(331)				(331)	
Long-term receivables						
Prepaid expenses	394				394	
Inventories	44				44	303
Accrued liabilities	11,244	(869)	578	(250)	10,703	1,386
Advance to other funds				11	11	
Warrants payable	(530)	(236)	(193)	(18)	(977)	(3,337)
Compensated absences	327	108	808	(69)	1,174	341
Due to other funds		5,089	(37)	(4)	5,048	3,447
Deferred revenues	(560)				(560)	(893)
Due to other governments			(1)		(1)	(1,748)
Due from other governments		456			456	(77)
Insurance claims payable						12,385
Other post employment benefits	164	23	125	1	313	91
Landfill closure and postclosure care		1,326			1,326	
Total adjustments	35,510	12,833	5,853	934	55,130	28,674
Net cash provided by (used for) operating activities	<u>\$ 45,374</u>	<u>12,813</u>	<u>21,541</u>	<u>(7,913)</u>	<u>71,815</u>	<u>30,959</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributed assets			5,092		5,092	
Amortization of bonds premium			350		350	
Increase in fair market value of investments			(2,451)		(2,451)	

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, 2009
 (amounts expressed in thousands)**

	Agency	Investment Trust
Assets:		
Cash and investments	\$ 220,493	1,987,436
Receivables, net of allowance for uncollectibles:		
Billed	8,757	
Interest	6,377	
Intergovernmental	2,320	
Due from other funds	4,930	
Prepaid expenses	85	
Total assets	\$ 242,962	1,987,436
Liabilities:		
Warrants payable	\$ 12,942	
Accrued liabilities	3,043	
Intergovernmental payable	226,977	
Total liabilities	242,962	
Net assets held in trust for pool participants		1,987,436
Total liabilities and net assets held in trust for pool participants	\$ 242,962	1,987,436

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, 2009
 (amounts expressed in thousands)**

	<u>Investment Trust</u>
Additions:	
Contributions on pooled investments	\$ 8,765,473
Use of money and property	164,104
Total additions	8,929,577
Deductions:	
Distributions from pooled investments	9,354,114
Net increase in net assets	(424,537)
Net assets held in trust for pool participants, beginning of year	2,411,973
Net assets held in trust for pool participants, end of year	\$ 1,987,436

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

Intentionally Blank

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, 2009
(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 Water Agency Special Revenue Fund First Five Commission
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	Enterprise Fund: Water Agency Water Supply

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

The Sacramento County Public Financing Authority (PFA) is a public entity created by a Joint Exercise of Powers Agreement effective as of November 2003 between Sacramento County and the Sacramento Housing and Redevelopment Agency (Agency). The PFA is a public entity legally separate and apart from the County, and is considered a blended component unit of the County. The County Board of Supervisors sits as the Board of Directors of the PFA. The PFA was created for the purpose

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

of obtaining financing for various designated redevelopment and housing projects in the greater Sacramento area. The debts and liabilities of the PFA belong solely to it, and neither the County nor the Agency is any way responsible for those liabilities. However, the PFA has an agreement with the Agency in which the Agency will pay back to the PFA those debt proceeds advanced to them. The PFA meets the criteria set forth in generally accepted accounting principles as a blended component unit of the County because of the financial benefit/burden relationship of their activities and the governing body is the same as the County.

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.

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

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

Joint Power Authorities or Jointly Governed Organizations

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

<u>AGENCY</u>	<u>PURPOSE</u>
Sacramento Area Council of Governments	Regional planning (primarily transportation)
Sacramento Employment and Training Agency	Coordination of Federal and State funding for job programs
Sacramento Area Flood Control Agency	Regional flood control issues
Sacramento Metropolitan Cable Television Commission	Administration of the franchising and licensing of cable TV services
Sacramento Housing and Redevelopment Agency	Housing/redevelopment projects
Sacramento Transportation Agency	Administration of County-wide transportation projects
Local Agency Formation Commission	Formation of districts and cities within the County
Sacramento/Placerville Transportation	Acquisition of rail lines for a transportation corridor
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 Area Sewer District	Sewer Service
Southeast Connector JPA	Planning and development of the Elk Grove-Rancho Cordova-El Dorado Connector Project

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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. 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 (special revenue, capital projects and debt service) and proprietary funds (Parking Enterprise and County Transit) 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.

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, Office of Communications and Information Technology, and Facility Planning, Architecture and Real Estate.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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, 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.

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,

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

surveyor, information and permits, self insurance for: liability and property damages, workers' compensation claims and dental and unemployment claims, emergency communication functions, telecommunication and data processing, and capital projects and real property services. 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, and 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 2008-09 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 including interest and penalties purchased from the various taxing entities will be the primary funding source. The delinquent secured taxes are recorded as a long-term receivable in the debt service fund.

A description of the debt related to the Teeter Plan can be found in Note 10.

Intergovernmental Revenues

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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

Inventory for governmental funds consist of pharmacy supplies. Inventories are valued at cost, using the first-in/first-out method. 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. 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>
Buildings and Improvements	4 to 50
Infrastructure	20 to 50
Equipment	3 to 25

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Compensated Absences

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

Governmental Funds - Governmental funds record expenditures for compensated absences as they are taken by employees. A year-end accrual for compensated absences has not been made in the governmental funds as of June 30, 2009, because the County does not believe any of the available year-end resources will be required to fund the year-end compensated absences liability.

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

Sick leave is earned by regular, full-time employees. Any sick leave hours not used during the period are carried forward to future years, with no limit to the number of hours that can be accumulated. Any sick leave hours unused at the time of an employee's retirement are added to the actual period of service when computing retirement benefits. The County does not pay accumulated sick leave to employees who terminate prior to retirement. It is the policy of the County to pay certain employees a portion of their sick leave at retirement. The amount of the liability has been accrued in accordance with GASB Statement 16, *Accounting for Compensated Absences*.

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

Long-Term Obligations

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

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

Fund Equity

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

Use of Estimates in the Preparation of Financial Statements

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Liability/Property and Workers Compensation ISF Deficit Net Assets

As of June 30, 2009, the Liability/Property and Workers Compensation ISF have deficit net assets of (\$4,585) and (\$52,808), 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.

Golf Special Revenue Fund Deficit Fund Balance

As of June 30, 2009, the Golf Special Revenue Fund has a deficit fund balance of \$413. This deficit is a result of revenues being lower due to the economic downturn. The funds' budget was greatly modified for fiscal year 2009-2010 to make up for the deficit from fiscal year 2008-2009.

GASB Statement No. 49

Effective July 1, 2008, the County implemented statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for periods beginning after December 15, 2007. GASB Statement No. 49 establishes standards for accounting and financial reporting for pollution remediation obligations. A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. Pollution remediation activities include: pre-cleanup activities; cleanup activities; external government oversight and enforcement related activities and operation and maintenance of the remedy, including required monitoring of the remediation effort (post remediation monitoring). Post remediation obligations do not include pollution prevention or control obligations with respect to current operations.

GASB Statement No.52

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, effective for periods beginning after June 15, 2008. GASB Statement No. 52 establishes standards for accounting and financial reporting for land and other real estate as investments by endowments. The provisions of this Statement do not apply to the County of Sacramento.

GASB Statement No. 55

Effective March 2009, the County implemented statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*, effective March of 2009. The objective of the Statement is to incorporate the hierarchy of Generally Accepted Accounting Principles (GAAP) for state and local government into the Governmental Accounting Standards Board's (GASB) authoritative literature. The "GAAP Hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The GASB does not expect that this Statement will result in a change in current practice.

GASB Statement No. 56

Effective March 2009, the County implemented statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AIPCA Statements on Auditing Standards* effective March 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature, certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that established accounting principles-related party transaction, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards than auditing literature. This Statement does not establish new accounting standards, but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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

Total fund balances of the County’s governmental funds, \$586,174 differs from net assets of governmental activities, \$1,510,705, 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.

Page 1 of 2

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	\$ 1,053,197		181,048		1,234,245
Receivables, net of allowance for uncollectibles:					
Billed	32,292		3,766		36,058
Interest	5				5
Intergovernmental	198,233		1,330		199,563
Due from other funds	42,498		24,773	(88,514)	(21,243)
Inventories	603		1,786		2,389
	<u>1,326,828</u>		<u>212,703</u>	<u>(88,514)</u>	<u>1,451,017</u>
Total current assets					
Noncurrent assets:					
Long-term receivables	191,790		382		192,172
Deferred charges		23,555	4,909		28,464
Long-term advances to other funds	23,306		35,860	(59,166)	
Pension asset		1,036,635			1,036,635
Capital assets:					
Land and other nondepreciable assets		311,649	28		311,677
Facilities, infrastructure and equipment, net of depreciation		1,462,183	38,968		1,501,151
Total capital assets		<u>1,773,832</u>	<u>38,996</u>		<u>1,812,828</u>
Total noncurrent assets	215,096	2,834,022	80,147	(59,166)	3,070,099
Total assets	<u>\$ 1,541,924</u>	<u>2,834,022</u>	<u>292,850</u>	<u>(147,680)</u>	<u>4,521,116</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Page 2 of 2

	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Re classifications and Eliminations	Statement of Net Assets
Liabilities:					
Current liabilities:					
Warrants payable	\$ 11,973		5,896		17,869
Accrued liabilities	92,975		18,993		111,968
Tax and revenue anticipation notes	440,000				440,000
Intergovernmental payable	98,353		7,353		105,706
Current portion of accrued interest payable		27,036			27,036
Due to other funds/payable to external parties	73,290		19,811	(88,514)	4,587
Current portion of insurance claims payable			37,667		37,667
Current portion of long-term debt obligations		59,629	731		60,360
Deferred / unearned revenue	196,063	(141,194)	2,923		57,792
Total current liabilities	<u>912,654</u>	<u>(54,529)</u>	<u>93,374</u>	<u>(88,514)</u>	<u>862,985</u>
Noncurrent liabilities:					
Insurance claims payable			120,542		120,542
Accreted interest		325,640			325,640
Long-term debt obligations		1,596,800			1,596,800
Compensated absences		82,669	16,932		99,601
Other post employment benefits		4,343	991		5,334
Long-term advances from other funds	43,096		15,579	(59,166)	(491)
Total noncurrent liabilities	<u>43,096</u>	<u>2,009,452</u>	<u>154,044</u>	<u>(59,166)</u>	<u>2,147,426</u>
Total liabilities	<u>955,750</u>	<u>1,954,923</u>	<u>247,418</u>	<u>(147,680)</u>	<u>3,010,411</u>
Fund balance/net assets:					
Reserved for:					
Encumbrances	121,078			(121,078)	
Capital asset acquisitions	26,856			(26,856)	
Assets not available	80,252			(80,252)	
Debt service	70,771			(70,771)	
Future construction	114,786			(114,786)	
Unreserved:					
Undesignated	172,431			(172,431)	
Invested in capital assets, net of related debt		1,357,789	62,077		1,419,866
Restricted for:					
Debt service		(287,430)		446,212	158,782
Capital projects		(57,891)		118,467	60,576
Fire protection				1,544	1,544
Health programs		15,032		218,480	233,512
Transportation				16,245	16,245
Lighting and landscape maintenance				3,178	3,178
Community facilities				4,601	4,601
Fish and game				30	30
Unrestricted		(148,401)	(16,645)	(222,583)	(387,629)
Total fund balance / net assets	<u>586,174</u>	<u>879,099</u>	<u>45,432</u>	<u>(147,680)</u>	<u>1,510,705</u>
Total liabilities and fund balance / net assets	<u>\$ 1,541,924</u>	<u>2,834,022</u>	<u>292,850</u>	<u>(147,680)</u>	<u>4,521,116</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

(a) Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets

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

Cost of capital assets	\$ 4,011,203
Accumulated depreciation	<u>(2,237,371)</u>
	<u>1,773,832</u>

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

1,036,635

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.

23,555

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	(88,436)
Other post employment benefits (OPEB)	(4,343)
Accreted interest payable	(352,676)
Bonds, loans, capital leases, and other payables	(1,650,662)
Unamortized swap premium	<u>(26,234)</u>
	<u>(2,122,351)</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>167,428</u>
------------------	----------------

Total	<u>\$ 879,099</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.

\$ 45,432

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

The net change in fund balances for governmental funds, \$(211,140), differs from the change in net assets for governmental activities, \$(187,438) reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Capital- Related Items (3)	Long-term Revenues, Expenses (4)	Internal Service Funds (5)	Re classification and Eli minations	Statement of Activities
Revenues:						
Taxes:						
Property	\$ 475,629					475,629
Sales / use	69,225					69,225
Transient occupancy	5,311					5,311
Use of money and property	49,108			696		49,804
Licenses and permits	41,762				(41,762)	
Intergovernmental	1,419,783		10,682	1,069	(1,431,534)	
Charges for sales and services	197,378		(9,219)	74,452		343,401
Operating grants and contributions			2,625		1,175,218	1,177,843
Capital grants and contributions					34,808	34,808
Grants and contributions not restricted to specific programs					215,915	215,915
Fines, forfeitures and penalties	33,427				(33,427)	
Pledged tobacco settlement proceeds	14,862					14,862
Miscellaneous	105,545					105,545
Donated capital assets		8			(8)	
Total revenues	<u>2,412,030</u>	<u>8</u>	<u>4,088</u>	<u>76,217</u>		<u>2,492,343</u>
Current:						
Expenditures/expenses						
General government	171,945	2,132	2,146	9,740		185,963
Public assistance	689,891	362	4,279	9,884		704,416
Public protection	683,099	13,302	16,631	31,040		744,072
Health and sanitation	681,774	26,347	7,605	8,940		724,666
Public ways and facilities	102,254	10,056	(1,531)	13,220		123,999
Recreation and culture	42,185	(1,859)	146	722		41,194
Education	23,013	802	6	340		24,161
Capital outlay	109,098	(109,098)				
Debt service:						
Principal	129,232		(129,232)			
Bond issuance costs	335		(335)			
Interest and fiscal charges	89,150		49,674			138,824
Total expenditures/expenses	<u>2,721,976</u>	<u>(57,956)</u>	<u>(50,611)</u>	<u>73,886</u>		<u>2,687,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(309,946)</u>	<u>57,964</u>	<u>54,699</u>	<u>2,331</u>		<u>(194,952)</u>
Other financing sources (uses):						
Transfers in	174,740			263	(174,767)	236
Transfers out	(156,475)			(11,014)	174,767	7,278
Issuance of debt	80,006		(80,006)			
Refunding debt issued	49,760		(49,760)			
Swap, Lehman termination payment	(23,019)		23,019			
Swap, premium short term	2,950		(2,950)			
Swap, premium long term	20,069		(20,069)			
Payment to refunded bonds escrow agent	(49,225)		49,225			
Total other financing sources (uses)	<u>98,806</u>		<u>(80,541)</u>	<u>(10,751)</u>		<u>7,514</u>
Net change in fund balances/net assets	<u>(211,140)</u>	<u>57,964</u>	<u>(25,842)</u>	<u>(8,420)</u>		<u>(187,438)</u>
Fund balances/net assets - beginning, as restated	<u>797,314</u>	<u>1,715,868</u>	<u>(868,891)</u>	<u>53,852</u>		<u>1,698,143</u>
Fund balances/net assets - ending	<u>\$ 586,174</u>	<u>1,773,832</u>	<u>(894,733)</u>	<u>45,432</u>		<u>1,510,705</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

(b) Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

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

Capital expenditures	\$ 136,390
Depreciation expense	(75,376)
Donated capital assets	8
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-in, disposals, etc.)	<u>(3,058)</u>
	<u>\$ 57,964</u>

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

\$ (934)

Bond issuance costs are expended in governmental funds when paid, and are capitalized and amortized over the life of the corresponding bonds for purposes of the statement of activities. This amount is the net between bond issuance costs (\$335) incurred and amortization for the year \$1,059 .

(724)

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 and to escrow agent for refunded bonds:

Certificate of participation	15,305
Teeter notes	81,541
Tobacco revenue bonds	3,275
Pension Obligation Bonds	26,900
Pension Obligation Bonds Refundings	49,226
PFA revenue bonds	2,210
Capital leases obligations	2,747
	<u>\$ 181,204</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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	(80,006)
Pension Obligation Bonds Refunding	(49,760)
Other long term debt	(1,475)
	<u>(131,241)</u>
Subtotal	<u>49,239</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.

(71,735)

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	(5,628)
Change in Other post employment benefits (OPEB)	(872)
	<u>(78,235)</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

4,088

Total	<u>\$ (25,842)</u>
-------	--------------------

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

\$ (8,420)

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(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. Due to the uncertainty of State budget impacts, on September 3, 2008 the Board of Supervisors approved by resolution to extend the date of the final adoption of the County's Fiscal Year 2008-2009 Budget Resolutions until sixty days after the adoption of the California State Budget, which occurred on September 23, 2008. The final budget for fiscal year 2008-09 was adopted on November 12, 2008. Until the adoption of a final balanced budget, operations were governed by the proposed budget approved by the Board of Supervisors on June 10, 2008. 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 Board of Supervisors. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board of Supervisors.

During fiscal year 2008-09, 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 2008-09, the appropriation limit for the fiscal year 2008-09 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, except for the investment agreement(s) which are carried at cost. 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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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>)

Cash and investments held by fiscal agents are 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, 2009, 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.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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.

Interest rate risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. Under the County’s Investment Policy the dollar-weighted average maturity on all securities shall be equal to or less than three years. As of June 30, 2009, of the County’s \$4.1 billion in investments held by the Treasurer and fiscal agents, over 76.8 % of the investments have a maturity of six months or less. In addition, 91.7% of the portfolio matures within 2 years.

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

Custodial Credit Risk – This is the risk that in the event a financial institution or counterparty fails, the County would not be able to recover the value of its deposits and investments. As of June 30, 2009, 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.

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, 2009, approximately 55.5% 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, and 18.6% of the portfolio is invested in commercial paper or guaranteed investment contracts. As of June 30, 2009, more than 5% of the portfolio is invested as shown below:

Federal Farm Credit Bank/FFCB Discount notes	\$ 221,723
Federal Home Loan Banks/FHLB Discount notes	868,822
Federal National Mortgage Association/FNMA Discount notes	707,081
Federal Home Loan Mortgage Corporation/FHLMC Discount notes	468,361
GE Funding CMS, Investment Agreement	447,236

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

The following schedule indicates the credit and interest rate risk at June 30, 2009. 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.

	Credit Rating	Maturity					Fair Value
		Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 Years	
Imprest cash							\$ 337
Cash in banks							837
In custody of Treasurer:							
Cash and cash deposits:							
Cash on hand							12
Cash in banks							25,805
Total cash and cash deposits							25,817
Investments held by Treasurer:							
Treasury Bills	Aaa/AAA		2,995				2,995
Federal Farm Credit Bonds	Aaa/AAA	42,109	60,830	20,716	98,069		221,724
Federal Home Loan Banks	Aaa/AAA		87,298	135,522	207,867		430,687
Federal National Mortgage Association	Aaa/AAA	15,023	15,180	30,734	111,548		172,485
Federal National Mortgage Association Discount Notes	P-1/A-1+	394,000	137,934	2,662			534,596
FHLB Discount Notes	P-1/A-1+	183,142	244,923	10,069			438,134
FHLMC Discount Notes	P-1/A-1+	167,170	167,709				334,879
FHLMC	Aaa/AAA		3,885	20,359	109,238		133,482
Commercial paper	P-1/A-1+	4,999	122,944				127,943
Negotiable certificates of deposit	P-1/A-1+	25,003	141,223	40,200			206,426
Other assets held by Treasurer (primarily Teeter Plan notes)	NR		32		53,118		53,150
Local Agency Investment Fund	NR	76,104					76,104
Mutual funds	AAA/m	723,781					723,781
Guaranteed investment contracts	NR		514,040	1,530	64,762	53,352	633,684
Total investments held by Treasurer		1,631,331	1,498,993	261,792	644,602	53,352	4,090,070
Total in custody of Treasurer							4,115,887
Investments held by fiscal agents:							
Mutual funds	AAA/Aaa	17,010					17,010
Mutual funds	Aaa/AAA/mG	22,557					22,557
Total investments held by fiscal agents		39,567					39,567
Total investments		\$ 1,670,898	1,498,993	261,792	644,602	53,352	
Total cash, investments, and restricted assets							\$ 4,156,628

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

The County did not participate in any security lending transactions or enter into any reverse repurchase agreements during FY 2008-09. The County's investment with the State's Local Agency Investment Fund (LAIF) is \$76,104; 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, 2009 the total amount invested by all public agencies in the State's Pooled Money Investment Account is \$51.0 billion. Of that \$51.0 billion managed by the State Treasurer, 100 percent is invested in non-derivative financial products. The Pooled Money Investment Accrual Portfolio has not invested in, nor will it invest in Derivative Products as defined in FASB 133. The average maturity of PMIA investments was 235 days as of June 30, 2009. 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, 2009, are as follows:

Government-wide statement of net assets:	
Cash and investments	\$ 1,502,636
Restricted assets, included in current assets	57,612
Restricted assets, included in noncurrent assets	394,172
Fiduciary funds statement of net assets:	
Agency	220,493
Investment Trust	<u>1,987,436</u>
Total cash, investments, and restricted assets per basic financial statements	4,162,349
Less interest receivable included in restricted assets	<u>(5,720)</u>
Total cash, investments, and restricted assets per summary of County cash deposits and investments	<u><u>\$ 4,156,629</u></u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(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, 2009:

Statement of net assets	Treasurer's Pool	Fiscal Agent Pool	Total
Net assets held for pool participants	\$ 3,295,125	820,762	4,115,887
Equity of internal pool participants	\$ 1,664,055	464,396	2,128,451
Equity of external pool participants	1,631,070	356,366	1,987,436
Total equity	\$ 3,295,125	820,762	4,115,887
Statement of changes in net assets			
Net assets at July 1, 2008	\$ 3,564,338	1,483,463	5,047,801
Net changes in investments by pool participants	(269,213)	(662,701)	(931,914)
Net assets at June 30, 2009	\$ 3,295,125	820,762	4,115,887

A summary of the investments held by the Treasurer's and Fiscal Agent Pools at June 30, 2009 are as follows:

	Fair Value	Cost	Interest Rate Range (%)	Maturity Range
Government securities	\$2,268,982	\$2,249,392	.13-7.4	7/09-5/14
Commercial paper	127,944	127,949	.19-.45	7/09-8/09
Negotiable certificates of deposit	206,426	206,399	.24-4.0	7/09-6/10
Other assets held by Treasurer (primarily Teeter Plan notes)	53,150	53,151	.83-2.16	8/09-8/13
Local Agency Investment Fund	76,104	76,104	1.53	
Mutual Funds	723,780	723,780	.01-.5	
Guaranteed investment contracts	633,684	633,776	3.3-6.9	8/09-5/39
Total investments held by Treasurer	\$4,090,070	4,070,551		

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

NOTE 5 - LONG-TERM RECEIVABLES

Governmental funds report deferred revenues in connection with receivables for revenues not expected to be collected within one year per GASB 33. 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, 2009, the various components of long-term receivables were as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Long-term receivables</u>	<u> </u>	<u> </u>	<u> </u>
Deferred revenues	\$ 49,919	87,759	137,678
Fund balances: reserved for assets not available	4,259	49,853	54,112
	<u>\$ 54,178</u>	<u>137,612</u>	<u>191,790</u>
<u>Long-term advances to other funds</u>	<u> </u>	<u> </u>	<u> </u>
Deferred revenues	\$	19,014	19,014
Fund balances: reserved for assets not available		4,292	4,292
	<u>\$</u>	<u>23,306</u>	<u>23,306</u>

Deferred revenue and unearned revenue reported were as follows:

	Unavailable	Unearned	Total
<u>Governmental Activities:</u>	<u> </u>	<u> </u>	<u> </u>
General Fund			
Long-term receivables	\$ 49,919		49,919
Advances	8,463	30,908	39,371
Total General Fund	<u>58,382</u>	<u>30,908</u>	<u>89,290</u>
Nonmajor Funds:			
Long-term receivables	87,759		87,759
Long-term advances to other funds	19,014		19,014
Total Nonmajor Funds	<u>106,773</u>	<u> </u>	<u>106,773</u>
Total Governmental Funds	165,155	30,908	196,063
Reconciling items:			
Unavailable	(165,155)		(165,155)
Internal Service Funds		2,923	2,923
Swap premiums		26,234	26,234
Total Governmental Activities	<u> </u>	<u>60,065</u>	<u>60,065</u>
Business-type activities:			
Airport		1,053	1,053
Total Business-type activities		<u>1,053</u>	<u>1,053</u>
Total Entity Wide		<u>\$ 61,118</u>	<u>61,118</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009, is as follows:

	Restated Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 110,377	2,950	(214)	113,113
Construction in progress	212,113	55,565	(69,114)	198,564
Total capital assets, not being depreciated	322,490	58,515	(69,328)	311,677
Capital assets, being depreciated:				
Buildings and improvements	601,168	67,325	(2,183)	666,310
Infrastructure	2,890,613	70,492		2,961,105
Equipment	263,479	17,189	(19,047)	261,621
Total capital assets, being depreciated	3,755,260	155,006	(21,230)	3,889,036
Less accumulated depreciation for:				
Buildings and improvements	(293,315)	(19,678)	1,089	(311,904)
Infrastructure	(1,825,382)	(47,126)	11	(1,872,497)
Equipment	(198,073)	(23,289)	17,878	(203,484)
Total accumulated depreciation	(2,316,770)	(90,093)	18,978	(2,387,885)
Total capital assets, being depreciated, net	1,438,490	64,913	(2,252)	1,501,151
Sub-total governmental activities	\$ 1,760,980	123,428	(71,580)	1,812,828
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 82,911	1,652	(124)	84,439
Construction in progress	259,136	400,976	(67,603)	592,509
Total capital assets, not being depreciated	342,047	402,628	(67,727)	676,948
Capital assets, being depreciated:				
Buildings and improvements	807,504	61,893	(3,440)	865,957
Water facility rights	12,567	9,570		22,137
Infrastructure	100,237	3,979		104,216
Equipment	75,159	15,043	(3,886)	86,316
Total capital assets, being depreciated	995,467	90,485	(7,326)	1,078,626
Less accumulated depreciation for:				
Buildings and improvements	(273,516)	(31,085)	170	(304,431)
Water facility rights	(1,494)	(308)		(1,802)
Infrastructure	(13,775)	(2,441)		(16,216)
Equipment	(52,289)	(7,730)	3,673	(56,346)
Total accumulated depreciation	(341,074)	(41,564)	3,843	(378,795)
Total capital assets, being depreciated, net	654,393	48,921	(3,483)	699,831
Sub-total business-type activities	\$ 996,440	451,549	(71,210)	1,376,779

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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

	<u>Depreciation Expense</u>
Governmental activities:	
General government	\$ 8,405
Public assistance	525
Public protection	13,237
Health and sanitation	3,269
Public ways and facilities	46,205
Recreation and culture	3,415
Education	319
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>14,718</u>
Total depreciation expense - governmental activities	<u><u>\$ 90,093</u></u>
Business-type activities:	
Airport	\$ 25,751
Solid Waste	7,079
Parking Enterprise	284
Water Agency	8,316
County Transit	134
Total depreciation expense - business-type activities	<u><u>\$ 41,564</u></u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(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, 2009:

<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	\$ 13,378	Nonmajor enterprise	General	36
	Airport	949		Nonmajor governmental	3
	Solid Waste	4,708		Internal service	8
	Water Agency	1			<u>47</u>
	Nonmajor enterprise	12			
	Internal service	<u>7,152</u>			
		<u>26,200</u>			
Nonmajor governmental	General	14,106	Internal service	General	36,279
	Nonmajor governmental	1,780		Nonmajor governmental	2,762
	Solid Waste	1		Airport	2,878
	Water Agency	1		Solid Waste	812
	Internal service	410		Water Agency	354
		<u>16,298</u>	Nonmajor enterprise	42	
			Internal service	<u>11,925</u>	
Airport	General	146			<u>55,052</u>
	Nonmajor governmental	211	Agency	General	4,257
	Internal service	11		Nonmajor governmental	330
	<u>368</u>	Airport		321	
Solid Waste	Internal service	215	Solid Waste	1	
		<u>215</u>	Water Agency	11	
Water Agency	Nonmajor governmental	2	Nonmajor enterprise	10	
	Airport	30			
	Solid Waste	1			
	Internal service	90			
		<u>123</u>			
					<u>4,930</u>
			Total		<u>\$ 103,233</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(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, 2009.

