



Sacramento Housing & Redevelopment Agency

Comprehensive Annual Financial Report

For the year ended December 31, 2006

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2006

ACKNOWLEDGEMENT

Prepared by the Sacramento Housing and Redevelopment Agency
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**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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*Introductory
Section*

June 22, 2007

City Council, Housing Authority and
Redevelopment Agency of the City of Sacramento
Board of Supervisors, Housing Authority and
Redevelopment Agency of the County of Sacramento
Sacramento Housing and Redevelopment Commission
Sacramento Housing Development Corporation
Sacramento, California

State law requires that the Sacramento Housing and Redevelopment Agency (the Agency) publish a complete set of financial statements presented in conformity with the accounting principles generally accepted in the United States of America (GAAP) applied to governmental entities. The financial statements are to be audited by a certified public accountant in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Pursuant to that requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the Agency for the year ended December 31, 2006.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, the management of the Agency has established a comprehensive internal control framework that is designed both to protect the Agency's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Agency's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Agency's financial statements have been audited by Macias, Gini & O'Connell LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the year ended December 31, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Agency's financial statements for its governmental activities and each major fund for the year ended December 31, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report, which can be found on pages 1 and 2.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE AGENCY

The Agency is located in Sacramento, California. The City of Sacramento, established in 1849, serves as the capital for the state of California and is the center of state government. Sacramento also serves as the seat of Sacramento County government. It is the seventh largest populated city in California and continues to see a migration of people from the San Francisco Bay Area and Southern California. The State of California, Department of Finance, estimates the population on January 1, 2006 at 457,514 for the City and 1,385,607 for the County of Sacramento. Sacramento encompasses 99 square miles and is located in the northern section of California's burgeoning Central Valley. Sacramento is a charter city and operates under a Council-Manager form of government.

The Agency is a joint powers agency which serves as the fiscal agent/administrator for the following four legal entities: The Housing Authorities of the City and County of Sacramento, and the Redevelopment Agencies of the City and County of Sacramento, which are responsible for the development and implementation of housing, redevelopment, and selected economic development programs and activities for the City and County of Sacramento. The Housing Authorities of the City and County were formed in July 1939 and June 1940, respectively. The Redevelopment Agencies were formed in September 1950 and September 1974, respectively. Additionally, the Agency has served as the administrator of the Community Development Block Grant Programs for the City and County of Sacramento since June 1982.

The governing boards of the Agency include the City Council of the City of Sacramento (City), the Board of Supervisors of the County of Sacramento (County), and the Sacramento Housing and Redevelopment Commission (Commission). The City Council, acting as the City Housing Authority and the City Redevelopment Agency, approves all City related agenda items. The County Board of Supervisors, acting as the County Housing Authority and the County Redevelopment Agency, approves all County related agenda items. The Commission also serves in an advisory capacity for each entity. The Commission has operational authority within the budget and policy direction approved by the City Council and County Board of Supervisors.

The Agency has defined its reporting entity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," which provides guidance for determining which governmental activities, organizations, and functions should be included in its reporting entity. The component units listed below are included in the Agency's reporting entity because of the significance of their operational or financial relationships with the Agency. Blended component units, although legally separate entities are, in substance, part of the government's operations. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Agency. Complete financial statements of individual component units can be obtained from the Finance Department of the Agency.

- ◆ Blended Component Unit
 - Foundation Uniting Needs and Dollars (FUND, Inc.)
- ◆ Discretely Presented Component Units:
 - Sacramento Housing Development Corporation
 - Riverview Plaza Associates
 - Norwood Avenue Housing Partnership
 - Norwood Avenue Housing Corporation
 - Shasta Hotel Investors Partnership
 - Phoenix Park I, L.P.
 - Phoenix Park II, L.P.

Budget. The annual budget of the Agency, consisting of the operating and project budgets, is adopted on a calendar year basis. Prior to December 1, the Executive Director submits a proposed operating budget to the governing bodies for review and approval. The budget is legally enacted through passage of resolutions prior to January 1. The budget adoption resolution specifies that the legal level of budgetary control is at the fund level. Budgeted expenditures represent original appropriations adjusted by supplemental budgetary appropriation amendments.

Annual operating budgets are adopted on a modified accrual basis for all Debt Service funds, Local Tax Special Revenue funds and Housing Special Revenue funds, except for the Revenue Bond Program and FUND, Inc. Project budgets are adopted for the Agency's major special revenue funds for the duration of the project which may extend over several years. The adopted project budgets for the Community Development, Tax Increment, and Revenue Bond Program Special Revenue funds and for the Capital Project funds are adopted on a project length basis. Additionally, although not legally required, the Agency adopts annual budgets for the Enterprise, Internal Service, and certain Component Unit funds.

FACTORS AFFECTING ECONOMIC CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Agency operates.

Local economy. The Sacramento region provides a spectrum of diverse economies and is now home to high-tech manufacturers, software development companies, biotechnology and medical research laboratories, food processors and medical equipment manufacturers. The region is also a transportation hub served by air cargo airports, an international airport, a deep water shipping port, two major interstate freeways, freight and passenger rail lines, and an extensive regional commuter bus and light-rail system. These key industries interface with Sacramento's service, hospitality, and government employers.

The Sacramento area continues to have diverse employment opportunities, with the largest three employment sectors identified as professional and business services, leisure and hospitality, and government. Combined, these three sectors added 14,100 jobs and accounted for about 72 percent of the region's net gain of 19,500 jobs from July 2005 through June 2006. Sacramento County's unemployment rate was 4.8 percent at June 30, 2006 compared with 5.0 percent at June 30, 2005.

The primary sources of non-local revenue are from numerous programs sponsored by the U.S. Department of Housing and Urban Development (HUD). Congress and the Administration continue to revise HUD practices, programs and overall appropriation levels. Consequently, the Agency anticipates the impact of these revisions may result in reductions in revenues from HUD sources, particularly the Community Development Block Grant Program and the Public Housing Program. The demand for affordable housing in Sacramento City and County, and in the entire Sacramento region, has increased as household income continues to fall seriously behind the steady increase in single family sales prices and rents. This has the result of pricing more and more households out of the housing market. The increase in demand for affordable housing affected the entire continuum of housing assistance provided by the Agency, from homeless and other special populations, low and very low-income renters, to first time homebuyers, and low and moderate income homeowners. The Agency is committed to increasing the supply of affordable housing and has worked closely with the City and County in the development of inclusionary ordinances, to develop a ten year plan to end homelessness, and other policies that will help increase rental housing production and homeownership opportunities.

As a lender and developer, we strive to efficiently manage our resources in order to address the range of need and reach special populations, the workforce population, and those who are moving out of the rental market and buying their first homes.

There is a definite link between the fiscal health of the State of California (State) and local government in the Sacramento region. When the State was facing deficits a few years ago, the State enacted the Education Revenue Augmentation Fund (ERAF) shift as a partial solution. The Agency made an ERAF payment of \$3.15 million in 2006. At this time, no additional ERAF payments are anticipated.

Long-term financial planning

In response to the negative impacts of the conditions outlined above, the Agency has taken a proactive approach and instituted a strategic planning effort to assure continued viability and relevance to the Agency's housing and community development missions. Revenue enhancements and expenditure mitigation measures are continually being evaluated.

In preparation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, the Agency commissioned an actuarial valuation of current post retirement medical benefits in 2004. The valuation is critical for the Agency to develop strategies to identify resources to fund the projected costs and/or to identify methods to reduce the potential obligations. The study indicated that the discounted actuarial liability could range from \$22,724 to \$26,302 depending on a discount rate of 3% or 2% respectively. In addition, the study indicated that annual required contribution rates would range from \$1,940 to \$3,904 depending on the discount rate of 3% or 2% and amortization period ranging from 30 to 10 years, respectively. For the 2006 budget, the Agency has appropriated the cost of retiree medical cost based on an amortization period of 30 years and using a discount rate of 3%. By the end of 2007, staff anticipates completion of a new actuarial study and obtaining governing board approval for establishing a trust fund, trust governance and trust investment policy.

Relevant financial policies

The Agency since the 1980s has been funded primarily by four major programs. From HUD, the Housing Choice Voucher program is the largest by dollar volume, the Public Housing program (including Capital Fund) is our most labor intensive program, and the community development programs (CDBG and HOME) are the most versatile community development program. The fourth major funding source is the redevelopment agency tax increment revenues.

Within the HUD programs, HUD dictates financial framework by which the Agency is to expend the funds that it receives. After several years of major changes to the HCV program, the changes from HUD have been minimal during the last year and status quo is expected next year in terms of the overall program. Locally, the program administration continues to be a challenge as HUD administrative fees for the program have decreased about 4 percent over the last four years which has resulted in annual deficits each of the last three years.

HUD is implementing dramatic changes to the Public Housing program for 2007 with additional changes anticipated for 5 additional years. HUD is switching from the allowable expense level method of determining the federal level of assistance used since the 1970s to the project based management model

used by the private and non-profit housing providers. With any shift in funding methodology, there are those that will receive more funding and those that will receive less funding. Unfortunately for the Agency, we will be one that will be receiving less. The reduction will be implemented during a five-year phase-in period. For the County Public Housing program, the loss is expected to be about five percent while the City is expected to lose about ten percent of its federal assistance.

The HUD community development programs make up 9 percent of the Agency revenues and include the CDBG, HOME, and miscellaneous special grants the Agency receives from HUD. In 2007, it is anticipated that the overall CDBG and HOME revenues will remain unchanged.

There is some bright news with respect to the Agency's major funding sources. Our total tax increment revenue was \$52.5 million for the 2005-06 property tax year, an increase of 19 percent from the previous fiscal year's revenues. For 2007, \$55.6 million is budgeted. Also for the first time in four years, redevelopment agencies will not have to make Educational Revenue Augmentation Fund (ERAF) payments in 2007, a savings of \$3.2 million from 2006.

Local redevelopment revenues make up 29 percent of the Agency's 2007 revenues. Of the total 2007 tax increment revenues of \$55.6 million, the City project areas' share is \$41.1 million; the County project areas' share is \$9.4 million and joint areas' share is \$5.1 million. All project areas except for Alkali Flat, Auburn Boulevard and Richards Boulevard are anticipating increases for 2007. We anticipate reductions in these project areas due to closure or revaluation of significant buildings within the project areas.

The Agency will be implementing an accounting change that relates to the low- and moderate-income housing tax increment funds. For the first time in 2007, we will create aggregated low/moderate housing funds for the City and County project areas managed by the Agency. This will enable us to more quickly accumulate funds for housing projects as uncommitted funds will be aggregated into overall City and County low/moderate income housing funds respectively. The change is consistent with the policy change approved by the governing boards at the end of 2005.

Significant 2006 Accomplishments

We participated in many significant projects and policy initiatives in 2006. Highlights of accomplishments for each of the Agency's goals are listed below. The following approved Agency goals define our key businesses and strategies.

Goal One: Develop, preserve and finance a continuum of affordable housing opportunities

- Completed the 360-unit renovation of Phoenix Park adding a new Resident Activity Center, completed lease up, and converted to permanent financing.
- Partnered with the County and City of Sacramento to obtain approval for the 10-year Plan to End Chronic Homelessness.
- Completed construction of the Cottages at McClellan, an 82 unit permanent supportive housing project
- Began construction on the Globe Mills Adaptive Re-use project, a 143-unit affordable senior and moderate income housing development in the Alkali Flat Redevelopment Area.
- Presented the City of Sacramento's SRO Preservation and Replacement Strategy for approval, including a \$15 million financing initiative.

- Completed the rehabilitation and sale of 32 Housing Authority-owned homes under the HUD 5(h) Homeownership program.
- Completed the rehabilitation of 11 Housing Authority-owned homes under the HUD Section 32 Homeownership Program.
- Completed the following multi-family projects:
 - 65 units at 21st and L Streets, including 13 very low- and 4 low-income units.
 - 176 units at 18th and L Streets, including 36 very low- and 9 moderate-income units.
 - 225 units at 800 J Street, including 45 very low-income units.
 - 140 units Stockton Boulevard and Elsie Avenue, including 49 extremely low-income and 90 very low-income units.
- Completed Grizzly Hollow III, a 54 single-family ownership and duplex rental project in the City of Galt.
- Issued over \$48,000,000 in tax exempt mortgage revenue bonds and \$12,000,000 in Agency loans to allow for over 1,100 affordable housing units in the City and County of Sacramento.

Goal Two: Provide and maintain effective and efficient Agency-owned housing and tenant-based rental assistance programs

- Provided conventional housing to approximately 3,000 very low-income households.
- Provided assistance to approximately 11,000 families in the HCV program.
- Kept HCV average housing assistance costs below HUD's funding constraint.
- Opened up the HCV wait list which attracted applications from over 35,000 families.
- Restructured the public housing organization and financial systems to meet HUD's new asset management requirements.
- Implemented a new public housing management software system.
- Completed \$4.5 million dollars of modernization for various public housing complexes in the City and County.
- Upgraded two residential high-rise buildings with new roofs and exterior building maintenance systems.
- Met the HUD Public Housing mandate and deadline to develop new project and property groupings as a part of the conversion to asset-management and property based accounting in 2007
- Received passing scores for the City and County Public Housing programs from HUD in their annual evaluations. Most notably, the City's Public Housing physical inspection was waived for 2006 due to the favorable scoring and improvements in 2005.

Goal Three: Revitalize lower income neighborhoods to create healthy and sustainable communities

- Received Orders of Immediate Possession for two troubled liquor stores in the Oak Park Redevelopment Project Area.
- Selected a qualified development team to begin working with the community plan; and design, and construct up to 400 mixed-income residential units at the former Greenfair housing site.
- Programmed \$25 million in redevelopment bond funds for the Oak Park and Del Paso Heights Redevelopment Project Areas.
- Raised \$20.5 million in bond proceeds for the North Sacramento, Army Depot, and 65th Street Redevelopment Project Areas for eligible projects.
- Participated in the funding of major renovation at Mims Hagginwood Community Center in Del Paso Heights.

- Completed the restoration of the Old Florintown School.
- Recommended affordable housing plans for 51 developments representing over 7,000 market units during the second year of implementing the County Affordable Housing Program.
- Completed design and began construction of Locke Boarding House rehabilitation.

Goal Four: Eliminate blight and promote economic development in redevelopment areas and identified transitional neighborhoods including commercial corridors and converted military bases

- Completed critical infrastructure and rehabilitation of McClellan facilities which has resulted in continued growth in building leasing and employment which now totals about 11,000.
- Completed four new buildings at Mather resulting in the creation of over 500 new jobs bringing the total to about 5,800 jobs at Mather.
- Acquired three properties along Del Paso Boulevard in North Sacramento to be developed as mixed-use/transit-friendly sites in the next two years.
- Completed 35 storefront improvements in Downtown and in other older commercial corridors in the City and County.
- Assisted the establishment of Property Based Improvement Districts (PBID) in the North Sacramento and Power Inn Road areas.
- Executed Disposition and Development Agreement (DDA) with a developer for construction of an office/retail building at the corner of Marysville Boulevard and Grand Avenue in Del Paso Heights.
- Executed a loan for construction of a new Kia dealership on Auburn Boulevard which will result in the creation of 25 new jobs.
- Completed Phase 1 of the Watt Avenue streetscape improvements, and began construction of Phase 2 resulting in major improvements to the west side of Watt Avenue. Began the design of Phase 3 of the improvements with construction planned for 2008.
- Issued over 700 hiring credit vouchers in the Enterprise Zones and the Local Agency Military Base Recovery Area.
- Entered into a DDA for the construction of a new Holiday Inn Express on Auburn Boulevard.
- Rehabilitated three aircraft hangars at McClellan which resulted in the attraction of catalyst aviation tenants (including large aircraft storage, aircraft sales, fractional ownership, and maintenance operations) bringing new high-paying jobs and attracting additional interest in the airfield.
- Completed Phase 1 of streetscape improvements along Del Paso Boulevard in North Sacramento.

2007 INITIATIVES

In 2007, the Agency will continue to partner with the City and County of Sacramento to initiate projects and policies to maximize affordable housing opportunities for low-income, very low-income, and extremely low-income households and revitalize low-income communities. A major focus of our housing initiatives will be the development of housing for the chronic homeless and the rehabilitation and replacement of single-room occupancy (SRO) units in the City of Sacramento. We will also continue strategies to revitalize low-income communities, older commercial corridors, and converted military bases. Our initiatives include infrastructure and community facility improvements, financial assistance for commercial development, homeownership and housing rehabilitation assistance, and intervention to transform troubled rental properties into safe and affordable housing that complements the surrounding neighborhoods.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Agency for its comprehensive annual financial report for the year ended December 31, 2005. This was the Fourteenth consecutive year that the Agency has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Their dedication to professional excellence is reflected in an improved comprehensive annual financial report. We would also like to commend the Agency's Commission, the City Council and the County Board of Supervisors for their interest, support of this substantial effort, and shared commitment to assuring the financial viability of an Agency which remains progressively committed to meeting the economic, redevelopment and housing needs of the communities we serve.

Respectfully submitted,


ANNE M. MOORE
Executive Director


DONALD CAVIER
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sacramento Housing
and Redevelopment Agency
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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



President

Executive Director

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

DIRECTORY OF OFFICIALS

COUNTY HOUSING AUTHORITY AND REDEVELOPMENT AGENCY

District 1 - Roger Dickinson
District 2 – Jimmie Yee
District 3 – Susan Peters
District 4 – Roberta MacGlashan
District 5 - Don Nottoli

CITY HOUSING AUTHORITY AND REDEVELOPMENT AGENCY

Heather Fargo, Mayor
District 1 – Ray Tretheway
District 2 – Sandy Sheedy
District 3 - Steve Cohn
District 4 – Robert Fong
District 5 - Lauren Hammond
District 6 – Kevin McCarty
District 7 - Robbie Waters
District 8 - Bonnie Pannell

HOUSING AND REDEVELOPMENT COMMISSION

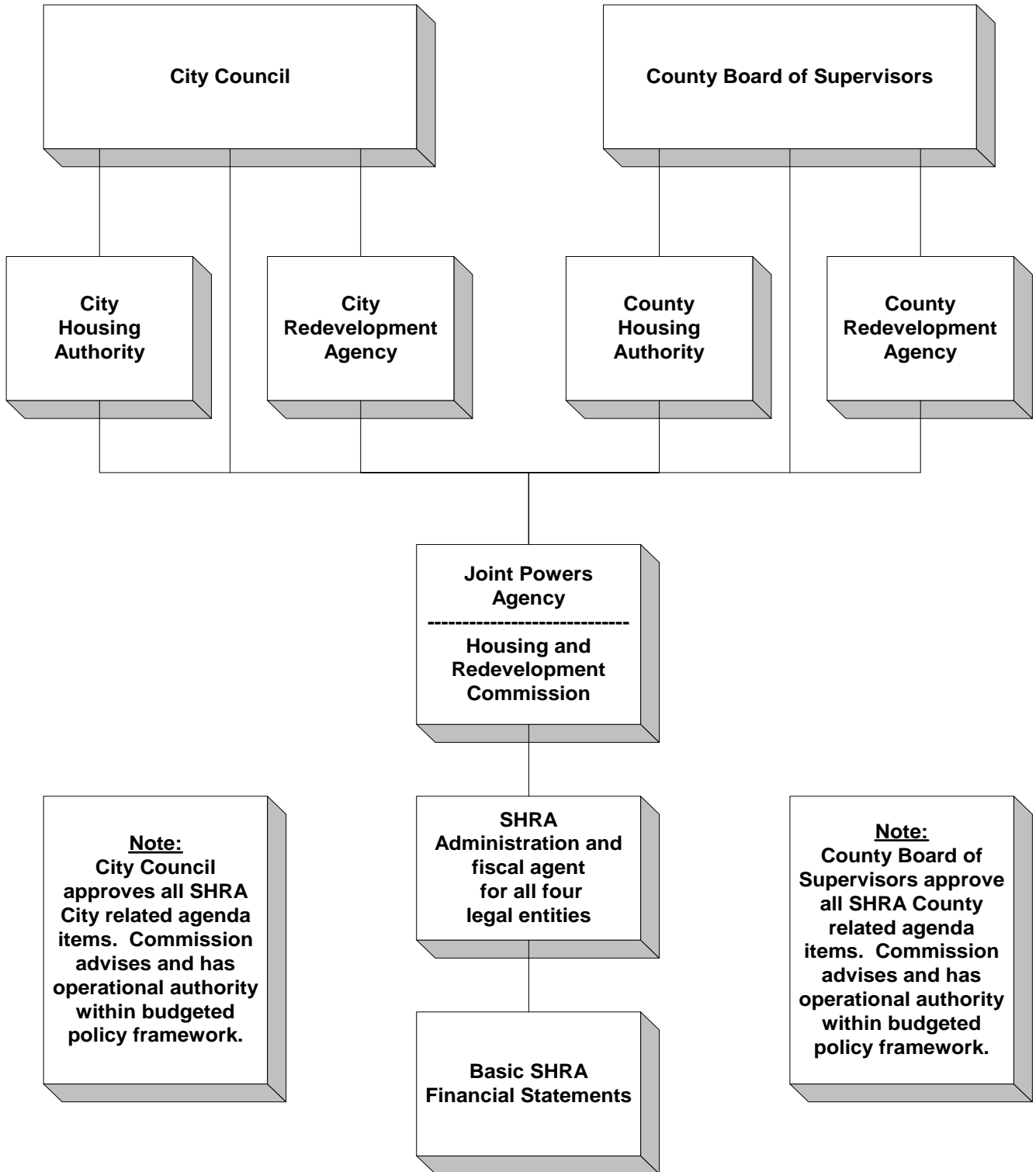
Sam Burns
Thomas Burruss
Bill Chan
Fernando Coriano
Roy Fowler, Jr.
Verne Gore
Jim Hoag
Julius Piatkowski
Cyril Shah
Mark Stivers

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Executive Director - Anne M. Moore
Agency Clerk – Vickie Smith
Agency Counsel - Dana Phillips

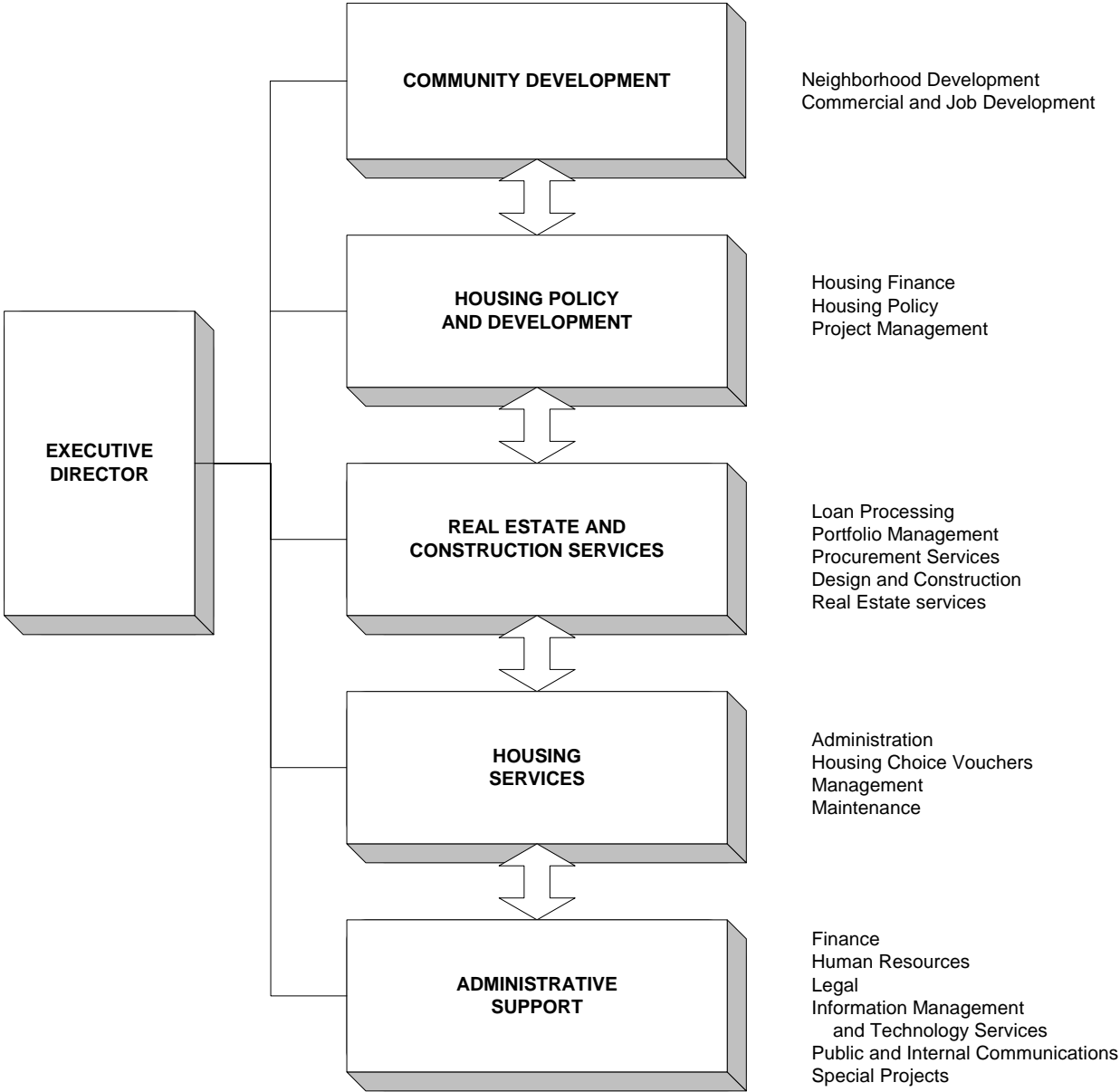
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

GOVERNING BODIES AND ADMINISTRATION ORGANIZATION CHART



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

DEPARTMENT/DIVISION ORGANIZATION CHART



Financial
Section



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Honorable Members of the Sacramento
City Council, County Board of Supervisors, and
Housing and Redevelopment Commission
Sacramento Housing and Redevelopment Agency
Sacramento, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Sacramento Housing and Redevelopment Agency (Agency), as of and for the fiscal year ended December 31, 2006, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Phoenix Park I, LP, Phoenix Park II, LP, Norwood Avenue Housing Corporation and Norwood Avenue Housing Partnership, each of which are discretely presented component units. Those components represent 90% of assets, 114% of net assets, and 98% of revenues of the aggregate discretely presented component units as of and for the fiscal year ended December 31, 2006. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar, as it relates to the amounts included for the Phoenix Park I LP, Phoenix Park II LP, Norwood Avenue Housing Corporation and Norwood Avenue Housing Partnership, is based solely on the reports of the other auditors.

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 Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Agency as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2007 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Accounting Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3-17 and the schedule of funding progress on page 76 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 and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The introductory section, combining and individual fund statements and schedules, schedules of capital fund program annual contribution contracts and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules and the schedules of capital fund program annual contribution contracts have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the reports of others, 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 by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Maclean Hui & O'Connell LLP

Certified Public Accountants

Sacramento, California
June 22, 2007

*Management's
Discussion
and
Analysis*

**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis
December 31, 2006**

(dollar amounts expressed in thousands)

This portion of the Sacramento Housing and Redevelopment Agency's (Agency) annual financial report presents a narrative overview and analysis of the Agency's financial activities for the year ended December 31, 2006. Please read this in conjunction with the transmittal letter at the beginning of this report and the Agency's financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded liabilities at the end of the 2006 year by \$366,866 (net assets). Of this amount, \$460,529 is restricted to specific purposes (restricted net assets), and \$238,566 is invested in capital assets, net of related debt. The negative unrestricted net assets of (\$332,229) are mainly the result of redevelopment debt that does not produce capital assets.
- The Agency's total net assets, excluding discretely presented component units, increased over the course of the year by \$40,189 to \$366,866. The net assets of governmental activities increased by \$37,260, and the net assets of business-type activities increased by \$2,929.
- As of December 31, 2006, the Agency's governmental funds reported combined fund balances of \$373,322, an increase of \$18,355 for the year. Approximately eight percent of the combined fund balances, \$28,192 is available to meet the Agency's current and future needs (unreserved fund balance).
- The Sacramento City Financing Authority (a joint exercise of powers authority organized under the laws of the State of California and composed of the City of Sacramento and the Agency) issued its 2006 Tax Allocation Revenue bonds, Series A and B, in the aggregate principal amount of \$21,210. The bonds were issued to provide funds to finance redevelopment activities of the Agency with respect to its Del Paso Heights (\$9,365) and its Oak Park (\$11,845) redevelopment project areas and for the purpose of refunding a portion of the 1999 Oak Park Loan.
- The Sacramento City Financing Authority issued its 2006 Capital Improvement Revenue Bonds, Series A and B, in the aggregate principal amount of \$151,135. The bonds were issued to provide funds to finance public capital improvements and redevelopment projects within the City of Sacramento. The City and the Agency entered into new advance repayment agreements and amendments to existing advance repayment agreements. The advance of bond proceeds of \$27,600 is for use in financing the acquisition, construction and improvements of certain capital projects of the North Sacramento (\$5,440), 65th Street (\$5,965), Army Depot (\$10,810) and the Richards Boulevard (\$5,385) redevelopment areas.

**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)**

December 31, 2006

(dollar amounts expressed in thousands)

- The capital assets of the Agency are mainly the property of the Housing Authorities and the net assets will reflect positive balances long into the future because of this. The Redevelopment Agencies have few capital assets and yet acquire the majority of the debt for the Agency. As the Agency continues to do bond issues the net assets will decrease even though the cash for redevelopment projects continue to increase. As the cash is used for projects, the net assets will decrease further. The reduction of net assets is actually a positive trend for a redevelopment agency, in that an increase in debt reflects higher tax increment revenues and more projects to revitalize the project area with the bond proceeds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all Agency 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 Agency 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., grant revenue, accounts payable and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the Agency that are principally supported by tax increments 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 Agency include a variety of federal, state and local housing programs, community redevelopment programs funded by the federal government, including both the City and County Community Development Block Grant Program (CDBG), low and moderate housing activities associated with the redevelopment project areas using Tax Increment funds, Community Social Service Programs, and capital projects which include acquisition and construction of major capital facilities.

**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)**

December 31, 2006

(dollar amounts expressed in thousands)

The business-type activities of the Agency consist of Assisted Housing, which includes Public Housing subsidized by the Department of Housing and Urban Development (HUD), locally funded housing projects, and units subsidized by the State of California's Department of Housing and Community Development. In addition, the Housing Authority operates the Housing Choice Voucher (formerly Section 8) Program.

Component units included in the Agency's basic financial statements consist of legally separate entities whose inclusion is necessary for the fair presentation in accordance with generally accepted accounting principles. Included within this grouping are: Riverview Plaza Associates, Sacramento Housing Development Corporation, Shasta Hotel Investors Partnership, Norwood Avenue Housing Corporation, Norwood Avenue Housing Partnership, Phoenix Park I, L.P. and Phoenix Park II, L.P.

The government-wide financial statements can be found on pages 18 - 19 of this report.

Fund Financial Statements are groupings of related funds that are used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the Agency 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 the Agency'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 Agency maintains 98 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 City and County CDBG funds, City and County HOME funds, City Merged Downtown Debt Service fund, City Merged Downtown Capital Projects fund and the City Low/Mod Merged Downtown Capital Projects fund as each is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)**

December 31, 2006

(dollar amounts expressed in thousands)

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental funds financial statements can be found on pages 20 - 25 of this report.

Proprietary funds include two different types of funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Agency uses enterprise funds to account for City and County Public Housing Authorities' operations, locally funded housing projects, units funded by the State of California's Department of Housing and Community Development and the Housing Choice Voucher program. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Agency's various functions. The Agency uses internal service funds to account for the internal support services of administrative divisions, payroll, and Community-Social Services staff assigned to Sacramento County's Department of Human Assistance and the Community Services Planning Council, and self-insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included with *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 City and County Public Housing funds and the County Housing Choice Vouchers fund are considered to be major funds of the Agency.

The Agency's two internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the nonmajor enterprise funds and internal service funds are provided in the form of *combining statements* elsewhere in this report.

The proprietary funds financial statements can be found on pages 26 - 28 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Agency's fiduciary fund is not reflected in the government-wide financial statements because the resources of that fund are not available to support the Agency's own programs.

The fiduciary fund financial statement can be found on page 29 of this report.

Notes to the 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 36 - 75 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the Notes to the Basic Financial Statements.

**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)
December 31, 2006**

(dollar amounts expressed in thousands)

Combining and individual fund statements and schedules can be found on pages 79 – 157 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements provide long-term information about the Agency's overall financial condition. This analysis addresses the financial statements of the Agency as a whole.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$366,866 at the close of the most recent fiscal year.

Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 570,007	\$ 484,588	\$ 37,847	\$ 29,688	\$ 607,854	\$ 514,276
Capital assets	75,131	53,581	168,563	173,794	243,694	227,375
Total assets	<u>645,138</u>	<u>538,169</u>	<u>206,410</u>	<u>203,482</u>	<u>851,548</u>	<u>741,651</u>
Long-term liabilities	401,411	375,670	628	680	402,039	376,350
Other liabilities	80,809	36,841	1,834	1,783	82,643	38,624
Total liabilities	<u>482,220</u>	<u>412,511</u>	<u>2,462</u>	<u>2,463</u>	<u>484,682</u>	<u>414,974</u>
Net assets:						
Invested in capital assets, net						
of related debt	70,631	49,081	167,935	173,114	238,566	222,195
Restricted	460,225	420,634	304	8,954	460,529	429,588
Unrestricted	(367,938)	(344,057)	35,709	18,951	(332,229)	(325,106)
Total net assets	<u>\$ 162,918</u>	<u>\$ 125,658</u>	<u>\$ 203,948</u>	<u>\$ 201,019</u>	<u>\$ 366,866</u>	<u>\$ 326,677</u>

\$238,566 of the Agency's net assets reflects its investment in capital assets (e.g., land, buildings, property, and equipment); less any related debt used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although this investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The amount invested in capital assets increased by \$16,371 in the current year. The governmental activities increased by \$21,550 due to purchases of land, buildings and equipment (\$22,232) mainly in the Downtown, Del Paso, Alkali Flat, Oak Park and North Sacramento redevelopment areas and construction in progress in the Capital Fund Program (\$2,257) and Public Housing Homeownership Program (\$2,225). These increases were offset by depreciation expense (\$453), sales and deletions (\$2,486) and transfers to the City and County Public Housing enterprise fund (\$2,225). The business-type activities decreased by \$5,179, mainly as a result of sales of land and buildings in the 5H program.

**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)**

December 31, 2006

(dollar amounts expressed in thousands)

An additional portion of the Agency's net assets of \$460,529 represents resources that are subject to external restrictions on how they may be used. Restricted net assets increased by \$30,941 during the current year. The amount restricted for debt service increased by \$893, restricted for housing increased by \$11,718, restricted for Housing Choice Vouchers decreased by \$7,987, restricted for community development increased by \$26,173, and restricted for other increased by \$144. The decrease in the amount restricted for Housing Choice Vouchers is the result of the advance funding from HUD being moved from restricted to unrestricted net assets. The increase in restricted for debt service is mainly the result of two bond issues in 2006 that increased our debt service payments. The bond issues are also responsible for the increases in the restricted for housing (low-mod tax increment) and community development amounts by having more cash available for projects. The restricted for other increased to restrict cash for inventories (\$166) in the enterprise funds and decreased by (\$22) due to community development expenses in the Shasta Trust special revenue fund.

The (\$332,229) unrestricted net assets for governmental and business-type activities is primarily the result of the Agency issuing bonds as a Redevelopment Agency. In the Agency's case, the debt proceeds are used for assorted redevelopment and economic development projects in the community, which are not capitalized. The result is a negative unrestricted net assets. The redevelopment debt will be repaid from future tax increment revenue. Issuing debt also increased the Agency's cash and long-term liabilities.

**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)**

December 31, 2006

(dollar amounts expressed in thousands)

The following table indicates the changes in net assets for governmental and business-type activities.

	Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 1,402	\$ 1,269	\$ 8,006	\$ 10,592	\$ 9,408	\$ 11,861
Operating grants and contributions	53,793	41,841	111,116	107,789	164,909	149,630
Capital grants and contributions	4,143	7,594	-	-	4,143	7,594
General revenues:						
Tax increment	50,219	50,173	-	-	50,219	50,173
Investment earnings	16,917	7,464	531	112	17,448	7,576
Gain/Loss on sale of capital assets	(2,316)	(364)	5,239	29	2,923	(335)
Income from sales of assets held for resale	-	5,613	-	-	-	5,613
Miscellaneous	3,398	2,201	1,316	995	4,714	3,196
Total revenues	<u>127,556</u>	<u>115,791</u>	<u>126,208</u>	<u>119,517</u>	<u>253,764</u>	<u>235,308</u>
Expenses:						
Housing operations	3,200	7,017	-	-	3,200	7,017
Community development	72,164	64,151	-	-	72,164	64,151
Community social services	2,796	3,231	-	-	2,796	3,231
Interest expense	15,826	11,737	-	-	15,826	11,737
Local housing	-	-	2,922	3,516	2,922	3,516
Public housing	-	-	22,647	21,605	22,647	21,605
Housing choice vouchers	-	-	87,790	93,425	87,790	93,425
Total expenses	<u>93,986</u>	<u>86,136</u>	<u>113,359</u>	<u>118,546</u>	<u>207,345</u>	<u>204,682</u>
Increase (decrease) in net assets before transfers	33,570	29,655	12,849	971	46,419	30,626
Transfers	3,690	(9,520)	(3,690)	9,520	-	-
Increase in net assets	<u>37,260</u>	<u>20,135</u>	<u>9,159</u>	<u>10,491</u>	<u>46,419</u>	<u>30,626</u>
Net assets - beginning	125,658	105,523	194,789	190,528	320,447	296,051
Net assets - ending	<u>\$ 162,918</u>	<u>\$ 125,658</u>	<u>\$ 203,948</u>	<u>\$ 201,019</u>	<u>\$ 366,866</u>	<u>\$ 326,677</u>

Governmental Activities. Governmental activities increased the Agency's net assets by \$37,260. The key elements of this increase are as follows:

- Operating grants and contributions increased by \$11,952 due largely to increases in project activity in the City and County Miscellaneous Development Grant funds where the revenues are drawn based on expenses, an increase in service fees in the City Housing Trust fund, County Affordable Housing, and the new State Begin Prop 46 grant & the City North Sacramento CIEDB loan.
- Capital grants and contributions decreased by \$3,451 due to a decrease in projects in the City and County Capital Fund and City Development Funds for Modernization programs. The grants are for multiple years and revenue is drawn based on amount expended for projects.
- Tax increment revenues increased by \$46, due to increases in property tax values which were offset by certain immaterial amounts received in 2007 that were not accrued back to the prior year.

**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)**

December 31, 2006

(dollar amounts expressed in thousands)

- Investment earnings increased by \$9,453 due to higher interest rates and an increase in bond proceeds.
- Loss on sale of capital assets increased by \$1,952 due to the sales of land and buildings at reduced costs.
- Income from sales of assets held for resale decreased by \$5,613 as the Agency no longer holds such assets related to the 5H program.
- Miscellaneous income increased by \$1,197 mainly due to amounts collected and set aside to fund future post employment benefits.
- The increase in revenue of \$11,765 was offset by an increase of \$7,850 in expenses. Of this amount housing operations decreased by \$3,817 mainly due to capitalizing expenditures instead of recording them as housing operations in the City and County Public Housing Homeownership program due to an accounting change. There was also less Capital Fund Program revenues being used for administrative costs. Community development operations increased by \$8,013 mainly due to project activity in the City and County Miscellaneous Development Grants, loan activity in the City and County Housing Trust funds and the new State Begin Prop 46 fund, and capital project expenditures in the City Oak Park and County Mather/McClellan Merged project areas. Interest expense increased by \$4,089 due to the debt service payments on the new bonds issued during 2006.
- The net transfers of \$3,690 are mainly due to proceeds from the sale of 5H program homes that were transferred from the City Public Housing Enterprise fund to the City Public Homeownership program in the amount of \$7,356 to be used to rehabilitate existing 5H homes for future sales. The construction in progress from closed grants was transferred from the City and County Capital fund program to buildings in the City and County Public Housing Enterprise funds in the amount of \$2,225. Other miscellaneous transfers between the governmental funds and enterprise funds were to cover operating costs.

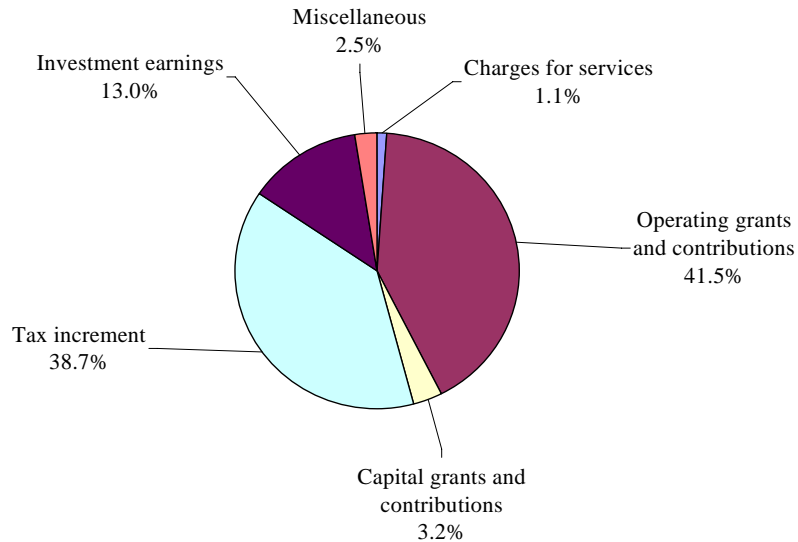
**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)**

December 31, 2006

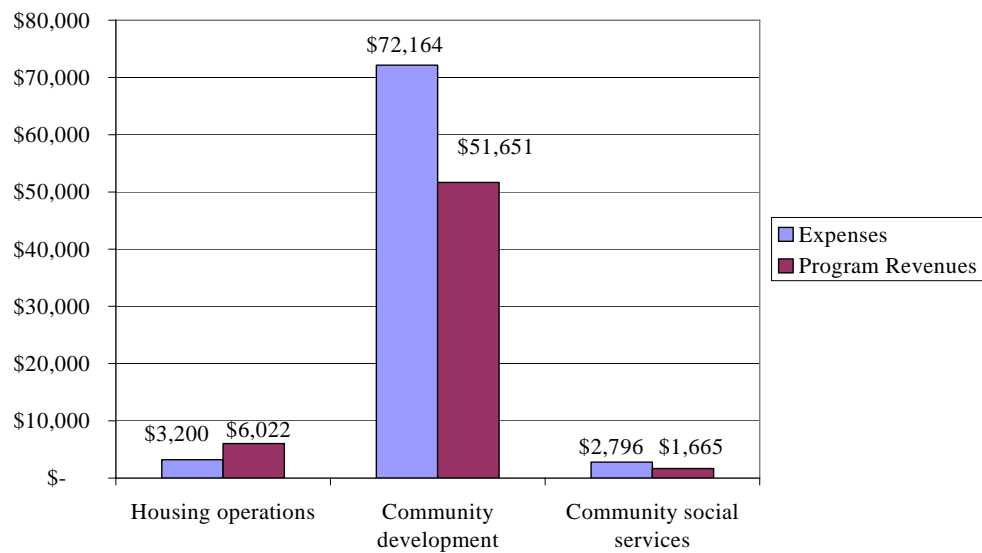
(dollar amounts expressed in thousands)

The following graphs show the breakdown of revenue by source and a comparison of expenses and program revenues for governmental activities. The community development expenses in excess of current year program revenues are paid by tax increment and prior year revenues.

Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities



**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)**

December 31, 2006

(dollar amounts expressed in thousands)

Business-type activities. Business-type activities increased the Agency's net assets by \$9,159. The key elements of this increase are as follows:

- The net transfers amount of \$3,690 is included in the net assets balance. Proceeds from the sale of 5H program homes were transferred from the City Public Housing Enterprise fund to the City Public Homeownership program in the amount of \$7,356 to be used to rehabilitate existing 5H homes for future sales. The construction in progress from closed grants was transferred from the City and County Capital fund program to buildings in the City and County Public Housing Enterprise funds in the amount of \$2,225. Other miscellaneous transfers between the governmental funds and enterprise funds were to cover operating costs.

The key elements of the \$12,849 increase in net assets before transfers are as follows:

- Charges for services decreased by \$2,586 due to the Agency absorbing the balance of the portable vouchers in 2005.
- Operating grants and contributions increased by \$3,327 due mainly to funding for the housing choice voucher program.
- Gain on sale of capital assets increased by \$5,210 due mainly to the sales of homes in the 5H program.
- The above increase in revenue was offset by a decrease of \$5,187 in expenses. The majority of this decrease in expenses is attributed to lower housing choice voucher payments of \$5,635.

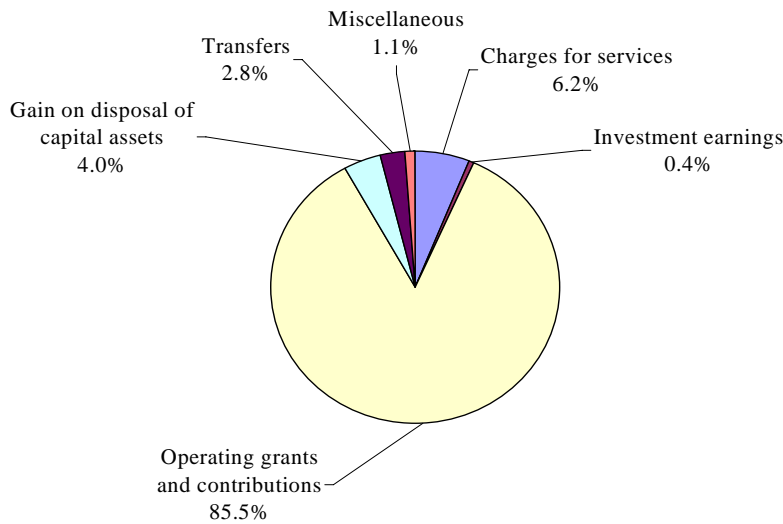
**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)**

December 31, 2006

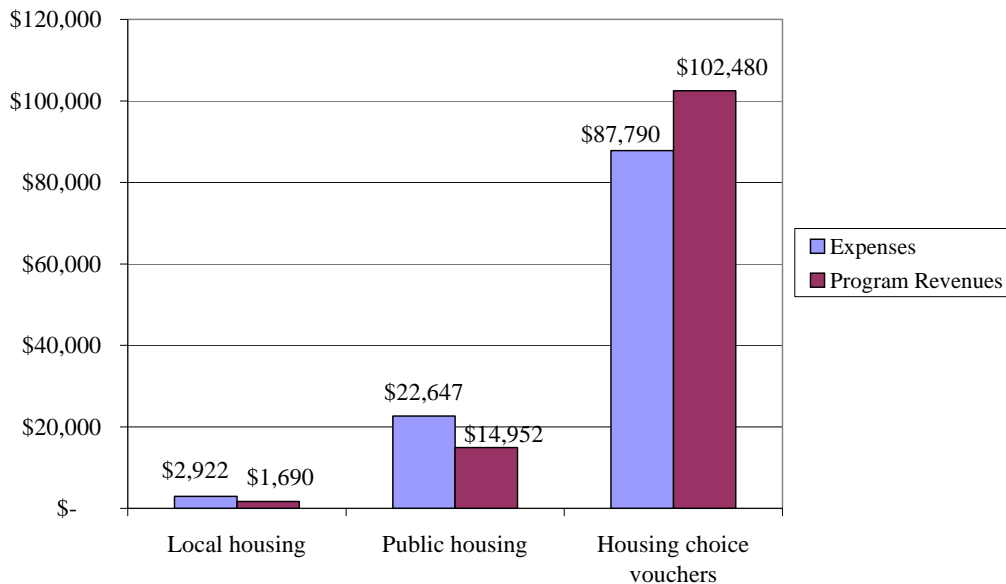
(dollar amounts expressed in thousands)

The following graphs show the breakdown of revenue by source and a comparison of expenses and program revenues for business-type activities. The variance in the revenues and expenses in Public housing (\$7,695) in the second graph is mainly due to depreciation expense (\$5,336) and the remaining expenses are covered by general revenues. The variance in Housing Choice Vouchers (\$14,690) is due to an advance payment of revenues by HUD (\$15,604). Expenses shown in excess of current year revenues are paid by prior year revenues.

Revenues by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities



**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)**

December 31, 2006

(dollar amounts expressed in thousands)

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

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

Governmental funds. The general government functions are contained in the Special Revenue, Debt Service, and Capital Projects Funds. The Agency does not have a General Fund. The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Agency's governmental funds reported combined ending fund balances of \$373,322, an increase of \$18,355 in comparison with the prior year. The major funds listed below are responsible for a decrease of \$19,691 in the combined fund balances and the nonmajor funds are responsible for a \$38,046 increase.

The City Merged Downtown debt service fund has a total fund balance of \$3,646, of which \$854 is reserved for the payment of debt service and \$2,792 is unreserved. The net increase in fund balance during the current year in the debt service fund was \$2,612. This increase is the result of higher than anticipated investment earnings.

The City Merged Downtown capital projects fund has a total fund balance of \$90,951, of which \$65,561 is reserved for capital projects, \$15,385 is reserved to liquidate contracts and purchase orders of the prior period, \$8,264 is reserved for noncurrent assets, and \$1,741 is unreserved. The net decrease in fund balance during the current year in the capital projects fund was \$22,896. This decrease is mainly the result of capital outlay expenditures for 700/800 K street. The decrease will be covered by prior year revenues.

The City Low/Mod Merged Downtown capital projects fund has a total fund balance of \$63,225, of which \$47,050 is reserved for capital projects, \$560 is reserved to liquidate contracts and purchase orders of the prior period, \$14,990 is reserved for noncurrent assets, and \$625 is unreserved. The net increase in fund balance during the current year in the fund was \$593. This increase is the result of higher than anticipated investment earnings.

The City and County CDBG funds and the City and County HOME funds have no fund balances.

Proprietary funds. The Agency's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)
December 31, 2006**

(dollar amounts expressed in thousands)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Agency's investment in capital assets for its governmental and business type activities as of December 31, 2006, amounted to \$243,694 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, property and equipment, and construction in progress.

Capital assets for the governmental and business-type activities are presented below.

	Capital Assets (net of depreciation)						Increase/ (Decrease) Percent of Change
	Governmental Activities		Business-type Activities		Total		
	2006	2005	2006	2005	2006	2005	
Land	\$ 48,191	\$ 36,003	\$ 15,315	\$ 15,368	\$ 63,506	\$ 51,371	23.62%
Building and improvements	17,186	9,998	152,440	157,786	169,626	167,784	1.10%
Property and equipment	153	175	457	640	610	815	-25.15%
Construction in progress	9,601	7,405	351	-	9,952	7,405	34.40%
Total	<u>\$ 75,131</u>	<u>\$ 53,581</u>	<u>\$ 168,563</u>	<u>\$ 173,794</u>	<u>\$ 243,694</u>	<u>\$ 227,375</u>	<u>7.18%</u>

Long-term Debt. At the end of December 31, 2006, the Agency had long-term debt outstanding of \$398,545. This is a net increase of \$26,529 from the prior year total of \$372,016.

Governmental activities notes payable increased by \$29,491 due to the Agency entering into advance repayment agreements with the City of Sacramento for the City North Sacramento (\$5,440), the 65th Street (\$5,965), the Army Depot (\$10,810) and the City Richards Boulevard (\$5,385) redevelopment areas. \$2,290 of the City Richards Boulevard agreement was defeased. The Agency received a CDBG Section 108 loan for Globe Mills in the amount of \$5,500. There was also an increase in the California Infrastructure and Economic Development Bank note for financing a public development facility in the County Mather/McClellan redevelopment area (\$781). This loan principal increases as the funds are spent. The total loan when fully expended will be \$10,000. These increases were offset by scheduled principal payments in the amount of \$2,100.

Governmental activities bonds payable decreased by \$2,910 due to scheduled principal payments in the amount of \$12,140 and a refunding of the 1999 City Oak Park capital improvement revenue bond in the amount of \$11,980. These decreases were offset by tax allocation revenue bonds issued for the City Del Paso Heights (\$9,365) and the City Oak Park (\$11,845) redevelopment areas.

Business-type activities notes payable decreased by \$52 due to scheduled principal payments, which reduced the year-end balances. There were no new notes issued in 2006.

**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (Continued)**

December 31, 2006

(dollar amounts expressed in thousands)

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Notes payable	\$ 86,206	\$ 56,715	\$ 628	\$ 680	\$ 86,834	\$ 57,395
Bonds payable	311,711	314,621	-	-	311,711	314,621
Total	<u>\$ 397,917</u>	<u>\$ 371,336</u>	<u>\$ 628</u>	<u>\$ 680</u>	<u>\$ 398,545</u>	<u>\$ 372,016</u>

Additional information about the Agency's capital assets and total long-term debt is presented in Note III.E. and Note III.F., respectively, to the financial statements on pages 59 - 60 and 61 - 72 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Agency has both housing authority and redevelopment agency functions. As such, its revenues and expenditures are dependent on external factors such as the availability of federal funding and the assessment of property values.

2007 BUDGET SUMMARY

The total budget (operating plus capital) has grown 2.8 percent, from \$227,360 to \$233,852 for 2007. The operating budget totals \$176,574 including \$89,155 for housing assistance payments, \$53,919 for operational costs, and \$33,499 for debt service. Funding available for new projects totals \$57,277. The total operating budget decreased very slightly by \$246, or 0.14 percent, over the prior year.

This budget proposes a total of 302.5 positions a net decrease of 6.0 positions. The Housing Authority operations is reducing 9.6 positions for the HCV and Public Housing programs, Administrative departments are reducing by 1.0 positions, Community Development is increasing by 7.1 positions and affiliated organizations are reducing by 2.5 positions. This reduction is in addition to the 17 position reduction for 2006. All the positions proposed for elimination are currently vacant. The Agency has had a controlled hiring program in effect since 2003 as the 1) HUD programmatic changes and reductions in funding have been implemented, and 2) State ERAF shifts have been implemented for four years. This controlled hiring program will continue in effect until the structural deficits of each funding source have been eliminated.

With the proposed elimination of positions, Employee Services costs are expected to decrease by \$133, or 0.5 percent, from last year.

The overall Services and Supplies budget has increased \$1,335 or 9.3 percent.

**Sacramento Housing and Redevelopment Agency
Management's Discussion and Analysis (*Continued*)
December 31, 2006**

(dollar amounts expressed in thousands)

The Housing Assistance Payments (HAPs) for the HCV Program total \$89,155, a slight decrease of 3.3 percent from last year.

Costs related to debt service payments have increased by more than \$2,435 or 7.8 percent for the bond issuance and Infrastructure Bank loan approved during 2006.

Redevelopment expenses have decreased more than \$1.5 million or 11.4 percent. Much of this decrease is due to the elimination of Education Revenue Augmentation Fund (ERAF) payments of \$3.2 million but is offset somewhat by the higher pass through payments provided to taxing entities as tax increment revenues increase.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, Sacramento Housing and Redevelopment Agency, 630 I Street, Sacramento, California, 95814.

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*Basic
Financial
Statements*

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Sacramento Housing and Redevelopment Agency
Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 374,412	\$ 26,370	\$ 400,782	\$ 8,231
Receivables (net)	11,944	523	12,467	3,777
Due from component units	-	709	709	-
Due from primary government	-	-	-	-
Internal balances	3,208	(3,208)	-	-
Inventories	-	166	166	-
Deferred charges and prepaid items	8,689	7	8,696	77
Restricted cash and investments	16,013	1,158	17,171	14,983
Other long-term assets	-	-	-	1,440
Notes receivable (net)	140,053	122	140,175	-
Advances to component units	15,688	12,000	27,688	-
Advances to primary government	-	-	-	1,000
Capital assets				
Land and construction in progress	57,792	15,666	73,458	2,728
Depreciable buildings and improvements, and property and equipment, net	17,339	152,897	170,236	81,717
Total assets	<u>645,138</u>	<u>206,410</u>	<u>851,548</u>	<u>113,953</u>
LIABILITIES				
Securities lending obligations	65,874	-	65,874	-
Accounts payable and accrued liabilities	10,296	795	11,091	9,000
Interest payable	1,802	-	1,802	-
Unearned revenue	50	15	65	10
Deposit and trust liability	1,787	1,024	2,811	158
Due to component units	-	-	-	-
Due to primary government	-	-	-	709
Advances from component units	1,000	-	1,000	-
Advances from primary government	-	-	-	27,688
Long-term liabilities:				
Due within one year	16,389	56	16,445	13,885
Due in more than one year	385,022	572	385,594	35,627
Total liabilities	<u>482,220</u>	<u>2,462</u>	<u>484,682</u>	<u>87,077</u>
NET ASSETS				
Invested in capital assets, net of related debt	70,631	167,935	238,566	24,999
Restricted for:				
Debt service	9,769	-	9,769	-
Housing	150,499	138	150,637	-
Housing choice vouchers	-	-	-	-
Community development	299,939	-	299,939	-
Other	18	166	184	14,920
Unrestricted	(367,938)	35,709	(332,229)	(13,043)
Total net assets	<u>\$ 162,918</u>	<u>\$ 203,948</u>	<u>\$ 366,866</u>	<u>\$ 26,876</u>

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

Sacramento Housing and Redevelopment Agency
Statement of Activities
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government:					
Governmental activities:					
Housing operations	\$ 3,200	\$ 1,371	\$ 508	\$ 4,143	\$ 2,822
Community development	72,164	31	51,620	-	(20,513)
Community social services	2,796	-	1,665	-	(1,131)
Interest expense	15,826	-	-	-	(15,826)
Total governmental activities	<u>93,986</u>	<u>1,402</u>	<u>53,793</u>	<u>4,143</u>	<u>(34,648)</u>
Business-type activities:					
Local housing	2,922	936	754	-	(1,232)
Public housing	22,647	7,070	7,882	-	(7,695)
Housing choice vouchers	87,790	-	102,480	-	14,690
Total business-type activities	<u>113,359</u>	<u>8,006</u>	<u>111,116</u>	<u>-</u>	<u>5,763</u>
Total primary government	<u>\$ 207,345</u>	<u>\$ 9,408</u>	<u>\$ 164,909</u>	<u>\$ 4,143</u>	<u>\$ (28,885)</u>
Component units:					
Local housing	<u>\$ 11,698</u>	<u>\$ 2,364</u>	<u>\$ 2,478</u>	<u>\$ 29,866</u>	<u>\$ 23,010</u>

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Net (expense) revenue	\$ (34,648)	\$ 5,763	\$ (28,885)	\$ 23,010
General revenues:				
Tax increment	50,219	-	50,219	-
Investment earnings	16,917	531	17,448	132
Gain/(loss) on disposal of capital assets	(2,316)	5,239	2,923	-
Miscellaneous	3,398	1,316	4,714	914
Transfers, net	3,690	(3,690)	-	-
Total general revenues and transfers	<u>71,908</u>	<u>3,396</u>	<u>75,304</u>	<u>1,046</u>
Change in net assets	37,260	9,159	46,419	24,056
Net assets - beginning, as restated	125,658	194,789	320,447	2,820
Net assets - ending	<u>\$ 162,918</u>	<u>\$ 203,948</u>	<u>\$ 366,866</u>	<u>\$ 26,876</u>

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

Sacramento Housing and Redevelopment Agency
Balance Sheet
Governmental Funds
December 31, 2006
(amounts expressed in thousands)

	City CDBG	County CDBG	City HOME	County HOME	City Merged Downtown Debt Service
Assets					
Cash and investments	\$ 2,256	\$ 3,389	\$ 1,763	\$ 3,692	\$ 538
Accounts receivable (net)	29	4	12	23	-
Property taxes receivable	-	-	-	-	2,254
Due from other funds	-	-	-	-	-
Due from other governments	1,742	784	25	39	-
Notes receivable (net)	5,226	3,893	25,637	29,906	-
Advances to other funds	521	215	2,174	-	-
Advances to component units	3,709	-	-	-	-
Restricted cash and investments	-	-	-	-	854
Total assets	\$ 13,483	\$ 8,285	\$ 29,611	\$ 33,660	\$ 3,646
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,788	\$ 868	\$ -	\$ -	\$ -
Accrued liabilities	17	9	3	4	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Deferred revenue	11,678	7,402	29,608	33,656	-
Deposit and trust liability	-	6	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	13,483	8,285	29,611	33,660	-
Fund balances:					
Reserved for:					
Capital projects	-	-	-	-	-
Encumbrances	-	-	-	-	-
Debt service	-	-	-	-	854
Noncurrent assets	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	2,792
Capital projects funds	-	-	-	-	-
Total fund balances	-	-	-	-	3,646
Total liabilities and fund balances	\$ 13,483	\$ 8,285	\$ 29,611	\$ 33,660	\$ 3,646

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

Sacramento Housing and Redevelopment Agency
Balance Sheet
Governmental Funds
December 31, 2006
(amounts expressed in thousands)

	City Merged Downtown Capital Projects	City Low/ Mod Merged Downtown Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 83,851	\$ 48,670	\$ 150,520	\$ 294,679
Accounts receivable (net)	107	27	236	438
Property taxes receivable	-	-	966	3,220
Due from other funds	-	-	3,704	3,704
Due from other governments	-	-	5,664	8,254
Notes receivable (net)	5,056	13,177	57,158	140,053
Advances to other funds	1,216	170	2,958	7,254
Advances to component units	1,992	1,643	8,344	15,688
Restricted cash and investments	-	-	14,634	15,488
Total assets	\$ 92,222	\$ 63,687	\$ 244,184	\$ 488,778
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 802	\$ -	\$ 4,405	\$ 7,863
Accrued liabilities	3	-	81	117
Due to other funds	-	73	3,524	3,597
Due to other governments	186	-	1,000	1,186
Deferred revenue	92	370	13,299	96,105
Deposit and trust liability	188	19	1,573	1,786
Advances from other funds	-	-	4,802	4,802
Total liabilities	1,271	462	28,684	115,456
Fund balances:				
Reserved for:				
Capital projects	65,561	47,050	105,548	218,159
Encumbrances	15,385	560	14,071	30,016
Debt service	-	-	8,915	9,769
Noncurrent assets	8,264	14,990	63,932	87,186
Unreserved, reported in:				
Special revenue funds	-	-	8,986	8,986
Debt service funds	-	-	9,546	12,338
Capital projects funds	1,741	625	4,502	6,868
Total fund balances	90,951	63,225	215,500	373,322
Total liabilities and fund balances	\$ 92,222	\$ 63,687	\$ 244,184	\$ 488,778

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

**Sacramento Housing and Redevelopment Agency
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)**

Total fund balances of governmental funds (pages 20-21)		\$ 373,322
Amounts reported for governmental activities in the statement of net assets are different because:		
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		96,055
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$ 77,461	
Less: accumulated depreciation	<u>(2,420)</u>	75,041
Internal service funds are used by management to charge the costs of administration and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		10,286
Costs of issuance related to bonds and notes payable are reported as current period expenditures in the funds:		
Deferred bond issuance costs		8,637
Certain current liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Interest payable		(1,802)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Tax allocation bonds payable, net	\$(313,717)	
Notes payable, net	<u>(84,904)</u>	<u>(398,621)</u>
Net assets of governmental activities (page 18)		<u><u>\$ 162,918</u></u>

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

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Sacramento Housing and Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City CDBG	County CDBG	City HOME	County HOME	City Merged Downtown Debt Service
Revenues:					
Intergovernmental	\$ 6,633	\$ 7,545	\$ 7,599	\$ 2,032	\$ -
Property taxes	-	-	-	-	16,046
Charges for services	-	4	-	-	-
Investment earnings	359	64	339	473	4,147
Miscellaneous	351	45	62	23	-
Total revenues	<u>7,343</u>	<u>7,658</u>	<u>8,000</u>	<u>2,528</u>	<u>20,193</u>
Expenditures:					
Current:					
Housing operations	-	-	-	-	-
Community development	6,429	6,999	8,000	2,528	-
Community social services	563	626	-	-	-
Capital outlay	108	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	8,094
Interest	-	-	-	-	6,022
Related charges	-	-	-	-	2,432
Advance refunding escrow	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>7,100</u>	<u>7,625</u>	<u>8,000</u>	<u>2,528</u>	<u>16,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>243</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>3,645</u>
Other financing sources (uses):					
Long-term debt issued	-	-	-	-	-
Discount on redevelopment bonds	-	-	-	-	-
Premium on redevelopment bonds	-	-	-	-	-
Sale of capital assets	-	34	-	-	-
Transfers in	-	-	-	-	1,480
Transfers out	(243)	(67)	-	-	(2,513)
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(243)</u>	<u>(33)</u>	<u>-</u>	<u>-</u>	<u>(1,033)</u>
Net change in fund balances	-	-	-	-	2,612
Fund balances, beginning	-	-	-	-	1,034
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,646</u>

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

Sacramento Housing and Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City Merged Downtown Capital Projects	City Low/ Mod Merged Downtown Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 13,055	\$ 36,864
Property taxes	-	-	34,173	50,219
Charges for services	-	-	1,398	1,402
Investment earnings	420	122	10,243	16,167
Miscellaneous	270	388	1,324	2,463
Total revenues	<u>690</u>	<u>510</u>	<u>60,193</u>	<u>107,115</u>
Expenditures:				
Current:				
Housing operations	3	-	3,524	3,527
Community development	8,454	33	33,523	65,966
Community social services	-	-	1,607	2,796
Capital outlay	17,634	-	8,952	26,694
Debt service:				
Principal retirement	-	-	8,436	16,530
Interest	-	-	9,156	15,178
Related charges	-	-	3,354	5,786
Advance refunding escrow	-	-	1,150	1,150
Bond issuance costs	-	-	851	851
Total expenditures	<u>26,091</u>	<u>33</u>	<u>70,553</u>	<u>138,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,401)</u>	<u>477</u>	<u>(10,360)</u>	<u>(31,363)</u>
Other financing sources (uses):				
Issuance of long-term debt	-	-	55,091	55,091
Discount on redevelopment bonds	-	-	(177)	(177)
Premium on redevelopment bonds	-	-	325	325
Sale of capital assets	136	-	-	170
Transfers in	2,536	116	23,512	27,644
Transfers out	(167)	-	(18,739)	(21,729)
Payment to refunded bond escrow agent	-	-	(11,606)	(11,606)
Total other financing sources (uses)	<u>2,505</u>	<u>116</u>	<u>48,406</u>	<u>49,718</u>
Net change in fund balances	(22,896)	593	38,046	18,355
Fund balances, beginning	113,847	62,632	177,454	354,967
Fund balances, ending	<u>\$ 90,951</u>	<u>\$ 63,225</u>	<u>\$ 215,500</u>	<u>\$ 373,322</u>

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

**Sacramento Housing and Redevelopment Agency
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds (pages 23-24)		\$ 18,355
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:		
Capital outlay	\$ 26,694	
Depreciation expense	<u>(425)</u>	26,269
The net effect of various transactions involving capital assets (i.e., sales and disposals) is to decrease net assets.		
		(2,486)
Capital assets transferred from governmental activities to business-type activities are reported as transfers in the statement of activities. The transfers are not reported in the governmental funds because there has been no use of current financial resources.		
		(2,225)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment on long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
Long-term debt issued	\$ (55,091)	
Principal repayments on long-term debt:		
Notes payable	4,390	
Tax allocation bonds payable	12,140	
Payment to refunded bond escrow	11,606	
Discount on bond issue	177	
Premium on bond issue	(325)	
Bond issuance costs	851	
Advance refunding escrow	<u>1,150</u>	(25,102)
Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized throughout the period during which the related debt is outstanding in the statement of activities:		
Amortization of bond issuance costs	(434)	
Amortization of bond premium	275	
Amortization of bond discount	(13)	
Amortization of refunding excess	<u>(350)</u>	(522)
Interest expense reported in the statement of activities does not require the use of current financial resources, and therefore, is not reported as expenditures in governmental funds.		
		(126)
Earned deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds.		
		21,072
Internal service funds are used by management to charge the costs of certain activities, such as administration and insurance, to individual funds. The net revenue of the internal service funds is reported with the governmental activities.		
		2,025
Change in net assets of governmental activities (page 19)		<u>\$ 37,260</u>

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

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Sacramento Housing and Redevelopment Agency
Statement of Net Assets
Proprietary Funds
December 31, 2006
(amounts expressed in thousands)

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	City Public Housing	County Public Housing	County Housing Choice Vouchers	Other Enterprise Funds	Total	
Assets						
Current assets:						
Cash and investments	\$ 669	\$ 539	\$ 23,697	\$ 1,465	\$ 26,370	\$ 79,733
Restricted cash and investments	472	254	253	41	1,020	-
Accounts receivable (net)	265	130	6	109	510	32
Due from other funds	-	-	-	7	7	-
Due from component units	-	-	-	709	709	-
Due from other governments	-	-	-	13	13	-
Deferred charges and prepaid items	-	-	-	7	7	52
Inventories	166	-	-	-	166	-
Total current assets	1,572	923	23,956	2,351	28,802	79,817
Noncurrent assets:						
Restricted cash and investments	-	-	-	138	138	525
Notes receivable	-	-	-	122	122	-
Advances to other funds	-	-	-	-	-	649
Advances to component units	-	-	-	12,000	12,000	-
Total noncurrent assets	-	-	-	12,260	12,260	1,174
Capital assets:						
Land	8,744	5,174	-	1,397	15,315	-
Buildings and improvements	116,843	88,770	-	14,488	220,101	-
Property and equipment	1,307	648	-	-	1,955	1,024
Construction in progress	-	-	-	351	351	-
Less accumulated depreciation	(37,498)	(25,644)	-	(6,017)	(69,159)	(934)
Total capital assets (net of accumulated depreciation)	89,396	68,948	-	10,219	168,563	90
Total noncurrent assets	89,396	68,948	-	22,479	180,823	1,264
Total assets	90,968	69,871	23,956	24,830	209,625	81,081
Liabilities						
Current liabilities:						
Securities lending obligations	-	-	-	-	-	65,874
Accounts payable	174	122	63	281	640	231
Accrued liabilities	53	34	39	29	155	899
Compensated absences	-	-	-	-	-	1,942
Due to other funds	-	-	-	114	114	-
Due to component units	-	-	-	-	-	-
Deferred revenue	-	-	6	9	15	-
Current portion of long-term debt	-	-	-	56	56	-
Current liabilities payable from restricted assets:						
Deposit and trust liability	472	254	257	41	1,024	1
Total current liabilities	699	410	365	530	2,004	68,947
Noncurrent liabilities:						
Compensated absences	-	-	-	-	-	848
Mortgage notes payable	-	-	-	572	572	-
Advances from other funds	-	-	-	3,101	3,101	-
Advances from component unit	-	-	-	-	-	1,000
Total noncurrent liabilities	-	-	-	3,673	3,673	1,848
Total liabilities	699	410	365	4,203	5,677	70,795
Net Assets						
Invested in capital assets, net of related debt	89,396	68,948	-	9,591	167,935	90
Restricted for housing operations	-	-	-	138	138	-
Restricted for community development	-	-	-	-	-	525
Restricted for other	166	-	-	-	166	-
Unrestricted	707	513	23,591	10,898	35,709	9,671
Total net assets	\$ 90,269	\$ 69,461	\$ 23,591	\$ 20,627	\$ 203,948	\$ 10,286

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

Sacramento Housing and Redevelopment Agency
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Business-type Activities-Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	City Public Housing	County Public Housing	County Housing Choice Vouchers	Other Enterprise Funds		
Operating revenues:						
Charges for services	\$ 4,738	\$ 2,332	\$ -	\$ 936	\$ 8,006	\$ 7,799
Miscellaneous	320	145	95	756	1,316	935
Total operating revenues	<u>5,058</u>	<u>2,477</u>	<u>95</u>	<u>1,692</u>	<u>9,322</u>	<u>8,734</u>
Operating expenses:						
Employee services	4,287	2,365	3,858	388	10,898	5,090
Administrative services	1,217	888	1,477	676	4,258	-
Services and supplies	4,215	2,033	1,979	1,000	9,227	2,148
Utilities	1,498	808	-	273	2,579	-
Claims and judgments	-	-	-	34	34	193
Depreciation	3,037	2,299	-	363	5,699	28
Housing assistance payments	-	-	80,476	129	80,605	-
Total operating expenses	<u>14,254</u>	<u>8,393</u>	<u>87,790</u>	<u>2,863</u>	<u>113,300</u>	<u>7,459</u>
Operating income (loss)	<u>(9,196)</u>	<u>(5,916)</u>	<u>(87,695)</u>	<u>(1,171)</u>	<u>(103,978)</u>	<u>1,275</u>
Nonoperating revenues (expenses):						
Intergovernmental	5,089	2,793	102,480	754	111,116	-
Investment earnings	54	17	407	53	531	750
Interest expense	-	-	-	(59)	(59)	-
Gain on disposal of capital assets	2,639	2,600	-	-	5,239	-
Total nonoperating revenues (expenses)	<u>7,782</u>	<u>5,410</u>	<u>102,887</u>	<u>748</u>	<u>116,827</u>	<u>750</u>
Income (loss) before contributions and transfers	(1,414)	(506)	15,192	(423)	12,849	2,025
Capital contributions	1,782	443	-	-	2,225	-
Transfers in	400	600	333	273	1,606	-
Transfers out	(3,871)	(3,485)	-	(165)	(7,521)	-
Change in net assets	<u>(3,103)</u>	<u>(2,948)</u>	<u>15,525</u>	<u>(315)</u>	<u>9,159</u>	<u>2,025</u>
Total net assets, beginning, as restated	<u>93,372</u>	<u>72,409</u>	<u>8,066</u>	<u>20,942</u>	<u>194,789</u>	<u>8,261</u>
Total net assets, ending	<u>\$ 90,269</u>	<u>\$ 69,461</u>	<u>\$ 23,591</u>	<u>\$ 20,627</u>	<u>\$ 203,948</u>	<u>\$ 10,286</u>

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

Sacramento Housing and Redevelopment Agency
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Business-type Activities-Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	City Public Housing	County Public Housing	County Housing Choice Vouchers	Other Enterprise Funds		
Cash flows from operating activities:						
Cash receipts from tenants	\$ 4,906	\$ 2,444	\$ 95	\$ 1,744	\$ 9,189	\$ -
Cash receipts from interfund services provided	-	-	-	-	-	8,712
Cash received from (refunded to) tenants	27	10	52	(6)	83	-
Cash paid to suppliers for goods and services	(5,710)	(2,769)	(2,097)	(1,283)	(11,859)	(1,816)
Cash paid to employees for services	(5,504)	(3,253)	(5,335)	(1,064)	(15,156)	(5,390)
Cash paid from deposit and trust liability	-	-	-	-	-	1
Cash paid for claims and judgments	-	-	-	-	-	(193)
Cash paid for housing assistance payments on behalf of tenants	-	-	(80,476)	(129)	(80,605)	-
Net cash provided by (used in) operating activities	<u>(6,281)</u>	<u>(3,568)</u>	<u>(87,761)</u>	<u>(738)</u>	<u>(98,348)</u>	<u>1,314</u>
Cash flows from noncapital financing activities:						
Transfers in	400	600	333	273	1,606	-
Transfers out	(3,871)	(3,485)	-	(165)	(7,521)	-
Intergovernmental revenue received	5,089	2,793	102,559	754	111,195	-
Change in assets and liabilities:						
Due to other funds	-	-	-	30	30	-
Due from component unit	-	-	-	(325)	(325)	-
Due to component unit	-	-	-	(66)	(66)	-
Advance from other funds	(390)	-	-	1,425	1,035	-
Due from other funds	-	-	-	(7)	(7)	-
Due from other governments	-	-	-	6	6	(21)
Due to other governments	-	-	-	(1)	(1)	(563)
Advances to other funds	-	-	-	-	-	30
Securities lending obligations	-	-	-	-	-	46,424
Net cash provided by (used in) noncapital financing activities	<u>1,228</u>	<u>(92)</u>	<u>102,892</u>	<u>1,924</u>	<u>105,952</u>	<u>45,870</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	-	-	-	(869)	(869)	(20)
Proceeds from the sale of capital assets	4,115	3,750	-	-	7,865	-
Payments on long-term liabilities	-	-	-	(52)	(52)	-
Interest paid	-	-	-	(59)	(59)	-
Net cash provided by (used in) capital and related financing activities	<u>4,115</u>	<u>3,750</u>	<u>-</u>	<u>(980)</u>	<u>6,885</u>	<u>(20)</u>
Cash flows from investing activities:						
Change in notes receivable	-	-	-	2	2	-
Interest received	54	17	407	53	531	792
Net cash provided by (used in) investing activities	<u>54</u>	<u>17</u>	<u>407</u>	<u>55</u>	<u>533</u>	<u>792</u>
Net increase (decrease) in cash and cash equivalents	(884)	107	15,538	261	15,022	47,956
Cash and cash equivalents, beginning	2,025	686	8,412	1,383	12,506	32,302
Cash and cash equivalents, ending	<u>\$ 1,141</u>	<u>\$ 793</u>	<u>\$ 23,950</u>	<u>\$ 1,644</u>	<u>\$ 27,528</u>	<u>\$ 80,258</u>
Reconciliation of cash and cash equivalents to the statement of net assets:						
Cash and cash equivalents in cash and investments	\$ 669	\$ 539	\$ 23,697	\$ 1,465	\$ 26,370	\$ 79,733
Cash and cash equivalents in restricted cash and investments	472	254	253	179	1,158	525
Total	<u>\$ 1,141</u>	<u>\$ 793</u>	<u>\$ 23,950</u>	<u>\$ 1,644</u>	<u>\$ 27,528</u>	<u>\$ 80,258</u>

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

Sacramento Housing and Redevelopment Agency
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>Business-type Activities-Enterprise Funds</u>				<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>City Public Housing</u>	<u>County Public Housing</u>	<u>County Housing Choice Vouchers</u>	<u>Other Enterprise Funds</u>		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating Income (loss)	\$ (9,196)	\$ (5,916)	\$ (87,695)	\$ (1,171)	\$ (103,978)	\$ 1,275
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	3,037	2,299	-	363	5,699	28
Change in assets and liabilities:						
Accounts receivable	(152)	(33)	6	57	(122)	(22)
Inventories	(6)	-	-	-	(6)	-
Deferred charges and prepaid items	-	-	-	7	7	(10)
Accounts payable	27	54	(114)	41	8	116
Accrued liabilities	(18)	18	(4)	(24)	(28)	226
Deferred revenue	-	-	(6)	(5)	(11)	-
Deposit and trust liability	27	10	52	(6)	83	1
Compensated absences	-	-	-	-	-	(300)
Total adjustments	<u>2,915</u>	<u>2,348</u>	<u>(66)</u>	<u>433</u>	<u>5,630</u>	<u>39</u>
Net cash provided by (used in) operating activities	<u>\$ (6,281)</u>	<u>\$ (3,568)</u>	<u>\$ (87,761)</u>	<u>\$ (738)</u>	<u>\$ (98,348)</u>	<u>\$ 1,314</u>
Noncash Investing, Capital and Financing Activities:						
Contributions of capital assets, net of accumulated depreciation	\$ 1,782	\$ 443	\$ -	\$ -	\$ 2,225	\$ -

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

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Sacramento Housing and Redevelopment Agency
Statement of Fiduciary Net Assets
Agency Fund
December 31, 2006
(amounts expressed in thousands)

	Neighborhood Housing Services
Assets	
Cash and investments	\$ <u> 11</u>
Liabilities	
Deposit and trust liability	\$ <u> 11</u>

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

Sacramento Housing and Redevelopment Agency
Combining Statement of Net Assets
Component Units
December 31, 2006
(amounts expressed in thousands)

	Business-type Activities			
	Riverview Plaza Associates	Sacramento Housing Development Corporation	Shasta Hotel Investors Partnership	Norwood Avenue Housing Corporation
ASSETS				
Cash and investments	\$ 451	\$ -	\$ 6	\$ 41
Receivables (net)	-	-	4	3,476
Due from primary government	-	-	-	-
Deferred charges and prepaid items	-	-	38	-
Restricted cash and investments	247	-	111	-
Other long-term assets	-	-	-	336
Advances to primary government	-	1,000	-	-
Capital assets				
Land and construction in progress	-	-	-	2,552
Depreciable buildings and improvements, and property and equipment, net	7,549	-	2,371	-
Total assets	<u>8,247</u>	<u>1,000</u>	<u>2,530</u>	<u>6,405</u>
LIABILITIES				
Accounts payable and accrued liabilities	2	-	60	2,614
Unearned revenue	-	-	5	-
Deposit and trust liability	47	-	15	-
Due to primary government	709	-	-	-
Advances from primary government	10,174	101	-	2,552
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	1,437	-	2,987	-
Total liabilities	<u>12,369</u>	<u>101</u>	<u>3,067</u>	<u>5,166</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,218	-	371	-
Restricted for:				
Other	200	-	95	-
Unrestricted	(6,540)	899	(1,003)	1,239
Total net assets	<u>\$ (4,122)</u>	<u>\$ 899</u>	<u>\$ (537)</u>	<u>\$ 1,239</u>

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

Sacramento Housing and Redevelopment Agency
Combining Statement of Net Assets
Component Units
December 31, 2006
(amounts expressed in thousands)

	Business-type Activities			Total Component Units
	Norwood Avenue Housing Partnership	Phoenix Park I, L.P.	Phoenix Park II, L.P.	
ASSETS				
Cash and investments	\$ 453	\$ 4,512	\$ 2,768	\$ 8,231
Receivables (net)	44	155	98	3,777
Due from primary government	-	-	-	-
Deferred charges and prepaid items	7	10	22	77
Restricted cash and investments	78	891	13,656	14,983
Other long-term assets	-	267	837	1,440
Advances to primary government	-	-	-	1,000
Capital assets				
Land and construction in progress	176	-	-	2,728
Depreciable buildings and improvements, and property and equipment, net	1,944	36,303	33,550	81,717
Total assets	<u>2,702</u>	<u>42,138</u>	<u>50,931</u>	<u>113,953</u>
LIABILITIES				
Accounts payable and accrued liabilities	144	2,372	3,808	9,000
Unearned revenue	5	-	-	10
Deposit and trust liability	16	38	42	158
Due to primary government	-	-	-	709
Advances from primary government	872	7,312	6,677	27,688
Long-term liabilities:				
Due within one year	11	274	13,600	13,885
Due in more than one year	2,389	9,763	19,051	35,627
Total liabilities	<u>3,437</u>	<u>19,759</u>	<u>43,178</u>	<u>87,077</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	19,007	3,403	24,999
Restricted for:				
Other	159	852	13,614	14,920
Unrestricted	(894)	2,520	(9,264)	(13,043)
Total net assets	<u>\$ (735)</u>	<u>\$ 22,379</u>	<u>\$ 7,753</u>	<u>\$ 26,876</u>

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

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Sacramento Housing and Redevelopment Agency
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Business-type activities:					
Riverview Plaza Associates Local Housing	\$ 1,980	\$ 463	\$ 62	\$ -	\$ (1,455)
Sacramento Housing Development Corporation Local Housing	-	-	-	-	-
Shasta Hotel Investors Partnership Local Housing	631	342	-	-	(289)
Norwood Avenue Housing Corporation Local Housing	81	163	-	-	82
Norwood Avenue Housing Partnership Local Housing	389	183	7	-	(199)
Phoenix Park I, L.P. Local Housing	3,978	612	1,140	19,751	17,525
Phoenix Park II, L.P. Local Housing	4,639	601	1,269	10,115	7,346
Total component units	<u>\$ 11,698</u>	<u>\$ 2,364</u>	<u>\$ 2,478</u>	<u>\$ 29,866</u>	<u>\$ 23,010</u>

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

Sacramento Housing and Redevelopment Agency
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>Riverview Plaza Associates</u>	<u>Sacramento Housing Development Corporation</u>	<u>Shasta Hotel Investors Partnership</u>	<u>Norwood Avenue Housing Corporation</u>
Change in net assets:				
Net (expense) revenue	\$ (1,455)	\$ -	\$ (289)	\$ 82
General revenues:				
Investment earnings	18	-	3	-
Miscellaneous	17	-	34	29
Total general revenues and transfers	<u>35</u>	<u>-</u>	<u>37</u>	<u>29</u>
Change in net assets	(1,420)	-	(252)	111
Net assets - beginning, as restated	(2,702)	899	(285)	1,128
Net assets - ending	<u>\$ (4,122)</u>	<u>\$ 899</u>	<u>\$ (537)</u>	<u>\$ 1,239</u>

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

Sacramento Housing and Redevelopment Agency
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Norwood Avenue Housing Partnership	Phoenix Park I, L.P.	Phoenix Park II, L.P.	Total Component Units
Change in net assets:				
Net (expense) revenue	\$ (199)	\$ 17,525	\$ 7,346	\$ 23,010
General revenues:				
Investment earnings	9	-	102	132
Miscellaneous	10	187	637	914
Total general revenues and transfers	<u>19</u>	<u>187</u>	<u>739</u>	<u>1,046</u>
Change in net assets	(180)	17,712	8,085	24,056
Net assets - beginning, as restated	(555)	4,667	(332)	2,820
Net assets - ending	<u>\$ (735)</u>	<u>\$ 22,379</u>	<u>\$ 7,753</u>	<u>\$ 26,876</u>

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

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*Notes to the Basic
Financial Statements*

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)

December 31, 2006

(dollar amounts expressed in thousands)

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Sacramento Housing and Redevelopment Agency (Agency) is a joint powers agency that includes the Housing Authorities of the City and County of Sacramento and the Redevelopment Agencies of the City and County of Sacramento, which are responsible for the development and implementation of housing, redevelopment, and selected economic development programs and activities for the City and County of Sacramento.

The Agency serves as the fiscal agent/administrator for the following four legal entities: The Housing Authorities of the City and County of Sacramento, and the Redevelopment Agencies of the City and County of Sacramento. The Housing Authorities of the City and County were formed in July 1939 and June 1940, respectively. The Redevelopment Agencies were formed in September 1950 and September 1974, respectively. Additionally, the Agency has served as the administrator of the Community Development Block Grant Programs for the City and County of Sacramento since June 1982.

The governing boards of the Agency include the City Council of the City of Sacramento (City), the Board of Supervisors of the County of Sacramento (County), and the Sacramento Housing and Redevelopment Commission (Commission). The City Council, acting as the City Housing Authority and the City Redevelopment Agency, approves all City related agenda items. The County Board of Supervisors, acting as the County Housing Authority and the County Redevelopment Agency, approves all County related agenda items. The Commission also serves in an advisory capacity for each entity. The Commission has operational authority within the budget and policy direction approved by the City Council and County Board of Supervisors.

The Agency has defined its reporting entity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," which provides guidance for determining which governmental activities, organizations, and functions should be included in its reporting entity. The component units discussed in the following paragraphs are included in the Agency's reporting entity because of the significance of their operational or financial relationships with the Agency. Blended component units, although legally separate entities are, in substance, part of the government's operations. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the Agency. Complete financial statements of individual component units can be obtained from the Finance Department of the Agency.

Blended Component Unit

Foundation Uniting Needs and Dollars (FUND, Inc.) - A nonprofit corporation established to maintain or aid charitable activities serving the public. It is a component unit of the Agency because the purpose of this corporation is to promote and support the activities and programs of the Sacramento Housing and Redevelopment Agency. The Board of Directors of FUND, Inc. is comprised of the members of the Commission. Acting in its capacity as the Board of Directors, the Commission approves the FUND, Inc. budget. The Executive Director of the Agency serves as the Executive Director of FUND, Inc.

