



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**JULIE VALVERDE  
DIRECTOR OF FINANCE**

**COUNTY OF SACRAMENTO  
STATE OF CALIFORNIA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

---

---

# **FISCAL YEAR 2011**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



# **COUNTY OF SACRAMENTO**

## **STATE OF CALIFORNIA**

*Julie Valverde, Director of Finance*

**For The Fiscal Year Ended June 30, 2011**

---

---

**COUNTY OF SACRAMENTO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Table of Contents*

<i>TABLE OF CONTENTS</i> .....	i
 <i>INTRODUCTORY SECTION</i>	
Letter of Transmittal .....	vii
Certificate of Achievement for Excellence in Financial Reporting .....	xviii
Organizational Chart .....	xix
List of Public Officials .....	xx
Acknowledgement .....	xxi
 <i>FINANCIAL SECTION</i>	
Independent Auditors' Report .....	1
Management's Discussion and Analysis (Required Supplementary Information) .....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	20
Statement of Activities .....	22
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	23

**COUNTY OF SACRAMENTO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	26
Statement of Revenues and Expenditures – Budget and Actual – General Fund .....	28
Statement of Net Assets – Proprietary Funds .....	30
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	32
Statement of Cash Flows – Proprietary Funds.....	34
Statement of Fiduciary Net Assets – Fiduciary Funds.....	36
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	37
Notes to Basic Financial Statements .....	39
Required Supplementary Information (Unaudited):	
Sacramento County Employees’ Retirement System- Schedule of Funding Progress .....	116
Other Post Employment Benefit (OPEB) Plan – Schedule of Funding Progress .....	117

**COUNTY OF SACRAMENTO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Combining and Individual Fund Statements and Schedules:

Non-major Governmental Funds:

Combining Balance Sheet .....	119
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	120

Special Revenue Funds:

Combining Balance Sheet .....	124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	127

Individual Funds:

Schedules of Revenues and Expenditures – Budget and Actual .....	130
--	-----

Debt Service Funds:

Combining Balance Sheet .....	148
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	150

Individual Funds:

Schedules of Revenues and Expenditures – Budget and Actual .....	152
--	-----

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
--	-----

Non-major Enterprise Funds:

Combining Statement of Net Assets .....	188
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	189
Combining Statement of Cash Flows.....	190

Internal Service Funds:

Combining Statement of Net Assets .....	194
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	195
Combining Statement of Cash Flows.....	196

**COUNTY OF SACRAMENTO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Agency Funds:	
Combining Balance Sheet .....	200
Combining Statement of Changes in Assets and Liabilities .....	201
Investment Trust Funds:	
Combining Statement of Fiduciary Net Assets .....	206
Combining Statement of Changes in Fiduciary Net Assets .....	207

*STATISTICAL SECTION*

Net Assets by Component .....	210
Changes in Net Assets .....	211
Fund Balances of Governmental Funds .....	214
Changes in Fund Balances of Governmental Funds .....	216
General Governmental Tax Revenues by Source .....	218
Assessed Value and Estimated Actual Value of Taxable Property .....	219
Average Property Tax Rates - All Direct and Overlapping Governments .....	220
Principal Property Taxpayers .....	221
County Wide 1% - Secured and Unitary Property Tax Levies and Collections .....	222
Ratios of Outstanding Debt by Type .....	223
Legal Debt Margin Information .....	224

**COUNTY OF SACRAMENTO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Pledged-Revenue Coverage .....	225
Demographic and Economic Statistics.....	226
Principal Employers .....	227
Full-time Equivalent County Government Employees by Function.....	228
Operating Indicators by Function.....	230
Capital Asset Statistics by Function.....	232

Intentionally Blank



---

---

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## INTRODUCTORY SECTION

---

---

**Internal Services Agency**

**Department of Finance**

**Auditor-Controller Division**

Ben Lamera,  
Assistant Auditor-Controller



## County of Sacramento

Bradley J. Hudson, County Executive  
David Villanueva, Agency Administrator  
Julie Valverde, Director of Finance

December 29, 2011

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, 2011, 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 is 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, 2011, 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 2009-10 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 non-major 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, which is unaudited, can be found on pages 3 through 18 of this report. The statistical section, also 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.

The 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. The 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 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 (2006, 2010, 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**

Counties in the State of California (the "State") are closely linked to the financial condition of the State, and on behalf of the State are responsible for delivering health and welfare services. The State is facing its own fiscal stress, and the County of Sacramento (the "County"), in addition to dealing with significant revenue declines, increasing expense pressures and other local issues, faces the impact of adverse State budget action, as State and federal revenues make up approximately 65% of the County's General Fund budgeted revenues. However, the County has not been backfilling with County General Fund revenues the reductions in State and federal funding for specific programs, but has instead continued to reduce those programs in proportion to the funding received, and plans to continue to do so if there are additional State and federal funding reductions.

The County has been and continues to experience financial stress due to the impacts of the general economic downturn, including a significant decline in County property values and a relatively high unemployment rate.

In past years, assessed valuation in the County grew. However, in fiscal year 2009-10 assessed valuations decreased by 7.05%, and again decreased in fiscal year 2010-11 by 0.92%, due to changes in the housing market. The County Assessor's Office is estimating that fiscal year 2011-12 assessed valuation will decrease another 3.07%.

The County is the major component of the Sacramento Metropolitan Statistical Area (SMSA) which includes Sacramento, El Dorado, Placer and Yolo Counties. Three major job categories comprised 71% of the SMSA work force during 2010: services (33%), government (26%), and wholesale/retail trade (12%), based on seasonally unadjusted December 2010 statistics. The SMSA unemployment rate (not seasonally adjusted) as of July 2011 was at 12.5%, compared to the Statewide average of 12.4%; a slight decrease from the July 2010 SMSA rate (not seasonally adjusted) of 12.7%.

### **LONG-TERM FINANCIAL PLANNING & RELEVANT FINANCIAL POLICIES**

#### **Fund Balance and Reinvestment policy**

In June 2011, the County approved the Fund Balance and Reinvestment Policy, which incorporated the previous Reserve and Reinvestment policy. The Fund Balance and Reinvestment Policy establishes the procedures for reporting, within the annual financial statements, unrestricted fund balance (comprised of Committed, Assigned, and Unassigned categories) within the County's governmental funds: General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The policy addresses the repayment of the interfund loans, and also addresses reinvestment in reserves and high priority programs when general purpose revenues improve. It is a long-range strategy to best utilize County resources to provide the best public service in a fiscally sustainable fashion.

#### **Five-Year Capital Improvement Plan**

In accordance with County Ordinance 21.15, approved by the Board of Supervisors on March 15, 1979, the County Executive is responsible for the preparation of a long-range Capital Improvement Plan (CIP) and submitting the CIP to the Board of Supervisors for review and adoption. As part of the procedure, the Department of General Services, as directed by the Board, submits the recommended Five-Year CIP to the Policy Planning Commission for their review and recommendations as to the consistency of the projects with the adopted County's General Plan. The Department of General Services is responsible for planning and financing construction of new County facilities, except those constructed through the Airport System and Refuse Enterprise funds. Funding for the construction activities comes from a variety of sources including charges to departments for space assigned in County facilities, direct charges for work done for enterprise funds and various special districts, and charges for work done in leased facilities under terms of the agreements. Funding from facility construction grants and proceeds from County bond issuances are also used by Department of General Services to finance specific projects. The projects funded by the Capital Construction fund for each fiscal year are included in the County's Approved Budget.

### **MAJOR INITIATIVES**

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

#### **Airport System**

##### **“The Big Build”**

Construction of both elements of “The Big Build” (central Terminal Building and Airside Concourse) proceeded on schedule and within budget toward anticipated operation status of both facilities on October 6, 2011.

#### **Interceptor Extension**

Planning efforts to connect the Airport sewer collection system to a newly completed extension of the Sacramento Area Sewer District (SASD) interceptor extension into the northern portion of the County reached fruition in 2010 and 2011. Modification in design and construction methods facilitated expedited environmental review and issuance of construction Notice to Proceed in May 2011. The new sewer line is expected to become operational by September 30, 2011, after which the existing waste water treatment ponds will be deactivated.

**Wildlife Hazard Assessment**

Initiated a comprehensive 12-month Wildlife Hazard Assessment (WHA) in August 2010. Conducted jointly by County Airport System biologists and a wildlife damage management consultant, the WHA entails monitoring and analyzing wildlife activity on airport property to identify potential actions for reducing identified hazards to aircraft operations. It is anticipated that the WHA will be completed in early 2012 and submitted to the Federal Aviation Administration (FAA) for approval. The approval WHA will form the basis of a revised airport Wildlife Hazard Management Plan (WHMP)

**Transportation****Freedom Park Drive Pedestrian Streetscape Project**

Began Construction of the roadway portion of the Freedom Park Drive Pedestrian Streetscape project. This project proposes the installation of a landscaped median, sidewalks, bike lanes and streetscape and landscape improvements on Watt Avenue between Karl Drive and Don Julio Boulevard and on Freedom Park Drive between Watt Avenue and 32nd Avenue. The project supports the objectives of the adopted North Highlands Town Center Development Code and will serve as the primary corridor of the Town Center “Main Street” District.

**Proposition 1B A. C. Overlay/Pavement Project**

Began Construction of the Proposition 1B A. C. Overlay/Pavement project. This project is being funded with State Proposition 1B funds and proposes to rehabilitate the roadway of various streets, primarily in residential neighborhoods, by placing asphalt concrete, rubberized asphalt concrete, or slurry seal over existing pavement. Other construction activities include base repair, raising manholes to match pavement surface and grinding down sections of the existing pavement before paving with new asphalt concrete.

**Arden Way Improvement Project**

Began construction of the Arden Way Improvement project. This project proposes improvements for bicycle and pedestrian mobility along Arden Way from Eastern Avenue to Fair Oaks Boulevard. The project will include: new sidewalks, Class II bike lane improvements planter strips, shade trees, a traffic signal with bicycle and pedestrian detectors and intersection improvements at the offset intersection at Mission Avenue as well as modification to the signal at the intersection of Arden Way and Fair Oaks Boulevard which includes improving the pavement. This project has been approved for federal funding under the Sacramento Area Council of Governments’ Regional Bicycle and Pedestrian program.

**Office of Communication and Information Technology (OCIT)****Voice over Internet Protocol (VoIP) Telephony Infrastructure**

This program was initiated in 2000, with the implementation of VoIP in a new building as well as an existing facility for these divisions: General Services; Human Resources; GIS; MIS; Public Information Office; and Water Quality. This pilot was a success and proved that VoIP was a viable replacement option for the County’s aging and expensive legacy telephone infrastructure. The County’s Board of Supervisors approved the technology as a strategic direction in April of 2004. The Operations Division completed a 3000 phone conversion from the legacy telephone infrastructure to VoIP in the fall of 2009. This conversion was so successful that OCIT was asked to complete the conversion of all the County phones still on the legacy system to VoIP, excluding the Sheriff Department and Courts, by December 2012. This project is currently on schedule. Once fully implemented, this program will save the County in excess of \$2,000,000 annually in telephone equipment, telephone circuits, building wiring costs, and staff costs.

**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 (EMD)****Anti-Entrapment Covers Required For Commercial Pools and Spas**

In October 2009, the Governor signed Assembly Bill 1020 into law and it became effective on January 1, 2010. The new legislation is intended to prevent entrapment hazards associated with public swimming pools and spas. AB 1020 requires all commercial pools and spas to replace drain covers over suction hazards with new anti-entrapment covers and to submit documentation certifying that the equipment has been installed. EMD notified pool operators in 2010 to inform them of this legislation and also provided several workshops for pool service operators in 2010 and 2011. For the 2011 pool season, EMD provided written notices to those pool operators who were still not in compliance, to provide the required safety devices or face closure. Nearly 90% of the public pools are in compliance with the new law or are in the process of getting approval. At the end of the 2011 pool season, approximately 3% of pools that had not complied were closed by EMD. In addition, some pool operators decided to voluntarily close their pools. Those pools and spas that are still not in compliance will not be permitted to re-open until the anti-entrapment devices are installed and the required certification documentation is submitted and approved. EMD's staff continues to monitor these facilities to prevent risk to the public.

**Multi-Language Food Safety Video/DVD Released**

EMD's well-recognized Green/Yellow/Red food safety rating and placard system has been in place since January 2007. Environmental Specialists have been offering "How-to-Get-a-Green" classes since it was launched and classes are offered in 8 languages. In early 2008, an instructional video was produced in English only and was distributed to food operators on DVD and was posted on EMD's website. This video included an overview of EMD's food safety placard system and how to avoid major violations during an inspection.

In 2011, EMD's staff updated the instructional food safety video "How-To-Get-A Green" in multiple languages that include English, Spanish, Cantonese, and Vietnamese. EMD's staff contributed by writing the script in each of the four languages, providing narration in each of the languages, reviewing the technical content, acting, and providing input. This video is available on DVD and is also posted on EMD's website at [www.emd.saccounty.net](http://www.emd.saccounty.net).

**California Food Handler Law**

Senate Bill 303 is a new law that was approved by Governor Brown in September 2011. The law modified SB 602 which became effective on July 1, 2011. This new law requires foodservice employees to obtain a food handler card within 30 days of hire as a foodservice employee. Foodservice employees will be required to participate in a two and one-half-hour food safety training course and pass a certified examination which will be valid for three years. This law is applicable primarily to foodservice employees of restaurants, delis, coffee houses, juice bars, and bars. Grocery stores, school cafeterias, licensed health care facilities, certified farmers' markets, and mobile food facilities are exempt from this requirement. This law also includes new requirements for food handler card training providers and these providers must be approved by the American National Standards Institute (ANSI) in order to be recognized in California. With the modifications of SB 303, Environmental Management Department staff are working with operators to make sure they are in compliance with this new requirement by January 1, 2012 and are receiving this training by approved providers.

**Abandoned Well Program**

In 2009, Sacramento County Abandoned Well Program (AWP) was created through the State of California Attorney General's (AG) settlement with Shell Oil Company for underground storage tank violations at its service stations around the state. Environmental Management Department Environmental Compliance Division (EMD) staff played an important role in documenting the violations. The Final Judgment and Injunction Order included funding of a special environmental project (SEP) to be performed by EMD. The SEP is known as the Sacramento County Abandoned Well Restoration Project.

Improperly abandoned water wells pose a threat to groundwater quality by acting as conduits for pollutants to reach groundwater. Additionally, unsecured open pit wells and large diameter drilled wells are a falling-in hazard to people and animals, and may be used to dispose of trash, debris, and hazardous waste. During fiscal year 2010-11 the AWP utilized four full time field staff to identify and document abandoned wells. Six additional staff provided

office/field support on an as-needed basis. To date the program has documented approximately 500 abandoned wells. Approximately 100 wells have been properly inactivated and 50 properly destroyed; others are in process.

EMD performed continuing outreach to notify residents of the program. Outreach included focused public presentations and mass mailings to targeted zip codes (primarily rural areas where one would expect to find a greater density of abandoned wells than urban areas).

EMD established a fee waiver program for individuals whose wells qualify for inactivation. In addition, EMD is working with the U.S. Department of Agriculture to help administer grants to potentially assist property owners with well destruction.

EMD's abandoned well program was awarded a 2011 National Organization of Counties (NACo) Achievement Award, and was recently named the recipient of the 2011 Groundwater Resources of Association (GRA) of California's Kevin J. Neese Award. The GRA award recognizes "a significant accomplishment by a person or entity within the most recent 12-month period that fosters the understanding, development, protection and management of groundwater." EMD recently received additional funding that will see this very important program through to completion.

#### **Mobile Application for Food Inspection Data**

In partnership with Office of Communication and Information Technology, the development and deployment of a mobile application for food inspection data was completed.

#### **Probation Department**

##### **Adult Day Reporting Center**

Probation opened the Adult Day Reporting Center (ADRC) on July 20, 2010. Probation received \$1.6 million in grant funding from the California Emergency Management Agency (Cal-EMA) to implement an Evidence Based Probation Supervision Program pursuant to SB 678, the California Community Corrections Performance Incentives Act. The ADRC is an intensive, on-site and community supervision program for adult probationers who have been assessed as having a high-risk to reoffend. Depending on the client's assessed needs, the four phase program lasts between 9 – 12 months. ADRC includes cognitive-behavioral treatment classes, referrals to community-based organizations, job skill assessments, training and placement, group, individual and family counseling, GED preparation and testing, emergency housing, family support services and participation in work crews to provide restitution to victims.

#### **Health And Human Services**

##### **Electronic Medical Record (EMR) System**

Primary Health Services is implementing an Electronic Medical Record (EMR) system for Clinics and ancillary services. The EMR will improve clinical and administrative efficiency and enhance the overall quality of medical care in the County Clinics. The system will support patient registration, appointment scheduling, clinical notes, service delivery and provider registration. Features of the system include clinic management and workflow, medical record administration and clinical documentation, case management, Clinicians' orders and follow up, and billing data preparation. The current focus of the system is refinement of internal processes; integration and interfacing of Quest and Public Health Lab ordering and reporting; ePrescribing; Rx3000 Pharmacy interfacing; radiology reporting and Case Management referral improvement. Options exist for the addition of the McKesson PLUS product to enhance management reporting capabilities; patient registration; billing functionality and Registry reporting activities.

##### **Medi-Cal Managed Care Stakeholders Advisory Committee**

Sacramento County Medi-Cal Managed Care Stakeholders Advisory Committee was launched in April 2011 as authorized in SB 208/Welfare & Institutions 14089.07. This Committee is comprised of health care stakeholders and is focused on system improvements for the Medi-Cal Managed Care beneficiaries.

**Child Protective Services**

During fiscal year 2010-11, the Child Protective Services (CPS) Division completed the second phase of reorganization which included the creation of four (4) regions to better serve families across the County, implementation of vertical case management to reduce the number of social workers involved with any given family and development of a team approach to working with families. During this period, CPS also began to engage families using the Signs of Safety (SOS) model which enhances critical thinking and analytical skills to help social workers, and the families they work with, develop more comprehensive and effective case plans. These developments support the Division's outcomes of increased safety, improved permanency and greater accountability.

**Clerk/Recorder****Social Security Truncation System**

The Sacramento County Clerk/Recorder Department completed a Social Security truncation process to their library of recorded documents for the years 1980 forward. In 2007, Assembly Bill 1168 was enacted requiring counties to implement a Social Security Number (SSN) Redaction Program to truncate the first five digits of Social Security numbers on official recorded documents maintained by a County Recorder from 1980 forward. This bill was established to prevent public viewing of SSN numbers on official recorded documents. In November 2009, a system was implemented in the recording process to truncate SSN numbers on documents recorded daily. In March 2011, truncation was completed on all recorded documents 1980 forward. The Clerk/Recorder now maintains two separate libraries, an Official Record representing documents as they were presented for recording and a Public Record representing documents with the SSN truncated. Access to a document in the Official Record can only be obtained with a court order. Sacramento County is in compliance of Assembly Bill 1168 and Sacramento County residents who have their personal documents recorded with the Clerk/Recorder Department are now better protected against identity theft.

**Electronic Recording Delivery System**

The Sacramento County Clerk/Recorder Department made local recording history in March by accepting and confirming its first electronically recorded public document. The Electronic Recording Delivery Act of 2004 authorized a County Recorder to establish an Electronic Recording Delivery System (ERDS) upon approval of the Board of Supervisors and system certification from the Department of Justice (DOJ). The Board of Supervisors approved our participation in the ERDS program on October 4, 2005. In 2007, DOJ established regulations for implementing an ERDS and authorized counties to join forces for a single portal for the delivery and return of specified electronic records that are an instrument of real estate transactions. December 1, 2009, the Board of Supervisors approved joining the single portal for this process known as SECURE. SECURE is owned by Orange, Riverside, San Diego and Los Angeles Counties. Sacramento County was certified as a partner county of SECURE by the DOJ November 18, 2010.

Sacramento County Clerk/Recorder records approximately 425,000 documents annually, involving a multistep process with many points of handling paper, including receipt, examination, indexing, imaging and return of the document to the submitter. Electronic recording streamlines the recording process for the County, submitters and their clients by eliminating manual layers of processing. Electronic recording also provides recording confirmation and return of original documents to submitters and their clients much faster. This equates to outstanding customer service.

Since its inception, over 11,000 documents have been recorded electronically and we anticipate this number to continue to increase. Current submitters have provided favorable response and outreach continues to establish additional submitters.

**Municipal Services Agency-Office of Administration, Accounting & Fiscal Services (AFS)****Electronic Content Management Expansion**

AFS expanded its Electronic Content Management system, Filenet, to include additional accounts receivable and internal order documents for intranet access by departments. This allows departments to access information requested by customers, including the County's independent auditors, and to more



accurately respond to customer questions regarding Accounts Receivables. In addition to decreasing response time, making documents available online in a timely manner increases efficiency without any additional cost to the County.

**Services to Citrus Heights**

AFS created a process to reconcile and remit to Citrus Heights both funds for drainage services and annual Rental Housing fees collected by Consolidated Utilities Billing System (CUBS), and to bill Citrus Heights for CUBS services. Adding services provided to Citrus Heights not only affords the opportunity for increased interaction and functionality among County departments but also encourages and facilitates cooperation with other jurisdictions.

**Increased Accounts Receivable and Cashiering Functionality**

AFS integrated Community Planning and Development billing and introduced department-executable monitoring reports into ACCELA and the existing COMPASS Accounts Receivable module of the County's financial system. Also incorporated into existing AR systems was the Rental Housing Inspection Program Violation fees. This action reduced administrative costs while stabilizing and increasing the availability of programmatic and financial information.

AFS also developed and augmented Accounts Receivable reporting and querying functions in COMPASS giving departments better and more accessible information. This additional financial functionality better supports the processes and services of our customer departments and, in turn, assists those departments in their interactions with public customers.

AFS added CUBS payments the list of transactions processed at cashiering locations. By affording customers four more locations at which they may pay, this change increases accessibility and convenience for County customers while increasing the County's cash flow.

**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 Fiscal Year 2010-11 Single Audit will be issued under separate cover and will be available by contacting the Department of Finance, Auditor-Controller Division, after March 31, 2012.

**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 2010-11, 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 2010-11 was 0.5128 percent. The yield for a one-year Constant Maturity U.S. Treasury Note during the same period was 0.25 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,

A handwritten signature in cursive script that reads "Julie Valverde".

Julie Valverde  
Director of Finance

Intentionally Blank



# 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, 2010

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.

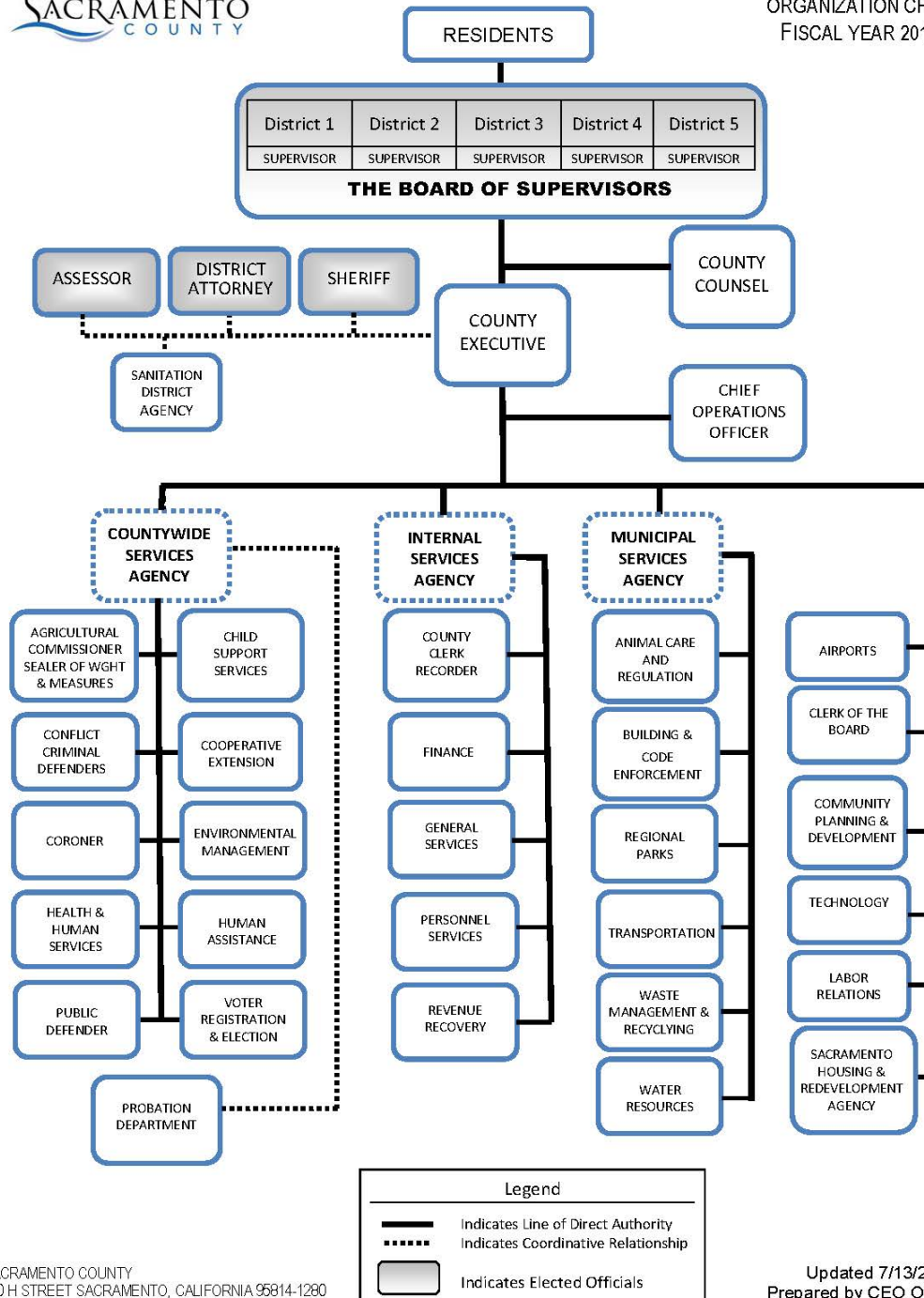


*Linda C. Davidson*

President

*Jeffrey R. Enner*

Executive Director



**COUNTY OF SACRAMENTO  
LIST OF PUBLIC OFFICIALS  
JUNE 30, 2011**

**ELECTED:**

**Board of Supervisors:**

Phil Serna  
Jimmie Yee  
Susan Peters  
Roberta MacGlashan  
Don Nottoli

District 1  
District 2  
District 3  
District 4  
District 5

**Department Heads:**

Kathleen Kelleher  
Jan Scully  
Scott Jones

Assessor  
District Attorney  
Sheriff

**APPOINTED:**

Steven C. Szalay  
Navdeep Gill  
David Villanueva  
Julie Valverde

Interim 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, 2011**

**ACKNOWLEDGEMENT**

**Prepared by the County of Sacramento  
Department of Finance**

**Ben Lamera, Assistant Auditor-Controller  
Karen Gee, Senior Accounting Manager  
Carlos Valencia, Accounting Manager  
Treddis Campbell, 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, 2011, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Sacramento, California, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, 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 described in Note 20 to the financial statements, the County is experiencing significant financial stress in numerous areas as evidenced by the General Fund Unassigned Fund Balance deficit of \$30.8 million at June 30, 2011.

As described in Note 1 to the financial statements, the County adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASB Statement No. 59, *Financial Instruments Omnibus*, on July 1, 2010.

As described in Note 22 to the financial statements, the beginning fund balances and net assets have been restated to properly recognize revenues and consolidate special revenue funds into the general fund in accordance with GASB Statement No. 54.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provision 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 18 and the schedule of funding progress on pages 116 and 117 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 primarily 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 as a whole. 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 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 do not express an opinion on them.

*Vavrinick, Trine, Day & Co. LLP*

Sacramento, California  
December 22, 2011

---

---

# **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, 2011. 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 2010-11 fiscal year by \$2,561,793 (net assets), of this amount, \$572,786 is restricted for specific purposes (restricted net assets), and \$2,169,189 is invested in capital assets, net of related debt. The County's total net assets decreased by \$26,308.
- As of June 30, 2011, the County governmental funds reported combined fund balances of \$577,429 for a decrease of \$46,949, in comparison with the prior year. Amounts available for spending include restricted and unassigned fund balances, which totaled \$555,866, or 96.3 percent of the ending fund balance. Of this amount, \$588,675 is restricted by law or externally imposed requirements. Available fund balance for the General Fund increased \$49,341 to \$135,887, which equates to 7.3 percent of total General Fund expenditures for the year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was a negative \$30,835 or negative 1.7 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 \$367,220 or 10 percent in comparison with June 30, 2010 balances.
- The County's total long-term obligations had a net increase of \$30,554 in comparison with June 30, 2010 balances. This net increase was comprised of a gross increase of \$279,390 and a gross decrease of \$248,836. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, Teeter notes, pension obligation bonds, and annual amortization of SWAP premiums. The increase resulted primarily from the issuance of one new Teeter note, the issuance of 2010 Airport System revenue bonds to complete the financing of the Terminal Modernization Project, 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 System, 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, Sunrise, Carmichael and Mission Oaks Recreation and Park Districts. 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 the 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 20-22 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 46 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 23-25 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 System, 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 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 System, 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 30-35 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 36-37 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 39-115 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 119-207 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 \$2,561,793 at the close of the most recent fiscal year.

### Statement of Net Assets For the Year Ended June 30, 2011 (amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Other assets	\$ 2,268,752	2,335,880	699,826	950,883	2,968,578	3,286,763
Capital assets	1,825,018	1,849,661	2,220,211	1,828,348	4,045,229	3,678,009
Total assets	<u>\$ 4,093,770</u>	<u>4,185,541</u>	<u>2,920,037</u>	<u>2,779,231</u>	<u>7,013,807</u>	<u>6,964,772</u>
Other liabilities	\$ 865,478	810,653	158,982	168,647	1,024,460	979,300
Long-term debt obligations	1,822,906	1,879,712	1,604,648	1,517,659	3,427,554	3,397,371
Total liabilities	<u>2,688,384</u>	<u>2,690,365</u>	<u>1,763,630</u>	<u>1,686,306</u>	<u>4,452,014</u>	<u>4,376,671</u>
Net assets:						
Invested in capital assets, net of related debt	1,378,390	1,374,306	790,799	719,665	2,169,189	2,093,971
Restricted net assets	390,498	437,559	182,288	216,266	572,786	653,825
Unrestricted net assets	<u>(363,502)</u>	<u>(316,689)</u>	<u>183,320</u>	<u>156,994</u>	<u>(180,182)</u>	<u>(159,695)</u>
Net assets, as restated	<u>1,405,386</u>	<u>1,495,176</u>	<u>1,156,407</u>	<u>1,092,925</u>	<u>2,561,793</u>	<u>2,588,101</u>
Liabilities and net assets	<u>\$ 4,093,770</u>	<u>4,185,541</u>	<u>2,920,037</u>	<u>2,779,231</u>	<u>7,013,807</u>	<u>6,964,772</u>

The largest portion of the County's net assets of \$2,169,189 (85 percent) reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), net of depreciation and 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 \$572,786 (22 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of total net assets, negative \$180,182 is unrestricted and will result in a reduction to the County's ongoing obligations to citizens. Unrestricted net assets decreased by \$20,487 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 bond reserves (9%), landfill closure (2%) debt service (45%) capital projects (6%), passenger facility charges (5%), health programs (26%) and transportation (6%). The County's restricted net assets decreased by \$81,039 from the prior year restricted net asset amount of \$653,825. The decrease in restricted net assets is due primarily to decreases in requirements for debt service (\$2 million), capital projects (\$13 million), passenger facility charges (\$19 million), and health programs (\$49 million).

The County's net assets decreased by \$26,308 during the current fiscal year, which results in a decrease of 1% of total net assets from prior year. The decrease takes into consideration the extraordinary item related to the AB 99 obligation of \$48,448 for First 5 Commission. At the end of the current fiscal year the County reported an increase of 4% 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 \$75,218 represents capital purchases net of depreciation plus the retirement of related long-term debt. The County's restricted net assets decreased by 12% while unrestricted net assets decreased by 13%. During the 2010-11 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 \$363,502 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 \$89,790

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, 2011  
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 319,317	328,644	247,844	248,824	567,161	577,468
Operating grants and contributions	1,168,916	1,165,144	21,764	22,943	1,190,680	1,188,087
Capital grants and contributions	24,658	38,434	16,133	10,211	40,791	48,645
General revenues:						
Taxes:						
Property	383,651	438,531			383,651	438,531
Sales / use	59,614	58,357	554	573	60,168	58,930
Transient	3,483	4,467			3,483	4,467
Unrestricted investment earnings	1,250	15,016	1,018	2,617	2,268	17,633
Grants and contributions not restricted to specific programs	230,748	201,992			230,748	201,992
Pledged tobacco settlement proceeds	12,365	12,393			12,365	12,393
Miscellaneous	120,593	111,357			120,593	111,357
Total revenues	<u>2,324,595</u>	<u>2,374,335</u>	<u>287,313</u>	<u>285,168</u>	<u>2,611,908</u>	<u>2,659,503</u>
Expenses:						
General government	191,427	177,963			191,427	177,963
Public assistance	674,543	668,368			674,543	668,368
Public protection	673,751	650,198			673,751	650,198
Health and sanitation	528,449	595,816			528,449	595,816
Public ways and facilities	122,752	115,073			122,752	115,073
Recreation and culture	35,990	37,139			35,990	37,139
Education	3,578	21,053			3,578	21,053
Interest and fiscal charges	140,419	141,529			140,419	141,529
Airport			128,941	130,724	128,941	130,724
Solid Waste			59,433	62,567	59,433	62,567
Water Agency			28,174	24,575	28,174	24,575
Parking Enterprise			1,914	3,247	1,914	3,247
County Transit			1,597	1,677	1,597	1,677
Total expenses	<u>2,370,909</u>	<u>2,407,139</u>	<u>220,059</u>	<u>222,790</u>	<u>2,590,968</u>	<u>2,629,929</u>
Change in net assets before transfers and special items	(46,314)	(32,804)	67,254	62,378	20,940	29,574
Transfers	4,972	8,502	(4,972)	(6,002)		2,500
Special Item, Abatement of regulatory fees			1,200		1,200	
Extraordinary item, AB 99 obligation	(48,448)				(48,448)	
Change in net assets	<u>(89,790)</u>	<u>(24,302)</u>	<u>63,482</u>	<u>56,376</u>	<u>(26,308)</u>	<u>32,074</u>
Net assets, beginning of year, as restated	1,495,176	1,519,478	1,092,925	1,036,549	2,588,101	2,556,027
Net assets, end of year	<u>\$ 1,405,386</u>	<u>1,495,176</u>	<u>1,156,407</u>	<u>1,092,925</u>	<u>2,561,793</u>	<u>2,588,101</u>

Total revenues for the County's governmental activities decreased by \$49,740 from the prior year. This decrease is primarily due to decreased revenue for property taxes due to the continued economic recession.

Total expenses for governmental activities were \$2,370,909, a decrease of \$36,230 or less than 1.5% from the prior year. As a service delivery entity the County's major cost component is salaries and benefits, which accounted for approximately 50.4 % of total County expenses. The average full time equivalent (FTE) employee count for the County (including business-type activities) decreased from 12,388 in the prior year to 11,606 as of June 30, 2011. Total salaries and benefits expense decreased by \$4,147 or 0.3% from the prior year. This slight decrease in expenses is attributable to 390 employee layoffs, offset by a 2 percent increase in salaries for employees represented by employee organizations.

**Business-type activities.** Business-type activities increased the County's net assets by \$63,482. The increase is primarily related to increased activity for Airport and Water Agency. See page 13 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, *total fund balance less nonspendable* portion is a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2011, the County's governmental funds reported combined fund balances of \$577,429, a decrease of \$46,949 in comparison with the prior year's total ending restated fund balance of \$624,378. The components of total fund balance are as follows (for more information, see Note 19 – Fund Balances):

- *Nonspendable fund balance*, \$21,563, are amounts that are not spendable in form or are legally or contractually required to be maintained intact, and are made up of (1) inventory of \$1,428, (2) long term receivables/advances of \$7,325, and (3) legally required Teeter Tax program loss reserves of \$11,686 and Teeter Tax delinquencies of \$1,124.
- *Restricted fund balance*, \$588,675, consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. Examples of restrictions on funds are those for legislated amounts restricted for (1) health and sanitation of \$194,039, (2) capital outlay of \$91,842, (3) debt service of \$126,878, (4) public ways and facilities of \$51,348, (5) economic development of \$35,538, and (6) public protection of \$30,118.
- *Unassigned fund balance* (\$32,809), primarily represents the residual classification for the County's General Fund where expenditures exceed other available fund balance of (\$30,835).