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

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

Advances To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
Nonmajor governmental	General	\$ 7,236
	Internal service	15,579
	Non Major Enterprise	491
Internal service	General	35,860
	Total	\$ 59,166

Amounts advanced from nonmajor governmental funds are related to the Fixed Asset Financing Program which has financed \$19,014 for major capital projects (General Fund), major bulk automobile purchases (internal service and enterprise funds) and \$4,292 were advances to the general fund. Amounts advanced from internal service funds, \$38,860 related to General fund advances. The advances were needed due to the decrease in revenues attributed to the economic recession. The advances will be repaid within five years by the General Fund beginning in fiscal year 2010/11.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Transfers From / To Other Funds

Between funds within governmental activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	
General	Nonmajor governmental	\$ 82,549	Transfer to cover debt service payments, economic development and community development programs
Nonmajor governmental	General	32,909	Transfers for Transient Occupancy Tax and Teeter Property Tax
Nonmajor governmental	Nonmajor governmental	40,754	Transfer to cover debt service payments and capital project transfer
Nonmajor governmental	Internal service	263	Refund of debt service overpayment
Internal service	Nonmajor governmental	11,014	Transfer to cover debt service payments
Enterprise	General	4,685	Transfer to cover debt service payments
Enterprise	Nonmajor governmental	2,829	Transfer to cover debt service payments
	Total	<u>\$ 175,003</u>	

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

NOTE 8 - LEASES

Lease Obligations

During the year ended June 30, 2008, the County entered into the following capital lease agreements:

Building inspection entered a 5 year lease to upgrade Accela Tidemark Automated Permit system, in the amount of \$1,708, interest rate of 5.25 percent and annual lease payment of \$391 through 2010.

Department of Child Support Services entered a 5 year lease for Cisco network switches in the amount of \$308, interest rate of 6.10 percent and annual lease payments of \$72 through 2013.

For energy conservation improvements and replacement of obsolete mechanical equipment at various county buildings entered into a 15 year lease in the amount of \$3,386, interest rate of 4.66 percent and annual lease payments of \$315 through 2022.

For energy conservation improvements and replacement of obsolete mechanical equipment at various county buildings entered into a 15 year lease in the amount of \$1,240, interest rate of 4.66 percent and annual lease payments of \$115 through 2022.

For energy conservation improvements and replacement of obsolete mechanical equipment at various county buildings entered into a 15 year lease in the amount of \$1,088, interest rate of 4.66 percent and annual lease payments of \$101 through 2022; lease was cancelled December 2008.

For energy conservation improvements and replacement of obsolete mechanical equipment at various county buildings entered into a 15 year lease in the amount of \$117, interest rate of 4.66 percent and annual lease payments of \$11 through 2022.

For energy conservation improvements and replacement of obsolete mechanical equipment at various county buildings entered into a 15 year lease in the amount of \$566, interest rate of 4.66 percent and annual lease payments of \$53 through 2022; lease was cancelled December 2008.

During the year ended June 30, 2007, the County 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.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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, 2009, the future minimum lease payments under capital leases are as follows:

<u>Year ending June 30</u>	<u>Capital Lease Agreements</u>
	<u>County</u>
2010	\$ 1,756
2011	1,756
2012	1,274
2013	1,274
2014	1,201
2015-2019	4,690
2020-2024	2,451
Total minimum lease payments	14,402
Less amount representing interest	(3,216)
Net Present value of minimum lease payments	\$ 11,186

The following is a schedule of capital assets under capital leases by major classes at June 30, 2009:

<u>Capital Assets under Capital Leases</u>	
	<u>Governmental Activities</u>
Land	\$ 673
Structures and improvements	12,779
Equipment	1,539
	14,991
Less: Accumulated depreciation	
Structures and improvements	\$ (1,856)
Equipment	(241)
	(2,097)
Total	\$ 12,894

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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, 2009, are as follows:

Year Ending June 30	Operating Leases Commitment	
	Governmental	Proprietary
2010	\$ 35,491	1,615
2011	32,531	912
2012	29,582	862
2013	28,496	912
2014	27,289	885
2015-2019	106,738	3,041
2020-2024	32,701	
2025-2029	4,219	
	\$ 297,047	8,227

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 for the year ended June 30, 2009 were \$40,491.

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 2009 the Airport System received approximately \$3,241, 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, 2009.

Year Ending June 30	Future Minimum Rents
2010	\$ 17,031
2011	15,244
2012	14,525
2013	13,656
2014	11,798
2015-2019	6,011
2020-2024	3,112
2025-2029	3,160
2030-2034	1,368
2035-2039	410
Total future minimum rentals receivable	\$ 86,315

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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, 2009 was as follows:

	Balance			Balance
	<u>July 1, 2008</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2009</u>
Tax and revenue anticipation notes	\$ 390,000	440,000	390,000	440,000

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

NOTE 10 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 100,197	94,117	(88,215)	106,099	6,498
Certificates of participation	340,480		(15,305)	325,175	16,885
Teeter notes	51,335	80,006	(81,541)	49,800	11,635
Pension obligation bonds	960,926	49,760	(66,048)	944,638	13,185
Revenue bonds	350,627		(5,485)	345,142	1,620
Accreted Interest	5,801	1,929		7,730	
OPEB Liability	4,370	964		5,334	
Other long-term debt	3,615	1,475		5,090	5,090
Capital lease obligations	13,933		(2,747)	11,186	1,213
Deferred amounts					
For issuance premiums	4,486		(319)	4,167	319
For issuance discounts	(5,087)		143	(4,944)	143
On refundings	(28,712)	(10,613)	2,003	(37,322)	3,772
Total governmental activities - long-term obligations	<u>\$ 1,801,971</u>	<u>217,638</u>	<u>(257,514)</u>	<u>1,762,095</u>	<u>60,360</u>
Business-type activities:					
Compensated absences	\$ 4,917	5,572	(4,224)	6,265	327
Revenue bonds	914,925		(4,470)	910,455	14,825
PFC and subordinate revenue bonds	89,430		(1,490)	87,940	2,860
Certificates of participation	26,900		(1,895)	25,005	1,960
Reimbursement agreements	92	4,932	(3,159)	1,865	1,116
Usage fee - City	561	9,569	(1,380)	8,750	847
OPEB Liability	225	181		406	
Water rights - Smud assignment	4,000			4,000	
Estimated arbitrage taxes payable	2,555		(1,226)	1,329	
Escrow retentions		9,542		9,542	
Deferred amounts					
For issuance premiums	17,029		(622)	16,407	404
For issuance discounts	(2,882)		93	(2,789)	
On Refunding	(27,954)		2,594	(25,360)	(54)
Total business-type activities - long-term obligations	<u>\$ 1,029,798</u>	<u>29,796</u>	<u>(15,779)</u>	<u>1,043,815</u>	<u>22,285</u>

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

A portion of OPEB liabilities and compensated absences is accounted for in accrued liabilities in the Government-wide Statement of Net Assets for governmental activities and business-type activities. Estimated arbitrage taxes payable is accounted for in Arbitrage rebate payable and Long-term debt obligations in the Government-wide Statement of Net Assets for business-type activities.

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, \$17,663 of internal services funds compensated absences and \$990 in OPEB liability 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.

Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2009 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, 2010 through the year 2015, escalating from \$4,055 to \$5,315, with interest ranging from 2.0 percent to 5.0 percent.	\$ 27,870
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, 2010 through the year 2034, escalating from \$315 to \$4,145, with interest rates ranging from 2.0 percent to 5.0 percent.	13,765
County of Sacramento 2003 Certificates of Participation (Juvenile Courthouse Project) issued June 19, 2003. Principal payments are due December 1, 2009, through the year 2034, escalating from \$740 to \$2,160, with interest rates ranging from 2.0 percent to 5.0 percent.	33,350
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, 2009, through the year 2018, escalating from \$460 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.	5,795

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

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, 2010, through the year 2020, escalating from \$4,250 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. 67,055

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, 2009, through the year 2027, escalating from \$2,610 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. 79,035

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 Consumnes 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, 2010, through the year 2019, escalating from \$2,235 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. 15,250

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 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, 2009, through the year 2036, escalating from \$770 to \$2,095. 36,795

County of Sacramento 2007 Certificates of Participation (Animal Care Facility/Youth Detention Facility – 120 bed expansion) issued July 25, 2007. Principle payments are due October 1, 2009 through the year 2037, escalating from \$765 to \$2,935, with interest rates ranging from 4.0 percent to 5.0 percent. 46,260

Total certificates of participation	325,175
Add: deferred amount for issuance premium	4,167
Less: deferred amount on refunding	(59)
	\$ 329,283

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Teeter notes:

<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 1.575 percent in fiscal year 2008-09 and was .830 percent at June 30, 2009.</p>	\$ 32
<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 1.828 percent in fiscal year 2008-09 and was 1.080 percent at June 30, 2009.</p>	1,311
<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 2.099 percent in fiscal year 2008-09 and was 1.410 percent at June 30, 2009.</p>	5,303
<p>County of Sacramento, 2007 Teeter Loan Agreement Note, dated November 27, 2007, to purchase the delinquent secured property taxes receivable as of June 30, 2007. Annual payments of principal and interest are due August 1 of each year and ending in 2012. 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, 2012. Interest payments will be at a variable rate that averaged 2.376 percent in fiscal year 2008-09 and was 2.155 percent at June 30, 2009.</p>	10,984
<p>County of Sacramento, 2008 Teeter Loan Agreement Note, dated December 9, 2008, to purchase the delinquent secured property taxes receivable as of June 30, 2008. Annual payments of principal and interest are due August 1 of each year and ending in 2013. 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, 2013. Interest payments will be at a variable rate that averaged 2.846 percent in fiscal year 2008-09 and was 2.155 percent at June 30, 2009.</p>	<u>32,170</u>
Total Teeter notes	<u>\$ 49,800</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Pension obligation bonds:

County of Sacramento Pension Obligation Bonds issued July 5, 1995, \$538,060 of Series 1995 Taxable Pension Funding Bonds to fund the accrued actuarial liability of the County to the Retirement System. The issue is composed of \$404,060 of Series 1995A Fixed Rate Bonds, \$67,000 of Series 1995B Variable Rate Bonds, and \$67,000 of Series 1995C Variable Rate Bonds. Principal payments on the fixed rate bonds are due commencing August 15, 1998, through August 15, 2021, escalating from \$13,060 to \$78,879. Principal payments on the variable rate bonds are due commencing July 1, 2019, through July 1, 2022, with equal payments of \$33,500. Rates on the fixed rate bonds range from 6.625 percent to 7.68 percent. The variable rate bonds had an initial rate of 6.1 percent through July 1, 1998. Thereafter, the variable rate will be determined by the Remarketing Agent as explained below. The variable rate bonds (Series 1995B and Series 1995C) are secured by a letter of credit in the amount of \$134,000. Interest on the Series 1995A Fixed Rate Bonds will be payable on February 15 and August 15 of each year commencing August 15, 1995. The Series 1995B Variable Rate Bonds and the Series 1995C Variable Rate Bonds will initially be issued in the Multiannual Mode (the interest rate will be determined by the Remarketing Agent to remain in effect for a rate period of one year or any multiple of one year) with the initial rate period ending on July 1, 1998, and interest payable semiannually on each January 1 and July 1 during the rate period commencing on January 1, 1996. For periods after July 1, 1998, the County has executed an agreement fixing the variable interest rate at 5.935 percent. See Note 11 – Derivatives – Interest Rate Swap. On July 15, 2003 a partial advance refunding and 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. Final principal payment on the Series 2003A bonds was made on August 15, 2008, in the amount of \$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. The rate on Series 2003B bonds is 5.73 percent. 97,441

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, and the initial variable rate on issue C-3 was 5.63 percent through July 10, 2014. Principal payments on the series C-1 bonds are due commencing July 10, 2007, through July 10, 2031, escalating from \$817 to \$41,521. Principal payment on the series C-2 bonds is 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. On March 28, 2008 a partial advance refunding and defeasance in the amount of \$350,037 from 2004 Pension Funding Bonds (C-1) was done and on June 12, 2009 a partial advance refunding and defeasance (C-2) in the amount of \$49,225. 62,402

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

County of Sacramento Pension Obligation Bonds issued March 28, 2008, \$359,165 of Series 2008 Taxable Pension Refunding Bonds. The County issued the Series 2008 Bonds to refund and defease \$350,037 the fully accreted outstanding amount of its Taxable Pension Funding Bonds, Series 2004 C-1 and to pay the costs of issuance of the Series 2008 Bonds. Principal payments on the Series 2008 bonds are due commencing June 30, 2008 through June 30, 2031, escalating from \$400 to \$48,585. The county entered into a swap agreement effective July 10, 2006, on the 2004 refunded series C-1 fixing the interest rate to 5.901%, which remains in effect for the 2008 Taxable Pension refunding bonds. See Note 11 Derivatives – Interest rate swaps.

358,765

County of Sacramento Pension Obligation Bonds issued June 12, 2009, \$49,760 of Series 2009 Taxable Pension Refunding Bonds. The County is issuing the Series 2009 Bonds to refund and defease \$49,225 the fully accreted outstanding amount of its Taxable Pension Funding Bonds, Series 2004 C-2, to pay the costs of issuance and origination fee totaling \$535 and to avoid Bonds converting to auction rate market in July 2009 causing the County to pay the maximum net default interest rate of approximately 21% and to reduce its total debt service payments by approximately \$32,577, the economic loss on the refunding (difference between the present value of the debt service payments on the refunded debt and the new debt) of \$3,496. Principal payments on the Series 2009 bonds are due commencing June 30, 2011 through June 30, 2015, escalating from \$1,000 to \$45,760. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$ 10,613. This difference will be amortized over the life of the refunded debt. The refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The county entered into a swap agreement effective July 10, 2006, on the 2004 refunded series C-2 fixing the interest rate to 5.901%, which remains in effect for the 2009 Taxable Pension refunding bonds. See Note 11 Derivatives – Interest rate swaps.

49,760

The total accreted interest balance at June 30, 2009, on the 1995, 2003 and 2004 Pension Obligation Bonds in \$325,640.

Total pension obligation bonds	944,638
Less: deferred amount on refunding	<u>(23,590)</u>
	<u>\$ 921,048</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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 for the 2001 Refunded Tobacco Bonds 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 \$170,910 as of June 30, 2009. 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.

\$ 247,351

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 sources of repayment of the bonds are tax increment and/or housing set-aside tax increment revenues, depending upon the project. Incremental sales taxes were projected to produce 128 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$90,369, payable through June 2033. For the current year, principal and interest paid and total incremental tax revenues were \$1,070 and \$2,326 respectively. 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 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%.

49,706

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

The Sacramento Financing Authority issued two series of Tax Allocation Revenue bonds on March 5, 2008 for the purpose of loaning the proceeds to the Agency. The loan proceeds will finance redevelopment activities, including low and moderate income housing in the designated redevelopment project area in the County of Sacramento. The source of repayment of the bonds is tax increment and/or housing set-aside tax increment revenues, depending upon the project. The 2008 loans are issued on parity to the outstanding 2003A and 2003B loans. The loans are sized to satisfy the coverage and cash flow requirements of the project area wrapping around parity debt. Payment of debt service on the Bonds is insured by Assured Guaranty. Incremental sales taxes were projected to produce 128 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$100,312, payable through December 2038. For the current year, principal and interest paid and total incremental tax revenues were \$1,140 and \$2,514, respectively. Series A - \$24,765 Mather/McClellan (Tax Exempt) Redevelopment Area improvements. The bonds were structured with one serial maturity in 2028 and three term bonds. The \$950 2028 serial was priced with a 4.50% coupon to yield 4.66%. The \$4,930 2032 term bond was priced with a 4.625% coupon to yield 4.80%. The \$18,885 2038 term bond was split into two to appeal to different investor tastes: \$5,000 was priced with a 5.0% coupon to yield 4.76%; the balance \$13,885 was priced with a 4.625% coupon to yield 4.85%. Series B - \$23,780 Mather/McClellan (Taxable) Redevelopment Area and Housing Project. The bonds were structured with serial maturities in 2008 through 2014 and three term bonds – all sold as par bonds with coupon equal to yield. Yields on the \$4,500 serials ranged from 3.33% in 2008 to 4.52% in 2014. The \$2,815 2018 term bonds were priced to yield 5.317%; the \$9,795 2028 term bonds were priced to yield 6.227%; and the \$6,670 term bonds were priced to yield 6.577%. Principal payments on both Series are due December 1st through final maturity in 2038. Interest payments are due on June 1st and December 1st. The tax-exempt Series A Bonds are callable at par beginning on December 1, 2018. The taxable Series B Bonds are subject to optional redemption on any date, with a “make-whole premium” determined at the time of optional redemption on the bases of the value of debt service otherwise due on the redeemed bonds discounted at the comparable Treasury yield plus 12.5 basis points.

	47,405
Total revenue bonds	344,462
Less: deferred amount for issuance discount	(4,944)
Less: deferred amount for refunding	(13,673)
	\$ 325,845

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.

\$ 5,090

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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, 2009.

Year ending June 30	Certificates of Participation		Teeter Plan		Pension Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 16,885	12,791	11,635	328	13,185	66,450
2011	17,775	12,213	11,603	1,014	15,285	69,013
2012	18,725	11,587	10,948	717	14,649	71,689
2013	19,730	10,912	9,180	431	17,636	74,347
2014	20,830	10,178	6,434	183	17,464	77,106
2015 - 2019	85,655	40,646			172,124	401,233
2020 - 2024	50,305	28,578			385,453	192,697
2025 - 2029	47,970	17,711			153,750	73,184
2030 - 2034	31,060	8,726			155,092	21,204
2035 - 2039	16,240	1,393				
	<u>\$ 325,175</u>	<u>154,735</u>	<u>49,800</u>	<u>2,673</u>	<u>944,638</u>	<u>1,046,923</u>

Year ending June 30	Revenue Bonds		Other	
	Principal	Interest	Principal	Interest
2010	\$ 1,620	16,788	5,090	
2011	1,675	16,662		
2012	1,730	16,537		
2013	3,580	16,365		
2014	4,175	16,174		
2015 - 2019	25,565	77,712		
2020 - 2024	40,864	70,916		
2025 - 2029	46,635	61,363		
2030 - 2034	55,895	47,635		
2035 - 2039	68,775	31,815		
2040 - 2044	61,686	14,625		
2045 - 2049	37,971	250,783		
	<u>\$ 350,171</u>	<u>637,375</u>	<u>5,090</u>	

Less unaccrued interest (4,852)
(857)
\$ 344,462

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Swap Payments and Associated Debt: Using the rates as of June 30, 2009, 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.

1990 COP				
Variable -Rate Bonds				
Year ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total Debt Service
2010	\$ 4,250	402	2,897	7,549
2011	4,545	377	2,713	7,635
2012	4,865	350	2,517	7,732
2013	5,205	320	2,307	7,832
2014	5,570	289	2,082	7,941
2015 - 2019	34,265	895	6,445	41,605
2020 - 2024	8,355	50	361	8,766
	\$ 67,055	2,683	19,322	89,060
Pension Obligation Bonds				
1995 Series B & C Variable-Rate				
Year ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2010	\$	1,340	8,386	9,726
2011		1,340	8,386	9,726
2012		1,340	8,386	9,726
2013		1,340	8,386	9,726
2014		1,340	8,386	9,726
2015 - 2019		6,700	41,930	48,630
2020 - 2024	67,000	6,365	39,832	113,197
2025 - 2029	67,000	1,005	10,482	78,487
	\$ 134,000	20,770	134,174	288,945
2008 Pension Refunding Bonds				
Series C-1 Variable-Rate				
Year ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2010	\$ 750	5,823	20,012	26,585
2011	1,950	5,811	19,970	27,731
2012	1,450	5,779	19,861	27,090
2013	4,600	5,755	19,780	30,135
2014	4,600	5,681	19,524	29,805
2015 - 2019	24,100	27,500	94,512	146,112
2020 - 2024	74,875	24,035	82,606	181,516
2025 - 2029	197,855	14,260	73,235	285,350
2030 -2034	48,585	1,663	2,710	52,958
	\$ 358,765	96,307	352,210	807,282

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Business-type Activities:

Revenue, PFC and Subordinated Revenue Bonds:

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.

\$ 4,320

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. The interest rates on the 2007A bonds range from 3.75% to 5.0%. The variable interest rates on the 2007B bonds range from 2.347% - 2.367% and 4.138% - 4.158% at June 30, 200/8 and 2007, respectively. 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, 2009, was \$41,740. 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. 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 1, 2008, The County issued \$496,195 of Airport System Senior Revenue Bonds, Series A, B and C, and \$89,430 of Airport System Subordinate and PFC Revenue Refunding Bonds, Series D and E. Series 2008A fully refunded Series 1992B Bonds, Series 1998A Bonds and advance refunded Series 2002A Bonds. Series 2008A also provided \$56.5 million to finance a portion of the costs of Terminal Modernization Program at Sacramento International Airport. Interest rates ranging from 4.85% to 5.0%, due fiscal years 2028-2041. Series 2008B refunded 45.4% of the Series 2006A Bonds as well as providing \$266.5 million to finance a portion of the costs of Terminal Modernization Program at Sacramento International Airport. Interest rates ranging from 4.25% to 5.75%, due in fiscal years 2013-2039. Series 2008C advance refunded Series 2002B Bonds. Interest rate is 5.2% and due in fiscal year 2012. Series 2008D fully refunded Series 1998B Bonds. Interest rate is 5.0% and due in fiscal year 2026. Series 2008E fully refunded 54.6% of the Series 2006A Bonds. Interest rates ranging from 4.25% to 5.75%, due in fiscal years 2013-2024. The Series A, B and C Bonds are payable, and secured by, future Net Revenues of the Airport. The Series D and E Bonds are payable and secured by a pledge of the net proceeds of the PFC imposed by the Airport System. The bonds are additionally payable from, and secured by, the net revenues of the Airport System subordinate and junior to the lien of the Series 2008 A, B and C Bonds, and any additional parity revenue bonds that may be issued in the future. The bonds are issued under the terms of supplemental indentures adopted by the Board and are subject to call and redemption at the option of the Airport

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

System prior to their respective maturity dates. The bonds are redeemable based on the following terms and the redemption may occur from any source other than the Bonds Sinking Fund Account. Series 2008 A,B,D,E maturing after June 30, 2019, Prices decreasing from 100% in FY 20 at 100% and thereafter. Series 2008 C, maturing after June 30, 2012, are not subject to optional redemption.

	Revenue bonds	\$ 492,715
	PFC & Subordinated revenue bonds	<u>87,940</u>
	Total Revenue, PFC & Subordinated Bonds	998,395
	Add: deferred amount for issuance premiums	15,951
	Less: deferred amount for issuance discounts	(2,789)
	Less: deferred amount on refunding	<u>(23,495)</u>
		<u>\$ 988,062</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.

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. At June 30, 2009, \$3,955 of bonds were legally defeased and remain outstanding.

\$ 22,405

County of Sacramento, 1999 Refunding Certificate of Participation (1991 Refunding Certificates of Participation, Series A for Parking Enterprise) issued December 14, 1999, to advance refund and defease \$7,545 of outstanding debt for County of Sacramento 1991 Refunding Certificates of Participation, Series A for Parking Enterprise. Principal payments are due July 15, 2005, through the year 2012, escalating from \$535 to \$695, with interest rates ranging from 4.0 percent to 5.1 percent. The County advance refunded Series 1991 Refunding Certificates of Participation, Series A for Parking Enterprise.

	<u>2,600</u>
	Total certificates of participation
	25,005
	Less: deferred amounts for refunding
	(1,865)
	Add: deferred amounts for issuance premium
	<u>456</u>
	<u>\$ 23,596</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Reimbursement agreements:

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

\$ 1,865

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 final payment occurred during fiscal year 2008-09. In the initial agreement with the City of Sacramento, a provision existed which allowed the Agency to acquire additional wheeling capacity. During fiscal year 2009, the Agency exercised that option and purchased additional capacity. The agency agreed to pay the City in ten annual installments and amount that included payment of principal and interest at a rate equal to the City's pool rate of return. The principal, based on the present value of the Agency's share of the facilities at the time of the agreement was \$9,569. Annual principal and interest payment are \$1,145 with the final payment occurring during the 2018 fiscal year.

\$ 8,750

Water rights – SMUD assignment:

The Water Agency has entered into an agreement with Sacramento Municipal Utilities District (SMUD) which provides for the assignment of thirty thousand acre feet of SMUD's CVP water supply to the Water Agency. Under this contract the Water Agency has agreed to pay the United States certain costs that are allocated to the assigned contract amount. At June 30, 2009 the principal balance remaining of the agreement is approximately \$4 million. Under the terms of the agreement, the Water Agency will pay approximately \$2 million at such time the Water Agency takes delivery of the assigned water, or at such time as the Vineyard Surface Water Treatment Plant becomes operational or October 1, 2011, whichever event occurs first. The remainder due will be paid over ten years beginning on October 1 in the calendar year after payment of the \$2 million.

\$ 4,000

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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, 2009.