Discretely Presented Component Units

Riverview Plaza Associates (RPA) - A California limited partnership created to provide affordable housing to seniors with limited income. It is a component unit of the Agency because one of the governing boards of the Agency (the Board of Supervisors) serves as the Board of Directors of the general partner. Additionally, it is a component unit because through contractual arrangement, the Agency is responsible for all financial matters including management of daily operations. Finally, the Agency has historically contributed funds to cover obligations of the RPA, to the extent that RPA revenues are inadequate. During the year ended December 31, 2006, the Agency contributed \$1 to RPA.

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

Norwood Avenue Housing Corporation (Corporation) - a nonprofit corporation with a governing board comprised of three Agency staff appointed by the Executive Director of the Agency and two community representatives. It is a component unit because through contractual arrangements, the Agency bears some responsibility for financial and operational matters of the entity, as well as having the ability to impose its will on the Corporation.

Norwood Avenue Housing Partnership (Partnership) - A California limited partnership created to provide affordable housing to families with limited income. The Partnership is comprised of the following entities: (1) Norwood Avenue Housing Corporation, a nonprofit corporation with a governing board comprised of three Agency staff appointed by the Executive Director of the Agency and two community representatives, as managing general partner; (2) Housing Allies, Inc., a Delaware corporation as an additional general partner; (3) Housing Authority of the City of Sacramento as the initial limited partner, and (4) Housing Allies Credit Partners -Norwood, a California limited partnership as limited partner. It is a component unit because through contractual arrangements, the Agency bears responsibility for financial and operational matters of the project.

Sacramento Housing Development Corporation (SHDC) - A nonprofit corporation created to serve as the general partner of RPA (component unit described above). It is a component unit of the Agency because the governing board of the SHDC is comprised of the members of one of the governing boards of the Agency, the County Board of Supervisors. The Redevelopment Agency of the City of Sacramento is legally obligated to finance any deficits of SHDC. The Executive Director of the Agency also serves as the Executive Director of SHDC.

Shasta Hotel Investors Partnership (Partnership) - A California limited partnership created for the purpose of constructing and operating an 80 unit rental housing project in Sacramento, California. The Partnership is comprised of the following two entities: (1) Shasta Hotel Corporation, a nonprofit corporation with a governing board comprised of Agency staff and representatives of selected nonprofit housing and social service entities as managing general partner and (2) National Equity Fund 1992 limited partnership, a California limited partnership. It is a component unit because the general partner's governing board members serve at the direction of the Executive Director, and through contractual arrangements, the Agency is responsible for financial and operational matters of the Partnership.

Phoenix Park I L.P. (Partnership) - A California limited partnership created for the purpose of providing low- income housing to the poor and distressed by developing, financing, constructing, rehabilitating, owning, maintaining and operating a rental housing project. The project consists of 178 units located in Sacramento, California. The Partnership has a Managing General Partner, Norwood Avenue Housing Corporation, a California nonprofit public benefit corporation; MMA Special Limited Partner, Inc., a Florida corporation, as Special Limited Partner; and MMA Financial Warehousing, LLC, a Maryland limited liability company, as Investor Limited Partner. The Partnership meets the criteria for inclusion as a component unit within the Agency's reporting entity. Through contractual arrangements, the Agency is responsible for all financial matters, including oversight responsibility for independent contractual management of operations.

Phoenix Park II L.P. (Partnership) - A California limited partnership created for the purpose of providing low- income housing to the poor and distressed by developing, financing, constructing, rehabilitating, owning, maintaining, and operating a rental housing project. The project consists of 182 units located in Sacramento, California. The Partnership has a Managing General Partner, Norwood Avenue Housing Corporation, a California nonprofit public benefit corporation; and MMA Financial Institutional Tax Credits XXVIII, LP, as an Investor Limited Partner. The Partnership meets the criteria for inclusion as a component unit within the Agency's reporting entity. Through contractual arrangements, the Agency is responsible for all financial matters, including oversight responsibility for independent contractual management of operations.

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Agency and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the Agency is reported separately from certain legally separate component units for which the Agency is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Tax increment revenues and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus but they do use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Investment earnings, property taxes, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. All other revenue items are considered to be measurable and available only when cash is received by the Agency.

The Agency reports the following major governmental funds:

The *City and County Community Development Block Grant (CDBG) funds* account for a variety of capital projects and community service activities for targeted areas within the City and County of Sacramento, and federal and state loan programs on behalf of the federal and state governments.

The *City and County Home Investment Partnerships Act (HOME) funds* account for the activities of programs/projects to provide more units of low-income housing in the City and County of Sacramento.

The *City Merged Downtown Debt Service fund* accounts for the accumulation of monies for the payment of interest and principal on bonds, notes and loans issued to finance capital improvements and redevelopment within the City Merged Downtown project area.

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

The *City Merged Downtown Capital Projects fund* accounts for the financing and construction activities of capital improvements in the City Merged Downtown project area.

The *City Low/Mod Merged Downtown Capital Projects fund* accounts for the financing and construction activities of low and moderate housing capital improvements in the City Low/Mod Merged Downtown project area.

The Agency reports the following major enterprise funds:

The *City and County Public Housing funds* account for the activity of the low-income rental units operated by the Agency within the City and County of Sacramento. This is a program subsidized by the U.S. Department of Housing and Urban Development.

The *County Housing Choice Vouchers fund* accounts for various U.S. Department of Housing and Urban Development programs that subsidize private landlords to house low-income households within the County of Sacramento.

Additionally, the Agency reports the following fund types:

Internal service funds are used to account for the costs of insurance and accumulated funds for catastrophic events and the financing of goods or services provided among and between Agency departments and to other governmental units, on a cost-reimbursement basis.

The *Neighborhood Housing Services Agency fund* is used to account for resources held on behalf of Sacramento Neighborhood Housing Services (NHS). NHS is a nonprofit corporation whose purpose is to improve and restore neighborhoods throughout Sacramento County, primarily for the benefit of the neighborhood residents.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the 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 Agency has elected not to follow subsequent private-sector guidance.

Eliminations have been made to minimize the double counting of internal activities in the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Agency's enterprise funds are rental income from its public housing units. Operating expenses for enterprise funds include employee services, services and supplies, administrative expenses, utilities, depreciation on capital assets and housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The City Treasurer and the County Treasurer each manage portions of the Agency's cash and investments, except those that must be legally segregated. The share of each fund in the pooled cash accounts is separately accounted for and investment earnings is apportioned monthly to funds that are legally required to receive interest based on the relationship of a fund's average daily balance to the total of pooled cash and investments. The balance of pooled cash is maintained at a level sufficient to meet current operating requirements. Cash in excess of current requirements is invested. Investments for the Agency are stated at fair value, based on quoted market prices.

The County Treasurer manages investments of the Agency and the County Treasury Oversight Committee is responsible for the regulatory oversight of its pool. During the year ended December 31, 2003 the newly formed Sacramento County Public Financing Authority issued bonds and loaned the proceeds to the Redevelopment Agencies of the City and County of Sacramento. The Agency invested the proceeds loaned to the Redevelopment Agency of the County of Sacramento, with the County Treasurer. These proceeds were for the County Mather/McClellan Merged redevelopment project area. The County invests funds pursuant to Sections 53601 et seq. and 53635 et seq. of the California Government Code.

The City Treasurer manages investments of the Agency (except for funds held at the County Treasurer or with fiscal agents) and is responsible for the regulatory oversight of its pool. The Agency formally requested that the City invest the Agency's funds in compliance with Section 53601 of the California Government Code and the City Council adopted a revised investment policy.

Investment of funds serve to maximize investment income and is accomplished by various custodial financial institutions vested with responsibility for administering funds under the control of the City Treasurer and the County Treasurer. The fair value of investments is determined monthly. The value of the pooled shares in the City and County and with the Local Agency Investment Fund (LAIF) that may be withdrawn is determined on an amortized cost basis, which is different than fair value, but is adjusted to the fair value at year-end. However, the fair value of the Agency's position in the pool is the same as the value of the pool shares.

Investment earnings on bond proceeds are recorded in the tax increment low/mod special revenue funds or in the debt service funds depending on the type of bond.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual 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 financial statements, are offset by a reservation of fund balance for noncurrent assets in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The Agency receives property tax revenue in the form of tax increments. Tax increments are derived from the increase in assessed value of tax rate areas from the date first established as a redevelopment area to the current date, multiplied by the area tax rate. The property tax rate pursuant to the state constitution is 1% of the assessed value plus any amount necessary to provide coverage of debt established prior to 1977. Taxes are levied by the Sacramento County Assessor and become a lien on property on January 1 and are payable in two installments on November 1 and February 1. Taxes become delinquent after December 10 and April 10.

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

The County bills and collects property taxes and apportions them to the relevant public entities periodically during the year. The County utilizes an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan." The State Revenue and Taxation Code allows counties to distribute secured real property assessments and supplemental property taxes based on the tax levy resulting in full payment to the Agency each fiscal year. Any subsequent delinquent payments and related penalties and interest collected reverts to the County.

Budget problems at the State level have resulted in less tax increment funding available to the Agency. The 2005-06 State of California budget included the Education Revenue Augmentation Fund (ERAF), which shifted money from redevelopment agencies to increase funding for schools. For the Agency, ERAF charges amounted to \$3,147 for the 2006 year.

Notes receivable amounts primarily represent loans made for redevelopment, economic development and property rehabilitation. A committee of the governing body approves deferral of payments. The Agency has created an allowance for loan losses for notes that the Agency has identified as potentially uncollectible. If the amounts become uncollectible, they will be written-off and charged against the allowance when the determination is made. The allowance for loan losses as of December 31, 2006 was \$3,602.

Amounts reported as due from other governments represent receivables from federal, state, and local governments for various programs including \$358 due from the City of Sacramento and \$3,414 due from the County of Sacramento.

3. Inventories, Deferred Charges and Prepaid Items

Inventories are stated at cost using the first-in, first-out method in the enterprise funds. Inventories are recorded as expenses when consumed rather than when purchased.

Deferred charges represent amortized bond issuance costs.

Prepaid items represent costs for goods and/or services, which will benefit periods beyond December 31, 2006.

4. Restricted Cash and Investments

Certain proceeds of debt issuances, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets and balance sheet because their use is limited by applicable debt covenants. In addition, certain cash and investments are restricted by grantors for replacement, tenant security deposits and insurance impounds. The total restricted assets on the government-wide statement of net assets equals \$32,154 of which \$16,020 represents cash and investments restricted by debt covenants, \$14,936 is for replacement and operating reserves, \$261 is for the Family Self Sufficiency program (FSS), \$913 is for tenant security deposits and \$24 is for insurance impounds.

5. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, and property and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and the proprietary funds financial statements. Capital assets are recorded at the lower of actual historical cost or fair market value (as of the date donated for contributed assets). Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Property and equipment	5 to 10 years

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)

December 31, 2006

(dollar amounts expressed in thousands)

It is the policy of the Agency to capitalize all land, construction in progress, buildings and improvements, and property and equipment with an initial, individual cost of more than \$5. Interest incurred during the construction phase of capital assets of business-type activities and component units is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

In the government-wide statements and in the proprietary funds financial statements, costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the proceeds of the sale of general capital assets are included in the statement of revenues, expenditures and changes in fund balances.

6. Compensated Absences

An employee accumulates vacation time in accordance with the employee's respective Memorandum of Understanding. The amount of vacation vested and accrued depends on years of service and date of hire. Vacation vested may be accumulated up to various maximum hours and is paid in full upon retirement. Sick leave time may be accumulated without limit.

At retirement an employee may convert all unused sick leave towards retirement service credit or receive in cash the value of one-third (33.3%) and convert the balance of unused sick leave to retirement service credit. Annually, employees with an accumulated sick leave balance of 500 hours or more, and who have used 24 hours or less of sick leave by December 1 of the current calendar year, may receive in cash the value of up to 16 hours sick leave by December 31.

In the government-wide and proprietary fund financial statements, accrued vacation and sick pay are charged as an expense in the period earned. Compensated absences are generally liquidated by the Agency's Internal Service Funds. The related liability is recorded in the Internal Support Internal Service Fund.

7. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and when resources are received before the Agency has a legal claim to them.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the 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.

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 of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. 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.

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

10. Statement of Cash Flows

For the purposes of the statement of cash flows, cash and cash equivalents have been defined as all highly liquid investments (including restricted cash and investments) with a maturity of three months or less from the date of purchase and pooled cash.

11. Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Restatement of Net Assets

Phoenix Park enterprise fund- Advances to component units in the amount of \$6,000 were paid off in prior years and an expenditure of \$230 was classified as a note receivable. The effect of the restatement was to reduce beginning net assets by \$6,230.

Phoenix Park I discretely presented component unit-An adjustment was made to correct amounts improperly capitalized in previous years. The effect of the restatement was to decrease beginning net assets by \$246.

Phoenix Park II discretely presented component unit- An adjustment was made to correct amounts improperly capitalized in previous years. The effect of the restatement was to decrease beginning net assets by \$748.

Norwood Avenue Housing Corporation discretely presented component unit -An adjustment of \$153 was made to record the receivable relating to the 2006 ground lease with the Phoenix Park properties. The effect of the restatement was to increase beginning net assets by \$153.

II. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The annual budget of the Agency is adopted on a calendar year basis. Prior to December 1, the Executive Director submits a proposed operating budget to the governing bodies for review and approval. The budget is legally enacted through passage of a resolution prior to January 1. The budget adoption resolution specifies that the legal level of budgetary control is at the fund level. Budgeted expenditures represent original appropriations adjusted by supplemental budgetary appropriation amendments. Management has the authority to overexpend appropriations at the function or department level without additional approval of the governing bodies as long as the total appropriations for the fund are not exceeded.

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

The Executive Director is authorized to transfer up to \$100 per transaction, within a fund without additional approval of the governing boards. In addition, the Executive Director has been delegated the authority to amend the budget for federally funded programs as approved by federal departments and for a variety of social services grants identified in the budget, provided that the grantor is fully funding the augmentation. The Executive Director has authority to allocate and transfer any available fund balances to accounts held for future projects or to reduce budget shortfalls in any other fund balances up to \$100, provided that funds so used are not restricted by law or regulations related to the funding source.

Encumbrance accounting is used during the year for budgetary control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, but rather, a reservation of fund balance. The Agency honors contracts represented by year-end encumbrances in the subsequent year's appropriations provided that the Agency has adequate funding to complete these transactions. Encumbrance appropriation carryovers are limited to the balance remaining of operating budget appropriations. All other operating budget appropriations and encumbrances lapse at year-end.

Annual operating budgets are adopted on a modified accrual basis for all Debt Service funds, Local Tax Special Revenue funds and Housing Special Revenue funds, except for the Revenue Bond Program and FUND, Inc. Project budgets are adopted for the Agency's major special revenue funds for the duration of the project which may extend over several years. The adopted project budgets for the Community Development, Tax Increment, Revenue Bond Program Special Revenue funds and for the Capital Project funds are adopted on a project length basis. Additionally, although not legally required, the Agency adopts annual budgets for the Enterprise, Internal Service, and certain Component Unit funds.

For financial reporting purposes, budgetary information is presented on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America for those special revenue funds and debt service funds which have annual budgets.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2006, the County Mather Transitional Housing Special Revenue fund had \$108 of expenditures in excess of budgeted appropriations at the fund level. This excess was due to unanticipated operating expenditures.

C. Net Assets/Fund Balances

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

Invested in capital assets, net of related debt - This category groups all capital assets 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. Of the restricted net assets, \$14,920 are categorized as *other* in the Component Unit funds, which represents operating and replacement reserves, \$18 in the Governmental Activities, which represents funds legally required to be set aside for the Shasta Hotel Investors Partnership, and \$166 in the Business-type Activities, which represents inventory balances.

Unrestricted net assets – This category represents net assets of the Agency, not restricted for any project or other purpose.

In the fund financial statements, reserves segregate portions of fund balance, which do not represent expendable available resources or are legally segregated for a specific future use. The remaining portion is unreserved fund balance.

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

A summary of reserved and unreserved fund balances for the governmental funds is as follows:

Reserved for:	<u>Amount</u>	Unreserved, reported in:	<u>Amount</u>
Capital projects	\$218,159	Special revenue funds	\$ 8,986
Encumbrances	30,016	Debt service funds	12,338
Debt service	9,769	Capital projects funds	<u>6,868</u>
Noncurrent assets	<u>87,186</u>	Total unreserved	
		fund balance	<u>28,192</u>
Total reserved fund balance	<u>\$345,130</u>	Total fund balance	<u>\$373,322</u>

D. Deficit Fund Equity

The following governmental funds have deficit fund balances:

Special Revenue:

County Misc Development Grants	\$1,340
BEGIN State Prop 46	190
City Local Tax	17

Debt Service:

City Richards Boulevard	1,023
County Walnut Grove	178
City/County Auburn Boulevard	107
County Florin Road	96

Capital Projects:

City Capital Fund	648
County Capital Fund	144
City North Sacramento CIEDB	688

The deficit fund balance within the City Local Tax special revenue fund and debt service funds noted above will be funded by future tax increment revenues and transfers from other funds of the Agency. The deficit fund balances of the County Misc Development Grants, the BEGIN State Prop 46 special revenue funds, and the City and County Capital Fund capital projects funds were a result of revenues that were received more than 60 days after year end and therefore resulted in deferred revenue.

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)

December 31, 2006

(dollar amounts expressed in thousands)

III. Detailed Notes on All Funds

A. Cash and Investments

At December 31, 2006, total Agency cash and investments at fair value were as follows:

	Government-wide Statement of Net Assets		Fiduciary Fund Statement of Net Assets	Total
	Primary Government	Component Units		
Cash and investments	\$ 400,782	\$ 8,231	\$ 11	\$ 409,024
Restricted cash and investments	<u>17,171</u>	<u>14,983</u>	-	<u>32,154</u>
Total cash and investments	<u>\$ 417,953</u>	<u>\$ 23,214</u>	<u>\$ 11</u>	<u>\$ 441,178</u>

At December 31, 2006, the Agency's cash and investments consist of the following:

Cash in bank	\$ 27,990
Investments	414,865
Outstanding checks	<u>(1,677)</u>
Total cash and investments	<u>\$441,178</u>

The table below identifies the investment types that are authorized for the Agency, including its discretely presented component units, by California Government Code Section 53601. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the Agency's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating
Local Agency Bonds	5 years	None	None	
U.S. Treasury Obligations	5 years	None	None	
U.S. Agency Securities	5 years	None	None	
Bankers Acceptance	180 days	40%	30%	
Commercial Paper	270 days	25%	10%	A1/P1
Negotiable Certificates of Deposit	5 years	30%	None	
Repurchase Agreements	1 year	None	None	
Reverse Repurchase Agreements	92 days	20%	None	
Medium Term Notes (Corporate & Depository debt securities)	5 years	30%	None	A
Mutual Funds (that invest in allowable securities)	N/A	20%	10%	
Money Market Mutual Funds	N/A	20%	10%	
Collateralized Bank Deposits	5 years	None	None	
Mortgage Pass-through Securities	5 years	20%	None	AA
Time Deposits	5 years	None	None	
County Pooled Investment	N/A	None	None	
Joint Powers Authority Pool	N/A	None	None	
Local Agency Investment Fund (LAIF)	N/A	None	None	

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)

December 31, 2006

(dollar amounts expressed in thousands)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the City manages the Agency's exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

The Agency purchased a \$3,000 and a \$5,000 variable-rate bond issued by the Morgan Stanley and Toyota Motor Credit Corporation, respectively. The investments were purchased on August 18, 2005, and April 14, 2005, respectively, and mature on September 2, 2008 and October 27, 2008, respectively. The Morgan Stanley variable-rate bond provides for a 15 basis point return above the 2-year U.S. Treasury Securities index. The Toyota Motor Credit Corporation medium-term note is tied to the Consumer Price Index. This inflation bond's yield will rise with the rate of inflation. The pooled investment policy permits such investments. A variable coupon varies directly with movements in interest rates. At December 31, 2006, the variable rate bonds had fair values of \$2,962 and \$4,904, respectively.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under stated law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. At December 31, 2006, the carrying amount of the Agency's deposits is \$4,101 and the bank balance is \$6,037. Of the bank balance, \$390 is covered by federal depository insurance, \$5,645 is collateralized with securities held by the pledging financial institution, in accordance with the State of California Government Code and held in the Agency's name and \$2 is uninsured and uncollateralized. Those amounts which are uninsured and uncollateralized are held with state and federal agencies. At December 31, 2006, the carrying amount of the Agency's discretely presented component units deposits is \$22,212 and the bank balance is \$21,953. Of the bank balance, \$587 is covered by federal depository insurance and \$21,366 is uninsured and uncollateralized. Those amounts which are uninsured and uncollateralized are held with state and federal agencies.

Concentration of Credit Risk

Nearly 50%, or \$203,849, of the Agency's investments at year-end are in U.S. Treasury Notes or U.S. Agency Securities. There is no limitation on amounts invested in these types of issues. Of the \$38,563, or 9%, of the portfolio invested in commercial paper, corporate bonds, certificate of deposits, or guaranteed investment contracts, no investment in a single issuer exceeded 5%. Investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) that represent 5% or more of the total investments of the Agency are as follows:

Federal Home Loan Bank	\$60,757
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Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)

December 31, 2006

(dollar amounts expressed in thousands)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the Agency's policy to purchase investments with the minimum ratings required by the California Government Code. As of December 31, 2006, the Agency's (primary government) investments and credit ratings are as follows:

	Credit Rating	Remaining Maturity in Years			Fair Value
		Under 1	1-5	Over 5	
Cash in bank		\$ -	\$ -	\$ -	\$ 6,037
Investments held by fiscal agents:					
Corporate Bonds	AAA	-	-	1,063	1,063
Guaranteed Investment Contract	Not Rated	-	3,136	-	3,136
Money Market Mutual Funds	Not Rated	921	-	-	921
U.S. Treasury Notes	AAA	6,709	-	-	6,709
Total investments held by fiscal agents					<u>11,829</u>
Securities Lending:					
Securities on Loan					
Corporate Bonds	AAA	-	986	-	986
Corporate Bonds	AA-/AA3	-	224	-	224
Corporate Bonds	A-/A2	-	272	-	272
Corporate Bonds	AA-/Aa3	-	141	-	141
Federal Home Loan Bank	AAA	4,047	2,030	-	6,077
U.S. Treasury Bills	AAA	28,496	28,330	-	56,826
Total securities lending					<u>64,526</u>
County Investment Pool	Not Rated	25,654	-	-	<u>25,654</u>
City Investment Pool	Not Rated	-	38,825	-	<u>38,825</u>
Certificate of Deposits	A1/P1	3,400	-	-	3,400
Commercial Paper	A1/P1	4,689	-	-	4,689
Corporate Bonds	AAA	2,731	7,283	-	10,014
Corporate Bonds	AA-/AA3	2,276	-	-	2,276
Corporate Bonds	A-/A2	-	2,758	-	2,758
Corporate Bonds	AA-/Aa3	-	1,436	-	1,436
Federal Home Loan Bank	AAA	43,225	11,455	-	54,680
Federal Home Loan Mortgage Corp.	AAA	-	2,000	-	2,000
Federal Home Loan Mortgage Corp.	AAA/Aaa	-	1,992	-	1,992
Federal Home Loan Mortgage Corp.	AA-/AA2	-	6,618	-	6,618
Federal Home Loan Mortgage Assn.	AAA/Aaa	-	9,896	-	9,896
LAIF	Not Rated	40,479	-	-	40,479
Freddie Mac	AAA	7,287	-	-	7,287
Fannie Mae	AAA	2,899	-	-	2,899
U.S. Treasury Bills	AAA	16,997	-	-	16,997
U.S. Treasury Notes	AAA	22,203	9,665	-	31,868
Variable Rate Securities	AAA	-	4,904	-	4,904
Variable Rate Securities	A+/AA3	-	2,962	-	2,962
Securities Lending Collateral					
Invested in City Investment Pool	Not Rated	65,874	-	-	<u>65,874</u>
Less outstanding checks					<u>(1,936)</u>
Total cash and investments – primary government and fiduciary fund					<u>\$ 417,964</u>

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)

December 31, 2006

(dollar amounts expressed in thousands)

As of December 31, 2006, the investments and credit ratings of the discretely presented component units of the Agency are as follows:

	Credit Rating	Remaining Maturity in Years			Fair Value
		Under 1	1-5	Over 5	
Cash in bank		\$ -	\$ -	\$ -	\$ 21,953
Investments held by fiscal agents:					
Certificate of Deposits	Not Rated	302	-	-	302
City Investment Pool	Not Rated	-	700	-	700
Plus: Outstanding deposits					259
Total cash and investments – component units					<u>\$ 23,214</u>

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code. All investments with LAIF are secured by the full faith and credit of the State of California. The Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. The LIAB consists of five members as designated by State Statute. A total of \$16,701,850 is invested by public agencies in the LAIF as of December 31, 2006. LAIF is part of the State of California Pooled Money Investment Account (P.M.I.A.) whose balance at December 31, 2006 was \$57,120,735. Of this amount, 3.184% was invested in structured notes and asset-backed securities. P.M.I.A. is not SEC-registered, but is required to invest according to California State Code. The average maturity of P.M.I.A. investments was 183 days as of December 31, 2006.

Securities Lending

The City engages in securities lending transactions using Agency investments, whereby the City has authorized its custodial bank to loan its securities to approved counterparties for collateral (cash or securities). Such loans are short-term and the City retains the right to sell, without penalty, the original securities in which it has invested. The City's arrangement with the bank requires the bank to indemnify the City for failure of any counterparty to return the securities loaned. The Agency's investment policy permits securities loans up to 20% of the fair value of the Agency's portfolio.

Borrowers delivered collateral equal to 102% of the market value of the loaned securities. All loans are marked to market daily and if the value of the collateral falls below the minimum margin in aggregate for a borrower, the borrower must either increase the collateral or terminate the loans. There have been no losses as a result of a default. As of December 31, 2006, the average number of days that the loans were outstanding was 4 days and the weighted maturity of the collateral investments was 19 days. The cash collateral that was received by the City from the borrowers was invested in Commercial Paper, U.S. Treasury Notes, U.S. Treasury Bills, and U.S. Agency Securities.

The securities loaned include U.S. Treasury Notes, Corporate Bonds, and U.S. Agency Securities totaling \$56,826, \$1,623, and \$6,077, respectively. The types of collateral accepted are cash, U.S. Government Securities and letters of credit. The City cannot pledge or sell collateral securities without a borrower default. At year-end, the Agency has no credit risk exposure to borrowers because the amounts the City owes the borrowers, on behalf of the Agency, exceeds the amounts the borrowers owe to the City. The Agency's policy is to allocate the securities lending obligations to the funds that would ultimately have the risk of loss on the collateral assets.

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

B. Receivables

Receivables as of year-end for the Agency's governmental activities on the statement of net assets are as follows:

	<u>Accounts receivable</u>	<u>Property taxes receivable</u>	<u>Due from other governments</u>	<u>Total receivables</u>	<u>Gross notes receivable</u>	<u>Allowance for loan losses</u>	<u>Net notes receivable</u>
City CDBG	\$ 29	\$ -	\$1,742	\$1,771	\$ 5,307	\$ (81)	\$ 5,226
County CDBG	4	-	784	788	3,995	(102)	3,893
City HOME	12	-	25	37	26,915	(1,278)	25,637
County HOME	23	-	39	62	30,342	(436)	29,906
City Merged Downtown Debt Service	-	2,254	-	2,254	-	-	-
City Merged Downtown Capital Projects	107	-	-	107	5,264	(208)	5,056
City Low/Mod Merged Downtown Capital Projects	27	-	-	27	13,190	(13)	13,177
Nonmajor funds	236	966	5,664	6,866	58,642	(1,484)	57,158
Internal Service	<u>32</u>	<u>-</u>	<u>-</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$470</u>	<u>\$3,220</u>	<u>\$8,254</u>	<u>\$11,944</u>	<u>\$143,655</u>	<u>\$(3,602)</u>	<u>\$140,053</u>

Generally notes receivable are not expected to be collected within one year.

Receivables as of year-end for the Agency's business-type activities on the statement of net assets are as follows:

	<u>Gross accounts receivable</u>	<u>Allowances for uncollectibles</u>	<u>Net accounts receivable</u>	<u>Due from other governments</u>	<u>Net total receivables</u>
City Public Housing	\$294	\$ (29)	\$265	\$ -	\$265
County Public Housing	145	(15)	130	-	130
County Housing Choice Vouchers	6	-	6	-	6
Nonmajor Funds	<u>125</u>	<u>(16)</u>	<u>109</u>	<u>13</u>	<u>122</u>
Total	<u>\$570</u>	<u>\$(60)</u>	<u>\$510</u>	<u>\$13</u>	<u>\$523</u>

Sacramento Housing and Redevelopment Agency
Notes to the Basic Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

C. Payables

Payables as of year end for the Agency's governmental activities on the statement of net assets are summarized as follows:

	<u>Accounts payable</u>	<u>Accrued liabilities</u>	<u>Due to other governments</u>	<u>Net total payables</u>
City CDBG	\$1,788	\$ 17	\$ -	\$ 1,805
County CDBG	868	9	-	877
City HOME	-	3	-	3
County HOME	-	4	-	4
City Merged Downtown Capital Projects	802	3	186	991
Nonmajor Funds	4,405	81	1,000	5,486
Internal Service	<u>231</u>	<u>899</u>	<u>-</u>	<u>1,130</u>
Total	<u>\$8,094</u>	<u>\$1,016</u>	<u>\$1,186</u>	<u>\$10,296</u>

Payables as of year end for the Agency's business-type activities on the statement of net assets are summarized as follows:

	<u>Accounts payable</u>	<u>Accrued liabilities</u>	<u>Net total payables</u>
City Public Housing	\$174	\$ 53	\$227
County Public Housing	122	34	156
County Housing Choice Vouchers	63	39	102
Nonmajor Funds	<u>281</u>	<u>29</u>	<u>310</u>
Total	<u>\$640</u>	<u>\$155</u>	<u>\$795</u>

D. Interfund Transactions

The composition of interfund balances as of December 31, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
Nonmajor Governmental	City Low/Mod Merged Downtown Capital Projects	\$ 73
	Nonmajor Governmental	3,524
	Nonmajor Enterprise	<u>107</u>
		<u>3,704</u>
Nonmajor Enterprise	Nonmajor Enterprise	<u>7</u>
		<u>\$3,711</u>

The due to/from other funds amounts represent negative cash reclassifications.

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)

December 31, 2006

(dollar amounts expressed in thousands)

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
Internal Service	Nonmajor Governmental	\$ 649
City CDBG	Nonmajor Governmental	204
	Nonmajor Enterprise	317
County CDBG	Nonmajor Governmental	215
City HOME	Nonmajor Enterprise	2,174
City Merged Downtown Capital Projects	Nonmajor Governmental	1,216
City Low/Mod Merged Downtown Capital Projects	Nonmajor Governmental	170
Nonmajor Governmental	Nonmajor Governmental	2,348
	Nonmajor Enterprise	<u>610</u>
		<u>\$7,903</u>

Amount

\$375 advance from the Self Insurance internal service fund to the City/County Franklin Blvd. debt service fund, authorized and issued in December 1991. The note was restructured in December 2000, adding \$200 to the principal amount and deferring annual payments of \$54 until December 2006 and continuing through December 2015, with interest accruing at 7%, to be repaid with tax increment revenue. The advances were issued for the purpose of incurring debt in the redevelopment area and to provide funds for projects.

\$377

\$150 advance from the Self Insurance internal service fund to the City/County Auburn Blvd. debt service fund, authorized and issued in December 1991, with annual installments of \$51 deferred until December 2005 and continuing until December 2019, to be repaid with tax increment revenue with interest accruing at 8%, for the purpose of incurring debt in the redevelopment area and to provide funds for projects. There was not enough cash available to pay the 2006 annual installment.

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\$250 advance from the City CDBG special revenue fund to the City 65th Street debt service fund, authorized and issued in December 2002, with no annual payment until December 2006, with interest accruing at 6%, due in annual installments of \$45 through December 2012, to be repaid with tax increment, for the purpose of incurring debt in the redevelopment area and to provide funds for projects.

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Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

	<u>Amount</u>
<p>\$215 advance from the County CDBG special revenue fund to the County Florin Road debt service fund, authorized and issued in October 2004, with no annual payment until December 2019, with interest accruing at 2%, due in annual installments of \$24 through December 2019, to be repaid with tax increment, for the purpose of incurring debt in the redevelopment area and to provide funds for projects.</p>	\$215
<p>\$1,156 advance from the City HOME special revenue fund to the Greenfair enterprise fund, authorized and issued in 2005. The note was restructured in 2006, adding \$1,018 to the principal amount with 0% interest and no annual payments for five years, to be repaid by sales proceeds, for the acquisition of 6 units at the Greenfair housing project.</p>	2,174
<p>\$600 advance from the City Merged Downtown (Lot A) capital projects fund to the City Richards Blvd. debt service fund, authorized and issued in December 2002. The note was restructured in 2003, adding \$301 to the principal amount, with no annual payment until December 2005, with no interest, due in annual installments of \$113 through December 2012, to be repaid with tax increment, for the purpose of incurring debt in the redevelopment area and to provide funds for projects.</p>	675
<p>\$253 advance from the City Merged Downtown (Lot A) capital projects fund to the City Richards Blvd. debt service fund, authorized and issued in 2003, with no interest, no annual payment until December 2005, due in annual installments of \$32 through December 2012, to be repaid with tax increment, for the purpose of incurring debt in the redevelopment area and to provide funds for the Sports and Entertainment District project.</p>	190
<p>\$351 advance from the City Merged Downtown (Lot A) capital projects fund to the City Richards Blvd. debt service funds, authorized and issued in 2006, with no interest, no annual payment until December 2007, due in annual installments of \$70 through December 2011, to be repaid with tax increment, for the purpose of provide funds for the purchase of property for the California Indian Heritage Center.</p>	351
<p>\$170 advance from the City Low/Mod Merged Downtown capital projects fund to the Local Housing Revenue special revenue fund, authorized and issued in August 2006, with no annual payments until January 2017, with interest accruing at 4%, due in annual installments of \$5 thru December 2036. Repayment will occur only if the project can receive Housing Choice Vouchers. If no project-based contract is obtained, the advance will be forgiven at the end of 30 years.</p>	170
<p>\$350 advance from the Mortgage Revenue Bond special revenue fund to the County Walnut Grove debt service fund, authorized and issued in December 1996 at \$175. The note was restructured in 1998, adding \$175 to the principal amount. Principal and interest is due and payable in annual payments of \$16 to \$29 through December 2031, with interest accruing at 7%, to be repaid with tax increment revenue. The advance was issued for the purpose of incurring debt in the redevelopment area and to provide funds for projects.</p>	198
<p>\$1,440 advance from the Mortgage Revenue Bond special revenue fund to the City Army Depot debt service fund, authorized and issued in December 2001 at \$300. The note was restructured in 2004, adding \$800 and restructured again in 2005 adding an additional \$800 and paying down \$460 of the principal amount. Interest is accruing at 6%, due in annual installments of \$505 through December 2007, to be repaid with tax increment, for the purpose of incurring debt in the redevelopment area and to provide funds for projects.</p>	934

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)

December 31, 2006

(dollar amounts expressed in thousands)

	<u>Amount</u>
\$85 was advanced from the CHFA HELP debt service fund to the County Miscellaneous Development Grants special revenue fund for the purchase and sale of the real property located at 4934 Morningstar Drive. Authorized December 2001 and issued February 2002. Terms are 4% for 5 years. Repayment terms can be flexible based on the financial need of the project and are currently based on rents received.	\$53
\$320 advance from the City CDBG special revenue fund to the Phoenix Park enterprise fund, authorized and issued in April 2005, with no monthly payments until May 2006, with interest accruing at 4%, due in monthly installments of \$2 thru April 2027, to be repaid with rents, for the rehabilitation of 16 units at Phoenix Park.	317
\$150 advance from the Mortgage Revenue Bond Program special revenue fund to the City Richards Boulevard debt service fund, authorized and issued in 2005, with no annual payments for five years, with interest accruing at 3%, due in full at the end of five years either from sales proceeds or from tax increment, for the purpose of repairing the 470 Bannon Street facility.	150
\$500 advance from the Mortgage Revenue Bond Program special revenue fund to the City 65 th Street debt service fund, authorized and issued in 2005, with no annual payments until December 2006, with interest accruing at 6%, due in annual installments of \$100 thru December 2012, to be repaid with tax increment, for the purpose of incurring debt in the redevelopment area and to provide funds for projects.	273
\$740 advance from the City Del Paso Heights capital projects fund to the City Public Housing Homeownership special revenue fund, authorized and issued in 2005, with no interest, to be repaid with sale proceeds, for the purpose of rehabilitating 17 homes in the Del Paso Heights redevelopment area.	740
\$200 advance from the City Housing Trust capital projects fund to the Greenfair enterprise fund, authorized and issued in September 2004, with no interest, and no annual payments for five years, to be repaid by sales proceeds. This is for the Greenfair housing project.	200
\$390 advance from the City Housing Trust capital projects fund to the City Locally Funded Projects enterprise fund, authorized and issued in 2005. The note was restructured in 2006, adding \$20 to the principal amount, with no interest, payments deferred for 50 years, for the purpose of acquiring and rehabilitating 31-37 Coral Gables Court.	410
	<u>\$7,903</u>

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006
(dollar amounts expressed in thousands)

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Nonmajor Enterprise Funds	Component Unit-Riverview Plaza Associates	<u>\$709</u>

Advances to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government-City CDBG	Component Unit-Riverview Plaza Associates	\$ 3,480
	Component Unit-Norwood Avenue Housing Partnership	<u>229</u>
		<u>3,709</u>
Primary Government-City Merged Downtown Capital Projects	Component Unit-Sacramento Housing Development Corporation	101
	Component Unit-Phoenix Park I, L.P.	<u>1,891</u>
		<u>1,992</u>
Primary Government-City Low/Mod Merged Downtown Capital Projects	Component Unit-Norwood Avenue Housing Partnership	643
	Component Unit-Riverview Plaza Associates	<u>1,000</u>
		<u>1,643</u>
Primary Government-Nonmajor Governmental Funds	Component Unit-Riverview Plaza Associates	5,694
	Component Unit-Phoenix Park I, L.P.	<u>2,650</u>
		<u>8,344</u>
Primary Government-Nonmajor Enterprise Funds	Component Unit-Phoenix Park I, L.P.	2,771
	Component Unit-Phoenix Park II, L.P.	6,677
	Component Unit-Norwood Avenue Housing Corporation	<u>2,552</u>
		<u>12,000</u>
Component Unit-Sacramento Housing Development Corporation	Internal Service Funds	<u>1,000</u>
		<u>\$ 28,688</u>

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

	<u>Amount</u>
<p>\$1,398 advance from the City CDBG special revenue fund to the Riverview Plaza Associates component unit fund, commencing January 1992. Interest is compounded annually at 9.45% and payable from surplus cash. Outstanding principal and interest are due October 2016, for the purpose of financing the construction of multiple unit housing. This note is unsecured. \$2,082 in accrued interest has been added to the advance amount of \$1,398.</p>	\$3,480
<p>\$465 advance from the City CDBG special revenue fund to the Norwood Avenue Housing Partnership component unit fund. The note is non-interest bearing and is deferred until the principal due date of September 16, 2021. \$39 in accrued interest has been added to the advance amount of \$465. The note is secured by deed of trust.</p>	229
<p>\$101 advance from the City Merged Downtown capital projects fund to the Sacramento Housing Development Corporation (SHDC) component unit fund, at 0% interest and no due date, for the purpose of covering cash deficit in fund.</p>	101
<p>\$8,270 advance from the City Low/Mod Merged Downtown special revenue fund (\$958), the City Merged Downtown capital projects fund (\$3,000), the Riverview Plaza Reserve special revenue fund (\$1,742), the City Low/Mod Franklin Blvd. capital projects fund (\$500), and the Phoenix Park enterprise fund (\$2,070), to the Phoenix Park I, L.P. component unit fund. The note bears interest equal to the prime rate estimated at 3.5% on the first \$3,362 and 6% on the remaining \$4,908. Principal payments are deferred until 2059. Interest payments are to be made monthly only to the extent that residual receipts income is available, as defined in the Partnership Agreement. The note is secured by a deed of trust.</p>	3,249
<p>\$4,063 advance from the Phoenix Park enterprise fund to the Phoenix Park I, L.P. component unit fund. The note bears interest of 3% on the first \$1,644 and 4.94% on the remaining. Principal payments are deferred until 2059. Interest payments are to be made monthly only to the extent that residual receipts income is available, as defined in the Partnership Agreement. The note is secured by a deed of trust.</p>	4,063
<p>\$215 advance from the City Low/Mod Merged Downtown capital projects fund to the Norwood Avenue Housing Partnership component unit fund. The note bears interest at 7.5% compounded annually and is deferred for 30 years until the principal due date of September 16, 2021. The note is secured by deed of trust. \$428 in accrued interest has been added to the advance amount of \$215.</p>	643
<p>\$1,000 advance from the City Low/Mod Merged Downtown capital projects fund to the Riverview Plaza Associates component unit fund at 0% interest, due June 2018, for the purpose of financing the construction of multiple unit housing. This note is unsecured.</p>	1,000
<p>\$2,000 advance from the Riverview Plaza Reserve special revenue fund to the Riverview Plaza Associates component unit fund, authorized and issued in 1991, with interest compounded annually at 9.45%. Accrued interest is payable annually on March 31, from available surplus cash. Outstanding principal and interest due March 31, 2028, for the purpose of financing the construction of multiple unit housing. This note is secured by a deed of trust on real property. \$3,694 in accrued interest has been added to the advance amount of \$2,000.</p>	5,694

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

	<u>Amount</u>
<p>\$4,730 advance from the Phoenix Park enterprise fund, to the Phoenix Park II, L.P. component unit fund. The note bears interest equal to the prime rate estimated at 3.5% on the first \$2,638, which was paid off in 2004, and 6% on the remaining \$2,092. Principal payments are deferred until 2059. Interest payments are to be made monthly only to the extent that residual receipts income is available, as defined in the Partnership Agreement. The note is secured by a deed of trust.</p>	\$2,092
<p>\$4,585 advance from the Phoenix Park enterprise fund to the Phoenix Park II, L.P. component unit fund. The note bears interest of 3% on the first \$856 accruing from March 15, 2003 and continuing through the term of the loan. The remaining \$3,729 bears interest of 3% accruing from the date of the origination of the construction financing. Principal payments are deferred until 2059. Interest payments are to be made monthly only to the extent that residual receipts income is available, as defined in the Partnership Agreement. The note is secured by a deed of trust.</p>	4,585
<p>\$1,430 advance from the Phoenix Park enterprise fund to the Norwood Avenue Housing Corporation component unit fund at 0% interest. Payments shall be made annually in an amount equal to the annual aggregate Phoenix Park I, L.P. ground lease payments, if any, that are received by the borrower payable on or before March 1 of each year from and after the payment start date, which has yet to occur. The unpaid balance of the note is due and payable in 2059, including without limitation all unpaid principal, interest, fees and charges. The note is secured by a deed of trust.</p>	1,430
<p>\$1,122 advance from the Phoenix Park enterprise fund to the Norwood Avenue Housing Corporation component unit fund at 0% interest. Payments shall be made on or before the sixtieth (60th) day following borrower's receipt of each of the Phoenix Park II, L.P. ground lease payments in an amount equal to the Phoenix Park II, L.P. ground lease payments that are received by borrower from and after the payment start date, which has yet to occur. The unpaid balance of the note is due and payable in 2059, including without limitation all unpaid principal, interest, fees and charges. The note is secured by a deed of trust.</p>	1,122
<p>\$1,000 advance from the SHDC component unit fund to the Internal Support internal service fund at 0% interest and no due date, for the purpose of providing equity to the general partner of Riverview Plaza Associates for start up capital.</p>	1,000
	<u>\$28,688</u>

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006
(dollar amounts expressed in thousands)

Transfers:

Transfers report the nonreciprocal contribution of resources from one fund to another. They are routine transfers that represent funding for capital projects, debt service payments and subsidies of various Agency operations. The following is a summary of transfers for the year ended December 31, 2006:

<u>Transfers in:</u>	<u>Transfers out:</u>	<u>Amount</u>
City Merged Downtown Debt Service Fund	Nonmajor Governmental Funds	<u>\$ 1,480</u>
City Merged Downtown Capital Projects Fund	City Merged Downtown Debt Service Fund	2,513
	Nonmajor Governmental Funds	<u>23</u>
		<u>2,536</u>
City Low/Mod Merged Downtown Capital Projects Fund	Nonmajor Governmental Funds	<u>116</u>
Nonmajor Governmental Funds	City CDBG Fund	243
	County CDBG Fund	67
	City Merged Downtown Capital Projects Fund	167
	Nonmajor Governmental Funds	15,679
	City Public Housing Enterprise Fund	3,871
	County Public Housing Enterprise Fund	<u>3,485</u>
		<u>23,512</u>
City Public Housing Enterprise Fund	Nonmajor Governmental Funds	<u>400</u>
County Public Housing Enterprise Fund	Nonmajor Governmental Funds	<u>600</u>
County Housing Choice Vouchers Enterprise Fund	Nonmajor Governmental Funds	260
	Nonmajor Enterprise Funds	<u>73</u>
		<u>333</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	181
	Nonmajor Enterprise Funds	<u>92</u>
		<u>273</u>
		<u>\$29,250</u>

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

E. Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

<u>Governmental activities:</u>	<u>January 1,</u> <u>2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u> <u>In/Out</u>	<u>December 31,</u> <u>2006</u>
Capital assets, not being depreciated:					
Land	\$36,003	\$13,653	\$(1,465)	\$ -	\$48,191
Construction in progress	<u>7,405</u>	<u>4,482</u>	<u>(61)</u>	<u>(2,225)</u>	<u>9,601</u>
Total capital assets, not being depreciated	<u>43,408</u>	<u>18,138</u>	<u>(1,526)</u>	<u>(2,225)</u>	<u>57,792</u>
Capital assets, being depreciated:					
Buildings and improvements	11,875	8,559	(1,036)	-	19,398
Property and equipment	<u>1,299</u>	<u>20</u>	<u>(24)</u>	<u>-</u>	<u>1,295</u>
Total capital assets being depreciated	<u>13,174</u>	<u>8,579</u>	<u>(1,060)</u>	<u>-</u>	<u>20,693</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,877)	(411)	76	-	(2,212)
Property and equipment	<u>(1,124)</u>	<u>(42)</u>	<u>24</u>	<u>-</u>	<u>(1,142)</u>
Total accumulated depreciation	<u>(3,001)</u>	<u>(453)</u>	<u>100</u>	<u>-</u>	<u>(3,354)</u>
Total capital assets, being depreciated, net	<u>10,173</u>	<u>8,126</u>	<u>(960)</u>	<u>-</u>	<u>17,339</u>
Governmental activities capital assets, net	<u>\$53,581</u>	<u>\$26,261</u>	<u>\$(2,486)</u>	<u>\$(2,225)</u>	<u>\$75,131</u>
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 15,368	\$ 156	\$ (209)	\$ -	\$ 15,315
Construction in progress	<u>-</u>	<u>351</u>	<u>-</u>	<u>-</u>	<u>351</u>
Total capital assets, not being depreciated	<u>15,368</u>	<u>507</u>	<u>(209)</u>	<u>-</u>	<u>15,666</u>
Capital assets, being depreciated:					
Buildings and improvements	220,998	362	(3,484)	2,225	220,101
Property and equipment	<u>4,143</u>	<u>-</u>	<u>(2,188)</u>	<u>-</u>	<u>1,955</u>
Total capital assets, being depreciated	<u>225,141</u>	<u>362</u>	<u>(5,672)</u>	<u>2,225</u>	<u>222,056</u>
Less accumulated depreciation for:					
Buildings and improvements	(63,212)	(5,528)	1,079	-	(67,661)
Property and equipment	<u>(3,503)</u>	<u>(171)</u>	<u>2,176</u>	<u>-</u>	<u>(1,498)</u>
Total accumulated depreciation	<u>(66,715)</u>	<u>(5,699)</u>	<u>3,255</u>	<u>-</u>	<u>(69,159)</u>
Total capital assets, being depreciated, net	<u>158,426</u>	<u>(5,337)</u>	<u>(2,417)</u>	<u>2,225</u>	<u>152,897</u>
Business-type activities capital assets, net	<u>\$173,794</u>	<u>\$(4,830)</u>	<u>\$(2,626)</u>	<u>\$ 2,225</u>	<u>\$168,563</u>

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

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

Governmental activities:

Housing	\$ 13
Community Development	412
Internal Service - capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>28</u>
Total depreciation expense - governmental activities	<u>\$ 453</u>

Business-type activities:

Public Housing	\$5,336
Local Housing	<u>363</u>
Total depreciation expense - business-type activities	<u>\$5,699</u>

Component unit capital asset activity for the year ended December 31, 2006, was as follows:

<u>Component unit activities:</u>	January 1, 2006, <u>as restated</u>	<u>Increases</u>	<u>Decreases</u>	December 31, <u>2006</u>
Capital assets, not being depreciated:				
Land	\$ <u>2,728</u>	\$ -	\$ -	\$ <u>2,728</u>
Total capital assets, not being depreciated	<u>2,728</u>	<u>-</u>	<u>-</u>	<u>2,728</u>
Capital assets, being depreciated:				
Buildings and improvements	91,819	2,156	-	93,975
Property and equipment	<u>1,534</u>	<u>67</u>	<u>-</u>	<u>1,601</u>
Total capital assets, being depreciated	<u>94,529</u>	<u>1,047</u>	<u>-</u>	<u>95,576</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,492)	(2,622)	-	(13,114)
Property and equipment	<u>(487)</u>	<u>(258)</u>	<u>-</u>	<u>(745)</u>
Total accumulated depreciation	<u>(10,979)</u>	<u>(2,880)</u>	<u>-</u>	<u>(13,859)</u>
Total capital assets, being depreciated, net	<u>83,374</u>	<u>(657)</u>	<u>-</u>	<u>81,717</u>
Component unit activities capital assets, net	<u>\$85,102</u>	<u>\$ (657)</u>	<u>\$ -</u>	<u>\$84,445</u>

Depreciation expense was charged to functions/programs as follows:

Component unit activities:

Local Housing	<u>\$2,880</u>
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The Phoenix Park I beginning capital asset balance was restated by (\$3,002) due to an overstated loan balance of (\$3,362), rent relocation expense \$84, an accrued ground lease \$86, a correction of cash \$8, a developer fee payable \$541, a rent relocation reclassification \$2, reclassification to equipment (\$67), and interest improperly capitalized (\$294).