Approximately 96.3 percent, or \$555,866, of the total fund balances is considered spendable. With the approval of the Board of Supervisors, County management can earmark a portion of a fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of fund balance. With the exception of the nonspendable portion, \$588,675 is available for appropriation for restricted purposes leaving a negative unassigned fund balance of \$32,809 to be budgeted as decreases to governmental programs in the next fiscal year.

The decrease of \$46,949 in the governmental funds combined fund balances was attributable to the extraordinary AB 99 obligation of \$48,488 for First 5 Commission. The County continues to experience a decrease in property tax revenue due to the devaluation of homes, loss of sales tax revenue, reduced federal and State reimbursements due to reduction in health and social service program costs, and reduced revenue for charges for sales and services due to reduced demand for public services.

The General Fund is the chief operating fund of the County. The General Fund's total fund balance increased by 57 percent, or \$49,341, to \$135,887 at June 30, 2011. This increase is a result of budgeted reduction to expenditures in governmental programs to offset the prior year deficit fund balance. The nonspendable portion of fund balance was \$15,435 and the spendable portion was \$120,452, an increase of \$56,084 from the prior year spendable balance of \$64,368. The increase was primarily due to recognition of \$57 million in restricted revenue for mental health services.

As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance equates to 7.3 percent of total General Fund expenditures while spendable fund balance equates to 6.5 percent of total General Fund expenditures. Of the General Fund spendable fund balance, \$151,287, or 111.3 percent is restricted.

**Other governmental funds:** As compared with the prior year, the total fund balances of the remaining governmental funds decreased 18 percent, or \$96,290, to \$441,542 with the following significant changes:

- The Special Revenue funds decreased by \$64,993 from \$306,270 to \$241,277 primarily due to accrual of an extraordinary item in the amount of \$48,448 as a result of Assembly Bill 99 state mandated payment from First 5 Sacramento Commission, and an increase in road improvement expenditures for Roadway Fee District in the amount of \$15,003.
- The Capital Projects funds decreased by \$26,434 from \$99,821 to \$73,387 primarily due to increased approved project costs for Metro Air Park CFD of \$12,918, Tobacco Litigation Settlement of \$4,861, and Accumulated Capital Outlay reimbursements of \$5,625.

Revenues for total governmental funds totaled \$2,303,832 in fiscal year 2010-11 which represents an increase of 1.1 percent from fiscal year 2009-10.

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 2011		FY 2010		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 452,478	19.64%	503,988	21.63%	(51,510)	(10.22%)
Use of money and property	12,057	0.52%	14,753	0.63%	(2,696)	(18.27%)
Licenses and permits	40,187	1.74%	38,985	1.67%	1,202	3.08%
Intergovernmental	1,432,358	62.17%	1,407,224	60.40%	25,134	1.79%
Charges for sales and services	184,038	7.99%	202,234	8.68%	(18,196)	(9.00%)
Fines, forfeitures and penalties	49,756	2.16%	39,038	1.68%	10,718	27.46%
Pledged tobacco settlement proceeds	12,365	0.54%	12,393	0.53%	(28)	(0.23%)
Miscellaneous	120,593	5.24%	111,359	4.78%	9,234	8.29%
Total	\$ 2,303,832	100.00%	2,329,974	100.00%	(26,142)	(1.12%)

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

- Taxes decreased due to continued decrease in property and sales tax revenue during 2010-11 due to the economic conditions. Additionally there was a \$17 million dollar reduction in property tax revenues due to a Library JPA Board resolution adopting to change the distribution of these funds to go directly to the Library JPA.
- Use of money and property decreased due to a lower pooled interest rate during 2010-11. Lower federal fund rates resulted from high unemployment rates and joblessness due to the economic recession. This directly impacted the County's Pooled Investment Fund.
- Intergovernmental increased due to the combined effect of recognition of an additional \$57 million of restricted revenue for health programs to governmental funds for the current year, a restatement of prior year revenue in the amount of \$40 million, and an accrual of \$7 million for realignment sales tax revenue.
- Charges for sales and services decreased by \$18.196 million, due to a restatement of prior year revenues.
- Fines, forfeitures and penalties increased primarily due to collection of delinquent penalties related to Teeter.

Expenditures for governmental functions totaled \$2,363,302 in fiscal year 2010-11, which represents a decrease of 1.2% from fiscal year 2009-10.

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 2011		FY 2010		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 151,978	6.43%	143,739	6.01%	8,239	5.73%
Public assistance	666,033	28.18%	653,640	27.31%	12,393	1.90%
Public protection	633,933	26.82%	597,467	24.97%	36,466	6.10%
Health and sanitation	513,468	21.73%	559,019	23.36%	(45,551)	(8.15%)
Public ways and facilities	102,705	4.35%	115,672	4.83%	(12,967)	(11.21%)
Recreation and culture	33,896	1.43%	34,693	1.45%	(797)	(2.30%)
Education	2,988	0.13%	20,229	0.84%	(17,241)	(85.23%)
Capital outlay	47,840	2.02%	77,061	3.22%	(29,221)	(37.92%)
Debt service:						
Principal	85,295	3.61%	81,356	3.40%	3,939	4.84%
Interest and fiscal charges	125,166	5.30%	109,087	4.56%	16,079	14.74%
Bond issuance costs			1,217	0.05%	(1,217)	(100.00%)
Total	<u>\$ 2,363,302</u>	<u>100.00%</u>	<u>2,393,180</u>	<u>100.00%</u>	<u>(29,878)</u>	<u>(1.25%)</u>

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

General Government: Increase is primarily due to the payoff of a loan to Sacramento Housing and Redevelopment Agency (\$2.9 million), increased costs for elections (\$2) and increased County Counsel costs related to social litigation, labor issues and on-going budget issues (\$1.1 million).

Public Assistance: Increase is primarily due to expenditures of \$17 million for Department of Human Assistance related to identifying a new service delivery model for homeless programs that sustains funding and enhances efforts to end homelessness in Sacramento County.

Public Protection: Increase is due to change in classification of the Sheriff's Correctional Health Program to this function of \$36 million. This program is more appropriately reflected with the Sheriff's Department expenditures.

Health and Sanitation: Decrease of \$36 million is due to reclassification of the Sheriff's Correctional Health Program from this function to the Public Protection function where the Sheriff's Department expenditures are reported.

Public Ways and Facilities: Decrease expenditures for road improvement due to decrease in funding for Transportation Sales Tax.

Education: Reduction is due to change in accounting for Library JPA property tax dollars. The revenue and expenditures are no longer recorded in the Special Revenue fund for the Library due to a Library JPA Board resolution adopted to change the distribution of these funds and go directly to the Library JPA.

Capital Outlay: Decrease costs are related to reduced expenditures in Fixed Asset Acquisition fund (\$11 million) and reduced costs in Tobacco Litigation Settlement (\$17 million).

Interest and fiscal charges: Increase due to \$12 million increase debt service for Pension Obligation Bonds in addition to new interest charges of \$5 million for 2010 COP refunding.

Bond issuance costs: No new bond issuances for current year.

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

	FY 2011	FY 2010	Increase/(Decrease)	
			Amount	Percent
Transfers in	\$ 173,174	\$ 180,332	(7,158)	(3.97%)
Transfers out	(158,246)	(155,924)	(2,322)	1.49%
Issuance of debt	46,012	64,470	(18,458)	(28.63%)
Capital leases obligations	29		29	100.00%
Refunding debt issued		123,950	(123,950)	(100.00%)
Premiums on debt issued		1,770	(1,770)	(100.00%)
Swap termination payment		(10,180)	10,180	(100.00%)
Payment to refunded bonds escrow agent		(103,008)	103,008	(100.00%)
Total other financing sources (uses)	<u>\$ 60,969</u>	<u>101,410</u>	<u>(40,441)</u>	<u>(39.88%)</u>

- Transfers in/out: Decrease for transfers in primarily due to decreases in debt service reimbursements from Internal Service and Enterprise funds and increases in transfers out are primarily due to increase transfers for Pension Obligation Bond Debt Service

- Issuance of debt: Decrease is due primarily to \$18 million less in loan agreements to fund the alternative method of distributing property taxes (Teeter Plan).
- Refunding debt issued, Premiums on debt issued, Swap termination payment, and Payment to refund bond escrow: Decreases due to no similar transactions in fiscal year 2010-11.

**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 System were \$85,403, Solid Waste \$38,356, Water Agency \$33,102, and Parking Enterprise \$1,007. The internal service funds that are used to account for certain governmental activities had unrestricted net assets of negative \$13,817.

The Airport System's total net assets increased by \$24,004 during fiscal year ended June 30, 2011 primarily due to a combination of operating income of \$7,490, net non-operating income of \$4,466 and capital contribution of \$14,556.

Solid Waste's total net assets increased by \$6,591 during fiscal year ended June 30, 2011. This increase was due to a combination of operating income of \$6,130, net non-operating income of \$2,165, a special item gain of \$1,200 partially offset with a net transfer out of \$2,904.

The Water Agency's total net assets increased by \$30,641 during fiscal year ended June 30, 2011. This increase was due primarily to a combination of operating income of \$27,402, net non-operating income of \$1,258, and capital contribution of \$1,502.

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			Internal
	Airport System	Solid Waste	Water Agency	Parking Enterprise	County Transit	Totals	Service Funds
Operating revenues	\$ 118,618	64,329	53,788	3,148	142	240,025	338,274
Operating expenses	(111,128)	(58,199)	(26,386)	(1,760)	(1,562)	(199,035)	(332,780)
Operating income (loss)	7,490	6,130	27,402	1,388	(1,420)	40,990	5,494
Non-operating revenues, net	4,466	2,165	1,258	(117)	1,605	9,377	1,839
Income before capital contributions and transfers	11,956	8,295	28,660	1,271	185	50,367	7,333
Transfers in (out)	(2,508)	(2,904)	479	(39)		(4,972)	(9,956)
Capital contributions	14,556		1,502		75	16,133	
Special Item, Abatement of regulatory fees		1,200				1,200	
Changes in net assets	\$ 24,004	6,591	30,641	1,232	260	62,728	(2,623)

The income before capital contributions and transfers of enterprise funds of \$50,367 resulted primarily from net increases for the Airport System of \$11,956, Solid Waste of \$8,295, Water Agency of \$28,660 and a net increase for other non-major enterprise funds of \$1,456.



## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the Original Budget and the Final Budget resulted in a \$71.1 million increase in appropriations and are briefly summarized as follows:

**General Government:** The budget for General Government increased. Budgets for legislative and administrative functions increased by \$0.5 million and election functions increased by \$0.4 million. Budgets for central finance functions decreased by \$0.5 million and other General Governmental functions decreased by \$0.4 million.

**Public Assistance:** The budget for Public Assistance increased \$33.5 million due to additional local revenues resulting in increased federal and State revenues.

**Public Protection:** The budget for Public Protection increased by \$8.9 million. The Sheriff's Department budget increased by \$4.5 million and the Emergency Operations' budget increased by \$4.2 million due to grant awards. The District Attorney's budget was increased by \$1.4 million. The Probation Department budget was reduced by \$1.6 million. Additionally, the budgets of Other Public Protection programs were increased by an aggregate of \$0.4 million, including the Planning, Public Defender, Conflict Criminal Defender, the Coroner, Court costs and Animal Care.

**Health and Sanitation:** The budget for Health and Sanitation increased by \$24.1 million. The Department of Health and Human Services budget increased by \$28.0 million due to court ordered program reinstatement in Public Health clinics and Mental Health services. In-Home Supportive Services provider payment budget decreased by \$2.5 million and the County Medically Indigent Service Program medical treatment budget decreased by \$3.9 million due to workload issues and enhanced federal revenues.

**Recreation and Culture:** The budget for Transient Occupancy Tax increased by \$4.2 million to fund general fund operations.

Actual revenues were \$59 million less than budgetary estimates. The under-collection of revenues was due to local economic conditions. Reduced health and social service program costs 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 \$191.7 million less than budgetary estimates, primarily due to the accumulation of vacant positions in anticipation of reductions in the next fiscal year and reduced caseloads. Also the expenditures in Interagency Procurement (Fund 030) for actual project costs were \$46.2 million less than had been originally budgeted through the Fixed Asset Acquisition Fund. Caseload costs for health, behavioral health, and human assistance were also 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, 2011, amounted to \$4,045,229, net of accumulated depreciation. This investment in capital assets includes land and easements, computer software and other intangibles, water facility rights, 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 10 percent.

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

Schedule of Capital Assets  
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2011	2010	2011	2010	2011	2010	Percent of Change
Non depreciable:							
Land	\$ 120,857	\$ 116,787	87,179	86,993	208,036	203,780	2.09%
Construction in progress	94,508	141,883	1,397,359	1,040,948	1,491,867	1,182,831	26.13%
Easement-Perm	1,769	989	25	13	1,794	1,002	79.04%
Other Intangible	433		1,904	1,904	2,337	1,904	22.74%
Water facility rights			24,592	20,864	24,592	20,864	17.87%
Depreciable:							
Buildings and improvements	454,350	418,103	568,818	555,034	1,023,168	973,137	5.14%
Infrastructure	1,097,211	1,104,265	114,143	91,858	1,211,354	1,196,123	1.27%
Equipment	41,761	50,552	25,172	29,690	66,933	80,242	(16.59%)
Computer Software	14,129	17,082			14,129	17,082	(17.29%)
Water facility rights			1,019	1,044	1,019	1,044	(2.39%)
Total	<u>\$ 1,825,018</u>	<u>1,849,661</u>	<u>2,220,211</u>	<u>1,828,348</u>	<u>4,045,229</u>	<u>3,678,009</u>	<u>9.98%</u>

The following provides an explanation of significant changes in capital assets (amounts expressed in millions):

- Land: Increase is due to Fair Oaks Road Project (\$4).
- Buildings and improvements: Increase is due to Airports Terminal Modernization Program (\$15.8), and Receiving Facility (\$7.7), New Juvenile Court Building (\$33.8), Juvenile Center-Four 30-Bed Housing Units (\$16.4), and depreciation associated with Governmental activities (-\$24.2).
- Water facility rights: Increase is due to Water Agency Enterprise Fund SMUD Water Right Project (\$3.7)
- Infrastructure: Increase is due to Water Agency (\$9.6), and Road Fund projects (\$5.6).
- Construction in progress: Increase is due to Airport Terminal Modernization Program wide costs (\$298.8), Water Project (\$55.8), Juvenile Hall expansion (\$3.2), and Government projects capitalized to Structures (-\$53.6).
- Equipment: Decrease is due to Regional Radio (-\$5.6), Governmental activities (-\$2.3), Waste Management (-\$4.4).
- Computer Software: Decrease is due to depreciation associated with Governmental activities (-\$2.1)

Additional information on the County's capital assets can be found in Note 6 on pages 62-64.

**Debt Administration**

At June 30, 2011 the County's governmental activities had long-term obligations, totaling \$1.886 billion. Of this amount \$323 million are Certificates of Participation, \$247 million are Revenue bonds for cash settlement of the tobacco settlement agreement, and \$94 million are revenue bonds to finance redevelopment projects in designated redevelopment project areas in the City and County of Sacramento. In addition, compensated absences amounted to \$100 million and capital lease obligations were \$9 million.

Other significant long-term obligations include \$51 million in loan agreements to fund the alternative method of distributing property taxes (Teeter Plan), and \$916 million in bonds issued to eliminate the unfunded pension obligation existing between the County and the Sacramento County Employees' Retirement System, and \$131 million for derivative instrument liability, which represents the negative fair value of the County's interest rate swap derivative instruments. The remaining represents various other debt obligations.

Proprietary Funds had long-term obligations of approximately \$1.638 billion. This includes \$2 million of refunding certificates of participation for the construction of parking garages, \$1.144 billion of Airport System revenue bonds and other Airport debt, \$20.949 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 \$471 million.

For the year ended June 30, 2011, the County's total long-term obligations had a net increase of \$30,554. The increase resulted primarily from the of issuance of Airport revenue bonds to continue financing the Terminal Modernization Program (\$128 million) and an increase in OPEB liability (\$9 million), combined with decreases resulting primarily from scheduled principal retirements of revenue and pension obligation bonds, and certificates of participation (\$63 million), a decrease in derivative instrument liability (\$35 million) and payoff of escrow retentions (\$10 million).

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

Schedule of Long Term Debt  
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2011	2010	2011	2010	2011	2010	Amount	Percent
<b>Governmental activities:</b>								
Compensated absences	\$ 100,210	103,702	6,896	6,561	107,106	110,263	(3,157)	(2.86%)
Certificates of participation	323,510	340,285	21,180	23,205	344,690	363,490	(18,800)	(5.17%)
Teeter notes	50,961	56,419			50,961	56,419	(5,458)	(9.67%)
Pension obligation bonds	916,168	931,453			916,168	931,453	(15,285)	(1.64%)
Revenue bonds	340,957	342,722	1,210,285	1,097,430	1,551,242	1,440,152	111,090	7.71%
Accreted Interest	12,644	10,462			12,644	10,462	2,182	20.86%
OPEB Liability	13,978	5,900	998	440	14,976	6,340	8,636	136.21%
Other long-term debt	6,105	7,178	54	156	6,159	7,334	(1,175)	(16.02%)
Capital lease obligations	8,711	9,972			8,711	9,972	(1,261)	(12.65%)
Derivative instrument liability	131,268	155,999	37,649	47,437	168,917	203,436	(34,519)	(16.97%)
Borrowing payable	16,378	17,753			16,378	17,753	(1,375)	(7.75%)
Deferred amounts								
For issuance premiums	2,676	2,782	18,118	15,792	20,794	18,574	2,220	11.95%
For issuance discounts	(4,655)	(4,798)	(7,116)	(7,363)	(11,771)	(12,161)	390	(3.21%)
On refundings	(33,075)	(36,894)	(20,622)	(22,712)	(53,697)	(59,606)	5,909	(9.91%)
PFC and subordinate revenue bonds			351,745	363,330	351,745	363,330	(11,585)	(3.19%)
Reimbursement agreements			2,428	2,413	2,428	2,413	15	0.62%
Usage fee - City			7,027	7,903	7,027	7,903	(876)	(11.08%)
Water rights - SMUD assignment			7,728	4,000	7,728	4,000	3,728	93.20%
SMUD transformer			1,817	1,904	1,817	1,904	(87)	(4.57%)
Escrow retentions				10,038		10,038	(10,038)	(100.00%)
Total	<u>\$ 1,885,836</u>	<u>1,942,935</u>	<u>1,638,187</u>	<u>1,550,534</u>	<u>3,524,023</u>	<u>3,493,469</u>	<u>30,554</u>	<u>0.87%</u>

Additional information regarding the County's long-term debt can be found in Note 9 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 \$6.9 million in the fiscal year 2011-12 budget, a 1.9 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 increased by \$3.7 million in the fiscal year 2011-12 budget, a 6.2 percent increase. This projected revenue is based on actual fiscal year 2010-11 collections and available actual collections in the budget year.
  - Proposition 172 revenue was unchanged for fiscal year 2011-12. This revenue is based on State wide average actual collections in fiscal year 2010-11.
  - Realignment revenue decreased by \$7.8 million in the Fiscal Year 2011-12 budget, a 4.6 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 slightly in the budget year.
- The fiscal year 2011-12 budget included increased salaries only for employees represented by the Deputy Sheriff's Association, Law Enforcement Management Association and the Probation Association. No other employees received increases.
- The fiscal year 2011-12 General Fund budget included reductions of \$90.0 million. Positions were reduced by approximately 263, resulting in approximately 168 employee layoffs.
- An unaudited General Fund balance/carryover of \$9.4 million was included in the budget. Of this amount, the General Purpose Financing net improvement was approximately \$6.0 million. The remainder was year-end net 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 3650, Sacramento, CA 95814.

---

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **FINANCIAL SECTION**

### **BASIC FINANCIAL STATEMENTS**

---

Intentionally Blank

**COUNTY OF SACRAMENTO  
GOVERNMENT-WIDE  
STATEMENT OF NET ASSETS  
JUNE 30, 2011  
(amounts expressed in thousands)**

Page 1 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 734,265	220,714	954,979
Restricted cash and investments		90,128	90,128
Receivables, net of allowance for uncollectibles:			
Billed	37,277	26,442	63,719
Interest			
Intergovernmental	173,254	21,715	194,969
Internal balances	(17,205)	17,205	
Prepaid expenses	33	9,609	9,642
Inventories	3,110	218	3,328
Total current assets	<u>930,734</u>	<u>386,031</u>	<u>1,316,765</u>
Noncurrent assets:			
Restricted assets		253,946	253,946
Long-term receivables	170,600		170,600
Deferred charges	23,988	22,200	46,188
Deferred outflow of resources	120,378	37,649	158,027
Pension asset	1,023,052		1,023,052
Capital assets:			
Land and other nondepreciable assets	217,567	1,511,059	1,728,626
Facilities, infrastructure, equipment and intangibles, net of depreciation and amortization	<u>1,607,451</u>	<u>709,152</u>	<u>2,316,603</u>
Total capital assets	<u>1,825,018</u>	<u>2,220,211</u>	<u>4,045,229</u>
Total noncurrent assets	<u>3,163,036</u>	<u>2,534,006</u>	<u>5,697,042</u>
Total assets	<u>\$ 4,093,770</u>	<u>2,920,037</u>	<u>7,013,807</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, 2011  
(amounts expressed in thousands)**

Page 2 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities:			
Current liabilities:			
Warrants payable	\$ 25,872	14,744	40,616
Accrued liabilities	101,876	13,409	115,285
Intergovernmental payable	84,347	2,417	86,764
Current portion of accrued interest payable	9,870		9,870
Payable to external parties	162	25	187
Current portion of insurance claims payable	39,357		39,357
Current portion of long-term debt obligations	62,930	33,539	96,469
Current liabilities payable from restricted assets		76,160	76,160
Unearned revenue	5,392	2,342	7,734
Total current liabilities	<u>329,806</u>	<u>142,636</u>	<u>472,442</u>
Noncurrent liabilities:			
Insurance claims payable	153,752		153,752
Accreted interest	381,920		381,920
Long-term debt obligations	1,822,906	1,604,648	3,427,554
Landfill closure and postclosure care		16,346	16,346
Total noncurrent liabilities	<u>2,358,578</u>	<u>1,620,994</u>	<u>3,979,572</u>
Total liabilities	<u>2,688,384</u>	<u>1,763,630</u>	<u>4,452,014</u>
Net assets:			
Invested in capital assets, net of related debt	1,378,390	790,799	2,169,189
Restricted for:			
Bond reserves		52,359	52,359
Landfill closure		8,637	8,637
Kiefer Wetlands Preserve		876	876
Debt service	167,233	88,263	255,496
Capital projects	34,774		34,774
Passenger facility charges		26,066	26,066
Future construction		2,622	2,622
Endowments:			
Expendable		60	60
Nonexpendable		2,027	2,027
Fire protection	30		30
Health programs	151,437		151,437
Transportation	31,079	1,378	32,457
Lighting and landscape maintenance	2,823		2,823
Community facilities	3,091		3,091
Fish and game	31		31
Unrestricted	<u>(363,502)</u>	<u>183,320</u>	<u>(180,182)</u>
Total net assets	<u>1,405,386</u>	<u>1,156,407</u>	<u>2,561,793</u>
Total liabilities and net assets	<u>\$ 4,093,770</u>	<u>2,920,037</u>	<u>7,013,807</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, 2011  
(amounts expressed in thousands)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 191,427	112,818	1,140	83	(77,386)		(77,386)
Public assistance	674,543	8,858	609,942	3	(55,740)		(55,740)
Public protection	673,751	122,315	65,455	2,339	(483,642)		(483,642)
Health and sanitation	528,449	28,783	462,519	2,412	(34,735)		(34,735)
Public ways and facilities	122,752	31,660	29,854	19,647	(41,591)		(41,591)
Recreation and culture	35,990	14,435	5	173	(21,377)		(21,377)
Education	3,578	448	1	1	(3,128)		(3,128)
Interest and fiscal charges	140,419				(140,419)		(140,419)
Total governmental activities	<u>2,370,909</u>	<u>319,317</u>	<u>1,168,916</u>	<u>24,658</u>	<u>(858,018)</u>		<u>(858,018)</u>
Business-type activities:							
Airport	128,941	121,516	18,970	14,556		26,101	26,101
Solid Waste	59,433	67,970	300			8,837	8,837
Water Agency	28,174	54,999	1,442	1,502		29,769	29,769
Parking Enterprise	1,914	3,195				1,281	1,281
County Transit	1,597	164	1,052	75		(306)	(306)
Total business-type activities	<u>220,059</u>	<u>247,844</u>	<u>21,764</u>	<u>16,133</u>		<u>65,682</u>	<u>65,682</u>
Total primary government	<u>\$ 2,590,968</u>	<u>567,161</u>	<u>1,190,680</u>	<u>40,791</u>	<u>(858,018)</u>	<u>65,682</u>	<u>(792,336)</u>
General revenues:							
Taxes:							
Property					383,651		383,651
Sales / use					59,614	554	60,168
Transient occupancy					3,483		3,483
Unrestricted investment earnings					1,250	1,018	2,268
Grants and contributions not restricted to specific programs					230,748		230,748
Pledged tobacco settlement proceeds					12,365		12,365
Miscellaneous					120,593		120,593
Transfers					4,972	(4,972)	
Special Item, Abatement of regulatory fees						1,200	1,200
Extraordinary item, AB 99 obligation					(48,448)		(48,448)
Total general revenues, special/extraordinary item, and transfers					<u>768,228</u>	<u>(2,200)</u>	<u>766,028</u>
Changes in net assets					(89,790)	63,482	(26,308)
Net assets, beginning of year, as restated					1,495,176	1,092,925	2,588,101
Net assets, end of year					<u>\$ 1,405,386</u>	<u>1,156,407</u>	<u>2,561,793</u>

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

**COUNTY OF SACRAMENTO  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2011  
(amounts expressed in thousands)**

	General	Nonmajor Governmental Funds	Total
Assets:			
Cash and investments	\$ 149,457	457,673	607,130
Receivables:			
Billed	19,959	13,157	33,116
Intergovernmental	164,099	5,179	169,278
Due from other funds	24,367	17,190	41,557
Inventories	1,428		1,428
Long-term advances to other funds		24,317	24,317
Long-term receivables	34,923	135,426	170,349
Total assets	<u>\$ 394,233</u>	<u>652,942</u>	<u>1,047,175</u>
Liabilities and fund balances:			
Liabilities:			
Warrants payable	\$ 17,171	4,357	21,528
Accrued liabilities	59,062	27,495	86,557
Intergovernmental payable	23,261	59,411	82,672
Due to other funds	45,430	17,484	62,914
Deferred revenues	34,830	102,653	137,483
Long-term advances from other funds	78,592		78,592
Total liabilities	<u>258,346</u>	<u>211,400</u>	<u>469,746</u>
Fund balances:			
Nonspendable	15,435	6,128	21,563
Restricted	151,287	437,388	588,675
Unassigned	(30,835)	(1,974)	(32,809)
Total fund balances	<u>135,887</u>	<u>441,542</u>	<u>577,429</u>
Total liabilities and fund balances	<u>\$ 394,233</u>	<u>652,942</u>	<u>1,047,175</u>

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

**COUNTY OF SACRAMENTO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**  
**(amounts expressed in thousands)**

Fund balances - total governmental funds	\$ 577,429
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,790,060
Pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds.	1,023,052
Bond issuance costs of the governmental activities are not financial resources and, therefore are not reported in the funds.	22,352
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,139,725)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	136,529
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.	(4,311)
Net assets of governmental activities	<u>\$ 1,405,386</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, 2011  
(amounts expressed in thousands)**

	General	Nonmajor Governmental Funds	Total
Revenues:			
Taxes	\$ 413,219	39,259	452,478
Use of money and property	4,447	7,610	12,057
Licenses and permits	11,273	28,914	40,187
Intergovernmental	1,309,517	122,841	1,432,358
Charges for sales and services	124,415	59,623	184,038
Fines, forfeitures and penalties	22,973	26,783	49,756
Pledged tobacco settlement proceeds		12,365	12,365
Miscellaneous	77,952	42,641	120,593
Total revenues	<u>1,963,796</u>	<u>340,036</u>	<u>2,303,832</u>
Expenditures:			
Current:			
General government	85,674	66,304	151,978
Public assistance	666,032	1	666,033
Public protection	621,281	12,652	633,933
Health and sanitation	463,511	49,957	513,468
Public ways and facilities		102,705	102,705
Recreation and culture	18,167	15,729	33,896
Education	325	2,663	2,988
Capital outlay		47,840	47,840
Debt service:			
Principal		85,295	85,295
Interest and fiscal charges		125,166	125,166
Total expenditures	<u>1,854,990</u>	<u>508,312</u>	<u>2,363,302</u>
Excess (deficiency) of revenues over (under) expenditures	<u>108,806</u>	<u>(168,276)</u>	<u>(59,470)</u>
Other financing sources (uses):			
Transfers in	29,756	143,418	173,174
Transfers out	(89,221)	(69,025)	(158,246)
Issuance of debt		46,012	46,012
Capital leases obligations		29	29
Total other financing sources (uses)	<u>(59,465)</u>	<u>120,434</u>	<u>60,969</u>
Net change in fund balance before extraordinary item	49,341	(47,842)	1,499
AB 99 obligation		(48,448)	(48,448)
Net change in fund balances	<u>49,341</u>	<u>(96,290)</u>	<u>(46,949)</u>
Fund balances - beginning, as restated	86,546	537,832	624,378
Fund balances - ending	<u>\$ 135,887</u>	<u>441,542</u>	<u>577,429</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, 2011**  
**(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	(46,949)
--	----	----------

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 exceeded depreciation in the current period.		(19,189)
---	--	----------

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.		(8,898)
---	--	---------

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.		40,376
---	--	--------

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.		(31,791)
---	--	----------

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.		(19,962)
--	--	----------

The net revenues of certain activities of internal service funds is reported with governmental activities.		(3,377)
--	--	---------

Change in net assets of governmental activities	\$	(89,790)
---	----	----------

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, 2011  
(amounts expressed in thousands)**

Page 1 of 2

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 418,855	415,969	413,219	(2,750)
Use of money and property	7,957	7,954	4,447	(3,507)
Licenses and permits	11,407	11,257	11,273	16
Intergovernmental	1,279,443	1,336,340	1,309,517	(26,823)
Charges for sales and services	147,527	147,456	124,415	(23,041)
Fines, forfeitures and penalties	27,213	27,615	22,973	(4,642)
Miscellaneous	67,996	76,162	77,952	1,790
Total revenues	1,960,398	2,022,753	1,963,796	(58,957)
Expenditures:				
Current:				
General government:				
Legislative and administrative	64,777	65,265	10,681	54,584
Finance	45,369	44,843	37,347	7,496
Counsel	6,083	5,912	5,055	857
Human resources	12,810	12,884	11,852	1,032
Elections	9,414	9,832	7,808	2,024
Other	13,552	13,330	12,931	399
Total general government	152,005	152,066	85,674	66,392
Public assistance:				
Administration	239,828	271,816	257,889	13,927
Aid programs	377,998	379,478	376,528	2,950
Other	34,603	34,786	31,615	3,171
Total public assistance	652,429	686,080	666,032	20,048

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, 2011  
(amounts expressed in thousands)**

Page 2 of 2

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Public protection:				
Judicial	165,969	167,565	164,416	3,149
Police protection	210,056	222,501	216,924	5,577
Detention and correction	224,169	214,626	202,792	11,834
Protection and inspection	4,114	4,573	3,988	585
Other	40,127	44,053	33,161	10,892
Total public protection	644,435	653,318	621,281	32,037
Health and sanitation	512,494	536,562	463,511	73,051
Public ways and facilities	67	133		133
Recreation and culture	13,830	18,167	18,167	
Education	325	339	325	14
Total expenditures	1,975,585	2,046,665	1,854,990	191,675
Excess (deficiency) of revenues over (under) expenditures	(15,187)	(23,912)	108,806	132,718
Other financing sources (uses):				
Transfers in	34,951	34,951	29,756	(5,195)
Transfers out	(94,577)	(94,577)	(89,221)	5,356
Total other financing sources (uses)	(59,626)	(59,626)	(59,465)	161
Net change in fund balance before	\$ (74,813)	(83,538)	49,341	132,879

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, 2011  
(amounts expressed in thousands)**

Page 1 of 2

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airport System	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Assets:						
Current assets:						
Cash and investments	\$ 131,960	54,284	31,783	2,687	220,714	127,135
Restricted cash and investments	88,025		2,103		90,128	
Receivables, net of allowance for uncollectibles:						
Billed	8,314	10,077	8,031	20	26,442	4,161
Intergovernmental	20,237	612		866	21,715	3,976
Due from other funds	43	110	68	145	366	48,914
Prepaid expenses	9,609				9,609	33
Inventories	218				218	1,682
Total current assets	258,406	65,083	41,985	3,718	369,192	185,901
Noncurrent assets:						
Restricted assets	217,729	9,513	26,704		253,946	
Long-term advances to other funds						62,060
Long-term receivables						251
Deferred charges	18,346	524	3,330		22,200	1,636
Deferred outflow of resources			37,649		37,649	
Capital assets:						
Land and other nondepreciable assets	946,173	36,662	526,915	1,309	1,511,059	
Facilities, infrastructure, equipment and intangibles, net of depreciation and amortization	364,143	81,330	260,729	2,950	709,152	34,958
Total capital assets	1,310,316	117,992	787,644	4,259	2,220,211	34,958
Total noncurrent assets	1,546,391	128,029	855,327	4,259	2,534,006	98,905
Total assets	\$ 1,804,797	193,112	897,312	7,977	2,903,198	284,806

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, 2011  
(amounts expressed in thousands)**

Page 2 of 2

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airport System	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Liabilities:						
Current liabilities:						
Warrants payable	\$ 14,081	565	93	5	14,744	4,344
Accrued liabilities	6,582	2,969	3,489	369	13,409	15,319
Intergovernmental payable	869	68	1,480		2,417	1,675
Due to other funds	2,894	3,536	334	8	6,772	21,338
Current portion of insurance claims payable						39,357
Current portion of long-term debt obligations	18,592	1,331	12,986	630	33,539	1,174
Current liabilities payable from restricted assets	76,160				76,160	
Unearned revenue	2,342				2,342	4,438
Total current liabilities	121,520	8,469	18,382	1,012	149,383	87,645
Noncurrent liabilities:						
Insurance claims payable						153,752
Long-term debt obligations	1,125,604	19,619	458,513	912	1,604,648	16,349
Long-term advances from other funds		1,664		202	1,866	5,919
Landfill closure and postclosure care		16,346			16,346	
Total noncurrent liabilities	1,125,604	37,629	458,513	1,114	1,622,860	176,020
Total liabilities	1,247,124	46,098	476,895	2,126	1,772,243	263,665
Net assets:						
Invested in capital assets, net of related debt	330,396	99,145	358,508	2,750	790,799	34,958
Restricted for:						
Bond reserves	26,645		25,714		52,359	
Landfill closure		8,637			8,637	
Kiefer Wetlands Preserve		876			876	
Debt service	87,076		990	197	88,263	
Passenger facility charges	26,066				26,066	
Transportation				1,378	1,378	
Future construction			2,103	519	2,622	
Endowments:						
Expendable	60				60	
Nonexpendable	2,027				2,027	
Unrestricted	85,403	38,356	33,102	1,007	157,868	(13,817)
Total net assets	557,673	147,014	420,417	5,851	1,130,955	21,141
Total liabilities and net assets	\$ 1,804,797	193,112	897,312	7,977		284,806
Adjustment to reflect internal service fund activities related to enterprise funds					25,452	
Net assets of business-type activities					\$ 1,156,407	

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, 2011  
(amounts expressed in thousands)**