Year ending June 30	Revenue Bonds and PFC		COP		Usage Fee - City	
	Revenue Bonds		Principal	Interest	Principal	Interest
2010	\$ 17,685	47,576	1,960	997	847	298
2011	19,325	46,777	2,040	917	876	269
2012	20,570	45,974	2,120	834	906	239
2013	21,205	45,205	2,205	749	937	208
2014	18,420	44,341	1,560	677	969	176
2015 - 2019	102,360	208,578	8,805	2,393	4,215	364
2020 - 2024	123,555	181,598	6,315	403		
2025 - 2029	154,220	147,435				
2030 - 2034	198,480	105,114				
2035 - 2039	233,340	53,927				
2040 - 2044	89,235	6,671				
	<u>\$ 998,395</u>	<u>933,196</u>	<u>25,005</u>	<u>6,970</u>	<u>8,750</u>	<u>1,554</u>

Swap Payments and Associated Debt: Using the rates as of June 30, 2009 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		Interest Rate	
	Series 2007B Revenue Bonds		Swaps, Net	Total
2010	\$	2,302	7,324	9,626
2011		2,302	7,324	9,626
2012		2,302	7,324	9,626
2013		2,302	7,378	9,680
2014		2,302	7,298	9,600
2015 - 2019		11,512	36,648	48,160
2020 - 2024	3,890	11,493	36,560	51,943
2025 - 2029	29,930	11,060	35,121	76,111
2030 - 2034	95,145	8,006	25,391	128,542
2035 - 2039	99,955	3,134	9,874	112,963
	<u>\$ 228,920</u>	<u>56,715</u>	<u>180,242</u>	<u>465,877</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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 2008-09.

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, 2009 the County's debt limit for general obligation bonds and legal debt margin was \$1,733,593.

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 \$ 67,055. 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 is there 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 Barclay's Capital, the remarketing agent.

Fair value: The swap had a negative fair value of \$10,504 at June 30, 2009. 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: The County was not exposed to credit risk resulting from a failure of the counterparty to perform because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the County would be exposed to the credit risk of the counterparty in the amount of the derivative's fair value. The swap counterparty was rated A2 by Moody's Investors Services, A by Standard & Poor's and A+ by Fitch Ratings.

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 0.60%, whereas 67% of the 1-Month LIBOR was 0.214%, a difference of 0.386%. The effect of this difference increases the intended synthetic fixed rate of 4.534% to a rate of 4.92%.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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 unearned revenue to be amortized over the term of the agreement.

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%.

On October 22, 2008, due to Lehman's bankruptcy filing, the County entered into a replacement swap and swap option with Deutsche Bank AG. The only change with Deutsche was the interest rate on the swap option to 6.04%, which they exercised on June 30, 2009, and becomes effective July 1, 2009. The termination date remains July 1, 2022.

Terms: The bonds and the related swap agreement mature on July 1, 2022, and the swap's original notional amount of \$134,000 matched the \$134,000 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.

On October 22, 2008, for effective October 24, 2008, Deutsche Bank replaced Lehman as counterparty and the terms were changed. The County pays the counterparty a fixed rate of 5.935% through June 30, 2009, and receives a variable-rate payment based upon the 1-Month LIBOR. For the swap option, the rate changed to 6.04% from 5.935% when it was exercised on June 30, 2009, and is effective starting July 1, 2009. The bonds' variable-rate payments are based on the Weekly Rate provided by Barclay's Capital, the remarketing agent. Starting in fiscal year 2019-20, the notional value of the swap and the principal amount of the associated debt begin to decline.

Fair value: The swap had a negative fair value of \$28,365 at June 30, 2009. 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.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Credit risk: The County was not exposed to credit risk resulting from a failure of the counterparty to perform because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the County would be exposed to the credit risk of the counterparty in the amount of the derivative's fair value. In that event, because of the counterparty's current credit ratings, the counterparty is required to deliver collateral to the County. The swap counterparty was rated Aa1 by Moody's Investors Services, A+ by Standard & Poor's and AA- by Fitch Ratings.

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 1-Month LIBOR. The Weekly Rate was 1.00%, whereas the reset of 1-Month LIBOR was 0.323%, a difference of 0.677%. As of June 30, 2009, the effect of this difference increases the intended synthetic fixed rate of 5.935% to a rate of 6.612%. Beginning July 1, 2009, the intended synthetic fixed rate will be 6.04% plus the difference between the Weekly Rate and the reset of the 1-Month LIBOR.

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 recorded this amount in the County's Statement of Net Assets as unearned revenue to be amortized over the term of the agreement.

On October 24, 2008, the County received a one-time premium payment of \$23,019 to payoff the negative value of the Lehman Brothers swap agreement totaling \$22,894 from the counterparty. The County has recorded this amount in the County's Statement of Net Assets as unearned revenue to be amortized over the term of the agreement.

Taxable Pension Funding Bonds Refunding 2008 C-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 July 10, 2030 and June 10, 2030, respectively. The swap's original notional amount of \$347,675 matched the \$347,675 accreted value on the variable-rate bonds. 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.

On April 4, 2008, the bonds were refunded for \$359,165 (\$179,850 with a 2026 Term and \$179,315 with a 2030 Term, respectively). The refunded bonds' variable-rate payments are based on the 1-Month LIBOR, plus a spread of 1.30% for the 2026 Term and 1.45% for the 2030 Term. For the 2026 Term bonds, the rate paid was 1.623% and for the 2030 Term bonds the rate was 1.773%.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Fair value: The swap has a negative fair value of \$77,788 at June 30, 2009. 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: 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. However, should interest rates change and the fair value of the swap become positive, the County would be exposed to the credit risk of the counterparty in the amount of the derivative's fair value. The swap counterparty was rated A2 by Moody's Investors Services, A by Standard & Poor's and A+ by Fitch.

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 1-Month LIBOR. Since the refunded bonds variable-rate payments were fixed to the 1-Month LIBOR as well, the basis risk became fixed. The basis risk for the 2026 Term bonds is 1.30% and for the 2030 Term bonds is 1.45%.

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.

Water Agency Revenue Bonds, Series 2007B Swap

Objective of the interest rate swaps: 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 2007 Sacramento County Water Financing Authority Revenue Bonds totaling \$228,920 (\$128,965 for 2034 term and \$99,955 for 2039 term). In order to avoid the interest rate risk associated with the variable rate bonds and to protect exposure against higher interest rates in the future, the SCWA executed two swap agreements with Bear Stearns. On April 21, 2009, the SCWA Board of Directors approved the assignment of the swaps from Bear Stearns Financial Products Inc., to JPMorgan Chase Bank, N.A. This was done in an effort to provide the SCWA with a stronger counterparty for the swap transactions in the long term.

Terms: The bonds and the related swap agreements mature on June 1, 2034 and 2039, and the swaps' original notional amount of \$128,965 for the 2034 term and \$99,955 for the 2039 term matched the \$228,920 value on the variable-rate bonds. The swaps' current notional amount is \$228,920. For the 2034 term swap, the SCWA pays a fixed rate of 4.193% to JPMorgan Chase Bank, N.A. and JPMorgan Chase Bank, N.A. pays 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 pays a fixed rate of 4.221% to JPMorgan Chase Bank, N.A. and JPMorgan Chase Bank, N.A. pays 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 negative fair value of \$17,760 and the 2039 term swap has a negative fair value of \$15,803 at June 30, 2009. 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 variable-rate certificates adjust to changing interest rates, the bonds do not have a corresponding fair value increase.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Credit Risk: The SCWA is not exposed to credit risk resulting from a failure of the counterparty to perform because of the swaps' negative fair value. If the swap had positive fair value greater than \$10 million, the Water Agency would be exposed to credit risk from the counterparty. The swap counterparty was rated AA- by Standard & Poor's and Aa1 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 swaps.

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, 2009, special assessment improvement bonds outstanding for all assessment districts totaled \$186,125. Since the County is not obligated in any manner for special assessment bonds, the debt is not recorded in these financial statements. However, construction of special assessment projects and the related debt obligation proceeds are accounted for in the Capital Projects Funds. Since the County acts as an agent for the property owners in collecting assessments and forwarding such funds to the bondholders, this activity is reported in the Agency Funds.

The Laguna Stonelake Community Facilities District No. 1 (District) has been authorized to issue \$20,000 of Special Tax Bonds. On October 14, 1999 the District issued \$13,025. On May 12, 2005 the District issued the \$11,525 series 2005 Special Tax Refunding Bonds with interest rates ranging from 2.75% to 4.50%, the proceeds of which were used to defease the outstanding 1999 Bonds with an average interest rate of 6.30%. The 2005 refunding bonds constitute the entire bonded indebtedness of the District. The defeased 1999 bonds in original aggregate principal amount of \$13,025 are the only bonds that have been issued under such authorization. Thus, at June 30, 2009, \$6,975 of authorized bonds remains un-issued. At June 30, 2009, the outstanding balance was \$10,220.

The McClellan Park Community Facilities District No. 2004-1 (District) has been authorized to issue \$90,000 of Special Tax Bonds. On September 28, 2004 the District issued \$10,250 of Special Tax Bonds with interest rates ranging from 3.00% to 6.00%. These bonds constitute the entire bonded indebtedness. Thus, at June 30, 2009, \$79,750 of authorized bonds remains un-issued. At June 30, 2009, the outstanding balance was \$10,145.

The Laguna Creek Ranch/Elliott Ranch Community Facilities District No. 1 (District) has been authorized to issue a total of \$63,500 of Special Tax Bonds for both Improvement Areas No. 1 and No. 2 by Board of Supervisors Resolution No. 90-1497 dated August 28, 1990 with \$37,500 being the authorized bonded indebtedness for Improvement Area No. 1 and \$26,000 being the authorized bonded indebtedness for Improvement Area No. 2. On August 13, 1997 the District issued \$21,415 of 1997 Refunding Bonds for Improvement Area No.2 the proceeds of which were used to defease the outstanding 1990 Bonds. On December 30, 1997 the District issued \$31,980 of 1997 Refunding Bonds for Improvement Area No. 1, the proceeds of which were used to defease the outstanding 1990 Bonds. The 1997 refunding bonds constitute the entire bonded indebtedness of the District. The defeased 1990 bonds in original aggregate principal amount of \$34,000 for Improvement Area No. 1 and \$24,155 for Improvement Area No 2 are the only bonds that have been issued under such authorization. Thus, at June 30, 2009, \$3,500 of authorized Improvement Area No. 1 bonds and \$1,845 of authorized Improvement Area No. 2 bonds remain un-issued. As of June 30, 2009 the outstanding balance was \$21,095 for Improvement Area No. 1 and \$14,985 for Improvement Area No. 2.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

The Metro Air Park Community Facilities District No. 1998-1 (District) has been authorized to issue \$7,250 of Special Tax Bonds. On December 30, 1998 the District issued \$5,310 of Special Tax Bonds with an interest rate of 7.00%. These bonds constitute the entire bonded indebtedness as of June 30, 2008. Thus as of June 30, 2009, \$1,940 of authorized bonds remains un-issued. The outstanding balance at June 30, 2009 was \$4,285.

The Metro Air Park Community Facilities District 2000-1 (District) has been authorized to issue \$200,000 of Special Tax Bonds. On April 8, 2004 the District issued \$63,460 Series 2004A Special Tax Bonds with an interest rate of 7.00%. On December 14, 2007 the District issued \$40,200 Series 2007B Special Tax Bonds with an interest rate of 7.00%. The Series 2004A & the Series 2007B bonds, a total of \$103,660, constitute the entire bonded indebtedness as of June 30, 2009. Thus as of June 30, 2009, \$96,340 of authorized bonds remains un-issued. The outstanding balance at June 30, 2009 for the 2004A bonds was \$61,125 and for the 2007B bonds was \$40,200.

The County of Sacramento Community Facilities District No. 2005-2 (North Vineyard Station No. 1) (District) has been authorized to issue \$30,000 of Special Tax Bonds. On September 6, 2007 the District issued \$14,415 of Special Tax Bonds with interest rates ranging from 4.40% to 6.00%. These bonds constitute the entire bonded indebtedness. Thus, at June 30, 2009, \$15,585 of authorized bonds remains un-issued. At June 30, 2009, the outstanding balance was \$14,415.

The Park Meadows Community Facilities District No. 1 (District) has been authorized to issue \$1,200 of Special Tax Bonds. On June 28, 2000 the District 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, 2009. At June 30, 2009, the outstanding balance was \$847.

Sunrise Recreation and Park District (District) issued \$7,435 of Certificates of Participation bonds on July 12, 2007 for a portion of the District's cost of recreation and park construction at or near the Antelope Community Park. Interest rates for this range from 3.95% to 4.50%. At June 30, 2009, the outstanding balance was \$7,305.

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 8.25%. At June 30, 2009 the outstanding balance was \$1.

1911 Bond Series CSD-110, Sewer Improvement Bonds, issued December 14, 1993 for \$191 with an interest rate of 7.00%. At June 30, 2009, the outstanding balance was \$2.

1915 Act Bonds for Hampton Village A.D. issued April 11, 1995 for \$2,283, with an interest rate ranging from 5.00 % to 6.90%. At June 30, 2009, the outstanding balance was \$440.

1915 Act Bonds for Bradshaw / U.S. 50 Corridor A.D. issued August 10, 1995 for \$2,301 with an interest rate ranging from 5.875 to 7.20%. At June 30, 2009, the outstanding balance was \$1,060.

NOTE 13 – PLEDGED REVENUES

The County has pledged a portion of delinquent property tax revenues to re-pay \$49,800 in Teeter notes in accordance with the alternative method of distribution of property tax levies and assessments. The notes were issued on September 14, 2004; October 4, 2005; October 17, 2006; November 27, 2007 and December 9, 2008. The notes are due and payable to the County of Sacramento-Pooled Investment Fund and are payable solely from the collection of delinquent property taxes. Total principal of \$49,800 and interest of \$2,673 remain on the notes and are payable through August 1, 2013. For the current year, total principal and interest paid was \$81,542 and \$1,631 respectively.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

The Airport System has pledged certain future revenues, net of specified operating expenses, to repay \$496,195 in Senior Revenue Bonds issued in May 2008. Proceeds from the bonds refunded Series 1992B, Series 1998A, Series 2002A, 45.4% of Series 2006A, as well as provided \$323 million in financing for the Terminal Modernization Program. The bonds are payable solely from Net Revenues of the Airport System and are payable through 2041. Annual principal and interest payments on the bonds are estimated to require an average 36% of Net Revenue over the next four years. The total principal and interest remaining to be paid on these bonds is \$1,047,957. Principal and interest paid for the current year was \$20,184 and the total Net Revenues were \$49,941.

The Airport System has pledged Passenger Facility Charges to repay \$89,430 in Airport System Subordinate and PFC Revenue Refunding Bonds issued in May 2008. Proceeds from the bonds refunded Series 1996C, Series 1998B and 54.6% of Series 2006A. The bonds are payable through 2026. The pledged revenues below are estimated to require an average 27% of PFC Revenues over the next four years. Total principal and interest remaining to be paid on the bonds is \$127,943. Principal and interest paid for the current year was \$4,220 and PFC revenue was \$21,490. The table below identifies the available PFC revenue pledged for the payment of debt service on the Series 2008D and 2008E bonds:

<u>Fiscal Year Ending June 30</u>	<u>Passenger Facility Charges</u>
2010	\$7,821
2011	8,354
2012	8,266
2013	8,181
2014	8,078
2015	7,973
2016	7,890
2017	7,762

NOTE 14 - 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, 2009, is as follows:

Debt service funds	\$	88,950	Total interest capitalized	\$	19,029
Enterprise funds		40,885			
Internal service funds		1,451	Total interest charged to		
			expense/expenditures		112,257
		\$ 131,286			\$ 131,286

During fiscal year 2008-09, interest costs of \$19,029 relating to bonds issued for the construction of projects were capitalized for enterprise funds.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

NOTE 15 - 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 \$198,563 at June 30, 2009.

Airport – Airport Systems had approximately \$143,834 in outstanding construction contract commitments at June 30, 2009.

Solid Waste Enterprise Fund - Waste Management and Recycling Department has entered into equipment and construction agreements totaling \$7,621 at June 30, 2009.

Water Agency – The Agency has entered into contracts for the construction of certain projects totaling \$174,543 at June 30, 2009.

NOTE 16 - 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 Waste Management and Recycling Department for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that a site is closed, the Fund recognizes these costs (as described below) as operating expenses each year.

The Fund operates one active landfill (Kiefer) and maintains postclosure care for two closed landfills (Elk Grove and Grand Island).

In accordance with GASB Statement No. 18, management of the Fund has deemed the capacity of the Kiefer Landfill will be the basis of recognizing its closure and postclosure care costs. The Fund reported Kiefer Landfill closure and postclosure care liabilities of \$12,844 and \$11,364 at June 30, 2009 and 2008, respectively. The Fund will recognize costs of \$31,415 as the remaining capacity in the Kiefer Landfill is used in future years. At June 30, 2009, the capacity of the Kiefer Landfill used to date was 29% and the estimated remaining landfill life is 64 years.

The State law provides that the County can choose any alternative financial assurance mechanism acceptable to the California Integrated Waste Management Board (CIWMB) for the Elk Grove and Grand Island Landfills to fund post closure maintenance costs. The County has chosen the pledge of revenue approach because it best fits the local conditions present in Sacramento County. The Board of Supervisors has approved pledges of revenues to provide financial assurance for the postclosure maintenance costs of the Elk Grove and Grand Island Landfills.

The Fund reported Elk Grove Landfill postclosure care liabilities at June 30, 2009 and 2008, as \$2,904 and \$3,044, respectively. The landfill is 100% full and the postclosure 30-year liability period runs through June 2024. At June 30, 2009, the reported liabilities represent costs for the remaining 15 years. The portion of the postclosure costs expected to be paid during the next year is \$207.

The Fund reported Grand Island Landfill postclosure care liabilities at June 30, 2009 and 2008 of \$458 and \$472 respectively. The landfill is 100% full and the postclosure 30-year liability period runs through June 2029. At June 30, 2009, the reported liabilities represent postclosure costs for the remaining 20 years. The portion of the postclosure costs expected to be paid during the next year is \$24.

Future closure and postclosure costs are based on what it would cost to perform all closure and postclosure care in 2009. Actual costs may be different due to inflation, changes in technology, changes in permitted capacity and/or changes in regulations.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

The Fund 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. Management has accumulated sufficient assets to finance Kiefer Landfill closure costs as required by applicable laws at June 30, 2009 and 2008. The Board of Supervisors has approved pledges of revenues to provide financial assurance for the postclosure maintenance costs of the Kiefer Landfill. Management expects that any increase to future closure and postclosure costs (due to changes in technology or applicable laws or regulations, for example) will be paid from charges to future users.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Changes in accrued landfill closure and postclosure care liability for the fiscal years ended June 30, 2009 and 2008 were as follows:

	July 1, 2008			June 30, 2009		Due within
	Beginning	Additions	Deletions	Ending		one year
Kiefer	\$ 11,364	\$ 1,480	\$ -	\$ 12,844		
Elk Grove	3,044	67	(207)	2,904	\$	207
Grand Island	472	10	(24)	458		24
Total Liability	<u>\$ 14,880</u>	<u>\$ 1,557</u>	<u>\$ (231)</u>	<u>\$ 16,206</u>	<u>\$</u>	<u>231</u>
	July 1, 2007			June 30, 2008		Due within
	Beginning	Additions	Deletions	Ending		one year
Kiefer	\$ 11,322	\$ 42	\$ -	\$ 11,364		
Elk Grove	3,162	59	(177)	3,044	\$	203
Grand Island	483	13	(24)	472		24
Total Liability	<u>\$ 14,967</u>	<u>\$ 114</u>	<u>\$ (201)</u>	<u>\$ 14,880</u>	<u>\$</u>	<u>227</u>

NOTE 17 - 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, 2009 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, 2009, 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 1.81% and 12.14% of their annual covered salary. The County is obligated by state law to make all required contributions to the plan, ranging from 12.54% to 36.01% of covered payroll. The required contributions include current service cost and amortization of prior service cost over a 30-year closed amortization period with 24 years remaining as of June 30, 2009. 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.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Contributions for the year ending June 30, 2009 totaled \$204,844. Included in this total are employer contributions of \$160,406 and member contributions of \$44,438. All contributions were made in accordance with actuarially determined contribution requirements based on the actuarial valuation performed at June 30, 2009.

Annual Pension Cost, Actuarial Methods and Assumptions, and Net Pension Asset

The County's annual pension cost and required and actual contributions were determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 3.50 % annual general inflation, (b) 7.875% investment rate of return (net of administrative expenses), and (c) Projected salary increases of 5.14% to 11.55% for miscellaneous; 3.75% to 9.76% for safety (includes inflation at 3.4%, 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 30 years, with 24 years remaining on a closed basis. The County's annual pension cost and pension assets for the year ended June 30, 2009, were as follows:

Annual required contribution	\$ 160,406
Interest on beginning net pension asset	(79,603)
Adjustment to the annual required contribution	<u>80,537</u>
Annual pension cost	161,340
Contributions made	<u>160,406</u>
Decrease in net pension asset	(934)
Net pension asset, beginning of year	<u>1,037,569</u>
Net pension asset, end of year	<u>\$ 1,036,635</u>

Three-year trend information:

Fiscal year Ended	Annual Pension Cost (APC)	Contribution	Percentage Of APC Contributed	Net Pension Asset
6/30/07	\$140,089	\$145,432	104%	\$1,035,174
6/30/08	145,767	148,163	102%	1,037,569
6/30/09	161,340	160,406	99%	1,036,635

Funding Status and Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 86.0 percent funded. The actuarial accrued liability for benefits was \$6,661,993, and the actuarial value of assets was \$5,730,215, resulting in an unfunded actuarial accrued liability (UAAL) of \$931,778. The covered payroll (annual payroll of active employees covered by the plan) was \$869,898 and the ratio of the UAAL to the covered payroll was 107.1 percent.

The schedule of finding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**COUNTY OF SACRAMENTO
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2009
 (amounts expressed in thousands)**

NOTE 18 – POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description The County provides medical insurance and dental insurance, and subsidy/offset payments as authorized by the Board of Supervisors on an annual basis. The Board of Supervisors must approve the benefit annually or it is terminated

All annuitants are eligible to enroll in a retiree medical and/or dental insurance plan in a given calendar year if (1) they began receiving a continuing retirement allowance from SCERS during that calendar year, or (2) they were enrolled in the annual plan previously approved by the County, or (3) they previously waived coverage but elected to enroll during the County authorized enrollment period with a coverage date effective January of the given calendar year. (continuous coverage)

Annuitants who retired for any reason on or before May 31, 2007 are eligible to receive a County-paid medical or dental insurance subsidy/offset payment during calendar year 2008. Annuitants who retire after May 31, 2008 are not entitled to any subsidy/offset payments.

The amount of any medical subsidy/offset payments made available to annuitants (who retire on or before May 31, 2007) shall be calculated based upon the annuitant's SCERS service credit. The amount of any dental subsidy/offset payments made available to annuitants shall be set by the Board of Supervisors.

Neither Sacramento County Employees Retirement System (SCERS) nor the County guarantees that a subsidy/offset payment will be made available to annuitants for the purchase of County-sponsored medical and/or dental insurance. Subsidy/offset payments are not a vested benefit of County employment or SCERS membership.

The amount of subsidy/offset payment, if any, payable on account of enrollment in a county sponsored retiree medical and/or dental insurance plan shall be established within the sole discretion of the Board of Supervisors. For the calendar year 2009, the amount of the subsidy/off set payments is as follows:

	Amount of subsidy/offset payment
Years of SCERS service credit	
Less than 10 years	\$122
10 years but less than 15 years	152
15 years but less than 20 years	182
20 years but less than 25 years	212
25 years or more	244
Dental Coverage	100% of the retiree-only premium*

*The actual premium rate for the retiree dental plan is approved by the Board of Supervisors in conjunction with the approval of all other retiree health plans on an annual basis. The dental subsidy/offset payment by the County for the calendar year 2008 and first six months of 2009 was \$25.00 per month.

Approximately four thousand six hundred employees meet the eligibility requirement and receive the insurance subsidy as of June 30, 2009.

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

Funding Policy

The County currently pays for post employment health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount, if any, actually contributed to the plan, and changes in the County's net OPEB obligation.

Annual required contribution	\$ 19,153
Interest on net pension obligation	123
Adjustment to the annual required contribution	<u>(282)</u>
Annual OPEB cost	18,994
Contributions made	<u>17,849</u>
Increase in OPEB obligation	1,145
Net OPEB Obligation, beginning of year	<u>4,595</u>
Net OPEB Obligation, end of year	<u><u>\$ 5,740</u></u>
Covered payroll (active plan members)	\$ 869,898
UAAL as a percentage of covered payroll	10 %

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2009 were as follows:

Fiscal year Ended	Annual OPEB Cost	Contribution	Percentage Of OPEB Cost Contributed	Net OPEB Obligation
6/30/08	\$ 18,871	\$14,276	76%	\$4,595
6/30/09	\$ 18,994	\$17,849	94%	\$1,145

Funding Status and Progress

As of June 30, 2007, the most recent actuarial valuation date the plan was 0% funded. The actuarial accrued liability was \$245,592 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$245,592. The schedule of funding progress is presented as RSI following the notes to the financial statements.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, examples include assumptions made about future employment, mortality and the healthcare cost trend. Amounts are determined regarding the funded status of the plan, and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The June 30, 2007 actuarial report is the most recent actuarial valuation, consequently there is no historical information provided in the Schedule of Funding Progress. The Schedule will, in subsequent fiscal years, present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Actuarial Methods and Assumptions:

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

In the June 30, 2007, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions utilized a 4.5% discount rate and a medical trend rate of 9% for fiscal year 2007-2008, reduced by decrements of 0.5 % each year to an ultimate rate of 5%. The UAAL is being amortized as a closed level dollar amount. The remaining amortization period at June 30, 2009 was 29 years.

Additional Disclosure:

The County implemented GASB Statement 45 prospectively for the fiscal year ended June 30, 2008.

NOTE 19 - 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, 2009, governmental and proprietary funds owed premium charges to the Liability/Property, Workers' Compensation, and Other Self- Insurance funds. It is the County's policy to fund the governmental funds' liability for premium charges by making provisions in budgets of succeeding years. The self-insurance internal service funds recognize revenue and the owing funds expense/expenditure when the owing funds are charged by the self-insurance internal service funds.