The Phoenix Park II beginning capital asset balance was restated by (\$1,290) due an overstated loan balance of (\$2,638), a developer fee that was not recorded \$2,072, an overstated retention payable (\$56), a correction of cash (\$9), capitalized interest of LP loan was not included \$277, interest accrued on the overstated loan balance of (\$295), and interest improperly capitalized (\$641).

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)

December 31, 2006

(dollar amounts expressed in thousands)

F. Long-Term Debt

Long-term debt payable at December 31, 2006 for the Agency and component units is comprised of the following individual issues:

Governmental activities:

<u>Notes Payable:</u>	<u>Interest Rates</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
City B-97-MC-06-0003	5.28% - 5.46%	\$ 1,620
City B-97-MC-06-0003	5.70% - 6.67%	2,700
City B-06-MC-06-0003	4.96% - 5.77%	5,500
County B-00-UC-06-0005	3.30% - 4.16%	250
County B-01-UC-06-0005	4.20% - 5.00%	200
Boating and Waterways	4.50%	935
CHFA	3.00%	2,000
CHFA-Phoenix Park	3.00%	1,000
CHFA-Phoenix Park	3.00%	1,500
County of Sacramento-Auburn Boulevard	3.00%	150
1999 Del Paso Master Lease	4.00% - 5.80%	400
1999 Oak Park Master Lease	4.00% - 5.80%	225
1999 North Sacramento Master Lease	4.00% - 5.88%	385
1999 Richards Boulevard Master Lease	4.10% - 5.88%	450
2002 Downtown Master Lease	3.00% - 5.00%	12,125
2002 Stockton Boulevard Master Lease	3.00% - 5.00%	3,035
Mather/McClellan CIEDB	3.52%	7,306
2005 Del Paso Master Lease - Refunding	4.00% - 5.00%	1,495
2005 Downtown Master Lease - Refunding	4.00% - 5.00%	8,950
2005 North Sacramento Master Lease - Refunding	4.00% - 5.00%	4,375
2005 Oak Park Master Lease - Refunding	4.00% - 5.00%	1,235
2005 Richards Boulevard Master Lease - Refunding	4.00% - 5.00%	5,060
2006 North Sacramento CIRB Master Lease	3.75% - 5.00%	535
2006 North Sacramento CIRB Master Lease	5.40% - 5.98%	4,905
2006 65 th Street CIRB Master Lease	3.75% - 5.00%	1,765
2006 65 th Street CIRB Master Lease	5.40% - 5.98%	4,200
2006 Army Depot CIRB Master Lease	3.75% - 5.00%	4,270
2006 Army Depot CIRB Master Lease	5.40% - 5.98%	6,540
2006 Richards Boulevard CIRB Master Lease	3.75% - 5.00%	3,095
Total notes payable		<u>86,206</u>
 <u>Bonds Payable:</u>		
1993 Downtown TARBS	4.05% - 6.70%	15,072
1998 Downtown TABS - Refunding	3.50% - 5.25%	42,920
1998 Downtown TAB	5.90% - 6.38%	8,650
2000 Downtown TABS - Refunding	4.25% - 4.75%	4,560
2002 Downtown TAB	3.00% - 5.25%	19,320
1999 Del Paso CIRBS	4.00% - 5.80%	2,215
1999 Oak Park CIRBS	4.00% - 5.80%	2,770
2003 Alkali Flat TAB	2.50% - 5.30%	6,815
2003 Del Paso TAB	2.00% - 5.00%	6,066
2003 Mather TAB	2.00% - 6.25%	5,479
2003 Mather TAB	2.00% - 6.25%	22,295
2003 McClellan TAB	2.00% - 6.25%	2,461
2003 McClellan TAB	2.00% - 6.25%	3,731
2003 North Sacramento TAB	2.50% - 5.30%	4,975
2005 Del Paso TAB - Refunding	4.00% - 5.00%	6,065
2005 Downtown TARB	4.88% - 5.29%	53,243
2005 Downtown TARB	4.75% - 5.54%	27,125
2005 Downtown TARB	4.88% - 5.23%	30,285
2005 Downtown TARB	4.75% - 5.54%	7,415
2005 Oak Park TARB	4.96% - 5.12%	8,844
2005 Oak Park TARB	4.75% - 5.54%	8,565
2005 Oak Park TARB	4.75% - 5.70%	2,685

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)

December 31, 2006

(dollar amounts expressed in thousands)

Governmental activities - Bonds Payable (continued):	<u>Interest Rates</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
2006 Del Paso TARB	4.00% - 5.00%	\$ 5,515
2006 Del Paso TARB	5.02% - 5.60%	3,410
2006 Oak Park CIRBS – Refunding	4.00% - 5.00%	<u>11,230</u>
Total bonds payable		<u>311,711</u>
Sub-total governmental activities		<u>397,917</u>
Business-type activities - Mortgage Notes:		
San Jose/Broadway	8.38%	550
Larchmont/Wildflower	7.75%	<u>78</u>
Total business-type activities mortgage notes		<u>628</u>
Component unit activities - Bonds and Notes Payable:		
Riverview - October 1988	3.00%	933
Norwood - May 1992	3.00%	1,522
Norwood - Saving Association Mortgage Company	8.25%	283
Phoenix Park I, L.P. – Citibank – Section 8	5.60%	2,426
Phoenix Park I, L.P. – Bank of the West	--	1,000
Phoenix Park II, L.P. – Demand Bonds	variable	23,470
Phoenix Park II, L.P. – State of CA (MHP)	0.42%	9,100
Shasta Partnership (HCD)	3.00%	<u>2,000</u>
Total component unit activities bonds and notes payable		<u>47,292</u>
Sub-total long-term debt		445,837
Other Debt:		
Component unit activities - Accrued interest due in future years	--	<u>2,220</u>
Total long-term debt		<u>\$448,057</u>

GOVERNMENTAL ACTIVITIES:

Notes Payable:

Amount

\$2,320 Community Development Block Grant Note Payable authorized and issued September 3, 1998, due in installments of \$80 to \$155 from August 1999 through August 2018 with interest payable semiannually at 5.28% to 5.46% for the purpose of financing the Del Paso Nuevo project. This note is collateralized by and payable from future CDBG entitlements and/or tax increments from the Del Paso Heights redevelopment project area.	\$1,620
\$3,125 Community Development Block Grant Note Payable authorized and issued August 9, 2001, due in installments of \$85 to \$300 from February 2002 through August 2021 with interest payable semiannually at 5.7% to 6.67% for the purpose of financing the Del Paso Nuevo project. This note is collateralized by and payable from future CDBG entitlements and/or tax increments from the Del Paso Heights redevelopment project area.	2,700
\$5,500 Community Development Block Grant Note Payable authorized and issued September 14, 2006, due in installments of \$146 to \$461 from February 2007 through August 2026 with interest payable semiannually at 4.96% to 5.77% for the purpose of financing the Globe Mills project. This note is collateralized by and payable from future CDBG entitlements, Alkali Flat redevelopment project area or city low/moderate income housing funds.	5,500

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

<u>Notes Payable (continued):</u>	<u>Amount</u>
\$550 Community Development Block Grant Note Payable authorized and issued August 2002, due in annual installments of \$90 to \$130 through August 2008, with interest payable semi-annually at 3.3% to 4.16% for the purpose of financing the rehabilitation for Hampton Inn in the Auburn Boulevard area. This note is collateralized by and payable from future CDBG entitlements.	\$250
\$250 Community Development Block Grant Note Payable authorized and issued August 2002, due in annual installments of \$24 to \$40 through August 2012, with interest payable semi-annually at 4.2% to 5% for the purpose of financing the acquisition of property for retail development for the Auburn Boulevard area. This note is collateralized by and payable from future CDBG entitlements.	200
\$1,380 City of Sacramento Note Payable authorized and issued August 5, 1999, due in installments of \$103 from August 1999 through August 2018 with interest payable annually at 4.5% for the purpose of financing the Sacramento River Waterfront between the I street bridge and the Pioneer Bridge.	935
\$2,000 California Housing Finance Agency Note Payable authorized and issued August 1999. Interest accrues annually at 3% on funds drawn for the purpose of financing developer loans for acquisition, rehabilitation, development and/or permanent financing for affordable multi-family rental developments. Interest and principal are due in full September 2009.	2,000
\$1,000 California Housing Finance Agency Note Payable authorized and issued February 2002. Interest accrues annually at 3% on funds drawn for the purpose of acquisition of properties in the Phoenix Park project. Interest and principal are due in full August 2011.	1,000
\$1,500 California Housing Finance Agency Note Payable authorized and issued January 2003. Interest accrues annually at 3% on funds drawn for the purpose of acquisition of properties in the Phoenix Park project. Interest and principal are due in full January 2013.	1,500
\$300 County of Sacramento Note Payable authorized and issued August 2002, due in annual installments from December 2007 through December 2016 with interest payable annually at 3% for the purpose of demolition, relocation and clearance activities in the Auburn Boulevard redevelopment area.	150
\$2,625 Master Lease Agreement authorized and issued December 1999, due in annual installments of \$85 to \$205 through December 2019 with interest payable semiannually at 4.0% to 5.8% for the purpose of financing redevelopment projects.	400
\$1,845 Master Lease Agreement authorized and issued December 1999, due in annual installments of \$50 to \$135 through December 2022 with interest payable semiannually at 4.0% to 5.8%, for the purpose of financing redevelopment projects.	225
\$5,245 Master Lease Agreement authorized and issued December 1999, due in annual installments of \$85 to \$345 through December 2029 with interest payable semiannually at 4.0% to 5.875% for the purpose of financing redevelopment projects.	385
\$5,920 Master Lease Agreement authorized and issued December 1999, due in annual installments of \$100 to \$405 through December 2029 with interest payable semiannually at 4.1% to 5.875% for the purpose of financing redevelopment projects.	450

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

<u>Notes Payable (continued):</u>	<u>Amount</u>
\$26,740 Master Lease Agreement authorized and issued July 2002, due in annual installments of \$1,365 to \$2,375 through December 2017 with interest payable semiannually at 3% to 5% for the purpose of financing redevelopment projects.	\$12,125
\$3,265 Master Lease Agreement authorized and issued July 2002, due in annual installments of \$55 to \$200 through December 2032 with interest payable semiannually at 3% to 5% for the purpose of financing redevelopment projects.	3,035
\$10,000 California Infrastructure and Economic Development bank loan authorized and issued January 2002, due in annual installments of \$193 to \$604 through December 2033 with interest payable semiannually at 3.52% for the purpose of financing a public development facility.	7,306
\$1,495 Master Lease Agreement authorized and issued July 2005, due in annual installments of \$10 to \$215 through December 2019 with interest payable semiannually at 4.00% to 5.00% for the purpose of refunding portions of outstanding bonds and financing redevelopment projects.	1,495
\$8,950 Master Lease Agreement authorized and issued July 2005, due in annual installments of \$10 to \$2,380 through December 2017 with interest payable semiannually at 4.00% to 5.00% for the purpose of refunding portions of outstanding bonds and financing redevelopment projects.	8,950
\$4,375 Master Lease Agreement authorized and issued July 2005, due in annual installments of \$10 to \$340 through December 2029 with interest payable semiannually at 4.00% to 5.00% for the purpose of refunding portions of outstanding bonds and financing redevelopment projects.	4,375
\$1,235 Master Lease Agreement authorized and issued July 2005, due in annual installments of \$5 to \$135 through December 2022 with interest payable semiannually at 4.00% to 5.00% for the purpose of refunding portions of outstanding bonds and financing redevelopment projects.	1,235
\$5,060 Master Lease Agreement authorized and issued July 2005, due in annual installments of \$15 to \$410 through December 2029 with interest payable semiannually at 4.00% to 5.00% for the purpose of refunding portions of outstanding bonds and financing redevelopment projects.	5,060
\$535 Master Lease Agreement authorized and issued June 2006 due in annual installments of \$10 to \$35 through December 2036 with interest payable semiannually at 3.75% to 5.00% for the purpose of financing redevelopment projects.	535
\$4,905 Master Lease Agreement authorized and issued June 2006 due in annual installments of \$65 to \$335 through December 2036 with interest payable semiannually at 5.40% to 5.98% for the purpose of financing redevelopment projects.	4,905
\$1,765 Master Lease Agreement authorized and issued June 2006 due in annual installments of \$30 to \$110 through December 2036 with interest payable semiannually at 3.75% to 5.00% for the purpose of financing redevelopment projects.	1,765
\$4,200 Master Lease Agreement authorized and issued June 2006 due in annual installments of \$55 to \$285 through December 2036 with interest payable semiannually at 5.40% to 5.98% for the purpose of financing redevelopment projects.	4,200
\$4,270 Master Lease Agreement authorized and issued June 2006 due in annual installments of \$70 to \$260 through December 2036 with interest payable semiannually at 3.75% to 5.00% for the purpose of financing redevelopment projects.	4,270

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

<u>Notes Payable (continued):</u>	<u>Amount</u>
\$6,540 Master Lease Agreement authorized and issued June 2006 due in annual installments of \$85 to \$445 through December 2036 with interest payable semiannually at 5.40% to 5.98% for the purpose of financing redevelopment projects.	\$6,540
\$3,095 Master Lease Agreement authorized and issued June 2006 due in annual installments of \$50 to \$190 through December 2036 with interest payable semiannually at 3.75% to 5.00% for the purpose of financing redevelopment projects.	<u>3,095</u>
Less current portion	<u>(2,742)</u>
Total notes payable	<u><u>\$83,464</u></u>

Bonds Payable:

\$25,304 Tax Allocation Revenue Bonds authorized and issued June and July 1993, due in annual installments of \$373 to \$3,268 through November 2017 with interest paid semiannually at 4.05% to 6.7%, for the purpose of financing redevelopment projects.	\$15,072
\$55,315 Tax Allocation Bonds authorized and issued April and July 1998, due in annual installments of \$605 to \$7,040 through 2013 with interest payable semiannually at 3.5% to 5.25%, for the purpose of financing redevelopment projects.	42,920
\$13,080 Tax Allocation Bonds authorized and issued April 1998, due in annual installments of \$100 to \$6,540 through 2013 with interest payable semiannually at 5.9% to 6.375%, for the purpose of financing redevelopment projects.	8,650
\$22,065 Tax Allocation Bonds authorized and issued October 2000, due in annual installments of \$155 to \$3,565 through November 2013 with interest payable semiannually at 4.25% to 4.75%, for the purpose of financing redevelopment projects.	4,560
\$26,815 Tax Allocation Bonds authorized and issued July 2002, due in annual installments of \$1,595 to \$2,010 through December 2017 with interest payable semiannually at 3.0% to 5.25%, for the purpose of financing redevelopment projects.	19,320
\$10,060 Capital Improvement Revenue Bonds authorized and issued December 1999, due in annual installments of \$250 to \$870 through December 2019 with interest payable semiannually at 4.0% to 5.8% for the purpose of financing redevelopment projects.	2,215
\$17,855 Capital Improvement Revenue Bonds authorized and issued December 1999, due in annual installments of \$465 to \$1,305 through December 2022 with interest payable semiannually at 4.0% to 5.8%, for the purpose of financing redevelopment projects. Refunded \$11,980 in 2006.	2,770
\$7,705 Tax Allocation Bonds authorized and issued December 2003, due in annual installments of \$295 to \$595 through December 2022 with interest payable semiannually at 2.5% to 5.3% for the purpose of financing redevelopment projects.	6,815

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

<u>Bonds Payable (continued):</u>	<u>Amount</u>
\$6,066 Tax Allocation Bonds authorized and issued December 2003, due in annual installments of \$382 to \$825 through December 2030 with interest payable semiannually at 2.0% to 5% for the purpose of financing redevelopment projects.	\$6,066
\$5,758 Tax Allocation Bonds authorized and issued December 2003, due in annual installments of \$83 to \$397 through December 2033 with interest payable semiannually at 2.0% to 6.25% for the purpose of financing redevelopment projects.	5,479
\$23,669 Tax Allocation Bonds authorized and issued December 2003, due in annual installments of \$450 to \$1,852 through December 2033 with interest payable semiannually at 2.0% to 6.25% for the purpose of financing redevelopment projects.	22,295
\$2,587 Tax Allocation Bonds authorized and issued December 2003, due in annual installments of \$37 to \$178 through December 2033 with interest payable semiannually at 2.0% to 6.25% for the purpose of financing redevelopment projects.	2,461
\$3,961 Tax Allocation Bonds authorized and issued December 2003, due in annual installments of \$74 to \$314 through December 2033 with interest payable semiannually at 2.0% to 6.25% for the purpose of financing redevelopment projects.	3,731
\$5,175 Tax Allocation Bonds authorized and issued December 2003, due in annual installments of \$60 to \$645 through December 2033 with interest payable semiannually at 2.0% to 5.3% for the purpose of financing redevelopment projects.	4,975
\$6,065 Tax Allocation Bonds authorized and issued July 2005, due in annual installments of \$10 to \$870 through December 2019 with interest payable semiannually at 4.00% to 5.00% for the purpose of refunding portions of outstanding bonds and financing redevelopment projects.	6,065
\$53,243 Tax Allocation Revenue Bonds authorized and issued December 2005, due in annual installments of \$1,528 to \$5,290 through December 2034 with interest payable semiannually at 4.88% to 5.29% for the purpose of financing redevelopment projects.	53,243
\$27,270 Tax Allocation Revenue Bonds authorized and issued December 2005, due in annual installments of \$5 to \$10,970 through December 2020 with interest payable semiannually at 4.75% to 5.54% for the purpose of financing redevelopment projects.	27,125
\$30,285 Tax Allocation Revenue Bonds authorized and issued December 2005, due in annual installments of \$1,167 to \$3,785 through December 2034 with interest payable semiannually at 4.88% to 5.23% for the purpose of financing redevelopment projects.	30,285
\$7,625 Tax Allocation Revenue Bonds authorized and issued December 2005, due in annual installments of \$210 to \$4,015 through December 2020 with interest payable semiannually at 4.75% to 5.54% for the purpose of financing redevelopment projects.	7,415
\$8,844 Tax Allocation Revenue Bonds authorize and issued December 2005, due in annual installments of \$497 to \$2,200 through December 2025 with interest payable semiannually at 4.96% to 5.12% for the purpose of financing redevelopment projects.	8,844
\$9,125 Tax Allocation Revenue Bonds authorized and issued December 2005, due in annual installments of \$125 to \$1,090 through December 2020 with interest payable semiannually at 4.75% to 5.54% for the purpose of financing redevelopment projects.	8,565

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

<u>Bonds Payable (continued):</u>	<u>Amount</u>
\$2,730 Tax Allocation Revenue Bonds authorized and issued December 2005, due in annual installments of \$40 to \$590 through December 2025 with interest payable semiannually at 4.75% to 5.70% for the purpose of financing redevelopment projects.	\$2,685
\$5,630 Tax Allocation Revenue Bonds authorized and issued February 2006, due in annual installments of \$45 to \$1,575 through December 2032 with interest payable semiannually at 4.00% to 5.00% for the purpose of financing redevelopment projects.	5,515
\$3,735 Tax Allocation Revenue Bonds authorized and issued February 2006, due in annual installments of \$115 to \$325 through December 2032 with interest payable semiannually at 5.02% to 5.60% for the purpose of financing redevelopment projects	3,410
\$11,845 Capital Improvement Revenue Bonds authorized and issued February 2006 due in annual installments of \$515 to \$930 through December 2022 with interest payable semiannually at 4.00% to 5.00% for the purpose of refunding portions of outstanding bonds	<u>11,230</u> 311,711
Less current portion	<u>(11,705)</u>
Total bonds payable	<u>\$300,006</u>

BUSINESS-TYPE ACTIVITIES:

<u>Mortgage Notes Payable:</u>	<u>Amount</u>
\$787 San Jose/Broadway Mortgage Note Payable authorized and issued May 1984, due in monthly installments of \$6 through February 2020 with interest payable monthly at 8.375%. This note is collateralized by land and building.	\$ 550
\$427 Larchmont/Wildflower Mortgage Note Payable authorized and issued August 1979, due in monthly installments of \$3 through April 2009 with interest payable monthly at 7.75%. This note is collateralized by land and building.	<u>78</u> 628
Less current portion	<u>(56)</u>
Long-term mortgage notes payable	<u>\$ 572</u>

COMPONENT UNITS:

<u>Bonds and Notes Payable:</u>	
\$933 Riverview Plaza Associates Mortgage Note Payable authorized and issued October 1988, principal and interest due in full September 2016 with interest payable at 3.0%, for the purpose of financing the construction of multiple unit housing. This note is collateralized by land and building.	\$933
\$1,522 Norwood Avenue Housing Partnership Mortgage Note Payable to the Department of Housing and Community Development, principal and interest due in full January 2044 with interest payable at 3.0%, for the purpose of financing the construction of a multiple unit housing and child care center. This note is collateralized by land and building.	1,522

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

Bonds and Notes Payable (continued):

	<u>Amount</u>
<p>\$350 Norwood Avenue Partnership Mortgage Note Payable to Saving Association Mortgage Company (SAMCO) due in monthly installments of \$3 through June 2024 with interest payable monthly at 8.25%. This note is collateralized by land and building.</p>	\$283
<p>\$6,594 Phoenix Park I, L.P. Permanent "Tax Credit" note dated May 10, 2006, payable to Citibank (West), F.S.B. The note bears interest at 6.56% per annum and requires monthly payments of principal and interest in the amount of \$42. The note matures June 1, 2021 and is secured by a deed of trust encumbering the rental property.</p>	6,558
<p>\$2,521 Phoenix Park I, L.P. Permanent "Section 8" note dated May 8, 2006, Payable to Citibank (West), F.S.B. The note bears interest at 5.60% per annum and requires monthly payments of principal and interest in the amount of \$27. The note matures June 1, 2016 and is secured by a deed of trust encumbering the rental property.</p>	2,426
<p>\$1,000 Phoenix Park I, L.P. note payable to Bank of the West. The note is non-interest bearing and is forgivable at the sole discretion of the Bank, 57 years after February 1, 2004 provided that the Partnership complies with all of its obligation under the Affordable Housing Program (AHP) Agreement. There are no scheduled payments of interest and principal. The note is secured by a deed of trust.</p>	1,000
<p>\$23,470 Phoenix Park II, L.P. Variable Rate Demand Bonds authorized and issued October 1, 2004, maturing on October 1, 2036, subject to the prior redemption of the bonds on demand by the bondholders, and are fully secured by a letter of credit which expires October 1, 2007, allowing for long-term refinancing if necessary. The bonds were issued for the rehabilitation and construction of the Phoenix Park II, L.P. affordable housing complex. The weekly interest rate for the Bonds shall not exceed 12% per annum, and is determined by Newman and Associates to be the minimum interest rate which, if borne by the Bonds, would enable Newman and Associates to sell the Bonds on such day at a price equal to the principal amount thereof plus accrued interest. (3.9% at December 31, 2006). Payments of interest and letter of credit fees were due on a monthly basis. Commencing on October 1, 2006, payments of principal and interest based on a sinking fund are due. On January 2, 2007 the bonds were paid down by \$13,300 with proceeds from the Bond proceeds reserve.</p>	23,470
<p>\$9,100 Phoenix Park II, L.P. note payable to the Multifamily Housing Program (MHP) State of California Department of Housing and Community Development (permanent loan) dated December 20, 2006. The note bears simple interest of 3% per annum and is secured by a deed of trust. Payment of the entire unpaid principal amount, together with all accrued but unpaid interest is due on December 20, 2061. Interest payments in the amount of 0.42% per annum on the unpaid principal balance of the loan are to be paid annually beginning December 31, 2006 and continuing annually thereafter up to and including December 31, 2035. Commencing December 31, 2006 and continuing annually thereafter, annual loan payments in an amount equal to the lesser of (1) the full amount of interest accruing on the unpaid principal amount advanced under the Loan Documents for the immediately preceding twelve (12) month period, or (2) the amount determined by the Department to be necessary to cover the cost of continued monitoring of the Development for compliance with the requirements of the program. Additional payments are to be made only to the extent that net cash flow is available, as defined in the regulatory agreement.</p>	9,100

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006
(dollar amounts expressed in thousands)

<u>Bonds and Notes Payable (continued):</u>	<u>Amount</u>
\$2,000 Shasta Partnership Note Payable to the Department of Housing and Community Development principal and interest due in full January 2044 with interest payable at 3.0%, for the purpose of financing the construction of a multiple single room occupancy unit. This note is collateralized by land and building.	<u>\$2,000</u>
	47,292
Less current portion	<u>(13,885)</u>
Long-term bonds and notes payable	<u>\$33,407</u>
<u>Other Long-Term Obligations:</u>	
Accrued interest on \$933 Riverview Plaza Associates mortgage notes payable from available surplus cash. Due in full in September 2016.	\$ 504
Accrued interest on \$1,522 Norwood Avenue Housing Partnership mortgage notes payable from available surplus cash. Due in full January 2044.	595
Accrued interest on \$6,594 Phoenix Park I, L.P. Permanent "Tax Credit" note dated May 10, 2006, payable to Citibank (West), F.S.B. The note matures June 1, 2021.	39
Accrued interest on \$2,521 Phoenix Park I, L.P. Permanent "Section 8" note dated May 8, 2006, Payable to Citibank (West), F.S.B. The note matures June 1, 2016.	14
Accrued interest on \$23,470 Phoenix Park II CitiBank variable rate demand bonds payable from available surplus cash. Interest is due on a monthly basis.	73
Accrued interest on \$9,100 Phoenix Park II MHP note payable from available surplus cash. Due in full in 2061.	8
Accrued interest on \$2,000 Shasta Partnership mortgage notes payable from available surplus cash. Due in full January 2044. Included in this amount is a deferred lease payable amount of \$80 and deferred partnership management fees of \$123.	<u>987</u>
Total other long-term obligations	<u>\$ 2,220</u>

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

The following is a summary of changes in long-term liabilities for the fiscal year ended December 31, 2006:

	<u>January 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2006</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Notes payable	\$ 56,715	\$33,881	\$ (4,390)	\$ 86,206	\$ 2,742
Bonds payable	314,621	21,210	(24,120)	311,711	11,705
Compensated absences	<u>3,090</u>	<u>2,006</u>	<u>(2,306)</u>	<u>2,790</u>	<u>1,942</u>
Sub-total	<u>374,426</u>	<u>57,097</u>	<u>(30,816)</u>	<u>400,707</u>	<u>\$16,389</u>
Deferred amounts:					
For original issue premium	3,876	325	(275)	3,926	
For original issue discount	(185)	(177)	13	(349)	
On refunding	<u>(2,447)</u>	<u>(776)</u>	<u>350</u>	<u>(2,873)</u>	
Total governmental activities -long-term liabilities	<u>\$375,670</u>	<u>\$56,469</u>	<u>\$(30,728)</u>	<u>\$401,411</u>	

	<u>January 1, 2006 as restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2006</u>	<u>Amounts Due Within One Year</u>
Business-type activities:					
Mortgage notes payable	<u>\$ 680</u>	<u>\$ -</u>	<u>\$ (52)</u>	<u>\$ 628</u>	<u>\$ 56</u>
Component unit activities:					
Bonds and notes payable	\$53,581	\$18,215	\$(24,504)	\$47,292	\$13,885
Other long-term obligations	<u>1,933</u>	<u>287</u>	<u>-</u>	<u>2,220</u>	<u>-</u>
Total component unit activities -long-term liabilities	<u>\$55,514</u>	<u>\$18,502</u>	<u>\$(24,504)</u>	<u>\$49,512</u>	<u>\$13,885</u>

Annual debt service requirements of governmental activities to maturity are as follows:

<u>Year ending December 31</u>	<u>Notes Payable</u>		<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 2,742	\$ 4,035	\$ 12,285	\$ 11,705
2008	3,014	3,961	12,751	11,229
2009	5,407	4,349	13,264	10,712
2010	3,572	3,692	13,833	10,156
2011	3,757	3,536	14,443	9,531
2012-2016	23,652	15,623	59,084	60,796
2017-2021	14,861	10,024	74,738	45,151
2022-2026	11,897	6,813	50,983	64,087
2027-2031	9,655	3,767	39,606	63,940
2032-2036	<u>7,649</u>	<u>1,314</u>	<u>20,724</u>	<u>15,993</u>
Sub-total	<u>86,206</u>	<u>57,114</u>	<u>311,711</u>	<u>303,300</u>
Deferred amounts:				
Plus original issue premium	795	-	3,131	-
Less original issue discount	-	-	(349)	-
Less refunding	<u>(2,097)</u>	<u>-</u>	<u>(776)</u>	<u>-</u>
Totals	<u>\$84,904</u>	<u>\$57,115</u>	<u>\$313,717</u>	<u>\$303,300</u>

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

Annual debt service requirements of business-type activities to maturity are as follows:

<u>Year ending December 31,</u>	<u>Mortgage Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 56	\$ 52
2008	61	48
2009	40	45
2010	31	39
2011	34	36
2012-2016	218	129
2017-2021	<u>188</u>	<u>26</u>
Total	<u>\$628</u>	<u>\$375</u>

Annual debt service requirements of component unit activities to maturity are as follows:

<u>Year ending December 31,</u>	<u>Bonds and Notes Payable</u>		<u>Other Long-term Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 13,885	\$ 1,172	\$ -	\$ 73
2008	657	1,025	-	-
2009	701	992	-	-
2010	721	956	-	-
2011	785	918	-	-
2012-2016	4,293	4,023	-	518
2017-2021	12,574	3,924	-	39
2022-2026	54	194	-	-
2027-2031	-	191	-	-
2032-2036	-	191	-	-
2037-2041	-	191	-	-
2042-2046	3,522	5,469	-	1,582
2047-2051	-	191	-	-
2052-2056	-	191	-	-
2057-2061	9,100	191	-	8
2062-2066	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$47,292</u>	<u>\$19,819</u>	<u>\$ -</u>	<u>\$2,220</u>

Interest Rate Swap

Phoenix Park II L.P. entered into an interest rate swap agreement (the Swap Agreement) effective October 1, 2006, with Citibank N.A. New York (Swap Provider). Under the terms of the Swap Agreement, the Partnership has agreed to pay interest to the Swap Provider at a fixed rate of 4.48% on a notional amount of \$10,210, which shall reduce each month by the amount of monthly principal payments on the bonds, until expiration on October 21, 2021. Valued separately, the interest rate swap agreement represents an asset as of December 31, 2006 in the amount of \$523. The value represents the fair value of the current difference in interest paid and received under the swap agreement over the remaining term of the agreement. Because the swap is considered to be a cash flow hedge, the value of the swap agreement is recorded in partners' equity as a separate component of other comprehensive income. Payments are recognized in current operating results as settlements occur under the agreement as a component of interest expense. The Partnership has made interest payments of \$21 in connection with the Swap Agreement for the year ended December 31, 2006. As of December 31, 2006, interest of \$6 remains payable.

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the U.S. Department of Treasury at least every five years. The Agency utilized an independent consultant to perform calculations of excess investment earnings on various bonds during 2006 and did not incur a liability.

Refunding Revenue Bonds

The Sacramento City Financing Authority's 2006 Tax Allocation Revenue Bonds, Series A and B, in the amount of \$21,210 were authorized and issued in February 2006 on behalf of the Del Paso Heights and Oak Park redevelopment project areas. Payments are due in annual installments of \$45 to \$1,575 through December 2032 with interest paid semiannually ranging from 4.0% to 5.6%, for the purpose of refunding a portion of the 1999 Oak Park Loan and funding new projects for the Del Paso Heights project area. The face value of the portion of the 2006 Tax Allocation Revenue Bonds used for the partial refunding of the 1999 Oak Park CIRBS is \$11,845 sold at a net discount of \$5 resulting in net proceeds of \$11,840. Of this amount, \$11,606 was placed in escrow along with \$1,150 of Agency reserves to defease outstanding debt with a net book value of \$11,980 resulting in a deferred amount on refunding of \$776, which is to be amortized over the life of the bonds. The transaction resulted in an economic gain of \$567 and a reduction in future payments of \$2,431.

Prior-Year Defeasance of Debt

In prior years, the Agency defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Agency's financial statements. At December 31, 2006, \$16,916 of bonds outstanding are considered defeased.

IV. Other Information

A. Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and illnesses of employees; wrongful employment practices; and natural disasters. The Agency maintains an internal service fund to account for and finance its risks of loss. Under these programs the Agency is self-insured for the following risks up to the maximum amount per claim as follows: general liability, \$100; property, \$100; auto liability, \$3; and employment practice liability, \$100.

The Agency is one of seven public housing authorities of the California Housing Authority Risk Management Agency (CHARMA), formed as a means of providing general liability (including errors and omissions), property, automotive and employment practice liability coverage. CHARMA purchases excess insurance on a collective basis and provides other coverage as approved by the board of directors. The purpose of CHARMA is to spread the adverse effects of losses among the member agencies. Should actual losses among participants be greater than anticipated, the Agency will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the Agency will be refunded its pro rata share of the excess.

For general liability, the Agency covers the first \$100 per claim, and the risk pool covers up to \$250 per claim. Excess liability coverage is obtained from a national housing authority insurance pool and is provided through the pool up to \$5,000 for each occurrence. Settled claims have not exceeded this commercial coverage in any of the past ten years.

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

The Agency obtains property coverage from CHARMA. The Agency covers the first \$100 per claim and CHARMA covers up to \$100 per claim. A commercial insurance carrier provides coverage above CHARMA's self-insured retention level of \$100 to the maximum value of all CHARMA insured properties.

For automotive insurance, the Agency obtains coverage from CHARMA. The Agency covers the first \$3 and CHARMA provides coverage up to \$100. CHARMA obtains excess automotive liability coverage from a national housing authority insurance group up to \$5,000. Employee injuries and automotive body coverage is provided up to \$100.

Employer's liability insurance was obtained from the Employment Risk Management Authority until June 30, 2005. Since July 1, 2005, the Agency has purchased private employment liability insurance from a private insurance company. The policy provides a maximum of \$2 million coverage per year with a maximum of \$1 million per incident with a \$100 deductible per claim. Workers compensation insurance is provided through California Housing Workers Compensation Authority (CHWCA), a risk sharing pool. For worker's compensation claims, the pool covers the Agency's claims within the statutory limit. Should actual losses among participants be greater than anticipated, the Agency will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the Agency will be refunded its pro rata share of the excess.

All operating funds participate in the self-insurance programs and make payments to the internal service fund based on a historical cost and/or actuarial estimates of amounts needed to pay prior and current year claims, and to allow accrual of estimated incurred but not reported claims. The total historical cost/actuarially determined claims liability at December 31 is \$391 consisting of \$25 for Automotive Liability, \$266 for General Liability, and \$100 for Property Damage Liability. These claim estimates were made in accordance with the requirements of Governmental Accounting Standards Board Statement Nos.10 & 30, and include claims incurred but not reported and allocated loss adjustment expenses as of December 31. Changes in the self-insurance fund claims liability during the years ended December 31, 2006 and 2005 were as follows:

	<u>Claims Liability</u> <u>January 1</u>	<u>Current Year</u> <u>Claims and</u> <u>Changes in Estimates</u>	<u>Current Year</u> <u>Claims Payments</u>	<u>Claims Liability</u> <u>December 31</u>
2005	\$618	(\$189)	(\$107)	\$322
2006	322	262	(193)	391

B. Employee Retirement Plan

1. Plan Description

The Agency contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the state of California.

All full-time Agency employees are required to participate in CalPERS. Benefits vest after five years of credited service. Employees who retire at or after age 50 with five years of credited service are entitled to an annual retirement benefit payable monthly for life, in an amount equal to 1.426% to 2.418% of their average salary, during their highest year of employment, for each year of credited service. CalPERS also provides disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefit provisions and all other requirements are established by state statute within the Public Employees' Retirement Law and Agency resolution. CalPERS issues a separate comprehensive annual financial report.

Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814. A separate report for the Agency's plan is not available.

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)
December 31, 2006

(dollar amounts expressed in thousands)

2. Funding Policy

The Agency participated in two plans with CalPERS under the names of the Sacramento Housing Authority (SHA) and the Redevelopment Agency of the City of Sacramento (RACS). The first plan covered employees hired after 1974; the second plan covered employees hired prior to 1974. The plans merged effective July 1, 2001. Agency employees are required to contribute 7.0% of their annual salary to CalPERS, of which the Agency pays 50% to 57% of this amount on the employee's behalf depending on requirements set forth under contractual agreements with employee groups. The Agency is also required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. The Agency's required employer contribution rate for January 1, thru June 30, 2006 was 10.728% and for July 1, thru December 31, 2006 was 10.445%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

3. Annual Pension Cost

For the year ended December 31, 2006, the Agency's annual pension cost of \$1,501 was equal to the Agency's required and actual contributions. The required contribution for the year ended 2006 was determined as part of the June 30, 2004 and 2003 actuarial valuations using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases of 3.25% to 14.45% are attributable to inflation, merit, or seniority increases that vary by length of service and no post-retirement increases. Both (a) and (b) include an inflation component of 3.00% and an annual production growth of 0.25%. The actuarial value of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen year period depending on the size of investments gains and/or losses. The amortization period on the unfunded actuarial liability is expected to be 20 years and is a closed period. The amortization method is a level percent of payroll.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/04	\$ 520	100%	--
12/31/05	1,386	100%	--
12/31/06	1,501	100%	--

C. Post-employment Health Benefits

The Agency provides allowances for health benefits for all employees who retire from the Agency and for their survivors and dependents. Participants have the choice of enrolling in one of several health plans and one of two dental plans. Post-employment health benefits for the Agency range from \$360 to \$605 (in actual dollars, not thousands) per month per participant, depending on the participant's job classification at the time of retirement. The Agency covered the participant's health and dental benefits under these plans up to the allotted benefit allowance. Benefits are defined by labor agreements approved by the City Council and County Board of Supervisors. Benefit costs are recorded on a pay-as-you-go basis as part of the internal support internal service fund expenses. For the calendar year ended December 31, 2006, the Agency collected \$1,940 but only expended \$1,025 for post-employment health and dental care insurance benefits. The remaining balance at the end of 2006 is \$915. Approximately 203 retirees and/or families were covered.