	Business-type Activities - Enterprise Funds					Governmental
	Airport System	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	Activities-Internal Service Funds
Operating revenues:						
Charges for sales and services	\$ 118,533	63,644	50,770	3,289	236,236	326,343
Other	85	685	3,018	1	3,789	11,931
Total operating revenues	<u>118,618</u>	<u>64,329</u>	<u>53,788</u>	<u>3,290</u>	<u>240,025</u>	<u>338,274</u>
Operating expenses:						
Salaries and benefits	33,609	24,534	6,542	475	65,160	132,446
Services and supplies	46,242	25,617	9,415	1,032	82,306	126,940
Cost of sales and services	543				543	5,132
Depreciation and Amortization	29,751	7,585	8,950	487	46,773	11,941
Self-insurance						54,636
Landfill closure costs		398			398	
Other	983	65	1,479	1,328	3,855	1,685
Total operating expenses	<u>111,128</u>	<u>58,199</u>	<u>26,386</u>	<u>3,322</u>	<u>199,035</u>	<u>332,780</u>
Operating income (loss)	<u>7,490</u>	<u>6,130</u>	<u>27,402</u>	<u>(32)</u>	<u>40,990</u>	<u>5,494</u>
Nonoperating revenues (expenses):						
Use of money and property	413	294	304	7	1,018	83
Intergovernmental	622	300	1,442	1,052	3,416	1,363
Passenger facility charges	18,348				18,348	
Sales / use tax				554	554	
Interest expense	(15,474)	(1,113)	(488)	(121)	(17,196)	(767)
Other	557	2,684		(4)	3,237	1,160
Total nonoperating revenues (expenses)	<u>4,466</u>	<u>2,165</u>	<u>1,258</u>	<u>1,488</u>	<u>9,377</u>	<u>1,839</u>
Income before capital contributions and transfers	<u>11,956</u>	<u>8,295</u>	<u>28,660</u>	<u>1,456</u>	<u>50,367</u>	<u>7,333</u>
Transfers in			1,170		1,170	
Transfers out	(2,508)	(2,904)	(691)	(39)	(6,142)	(9,956)
Capital contributions	<u>14,556</u>		<u>1,502</u>	<u>75</u>	<u>16,133</u>	
Changes in net assets before special item	<u>24,004</u>	<u>5,391</u>	<u>30,641</u>	<u>1,492</u>	<u>61,528</u>	<u>(2,623)</u>
Abatement of regulatory fees		1,200			1,200	
Net assets, beginning of year	<u>533,669</u>	<u>140,423</u>	<u>389,776</u>	<u>4,359</u>		<u>23,764</u>
Net assets, end of year	<u>\$ 557,673</u>	<u>147,014</u>	<u>420,417</u>	<u>5,851</u>		<u>21,141</u>
Adjustment to reflect internal service fund activities related to enterprise funds.					754	
Change in net assets of business-type activities					<u>\$ 63,482</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, 2011  
(amounts expressed in thousands)**

Page 1 of 2

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Airport System	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users	\$ 120,542	56,853	44,902	3,279	225,576	57,158
Receipts from interfund services provided		276			276	287,372
Receipts for other operating activities	160	6,358	3,018		9,536	3,439
Payments to suppliers	(42,891)	(22,622)	(15,603)	(2,168)	(83,284)	(175,401)
Payments to employees	(34,242)	(24,065)	(6,237)	(473)	(65,017)	(137,779)
Payments for other operating activities				(50)	(50)	(1,470)
Payments for interfund services used				(126)	(126)	(24,559)
Net cash provided by (used for) operating activities	<u>43,569</u>	<u>16,800</u>	<u>26,080</u>	<u>462</u>	<u>86,911</u>	<u>8,760</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Receipt on advance from other funds						1,287
Payment on advance from other funds						(6,050)
Transfers from other funds			1,170		1,170	
Transfers to other funds	(2,508)	(2,904)	(691)	(39)	(6,142)	(9,956)
Receipt on advance to other funds						3,000
Payment on advance to other funds				(177)	(177)	(18,000)
Interest paid on advances from other funds						(767)
Intergovernmental revenue	204	3,114		2,062	5,380	1,363
Net cash provided by (used for) noncapital financing activities	<u>(2,304)</u>	<u>210</u>	<u>479</u>	<u>1,846</u>	<u>231</u>	<u>(29,123)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Bond issuance costs	(1,121)				(1,121)	
Passenger facility charges	19,154				19,154	
Capital contributions	14,704				14,704	
Intergovernmental grants received				75	75	
Proceeds from issuance of long-term obligations	131,325				131,325	
Acquisition and construction of capital assets	(312,007)	(4,761)	(68,534)	(74)	(385,376)	(7,126)
Principal paid on long-term obligations	(19,740)	(1,569)	(20,261)	(620)	(42,190)	
Interest paid on long-term obligations	(56,680)	(911)	(18,806)	(121)	(76,518)	
Proceeds from the sale of capital assets	16	364		20	400	1,651
Net cash provided by (used for) capital and related financing activities	<u>(224,349)</u>	<u>(6,877)</u>	<u>(107,601)</u>	<u>(720)</u>	<u>(339,547)</u>	<u>(5,475)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchase of investments	(81,107)		(882)		(81,989)	
Proceeds from sales and maturities of investments	273,045		5,791		278,836	
Interest received on cash and investments	4,559	293	1,614	10	6,476	81
Net cash provided by (used for) investing activities	<u>196,497</u>	<u>293</u>	<u>6,523</u>	<u>10</u>	<u>203,323</u>	<u>81</u>
Net increase (decrease) in cash and cash equivalents	13,413	10,426	(74,519)	1,598	(49,082)	(25,757)
Cash and cash equivalents, beginning of year	281,083	53,371	112,295	1,089	447,838	152,892
Cash and cash equivalents, end of year	<u>\$ 294,496</u>	<u>63,797</u>	<u>37,776</u>	<u>2,687</u>	<u>398,756</u>	<u>127,135</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, 2011  
(amounts expressed in thousands)**

Page 2 of 2

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Airport System	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Cash and investments	\$ 131,960	54,284	31,783	2,687	220,714	127,135
Restricted cash and investments	88,025		2,103		90,128	
Restricted noncurrent assets (net of accrued interest)	217,729	9,513	26,704		253,946	
Less: Long-term investments included in restricted assets	(143,218)		(22,814)		(166,032)	
Cash and cash equivalents	<u>\$ 294,496</u>	<u>63,797</u>	<u>37,776</u>	<u>2,687</u>	<u>398,756</u>	<u>127,135</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	<u>\$ 7,490</u>	<u>6,130</u>	<u>27,402</u>	<u>(32)</u>	<u>40,990</u>	<u>5,494</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and Amortization	29,751	7,585	8,950	487	46,773	11,941
Provision for uncollectible accounts	304				304	
Impact fee credits applied			(3,798)		(3,798)	
Other nonoperating revenue	160	(416)			(256)	745
Other nonoperating expense						(598)
Changes in assets and liabilities:						
Receivables:						
Billed	(33)	(476)	(2,751)	(10)	(3,270)	414
Intergovernmental		(232)			(232)	(1,589)
Due from other funds		(11)	680	(85)	584	(20,664)
Prepaid expenses	68				68	(33)
Inventories						197
Long-term receivables						125
Warrants payable	1,793	353		(40)	2,106	(1,700)
Accrued liabilities	1,986	914	(5,594)	181	(2,513)	(2,594)
Intergovernmental payable			(34)		(34)	(1,686)
Due to other funds		2,468	173	(41)	2,600	12,694
Deferred revenues	1,653				1,653	14
Landfill closure and postclosure care		161			161	
Deferred charges						1,636
Compensated absences	150	115	980	(3)	1,242	(2,622)
Other post employment benefits	284	209	72	5	570	1,638
Insurance claims payable	(37)				(37)	5,348
Total adjustments	<u>36,079</u>	<u>10,670</u>	<u>(1,322)</u>	<u>494</u>	<u>45,921</u>	<u>3,266</u>
Net cash provided by (used for) operating activities	<u>\$ 43,569</u>	<u>16,800</u>	<u>26,080</u>	<u>462</u>	<u>86,911</u>	<u>8,760</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributed assets			1,502		1,502	
Amortization of bonds premium			350		350	
Increase in fair market value of investments			(11)		(11)	

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, 2011**  
(amounts expressed in thousands)

	Agency	Investment Trust
Assets:		
Cash and investments	\$ 198,221	\$ 1,870,795
Receivables, net of allowance for uncollectibles:		
Billed	6,599	
Interest	328	
Intergovernmental	499	
Due from other funds	187	
Prepaid expenses	22	
Total assets	<u>\$ 205,856</u>	<u>\$ 1,870,795</u>
Liabilities:		
Warrants payable	\$ 11,961	
Accrued liabilities	5,870	
Intergovernmental payable	188,025	
Total liabilities	<u>\$ 205,856</u>	
Net assets held in trust for pool participants		<u>\$ 1,870,795</u>

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, 2011**  
(amounts expressed in thousands)

	<u>Investment Trust</u>
Additions:	
Contributions on pooled investments	\$ 8,142,513
Use of money and property	<u>86,877</u>
Total additions	8,229,390
Deductions:	
Distributions from pooled investments	<u>7,987,764</u>
Net decrease in net assets	241,626
Net assets held in trust for pool participants, beginning of year	<u>1,629,169</u>
Net assets held in trust for pool participants, end of year	<u><u>\$ 1,870,795</u></u>

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 (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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:	Special Revenue Fund Other:
County Service Area Number One	Natomas Fire District
Sacramento County Landscape Maintenance District	County Service Area Number Ten
	Water Agency Special Revenue Fund
Park Districts and Park Service Areas Special Revenue Fund:	First Five Commission
Del Norte Oaks Park Maintenance District	
Mission Oaks Recreation and Park District	Enterprise Fund:
Carmichael Recreation and Park District	Water Agency Water Supply
Sunrise Recreation and Park District	
County Service Area Number Four	

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 and is accounted for in debt service and special revenue funds.

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, 2011**  
**(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 and is accounted for in a debt service fund.

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 and is accounted for in a debt service fund.

**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:

**AGENCY**

Sacramento Area Council of Governments  
Sacramento Employment and Training Agency  
Sacramento Area Flood Control Agency  
Sacramento Metropolitan Cable Television Commission  
Sacramento Housing and Redevelopment Agency  
Sacramento Transportation Agency  
Local Agency Formation Commission  
Sacramento/Placerville Transportation  
Sacramento Metropolitan Air Quality District  
Solid Waste Authority  
Library Joint Powers Authority

**PURPOSE**

Regional planning (primarily transportation)  
Coordination of Federal and State funding for job programs  
Regional flood control issues  
Administration of the franchising and licensing of cable TV services  
Housing/redevelopment projects  
Administration of County-wide transportation projects  
Formation of districts and cities within the County  
Acquisition of rail lines for a transportation corridor  
Monitor and enforce air quality  
Regulate commercial waste collection franchises and regional programs  
Library operations

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Joint Powers Agencies (JPA) continued:

<u>AGENCY</u>	<u>PURPOSE</u>
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
River City Regional Stadium Financing Authority	Finance the acquisition and construction of River Cats Stadium
Sacramento Regional Arts Facilities Financing Authority	Finance acquisition, construction, improvement, renovation and equipping of certain theatre facilities located in the City of Sacramento
Sacramento Central Groundwater Authority	Regulate and manage groundwater within the Central Basin of Sacramento County

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.

**Joint Ventures**

The Sacramento County Water Enterprise Agency entered into a joint venture with Freeport Regional Water Authority. The purpose of this partnership is to construct a joint regional surface water supply project on the Sacramento River near the community of Freeport and adjacent to the City of Sacramento.

**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 non-major funds.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**The County reports the following major governmental fund:**

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

**The County reports the following major enterprise funds:**

The Airport System 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, Real Estate and Office of Communications and Information Technology.

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

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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

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 GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services including: water, solid waste, airline fees and charges, parking fees and public transit fees. The principal operating revenues for the County's internal services funds are charges for customer services including: fleet operations, purchasing, printing services, central stores, mail services, building maintenance, surplus property disposal, telecommunications, water resources, special district formation, water quality, highways and bridges, real estate, surveyor, information and permits, self insurance for: liability and property damages, workers' compensation claims and 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 2010-11 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.



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

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 9.

**Intergovernmental Revenues**

The federal government and State of California 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 the federal government and State of California for other programs, such as public assistance, administered by the County. These reimbursements are recorded in the fund administering the program as intergovernmental revenues with the related program costs included in expenditures.

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

**Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either due to/from other funds or advances to/from other funds. Any remaining balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. Advances to other funds, as reported in the fund statements, are offset by deferred revenue or nonspendable fund balance 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 and jail inventory which consists of clothing for inmates and supplies for jails and jail staff. 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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**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, easement, structures and improvements, infrastructure, machinery and equipment, computer software, water facility rights, and other intangible 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 software, 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, equipment and intangible assets 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
Computer Software	3 to 10
Water Facility Rights	40 to 50

**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.

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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**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 fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

- Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form; or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (resolution by the Board of Supervisors), and that remains binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- Assigned fund balance – amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds, and Capital Projects, and Debt Service.
- Unassigned fund balance – the residual classification for the County's General Fund that includes amounts not contained in the other classification. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted or committed to those purposes.

**Fund Balance Policy**

The Board of Supervisors approved the Fund Balance policy on June 9, 2011. When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the County's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the County's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

Only the Board has the authority to assign unassigned fund balance amounts where the County's intent is for those amounts to be used for specific purposes.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Each year when preparing the budget for the next fiscal year, the Board of Supervisors will on an annual basis, determine any growth in total General Fund discretionary revenue over the current fiscal year. The growth will be used first to fund any increases that result from:

- Any memoranda of understanding (MOU's) between the County and its labor organizations; and
- All legal obligations.

Any remaining discretionary revenue growth will be appropriated as follows:

- First, up to \$10 million to repay the Interfund Loans until fully repaid; and
- Second, 50% to the General reserve, and 50% reinvested in high priority services as determined by the Board of Supervisors.

In the event that total General Fund discretionary revenue exceeds \$566 million, any remaining discretionary revenue growth available after satisfying MOU a legal obligations and repayment of the Interfund Loans will be appropriated as follows:

Item	Amount	Maximum
Unassigned General Reserve	5%	10% of discretionary revenues
Innovation Investment Revolving Fund	5%	5% of discretionary revenues
Management Audits	5%	Based on need
High Priority Services	Balance	No maximum

The Board of Supervisors, as the highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, (resolution). These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use through the same type of formal action taken to establish the commitment. Board action to commit fund balance needs to occur within the fiscal reporting period; but the amount, if any, which will be subject to the constraint, may be determined at a subsequent period.

**Net Assets/Fund Balance**

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

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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**Use of Estimates in the Preparation of Financial Statements**

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

**Liability/Property, Workers Compensation and Unemployment ISF Deficit Net Assets**

As of June 30, 2011 the Liability/Property, Workers Compensation and Other (Unemployment) ISF have deficit net assets of (\$11,736), (\$97,453) and (\$328), respectively. These deficits in net assets represent the county's unfunded liability for the liability/property, workers compensation and unemployment self-insurance programs. The County is collecting additional amounts from the departments to eliminate the unfunded liability.

**Implementation of New Accounting Pronouncements**

**GASB Statement No. 54**

Effective July 2010 the County implemented Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement 54 improves the usefulness, including the understandability, of governmental fund balance information. GASB Statement 54 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.

**GASB Statement No. 59**

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. This Statement updates and improves the existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The Statement was implemented by the County.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

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

Total fund balances of the County's governmental funds of \$577,429 differs from net assets of governmental activities of \$1,405,386, primarily from the long-term economic focus in the statement of net assets versus the current financial resources focus in the governmental fund balance sheets. The effect of the differences is illustrated below:

Balance Sheet/Statement of Net Assets

Page 1 of 2

	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Governmental Activities Statement of Net Assets
Assets:					
Current assets:					
Cash and investments	\$ 607,130		127,135		734,265
Receivables, net of allowance for uncollectibles:					
Billed	33,116		4,161		37,277
Intergovernmental	169,278		3,976		173,254
Due from other funds	41,557		23,462	(82,224)	(17,205)
Prepaid expenses			33		33
Inventories	1,428		1,682		3,110
	<u>852,509</u>		<u>160,449</u>	<u>(82,224)</u>	<u>930,734</u>
Total current assets					
Noncurrent assets:					
Long-term receivables	170,349		251		170,600
Deferred charges		22,352	1,636		23,988
Deferred outflow of resources		120,378			120,378
Long-term advances to other funds	24,317		62,060	(86,377)	
Pension asset		1,023,052			1,023,052
Capital assets:					
Land and other nondepreciable assets		217,567			217,567
Facilities, infrastructure, equipment and intangibles, net of depreciation and amortization		1,572,493	34,958		1,607,451
Total capital assets		<u>1,790,060</u>	<u>34,958</u>		<u>1,825,018</u>
Total noncurrent assets	194,666	2,955,842	98,905	(86,377)	3,163,036
Total assets	<u>\$ 1,047,175</u>	<u>2,955,842</u>	<u>259,354</u>	<u>(168,601)</u>	<u>4,093,770</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 2 of 2

	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Activities Statement of Net Assets
Liabilities:					
Current liabilities:					
Warrants payable	\$ 21,528		4,344		25,872
Accrued liabilities	86,557		15,319		101,876
Intergovernmental payable	82,672		1,675		84,347
Current portion of accrued interest payable		9,870			9,870
Due to other funds/payable to external parties	62,914		21,338	(84,090)	162
Current portion of insurance claims payable			39,357		39,357
Current portion of long-term debt obligations		61,756	1,174		62,930
Deferred / unearned revenue	137,483	(136,529)	4,438		5,392
Total current liabilities	391,154	(64,903)	87,645	(84,090)	329,806
Noncurrent liabilities:					
Insurance claims payable			153,752		153,752
Accreted interest		381,920			381,920
Long-term debt obligations		1,806,557	16,349		1,822,906
Long-term advances from other funds	78,592		5,919	(84,511)	
Total noncurrent liabilities	78,592	2,188,477	176,020	(84,511)	2,358,578
Total liabilities	469,746	2,123,574	263,665	(168,601)	2,688,384
Fund balance/net assets:					
Nonspendable	21,563			(21,563)	
Restricted	588,675			(588,675)	
Unassigned	(32,809)			32,809	
Invested in capital assets, net of related debt		1,343,432	34,958		1,378,390
Restricted for:					
Debt service		(341,565)		508,798	167,233
Capital projects				34,774	34,774
Fire protection		18,189		(18,159)	30
Health programs				151,437	151,437
Transportation				31,079	31,079
Lighting and landscape maintenance				2,823	2,823
Community facilities				3,091	3,091
Fish and game				31	31
Unrestricted		(187,788)	(39,269)	(136,445)	(363,502)
Total fund balance / net assets	577,429	832,268	(4,311)		1,405,386
Total liabilities and fund balance / net assets	\$ 1,047,175	2,955,842	259,354	(168,601)	4,093,770

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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	\$ 4,203,836
Accumulated depreciation	<u>(2,413,776)</u>
	<u>1,790,060</u>

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

1,023,052

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.

22,352

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	(85,426)
Other post employment benefits (OPEB)	(11,239)
Accreted interest payable	(391,790)
Bonds, loans, capital leases, and other payables	(1,640,380)
Investment Derivative Interest Swap	<u>(10,890)</u>
	<u>(2,139,725)</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>136,529</u>
------------------	----------------

Total	<u><u>\$ 832,268</u></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.

\$ (4,311)



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

The net change in fund balances for governmental funds of \$(46,949), differs from the change in net assets for governmental activities of \$(89,790) reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated below:

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

	Total Governmental Funds	Capital- Related Items (3)	Long-term Revenues, Expenses (4)	Internal Service Funds (5)	Reclassifications and Eliminations	Statement of Activities
Revenues:						
Taxes:						
Property	\$ 389,381		(5,730)			383,651
Sales / use	59,614					59,614
Transient occupancy	3,483					3,483
Use of money and property	12,057		(10,890)	83		1,250
Licenses and permits	40,187				(40,187)	
Intergovernmental	1,432,358		(14,232)	1,363	(1,419,489)	
Charges for sales and services	184,038			49,977	85,302	319,317
Operating grants and contributions					1,168,916	1,168,916
Capital grants and contributions					24,658	24,658
Grants and contributions not restricted to specific programs					230,748	230,748
Fines, forfeitures and penalties	49,756				(49,756)	
Pledged tobacco settlement proceeds	12,365					12,365
Miscellaneous	120,593					120,593
Donated capital assets		192			(192)	
Total revenues	2,303,832	192	(30,852)	51,423		2,324,595
Expenditures/expenses						
Current:						
General government	151,978	32,593	1,983	4,873		191,427
Public assistance	666,033	1,365	2,280	4,865		674,543
Public protection	633,933	18,609	7,110	14,099		673,751
Health and sanitation	513,468	7,587	2,569	4,825		528,449
Public ways and facilities	102,705	4,795	(519)	15,771		122,752
Recreation and culture	33,896	1,756	(1)	339		35,990
Education	2,988	516	2	72		3,578
Capital outlay	47,840	(47,840)				
Debt service:						
Principal	85,295		(85,295)			
Interest and fiscal charges	125,166		15,253			140,419
Total expenditures/expenses	2,363,302	19,381	(56,618)	44,844		2,370,909
Excess (deficiency) of revenues over (under) expenditures	(59,470)	(19,189)	25,766	6,579		(46,314)
Other financing sources (uses):						
Transfers in	173,174					173,174
Transfers out	(158,246)			(9,956)		(168,202)
Capital leases obligations	29		(29)			
Issuance of debt	46,012		(46,012)			
Total other financing sources (uses)	60,969		(46,041)	(9,956)		4,972
Net change in fund balances/net assets before extraordinary item	1,499	(19,189)	(20,275)	(3,377)		(41,342)
AB 99 obligation	(48,448)					(48,448)
Net change in fund balances/net assets	(46,949)	(19,189)	(20,275)	(3,377)		(89,790)
Fund balances/net assets - beginning, as restated	624,378	1,809,249	(937,517)	(934)		1,495,176
Fund balances/net assets - ending	\$ 577,429	1,790,060	(957,792)	(4,311)		1,405,386

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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 depreciation expense charged for the year. Donated assets result in an increase in net assets.

Capital expenditures	\$ 81,857
Depreciation expense	(91,491)
Donated capital assets	192
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-in, disposals, etc.)	(9,747)
	<u>\$ (19,189)</u>

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

\$ (8,898)

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. Amortization of bond issue costs for the year is \$1,241.

(1,241)

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	16,775
Teeter notes	51,470
Tobacco revenue bonds	90
Pension Obligation Bonds	15,285
PFA revenue bonds	1,675
Capital leases obligations	1,290
Other long-term debt	1,073
	<u>\$ 87,658</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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	(46,012)
Capital leases obligations	(29)
	<u>(46,041)</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.

(15,253)

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 value of Investment derivative, interest rate swap	(10,890)
Change in compensated absences	792
Change in Other post employment benefits (OPEB)	(6,440)
	<u>(31,791)</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

(19,962)

Total	<u><u>\$ (20,275)</u></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.

\$ (3,377)

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**NOTE 3 – BUDGETARY PRINCIPLES**

As required by the laws of the State of California, the County prepares and legally adopts a final balanced operating budget on or before August 30 of each fiscal year. The Board may, by resolution, extend on a permanent basis or for a limited period, the date from August 30 to October 2. The final budget for fiscal year 2010-11 was adopted on September 28, 2010. Until the adoption of a final balanced budget, operations were governed by the proposed budget approved by the Board of Supervisors on June 17, 2010. 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 2010-11, 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 2010-11, the appropriation limit for the fiscal year 2010-11 budget year was reviewed and determined to be calculated in accordance with Article XIIB 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 restricted, committed or assigned fund balance. 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 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, invests bond proceeds in accordance with long-term obligation covenants. The Treasurer's investment pool and funds managed in a fiduciary capacity, are subject to oversight by the Treasury Oversight Committee. The value of pool shares that may be withdrawn is determined on an amortized cost basis, which differs from fair value. The County has not provided or obtained any legally binding guarantees during the fiscal year to support the value of pool shares. The County does not permit any voluntary participation in the Treasurer's Pool.

A separately issued report of County Treasurer's Internal and External Pools is available at <http://www.finance.saccounty.net/Treasury/Rpts.asp>.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Cash, investments, and restricted assets as shown on the basic financial statements at June 30, 2011, are as follows:

Government-wide statement of net assets:	
Cash and investments	\$ 954,979
Restricted assets, included in current assets	90,128
Restricted assets, included in noncurrent assets	253,946
Fiduciary funds statement of net assets:	
Agency	198,221
Investment Trust	<u>1,870,795</u>
 Total cash, investments, and restricted assets per basic financial statements	 3,368,069
Less interest receivable included in restricted assets	<u>(5,074)</u>
 Total cash, investments, and restricted assets per summary of County cash deposits and investments	 <u><u>\$ 3,362,995</u></u>

**Investments Authorized by Debt Agreement**

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, 2011, 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 invested in accordance with 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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Specific restrictions of investment are noted below:

Government Code 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; registered treasury notes or bonds of any of the other 49 states in addition to California; bonds, notes, warrants or other forms of indebtedness of any local agency within California; obligations issued by banks for cooperatives, federal land banks, federal home loan banks, the Federal Home Loan Bank Board or other instruments of, or issued by, a federal agency or United States, government sponsored enterprise; bankers acceptances (not over 180 days maturity, not to exceed 40% of the total portfolio); commercial paper of “prime quality” (the highest ranking provided by either Moody’s investor services or Standards and Poor Corporation) and these investments are further restricted as to capacity and credit rating of the company and are restricted as to a percentage of the whole portfolio and the dollar-weighted average maturity is also restricted; negotiable certificates of deposit issued by approved banks, not to exceed 30% of the total portfolio; repurchase and reverse repurchase agreements are permitted investments but are subject to stringent rules regarding term, value and timing, all put in place to minimize risk of loss; medium term notes, carry a maturity of no more than five years and rated “A” or better by a nationally recognized rating service, not to exceed 30% of the portfolio; shares of beneficial interest issued by a diversified management company subject certain limitations; notes, bonds and other obligations that are at all times secured by a valid first priority security interest in securities of the types listed in Government Code Section 53651; mortgage pass-through securities and other mortgage and consumer receivable backed bonds, not to exceed maturity of five years, subject to the credit rating of the issuer and not to exceed 20% of the portfolio; shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized previously.

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

The County was in full compliance with its own more restrictive policy, and therefore was also in compliance with the above cited Government Code sections. Accordingly, the County believes it is not at measurable risk as to the four risk areas cited above.

**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, 2011, of the County’s \$3.4 billion in investments held by the Treasurer and fiscal agents, over 70.9% of the investments have a maturity of six months or less. The weighted average days to maturity for the entire portfolio was 327 days. In addition, 91.1% of the portfolio matures within 2 years. See table on page 59.

**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 A2, 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. See table on page 59.

**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, 2011, 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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

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, 2011, approximately 67.3% 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: 19.3% of the portfolio is invested in commercial paper or guaranteed investment contracts. As of June 30, 2011, more than 5% of the portfolio in any one single issuer, is invested as shown below:

Issuer / Investment Type	Reported Amount
Federal Home Loan Banks/FHLB Discount notes	\$ 651,959
Federal National Mortgage Association/FNMA Discount notes	701,077
Federal Home Loan Mortgage Corporation/FHLMC Discount notes	794,430

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

The following schedule indicates the credit and interest rate risk at June 30, 2011. 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							\$ 340
Cash in banks							684
In custody of Treasurer:							
Cash and cash deposits:							
Cash on hand							12
Cash in banks							28,460
Total cash and cash deposits							28,472
Investments held by Treasurer:							
Federal Farm Credit Bonds	Aaa/AAA		15,094	40,312	20,094		75,500
Federal Home Loan Banks	Aaa/AAA		35,500	65,815	88,281		189,596
Federal National Mortgage Association	Aaa/AAA			56,348	149,049		205,397
Federal National Mortgage Association Discount Notes	P-1/A-1+	342,483	153,197				495,680
FHLB Discount Notes	P-1/A-1+	193,288	269,074				462,362
FHLMC Discount Notes	P-1/A-1+	83,468	400,101				483,569
Federal Home Loan Mortgage Corporation	Aaa/AAA	10,025		30,394	270,441		310,860
Commercial paper	P-1/A-1+	333,225	130,979				464,204
Negotiable certificates of deposit	P-1/A-1+	85,001	100,095	20,450			205,546
Other assets held by Treasurer (primarily Teeter Plan notes)	NR		1,138		50,175		51,313
Local Agency Investment Fund	NR	80,000					80,000
Money Market Mutual funds	AAAm	107,660					107,660
Guaranteed investment contracts	NR			77,871	43,138	50,233	171,242
Total investments held by Treasurer		1,235,150	1,105,178	291,190	621,178	50,233	3,302,929
Total in custody of Treasurer							3,331,401
Investments held by fiscal agents:							
Money Market Mutual funds	AAA/Aaa	7,744					7,744
Money Market Mutual funds	Aaa/AAAmG	22,826					22,826
Total investments held by fiscal agents		30,570					30,570
Total investments		\$ 1,265,720	1,105,178	291,190	621,178	50,233	
Total cash, investments, and investments held by fiscal agent							\$ 3,362,995



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**Investment in State Investment Pool**

The County is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the County's investment in this pool is reported in the accompanying financial statement at amounts based upon the County's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The following are condensed statements of net assets and changes in net assets for the Treasurer's Pool and Non-Pooled Funds at June 30, 2011:

Statement of net assets	Treasurer's Pool	Non-Pooled Funds	Total
Net assets held for pool participants	<u>\$ 2,555,392</u>	<u>776,009</u>	<u>3,331,401</u>
Equity of internal pool participants	\$ 1,073,901	386,705	1,460,606
Equity of external pool participants	<u>1,481,490</u>	<u>389,305</u>	<u>1,870,795</u>
Total equity	<u>\$ 2,555,391</u>	<u>776,010</u>	<u>3,331,401</u>
Statement of changes in net assets			
Net assets at July 1, 2010	\$ 2,491,130	866,201	3,357,331
Net changes in investments by pool participants	<u>64,262</u>	<u>(90,192)</u>	<u>(25,930)</u>
Net assets at June 30, 2011	<u>\$ 2,555,392</u>	<u>776,009</u>	<u>3,331,401</u>

A summary of the investments held by the Treasurer's and Non-Pooled Funds at June 30, 2011 are as follows:

	Fair Value	Cost	Interest Rate Range (%)	Maturity Range
Government securities	\$ 2,222,965	2,216,099	.01-5.5	7/11-6/14
Commercial paper	464,204	464,155	.06-.20	7/11-8/11
Negotiable certificates of deposit	205,546	205,549	.10-.75	7/11-6/12
Other assets held by Treasurer (primarily Teeter Plan notes)	51,312	51,312	.59-2.06	8/11-8/15
Local Agency Investment Fund	80,000	80,000	0.41	
Money Market Mutual Funds	107,661	107,661	.01-.09	
Guaranteed investment contracts	<u>171,241</u>	<u>171,242</u>	1.44-6.88	1/12-5/39
Total investments held by Treasurer	<u>\$ 3,302,929</u>	<u>3,296,018</u>		

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received as of year-end, but have not met the eligibility requirements.

At June 30, 2011, the various components of long-term receivables were as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Long-term receivables</u>			
Deferred revenues	\$ 33,876	84,464	118,340
Fund balances: non spendable	1,047	50,962	52,009
	<u>\$ 34,923</u>	<u>135,426</u>	<u>170,349</u>
<u>Long-term advances to other funds</u>			
Deferred revenues	\$	18,189	18,189
Fund balances: non spendable		6,128	6,128
	<u>\$</u>	<u>24,317</u>	<u>24,317</u>

Deferred revenue and unearned revenue reported were as follows:

	Unavailable	Unearned	Total
Governmental Activities:			
General Fund			
Long-term receivables	\$ 33,876	954	34,830
Total General Fund	<u>33,876</u>	<u>954</u>	<u>34,830</u>
Nonmajor Funds:			
Long-term receivables	84,464		84,464
Long-term advances to other funds	18,189		18,189
Total Nonmajor Funds	<u>102,653</u>		<u>102,653</u>
Total Governmental Funds	<u>136,529</u>	954	<u>137,483</u>
Reconciling items:			
Unavailable	(136,529)		(136,529)
Internal Service Funds		4,438	4,438
Total Governmental Activities - unearned revenue		<u>5,392</u>	<u>5,392</u>
Business-type activities:			
Airport		2,342	2,342
Total Business-type activities - unearned revenue		<u>2,342</u>	<u>2,342</u>
Total Entity Wide - unearned revenue		<u>\$ 7,734</u>	<u>7,734</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2011, is as follows:

	Restated Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 116,787	4,346	(276)	120,857
Permanent Easement	989	780		1,769
Construction in progress	141,883	14,530	(61,905)	94,508
Intangible Assets Under Project		433		433
Total capital assets, not being depreciated	<u>259,659</u>	<u>20,089</u>	<u>(62,181)</u>	<u>217,567</u>
Capital assets, being depreciated:				
Buildings and improvements	751,961	60,724	(248)	812,437
Infrastructure	3,033,629	54,457	(8,276)	3,079,810
Equipment	251,330	10,588	(12,577)	249,341
Computer Software	38,400	916		39,316
Total capital assets, being depreciated	<u>4,075,320</u>	<u>126,685</u>	<u>(21,101)</u>	<u>4,180,904</u>
Less accumulated depreciation for:				
Buildings and improvements	(333,858)	(24,236)	7	(358,087)
Infrastructure	(1,929,364)	(57,291)	4,056	(1,982,599)
Equipment	(200,778)	(18,174)	11,372	(207,580)
Computer Software	(21,318)	(3,869)		(25,187)
Total accumulated depreciation	<u>(2,485,318)</u>	<u>(103,570)</u>	<u>15,435</u>	<u>(2,573,453)</u>
Total capital assets, being depreciated, net	<u>1,590,002</u>	<u>23,115</u>	<u>(5,666)</u>	<u>1,607,451</u>
Total governmental activities	<u>\$ 1,849,661</u>	<u>43,204</u>	<u>(67,847)</u>	<u>1,825,018</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

	Restated Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 86,993	186		87,179
Permanent Easement	13	12		25
Construction in progress	1,040,948	500,058	(143,647)	1,397,359
Water facility rights	20,864	3,728		24,592
Other Intangible Assets	1,904			1,904
Total capital assets, not being depreciated	<u>1,150,722</u>	<u>503,984</u>	<u>(143,647)</u>	<u>1,511,059</u>
Capital assets, being depreciated:				
Buildings and improvements	891,921	55,263	(4,949)	942,235
Water facility rights	1,273			1,273
Infrastructure	110,595	24,933		135,528
Equipment	79,482	3,189	(1,438)	81,233
Total capital assets, being depreciated	<u>1,083,271</u>	<u>83,385</u>	<u>(6,387)</u>	<u>1,160,269</u>
Less accumulated depreciation for:				
Buildings and improvements	(336,887)	(36,530)		(373,417)
Water facility rights	(229)	(25)		(254)
Infrastructure	(18,737)	(2,648)		(21,385)
Equipment	(49,792)	(7,440)	1,171	(56,061)
Total accumulated depreciation	<u>(405,645)</u>	<u>(46,643)</u>	<u>1,171</u>	<u>(451,117)</u>
Total capital assets, being depreciated, net	<u>677,626</u>	<u>36,742</u>	<u>(5,216)</u>	<u>709,152</u>
Total business-type activities	<u>\$ 1,828,348</u>	<u>540,726</u>	<u>(148,863)</u>	<u>2,220,211</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

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

	Depreciation Expense
<b>Governmental activities:</b>	
General government	\$ 17,822
Public assistance	1,230
Public protection	19,332
Health and sanitation	3,321
Public ways and facilities	46,335
Recreation and culture	3,037
Education	497
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	11,996
Total depreciation expense - governmental activities	<u>\$ 103,570</u>
<b>Business-type activities:</b>	
Airport	\$ 29,751
Solid Waste	7,585
Parking Enterprise	306
Water Agency	8,830
County Transit	171
Total depreciation expense - business-type activities	<u>46,643</u>
Non-Capital related amortization:	
Water Agency	120
Parking Enterprise	10
	<u>\$ 46,773</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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, 2011:

Due From / To Other Funds at June 30, 2011, are as follows:

Receivable Fund	Payable Fund	Amount	Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 8,059	Nonmajor enterprise	General	97
	Airport System	1,113		Nonmajor governmental	1
	Solid Waste	1,494		Internal service	47
	Water Agency	1			<u>145</u>
	Internal service	13,700			
		<u>24,367</u>			
Nonmajor governmental	General	8,003	Internal service	General	37,049
	Nonmajor governmental	7,429		Nonmajor governmental	1,949
	Airport System	41		Airport System	1,715
	Water Agency	6		Solid Waste	2,041
	Internal service	1,711		Water Agency	327
		<u>17,190</u>		Nonmajor enterprise	8
				Internal service	5,825
Airport System	General	39			<u>48,914</u>
	Internal service	4			
		<u>43</u>			
Solid Waste	General	88	Agency	General	125
	Internal service	22		Nonmajor governmental	30
		<u>110</u>		Airport System	25
Water Agency	General	29		Internal service	7
	Nonmajor governmental	16			<u>187</u>
	Solid Waste	1			
	Internal service	22			
		<u>68</u>			
				Total	<u>\$ 91,024</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

*Amounts due the General Fund are related to:* 1) Principal and interest due from Public Facilities Fixed Asset Financing Program (non-major governmental); 2) To fund community services activities pending reimbursement from federal, state and local government; 3) Sheriff security and 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, 2011.

