

# Basic Financial Statements



<b>STATEMENT OF NET ASSETS</b>				
June 30, 2009 (In Thousands)				
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 Commission Fund
<b>ASSETS</b>				
Pooled cash and investments	\$ 1,588,498	81,276	1,669,774	99,963
Cash with fiscal agents	14		14	
Investments with fiscal agents	456,070		456,070	101,697
Receivables, net	536,643	6,789	543,432	7,571
Property taxes receivables, net	222,366		222,366	
Internal balances	(3,350)	3,350		
Inventories	12,127		12,127	
Deposits with others	2,292		2,292	
Prepaid items	497		497	2
Deferred charges	17,469		17,469	
Restricted assets:				
Cash with fiscal agents	487		487	
Investments with fiscal agents	84,143		84,143	
Lease receivable	19,083		19,083	
Capital assets:				
Land and construction in progress	541,037	74,918	615,955	
Other capital assets, net of accumulated depreciation	2,392,768	75,266	2,468,034	
<b>Total assets</b>	<b>5,870,144</b>	<b>241,599</b>	<b>6,111,743</b>	<b>209,233</b>
<b>LIABILITIES</b>				
Accounts payable	135,905	1,862	137,767	14,347
Accrued payroll	35,582	168	35,750	
Accrued interest	27,016		27,016	
Unearned revenue	179,100	28	179,128	
Non-current liabilities:				
Due within one year	146,504	411	146,915	61
Due in more than one year	2,129,407	2,075	2,131,482	24
<b>Total liabilities</b>	<b>2,653,514</b>	<b>4,544</b>	<b>2,658,058</b>	<b>14,432</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,582,854	148,146	2,731,000	
Restricted for:				
Creditors - Capital projects	69,760		69,760	
Grantors - Housing assistance	56,349		56,349	
Donations	2,045		2,045	
Laws or regulations of other governments:				
Landfill closure costs	1,069		1,069	
Defray administrative costs, other general reserves	23,634		23,634	
Emergency medical services, various construction costs	21,759		21,759	
Mental health	42,942		42,942	
Social programs	9,590		9,590	
Domestic violence and child abuse prevention	3,295		3,295	
Sheriff vehicle maintenance and replacement	803		803	
Fingerprinting equipment purchase and operation	7,548		7,548	
Delinquency and juvenile crime prevention	311		311	
Housing repairs and improvements	382		382	
Realignment health, mental health and social services	74,620		74,620	
Unrestricted	319,669	88,909	408,578	194,801
<b>Total net assets</b>	<b>\$ 3,216,630</b>	<b>237,055</b>	<b>3,453,685</b>	<b>194,801</b>

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



**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2009 (In Thousands)

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit First 5 Commission Fund
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business- Type Activities		
<b>Governmental Activities:</b>								
General government	\$ 275,508	93,939	92,035	49,786	(39,748)		(39,748)	
Public protection	1,158,162	215,343	388,061		(554,758)		(554,758)	
Public ways and facilities	151,125	21,460	107,965	10,905	(10,795)		(10,795)	
Health and sanitation	678,217	90,891	457,397	12	(129,917)		(129,917)	
Public assistance	1,177,320	12,308	1,131,827		(33,185)		(33,185)	
Education	42,424	1,175	2,690		(38,559)		(38,559)	
Recreation and cultural	34,542	8,000	1,391		(25,151)		(25,151)	
Interest expense	118,927				(118,927)		(118,927)	
<b>Total governmental activities</b>	<b>3,636,225</b>	<b>443,116</b>	<b>2,181,366</b>	<b>60,703</b>	<b>(951,040)</b>		<b>(951,040)</b>	
<b>Business-type activities:</b>								
Airport	10,614	9,397	12,974			11,757	11,757	
Sanitation districts	16,666	20,114				3,448	3,448	
Wastewater management	5,794	6,567				773	773	
<b>Total business-type activities</b>	<b>33,074</b>	<b>36,078</b>	<b>12,974</b>			<b>15,978</b>	<b>15,978</b>	
<b>Total primary government</b>	<b>3,669,299</b>	<b>479,194</b>	<b>2,194,340</b>	<b>60,703</b>	<b>(951,040)</b>	<b>15,978</b>	<b>(935,062)</b>	
<b>Component Unit:</b>								
First 5 Commission	\$ 48,618		41,264					(7,354)