In preparation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, the Agency will have a new actuarial valuation of current post employment medical benefits completed before the end of 2007.

Sacramento Housing and Redevelopment Agency
Notes to the Financial Statements (Continued)

December 31, 2006

(dollar amounts expressed in thousands)

D. Commitments and Contingencies

1. Mortgage Insured Bonds

The City and the County of Sacramento, between 1980 and 2006, issued single family and multifamily mortgage bonds totaling \$147,359. The bonds were issued to provide funds for the purchase of home mortgages in the Sacramento County area. The Agency was appointed by the City and the County of Sacramento to administer the mortgage program. The bonds do not constitute a liability of the Agency.

2. Litigation

The Agency is a defendant in various matters of litigation. Of these matters, management and the Agency's legal counsel do not anticipate any material effect to the December 31, 2006 financial statements if there was an unfavorable outcome to the Agency as a result of the litigation. Therefore, in accordance with Financial Accounting Standards Board Statement No. 5, no loss has been accrued.

3. Contractual Obligations

The Agency had outstanding unencumbered contractual obligations, primarily for housing project site improvements and structural rehabilitation, at December 31, 2006, as follows:

Special Revenue Funds	\$12,443
Capital Project Funds	<u>1,554</u>
	<u>\$13,997</u>

4. Contingent Liabilities

The Agency receives funding from a number of federal, state, and local assistance programs, comprised principally of Community Development Block Grants, and Housing and Urban Development Housing Programs. These programs are subject to financial and compliance review by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Agency expects such amounts, if any, to be immaterial. Receipt of these federal, state, and local grant revenues is not assured in the future.

A multi-year appeal of property tax assessments has been made in the Franklin Boulevard redevelopment project area. The status of the appeals or the likelihood of success is unknown at this time, but if successful, the appeals could result in an estimated refund of approximately \$3,362. The loss of tax increment revenues may be offset somewhat by return of property tax rebates the Agency has provided for property taxes paid for the years under dispute.

**Sacramento Housing and Redevelopment Agency
Required Supplementary Information (Unaudited)
December 31, 2006**

(dollar amounts expressed in thousands)

Schedules of Funding Progress

<u>Actuarial Valuation Date</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability [(B) - (A)]	Funded Ratio [(A)/(B)]	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll {[(B)-(A)]/(E)}
6/30/03	\$67,720	\$ 69,610	\$1,890	97.3%	\$15,875	11.9%
6/30/04	71,573	75,475	3,902	94.8%	16,274	24.0%
6/30/05	78,179	83,262	5,083	93.9%	16,318	31.1%

**Sacramento Housing and Redevelopment Agency
Supplementary Information
For the Year Ended December 31, 2006**

Schedule of Capital Fund Program Annual Contribution Contracts

Project Number	Funds Approved	Funds Expended				
		1998	1999	2000	2001	2002
City:						
CA30P00570697	\$ 3,884,100	\$ 1,231,781	\$ 1,745,385	\$ 834,855	\$ 129,376	\$ (57,297)
CA30P00570798	4,218,487	5,303	314,976	3,058,728	839,480	-
CA30P00570899	4,924,461	-	-	322,269	3,081,655	1,520,537
CA30P00550100	4,676,383	-	-	-	226,814	2,041,300
CA30P00550101	4,782,230	-	-	-	60,469	1,286,026
CA30P00550102	4,569,306	-	-	-	-	-
CA30P00550103	3,547,504	-	-	-	-	-
CA30P00550203	752,748	-	-	-	-	-
CA30P00550104	4,151,227	-	-	-	-	-
CA30P00550105	3,924,855	-	-	-	-	-
CA30P00550106	3,621,239	-	-	-	-	-
Total city	\$ 43,052,540	\$ 1,237,084	\$ 2,060,361	\$ 4,215,851	\$ 4,337,794	\$ 4,790,566
County:						
CA30P00770697	\$ 1,967,539	\$ 114,591	996,447	\$ 859,507	\$ 24,949	\$ (27,954)
CA30P00770798	2,271,790	-	90,729	1,178,856	1,082,625	(80,419)
CA30P00770899	2,503,439	-	-	167,340	1,561,416	774,683
CA30P00750100	2,434,692	-	-	35,265	227,345	1,166,739
CA30P00750101	2,489,548	-	-	-	53,674	638,978
CA30P00750102	2,315,022	-	-	-	-	-
CA30P00750103	1,904,774	-	-	-	-	-
CA30P00750203	379,611	-	-	-	-	-
CA30P00750104	2,103,206	-	-	-	-	-
CA30P00750105	2,073,051	-	-	-	-	-
CA30P00750106	1,935,005	-	-	-	-	-
Total county	\$ 22,377,677	\$ 114,591	\$ 1,087,176	\$ 2,240,967	\$ 2,950,008	\$ 2,472,026

**Sacramento Housing and Redevelopment Agency
Supplementary Information
For the Year Ended December 31, 2006**

Schedule of Capital Fund Program Annual Contribution Contracts

Project Number	Funds Expended				Total Funds Expended	Balance of Funds Approved
	2003	2004	2005	2006		
City:						
CA30P00570697	\$ -	\$ -	\$ -	\$ -	\$ 3,884,100	\$ -
CA30P00570798	-	-	-	-	4,218,487	-
CA30P00570899	-	-	-	-	4,924,461	-
CA30P00550100	929,764	1,478,505	-	-	4,676,383	-
CA30P00550101	1,175,318	1,934,262	326,156	-	4,782,230	-
CA30P00550102	117,846	2,658,833	1,434,212	358,415	4,569,306	-
CA30P00550103	136,862	726,093	1,960,156	457,033	3,280,144	267,360
CA30P00550203	-	-	248,560	347,856	596,415	156,333
CA30P00550104	-	-	338,938	1,761,921	2,100,859	2,050,369
CA30P00550105	-	-	-	234,765	234,765	3,690,090
CA30P00550106	-	-	-	-	-	3,621,239
Total city	\$ 2,359,789	\$ 6,797,693	\$ 4,308,022	\$ 3,159,990	\$ 33,267,150	\$ 9,785,390
County:						
CA30P00770697	\$ -	\$ -	\$ -	\$ -	\$ 1,967,539	\$ -
CA30P00770798	-	-	-	-	2,271,790	-
CA30P00770899	-	-	-	-	2,503,439	-
CA30P00750100	875,543	129,799	-	-	2,434,692	-
CA30P00750101	409,318	1,065,162	322,417	-	2,489,548	-
CA30P00750102	1,724	684,418	1,238,092	390,788	2,315,022	-
CA30P00750103	19,583	91,406	1,106,080	341,745	1,558,814	345,960
CA30P00750203	-	-	112,019	155,000	267,019	112,592
CA30P00750104	-	-	268,942	725,046	993,989	1,109,217
CA30P00750105	-	-	-	9,652	9,652	2,063,399
CA30P00750106	-	-	-	-	-	1,935,005
Total county	\$ 1,306,169	\$ 1,970,786	\$ 3,047,550	\$ 1,622,232	\$ 16,811,504	\$ 5,566,173

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*Nonmajor
Governmental
Funds*

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006
(amounts expressed in thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash and investments	\$ 17,734	\$ 14,006	\$ 118,780	\$ 150,520
Accounts receivable (net)	211	-	25	236
Property taxes receivable	966	-	-	966
Due from other funds	1,130	-	2,574	3,704
Due from other governments	3,701	-	1,963	5,664
Notes receivable (net)	14,903	-	42,255	57,158
Advances to other funds	1,555	53	1,350	2,958
Advances to component units	8,344	-	-	8,344
Restricted cash and investments	2,503	6,024	6,107	14,634
Total assets	<u>\$ 51,047</u>	<u>\$ 20,083</u>	<u>\$ 173,054</u>	<u>\$ 244,184</u>
Liabilities				
Accounts payable	\$ 1,079	\$ 374	\$ 2,952	\$ 4,405
Accrued liabilities	21	-	60	81
Due to other funds	2,584	-	940	3,524
Due to other governments	228	186	586	1,000
Deferred revenue	12,505	2	792	13,299
Deposit and trust liability	1,411	-	162	1,573
Advances from other funds	963	3,839	-	4,802
Total liabilities	<u>18,791</u>	<u>4,401</u>	<u>5,492</u>	<u>28,684</u>
Fund Balances				
Reserved for capital projects	556	-	104,992	105,548
Reserved for encumbrances	99	-	13,972	14,071
Reserved for debt service	2,241	6,083	591	8,915
Reserved for noncurrent assets	20,374	53	43,505	63,932
Unreserved, undesignated	8,986	9,546	4,502	23,034
Total fund balances	<u>32,256</u>	<u>15,682</u>	<u>167,562</u>	<u>215,500</u>
Total liabilities and fund balances	<u>\$ 51,047</u>	<u>\$ 20,083</u>	<u>\$ 173,054</u>	<u>\$ 244,184</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Intergovernmental	\$ 4,931	\$ -	\$ 8,124	\$ 13,055
Property taxes	12,632	21,541	-	34,173
Charges for services	1,398	-	-	1,398
Investment earnings	4,147	4,154	1,942	10,243
Miscellaneous	1,060	-	264	1,324
Total revenues	<u>24,168</u>	<u>25,695</u>	<u>10,330</u>	<u>60,193</u>
Expenditures:				
Current:				
Housing operations	797	-	2,727	3,524
Community development	9,454	575	23,494	33,523
Community social services	1,597	-	10	1,607
Capital outlay	2,225	-	6,727	8,952
Debt service:				
Principal retirement	3,183	5,253	-	8,436
Interest	3,735	5,421	-	9,156
Related charges	-	3,328	26	3,354
Advance refunding escrow	230	920	-	1,150
Bond issuance costs	4	331	516	851
Total expenditures	<u>21,225</u>	<u>15,828</u>	<u>33,500</u>	<u>70,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,943</u>	<u>9,867</u>	<u>(23,170)</u>	<u>(10,360)</u>
Other financing sources (uses):				
Issuance of long-term debt	-	16,664	38,427	55,091
Discount on redevelopment bonds	-	-	(177)	(177)
Premium on redevelopment bonds	-	165	160	325
Transfers in	7,470	626	15,416	23,512
Transfers out	(5,211)	(13,075)	(453)	(18,739)
Payment to refunded bond escrow agent	-	(11,606)	-	(11,606)
Total other financing sources (uses)	<u>2,259</u>	<u>(7,226)</u>	<u>53,373</u>	<u>48,406</u>
Net change in fund balances	5,202	2,641	30,203	38,046
Fund balances, beginning	27,054	13,041	137,359	177,454
Fund balances, ending	<u>\$ 32,256</u>	<u>\$ 15,682</u>	<u>\$ 167,562</u>	<u>\$ 215,500</u>

Nonmajor Special Revenue Funds

Special revenue funds account for specific financial resources (other than for major capital projects) that are legally restricted to expenditure for specific purposes.

- ◆ **Housing funds** are used to account for a variety of federal, state and local housing programs that provide public housing assistance for low and moderate income households within the City and County.
- ◆ **Community Development Funds** are used to account for a variety of specific community programs funded by the federal government.
- ◆ **Tax Increment Funds** are used to account for the low and moderate housing activity associated with the redevelopment project areas.
- ◆ **Local Tax Funds** are used to account for payments in lieu of taxes. Revenues from the City and County Public Housing Funds are used to fund community service activities.

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006
(amounts expressed in thousands)

	Housing	Community Development	Tax Increment	Local Tax	Total
Assets					
Cash and investments	\$ 10,690	\$ 613	\$ 6,249	\$ 182	\$ 17,734
Accounts receivable (net)	205	6	-	-	211
Property taxes receivable	-	-	966	-	966
Due from other funds	1,130	-	-	-	1,130
Due from other governments	92	3,609	-	-	3,701
Notes receivable (net)	9,553	5,350	-	-	14,903
Advances to other funds	1,555	-	-	-	1,555
Advances to component units	7,386	-	958	-	8,344
Restricted cash and investments	262	114	2,127	-	2,503
Total assets	<u>\$ 30,873</u>	<u>\$ 9,692</u>	<u>\$ 10,300</u>	<u>\$ 182</u>	<u>\$ 51,047</u>
Liabilities					
Accounts payable	\$ 291	\$ 679	\$ 109	\$ -	\$ 1,079
Accrued liabilities	8	3	10	-	21
Due to other funds	83	2,501	-	-	2,584
Due to other governments	-	110	-	118	228
Deferred revenue	5,695	6,810	-	-	12,505
Deposit and trust liability	1,406	5	-	-	1,411
Advances from other funds	910	53	-	-	963
Total liabilities	<u>8,393</u>	<u>10,161</u>	<u>119</u>	<u>118</u>	<u>18,791</u>
Fund Balances					
Reserved for capital projects	547	4	5	-	556
Reserved for encumbrances	99	-	-	-	99
Reserved for debt service	-	114	2,127	-	2,241
Reserved for noncurrent assets	18,494	922	958	-	20,374
Unreserved, undesignated	3,340	(1,509)	7,091	64	8,986
Total fund balances	<u>22,480</u>	<u>(469)</u>	<u>10,181</u>	<u>64</u>	<u>32,256</u>
Total liabilities and fund balances	<u>\$ 30,873</u>	<u>\$ 9,692</u>	<u>\$ 10,300</u>	<u>\$ 182</u>	<u>\$ 51,047</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>Housing</u>	<u>Community Development</u>	<u>Tax Increment</u>	<u>Local Tax</u>	<u>Total</u>
Revenues:					
Intergovernmental	\$ 508	\$ 3,947	\$ -	\$ 476	\$ 4,931
Property taxes	-	-	12,632	-	12,632
Charges for services	1,371	27	-	-	1,398
Investment earnings	594	30	3,510	13	4,147
Miscellaneous	736	324	-	-	1,060
Total revenues	<u>3,209</u>	<u>4,328</u>	<u>16,142</u>	<u>489</u>	<u>24,168</u>
Expenditures:					
Current:					
Housing operations	797	-	-	-	797
Community development	1,048	5,853	2,553	-	9,454
Community social services	2	-	990	605	1,597
Capital outlay	2,225	-	-	-	2,225
Debt service:					
Principal retirement	-	-	3,183	-	3,183
Interest	-	3	3,732	-	3,735
Advance refunding escrow	-	-	230	-	230
Bond issuance costs	-	-	4	-	4
Total expenditures	<u>4,072</u>	<u>5,856</u>	<u>10,692</u>	<u>605</u>	<u>21,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(863)</u>	<u>(1,528)</u>	<u>5,450</u>	<u>(116)</u>	<u>2,943</u>
Other financing sources (uses):					
Transfers in	7,356	-	114	-	7,470
Transfers out	(1,441)	-	(3,770)	-	(5,211)
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>5,915</u>	<u>-</u>	<u>(3,656)</u>	<u>-</u>	<u>2,259</u>
Net change in fund balances	5,052	(1,528)	1,794	(116)	5,202
Fund balances, beginning	17,428	1,059	8,387	180	27,054
Fund balances, ending	<u>\$ 22,480</u>	<u>\$ (469)</u>	<u>\$ 10,181</u>	<u>\$ 64</u>	<u>\$ 32,256</u>

Nonmajor Housing Special Revenue Funds

- ◆ **General Housing Reserve** acts as a clearing account for excess funding to go to housing authority programs requiring additional funding.
- ◆ **Revenue Bond Program** accounts for the revenue from Mortgage Revenue Bonds and Mortgage Credit Certificates.
- ◆ **Local Housing Revenue** accounts for the receipt and use of rebates derived from various energy conservation programs and accounts for activities relating to the Ping Yuen Center.
- ◆ **County Mather Transitional Housing** accounts primarily for County reimbursed maintenance services provided by Agency staff.
- ◆ **City Public Housing Homeownership** accounts for the sale of single-family public housing units to eligible public housing residents in the City of Sacramento.
- ◆ **County Public Housing Homeownership** accounts for the sale of single-family public housing units to eligible public housing residents in the County of Sacramento.
- ◆ **Riverview Plaza Reserve** acts as a clearing account for excess funding to go to Riverview Plaza activities and other housing programs.
- ◆ **Foundation Uniting Needs and Dollars (FUND), Inc.** accounts for the fundraising activities of the Agency.

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Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Housing Special Revenue Funds
December 31, 2006
(amounts expressed in thousands)

	General Housing Reserve	Revenue Bond Program	Local Housing Revenue	County Mather Transitional Housing
Assets				
Cash and investments	\$ 832	\$ 5,963	\$ 706	\$ -
Accounts receivable (net)	-	205	-	-
Due from other funds	301	-	-	-
Due from other governments	-	-	-	92
Notes receivable (net)	-	354	3,170	-
Advances to other funds	-	1,555	-	-
Advances to component units	-	-	-	-
Restricted cash and investments	-	262	-	-
Total assets	\$ 1,133	\$ 8,339	\$ 3,876	\$ 92
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 6
Accrued liabilities	-	5	-	3
Due to other funds	-	-	-	83
Deferred revenue	-	-	-	-
Deposit and trust liability	-	1,406	-	-
Advances from other funds	-	-	170	-
Total liabilities	-	1,411	170	92
Fund Balances				
Reserved for capital projects	-	425	122	-
Reserved for encumbrances	51	48	-	-
Reserved for noncurrent assets	-	1,909	3,170	-
Unreserved, undesignated	1,082	4,546	414	-
Total fund balances	1,133	6,928	3,706	-
Total liabilities and fund balances	\$ 1,133	\$ 8,339	\$ 3,876	\$ 92

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Housing Special Revenue Funds
December 31, 2006
(amounts expressed in thousands)

	City Public Housing Homeownership	County Public Housing Homeownership	Riverview Plaza Reserve	FUND, Inc.	Total
Assets					
Cash and investments	\$ 1,489	\$ 1,605	\$ 75	\$ 20	\$ 10,690
Accounts receivable (net)	-	-	-	-	205
Due from other funds	829	-	-	-	1,130
Due from other governments	-	-	-	-	92
Notes receivable (net)	2,980	2,216	833	-	9,553
Advances to other funds	-	-	-	-	1,555
Advances to component units	-	-	7,386	-	7,386
Restricted cash and investments	-	-	-	-	262
Total assets	\$ 5,298	\$ 3,821	\$ 8,294	\$ 20	\$ 30,873
Liabilities					
Accounts payable	\$ 281	\$ 4	\$ -	\$ -	\$ 291
Accrued liabilities	-	-	-	-	8
Due to other funds	-	-	-	-	83
Deferred revenue	-	-	5,695	-	5,695
Deposit and trust liability	-	-	-	-	1,406
Advances from other funds	740	-	-	-	910
Total liabilities	1,021	4	5,695	-	8,393
Fund Balances					
Reserved for capital projects	-	-	-	-	547
Reserved for encumbrances	-	-	-	-	99
Reserved for noncurrent assets	2,980	2,216	8,219	-	18,494
Unreserved, undesignated	1,297	1,601	(5,620)	20	3,340
Total fund balances	4,277	3,817	2,599	20	22,480
Total liabilities and fund balances	\$ 5,298	\$ 3,821	\$ 8,294	\$ 20	\$ 30,873

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Housing Special Revenue Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	General Housing Reserve	Revenue Bond Program	Local Housing Revenue	County Mather Transitional Housing
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 508
Charges for services	-	1,371	-	-
Investment earnings	59	358	31	-
Miscellaneous	-	3	725	-
Total revenues	<u>59</u>	<u>1,732</u>	<u>756</u>	<u>508</u>
Expenditures:				
Current:				
Housing operations	127	-	13	508
Community development	-	923	125	-
Community social services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>127</u>	<u>923</u>	<u>138</u>	<u>508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(68)</u>	<u>809</u>	<u>618</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(260)	(181)	-	-
Total other financing sources (uses)	<u>(260)</u>	<u>(181)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(328)	628	618	-
Fund balances, beginning	1,461	6,300	3,088	-
Fund balances, ending	<u>\$ 1,133</u>	<u>\$ 6,928</u>	<u>\$ 3,706</u>	<u>\$ -</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Housing Special Revenue Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City Public Housing Homeownership	County Public Housing Homeownership	Riverview Plaza Reserve	FUND, Inc.	Total
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 508
Charges for services	-	-	-	-	1,371
Investment earnings	101	38	7	-	594
Miscellaneous	2	-	-	6	736
Total revenues	<u>103</u>	<u>38</u>	<u>7</u>	<u>6</u>	<u>3,209</u>
Expenditures:					
Current:					
Housing operations	98	50	1	-	797
Community development	-	-	-	-	1,048
Community social services	-	-	-	2	2
Capital outlay	1,782	443	-	-	2,225
Total expenditures	<u>1,880</u>	<u>493</u>	<u>1</u>	<u>2</u>	<u>4,072</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,777)</u>	<u>(455)</u>	<u>6</u>	<u>4</u>	<u>(863)</u>
Other financing sources (uses):					
Transfers in	3,871	3,485	-	-	7,356
Transfers out	(400)	(600)	-	-	(1,441)
Total other financing sources (uses)	<u>3,471</u>	<u>2,885</u>	<u>-</u>	<u>-</u>	<u>5,915</u>
Net change in fund balances	1,694	2,430	6	4	5,052
Fund balances, beginning	2,583	1,387	2,593	16	17,428
Fund balances, ending	<u>\$ 4,277</u>	<u>\$ 3,817</u>	<u>\$ 2,599</u>	<u>\$ 20</u>	<u>\$ 22,480</u>

**Sacramento Housing and Redevelopment Agency
 General Housing Reserve Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
 For the Year Ended December 31, 2006
 (amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 44	\$ 44	\$ 59	\$ 15
Total revenues	<u>44</u>	<u>44</u>	<u>59</u>	<u>15</u>
Expenditures:				
Current:				
Housing operations	315	315	127	188
Total expenditures	<u>315</u>	<u>315</u>	<u>127</u>	<u>188</u>
Deficiency of revenues under expenditures	<u>(271)</u>	<u>(271)</u>	<u>(68)</u>	<u>203</u>
Other financing sources (uses):				
Transfers out	(636)	(636)	(260)	376
Total other financing sources (uses)	<u>(636)</u>	<u>(636)</u>	<u>(260)</u>	<u>376</u>
Net change in fund balance	(907)	(907)	(328)	(579)
Fund balance, beginning	1,461	1,461	1,461	-
Fund balance, ending	<u>\$ 554</u>	<u>\$ 554</u>	<u>\$ 1,133</u>	<u>\$ (579)</u>

**Sacramento Housing and Redevelopment Agency
Local Housing Revenue Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 5	\$ 5	\$ 31	\$ 26
Miscellaneous	-	-	725	725
Total revenues	<u>5</u>	<u>5</u>	<u>756</u>	<u>751</u>
Expenditures:				
Current:				
Housing operations	74	74	13	61
Community development	247	247	125	122
Total expenditures	<u>321</u>	<u>321</u>	<u>138</u>	<u>183</u>
Net change in fund balance	(316)	(316)	618	(934)
Fund balance, beginning	3,088	3,088	3,088	-
Fund balance, ending	<u>\$ 2,772</u>	<u>\$ 2,772</u>	<u>\$ 3,706</u>	<u>\$ (934)</u>

**Sacramento Housing and Redevelopment Agency
County Mather Transitional Housing Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 521	\$ 400	\$ 508	\$ 108
Total revenues	<u>521</u>	<u>400</u>	<u>508</u>	<u>108</u>
Expenditures:				
Current:				
Housing operations	521	400	508	(108)
Total expenditures	<u>521</u>	<u>400</u>	<u>508</u>	<u>(108)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Sacramento Housing and Redevelopment Agency
City Public Housing Homeownership Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 10	\$ 10	\$ 101	\$ 91
Miscellaneous	-	-	2	2
Total revenues	<u>10</u>	<u>10</u>	<u>103</u>	<u>93</u>
Expenditures:				
Current:				
Housing operations	4,755	4,755	98	4,657
Capital outlay	-	-	1,782	(1,782)
Total expenditures	<u>4,755</u>	<u>4,755</u>	<u>1,880</u>	<u>2,875</u>
Deficiency of revenues under expenditures	<u>(4,745)</u>	<u>(4,745)</u>	<u>(1,777)</u>	<u>(2,968)</u>
Other financing sources (uses):				
Sale of capital assets	3,179	3,179	-	(3,179)
Transfers in	-	-	3,871	3,871
Transfers out	-	-	(400)	(400)
Total other financing sources (uses)	<u>3,179</u>	<u>3,179</u>	<u>3,471</u>	<u>292</u>
Net change in fund balance	(1,566)	(1,566)	1,694	(3,260)
Fund balance, beginning	2,583	2,583	2,583	-
Fund balance, ending	<u>\$ 1,017</u>	<u>\$ 1,017</u>	<u>\$ 4,277</u>	<u>\$ (3,260)</u>

**Sacramento Housing and Redevelopment Agency
County Public Housing Homeownership Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ 3	\$ 3	\$ 38	\$ 35
Total revenues	3	3	38	35
Expenditures:				
Current:				
Housing operations	3,529	3,529	50	3,479
Capital outlay	-	-	443	(443)
Total expenditures	3,529	3,529	493	3,036
Deficiency of revenues under expenditures	(3,526)	(3,526)	(455)	3,071
Other financing sources (uses):				
Sale of capital assets	1,284	1,284	-	(1,284)
Transfers in	-	-	3,485	3,485
Transfers out	-	-	(600)	(600)
Total other financing sources (uses)	1,284	1,284	2,885	1,601
Net change in fund balance	(2,242)	(2,242)	2,430	(4,672)
Fund balance, beginning	1,387	1,387	1,387	-
Fund balance, ending	\$ (855)	\$ (855)	\$ 3,817	\$ (4,672)

**Sacramento Housing and Redevelopment Agency
Riverview Plaza Reserve Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 2	\$ 2	\$ 7	\$ 5
Total revenues	<u>2</u>	<u>2</u>	<u>7</u>	<u>5</u>
Expenditures:				
Current:				
Housing operations	69	69	1	68
Total expenditures	<u>69</u>	<u>69</u>	<u>1</u>	<u>68</u>
Net change in fund balance	(67)	(67)	6	73
Fund balance, beginning	2,593	2,593	2,593	-
Fund balance, ending	<u>\$ 2,526</u>	<u>\$ 2,526</u>	<u>\$ 2,599</u>	<u>\$ 73</u>

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Nonmajor Community Development

Special Revenue Funds

- ◆ **County Economic Development Activities** accounts for various economic development projects in the County of Sacramento.
- ◆ **City Brownfields Cleanup** accounts for loans for toxic cleanup in the City.
- ◆ **City Miscellaneous Development Grants** accounts for various economic development activities in the City.
- ◆ **County Miscellaneous Development Grants** accounts for various economic development activities in the County.
- ◆ **Shasta Trust** is used to account for funds legally required to be set aside for the Shasta Hotel Investors Partnership.
- ◆ **BEGIN** accounts for loans on behalf of the federal government.
- ◆ **City SB966 Loan** accounts for loans on behalf of the state government.
- ◆ **City CalHOME** is a state program that provides loans for low-income housing residents within the City of Sacramento.
- ◆ **County CalHOME** is a state program that provides loans for low-income housing residents within the County of Sacramento.
- ◆ **City American Dream Downpayment Initiative (ADDI)** is a program that provides assistance to low-income, first-time homebuyers which can be used for the downpayment, closing costs, and rehabilitation that is completed in conjunction with a home purchase within the City of Sacramento.
- ◆ **County American Dream Downpayment Initiative (ADDI)** is a program that provides assistance to low-income, first-time homebuyers which can be used for the downpayment, closing costs, and rehabilitation that is completed in conjunction with a home purchase within the County of Sacramento.
- ◆ **City Exterior Access Grant for Renters (EAGR)** is a program that provides grants for exterior modifications to rental properties in order to make the housing accessible to low-income persons with disabilities within the City of Sacramento.
- ◆ **County Exterior Access Grant for Renters (EAGR)** is a program that provides grants for exterior modifications to rental properties in order to make the housing accessible to low-income persons with disabilities within the County of Sacramento.
- ◆ **BEGIN State Prop 46** accounts for loans on behalf of the state government.

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Community Development Special Revenue Funds
December 31, 2006
(amounts expressed in thousands)

	County Economic Development Activities	City Brownfields Cleanup	City Misc Development Grants	County Misc Development Grants	Shasta Trust
Assets					
Cash and investments	\$ 95	\$ 37	\$ 22	\$ -	\$ 18
Accounts receivable (net)	-	-	-	6	-
Due from other governments	-	-	-	3,169	-
Notes receivable (net)	441	438	28	15	-
Restricted cash and investments	-	-	-	114	-
Total assets	<u>\$ 536</u>	<u>\$ 475</u>	<u>\$ 50</u>	<u>\$ 3,304</u>	<u>\$ 18</u>
Liabilities					
Accounts payable	\$ 12	\$ -	\$ -	\$ 667	\$ -
Accrued liabilities	-	-	1	-	-
Due to other funds	-	-	-	2,304	-
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	1,620	-
Deposit and trust liability	5	-	-	-	-
Advances from other funds	-	-	-	53	-
Total liabilities	<u>17</u>	<u>-</u>	<u>1</u>	<u>4,644</u>	<u>-</u>
Fund Balances					
Reserved for capital projects	1	-	-	3	-
Reserved for debt service	-	-	-	114	-
Reserved for noncurrent assets	441	438	28	15	-
Unreserved, undesignated	77	37	21	(1,472)	18
Total fund balances	<u>519</u>	<u>475</u>	<u>49</u>	<u>(1,340)</u>	<u>18</u>
Total liabilities and fund balances	<u>\$ 536</u>	<u>\$ 475</u>	<u>\$ 50</u>	<u>\$ 3,304</u>	<u>\$ 18</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Community Development Special Revenue Funds
December 31, 2006
(amounts expressed in thousands)

	BEGIN	City SB 966 Loan	City CalHOME	County CalHOME	City ADDI
Assets					
Cash and investments	\$ 20	\$ -	\$ 159	\$ 220	\$ 22
Accounts receivable (net)	-	-	-	-	-
Due from other governments	-	-	229	12	-
Notes receivable (net)	317	110	1,629	1,072	619
Restricted cash and investments	-	-	-	-	-
Total assets	<u>\$ 337</u>	<u>\$ 110</u>	<u>\$ 2,017</u>	<u>\$ 1,304</u>	<u>\$ 641</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	110	-	-	-
Deferred revenue	337	-	2,017	1,304	641
Deposit and trust liability	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>337</u>	<u>110</u>	<u>2,017</u>	<u>1,304</u>	<u>641</u>
Fund Balances					
Reserved for capital projects	-	-	-	-	-
Reserved for debt service	-	-	-	-	-
Reserved for noncurrent assets	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 337</u>	<u>\$ 110</u>	<u>\$ 2,017</u>	<u>\$ 1,304</u>	<u>\$ 641</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Community Development Special Revenue Funds
December 31, 2006
(amounts expressed in thousands)

	County ADDI	City EAGR	County EAGR	BEGIN State Prop 46	Total
Assets					
Cash and investments	\$ 20	\$ -	\$ -	\$ -	\$ 613
Accounts receivable (net)	-	-	-	-	6
Due from other governments	-	9	-	190	3,609
Notes receivable (net)	681	-	-	-	5,350
Restricted cash and investments	-	-	-	-	114
Total assets	<u>\$ 701</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 190</u>	<u>\$ 9,692</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 679
Accrued liabilities	-	-	-	2	3
Due to other funds	-	9	-	188	2,501
Due to other governments	-	-	-	-	110
Deferred revenue	701	-	-	190	6,810
Deposit and trust liability	-	-	-	-	5
Advances from other funds	-	-	-	-	53
Total liabilities	<u>701</u>	<u>9</u>	<u>-</u>	<u>380</u>	<u>10,161</u>
Fund Balances					
Reserved for capital projects	-	-	-	-	4
Reserved for debt service	-	-	-	-	114
Reserved for noncurrent assets	-	-	-	-	922
Unreserved, undesignated	-	-	-	(190)	(1,509)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190)</u>	<u>(469)</u>
Total liabilities and fund balances	<u>\$ 701</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 190</u>	<u>\$ 9,692</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Community Development Special Revenue Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	County Economic Development Activities	City Brownfields Cleanup	City Misc Development Grants	County Misc Development Grants	Shasta Trust
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 342	\$ 1,837	\$ -
Charges for services	1	-	-	26	-
Investment earnings	4	3	-	3	1
Miscellaneous	14	216	-	-	-
Total revenues	<u>19</u>	<u>219</u>	<u>342</u>	<u>1,866</u>	<u>1</u>
Expenditures:					
Current:					
Community development	-	-	346	3,413	23
Debt service:					
Interest	-	-	-	3	-
Total expenditures	<u>-</u>	<u>-</u>	<u>346</u>	<u>3,416</u>	<u>23</u>
Net change in fund balances	19	219	(4)	(1,550)	(22)
Fund balances, beginning	500	256	53	210	40
Fund balances, ending	<u>\$ 519</u>	<u>\$ 475</u>	<u>\$ 49</u>	<u>\$ (1,340)</u>	<u>\$ 18</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Community Development Special Revenue Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	BEGIN	City SB 966 Loan	City CalHOME	County CalHOME	City ADDI
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 488	\$ 255	\$ 260
Charges for services	-	-	-	-	-
Investment earnings	-	-	11	7	1
Miscellaneous	-	-	39	55	-
Total revenues	<u>-</u>	<u>-</u>	<u>538</u>	<u>317</u>	<u>261</u>
Expenditures:					
Current:					
Community development	-	-	538	317	261
Debt service:					
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>538</u>	<u>317</u>	<u>261</u>
Net change in fund balances	-	-	-	-	-
Fund balances, beginning	-	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Community Development Special Revenue Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	County ADDI	City EAGR	County EAGR	BEGIN State Prop 46	Total
Revenues:					
Intergovernmental	\$ 368	\$ 126	\$ 27	\$ 244	\$ 3,947
Charges for services	-	-	-	-	27
Investment earnings	-	-	-	-	30
Miscellaneous	-	-	-	-	324
Total revenues	<u>368</u>	<u>126</u>	<u>27</u>	<u>244</u>	<u>4,328</u>
Expenditures:					
Current:					
Community development	368	126	27	434	5,853
Debt service:					
Interest	-	-	-	-	3
Total expenditures	<u>368</u>	<u>126</u>	<u>27</u>	<u>434</u>	<u>5,856</u>
Net change in fund balances	-	-	-	(190)	(1,528)
Fund balances, beginning	-	-	-	-	1,059
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (190)</u>	<u>\$ (469)</u>

Nonmajor Tax Increment Special Revenue Funds

Tax Increment Low and Moderate Income Housing Funds are established pursuant to California Redevelopment Law to provide for the replacement and establishment of low and moderate income housing. The following funds are established for the redevelopment project areas:

- ◆ **City Low/Mod Merged Downtown**
- ◆ **City Low/Mod Del Paso Heights**
- ◆ **City Low/Mod Alkali Flat**
- ◆ **City Low/Mod Oak Park**
- ◆ **City Low/Mod Richards Boulevard**
- ◆ **County Low/Mod Walnut Grove**
- ◆ **City Low/Mod North Sacramento**
- ◆ **City/County Low/Mod Franklin Boulevard**
- ◆ **City/County Low/Mod Stockton Boulevard**
- ◆ **City/County Low/Mod Auburn Boulevard**
- ◆ **County Low/Mod Mather/McClellan Merged**
- ◆ **City Low/Mod Army Depot**
- ◆ **City Low/Mod 65th Street**
- ◆ **County Low/Mod Florin Road**

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Tax Increment Low and Moderate Income Housing Special Revenue Funds
December 31, 2006
(amounts expressed in thousands)

	City Low/Mod Merged Downtown	City Low/Mod Del Paso Heights	City Low/Mod Alkali Flat	City Low/Mod Oak Park	City Low/Mod Richards Boulevard
Assets					
Cash and investments	\$ 3,162	\$ 248	\$ 55	\$ 483	\$ 179
Property taxes receivable	966	-	-	-	-
Advances to component units	958	-	-	-	-
Restricted cash and investments	752	354	116	54	-
Total assets	<u>\$ 5,838</u>	<u>\$ 602</u>	<u>\$ 171</u>	<u>\$ 537</u>	<u>\$ 179</u>
Liabilities					
Accounts payable	\$ 109	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	3	2	1	2	-
Total liabilities	<u>112</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>-</u>
Fund Balances (Deficits)					
Reserved for capital projects	-	-	-	-	-
Reserved for debt service	752	354	116	54	-
Reserved for noncurrent assets	958	-	-	-	-
Unreserved, undesignated	4,016	246	54	481	179
Total fund balances (deficits)	<u>5,726</u>	<u>600</u>	<u>170</u>	<u>535</u>	<u>179</u>
Total liabilities and fund balances (deficits)	<u>\$ 5,838</u>	<u>\$ 602</u>	<u>\$ 171</u>	<u>\$ 537</u>	<u>\$ 179</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Tax Increment Low and Moderate Income Housing Special Revenue Funds
December 31, 2006
(amounts expressed in thousands)

	County Low/Mod Walnut Grove	City Low/Mod North Sacramento	City / County Low/Mod Franklin Boulevard	City / County Low/Mod Stockton Boulevard	City / County Low/Mod Auburn Boulevard
Assets					
Cash and investments	\$ 6	\$ 294	\$ 231	\$ 219	\$ 37
Property taxes receivable	-	-	-	-	-
Advances to component units	-	-	-	-	-
Restricted cash and investments	-	90	-	-	-
Total assets	<u>\$ 6</u>	<u>\$ 384</u>	<u>\$ 231</u>	<u>\$ 219</u>	<u>\$ 37</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)					
Reserved for capital projects	-	-	-	-	-
Reserved for debt service	-	90	-	-	-
Reserved for noncurrent assets	-	-	-	-	-
Unreserved, undesignated	6	294	231	219	37
Total fund balances (deficits)	<u>6</u>	<u>384</u>	<u>231</u>	<u>219</u>	<u>37</u>
Total liabilities and fund balances (deficits)	<u>\$ 6</u>	<u>\$ 384</u>	<u>\$ 231</u>	<u>\$ 219</u>	<u>\$ 37</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Tax Increment Low and Moderate Income Housing Special Revenue Funds
December 31, 2006
(amounts expressed in thousands)

	County Low/ Mod Mather/ McClellan Merged	City Low/Mod Army Depot	City Low/Mod 65th Street	County Low/Mod Florin Road	Total
Assets					
Cash and investments	\$ 604	\$ 510	\$ 187	\$ 34	\$ 6,249
Property taxes receivable	-	-	-	-	966
Advances to component units	-	-	-	-	958
Restricted cash and investments	761	-	-	-	2,127
Total assets	<u>\$ 1,365</u>	<u>\$ 510</u>	<u>\$ 187</u>	<u>\$ 34</u>	<u>\$ 10,300</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 109
Accrued liabilities	1	1	-	-	10
Total liabilities	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>119</u>
Fund Balances (Deficits)					
Reserved for capital projects	-	-	-	5	5
Reserved for debt service	761	-	-	-	2,127
Reserved for noncurrent assets	-	-	-	-	958
Unreserved, undesignated	603	509	187	29	7,091
Total fund balances (deficits)	<u>1,364</u>	<u>509</u>	<u>187</u>	<u>34</u>	<u>10,181</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,365</u>	<u>\$ 510</u>	<u>\$ 187</u>	<u>\$ 34</u>	<u>\$ 10,300</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Tax Increment Low and Moderate Income Housing Special Revenue Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City Low/Mod Merged Downtown	City Low/Mod Del Paso Heights	City Low/Mod Alkali Flat	City Low/Mod Oak Park	City Low/Mod Richards Boulevard
Revenues:					
Property taxes	\$ 6,877	\$ 884	\$ 189	\$ 921	\$ 239
Investment earnings	2,549	160	45	172	7
Total revenues	<u>9,426</u>	<u>1,044</u>	<u>234</u>	<u>1,093</u>	<u>246</u>
Expenditures:					
Current:					
Community development	777	391	133	295	32
Community social services	990	-	-	-	-
Debt service:					
Principal retirement	2,459	217	60	270	-
Interest	2,229	392	65	308	63
Related charges	-	-	-	-	-
Advance refunding escrow	-	-	-	230	-
Bond issuance costs	-	-	-	-	2
Total expenditures	<u>6,455</u>	<u>1,000</u>	<u>258</u>	<u>1,103</u>	<u>97</u>
Excess of revenues over expenditures	<u>2,971</u>	<u>44</u>	<u>(24)</u>	<u>(10)</u>	<u>149</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(1,596)	(107)	(36)	(125)	(90)
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(1,596)</u>	<u>(107)</u>	<u>(36)</u>	<u>(125)</u>	<u>(90)</u>
Net change in fund balances	1,375	(63)	(60)	(135)	59
Fund balances (deficits), beginning	4,351	663	230	670	120
Fund balances (deficits), ending	<u>\$ 5,726</u>	<u>\$ 600</u>	<u>\$ 170</u>	<u>\$ 535</u>	<u>\$ 179</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Tax Increment Low and Moderate Income Housing Special Revenue Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	County Low/Mod Walnut Grove	City Low/Mod North Sacramento	City / County Low/Mod Franklin Boulevard	City / County Low/Mod Stockton Boulevard	City / County Low/Mod Auburn Boulevard
Revenues:					
Property taxes	\$ 17	\$ 480	\$ 466	\$ 396	\$ 51
Investment earnings	-	95	15	44	3
Total revenues	<u>17</u>	<u>575</u>	<u>481</u>	<u>440</u>	<u>54</u>
Expenditures:					
Current:					
Community development	13	183	100	121	1
Community social services	-	-	-	-	-
Debt service:					
Principal retirement	-	15	-	12	-
Interest	-	103	-	30	-
Related charges	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-
Bond issuance costs	-	2	-	-	-
Total expenditures	<u>13</u>	<u>303</u>	<u>100</u>	<u>163</u>	<u>1</u>
Excess of revenues over expenditures	<u>4</u>	<u>272</u>	<u>381</u>	<u>277</u>	<u>53</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	114
Transfers out	(1)	(272)	(377)	(324)	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(1)</u>	<u>(272)</u>	<u>(377)</u>	<u>(324)</u>	<u>114</u>
Net change in fund balances	3	-	4	(47)	167
Fund balances (deficits), beginning	3	384	227	266	(130)
Fund balances (deficits), ending	<u>\$ 6</u>	<u>\$ 384</u>	<u>\$ 231</u>	<u>\$ 219</u>	<u>\$ 37</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Tax Increment Low and Moderate Income Housing Special Revenue Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	County Low/ Mod Mather/ McClellan Merged	City Low/Mod Army Depot	City Low/Mod 65th Street	County Low/Mod Florin Road	Total
Revenues:					
Property taxes	\$ 1,414	\$ 472	\$ 192	\$ 34	\$ 12,632
Investment earnings	400	13	7	-	3,510
Total revenues	<u>1,814</u>	<u>485</u>	<u>199</u>	<u>34</u>	<u>16,142</u>
Expenditures:					
Current:					
Community development	367	90	50	-	2,553
Community social services	-	-	-	-	990
Debt service:					
Principal retirement	150	-	-	-	3,183
Interest	536	6	-	-	3,732
Related charges	-	-	-	-	-
Advance refunding escrow	-	-	-	-	230
Bond issuance costs	-	-	-	-	4
Total expenditures	<u>1,053</u>	<u>96</u>	<u>50</u>	<u>-</u>	<u>10,692</u>
Excess of revenues over expenditures	<u>761</u>	<u>389</u>	<u>149</u>	<u>34</u>	<u>5,450</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	114
Transfers out	(776)	(14)	(52)	-	(3,770)
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(776)</u>	<u>(14)</u>	<u>(52)</u>	<u>-</u>	<u>(3,656)</u>
Net change in fund balances	(15)	375	97	34	1,794
Fund balances (deficits), beginning	1,379	134	90	-	8,387
Fund balances (deficits), ending	<u>\$ 1,364</u>	<u>\$ 509</u>	<u>\$ 187</u>	<u>\$ 34</u>	<u>\$ 10,181</u>

Nonmajor Local Tax Special Revenue Funds

- ◆ **City Local Tax** accounts for the City Public Housing portion of payments in lieu of taxes. The resources are used for community service programs.
- ◆ **County Local Tax** accounts for the County Public Housing portion of payments in lieu of taxes. The resources are used for community service programs.