*Amounts due the non-major 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, 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 at June 30, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental	General	\$ 16,532
	Internal service	5,919
	Non Major Enterprise	202
	Solid Waste	1,664
	Subtotal	<u>24,317</u>
Internal service	General	62,060
	Total	<u><u>\$ 86,377</u></u>

Amounts advanced from non-major governmental funds are related to the Fixed Asset Financing program, \$16,532 in the general fund, \$5,919 in the internal service funds, and \$1,664 related to purchase of land to be repaid over ten years (Solid Waste). Amounts advanced from internal service funds, \$62,060, related to General Fund advances. The advances to the General Fund were for operations. As per the Fund Balance policy, each year when preparing the budget for the next fiscal year, the Board of Supervisors will on an annual basis, determine any growth in total General Fund discretionary revenue over the current fiscal year. The growth will be used first to fund any increases that result from any memoranda of understanding (MOU's) between the County and its labor organizations and all legal obligations. Any remaining discretionary revenue growth will be appropriated first, up to \$10 million to repay the interfund loans until fully repaid.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Transfers Out / In Other Funds for the year ended June 30, 2011 are as follows:

Transfer Out	Transfer In	Amount	
General	Nonmajor governmental	\$ 89,221	Transfer to cover debt service payments, economic development and community development programs
Nonmajor governmental	General	27,716	Transfers for Transient Occupancy Tax and Teeter Property Tax and community development programs
Nonmajor governmental	Nonmajor governmental	40,139	Transfer to cover debt service payments and capital project transfer
Nonmajor governmental	Enterprise - Water Agency	1,170	To collapse Water Agency Special Revenue Fund into Water Agency Enterprise Fund
Internal service	General	534	Transfer to cover debt service payments
Internal service	Nonmajor governmental	9,422	Transfer to cover debt service payments
Enterprise - Solid Waste	General	1,506	Transfer to cover debt service payments
Enterprise - Solid Waste	Nonmajor governmental	1,398	Transfer to cover debt service payments
Enterprise - Water Agency		691	
Enterprise - Airport		2,508	
Nonmajor enterprise		39	
		<u>\$ 174,344</u>	



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**NOTE 8 - LEASES**

Capital leases:

The County has entered into certain capital lease agreements under which the related asset will become the property of the County when all terms of the lease agreements are met.

As of June 30, 2011, the future minimum lease payments under capital leases are as follows:

Year ending June 30	Governmental Activities
2012	\$ 1,294
2013	1,273
2014	1,202
2015	1,202
2016	1,036
2017-2021	4,013
2022-2026	891
Total minimum lease payments	10,911
Less amount representing interest	(2,200)
Net Present value of minimum lease payments	\$ 8,711

The following is a schedule of capital assets under capital leases by major classes at June 30, 2011:

Capital Assets under Capital Leases	
Asset:	Governmental Activities
Land	\$ 673
Structures and improvements	13,454
Equipment	337
Computer Software	1,232
Total	15,696
Less: Accumulated depreciation	
Structures and improvements	(3,762)
Equipment	(180)
Computer Software	(431)
	(4,373)
Net Capital Assets under lease	\$ 11,323

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Operating Leases:

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, 2011, are as follows:

<u>Year Ending June 30</u>	<u>Operating Leases Commitment</u>	
	<u>Governmental</u>	<u>Business - Type</u>
2012	\$ 30,625	1,828
2013	29,453	1,849
2014	28,310	1,293
2015	27,209	1,319
2016	24,611	1,271
2017 - 2021	81,455	2,741
2022 - 2026	22,836	
2027 - 2031	1,102	
	<u>\$ 245,601</u>	<u>10,301</u>

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, 2011 were \$36,554.

**Lease Income and Receivables**

The Airport System Enterprise Fund 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 Airport System Enterprise Fund 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 2011, the Airport System received approximately \$2,868 for contingent rental payments in excess of stated minimums.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

The following is a schedule of future minimum rentals receivable on non-cancelable operating leases as of June 30, 2011.

Airport System Operating Leases Receivable

Year Ending June 30	Future Minimum Rents Business Type Activities
2012	\$ 16,375
2013	14,940
2014	13,867
2015	3,690
2016	1,161
2017 - 2021	3,060
2022 - 2026	3,293
2027 - 2031	2,582
2031 - 2035	657
2036 - 2040	562
Total future minimum rentals receivable	<u>\$ 60,187</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**NOTE 9 - LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation transactions for the year ended June 30, 2011:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Amounts Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 103,702	80,582	(84,074)	100,210	9,894
Certificates of participation	340,285		(16,775)	323,510	16,975
Teeter notes	56,419	46,012	(51,470)	50,961	15,206
Pension obligation bonds	931,453		(15,285)	916,168	14,649
Revenue bonds	342,722		(1,765)	340,957	1,730
Accreted Interest	10,462	2,182		12,644	
OPEB Liability	5,900	8,078		13,978	
Other long-term debt	7,178		(1,073)	6,105	6,105
Capital lease obligations	9,972	29	(1,290)	8,711	887
Derivative instrument liability	155,999		(24,731)	131,268	
Borrowing payable	17,753		(1,375)	16,378	1,375
Deferred amounts					
For issuance premiums	2,782		(106)	2,676	107
For issuance discounts	(4,798)		143	(4,655)	(143)
On refundings	(36,894)		3,819	(33,075)	(3,855)
Total governmental activities - long-term obligations	<u>\$ 1,942,935</u>	<u>136,883</u>	<u>(193,982)</u>	<u>1,885,836</u>	<u>62,930</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 6,561	5,683	(5,348)	6,896	193
Revenue bonds	1,097,430	128,300	(15,445)	1,210,285	16,000
PFC and subordinate revenue bonds	363,330		(11,585)	351,745	11,865
Certificates of participation	23,205		(2,025)	21,180	2,095
Reimbursement agreements	2,413	827	(812)	2,428	397
Usage fee - City of Sacramento	7,903		(876)	7,027	906
OPEB Liability	440	558		998	
Water rights - Smud assignment	4,000	3,728		7,728	3,697
SMUD transformer	1,904		(87)	1,817	7
Escrow retentions	10,038	386	(10,424)		
Derivative instrument liability	47,437		(9,788)	37,649	
Other long term liabilities	156		(102)	54	16
Deferred amounts					
For issuance premiums	15,792	3,025	(699)	18,118	699
For issuance discounts	(7,363)		247	(7,116)	(246)
On Refunding	(22,712)		2,090	(20,622)	(2,090)
Total business-type activities - long-term obligations	<u>\$ 1,550,534</u>	<u>142,507</u>	<u>(54,854)</u>	<u>1,638,187</u>	<u>33,539</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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.

For details on the Derivative Instrument Liability refer to Note 10.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities reported in these funds are included with governmental activities. At year-end, \$14,785 of the internal services funds compensated absences balance and \$2,739 in OPEB liability balance are included in governmental activities. Also for the governmental activities, claims and judgments (if applicable) and compensated absences are liquidated by the General Fund Internal Service Funds.

Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2011 are as follows:

Governmental Activities:

Certificates of participation:

	Amount Outstanding at <u>June 30, 2011</u>
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, 2011 through the year 2034, escalating from \$345 to \$4,145, with interest rates ranging from 2.0 percent to 5.0 percent.	\$ 13,125
County of Sacramento 2003 Certificates of Participation (Juvenile Courthouse Project) issued June 19, 2003. Principal payments are due December 1, 2010, through the year 2034, escalating from \$785 to \$2,160, with interest rates ranging from 2.0 percent to 5.0 percent.	31,850
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, 2010, through the year 2027, escalating from \$2,875 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.	73,685

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

	Amount Outstanding at <u>June 30, 2011</u>
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, 2012, through the year 2019, escalating from \$2,475 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.	10,660
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, 2011, through the year 2036, ranging from \$1,565 to \$2,095.	33,830
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, 2011 through the year 2037, escalating from \$830 to \$2,935, with interest rates ranging from 4.0 percent to 5.0 percent.	44,700
County of Sacramento 2010 Certificates of Participation issued on March 3, 2010. The County is issuing the 2010 bonds to refund and defease \$30,494 of outstanding debt for 2003 Refunding Certificates of Participation, Mail Jail Detention Facility; \$5,459 for 1999 Refunding Certificates of Participation – Cherry Island Golf Course; \$67,055 for 1997 Refunding Certificates of Participation (1994 Public Facilities Project), to pay costs of issuance, debt service reserve of \$12,532 and to pay the Swap termination fee of \$10,180 on the 1990 Swap agreement. Principal payments on the 2010 bonds are due commencing on February 1, 2012 through February 1, 2030, payments ranging from \$3,235 to \$9,975 and interest rates ranging from 3.0 percent to 5.50 percent.	<u>115,660</u>
Total certificates of participation	323,510
Add: Issuance premium	2,676
Less: deferred amount on refunding	<u>(1,874)</u>
	<u>\$ 324,312</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Teeter notes:	Amount Outstanding at <u>June 30, 2011</u>
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 0.863 percent in fiscal year 2010-11 and was 0.770 percent at June 30, 2011.	\$ 1,139
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 1.210 percent in fiscal year 2010-11 and was 1.300 percent at June 30, 2011.	3,654
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 0.733 percent in fiscal year 2010-11 and was 0.591 percent at June 30, 2011.	8,390
County of Sacramento, 2009 Teeter Loan Agreement Note, dated December 1, 2009, to purchase the delinquent property taxes receivable as of June 30, 2009. Annual payments of principal and interest are due August 1 of each year and ending in 2014. 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, 2014. Interest payments will be at a variable rate that averaged 0.733 percent in fiscal year 2010-11 and was 0.591 percent at June 30, 2011.	15,198
County of Sacramento, 2010 Teeter Loan Agreement Note, dated November 30, 2010, to purchase the delinquent property taxes receivable as of June 30, 2010. Annual payments of principal and interest are due August 1 <sup>st</sup> of each year and ending in 2015. 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, 2015. Interest payments will be at a variable rate that averaged 0.702 percent in fiscal year 2010-11 and was 0.591 percent at June 30, 2011.	<u>22,580</u>
Total Teeter notes	\$ <u>50,961</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

	Amount Outstanding at <u>June 30, 2011</u>
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 June 30, 2012, through June 30, 2022, escalating from \$11,066 to \$45,379. Principal payments on the variable rate bonds are due commencing July 1, 2019, through July 1, 2022, with equal payments of \$33,500. Rates on the fixed rate bonds range from 6.625 percent to 7.68 percent. The variable rate bonds had an initial rate of 6.1 percent through July 1, 1998. Thereafter, the variable rate will be determined by the Remarketing Agent as explained below. The variable rate bonds (Series 1995B and Series 1995C) are secured by a letter of credit in the amount of \$134,000. Interest on the Series 1995A Fixed Rate Bonds will be payable on February 15 and August 15 of each year commencing August 15, 1995. The Series 1995B Variable Rate Bonds and the Series 1995C Variable Rate Bonds will initially be issued in the Multiannual Mode (the interest rate will be determined by the Remarketing Agent to remain in effect for a rate period of one year or any multiple of one year) with the initial rate period ending on July 1, 1998, and interest payable semiannually on each January 1 and July 1 during the rate period commencing on January 1, 1996. For periods after July 1, 1998, the County has executed an agreement fixing the variable interest rate at 5.935 percent. See Note 10 – Derivatives – Interest Rate Swap.	\$ 351,501
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.	97,440
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-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 (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Amount  
Outstanding at  
June 30, 2011

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 June 30, 2012 through June 30, 2031, escalating from \$1,450 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 10, Derivatives – Interest rate swaps.

356,065

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. Principal payments on the Series 2009 bonds are due June 30, 2012 through June 30, 2015, escalating from \$1,000 to \$45,760. 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 10, Derivatives – Interest rate swaps.

48,760

The total accreted interest balance at June 30, 2011, on the 1995, 2003 and 2004 Pension Obligation Bonds is \$381,920.

Total pension obligation bonds	916,168
Less: deferred amount on refunding	<u>(18,386)</u>
	<u><u>\$ 897,782</u></u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Revenue bonds:

Amount  
Outstanding at  
June 30, 2011

On December 1, 2005, the Tobacco Securitization Authority issued \$255,486 of refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$176,080 of bonds and to provide additional funds to be used by the County on selected projects. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. On June 1, 2011, the irrevocable trust was used to call and redeem the outstanding balance of the refunded bonds of \$169,245. The Series 2005 bonds are payable solely from pledged Tobacco Settlement Revenues and interest earnings on amounts on deposit. 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.

\$ 247,141

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 \$83,571, payable through December 2033. For the current year, principal and interest paid and total incremental tax revenues were \$1,150 and \$2,249 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%.

Then the 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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Amount  
Outstanding at  
June 30, 2011

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 \$94,321, payable through December 2038. For the current year, principal and interest paid and total incremental tax revenues were \$525 and \$2,469, 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 1<sup>st</sup> through final maturity in 2038. Interest payments are due on June 1<sup>st</sup> and December 1<sup>st</sup>. 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.

	<u>93,816</u>
Total revenue bonds	340,957
Plus: Accreted interest	12,644
Less: deferred amount for issuance discount	(4,655)
Less: deferred amount for refunding	<u>(12,815)</u>
	<u>\$ 336,131</u>

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.

\$ 4,756

Long term debt associated with the Sheriff department’s software purchase agreement.

1,349  
Total other long term debt \$ 6,105

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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, 2011.

Year ending June 30	Certificates of Participation		Teeter Note		Pension Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 16,975	15,534	15,206	98	14,649	71,689
2013	17,830	14,825	12,940	279	17,636	74,347
2014	18,730	14,095	11,113	176	17,464	77,106
2015	19,755	13,249	8,316	94	59,604	83,992
2016	16,245	12,278	3,386	33	13,876	87,012
2017 - 2021	76,260	49,372			222,077	308,029
2022 - 2026	62,945	32,662			311,495	149,360
2027 - 2031	57,435	16,265			196,965	52,110
2032 - 2036	31,610	5,555			62,402	7,814
2037 - 2041	5,725	279				
	<u>\$ 323,510</u>	<u>174,114</u>	<u>50,961</u>	<u>680</u>	<u>916,168</u>	<u>911,459</u>

Year ending June 30	Revenue Bonds		Other	
	Principal	Interest	Principal	Interest
2012	\$ 1,730	16,527	6,105	
2013	3,370	16,356		
2014	4,175	16,165		
2015	4,385	15,972		
2016	4,410	15,764		
2017 - 2021	31,080	75,038		
2022 - 2026	41,591	68,405		
2027 - 2031	47,363	55,432		
2032 - 2036	59,560	41,767		
2037 - 2041	66,035	24,773		
2042 - 2046	77,258	257,607		
	<u>\$ 340,957</u>	<u>603,806</u>	<u>6,105</u>	

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

	Amount Outstanding at <u>June 30, 2011</u>
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.	\$ 2,245
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. The interest rates on the 2007A bonds range from 3.75% to 5.0%. The variable interest rates on the 2007B bonds range from 0.7201% - 0.7401% at June 30, 2011. Proceeds from this debt issue were used to finance or reimburse the costs of acquisition and construction of certain additions, betterments, and improvements to the Agency's Water System and to advance refund the majority of the 2003 revenue bonds securities which 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 of the refunding, these bonds are considered to be defeased and the liability for the bonds has been removed from long-term debt. The defeased 2003 revenue bonds outstanding at June 30, 2011 was \$41,740.	401,230
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 the Sacramento International Airport. Series 2008B refunded 45.4% of the Series 2006A Bonds and provided \$266.5 million to finance a portion of the costs of Terminal Modernization Program at Sacramento International Airport. Series 2008C advance refunded Series 2002B Bonds. Series 2008D fully refunded Series 1998B Bonds. Series 2008E refunded 54.6% of the Series 2006A Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$15,225. This amount was being netted against the new debt and amortized over the remaining life of the refunded debt, which was shorter than the life of the new debt issued. This current and advance refunding was undertaken in part to adopt a new Bond Indenture that was approved by the County of Sacramento Board of Supervisors. This refunding and advance refunding reduced the total debt service payments over the next 25 years by \$38,284, and resulted in an economic gain of \$24,908. The Series A, B and C Bonds are payable from, and secured by, future Net Revenues of the Airport System. Series D and E Bonds are payable from, 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.	

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Amount  
Outstanding at  
June 30, 2011

On July 28, 2009, the Airport System issued additional bonds in the amount of \$480,050 to continue the financing of the Terminal Modernization Program, Airport System Senior Revenue Bonds Series 2009A \$31,115, and Series 2009B \$170,685; Subordinate and PFC/Grant revenue Bonds Series 2009C \$112,860, and Series 2009D \$165,390. The Airport System issued the Series 2009 Senior Bonds as Senior Obligations pursuant to the Master Indenture approved on May 1, 2008, and Third Supplemental Indenture, approved on July 1, 2009. The Series 2009 Senior Bonds are to be secured by the Trust Estate and payable from Net Revenues on parity with the Series 2008 Senior Bonds. The Airport System issued the Series 2009 Subordinate Bonds as Subordinate Obligations under the Master Indenture and the Fourth Supplemental Indenture approved on July 1, 2009. The Series 2009 Subordinate Bonds are secured by the Trust Estate and payable from Net Revenues on parity with the 2008 Subordinate Bonds. Principal and interest on the 2009C Bonds and Series 2009D Bonds are additionally payable from and secured by available PFC Revenues which consist of a portion of the Passenger Facility Charges approved by the Federal Aviation Administration and imposed and collected with respect to International Airport, and by Available Grant Revenues which consist of a portion of the Letter of Intent grant awards approved by the FAA on March 6, 2009. On August 25, 2010, the County issued additional Airport System Senior Revenue Bonds in the amount of \$128,300 to complete the financing of the Terminal Modernization Program. The Series 2010 Senior Bonds were issued pursuant to the Master Indenture approved on May 1, 2008, as supplemented and amended by a Fifth Supplemental Indenture or Trust, dated as of August 1, 2010. The Series 2010 Senior Bonds are to be secured by the Trust Estate and payable from Net Revenues on parity with the Series 2009 and 2008 Senior Bonds. 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 System prior to their respective maturity dates.

1,158,555

Total Revenue Bonds	1,210,285
PFC & Subordinated Bonds	351,745
Add: Issuance premiums	17,732
Less: Issuance discounts	(7,116)
Less: deferred amount on refunding	<u>(19,240)</u>
	<u>\$ 1,553,406</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Amount  
Outstanding at  
June 30, 2011

Certificates of Participation (COP):

On July 19, 2005, Sacramento County Department of Waste Management & Recycling (Solid Waste Enterprise Fund) 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, 2011, \$3,485 of bonds were legally defeased and remain outstanding.

\$ 19,645

County of Sacramento, 2010 Refunding Certificates of Participation were issued on March 3, 2010. The County issued the bonds to refund and defease \$2,095 of outstanding debt for County of Sacramento 1999 Refunding Certificates of Participation, Parking Enterprise. The economic loss on the refunding (difference between the present value of the debt service payments on the refunded debt and the new debt) is \$139. Principal payments are due February 1, 2011 through year 2013, escalating from \$620 to \$665 with a final principal payment of \$230 due February 1, 2014 with an interest rate of 5.0 percent. The refunded bonds have a zero balance, are considered to be defeased, and have been removed from the statement of net assets.

	<u>1,535</u>
Total certificates of participation	21,180
Less: amounts for refunding	(1,382)
Add: amounts for issuance premium	<u>386</u>
	<u>\$ 20,184</u>

Reimbursement agreements:

Sacramento County Water Agency Enterprise fund enters into various reimbursement agreements with developers for construction of water supply facilities within the Water 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.

\$ 2,428

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Amount  
Outstanding at  
June 30, 2011

Usage fee – City of Sacramento:

Sacramento County Water Agency Enterprise fund 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 Water Agency to acquire additional wheeling capacity. During fiscal year 2009, the Agency exercised that option and purchased additional capacity. The Water 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.

\$ 7,027

Water rights – SMUD assignment:

Sacramento County Water Agency Enterprise fund 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, 2011 the principal balance remaining of the agreement is approximately \$7.73 million. Under the terms of the agreement, the Water Agency will pay approximately \$3.69 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 \$3.69 million.

\$ 7,728

SMUD Transformer:

Sacramento County Water Agency Enterprise fund has entered into an agreement with Sacramento Municipal Utilities District (SMUD) for the use of a second back-up power transformer for the Vineyard Surface Water Treatment Plant. Its purpose is to provide power if both electricity and the primary back-up transformer fail. This agreement requires an initial deposit, 48 equal monthly payments, and a balloon payment in 2014. While ownership of the transformer will remain with SMUD, the Water Agency is purchasing the right to use this asset indefinitely. Total cost of the transformer is \$1,904 and will be paid off in 2014.

\$ 1,817



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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, 2011.

Year ending June 30	Revenue Bonds and PFC Revenue Bonds		COP		Usage Fee City of Sacramento	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 27,865	77,894	2,095	846	906	239
2013	30,680	76,738	2,175	762	937	208
2014	32,110	75,348	1,790	684	969	176
2015	30,890	73,954	1,620	621	1,001	143
2016	36,470	72,460	1,680	559	1,036	109
2017 - 2021	163,445	340,045	9,625	1,571	2,178	112
2022 - 2026	207,590	294,897	2,195	45		
2027 - 2031	265,520	235,719				
2032 - 2036	333,265	160,135				
2037 - 2041	370,760	66,153				
2042 - 2046	63,435	1,721				
	<u>\$ 1,562,030</u>	<u>1,475,064</u>	<u>21,180</u>	<u>5,088</u>	<u>7,027</u>	<u>987</u>

Year ending June 30	SMUD Transformer		SMUD Water Rights	
	Principal	Interest	Principal	Interest
2012	\$ 7	119	3,697	264
2013	8	118	298	245
2014	9	117	318	224
2015	1,793	20	339	201
2016			360	655
2017 - 2021			2,716	
	<u>\$ 1,817</u>	<u>374</u>	<u>7,728</u>	<u>1,589</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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 ending June 30, 2011.

**River City Regional Stadium Financing Authority; Taxable Lease Revenue Bonds, Series 1999**

The County of Sacramento is a member of the River City Regional Stadium Financing Authority. In 1999, the Authority issued taxable lease revenue bonds in the amount of \$39,990, to finance the site acquisition and construction of a privately owned and operated baseball stadium and related improvements, known as Raley Stadium. If ticket receipt revenues are insufficient to pay the annual lease obligations, the County has agreed to pay 66% of these annual obligations.

As of June 30, 2011, the principal amount of bonds outstanding was \$34,355, they mature in 2029, and 66% of the average annual lease obligation amount is \$2,351. Ticket receipts have been sufficient since the bonds were issued in 1999 to meet all lease obligations, and the County does not anticipate that this will change, as current ticket receipts are projected to be sufficient to continue to meet the lease obligations. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**Sacramento Regional Arts Facilities Financing Authority; Series 2002 Certificates of Participation**

The County of Sacramento is a member of the Sacramento Regional Arts Facilities Financing Authority. In 2002, the Authority issued certificates of participation in the amount of \$16,580, to finance the acquisition, construction, improvement, renovation and equipping of certain theatre facilities located in the City of Sacramento. If ticket receipt revenues are insufficient to pay the annual lease obligations, the County has agreed to pay 50% of these annual obligations.

As of June 30, 2011, the principal amount of certificates of participation outstanding (COPs) was \$14,140, they mature in 2032, and 50% of the average annual lease obligation amount is \$522. Ticket receipts have been sufficient since the certificates of participation were issued in 2002 to meet all lease obligations, and the County does not anticipate that this will change, as current ticket receipts are projected to be sufficient to continue to meet the lease obligations. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At June 30, 2011 the County's debt limit for general obligation bonds and legal debt margin was \$1,575,204.

**NOTE 10 – DERIVATIVES - INTEREST RATE SWAP**

For the fiscal year ended June 30, 2010, the County implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Four out of the five of the County's interest rate swap are considered to be cash flow hedging derivative instruments (i.e. effective). The County used two different methods to evaluate hedge effectiveness for the interest rate swaps: the regression analysis method for the \$134,000 1995 B&C Pension Obligation Bond swap and for the \$343,700 Taxable Pension Refunding Bonds, 2008 C-1 swap; and the Consistent Critical Terms Method for the \$99,955 and \$128,965 Water Agency Revenue Bonds, Series 2007B swaps. Using these methods, as described in more detail below, these four County swaps are classified as effective hedging derivative instruments. The \$49,225 Taxable Pension Refunding Bonds, 2009 C-2 is no longer considered a hedging derivative, but is instead considered a investment derivative, due to the maturity of the related bonds. Accordingly, the accumulated changes in its fair value that were reported as a deferred outflow of \$ (14,725) at June 30, 2010, netted with the increase in fair value of the swap in fiscal year 2011 of \$3,835, are reported in the amount of \$(10,890) within the governmental activities, investment revenue classification for the year ending June 30, 2011.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

The fair values of the interest rate swaps are 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 swaps.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the June 30, 2011 financial statements are as follows debit(credit).

		Changes in Fair Value		Fair Value - as of June 30, 2011		Fair Value - as of June 30, 2010	
	Notional Amount	Classification	Amount	Classification	2011	Classification	2010
<b>Governmental Activities:</b>							
<b>Cash Flow Hedges:</b>							
<b>Series 1995 B &amp; C Swap</b>							
Pay-fixed interest rate swap	\$134,000	Deferred outflow	\$ 4,438	Debt	\$ (32,996)	Debt	\$ (37,434)
<b>Series 2004 C-1 / 2008 C-1</b>							
Pay-fixed interest rate swap	\$343,700	Deferred outflow	16,458	Debt	(87,382)	Debt	(103,840)
			\$ 20,896				
<b>Investment Derivative</b>							
<b>Series 2004 C-2 / 2009 C-2</b>							
Pay-fixed interest rate swap	\$49,225	Investment Income	10,890	Debt	(10,890)	Debt	(14,725)
		Total Governmental activities	\$ 31,786		\$ (131,268)		\$ (155,999)
<b>Business type Activities:</b>							
<b>Cash Flow Hedges:</b>							
<b>Series 2007 B Swap Ins A</b>							
Pay-fixed interest rate swap	\$128,965	Deferred outflow	\$ 5,069	Debt	\$ (20,253)	Debt	\$ (25,322)
<b>Series 2007 B Swap Inst. B</b>							
Pay-fixed interest rate swap	\$99,955	Deferred outflow	4,719	Debt	(17,396)	Debt	(22,115)
		Total Business Type activities	\$ 9,788		\$ (37,649)		\$ (47,437)

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**Objective and Terms of Hedging Derivative Instruments:**

The following table displays the objective and terms of the County's hedging derivative instruments outstanding at June 30, 2011 along with the credit rating of the associated counterparty:

**Governmental Activities:**

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
<b>Series 1995 B &amp; C Swap</b> Pay-fixed interest rate swap	Hedge of changes in cash flows on 1995 B&C bonds	\$134,000	7/1/2009	7/1/2022	County pays 6.040% fixed; receives USD LIBOR (BBA) adjusted monthly: 0.18955%	Aa3/A+/AA- Moody's/S&P/Fitch

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
<b>Series 2004 C-1 / 2008 C-1</b> Pay-fixed interest rate swap	Hedge of changes in cash flows on 2008 C-1 bonds	\$343,700	7/10/2006	7/10/2030	County pays 5.901% fixed; receives USD LIBOR (BBA) adjusted monthly: 0.18955%	A2/A/A+ Moody's/S&P/Fitch

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
<b>Series 2004 C-2 / 2009 C-2</b> Pay-fixed interest rate swap	Hedge of changes in cash flows on 2009 C-2	\$49,225	7/10/2009	7/10/2031	County pays 5.802% fixed; receives 5 year USD-ISDA-50bps SWAP: 1.689215%	A2/A/A Moody's/S&P/Fitch

**Business type Activities:**

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
<b>Series 2007 B Swap</b>  Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2007 Series B bonds	\$128,965	5/9/2007	6/1/2034	SCWA Pays Fixed 4.193%; receives 67% of USD-LIBOR-BBA plus 55 bps	AA- S&P  Aa1 -Moody's
<b>Series 2007 B Swap</b> Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2007 Series B bonds	\$99,955	5/9/2007	6/1/2039	SCWA Pays Fixed 4.221%; receives 67% of USD-LIBOR-BBA plus 57 bps	AA- S&P Aa1- Moody's

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**Series 1995 B & C:**

**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. In that event, because of the counterparty's current credit ratings, the counterparty would be required to deliver collateral to the County. The swap counterparty was rated "Aa3" by Moody's Investors Services, "A+" by Standard & Poor's and "AA-" by Fitch Ratings as of June 30, 2011.

**Interest Rate Risk:**

The Agency is exposed to interest rate risk on its interest rate swaps. On its pay-fixed receive-variable interest rate swap, as the LIBOR index decreases, the Agency's net payment on the swap increases.

**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. As of June 30, 2011, the Weekly Rate was 0.16%, whereas the reset of 1-Month LIBOR was 0.18955%, a difference of (0.02995%). The effect of this difference decreases the intended synthetic fixed rate of 6.04% to a rate of 6.01%.

**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 the counterparty exercising its option under the agreement, and at the time of termination, the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the swap's fair value.

**Taxable Pension Funding Bonds Refunding 2008 C-1 Swap**

**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 as of June 30, 2011.

**Interest Rate Risk:**

The Agency is exposed to interest rate risk on its interest rate swaps. On its pay-fixed receive-variable interest rate swap, as the LIBOR index decreases, the Agency's net payment on the swap increases.

**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, and both reset on the same day of the month, 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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**Taxable Pension Funding Bonds Refunding 2009 C-2 Swap**

**Credit Risk:**

The County is not exposed to credit risk resulting from a failure of the counterparty to perform because the swap has a negative fair value. The swap counterparty was rated “A2” by Moody's Investors Services, “A” by Standard & Poor's and “A” by Fitch as of June 30, 2011.

**Interest Rate Risk:**

The Agency is exposed to interest rate risk on its interest rate swaps. On its pay-fixed receive-variable interest rate swap, as the LIBOR index decreases, the Agency's net payment on the swap increases. The fair market value is \$(10,889); the notional amount is \$49,225; and the rate for the five-year USD-ISDA is 1.6892%.

**Water Agency Revenue Bonds, Series 2007B Swaps:**

**Credit Risk:**

The Sacramento County Water Agency (Agency) Enterprise Fund is not exposed to credit risk resulting from a failure of the counterparty to perform because of the swaps' negative fair value. If the swaps had positive fair value greater than \$10 million, the Sacramento County Water Agency would be exposed to credit risk from the counterparty. The swap counterparty was rated “Aa1” by Moody's Investors Services and “AA-” by Standard & Poor's as of June 30, 2011.

**Interest Rate Risk:**

The Agency is exposed to interest rate risk on its interest rate swaps. On its pay-fixed receive-variable interest rate swap, as the LIBOR index decreases, the Agency's net payment on the swap increases.

**Basic Risk:**

The swaps are not exposed to basis risk since there is no difference between the rates paid on the variable-rate bonds and the floating amounts received from the interest rate swaps.

**Termination Risk:**

The Sacramento County Water Agency 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 are in a liability position, the Sacramento County Water Agency would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

The Sacramento County Water Agency's swap assignment agreement from Bear Stearns to JPMorgan includes provisions relating to the posting of collateral for the swap counterparty and the Sacramento County Water Agency. The swap Credit Support Annex (CSA), which is part of the swap agreement, is a one-way CSA where the counterparty has the obligation to post collateral depending on valuation thresholds. Conversely, the Sacramento County Water Agency does not have to post unless: (1) a rating event occurs when the Sacramento County Water Agency gets downgraded below “A2” by Moody's or “A” by Standard & Poor's; and (2) an insurer event occurs, which could be a combination of several events, but most likely (a) the insurer gets downgraded and (b) the insurer has failed to payout an obligation of greater than \$30 million and (3) the Sacramento County Water Agency chooses the option to post collateral. The two other options available to the Sacramento County Water Agency are to provide a letter of credit or to assign the agreement to another entity.

Should the Sacramento County Water Agency be downgraded below “Baa2” by Moody's or “BBB” by Standard & Poor's, and an insurer event has occurred, the counterparty has the option to terminate the swap. As June 30, 2011, the negative fair value of the swaps amounted to \$37,648.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**Borrowings Related to Derivative Instruments:**

**Series 1995 B & C:**

As part of the extended terms negotiated on June 23, 2003, with the previous counterparty (Lehman) the County received a one-time up-front 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 deferred revenue to be amortized over the term of the agreement which expired in FY 2009. As part of the replacement swap agreement with Deutsche Bank on October 24, 2008, the County received from the new counterparty a one-time up-front payment of \$23,019 to pay off the negative value of the Lehman Brothers swap agreement totaling \$22,894. The County has recorded this amount in the County's *Statement of Net Assets* as borrowing payable to be amortized over the term of the related swap agreement.

**Taxable Pension Funding Bonds Refunding 2009 C-2 Swap**

As part of the swap agreement, the County received a one-time up-front payment equal to the negative fair 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 a borrowing payable to be amortized over the term of the swap agreement.

**Derivative Instrument payments, Investment and Hedged Debt:**

Using the rates as of June 30, 2011, debt service requirements of governmental activities and business type activities for the variable rate debt and the net receipts/payments on associated hedging derivative instruments are presented on the next page:

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Governmental Activities:

**Pension Obligation Bonds**  
**1995 Series B & C Variable-Rate**

Year ending June 30	Principal	Interest	Interest Rate Swaps, Net	Net Cash Flows
2012		442	7,625	8,067
2013		442	7,625	8,067
2014		442	7,625	8,067
2015		442	7,625	8,067
2016		442	7,625	8,067
2017-2021	67,000	2,100	36,216	105,316
2022-2026	67,000	332	5,717	73,049
	<u>\$ 134,000</u>	<u>4,642</u>	<u>80,058</u>	<u>218,700</u>

**2008 Pension Refunding Bonds**  
**Series C-1 Variable-Rate**

Year ending June 30	Principal	Interest	Interest Rate Swaps, Net	Net Cash Flows
2012	\$ 1,450	5,875	19,765	27,090
2013	4,600	5,851	19,685	30,136
2014	4,600	5,775	19,429	29,804
2015	2,175	5,699	19,174	27,048
2016	2,400	5,663	19,053	27,116
2017-2021	42,200	27,022	90,909	160,131
2022-2026	101,675	21,764	73,219	196,658
2027-2031	196,965	10,502	48,790	256,257
	<u>\$ 356,065</u>	<u>88,151</u>	<u>310,024</u>	<u>754,240</u>



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Business-Type Activities:

Sacramento County Water Agency Enterprise Fund Series 2007A&B Revenue Bonds				
Year ending June 30	Principal	Interest	Interest Rate Swaps, Net	Net Cash Flows
2012	\$	1,668	7,959	9,627
2013		1,668	8,012	9,680
2014		1,668	7,931	9,599
2015		1,668	7,931	9,599
2016		1,669	7,958	9,627
2017-2021		8,342	39,791	48,133
2022-2026	8,105	8,258	39,383	55,746
2027-2031	61,445	7,474	35,627	104,546
2032-2036	96,940	4,430	20,931	122,301
2037-2039	62,430	937	4,399	67,766
	<u>\$ 228,920</u>	<u>37,782</u>	<u>179,922</u>	<u>446,624</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**NOTE 11 - SPECIAL ASSESSMENT DEBT AND RELATED ACTIVITIES**

At June 30, 2011, special assessment improvement bonds outstanding for all assessment districts totaled \$175,624. 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. At June 30, 2011, \$6,975 of authorized bonds remains un-issued. The outstanding balance at June 30, 2011 was \$9,290.

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. At June 30, 2011, \$79,750 of authorized bonds remains un-issued. The outstanding balance at June 30, 2011 was \$10,040.

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 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. On January 27, 2011, the District issued \$12,830 of 2011 Refunding Bonds for improvement Area No. 2; the other proceeds of which were used to defease the outstanding 1997 Refunding Bonds. On March 3, 2011, the District issued \$17,075 of 2011 Refunding Bonds for Improvement Area no. 1, the proceeds of which were used to defease the outstanding 1997 Refunding Bonds. The 2011 Refunding Bonds constitute the entire bonded indebtedness of the District. At June 30, 2011, \$3,500 of authorized Improvement Area No. 1 bonds and \$1,845 of authorized Improvement Area No. 2 bonds remain un-issued. The outstanding balance was at June 30, 2011, for Improvement Area No. 1 was \$17,075 and for Improvement Area No. 2 was \$12,830.