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



<b>STATEMENT OF ACTIVITIES</b>				
For the year ended June 30, 2009 (In Thousands)				
	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 Commission Fund
Changes in net assets:				
Net (expense) revenue	\$ (951,040)	15,978	(935,062)	(7,354)
General revenues				
Taxes:				
Property taxes	618,048		618,048	
Other taxes	15,167		15,167	
Property taxes in lieu of vehicle license fees	316,925		316,925	
Sales and use taxes	22,435		22,435	
Total general tax revenues	972,575		972,575	
Interest	57,859	2,237	60,096	7,615
Other	118,929	68	118,997	
Total general revenues	1,149,363	2,305	1,151,668	7,615
Transfers	151	(151)		
Total general revenues and transfers	1,149,514	2,154	1,151,668	7,615
Change in net assets	198,474	18,132	216,606	261
Net assets at beginning of year (restated - see note 26 to the financial statements)	3,018,156	218,923	3,237,079	194,540
Net assets at end of year	\$ 3,216,630	237,055	3,453,685	194,801

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



**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2009 (In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled cash and investments	\$ 959,102	17,385	13,513	441,927	1,431,927
Cash with fiscal agents	14				14
Investments with fiscal agents	2		413,047	43,021	456,070
Receivables, net	373,985	31,668	5,573	119,995	531,221
Property taxes receivables, net	221,671			695	222,366
Due from other funds	74,128			20,760	94,888
Inventories	8,774			1,606	10,380
Deposits with others				2,292	2,292
Prepaid items	13			484	497
Restricted assets:					
Cash with fiscal agents	179			308	487
Investments with fiscal agents				84,143	84,143
Lease receivable	9,297			9,786	19,083
<b>Total assets</b>	<b>1,647,165</b>	<b>49,053</b>	<b>432,133</b>	<b>725,017</b>	<b>2,853,368</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	71,761			29,456	101,217
Accrued payroll	32,692			2,050	34,742
Due to other funds	40,480	45,404	5,128	28,441	119,453
Deferred revenues	141,695			47,600	189,295
Unearned revenue	170,499			8,293	178,792
<b>Total liabilities</b>	<b>457,127</b>	<b>45,404</b>	<b>5,128</b>	<b>115,840</b>	<b>623,499</b>
<b>FUND BALANCES</b>					
Reserved fund balances:					
Reserved for loans, due from other funds and prepaids	6,922			52,180	59,102
Reserved for deposits with others				81	81
Reserved for landfill closure costs	1,069				1,069
Reserved for inventories	8,774			1,606	10,380
Reserved for debt service				108,206	108,206
Reserved for housing repairs and improvements				382	382
Reserved for realignment health, mental health and social services	74,620				74,620
Reserved for other purposes	175,049			51,529	226,578
Unreserved:					
Designated for encumbrances	215,793	3,605			219,398
Designated for unforeseen catastrophic events	55,500				55,500
Designated for subsequent years' expenditures	75,468				75,468
Designated for landfill postclosure and landfill closure costs	852				852
Undesignated	575,991	44	427,005		1,003,040
Unreserved, reported in nonmajor:					
Special Revenue Funds:					
Designated for encumbrances				20,074	20,074
Designated for subsequent years' expenditures				5,125	5,125
Designated for landfill postclosure and landfill closure costs				57,900	57,900
Undesignated				154,873	154,873
Capital Projects Funds:					
Undesignated				157,221	157,221
<b>Total fund balances</b>	<b>1,190,038</b>	<b>3,649</b>	<b>427,005</b>	<b>609,177</b>	<b>2,229,869</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,647,165</b>	<b>49,053</b>	<b>432,133</b>	<b>725,017</b>	<b>2,853,368</b>