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Local Tax Special Revenue Funds
December 31, 2006
(amounts expressed in thousands)

	City Local Tax	County Local Tax	Total
Assets			
Cash and investments	\$ 14	\$ 168	\$ 182
Liabilities			
Due to other governments	\$ 31	\$ 87	\$ 118
Total liabilities	31	87	118
Fund Balances			
Unreserved, undesignated	(17)	81	64
Total liabilities and fund balances	\$ 14	\$ 168	\$ 182

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Local Tax Special Revenue Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>City Local Tax</u>	<u>County Local Tax</u>	<u>Total</u>
Revenues:			
Intergovernmental	\$ 323	\$ 153	\$ 476
Investment earnings	5	8	13
Total revenues	<u>328</u>	<u>161</u>	<u>489</u>
Expenditures:			
Current:			
Community social services	392	213	605
Total expenditures	<u>392</u>	<u>213</u>	<u>605</u>
Net change in fund balances	(64)	(52)	(116)
Fund balances, beginning	47	133	180
Fund balances, ending	<u>\$ (17)</u>	<u>\$ 81</u>	<u>\$ 64</u>

**Sacramento Housing and Redevelopment Agency
City Local Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 343	\$ 343	\$ 323	\$ (20)
Investment earnings	5	5	5	-
Total revenues	<u>348</u>	<u>348</u>	<u>328</u>	<u>(20)</u>
Expenditures:				
Current:				
Community social services	346	392	392	-
Total expenditures	<u>346</u>	<u>392</u>	<u>392</u>	<u>-</u>
Net change in fund balance	2	(44)	(64)	20
Fund balance, beginning	47	47	47	-
Fund balance, ending	<u>\$ 49</u>	<u>\$ 3</u>	<u>\$ (17)</u>	<u>\$ 20</u>

**Sacramento Housing and Redevelopment Agency
County Local Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 181	\$ 181	\$ 153	\$ (28)
Investment earnings	3	3	8	5
Total revenues	<u>184</u>	<u>184</u>	<u>161</u>	<u>(23)</u>
Expenditures:				
Current:				
Community social services	124	213	213	-
Total expenditures	<u>124</u>	<u>213</u>	<u>213</u>	<u>-</u>
Net change in fund balance	60	(29)	(52)	(23)
Fund balance, beginning	133	133	133	-
Fund balance, ending	<u>\$ 193</u>	<u>\$ 104</u>	<u>\$ 81</u>	<u>\$ (23)</u>

Nonmajor Debt Service Funds

The debt service funds are used to account for the accumulation of resources and payment of long-term debt principal and interest. Enterprise debt is included in the enterprise funds. The following funds account for the accumulation of monies for payment of interest and principal on bonds, notes and loans issued to finance capital improvements and redevelopment within project areas:

- ◆ City Del Paso Heights
- ◆ City Alkali Flat
- ◆ City Oak Park
- ◆ City Richards Boulevard
- ◆ County Walnut Grove
- ◆ City North Sacramento
- ◆ City/County Franklin Boulevard
- ◆ City/County Stockton Boulevard
- ◆ City/County Auburn Boulevard
- ◆ County Mather/McClellan Merged
- ◆ City Army Depot
- ◆ City 65th Street
- ◆ City CDBG
- ◆ County CDBG
- ◆ County CHFA HELP
- ◆ County Florin Road

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2006
(amounts expressed in thousands)

	City Del Paso Heights	City Alkali Flat	City Oak Park	City Richards Boulevard	County Walnut Grove
Assets					
Cash and investments	\$ 943	\$ 165	\$ 2,281	\$ 313	\$ 20
Advances to other funds	-	-	-	-	-
Restricted cash and investments	848	446	252	224	-
Total assets	<u>\$ 1,791</u>	<u>\$ 611</u>	<u>\$ 2,533</u>	<u>\$ 537</u>	<u>\$ 20</u>
Liabilities					
Accounts payable	\$ 30	\$ -	\$ -	\$ 67	\$ -
Due to other governments	-	-	-	127	-
Deferred revenue	-	-	-	-	-
Advances from other funds	-	-	-	1,366	198
Total liabilities	<u>30</u>	<u>-</u>	<u>-</u>	<u>1,560</u>	<u>198</u>
Fund Balances (Deficits)					
Reserved for debt service	848	446	252	224	-
Reserved for noncurrent assets	-	-	-	-	-
Unreserved, undesignated	913	165	2,281	(1,247)	(178)
Total fund balances (deficits)	<u>1,761</u>	<u>611</u>	<u>2,533</u>	<u>(1,023)</u>	<u>(178)</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,791</u>	<u>\$ 611</u>	<u>\$ 2,533</u>	<u>\$ 537</u>	<u>\$ 20</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2006
(amounts expressed in thousands)

	City North Sacramento	City / County Franklin Boulevard	City / County Stockton Boulevard	City / County Auburn Boulevard	County Mather/ McClellan Merged
Assets					
Cash and investments	\$ 1,215	\$ 1,317	\$ 936	\$ 165	\$ 1,439
Advances to other funds	-	-	-	-	-
Restricted cash and investments	681	-	-	-	2,360
Total assets	<u>\$ 1,896</u>	<u>\$ 1,317</u>	<u>\$ 936</u>	<u>\$ 165</u>	<u>\$ 3,799</u>
Liabilities					
Accounts payable	\$ 91	\$ -	\$ 1	\$ -	\$ -
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	2
Advances from other funds	-	377	-	272	-
Total liabilities	<u>91</u>	<u>377</u>	<u>1</u>	<u>272</u>	<u>2</u>
Fund Balances (Deficits)					
Reserved for debt service	681	-	-	-	2,360
Reserved for noncurrent assets	-	-	-	-	-
Unreserved, undesignated	1,124	940	935	(107)	1,437
Total fund balances (deficits)	<u>1,805</u>	<u>940</u>	<u>935</u>	<u>(107)</u>	<u>3,797</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,896</u>	<u>\$ 1,317</u>	<u>\$ 936</u>	<u>\$ 165</u>	<u>\$ 3,799</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2006
(amounts expressed in thousands)

	City Army Depot	City 65th Street	City CDBG	County CDBG	County CHFA HELP
Assets					
Cash and investments	\$ 2,026	\$ 682	\$ -	\$ -	\$ 2,385
Advances to other funds	-	-	-	-	53
Restricted cash and investments	782	431	-	-	-
Total assets	<u>\$ 2,808</u>	<u>\$ 1,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,438</u>
Liabilities					
Accounts payable	\$ 185	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	59
Deferred revenue	-	-	-	-	-
Advances from other funds	934	477	-	-	-
Total liabilities	<u>1,119</u>	<u>477</u>	<u>-</u>	<u>-</u>	<u>59</u>
Fund Balances (Deficits)					
Reserved for debt service	782	431	-	-	59
Reserved for noncurrent assets	-	-	-	-	53
Unreserved, undesignated	907	205	-	-	2,267
Total fund balances (deficits)	<u>1,689</u>	<u>636</u>	<u>-</u>	<u>-</u>	<u>2,379</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,808</u>	<u>\$ 1,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,438</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2006
(amounts expressed in thousands)

	County Florin Road	Total
Assets		
Cash and investments	\$ 119	\$ 14,006
Advances to other funds	-	53
Restricted cash and investments	-	6,024
Total assets	<u>\$ 119</u>	<u>\$ 20,083</u>
Liabilities		
Accounts payable	\$ -	\$ 374
Due to other governments	-	186
Deferred revenue	-	2
Advances from other funds	215	3,839
Total liabilities	<u>215</u>	<u>4,401</u>
Fund Balances (Deficits)		
Reserved for debt service	-	6,083
Reserved for noncurrent assets	-	53
Unreserved, undesignated	(96)	9,546
Total fund balances (deficits)	<u>(96)</u>	<u>15,682</u>
Total liabilities and fund balances (deficits)	<u>\$ 119</u>	<u>\$ 20,083</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City Del Paso Heights	City Alkali Flat	City Oak Park	City Richards Boulevard	County Walnut Grove
Revenues:					
Property taxes	\$ 2,062	\$ 758	\$ 3,684	\$ 955	\$ 68
Investment earnings	540	137	1,001	171	1
Total revenues	<u>2,602</u>	<u>895</u>	<u>4,685</u>	<u>1,126</u>	<u>69</u>
Expenditures:					
Current:					
Community development	-	-	-	-	-
Debt service:					
Principal retirement	513	240	1,060	2,290	-
Interest	615	257	1,228	332	17
Related charges	436	112	604	204	5
Advance refunding escrow	-	-	920	-	-
Bond issuance costs	7	-	287	30	-
Total expenditures	<u>1,571</u>	<u>609</u>	<u>4,099</u>	<u>2,856</u>	<u>22</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,031</u>	<u>286</u>	<u>586</u>	<u>(1,730)</u>	<u>47</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	11,845	2,485	-
Premium on redevelopment bonds	-	-	81	29	-
Transfers in	-	-	-	-	-
Transfers out	(1,271)	(392)	(1,135)	(1,105)	(2)
Payment to refunded bond escrow agent	-	-	(11,606)	-	-
Total other financing sources (uses)	<u>(1,271)</u>	<u>(392)</u>	<u>(815)</u>	<u>1,409</u>	<u>(2)</u>
Net change in fund balances	(240)	(106)	(229)	(321)	45
Fund balances (deficits), beginning	2,001	717	2,762	(702)	(223)
Fund balances (deficits), ending	<u>\$ 1,761</u>	<u>\$ 611</u>	<u>\$ 2,533</u>	<u>\$ (1,023)</u>	<u>\$ (178)</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City North Sacramento	City / County Franklin Boulevard	City / County Stockton Boulevard	City / County Auburn Boulevard	County Mather/ McClellan Merged
Revenues:					
Property taxes	\$ 1,920	\$ 1,863	\$ 1,585	\$ 202	\$ 5,655
Investment earnings	417	67	149	8	1,054
Total revenues	<u>2,337</u>	<u>1,930</u>	<u>1,734</u>	<u>210</u>	<u>6,709</u>
Expenditures:					
Current:					
Community development	-	251	258	3	-
Debt service:					
Principal retirement	50	-	48	-	731
Interest	516	28	121	-	1,461
Related charges	393	-	-	-	1,117
Advance refunding escrow	-	-	-	-	-
Bond issuance costs	7	-	-	-	-
Total expenditures	<u>966</u>	<u>279</u>	<u>427</u>	<u>3</u>	<u>3,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,371</u>	<u>1,651</u>	<u>1,307</u>	<u>207</u>	<u>3,400</u>
Other financing sources (uses):					
Issuance of long-term debt	390	-	-	-	781
Premium on redevelopment bonds	4	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(1,315)	(1,236)	(1,311)	(139)	(5,102)
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(921)</u>	<u>(1,236)</u>	<u>(1,311)</u>	<u>(139)</u>	<u>(4,321)</u>
Net change in fund balances	450	415	(4)	68	(921)
Fund balances (deficits), beginning	1,355	525	939	(175)	4,718
Fund balances (deficits), ending	<u>\$ 1,805</u>	<u>\$ 940</u>	<u>\$ 935</u>	<u>\$ (107)</u>	<u>\$ 3,797</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City Army Depot	City 65th Street	City CDBG	County CDBG	County CHFA HELP
Revenues:					
Property taxes	\$ 1,887	\$ 769	\$ -	\$ -	\$ -
Investment earnings	331	170	-	-	108
Total revenues	<u>2,218</u>	<u>939</u>	<u>-</u>	<u>-</u>	<u>108</u>
Expenditures:					
Current:					
Community development	-	-	-	-	63
Debt service:					
Principal retirement	-	-	185	136	-
Interest	343	198	281	24	-
Related charges	372	85	-	-	-
Advance refunding escrow	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>715</u>	<u>283</u>	<u>466</u>	<u>160</u>	<u>63</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,503</u>	<u>656</u>	<u>(466)</u>	<u>(160)</u>	<u>45</u>
Other financing sources (uses):					
Issuance of long-term debt	744	419	-	-	-
Premium on redevelopment bonds	39	12	-	-	-
Transfers in	-	-	466	160	-
Transfers out	-	(53)	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>783</u>	<u>378</u>	<u>466</u>	<u>160</u>	<u>-</u>
Net change in fund balances	2,286	1,034	-	-	45
Fund balances (deficits), beginning	(597)	(398)	-	-	2,334
Fund balances (deficits), ending	<u>\$ 1,689</u>	<u>\$ 636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,379</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	County Florin Road	Total
Revenues:		
Property taxes	\$ 133	\$ 21,541
Investment earnings	-	4,154
Total revenues	<u>133</u>	<u>25,695</u>
Expenditures:		
Current:		
Community development	-	575
Debt service:		
Principal retirement	-	5,253
Interest	-	5,421
Related charges	-	3,328
Advance refunding escrow	-	920
Bond issuance costs	-	331
Total expenditures	<u>-</u>	<u>15,828</u>
Excess (deficiency) of revenues over (under) expenditures	<u>133</u>	<u>9,867</u>
Other financing sources (uses):		
Issuance of long-term debt	-	16,664
Premium on redevelopment bonds	-	165
Transfers in	-	626
Transfers out	(14)	(13,075)
Payment to refunded bond escrow agent	-	(11,606)
Total other financing sources (uses)	<u>(14)</u>	<u>(7,226)</u>
Net change in fund balances	119	2,641
Fund balances (deficits), beginning	(215)	13,041
Fund balances (deficits), ending	<u>\$ (96)</u>	<u>\$ 15,682</u>

**Sacramento Housing and Redevelopment Agency
City Del Paso Heights Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,820	\$ 1,820	\$ 2,062	\$ 242
Investment earnings	75	75	540	465
Total revenues	<u>1,895</u>	<u>1,895</u>	<u>2,602</u>	<u>707</u>
Expenditures:				
Debt service:				
Principal retirement	213	513	513	-
Interest	418	615	615	-
Related charges	431	436	436	-
Bond issuance costs	-	7	7	-
Total expenditures	<u>1,062</u>	<u>1,571</u>	<u>1,571</u>	<u>-</u>
Excess of revenues over expenditures	<u>833</u>	<u>324</u>	<u>1,031</u>	<u>707</u>
Other financing sources (uses):				
Transfers out	(1,271)	(1,271)	(1,271)	-
Total other financing sources (uses)	<u>(1,271)</u>	<u>(1,271)</u>	<u>(1,271)</u>	<u>-</u>
Net change in fund balance	(438)	(947)	(240)	707
Fund balance, beginning	2,001	2,001	2,001	-
Fund balance, ending	<u>\$ 1,563</u>	<u>\$ 1,054</u>	<u>\$ 1,761</u>	<u>\$ 707</u>

**Sacramento Housing and Redevelopment Agency
City Alkali Flat Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 820	\$ 820	\$ 758	\$ (62)
Investment earnings	30	30	137	107
Total revenues	<u>850</u>	<u>850</u>	<u>895</u>	<u>45</u>
Expenditures:				
Debt service:				
Principal retirement	240	240	240	-
Interest	257	257	257	-
Related charges	150	150	112	38
Total expenditures	<u>647</u>	<u>647</u>	<u>609</u>	<u>38</u>
Excess of revenues over expenditures	<u>203</u>	<u>203</u>	<u>286</u>	<u>83</u>
Other financing sources (uses):				
Transfers out	(392)	(392)	(392)	-
Total other financing sources (uses)	<u>(392)</u>	<u>(392)</u>	<u>(392)</u>	<u>-</u>
Net change in fund balance	(189)	(189)	(106)	83
Fund balance, beginning	717	717	717	-
Fund balance, ending	<u>\$ 528</u>	<u>\$ 528</u>	<u>\$ 611</u>	<u>\$ 83</u>

**Sacramento Housing and Redevelopment Agency
City Oak Park Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,480	\$ 3,480	\$ 3,684	\$ 204
Investment earnings	30	30	1,001	971
Total revenues	<u>3,510</u>	<u>3,510</u>	<u>4,685</u>	<u>1,175</u>
Expenditures:				
Debt service:				
Principal retirement	1,931	1,060	1,060	-
Interest	627	1,228	1,228	-
Related charges	593	593	604	(11)
Advance refunding escrow	-	920	920	-
Bond issuance costs	-	320	287	33
Total expenditures	<u>3,151</u>	<u>4,121</u>	<u>4,099</u>	<u>22</u>
Excess (deficiency) of revenues over (under) expenditures	<u>359</u>	<u>(611)</u>	<u>586</u>	<u>1,197</u>
Other financing sources (uses):				
Issuance of long-term debt	-	11,845	11,845	-
Premium on redevelopment bonds	-	81	81	-
Transfers out	(1,135)	(1,135)	(1,135)	-
Payment to refunded bond escrow agent	-	(11,606)	(11,606)	-
Total other financing sources (uses)	<u>(1,135)</u>	<u>(815)</u>	<u>(815)</u>	<u>-</u>
Net change in fund balance	(776)	(1,426)	(229)	1,197
Fund balance, beginning	2,762	2,762	2,762	-
Fund balance, ending	<u>\$ 1,986</u>	<u>\$ 1,336</u>	<u>\$ 2,533</u>	<u>\$ 1,197</u>

**Sacramento Housing and Redevelopment Agency
City Richards Boulevard Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit)-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,064	\$ 1,064	\$ 955	\$ (109)
Investment earnings	4	4	171	167
Miscellaneous	-	351	-	(351)
Total revenues	<u>1,068</u>	<u>1,419</u>	<u>1,126</u>	<u>(293)</u>
Expenditures:				
Debt service:				
Principal retirement	144	2,410	2,290	120
Interest	202	332	332	-
Related charges	288	288	204	84
Bond issuance costs	-	24	30	(6)
Total expenditures	<u>634</u>	<u>3,054</u>	<u>2,856</u>	<u>198</u>
Excess (deficiency) of revenues over (under) expenditures	<u>434</u>	<u>(1,635)</u>	<u>(1,730)</u>	<u>(95)</u>
Other financing sources (uses):				
Issuance of long-term debt	-	2,485	2,485	-
Premium on redevelopment bonds	-	29	29	-
Transfers out	(754)	(1,105)	(1,105)	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>(754)</u>	<u>1,409</u>	<u>1,409</u>	<u>-</u>
Net change in fund balance	(320)	(226)	(321)	(95)
Fund balance (deficit), beginning	(702)	(702)	(702)	-
Fund balance (deficit), ending	<u>\$ (1,022)</u>	<u>\$ (928)</u>	<u>\$ (1,023)</u>	<u>\$ (95)</u>

**Sacramento Housing and Redevelopment Agency
County Walnut Grove Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit)-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 59	\$ 59	\$ 68	\$ 9
Investment earnings	-	-	1	1
Total revenues	<u>59</u>	<u>59</u>	<u>69</u>	<u>10</u>
Expenditures:				
Debt service:				
Principal retirement	38	38	-	38
Interest	19	19	17	2
Related charges	6	6	5	1
Total expenditures	<u>63</u>	<u>63</u>	<u>22</u>	<u>41</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4)</u>	<u>(4)</u>	<u>47</u>	<u>51</u>
Other financing sources (uses):				
Transfers out	(2)	(2)	(2)	-
Total other financing sources (uses)	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>-</u>
Net change in fund balance	(6)	(6)	45	51
Fund balance (deficit), beginning	(223)	(223)	(223)	-
Fund balance (deficit), ending	<u>\$ (229)</u>	<u>\$ (229)</u>	<u>\$ (178)</u>	<u>\$ 51</u>

Sacramento Housing and Redevelopment Agency
City North Sacramento Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,920	\$ 1,920	\$ 1,920	\$ -
Investment earnings	50	50	417	367
Total revenues	<u>1,970</u>	<u>1,970</u>	<u>2,337</u>	<u>367</u>
Expenditures:				
Debt service:				
Principal retirement	50	50	50	-
Interest	511	656	516	140
Related charges	421	421	393	28
Bond issuance costs	-	-	7	(7)
Total expenditures	<u>982</u>	<u>1,127</u>	<u>966</u>	<u>161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>988</u>	<u>843</u>	<u>1,371</u>	<u>528</u>
Other financing sources (uses):				
Issuance of long-term debt	-	390	390	-
Premium on redevelopment bonds	-	4	4	-
Transfers out	(1,315)	(1,315)	(1,315)	-
Total other financing sources (uses)	<u>(1,315)</u>	<u>(921)</u>	<u>(921)</u>	<u>-</u>
Net change in fund balance	(327)	(78)	450	528
Fund balance, beginning	1,355	1,355	1,355	-
Fund balance, ending	<u>\$ 1,028</u>	<u>\$ 1,277</u>	<u>\$ 1,805</u>	<u>\$ 528</u>

**Sacramento Housing and Redevelopment Agency
City/County Franklin Boulevard Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,520	\$ 1,520	\$ 1,863	\$ 343
Investment earnings	25	25	67	42
Total revenues	<u>1,545</u>	<u>1,545</u>	<u>1,930</u>	<u>385</u>
Expenditures:				
Current:				
Community development	667	667	251	416
Debt service:				
Principal retirement	28	28	-	28
Interest	27	27	28	(1)
Total expenditures	<u>722</u>	<u>722</u>	<u>279</u>	<u>443</u>
Excess of revenues over expenditures	<u>823</u>	<u>823</u>	<u>1,651</u>	<u>828</u>
Other financing sources (uses):				
Transfers out	(1,236)	(1,236)	(1,236)	-
Total other financing sources (uses)	<u>(1,236)</u>	<u>(1,236)</u>	<u>(1,236)</u>	<u>-</u>
Net change in fund balance	(413)	(413)	415	828
Fund balance, beginning	525	525	525	-
Fund balance, ending	<u>\$ 112</u>	<u>\$ 112</u>	<u>\$ 940</u>	<u>\$ 828</u>

**Sacramento Housing and Redevelopment Agency
City/County Stockton Boulevard Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,440	\$ 1,440	\$ 1,585	\$ 145
Investment earnings	83	83	149	66
Total revenues	<u>1,523</u>	<u>1,523</u>	<u>1,734</u>	<u>211</u>
Expenditures:				
Current:				
Community development	418	418	258	160
Debt service:				
Principal retirement	48	48	48	-
Interest	261	261	121	140
Total expenditures	<u>727</u>	<u>727</u>	<u>427</u>	<u>300</u>
Excess of revenues over expenditures	<u>796</u>	<u>796</u>	<u>1,307</u>	<u>511</u>
Other financing sources (uses):				
Transfers out	(1,311)	(1,311)	(1,311)	-
Total other financing sources (uses)	<u>(1,311)</u>	<u>(1,311)</u>	<u>(1,311)</u>	<u>-</u>
Net change in fund balance	(515)	(515)	(4)	511
Fund balance, beginning	939	939	939	-
Fund balance, ending	<u>\$ 424</u>	<u>\$ 424</u>	<u>\$ 935</u>	<u>\$ 511</u>

**Sacramento Housing and Redevelopment Agency
City/County Auburn Boulevard Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit)-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 300	\$ 139	\$ 202	\$ 63
Investment earnings	1	8	8	-
Total revenues	<u>301</u>	<u>147</u>	<u>210</u>	<u>63</u>
Expenditures:				
Current:				
Community development	60	60	3	57
Debt service:				
Interest	25	-	-	-
Total expenditures	<u>85</u>	<u>60</u>	<u>3</u>	<u>57</u>
Excess of revenues over expenditures	<u>216</u>	<u>87</u>	<u>207</u>	<u>120</u>
Other financing sources (uses):				
Transfers out	(263)	(139)	(139)	-
Total other financing sources (uses)	<u>(263)</u>	<u>(139)</u>	<u>(139)</u>	<u>-</u>
Net change in fund balance	(47)	(52)	68	120
Fund balance (deficit), beginning	(175)	(175)	(175)	-
Fund balance (deficit), ending	<u>\$ (222)</u>	<u>\$ (227)</u>	<u>\$ (107)</u>	<u>\$ 120</u>

**Sacramento Housing and Redevelopment Agency
County Mather/McClellan Merged Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 6,560	\$ 6,560	\$ 5,655	\$ (905)
Investment earnings	250	250	1,054	804
Total revenues	<u>6,810</u>	<u>6,810</u>	<u>6,709</u>	<u>(101)</u>
Expenditures:				
Debt service:				
Principal retirement	730	730	731	(1)
Interest	1,293	1,293	1,461	(168)
Related charges	2,195	2,195	1,117	1,078
Total expenditures	<u>4,218</u>	<u>4,218</u>	<u>3,309</u>	<u>909</u>
Excess of revenues over expenditures	<u>2,592</u>	<u>2,592</u>	<u>3,400</u>	<u>808</u>
Other financing sources (uses):				
Issuance of long-term debt	-	-	781	781
Transfers out	(4,017)	(4,017)	(5,102)	(1,085)
Total other financing sources (uses)	<u>(4,017)</u>	<u>(4,017)</u>	<u>(4,321)</u>	<u>(304)</u>
Net change in fund balance	(1,425)	(1,425)	(921)	504
Fund balance, beginning	4,718	4,718	4,718	-
Fund balance, ending	<u>\$ 3,293</u>	<u>\$ 3,293</u>	<u>\$ 3,797</u>	<u>\$ 504</u>

**Sacramento Housing and Redevelopment Agency
City Army Depot Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit)-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 400	\$ 400	\$ 1,887	\$ 1,487
Investment earnings	5	5	331	326
Total revenues	<u>405</u>	<u>405</u>	<u>2,218</u>	<u>1,813</u>
Expenditures:				
Debt service:				
Principal retirement	89	-	-	-
Interest	94	343	343	-
Related charges	141	372	372	-
Total expenditures	<u>324</u>	<u>715</u>	<u>715</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>81</u>	<u>(310)</u>	<u>1,503</u>	<u>1,813</u>
Other financing sources (uses):				
Issuance of long-term debt	-	744	744	-
Premium on redevelopment bonds	-	39	39	-
Total other financing sources (uses)	<u>-</u>	<u>783</u>	<u>783</u>	<u>-</u>
Net change in fund balance	81	473	2,286	1,813
Fund balance (deficit), beginning	(597)	(597)	(597)	-
Fund balance (deficit), ending	<u>\$ (516)</u>	<u>\$ (124)</u>	<u>\$ 1,689</u>	<u>\$ 1,813</u>

Sacramento Housing and Redevelopment Agency
City 65th Street Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 320	\$ 320	\$ 769	\$ 449
Investment earnings	-	-	170	170
Total revenues	<u>320</u>	<u>320</u>	<u>939</u>	<u>619</u>
Expenditures:				
Debt service:				
Principal retirement	173	273	-	273
Interest	45	198	198	-
Related charges	90	90	85	5
Total expenditures	<u>308</u>	<u>561</u>	<u>283</u>	<u>278</u>
Excess of revenues over expenditures	<u>12</u>	<u>(241)</u>	<u>656</u>	<u>897</u>
Other financing sources (uses):				
Issuance of long-term debt	-	419	419	-
Premium on redevelopment bonds	-	12	12	-
Transfers out	(52)	(52)	(53)	(1)
Total other financing sources (uses)	<u>(52)</u>	<u>379</u>	<u>378</u>	<u>(1)</u>
Net change in fund balances	(40)	138	1,034	896
Fund balance, beginning	(398)	(398)	(398)	-
Fund balance, ending	<u>\$ (438)</u>	<u>\$ (260)</u>	<u>\$ 636</u>	<u>\$ 896</u>

**Sacramento Housing and Redevelopment Agency
City CDBG Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit)-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Debt service:				
Principal retirement	\$ 185	\$ 185	\$ 185	\$ -
Interest	281	281	281	-
Total expenditures	<u>466</u>	<u>466</u>	<u>466</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>(466)</u>	<u>(466)</u>	<u>(466)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	466	466	466	-
Total other financing sources (uses)	<u>466</u>	<u>466</u>	<u>466</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Sacramento Housing and Redevelopment Agency
County CDBG Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Debt service:				
Principal retirement	\$ 136	\$ 136	\$ 136	\$ -
Interest	24	24	24	-
Total expenditures	<u>160</u>	<u>160</u>	<u>160</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>(160)</u>	<u>(160)</u>	<u>(160)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	160	160	160	-
Total other financing sources (uses)	<u>160</u>	<u>160</u>	<u>160</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Sacramento Housing and Redevelopment Agency
 County CHFA HELP Debt Service Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
 For the Year Ended December 31, 2006
 (amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 62	\$ 62	\$ 108	\$ 46
Total revenues	<u>62</u>	<u>62</u>	<u>108</u>	<u>46</u>
Expenditures:				
Current:				
Community development	1,102	1,102	63	1,039
Total expenditures	<u>1,102</u>	<u>1,102</u>	<u>63</u>	<u>1,039</u>
Net change in fund balance	(1,040)	(1,040)	45	1,085
Fund balance, beginning	2,334	2,334	2,334	-
Fund balance, ending	<u>\$ 1,294</u>	<u>\$ 1,294</u>	<u>\$ 2,379</u>	<u>\$ 1,085</u>

**Sacramento Housing and Redevelopment Agency
County Florin Road Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 20	\$ 20	\$ 133	\$ 113
Total revenues	<u>20</u>	<u>20</u>	<u>133</u>	<u>113</u>
Expenditures:				
Current:				
Community development	5	6	-	6
Total expenditures	<u>5</u>	<u>6</u>	<u>-</u>	<u>6</u>
Excess of revenues over expenditures	<u>15</u>	<u>14</u>	<u>133</u>	<u>119</u>
Other financing sources (uses):				
Transfers out	(14)	(14)	(14)	-
Total other financing sources (uses)	<u>(14)</u>	<u>(14)</u>	<u>(14)</u>	<u>-</u>
Net change in fund balance	1	-	119	119
Fund balance, beginning	(215)	(215)	(215)	-
Fund balance, ending	<u>\$ (214)</u>	<u>\$ (215)</u>	<u>\$ (96)</u>	<u>\$ 119</u>

**Sacramento Housing and Redevelopment Agency
City Merged Downtown Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 15,960	\$ 15,960	\$ 16,046	\$ 86
Investment earnings	1,800	1,800	4,147	2,347
Total revenues	<u>17,760</u>	<u>17,760</u>	<u>20,193</u>	<u>2,433</u>
Expenditures:				
Debt service:				
Principal retirement	9,809	8,094	8,094	-
Interest	4,502	6,022	6,022	-
Related charges	2,857	2,857	2,432	425
Total expenditures	<u>17,168</u>	<u>16,973</u>	<u>16,548</u>	<u>425</u>
Excess of revenues over expenditures	<u>592</u>	<u>787</u>	<u>3,645</u>	<u>2,858</u>
Other financing sources (uses):				
Transfers in	-	-	1,480	1,480
Transfers out	(2,513)	(2,513)	(2,513)	-
Total other financing sources (uses)	<u>(2,513)</u>	<u>(2,513)</u>	<u>(1,033)</u>	<u>1,480</u>
Net change in fund balance	(1,921)	(1,726)	2,612	4,338
Fund balance, beginning	1,034	1,034	1,034	-
Fund balance, ending	<u>\$ (887)</u>	<u>\$ (692)</u>	<u>\$ 3,646</u>	<u>\$ 4,338</u>

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Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

- ◆ **City and County Land Bank Funds** account for the accumulation of land acquired for the future development of low-income housing.
- ◆ **City and County Capital Fund Programs and City Development Funds for Modernization** account for the modernization and rehabilitation of Agency operated low-income housing funded by the U.S. Department of Housing and Urban Development.
- ◆ **City and County Housing Trust Funds** accounts for the acquisition, rehabilitation and development of low-income housing funded by local developer fees.

The following funds account for the financing and construction activities of capital improvements in referenced project areas:

- | | |
|---|---|
| ◆ City Del Paso Heights | ◆ City/County Stockton Boulevard |
| ◆ City Alkali Flat | ◆ City/County Auburn Boulevard |
| ◆ City Oak Park | ◆ County Mather/McClellan Merged |
| ◆ City Richards Boulevard | ◆ City Army Depot |
| ◆ County Walnut Grove | ◆ City 65th Street |
| ◆ City North Sacramento | ◆ County Florin Road |
| ◆ City/County Franklin Boulevard | ◆ City North Sacramento CIEDB |

The following funds account for the financing and construction activities of low- and moderate-housing capital improvements in referenced project areas:

- | | |
|--|---|
| ◆ City Low/Mod Del Paso Heights | ◆ City/County Low/Mod Franklin Boulevard |
| ◆ City Low/Mod Alkali Flat | ◆ City/County Low/Mod Stockton Boulevard |
| ◆ City Low/Mod Oak Park | ◆ City/County Low/Mod Auburn Boulevard |
| ◆ City Low/Mod Richards Boulevard | ◆ County Low/Mod Mather/McClellan Merged |
| ◆ County Low/Mod Walnut Grove | ◆ City Low/Mod Army Depot |
| ◆ City Low/Mod North Sacramento | ◆ City Low/Mod 65th Street |
- ◆ **Community Social Service Complex** accounts for the financing and construction activities of the complex.
 - ◆ **City and County Section 108 Programs** account for the acquisition of land, buildings, rehabilitation of public housing and various redevelopment activities. These funds are collateralized by and payable from future CDBG entitlements.
 - ◆ **County Affordable Housing Program** accounts for in-lieu and affordability fees paid by developers. Sacramento County's Affordable Housing Ordinance requires new residential projects of five or more dwelling units to provide an affordable housing component of not less than 15 percent of the development project's dwelling units. Depending on such project parameters as size, a developer is given various options to meet the affordable housing obligation.

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006
(amounts expressed in thousands)

	City Land Bank	County Land Bank	City Capital Fund	County Capital Fund	City Development funds for Modernization	City Housing Trust
Assets						
Cash and investments	\$ 61	\$ 225	\$ -	\$ -	\$ -	\$ 3,848
Accounts receivable (net)	-	-	-	-	-	4
Due from other funds	-	-	-	-	-	2,501
Due from other governments	-	-	822	228	-	358
Notes receivable (net)	-	-	-	-	-	13,478
Advances to other funds	-	-	-	-	-	610
Restricted cash and investments	-	-	-	-	-	-
Total assets	<u>\$ 61</u>	<u>\$ 225</u>	<u>\$ 822</u>	<u>\$ 228</u>	<u>\$ -</u>	<u>\$ 20,799</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 62	\$ 8	\$ -	\$ -
Accrued liabilities	-	-	38	2	-	1
Due to other funds	-	-	722	218	-	-
Due to other governments	-	-	-	-	-	-
Deferred revenue	-	-	648	144	-	-
Deposit and trust liability	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,470</u>	<u>372</u>	<u>-</u>	<u>1</u>
Fund Balances						
Reserved for capital projects	-	-	-	-	-	3,145
Reserved for encumbrances	-	-	-	-	-	473
Reserved for debt service	-	-	-	-	-	-
Reserved for noncurrent assets	-	-	-	-	-	14,088
Unreserved, undesignated	61	225	(648)	(144)	-	3,092
Total fund balances	<u>61</u>	<u>225</u>	<u>(648)</u>	<u>(144)</u>	<u>-</u>	<u>20,798</u>
Total liabilities and fund balances	<u>\$ 61</u>	<u>\$ 225</u>	<u>\$ 822</u>	<u>\$ 228</u>	<u>\$ -</u>	<u>\$ 20,799</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006
(amounts expressed in thousands)

	County Housing Trust	City Del Paso Heights	City Low/Mod Del Paso Heights	City Alkali Flat	City Low/Mod Alkali Flat
Assets					
Cash and investments	\$ 5,824	\$ 10,511	\$ 3,130	\$ 3,100	\$ 756
Accounts receivable (net)	-	6	-	-	4
Due from other funds	-	-	-	-	-
Due from other governments	402	-	-	-	-
Notes receivable (net)	12,727	1,104	853	2,949	2,321
Advances to other funds	-	740	-	-	-
Restricted cash and investments	-	-	-	-	-
Total assets	<u>\$ 18,953</u>	<u>\$ 12,361</u>	<u>\$ 3,983</u>	<u>\$ 6,049</u>	<u>\$ 3,081</u>
Liabilities					
Accounts payable	\$ 2	\$ 136	\$ -	\$ 2	\$ -
Accrued liabilities	-	2	-	1	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deposit and trust liability	-	23	10	-	-
Total liabilities	<u>2</u>	<u>161</u>	<u>10</u>	<u>3</u>	<u>-</u>
Fund Balances					
Reserved for capital projects	5,531	10,041	3,009	2,712	733
Reserved for encumbrances	73	276	-	383	-
Reserved for debt service	-	-	-	-	-
Reserved for noncurrent assets	12,727	1,844	853	2,949	2,321
Unreserved, undesignated	620	39	111	2	27
Total fund balances	<u>18,951</u>	<u>12,200</u>	<u>3,973</u>	<u>6,046</u>	<u>3,081</u>
Total liabilities and fund balances	<u>\$ 18,953</u>	<u>\$ 12,361</u>	<u>\$ 3,983</u>	<u>\$ 6,049</u>	<u>\$ 3,081</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006
(amounts expressed in thousands)

	City Oak Park	City Low/Mod Oak Park	City Richards Boulevard	City Low/Mod Richards Boulevard	County Walnut Grove	County Low/Mod Walnut Grove
Assets						
Cash and investments	\$ 22,841	\$ 4,524	\$ 4,183	\$ 550	\$ 16	\$ 102
Accounts receivable (net)	3	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Notes receivable (net)	3,199	1,428	-	-	72	10
Advances to other funds	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-
Total assets	<u>\$ 26,043</u>	<u>\$ 5,952</u>	<u>\$ 4,183</u>	<u>\$ 550</u>	<u>\$ 88</u>	<u>\$ 112</u>
Liabilities						
Accounts payable	\$ 289	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	2	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Deposit and trust liability	24	-	-	-	-	-
Total liabilities	<u>315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Reserved for capital projects	20,477	4,078	3,940	531	16	98
Reserved for encumbrances	1,818	247	186	-	-	-
Reserved for debt service	-	-	-	-	-	-
Reserved for noncurrent assets	3,199	1,428	-	-	72	10
Unreserved, undesignated	234	199	57	19	-	4
Total fund balances	<u>25,728</u>	<u>5,952</u>	<u>4,183</u>	<u>550</u>	<u>88</u>	<u>112</u>
Total liabilities and fund balances	<u>\$ 26,043</u>	<u>\$ 5,952</u>	<u>\$ 4,183</u>	<u>\$ 550</u>	<u>\$ 88</u>	<u>\$ 112</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006
(amounts expressed in thousands)

	City North Sacramento	City Low/Mod North Sacramento	City / County Franklin Boulevard	City / County Low / Mod Franklin Boulevard	City / County Stockton Boulevard	City / County Low / Mod Stockton Boulevard
Assets						
Cash and investments	\$ 6,639	\$ 2,428	\$ 2,006	\$ 1,588	\$ 4,121	\$ 1,236
Accounts receivable (net)	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Notes receivable (net)	1,445	738	-	85	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-
Total assets	<u>\$ 8,084</u>	<u>\$ 3,166</u>	<u>\$ 2,006</u>	<u>\$ 1,673</u>	<u>\$ 4,121</u>	<u>\$ 1,236</u>
Liabilities						
Accounts payable	\$ 342	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	2	-	1	-	1	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	586	-
Deferred revenue	-	-	-	-	-	-
Deposit and trust liability	-	-	-	-	-	-
Total liabilities	<u>344</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>587</u>	<u>-</u>
Fund Balances						
Reserved for capital projects	5,570	2,333	1,855	1,106	4,001	1,201
Reserved for encumbrances	745	-	86	16	50	20
Reserved for debt service	-	-	-	-	-	-
Reserved for noncurrent assets	1,445	738	-	85	-	-
Unreserved, undesignated	(20)	95	64	466	(517)	15
Total fund balances	<u>7,740</u>	<u>3,166</u>	<u>2,005</u>	<u>1,673</u>	<u>3,534</u>	<u>1,236</u>
Total liabilities and fund balances	<u>\$ 8,084</u>	<u>\$ 3,166</u>	<u>\$ 2,006</u>	<u>\$ 1,673</u>	<u>\$ 4,121</u>	<u>\$ 1,236</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006
(amounts expressed in thousands)

	City / County Auburn Boulevard	City / County Low / Mod Auburn Boulevard	County Mather/ McClellan Merged Capital Projects	County Low/ Mod Mather/ McClellan Merged	City Army Depot	City Low/Mod Army Depot
Assets						
Cash and investments	\$ 145	\$ 86	\$ 13,779	\$ 9,441	\$ 11,112	\$ 236
Accounts receivable (net)	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Notes receivable (net)	-	20	517	55	546	55
Advances to other funds	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-
Total assets	<u>\$ 145</u>	<u>\$ 106</u>	<u>\$ 14,296</u>	<u>\$ 9,496</u>	<u>\$ 11,658</u>	<u>\$ 291</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 1,391	\$ -	\$ 12	\$ -
Accrued liabilities	-	-	8	-	1	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Deposit and trust liability	5	-	-	-	-	-
Total liabilities	<u>5</u>	<u>-</u>	<u>1,399</u>	<u>-</u>	<u>13</u>	<u>-</u>
Fund Balances						
Reserved for capital projects	70	84	8,304	9,292	10,754	215
Reserved for encumbrances	-	-	3,460	58	362	10
Reserved for debt service	-	-	-	-	-	-
Reserved for noncurrent assets	-	20	517	55	546	55
Unreserved, undesignated	70	2	616	91	(17)	11
Total fund balances	<u>140</u>	<u>106</u>	<u>12,897</u>	<u>9,496</u>	<u>11,645</u>	<u>291</u>
Total liabilities and fund balances	<u>\$ 145</u>	<u>\$ 106</u>	<u>\$ 14,296</u>	<u>\$ 9,496</u>	<u>\$ 11,658</u>	<u>\$ 291</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006
(amounts expressed in thousands)

	City 65th Street	City Low/Mod 65th Street	Community Social Service Complex	City Section 108	County Section 108	County Florin Road
Assets						
Cash and investments	\$ 5,967	\$ 73	\$ -	\$ 1	\$ 117	\$ 25
Accounts receivable (net)	-	-	-	4	4	-
Due from other funds	-	-	73	-	-	-
Due from other governments	-	-	-	-	-	-
Notes receivable (net)	-	-	-	456	197	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and investments	-	-	-	5,905	202	-
Total assets	<u>\$ 5,967</u>	<u>\$ 73</u>	<u>\$ 73</u>	<u>\$ 6,366</u>	<u>\$ 520</u>	<u>\$ 25</u>
Liabilities						
Accounts payable	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	1	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Deposit and trust liability	-	-	-	-	100	-
Total liabilities	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>
Fund Balances						
Reserved for capital projects	5,735	72	72	-	-	17
Reserved for encumbrances	229	-	1	5,471	-	8
Reserved for debt service	-	-	-	389	202	-
Reserved for noncurrent assets	-	-	-	456	97	-
Unreserved, undesignated	(5)	1	-	50	121	-
Total fund balances	<u>5,959</u>	<u>73</u>	<u>73</u>	<u>6,366</u>	<u>420</u>	<u>25</u>
Total liabilities and fund balances	<u>\$ 5,967</u>	<u>\$ 73</u>	<u>\$ 73</u>	<u>\$ 6,366</u>	<u>\$ 520</u>	<u>\$ 25</u>

Sacramento Housing and Redevelopment Agency
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006
(amounts expressed in thousands)