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, 2010. At June 30, 2011, \$1,940 of authorized bonds remains un-issued. The outstanding balance at June 30, 2011 was \$3,890.

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, 2010. At June 30, 2011, \$96,340 of authorized bonds remains un-issued. The outstanding balance at June 30, 2011 for the 2004A bonds was \$59,285 and for the 2007B bonds was \$40,200.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

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. At June 30, 2011, \$15,585 of authorized bonds remains un-issued. The outstanding balance at June 30, 2011 was \$14,385.

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. The outstanding balance at June 30, 2011 was \$799.

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. The interest rate ranges from 3.95% to 4.50%. The outstanding balance at June 30, 2011 was \$7,030.

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:

1915 Act Bonds for Bradshaw / U.S. 50 Corridor A.D. issued August 10, 1995 for \$2,301 with an interest rate 7.20%. The outstanding balance at June 30, 2011 was \$800.

**NOTE 12 – PLEDGED REVENUES**

The County has pledged a portion of delinquent property tax revenues to re-pay \$50,962 in Teeter notes in accordance with the alternative method of distribution of property tax levies and assessments. The notes were issued on October 17, 2006; November 27, 2007, December 9, 2008, December 1, 2009 and November 22, 2010. 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 \$50,962 and interest of \$680 remain on the notes and are payable through August 1, 2015. For the current year, net revenues pledged were equal to the total principal and interest paid of \$51,470 and \$526 respectively.

The County has pledged certain future revenues, net of specified operating expenses, to repay \$496,195 in Airport System Senior Revenue Bonds issued in May 2008, and \$201,800 in Airport System Senior Revenue Bonds issued in July 2009, and \$128,300 in Airport System Senior Revenue Bonds issued in August 2010. Proceeds from the 2008 Senior Revenue Bond refunded Series 1992B, Series 1998A, Series 2002A, and 45.4% of Series 2006A as well as provided \$323 million in financing for the Terminal Modernization Program. Proceeds from 2009 and 2010 Senior Revenue Bonds provided \$163.8 million and \$128.3 million, respectively, to continue the financing of the Terminal Modernization Program. The bonds are payable solely from Net Revenues of the Airport System and are payable through 2041. The total principal and interest remaining to be paid on senior bonds is \$1,620,042. Principal and interest paid for the current year was \$45,323, including \$28,548 from capitalized interest, and the total Net Revenues were \$44,580.

The County has pledged Passenger Facility Charges to repay \$89,430 in Airport System Subordinate and PFC Revenue Refunding Bonds issued in May 2008 and \$278,250 in Airport System Subordinate and PFC/Grant Revenue Bonds issued in July 2009. Proceeds from the 2008 bond series refunded Series 1996C, Series 1998B and 54.6% of Series 2006A. Proceeds from 2009 Subordinate and PFC/Grant Revenue Bonds provided \$251 million to continue the financing of the Terminal Modernization Program. The 2008 Subordinate and PFC Bonds are payable through 2026 and the 2009 Subordinate and PFC/Grant Revenue Bonds are payable through 2041. Total principal and interest remaining to be paid on the subordinate bonds is \$712,776. Principal and interest paid for the current year was \$31,082, the PFC revenue was \$18,348 and the Available Grant Revenues, \$9,124.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

The table below identifies the Available PFC and Available Grant Revenues pledged for the payment of debt service on the Series 2008D, 2008E, 2009C and 2009D bonds:

<u>Fiscal Year Ending June 30</u>	<u>Passenger Facility Charges</u>	<u>Grant Revenues</u>
2012	\$ 21,941	8,171
2013	21,939	8,220
2014	21,941	8,271
2015	21,943	8,329
2016	21,945	
	<hr/>	<hr/>
	\$ 109,709	32,991
	<hr/>	<hr/>

**NOTE 13 - COMMITMENTS**

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

**Governmental Funds** – The County’s governmental funds has entered into contracts for the construction of certain projects totaling \$94,508 at June 30, 2011.

**Airport** – The Airport System had approximately \$101,218 in outstanding construction contract commitments at June 30, 2011

**Solid Waste Enterprise Fund** – Solid Waste entered into equipment and construction agreements totaling \$2,026 at June 30, 2011.

**Water Agency Enterprise Fund** – The SCWA has entered into contracts for the construction of certain projects totaling \$37,512 at June 30, 2011.

**NOTE 14 - CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations place specific requirements on Solid Waste regarding closure and postclosure maintenance and monitoring functions for the County’s landfills. These functions are required for 30 years after closure of the landfill sites. Although closure and postclosure care costs will be paid only near or after the date that a site is closed, the County recognizes these costs (as described below) as operating expenses each year.

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

A portion of the property on which the Elk Grove Landfill is located (22.1 acres) was deeded to the County in 1936. In 1969, an additional 14.9 acres was added by eminent domain condemnation proceedings. The property was used as a municipal solid waste facility until 1978 and in 1979, it was officially closed. A final cover was placed on the landfill in 1993.

The Grand Island Landfill is a closed 10.4 acre disposal site that was leased to and operated by the County from 1971 to 1979. It is owned by the U.S. Army Corps of Engineers. A final cover was placed on the landfill in 1998.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Sections of Title 27 of the California Code of Regulations, Chapter 6, Subchapter 2, Article 2, require the operator of a disposal facility to demonstrate financial responsibility to the California Department of Resources Recycling and Recovery (CalRecycle) for maintenance. The Elk Grove and Grand Island Landfills are exempt from these regulations because these sites were not operated after January 1, 1988.

Title 27 also specifies that at sites where CalRecycle does not require a fund, the Regional Water Quality Control Board (RWQCB) shall require the establishment of an irrevocable fund (or to provide other means) pursuant to CalRecycle promulgated sections, to ensure maintenance. The RWQCB required the County to provide evidence of financial responsibility for initiating and completing corrective action for all known and reasonably foreseeable releases for the Elk Grove and Grand Island Landfills in 1999 and 2004, respectively.

The State law provides that the County can choose any alternative financial assurance mechanism acceptable to CalRecycle for the Elk Grove and Grand Island Landfills. 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, 2011 and 2010 as \$2,544 and \$2,729, respectively.

The Elk Grove landfill is 100% full and the postclosure 30-year liability period runs through June 2024. At June 30, 2011, the reported liabilities represent costs for the remaining 13 years. The portion of the postclosure costs expected to be paid during the next year is \$212.

The Fund reported Grand Island Landfill postclosure care liabilities at June 30, 2011 and 2010 of \$419 and \$439, respectively. The landfill is 100% full and the postclosure 30-year liability period runs through June 2029. At June 30, 2011, the reported liabilities represent postclosure costs for the remaining 18 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 2011. Actual costs may be different due to inflation, changes in technology, changes in permitted capacity and/or changes in regulations.

The Solid Waste 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 established a fund for the closure of Kiefer Landfill with a balance at June 30, 2011 and 2010 of \$16,256 and \$15,983, respectively. As required by applicable laws, \$8,637 and \$8,433 is considered restricted at June 30, 2011 and 2010, respectively, with the remaining balance recorded in unrestricted net assets. 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 (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Changes in accrued landfill closure and postclosure care liability for the fiscal year ended June 30, 2011 were as follows:

	July 1, 2010			June 30, 2011	Due within
	Beginning	Additions	Deletions	Ending	one year
Kiefer	\$ 13,253	366		13,619	
Elk Grove	2,729	27	(212)	2,544	212
Grand Island	439	4	(24)	419	24
	<u>\$ 16,421</u>	<u>397</u>	<u>(236)</u>	<u>16,582</u>	<u>236</u>

**NOTE 15 - RETIREMENT PLAN**

All County full-time and part-time employees participate in the Sacramento County Employees' Retirement System ("SCERS" or the "System"), a multiple-employer, cost-sharing, public employee retirement system. For purposes of County financial statements, SCERS is considered a sole employer plan because the County's contributions substantially make up the total contributions of the plan. Membership in the System primarily consists of employees of the County. The System provides retirement, disability, and death benefits based on the employee's years of service, age and average final compensation. Employees vest after 5 years of service and may receive retirement benefits at age 50. A summary of System membership at June 30, 2011, is available on the System's web site at <http://www.scers.org>. The System's Comprehensive Annual Financial Report, including a separate audit of the financial statements for the fiscal year ended June 30, 2011, is available on the System's web site <http://www.scers.org> 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 12.30% of their annual covered salary. The County is obligated by state law to make all required contributions to the plan, ranging from 15.69% to 58.45% of covered payroll. The required contributions include current service cost and amortization of prior service cost over a 30-year closed amortization period with 22 years remaining as of June 30, 2011. 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.

Contributions for the year ending June 30, 2011, totaled \$210,782. Included in this total are employer contributions of \$165,508 and member contributions of \$45,275. All contributions were made in accordance with actuarially determined contribution requirements based on the actuarial valuation performed at June 30, 2011.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

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, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 3.50 % annual general inflation, (b) 7.75% investment rate of return (net of administrative expenses), and (c) Projected salary increases of 5.14% to 11.55% for miscellaneous; 3.75% to 9.76% for safety (includes inflation at 3.5%, plus real across the board salary increase of 0.25% plus merit and longevity increases). The actuarial value of SCERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a seven-year period (smoothed fair value). The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period beginning June 30, 2010. The remaining UAAL is being recognized over a declining 24-year period. The County's annual pension cost and pension assets for the year ended June 30, 2011, were as follows:

Annual required contribution	\$ 165,508
Interest on beginning net pension asset	(78,906)
Adjustment to the annual required contribution	<u>87,804</u>
Annual pension cost	174,406
Annual Contributions made	<u>165,508</u>
Decrease in net pension asset	(8,898)
Net pension asset, beginning of year	<u>1,031,950</u>
Net pension asset, end of year	<u>\$ 1,023,052</u>

Three-year trend information:

Fiscal Year Ended	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
6/30/09	\$161,340	\$160,406	99%	\$1,036,635
6/30/10	\$155,295	\$150,610	97%	\$1,031,950
6/30/11	\$174,406	\$165,508	95%	\$1,023,052

Funding Status and Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 87.0 percent funded. The actuarial accrued liability for benefits was \$7,382,897, and the actuarial value of assets was \$6,420,824 resulting in an unfunded actuarial accrued liability (UAAL) of \$962,073. The covered payroll (annual payroll of active employees covered by the plan) was \$880,766 and the ratio of the UAAL to the covered payroll was 109.2 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 (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**NOTE 16 – POST EMPLOYMENT HEALTH CARE BENEFITS**

Plan Description The plan is a single-employer plan and it does not issue a publicly available report. 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).

The Public Employment Relations Board (PERB) ruled on complaints filed by several Representative Employee Organizations (REOs) challenging the County's elimination of the subsidy for County retirees approved by the Board of Supervisors June 5, 2007, and effective January 1, 2008. On June 30, 2009, the PERB decision ordered the County to 1) cease and desist from implementing the subsidy elimination; 2) rescind the changes in eligibility; and 3) make whole the affected parties. On March 11, 2010, the 3<sup>rd</sup> District Court of Appeals declined the County's request to review the PERB decision.

Annuitants who retired on or before May 31, 2007, as well as those Recognized Employee Organizations (REOs) who filed suit are eligible for the monthly medical premium subsidy. If the annuitant met the eligibility criteria to receive a subsidy absent a retirement date of June 1, 2007, or later, the retiree will only receive a subsidy if retired from one of the REOs who filed the complaint with PERB, and the Sacramento County Deputy Sheriff's Association. Annuitants who retired after May 31, 2007, and were not in an REO that filed suit are not eligible for this subsidy.

The amount of any medical subsidy/offset payments made available to eligible annuitants shall be calculated based upon the annuitant's SCERS service credit.

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 the 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. Annuitants who retired on or prior to May 31, 2007 as well as those REOs who filed suit and are receiving a monthly medical premium are eligible for a medical premium subsidy according to the following schedule:

Service at Retirement	Amount of subsidy/offset payment (Calendar Year)	
	2011	2010
Less than 10 years	\$40.32	\$72
10-14 years	50.40	90
15-19 years	60.48	108
20-24 years	70.56	126
25 or more years	80.64	144
*Dental if eligible for medical subsidy	\$0	\$0



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

\*The actual premium rate for the retiree dental plan is approved by the Board of Supervisors in conjunction with the approval of all the retiree health plans on an annual basis. There was no dental subsidy/offset payment by the County for calendar year 2010.

Approximately three thousand five hundred twenty-five employees meet the eligibility requirement and receive the insurance subsidy as of June 30, 2011.

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	\$ 14,938
Interest on net pension obligation	285
Adjustment to the annual required contribution	<u>(410)</u>
Annual OPEB cost	14,813
Annual Contributions made	<u>(6,177)</u>
Increase in OPEB obligation	8,636
Net OPEB Obligation, beginning of year	<u>6,340</u>
Net OPEB Obligation, end of year	<u>\$ 14,976</u>
Covered payroll (active plan members)	\$ 787,970
UAAL as a percentage of covered payroll	18.4%

Trend Information

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage Of OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$ 18,994	\$ 17,849	94%	\$ 5,740
6/30/10	14,831	14,231	96%	6,340
6/30/11	14,813	6,177	42%	14,976

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Funding Status and Progress

As of June 30, 2009, the most recent actuarial valuation date the plan was 0% funded. The actuarial accrued liability was \$144,804 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$144,804. The covered payroll (annual employees covered by the plan), was \$869,898 and the ratio at UAAL to covered payroll was 16.6 percent. The schedule of funding progress is presented as RSI following the notes to the financial statements.

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 Schedule of Funding Progress presented as required supplementary information following the notes to the financial statements, present multi-year trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities 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, 2009, 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 10% for fiscal year 2009-10 and 2010-11, 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, 2011, was 27 years.

**NOTE 17 - SELF-INSURANCE**

The County self-insures for property damage, general liability, workers' compensation, and unemployment 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, 2011, governmental and proprietary funds owed premium charges to the Liability/Property, Workers' Compensation, and Unemployment 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 (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Reconciliation of Claims Liabilities

	Liability/Property		Worker's Compensation		Unemployment		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Unpaid claims and claim adjustment expenses at beginning of the fiscal year								
Current portion	\$ 8,047	11,276	28,963	26,391	1,243		38,253	37,667
Noncurrent	18,662	20,346	130,846	100,196			149,508	120,542
Total beginning balance	26,709	31,622	159,809	126,587	1,243		187,761	158,209
Incurred claims and claim adjustment expenses:								
Provision for insured events for current year	5,182	5,984	24,787	25,416	7,295	7,425	37,264	38,825
Increase (decrease) in provision for insured events of prior fiscal years	14,530	9,845	3,660	31,712			18,190	41,557
Total incurred claims and claim adjustment expenses	<u>\$ 19,712</u>	<u>15,829</u>	<u>28,447</u>	<u>57,128</u>	<u>7,295</u>	<u>7,425</u>	<u>55,454</u>	<u>80,382</u>
Payments:								
Claims and claim adjustment expenses attributable to insured events of current fiscal year	\$ 341	839	2,809	4,564	6,235	7,425	9,385	12,828
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	17,335	19,903	22,143	19,342	1,243		40,721	39,245
Total payments	<u>17,676</u>	<u>20,742</u>	<u>24,952</u>	<u>23,906</u>	<u>7,478</u>	<u>7,425</u>	<u>50,106</u>	<u>52,073</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year June 30, 2011.	<u>\$ 28,745</u>	<u>26,709</u>	<u>163,304</u>	<u>159,809</u>	<u>1,060</u>		<u>193,109</u>	<u>186,518</u>
Current portion of unpaid claims and claim adjustments	\$ 9,897	8,047	28,400	28,963	1,060	1,243	39,357	38,253
Non current portion of unpaid claims and claim adjustments	18,848	18,662	134,904	130,846			153,752	149,508
Total current and non current unpaid claims and claim adjustment expenses at end of the fiscal year.	<u>\$ 28,745</u>	<u>26,709</u>	<u>163,304</u>	<u>159,809</u>	<u>1,060</u>	<u>1,243</u>	<u>193,109</u>	<u>187,761</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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)	2,256,000 *	50	Each occurrence
Flood	2,234,000 *	2% / 100 minimum	Per Building / Each occurrence
Earthquake (EQ)	25,000 *	5% / 100 minimum	Per building / Each occurrence
Sheriff Vehicle Physical Damage	23,826 *	15	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)	8,669	Various	Helicopters - 1.5% of Aircraft Value/Minimum 7.5 Airplanes - Nil Deductible
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*	3,000	Self-insured retention
Employers' Liability	5,000*	3,000	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 occurrence and annual aggregate limit. Effective 3/31/08 EQ is capped at \$25 million. Effective 3/31/11 All Risk total is at \$2.256 billion (total of Towers I, II, IV and V primary and excess on an actual at risk and tower-capped basis). Effective 3/31/11 Flood total is at \$2.234 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 (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**NOTE 18 – RESTRICTED NET ASSETS**

Restricted Net Assets are net assets 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, 2011 are as follows:

	Governmental Activities	Business- type Activities	Total
Bond reserves		52,359	52,359
Landfill closure		8,637	8,637
Kiefer Wetlands Preserve		876	876
Debt service	\$ 167,233	88,263	255,496
Capital projects	34,774		34,774
Passenger facility charges		26,066	26,066
Fire protection	30		30
Health programs	151,437		151,437
Transportation	31,079	1,378	32,457
Lighting and landscape maintenance	2,823		2,823
Community facilities	3,091		3,091
Fish and game	31		31
Future construction		2,622	2,622
Endowments:			
Expendable		60	60
Nonexpendable		2,027	2,027
Total	<u>\$ 390,498</u>	<u>182,288</u>	<u>572,786</u>

Net assets restricted by enabling legislation are comprised of \$26,066 (FAA approved passenger facility charges), \$2,823 (lighting and landscape maintenance) and \$3,091 (community facilities) in the Statement of Net Assets at June 30, 2011.

Restricted Net Assets include:

- *Landfill closure* – accounts for the accumulation of resources necessary to finance 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* – to finance and account for the payment of interest and principal on bonds or other long-term borrowing in accordance with bond indentures.
- *Capital projects* – accounts for financial resources to be used in the acquisition or construction of major capital facilities in accordance with bond indentures.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

- *Passenger facilities charges* – accounts for fees collected from airline passengers which are required to be used to finance airport projects.
- *Endowments* – to be used to support the airport’s public art in perpetuity.
- *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.
- *In-Home Support Services* – Accounts for revenue and expenditures of the In-Home Support Services Program.
- *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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**NOTE 19 - FUND BALANCES**

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned and unassigned. (see Note 1 for a description of these categories). A detailed schedule of fund balances as of June 30, 2011 is as follows:

	Major	Non Major Governmental Funds			
	General Fund	Special Revenue	Debt Service	Capital Project	Total
<b><u>Nonspendable:</u></b>					
Inventory	\$ 1,428				1,428
Long-term receivables/Advances	1,197	1,836		4,292	7,325
Teeter Plan delinquencies	1,124				1,124
Teeter Plan tax loss	11,686				11,686
Total Nonspendable:	15,435	1,836	0	4,292	21,563
<b><u>Restricted for:</u></b>					
Public protection	27,948	2,170			30,118
Health and sanitation	92,629	101,410			194,039
Public ways and facilities		44,388		6,960	51,348
Recreation and culture	3,298	9,951			13,249
Education		413			413
Capital outlay	27,412	321		64,109	91,842
Economic Development		35,538			35,538
Lighting and Landscape		3,391			3,391
Stormwater Utility		19,559			19,559
Tobacco Settlement		22,300			22,300
Debt Service			126,878		126,878
Total Restricted	151,287	239,441	126,878	71,069	588,675
<b><u>Unassigned</u></b>	(30,835)			(1,974)	(32,809)
<b><u>Total</u></b>	\$ 135,887	241,277	126,878	73,387	577,429

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**NOTE 20 –CONTINGENCIES**

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

**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 2011 to date. Foreclosures, defined as properties on which the lender foreclosed and the property was not sold to a new owner at auction, increased in the County from 1,329 in calendar year 2006 to 7,978 in 2007; to 19,059 in 2008; to 14,174 in 2009 and to 12,349 in 2010 according to the County Assessor. The foreclosures in 2010 represent approximately 2.7% of the total number of parcels assessed.

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; 176,524 for fiscal year 2009-10; 161,637 for fiscal year 2010-11; and just over 190,000 for fiscal year 2011-12. Total assessed value in the County declined by just over 3% from fiscal year 2010-11 to fiscal year 2011-12.

This reduction in assessed value was expected in the fiscal year 2010-11 County budget to result in a decrease in secured property tax revenues of \$3.2 million from the fiscal year 2009-10 Adopted Budget. The actual fiscal year 2010-11 reduction of secured property taxes revenues was \$7.9 million from the fiscal year 2009-10 actual. The actual supplemental taxes were \$0.4 million below the fiscal year 2010-11 budget projection.

The County Assessor's Office projects, on a preliminary basis, that assessed values for fiscal year 2012-13 will decrease from fiscal year 2011-12 levels by approximately 2%, translating into a property tax revenue decrease for the County General Fund of approximately \$6.7 million from the budgeted fiscal year 2011-12 amount.

**Sales Tax**

In the fiscal year 2011-12 Adopted Budget, revenues of the County from or related to sales taxes were projected to increase by approximately 3.4 million from fiscal year 2010-11 actual levels. In addition, the ½ cent Public Safety Sales Tax (dedicated to law enforcement services) increased by approximately \$3.9 million based on strong performance in the second half of fiscal year 2010-11. However, the fiscal year 2011-12 budget projects decreases in "realignment" revenues that consist of the County's share of State sales tax and vehicle license fees of approximately \$8.0 million.



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**Changes in Personnel Expenditures**

The fiscal year 2011-12 budget included increases in General Fund labor expenditures of approximately \$37.9 million (as compared to fiscal year 2010-11 actual expenditures), due to cost of living and equity increases obligated by labor contracts and increases in retirement and group insurance costs, partially offset by reductions in County staff levels. Labor expenses at current staffing levels are projected to increase by \$21.9 million in fiscal year 2012-13 due to current labor contractual commitments as well as retirement and group insurance costs.

**Fiscal Year 2011-12 General Fund Budget**

The County's fiscal year 2011-12 budget reflects a General Fund appropriation reduction from the previous fiscal year's budget of approximately \$34.1 million. These reductions were made by implementing various program reductions across all General Fund departments. Program reductions included the elimination of 80.2 permanent fulltime equivalent positions between the fiscal year 2010-11 Adopted Budget and fiscal year 2011-12 Adopted Budget, representing approximately 1.0% of the positions that had been funded by the County's General Fund. As part of the solution to funding issues for fiscal year 2011-12, the County used approximately \$19.3 million in one-time funding sources for the fiscal year 2011-12 budget.

**Fiscal Year 2011-12 State Budget**

As part of the fiscal year 2011-12 State Budget, a new public safety realignment law was enacted to shift the responsibility for managing low level offenders from the State to counties with sufficient funding to cover the counties costs. Public safety realignment became effective on October 1, 2011. Sacramento County is receiving \$13.1 million from the State for fiscal year 2011-12 to implement a public safety realignment plan.

**Fiscal Year 2012-13 General Fund Budget Outlook**

The County has identified a preliminary fiscal year 2011-12 budget shortfall of approximately \$43.8 million. This shortfall is a combination of using one-time funding and labor cost increases consisting of the following: \$19.3 million in one-time funding sources used in fiscal year 2011-12 that is no longer available; approximately \$21.9 million in anticipated labor cost increases at current staffing levels, \$5.6 million due to Pension Obligation Bond debt service increase, partially offset by other net planned decreases of approximately \$3.0 million.

The County will address the fiscal year 2012-13 budget during hearings to be held in June 2012. 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 2011-12 and 2012-13, 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.

**Redevelopment Agencies**

On June 29, 2011, the Governor signed ABx1 26 and ABx1 27 as a part of the State's adopted budget for FY 2011-12. ABx1 26 calls for the elimination of all California Redevelopment Agencies; while ABx1 27 provides for the continuation of redevelopment if an agency agrees to pay the State under a "Voluntary Alternative Redevelopment Program" (VARP). In fiscal year 2011-12, the State would use redevelopment funds to offset \$1.7 billion of State Medi-Cal (\$840 million) and trial court (\$860 million) costs.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

The Sacramento Housing and Redevelopment Agency is a joint power agency that administers both the redevelopment projects of the City of Sacramento and the redevelopment projects of the County of Sacramento. There are currently nine project areas in the City, three in the County and three City/County joint project areas.

ABx1 26 provides that effective October 1, 2011, all redevelopment agencies would be dissolved and a successor entity established for the liquidation of assets and the retirement of outstanding obligations. The bill further indicates that unencumbered funds held by a redevelopment agency will be remitted by the successor entity to the County Auditor-Controller for redistribution to local taxing entities. After fiscal year 2011-12, available monies, after the payment of existing redevelopment obligations, would be distributed to schools, counties, cities and non-enterprise special districts for general uses. In addition, the bill prohibits the redevelopment agency from entering into any contracts, incurring any obligations or making any commitments to any entity after the effective date of the legislation.

Under ABx1 27, the Sacramento Housing and Redevelopment Agency would be allowed to continue if they remit the VARP payment to the State of \$18.3 million for City redevelopment and \$3.5 million for County redevelopment. The legislation also requires continued payments in the future at a lower level than the initial payment. On August 9, 2011, and August 10, 2011, the City and County of Sacramento adopted ordinances to continue redevelopment and make the required VARP payments for FY 2011-12.

Both ABx1 26 and ABx1 27 are being challenged by the California Redevelopment Association and the California League of Cities. The California Supreme Court has agreed to hear the case and issued a partial stay on the implementation of ABx1 26 and a complete stay on ABx1 27. The Court has indicated its intent to issue a decision before the January 15, 2012, payment date.

**AB 99**

AB 99, adopted as part of the fiscal year 2011-12 State Budget Act, mandated a shifting of \$1,000,000 from state and local First 5 commissions to the State Treasurer. AB 99 required payments of \$50,000 from the state First 5 and \$950,000 from the local First 5 commissions within fiscal year 2011-12. The Sacramento County First 5 Commission's (Commission) share of this mandate is \$48,448. The Commission has recorded this mandate as a liability and extraordinary item in the financial statements for fiscal year 2010-11. Several other counties challenged the bill on the grounds that the bill is unconstitutional. Fresno Superior Court issued a ruling declaring that the State acted illegally when they attempted to take \$1 billion from the California Children's Trust Fund administered by Proposition 10/First 5 County Commissions. The State is now appealing. The ultimate outcome cannot presently be determined.

**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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

The Petition seeks damages, including attorneys' fees, in excess of \$125,000. 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 but may decrease as DHHS has not completed its reconciliation process. The County expects the remaining causes of action contained in the Regent's Petition to set for trial within the next year.

**Internal Revenue Service (IRS) Tax Liability**

In May 2010, staff became aware of serious irregularities with the payment of federal taxes by the County's third party payroll vendor, Ingentra. It has become apparent that although the County submitted the appropriate payments to Ingentra for employment taxes, Ingentra submitted to the IRS approximately \$20 million less than the County paid to Ingentra. Federal criminal charges have been filed against the President and Controller of Ingentra, and both have now entered guilty pleas.

Staff has prepared corrected tax returns for the period under investigation, calendar year 2007 through the second quarter of 2010, and has provided those tax returns to the IRS. The total amount owed to the IRS based on the corrected returns was \$20,242. On June 17, 2010, the IRS received an anonymous payment on the County's behalf of \$3,318, leaving a balance owed of \$17,023. The IRS contends that the County is strictly liable for payment of the taxes. The County has recently retained outside tax counsel, and based on their advice, may take the position that the County is not in fact liable for the shortfall. It is too early to assess the likelihood of whether that position will be accepted by the IRS, or if it is not, whether the IRS will nevertheless settle the matter for less than the outstanding balance of \$17,023.

**Sacramento Area Sewer District - Build America Bond Subsidy**

During the fiscal year 2010-11, the Sacramento Area Sewer District issued \$110,690 Revenue Bonds, Series 2010A Federally Taxable Direct Subsidy Build America Bonds. The bonds provide for a federal subsidy of 35% of the interest paid on the bonds to the issuer. To obtain the subsidy, Sacramento Area Sewer District must file a claim to the Internal Revenue Service (IRS) when an interest payment on the bond is made.

The second interest payment claim for the August 2011 bond payment in the amount of \$1,222 was withheld by the IRS. This was due to a disputed outstanding balance the County of Sacramento has with the IRS relating to unpaid payroll taxes not associated with the Sacramento Area Sewer District. The IRS applied the bond subsidy to the County's balance due on the unpaid payroll taxes. The County of Sacramento is working with the IRS to resolve this issue, but cannot provide a timeframe on when this will occur.

**NOTE 21 – FUTURE GASB PRONOUNCEMENTS**

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.).

GASB Statement No. 57 amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans* and Statement 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; and 3) clarifies that the same frequency and timing of determining OPEB measures are required for both agent multiple-employer plans and their participating employers. The County has not determined the effect, if any, on the financial statements.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

In December 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, for financial statements for periods beginning after December 15, 2011. The requirements of this Statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for service concession arrangements (SCAs) for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements.

GASB Statement No. 60 alleviates the confusion that arises when determining what guidance should be applied in complex circumstances that are not specifically addressed by existing standards; contributes to the assessment of inter-period equity by reporting up-front payments or the present value of installment payments primarily as deferred inflows of resources, reflecting the acquisition of resources that are applicable to a future reporting period; includes provisions that result in a faithful representation of a governmental operator's rights under SCAs by reporting rights to access SCA facilities as intangible assets; and improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs. The County has not determined the effect, if any, on the financial statements.

In December 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, effective for financial statements for periods beginning after June 15, 2012. The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic. Lastly, the requirements for reporting equity interests in component units help ensure that primary government financial statements do not understate their financial position and provide for more consistent and understandable display of those equity interests. The County has not determined the effect, if any, on the financial statements.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*, effective for financial statements for the periods beginning after December 15, 2011. The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This effort brings the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. It will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. The County has not determined the effect, if any, on the financial statements.

In December 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The County has not determined the effect, if any, on the financial statements.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The County has not determined the effect, if any, on the financial statements.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The County has not determined the effect, if any, on the financial statements.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*, effective for periods beginning after June 15, 2011. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The County has not determined the effect, if any, on the financial statements.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**NOTE 22 – RESTATEMENT**

The County implemented GASB Statement No. 54 for the fiscal year ending June 30, 2011. An analysis was performed of Special Revenue Funds which resulted in reclassifying two Special Revenue funds to the County General Fund and the recognition of revenue from amounts previously recorded as deferred revenue. The impact of the restatements on the Fund Balances/ net assets as previously reported is presented below:

	Primary Government			Governmental Funds		
	Governmental	Business-	Total	General Fund	Nonmajor	Total
	Activities	type			Governmental	
		Activities				
Net assets\Fund Balance, as previously reported	\$ 1,421,988	1,092,925	2,514,913	21,695	529,495	551,190
Adjustments:						
Trust Revenue:						
General Fund	60,553		60,553	60,553		60,553
Road Fund	1,897		1,897		1,897	1,897
Transportation Sales Tax	896		896		896	896
Economic Development	4,137		4,137		4,137	4,137
Accumulated Capital Outlay	4,322		4,322		4,322	4,322
Community Fee Districts	1,383		1,383		1,383	1,383
	<u>73,188</u>		<u>73,188</u>	<u>60,553</u>	<u>12,635</u>	<u>73,188</u>
Reclassification of governmental funds						
Transportation Occupancy Tax				4,711	(4,711)	
Golf Fund				(413)	413	
				<u>4,298</u>	<u>(4,298)</u>	
Net assets\Fund Balance, as restated	<u>\$ 1,495,176</u>	<u>1,092,925</u>	<u>2,588,101</u>	<u>86,546</u>	<u>537,832</u>	<u>624,378</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

**NOTE 23 - EXTRAORDINARY AND SPECIAL ITEMS**

**Special Item, Solid Waste Enterprise Fund, Abatement of Regulatory Fees**

The Sacramento County Air Quality Management District, responsible for collecting section 185 fees of the Federal Clean Air Act, held a meeting on April 10, 2009 to discuss the history and the methodology of calculating these fees as well as the ability the Environmental Protection Agency has to potentially collect the fees plus interest and penalties. At that time the Fund felt that there was a high probability that these fees would ultimately be assessed and therefore began accruing the obligation as a liability at June 30, 2009.

On May 10, 2011, the EPA made the announcement that the Sacramento region has attained an air quality standard it previously failed to meet. As a result, the agency will defer sanctions citing that the region exceeded the standard for three days in 2008 as a result of wildfires, considered “exceptional events.” In addition, for a number of years the air district, local businesses and government agencies have implemented policies to improve the region’s air quality.

Given the history that has surrounded these fees, and that future litigation, although unlikely, may reinstate the fees the Fund has taken the position of reversing all fees applied to June 30, 2008 and prior considering those fees to have exceeded the standard Federal three year statute of limitations. The Fund has assigned a probability factor of fifty percent to the remaining fees through June 30, 2010 which are included as a component of Accounts payable and accrued expenses. The Fund reported obligations related to section 185 fees at June 30, 2011 and 2010 in the amount of \$350 and \$1,550 respectively with \$1,200 abated in fiscal year ending June 30, 2011.

**Extraordinary Item, Special Revenue Fund, First Five Commission, AB 99 obligations**

AB 99, adopted as part of the fiscal year 2011-12 State Budget Act, mandated a shifting of \$1,000,000 from state and local First 5 commissions to the State Treasurer. AB 99 required payments of \$50,000 from the state First 5 and \$950,000 from the local First 5 commissions within fiscal year 2011-12. The Commission's share of this mandate is \$48,448. The Commission has recorded this mandate as a liability and extraordinary item in the financial statements for fiscal year 2010-11. However, several other counties are in litigation against the State Governor and State Controller challenging this bill on the grounds that the bill is unconstitutional. The ultimate outcome of this litigation cannot presently be determined. Accordingly, the Commission has not made the \$48,448 payment to State Treasurer.

**NOTE 24 - SUBSEQUENT EVENTS**

**Teeter Plan**

On November 1, 2011, the County issued its 2011 Teeter Note and purchased under the Teeter Plan the delinquent secured property tax receivables at June 30, 2010, in the amount of \$36,698 from the local taxing entities and selected special assessment districts in Sacramento County. The financing of this purchase was accomplished by a five-year legal, secured medium-term note obligation of the County that was purchased by the Treasurer’s Pool. The terms of the note include a variable interest rate, adjusted on a quarterly basis, equal to the rate of interest on the Constant Maturity U.S. Treasury Note for the number of years corresponding to the remaining term of the note. The County agreed to make principal and interest payments on the note annually on or before August 1 each year, commencing August 1, 2012. Such payments may be made more frequently, but not more often than quarterly. The note matures August 1, 2016. Note 1 (Property Taxes) and Note 9 further describe the Teeter Note issues.

**Dry Period Financing**

For fiscal year 2011-12, 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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

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 2011-12 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 \$1.907 billion in estimated revenues approved in the County’s Fiscal Year 2011-12 Preliminary Budget. The County’s Final Fiscal Year 2011-12 Budget was approved in September 2011 and the dry period financing amount was adjusted to reflect the final General Fund estimated revenues of \$1.923 billion. In addition, on a monthly basis, as revenue is received the dry period financing amount is decreased accordingly.

**Long Term Debt Issuance and Swap Terminations**

On September 28, 2011, the County issued \$183,365 Taxable Pension Obligation Bonds, Series 2011A with a term of 13 years and the interest rate ranging from 2.83% to 6.42%. The Series 2011A are being issued to (i) refund \$67,000 outstanding principal amount of its Taxable Pension Funding Bonds, Series 1995B, and \$67,000 outstanding principal amount of its Taxable Pension Funding Bonds, Series 1995C, (collectively, the “Prior Bonds”); (ii) pay \$51,920 termination payment on the 1995 B and C interest rate swap relating to the Prior Bonds; and (iii) pay the costs of issuance of the Series 2011A Bonds.

On October 13, 2011, the County issued \$73,875 Taxable Pension Obligation Bonds, Series 2011B with a term of 14 years and an interest rate of 6.625% per annum. The Series 2011B Bonds are being issued to (i) refund \$47,760 outstanding principal amount of its Taxable Pension Funding Bonds, Refunding Series 2009 (the Prior Bonds); (ii) pay \$24,629 termination payment on the 2004 C-2/2009 interest rate swap relating to the Prior Bonds; and (iii) pay the costs of issuance of the Series 2011B Bonds.