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

	Reconciliation of Claims Liabilities							
	Liability/Property		Worker's Compensation		Dental & Unemployment		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Unpaid claims and claim adjustment expenses at beginning of the fiscal year								
Current portion	\$ 11,100	12,097	24,821	23,277			35,921	35,374
Noncurrent	22,208	23,527	87,695	80,763			109,903	104,290
Total beginning balance	<u>33,308</u>	<u>35,624</u>	<u>112,516</u>	<u>104,040</u>			<u>145,824</u>	<u>139,664</u>
Incurred claims and claim adjustment expenses:								
Provision for insured events for current year	8,864	9,734	22,925	20,748	1,880	1,291	33,669	31,773
Increase (decrease) in provision for insured events of prior fiscal years	11,776	1,757	11,871	17,997			23,647	19,754
Total incurred claims and claim adjustment expenses	<u>20,640</u>	<u>11,491</u>	<u>34,796</u>	<u>38,745</u>	<u>1,880</u>	<u>1,291</u>	<u>57,316</u>	<u>51,527</u>
Payments:								
Claims and claim adjustment expenses attributable to insured events of current fiscal year	647	730	2,980	2,863	1,880	1,291	5,507	4,884
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	19,672	13,077	26,184	27,406			45,856	40,483
Total payments	<u>20,319</u>	<u>13,807</u>	<u>29,164</u>	<u>30,269</u>	<u>1,880</u>	<u>1,291</u>	<u>51,363</u>	<u>45,367</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year June 30, 2009.	<u><u>33,629</u></u>	<u><u>33,308</u></u>	<u><u>118,148</u></u>	<u><u>112,516</u></u>			<u><u>151,777</u></u>	<u><u>145,824</u></u>
Current portion of unpaid claims and claim adjustments	11,276	11,100	26,391	24,821			37,667	35,921
Non current portion of unpaid claims and claim adjustments	<u>20,346</u>	<u>22,208</u>	<u>100,196</u>	<u>87,695</u>			<u>120,542</u>	<u>109,903</u>
Total current and non current unpaid claims and claim adjustment expenses at end of the fiscal year.	<u><u>\$ 31,622</u></u>	<u><u>33,308</u></u>	<u><u>126,587</u></u>	<u><u>112,516</u></u>			<u><u>158,209</u></u>	<u><u>145,824</u></u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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

Coverage	Amount	Deductible Provision	
Airport Liability & Hanger keepers	\$ 500,000	\$25	Each occurrence
Property Program:			
Property Insurance (All Risk)	2,264,000 *	50	Each occurrence
Flood	2,264,000 *	2% / 100 minimum	Per Building / Each occurrence
Earthquake (EQ)	25,000 *	5% / 100 minimum	Per building / Each occurrence
Sheriff Vehicle Physical Damage	27,212 *	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)	9,042	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)	Statutory*	2,000	Self-insured retention
Employers' Liability	5,000	2,000	Self-insured retention

*Airport Liability and Hangerkeepers - Coverage is subject to War & Terrorism exclusion. The County has not purchased the buy-back coverage due to the expense and limited coverage. Property – County property is covered for Terrorism Coverage subject to a \$200,000,000 occurrence and annual aggregate limit. Effective 3/31/08 EQ is capped at \$25 million. Effective 3/31/09 All Risk total is at \$2.264 billion (total of Towers I, II, IV and V primary and excess on an actual at risk and tower-capped basis). Effective 3/31/09 Flood total is at \$2.264 billion (total of Towers I, II, IV and V primary and excess on an actual at risk and tower-capped basis). Effective 7/1/08 Workers' Compensation (Excess) limit is statutory rather than a dollar limit. Effective 7/1/08 Employers' Liability (Excess) limit is at \$5 million.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

NOTE 20– 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, 2009 are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>
Landfill closure	\$	8,279	8,279
Kiefer Wetlands Preserve		862	862
Debt service	158,782	29,260	188,042
Capital projects	60,576	74,642	135,218
Passenger facility charges		103,733	103,733
Endowments		2,063	2,063
Fire protection	1,544		1,544
Health programs	233,512		233,512
Transportation	16,245		16,245
Lighting and landscape maintenance	3,178		3,178
Community facilities	4,601		4,601
Fish and game	30		30

Net assets restricted by enabling legislation are comprised of \$103,733 (passenger facility charges), \$3,178 (lighting and landscape maintenance) and \$4,601 (community facilities) in the Statement of Net Assets at June 30, 2009.

Restricted Net Assets include:

- *Landfill closure* – accounts for the accumulation of resources necessary to finance closure and post closure care costs in the future.
- *Kiefer Wetlands Preserves* – established to eventually provide the funding for the preservation of vernal pools at the Kiefer landfill.
- *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.
- *Endowments* – to be used to support the airport public art. in perpetuity

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

- *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 21 – 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.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

- *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, 2009, 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* – funds solely for planned capital projects as required in bond covenants

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

- *General uses* – to reflect management’s intent to fund County operations and to improve cash reserves.
- *Cash flow* – to reflect the impact on cash flows of budget uncertainties.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

- *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.

NOTE 22- 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, 2009 are as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Reserved			
Encumbrances	\$ 8,107	112,971	121,078
Capital asset acquisitions	26,856		26,856
Assets not available:			
Teeter plan tax loss	19,541		19,541
TRANS interest	1,137		1,137
Teeter plan delinquencies	665		665
Imprest cash	255	149	404
Long term receivables and advances to other fund:	4,260	54,145	58,405
Special deposits	100		100
Debt service		70,771	70,771
Future construction		114,786	114,786
Total Reserved Fund Balances	60,921	352,822	413,743
Unreserved/Designated			
Future services		111,883	
Total Unreserved/Designated Fund Balances		111,883	111,883
Total Unreserved/Undesignated Fund Balances	(41,533)	102,081	60,548
Total Unreserved	(41,533)	213,964	172,431
Total Fund Balances	\$ 19,388	566,786	586,174

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
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

NOTE 23 – 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.

Financial Stress

The County is currently experiencing significant financial stress. As a result of continuing weakness in the national, State and local economy, various revenue sources of the County, including revenues from or based on property taxes and sales taxes, have declined significantly since fiscal year 2007-08. In addition, County pension costs and debt service costs relating to pension obligation bonds are significantly increasing.

Housing Declines

The housing market slump and related negative impact of economic conditions has continued through 2009 to date. In the County, Notices of Default increased from approximately 7,000 in calendar year 2006 to approximately 18,000 in calendar year 2007, to approximately 24,000 in 2008. Notices of Default filings typically indicate that homeowners have missed mortgage payment(s), but do not necessarily result in a home foreclosure as a default may be cured prior to actual foreclosure. Actual foreclosures, defined as properties on which the lender foreclosed and the property was not sold to a new owner at auction, also increased in the County from 1,329 in calendar year 2006 to 7,978 in 2007, to 18,935 in 2008, according to the County Assessor. The almost 19,000 foreclosures in 2008 represent approximately 4% of the total number of parcels assessed in Fiscal Year 2008-09.

In addition, pursuant to Proposition 8, the County Assessor reduced the assessed value of 57,863 properties for Fiscal Year 2007-08, 90,199 for Fiscal Year 2008-09, and approximately 170,000 properties for Fiscal Year 2009-10. Total assessed value in the County increased by approximately 1% in Fiscal Year 2008-09, and then declined by approximately 7.1% in Fiscal Year 2009-10, compared to Fiscal Year 2008-09. This reduction in assessed value was expected in the 2009-10 County budget to result in a decrease in property tax revenues in Fiscal Year 2009-10 of \$18.5 million from Fiscal Year 2008-09. However, the County estimates that, based on year to date receipts, property tax revenues related to supplemental property taxes and transfer fees will decline by an additional \$4.4 million below 2009-10 budget projections.

The County Assessor's Office projects, on a preliminary basis, that assessed values for Fiscal Year 2010-11 will decrease from Fiscal Year 2009-10 levels by approximately 2%, translating into a property tax revenue decrease for the County General Fund of approximately \$8 million between the Fiscal Year 2009-10 currently estimated actual amount and the Fiscal Year 2010-11 projected amount.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Sales Tax Declines

In addition to declines in property tax revenues described above, in the adopted 2009-10 budget, revenues of the County from or related to sales taxes were projected to decline by approximately 14% from Fiscal Year 2008-09 levels. The County now expects that sales tax revenues will decline by an additional \$3.2 million below 2009-10 budget projections due to overestimating the Fiscal Year 2008-09 year-end accrual and a portion received from the State in-lieu property tax payments. In addition, the 2009-10 budget projected decreases in “realignment” revenues that consist of the County’s share of State sales tax and vehicle license fees of approximately \$21 million and declines in the ½ cent Public Safety Sales Tax (dedicated to law enforcement services) of approximately \$8.9 million. Based on allocation information recently received from the State, the County projects a further decline (below 2009-10 budget projections) of approximately \$1.8 million in “realignment” revenues, and expects the ½ cent Public Safety Sales Tax to be received at budgeted levels.

Changes in Personnel Expenditures

The 2009-10 budget included decreases in General Fund labor expenditures of approximately \$41 million (as compared to Fiscal Year 2008-09 actual expenditures), due to reductions in County staff levels. Labor expenses at current staffing levels are projected to increase by \$44.3 million in Fiscal Year 2010-11 due to current labor contractual commitments.

Fiscal Year 2009-10 General Fund Budget

The County’s Fiscal Year 2009-10 budget reflects an appropriation reduction from the previous fiscal year’s budget by approximately \$200 million. These reductions were made by implementing various program reductions across all General Fund departments. Program reductions included the elimination of 1,257 permanent full-time equivalent positions between the Fiscal Year 2008-09 Final Budget and Fiscal Year 2009-10 Final Budget, representing approximately 12% of the positions that had been funded by the County’s General Fund, with approximately half of these position eliminations resulting in employee layoffs. As part of the solution to funding issues for Fiscal Year 2009-10, the County used approximately \$80.2 million in one-time funding sources for the Fiscal Year 2009-10 budget.

In addition, in connection with the Fiscal Year 2008-09 budget, the County utilized \$55 million of reserves and other one-time revenue sources at the time the Final Budget was adopted [October 2008], and another \$48 million in connection with mid-year Budget adjustments in February 2009. As a result, the County does not have any significant reserves available to address the Fiscal Year 2009-10 budget shortfall described below, or the projected Fiscal Year 2010-11 shortfall.

Fiscal Year 2009-10 Mid-Year Budget Hearings

Fiscal Year 2009-10 mid-year budget hearings are scheduled for February 2010, to make adjustments in revenue and expenditure projections as needed to ensure the current year’s budget remains in balance. The County currently projects that property taxes, sales taxes and certain other revenues for Fiscal Year 2009-10 will be approximately \$10 million less than assumed in the 2009-10 budget resulting in a projected budget shortfall for the current fiscal year (2009-10) equal to that amount.

The County Executive’s Office has directed departments to submit ongoing expenditure reduction plans and currently expects to request the Board of Supervisors during mid-year budget hearings to approve expenditure reductions of approximately \$15.3 million for the remainder of Fiscal Year 2009-10 that addresses the \$9.9 million revenue shortfall described above, and also addresses approximately \$5.4 of the projected Fiscal Year 2010-11 budget shortfall described below.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

Fiscal Year 2010-11 General Fund Budget Outlook

The County currently has identified a Fiscal Year 2010-11 budget shortfall of approximately \$149 million. If the Board of Supervisors approves the mid-year reduction of \$5.4 million reflected above, and if that reduction is carried forward by Board action during the Fiscal Year 2010-11 Proposed Budget hearings in June for the entire four quarters of the fiscal year resulting in a \$21.6 million reduction, then the remaining shortfall identified would be approximately \$122.1 million. This \$122.1 million reflects the following: \$53.3 million in one-time funding sources used in Fiscal Year 2009-10 that is no longer available; \$11.9 million due to beginning scheduled transfers-back of interfund transfers made to the General Fund in Fiscal Year 2008-09; \$8.0 million property tax revenue decrease; \$4.6 million due to increases in pension obligation bond debt service; and, approximately \$44.3 million in anticipated labor cost increases at current staffing levels.

The County will address the Fiscal Year 2010-11 budget during hearings to be held in June 2010. The County Executive Office currently expects that it will recommend expenditure reductions to address the projected budget shortfall.

The County's financial condition, and potential shortfalls in Fiscal Years 2009-10 and 2010-11, may be further adversely affected by continuing slowdown in the regional housing market and unemployment levels, and the impact thereof on property taxes and sales taxes. There can be no assurances that the County's financial stress will not increase due to potential continuing declines in County revenues, increases in County costs, actions by the State (including reductions or deferrals in State funds payable to the County) or other reasons.

UPE et al. v. County of Sacramento

In June, 2007, the Board of Supervisors adopted its Retiree Medical and Dental Insurance Program for 2008. The policy provides that participants who retired on or before May 31, 2007, will continue to receive the subsidy, but that the subsidy is eliminated for all participants who retire after May 31, 2007. The policy was worded in this manner to avoid impacting current employees, as the meet and confer requirements established by the Meyers-Milias-Brown Act ("MMDA") apply only to employees and not to retirees. Unfair labor practice charges were filed by a number of unions, claiming that the County had violated the MMBA by failing to meet and confer prior to changing the eligibility requirements. UPE also claimed that the zipper clause in its contract permits UPE to refuse to negotiate a mid-contract change in retiree health benefits.

Ultimately, the PERB Board held that the County had committed unfair labor practices because the retiree health program is an established past practice that provides a future benefit for current employees, and a subject within the scope of bargaining. As to UPE, PERB also found that the zipper clause applied and UPE could refuse to bargain a change mid-contract. The County was ordered to rescind the changes in eligibility of employees for the 2008 policy, and make whole all employees affected by the June 2007 changes in eligibility for lost benefits, monetary and otherwise, plus interest at the rate of seven percent per year. The County filed petitions for writ of extraordinary relief in the Third District, and briefing is underway.

The County argues that because the Board adopts its retiree health policy on an annual basis, and because it is not vested, active employees are not affected by changes and thus there is no requirement to meet and confer. Longstanding United States Supreme Court case law holds that retirees are not employees and thus changes to their benefits may be made without an obligation to meet and confer with the affected unions. However, there is no California case law on point. If the County loses, the remedy ordered by PERB requires the County to make whole all employees affected by the June 5, 2007 policy. Approximately 700 employees have retired since June 2007. If all those retirees are eligible for the subsidy, back benefits may reach \$2 million of which approximately \$450,000 would be net General Fund costs. If only those retirees that were enrolled in a health plan at the time they retired are eligible for back benefits (381), back benefits would be approximately \$1.1 million, \$230,000 of which is a net General Fund cost. Those numbers will increase until the court decision becomes final.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

NOTE 24 – FUTURE GASB PRONOUNCEMENTS

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for periods beginning after June 15, 2009. GASB Statement No. 51 establishes standards for accounting and financial reporting for intangible assets. This Statement requires that an intangible asset be recognized in the Statement of Net Assets only if it is identifiable. Additionally, this Statement establishes a specific-conditions approach to recognizing intangible assets that are internally generated. This Statement also provides guidance on recognizing internally generated software as an intangible asset. This Statement also establishes guidance specific to intangible assets related to amortization. This Statement provides guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. The provisions of this Statement generally are required to be applied retroactively for intangible assets acquired in fiscal years ending after June 30, 1980. The County has not determined what impact, if any, this pronouncement will have on the financial statements.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for periods beginning after June 15, 2009. GASB Statement No. 53 establishes standards for accounting and financial reporting for Derivative Instruments. This Statement addresses the recognition, measurement and disclosure of information regarding derivative instruments entered into by state and local governments. A key provision in this Statement is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive are reported at fair value. Much of this Statement describes the methods of evaluating effectiveness. The disclosures required by Technical Bulletin No. 2003-1, Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets, have been incorporated into this Statement. The County has not determined what impact, if any, this pronouncement will have on the financial statements.

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for periods beginning after June 15, 2010. The objective of this Statement is to improve the usefulness, including the understandability, of governmental fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on government's fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purpose for which governments have chosen to use particular funds for financial reporting. This Statement established accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

On December 31, 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Multiple Employers and Agent Multiple-Employer Plans*. The provisions of Statement No. 57 that relate to the use and reporting of alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. Statement No. 57 addresses issues related to the measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. (In agent multiple-employer plans, separate liabilities are calculated and separate asset accounts are kept for each participating government, rather than being administered and accounted for as a single plan as is done in a cost sharing plan.) Statement No. 57 amends Statement No. 43, Financial Reporting for Postemployment Benefit Plans other than Pension Plans and State No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions. Specifically Statement No. 57 1) enables certain agent employers to use the alternative measurement method, a less complex and potentially less expensive alternative to a full actuarial valuation; 2) Adjusts the requirement that a defined benefit OPEB plan obtain an actuarial valuation, in light of the change allowing more qualifying employers to use the alternative method; 3) clarifies that the same frequency and timing of determining OPEB measures are required for both agent multiple-employer plans and their participating employers.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

On December 31, 2009, GASB issued Statement No. 58, *Accounting and financial Reporting for Chapter 9 Bankruptcies* effective for periods beginning after June 15, 2009. Retroactive application is required for all prior periods presented during which a government was in bankruptcy. GASB Statement No 58 provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs.

NOTE 25 - RESTATEMENT OF NET ASSETS

During the fiscal year ended June 30, 2009, Transit (enterprise fund) determined that there were adjustments needed in prior periods, TDA revenues were deferred incorrectly. As a result, deferred revenue at June 30, 2008 has been reduced by this amount and non operating revenue increased increasing net assets by \$204.

	Business Type Activities	Non Major Enterprise
Net assets, as previously reported	\$ 1,002,511	1,729
Adjustments	204	204
	204	204
Total restatement	204	204
Net assets at June 30, 2008, as restated	\$ 1,002,715	1,933

During the fiscal year ended June 30, 2009, the Water Agency (special revenue fund) discovered that certain infrastructure assets acquired prior to July 1, 2007 were omitted from capital assets. Thus, beginning net assets were understated by the cost, net of depreciation that should have been recognized in prior years. As a result, beginning net assets for fiscal year ended June 30, 2008 have been restated.

	<u>General Fund</u>	<u>Governmental Activities</u>
Net assets\Fund Balance, as previously reported	\$ 157,033	\$ 1,472,997
Adjustments:		
Deferred revenue	(8,898)	
Infrastructure Gross		410,464
Less: Accumulated depreciation		(185,318)
Net Infrastructure	225,146	225,146
Total Adjustments	(8,898)	225,146
Net assets\Fund Balance at June 30, 2008, as restated	\$ 148,135	\$ 1,698,143

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

NOTE 26 - SUBSEQUENT EVENTS

In July 2009, the California State Legislature passed a series of bills affecting counties, cities, redevelopment agencies and special districts. This legislation authorized the State of California to borrow from or defer revenues to local governments for fiscal year 2009-10. The revenues affected include:

- Property Taxes – County auditors are directed to reduce 2009-10 property tax allocations by an amount equal to 8%, except in limited circumstances,
- Redevelopment Agency Property Taxes - \$1.7 billion in redevelopment revenues will be shifted to the Supplemental Educational Revenue Augmentation Fund in 2009-10, thereby benefiting the State General Fund. An additional \$350 million is shifted in 2010-11. For just 2009-10, the 20% set-aside to the low and moderate income housing fund is suspended. Suspended amounts must be repaid by June 30, 2015. For agencies that do not comply with allocating its full share of the shift, the low and moderating income set-aside is permanently increased by 5%.
- Gas Taxes – Monthly allocations of gas excise tax revenues beginning with July 2009 through December 2009 are deferred.
- Proposition 42 Transportation Funds - Defers the October 2009 and January 2010 Proposition 42 allocations to cities and counties, with full repayment on May 31, 2010. The amount of each quarter's deferral is approximately \$144 million. The Proposition 42 funding is for improvements to local streets and roads.

The borrowing and deferrals by the State are expected to materially affect the local government's cash flows subsequent to year-end.

Participation in the Proposition 1A Securitization Program

On July 28, 2009 the State passed an emergency suspension of Proposition 1A as part of the 2009-2010 budget package. Under the provision the State will borrow 8% of the amount of property tax revenue apportioned to local agencies. Sacramento County's share will be \$32,715,454. The State will be required to repay the obligation, with interest, by June 30, 2013.

To mitigate the impact on the County's cash flow, the County is participating in the Proposition 1A Securitization Program administered by the California Statewide Communities Development Authority which will enable the County to sell the Proposition 1A Receivable and neutralize the affect of the State borrowing. All cost of issuance will be paid by the State. The County is expected to receive proceeds of \$16,357,727 and \$16,357,727 on January 15, 2010 and May 3, 2010, respectively.

Taxable Pension Funding Bonds 2009C-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, 2008.

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 2008 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 through an auction rate process, 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.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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 will be based on the Convertible Auction Rate but are fixed at 4.611% until July 10, 2009.

On July 22, 2008, the Board of Supervisors delegated authority to the Director of Finance and Chief Operations Officer to make the determination and authority to terminate the swap if or when there is no material negative fiscal impact to the County. The proposed termination is a result of the uncertainties in the auction rate market. The County plans to restructure the bonds before the initial auction date of July 10, 2009. By terminating the swap, it affords the County greater flexibility when analyzing the restructuring of the C-2 bonds.

Fair value: If the swap was in effect, it would have a negative fair value of \$10,517 at June 30, 2009. 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 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 2.6% (current rate of interest on bonds), and the 5 year USD-ISDA SWAP minus 50 basis points was 2.47%, there would be a difference of 1.633%. As of June 30, 2009, the intended synthetic fixed rate would then be 4.233%, or 2.6% plus 1.633%.

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.

Teeter Plan

On December 1, 2009, the County issued its 2009 Teeter Note and purchased under the Teeter Plan the delinquent secured property tax receivables at June 30, 2009, in the amount of \$64,470 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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)

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, 2009. Such payments may be made more frequently, but not more often than quarterly. The note matures August 1, 2014. Note 1 (Property Taxes) and Note 10 further describe the Teeter Note issues.

Regents of the University of California v. Hunt, et al.

On November 19, 2009, the Regents of the University of California filed an action against the County on behalf of its University of California, Davis Health System (UCD), for breach of contract and for a Peremptory Writ of Mandate.

The Petition causes of action for breach of contract are brought under the following two theories: (1) that UCD had an implied contract with the County – UCD claims that the alleged contract with UCD was manifested by the conduct of the County in its execution of the County’s contract with BRMS; and (2) that UCD is a “third party beneficiary” of the County’s contract with BRMS. Pursuant to these theories, UCD alleges the County must pay for hospital care rendered to County Medically Indigent Program (CMISP) patients that were referred to UCD hospital.

The Petition seeks damages, including attorneys’ fees, in excess of \$125,000,000. Department of Health and Human Services (DHHS) staff indicated to County Counsel on November 9, 2009, that the County liability for non-payments of claims to UCD may total up to \$80,000,000; however, no legal analysis of this conclusion has been performed. Further, subsequent to November 9, 2009, DHHS staff has admitted that prior year claims have not been reconciled.

Dry Period Financing

For Fiscal Year 2009-10, with year-end cash balances declining, the County decided it would not be cost effective to issue a TRANS to fund the General Fund cash, and chose to utilize dry period financing and other funds as the most appropriate tool to manage our cash flow needs.

Article 16, Section 6, of the State Constitution, permits dry period financing. It states that the County Treasurer (Director of Finance) may make temporary transfers of funds as necessary to meet the obligation incurred by district and political subdivisions whose funds are “...in custody and are paid out solely through the treasurer’s office.”

In 1980, the Board of Supervisors adopted a resolution (80-1434) to permit entities that collected the 1% ad valorem tax to obtain temporary cash transfers. Later, constitutional changes and associated County resolutions expanded this to include “all anticipated revenues”. In accordance with the State Constitution, borrowing is permitted until the last Monday in April of each fiscal year in amounts that do not exceed 85% of all anticipated revenues.

As such, in Fiscal Year 2009-10 the County General Fund may utilize up to 85% of its anticipated (estimated) revenues during the ‘dry period’ to meet any obligation incurred. The money is essentially loaned by the Treasurer’s County Investment Pool (Treasury Pool), and accordingly, any funds loaned and interest costs incurred must be repaid by the General Fund. Dry period financing in the months of July through September was based on General Fund \$1.992 billion in estimated revenues approved in the County’s Fiscal Year 2009-10 preliminary budget. The County’s Final Fiscal Year 2009-10 budget was approved in October 2009 and the dry period financing amount was adjusted to reflect the final General Fund estimated revenues of \$1.991 billion. In addition, on a monthly basis, as revenue is received the dry period financing amount is decreased accordingly.

**COUNTY OF SACRAMENTO
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2009
 (amounts expressed in thousands)**

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>
6/30/07	5,406,461	5,788,336	381,875	93.4%	756,024	51.0%
6/30/08	5,930,758	6,363,355	432,597	93.2%	810,248	53.4%
6/30/09	5,730,215	6,661,993	931,778	86.0%	869,898	107.1%

Source: Sacramento County Employees' Retirement System Comprehensive Annual Financial Report (CAFR) as of and for the year ended June 30, 2009.

See accompanying independent auditor's report

Notes to the Required Supplementary Information

1. This information is intended to help users assess the SCERS funding status ongoing basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.

**COUNTY OF SACRAMENTO
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2009
 (amounts expressed in thousands)**

Other Post Employment Benefits (OPEB) – Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage Of Covered Payroll</u>
6/30/07	\$ 0	\$245,592	245,592	0.0%	\$810,248	30.3 %

Source: Segal Group, Inc., “County of Sacramento Actuarial Valuation and Review of Other Post Employment Benefits (OPEB) as of June 30, 2007, In accordance with GASB No. 45.”

See accompanying independent auditors report.

Notes to the Required Supplementary Information

1. This information is intended to help users assess the OPEB funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.
2. The information presented relates solely to the County and not to SCERS as a whole.
3. June 30, 2007 is the most current actuarial valuation. In the future, information from the three most recent valuations will be presented, as it becomes available.