	County Affordable Housing	City North Sacramento CIEDB	Total
Assets			
Cash and investments	\$ 109	\$ -	\$ 118,780
Accounts receivable (net)	-	-	25
Due from other funds	-	-	2,574
Due from other governments	153	-	1,963
Notes receivable (net)	-	-	42,255
Advances to other funds	-	-	1,350
Restricted cash and investments	-	-	6,107
	-	-	-
Total assets	<u>\$ 262</u>	<u>\$ -</u>	<u>\$ 173,054</u>
Liabilities			
Accounts payable	\$ 13	\$ 688	\$ 2,952
Accrued liabilities	-	-	60
Due to other funds	-	-	940
Due to other governments	-	-	586
Deferred revenue	-	-	792
Deposit and trust liability	-	-	162
	-	-	-
Total liabilities	<u>13</u>	<u>688</u>	<u>5,492</u>
Fund Balances			
Reserved for capital projects	-	-	104,992
Reserved for encumbrances	-	-	13,972
Reserved for debt service	-	-	591
Reserved for noncurrent assets	-	-	43,505
Unreserved, undesignated	249	(688)	4,502
	-	-	-
Total fund balances	<u>249</u>	<u>(688)</u>	<u>167,562</u>
	-	-	-
Total liabilities and fund balances	<u>\$ 262</u>	<u>\$ -</u>	<u>\$ 173,054</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City Land Bank	County Land Bank	City Capital Fund	County Capital Fund	City Development funds for Modernization	City Housing Trust
Revenues:						
Intergovernmental	\$ -	\$ -	\$ 2,512	\$ 1,479	\$ 152	\$ 3,018
Investment earnings	2	8	-	-	-	345
Miscellaneous	-	-	-	-	-	42
Total revenues	<u>2</u>	<u>8</u>	<u>2,512</u>	<u>1,479</u>	<u>152</u>	<u>3,405</u>
Expenditures:						
Current:						
Housing operations	-	-	1,695	944	39	-
Community development	-	-	-	-	-	781
Community social services	-	-	-	-	-	-
Capital outlay	-	-	1,465	679	113	-
Debt service:						
Related charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>3,160</u>	<u>1,623</u>	<u>152</u>	<u>781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2</u>	<u>8</u>	<u>(648)</u>	<u>(144)</u>	<u>-</u>	<u>2,624</u>
Other financing sources (uses):						
Issuance of long-term debt	-	-	-	-	-	-
Discount on redevelopment bonds	-	-	-	-	-	-
Premium on redevelopment bonds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2	8	(648)	(144)	-	2,624
Fund balances, beginning	59	217	-	-	-	18,174
Fund balances, ending	<u>\$ 61</u>	<u>\$ 225</u>	<u>\$ (648)</u>	<u>\$ (144)</u>	<u>\$ -</u>	<u>\$ 20,798</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	County Housing Trust	City Del Paso Heights	City Low/Mod Del Paso Heights	City Alkali Flat	City Low/Mod Alkali Flat
Revenues:					
Intergovernmental	\$ 731	\$ -	\$ -	\$ -	\$ -
Investment earnings	479	28	20	53	62
Miscellaneous	-	50	145	-	-
Total revenues	<u>1,210</u>	<u>78</u>	<u>165</u>	<u>53</u>	<u>62</u>
Expenditures:					
Current:					
Housing operations	-	-	-	-	-
Community development	1,472	1,238	32	510	2
Community social services	-	-	-	-	-
Capital outlay	-	767	958	42	-
Debt service:					
Related charges	-	-	-	-	-
Bond issuance costs	-	133	81	-	-
Total expenditures	<u>1,472</u>	<u>2,138</u>	<u>1,071</u>	<u>552</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(262)</u>	<u>(2,060)</u>	<u>(906)</u>	<u>(499)</u>	<u>60</u>
Other financing sources (uses):					
Issuance of long-term debt	-	5,771	3,595	-	-
Discount on redevelopment bonds	-	(112)	(65)	-	-
Premium on redevelopment bonds	-	-	-	-	-
Transfers in	-	1,271	107	392	36
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>6,930</u>	<u>3,637</u>	<u>392</u>	<u>36</u>
Net change in fund balances	(262)	4,870	2,731	(107)	96
Fund balances, beginning	19,213	7,330	1,242	6,153	2,985
Fund balances, ending	<u>\$ 18,951</u>	<u>\$ 12,200</u>	<u>\$ 3,973</u>	<u>\$ 6,046</u>	<u>\$ 3,081</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City Oak Park	City Low/Mod Oak Park	City Richards Boulevard	City Low/Mod Richards Boulevard	County Walnut Grove	County Low/Mod Walnut Grove
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	192	70	37	21	1	4
Miscellaneous	3	19	5	-	-	-
Total revenues	<u>195</u>	<u>89</u>	<u>42</u>	<u>21</u>	<u>1</u>	<u>4</u>
Expenditures:						
Current:						
Housing operations	49	-	-	-	-	-
Community development	2,050	603	321	11	50	2
Community social services	-	-	-	-	-	-
Capital outlay	195	-	-	-	-	-
Debt service:						
Related charges	-	-	-	-	-	-
Bond issuance costs	-	-	47	-	-	-
Total expenditures	<u>2,294</u>	<u>603</u>	<u>368</u>	<u>11</u>	<u>50</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,099)</u>	<u>(514)</u>	<u>(326)</u>	<u>10</u>	<u>(49)</u>	<u>2</u>
Other financing sources (uses):						
Issuance of long-term debt	-	-	2,900	-	-	-
Discount on redevelopment bonds	-	-	-	-	-	-
Premium on redevelopment bonds	-	-	49	-	-	-
Transfers in	1,302	125	1,105	90	2	1
Transfers out	-	-	(23)	-	-	-
Total other financing sources (uses)	<u>1,302</u>	<u>125</u>	<u>4,031</u>	<u>90</u>	<u>2</u>	<u>1</u>
Net change in fund balances	(797)	(389)	3,705	100	(47)	3
Fund balances, beginning	26,525	6,341	478	450	135	109
Fund balances, ending	<u>\$ 25,728</u>	<u>\$ 5,952</u>	<u>\$ 4,183</u>	<u>\$ 550</u>	<u>\$ 88</u>	<u>\$ 112</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City North Sacramento	City Low/Mod North Sacramento	City / County Franklin Boulevard	City / County Low / Mod Franklin Boulevard	City / County Stockton Boulevard	City / County Low / Mod Stockton Boulevard
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	24	31	44	49	48	17
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>24</u>	<u>31</u>	<u>44</u>	<u>49</u>	<u>48</u>	<u>17</u>
Expenditures:						
Current:						
Housing operations	-	-	-	-	-	-
Community development	1,621	14	374	58	987	162
Community social services	10	-	-	-	-	-
Capital outlay	2,508	-	-	-	-	-
Debt service:						
Related charges	-	-	-	-	-	-
Bond issuance costs	56	-	-	-	-	-
Total expenditures	<u>4,195</u>	<u>14</u>	<u>374</u>	<u>58</u>	<u>987</u>	<u>162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,171)</u>	<u>17</u>	<u>(330)</u>	<u>(9)</u>	<u>(939)</u>	<u>(145)</u>
Other financing sources (uses):						
Issuance of long-term debt	5,050	-	-	-	-	-
Discount on redevelopment bonds	-	-	-	-	-	-
Premium on redevelopment bonds	10	-	-	-	-	-
Transfers in	1,315	272	1,236	377	1,311	324
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>6,375</u>	<u>272</u>	<u>1,236</u>	<u>377</u>	<u>1,311</u>	<u>324</u>
Net change in fund balances	2,204	289	906	368	372	179
Fund balances, beginning	5,536	2,877	1,099	1,305	3,162	1,057
Fund balances, ending	<u>\$ 7,740</u>	<u>\$ 3,166</u>	<u>\$ 2,005</u>	<u>\$ 1,673</u>	<u>\$ 3,534</u>	<u>\$ 1,236</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City / County Auburn Boulevard	City / County Low / Mod Auburn Boulevard	County Mather/ McClellan Merged Capital Projects	County Low/ Mod Mather/ McClellan Merged	City Army Depot	City Low/Mod Army Depot
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	2	9	72	65	70	11
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>2</u>	<u>9</u>	<u>72</u>	<u>65</u>	<u>70</u>	<u>11</u>
Expenditures:						
Current:						
Housing operations	-	-	-	-	-	-
Community development	38	1	11,710	374	195	30
Community social services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Related charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	129	-
Total expenditures	<u>38</u>	<u>1</u>	<u>11,710</u>	<u>374</u>	<u>324</u>	<u>30</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36)</u>	<u>8</u>	<u>(11,638)</u>	<u>(309)</u>	<u>(254)</u>	<u>(19)</u>
Other financing sources (uses):						
Issuance of long-term debt	-	-	-	-	10,066	-
Discount on redevelopment bonds	-	-	-	-	-	-
Premium on redevelopment bonds	-	-	-	-	69	-
Transfers in	139	-	5,102	776	-	14
Transfers out	-	(114)	-	-	-	-
Total other financing sources (uses)	<u>139</u>	<u>(114)</u>	<u>5,102</u>	<u>776</u>	<u>10,135</u>	<u>14</u>
Net change in fund balances	103	(106)	(6,536)	467	9,881	(5)
Fund balances, beginning	37	212	19,433	9,029	1,764	296
Fund balances, ending	<u>\$ 140</u>	<u>\$ 106</u>	<u>\$ 12,897</u>	<u>\$ 9,496</u>	<u>\$ 11,645</u>	<u>\$ 291</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	City 65th Street	City Low/Mod 65th Street	Community Social Service Complex	City Section 108	County Section 108	County Florin Road
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	36	1	-	94	47	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>36</u>	<u>1</u>	<u>-</u>	<u>94</u>	<u>47</u>	<u>-</u>
Expenditures:						
Current:						
Housing operations	-	-	-	-	-	-
Community development	152	-	3	2	-	-
Community social services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Related charges	-	-	-	26	-	-
Bond issuance costs	70	-	-	-	-	-
Total expenditures	<u>222</u>	<u>-</u>	<u>3</u>	<u>28</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(186)</u>	<u>1</u>	<u>(3)</u>	<u>66</u>	<u>47</u>	<u>-</u>
Other financing sources (uses):						
Issuance of long-term debt	5,545	-	-	5,500	-	-
Discount on redevelopment bonds	-	-	-	-	-	-
Premium on redevelopment bonds	32	-	-	-	-	-
Transfers in	53	52	-	-	-	14
Transfers out	-	-	-	(223)	(93)	-
Total other financing sources (uses)	<u>5,630</u>	<u>52</u>	<u>-</u>	<u>5,277</u>	<u>(93)</u>	<u>14</u>
Net change in fund balances	5,444	53	(3)	5,343	(46)	14
Fund balances, beginning	515	20	76	1,023	466	11
Fund balances, ending	<u>\$ 5,959</u>	<u>\$ 73</u>	<u>\$ 73</u>	<u>\$ 6,366</u>	<u>\$ 420</u>	<u>\$ 25</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	County Affordable Housing	City North Sacramento CIEDB	Total
Revenues:			
Intergovernmental	\$ 232	\$ -	\$ 8,124
Investment earnings	-	-	1,942
Miscellaneous	-	-	264
Total revenues	<u>232</u>	<u>-</u>	<u>10,330</u>
Expenditures:			
Current:			
Housing operations	-	-	2,727
Community development	13	688	23,494
Community social services	-	-	10
Capital outlay	-	-	6,727
Debt service:			
Related charges	-	-	26
Bond issuance costs	-	-	516
Total expenditures	<u>13</u>	<u>688</u>	<u>33,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>219</u>	<u>(688)</u>	<u>(23,170)</u>
Other financing sources (uses):			
Issuance of long-term debt	-	-	38,427
Discount on redevelopment bonds	-	-	(177)
Premium on redevelopment bonds	-	-	160
Transfers in	-	-	15,416
Transfers out	-	-	(453)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>53,373</u>
Net change in fund balances	219	(688)	30,203
Fund balances, beginning	30	-	137,359
Fund balances, ending	<u>\$ 249</u>	<u>\$ (688)</u>	<u>\$ 167,562</u>

Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises; where the intent of the Agency is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Agency has decided that periodic determination of net income is appropriate for measurement and accountability purposes.

All of these funds are low-income housing projects owned and/or operated by the Agency.

- ◆ **San Jose/Broadway**
- ◆ **Scattered Sites**
- ◆ **Larchmont/Wildflower**
- ◆ **Locally Funded Projects**
- ◆ **Riverview Plaza Commercial**
- ◆ **Pioneer Hall**
- ◆ **Nova House**
- ◆ **San Carlos Shelter Plus Care**
- ◆ **Greenfair**
- ◆ **Phoenix Park**
- ◆ **City Mod Rehab**
- ◆ **Security Deposit Revolving Loan**

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Sacramento Housing and Redevelopment Agency
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2006
(amounts expressed in thousands)

	San Jose/ Broadway	Scattered Sites	Larchmont/ Wildflower	Locally Funded Projects	Riverview Plaza Commercial	Pioneer Hall
Assets						
Current assets:						
Cash and investments	\$ 41	\$ -	\$ -	\$ 968	\$ 92	\$ 61
Restricted cash and investments	8	3	3	14	6	2
Accounts receivable (net)	2	18	1	6	-	-
Due from other funds	-	-	-	7	-	-
Due from component units	-	-	-	643	66	-
Due from other governments	-	-	-	-	-	-
Deferred charges and prepaid items	-	-	7	-	-	-
Total current assets	<u>51</u>	<u>21</u>	<u>11</u>	<u>1,638</u>	<u>164</u>	<u>63</u>
Noncurrent assets:						
Restricted cash and investments	102	-	36	-	-	-
Notes receivable	-	-	-	-	-	-
Advances to component units	-	-	-	-	-	-
Total noncurrent assets	<u>102</u>	<u>-</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets:						
Land	67	44	116	210	198	-
Buildings and improvements	1,195	170	344	2,753	5,552	-
Construction in progress	-	-	-	351	-	-
Less accumulated depreciation	(817)	(127)	(236)	(1,734)	(2,492)	-
Total capital assets (net of accumulated depreciation)	<u>445</u>	<u>87</u>	<u>224</u>	<u>1,580</u>	<u>3,258</u>	<u>-</u>
Total noncurrent assets	<u>547</u>	<u>87</u>	<u>260</u>	<u>1,580</u>	<u>3,258</u>	<u>-</u>
Total assets	<u>598</u>	<u>108</u>	<u>271</u>	<u>3,218</u>	<u>3,422</u>	<u>63</u>
Liabilities						
Current liabilities:						
Accounts payable	4	4	2	6	1	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	5	51	46	-	-	-
Deferred revenue	9	-	-	-	-	-
Current portion of long-term debt	24	-	32	-	-	-
Current liabilities payable from restricted assets:						
Deposit and trust liability	8	3	3	14	6	2
Total current liabilities	<u>50</u>	<u>58</u>	<u>83</u>	<u>20</u>	<u>7</u>	<u>2</u>
Noncurrent liabilities:						
Mortgage notes payable	526	-	46	-	-	-
Advances from other funds	-	-	-	410	-	-
Total noncurrent liabilities	<u>526</u>	<u>-</u>	<u>46</u>	<u>410</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>576</u>	<u>58</u>	<u>129</u>	<u>430</u>	<u>7</u>	<u>2</u>
Net Assets (Deficit)						
Invested in capital assets, net of related debt	(105)	87	146	1,580	3,258	-
Restricted for housing operations	102	-	36	-	-	-
Unrestricted	25	(37)	(40)	1,208	157	61
Total net assets (deficit)	<u>\$ 22</u>	<u>\$ 50</u>	<u>\$ 142</u>	<u>\$ 2,788</u>	<u>\$ 3,415</u>	<u>\$ 61</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2006
(amounts expressed in thousands)

	Nova House	San Carlos Shelter Plus Care	Greenfair	Phoenix Park	City Mod Rehab	Security Deposit Revolving Loan	Total
Assets							
Current assets:							
Cash and investments	\$ 81	\$ 138	\$ -	\$ 84	\$ -	\$ -	\$ 1,465
Restricted cash and investments	-	5	-	-	-	-	41
Accounts receivable (net)	-	-	-	82	-	-	109
Due from other funds	-	-	-	-	-	-	7
Due from component units	-	-	-	-	-	-	709
Due from other governments	-	1	-	-	12	-	13
Deferred charges and prepaid items	-	-	-	-	-	-	7
Total current assets	<u>81</u>	<u>144</u>	<u>-</u>	<u>166</u>	<u>12</u>	<u>-</u>	<u>2,351</u>
Noncurrent assets:							
Restricted cash and investments	-	-	-	-	-	-	138
Notes receivable	-	-	-	65	-	57	122
Advances to component units	-	-	-	12,000	-	-	12,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,065</u>	<u>-</u>	<u>57</u>	<u>12,260</u>
Capital assets:							
Land	-	55	431	276	-	-	1,397
Buildings and improvements	-	832	989	2,653	-	-	14,488
Construction in progress	-	-	-	-	-	-	351
Less accumulated depreciation	-	(197)	(29)	(385)	-	-	(6,017)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>690</u>	<u>1,391</u>	<u>2,544</u>	<u>-</u>	<u>-</u>	<u>10,219</u>
Total noncurrent assets	<u>-</u>	<u>690</u>	<u>1,391</u>	<u>14,609</u>	<u>-</u>	<u>57</u>	<u>22,479</u>
Total assets	<u>81</u>	<u>834</u>	<u>1,391</u>	<u>14,775</u>	<u>12</u>	<u>57</u>	<u>24,830</u>
Liabilities							
Current liabilities:							
Accounts payable	-	4	4	256	-	-	281
Accrued liabilities	-	-	-	29	-	-	29
Due to other funds	-	-	-	-	12	-	114
Deferred revenue	-	-	-	-	-	-	9
Current portion of long-term debt	-	-	-	-	-	-	56
Current liabilities payable from restricted assets:							
Deposit and trust liability	-	5	-	-	-	-	41
Total current liabilities	<u>-</u>	<u>9</u>	<u>4</u>	<u>285</u>	<u>12</u>	<u>-</u>	<u>530</u>
Noncurrent liabilities:							
Mortgage notes payable	-	-	-	-	-	-	572
Advances from other funds	-	-	2,374	317	-	-	3,101
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>2,374</u>	<u>317</u>	<u>-</u>	<u>-</u>	<u>3,673</u>
Total liabilities	<u>-</u>	<u>9</u>	<u>2,378</u>	<u>602</u>	<u>12</u>	<u>-</u>	<u>4,203</u>
Net Assets (Deficit)							
Invested in capital assets, net of related debt	-	690	1,391	2,544	-	-	9,591
Restricted for housing operations	-	-	-	-	-	-	138
Unrestricted	81	135	(2,378)	11,629	-	57	10,898
Total net assets (deficit)	<u>\$ 81</u>	<u>\$ 825</u>	<u>\$ (987)</u>	<u>\$ 14,173</u>	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ 20,627</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>San Jose/ Broadway</u>	<u>Scattered Sites</u>	<u>Larchmont/ Wildflower</u>	<u>Locally Funded Projects</u>	<u>Riverview Plaza Commercial</u>	<u>Pioneer Hall</u>
Operating revenues:						
Charges for services	\$ 67	\$ 22	\$ 26	\$ 135	\$ 391	\$ 50
Miscellaneous	1	-	-	466	-	-
Total operating revenues	<u>68</u>	<u>22</u>	<u>26</u>	<u>601</u>	<u>391</u>	<u>50</u>
Operating expenses:						
Employee services	37	59	14	54	69	2
Administrative services	21	4	12	42	94	-
Services and supplies	40	13	21	101	71	30
Utilities	17	6	8	48	72	17
Claims and judgements	-	-	-	-	-	-
Depreciation/amortization	32	4	8	69	140	-
Housing Assistance Payments	-	-	-	-	-	-
Total operating expenses	<u>147</u>	<u>86</u>	<u>63</u>	<u>314</u>	<u>446</u>	<u>49</u>
Operating income (loss)	<u>(79)</u>	<u>(64)</u>	<u>(37)</u>	<u>287</u>	<u>(55)</u>	<u>1</u>
Nonoperating revenues (expenses):						
Intergovernmental	114	15	58	218	-	-
Investment earnings	4	-	1	38	6	-
Interest expense	(47)	-	(9)	-	-	-
Total nonoperating revenues (expenses)	<u>71</u>	<u>15</u>	<u>50</u>	<u>256</u>	<u>6</u>	<u>-</u>
Income (loss) before transfers	(8)	(49)	13	543	(49)	1
Transfers in	48	44	-	-	-	-
Transfers out	-	-	-	(92)	-	-
Change in net assets	<u>40</u>	<u>(5)</u>	<u>13</u>	<u>451</u>	<u>(49)</u>	<u>1</u>
Total net assets (deficit), beginning, as restated	<u>(18)</u>	<u>55</u>	<u>129</u>	<u>2,337</u>	<u>3,464</u>	<u>60</u>
Total net assets (deficit), ending	<u>\$ 22</u>	<u>\$ 50</u>	<u>\$ 142</u>	<u>\$ 2,788</u>	<u>\$ 3,415</u>	<u>\$ 61</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Nova House	San Carlos Shelter Plus Care	Greenfair	Phoenix Park	City Mod Rehab	Security Deposit Revolving Loan	Total
Operating revenues:							
Charges for services	\$ -	\$ 62	\$ -	\$ 183	\$ -	\$ -	\$ 936
Miscellaneous	-	-	-	289	-	-	756
Total operating revenues	<u>-</u>	<u>62</u>	<u>-</u>	<u>472</u>	<u>-</u>	<u>-</u>	<u>1,692</u>
Operating expenses:							
Employee services	-	2	-	151	-	-	388
Administrative services	-	7	496	-	-	-	676
Services and supplies	2	35	-	687	-	-	1,000
Utilities	-	32	6	67	-	-	273
Claims and judgements	-	-	-	34	-	-	34
Depreciation/amortization	-	21	22	67	-	-	363
Housing Assistance Payments	-	-	-	-	129	-	129
Total operating expenses	<u>2</u>	<u>97</u>	<u>524</u>	<u>1,006</u>	<u>129</u>	<u>-</u>	<u>2,863</u>
Operating income (loss)	<u>(2)</u>	<u>(35)</u>	<u>(524)</u>	<u>(534)</u>	<u>(129)</u>	<u>-</u>	<u>(1,171)</u>
Nonoperating revenues (expenses):							
Intergovernmental	-	55	-	145	149	-	754
Investment earnings	4	-	-	-	-	-	53
Interest expense	-	-	-	(3)	-	-	(59)
Total nonoperating revenues (expenses)	<u>4</u>	<u>55</u>	<u>-</u>	<u>142</u>	<u>149</u>	<u>-</u>	<u>748</u>
Income (loss) before transfers	2	20	(524)	(392)	20	-	(423)
Transfers in	-	-	-	181	-	-	273
Transfers out	-	-	-	-	(20)	(53)	(165)
Change in net assets	<u>2</u>	<u>20</u>	<u>(524)</u>	<u>(211)</u>	<u>-</u>	<u>(53)</u>	<u>(315)</u>
Total net assets (deficit), beginning, as restated	79	805	(463)	14,384	-	110	20,942
Total net assets (deficit), ending	<u>\$ 81</u>	<u>\$ 825</u>	<u>\$ (987)</u>	<u>\$ 14,173</u>	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ 20,627</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>San Jose/ Broadway</u>	<u>Scattered Sites</u>	<u>Larchmont/ Wildflower</u>	<u>Locally Funded Projects</u>	<u>Riverview Plaza Commercial</u>	<u>Pioneer Hall</u>
Cash flows from operating activities:						
Cash receipts from tenants	\$ 65	\$ 4	\$ 32	\$ 596	\$ 391	\$ 50
Cash received from (refunded to) tenants	2	-	1	3	(12)	-
Cash paid to suppliers for goods and services	(50)	(16)	(35)	(149)	(139)	(47)
Cash paid to employees for services	(58)	(63)	(26)	(96)	(163)	(2)
Cash paid for housing assistant payment	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>(41)</u>	<u>(75)</u>	<u>(28)</u>	<u>354</u>	<u>77</u>	<u>1</u>
Cash flows from noncapital financing activities:						
Transfers in	48	44	-	-	-	-
Transfers out	-	-	-	(92)	-	-
Intergovernmental revenue received	114	15	58	218	-	-
Change in assets and liabilities:						
Due to other fund	4	16	16	-	-	-
Due from component unit	-	-	-	(325)	-	-
Due to component unit	-	-	-	-	(66)	-
Advance from other funds	-	-	-	410	-	-
Due from other funds	-	-	-	(7)	-	-
Due from other governments	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>166</u>	<u>75</u>	<u>74</u>	<u>204</u>	<u>(66)</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	-	-	-	(351)	-	-
Payments on long-term liabilities	(23)	-	(29)	-	-	-
Interest paid	(47)	-	(9)	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(70)</u>	<u>-</u>	<u>(38)</u>	<u>(351)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:						
Change in notes receivable	-	-	-	-	-	-
Interest received	4	-	1	38	6	-
Net cash provided by (used in) investing activities	<u>4</u>	<u>-</u>	<u>1</u>	<u>38</u>	<u>6</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	59	-	9	245	17	1
Cash and cash equivalents, beginning	92	3	30	737	81	62
Cash and cash equivalents, ending	<u>\$ 151</u>	<u>\$ 3</u>	<u>\$ 39</u>	<u>\$ 982</u>	<u>\$ 98</u>	<u>\$ 63</u>
Reconciliation of cash and cash equivalents to the statement of net assets:						
Cash and cash equivalents in cash and investments	\$ 41	\$ -	\$ -	\$ 968	\$ 92	\$ 61
Cash and cash equivalents in restricted cash and investments	110	3	39	14	6	2
Total	<u>\$ 151</u>	<u>\$ 3</u>	<u>\$ 39</u>	<u>\$ 982</u>	<u>\$ 98</u>	<u>\$ 63</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating Income (loss)	\$ (79)	\$ (64)	\$ (37)	\$ 287	\$ (55)	\$ 1
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation/amortization	32	4	8	69	140	-
Change in assets and liabilities:						
Accounts receivable	2	(18)	6	(5)	-	-
Deferred charges and prepaid items	7	-	(7)	-	7	-
Accounts payable	-	3	1	1	(2)	-
Accrued liabilities	-	-	-	(1)	(1)	-
Deferred revenue	(5)	-	-	-	-	-
Deposit and trust liability	2	-	1	3	(12)	-
Total adjustments	<u>38</u>	<u>(11)</u>	<u>9</u>	<u>67</u>	<u>132</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (41)</u>	<u>\$ (75)</u>	<u>\$ (28)</u>	<u>\$ 354</u>	<u>\$ 77</u>	<u>\$ 1</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Nova House	San Carlos Shelter Plus Care	Greenfair	Phoenix Park	City Mod Rehab	Security Deposit Revolving Loan	Total
Cash flows from operating activities:							
Cash receipts from tenants	\$ -	\$ 62	\$ -	\$ 544	\$ -	\$ -	\$ 1,744
Cash received from (refunded to) tenants	-	1	-	(1)	-	-	(6)
Cash paid to suppliers for goods and services	(2)	(63)	(4)	(778)	-	-	(1,283)
Cash paid to employees for services	-	(9)	(496)	(151)	-	-	(1,064)
Cash paid for housing assistant payment	-	-	-	-	(129)	-	(129)
Net cash provided by (used in) operating activities	(2)	(9)	(500)	(386)	(129)	-	(738)
Cash flows from noncapital financing activities:							
Transfers in	-	-	-	181	-	-	273
Transfers out	-	-	-	-	(20)	(53)	(165)
Intergovernmental revenue received	-	55	-	145	149	-	754
Change in assets and liabilities:							
Due to other fund	-	-	-	-	(6)	-	30
Due from component unit	-	-	-	-	-	-	(325)
Due to component unit	-	-	-	-	-	-	(66)
Advance from other funds	-	-	1,018	(3)	-	-	1,425
Due from other fund	-	-	-	-	-	-	(7)
Due from other governments	-	-	-	-	6	-	6
Due to other governments	-	-	-	-	(1)	-	(1)
Net cash provided by (used in) noncapital financing activities	-	55	1,018	323	128	(53)	1,924
Cash flows from capital and related financing activities:							
Purchase of capital assets	-	-	(518)	-	-	-	(869)
Payments on long-term liabilities	-	-	-	-	-	-	(52)
Interest paid	-	-	-	(3)	-	-	(59)
Net cash provided by (used in) capital and related financing activities	-	-	(518)	(3)	-	-	(980)
Cash flows from investing activities:							
Change in notes receivable	-	-	-	-	-	2	2
Interest received	4	-	-	-	-	-	53
Net cash provided by (used in) investing activities	4	-	-	-	-	2	55
Net increase (decrease) in cash and cash equivalents	2	46	-	(66)	(1)	(51)	261
Cash and cash equivalents, beginning	79	97	-	150	1	51	1,383
Cash and cash equivalents, ending	<u>\$ 81</u>	<u>\$ 143</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,644</u>
Reconciliation of cash and cash equivalents to the statement of net assets:							
Cash and cash equivalents in cash and investments	\$ 81	\$ 138	\$ -	\$ 84	\$ -	\$ -	\$ 1,465
Cash and cash equivalents in restricted cash and investments	-	5	-	-	-	-	179
Total	<u>\$ 81</u>	<u>\$ 143</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,644</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating Income (loss)	\$ (2)	\$ (35)	\$ (524)	\$ (534)	\$ (129)	\$ -	\$ (1,171)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation/amortization	-	21	22	67	-	-	363
Change in assets and liabilities:							
Accounts receivable	-	-	-	72	-	-	57
Deferred charges and prepaid items	-	-	-	-	-	-	7
Accounts payable	-	4	2	32	-	-	41
Accrued liabilities	-	-	-	(22)	-	-	(24)
Deferred revenue	-	-	-	-	-	-	(5)
Deposit and trust liability	-	1	-	(1)	-	-	(6)
Total adjustments	<u>-</u>	<u>26</u>	<u>24</u>	<u>148</u>	<u>-</u>	<u>-</u>	<u>433</u>
Net cash provided by (used in) operating activities	<u>\$ (2)</u>	<u>\$ (9)</u>	<u>\$ (500)</u>	<u>\$ (386)</u>	<u>\$ (129)</u>	<u>\$ -</u>	<u>\$ (738)</u>

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Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. Since the services and commodities are supplied exclusively to departments of a governmental jurisdiction, they are distinguishable from those public services rendered to the public in general and which are accounted for in Special Revenue, Enterprise or Fiduciary Funds.

- ◆ **Internal Support Fund** is used to account for the accumulation and allocation of costs associated with central support organizations of the Agency as well as the accumulation of funds to pay for compensated absences earned by employees.
- ◆ **Self Insurance Fund** is used to account for the costs of insurance (i.e. premiums and estimated claims liabilities) and accumulate funds for catastrophic events.

Sacramento Housing and Redevelopment Agency
Combining Statement of Net Assets
Internal Service Funds
December 31, 2006
(amounts expressed in thousands)

	<u>Internal Support</u>	<u>Self Insurance</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 77,205	\$ 2,528	\$ 79,733
Accounts receivable (net)	32	-	32
Deferred charges and prepaid items	52	-	52
Total current assets	<u>77,289</u>	<u>2,528</u>	<u>79,817</u>
Noncurrent assets:			
Restricted cash and investments	525	-	525
Advances to other funds	-	649	649
Total noncurrent assets	<u>525</u>	<u>649</u>	<u>1,174</u>
Capital assets:			
Property and equipment	1,004	20	1,024
Less accumulated depreciation	(919)	(15)	(934)
Total capital assets (net of accumulated depreciation)	<u>85</u>	<u>5</u>	<u>90</u>
Total noncurrent assets	<u>610</u>	<u>654</u>	<u>1,264</u>
Total assets	<u>77,899</u>	<u>3,182</u>	<u>81,081</u>
Liabilities			
Current liabilities:			
Securities lending obligations	65,874	-	65,874
Accounts payable	222	9	231
Accrued liabilities	508	391	899
Compensated absences	1,942	-	1,942
Current liabilities payable from restricted assets:			
Deposit and trust liability	1	-	1
Total current liabilities	<u>68,547</u>	<u>400</u>	<u>68,947</u>
Noncurrent liabilities:			
Compensated absences	848	-	848
Advances from component units	1,000	-	1,000
Total noncurrent liabilities	<u>1,848</u>	<u>-</u>	<u>1,848</u>
Total liabilities	<u>70,395</u>	<u>400</u>	<u>70,795</u>
Net Assets			
Invested in capital assets, net of related debt	85	5	90
Restricted for community development	525	-	525
Unrestricted	6,894	2,777	9,671
Total net assets	<u>\$ 7,504</u>	<u>\$ 2,782</u>	<u>\$ 10,286</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>Internal Support</u>	<u>Self Insurance</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 6,445	\$ 1,354	\$ 7,799
Miscellaneous	935	-	935
Total operating revenues	<u>7,380</u>	<u>1,354</u>	<u>8,734</u>
Operating expenses:			
Employee services	4,962	128	5,090
Services and supplies	1,226	922	2,148
Claims and judgements	-	193	193
Depreciation	26	2	28
Total operating expenses	<u>6,214</u>	<u>1,245</u>	<u>7,459</u>
Operating income	<u>1,166</u>	<u>109</u>	<u>1,275</u>
Nonoperating revenues:			
Investment earnings	621	129	750
Total nonoperating revenues	<u>621</u>	<u>129</u>	<u>750</u>
Change in net assets	1,787	238	2,025
Total net assets, beginning	<u>5,717</u>	<u>2,544</u>	<u>8,261</u>
Total net assets, ending	<u>\$ 7,504</u>	<u>\$ 2,782</u>	<u>\$ 10,286</u>

Sacramento Housing and Redevelopment Agency
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Internal Support	Self- Insurance	Total
Cash flows from operating activities:			
Cash receipts from interfund services provided	\$ 7,358	\$ 1,354	\$ 8,712
Cash paid to suppliers for goods and services	(972)	(844)	(1,816)
Cash paid to employees for services	(5,262)	(128)	(5,390)
Cash paid from deposit and trust liability	1	-	1
Cash paid for claims and judgements	-	(193)	(193)
Net cash provided by operating activities	<u>1,125</u>	<u>189</u>	<u>1,314</u>
Cash flows from noncapital financing activities:			
Change in assets and liabilities:			
Due to other governments	(563)	-	(563)
Advances to other funds	-	30	30
Securities lending obligations	46,424	-	46,424
Due from other governments	(21)	-	(21)
Net cash provided by noncapital financing activities	<u>45,840</u>	<u>30</u>	<u>45,870</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(20)	-	(20)
Net cash used in capital and related financing activities	<u>(20)</u>	<u>-</u>	<u>(20)</u>
Cash flows from investing activities:			
Interest received	663	129	792
Net cash provided by investing activities	<u>663</u>	<u>129</u>	<u>792</u>
Net increase in cash and cash equivalents	47,608	348	47,956
Cash and cash equivalents, beginning	30,122	2,180	32,302
Cash and cash equivalents, ending	<u>\$ 77,730</u>	<u>\$ 2,528</u>	<u>\$ 80,258</u>
Reconciliation of cash and cash equivalents to the statement of net assets:			
Cash and cash equivalents in cash and investments	\$ 77,205	\$ 2,528	\$ 79,733
Cash and cash equivalents in restricted cash and investments	525	-	525
Total	<u>\$ 77,730</u>	<u>\$ 2,528</u>	<u>\$ 80,258</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating Income	\$ 1,166	\$ 109	\$ 1,275
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation/amortization	26	2	28
Change in assets and liabilities:			
Accounts receivable	(22)	-	(22)
Deferred charges and prepaid items	(10)	-	(10)
Accounts payable	107	9	116
Accrued liabilities	157	69	226
Deposit and trust liability	1	-	1
Compensated absences	(300)	-	(300)
Total adjustments	<u>(41)</u>	<u>80</u>	<u>39</u>
Net cash provided by operating activities	<u>\$ 1,125</u>	<u>\$ 189</u>	<u>\$ 1,314</u>

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Agency Funds

Agency funds are used to account for assets held by the government as an agent for individuals or private organizations.

- ◆ **Neighborhood Housing Services Fund** is used to invest funds on behalf of Neighborhood Housing Services.

Sacramento Housing and Redevelopment Agency
Statement of Changes in Assets and Liabilities
Neighborhood Housing Services Agency Fund
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Balance at January 1, 2006	Additions	Deletions	Balance at December 31, 2006
Assets				
Cash and investments	\$ 10	\$ 1	\$ -	\$ 11
Liabilities				
Deposit and trust liability	\$ 10	\$ 1	\$ -	\$ 11

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Statistical Section

This part of the Agency'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 Agency's overall financial health.

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

- ◆ Net Assets by Component
- ◆ Changes in Net Assets
- ◆ Fund Balances of Governmental Funds
- ◆ Changes in Fund Balances of Governmental Funds

Revenue Capacity-These schedules contain information to help the reader assess the Agency's most significant local revenue source, the property tax.

- ◆ Assessed Value of Taxable Property
- ◆ Property Tax Levies and Collections
- ◆ Principal Property Taxpayers

Debt Capacity-This schedule presents information to help the reader assess the affordability of the Agency's current levels of outstanding debt and the Agency's ability to issue additional debt in the future.

- ◆ Ratios of Outstanding Debt by Type

Demographic and Economic Information-This schedule offers demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place.

- ◆ Demographic and Economic Statistics

Operating Information-These schedules contain service and infrastructure data to help the reader understand how the information in the Agency's financial report relates to the services the Agency provides and the activities it performs.

- ◆ Full-time Equivalent Agency Employees by Function/Program
- ◆ Operating Indicators by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Net Assets by Component
For the Six Years Ended December 31, 2006
(amounts expressed in thousands)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:						
Invested in capital assets, net of related debt	\$ 51,380	\$ 50,939	\$ 56,118	\$ 47,646	\$ 49,081	\$ 70,631
Restricted	173,365	193,743	284,663	284,011	420,634	460,225
Unrestricted	(142,958)	(151,899)	(239,957)	(226,134)	(344,057)	(367,938)
Total governmental activities net assets	<u>\$ 81,787</u>	<u>\$ 92,783</u>	<u>\$ 100,824</u>	<u>\$ 105,523</u>	<u>\$ 125,658</u>	<u>\$ 162,918</u>
Business-type Activities:						
Invested in capital assets, net of related debt	\$ 174,070	\$ 179,088	\$ 173,326	\$ 168,910	\$ 173,114	\$ 167,935
Restricted	2,916	2,808	2,842	1,776	8,954	304
Unrestricted	419	829	2,086	19,842	18,951	35,709
Total business-type activities, net assets	<u>\$ 177,405</u>	<u>\$ 182,725</u>	<u>\$ 178,254</u>	<u>\$ 190,528</u>	<u>\$ 201,019</u>	<u>\$ 203,948</u>
Primary Government:						
Invested in capital assets, net of related debt	\$ 225,450	\$ 230,027	\$ 229,444	\$ 216,556	\$ 222,195	\$ 238,566
Restricted	176,281	196,551	287,505	285,787	429,588	460,529
Unrestricted	(142,539)	(151,070)	(237,871)	(206,292)	(325,106)	(332,229)
Total primary government net assets	<u>\$ 259,192</u>	<u>\$ 275,508</u>	<u>\$ 279,078</u>	<u>\$ 296,051</u>	<u>\$ 326,677</u>	<u>\$ 366,866</u>

Note: The negative unrestricted net assets are mainly the result of redevelopment debt that does not produce capital assets.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Changes In Net Assets
For The Six Years Ended December 31, 2006
(amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006
Expenses:						
Governmental activities:						
Housing operations	\$ 6,355	\$ 6,307	\$ 5,591	\$ 5,836	\$ 7,017	\$ 3,200
Community development	47,896	62,182	38,535	53,774	64,151	72,164
Community social services	2,881	3,738	2,648	4,408	3,231	2,796
Interest expense	-	-	11,606	12,233	11,737	15,826
Total governmental activities expenses	<u>57,132</u>	<u>72,227</u>	<u>58,380</u>	<u>76,251</u>	<u>86,136</u>	<u>93,986</u>
Business-type activities:						
Local housing	2,672	3,613	9,826	4,599	3,516	2,922
Public housing	19,423	19,937	22,086	21,687	21,605	22,647
Housing choice vouchers	48,436	61,352	88,693	104,228	93,425	87,790
Total business-type activities expenses	<u>70,531</u>	<u>84,902</u>	<u>120,605</u>	<u>130,514</u>	<u>118,546</u>	<u>113,359</u>
Total primary government expenses	<u>127,663</u>	<u>157,129</u>	<u>178,985</u>	<u>206,765</u>	<u>204,682</u>	<u>207,345</u>
Program Revenues:						
Governmental activities:						
Charges for services:						
Housing operations	1,182	1,420	1,357	1,222	1,152	1,371
Community development	-	20	32	89	117	31
Community social services	-	500	-	-	-	-
Operating grants and contributions:						
Housing operations	2,213	1,231	907	559	743	508
Community development	27,927	33,070	23,001	27,925	39,296	51,620
Community social services	1,333	701	1,795	1,805	1,802	1,665
Capital grants and contributions:						
Housing operations	7,133	7,510	3,706	9,251	7,594	4,143
Community development	63	11,000	-	-	-	-
Total governmental activities program revenues	<u>39,851</u>	<u>55,452</u>	<u>30,798</u>	<u>40,851</u>	<u>50,704</u>	<u>59,338</u>
Business-type activities:						
Charges for services:						
Local housing	1,122	1,809	1,738	958	885	936
Public housing	6,121	6,997	7,169	7,224	7,268	7,070
Housing choice vouchers	-	-	173	3,527	2,439	-
Operating grants and contributions:						
Local housing	797	1,167	1,489	1,420	1,430	754
Public housing	7,732	7,449	7,092	8,070	7,770	7,882
Housing choice vouchers	49,575	61,784	89,588	100,600	98,589	102,480
Total business-type activities program revenues	<u>65,347</u>	<u>79,206</u>	<u>107,249</u>	<u>121,799</u>	<u>118,381</u>	<u>119,122</u>
Total primary government program revenues	<u>105,198</u>	<u>134,658</u>	<u>138,047</u>	<u>162,650</u>	<u>169,085</u>	<u>178,460</u>
Net (Expenses) Revenue:						
Governmental activities	(17,281)	(16,775)	(27,582)	(35,400)	(35,432)	(34,648)
Business-type activities	(5,184)	(5,696)	(13,356)	(8,715)	(165)	5,763
Total primary government net expense	<u>(22,465)</u>	<u>(22,471)</u>	<u>(40,938)</u>	<u>(44,115)</u>	<u>(35,597)</u>	<u>(28,885)</u>

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
 Changes In Net Assets
 For The Six Years Ended December 31, 2006
 (amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006
General revenues, transfers and changes in net assets:						
Governmental activities:						
Tax increment	\$ 27,751	\$ 29,300	\$ 35,314	\$ 40,676	\$ 50,173	\$ 50,219
Investment earnings	8,206	4,338	5,710	5,918	7,464	16,917
Gain/(loss) on disposal of capital assets	1,865	-	177	3,437	(364)	(2,316)
Income from assets held for resale					5,613	-
Miscellaneous	2,981	5,025	2,450	3,305	2,201	3,398
Transfers	(106)	(10,892)	(8,110)	(13,237)	(9,520)	3,690
Total governmental activities	<u>40,697</u>	<u>27,771</u>	<u>35,541</u>	<u>40,099</u>	<u>55,567</u>	<u>71,908</u>
Business-type activities:						
Investment earnings	236	124	132	83	112	531
Gain on sale of capital assets	-	-	49	6,833	29	5,239
Miscellaneous	307	-	676	836	995	1,316
Transfers	106	10,892	8,110	13,237	9,520	(3,690)
Total business-type activities	<u>649</u>	<u>11,016</u>	<u>8,967</u>	<u>20,989</u>	<u>10,656</u>	<u>3,396</u>
Total primary government	<u>41,346</u>	<u>38,787</u>	<u>44,508</u>	<u>61,088</u>	<u>66,223</u>	<u>75,304</u>
Change in net assets:						
Governmental activities	23,416	10,996	7,959	4,699	20,135	37,260
Business-type activities	(4,535)	5,320	(4,389)	12,274	10,491	9,159
Total primary government	<u>\$ 18,881</u>	<u>\$ 16,316</u>	<u>\$ 3,570</u>	<u>\$ 16,973</u>	<u>\$ 30,626</u>	<u>\$ 46,419</u>

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Fund Balances of Governmental Funds
For the Six Years Ended December 31, 2006
(amounts expressed in thousands)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Major funds:						
Reserved	\$ 109,061	\$ 83,622	\$ 100,921	\$ 91,572	\$176,196	\$ 152,664
Unreserved, reported in:						
Debt service funds	87	3,084	(660)	2,531	282	2,792
Capital projects funds		233	2,159	1,819	1,035	2,366
Total major funds	<u>\$ 109,148</u>	<u>\$ 86,939</u>	<u>\$ 102,420</u>	<u>\$ 95,922</u>	<u>\$177,513</u>	<u>\$ 157,822</u>
Other governmental funds:						
Reserved	\$ 3	\$ 91,667	\$ 114,252	\$ 113,201	\$158,249	\$ 192,466
Unreserved, reported in:						
Special revenue funds	7,724	7,852	10,409	7,133	6,886	8,986
Debt service funds	(1,615)	(2,575)	1,997	4,732	7,999	9,546
Capital projects funds	10,377	2,978	2,690	4,623	4,320	4,502
Total other governmental funds	<u>\$ 16,489</u>	<u>\$ 99,922</u>	<u>\$ 129,348</u>	<u>\$ 129,689</u>	<u>\$177,454</u>	<u>\$ 215,500</u>
Total governmental Funds	<u>\$ 125,637</u>	<u>\$ 186,861</u>	<u>\$ 231,768</u>	<u>\$ 225,611</u>	<u>\$354,967</u>	<u>\$ 373,322</u>

Note: The governmental fund balances do not include long-term debt or capital assets.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
 Changes in Fund Balances of Governmental Funds
 For the Ten Years Ended December 31, 2006
 (amounts expressed in thousands)

	1997	1998	1999	2000	2001
Revenues:					
Intergovernmental	\$ 84,336	\$ 78,195	\$ 89,591	\$ 85,081	\$ 37,304
Property taxes	18,558	20,327	19,679	22,537	27,751
Charges for services	6,221	5,955	5,995	6,269	8
Investment earnings	4,242	5,004	5,300	6,896	7,459
Income from assets held for resale	-	-	-	-	-
Miscellaneous	2,536	10,344	4,896	10,331	3,801
Total revenues	<u>115,893</u>	<u>119,825</u>	<u>125,461</u>	<u>131,114</u>	<u>76,323</u>
Expenditures:					
Current:					
Housing operations	24,317	23,118	20,896	21,357	5,298
Community development	15,989	13,911	17,336	19,337	42,650
Community services	3,808	3,104	4,225	3,970	2,881
Capital outlay	27,334	22,121	37,611	36,564	7,747
Housing assistance payments (1)	29,833	31,042	34,470	33,208	-
Debt service:					
Principal retirement	7,308	9,993	9,407	6,845	8,460
Interest and related charges	12,272	13,171	14,140	9,678	10,932
Advance refunding escrow	-	-	1,986	2,583	-
Total expenditures	<u>120,861</u>	<u>116,460</u>	<u>140,071</u>	<u>133,542</u>	<u>77,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,968)</u>	<u>3,365</u>	<u>(14,610)</u>	<u>(2,428)</u>	<u>(1,645)</u>
Other Financing Sources(Uses):					
Long-term debt issued	2,498	70,932	43,549	22,363	5,283
Sale of capital assets	-	-	-	114	1,865
Transfers in	22,252	23,912	43,919	13,196	17,995
Transfers out	(22,334)	(24,126)	(43,884)	(14,801)	(17,596)
Transfers to component units	(658)	(658)	(658)	(658)	(658)
Payment to escrow agent	-	(49,110)	(6,261)	(21,839)	-
Total other financing sources (uses)	<u>1,758</u>	<u>20,950</u>	<u>36,665</u>	<u>(1,625)</u>	<u>6,889</u>
Net change in fund balances	<u>\$ (3,210)</u>	<u>\$ 24,315</u>	<u>\$ 22,055</u>	<u>\$ (4,053)</u>	<u>\$ 5,244</u>
Debt service as a percentage of non-capital expenditures	21%	25%	25%	20%	28%

Note: This statement includes all Special Revenue, Debt Service and Capital Projects Funds.