**COUNTY OF SACRAMENTO**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(amounts expressed in thousands)**

Schedule of funding progress for SCERS

Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability (AAL) <u>Entry Age</u>	Unfunded/ <u>AAL</u>	Annual Funded <u>Ratio</u>	Covered <u>Payroll</u>	Unfunded AAL as a Percentage of Covered <u>Payroll</u>
6/30/09	\$5,730,215	\$6,661,993	\$931,778	86.0%	\$869,898	107.1%
6/30/10	6,216,994	7,090,497	873,503	87.7%	912,644	95.7%
6/30/11	6,420,824	7,382,897	962,073	87.0%	880,766	109.2%

Source: Sacramento County Employees' Retirement System Comprehensive Annual Financial Report (CAFR) as of and for the year ended June 30, 2011.

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, 2010**  
**(amounts expressed in thousands)**

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

Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
6/30/07	\$ 0	\$245,592	\$245,592	0.0%	\$810,248	30.3%
6/30/09	0	144,804	144,804	0.0%	869,898	16.6%

Source: Segal Group, Inc., “County of Sacramento Actuarial Valuation and Review of Other Post Employment Benefits (OPEB) as of June 30, 2009 and June 30, 2007.”

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, 2009 is the most current actuarial valuation. In the future, information from the three most recent valuations will be presented, as it becomes available.

Intentionally Blank

---

---

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **NONMAJOR GOVERNMENTAL FUNDS SECTION**

---

---

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2011**  
(amounts expressed in thousands)

	Special Revenue	Debt Service	Capital Projects	Total
Assets:				
Cash and investments	\$301,311	81,352	75,010	457,673
Receivables:				
Billed	12,913		244	13,157
Intergovernmental	4,654		525	5,179
Due from other funds	16,596	379	215	17,190
Long-term advances to other funds	20,025		4,292	24,317
Long-term receivables		135,426		135,426
Total assets	<u>\$355,499</u>	<u>217,157</u>	<u>80,286</u>	<u>652,942</u>
Liabilities and fund balances:				
Liabilities:				
Warrants payable	\$ 2,844		1,513	4,357
Accrued liabilities	20,839	5,798	858	27,495
Intergovernmental payable	55,200		4,211	59,411
Due to other funds	17,150	17	317	17,484
Deferred revenues	18,189	84,464		102,653
Total liabilities	<u>114,222</u>	<u>90,279</u>	<u>6,899</u>	<u>211,400</u>
Fund balances:				
Nonspendable	1,836		4,292	6,128
Restricted	239,441	126,878	71,069	437,388
Unassigned			(1,974)	(1,974)
Total fund balances	<u>241,277</u>	<u>126,878</u>	<u>73,387</u>	<u>441,542</u>
Total liabilities and fund balances	<u>\$355,499</u>	<u>217,157</u>	<u>80,286</u>	<u>652,942</u>

**COUNTY OF SACRAMENTO  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011  
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Taxes	\$ 39,259			39,259
Use of money and property	6,475	924	211	7,610
Licenses and permits	28,914			28,914
Intergovernmental	104,546	16,642	1,653	122,841
Charges for sales and services	59,106		517	59,623
Fines, forfeitures and penalties	25	22,965	3,793	26,783
Pledged tobacco settlement proceeds	12,365			12,365
Miscellaneous	17,426		25,215	42,641
Total revenues	<u>268,116</u>	<u>40,531</u>	<u>31,389</u>	<u>340,036</u>
Expenditures:				
Current:				
General government	66,304			66,304
Public assistance	1			1
Public protection	12,652			12,652
Health and sanitation	49,957			49,957
Public ways and facilities	101,546		1,159	102,705
Recreation and culture	15,729			15,729
Education	2,663			2,663
Capital outlay	9,998		37,842	47,840
Debt service:				
Principal		85,295		85,295
Interest and fiscal charges		125,166		125,166
Total expenditures	<u>258,850</u>	<u>210,461</u>	<u>39,001</u>	<u>508,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,266</u>	<u>(169,930)</u>	<u>(7,612)</u>	<u>(168,276)</u>
Other financing sources (uses):				
Transfers in	5,581	137,194	643	143,418
Transfers out	(31,421)	(18,139)	(19,465)	(69,025)
Issuance of debt		46,012		46,012
Capital leases obligations	29			29
Total other financing sources (uses)	<u>(25,811)</u>	<u>165,067</u>	<u>(18,822)</u>	<u>120,434</u>
Net change in fund balance before extraordinary item	<u>(16,545)</u>	<u>(4,863)</u>	<u>(26,434)</u>	<u>(47,842)</u>
AB 99 obligation	<u>(48,448)</u>			<u>(48,448)</u>
Net change in fund balances	<u>(64,993)</u>	<u>(4,863)</u>	<u>(26,434)</u>	<u>(96,290)</u>
Fund balances - beginning, restated	<u>306,270</u>	<u>131,741</u>	<u>99,821</u>	<u>537,832</u>
Fund balances - ending	<u>\$ 241,277</u>	<u>126,878</u>	<u>73,387</u>	<u>441,542</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 funded from federal, state, and local taxes, fees and assessments.

**First 5 Commission** - As a blended component unit of the County accounts for funds received from the State from Proposition 10.

**Sacramento Public Library Authority** -Accounts for County's share of revenue and operating funds to sixteen library branches providing all library services and to the Library JPA for funding construction and maintenance of the county facilities primarily from property taxes.

**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.

**Building Inspection** - Accounts for building inspection and code enforcement services to the unincorporated area of the County and is subject to Proposition 218 requirements. Proposition 218 prohibits property related fees from exceeding costs of services provided and the fees from the revenues shall not be used for any purpose other than that for which the fee was imposed.

**Public Facilities Fixed Asset Financing Program** - Provides funds for payment of debt service to the 1990 COP which establish the Fixed Asset Financing Program and other costs of the program in accordance with the requirements of the financing documents.

**Lighting and Landscape Maintenance Districts** - As blended component units of the County was 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 funded by service charges through direct levy subject to Proposition 218 requirements.

**Park Districts and Park Service Areas** - As a blended component unit of the County 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 County service area four.

**Water Agencies** - As a blended component unit of the County consists of various zones created to provide specialized services within specific geographic areas and is subject to Proposition 218 requirements. Proposition 218 prohibits property-related fees from exceeding costs of service provided.

**Stormwater Utility** - Accounts for revenues and expenditures relating to collection and discharge of stormwater runoff in the region subject to Proposition 218 requirements. Proposition 218 prohibits property-related fees from exceeding cost of service provided and revenues from the fee shall not be used for any purpose other than that for which the fee was imposed.

**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.



**Economic Development** - Primary programs revolve around the reuse programs and the Business environmental Resource Center (BERC) program. The Mather field and McClellan Park reuse programs are self funded with state/federal grants and proceeds generated from sale or lease of former military base assets. The department also engages in more general economic development and job creation programs.

**Roadway Fee District** - Provides financing for public road improvements within several geographical districts in response to land use decisions, population growth and anticipated future development. Development fees provide the funding for the improvements and are charged when commercial and residential building permits are approved.

**Tobacco Securitization Authority** - As a blended component unit of the County 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 funded through permits, license, registration, fees and penalties.

**Other** - Accounts for miscellaneous Special Revenue Funds of the County.

**Fish and Game Fund** - Used to account for fines and forfeitures received under Section 13003 of the State of California Fish and Game Code and for other revenues and expenditures for the propagation and conservation of fish and game. The Recreation and Park Commission makes annual recommendations to the Board of Supervisors regarding expenditures within this fund.

**In Home Support Services Authority** - Established via Sacramento County Code 2.97 in accord with the state mandate established in WIC 12301.6 which requires assistance to recipients in finding in-home supportive services personnel through the establishment of a registry, investigation of potential personnel, establishes a referral system, provides training for providers and recipients and performs any other functions related to the delivery of in-home supportive services, funded by State Realignment and Federal reimbursements.

**Mather landscape maintenance CFD** - Provides landscape maintenance services for public landscape corridors within the district, funded by direct levy service charges

**Mather PFFP** - Used to provide portions of the major public infrastructure roadway facilities for the Mather area, funded by development impact fees.

**Gold River Landscape CFD** - Provides landscape maintenance services for public landscape corridors within the district, funded by direct levy service charges.

**Natomas Fire District** - Funds the provision of fire protection services in the Natomas area from property taxes.

Intentionally Blank

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 1 of 3

	Road	First 5 Commission	Library	Transportation Sales Tax	Building Inspection	Public Facilities Fixed Asset Financing Program
<b>Assets:</b>						
Cash and investments	\$ 28,419	90,234	464	2,899	3,971	
Receivables, net of allowance for uncollectibles:						
Billed	1,827	3,381		3,270	226	
Intergovernmental	770			1,288		
Due from other funds	3,627	2	4	3,739		6,814
Long-term advances to other funds						18,189
<b>Total assets</b>	<b>\$ 34,643</b>	<b>93,617</b>	<b>468</b>	<b>11,196</b>	<b>4,197</b>	<b>25,003</b>
<b>Liabilities and fund balances:</b>						
<b>Liabilities:</b>						
Warrants payable	\$ 2,210	45		171	18	34
Accrued liabilities	2,290	4,909		5,698	7	27
Intergovernmental payable	1	48,559	1	3,900	1,489	
Due to other funds	238	8	53	252	541	6,432
Deferred revenues						18,189
<b>Total liabilities</b>	<b>4,739</b>	<b>53,521</b>	<b>54</b>	<b>10,021</b>	<b>2,055</b>	<b>24,682</b>
<b>Fund balances:</b>						
Nonspendable						
Restricted	29,904	40,096	414	1,175	2,142	321
<b>Total fund balances</b>	<b>29,904</b>	<b>40,096</b>	<b>414</b>	<b>1,175</b>	<b>2,142</b>	<b>321</b>
<b>Total liabilities and fund balances</b>	<b>\$ 34,643</b>	<b>93,617</b>	<b>468</b>	<b>11,196</b>	<b>4,197</b>	<b>25,003</b>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2011**  
**(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
<b>Assets:</b>						
Cash and investments	\$ 3,110	10,459	49,884	18,527	22,483	
Receivables, net of allowance for uncollectibles:						
Billed		513	16	2,812		
Intergovernmental						
Due from other funds			95	1,546		
Long-term advances to other funds						
Total assets	<u>\$ 3,110</u>	<u>10,972</u>	<u>49,995</u>	<u>22,885</u>	<u>22,483</u>	
<b>Liabilities and fund balances:</b>						
<b>Liabilities:</b>						
Warrants payable	\$ 4	257	3	37		
Accrued liabilities	280	426	43	2,545		
Intergovernmental payable		311	36	43		
Due to other funds	3	57	16	702	183	
Deferred revenues						
Total liabilities	<u>287</u>	<u>1,051</u>	<u>98</u>	<u>3,327</u>	<u>183</u>	
<b>Fund balances:</b>						
Nonspendable						
Restricted	2,823	9,921	49,897	19,558	22,300	
Total fund balances	<u>2,823</u>	<u>9,921</u>	<u>49,897</u>	<u>19,558</u>	<u>22,300</u>	
Total liabilities and fund balances	<u>\$ 3,110</u>	<u>10,972</u>	<u>49,995</u>	<u>22,885</u>	<u>22,483</u>	

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 3 of 3

	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
Assets:						
Cash and investments	\$ 39,128	17,355	1,074	8,292	5,012	301,311
Receivables, net of allowance for uncollectibles:						
Billed		643			225	12,913
Intergovernmental				2,566	30	4,654
Due from other funds	132			159	478	16,596
Long-term advances to other funds	1,836					20,025
Total assets	<u>\$ 41,096</u>	<u>17,998</u>	<u>1,074</u>	<u>11,017</u>	<u>5,745</u>	<u>355,499</u>
Liabilities and fund balances:						
Liabilities:						
Warrants payable	\$ 22	1		37	5	2,844
Accrued liabilities	3,158		4	549	903	20,839
Intergovernmental payable	447			41	372	55,200
Due to other funds	96	7,215		368	986	17,150
Deferred revenues						18,189
Total liabilities	<u>3,723</u>	<u>7,216</u>	<u>4</u>	<u>995</u>	<u>2,266</u>	<u>114,222</u>
Fund balances:						
Nonspendable	1,836					1,836
Restricted	35,537	10,782	1,070	10,022	3,479	239,441
Total fund balances	<u>37,373</u>	<u>10,782</u>	<u>1,070</u>	<u>10,022</u>	<u>3,479</u>	<u>241,277</u>
Total liabilities and fund balances	<u>\$ 41,096</u>	<u>17,998</u>	<u>1,074</u>	<u>11,017</u>	<u>5,745</u>	<u>355,499</u>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 1 of 3

	Road	First 5 Commission	Library	Transportation Sales Tax	Building Inspection	Public Facilities Fixed Asset Financing Program
Revenues:						
Taxes	\$ 1,937			21,770		
Use of money and property	525	486	19	19	18	
Licenses and permits	1,341				10,124	
Intergovernmental	43,769	17,750	828	9,040		
Charges for sales and services	367				18	18,004
Fines, forfeitures and penalties						
Pledged tobacco settlement proceeds						
Miscellaneous	2,232	1		553	12	
Total revenues	<u>50,171</u>	<u>18,237</u>	<u>847</u>	<u>31,382</u>	<u>10,172</u>	<u>18,004</u>
Expenditures:						
Current:						
General government						
Public assistance						
Public protection					9,609	
Health and sanitation		26,441				
Public ways and facilities	50,787			31,392		
Recreation and culture						
Education			2,663			
Capital outlay						9,998
Total expenditures	<u>50,787</u>	<u>26,441</u>	<u>2,663</u>	<u>31,392</u>	<u>9,609</u>	<u>9,998</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(616)</u>	<u>(8,204)</u>	<u>(1,816)</u>	<u>(10)</u>	<u>563</u>	<u>8,006</u>
Other financing sources (uses):						
Transfers in						
Transfers out		(148)				(7,686)
Capital leases obligations						
Total other financing sources (uses)		<u>(148)</u>				<u>(7,686)</u>
Net change in fund balance before extraordinary item	(616)	(8,352)	(1,816)	(10)	563	320
AB 99 obligation		(48,448)				
Net change in fund balances	(616)	(56,800)	(1,816)	(10)	563	320
Fund balances - beginning, as restated	30,520	96,896	2,230	1,185	1,579	1
Fund balances - ending	<u>\$ 29,904</u>	<u>40,096</u>	<u>414</u>	<u>1,175</u>	<u>2,142</u>	<u>321</u>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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
Revenues:						
Taxes	\$ 299	7,159		6,252		
Use of money and property	13	1,199	257	75	747	
Licenses and permits			1,637			
Intergovernmental	5	1,056		149		
Charges for sales and services	2,880	5,008	3,435	25,119		
Fines, forfeitures and penalties				4		
Pledged tobacco settlement proceeds						
Miscellaneous	480	1,256	356	729	9	
Total revenues	<u>3,677</u>	<u>15,678</u>	<u>5,685</u>	<u>32,328</u>	<u>756</u>	
Expenditures:						
Current:						
General government	3,963			34,221	5,566	
Public assistance						1
Public protection						
Health and sanitation			5,456			
Public ways and facilities						
Recreation and culture		15,723				
Education						
Capital outlay						
Total expenditures	<u>3,963</u>	<u>15,723</u>	<u>5,456</u>	<u>34,221</u>	<u>5,566</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(286)</u>	<u>(45)</u>	<u>229</u>	<u>(1,893)</u>	<u>(4,810)</u>	<u>(1)</u>
Other financing sources (uses):						
Transfers in					5,493	
Transfers out			(1,166)	(762)	(8,409)	(161)
Capital leases obligations		29				
Total other financing sources (uses)		<u>29</u>	<u>(1,166)</u>	<u>(762)</u>	<u>(2,916)</u>	<u>(161)</u>
Net change in fund balance before extraordinary item	(286)	(16)	(937)	(2,655)	(7,726)	(162)
AB 99 obligation						
Net change in fund balances	(286)	(16)	(937)	(2,655)	(7,726)	(162)
Fund balances - beginning, as restated	3,109	9,937	50,834	22,213	30,026	162
Fund balances - ending	<u>\$ 2,823</u>	<u>9,921</u>	<u>49,897</u>	<u>19,558</u>	<u>22,300</u>	

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 3 of 3

	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
Revenues:						
Taxes	\$				1,842	39,259
Use of money and property	2,881	115	1	41	79	6,475
Licenses and permits	43	1,454		14,315		28,914
Intergovernmental	30,572			31	1,346	104,546
Charges for sales and services	1,868			823	1,584	59,106
Fines, forfeitures and penalties					21	25
Pledged tobacco settlement proceeds			12,365			12,365
Miscellaneous	8,192	40		3,566		17,426
Total revenues	<u>43,556</u>	<u>1,609</u>	<u>12,366</u>	<u>18,776</u>	<u>4,872</u>	<u>268,116</u>
Expenditures:						
Current:						
General government	22,396				158	66,304
Public assistance						1
Public protection					3,043	12,652
Health and sanitation			177	16,877	1,006	49,957
Public ways and facilities		18,526			841	101,546
Recreation and culture					6	15,729
Education						2,663
Capital outlay						9,998
Total expenditures	<u>22,396</u>	<u>18,526</u>	<u>177</u>	<u>16,877</u>	<u>5,054</u>	<u>258,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,160</u>	<u>(16,917)</u>	<u>12,189</u>	<u>1,899</u>	<u>(182)</u>	<u>9,266</u>
Other financing sources (uses):						
Transfers in	88					5,581
Transfers out	(135)		(12,092)	(862)		(31,421)
Capital leases obligations						29
Total other financing sources (uses)	<u>(47)</u>		<u>(12,092)</u>	<u>(862)</u>		<u>(25,811)</u>
Net change in fund balance before extraordinary item	21,113	(16,917)	97	1,037	(182)	(16,545)
AB 99 obligation						(48,448)
Net change in fund balances	21,113	(16,917)	97	1,037	(182)	(64,993)
Fund balances - beginning, as restated	16,260	27,699	973	8,985	3,661	306,270
Fund balances - ending	<u>\$ 37,373</u>	<u>10,782</u>	<u>1,070</u>	<u>10,022</u>	<u>3,479</u>	<u>241,277</u>



**COUNTY OF SACRAMENTO  
ROAD SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 770	682	1,937	1,255
Use of money and property	395	478	525	47
Licenses and permits	1,276	1,300	1,341	41
Intergovernmental	56,136	80,310	43,769	(36,541)
Charges for sales and services	77	77	367	290
Miscellaneous	26,184	1,667	2,232	565
Total revenues	84,838	84,514	50,171	(34,343)
Expenditures:				
Current:				
Public ways and facilities	103,413	110,825	50,787	60,038
Deficiency of revenues under expenditures	(18,575)	(26,311)	(616)	25,695
Net change in fund balances	\$ (18,575)	(26,311)	(616)	25,695

**COUNTY OF SACRAMENTO**  
**FIRST 5 COMMISSION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 1,014	1,014	486	(528)
Intergovernmental	16,343	16,343	17,750	1,407
Miscellaneous			1	1
Total revenues	<u>17,357</u>	<u>17,357</u>	<u>18,237</u>	<u>880</u>
Expenditures:				
Current:				
Health and sanitation	<u>41,178</u>	<u>46,196</u>	<u>26,441</u>	<u>19,755</u>
Deficiency of revenues under expenditures	(23,821)	(28,839)	(8,204)	20,635
Transfers out	<u>(148)</u>	<u>(148)</u>	<u>(148)</u>	
Net change in fund balance before Extraordinary and special items:	(23,969)	(28,987)	(8,352)	20,635
AB 99 obligation	<u>(48,448)</u>	<u>(48,448)</u>	<u>(48,448)</u>	
Net change in fund balances	<u>\$ (72,417)</u>	<u>(77,435)</u>	<u>(56,800)</u>	<u>20,635</u>

**COUNTY OF SACRAMENTO  
LIBRARY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 19,675			
Use of money and property	30	5	19	14
Intergovernmental	1,038	828	828	
Miscellaneous	(828)			
Total revenues	19,915	833	847	14
Expenditures:				
Current:				
Education	19,915	10,156	2,663	7,493
Excess (deficiency) of revenues over (under) expenditures		(9,323)	(1,816)	7,507
Net change in fund balances	\$	(9,323)	(1,816)	7,507

**COUNTY OF SACRAMENTO**  
**TRANSPORTATION SALES TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 18,165	25,090	21,770	(3,320)
Use of money and property	100	100	19	(81)
Intergovernmental	5,906	13,630	9,040	(4,590)
Miscellaneous		4,274	553	(3,721)
Total revenues	<u>24,171</u>	<u>43,094</u>	<u>31,382</u>	<u>(11,712)</u>
Expenditures:				
Current:				
Public ways and facilities	<u>50,085</u>	<u>49,153</u>	<u>31,392</u>	<u>17,761</u>
Deficiency of revenues under expenditures	<u>(25,914)</u>	<u>(6,059)</u>	<u>(10)</u>	<u>6,049</u>
Net change in fund balances	<u>\$ (25,914)</u>	<u>(6,059)</u>	<u>(10)</u>	<u>6,049</u>

**COUNTY OF SACRAMENTO**  
**BUILDING INSPECTION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 8	8	18	10
Licenses and permits	9,985	9,985	10,124	139
Intergovernmental	40	40		(40)
Charges for sales and services	47	47	18	(29)
Miscellaneous		114	12	(102)
Total revenues	<u>10,080</u>	<u>10,194</u>	<u>10,172</u>	<u>(22)</u>
Expenditures:				
Current:				
Public protection:				
Protection and inspection	<u>11,450</u>	<u>11,533</u>	<u>9,609</u>	<u>1,924</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,370)</u>	<u>(1,339)</u>	<u>563</u>	<u>1,902</u>
Net change in fund balances	<u>\$ (1,370)</u>	<u>(1,339)</u>	<u>563</u>	<u>1,902</u>

**COUNTY OF SACRAMENTO**  
**PUBLIC FACILITIES FIXED ASSET FINANCING PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Intergovernmental	\$ 477	477		(477)
Charges for sales and services	18,005	18,005	18,004	(1)
Miscellaneous	27,781	27,781		(27,781)
Total revenues	46,263	46,263	18,004	(28,259)
Expenditures:				
Capital outlay	39,082	38,100	9,998	28,102
Excess of revenues over expenditures	7,181	8,163	8,006	(157)
Other financing uses:				
Transfers out	(7,686)	(7,686)	(7,686)	
Total other financing uses	(7,686)	(7,686)	(7,686)	
Net change in fund balances	\$ (505)	477	320	(157)

**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, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 317	317	299	(18)
Use of money and property	30	30	13	(17)
Intergovernmental	4	4	5	1
Charges for sales and services	2,780	2,781	2,880	99
Miscellaneous	504	431	480	49
Total revenues	<u>3,635</u>	<u>3,563</u>	<u>3,677</u>	<u>114</u>
Expenditures:				
General government	<u>3,928</u>	<u>4,174</u>	<u>3,963</u>	<u>211</u>
Deficiency of revenues under expenditures	<u>(293)</u>	<u>(611)</u>	<u>(286)</u>	<u>325</u>
Net change in fund balances	<u>\$ (293)</u>	<u>(611)</u>	<u>(286)</u>	<u>325</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, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 7,523	7,272	7,159	(113)
Use of money and property	1,145	1,231	1,199	(32)
Intergovernmental	593	2,920	1,056	(1,864)
Charges for sales and services	5,236	5,639	5,008	(631)
Miscellaneous	998	1,028	1,256	228
Total revenues	15,495	18,090	15,678	(2,412)
Expenditures:				
Current:				
Recreation and culture	20,107	22,917	15,723	7,194
Total expenditures	20,107	22,917	15,723	7,194
Deficiency of revenues under expenditures	(4,612)	(4,827)	(45)	4,782
Other financing sources:				
Capital leases obligations	29	29	29	
Total other financing sources	29	29	29	
Net change in fund balances	\$ (4,583)	(4,798)	(16)	4,782



**COUNTY OF SACRAMENTO**  
**WATER AGENCIES SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(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	\$			
Use of money and property	326	326	257	(69)
Licenses and permits	670	670	1,637	967
Charges for sales and services	14,275	14,375	3,435	(10,940)
Miscellaneous		300	356	56
	<u>15,271</u>	<u>15,671</u>	<u>5,685</u>	<u>(9,986)</u>
Total revenues				
Expenditures:				
Current:				
Health and sanitation	33,244	24,891	5,456	19,435
	<u>(17,973)</u>	<u>(9,220)</u>	<u>229</u>	<u>9,449</u>
Excess (deficiency) of revenues over (under) expenditures				
Other financing uses:				
Transfers out	(74)	(1,167)	(1,166)	1
	<u>\$ (18,047)</u>	<u>(10,387)</u>	<u>(937)</u>	<u>9,450</u>
Net change in fund balances				

**COUNTY OF SACRAMENTO**  
**STORMWATER UTILITY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 6,127	6,127	6,252	125
Use of money and property	96	96	75	(21)
Intergovernmental	2,406	2,406	149	(2,257)
Charges for sales and services	25,468	26,976	25,119	(1,857)
Fines, forfeitures and penalties			4	4
Miscellaneous	801	801	729	(72)
Total revenues	34,898	36,406	32,328	(4,078)
Expenditures:				
Current:				
General government	44,531	46,238	34,221	12,017
Deficiency of revenues under expenditures	(9,633)	(9,832)	(1,893)	7,939
Other financing uses:				
Transfers out	(762)	(762)	(762)	
Net change in fund balances	\$ (10,395)	(10,594)	(2,655)	7,939

**COUNTY OF SACRAMENTO  
TOBACCO SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(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	\$ 722	722	747	25
Miscellaneous			9	9
Total revenues	<u>722</u>	<u>722</u>	<u>756</u>	<u>34</u>
Expenditures:				
Current:				
General government				
Finance	<u>5,879</u>	<u>5,879</u>	<u>5,566</u>	<u>313</u>
Deficiency of revenues under expenditures	(5,157)	(5,157)	(4,810)	347
Other financing sources (uses):				
Transfers in	5,493	5,493	5,493	
Transfers out	<u>(8,409)</u>	<u>(8,409)</u>	<u>(8,409)</u>	
Total other financing sources (uses)	<u>(2,916)</u>	<u>(2,916)</u>	<u>(2,916)</u>	
Net change in fund balances	<u>\$ (8,073)</u>	<u>(8,073)</u>	<u>(7,726)</u>	<u>347</u>

**COUNTY OF SACRAMENTO**  
**ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 3,120	3,873	2,881	(992)
Licenses and permits	33	33	43	10
Intergovernmental	18,200	23,460	30,572	7,112
Charges for sales and services	1,300	1,300	1,868	568
Miscellaneous	4,776	8,866	8,192	(674)
Total revenues	27,429	37,532	43,556	6,024
Expenditures:				
Current:				
General government	41,864	48,598	22,396	26,202
Excess (deficiency) of revenues over (under) expenditures	(14,435)	(11,066)	21,160	32,226
Other financing sources (uses):				
Transfers in	88	88	88	
Transfers out	(135)	(135)	(135)	
Total other financing sources (uses)	(47)	(47)	(47)	
Net change in fund balances	\$ (14,482)	(11,113)	21,113	32,226

**COUNTY OF SACRAMENTO**  
**ROADWAY FEE DISTRICT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(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	20	115	95
Licenses and permits	520	683	1,454	771
Miscellaneous	<u>120</u>	<u>600</u>	<u>40</u>	<u>(560)</u>
Total revenues	<u>642</u>	<u>1,303</u>	<u>1,609</u>	<u>306</u>
Expenditures:				
Current:				
Public ways and facilities	<u>13,571</u>	<u>23,842</u>	<u>18,526</u>	<u>5,316</u>
Net change in fund balances	<u>\$ (12,929)</u>	<u>(22,539)</u>	<u>(16,917)</u>	<u>5,622</u>

**COUNTY OF SACRAMENTO**  
**TOBACCO SECURITIZATION AUTHORITY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		1	1
Pledged tobacco settlement proceeds	12,365	12,365	12,365	
Total revenues	12,365	12,365	12,366	1
Expenditures:				
Current:				
Health and sanitation	177	177	177	
Excess of revenues over expenditures	12,188	12,188	12,189	1
Other financing uses:				
Transfers out	(12,092)	(12,092)	(12,092)	
Net change in fund balances	\$ 96	96	97	1

**COUNTY OF SACRAMENTO**  
**ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		41	41
Licenses and permits	14,657	14,657	14,315	(342)
Intergovernmental	455	455	31	(424)
Charges for sales and services	852	852	823	(29)
Miscellaneous	2,789	2,789	3,566	777
Total revenues	18,753	18,753	18,776	23
Expenditures:				
Current:				
Health and sanitation	17,559	17,700	16,877	823
Excess of revenues over expenditures	1,194	1,053	1,899	846
Other financing uses:				
Transfers out	(862)	(862)	(862)	
Total other financing uses	(862)	(862)	(862)	
Net change in fund balances	\$ 332	191	1,037	846

**COUNTY OF SACRAMENTO  
OTHER SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 2,384	2,087	1,842	(245)
Use of money and property	125	125	79	(46)
Intergovernmental	1,487	1,487	1,346	(141)
Charges for sales and services	750	750	1,584	834
Fines, forfeitures and penalties	15	15	21	6
Miscellaneous	213	213		(213)
Total revenues	4,974	4,677	4,872	195
Expenditures:				
Current:				
General government	418	494	158	336
Public protection	2,419	3,323	3,043	280
Health and sanitation	1,864	1,864	1,006	858
Public ways and facilities	2,144	2,576	841	1,735
Recreation and culture	20	10	6	4
Total expenditures	6,865	8,267	5,054	3,213
Deficiency of revenues under expenditures	(1,891)	(3,590)	(182)	3,408
Other financing uses:				
Transfers out				
Net change in fund balances	\$ (1,891)	(3,590)	(182)	3,408



Intentionally Blank

---

---

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **NONMAJOR GOVERNMENTAL FUNDS SECTION**

### **DEBT SERVICE FUNDS**

---

---

## DEBT SERVICE FUNDS

**Public Facilities Financing Program** - Services the debt associated with the Public Facilities Financing Corporation's Juvenile Courthouse, 1997, 2003, 2006, 2007 and 2010 Public Facilities Financing funds.

**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**  
**NON-MAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 1 of 2

	Public Facilities Financing Corporation						
	Juvenile Courthouse	1997 Public Facilities Refunding	1997 Public Facilities	2003 Public Facilities	2006 Public Facilities	2007 Public Facilities	2010 COP Refunding
Assets:							
Cash and investments	\$ 2,261	7,649	3,538	1,011	5,484	3,310	11,586
Due from other funds							
Long-term receivables							
Total assets	<u>2,261</u>	<u>7,649</u>	<u>3,538</u>	<u>1,011</u>	<u>5,484</u>	<u>3,310</u>	<u>11,586</u>
Liabilities and fund balances:							
Liabilities:							
Accrued liabilities							
Due to other funds		1	1			1	11
Deferred revenues							
Total liabilities	<u></u>	<u>1</u>	<u>1</u>	<u></u>	<u></u>	<u>1</u>	<u>11</u>
Fund balances:							
Nonspendable							
Restricted	2,261	7,648	3,537	1,011	5,484	3,309	11,575
Total fund balances	<u>2,261</u>	<u>7,648</u>	<u>3,537</u>	<u>1,011</u>	<u>5,484</u>	<u>3,309</u>	<u>11,575</u>
Total liabilities and fund balances	\$ 2,261	7,649	3,538	1,011	5,484	3,310	11,586

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2011**  
**(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	\$ 11,624	5,393	21,752	7,744	81,352
Due from other funds	379				379
Long-term receivables		50,962		84,464	135,426
Total assets	<u>12,003</u>	<u>56,355</u>	<u>21,752</u>	<u>92,208</u>	<u>217,157</u>
Liabilities and fund balances:					
Liabilities:					
Accrued liabilities	5,798				5,798
Due to other funds	3				17
Deferred revenues				84,464	84,464
Total liabilities	<u>5,801</u>			<u>84,464</u>	<u>90,279</u>
Fund balances:					
Nonspendable					
Restricted	6,202	56,355	21,752	7,744	126,878
Total fund balances	<u>6,202</u>	<u>56,355</u>	<u>21,752</u>	<u>7,744</u>	<u>126,878</u>
Total liabilities and fund balances	<u>\$ 12,003</u>	<u>56,355</u>	<u>21,752</u>	<u>92,208</u>	<u>217,157</u>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 1 of 2

	Public Facilities Financing Corporation						
	Juvenile Courthouse	1997 Public Facilities Refunding	1997 Public Facilities	2003 Public Facilities	2006 Public Facilities	2007 Public Facilities	2010 COP Refunding
Revenues:							
Use of money and property	\$ 11	380	218	6	26	9	83
Intergovernmental							228
Fines, forfeitures and penalties							
Total revenues	11	380	218	6	26	9	311
Expenditures:							
Debt service:							
Principal	760	2,740	2,355	325	1,510	795	8,290
Interest and fiscal charges	1,465	3,590	682	644	2,705	2,227	5,456
Total expenditures	2,225	6,330	3,037	969	4,215	3,022	13,746
Deficiency of revenues under expenditures	(2,214)	(5,950)	(2,819)	(963)	(4,189)	(3,013)	(13,435)
Other financing sources (uses):							
Transfers in	2,230	6,341	3,057	977	3,147	3,020	13,612
Transfers out						(643)	
Issuance of debt							
Total other financing sources (uses)	2,230	6,341	3,057	977	3,147	2,377	13,612
Net change in fund balances	16	391	238	14	(1,042)	(636)	177
Fund balances - beginning	2,245	7,257	3,299	997	6,526	3,945	11,398
Fund balances - ending	\$ 2,261	7,648	3,537	1,011	5,484	3,309	11,575

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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	\$ 180	3	8		924
Intergovernmental	10,021			6,393	16,642
Fines, forfeitures and penalties		22,965			22,965
Total revenues	<u>10,201</u>	<u>22,968</u>	<u>8</u>	<u>6,393</u>	<u>40,531</u>
Expenditures:					
Debt service:					
Principal	15,285	51,470	90	1,675	85,295
Interest and fiscal charges	91,139	526	12,014	4,718	125,166
Total expenditures	<u>106,424</u>	<u>51,996</u>	<u>12,104</u>	<u>6,393</u>	<u>210,461</u>
Deficiency of revenues under expenditures	<u>(96,223)</u>	<u>(29,028)</u>	<u>(12,096)</u>		<u>(169,930)</u>
Other financing sources (uses):					
Transfers in	92,718		12,092		137,194
Transfers out		(17,496)			(18,139)
Issuance of debt		46,012			46,012
Total other financing sources (uses)	<u>92,718</u>	<u>28,516</u>	<u>12,092</u>		<u>165,067</u>
Net change in fund balances	<u>(3,505)</u>	<u>(512)</u>	<u>(4)</u>		<u>(4,863)</u>
Fund balances - beginning	<u>9,707</u>	<u>56,867</u>	<u>21,756</u>	<u>7,744</u>	<u>131,741</u>
Fund balances - ending	<u>\$ 6,202</u>	<u>56,355</u>	<u>21,752</u>	<u>7,744</u>	<u>126,878</u>

**COUNTY OF SACRAMENTO  
PUBLIC FACILITIES FINANCING CORPORATION  
JUVENILE COURTHOUSE DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		11	11
Expenditures:				
Debt service:				
Principal	760	760	760	
Interest and fiscal charges	1,478	1,497	1,465	32
Total expenditures	2,238	2,257	2,225	32
Deficiency of revenues under expenditures	(2,238)	(2,257)	(2,214)	43
Other financing sources:				
Transfers in	2,230	2,230	2,230	
Net change in fund balances	\$ (8)	(27)	16	43



**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, 2011**  
**(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		380	380
Expenditures:				
Debt service:				
Principal	2,740	2,740	2,740	
Interest and fiscal charges	3,606	3,986	3,590	396
Total expenditures	6,346	6,726	6,330	396
Deficiency of revenues under expenditures	(6,346)	(6,726)	(5,950)	776
Other financing sources:				
Transfers in	6,341	6,341	6,341	
Net change in fund balances	\$ (5)	(385)	391	776

**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, 2011  
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		218	218
Expenditures:				
Debt service:				
Principal	2,355	2,355	2,355	
Interest and fiscal charges	716	970	682	288
Total expenditures	3,071	3,325	3,037	288
Deficiency of revenues under expenditures	(3,071)	(3,325)	(2,819)	506
Other financing sources:				
Transfers in	3,057	3,057	3,057	
Net change in fund balances	\$ (14)	(268)	238	506