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Assets:				
Cash and investments	\$ 332,799	71,289	145,093	549,181
Receivables:				
Billed	14,692		208	14,900
Interest			5	5
Intergovernmental	11,092		4,324	15,416
Due from other funds	10,567	5,436	295	16,298
Long-term advances to other funds	19,014		4,292	23,306
Long-term receivables	52	137,560		137,612
Total assets	<u>\$ 388,216</u>	<u>214,285</u>	<u>154,217</u>	<u>756,718</u>
Liabilities and fund balances:				
Liabilities:				
Warrants payable	\$ 2,744		153	2,897
Accrued liabilities	11,224	5,435	10,445	27,104
Intergovernmental payable	25,585	336	8,771	34,692
Due to other funds	17,331	183	952	18,466
Deferred revenues	19,014	87,759		106,773
Total liabilities	<u>75,898</u>	<u>93,713</u>	<u>20,321</u>	<u>189,932</u>
Fund balances:				
Invested in capital assets, net of related debt				
Reserved for:				
Encumbrances	92,526		20,445	112,971
Assets not available	201	49,801	4,292	54,294
Debt service		70,771		70,771
Future construction			114,786	114,786
Unreserved:				
Designated	111,883			111,883
Undesignated	107,708		(5,627)	102,081
Total fund balances	<u>312,318</u>	<u>120,572</u>	<u>133,896</u>	<u>566,786</u>
Total liabilities and fund balances	<u>\$ 388,216</u>	<u>214,285</u>	<u>154,217</u>	<u>756,718</u>

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:				
Taxes	\$ 81,054			81,054
Use of money and property	17,039	7,291	3,384	27,714
Licenses and permits	31,018			31,018
Intergovernmental	115,495	20,766	683	136,944
Charges for sales and services	77,879		1,814	79,693
Fines, forfeitures and penalties	27	11,125	3,299	14,451
Pledged tobacco settlement proceeds	14,862			14,862
Miscellaneous	16,476	152	22,006	38,634
Total revenues	<u>353,850</u>	<u>39,334</u>	<u>31,186</u>	<u>424,370</u>
Expenditures:				
Current:				
General government	70,983			70,983
Public assistance	36,764			36,764
Public protection	15,061			15,061
Health and sanitation	43,979			43,979
Public ways and facilities	96,932		5,255	102,187
Recreation and culture	31,108			31,108
Education	22,627			22,627
Capital outlay	25,955		83,143	109,098
Debt service:				
Principal		129,232		129,232
Bond issuance costs		335		335
Interest and fiscal charges		89,150		89,150
Total expenditures	<u>343,409</u>	<u>218,717</u>	<u>88,398</u>	<u>650,524</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,441</u>	<u>(179,383)</u>	<u>(57,212)</u>	<u>(226,154)</u>
Other financing sources (uses):				
Transfers in	25,444	111,597	105	137,146
Transfers out	(33,965)	(27,737)	(12,224)	(73,926)
Issuance of debt		80,006		80,006
Refunding debt issued		49,760		49,760
Swap, Lehmen termination payment		(23,019)		(23,019)
Swap, premium short term		2,950		2,950
Swap, premium long term		20,069		20,069
Payment to refunded bonds escrow agent		(49,225)		(49,225)
Total other financing sources (uses)	<u>(8,521)</u>	<u>164,401</u>	<u>(12,119)</u>	<u>143,761</u>
Net change in fund balances	1,920	(14,982)	(69,331)	(82,393)
Fund balances - beginning, restated	310,398	135,554	203,227	649,179
Fund balances - ending	<u>\$ 312,318</u>	<u>120,572</u>	<u>133,896</u>	<u>566,786</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.

Intentionally Blank

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(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
Assets:							
Cash and investments	\$ 11,542	108,171	6,596	5,150	4,569	2,438	
Receivables, net of allowance for uncollectibles:							
Billed	1,135	2,861		1,826	1,077	389	
Intergovernmental	48			7,149			
Due from other funds	1,378	2	1			40	8,451
Long-term advances to other funds							19,014
Long-term receivables					52		
Total assets	<u>\$ 14,103</u>	<u>111,034</u>	<u>6,597</u>	<u>14,125</u>	<u>5,698</u>	<u>2,867</u>	<u>27,465</u>
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$ 114	1,009		67	38	51	
Accrued liabilities	471	2,624	2,490	1,366	125	74	
Intergovernmental payable	1,773		1	6,159		1,267	
Due to other funds	488	1,375	104	1,545	3,508	358	6,613
Deferred revenues							19,014
Total liabilities	<u>2,846</u>	<u>5,008</u>	<u>2,595</u>	<u>9,137</u>	<u>3,671</u>	<u>1,750</u>	<u>25,627</u>
Fund balances:							
Reserved for:							
Encumbrances	9,474	32,689	1	41,788	585		1,836
Assets not available			2		53		
Unreserved:							
Designated		43,168	3,500		1,247		
Undesignated	1,783	30,169	499	(36,800)	142	1,117	2
Total fund balances	<u>11,257</u>	<u>106,026</u>	<u>4,002</u>	<u>4,988</u>	<u>2,027</u>	<u>1,117</u>	<u>1,838</u>
Total liabilities and fund balances	<u>\$ 14,103</u>	<u>111,034</u>	<u>6,597</u>	<u>14,125</u>	<u>5,698</u>	<u>2,867</u>	<u>27,465</u>

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(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
Assets:							
Cash and investments	\$ 3,306	10,426	53,565	18,281	38,190		
Receivables, net of allowance for uncollectibles:							
Billed	5	691		3,061			115
Intergovernmental						3,791	
Due from other funds	32			431		25	3
Long-term advances to other funds							
Long-term receivables							
Total assets	\$ 3,343	11,117	53,565	21,773	38,190	3,816	118
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$ 16	312	49	113	6	912	6
Accrued liabilities	141	345	10	95		1,692	392
Intergovernmental payable		267	53	43	960	42	
Due to other funds	8	38	88	303	353	358	133
Deferred revenues							
Total liabilities	165	962	200	554	1,319	3,004	531
Fund balances:							
Reserved for:							
Encumbrances	16	321	738	4,059	453	162	5
Assets not available						146	
Unreserved:							
Designated		2,831			36,127		
Undesignated	3,162	7,003	52,627	17,160	291	504	(418)
Total fund balances	3,178	10,155	53,365	21,219	36,871	812	(413)
Total liabilities and fund balances	\$ 3,343	11,117	53,565	21,773	38,190	3,816	118

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(amounts expressed in thousands)

Page 3 of 3

	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
Assets:						
Cash and investments	\$ 25,880	29,566	888	6,075	8,156	332,799
Receivables, net of allowance for uncollectibles:						
Billed		975		1,928	629	14,692
Intergovernmental				104		11,092
Due from other funds	53			130	21	10,567
Long-term advances to other funds						19,014
Long-term receivables						52
Total assets	\$ 25,933	30,541	888	8,237	8,806	388,216
Liabilities and fund balances:						
Liabilities:						
Warrants payable	\$ 24			23	4	2,744
Accrued liabilities	830	211	7	349	2	11,224
Intergovernmental payable	13,765			17	1,238	25,585
Due to other funds	500	5		285	1,269	17,331
Deferred revenues						19,014
Total liabilities	15,119	216	7	674	2,513	75,898
Fund balances:						
Reserved for:						
Encumbrances	296	64		8	31	92,526
Assets not available						201
Unreserved:						
Designated		23,115		1,754	141	111,883
Undesignated	10,518	7,146	881	5,801	6,121	107,708
Total fund balances	10,814	30,325	881	7,563	6,293	312,318
Total liabilities and fund balances	\$ 25,933	30,541	888	8,237	8,806	388,216

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, 2009
(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	\$ 1,452		21,019	35,525	5,311		
Use of money and property	504	2,588	242	177	86	117	
Licenses and permits	1,586					11,943	
Intergovernmental	52,155	17,355	267	9,971		392	
Charges for sales and services	283			59		85	33,422
Fines, forfeitures and penalties							
Pledged tobacco settlement proceeds							
Miscellaneous	863			227	360	123	
Total revenues	<u>56,843</u>	<u>19,943</u>	<u>21,528</u>	<u>45,959</u>	<u>5,757</u>	<u>12,660</u>	<u>33,422</u>
Expenditures:							
Current:							
General government							
Public assistance							
Public protection						14,035	
Health and sanitation		18,114					
Public ways and facilities	50,171			44,350			
Recreation and culture					2,781		
Education			22,627				
Capital outlay							25,955
Total expenditures	<u>50,171</u>	<u>18,114</u>	<u>22,627</u>	<u>44,350</u>	<u>2,781</u>	<u>14,035</u>	<u>25,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,672</u>	<u>1,829</u>	<u>(1,099)</u>	<u>1,609</u>	<u>2,976</u>	<u>(1,375)</u>	<u>7,467</u>
Other financing sources (uses):							
Transfers in							
Transfers out		(84)			(3,438)		(6,971)
Total other financing sources (uses)		<u>(84)</u>			<u>(3,438)</u>		<u>(6,971)</u>
Net change in fund balances	6,672	1,745	(1,099)	1,609	(462)	(1,375)	496
Fund balances - beginning	4,585	104,281	5,101	3,379	2,489	2,492	1,342
Fund balances - ending	<u>\$ 11,257</u>	<u>106,026</u>	<u>4,002</u>	<u>4,988</u>	<u>2,027</u>	<u>1,117</u>	<u>1,838</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, 2009
(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	\$ 387	8,218	7,120				
Use of money and property	69	1,717	1,318	465	1,336	314	4,013
Licenses and permits			1,578				
Intergovernmental	5	2,569	90	193		21,569	
Charges for sales and services	2,864	8,250	2,370	22,843		502	3,824
Fines, forfeitures and penalties							
Pledged tobacco settlement proceeds							
Miscellaneous	372	1,022		849		2,099	83
Total revenues	<u>3,697</u>	<u>21,776</u>	<u>12,476</u>	<u>24,350</u>	<u>1,336</u>	<u>24,484</u>	<u>7,920</u>
Expenditures:							
Current:							
General government	3,626			31,121	10,559		
Public assistance						36,764	
Public protection							
Health and sanitation			7,054				
Public ways and facilities							
Recreation and culture		20,584					7,718
Education							
Capital outlay							
Total expenditures	<u>3,626</u>	<u>20,584</u>	<u>7,054</u>	<u>31,121</u>	<u>10,559</u>	<u>36,764</u>	<u>7,718</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71</u>	<u>1,192</u>	<u>5,422</u>	<u>(6,771)</u>	<u>(9,223)</u>	<u>(12,280)</u>	<u>202</u>
Other financing sources (uses):							
Transfers in				6,885	4,766	13,010	144
Transfers out			(6,885)			(392)	(985)
Total other financing sources (uses)			<u>(6,885)</u>	<u>6,885</u>	<u>4,766</u>	<u>12,618</u>	<u>(841)</u>
Net change in fund balances	71	1,192	(1,463)	114	(4,457)	338	(639)
Fund balances - beginning	3,107	8,963	54,828	21,105	41,328	474	226
Fund balances - ending	<u>\$ 3,178</u>	<u>10,155</u>	<u>53,365</u>	<u>21,219</u>	<u>36,871</u>	<u>812</u>	<u>(413)</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, 2009
(amounts expressed in thousands)

Page 3 of 3

	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
Revenues:						
Taxes	\$				2,022	81,054
Use of money and property	3,061	698	2	195	137	17,039
Licenses and permits	25	2,199		13,687		31,018
Intergovernmental	8,680			165	2,084	115,495
Charges for sales and services	1,367	2		642	1,366	77,879
Fines, forfeitures and penalties					27	27
Pledged tobacco settlement proceeds			14,862			14,862
Miscellaneous	6,328	172		3,978		16,476
Total revenues	<u>19,461</u>	<u>3,071</u>	<u>14,864</u>	<u>18,667</u>	<u>5,636</u>	<u>353,850</u>
Expenditures:						
Current:						
General government	25,220				457	70,983
Public assistance						36,764
Public protection					1,026	15,061
Health and sanitation			156	18,346	309	43,979
Public ways and facilities		2,229			182	96,932
Recreation and culture					25	31,108
Education						22,627
Capital outlay						25,955
Total expenditures	<u>25,220</u>	<u>2,229</u>	<u>156</u>	<u>18,346</u>	<u>1,999</u>	<u>343,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,759)</u>	<u>842</u>	<u>14,708</u>	<u>321</u>	<u>3,637</u>	<u>10,441</u>
Other financing sources (uses):						
Transfers in	639					25,444
Transfers out	(98)		(14,608)	(489)	(15)	(33,965)
Total other financing sources (uses)	<u>541</u>		<u>(14,608)</u>	<u>(489)</u>	<u>(15)</u>	<u>(8,521)</u>
Net change in fund balances	<u>(5,218)</u>	<u>842</u>	<u>100</u>	<u>(168)</u>	<u>3,622</u>	<u>1,920</u>
Fund balances - beginning	16,032	29,483	781	7,731	2,671	310,398
Fund balances - ending	<u>\$ 10,814</u>	<u>30,325</u>	<u>881</u>	<u>7,563</u>	<u>6,293</u>	<u>312,318</u>

**COUNTY OF SACRAMENTO
ROAD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 864	1,209	1,452	243
Use of money and property	628	731	504	(227)
Licenses and permits	1,030	1,225	1,586	361
Intergovernmental	64,113	69,245	52,155	(17,090)
Charges for sales and services	460	460	283	(177)
Miscellaneous	1,858	4,165	863	(3,302)
Total revenues	68,953	77,035	56,843	(20,192)
Expenditures:				
Current:				
Public ways and facilities	71,562	80,111	50,171	29,940
Excess (deficiency) of revenues over (under) expenditures	(2,609)	(3,076)	6,672	9,748
Net change in fund balance	\$ (2,609)	(3,076)	6,672	9,748

**COUNTY OF SACRAMENTO
 FIRST 5 COMMISSION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009
 (amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 3,605	3,605	2,588	(1,017)
Intergovernmental	16,747	16,747	17,355	608
Miscellaneous	40	40		(40)
	<u>20,392</u>	<u>20,392</u>	<u>19,943</u>	<u>(449)</u>
Total revenues				
Expenditures:				
Current:				
Health and sanitation	<u>80,917</u>	<u>80,917</u>	<u>18,114</u>	<u>62,803</u>
Excess (deficiency) of revenues over (under) expenditures	(60,525)	(60,525)	1,829	62,354
Other financing uses:				
Transfers out	<u>(84)</u>	<u>(84)</u>	<u>(84)</u>	
Net change in fund balance	<u>\$ (60,609)</u>	<u>(60,609)</u>	<u>1,745</u>	<u>62,354</u>

**COUNTY OF SACRAMENTO
LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 21,530	21,530	21,019	(511)
Use of money and property	70	70	242	172
Intergovernmental	<u>273</u>	<u>273</u>	<u>267</u>	<u>(6)</u>
Total revenues	21,873	21,873	21,528	(345)
Expenditures:				
Current:				
Education	<u>23,783</u>	<u>23,471</u>	<u>22,627</u>	<u>844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,910)</u>	<u>(1,598)</u>	<u>(1,099)</u>	<u>499</u>
Net change in fund balance	<u>\$ (1,910)</u>	<u>(1,598)</u>	<u>(1,099)</u>	<u>499</u>

**COUNTY OF SACRAMENTO
TRANSPORTATION SALES TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 44,763	57,620	35,525	(22,095)
Use of money and property	200	200	177	(23)
Intergovernmental	43,632	43,903	9,971	(33,932)
Charges for sales and services			59	59
Miscellaneous	18,403	7,745	227	(7,518)
Total revenues	106,998	109,468	45,959	(63,509)
Expenditures:				
Current:				
Public ways and facilities	88,874	116,112	44,350	71,762
Excess (deficiency) of revenues over (under) expenditures	18,124	(6,644)	1,609	8,253
Net change in fund balance	\$ 18,124	(6,644)	1,609	8,253

**COUNTY OF SACRAMENTO
TRANSIENT-OCCUPANCY TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 6,300	5,700	5,311	(389)
Use of money and property	35	35	86	51
Miscellaneous	350	350	360	10
	<u>6,685</u>	<u>6,085</u>	<u>5,757</u>	<u>(328)</u>
Total revenues				
Expenditures:				
Current:				
Recreation and culture	3,620	3,828	2,781	1,047
Principal	2,917	2,917		2,917
	<u>6,537</u>	<u>6,745</u>	<u>2,781</u>	<u>3,964</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	148	(660)	2,976	3,636
Other financing uses:				
Transfers out	(3,438)	(3,438)	(3,438)	
Net change in fund balance	<u>\$ (3,290)</u>	<u>(4,098)</u>	<u>(462)</u>	<u>3,636</u>

**COUNTY OF SACRAMENTO
BUILDING INSPECTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$	100	117	17
Licenses and permits	14,150	14,344	11,943	(2,401)
Intergovernmental	524	517	392	(125)
Charges for sales and services	20	20	85	65
Miscellaneous	20	66	123	57
Total revenues	14,714	15,047	12,660	(2,387)
Expenditures:				
Current:				
Protection and inspection	14,955	14,855	14,035	820
Excess (deficiency) of revenues over (under) expenditures	(241)	192	(1,375)	(1,567)
Net change in fund balance	\$ (241)	192	(1,375)	\$ (1,567)

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, 2009
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Charges for sales and services	\$ 33,422	33,422	33,422	
Miscellaneous	41,240	41,240		(41,240)
Total revenues	<u>74,662</u>	<u>74,662</u>	<u>33,422</u>	<u>(41,240)</u>
Expenditures:				
Capital outlay	69,419	69,417	25,955	43,462
Excess of revenues over expenditures	<u>5,243</u>	<u>5,245</u>	<u>7,467</u>	<u>2,222</u>
Other financing sources (uses):				
Transfers out	(6,971)	(6,971)	(6,971)	
Total other financing sources (uses)	<u>(6,971)</u>	<u>(6,971)</u>	<u>(6,971)</u>	
Net change in fund balance	<u>\$ (1,728)</u>	<u>(1,726)</u>	<u>496</u>	<u>2,222</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, 2009
 (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	\$ 166	166	387	221
Use of money and property	37	23	69	46
Intergovernmental	3	3	5	2
Charges for sales and services	2,775	2,625	2,864	239
Miscellaneous	650	970	372	(598)
Total revenues	<u>3,631</u>	<u>3,787</u>	<u>3,697</u>	<u>(90)</u>
Expenditures:				
General government	<u>4,482</u>	<u>4,763</u>	<u>3,626</u>	<u>1,137</u>
Net change in fund balance	<u>\$ (851)</u>	<u>(976)</u>	<u>71</u>	<u>1,047</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, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 7,963	7,937	8,218	281
Use of money and property	1,676	1,671	1,717	46
Intergovernmental	1,689	2,927	2,569	(358)
Charges for sales and services	9,270	9,755	8,250	(1,505)
Miscellaneous	922	872	1,022	150
Total revenues	<u>21,520</u>	<u>23,162</u>	<u>21,776</u>	<u>(1,386)</u>
Expenditures:				
Current:				
Recreation and culture	29,321	30,595	20,584	10,011
Bond issuance costs	33	33		33
Total expenditures	<u>29,354</u>	<u>30,628</u>	<u>20,584</u>	<u>10,044</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,834)</u>	<u>(7,466)</u>	<u>1,192</u>	<u>8,658</u>
Net change in fund balance	<u>\$ (7,834)</u>	<u>(7,466)</u>	<u>1,192</u>	<u>8,658</u>

**COUNTY OF SACRAMENTO
WATER AGENCIES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 7,358	7,358	7,120	(238)
Use of money and property	1,487	1,487	1,318	(169)
Licenses and permits	2,052	2,052	1,578	(474)
Intergovernmental	130	130	90	(40)
Charges for sales and services	<u>4,576</u>	<u>4,576</u>	<u>2,370</u>	<u>(2,206)</u>
Total revenues	15,603	15,603	12,476	(3,127)
Expenditures:				
Current:				
Health and sanitation	<u>15,983</u>	<u>16,413</u>	<u>7,054</u>	<u>9,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(380)</u>	<u>(810)</u>	<u>5,422</u>	<u>6,232</u>
Other financing sources (uses):				
Transfers out	<u>(6,885)</u>	<u>(6,885)</u>	<u>(6,885)</u>	
Net change in fund balance	<u>\$ (7,265)</u>	<u>(7,695)</u>	<u>(1,463)</u>	<u>6,232</u>

**COUNTY OF SACRAMENTO
STORMWATER UTILITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 586	586	465	(121)
Intergovernmental	367	367	193	(174)
Charges for sales and services	23,128	23,128	22,843	(285)
Miscellaneous	<u>861</u>	<u>861</u>	<u>849</u>	<u>(12)</u>
Total revenues	24,942	24,942	24,350	(592)
Expenditures:				
Current:				
General government	<u>43,639</u>	<u>41,627</u>	<u>31,121</u>	<u>10,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,697)</u>	<u>(16,685)</u>	<u>(6,771)</u>	<u>9,914</u>
Other financing sources (uses):				
Transfers in	<u>13,010</u>	<u>6,885</u>	<u>6,885</u>	
Net change in fund balance	<u>\$ (5,687)</u>	<u>(9,800)</u>	<u>114</u>	<u>9,914</u>

**COUNTY OF SACRAMENTO
 TOBACCO SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009
 (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	\$ 1,254	1,254	1,336	82
Expenditures:				
Current:				
General government				
Finance	11,220	11,220	10,559	661
Excess (deficiency) of revenues over (under) expenditures	(9,966)	(9,966)	(9,223)	743
Other financing uses:				
Transfers in	4,766	4,766	4,766	
Net change in fund balance	\$ (5,200)	(5,200)	(4,457)	743

**COUNTY OF SACRAMENTO
COMMUNITY SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 436	436	314	(122)
Intergovernmental	23,186	23,656	21,569	(2,087)
Charges for sales and services	530	530	502	(28)
Miscellaneous	<u>2,019</u>	<u>2,980</u>	<u>2,099</u>	<u>(881)</u>
Total revenues	26,171	27,602	24,484	(3,118)
Expenditures:				
Current:				
Public assistance	<u>38,901</u>	<u>40,549</u>	<u>36,764</u>	<u>3,785</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,730)</u>	<u>(12,947)</u>	<u>(12,280)</u>	<u>667</u>
Other financing sources (uses):				
Transfers in	13,010	13,010	13,010	
Transfers out	<u>(392)</u>	<u>(392)</u>	<u>(392)</u>	
Total other financing sources (uses)	<u>12,618</u>	<u>12,618</u>	<u>12,618</u>	
Net change in fund balance	<u>\$ (112)</u>	<u>(329)</u>	<u>338</u>	<u>667</u>

**COUNTY OF SACRAMENTO
GOLF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 4,673	4,707	4,013	(694)
Charges for sales and services	4,247	4,299	3,824	(475)
Miscellaneous			83	83
	<u>8,920</u>	<u>9,006</u>	<u>7,920</u>	<u>(1,086)</u>
Total revenues				
Expenditures:				
Current:				
Recreation and culture	8,086	8,074	7,718	356
Excess of revenues over expenditures	<u>834</u>	<u>932</u>	<u>202</u>	<u>(730)</u>
Other financing uses:				
Transfers out	(985)	(985)	(985)	
Transfers in	144	144	144	
Total other financing sources (uses)	<u>(841)</u>	<u>(841)</u>	<u>(841)</u>	
Net change in fund balance	<u>\$ (7)</u>	<u>91</u>	<u>(639)</u>	<u>(730)</u>

**COUNTY OF SACRAMENTO
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 2,898	2,898	3,061	163
Licenses and permits	37	37	25	(12)
Intergovernmental	24,793	21,486	8,680	(12,806)
Charges for sales and services	150	150	1,367	1,217
Miscellaneous	10,469	10,815	6,328	(4,487)
Total revenues	38,347	35,386	19,461	(15,925)
Expenditures:				
Current:				
General government	49,750	52,832	25,220	27,612
Excess (deficiency) of revenues over (under) expenditures	(11,403)	(17,446)	(5,759)	11,687
Other financing sources (uses):				
Transfers in	639	639	639	
Transfers out	(98)	(98)	(98)	
Total other financing sources (uses)	541	541	541	
Net change in fund balance	\$ (10,862)	(16,905)	(5,218)	11,687

**COUNTY OF SACRAMENTO
ROADWAY FEE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 722	622	698	76
Licenses and permits	6,058	5,123	2,199	(2,924)
Intergovernmental	147	147		(147)
Charges for sales and services			2	2
Miscellaneous	183	147	172	25
Total revenues	7,110	6,039	3,071	(2,968)
Expenditures:				
Current:				
Public ways and facilities	14,270	12,406	2,229	10,177
Excess (deficiency) of revenues over (under) expenditures	(7,160)	(6,367)	842	7,209
Other financing uses:				
Transfers in				
Net change in fund balance	\$ (7,160)	(6,367)	842	7,209

**COUNTY OF SACRAMENTO
TOBACCO SECURITIZATION AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	2
Pledged tobacco settlement proceeds			14,862	14,862
Total revenues			14,864	14,864
Expenditures:				
Current:				
Health and sanitation	156	156	156	
Excess (deficiency) of revenues over (under) expenditures	(156)	(156)	14,708	14,864
Other financing uses:				
Transfers out	(14,608)	(14,608)	(14,608)	
Net change in fund balance	<u>\$ (14,764)</u>	<u>(14,764)</u>	<u>100</u>	<u>14,864</u>

**COUNTY OF SACRAMENTO
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$		195	195
Licenses and permits	12,496	12,496	13,687	1,191
Intergovernmental	469	469	165	(304)
Charges for sales and services	724	724	642	(82)
Miscellaneous	<u>2,324</u>	<u>2,324</u>	<u>3,978</u>	<u>1,654</u>
Total revenues	16,013	16,013	18,667	2,654
Expenditures:				
Current:				
Health and sanitation	<u>21,474</u>	<u>21,502</u>	<u>18,346</u>	<u>3,156</u>
Excess (deficiency) of revenues over (under) expenditures	(5,461)	(5,489)	321	5,810
Other financing uses:				
Transfers in				
Transfers out	<u>(489)</u>	<u>(489)</u>	<u>(489)</u>	
Total other financing sources (uses)	<u>(489)</u>	<u>(489)</u>	<u>(489)</u>	
Net change in fund balance	<u>\$ (5,950)</u>	<u>(5,978)</u>	<u>(168)</u>	<u>5,810</u>

**COUNTY OF SACRAMENTO
OTHER SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 1,551	1,551	2,022	471
Use of money and property	23	23	137	114
Intergovernmental	2,345	2,219	2,084	(135)
Charges for sales and services	696	696	1,366	670
Fines, forfeitures and penalties	36	36	27	(9)
Total revenues	<u>4,651</u>	<u>4,525</u>	<u>5,636</u>	<u>1,111</u>
Expenditures:				
Current:				
General government	708	762	457	305
Public protection	1,566	2,073	1,026	1,047
Health and sanitation	1,851	2,204	309	1,895
Public ways and facilities	3,524	3,586	182	3,404
Recreation and culture	50	50	25	25
Total expenditures	<u>7,699</u>	<u>8,675</u>	<u>1,999</u>	<u>6,676</u>
Excess (deficiency) of revenues over (under) expenditures	(3,048)	(4,150)	3,637	7,787
Other financing uses:				
Transfers out	<u>(15)</u>	<u>(15)</u>	<u>(15)</u>	
Net change in fund balance	<u>\$ (3,063)</u>	<u>(4,165)</u>	<u>3,622</u>	<u>7,787</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 1997, 2003, 2006 and 2007 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, 2009
(amounts expressed in thousands)**

Page 1 of 2

	Public Facilities Financing Corporation								
	Main Jail	Cherry Island Golf Course	Fixed Asset Financing Program	1997 Public Facilities Refunding	1997 Public Facilities	2003 Public Facilities	2006 Public Facilities	2007 Public Facilities	Juvenile Courthouse
Assets:									
Cash and investments	\$ 122	55		6,876	3,513	973	6,463	4,087	2,219
Due from other funds			1,493						1
Long-term receivables									
Total assets	\$ 122	55	1,493	6,876	3,513	973	6,463	4,087	2,220
Liabilities and fund balances:									
Liabilities:									
Accrued liabilities			1,493						
Intergovernmental payable									
Due to other funds	\$ 99	49		21	5			5	3
Deferred revenues									
Total liabilities	99	49	1,493	21	5			5	3
Fund balances:									
Reserved for:									
Assets not available									
Debt service	23	6		6,855	3,508	973	6,463	4,082	2,217
Total fund balances	23	6		6,855	3,508	973	6,463	4,082	2,217
Total liabilities and fund balances	\$ 122	55	1,493	6,876	3,513	973	6,463	4,087	2,220

**COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(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	\$ 8,401	9,076	21,760	7,744	71,289
Due from other funds	3,942				5,436
Long-term receivables		49,801		87,759	137,560
Total assets	\$ 12,343	58,877	21,760	95,503	214,285
Liabilities and fund balances:					
Liabilities:					
Accrued liabilities	3,942				5,435
Intergovernmental payable	336				336
Due to other funds	1				183
Deferred revenues				87,759	87,759
Total liabilities	4,279			87,759	93,713
Fund balances:					
Reserved for:					
Assets not available		49,801			49,801
Debt service	8,064	9,076	21,760	7,744	70,771
Total fund balances	8,064	58,877	21,760	7,744	120,572
Total liabilities and fund balances	\$ 12,343	58,877	21,760	95,503	214,285

**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, 2009
(amounts expressed in thousands)**

Public Facilities Financing Corporation

Page 1 of 2

	Main Jail	Cherry Island Golf Course	Fixed Asset Financing Program	1997 Public Facilities Refunding	1997 Public Facilities	2003 Public Facilities	2006 Public Facilities	2007 Public Facilities	Juvenile Courthouse
Revenues:									
Use of money and property	\$ 19	11			1,502		2,187	912	
Intergovernmental			1,493						
Fines, forfeitures and penalties									
Miscellaneous									
Total revenues	<u>19</u>	<u>11</u>	<u>1,493</u>	<u></u>	<u>1,502</u>	<u></u>	<u>2,187</u>	<u>912</u>	<u></u>
Expenditures:									
Debt service:									
Principal	3,845	435	3,970	2,490	2,135	310	1,400		720
Bond issuance costs									
Interest and fiscal charges	1,428	425	4,494	4,150	926	667	1,743	2,272	1,507
Total expenditures	<u>5,273</u>	<u>860</u>	<u>8,464</u>	<u>6,640</u>	<u>3,061</u>	<u>977</u>	<u>3,143</u>	<u>2,272</u>	<u>2,227</u>
Deficiency of revenues under expenditures	<u>(5,254)</u>	<u>(849)</u>	<u>(6,971)</u>	<u>(6,640)</u>	<u>(1,559)</u>	<u>(977)</u>	<u>(956)</u>	<u>(1,360)</u>	<u>(2,227)</u>
Other financing sources (uses):									
Transfers in	5,269	773	6,971	6,326	3,039	973	3,129	10	2,223
Transfers out	(896)	(84)		(4,451)	(1,341)	(309)			(578)
Issuance of debt									
Refunding debt issued									
Swap, Lehmen termination payment									
Swap, premium short term									
Swap, premium long term									
Payment to refunded bonds escrow agent									
Total other financing sources (uses)	<u>4,373</u>	<u>689</u>	<u>6,971</u>	<u>1,875</u>	<u>1,698</u>	<u>664</u>	<u>3,129</u>	<u>10</u>	<u>1,645</u>
Net change in fund balances	(881)	(160)		(4,765)	139	(313)	2,173	(1,350)	(582)
Fund balances - beginning	904	166		11,620	3,369	1,286	4,290	5,432	2,799
Fund balances - ending	<u>\$ 23</u>	<u>6</u>	<u></u>	<u>6,855</u>	<u>3,508</u>	<u>973</u>	<u>6,463</u>	<u>4,082</u>	<u>2,217</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, 2009
(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	\$ 608	55	758	1,239	7,291
Intergovernmental	12,339			6,934	20,766
Fines, forfeitures and penalties		11,125			11,125
Miscellaneous	152				152
Total revenues	<u>13,099</u>	<u>11,180</u>	<u>758</u>	<u>8,173</u>	<u>39,334</u>
Expenditures:					
Debt service:					
Principal	26,900	81,542	3,275	2,210	129,232
Bond issuance costs	335				335
Interest and fiscal charges	52,888	1,631	12,179	4,840	89,150
Total expenditures	<u>80,123</u>	<u>83,173</u>	<u>15,454</u>	<u>7,050</u>	<u>218,717</u>
Deficiency of revenues under expenditures	<u>(67,024)</u>	<u>(71,993)</u>	<u>(14,696)</u>	<u>1,123</u>	<u>(179,383)</u>
Other financing sources (uses):					
Transfers in	68,276		14,608		111,597
Transfers out		(20,078)			(27,737)
Issuance of debt		80,006			80,006
Refunding debt issued	49,760				49,760
Swap, Lehmen termination payment	(23,019)				(23,019)
Swap, premium short term	2,950				2,950
Swap, premium long term	20,069				20,069
Payment to refunded bonds escrow agent	(49,225)				(49,225)
Total other financing sources (uses)	<u>68,811</u>	<u>59,928</u>	<u>14,608</u>		<u>164,401</u>
Net change in fund balances	1,787	(12,065)	(88)	1,123	(14,982)
Fund balances - beginning	6,277	70,942	21,848	6,621	135,554
Fund balances - ending	<u>\$ 8,064</u>	<u>58,877</u>	<u>21,760</u>	<u>7,744</u>	<u>120,572</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
MAIN JAIL DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$		19	19
Expenditures:				
Debt service:				
Principal	3,848	3,848	3,845	3
Interest and fiscal charges	1,268	1,429	1,428	1
Total expenditures	5,116	5,277	5,273	4
Excess (deficiency) of revenues over (under) expenditures	(5,116)	(5,277)	(5,254)	23
Other financing sources (uses):				
Transfers in	5,269	5,269	5,269	
Transfers out	(896)	(896)	(896)	
Total other financing sources (uses)	4,373	4,373	4,373	
Net change in fund balance	\$ (743)	(904)	(881)	23

**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, 2009
(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	95	11	(84)
Expenditures:				
Debt service:				
Principal	435	435	435	
Interest and fiscal charges	572	493	425	68
Total expenditures	<u>1,007</u>	<u>928</u>	<u>860</u>	<u>68</u>
Deficiency of revenues under expenditures	(907)	(833)	(849)	(16)
Other financing sources (uses):				
Transfers in	773	773	773	
Transfers out	(84)	(84)	(84)	
Total other financing sources (uses)	<u>689</u>	<u>689</u>	<u>689</u>	
Net change in fund balance	<u>\$ (218)</u>	<u>(144)</u>	<u>(160)</u>	<u>(16)</u>

**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, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Intergovernmental	<u>\$</u>		<u>1,493</u>	<u>1,493</u>
Expenditures:				
Debt service:				
Principal	3,970	3,970	3,970	
Interest and fiscal charges	<u>4,494</u>	<u>4,494</u>	<u>4,494</u>	
Total expenditures	<u>8,464</u>	<u>8,464</u>	<u>8,464</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(8,464)</u>	<u>(8,464)</u>	<u>(6,971)</u>	<u>1,493</u>
Other financing sources (uses):				
Transfers in	<u>6,971</u>	<u>6,971</u>	<u>6,971</u>	
Net change in fund balance	<u>\$ (1,493)</u>	<u>(1,493)</u>		<u>1,493</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
1997 PUBLIC FACILITIES REFUNDING DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 271	21		(21)
Expenditures:				
Debt service:				
Principal	2,490	2,490	2,490	
Interest and fiscal charges	4,076	4,155	4,150	5
Total expenditures	6,566	6,645	6,640	5
Deficiency of revenues under expenditures	(6,295)	(6,624)	(6,640)	(16)
Other financing sources (uses):				
Transfers in	6,326	6,326	6,326	
Transfers out	(4,451)	(4,451)	(4,451)	
Total other financing sources (uses)	1,875	1,875	1,875	
Net change in fund balance	\$ (4,420)	(4,749)	(4,765)	(16)

**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, 2009
(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	\$	1,233	1,502	269
Expenditures:				
Debt service:				
Principal	2,135	2,135	2,135	
Interest and fiscal charges	2,245	1,137	926	211
Total expenditures	4,380	3,272	3,061	211
Excess (deficiency) of revenues over (under) expenditures	(4,380)	(2,039)	(1,559)	480
Other financing sources (uses):				
Transfers in	3,039	3,039	3,039	
Transfers out	(1,341)	(1,341)	(1,341)	
Net change in fund balance	\$ (2,682)	(341)	139	480

**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, 2009
(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>			
Expenditures:				
Debt service:				
Principal	310	310	310	
Interest and fiscal charges	<u>614</u>	<u>673</u>	<u>667</u>	<u>6</u>
Total expenditures	<u>924</u>	<u>983</u>	<u>977</u>	<u>6</u>
Excess (deficiency) of revenues over (under) expenditures	(924)	(983)	(977)	6
Other financing sources (uses):				
Transfers in	973	973	973	
Transfers out	<u>(309)</u>	<u>(309)</u>	<u>(309)</u>	
Total other financing sources (uses)	<u>664</u>	<u>664</u>	<u>664</u>	
Net change in fund balance	<u>\$ (260)</u>	<u>(319)</u>	<u>(313)</u>	<u>6</u>

**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, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		2,187	2,187
Expenditures:				
Debt service:				
Principal	1,400	1,400	1,400	
Interest and fiscal charges	3,092	3,161	1,743	1,418
Total expenditures	4,492	4,561	3,143	1,418
Excess (deficiency) of revenues over (under) expenditures	(4,492)	(4,561)	(956)	3,605
Other financing sources:				
Transfers in	3,129	3,129	3,129	
Net change in fund balance	\$ (1,363)	(1,432)	2,173	3,605

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
2007 PUBLIC FACILITIES DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 3	3	912	909
Expenditures:				
Debt service:				
Principal				
Interest and fiscal charges	2,221	2,423	2,272	151
Excess (deficiency) of revenues over (under) expenditures	(2,218)	(2,420)	(1,360)	1,060
Other financing sources:				
Transfers in	10	10	10	
Net change in fund balance	\$ (2,208)	(2,410)	(1,350)	1,060

**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, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 1	1	-	(1)
Expenditures:				
Debt service:				
Principal	720	720	720	
Interest and fiscal charges	1,410	1,508	1,508	
Total expenditures	2,130	2,228	2,228	
Deficiency of revenues under expenditures	(2,129)	(2,227)	(2,228)	(1)
Other financing sources (uses):				
Transfers in	2,223	2,223	2,223	
Transfers out	(578)	(578)	(578)	
Total other financing sources (uses)	1,645	1,645	1,645	
Net change in fund balance	\$ (484)	(582)	(583)	(1)

**COUNTY OF SACRAMENTO
PENSION OBLIGATION BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$		608	608
Miscellaneous		27	152	125
Intergovernmental	8,397	8,397	12,339	3,942
Total revenues	<u>8,397</u>	<u>8,424</u>	<u>13,099</u>	<u>4,675</u>
Expenditures:				
Debt service:				
Principal	26,900	26,900	26,900	
Interest and fiscal charges	57,721	59,819	52,888	6,931
Bond issuance costs	335	335	335	
Total expenditures	<u>84,956</u>	<u>87,054</u>	<u>80,123</u>	<u>6,931</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(76,559)</u>	<u>(78,630)</u>	<u>(67,024)</u>	<u>11,606</u>
Other financing sources (uses):				
Transfers in	68,303	68,276	68,276	
Issuance of debt	(336)	(336)		336
Refunding debt issued	49,760	49,760	49,760	
Payment to refunded bonds escrow agent	(49,225)	(49,225)	(49,225)	
Swap, Lehmen termination payment		(23,019)	(23,019)	
Swap, premium short term		2,950	2,950	
Swap, premium long term		20,069	20,069	
Total other financing sources (uses)	<u>68,502</u>	<u>68,475</u>	<u>68,811</u>	<u>336</u>
Net change in fund balance	<u>\$ (8,057)</u>	<u>(10,155)</u>	<u>1,787</u>	<u>11,942</u>

**COUNTY OF SACRAMENTO
TEETER PLAN DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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
Fines, forfeitures and penalties	12,661	12,661	11,125	(1,536)
Total revenues	<u>(15,090)</u>	<u>4,752</u>	<u>11,180</u>	<u>6,428</u>
Expenditures:				
Debt service:				
Principal	54,786	82,654	81,542	1,112
Interest and fiscal charges	(3,203)	1,631	1,631	
Total expenditures	<u>51,583</u>	<u>84,285</u>	<u>83,173</u>	<u>1,112</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(66,673)</u>	<u>(79,533)</u>	<u>(71,993)</u>	<u>7,540</u>
Other financing sources (uses):				
Transfers in				
Transfers out	(20,078)	(20,078)	(20,078)	
Issuance of debt	80,006	80,006	80,006	
Total other financing sources (uses)	<u>59,928</u>	<u>59,928</u>	<u>59,928</u>	
Net change in fund balance	<u>\$ (6,745)</u>	<u>(19,605)</u>	<u>(12,065)</u>	<u>7,540</u>

**COUNTY OF SACRAMENTO
TOBACCO SECURITIZATION AUTHORITY DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 757	757	758	1
Expenditures:				
Debt service:				
Principal	3,275	3,275	3,275	
Interest and fiscal charges	12,179	12,179	12,179	
Total expenditures	15,454	15,454	15,454	
Excess (deficiency) of revenues over (under) expenditures	(14,697)	(14,697)	(14,696)	1
Other financing sources:				
Transfers in	14,608	14,608	14,608	
Net change in fund balance	<u>\$ (89)</u>	<u>(89)</u>	<u>(88)</u>	<u>1</u>

COUNTY OF SACRAMENTO
SACRAMENTO COUNTY PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 1,239	1,239	1,239	
Intergovernmental	6,934	6,934	6,934	
Total revenues	<u>8,173</u>	<u>8,173</u>	<u>8,173</u>	
Expenditures:				
Debt service:				
Principal	2,210	2,210	2,210	
Interest and fiscal charges	4,840	4,840	4,840	
Total expenditures	<u>7,050</u>	<u>7,050</u>	<u>7,050</u>	
Excess of revenues over expenditures	<u>1,123</u>	<u>1,123</u>	<u>1,123</u>	
Net change in fund balance	<u>\$ 1,123</u>	<u>1,123</u>	<u>1,123</u>	

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

CAPITAL PROJECT FUNDS

Intentionally Blank

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.

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.

2007 Public Facilities - Accounts for construction of the Animal Care Facility and Youth Detention Facility expansion.

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.

North Vineyard SSP CFD - Accounts for public road improvements in the North Vineyard area of the County that are funded by development impact fees.

County Parks CFD - No. 2006-1 - Accounts for construction and maintenance of parks, trails, and open space in the Southeast County area.

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(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
Assets:							
Cash and investments	\$ 213	2,600	34,630	94	141	4,645	5,865
Receivables, net of allowance for uncollectibles:							
Billed					17		
Interest							5
Intergovernmental		429					
Due from other funds							
Long-term advances to other funds		2,300					
Total assets	<u>\$ 213</u>	<u>5,329</u>	<u>34,630</u>	<u>94</u>	<u>158</u>	<u>4,645</u>	<u>5,870</u>
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$	1					
Accrued liabilities						3,325	
Intergovernmental payable	30	4,476					
Due to other funds		26	20				3
Total liabilities	<u>30</u>	<u>4,503</u>	<u>20</u>			<u>3,325</u>	<u>3</u>
Fund balances:							
Reserved for:							
Encumbrances			245	1	1		1
Assets not available		2,300					
Future construction	183		34,365	93	157	1,320	5,866
Unreserved:							
Undesignated		(1,474)					
Total fund balances	<u>183</u>	<u>826</u>	<u>34,610</u>	<u>94</u>	<u>158</u>	<u>1,320</u>	<u>5,867</u>
Total liabilities and fund balances	<u>\$ 213</u>	<u>5,329</u>	<u>34,630</u>	<u>94</u>	<u>158</u>	<u>4,645</u>	<u>5,870</u>

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(amounts expressed in thousands)

Page 2 of 3

Public Facilities Financing Corporation

	Accumulated Capital Outlay	Community Fee Districts	1997 Public Facilities	2006 Public Facilities	2007 Public Facilities	Tobacco Litigation Settlement	McClellan CFD
Assets:							
Cash and investments	\$ 21,528	13,100	1,689		7,571	48,631	1,120
Receivables, net of allowance for uncollectibles:							
Billed		191					
Interest							
Intergovernmental	3,819	76					
Due from other funds	295						
Long-term advances to other funds		1,992					
Total assets	\$ 25,642	15,359	1,689		7,571	48,631	1,120
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$ 143	9					
Accrued liabilities	7,040	76					
Intergovernmental payable	2,564	1,669					
Due to other funds	466	24					2
Total liabilities	10,213	1,778					2
Fund balances:							
Reserved for:							
Encumbrances	19,582	614					
Assets not available		1,992					
Future construction		10,975	1,689		7,571	48,631	1,118
Unreserved:							
Undesignated	(4,153)						
Total fund balances	15,429	13,581	1,689		7,571	48,631	1,118
Total liabilities and fund balances	\$ 25,642	15,359	1,689		7,571	48,631	1,120

COUNTY OF SACRAMENTO
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(amounts expressed in thousands)

Page 3 of 3

	Sacramento County Landscape Maintenance CFD	Metro Air Park Service Tax	North Vineyard SSP CFD	County Parks CFD - No. 2006-1	Total
Assets:					
Cash and investments	\$ 392	1,284	1,556	34	145,093
Receivables, net of allowance for uncollectibles:					
Billed					208
Interest					5
Intergovernmental					4,324
Due from other funds					295
Long-term advances to other funds					4,292
Total assets	<u>\$ 392</u>	<u>1,284</u>	<u>1,556</u>	<u>34</u>	<u>154,217</u>
Liabilities and fund balances:					
Liabilities:					
Warrants payable	\$				153
Accrued liabilities	4				10,445
Intergovernmental payable				32	8,771
Due to other funds	5	404	2		952
Total liabilities	<u>9</u>	<u>404</u>	<u>2</u>	<u>32</u>	<u>20,321</u>
Fund balances:					
Reserved for:					
Encumbrances			1		20,445
Assets not available					4,292
Future construction	383	880	1,553	2	114,786
Unreserved:					
Undesignated					(5,627)
Total fund balances	<u>383</u>	<u>880</u>	<u>1,554</u>	<u>2</u>	<u>133,896</u>
Total liabilities and fund balances	<u>\$ 392</u>	<u>1,284</u>	<u>1,556</u>	<u>34</u>	<u>154,217</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, 2009
(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	Ranch/Elliott Ranch Community Facilities District No. One and Two
Revenues:							
Use of money and property	\$ 3	22	484	4	7	125	78
Intergovernmental							
Charges for sales and services							
Fines, forfeitures and penalties							
Miscellaneous			2,120	125	57		613
Total revenues	3	22	2,604	129	64	125	691
Expenditures:							
Public ways and facilities						4,201	1,054
Capital outlay		288	14,572	146	96		
Total expenditures		288	14,572	146	96	4,201	1,054
Excess (deficiency) of revenues over (under) expenditures	3	(266)	(11,968)	(17)	(32)	(4,076)	(363)
Other financing sources (uses):							
Transfers in							
Transfers out							
Total other financing sources (uses)							
Net change in fund balances	3	(266)	(11,968)	(17)	(32)	(4,076)	(363)
Fund balances - beginning	180	1,092	46,578	111	190	5,396	6,230
Fund balances - ending	\$ 183	826	34,610	94	158	1,320	5,867

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, 2009
(amounts expressed in thousands)

Page 2 of 3

	<u>Public Facilities Financing Corporation</u>						
	Accumulated Capital Outlay	Community Fee Districts	1997 Public Facilities	2006 Public Facilities	2007 Public Facilities	Tobacco Litigation Settlement	McClellan CFD
Revenues:							
Use of money and property	\$ 441	319	165	5	775	833	17
Intergovernmental	522	161					
Charges for sales and services	129	968					
Fines, forfeitures and penalties	3,299						
Miscellaneous	18,876	24			3		99
Total revenues	<u>23,267</u>	<u>1,472</u>	<u>165</u>	<u>5</u>	<u>778</u>	<u>833</u>	<u>116</u>
Expenditures:							
Public ways and facilities							
Capital outlay	22,378	2,069	1,414	630	15,287	23,232	1,137
Total expenditures	<u>22,378</u>	<u>2,069</u>	<u>1,414</u>	<u>630</u>	<u>15,287</u>	<u>23,232</u>	<u>1,137</u>
Excess (deficiency) of revenues over (under) expenditures	889	(597)	(1,249)	(625)	(14,509)	(22,399)	(1,021)
Other financing sources (uses):							
Transfers in	105						
Transfers out	(12,224)						
Total other financing sources (uses)	<u>(12,119)</u>						
Net change in fund balances	<u>(11,230)</u>	<u>(597)</u>	<u>(1,249)</u>	<u>(625)</u>	<u>(14,509)</u>	<u>(22,399)</u>	<u>(1,021)</u>
Fund balances - beginning	26,659	14,178	2,938	625	22,080	71,030	2,139
Fund balances - ending	<u>\$ 15,429</u>	<u>13,581</u>	<u>1,689</u>	<u></u>	<u>7,571</u>	<u>48,631</u>	<u>1,118</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, 2009
(amounts expressed in thousands)**

Page 3 of 3

	Sacramento County Landscape Maintenance CFD	Metro Air Park Service Tax	North Vineyard SSP CFD	County Parks CFD- No. 2006- 1	Total
Revenues:					
Use of money and property	\$ 7	22	75	2	3,384
Intergovernmental					683
Charges for sales and services	192	525			1,814
Fines, forfeitures and penalties					3,299
Miscellaneous			89		22,006
Total revenues	<u>199</u>	<u>547</u>	<u>164</u>	<u>2</u>	<u>31,186</u>
Expenditures:					
Public ways and facilities					5,255
Capital outlay	114	453	1,327		83,143
Total expenditures	<u>114</u>	<u>453</u>	<u>1,327</u>		<u>88,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85</u>	<u>94</u>	<u>(1,163)</u>	<u>2</u>	<u>(57,212)</u>
Other financing sources (uses):					
Transfers in					105
Transfers out					(12,224)
Total other financing sources (uses)					<u>(12,119)</u>
Net change in fund balances	85	94	(1,163)	2	(69,331)
Fund balances - beginning	298	786	2,717		203,227
Fund balances - ending	<u>\$ 383</u>	<u>880</u>	<u>1,554</u>	<u>2</u>	<u>133,896</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, 2009
 (amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		3	3
Net change in fund balance	\$		3	3

**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, 2009
(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	22	14
Miscellaneous	105	105		(105)
Total revenues	<u>113</u>	<u>113</u>	<u>22</u>	<u>(91)</u>
Expenditures:				
Capital outlay	<u>1,205</u>	<u>1,234</u>	<u>288</u>	<u>946</u>
Net change in fund balance	<u>\$ (1,092)</u>	<u>(1,121)</u>	<u>(266)</u>	<u>855</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
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 110	110	484	374
Miscellaneous	8,973	990	2,120	1,130
Total revenues	<u>9,083</u>	<u>1,100</u>	<u>2,604</u>	<u>1,504</u>
Expenditures:				
Capital outlay	<u>56,292</u>	<u>47,663</u>	<u>14,572</u>	<u>33,091</u>
Net change in fund balance	<u>\$ (47,209)</u>	<u>(46,563)</u>	<u>(11,968)</u>	<u>34,595</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, 2009
(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	\$ 132	132	4	(128)
Miscellaneous			125	125
Total revenues	<u>132</u>	<u>132</u>	<u>129</u>	<u>(3)</u>
Expenditures:				
Capital outlay	<u>242</u>	<u>244</u>	<u>146</u>	<u>98</u>
Net change in fund balance	<u>\$ (110)</u>	<u>(112)</u>	<u>(17)</u>	<u>95</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, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 2	2	7	5
Miscellaneous	58	61	57	(4)
Total revenues	<u>60</u>	<u>63</u>	<u>64</u>	<u>1</u>
Expenditures:				
Capital outlay	<u>251</u>	<u>254</u>	<u>96</u>	<u>158</u>
Net change in fund balance	<u>\$ (191)</u>	<u>(191)</u>	<u>(32)</u>	<u>159</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
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 99	99	125	26
Total revenues	<u>100</u>	<u>100</u>	<u>125</u>	<u>25</u>
Expenditures:				
Public ways and facilities	<u>5,601</u>	<u>5,434</u>	<u>4,201</u>	<u>1,233</u>
Net change in fund balance	<u>\$ (5,501)</u>	<u>(5,334)</u>	<u>(4,076)</u>	<u>1,258</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
FOR THE YEAR ENDED JUNE 30, 2009
(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	78	38
Miscellaneous	449	465	613	148
Total revenues	<u>489</u>	<u>505</u>	<u>691</u>	<u>186</u>
Expenditures:				
Public ways and facilities	<u>3,693</u>	<u>3,668</u>	<u>1,054</u>	<u>2,614</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,204)</u>	<u>(3,163)</u>	<u>(363)</u>	<u>2,800</u>
Net change in fund balance	<u>\$ (3,204)</u>	<u>(3,163)</u>	<u>(363)</u>	<u>2,800</u>

**COUNTY OF SACRAMENTO
ACCUMULATED CAPITAL OUTLAY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 125	125	441	316
Intergovernmental	5,077	4,734	522	(4,212)
Charges for sales and services	48	48	129	81
Fines, forfeitures and penalties	3,900	3,900	3,299	(601)
Miscellaneous	34,218	44,691	18,876	(25,815)
Total revenues	<u>43,368</u>	<u>53,498</u>	<u>23,267</u>	<u>(30,231)</u>
Expenditures:				
Capital outlay	<u>67,370</u>	<u>67,370</u>	<u>22,378</u>	<u>44,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,002)</u>	<u>(13,872)</u>	<u>889</u>	<u>14,761</u>
Other financing sources (uses):				
Transfers in	105	105	105	
Transfers out	<u>(12,224)</u>	<u>(12,224)</u>	<u>(12,224)</u>	
Total other financing sources (uses)	<u>(12,119)</u>	<u>(12,119)</u>	<u>(12,119)</u>	
Net change in fund balance	<u>\$ (36,121)</u>	<u>(25,991)</u>	<u>(11,230)</u>	<u>14,761</u>

**COUNTY OF SACRAMENTO
COMMUNITY FEE DISTRICTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 58	58	319	261
Intergovernmental			161	161
Charges for sales and services	772	772	968	196
Miscellaneous			24	24
Total revenues	<u>830</u>	<u>830</u>	<u>1,472</u>	<u>642</u>
Expenditures:				
Capital outlay	<u>13,796</u>	<u>15,006</u>	<u>2,069</u>	<u>12,937</u>
Net change in fund balance	<u>\$ (12,966)</u>	<u>(14,176)</u>	<u>(597)</u>	<u>13,579</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, 2009
(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	\$		165	165
Total revenues			165	165
Expenditures:				
Capital outlay	2,271	2,938	1,414	1,524
Net change in fund balance	\$ (2,271)	(2,938)	(1,249)	1,689