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



**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE  
STATEMENT OF NET ASSETS**  
June 30, 2009  
(In Thousands)

Total fund balances - governmental funds.	\$	2,229,869
Capital assets used in governmental activities (excluding internal service funds) are not current financial resources and, therefore, are not reported in the balance sheet. This amount represents capital assets net of accumulated depreciation.		2,865,861
Accrued interest on long-term debt.		(27,013)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds and recognized as revenue in the statement of activities.		189,295
Long-term liabilities, including bonds, notes, and loans payable, are not due and payable in the current period and, therefore, are not reported in the balance sheet.		(2,143,199)
Internal service funds are used by management to charge the costs of information technology, vehicle operations and maintenance, employee benefits, public liability, and communications services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		101,817
<b>Net assets of governmental activities</b>	<b>\$</b>	<b>3,216,630</b>

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



**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2009 (In Thousands)

	General Fund	Public Safety Fund	Tobacco Endowment Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 930,584			43,315	973,899
Licenses, permits and franchise fees	35,838			14,152	49,990
Fines, forfeitures and penalties	56,252			3,096	59,348
Revenue from use of money and property	28,396		22,831	19,684	70,911
Aid from other governmental agencies:					
State	878,902	195,511		86,899	1,161,312
Federal	729,675			128,391	858,066
Other	134,026			10,179	144,205
Charges for current services	282,151			34,063	316,214
Other revenue	61,847			49,584	111,431
<b>Total revenues</b>	<b>3,137,671</b>	<b>195,511</b>	<b>22,831</b>	<b>389,363</b>	<b>3,745,376</b>
<b>Expenditures:</b>					
Current:					
General government	236,874			12,450	249,324
Public protection	1,126,903			6,940	1,133,843
Public ways and facilities	690			85,112	85,802
Health and sanitation	630,633			39,092	669,725
Public assistance	1,039,496			132,904	1,172,400
Education	808			40,653	41,461
Recreation and cultural	29,274			3,287	32,561
Capital outlay	8,059			171,603	179,662
Debt service:					
Principal	32,125			80,150	112,275
Interest and fiscal charges	12,255			91,576	103,831
Bond issuance costs				3,959	3,959
<b>Total expenditures</b>	<b>3,117,117</b>			<b>667,726</b>	<b>3,784,843</b>
Excess (deficiency) of revenues over (under) expenditures	20,554	195,511	22,831	(278,363)	(39,467)
<b>Other financing sources (uses):</b>					
Sale of capital assets	29			2	31
Issuance of bonds and loans:					
Face value of bonds issued				136,885	136,885
Premium on issuance of bonds				1,175	1,175
Refunding bonds issued	443,515				443,515
Payment to escrow agent/refunded bond	(441,038)				(441,038)
Transfers in	230,296			295,128	525,424
Transfers out	(285,232)	(195,965)	(24,200)	(20,292)	(525,689)
<b>Total other financing sources (uses)</b>	<b>(52,430)</b>	<b>(195,965)</b>	<b>(24,200)</b>	<b>412,898</b>	<b>140,303</b>
Net change in fund balances	(31,876)	(454)	(1,369)	134,535	100,836
Fund balances at beginning of year (restated - see note 26 to the financial statements)	1,220,466	4,103	428,374	474,707	2,127,650
Increase (decrease) in					
Reserve for inventories	1,448			(65)	1,383
<b>Fund balances at end of year</b>	<b>\$ 1,190,038</b>	<b>3,649</b>	<b>427,005</b>	<b>609,177</b>	<b>2,229,869</b>