**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, 2011  
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		6	6
Expenditures:				
Debt service:				
Principal	325	325	325	
Interest and fiscal charges	662	682	644	38
Total expenditures	987	1,007	969	38
Deficiency of revenues under expenditures	(987)	(1,007)	(963)	44
Other financing sources:				
Transfers in	977	977	977	
Net change in fund balances	\$ (10)	(30)	14	44

**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, 2011  
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		26	26
Expenditures:				
Debt service:				
Principal	1,510	1,510	1,510	
Interest and fiscal charges	5,260	5,303	2,705	2,598
Total expenditures	6,770	6,813	4,215	2,598
Deficiency of revenues under expenditures	(6,770)	(6,813)	(4,189)	2,624
Other financing sources:				
Transfers in	3,147	3,147	3,147	
Net change in fund balances	\$ (3,623)	(3,666)	(1,042)	2,624

**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, 2011  
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		9	9
Expenditures:				
Debt service:				
Principal	795	795	795	
Interest and fiscal charges	2,666	2,522	2,227	295
Deficiency of revenues under expenditures	(3,461)	(3,317)	(3,013)	304
Other financing sources (uses):				
Transfers in	3,020	3,020	3,020	
Transfers out	(643)	(643)	(643)	
Total other financing sources (uses)	2,377	2,377	2,377	
Net change in fund balances	\$ (1,084)	(940)	(636)	304

**COUNTY OF SACRAMENTO  
PUBLIC FACILITIES FINANCING CORPORATION  
2010 COP REFUNDING  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		83	83
Intergovernmental	228	228	228	
Total revenues	228	228	311	83
Expenditures:				
Principal	8,290	8,290	8,290	
Interest and fiscal charges	5,651	5,674	5,456	218
Total expenditures	13,941	13,964	13,746	218
Deficiency of revenues under expenditures	(13,713)	(13,736)	(13,435)	301
Other financing sources (uses):				
Transfers in	13,612	13,612	13,612	
Total other financing sources (uses)	13,612	13,612	13,612	
Net change in fund balances	\$ (101)	(124)	177	301

**COUNTY OF SACRAMENTO**  
**PENSION OBLIGATION BONDS DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		180	180
Intergovernmental	10,021	10,021	10,021	
Total revenues	10,021	10,021	10,201	180
Expenditures:				
Debt service:				
Principal	15,285	15,285	15,285	
Interest and fiscal charges	93,757	96,875	91,139	5,736
Total expenditures	109,042	112,160	106,424	5,736
Deficiency of revenues under expenditures	(99,021)	(102,139)	(96,223)	5,916
Other financing sources:				
Transfers in	93,372	93,372	92,718	(654)
Net change in fund balances	\$ (5,649)	(8,767)	(3,505)	5,262

**COUNTY OF SACRAMENTO**  
**TEETER PLAN DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		3	3
Fines, forfeitures and penalties	22,965	22,965	22,965	
Miscellaneous	12,438	8,110		(8,110)
Total revenues	35,403	31,075	22,968	(8,107)
Expenditures:				
Debt service:				
Principal	68,504	64,969	51,470	13,499
Interest and fiscal charges	2,631	526	526	
Total expenditures	71,135	65,495	51,996	13,499
Deficiency of revenues under expenditures	(35,732)	(34,420)	(29,028)	5,392
Other financing sources (uses):				
Transfers out	(17,496)	(17,496)	(17,496)	
Issuance of debt	46,012	46,012	46,012	
Total other financing sources (uses)	28,516	28,516	28,516	
Net change in fund balances	\$ (7,216)	(5,904)	(512)	5,392



**COUNTY OF SACRAMENTO**  
**TOBACCO SECURITIZATION AUTHORITY DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	<u>\$ 8</u>	<u>8</u>	<u>8</u>	
Expenditures:				
Debt service:				
Principal	90	90	90	
Interest and fiscal charges	<u>12,014</u>	<u>12,014</u>	<u>12,014</u>	
Total expenditures	<u>12,104</u>	<u>12,104</u>	<u>12,104</u>	
Deficiency of revenues under expenditures	(12,096)	(12,096)	(12,096)	
Other financing sources:				
Transfers in	<u>12,092</u>	<u>12,092</u>	<u>12,092</u>	
Net change in fund balances	<u><u>\$ (4)</u></u>	<u><u>(4)</u></u>	<u><u>(4)</u></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, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Intergovernmental	\$ 6,393	6,393	6,393	
Total revenues	6,393	6,393	6,393	
Expenditures:				
Debt service:				
Principal	1,675	1,675	1,675	
Interest and fiscal charges	4,718	4,718	4,718	
Total expenditures	6,393	6,393	6,393	
Deficiency of revenues under expenditures				
Net change in fund balances	\$			

---

---

# **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 in downtown Sacramento.

**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**  
**NON-MAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2011**  
**(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	\$ 216	1,767	9,964	97	95	1,261	5,707
Receivables, net of allowance for uncollectibles:							
Billed					17		
Intergovernmental							
Due from other funds							
Long-term advances to other funds		2,300					
Total assets	<u>\$ 216</u>	<u>4,067</u>	<u>9,964</u>	<u>97</u>	<u>112</u>	<u>1,261</u>	<u>5,707</u>
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$						
Accrued liabilities							2
Intergovernmental payable	32	3,739					
Due to other funds		2	2	1	1		5
Total liabilities	<u>32</u>	<u>3,741</u>	<u>2</u>	<u>1</u>	<u>1</u>		<u>7</u>
Fund balances:							
Reserved for:							
Nonspendable		2,300					
Restricted	184		9,962	96	111	1,261	5,700
Unassigned		(1,974)					
Total fund balances	<u>184</u>	<u>326</u>	<u>9,962</u>	<u>96</u>	<u>111</u>	<u>1,261</u>	<u>5,700</u>
Total liabilities and fund balances	<u>\$ 216</u>	<u>4,067</u>	<u>9,964</u>	<u>97</u>	<u>112</u>	<u>1,261</u>	<u>5,707</u>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 2 of 3

	<u>Public Facilities Financing</u>					
	Accumulated Capital Outlay	Community Fee Districts	1997 Public Facilities	2007 Public Facilities	Tobacco Litigation Settlement	McClellan CFD
Assets:						
Cash and investments	\$ 12,113	12,834	560	4,697	21,701	1,155
Receivables, net of allowance for uncollectibles:						
Billed		227				
Intergovernmental	525					
Due from other funds	215					
Long-term advances to other funds		1,992				
Total assets	<u>\$ 12,853</u>	<u>15,053</u>	<u>560</u>	<u>4,697</u>	<u>21,701</u>	<u>1,155</u>
Liabilities and fund balances:						
Liabilities:						
Warrants payable	\$ 57	1,456				
Accrued liabilities	840	13				
Intergovernmental payable	4	369				
Due to other funds	297	1	6			1
Total liabilities	<u>1,198</u>	<u>1,839</u>	<u>6</u>			<u>1</u>
Fund balances:						
Reserved for:						
Nonspendable		1,992				
Restricted	11,655	11,222	554	4,697	21,701	1,154
Unassigned						
Total fund balances	<u>11,655</u>	<u>13,214</u>	<u>554</u>	<u>4,697</u>	<u>21,701</u>	<u>1,154</u>
Total liabilities and fund balances	<u>\$ 12,853</u>	<u>15,053</u>	<u>560</u>	<u>4,697</u>	<u>21,701</u>	<u>1,155</u>



**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2011**  
**(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
<b>Assets:</b>					
Cash and investments	\$ 547	644	1,583	69	75,010
Receivables, net of allowance for uncollectibles:					
Billed					244
Intergovernmental					525
Due from other funds					215
Long-term advances to other funds					4,292
Total assets	<u>\$ 547</u>	<u>644</u>	<u>1,583</u>	<u>69</u>	<u>80,286</u>
<b>Liabilities and fund balances:</b>					
<b>Liabilities:</b>					
Warrants payable	\$				1,513
Accrued liabilities	3				858
Intergovernmental payable				67	4,211
Due to other funds			1		317
Total liabilities	<u>3</u>	<u></u>	<u>1</u>	<u>67</u>	<u>6,899</u>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Nonspendable					4,292
Restricted	544	644	1,582	2	71,069
Unassigned					(1,974)
Total fund balances	<u>544</u>	<u>644</u>	<u>1,582</u>	<u>2</u>	<u>73,387</u>
Total liabilities and fund balances	<u>\$ 547</u>	<u>644</u>	<u>1,583</u>	<u>69</u>	<u>80,286</u>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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
Revenues:							
Use of money and property	\$	5	26	1		6	13
Intergovernmental							
Charges for sales and services							
Fines, forfeitures and penalties							
Miscellaneous		7	584	168	77		1,283
Total revenues		12	610	169	77	6	1,296
Expenditures:							
Public ways and facilities						15	1,144
Capital outlay		303	12,918	174	102		
Total expenditures		303	12,918	174	102	15	1,144
Excess (deficiency) of revenues over (under) expenditures		(291)	(12,308)	(5)	(25)	(9)	152
Other financing sources (uses):							
Transfers in							
Transfers out							
Total other financing sources (uses)							
Net change in fund balances		(291)	(12,308)	(5)	(25)	(9)	152
Fund balances - beginning, restated	184	617	22,270	101	136	1,270	5,548
Fund balances - ending	\$ 184	326	9,962	96	111	1,261	5,700

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 2 of 3

	<u>Public Facilities Financing</u>					
	Accumulated Capital Outlay	Community Fee Districts	1997 Public Facilities	2007 Public Facilities	Tobacco Litigation Settlement	McClellan CFD
Revenues:						
Use of money and property	\$ 42	56	4	13	30	3
Intergovernmental	1,575	78				
Charges for sales and services	28	186				
Fines, forfeitures and penalties	3,793					
Miscellaneous	22,886					120
Total revenues	<u>28,324</u>	<u>320</u>	<u>4</u>	<u>13</u>	<u>30</u>	<u>123</u>
Expenditures:						
Public ways and facilities						
Capital outlay	<u>15,693</u>	<u>1,606</u>	<u>765</u>	<u>858</u>	<u>4,861</u>	<u>106</u>
Total expenditures	<u>15,693</u>	<u>1,606</u>	<u>765</u>	<u>858</u>	<u>4,861</u>	<u>106</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,631</u>	<u>(1,286)</u>	<u>(761)</u>	<u>(845)</u>	<u>(4,831)</u>	<u>17</u>
Other financing sources (uses):						
Transfers in				643		
Transfers out	<u>(19,387)</u>					
Total other financing sources (uses)	<u>(19,387)</u>			<u>643</u>		
Net change in fund balances	<u>(6,756)</u>	<u>(1,286)</u>	<u>(761)</u>	<u>(202)</u>	<u>(4,831)</u>	<u>17</u>
Fund balances - beginning, restated	<u>18,411</u>	<u>14,500</u>	<u>1,315</u>	<u>4,899</u>	<u>26,532</u>	<u>1,137</u>
Fund balances - ending	<u>\$ 11,655</u>	<u>13,214</u>	<u>554</u>	<u>4,697</u>	<u>21,701</u>	<u>1,154</u>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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	\$ 2	5	5		211
Intergovernmental					1,653
Charges for sales and services	192	111			517
Fines, forfeitures and penalties					3,793
Miscellaneous			90		25,215
Total revenues	<u>194</u>	<u>116</u>	<u>95</u>		<u>31,389</u>
Expenditures:					
Public ways and facilities					1,159
Capital outlay	112	250	94		37,842
Total expenditures	<u>112</u>	<u>250</u>	<u>94</u>		<u>39,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>82</u>	<u>(134)</u>	<u>1</u>		<u>(7,612)</u>
Other financing sources (uses):					
Transfers in					643
Transfers out		(78)			(19,465)
Total other financing sources (uses)		<u>(78)</u>			<u>(18,822)</u>
Net change in fund balances	82	(212)	1		(26,434)
Fund balances - beginning, restated	462	856	1,581	2	99,821
Fund balances - ending	<u>\$ 544</u>	<u>644</u>	<u>1,582</u>	<u>2</u>	<u>73,387</u>

**COUNTY OF SACRAMENTO**  
**ASSESSMENT DISTRICTS - IMPROVEMENT**  
**BOND ACT OF 1915 CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(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	5	
Miscellaneous	<u>160</u>	<u>1,147</u>	<u>7</u>	<u>(1,140)</u>
Total revenues	<u>165</u>	<u>1,152</u>	<u>12</u>	<u>(1,140)</u>
Expenditures:				
Capital outlay	<u>1,871</u>	<u>1,883</u>	<u>303</u>	<u>1,580</u>
Net change in fund balances	<u>\$ (1,706)</u>	<u>(731)</u>	<u>(291)</u>	<u>440</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, 2011**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 15	12	26	14
Miscellaneous	<u>305</u>	<u>305</u>	<u>584</u>	<u>279</u>
Total revenues	<u>320</u>	<u>317</u>	<u>610</u>	<u>293</u>
Expenditures:				
Capital outlay	<u>24,224</u>	<u>22,587</u>	<u>12,918</u>	<u>9,669</u>
Net change in fund balances	<u>\$ (23,904)</u>	<u>(22,270)</u>	<u>(12,308)</u>	<u>9,962</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, 2011**  
**(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	1	(1)
Miscellaneous	<u>130</u>	<u>130</u>	<u>168</u>	<u>38</u>
Total revenues	<u>132</u>	<u>132</u>	<u>169</u>	<u>37</u>
Expenditures:				
Capital outlay	<u>237</u>	<u>233</u>	<u>174</u>	<u>59</u>
Net change in fund balances	<u>\$ (105)</u>	<u>(101)</u>	<u>(5)</u>	<u>96</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, 2011**  
**(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		(2)
Miscellaneous	<u>60</u>	<u>60</u>	<u>77</u>	<u>17</u>
Total revenues	<u>62</u>	<u>62</u>	<u>77</u>	<u>15</u>
Expenditures:				
Capital outlay	<u>177</u>	<u>198</u>	<u>102</u>	<u>96</u>
Net change in fund balances	<u>\$ (115)</u>	<u>(136)</u>	<u>(25)</u>	<u>111</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, 2011**  
**(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>\$ 10</u>	<u>10</u>	<u>6</u>	<u>(4)</u>
Total revenues	<u>10</u>	<u>10</u>	<u>6</u>	<u>(4)</u>
Expenditures:				
Public ways and facilities	<u>1,262</u>	<u>1,279</u>	<u>15</u>	<u>1,264</u>
Net change in fund balances	<u>\$ (1,252)</u>	<u>(1,269)</u>	<u>(9)</u>	<u>1,260</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, 2011**  
**(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	13	(27)
Miscellaneous	<u>485</u>	<u>485</u>	<u>1,283</u>	<u>798</u>
Total revenues	<u>525</u>	<u>525</u>	<u>1,296</u>	<u>771</u>
Expenditures:				
Public ways and facilities	<u>2,351</u>	<u>2,953</u>	<u>1,144</u>	<u>1,809</u>
Net change in fund balances	<u>\$ (1,826)</u>	<u>(2,428)</u>	<u>152</u>	<u>2,580</u>

**COUNTY OF SACRAMENTO**  
**ACCUMULATED CAPITAL OUTLAY CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 125	125	42	(83)
Intergovernmental	3,161	3,480	1,575	(1,905)
Charges for sales and services			28	28
Fines, forfeitures and penalties	3,900	3,900	3,793	(107)
Miscellaneous	21,368	24,925	22,886	(2,039)
Total revenues	<u>28,554</u>	<u>32,430</u>	<u>28,324</u>	<u>(4,106)</u>
Expenditures:				
Capital outlay	<u>15,818</u>	<u>28,483</u>	<u>15,693</u>	<u>12,790</u>
Excess of revenues over expenditures	<u>12,736</u>	<u>3,947</u>	<u>12,631</u>	<u>8,684</u>
Other financing sources (uses):				
Transfers out	<u>(19,387)</u>	<u>(19,387)</u>	<u>(19,387)</u>	
Net change in fund balances	<u>\$ (6,651)</u>	<u>(15,440)</u>	<u>(6,756)</u>	<u>8,684</u>

**COUNTY OF SACRAMENTO**  
**COMMUNITY FEE DISTRICTS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(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	\$ 52	52	56	4
Intergovernmental			78	78
Charges for sales and services	215	215	186	(29)
Total revenues	<u>267</u>	<u>267</u>	<u>320</u>	<u>53</u>
Expenditures:				
Capital outlay	<u>11,651</u>	<u>13,384</u>	<u>1,606</u>	<u>11,778</u>
Net change in fund balances	<u>\$ (11,384)</u>	<u>(13,117)</u>	<u>(1,286)</u>	<u>11,831</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, 2011**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	<u>\$</u>		<u>4</u>	<u>4</u>
Total revenues			<u>4</u>	<u>4</u>
Expenditures:				
Capital outlay	<u>697</u>	<u>1,315</u>	<u>765</u>	<u>550</u>
Net change in fund balances	<u>\$ (697)</u>	<u>(1,315)</u>	<u>(761)</u>	<u>554</u>

**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, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		13	13
Total revenues			13	13
Expenditures:				
Capital outlay	3,895	5,542	858	4,684
Deficiency of revenues under expenditures	(3,895)	(5,542)	(845)	4,697
Other financing sources:				
Transfers in	643	643	643	
Net change in fund balances	\$ (3,252)	(4,899)	(202)	4,697

**COUNTY OF SACRAMENTO**  
**TOBACCO LITIGATION SETTLEMENT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	<u>\$</u>	<u></u>	<u>30</u>	<u>30</u>
Expenditures:				
Capital outlay	<u>13,631</u>	<u>26,531</u>	<u>4,861</u>	<u>21,670</u>
Net change in fund balances	<u>\$ (13,631)</u>	<u>(26,531)</u>	<u>(4,831)</u>	<u>21,700</u>

**COUNTY OF SACRAMENTO**  
**McCLELLAN CFD CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 5	5	3	(2)
Miscellaneous	110	10,360	120	(10,240)
Total revenues	115	10,365	123	(10,242)
Expenditures:				
Capital outlay	1,244	11,502	106	11,396
Net change in fund balances	\$ (1,129)	(1,137)	17	1,154



**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, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 2	2	2	
Charges for sales and services	190	190	192	2
Total revenues	<u>192</u>	<u>192</u>	<u>194</u>	<u>2</u>
Expenditures:				
Capital outlay	<u>278</u>	<u>339</u>	<u>112</u>	<u>227</u>
Net change in fund balances	<u>\$ (86)</u>	<u>(147)</u>	<u>82</u>	<u>229</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, 2011**  
(amounts expressed in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 3	2	5	3
Charges for sales and services	110	110	111	1
Total revenues	113	112	116	4
Expenditures:				
Capital outlay	988	892	250	642
Deficiency of revenues under expenditures	(875)	(780)	(134)	646
Other financing uses:				
Transfers out		(78)	(78)	
Total other financing uses		(78)	(78)	
Net change in fund balances	\$ (875)	(858)	(212)	646

**COUNTY OF SACRAMENTO**  
**NORTH VINEYARD SSP CFD CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(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	5	4
Miscellaneous		5	90	85
Total revenues	<u>1</u>	<u>6</u>	<u>95</u>	<u>89</u>
Expenditures:				
Capital outlay	<u>1,631</u>	<u>1,676</u>	<u>94</u>	<u>1,582</u>
Net change in fund balances	<u>\$ (1,630)</u>	<u>(1,670)</u>	<u>1</u>	<u>1,671</u>

---

---

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## NONMAJOR ENTERPRISE FUNDS SECTION

---

---

## **NON-MAJOR 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**  
**NON-MAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**  
**(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Assets:			
Current assets:			
Cash and investments	\$ 1,474	1,213	2,687
Receivables, net of allowance for uncollectibles:			
Billed		20	20
Intergovernmental	1	865	866
Due from other funds	145		145
Prepaid expenses			
Inventories			
Total current assets	1,620	2,098	3,718
Noncurrent assets:			
Long-term receivables			
Deferred charges			
Capital assets:			
Land and other nondepreciable assets	1,309		1,309
Facilities, infrastructure, equipment and intangibles, net of depreciation and amortization	2,557	393	2,950
Total capital assets	3,866	393	4,259
Total noncurrent assets	3,866	393	4,259
Total assets	\$ 5,486	2,491	7,977
Liabilities:			
Current liabilities:			
Warrants payable	\$ 5		5
Accrued liabilities	168	201	369
Intergovernmental payable			
Due to other funds	8		8
Current portion of long-term debt obligations	630		630
Total current liabilities	811	201	1,012
Noncurrent liabilities:			
Long-term debt obligations	879		879
Compensated absences	24		24
Other post employment benefits	9		9
Long-term advances from other funds	202		202
Total noncurrent liabilities	1,114		1,114
Total liabilities	1,925	201	2,126
Net assets:			
Invested in capital assets, net of related debt	2,357	393	2,750
Restricted for:			
Debt service	197		197
Transportation		1,378	1,378
Future construction		519	519
Unassigned			
Unrestricted	1,007		1,007
Total net assets	3,561	2,290	5,851
Total liabilities and net assets	\$ 5,486	2,491	7,977

**COUNTY OF SACRAMENTO**  
**NON-MAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(amounts expressed in thousands)

	Parking Enterprise	County Transit	Total
Operating revenues:			
Charges for sales and services	\$ 3,147	142	3,289
Other	1		1
Total operating revenues	3,148	142	3,290
Operating expenses:			
Salaries and benefits	475		475
Services and supplies	919	113	1,032
Depreciation and Amortization	316	171	487
Other	50	1,278	1,328
Principal			
Total operating expenses	1,760	1,562	3,322
Operating income (loss)	1,388	(1,420)	(32)
Nonoperating revenues (expenses):			
Use of money and property	4	3	7
Intergovernmental		1,052	1,052
Sales / use tax		554	554
Interest expense	(121)		(121)
Other		(4)	(4)
Total nonoperating revenues	(117)	1,605	1,488
Income before transfers and contributions	1,271	185	1,456
Transfers out	(39)		(39)
Capital contributions		75	75
Changes in net assets	1,232	260	1,492
Net assets, beginning of year	2,329	2,030	4,359
Net assets, end of year	\$ 3,561	2,290	5,851

**COUNTY OF SACRAMENTO  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011  
(amounts expressed in thousands)**

Page 1 of 2

	Parking Enterprise	County Transit	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 3,147	132	3,279
Payments to suppliers	(845)	(1,323)	(2,168)
Payments to employees	(473)		(473)
Payments for interfund services used	(126)		(126)
Payments for other operating activities	(50)		(50)
Net cash provided by (used for) operating activities	<u>1,653</u>	<u>(1,191)</u>	<u>462</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Intergovernmental revenue		2,062	2,062
Payment on advance to other funds	(177)		(177)
Transfers to other funds	(39)		(39)
Net cash provided by (used for) noncapital financing activities	<u>(216)</u>	<u>2,062</u>	<u>1,846</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Intergovernmental grants received		75	75
Acquisition and construction of capital assets		(74)	(74)
Principal paid on long-term obligations	(620)		(620)
Interest paid on long-term obligations	(121)		(121)
Proceeds from the sale of capital assets		20	20
Net cash provided by (used for) capital and related financing activities	<u>(741)</u>	<u>21</u>	<u>(720)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on cash and investments	7	3	10
Net cash provided by investing activities	<u>7</u>	<u>3</u>	<u>10</u>
Net increase in cash and cash equivalents	703	895	1,598
Cash and cash equivalents, beginning of year	771	318	1,089
Cash and cash equivalents, end of year	<u>\$ 1,474</u>	<u>1,213</u>	<u>2,687</u>



**COUNTY OF SACRAMENTO  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011  
(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)	\$ 1,388	(1,420)	(32)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and Amortization	316	171	487
Changes in assets and liabilities:			
Receivables:			
Billed		(10)	(10)
Due from other funds	(85)		(85)
Warrants payable	(40)		(40)
Accrued liabilities	114	67	181
Due to other funds	(42)	1	(41)
Compensated absences	(3)		(3)
Other post employment benefits	5		5
Total adjustments	<u>265</u>	<u>229</u>	<u>494</u>
Net cash provided by (used for) operating activities	<u>\$ 1,653</u>	<u>(1,191)</u>	<u>462</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.

**Real estate** - Leases facilities for County departments and agencies, negotiates the purchase and sale of real property, manages vacant county owned properties and manages appraisals for real property.

.

**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2011  
(amounts expressed in thousands)**

	Self Insurance					Office of Communications and Information Technology	Real Estate	Total
	Public Works	General Services	Liability/ Property	Worker's Compensation	Other	Regional Communications		
Assets:								
Current assets:								
Cash and investments	\$ 47,022	53,291	3,061	75		7,295	11,525	4,866
Receivables, net of allowance for uncollectibles:								
Billed	4,143	18						4,161
Intergovernmental	1,018	5	1,232	1,535	179		3	4
Due from other funds	1,701	337	13,415	24,980	8,029	3	226	223
Prepaid expenses			33					33
Inventories		1,682						1,682
Total current assets	<u>53,884</u>	<u>55,333</u>	<u>17,741</u>	<u>26,590</u>	<u>8,208</u>	<u>7,298</u>	<u>11,754</u>	<u>5,093</u>
Noncurrent assets:								
Long-term advances to other funds	18,176			43,884				62,060
Long-term receivables	12			239				251
Deferred charges	1,636							1,636
Capital assets:								
Facilities, infrastructure, equipment and intangibles, net of depreciation and amortization	361	22,666				10,304	1,627	34,958
Total capital assets	<u>361</u>	<u>22,666</u>				<u>10,304</u>	<u>1,627</u>	<u>34,958</u>
Total noncurrent assets	<u>20,185</u>	<u>22,666</u>		<u>44,123</u>		<u>10,304</u>	<u>1,627</u>	<u>98,905</u>
Total assets	<u>\$ 74,069</u>	<u>77,999</u>	<u>17,741</u>	<u>70,713</u>	<u>8,208</u>	<u>17,602</u>	<u>13,381</u>	<u>5,093</u>
Liabilities and fund balances:								
Current liabilities:								
Warrants payable	\$ 152	666	282	341		51	210	2,642
Accrued liabilities	3,002	9,624	375	37		69	1,871	341
Intergovernmental payable	1,650	6	19					1,675
Due to other funds	6,061	3,049	36	4,245	7,476	21	395	55
Current portion of insurance claims payable			9,897	28,400	1,060			39,357
Current portion of long-term debt obligations	603	417					103	51
Deferred revenues	74		20	239		3,962	143	4,438
Total current liabilities	<u>11,542</u>	<u>13,762</u>	<u>10,629</u>	<u>33,262</u>	<u>8,536</u>	<u>4,103</u>	<u>2,722</u>	<u>3,089</u>
Noncurrent liabilities:								
Insurance claims payable			18,848	134,904				153,752
Compensated absences	8,207	2,527				46	2,609	221
Other post employment benefits	1,905	529				7	264	34
Long-term advances from other funds		5,919						5,919
Total noncurrent liabilities	<u>10,112</u>	<u>8,975</u>	<u>18,848</u>	<u>134,904</u>		<u>53</u>	<u>2,873</u>	<u>255</u>
Total liabilities	<u>21,654</u>	<u>22,737</u>	<u>29,477</u>	<u>168,166</u>	<u>8,536</u>	<u>4,156</u>	<u>5,595</u>	<u>3,344</u>
Net assets:								
Invested in capital assets, net of related debt	361	22,666				10,304	1,627	34,958
Unrestricted	52,054	32,596	(11,736)	(97,453)	(328)	3,142	6,159	1,749
Total net assets	<u>52,415</u>	<u>55,262</u>	<u>(11,736)</u>	<u>(97,453)</u>	<u>(328)</u>	<u>13,446</u>	<u>7,786</u>	<u>1,749</u>
Total liabilities and net assets	<u>\$ 74,069</u>	<u>77,999</u>	<u>17,741</u>	<u>70,713</u>	<u>8,208</u>	<u>17,602</u>	<u>13,381</u>	<u>5,093</u>

**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011  
(amounts expressed in thousands)**

	Self Insurance						Office of Communications and Information Technology	Real Estate	Total
	Public Works	General Services	Liability/ Property	Worker's Compensation	Other	Regional Communications			
Operating revenues:									
Charges for sales and services	\$ 95,718	89,115	15,328	28,954	8,208	3,916	39,477	45,627	326,343
Other	8,115	349	1,408	737		1,303	18	1	11,931
Total operating revenues	<u>103,833</u>	<u>89,464</u>	<u>16,736</u>	<u>29,691</u>	<u>8,208</u>	<u>5,219</u>	<u>39,495</u>	<u>45,628</u>	<u>338,274</u>
Operating expenses:									
Salaries and benefits	72,419	35,202				945	21,060	2,820	132,446
Services and supplies	38,706	30,657				1,002	14,256	42,319	126,940
Cost of sales and services		5,132							5,132
Depreciation and Amortization	218	8,205				2,203	1,315		11,941
Self-insurance			18,905	28,447	7,284				54,636
Other		1,080	57	147	11			390	1,685
Total operating expenses	<u>111,343</u>	<u>80,276</u>	<u>18,962</u>	<u>28,594</u>	<u>7,295</u>	<u>4,150</u>	<u>36,631</u>	<u>45,529</u>	<u>332,780</u>
Operating income (loss)	<u>(7,510)</u>	<u>9,188</u>	<u>(2,226)</u>	<u>1,097</u>	<u>913</u>	<u>1,069</u>	<u>2,864</u>	<u>99</u>	<u>5,494</u>
Nonoperating revenues (expenses):									
Use of money and property			44		1	38			83
Intergovernmental	1,363								1,363
Interest expense		(767)							(767)
Other	745	1,013				(301)	(297)		1,160
Total nonoperating revenues (expenses)	<u>2,108</u>	<u>246</u>	<u>44</u>		<u>1</u>	<u>(263)</u>	<u>(297)</u>		<u>1,839</u>
Income before transfers	(5,402)	9,434	(2,182)	1,097	914	806	2,567	99	7,333
Transfers out	(5,122)	(3,222)	(2)	(10)		(54)	(1,360)	(186)	(9,956)
Changes in net assets	(10,524)	6,212	(2,184)	1,087	914	752	1,207	(87)	(2,623)
Net assets, beginning of year	<u>62,939</u>	<u>49,050</u>	<u>(9,552)</u>	<u>(98,540)</u>	<u>(1,242)</u>	<u>12,694</u>	<u>6,579</u>	<u>1,836</u>	<u>23,764</u>
Net assets, end of year	<u>\$ 52,415</u>	<u>55,262</u>	<u>(11,736)</u>	<u>(97,453)</u>	<u>(328)</u>	<u>13,446</u>	<u>7,786</u>	<u>1,749</u>	<u>21,141</u>

**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011  
(amounts expressed in thousands)**

Page 1 of 2

	Self Insurance						Office of Communications and Information Technology	Real Estate	Total
	Public Works	General Services	Liability/ Property	Worker's Compensation	Other	Regional Communications			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>									
Receipts from customers and users	\$ 7,945	331	1,475	2,273	179	5,205	39,750		57,158
Receipts from interfund services provided	99,610	109,852	9,625	14,214	7,299			46,772	287,372
Receipts for other operating activities	3,437	1						1	3,439
Payments to suppliers	(38,871)	(36,816)	(16,654)	(21,800)	(7,272)	(836)	(10,748)	(42,404)	(175,401)
Payments to employees	(73,515)	(35,169)	(1,268)	(2,951)	(181)	(922)	(20,886)	(2,887)	(137,779)
Payments for other operating activities		(1,080)						(390)	(1,470)
Payments for interfund services used		(18,289)	(263)	(570)	(25)	(876)	(4,536)		(24,559)
Net cash provided by (used for) operating activities	(1,394)	18,830	(7,085)	(8,834)		2,571	3,580	1,092	8,760
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>									
Receipt on advance from other funds		1,287							1,287
Payment on advance from other funds		(6,050)							(6,050)
Transfers to other funds	(5,122)	(3,222)	(2)	(10)		(54)	(1,360)	(186)	(9,956)
Receipt on advance to other funds				3,000					3,000
Payment on advance to other funds				(18,000)					(18,000)
Interest paid on advances from other funds		(767)							(767)
Intergovernmental revenue	1,363								1,363
Net cash provided by (used for) noncapital financing activities	(3,759)	(8,752)	(2)	(15,010)		(54)	(1,360)	(186)	(29,123)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>									
Acquisition and construction of capital assets	(105)	(4,560)				(1,916)	(545)		(7,126)
Proceeds from the sale of capital assets	132	1,519							1,651
Net cash provided by (used for) capital and related financing activities	27	(3,041)				(1,916)	(545)		(5,475)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>									
Interest received on cash and investments			43			38			81
Net increase (decrease) in cash and cash equivalents	(5,126)	7,037	(7,044)	(23,844)		639	1,675	906	(25,757)
Cash and cash equivalents, beginning of year	52,148	46,254	10,105	23,919		6,656	9,850	3,960	152,892
Cash and cash equivalents, end of year	\$ 47,022	53,291	3,061	75		7,295	11,525	4,866	127,135

**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011  
(amounts expressed in thousands)**

Page 2 of 2

	Self Insurance						Office of Communications and Information Technology	Real Estate	Total
	Public Works	General Services	Liability/ Property	Worker's Compensation	Other	Regional Communications			
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES									
Operating income (loss)	\$ (7,510)	9,188	(2,226)	1,097	913	1,069	2,864	99	5,494
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:									
Depreciation and Amortization	218	8,205				2,203	1,315		11,941
Other nonoperating revenue	745								745
Other nonoperating expense						(301)	(297)		(598)
Changes in assets and liabilities:									
Receivables:									
Billed	141	(18)	65				226		414
Intergovernmental	(312)	17	(200)	(1,034)	(63)		2	1	(1,589)
Due from other funds	3,148	229	(5,352)	(16,338)	(3,424)	(2)	(56)	1,131	(20,664)
Prepaid expenses			(33)						(33)
Inventories		197							197
Long-term receivables	125								125
Warrants payable	(194)	(4)	(684)	(230)		11	(399)	(200)	(1,700)
Accrued liabilities	69	(1,223)	(607)	8		(433)	(543)	135	(2,594)
Intergovernmental payable	(1,668)	4					(1)	(21)	(1,686)
Due to other funds	3,409	2,207	(89)	4,168	2,757	15	214	13	12,694
Deferred revenues	(62)		5			(11)	82		14
Deferred charges	1,636								1,636
Compensated absences	(2,297)	(275)				15	20	(85)	(2,622)
Other post employment benefits	1,158	303				5	153	19	1,638
Insurance claims payable			2,036	3,495	(183)				5,348
Total adjustments	6,116	9,642	(4,859)	(9,931)	(913)	1,502	716	993	3,266
Net cash provided by (used for) operating activities	\$ (1,394)	18,830	(7,085)	(8,834)		2,571	3,580	1,092	8,760



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, 2011  
(amounts expressed in thousands)**

	Law Enforcement	Unapportioned Tax Collection	Other	Total
Assets:				
Cash and investments	\$ 40,624	26,701	130,896	198,221
Receivables, net of allowance for uncollectibles:				
Billed	1,718	3,932	949	6,599
Interest			328	328
Intergovernmental		421	78	499
Due from other funds	10	125	52	187
Prepaid expenses			22	22
Total assets	<u>\$ 42,352</u>	<u>31,179</u>	<u>132,325</u>	<u>205,856</u>
Liabilities:				
Warrants payable	\$ 2,976	6,563	2,422	11,961
Accrued liabilities	77	710	5,083	5,870
Intergovernmental payable	39,299	23,906	124,820	188,025
Total liabilities	<u>\$ 42,352</u>	<u>31,179</u>	<u>132,325</u>	<u>205,856</u>

**COUNTY OF SACRAMENTO**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 1 of 3

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Law Enforcement				
Assets:				
Cash and investments	\$ 42,403		1,779	40,624
Receivables, net of allowance for uncollectibles:				
Billed	1,951		233	1,718
Due from other funds	1,590		1,580	10
Total assets	<u>\$ 45,944</u>		<u>3,592</u>	<u>42,352</u>
Liabilities:				
Warrants payable	\$ 290	2,686		2,976
Accrued liabilities	2,553		2,476	77
Intergovernmental payable	43,101		3,802	39,299
Total liabilities	<u>\$ 45,944</u>	<u>2,686</u>	<u>6,278</u>	<u>42,352</u>
	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Unapportioned Tax Collection				
Assets:				
Cash and investments	\$ 38,700		11,999	26,701
Receivables, net of allowance for uncollectibles:				
Billed	5,166		1,234	3,932
Intergovernmental		421		421
Due from other funds	7	118		125
Total assets	<u>\$ 43,873</u>	<u>539</u>	<u>13,233</u>	<u>31,179</u>
Liabilities:				
Warrants payable	\$ 5,945	618		6,563
Accrued liabilities	1,338		628	710
Intergovernmental payable	36,590		12,684	23,906
Total liabilities	<u>\$ 43,873</u>	<u>618</u>	<u>13,312</u>	<u>31,179</u>

**COUNTY OF SACRAMENTO**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 2 of 3

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Other Agency				
Assets:				
Cash and investments	\$ 165,057		34,161	130,896
Receivables, net of allowance for uncollectibles:				
Billed	553	396		949
Interest	1,821		1,493	328
Intergovernmental	109		31	78
Due from other funds	547		495	52
Prepaid expenses	38		16	22
Total assets	<u>\$ 168,125</u>	<u>396</u>	<u>36,196</u>	<u>132,325</u>
Liabilities:				
Warrants payable	\$ 3,241		819	2,422
Accrued liabilities	9,960		4,877	5,083
Intergovernmental payable	154,924		30,104	124,820
Total liabilities	<u>\$ 168,125</u>	<u></u>	<u>35,800</u>	<u>132,325</u>

**COUNTY OF SACRAMENTO**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(amounts expressed in thousands)**

Page 3 of 3

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Totals				
Assets:				
Cash and investments	\$ 246,160		47,939	198,221
Receivables, net of allowance for uncollectibles:				
Billed	7,670	396	1,467	6,599
Interest	1,821		1,493	328
Intergovernmental	109	421	31	499
Due from other funds	2,144	118	2,075	187
Prepaid expenses	38		16	22
Total assets	<u>\$ 257,942</u>	<u>935</u>	<u>53,021</u>	<u>205,856</u>
Liabilities:				
Warrants payable	\$ 9,476	3,304	819	11,961
Accrued liabilities	13,851		7,981	5,870
Intergovernmental payable	234,615		46,590	188,025
Total liabilities	<u>\$ 257,942</u>	<u>3,304</u>	<u>55,390</u>	<u>205,856</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.