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, 2009
(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	
Total revenues		5	5	
Expenditures:				
Capital outlay	\$ 394	630	630	
Net change in fund balance	\$ (394)	(625)	(625)	

COUNTY OF SACRAMENTO
2007 PUBLIC FACILITIES FINANCING CORPORATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$		775	775
Miscellaneous			3	3
Total revenues			778	778
Expenditures:				
Capital outlay	20,492	22,079	15,287	6,792
Excess (deficiency) of revenues over (under) expenditures	(20,492)	(22,079)	(14,509)	7,570
Net change in fund balance	\$ (20,492)	(22,079)	(14,509)	7,570

**COUNTY OF SACRAMENTO
 TOBACCO LITIGATION SETTLEMENT CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009
 (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	\$		833	833
Expenditures:				
Capital outlay	38,898	71,029	23,232	47,797
Excess (deficiency) of revenues over (under) expenditures	(38,898)	(71,029)	(22,399)	48,630
Net change in fund balance	\$ (38,898)	(71,029)	(22,399)	48,630

**COUNTY OF SACRAMENTO
McCLELLAN CFD CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	17	(33)
Miscellaneous	90	90	99	9
Total revenues	<u>140</u>	<u>140</u>	<u>116</u>	<u>(24)</u>
Expenditures:				
Capital outlay	<u>2,259</u>	<u>2,275</u>	<u>1,137</u>	<u>1,138</u>
Net change in fund balance	<u>\$ (2,119)</u>	<u>(2,135)</u>	<u>(1,021)</u>	<u>1,114</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, 2009
(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	2	7	5
Charges for sales and services	200	220	192	(28)
Total revenues	<u>250</u>	<u>222</u>	<u>199</u>	<u>(23)</u>
Expenditures:				
Capital outlay	<u>445</u>	<u>285</u>	<u>114</u>	<u>171</u>
Net change in fund balance	<u>\$ (195)</u>	<u>(63)</u>	<u>85</u>	<u>148</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, 2009
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 2	4	22	18
Charges for sales and services	524	524	525	1
Total revenues	<u>526</u>	<u>528</u>	<u>547</u>	<u>19</u>
Expenditures:				
Capital outlay	<u>1,305</u>	<u>1,314</u>	<u>453</u>	<u>861</u>
Net change in fund balance	<u>\$ (779)</u>	<u>(786)</u>	<u>94</u>	<u>880</u>

COUNTY OF SACRAMENTO
NORTH VINEYARD SSP CFD CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$		75	75
Charges for sales and services	89	89		(89)
Miscellaneous			89	89
Total revenues	<u>89</u>	<u>89</u>	<u>164</u>	<u>75</u>
Expenditures:				
Capital outlay	<u>4,083</u>	<u>1,452</u>	<u>1,327</u>	<u>125</u>
Net change in fund balance	<u>\$ (3,994)</u>	<u>(1,363)</u>	<u>(1,163)</u>	<u>200</u>

**COUNTY OF SACRAMENTO
COUNTY PARKS – NO. 2006-1 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

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

Intentionally Blank

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, 2009
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Assets:			
Current assets:			
Cash and investments	\$ 236	256	492
Receivables, net of allowance for uncollectibles:			
Billed		9	9
Intergovernmental	1	1,254	1,255
Due from other funds	47		47
Total current assets	<u>284</u>	<u>1,519</u>	<u>1,803</u>
Noncurrent assets:			
Long-term receivables			
Deferred charges			
Capital assets:			
Land and other nondepreciable assets	1,309		1,309
Facilities, infrastructure and equipment, net of depreciation	3,149	503	3,652
Total capital assets	<u>4,458</u>	<u>503</u>	<u>4,961</u>
Total noncurrent assets	<u>4,458</u>	<u>503</u>	<u>4,961</u>
Total assets	<u>\$ 4,742</u>	<u>2,022</u>	<u>6,764</u>
Liabilities:			
Current liabilities:			
Warrants payable	\$ 23		23
Accrued liabilities	89	100	189
Due to other funds	64		64
Current portion of long-term debt obligations	625		625
Total current liabilities	<u>801</u>	<u>100</u>	<u>901</u>
Noncurrent liabilities:			
Long-term debt obligations	1,873		1,873
Compensated absences	3		3
Other post employment benefits	4		4
Long-term advances from other funds	491		491
Total noncurrent liabilities	<u>2,371</u>		<u>2,371</u>
Total liabilities	<u>3,172</u>	<u>100</u>	<u>3,272</u>
Net assets:			
Invested in capital assets, net of related debt	1,366	503	1,869
Capital projects		473	473
Unrestricted	204	946	1,150
Total net assets	<u>1,570</u>	<u>1,922</u>	<u>3,492</u>
Total liabilities and net assets	<u>\$ 4,742</u>	<u>2,022</u>	<u>6,764</u>

**COUNTY OF SACRAMENTO
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Operating revenues:			
Charges for sales and services	\$ 2,891	146	3,037
Other	99		99
Total operating revenues	<u>2,990</u>	<u>146</u>	<u>3,136</u>
Operating expenses:			
Salaries and benefits	542		542
Services and supplies	9,103	296	9,399
Depreciation	284	134	418
Other	108	1,516	1,624
Total operating expenses	<u>10,037</u>	<u>1,946</u>	<u>11,983</u>
Operating income (loss)	<u>(7,047)</u>	<u>(1,800)</u>	<u>(8,847)</u>
Nonoperating revenues (expenses):			
Use of money and property	103	12	115
Intergovernmental	733	1,016	1,749
Sales / use tax		483	483
Interest expense	(139)		(139)
Other		15	15
Total nonoperating revenues	<u>697</u>	<u>1,526</u>	<u>2,223</u>
Income (loss) before capital contributions	(6,350)	(274)	(6,624)
Capital contributions		263	263
Changes in net assets	(6,350)	(11)	(6,361)
Net assets, beginning of year, restated	7,920	1,933	9,853
Net assets, end of year	<u>\$ 1,570</u>	<u>1,922</u>	<u>3,492</u>

**COUNTY OF SACRAMENTO
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

Page 1 of 2

	Parking Enterprise	County Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	2,890	209	3,099
Payments to suppliers	(9,171)	(2,023)	(11,194)
Payments to employees	(589)		(589)
Payments for interfund services used	749		749
Other (payments) receipts	22		22
Net cash provided by (used for) operating activities	<u>(6,099)</u>	<u>(1,814)</u>	<u>(7,913)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue	733	1,499	2,232
Receipt of advances from other funds	491		491
Transfers to/from other funds			
Net cash provided by (used for) noncapital financing activities	<u>1,224</u>	<u>1,499</u>	<u>2,723</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(449)	(204)	(653)
Intergovernmental grants received		223	223
Principal paid on long-term obligations	(585)		(585)
Interest paid on long-term obligations	(139)		(139)
Proceeds from the sale of capital assets		15	15
Net cash used for capital and related financing activities	<u>(1,173)</u>	<u>34</u>	<u>(1,139)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on cash and investments	103	22	125
Net cash provided by investing activities	<u>103</u>	<u>22</u>	<u>125</u>
Net increase in cash and cash equivalents	(5,945)	(259)	(6,204)
Cash and cash equivalents, beginning of year	6,181	515	6,696
Cash and cash equivalents, end of year	<u>\$ 236</u>	<u>256</u>	<u>492</u>

**COUNTY OF SACRAMENTO
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(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)	<u>\$ (7,047)</u>	<u>(1,800)</u>	<u>(8,847)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	284	134	418
Amortization	32		32
Changes in assets and liabilities:			
Receivables		63	63
Due from other funds	750		750
Warrants payable	(18)		(18)
Accrued liabilities	(31)	(219)	(250)
Due to other funds	(1)	(3)	(4)
Advance to other funds		11	11
Compensated absences	(69)		(69)
Other post employment benefits	1		1
Total adjustments	<u>948</u>	<u>(14)</u>	<u>934</u>
Net cash provided by (used for) operating activities	<u>\$ (6,099)</u>	<u>(1,814)</u>	<u>(7,913)</u>

Intentionally Blank

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, 2009
(amounts expressed in thousands)**

	Self Insurance								
	Public Works	General Services	Liability/ Property	Worker's Compensation	Other	Regional Communications	Office of Communications and Information	Facility Planning Architecture and Real Estate	Total
Assets:									
Current assets:									
Cash and investments	\$ 65,740	39,865	10,774	31,457	1,217	9,355	12,195	10,445	181,048
Receivables, net of allowance for uncollectibles:									
Billed	3,766								3,766
Intergovernmental	891	30	276	32	2		7	92	1,330
Due from other funds	3,161	1,438	17,829	29,449	2,020	5	290	860	55,052
Inventories		1,786							1,786
Total current assets	<u>73,558</u>	<u>43,119</u>	<u>28,879</u>	<u>60,938</u>	<u>3,239</u>	<u>9,360</u>	<u>12,492</u>	<u>11,397</u>	<u>242,982</u>
Noncurrent assets:									
Long-term advances to other funds	18,176			17,684					35,860
Long-term receivables	226			156					382
Deferred charges	4,909								4,909
Capital assets:									
Land and other nondepreciable assets	28								28
Facilities, infrastructure and equipment, net of depreciation	802	31,703				4,661	1,786	16	38,968
Total capital assets	<u>830</u>	<u>31,703</u>				<u>4,661</u>	<u>1,786</u>	<u>16</u>	<u>38,996</u>
Total noncurrent assets	<u>24,141</u>	<u>31,703</u>		<u>17,840</u>		<u>4,661</u>	<u>1,786</u>	<u>16</u>	<u>80,147</u>
Total assets	<u>\$ 97,699</u>	<u>74,822</u>	<u>28,879</u>	<u>78,778</u>	<u>3,239</u>	<u>14,021</u>	<u>14,278</u>	<u>11,413</u>	<u>323,129</u>
Liabilities and fund balances:									
Current liabilities:									
Warrants payable	\$ 219	607	1,006	472		17	142	3,433	5,896
Accrued liabilities	3,287	11,916	468	35	533	270	1,830	1,385	19,724
Intergovernmental payable	5,662	1	44				18	1,628	7,353
Due to other funds	10,725	2,118	309	3,736	1	40	1,646	1,236	19,811
Current portion of insurance claims payable			11,276	26,391					37,667
Deferred revenues	226		15	156		2,353	173		2,923
Total current liabilities	<u>20,119</u>	<u>14,642</u>	<u>13,118</u>	<u>30,790</u>	<u>534</u>	<u>2,680</u>	<u>3,809</u>	<u>7,682</u>	<u>93,374</u>
Noncurrent liabilities:									
Insurance claims payable			20,346	100,196					120,542
Compensated absences	10,050	2,971				23	2,900	988	16,932
Other post employment benefits	650	200				2	101	38	991
Long-term advances from other funds		15,579							15,579
Total noncurrent liabilities	<u>10,700</u>	<u>18,750</u>	<u>20,346</u>	<u>100,196</u>		<u>25</u>	<u>3,001</u>	<u>1,026</u>	<u>154,044</u>
Total liabilities	<u>30,819</u>	<u>33,392</u>	<u>33,464</u>	<u>130,986</u>	<u>534</u>	<u>2,705</u>	<u>6,810</u>	<u>8,708</u>	<u>247,418</u>
Net assets:									
Invested in capital assets, net of related debt	830	54,784				4,661	1,786	16	62,077
Unrestricted	66,050	(13,354)	(4,585)	(52,208)	2,705	6,655	5,682	2,689	13,634
Total net assets	<u>66,880</u>	<u>41,430</u>	<u>(4,585)</u>	<u>(52,208)</u>	<u>2,705</u>	<u>11,316</u>	<u>7,468</u>	<u>2,705</u>	<u>75,711</u>
Total liabilities and net assets	<u>\$ 97,699</u>	<u>74,822</u>	<u>28,879</u>	<u>78,778</u>	<u>3,239</u>	<u>14,021</u>	<u>14,278</u>	<u>11,413</u>	<u>323,129</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009
(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	\$ 133,739	96,932	18,496	37,738	2,021	4,059	47,671	66,658	407,314
Other	7,059	3,142	1,959	7		96	31	257	12,551
Total operating revenues	<u>140,798</u>	<u>100,074</u>	<u>20,455</u>	<u>37,745</u>	<u>2,021</u>	<u>4,155</u>	<u>47,702</u>	<u>66,915</u>	<u>419,865</u>
Operating expenses:									
Salaries and benefits	90,858	41,288				587	22,655	9,342	164,730
Services and supplies	39,834	42,118				1,490	20,214	58,909	162,565
Cost of sales and services		5,363							5,363
Depreciation	954	11,041				1,045	1,667	9	14,716
Self-insurance			18,633	43,235	4,087				65,955
Other		2,508	260	526	14			943	4,251
Total operating expenses	<u>131,646</u>	<u>102,318</u>	<u>18,893</u>	<u>43,761</u>	<u>4,101</u>	<u>3,122</u>	<u>44,536</u>	<u>69,203</u>	<u>417,580</u>
Operating income (loss)	<u>9,152</u>	<u>(2,244)</u>	<u>1,562</u>	<u>(6,016)</u>	<u>(2,080)</u>	<u>1,033</u>	<u>3,166</u>	<u>(2,288)</u>	<u>2,285</u>
Nonoperating revenues (expenses):									
Use of money and property		34	419			243			696
Intergovernmental	1,043	26							1,069
Interest expense		(1,450)							(1,450)
Other	(168)	510		2		(637)	(404)		(697)
Total nonoperating revenues (expenses)	<u>875</u>	<u>(880)</u>	<u>419</u>	<u>2</u>		<u>(394)</u>	<u>(404)</u>		<u>(382)</u>
Income before transfers	<u>10,027</u>	<u>(3,124)</u>	<u>1,981</u>	<u>(6,014)</u>	<u>(2,080)</u>	<u>639</u>	<u>2,762</u>	<u>(2,288)</u>	<u>1,903</u>
Transfers in	85						178		263
Transfers out	(3,598)	(3,062)				(25)	(3,944)	(385)	(11,014)
Changes in net assets	<u>6,514</u>	<u>(6,186)</u>	<u>1,981</u>	<u>(6,014)</u>	<u>(2,080)</u>	<u>614</u>	<u>(1,004)</u>	<u>(2,673)</u>	<u>(8,848)</u>
Net assets, beginning of year	<u>60,366</u>	<u>47,616</u>	<u>(6,566)</u>	<u>(46,194)</u>	<u>4,785</u>	<u>10,702</u>	<u>8,472</u>	<u>5,378</u>	<u>84,559</u>
Net assets, end of year	<u>\$ 66,880</u>	<u>41,430</u>	<u>(4,585)</u>	<u>(52,208)</u>	<u>2,705</u>	<u>11,316</u>	<u>7,468</u>	<u>2,705</u>	<u>75,711</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

Page 1 of 2

	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	\$ 7,662	3,144		208	2	4,150	47,666		62,832
Receipts from interfund services provided	133,025	119,166	19,058	41,271	1,349			68,093	381,962
Receipts from other operating activities								257	257
Payments to suppliers	(41,920)	(46,639)	(17,951)	(26,019)	(3,418)	(1,776)	(20,154)	(58,015)	(215,892)
Payments to employees	(91,102)	(41,038)	(1,825)	(3,285)	(122)	(592)	(22,551)	(9,296)	(169,811)
Payments for interfund services used	(1,200)	(22,466)	(333)	(434)	(27)			(478)	(24,938)
Other (payments) receipts		(2,508)						(943)	(3,451)
Net cash provided by (used for) operating activities	<u>6,465</u>	<u>9,659</u>	<u>(1,051)</u>	<u>11,741</u>	<u>(2,216)</u>	<u>1,782</u>	<u>4,961</u>	<u>(382)</u>	<u>30,959</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:									
Receipt of advances from other funds		4,805						1,628	6,433
Intergovernmental revenue	1,043	26							1,069
Advance to other funds	(18,176)			(17,684)					(35,860)
Other non-operating revenue	(168)		420			243			495
Non-operating expense	(150)					(637)	(404)		(1,191)
Payment on advance from other fund	63	(7,621)							(7,558)
Interest paid on advances from other funds		(1,450)							(1,450)
Transfers to/from other funds	(3,513)	(3,062)				(25)	(3,766)	(385)	(10,751)
Net cash provided by (used for) noncapital financing activities	<u>(20,901)</u>	<u>(7,302)</u>	<u>420</u>	<u>(17,684)</u>		<u>(419)</u>	<u>(4,170)</u>	<u>1,243</u>	<u>(48,813)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:									
Acquisition and construction of capital assets		(7,899)				(1,036)	(378)		(9,313)
Proceeds from the sale of capital assets		1,372							1,372
Net cash used for capital and related financing activities		<u>(6,527)</u>				<u>(1,036)</u>	<u>(378)</u>		<u>(7,941)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:									
Interest received on cash and investments		34							34
Net increase (decrease) in cash and cash equivalents	(14,436)	(4,136)	(631)	(5,943)	(2,216)	327	413	861	(25,761)
Cash and cash equivalents, beginning of year	80,176	44,001	11,405	37,400	3,433	9,028	11,782	9,584	206,809
Cash and cash equivalents, end of year	<u>\$ 65,740</u>	<u>39,865</u>	<u>10,774</u>	<u>31,457</u>	<u>1,217</u>	<u>9,355</u>	<u>12,195</u>	<u>10,445</u>	<u>181,048</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

Page 2 of 2

	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 (loss)	\$ 9,152	(2,244)	1,562	(6,016)	(2,080)	1,033	3,166	(2,288)	2,285
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:									
Depreciation	954	11,041				1,045	1,667	9	14,716
Changes in assets and liabilities:									
Receivables	794	2	2,809	(37)					3,568
Due from other funds	(715)	(517)	(1,325)	1,154	(647)	(5)	510	37	(1,508)
Due from other governments	(191)	68	111	1	1		21	(88)	(77)
Inventories		303							303
Warrants payable	(223)	(21)	(2,422)	(54)		11	(761)	133	(3,337)
Accrued liabilities	(66)	573	83	5	533	252	(755)	761	1,386
Due to other funds	(1,425)	217	(225)	2,580	(23)	32	1,283	1,008	3,447
Due to other governments	(1,797)	(13)	44				18		(1,748)
Deferred revenues	226		(2)	37		(586)	(568)		(893)
Compensated absences	(270)	211					361	39	341
Other post employment benefits	26	39					19	7	91
Insurance claims payable			(1,686)	14,071					12,385
Total adjustments	(2,687)	11,903	(2,613)	17,757	(136)	749	1,795	1,906	28,674
Net cash provided by (used for) operating activities	\$ 6,465	9,659	(1,051)	11,741	(2,216)	1,782	4,961	(382)	30,959

Intentionally Blank

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, 2009
 (amounts expressed in thousands)**

	Law Enforcement	Unapportioned Tax Collection	Other	Total
Assets:				
Cash and investments	\$ 39,202	27,716	153,575	220,493
Receivables, net of allowance for uncollectibles:				
Billed	81	6,503	2,173	8,757
Interest			6,377	6,377
Intergovernmental		1,840	480	2,320
Due from other funds	853	828	3,249	4,930
Prepaid expenses			85	85
Total assets	<u>\$ 40,136</u>	<u>36,887</u>	<u>165,939</u>	<u>242,962</u>
Liabilities:				
Warrants payable	\$ 2,680	5,769	4,493	12,942
Accrued liabilities	725	114	2,204	3,043
Intergovernmental payable	36,731	31,004	159,242	226,977
Total liabilities	<u>\$ 40,136</u>	<u>36,887</u>	<u>165,939</u>	<u>242,962</u>

**COUNTY OF SACRAMENTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

Page 1 of 3

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Law Enforcement				
Assets:				
Cash and investments	\$ 25,294	13,908		39,202
Receivables, net of allowance for uncollectibles:				
Billed	1,213		1,132	81
Due from other funds	(797)	1,650		853
Total assets	<u>\$ 25,710</u>	<u>15,558</u>	<u>1,132</u>	<u>40,136</u>
Liabilities:				
Warrants payable	\$ 2,120	560		2,680
Accrued liabilities	941		216	725
Intergovernmental payable	22,649	14,082		36,731
Total liabilities	<u>\$ 25,710</u>	<u>14,642</u>	<u>216</u>	<u>40,136</u>
	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Unapportioned Tax Collection				
Assets:				
Cash and investments	\$ 28,432		716	27,716
Receivables, net of allowance for uncollectibles:				
Billed	10,190		3,687	6,503
Intergovernmental	1,830	10		1,840
Due from other funds	898		70	828
Total assets	<u>\$ 41,350</u>	<u>10</u>	<u>4,473</u>	<u>36,887</u>
Liabilities:				
Warrants payable	\$ 5,876		107	5,769
Accrued liabilities	679		565	114
Intergovernmental payable	34,795		3,791	31,004
Total liabilities	<u>\$ 41,350</u>	<u></u>	<u>4,463</u>	<u>36,887</u>

**COUNTY OF SACRAMENTO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2009
 (amounts expressed in thousands)**

Page 2 of 3

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Other				
Assets:				
Cash and investments	\$ 203,234		49,659	153,575
Receivables, net of allowance for uncollectibles:				
Billed	709	1,464		2,173
Interest	22,183		15,806	6,377
Intergovernmental	916		436	480
Due from other funds	2,004	1,245		3,249
Prepaid expenses	260		175	85
Total assets	<u>\$ 229,306</u>	<u>2,709</u>	<u>66,076</u>	<u>165,939</u>
Liabilities:				
Warrants payable	\$ 15,255		10,762	4,493
Accrued liabilities	1,751	453		2,204
Intergovernmental payable	212,300		53,058	159,242
Total liabilities	<u>\$ 229,306</u>	<u>453</u>	<u>63,820</u>	<u>165,939</u>

**COUNTY OF SACRAMENTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

Page 3 of 3

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Totals				
Assets:				
Cash and investments	\$ 256,960	13,908	50,375	220,493
Receivables, net of allowance for uncollectibles:				
Billed	12,112	1,464	4,819	8,757
Interest	22,183		15,806	6,377
Intergovernmental	2,746	10	436	2,320
Due from other funds	2,105	2,895	70	4,930
Prepaid expenses	260		175	85
Total assets	<u>\$ 296,366</u>	<u>18,277</u>	<u>71,681</u>	<u>242,962</u>
Liabilities:				
Warrants payable	\$ 23,251	560	10,869	12,942
Accrued liabilities	3,371	453	781	3,043
Intergovernmental payable	269,744	14,082	56,849	226,977
Total liabilities	<u>\$ 296,366</u>	<u>15,095</u>	<u>68,499</u>	<u>242,962</u>

Intentionally Blank

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, 2009
(amounts expressed in thousands)**

	<u>Treasurer's Pool</u>	<u>Fiscal Agent Pool</u>	<u>Total</u>
Assets:			
Cash and investments	<u>\$ 1,631,070</u>	<u>356,366</u>	<u>1,987,436</u>
Net assets held in trust for pool participants	<u>\$ 1,631,070</u>	<u>356,366</u>	<u>1,987,436</u>

**COUNTY OF SACRAMENTO
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009
(amounts expressed in thousands)**

	<u>Treasurer's Pool</u>	<u>Fiscal Agent Pool</u>	<u>Total</u>
Additions:			
Contributions on pooled investments	\$ 5,373,095	3,392,378	8,765,473
Use of money and property	66,498	97,606	164,104
	<hr/>	<hr/>	<hr/>
Total additions	5,439,593	3,489,984	8,929,577
Deductions:			
Distributions from pooled investments	5,575,760	3,778,354	9,354,114
	<hr/>	<hr/>	<hr/>
Net increase in net assets	(136,167)	(288,370)	(424,537)
Net assets held in trust for pool participants, beginning of year	1,767,237	644,736	2,411,973
	<hr/>	<hr/>	<hr/>
Net assets held in trust for pool participants, end of year	\$ 1,631,070	356,366	1,987,436
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Intentionally Blank

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 2008-09
(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>	<u>2007-08</u>	<u>2008-09</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 763,070	798,416	938,655	962,902	1,304,641 *	1,335,121 *	1,296,783 *	1,419,866
Restricted	503,532	516,881	515,322	522,755	408,290	425,187	507,138	478,468
Unrestricted	(559,029)	23,216	(143,379)	(110,031)	13,152	(44,775)	(105,778)	(387,629)
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>1,726,083</u>	<u>1,715,533</u>	<u>1,698,143</u>	<u>1,510,705</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 893,543	990,082	328,285	415,890	461,723	512,575	514,042	577,905
Restricted	99,202	114,904	85,685	96,802	115,208	138,764	214,334	218,839
Unrestricted	460,371	490,131	233,611	251,377	258,055	264,560	274,165	239,805
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>	<u>1,002,541</u>	<u>1,036,549</u>
Primary government								
Invested in capital assets, net of related debt	1,656,613	1,788,498	1,266,940	1,378,792	1,766,364	1,847,696	1,810,825	1,997,771
Restricted	602,734	631,785	601,007	619,557	523,498	563,951	721,472	697,307
Unrestricted	(98,658)	513,347	90,232	141,346	271,207	219,785	168,387	(147,824)
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>2,561,069</u>	<u>2,631,432</u>	<u>2,700,684</u>	<u>2,547,254</u>

*Restated

Note: 1) Trend data is only available for the last eight 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 2008-09
(amounts expressed in thousands)**

Page 1 of 3

	Fiscal Year							
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Expenses								
Governmental activities:								
General government	\$ 135,129	110,633	173,913	191,798	208,862	217,194	201,712	185,963
Public assistance	716,295	708,491	684,036	707,374	731,099	736,120	681,682	704,416
Public protection	578,910	599,659	588,881	610,098	617,770	727,876	705,953	744,072
Health and sanitation	318,859	393,575	466,430	386,881	467,682 *	537,677 *	671,812 *	724,666
Public ways and facilities	66,447	66,861	63,478	120,551	160,495	139,424	199,748	123,999
Recreation and culture	38,664	31,878	26,481	44,951	32,678	37,522	42,246	41,194
Education	29,638	26,951	27,944	13,033	13,156	14,806	22,621	24,161
Interest and fiscal charges	58,667	64,724	84,493	87,191	96,182	108,249	151,148	138,824
Total governmental activities	<u>1,942,609</u>	<u>2,002,772</u>	<u>2,115,656</u>	<u>2,161,877</u>	<u>2,327,924</u>	<u>2,518,868</u>	<u>2,676,922</u>	<u>2,687,295</u>
Business-type activities:								
Airport	80,794	88,445	101,219	99,249	104,486	113,018	125,793	131,888
Regional Sanitation District	107,357	105,620						
Solid Waste	63,477	68,111	82,216	65,805	62,395	61,106	60,149	66,991
Sanitation District Number One	43,444	42,333						
Water Agency	13,171	14,188	20,326	33,649	37,313	40,200	45,992	29,277
Parking Enterprise	3,231	3,188	2,767	2,929	2,606	2,630	2,904	12,459
County Transit	323	756	9,210	1,688	1,888	2,179	1,954	1,955
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>	<u>236,792</u>	<u>242,570</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>2,536,612</u>	<u>2,738,001</u>	<u>2,913,714</u>	<u>2,929,865</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 111,437	94,355	139,026	135,191	142,140	134,274	90,743	89,134
Public assistance	21,633	3,944	9,016	6,583	4,705	10,621	11,340	9,156
Public protection	78,962	83,624	99,670	114,352	140,842	145,372	126,058	122,229
Health and sanitation	33,866	36,200	52,132	17,883	25,471	41,289	43,888	51,561
Public ways and facilities	20,849	19,752	37,552	64,759	81,903	82,266	76,590	53,711
Recreation and culture	10,623	10,431	11,749	14,783	13,373	14,694	15,065	17,312
Education	622	4	1,147	144	72	256	273	298
Operating grants and contributions	961,467	980,076	998,332	1,099,378	1,096,348	1,104,969	1,223,424	1,177,843
Capital grants and contributions	18,629	23,892	98,317	37,506	31,523	41,993	95,231	34,808
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>	<u>1,682,612</u>	<u>1,556,052</u>