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



**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009  
(In Thousands)**

Net change in fund balances - total governmental funds	\$	100,836
Governmental funds accrue property tax revenue which is deemed collectible within 60 days. However, for the statement of activities the total amount estimated to ultimately be collected is accrued.		(1,324)
Revenues that do not provide current financial resources are not reported as revenues in the funds (deferred revenue) but are recognized as revenue in the statement of activities.		23,239
Adjustment to reserve for inventories.		1,383
Change in accounting estimate for closure and postclosure costs - (public protection function) - San Marcos Landfill.		906
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.		86,620
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		31,027
The issuance of long-term debt (e.g. bonds, notes, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(24,322)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(18,422)
Internal service funds are used by management to charge the costs of centralized services to individual funds. The net revenue (or expense) of internal service funds is reported within governmental activities.		(1,469)
Change in net assets - governmental activities	\$	198,474

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





**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

June 30, 2009 (In thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Pooled cash and investments	\$ 81,276	156,571
Receivables, net	6,789	5,422
Due from other funds	495	26,568
Inventories		1,747
<b>Total current assets</b>	<b>88,560</b>	<b>190,308</b>
Noncurrent assets:		
Due from other funds	3,363	147
Capital assets:		
Land	11,338	
Construction and contracts in progress	63,580	919
Buildings and improvements	59,547	
Equipment	1,331	191,557
Road network	335	
Sewer network	72,848	
Accumulated depreciation	(58,795)	(124,532)
<b>Total noncurrent assets</b>	<b>153,547</b>	<b>68,091</b>
<b>Total assets</b>	<b>242,107</b>	<b>258,399</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	1,862	34,688
Accrued payroll	168	840
Accrued interest		3
Due to other funds	1,126	4,882
Unearned revenue	28	308
Bonds and loans payable	229	522
Compensated absences	182	1,012
Claims and judgments		30,213
<b>Total current liabilities</b>	<b>3,595</b>	<b>72,468</b>
Noncurrent liabilities:		
Bonds and loans payable	1,809	3,705
Compensated absences	266	1,476
Claims and judgments		78,315
<b>Total noncurrent liabilities</b>	<b>2,075</b>	<b>83,496</b>
<b>Total liabilities</b>	<b>5,670</b>	<b>155,964</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	148,146	67,944
Unrestricted net assets	88,291	34,491
<b>Total net assets</b>	<b>\$ 236,437</b>	<b>102,435</b>

Reconciliation between net assets - enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets

Total net assets	\$ 236,437
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	618
Net assets of business-type activities	\$ 237,055

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



## Basic Financial Statements

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended June 30, 2009 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
Operating revenues:		
Charges for current services	\$ 36,078	313,008
Other revenue	66	3,559
Total operating revenues	36,144	316,567
Operating expenses:		
Salaries and employee benefits	6,864	34,564
Repairs and maintenance	5,795	39,563
Equipment rental	975	990
Sewage processing	9,396	
Contracted services	4,610	147,985
Depreciation	2,879	30,599
Utilities	215	19,691
Cost of material		1,802
Claims and judgments		23,383
Fuel	4	10,165
Other operating expenses	2,153	22,583
Total operating expenses	32,891	331,325
Operating income (loss)	3,253	(14,758)
Nonoperating revenues (expenses):		
Grants	12,974	2,617
Interest and dividends	2,237	3,524
Interest expense	(127)	(147)
Gain (loss) on disposal of assets	(1)	(819)
Other nonoperating revenues	3	184
Total nonoperating revenues (expenses)	15,086	5,359
Income (loss) before capital contributions and transfers	18,339	(9,399)
Capital contributions		7,458
Transfers in	317	4,898
Transfers out	(468)	(4,482)
Change in net assets	18,188	(1,525)
Net assets (deficits) at beginning of year	218,249	103,960
Net assets (deficits) at end of year	\$ 236,437	102,435

#### Reconciliation between changes in net assets - enterprise funds and changes in net assets of business-type activities as reported in the government-wide statement of activities