**Non-Pooled Investments** - 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, 2011  
(amounts expressed in thousands)**

	Treasurer's Pool	Non-Pooled Investments	Total
Assets:			
Cash and investments	<u>\$ 1,481,490</u>	<u>389,305</u>	<u>1,870,795</u>
Net assets held in trust for pool participants	<u>\$ 1,481,490</u>	<u>389,305</u>	<u>1,870,795</u>

**COUNTY OF SACRAMENTO  
INVESTMENT TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011  
(amounts expressed in thousands)**

	<u>Treasurer's Pool</u>	<u>Non-Pooled Investments</u>	<u>Total</u>
Additions:			
Contributions on pooled investments	\$ 4,939,415	3,203,098	8,142,513
Use of money and property	<u>41,558</u>	<u>45,319</u>	<u>86,877</u>
Total additions	4,980,973	3,248,417	8,229,390
Deductions:			
Distributions from pooled investments	<u>4,916,324</u>	<u>3,071,440</u>	<u>7,987,764</u>
Net increase in net assets	64,649	176,977	241,626
Net assets held in trust for pool participants, beginning of year	<u>1,416,841</u>	<u>212,328</u>	<u>1,629,169</u>
Net assets held in trust for pool participants, end of year	<u><u>\$ 1,481,490</u></u>	<u><u>389,305</u></u>	<u><u>1,870,795</u></u>

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 2010-11  
(amounts expressed in thousands)**

	Fiscal Year									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
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	1,428,639	1,374,306	1,378,390
Restricted	503,532	516,881	515,322	522,755	408,290	425,187	507,138	478,468	437,559	390,498
Unrestricted	(559,029)	23,216	(143,379)	(110,031)	13,152	(44,775)	(105,778)	(387,629)	(316,689) *	(363,502)
Total governmental activities net assets	\$ 707,573	1,338,513	1,310,598	1,375,626	1,726,083	1,715,533	1,698,143	1,519,478	1,495,176	1,405,386
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	719,665	790,799
Restricted	99,202	114,904	85,685	96,802	115,208	138,764	214,334	218,839	216,266	182,288
Unrestricted	460,371	490,131	233,611	251,377	258,055	264,560	274,165	239,805	156,994 *	183,320
Total business-type activities net assets	\$ 1,453,116	1,595,117	647,581	764,069	834,986	915,899	1,002,541	1,036,549	1,092,925	1,156,407
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	2,006,544	2,093,971	2,169,189
Restricted	602,734	631,785	601,007	619,557	523,498	563,951	721,472	697,307	653,825	572,786
Unrestricted	(98,658)	513,347	90,232	141,346	271,207	219,785	168,387	(147,824)	(159,695) *	(180,182)
Total primary government net assets	\$ 2,160,689	2,933,630	1,958,179	2,139,695	2,561,069	2,631,432	2,700,684	2,556,027	2,588,101	2,561,793

\* Restated 2009-10

Note: 1) 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.

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 2010-11**  
**(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>	<u>2009-10</u>	<u>2010-11</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 135,129	110,633	173,913	191,798	208,862	217,194	201,712	185,963	177,963	191,427
Public assistance	716,295	708,491	684,036	707,374	731,099	736,120	681,682	704,416	668,368	674,543
Public protection	578,910	599,659	588,881	610,098	617,770	727,876	705,953	744,072	650,198	673,751
Health and sanitation	318,859	393,575	466,430	386,881	467,682	537,677	671,812	724,666	595,816	528,449
Public ways and facilities	66,447	66,861	63,478	120,551	160,495	139,424	199,748	123,999	115,073	122,752
Recreation and culture	38,664	31,878	26,481	44,951	32,678	37,522	42,246	41,194	37,139	35,990
Education	29,638	26,951	27,944	13,033	13,156	14,806	22,621	24,161	21,053	3,578
Interest and fiscal charges	58,667	64,724	84,493	87,191	96,182	108,249	151,148	138,824	141,529	140,419
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>	<u>2,407,139</u>	<u>2,370,909</u>
Business-type activities:										
Airport	80,794	88,445	101,219	99,249	104,486	113,018	125,793	131,888	130,724	128,941
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	62,567	59,433
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	24,575	28,174
Parking Enterprise	3,231	3,188	2,767	2,929	2,606	2,630	2,904	12,459	3,247	1,914
County Transit	323	756	9,210	1,688	1,888	2,179	1,954	1,955	1,677	1,597
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>	<u>222,790</u>	<u>220,059</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>	<u>2,629,929</u>	<u>2,590,968</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 111,437	94,355	139,026	135,191	142,140	134,274	90,743	89,134	100,877	112,818
Public assistance	21,633	3,944	9,016	6,583	4,705	10,621	11,340	9,156	8,464	8,858
Public protection	78,962	83,624	99,670	114,352	140,842	145,372	126,058	122,229	110,244	122,315
Health and sanitation	33,866	36,200	52,132	17,883	25,471	41,289	43,888	51,561	38,692	28,783
Public ways and facilities	20,849	19,752	37,552	64,759	81,903	82,266	76,590	53,711	31,912	31,660
Recreation and culture	10,623	10,431	11,749	14,783	13,373	14,694	15,065	17,312	12,735	14,435
Education	622	4	1,147	144	72	256	273	298	177	448
Operating grants and contrib.	961,467	980,076	998,332	1,099,378	1,096,348	1,104,969	1,223,424	1,177,843	1,128,887	1,168,916
Capital grants and contrib.	18,629	23,892	98,317	37,506	31,523	41,993	95,231	34,808	38,434	24,658
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>	<u>1,470,422</u>	<u>1,512,891</u>

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 2010-11  
(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>	<u>2009-10</u>	<u>2010-11</u>
Business-type activities:										
Charges for services:										
Airport	\$ 72,109	75,936	87,885	97,753	104,566	107,997	115,050	123,192	132,727	121,516
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	65,907	67,970
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	46,847	54,999
Parking Enterprise	2,492	2,350	2,588	2,676	2,921	3,047	3,265	4,989	3,185	3,195
County Transit	133	337	8,589	227	257	556	204	183	158	164
Operating grants and contrib.	15,259	18,112	18,498	27,435	26,246	29,451	29,540	25,031	22,943	21,764
Capital grants and contrib.	51,682	40,247	26,153	38,838	16,272	21,895	28,635	12,290	10,211	16,133
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>	<u>281,978</u>	<u>285,741</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>	<u>1,752,400</u>	<u>1,798,632</u>
Net (expense)/revenue										
Governmental activities	\$ (684,521)	(750,494)	(668,715)	(671,298)	(791,547)	(943,134)	(994,310)	(1,131,243)	(936,717)	(858,018)
Business-type activities	82,334	112,271	59,832	85,700	68,734	63,383	53,004	34,087	59,188	65,682
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>	<u>(877,529)</u>	<u>(792,336)</u>
<b>General Revenues and Other Changes in</b>										
<b>Net Assets</b>										
Governmental activities:										
Taxes:										
Property	\$ 240,640	262,647	278,254	356,956	415,320	447,032	474,947	475,629	437,634	383,651
Sales/Use	85,988	83,275	106,649	52,717	79,862	80,267	82,472	69,225	58,357	59,614
Transient occupancy	8,651	7,891	5,928	6,087	6,623	6,823	6,964	5,311	4,467	3,483
Unrestricted investment earnings	53,747	47,065	32,187	42,032	67,522	75,053	72,706	49,804	15,016	1,250
Grants and contrib. not restricted to specific programs	297,805	293,767	262,321	184,671	224,467	199,811	230,103	215,915	197,855	230,748
Pledged tobacco settlement proceeds	171,966		13,388	12,880	12,082	12,795	6,716	14,862	12,393	12,365
Miscellaneous	101,582	93,239	102,038	102,281	85,701	109,194	92,127	105,545	105,003	120,593
Transfers				(7,782)	(638)	1,609	1,988	7,514	8,502	4,972
AB 99 obligation										(48,448)
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>	<u>839,227</u>	<u>768,228</u>

**COUNTY OF SACRAMENTO**  
**CHANGE IN NET ASSETS**  
**FISCAL YEARS 2001-02 THROUGH 2010-11**  
**(amounts expressed in thousands)**

Page 3 of 3

	<b>Fiscal Year</b>									
	<b><u>2001-02</u></b>	<b><u>2002-03</u></b>	<b><u>2003-04</u></b>	<b><u>2004-05</u></b>	<b><u>2005-06</u></b>	<b><u>2006-07</u></b>	<b><u>2007-08</u></b>	<b><u>2008-09</u></b>	<b><u>2009-10</u></b>	<b><u>2010-11</u></b>
Business-type activities:										
Property tax	\$ 4,672	5,381								
Sales/Use tax	492	576	556	683	614	951	573	483	573	554
Unrestricted investment earnings	28,332	18,859	5,180	8,257	13,215	18,188	31,890	6,778	2,617	1,018
Grants and contrib. 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)	(6,002)	(4,972)
Abatement of regulatory fees										1,200
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>	<u>(2,812)</u>	<u>(2,200)</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>	<u>836,415</u>	<u>766,028</u>
Change in Net Assets										
Governmental activities	\$ 275,858	37,390	132,050	78,544	99,392	(10,550)	(26,287)	(187,438)	(97,490)	(89,790)
Business-type activities	121,185	142,001	68,568	102,422	83,201	80,913	83,479	33,834	56,376	63,482
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>	<u>(41,114)</u>	<u>(26,308)</u>

**COUNTY OF SACRAMENTO**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2001-02 THROUGH 2010-11**  
(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>	<u>2009-10</u>	<u>2010-11</u>
General fund										
Reserved	\$ 47,679	41,199	43,108	41,725	47,478	48,850	59,322	60,921	135,835 *	
Unreserved	86,506	114,666	96,064	160,227	205,520	149,845	97,711	(41,533)	(49,289) *	
Nonspendable										15,435
Restricted										151,287
Unassigned										(30,835)
Total general fund	<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>	<u>86,546</u>	<u>135,887</u>
All other governmental funds										
Reserved	\$ 378,181	453,180	394,234	280,763	308,644	330,439	379,897	352,822	277,547 *	
Unreserved, reported in:										
Special revenue funds	252,921	244,638	265,170	271,060	277,814	250,264	265,854	219,591	259,518 *	
Capital projects funds		(41,212)	(22,306)	(32,955)	(2,507)	4,104	3,428	(5,627)	767	
Special revenue funds										
Nonspendable										1,836
Restricted										239,441
Assigned										
Debt Service funds										
Nonspendable										
Restricted										126,878
Capital projects funds										
Nonspendable										4,292
Restricted										71,069
Unassigned										(1,974)
Total all other governmental funds	<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>	<u>537,832</u>	<u>441,542</u>

\* 2009-10 Restated due to prior period adjustment and reclassification in governmental funds.

Note: In fiscal year 2010-11, the county implemented GASB 54; accordingly, fund balance is now categorized as above, and the change was implemented prospectively.

Intentionally Blank

**COUNTY OF SACRAMENTO**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2001-02 THROUGH 2010-11**  
**(amounts expressed in thousands)**

Page 1 of 2

	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>	<u>2009-10</u>	<u>2010-11</u>
<b>Revenues</b>										
Taxes	\$ 335,279	353,813	363,967	442,560	501,805	534,122	564,383	550,165	503,091	452,478
Use of money and property	53,433	46,880	31,854	41,993	66,851	74,172	72,908	49,108	14,753	12,057
Licenses and permits	53,652	49,686	50,416	51,029	50,125	46,035	49,259	41,762	37,285	40,187
Intergovernmental	1,275,495	1,298,846	1,274,924	1,294,614	1,370,473	1,374,776	1,431,493	1,419,783	1,366,831	1,432,358
Charges for services	177,646	153,983	189,526	149,159	181,786	181,628	179,710	197,378	182,714	184,038
Fines, forfeitures, and penalties	23,335	33,853	44,531	41,729	41,014	46,177	52,853	33,427	34,716	49,756
Contributions and donations	249		59,845	13,225			62,050			
Pledged tobacco settlement proceeds			13,388	9,276	12,138	12,705	13,525	14,862	12,393	12,365
Miscellaneous	101,582	112,639	102,210	102,077	85,701	109,194	101,025	105,545	105,003	120,593
Total revenues	<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>	<u>2,256,786</u>	<u>2,303,832</u>
<b>Expenditures</b>										
General government	119,803	85,265	132,386	157,852	177,477	177,952	175,593	171,945	143,739	151,978
Public assistance	708,598	701,080	673,037	786,505	730,185	731,883	673,098	689,891	653,640	666,033
Public protection	558,193	583,457	560,442	850,786	627,594	687,371	666,706	683,099	597,467	633,933
Health and sanitation	308,869	379,561	436,181	432,221	417,330	501,490	644,595	681,774	559,019	513,468
Public ways and facilities	99,462	82,695	99,212	80,330	96,068	102,617	108,974	102,254	115,672	102,705
Recreation and culture	35,875	37,211	33,830	36,652	36,133	41,972	49,871	42,185	34,693	33,896
Education	28,619	26,283	26,554	15,572	17,051	20,082	22,416	23,013	20,229	2,988
Capital outlay	83,492	94,519	164,198	93,384	110,519	100,052	128,542	109,098	77,061	47,840
Debt service:										
Principal	35,235	37,301	28,245	113,618	41,053	53,880	83,964	129,232	81,356	85,295
Bond issuance cost		2,400	4,678	6,131	4,043		9,949	335	1,217	
Advanced refunding escrow		5,584			15,659					
Interest and fiscal charges		47,608	52,088	54,684	51,336	72,229	87,098	89,150	109,087	125,166
Total expenditures	<u>1,978,146</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>	<u>2,393,180</u>	<u>2,363,302</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 42,525</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>	<u>\$ (136,394)</u>	<u>\$ (59,470)</u>

**COUNTY OF SACRAMENTO**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2001-02 THROUGH 2010-11**  
**(amounts expressed in thousands)**

Page 2 of 2

	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>	<u>2009-10</u>	<u>2010-11</u>
<b>Other financing sources (uses)</b>										
Transfers in	\$ 94,836	80,108	98,175	84,294	194,272	116,773	184,870	174,740	180,332	173,174
Transfers out	(94,836)	(80,108)	(98,175)	(89,451)	(188,214)	(103,130)	(171,783)	(156,475)	(155,924)	(158,246)
Capital leases obligations		10,390			837	4,105	8,413			29
Long-term obligations	19,976	67,446	70,901	444,677						
Issuance of debt					47,500	39,524	160,241	80,006	64,470	46,012
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	123,950	
Premium on bonds issued		4,130								
Premium on debt issued					338		1,440		1,770	
Discount on bonds issued			(206)							
Discount on debt issued					(4,680)		(2,144)			
Purchase of delinquent property tax										
Swap, termination payment								(23,019)	(10,180)	
Swap, premium short term								2,950		
Swap, premium long term								20,069		
Payments to refunded bond escrow agent		(45,308)	(149,630)		(182,672)		(350,037)	(49,225)	(103,008)	
Total other financing sources (uses)	<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>	<u>101,410</u>	<u>60,969</u>
Extraordinary Item										
AB 99 obligation										(48,448)
Net change in fund balances	<u>\$ 234,467</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>	<u>(34,984)</u>	<u>(46,949)</u>
Debt service as a percentage of noncapital expenditures*	1.84%	4.31%	4.04%	6.70%	4.24%	5.39%	6.86%	8.45%	8.38%	9.22%

**COUNTY OF SACRAMENTO**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**FISCAL YEARS 2001-02 THROUGH 2010-11**  
**(full 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>
2001-02	\$ 240,640	\$ 85,988	\$ 8,651	\$ 335,279
2002-03	262,647	83,275	7,891	353,813
2003-04	278,254	106,649	5,928	390,831
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
2009-10	437,634	58,357	4,467	500,458
2010-11	383,651	59,614	3,483	446,748



**COUNTY OF SACRAMENTO**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**FISCAL YEARS 2001-02 THROUGH 2010-11**  
**(amounts expressed in thousands)**

Fiscal Year	Secured (1)	Unsecured (2)	Unitary (3)	Exemptions - Welfare-Other (4)	Total Taxable Assessed Value	Total Direct Tax Rate (5)
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%
2009-10	126,690,744	5,920,172	1,530,903	-5,202,526	128,939,293	1.000%
2010-11	124,053,914	5,553,385	1,465,920	-5,056,921	126,016,298	1.000%

- (1) Secured property is generally real property which includes land, improvements, structures, crops, vines, and mobile homes.
- (2) Unsecured 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 2001-02 THROUGH 2010-11**  
**(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)	
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	0.0380	1.0423
2009-10	1.000	0.0042	N/A	0.0390	1.0432
2010-11	1.000	0.0041	N/A	0.0374	1.0415

- (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 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.

Source: County's internal financial documents

**COUNTY OF SACRAMENTO  
PRINCIPAL PROPERTY TAXPAYERS  
JUNE 30, 2011 AND JUNE 30, 2002  
(amounts expressed in thousands)**

<b><u>Taxpayer (a)</u></b>	<b>JUNE 30, 2011</b>				<b>JUNE 30, 2002</b>			
			Percentage of				Percentage of	
	Tax Levy (b)	Rank	Total Tax Levy		Tax Levy (b)	Rank	Total Tax Levy	
AT & T Communications (a)	\$ 6,019	1	0.51	%	\$ 1,644	9	0.26	%
Hines Interests LP	6,013	2	0.51					
Pacific Gas and Electric	5,403	3	0.45		2,307	4	0.36	
Intel Corporation	5,343	4	0.45		5,496	2	0.86	
Oates Marvin, Et Al.	5,037	5	0.42					
Donahue Schriber Realty Group	3,553	6	0.30		1,612	10	0.25	
Surewest	2,710	7	0.23					
Elliot Homes, Inc	2,629	8	0.22		2,696	3	0.42	
Rosetta Resources CA LLC	2,617	9	0.22					
Aerojet General Corp	2,215	10	0.19		1,998	7	0.31	
Pacific Bell (a)					6,361	1	1.00	
Speiker Properties					2,079	5	0.33	
Lennar Renaissance, Inc.					2,035	6	0.32	
BGP Russell Ranch LLC					1,969	8	0.31	
400 Capital Mass Venture								

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

(b) Note the change in column header from prior year's "taxable assessed value" to Tax Levy.

Source: Sacramento County Department of Finance

**COUNTY OF SACRAMENTO**  
**COUNTY WIDE 1% - SECURED AND UNITARY**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**FISCAL YEARS 2001-02 THROUGH 2010-11**  
(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
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
2009-10	1,190,013	1,156,791	97.21	33,222	1,190,013	100
2010-11	1,165,904	1,139,699	97.75	26,205	1,165,904	100

(1) County wide 1% - Secured and Unitary Tax Rolls - Adjusted levy amount as of June 30  
Levied Amounts for the County General Fund, School districts, Cities, and Special districts.

(2) Collection amounts for the fiscal year as of June 30 for the County wide 1% portion of the Secured and Unitary Taxes.

Source: County's internal financial documents

**COUNTY OF SACRAMENTO**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**FISCAL YEARS 2001-02 THROUGH 2010-11**  
**(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	Other Debt			
2001-02	\$ 369,315	\$ 17,239	\$ 515,125	\$ -	\$ 3,550	\$ 3,134	\$ 816,955	\$ 55,625	\$ 40,815	\$ -	\$ 1,821,758	4.72%	\$ 1,402
2002-03	410,090	14,974	504,700		13,310	2,435	929,250	54,470	39,330		1,968,559	4.88%	1,486
2003-04	402,465	15,019	528,591	235,961	13,115	2,105	275,015	53,260	36,565		1,562,096	3.67%	1,162
2004-05	309,115	15,024	954,722	230,109	12,976	3,275	268,955	51,985	34,255		1,880,416	4.15%	1,388
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	4.11%	1,436
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	4.61%	1,681
2007-08	340,480	51,335	960,926	356,428	13,933	3,615	914,925	89,430	26,900	653	2,758,625	5.25%	1,990
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	5.00%	1,938
2009-10	340,285	56,419	931,453	342,722	9,972	7,178	1,097,430	363,330	23,205	10,316	3,182,310	5.94%	2,271
2010-11	323,510	50,961	916,168	340,957	8,711	6,105	1,210,285	351,745	21,180	9,455	3,239,077	N/A	N/A

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.

N/A = Not available

**COUNTY OF SACRAMENTO  
LEGAL DEBT MARGIN INFORMATION  
FISCAL YEARS 2001-02 THROUGH 2010-11  
(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>	<u>2009-10</u>	<u>2010-11</u>
Assessed Value of Property	\$ 70,700,930	77,715,406	84,563,678	94,691,971	108,301,283	124,126,471	135,341,067	138,687,470	128,939,293	126,016,298
Debt Limit, 1.25% of Assessed Value (Statutory Limitation)	883,762	971,443	1,057,046	1,183,650	1,353,766	1,551,581	1,691,763	1,733,593	1,611,741	1,575,204
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>\$ 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>	<u>1,611,741</u>	<u>1,575,204</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 2001-02 THROUGH 2010-11  
(amounts expressed in thousands)**

Fiscal Year	Airport Revenue Bond Coverage						Parking Authority Revenue Bond Coverage		
	Gross Revenue (a)	Less: Operating Expenses (b)	Net Available Revenue	Debt Service Requirements (c)		Coverage	Gross Revenue	Less: Operating Expenses (b)	Net Available Revenue
				Principal	Interest				
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)
2009-10	132,007	83,385	48,622	10,710	17,106	1.75	3,062	2,604	458
2010-11	128,180	83,884	44,296	19,740	15,474	1.26	3,148	1,444	1,704

Water Agency (d)						
Fiscal Year	Operating Revenue	Less: Operating Expenses (b)	Net Available Revenue	Debt Service Requirements (c)		Coverage
				Principal	Interest	
2002-03	\$ 38,009	10,382	27,627			
2003-04	46,873	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	17,457	22,204	945	1,195	10.38
2007-08	42,778	17,451	25,327	965	3,263	5.99
2008-09	41,836	18,142	23,694	990	9,434	2.27
2009-10	45,435	16,505	28,930	6,975	17,393	1.19
2010-11	53,789	17,436	36,353	7,290	17,133	1.49

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 2001-02 THROUGH 2010-11**  
**(amounts expressed in thousands except per capita amount)**

Fiscal Year	Population 1/	Personal Income	Per Capita Personal Income 1/	School Enrollment	Unemployment Rate (%)
2001-02	1,265	\$ 38,609,037	30,511	228	4.5
2002-03	1,299	40,305,530	31,026	233	5.7
2003-04	1,325	42,564,972	32,125	235	5.9
2004-05	1,344	45,282,367	33,685	238	5.6
2005-06	1,355	47,563,421	35,110	239	5.0
2006-07	1,362	50,165,916	36,824	238	4.8
2007-08	1,374	52,572,684	38,274	238	5.4
2008-09	1,386	54,332,238	39,187	238	7.1
2009-10	1,401	53,560,115	38,231	238	11.3
2010-11	**N/A	**N/A	**N/A	237	12.8

1/ Bureau of Economic Analysis revised population and per capita personal income to reflect Census Bureau midyear population estimates available as of April 2010.

\*\* Not Available until April 2012.

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, 2011 AND JUNE 30, 2002**

<b>Employer</b>	<b>June 30, 2011</b>			<b>June 30, 2002</b>		
	<b>Employees (b)</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees (c)</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Kaiser Permanente	9,903	1	1.68%	5,589	2	0.94%
Sutter / California Health Services	7,262	2	1.23%	2,985	5	0.50%
CHW / Mercy Health Care	6,976	3	1.19%	2,500	7	0.42%
Intel Corporation	5,900	4	1.00%	2,816	6	0.47%
Wells Fargo & Co.	3,905	5	0.66%			
Hewlett-Packard	3,500	6	0.59%	6,132	1	1.03%
Union Pacific Railroad	2,620	7	0.45%			
Health Net of California	2,400	8	0.41%			
Cache Creek Casino Resort	2,376	9	0.40%			
Pacific Gas and Electric Co.	2,034	10	0.35%			
Raley's Inc. / Bel Air				3,700	3	0.62%
Pacific Bell & Subsidiaries (a)				3,323	4	0.56%
Wal-Mart				2,160	8	0.36%
PRIDE Industries				2,100	9	0.35%
Alberson's Inc.				2,036	10	0.34%
Total	<u>46,876</u>		<u>7.96%</u>	<u>33,341</u>		<u>5.59%</u>

(a) Pacific Bell merged with AT&T in November 2005; AT&T of California, is not listed for Fiscal year 2011.

(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 2010-11**

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

<b>Function</b>	<b><u>2002-03</u></b>	<b><u>2003-04</u></b>	<b><u>2004-05</u></b>	<b><u>2005-06</u></b>	<b><u>2006-07</u></b>	<b><u>2007-08</u></b>	<b><u>2008-09</u></b>	<b><u>2009-10</u></b>	<b><u>2010-11</u></b>
General Government	1,857	823	729	901	924	1,004	954	907	945
Public Assistance	2,067	1,903	2,552	3,059	3,115	2,648	2,487	2,339	2,210
Public Protection	4,657	4,115	4,204	5,011	5,161	4,543	4,292	3,683	3,548
Health & Sanitation	2,816	2,594	1,334	1,729	1,760	3,150	3,063	2,661	2,089
Recreation and Culture	257	196	155	212	214	212	181	162	129
Education	4	4	5	2	3	3	3	2	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>	<u>9,754</u>	<u>8,924</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 2010-11**

Page 1 of 2

	Fiscal Year									
Function	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
General Government										
Assessor:										
Number of Parcels Assessed	444,833	451,693	465,104	468,547	467,629	495,090	507,471	510,494	506,063	503,108
Gross Total Amount of Secured Roll****	67,219,202	74,042,245	81,527,736	91,856,798	105,593,291	120,869,403	132,409,139	134,737,596	125,707,295	123,216,166
Gross Total Amount of Unsecured Roll****	3,948,912	4,025,888	4,167,021	4,192,998	4,479,276	4,805,562	5,297,882	5,892,766	5,920,223	5,553,385
Clerk recorders:										
Number of recorded documents	522,591	692,854	713,726	688,483	607,272	488,272	402,951	395,528	377,728	385,599
Public Assistance										
Human assistance total caseload	83,102	90,461	96,484	103,295	100,585	117,576	122,804	135,044	156,811	158,439
Percent served of children in poverty	81.30%	91.00%	90.00%	90.00%	92.40%	95.00%	95.00%	95.00%	96.20%	97.90%
Senior nutrition, meals served	486,075	529,441	473,232	473,232	441,772	592,904	624,290	616,127	478,197	N/A
Housing Services provided	8,045	8,647	13,400	13,400	12,211	12,032	13,011	12,708	12,794	12,299
Employee Non-Exempt Recipients CalWORKs	51%	62%	61%	56%	50%	33%	29%	31%	30%	29%
Public Protection										
DA:										
Filed Felonies	10,338	11,010	11,570	11,571	11,371	11,837	11,179	10,374	8,589	8,897
Filed misdemeanors	20,151	22,450	21,703	20,306	20,397	21,197	21,347	19,781	17,353	16,399
Filed Probation Violations									^1,355	1,864
Probation:										
Cases supervised	N/A	11,312	10,148	11,350	12,379	12,755	12,101	14,826	15,988	14,810
Institutional care for minors (days)	*117,601	163,689	181,776	178,423	191,884	194,339	180,399	165,451	*114,764	*82,004
Juvenile referrals processed	11,376	11,556	13,107	12,126	13,240	12,041	11,128	12,383	11,816	10,188
Prepared adult sentencing reports	4,363	4,748	4,860	8,452	9,052	9,420	9,110	8,955	9,658	**6,308
Public Defender:										
Felony Unit Jury Trials	70	88	105	125	143	160	168	136	139	135
Sheriff:										
Emergency calls for service:										
Priority 0	31	54	57	55	60	58	48	149	66	0
Priority 1	32,266	33,754	39,815	41,179	44,996	34,177	30,841	7,851	3,698	3,535
Emergency response time (minutes):										
Priority 0	5	13	10	10	9	9.3	6.5	12.5	14.0	0.0
Priority 1	15	14	15	14	15	15.61	9.2	10.6	10.8	9.7
Processed and booked adult offenders	24,830	25,084	25,199	26,568	23,477	22,493	24,364	21,483	20,242	19,064
Physical arrests	28,446	28,265	28,707	29,197	26,029	20,745	26,209	23,181	23,237	21,903
Total miles patrolled by Sheriffs	871.5	871.5	871.5	871.5	871.5	*** 813.3	813.3	813.3	813.3	813.3

\* 2001-02 includes Youth Detention Facility only. 2002-07 includes the Sacramento County Boys Ranch (SCBR) and Warren E. Thornton Youth Center (WETYC).

WETYC and SCBR closed as of July 1, 2009 and July 1, 2010, respectively.

\*\* Presentence Investigation Report Waivers likely accounts for the reduction in number of prepared Adult Court reports. ^ Revised

\*\*\* May 31, 2011 revised total miles patrolled for Fiscal years 2006-07 forward due to loss of contracts with Citrus Heights and Elk Grove.

\*\*\*\* Amounts expressed in thousands

**COUNTY OF SACRAMENTO  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 2001-02 THROUGH 2010-11**

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>	<u>2009-10</u>	<u>2010-11</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	96,184	76,004
training										
programs in compliance (by inspection)	100%	100%	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	14,146	16,147
Square Feet of Graffiti Removed or Abated	260,390	252,613	271,383	257,733	269,242	233,641	304,370	349,312	341,749	201,315
Recreation and culture										
Number of Visitors /P Participants at Effie Yeaw Nature Center	74,775	72,759	62,289	68,804	78,822	88,449	85,882	87,440	84,449	*
Number of Individuals Who Use Parks Golf Services	214,409	208,940	203,104	192,735	190,317	190,827	196,470	188,357	181,550	174,000
Education										
Library:										
Total Circulation***										8,021,448
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	6,338,259	***
Audio Visual Media Loaned	285,007	316,115	402,631	495,444	670,296	777,078	1,036,647	1,861,290	1,391,325	***
Library cards issued	60,059	64,733	63,596	59,848	58,068	62,767	80,562	85,308	80,429	74,224
Total Library Cards in Use	533,739	544,693	550,595	509,934	485,411	465,187	506,440	561,070	637,160	635,895
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	4,362,116	4,391,093
Airport										
Number of Commercial Airlines	12	14	15	15	15	16	16	15	14	11
Number of Flights	56,940	53,290	56,940	56,940	61,685	67,525	63,875	53,324	52,504	49,425
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	4,445,991	4,377,315
Solid Waste										
Percent of Diversion/Recycled Waste	51%	52%	61%	58%	58%	58%	62%	64%	70%	71%
Tons Disposed	494,438	624,035	789,265	718,464	706,134	678,776	667,899	559,865	471,488	513,649
Water Agency										
Water Supply:										
Number of Water Connections	31,800	34,700	36,890	41,450	45,261	46,558	47,760	48,438	49,069	49,580
Water Delivered (acre feet)	27,600	30,140	27,877	31,105	34,422	41,764	39,867	40,605	39,428	38,781
Storm Water Utilities										
Drainage:										
Mainline and Lateral Pipes Cleaned (miles)	N/A	227	60	137	101	97.78	121.4	67.3	60.3	56.7
Parking Enterprise										
Daily Public Parking (count)	388,532	372,978	353,173	362,480	371,292	385,869	383,052	284,359	168,490	145,429
Monthly Parking Passes issued to County Employees (count)	15,049	15,512	15,642	16,001	16,440	16,740	17,491	20,484	20,484	17,736
Outside Agency Usage	8,301	8,186	8,984	10,399	9,923	7,496	7,509	9,398	11,251	12,350

\* Beginning FY 2010-11, EYNC is no longer operated by the County, therefore this information is not available. \*\*\*Books loaned and audio visual media loaned statistics are combined in FY 10-11.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO  
CAPITAL ASSET STATISTICS BY FUNCTION  
FISCAL YEARS 2001-02 THROUGH 2010-11**

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>	<u>2009-10</u>	<u>2010-11</u>
Public Protection										
Sheriff:										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Aircrafts										
Operational	4	5	4	4	3	4	5	4	5	4
Non-Operational	2	2	1	1	2	1	0	1	0	1
Fixed Wing										
Sheriff	2	2	2	2	2	2	2	2	1	1
CAL-MMET	2	2	2	2	2	2	2	2	2	2
Community service centers	12	12	12	14	14	10	10	10	10	5
Jail and detention facilities	2	2	2	2	2	2	2	2	2	2
Patrol Units	450	470	474	491	391	348	362	370	305	315
Stations	7	7	7	7	7	5	5	5	3	3
Health and Sanitation										
Clinics	2	2	3	3	3	3	3	3	3	1
Mental Health Treatment										
Clinics	1	1	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	2,208	2,208
Traffic signals	531	486	415	415	415	422	432	450	450	449
Recreation and culture										
Number of Golf Courses	4	4	4	4	4	4	4	4	4	4
Number of Developed Parks	38	38	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	15,150	15,150
Education										
Number of Libraries	8	9	9	9	9	9	9	9	11	11

Note: 1) Building includes those that are capitalized but excludes real property that is leased.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO  
CAPITAL ASSET STATISTICS BY FUNCTION  
FISCAL YEARS 2001-02 THROUGH 2010-11**

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>	<u>2009-10</u>	<u>2010-11</u>
Airport										
Airports	4	4	4	4	4	4	4	4	4	4
Licensed Vehicles:										
Cars and Light Trucks	126	116	120	108	112	120	148	149	148	147
Busses	45	47	55	47	44	35	41	47	33	33
Solid Waste										
Number of Collection Trucks	179	193	172	190	179	148	130	152	149	139
Number of Landfills	3	3	3	3	3	3	3	3	3	3
Water Agency										
Water Supply:										
Water Mains (miles)	469.5	503	566	631	651	659	718	743	753	761
Storage Capacity (thousands of gallons)	16,400	20,400	20,400	27,900	31,400	34,400	39,400	39,400	39,400	39,400
Drainage:										
Drainage Inlets	39,965	41,082	42,263	43,513	44,631	47,281	47,335	47,717	47,717	44,356
Drainage Manholes	22,486	23,114	23,780	24,483	25,226	26,219	26,336	26,699	26,699	25,147
Drainage Pipes (miles)	1,225	1,273	1,323	1,376	1,379	1,421	1,446	1,443	1,443	1,342
Parking Enterprise										
Structures	2	2	2	2	2	2	2	2	2	2

Note: 1) Building includes those that are capitalized but excludes real property that is leased.

Source: County of Sacramento Department Records

Intentionally Blank



---

---

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
For The Fiscal Year Ended June 30, 2011**