*Restated

- Note: 1) Trend data is only available for the last eight fiscal years due to the implementation of GASB 34.
2) As of the year ended June 30, 2004, the Sacramento Area Sewer District 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 2008-09
(amounts expressed in thousands)**

Page 2 of 3

	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>	<u>2007-08</u>	<u>2008-09</u>
Business-type activities:								
Charges for services:								
Airport	72,109	75,936	87,885	97,753	104,566	107,997	115,050	123,192
Regional Sanitation District	124,419	146,688						
Solid Waste	65,519	69,716	84,983	71,384	66,877	64,676	65,302	67,018
Sanitation District Number One	34,720	43,517						
Water Agency	27,798	38,009	46,874	*50,707	60,283	54,894	47,800	43,954
Parking Enterprise	2,492	2,350	2,588	2,676	2,921	3,047	3,265	4,989
County Transit	133	337	8,589	227	257	556	204	183
Operating grants and contributions	15,259	18,112	18,498	27,435	26,246	29,451	29,540 *	25,031
Capital grants and contributions	51,682	40,247	26,153	38,838	16,272	21,895	28,635	12,290
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>	<u>289,796</u>	<u>276,657</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>	<u>1,972,408</u>	<u>1,832,709</u>
Net (expense)/revenue								
Governmental activities	\$ (684,521)	(750,494)	(668,715)	(671,298)	(791,547)	(943,134)	(994,310)	(1,131,243)
Business-type activities	82,334	112,271	59,832	85,700	68,734	63,383	53,004	34,087
Total primary government net expense	<u>\$ (602,187)</u>	<u>(638,223)</u>	<u>(608,883)</u>	<u>(585,598)</u>	<u>(722,813)</u>	<u>(879,751)</u>	<u>(941,306)</u>	<u>(1,097,156)</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	474,947	475,629
Sales/Use	85,988	83,275	106,649	52,717	79,862	80,267	82,472	69,225
Transient occupancy	8,651	7,891	5,928	6,087	6,623	6,823	6,964	5,311
Unrestricted investment earnings	53,747	47,065	32,187	42,032	67,522	75,053	72,706	49,804
Grants and contributions not restricted to specific programs	297,805	293,767	262,321	184,671	224,467	199,811	230,103	215,915
Pledged tobacco settlement proceeds	171,966		13,388	12,880	12,082	12,795	6,716	14,862
Miscellaneous	101,582	93,239	102,038	102,281	85,701	109,194	92,127 *	105,545
Transfers				(7,782)	(638)	1,609	1,988	7,514
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>	<u>968,023</u>	<u>943,805</u>

*Restated

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

**COUNTY OF SACRAMENTO
CHANGE IN NET ASSETS
FISCAL YEARS 2001-02 THROUGH 2008-09
(amounts expressed in thousands)**

Page 3 of 3

	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>	<u>2007-08</u>	<u>2008-09</u>
Business-type activities:								
Property tax	4,672	5,381						
Sales/Use tax	492	576	556	683	614	951	573	483
Unrestricted investment earnings	28,332	18,859	5,180	8,257	13,215	18,188	31,890	6,778
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)	(1,988)	(7,514)
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>	<u>30,475</u>	<u>(253)</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>	<u>998,498</u>	<u>943,552</u>
Change in Net Assets								
Governmental activities	\$ 275,858	37,390	132,050	78,544	99,392	(10,550)	(26,287)	(187,438)
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>	<u>83,479</u>	<u>33,834</u>
Total primary government	<u>\$ 397,043</u>	<u>179,391</u>	<u>200,618</u>	<u>180,966</u>	<u>182,593</u>	<u>70,363</u>	<u>57,192</u>	<u>(153,604)</u>

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

**COUNTY OF SACRAMENTO
FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 1999-00 THROUGH 2008-09
(amounts expressed in thousands)**

	Fiscal Year									
	<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>	<u>2007-08</u>	<u>2008-09</u>
General fund										
Reserved	\$ 32,756	47,861	47,679	41,199	43,108	41,725	47,478	48,850	59,322	60,921
Unreserved	112,266	111,369	86,506	114,666	96,064	160,227	205,520	149,845	97,711	(41,533)
Total general fund	<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>	<u>157,033</u>	<u>19,388</u>
All other governmental funds										
Reserved	\$ 172,998	284,055	378,181	453,180	394,234	280,763	308,644	330,439	379,897	352,822
Unreserved, reported in:										
Special revenue funds	120,223	134,320	252,921	244,638	265,170	271,060	277,814	250,264	265,854	219,591
Capital projects funds				(41,212)	(22,306)	(32,955)	(2,507)	4,104	3,428	(5,627)
Total all other governmental funds	<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>	<u>649,179</u>	<u>566,786</u>

Intentionally Blank

COUNTY OF SACRAMENTO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 1999-00 THROUGH 2008-09
(amounts expressed in thousands)

Page 1 of 2

	Fiscal Year									
	<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>	<u>2007-08</u>	<u>2008-09</u>
Revenues										
Taxes	286,658	299,486	335,279	353,813	363,967	442,560	501,805	534,122	564,383	550,165
Use of money and property	48,719	56,624	53,433	46,880	31,854	41,993	66,851	74,172	72,908	49,108
Licenses and permits	48,848	49,124	53,652	49,686	50,416	51,029	50,125	46,035	49,259	41,762
Intergovernmental	1,073,438	1,201,519	1,275,495	1,298,846	1,274,924	1,294,614	1,370,473	1,374,776	1,431,493	1,419,783
Charges for services	166,662	150,290	177,646	153,983	189,526	149,159	181,786	181,628	179,710	197,378
Fines, forfeitures, and penalties	35,500	35,141	23,335	33,853	44,531	41,729	41,014	46,177	52,853	33,427
Contributions and donations	725	757	249		59,845	13,225			62,050	
Pledged tobacco settlement proceeds					13,388	9,276	12,138	12,705	13,525	14,862
Miscellaneous	80,860	83,438	101,582	112,639	102,210	102,077	85,701	109,194	101,025	105,545
Total revenues	<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>	<u>2,527,206</u>	<u>2,412,030</u>
Expenditures										
General government	144,134	131,054	119,803	85,265	132,386	157,852	177,477	177,952	175,593	171,945
Public assistance	622,744	654,084	708,598	701,080	673,037	786,505	730,185	731,883	673,098	689,891
Public protection	449,893	493,346	558,193	583,457	560,442	850,786	627,594	687,371	666,706	683,099
Health and sanitation	226,113	261,329	308,869	379,561	436,181	432,221	417,330	501,490	644,595	681,774
Public ways and facilities	73,871	105,469	99,462	82,695	99,212	80,330	96,068	102,617	108,974	102,254
Recreation and culture	26,754	32,857	35,875	37,211	33,830	36,652	36,133	41,972	49,871	42,185
Education	27,085	30,731	28,619	26,283	26,554	15,572	17,051	20,082	22,416	23,013
Capital outlay	68,706	99,529	83,492	94,519	164,198	93,384	110,519	100,052	128,542	109,098
Debt service:										
Principal	25,682	27,475	35,235	37,301	28,245	113,618	41,053	53,880	83,964	129,232
Bond issuance cost				2,400	4,678	6,131	4,043		9,949	335
Advanced refunding escrow				5,584			15,659			
Interest and fiscal charges	50,321	49,465	45,948	47,608	52,088	54,684	51,336	72,229	87,098	89,150
Total expenditures	<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>	<u>2,650,806</u>	<u>2,721,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 26,107</u>	<u>\$ (8,960)</u>	<u>\$ (3,423)</u>	<u>\$ (33,264)</u>	<u>\$ (80,190)</u>	<u>\$ (482,073)</u>	<u>\$ (14,555)</u>	<u>\$ (110,719)</u>	<u>\$ (123,600)</u>	<u>\$ (309,946)</u>

COUNTY OF SACRAMENTO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 1999-00 THROUGH 2008-09
(amounts expressed in thousands)

Page 2 of 2

	Fiscal Year									
	<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>	<u>2007-08</u>	<u>2008-09</u>
Other financing sources (uses)										
Transfers in	81,821	84,261	94,836	80,108	98,175	84,294	194,272	116,773	184,870	174,740
Transfers out	(81,821)	(84,261)	(94,836)	(80,108)	(98,175)	(89,451)	(188,214)	(103,130)	(171,783)	(156,475)
Capital leases obligations				10,390			837	4,105	8,413	
Long-term obligations	33,178	17,761	19,976	67,446	70,901	444,677				
Issuance of debt							47,500	39,524	160,241	80,006
Payments to participating governments					(48,653)				(43,855)	
Tobacco settlement proceeds			171,966							
Refunding certificates issued				43,790	152,321					
Refunding of debt issued							270,036		359,165	49,760
Premium on bonds issued				4,130						
Premium on debt issued							338		1,440	
Discount on bonds issued					(206)					
Discount on debt issued							(4,680)		(2,144)	
Purchase of delinquent property tax	(12,563)									
Swap, Lehmen termination payment										(23,019)
Swap, premium short term										2,950
Swap, premium long term										20,069
Payments to refunded bond escrow agent	(8,900)			(45,308)	(149,630)		(182,672)		(350,037)	(49,225)
Total other financing sources (uses)	<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>	<u>146,310</u>	<u>98,806</u>
Net change in fund balances	<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>	<u>22,710</u>	<u>(211,140)</u>
Debt service as a percentage of noncapital expenditures*	4.62%	4.31%	4.25%	4.31%	4.04%	6.70%	4.24%	5.39%	6.86%	8.45%

* 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 1999-00 THROUGH 2008-09
(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>
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
2007-08	474,947	82,472	6,964	564,383
2008-09	475,629	69,225	5,311	550,165

COUNTY OF SACRAMENTO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FISCAL YEARS 1999-00 THROUGH 2008-09
(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)	(6)	(7)
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%
2007-08	132,394,422	5,297,882	1,658,758	-4,009,995	135,341,067	1.000%
2008-09	135,778,966	5,892,766	1,608,908	-4,593,170	138,687,470	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 1999-00 THROUGH 2008-09
(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)	
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
2007-08	1.000	0.0041	N/A	0.0322	1.0363
2008-09	1.000	0.0043	N/A	0.03801	1.0423

- (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 five incorporated cities within the County for the fiscal year ending June 30, 2000.
Rate represents a weighted average of six incorporated cities (after inclusion of the City of Elk Grove which incorporated in 2000-2001) within the County for the fiscal years ending 2000-2001 through 2002-2003. Rate represents a weighted average of seven incorporated cities (after inclusion of the City of Rancho Cordova which incorporated in 2003-2004) within the County for the fiscal years ending 2003-2004 and thereafter.
- (C) Rate represents a weighted average of the various special districts with general obligation bond rates.
- (D) Rate represents a weighted average of the various school districts with general obligation bond rates.
FY 08-09: Average rate = Requirements / District's Valuation within the Bond Debt boundaries.

Source: County's internal financial documents

**COUNTY OF SACRAMENTO
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2009 AND 2000
(amounts expressed in thousands)**

<u>Taxpayer (a)</u>	<u>JUNE 30, 2009</u>			<u>JUNE 30, 2000</u>		
	<u>Tax Levy (b)</u>	<u>Rank</u>	<u>Percentage of Total Tax Levy</u>	<u>Tax Levy (b)</u>	<u>Rank</u>	<u>Percentage of Total Tax Levy</u>
Oates Marvin, Et Al.	\$ 7,175	1	0.56 %			
Hines Interests LP	7,015	2	0.55			
AT & T Communications	6,735	3	0.52	\$ 1,280	7	0.19 %
Intel Corporation	6,050	4	0.47	1,171	8	0.17
Pacific Gas and Electric	4,599	5	0.36	3,096	2	0.45
Rosetta Resources CA LLC	4,432	6	0.35			
Deutsche Bank	3,984	7	0.31			
Donahue Schriber Realty Group	3,418	8	0.27			
Elliot Homes, Inc	3,157	9	0.25	1,895	4	0.28
Aerojet General Corp	3,106	10	0.24			
Pacific Bell				7,195	1	1.05
Regency Realty Group, Inc.				2,686	3	0.39
Speiker Properties				1,497	5	0.22
H.C. Elliot, Inc.				1,443	6	0.21
Arden Fair Associate				1,132	9	0.17
Lennar Renaissance, Inc.				1,128	10	0.17

Note: (a) Pacific Bell merged with AT&T in November of 2005.

**COUNTY OF SACRAMENTO
COUNTY WIDE 1% - SECURED AND UNITARY
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 1999-00 THROUGH 2008-09
(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
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
2007-08	* 1,284,322	1,224,126	95.31	60,196	1,284,322	100
2008-09	1,294,025	1,245,112	96.22	48,913	1,294,025	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.

* Restated

Source: County's internal financial documents

COUNTY OF SACRAMENTO
RATIOS OF OUTSTANDING DEBT BY TYPE
FISCAL YEARS 1999-00 THROUGH 2008-09
(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			
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	4.78%	1,642
2007-08	340,480	51,335	960,926	356,428	13,933	3,615	914,925	89,430		26,900		653	2,758,625	5.50%	1,937
2008-09	325,175	49,800	944,638	345,142	11,186	5,090	910,455	87,940		25,005		10,615	2,715,046	N/A	1,895

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 1999-00 THROUGH 2008-09
(amounts expressed in thousands)**

	<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>	<u>2007-08</u>	<u>2008-09</u>
Assessed Value of Property	\$ 60,641,152	65,230,391	70,700,930	77,715,406	84,563,678	94,691,971	108,301,283	124,126,471	135,341,067	138,687,470
Debt Limit, 1.25% of Assessed Value (Statutory Limitation)	758,014	815,380	883,762	971,443	1,057,046	1,183,650	1,353,766	1,551,581	1,691,763	1,733,593
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>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>	<u>1,691,763</u>	<u>1,733,593</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 1999-00 THROUGH 2008-09
(amounts expressed in thousands)**

Fiscal Year	Airport Revenue Bond Coverage						Parking Authority Revenue Bond Coverage		
	Gross Revenue (a)	Less:	Net	Debt Service Requirements (c)			Gross Revenue	Less:	Net
		Operating Expenses (b)	Available Revenue	Principal	Interest	Coverage		Operating Expenses (b)	Available Revenue
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	2,630	2,021	609
2006-07	116,610	78,637	37,973	7,660	11,801	1.95	2,864	2,085	779
2007-08	118,940	87,770	31,170	4,705	11,516	1.92	3,041	2,331	710
2008-09	134,667	84,890	49,777	4,970	18,203	2.15	2,990	9,753	(6,763)

Water Agency (d)						
Fiscal Year	Operating Revenue	Operating Expenses (b)	Net	Debt Service Requirements (c)		Coverage
			Available Revenue	Principal	Interest	
2002-03	\$ 38,009	10,382	27,627			
2003-04	46,873	13,724	33,149		2,118	15.65
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	23,098 *	16,563	945	1,195	7.74
2007-08	42,778	24,167	18,611	965	3,263	4.40
2008-09	41,836	26,560	15,276	990	9,434	1.47

* Restated as of June 30, 2007 to reflect the acquisition of water rights from the U.S. Bureau of Reclamation which had been omitted.

Note: Solid Waste Enterprise Fund 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) Water Agency Revenue bonds were issued June 12, 2003

Source: County's internal financial documents

**COUNTY OF SACRAMENTO
DEMOGRAPHIC AND ECONOMIC STATISTICS
FISCAL YEARS 1999-00 THROUGH 2008-09
(amounts expressed in thousands except per capita amount)**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate (%)
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	48,313,850	35,197	238	5.3
2007-08	1,424	50,157,252	36,340	239	6.5
2008-09	1,433	**N/A	**N/A	238	11.1

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

**Not Available until April 2010

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, 2009 AND 2000**

Employer (a)	JUNE 30, 2009			JUNE 30, 2000		
	Employees (b)	Rank	Percentage of Total County Employment	Employees (c)	Rank	Percentage of Total County Employment (c)
Kaiser Permanente	9,608	1	1.50%	7,826	3	1.34%
Sutter / California Health Services	8,220	2	1.28%	15,100	1	2.59%
CHW / Mercy Health Care	6,328	3	0.99%	6,000	5	1.03%
Intel Corporation	6,300	4	0.98%	5,000	10	0.86%
Wells Fargo & Co.	6,272	5	0.98%			
AT & T California	5,389	6	0.84%			
Hewlett-Packard	3,600	7	0.56%	5,800	6	1.00%
Raley's Inc. / Bel Air	3,335	8	0.52%	6,430	4	1.10%
Health Net of California	2,720	9	0.42%			
PRIDE Industries	2,504	10	0.39%			
Oracle Corporation				8,500	2	1.46%
Pacific Bell & Subsidiaries				5,658	7	0.97%
Horizons West Inc.				5,400	8	0.93%
Apple Computers				5,000	9	0.86%
Total	<u>54,276</u>		<u>8.46%</u>	<u>70,714</u>		<u>12.14%</u>

(a) Pacific Bell merged with AT&T in November 2005

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

(c) Source: Sacramento Area Commerce and Trade Organization

**COUNTY OF SACRAMENTO
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
FISCAL YEARS 2002-03 THROUGH 2008-09**

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>	<u>2007-08</u>	<u>2008-09</u>
General Government	1,857	823	729	901	924	1,004	954
Public Assistance	2,067	1,903	2,552	3,059	3,115	2,648	2,487
Public Protection	4,657	4,115	4,204	5,011	5,161	4,543	4,292
Health & Sanitation	2,816	2,594	1,334	1,729	1,760	3,150	3,063
Recreation and Culture	257	196	155	212	214	212	181
Education	4	4	5	2	3	3	3
Total	<u>11,658</u>	<u>9,635</u>	<u>8,979</u>	<u>10,914</u>	<u>11,177</u>	<u>11,560</u>	<u>10,980</u>

Note: 1) County Employees by function/program is only available for the last seven 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

Intentionally Blank

**COUNTY OF SACRAMENTO
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 2001-02 THROUGH 2008-09**

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>	<u>2007-08</u>	<u>2008-09</u>
General Government								
Assessor:								
Number of Parcels Assessed	444,833	451,693	465,104	468,547	467,629	495,090	507,471	510,494
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	132,409,139	134,737,596
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	5,297,882	5,892,766
Clerk recorders:								
Number of recorded documents	522,591	692,854	713,726	688,483	607,272	488,272	402,951	395,528
Public Assistance								
Human assistance total caseload	83,102	90,461	96,484	103,295	100,585	117,576	122,804	135,044
Percent served of children in poverty	81.30%	91.00%	90.00%	90.00%	92.40%	95.00%	95.00%	95.00%
Senior nutrition, meals served	486,075	529,441	473,232	473,232	441,772	592,904	624,290	616,127
Housing Services provided	8,045	8,647	13,400	13,400	12,211	12,032	13,011	12,708
Employee Non-Exempt Recipients CalWORKs	51%	62%	61%	56%	50%	33%	29%	31%
Public Protection								
DA:								
Filed Felonies	10,338	11,010	11,570	11,571	11,371	11,837	11,179	10,374
Filed misdemeanors	20,151	22,450	21,703	20,306	20,397	21,197	21,347	19,781
Probation:								
Cases supervised	Not Available	11,312	10,148	11,350	12,379	12,755	12,101	14,826
Institutional care for minors (days)	*117,601	163,689	181,776	178,423	191,884	194,339	180,399	165,451
Juvenile referrals processed	11,376	11,556	13,107	12,126	13,240	12,041	11,128	12,383
Prepared adult sentencing reports	4,363	4,748	4,860	**8,452	9,052	9,420	9,110	8,955
Public Defender:								
Felony Unit Jury Trials	70	88	105	125	143	160	168	136
Sheriff:								
Emergency calls for service:								
Priority 0	31	54	57	55	60	58	48	149
Priority 1	32,266	33,754	39,815	41,179	44,996	34,177	30,841	7,851
Emergency response time (minutes):								
Priority 0	5	13	10	10	9	9.3	6.5	12.5
Priority 1	15	14	15	14	15	15.61	9.2	10.6
Processed and booked adult offenders	24,830	25,084	25,199	26,568	23,477	22,493	24,364	21,483
Physical arrests	28,446	28,265	28,707	29,197	26,029	20,745	26,209	23,181
Total miles patrolled by Sheriffs	871.5	871.5	871.5	871.5	871.5	871.5	871.5	871.5

* 2001-02 includes Youth Detention Facility only. 2002-07 also includes the Sacramento County Boys Ranch and 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 eight 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 2008-09**

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>	<u>2007-08</u>	<u>2008-09</u>
Health and sanitation								
Patient Treatments at Public Health Clinics	161,105	160,350	153,351	146,223	153,297	153,407	163,847	145,203
Percent of paramedic/911 medical aid unit and training programs in compliance (by inspection)	100%	100%	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	13,321	14,433
Square Feet of Graffiti Removed or Abated	260,390	252,613	271,383	257,733	269,242	233,641	304,370	349,312
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	85,882	87,440
Number of Individuals Who Use Parks Golf Services	214,409	208,940	203,104	192,735	190,317	190,827	196,470	188,357
Education								
Library:								
Print Materials Loaned	4,503,820	4,765,549	4,646,283	4,708,765	4,525,031	4,580,021	4,841,670	5,505,198
Audio Visual Media Loaned	285,007	316,115	402,631	495,444	670,296	777,078	1,036,647	1,861,290
Library cards issued	60,059	64,733	63,596	59,848	58,068	62,767	80,562	85,308
Library Visits	N/A	2,621,931	2,697,487	2,975,128	2,761,395	2,907,427	3,049,098	2,866,175
Airport								
Number of Commercial Airlines	12	14	15	15	15	16	16	15
Number of Flights	56,940	53,290	56,940	56,940	61,685	67,525	63,875	53,324
Number of Enplaned Passengers	4,042,585	4,314,273	4,563,607	4,986,171	5,150,229	5,307,289	5,294,737	4,603,182
Solid Waste								
Percent of Diversion/Recycled Waste	51%	52%	61%	58%	58%	58%	63%	50%
Tons Disposed	494,438	624,035	789,265	718,464	706,134	678,776	667,899	559,865
Water Agency								
Water Supply:								
Number of Water Connections	31,800	34,700	36,890	41,450	46,204	48,639	50,239	51,488
Water Delivered (acre feet)	27,600	30,140	27,877	31,105	34,422	41,764	39,867	40,605
Storm Water Utilities								
Drainage:								
Mainline and Lateral Pipes Cleaned (miles)	N/A	227	60	137	101	97.78	121.4	67.3
Parking Enterprise								
Daily Public Parking (count)	388,532	372,978	353,173	362,480	371,292	385,869	383,052	284,359
Monthly Parking Passes issued to County Employees (count) ¹	15,049	15,512	15,642	16,001	16,440	16,740	17,491	20,484
Outside Agency Usage	8,301	8,186	8,984	10,399	9,923	7,496	7,509	9,398

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

¹ Revised all years prior to 2008-09 double counted.

**COUNTY OF SACRAMENTO
CAPITAL ASSET STATISTICS BY FUNCTION
FISCAL YEARS 2001-02 THROUGH 2008-09**

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>	2007-08	2008-09
Public Protection								
Sheriff:								
Administration buildings	1	1	1	1	1	1	1	1
Aircrafts								
Operational	4	5	4	4	3	4	5	4
Non-Operational	2	2	1	1	2	1	0	1
Fixed Wing								
Sheriff	2	2	2	2	2	2	2	2
CAL-MMET	2	2	2	2	2	2	2	2
Community service centers	12	12	12	14	14	10	10	10
Jail and detention facilities	2	2	2	2	2	2	2	2
Patrol Units	450	470	474	491	391	348	362	370
Stations	7	7	7	7	7	5	5	5
Health and Sanitation								
Clinics	2	2	3	3	3	3	3	3
Mental Health Treatment								
Clinics	1	1	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	2,203	2,209
Traffic signals *	531	486	415	415	415	422	432	450
Recreation and culture								
Number of Golf Courses	4	4	4	4	4	4	4	4
Number of Developed Parks	38	38	38	38	38	38	38	38
Developed Parks acreage	10,500	12,500	14,500	15,000	15,000	15,000	15,000	15,150
Education								
Number of Libraries	8	9	9	9	9	9	9	9

Note: 1) Capital assets and infrastructure statistics by function/program is only available for the last eight 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.

*) Revised.

**COUNTY OF SACRAMENTO
CAPITAL ASSET STATISTICS BY FUNCTION
FISCAL YEARS 2001-02 THROUGH 2008-09**

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>	<u>2007-08</u>	<u>2008-09</u>
Airport								
Airports	4	4	4	4	4	4	4	4
Licensed Vehicles:								
Cars and Light Trucks	126	116	120	108	112	120	148	149
Busses	45	47	55	47	44	35	41	47
Solid Waste								
Number of Collection Trucks	179	193	172	190	179	148	130	152
Number of Landfills	3	3	3	3	3	3	3	3
Water Agency								
Water Supply:								
Water Mains (miles)	469.5	503	566	631	651	659	718	743
Storage Capacity (thousands of gallons)	16,400	20,400	20,400	27,900	31,400	34,400	39,400	39,400
Drainage:								
Drainage Inlets	14,280	15,397	16,578	17,828	18,946	21,596	21,650	22,032
Drainage Manholes	8,040	8,669	9,334	10,037	10,780	11,773	11,890	12,253
Drainage Pipes (miles)	608	656	706	759	762	804	829	826
Parking Enterprise								
Structures	2	2	2	2	2	2	2	2

Note: 1) Capital assets and infrastructure statistics by function/program is only available for the last eight 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.

Intentionally Blank

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2009**