(1) Reclassified as Enterprise Funds in 2001

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
 Changes in Fund Balances of Governmental Funds
 For the Ten Years Ended December 31, 2006
 (amounts expressed in thousands)

	2002	2003	2004	2005	2006
Revenues:					
Intergovernmental	\$ 41,340	\$ 32,134	\$ 34,151	\$ 38,838	\$ 36,864
Property taxes	29,300	35,314	40,676	50,173	50,219
Charges for services	26	-	1,311	1,269	1,402
Investment earnings	4,302	5,482	5,312	7,150	16,167
Income from assets held for resale	-	-	-	5,613	-
Miscellaneous	6,012	-	3,293	2,173	2,463
Total revenues	<u>80,980</u>	<u>72,930</u>	<u>84,743</u>	<u>105,216</u>	<u>107,115</u>
Expenditures:					
Current:					
Housing operations	4,685	4,103	4,903	9,212	3,527
Community development	45,227	40,480	49,088	57,262	65,966
Community services	3,738	2,648	4,408	3,231	2,796
Capital outlay	15,361	12,678	10,229	16,786	26,694
Housing assistance payments (1)	-	-	-	-	-
Debt service:					
Principal retirement	9,910	12,504	13,031	13,383	16,530
Interest and related charges	13,177	14,782	16,382	23,598	21,815
Advance refunding escrow	-	-	-	1,111	1,150
Total expenditures	<u>92,098</u>	<u>87,195</u>	<u>98,041</u>	<u>124,583</u>	<u>138,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,118)</u>	<u>(14,265)</u>	<u>(13,298)</u>	<u>(19,367)</u>	<u>(31,363)</u>
Other Financing Sources(Uses):					
Long-term debt issued	61,316	56,855	2,772	172,558	55,239
Sale of capital assets	11,920	6,427	5,286	5,797	170
Transfers in	17,393	22,176	14,370	27,960	27,644
Transfers out	(18,287)	(23,046)	(15,287)	(28,616)	(21,729)
Transfers to component units	-	-	-	-	-
Payment to escrow agent	-	(2,712)	-	(28,976)	(11,606)
Total other financing sources (uses)	<u>72,342</u>	<u>59,700</u>	<u>7,141</u>	<u>148,723</u>	<u>49,718</u>
Net change in fund balances	<u>\$ 61,224</u>	<u>\$ 45,435</u>	<u>\$ (6,157)</u>	<u>\$ 129,356</u>	<u>\$ 18,355</u>
Debt service as a percentage of non-capital expenditures	30%	37%	33%	35%	35%

Note: This statement includes all Special Revenue, Debt Service and Capital Projects Funds.

(1) Reclassified as Enterprise Funds in 2001

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Assessed Value of Taxable Property
For the Ten Years Ended December 31, 2006
(amounts expressed in thousands)

PROJECT AREA	1997	1998	1999	2000	2001
Merged Downtown					
Secured	\$ 1,218,540	\$ 1,239,615	\$ 1,237,027	\$ 1,245,959	\$ 1,438,165
Unsecured	131,138	168,572	124,500	123,763	146,213
Utility	5,323	5,332	5,572	5,420	4,992
Total	<u>\$ 1,355,001</u>	<u>\$ 1,413,519</u>	<u>\$ 1,367,099</u>	<u>\$ 1,375,142</u>	<u>\$ 1,589,370</u>
Del Paso Heights					
Secured	\$ 126,355	\$ 124,077	\$ 127,596	\$ 134,617	\$ 139,231
Unsecured	8,782	8,775	9,686	9,879	10,112
Total	<u>\$ 135,137</u>	<u>\$ 132,852</u>	<u>\$ 137,282</u>	<u>\$ 144,496</u>	<u>\$ 149,343</u>
Alkali Flat					
Secured	\$ 82,162	\$ 80,493	\$ 85,495	\$ 86,993	\$ 91,332
Unsecured	5,931	5,677	5,288	4,936	4,645
Utility	3	3	30	30	30
Total	<u>\$ 88,096</u>	<u>\$ 86,173</u>	<u>\$ 90,813</u>	<u>\$ 91,959</u>	<u>\$ 96,007</u>
Oak Park					
Secured	\$ 213,542	\$ 229,419	\$ 216,119	\$ 226,696	\$ 229,697
Unsecured	5,814	5,802	5,564	7,500	9,280
Total	<u>\$ 219,356</u>	<u>\$ 235,221</u>	<u>\$ 221,683</u>	<u>\$ 234,196</u>	<u>\$ 238,977</u>
Walnut Grove					
Secured	\$ 3,564	\$ 3,755	\$ 4,067	\$ 4,112	\$ 4,854
Unsecured	126	98	813	817	39
Total	<u>\$ 3,690</u>	<u>\$ 3,853</u>	<u>\$ 4,880</u>	<u>\$ 4,929</u>	<u>\$ 4,893</u>
Richards Boulevard					
Secured	\$ 234,776	\$ 286,208	\$ 285,473	\$ 291,358	\$ 304,907
Unsecured	38,476	37,631	40,454	38,815	32,648
Utility	30,737	31,096	32,725	32,065	31,183
Total	<u>\$ 303,989</u>	<u>\$ 354,935</u>	<u>\$ 358,652</u>	<u>\$ 362,238</u>	<u>\$ 368,738</u>
North Sacramento					
Secured	\$ 264,485	\$ 280,040	\$ 285,557	\$ 292,547	\$ 321,866
Unsecured	31,162	28,574	33,832	34,125	34,762
Total	<u>\$ 295,647</u>	<u>\$ 308,614</u>	<u>\$ 319,389</u>	<u>\$ 326,672</u>	<u>\$ 356,628</u>

Source: Sacramento County Tax Assessor

Note: Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.

One percent is the maximum tax rate by state law.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Assessed Value of Taxable Property
For the Ten Years Ended December 31, 2006
(amounts expressed in thousands)

PROJECT AREA	2002	2003	2004	2005	2006
Merged Downtown					
Secured	\$ 1,536,550	\$ 1,662,872	\$ 1,787,577	\$ 1,890,836	\$ 1,961,343
Unsecured	144,454	138,319	119,926	129,736	136,059
Utility	4,994	5,777	5,781	5,781	5,280
Total	<u>\$ 1,685,998</u>	<u>\$ 1,806,968</u>	<u>\$ 1,913,284</u>	<u>\$ 2,026,353</u>	<u>\$ 2,102,682</u>
Del Paso Heights					
Secured	\$ 152,742	\$ 155,517	\$ 184,193	\$ 204,909	\$ 260,127
Unsecured	9,708	10,203	11,086	11,417	10,364
Total	<u>\$ 162,450</u>	<u>\$ 165,720</u>	<u>\$ 195,279</u>	<u>\$ 216,326</u>	<u>\$ 270,491</u>
Alkali Flat					
Secured	\$ 93,984	\$ 92,296	\$ 85,041	\$ 91,849	\$ 96,749
Unsecured	4,152	3,958	14,870	12,784	13,802
Utility	30	37	37	-	37
Total	<u>\$ 98,166</u>	<u>\$ 96,291</u>	<u>\$ 99,948</u>	<u>\$ 104,633</u>	<u>\$ 110,588</u>
Oak Park					
Secured	\$ 243,473	\$ 289,494	\$ 309,414	\$ 358,427	\$ 441,020
Unsecured	9,392	12,618	21,900	11,306	10,644
Total	<u>\$ 252,865</u>	<u>\$ 302,112</u>	<u>\$ 331,314</u>	<u>\$ 369,733</u>	<u>\$ 451,664</u>
Walnut Grove					
Secured	\$ 5,372	\$ 5,832	\$ 6,289	\$ 7,578	\$ 8,638
Unsecured	42	73	64	36	105
Total	<u>\$ 5,414</u>	<u>\$ 5,905</u>	<u>\$ 6,353</u>	<u>\$ 7,614</u>	<u>\$ 8,743</u>
Richards Boulevard					
Secured	\$ 311,595	\$ 340,759	\$ 350,075	\$ 373,031	\$ 383,756
Unsecured	31,515	33,542	31,661	29,292	30,896
Utility	30,848	38,018	38,382	-	37,533
Total	<u>\$ 373,958</u>	<u>\$ 412,319</u>	<u>\$ 420,118</u>	<u>\$ 402,323</u>	<u>\$ 452,185</u>
North Sacramento					
Secured	\$ 350,981	\$ 368,299	\$ 393,724	\$ 428,628	\$ 469,556
Unsecured	32,534	27,070	28,063	34,934	36,278
Total	<u>\$ 383,515</u>	<u>\$ 395,369</u>	<u>\$ 421,787</u>	<u>\$ 463,562</u>	<u>\$ 505,834</u>

Source: Sacramento County Tax Assessor

Note: Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.

One percent is the maximum tax rate by state law.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Assessed Value of Taxable Property
For the Ten Years Ended December 31, 2006
(amounts expressed in thousands)

PROJECT AREA	1997	1998	1999	2000	2001
Franklin Boulevard					
Secured	\$ 402,107	\$ 422,053	\$ 385,798	\$ 388,052	\$ 373,251
Unsecured	17,808	16,992	17,618	26,258	39,322
Utility	88	124	153	-	-
Total	<u>\$ 420,003</u>	<u>\$ 439,169</u>	<u>\$ 403,569</u>	<u>\$ 414,310</u>	<u>\$ 412,573</u>
Auburn Boulevard					
Secured	\$ 50,228	\$ 49,925	\$ 49,300	\$ 49,400	\$ 50,252
Unsecured	9,350	10,021	11,328	11,273	8,182
Total	<u>\$ 59,578</u>	<u>\$ 59,946</u>	<u>\$ 60,628</u>	<u>\$ 60,673</u>	<u>\$ 58,434</u>
Stockton Boulevard					
Secured	\$ 205,885	\$ 203,979	\$ 203,777	\$ 211,920	\$ 223,877
Unsecured	13,305	13,249	12,941	12,735	12,231
Total	<u>\$ 219,190</u>	<u>\$ 217,228</u>	<u>\$ 216,718</u>	<u>\$ 224,655</u>	<u>\$ 236,108</u>
Mather/McClellan Merged (1)					
Secured	\$ -	\$ 11	\$ 12	\$ 20	\$ 28,694
Unsecured	-	12,571	24,255	24,490	35,528
Utility	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 12,582</u>	<u>\$ 24,267</u>	<u>\$ 24,510</u>	<u>\$ 64,222</u>
Army Depot					
Secured	\$ -	\$ 198,699	\$ 191,340	\$ 213,120	\$ 140,412
Unsecured	-	135,109	134,212	115,800	83,187
Utility	-	889	1,016	928	826
Total	<u>\$ -</u>	<u>\$ 334,697</u>	<u>\$ 326,568</u>	<u>\$ 329,848</u>	<u>\$ 224,425</u>
65th Street					
Secured	\$ -	\$ -	\$ -	\$ -	\$ -
Unsecured	-	-	-	-	-
Utility	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Sacramento County Tax Assessor

Note: Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.

One percent is the maximum tax rate by state law.

(1) The Mather and McClellan redevelopment areas were merged in 2002

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Assessed Value of Taxable Property
For the Ten Years Ended December 31, 2006
(amounts expressed in thousands)

PROJECT AREA	2002	2003	2004	2005	2006
Franklin Boulevard					
Secured	\$ 378,147	\$ 395,790	\$ 441,918	\$ 457,001	\$ 507,056
Unsecured	43,634	44,211	44,090	43,519	44,426
Utility	-	-	-	-	-
Total	<u>\$ 421,781</u>	<u>\$ 440,001</u>	<u>\$ 486,008</u>	<u>\$ 500,520</u>	<u>\$ 551,482</u>
Auburn Boulevard					
Secured	\$ 54,146	\$ 58,237	\$ 61,180	\$ 65,054	\$ 67,069
Unsecured	9,234	8,980	10,664	6,934	29,003
Total	<u>\$ 63,380</u>	<u>\$ 67,217</u>	<u>\$ 71,844</u>	<u>\$ 71,988</u>	<u>\$ 96,072</u>
Stockton Boulevard					
Secured	\$ 238,367	\$ 252,639	\$ 279,615	\$ 312,491	\$ 370,130
Unsecured	12,057	12,060	14,516	13,282	13,381
Total	<u>\$ 250,424</u>	<u>\$ 264,699</u>	<u>\$ 294,131</u>	<u>\$ 325,773</u>	<u>\$ 383,511</u>
Mather/McClellan Merged (1)					
Secured	\$ 74,131	\$ 361,436	\$ 476,864	\$ 698,155	\$ 761,873
Unsecured	49,709	100,898	251,145	184,640	238,020
Utility	-	336	279	-	274
Total	<u>\$ 123,840</u>	<u>\$ 462,670</u>	<u>\$ 728,288</u>	<u>\$ 882,795</u>	<u>\$ 1,000,167</u>
Army Depot					
Secured	\$ 153,957	\$ 163,048	\$ 159,897	\$ 161,285	\$ 402,960
Unsecured	47,834	52,180	94,488	94,651	88,155
Utility	788	774	824	-	922
Total	<u>\$ 202,579</u>	<u>\$ 216,002</u>	<u>\$ 255,209</u>	<u>\$ 255,936</u>	<u>\$ 492,037</u>
65th Street					
Secured	\$ -	\$ -	\$ -	\$ -	\$ 203,524
Unsecured	-	-	-	-	165
Utility	-	-	-	-	739
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,428</u>

Source: Sacramento County Tax Assessor

Note: Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.

One percent is the maximum tax rate by state law.

(1) The Mather and McClellan redevelopment areas were merged in 2002

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Property Tax Levies and Collections
for All Redevelopment Areas Combined
For the Ten Years Ended December 31, 2006
(amounts expressed in thousands)

Fiscal Year Ended December 31	Tax Increment Levied for the Fiscal Year	Collected within the Fiscal Year	
		Amount Received	Percentage (1)
1997	\$ 18,558	\$ 18,558	100%
1998	20,327	20,327	100%
1999	19,679	19,679	100%
2000	22,537	22,537	100%
2001	27,751	27,751	100%
2002	29,300	29,300	100%
2003	35,314	35,314	100%
2004	40,676	40,676	100%
2005	50,173	50,173	100%
2006	50,219	50,219	100%

Source: County of Sacramento Compilation by Auditor Controller's Office

(1) Under the terms of its Teeter Plan the County guarantees pass through of the full amount due to the Redevelopment Agency regardless of amount collected.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Merged Downtown)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
Teachers Insurance/Annuity Assn of America	\$ 159,095	1	7.09%	\$ -		
EOP-400 Capital Mall LLC	146,285	2	6.52%	-		
V V Usa City LP	88,256	3	3.93%	79,861	3	4.75%
RT Sacramento Funding Company Inc	79,350	4	3.54%	-		
Sacramento Hotel Corporation	73,592	5	3.28%	-		
Rubicon NGP Sacramento CA LLP	67,320	6	3.00%	-		
Teachers Insurance/Annuity Assn of America	40,576	7	1.81%	-		
Calif Assn Hosp/Hlth Sym (Tsakopoulos Family)	38,308	8	1.71%	-		
Mart Family LLC/Senator Building LLC/ETA	35,505	9	1.58%	-		
Health Property Associates	35,326	10	1.58%	29,891	9	1.78%
400 Capitol Mall Venture	-			130,730	1	7.78%
Downtown Plaza	-			86,365	2	5.14%
980 9th Street LLC	-			77,592	4	4.61%
Alpine Realty Sacramento	-			61,991	5	3.69%
Sacramento Renaissance Tower	-			52,122	6	3.10%
Capitol Regency LLC	-			48,263	7	2.87%
California Hospital Association	-			30,969	8	1.84%
Capitol Place Inc.	-			29,793	10	1.77%
Sub Total	763,613		34.05%	627,577		37.22%
All Other Taxpayers	1,479,290		65.95%	1,058,421		62.78%
Total (Merged Downtown)	<u>\$ 2,242,903</u>		<u>100.00%</u>	<u>\$ 1,685,998</u>		<u>100.00%</u>

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Del Paso Heights)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
Research Properties	4,729	1	1.35%	3,598	3	2.21%
Woodhaven Senior Residence	3,990	2	1.14%	-		
Lundblom Family Trust	3,818	3	1.09%	-		
John A / Leta K Nichols 1994 Rev Trust	2,491	4	0.71%	-		
US Rentals inc	2,221	5	0.64%	1,819	5	1.12%
Lenore Wyatt Living Trust	1,965	6	0.56%	-		
Maki Stephen	1,923	7	0.55%	-		
Harry G/ Mariann Brix 1993 Family Trust	1,665	8	0.48%	1,128	6	0.69%
Terkensha Associates	1,440	9	0.41%	1,110	7	0.68%
1980 Tyler Family Trust	1,325	10	0.38%	1,000	8	0.62%
Greater Sacramento Urban League	-			4,863	1	2.99%
Village Park Housing Association	-			4,560	2	2.81%
Anderson Family Trust	-			2,354	4	1.45%
Ben Ali Temple	-			979	9	0.60%
Donald K. Hansen	-			858	10	0.53%
Sub Total	25,567		7.32%	22,269		13.71%
All Other Taxpayers	323,775		92.68%	140,181		86.29%
Total (Del Paso Heights)	<u>\$ 349,342</u>		<u>100.00%</u>	<u>\$ 162,450</u>		<u>100.00%</u>

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Alkali Flat)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
Crystal Cream/Butter Co.	\$ 11,540	1	9.60%	\$ 9,575	2	9.75%
Hearst-Argyle Stations	9,242	2	7.69%	22,078	1	22.49%
Realty Advisors	8,911	3	7.41%	5,876	3	5.99%
US Housing Partners II LP	3,709	4	3.08%	-		
520 Ninth Street	1,944	5	1.62%	1,763	5	1.80%
700 E Street Building Partner	1,785	6	1.48%	1,625	6	1.66%
John Dailey Trust	1,757	7	1.46%	1,594	7	1.62%
James Fortino Trust/Court on G Inc.	1,755	8	1.46%	-		
Washington Square III	1,595	9	1.33%	1,446	8	1.47%
Samuel Tarpin	1,358	10	1.13%	1,204	10	1.23%
Bridge-Governor's Village	-			3,364	4	3.43%
Court on G Street	-			1,288	9	1.31%
Sub Total	43,596		36.26%	49,813		50.74%
All Other Taxpayers	76,633		63.74%	48,353		49.26%
Total (Alkali Flat)	\$ 120,229		100.00%	\$ 98,166		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Oak Park)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
Rainbow Baking	\$ 19,059	1	3.40%	\$ 17,388	1	6.88%
Regents of UC (V A Rodden Inc.)	9,051	2	1.61%	-		
Shiloh Arms LTD	5,657	3	1.01%	-		
Sotiris/Matina Kolokotronis Family Trust	4,469	4	0.80%	-		
Crestwood Medical Center	3,895	5	0.69%	2,515	4	0.99%
Security Public Storage	3,358	6	0.60%	2,983	3	1.18%
Edmar Invs LLC (Walgreens)	2,867	7	0.51%	-		
Donald and Virginia Compton Family Trust	2,772	8	0.49%	-		
Quattrin Gary L/E Victor/etal	2,208	9	0.39%	-		
St.Hope Development Company	2,103	10	0.38%	-		
Stockton/Broadway Partners	-			4,053	2	1.60%
Campbell Taggart Baking Company	-			1,803	5	0.71%
Equilon Enterprises LLC	-			1,365	6	0.54%
Robert Tarsio	-			1,295	7	0.51%
David Taylor/Natalie Rector	-			1,043	8	0.41%
East Lawn Mortuary	-			1,023	9	0.40%
4554 8th Avenue Joint Venture	-			923	10	0.37%
Sub Total	55,439		9.89%	34,391		13.60%
All Other Taxpayers	504,999		90.11%	218,474		86.40%
Total (Oak Park)	\$ 560,438		100.00%	\$ 252,865		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Richards Boulevard)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
Grove Investment Company	\$ 27,939	1	6.01%	\$ 6,234	5	1.67%
California Almond Growers	26,026	2	5.60%	-		
Sunstone OP Properties LLC	18,460	3	3.97%	14,765	2	3.95%
Richards Blvd. Partners	17,628	4	3.79%	-		
CCAA Partners LLC / Bruce W Bell/ et al	13,975	5	3.01%	-		
Ice Bear Inc. (Sequoia Pacific)	10,574	6	2.27%	9,590	4	2.56%
Bre/LQ Props LLC	10,122	7	2.18%	-		
CTF4-American River LLC	9,404	8	2.02%	-		
Capitol Station 65 LLC	8,689	9	1.87%	4,509	9	1.21%
H K M	6,593	10	1.42%	-		
LaQuinta Development Partner	-			4,309	10	1.15%
Continental Plaza LLC	-			19,104	1	5.11%
L K L Properties	-			9,975	3	2.67%
Andrew Alan Lewis Revocable	-			5,752	6	1.54%
Riverpark Business Center LLC	-			5,202	7	1.39%
Detmer Family Limited Partnership	-			4,696	8	1.26%
Sub Total	149,410		32.14%	84,136		22.50%
All Other Taxpayers	315,399		67.86%	289,822		77.50%
Total (Richards Boulevard)	\$ 464,809		100.00%	\$ 373,958		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

* The Grove Investment Company was purchased by the City of Sacramento in January 2007.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Walnut Grove)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
Mercy Properties California	\$ 800	1	7.21%	\$ -		
Kennedy/Associates	650	2	5.86%	-		
Fonseca Armand J Jr	586	3	5.28%	-		
Larry/Laura Hamilton Family Trust	403	4	3.63%	278	1	5.13%
Pineda Ericka J	391	5	3.52%	-		
Heffernan, Eric M/Maisha Romano/ Margaret H. Homes	300	6	2.70%	-		
Boley Chris/Teresa	271	7	2.44%	-		
Szabo Stephen III/Julie	249	8	2.24%	-		
Manzo Arturo Jr/Cara McAdam	230	9	2.07%	-		
Tate Marianne/Matthew	225	10	2.03%	-		
Victor N/Joan Savale Revocable Trust	-			187	2	3.45%
McCabe J R/Antonia Carrillo	-			164	3	3.03%
Stanley Martin	-			147	4	2.72%
Cano Jesus/Irene/Rosa Maria	-			142	5	2.62%
Manzo Valentine	-			138	6	2.55%
Graciela Perez	-			137	7	2.53%
Lance Fukuman	-			135	8	2.49%
Norman Rolf	-			130	9	2.40%
Juan Bacerra	-			125	10	2.31%
Sub Total	4,105		36.99%	1,583		29.24%
All Other Taxpayers	6,993		63.01%	3,831		70.76%
Total (Walnut Grove)	\$ 11,098		100.00%	\$ 5,414		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (North Sacramento)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
JB Management LP	\$ 27,170	1	4.83%	\$ 20,503	3	5.35%
PD Hotel Associates LLC	25,530	2	4.54%	32,894	1	8.58%
Seven-up Bottling Company	19,975	3	3.55%	16,402	4	4.28%
Price Company	17,582	4	3.13%	16,074	5	4.19%
Merliz Inc	14,522	5	2.58%	21,091	2	5.50%
McCuen Acoma Street Investors	10,641	6	1.89%	-		
North Sacramento Land Company	9,773	7	1.74%	2,625	10	0.68%
SVN Sacramento I LLC	9,260	8	1.65%	-		
Radiological Associates	7,127	9	1.27%	3,717	8	0.97%
Dos Robles Limited Partnership	6,633	10	1.18%	2,652	9	0.69%
Recreational Equipment Inc.	-			5,118	6	1.33%
Panattoni Investments	-			4,580	7	1.19%
Sub Total	148,213		26.34%	125,656		32.76%
All Other Taxpayers	414,394		73.66%	257,859		67.24%
Total (North Sacramento)	\$ 562,607		100.00%	\$ 383,515		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Franklin Boulevard)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
Campbell Soup	\$ 129,964	1	21.35%	\$ 114,164	1	27.07%
United States Cold Storage	8,555	2	1.41%	8,037	2	1.91%
Rosedown Apartments I LLC	6,843	3	1.12%	-		
Patrician Michael W/Martha R	4,244	4	0.70%	-		
Sei/PSP Vi Joint Ventures	3,795	5	0.62%	2,680	5	0.64%
Bowling Green Associates	3,655	6	0.60%	-		
MH Southgate Investors	3,584	7	0.59%	-		
Con-Way Western Express Inc.	3,432	8	0.56%	2,662	6	0.63%
Chateau Lang Apartments LLC	2,864	9	0.47%	2,598	7	0.62%
CTC Investors LLC	2,652	10	0.44%	-		
Adair Irrevocable Joint Living Trust	-			4,221	3	1.00%
John Raleigh/David Yancey	-			3,315	4	0.79%
E J Williams	-			2,244	8	0.53%
Jeon Family Trust	-			2,171	9	0.51%
Hampton Park	-			2,105	10	0.50%
Sub Total	169,588		27.86%	144,197		34.19%
All Other Taxpayers	439,121		72.14%	277,584		65.81%
Total (Franklin Boulevard)	\$ 608,709		100.00%	\$ 421,781		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Stockton Boulevard)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
Azure Park Apartments LLC	\$ 11,534	1	2.69%	\$ -		
Gonzalez Jaime / Gloria	8,670	2	2.02%	-		
CCI Stockridge SAC LLC	7,907	3	1.84%	-		
Western Investment Real Estate	7,454	4	1.74%	6,610	1	2.64%
Little Saigon Plaza LLC	7,293	5	1.70%	-		
John/Nancy Kehriotis Trust	6,797	6	1.58%	6,287	2	2.51%
Shiloh Arms LTD.	5,657	7	1.32%	2,550	8	1.02%
Ralphs Grocery Co	5,617	8	1.31%	4,531	3	1.81%
ESS Prisa II LLC	5,249	9	1.22%	-		
Brittany Arms LLC	5,202	10	1.21%	-		
Charles/Phyllis McMulle	-			4,125	4	1.65%
Mulleian Enterprises LLC	-			3,826	5	1.53%
Preferred Properties LLC	-			3,810	6	1.52%
Lemon Hill Plaza	-			2,880	7	1.15%
Northern California Cement	-			2,414	9	0.96%
Pep Boys	-			2,092	10	0.84%
Sub Total	71,380		16.63%	39,125		15.62%
All Other Taxpayers	357,736		83.37%	211,299		84.38%
Total (Stockton Boulevard)	\$ 429,116		100.00%	\$ 250,424		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Auburn Boulevard)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
Maita, Vincent L/Steven V/ Melinda K/etal	\$ 16,260	1	20.58%	\$ 7,267	2	11.47%
Massie Family Trust/Massie/Co	10,386	2	13.15%	-		
VMN PARKMONT LLC	5,909	3	7.48%	-		
ARS Hospitality Inc	5,443	4	6.89%	-		
Mary Lou Anderson Living Trust	3,931	5	4.98%	2,764	3	4.36%
Ortiz, Raoul / Eve	3,500	6	4.43%	-		
Capitalia Group LLC	3,325	7	4.21%	-		
Niello Investments	2,913	8	3.69%	-		
Auburn-Watt Storage Partners	2,798	9	3.54%	2,537	4	4.00%
Maita Props LLC	2,549	10	3.23%	-		
Greater Sacramento Medical	-			9,941	1	15.68%
Central Vision LLC	-			2,007	5	3.17%
Ronald Yates	-			1,433	6	2.26%
Beale Family Partnership	-			1,654	7	2.61%
Marshall/Nancy Fiddymont	-			1,363	8	2.15%
Paul Family Trust	-			1,355	9	2.14%
John Nichols	-			1,308	10	2.06%
Sub Total	57,014		72.18%	31,629		49.90%
All Other Taxpayers	21,976		27.82%	31,751		50.10%
Total (Auburn Boulevard)	\$ 78,990		100.00%	\$ 63,380		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Mather/McClellan Merged)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
USA MP-200 LLC	\$ 80,489	1	8.68%	\$ -		
Mather Development Partners II LP	13,668	2	1.47%	-		
Placerville Equities LLC	13,566	3	1.46%	-		
Meyer Crest Limited	13,081	4	1.41%	-		
Heritage House Exchange LLC	11,424	5	1.23%	-		
Shiva Inc.	10,867	6	1.17%	831	7	0.67%
Watt North Highlands LP (Raleys)	9,962	7	1.07%	-		
USA County of Sacramento McClellan Business Park	9,899	8	1.07%	-		
Plant Bros Corp	9,680	9	1.04%	-		
Wal Mart Stores Inc.	9,433	10	1.02%	-		
JPI XXI Limited Partnership	-			11,268	1	9.10%
Plant Bros Corporation	-			6,759	2	5.46%
Friedman Family LLC	-			3,194	3	2.58%
Security National Offices LLC	-			2,219	4	1.79%
McCuen Properties LLC	-			1,442	5	1.16%
Mather Housing Company LLC	-			840	6	0.68%
Wallace Alexander	-			659	8	0.53%
Kbone Inc	-			629	9	0.51%
Enrique Sandoval	-			335	10	0.27%
Sub Total	182,069		19.64%	28,176		22.75%
All Other Taxpayers	745,038		80.36%	95,664		77.25%
Total (Mather/McClellan Merged)	\$ 927,107		100.00%	\$ 123,840		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Army Depot)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2001-02		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value
Proctor/Gamble Mnf. Co.	\$ 70,733	1	7.06%	\$ -		
Crystal Cream/Butter Co.	39,138	2	3.91%	-		
Fedex Ground Package System Inc.	18,340	3	1.83%	-		
R/G Hayward LLC	15,198	4	1.52%	-		
Engineered Polymer Solutions	11,889	5	1.19%	4,484	4	2.21%
Elder Creek Transfer/Recovery Inc.	10,369	6	1.04%	-		
C/S Logistics Sacramento/TRA	7,335	7	0.73%	-		
Ballantyne Diana S/Mark C/Jan W Leor	7,260	8	0.72%	-		
Marvin L. Oates Trust	7,072	9	0.71%	-		
Air Products/Chemicals Inc	6,699	10	0.67%	9,617	2	4.75%
W H Q	-			2,723	7	1.34%
Sperber Steven A/Todd R/etal	-			-		
Prentiss/Copley Investment	-			10,373	1	5.12%
United Grocers LTD (Fleming Co.)	-			9,078	3	4.48%
Inland Empire Investments	-			3,610	5	1.78%
Vivion Shops LLC	-			3,080	6	1.52%
Warehouse Way Associates	-			2,675	8	1.32%
Teichert Land Co	-			2,648	9	1.31%
Thunderbird Partners	-			2,295	10	1.13%
Sub Total	194,033		19.37%	50,583		24.97%
All Other Taxpayers	807,673		80.63%	151,996		75.03%
Total (Army Depot)	\$ 1,001,706		100.00%	\$ 202,579		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2002 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (65th Street)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2003-04		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value (2)
Sacramento Fourth Ave Assoc LLC	\$ 52,464	1	20.86%	\$ -		
HOME Depot USA Inc.	14,354	2	5.71%	14,506	3	9.58%
Target Corporation	14,025	3	5.58%	22,181	2	14.64%
KCMKC Properties, LP/ Paul E Fong	7,277	4	2.89%	13,034	4	8.60%
Atlas Disposal Industries LLC	4,989	5	1.98%	-		
Commercial Net Lease Realty	4,801	6	1.91%	5,095	7	3.36%
Kenneth/Susan Cathchot Family 2005 Revocable Trust	4,314	7	1.72%	5,567	6	3.68%
American River Self Storage L P	4,266	8	1.70%	8,531	5	5.63%
2800 Pico Associates LLC	3,807	9	1.51%	4,878	8	3.22%
Dimension Properties LLC	3,442	10	1.37%	-		
Jefferson Commons-Sacramento L P	-			52,515	1	34.67%
Gonzales Kimmel Enterprises	-			4,524	9	2.99%
John/Claudine Jackson Family Revocable Trust	-			4,459	10	2.94%
Sub Total	113,739		45.22%	135,290		89.32%
All Other Taxpayers	137,775		54.78%	16,184		10.68%
Total (65th St/Folsom Blvd)	\$ 251,514		100.00%	\$ 151,474		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2004 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Principal Property Taxpayers (Florin Road)
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Assessee	2006-07			2004-05		
	Taxable Value (1)	Rank	% of Total Value (2)	Taxable Value (3)	Rank	% of Total Value (2)
Orchard Supply Hardware Corp	\$ 16,387	1	8.69%	\$ 8,969	5	5.97%
Wal Mart Stores Inc	16,250	2	8.62%	-		
South Sac LLC	15,750	3	8.35%	-		
Chinatown LLC	12,091	4	6.41%	12,860	2	8.56%
Azure Park Apartments LLC	11,534	5	6.12%	11,493	3	7.65%
Anderson Marital Trust/Anderson Tax Deferral	9,605	6	5.09%	9,890	4	6.58%
Burlington Coat Factory Realty of Florin Inc	8,931	7	4.74%	8,942	6	5.95%
Buzz Oates Development LLP/ETAL	8,102	8	4.30%	27,111	1	18.05%
Simvest Real Estate I LLC	6,824	9	3.62%	6,824	7	4.54%
El Dorado MHP Investors	5,350	10	2.84%	5,350	8	3.56%
Vuc Corporation	-			4,942	9	3.29%
Florin 99 Storage LLC	-			4,700	10	3.13%
Sub Total	20,276		10.75%	48,927		32.57%
All Other Taxpayers	168,324		89.25%	101,273		67.43%
Total (Florin Road)	\$ 188,600		100.00%	\$ 150,200		100.00%

Source: Sacramento County Assessor.

Note: Based on the Sacramento County fiscal years ended June 30, 2005 and 2007

(1) Based on ownership of locally-assessed secured and unsecured property

(2) Based on total adjusted 2006-07 Project Area total taxable value

(3) Earliest year for which information is available for individual Redevelopment Areas

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Ratios of Outstanding Debt by Type
For the Ten Years Ended December 31, 2006
(amounts expressed in thousands)

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Actual Taxable Value of Property
	Notes Payable	Tax Allocation Bonds	Mortgage Notes Payable			
1997	\$ 64,369	\$ 118,938	\$ 2,057		\$ 185,364	5.56%
1998	61,925	136,824	1,319		200,068	6.41%
1999	59,315	166,205	918		226,438	4.52%
2000	10,161	151,280	885		162,326	4.22%
2001	30,165	129,347	850		160,362	5.22%
2002	59,831	149,526	813		210,170	4.53%
2003	58,092	194,837	6,772		259,701	4.97%
2004	57,186	185,484	727		243,397	4.33%
2005	56,715	314,621	680		372,016	5.61%
2006	86,206	311,711	628		398,545	5.07%

Source: Agency Comprehensive Annual Financial Reports

Note: Details regarding the Agency's outstanding debt can be found in the notes to the financial statements

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Demographic and Economic Statistics
For the Ten Years Ended December 31, 2006
(amounts expressed in thousands)

	1997	1998	1999	2000	2001
City population (1)	389	393	396	406	419
City assessed value (1)	\$ 16,597,287	\$ 16,764,999	\$ 17,387,355	\$ 18,136,304	\$ 19,197,237
County population (2)	1,141	1,160	1,178	1,210	1,259
County assessed value (2)	\$ 54,158,275	\$ 54,810,113	\$ 57,183,605	\$ 60,641,152	\$ 65,230,391
City public housing authority low income housing units (3)	2,102	2,067	2,128	2,036	2,043
County public housing authority low income housing units (3)	1,093	1,101	1,108	1,085	1,086
City housing choice vouchers (3)	2,740	3,483	4,590	4,395	5,486
County housing choice vouchers (3)	2,699	3,088	3,015	4,853	5,178

Sources:

- (1) City of Sacramento Comprehensive Annual Financial Report, Fiscal Year Ended June 30
- (2) County of Sacramento Comprehensive Annual Financial Report, Fiscal Year Ended June 30
- (3) These statistics have been provided to assist in the analysis of the Agency's financial position. Demographic information specific to the City and County can be found in their annual reports. Amounts not in thousands.
- (4) The City and County Housing Choice Voucher programs were combined into a single County program during 2005.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Demographic and Economic Statistics
For the Ten Years Ended December 31, 2006
(amounts expressed in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
City population (1)	426	433	441	453	458
City assessed value (1)	\$ 20,490,965	\$ 22,600,736	\$ 24,599,695	\$ 27,911,260	\$ 32,037,151
County population (2)	1,280	1,310	1,335	1,370	1,386
County assessed value (2)	\$ 70,700,930	\$ 77,715,406	\$ 84,563,678	\$ 94,691,971	\$ 108,301,283
City public housing authority low income housing units (3)	2,048	1,901	2,089	2,076	2,064
County public housing authority low income housing units (3)	1,085	1,030	1,103	1,098	1,087
City housing choice vouchers (3)	5,572	5,598	5,644	-	-
County housing choice vouchers (3) (4)	5,059	6,087	5,370	11,087	11,120

Sources:

- (1) City of Sacramento Comprehensive Annual Financial Report, Fiscal Year Ended June 30
- (2) County of Sacramento Comprehensive Annual Financial Report, Fiscal Year Ended June 30
- (3) These statistics have been provided to assist in the analysis of the Agency's financial position. Demographic information specific to the City and County can be found in their annual reports. Amounts not in thousands.
- (4) The City and County Housing Choice Voucher programs were combined into a single County program during 2005.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
 Full-time Equivalent Agency Employees by Function/Program
 For The Ten Years Ended December 31, 2006

<u>Function/Program:</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Administration	60.50	57.50	49.00	52.43	54.43
Housing	162.13	156.13	157.61	158.80	165.50
Community Development	55.60	78.60	83.60	80.76	82.26
Affiliated Organizations	<u>33.44</u>	<u>32.44</u>	<u>27.44</u>	<u>24.12</u>	<u>21.63</u>
Total agency	<u><u>311.67</u></u>	<u><u>324.67</u></u>	<u><u>317.65</u></u>	<u><u>316.11</u></u>	<u><u>323.82</u></u>

Source: Agency Annual Budgets

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
 Full-time Equivalent Agency Employees by Function/Program
 For The Ten Years Ended December 31, 2006

<u>Function/Program:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Administration	53.76	55.76	55.76	47.50	45.50
Housing	176.50	175.50	186.50	186.50	174.40
Community Development	80.93	79.93	75.73	83.30	81.50
Affiliated Organizations	<u>15.13</u>	<u>13.13</u>	<u>10.13</u>	<u>8.13</u>	<u>7.13</u>
Total agency	<u><u>326.32</u></u>	<u><u>324.32</u></u>	<u><u>328.12</u></u>	<u><u>325.43</u></u>	<u><u>308.53</u></u>

Source: Agency Annual Budgets

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
 Operating Indicators by Function
 For the Seven Years Ending December 31, 2006

	2000	2001	2002	2003	2004	2005	2006
Affordable Housing (1):							
Public housing units occupied	3,423	3,394	3,514	3,271	3,127	3,023	2,904
Housing choice vouchers utilized	7,702	8,813	10,086	11,682	11,203	10,783	10,541
Multi-family housing units assisted (2)	216	1,244	406	890	1,692	353	1,064
Homeownership assistance (3)	1,267	1,295	1,035	911	545	180	137
Neighborhood Development:							
Planning activities	data	6	11	17	21	-	24
Infrastructure projects (4)	not	12	25	29	44	17	11
Community facilities (5)	available	73	58	36	15	8	29
Economic Development:							
Commercial loans	34	38	46	53	54	18	37
Jobs created (6)	260	1,041	927	3,197	311	308	606

Source: Agency annual budgets and CAPERS

- (1) Includes units encumbered by regulatory restrictions to maintain affordability
- (2) Includes both new and rehabilitated units
- (3) Includes developer assistance to build or rehabilitate affordable units, and direct assistance to homebuyers
- (4) Typical projects are traffic improvements to increase safety
- (5) Typical projects are community centers and parks
- (6) Jobs created as a result of base closure and conversion activities and Enterprise Zone outreach (EZ only in 2004)



**Sacramento
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