Change in net assets	\$ 18,188
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(56)
Change in net assets of business-type activities	\$ 18,132

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



**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2009 (In Thousands)

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 29,141	11,169
Cash received from other funds	8,388	299,941
Cash payments to suppliers	(26,171)	(232,935)
Cash payments to employees	(6,787)	(34,408)
Cash payments to other funds	(2,724)	(12,043)
Cash paid for judgments and claims		(21,099)
<b>Net cash provided (used) by operating activities</b>	<b>1,847</b>	<b>10,625</b>
<b>Cash flows from noncapital financing activities:</b>		
Operating grants	15,343	613
Transfers from other funds	317	4,898
Transfers to other funds	(468)	(4,482)
Advances to other funds		(106)
Principal paid on long term debt		(502)
Interest paid on long term debt		(148)
Proceeds from loans		882
Other noncapital increases	3	184
<b>Net cash provided (used) by non-capital financing activities</b>	<b>15,195</b>	<b>1,339</b>
<b>Cash flows from capital and related financing activities:</b>		
Capital contributions		936
Acquisition of capital assets	(23,540)	(19,659)
Proceeds from sale of assets		1,004
Principal paid on long-term debt	(217)	
Interest paid on long-term debt	(127)	
Advances from other funds	(14)	
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(23,898)</b>	<b>(17,719)</b>
<b>Cash flows from investing activities:</b>		
Investment income	2,686	4,181
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,170)</b>	<b>(1,574)</b>
Cash and cash equivalents - beginning of year	85,446	158,145
Cash and cash equivalents - end of year	81,276	156,571
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	3,253	(14,758)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>		
Inc (dec) in compensated absences	58	94
Inc (dec) in accrued payroll	24	128
Inc (dec) in due to other funds	(1,564)	(2,280)
Inc (dec) in accounts payable	(4,005)	(888)
Inc (dec) in claims and judgments		2,284
Inc (dec) in unearned revenue	(24)	(418)
Dec (inc) in accounts and notes receivables	(351)	550
Dec (inc) in due from other funds	1,577	(4,764)
Dec (inc) in Inventory of materials and supplies		78
Depreciation	2,879	30,599
<b>Total adjustments</b>	<b>(1,406)</b>	<b>25,383</b>
<b>Net cash provided (used) by operating activities</b>	<b>1,847</b>	<b>10,625</b>
<b>Non-cash investing and capital financing activities:</b>		
Capital acquisitions included in accounts payable	1,031	847
Governmental contributions of capital assets	\$	6,522

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



## Basic Financial Statements

### STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

June 30, 2009 (In Thousands)

	Investment Trust Funds	Agency Funds
<b>ASSETS</b>		
Pooled cash and investments	\$ 3,537,006	358,954
Cash with fiscal agents		4,998
Investments with fiscal agents	223,858	
Receivables:		
Accounts receivable		539
Investment income receivable	12,941	4,697
<b>Total assets</b>	<b>3,773,805</b>	<b>369,188</b>
<b>LIABILITIES</b>		
Accounts payable		25,555
Warrants outstanding		180,147
Due to other governments		163,486
<b>Total liabilities</b>		<b>369,188</b>
<b>NET ASSETS</b>		
Held in trust for other pool participants	3,549,921	
Held in trust for individual investment accounts	223,884	
<b>Total held in trust</b>	<b>\$ 3,773,805</b>	

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



**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

For the Year Ended June 30, 2009 (In Thousands)

	Investment Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Contributions to investments	\$ 5,901,019
Total contributions	5,901,019
Investment earnings:	
Net increase (decrease) in fair value of Investments	8,817
Investment income	16,887
Total investment earnings	25,704
Total additions	5,926,723
<b>DEDUCTIONS</b>	
Distributions from investments	5,770,776
Total deductions	5,770,776
Change in net assets	155,947
Net assets at beginning of year (restated - see note 26 to the financial statements)	3,617,858
Net assets at end of year	\$ 3,773,805

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