



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**BEN LAMERA
DIRECTOR OF FINANCE**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Photo: **The Bufferlands**
Sacramento Regional County Sanitation District

The Bufferlands is an important nature area that provides a 2,150 acre expanse of high quality wildlife habitat, farmland and open space. This property surrounds the Wastewater treatment plants and provides a natural “buffer” between treatment plant operations and its nearest neighbors. With a varied mix of upland and wetland habitats, the Bufferlands supports more than 230 species of birds, 25 species of native mammals and many native fish, amphibians and reptiles. This area is also home to more than 20 species of rare plants and animals, including several threatened and endangered species.

Cover Design: **Chris Baker, Geographic Information Systems Analyst II**
Department of Community Development, Planning and Environmental Review

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2016



COUNTY OF SACRAMENTO
STATE OF CALIFORNIA
Ben Lamera, Director of Finance

**COUNTY OF SACRAMENTO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION



Internal Services

Department of Finance

Auditor-Controller Division

Joyce Renison,
Assistant Auditor-Controller



County of Sacramento

Navdeep S. Gill, County Executive
David Villanueva, Chief Deputy County Executive
Ben Lamera, Director of Finance

January 18, 2017

To the Citizens of Sacramento County
Sacramento, California

Dear Citizens:

The Comprehensive Annual Financial Report (CAFR) of the County of Sacramento (County) for the fiscal year ended June 30, 2016, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and present fairly the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund and the aggregate remaining fund information and related budgetary schedules for the General Fund and major special revenue funds, of the County, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The CAFR is presented in four sections: introductory, financial, statistical, and bond disclosures. The introductory section includes this transmittal letter, a copy of the 2012-15 Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association of the United States and Canada, the County's organizational chart, and a list of public officials. The financial section includes the independent auditor's report on the basic financial statements, the Management's Discussion and Analysis (MD&A) of the County's overall changes in financial position, the audited basic financial statements, note disclosures, and combining and non-major fund financial statements to provide readers with a comprehensive understanding of the County's financial activities of the past fiscal year. This letter is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A, which is unaudited, can be found on pages 5 through 22 of this report. The statistical section, also unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

PROFILE OF SACRAMENTO COUNTY

Sacramento County was incorporated in 1850 as one of the original 27 counties of the State of California. The County's largest city, the City of Sacramento, is the seat of government for the State of California and also serves as the county seat. Sacramento became the State Capital in 1854.

The County encompasses approximately 994 square miles in the middle of the 400-mile long Central Valley, which is California's prime agricultural region. The County is bordered by Contra Costa and San Joaquin Counties on the south, Amador and El Dorado Counties on the east, Placer and Sutter

Counties on the north, and Yolo and Solano Counties on the west. The County extends from the low delta lands between the Sacramento and San Joaquin Rivers north to about ten miles beyond the State Capitol and east to the foothills of the Sierra Nevada Mountains. The southernmost portion of Sacramento County has direct access to the San Francisco Bay.

The geographic boundaries of the County include seven incorporated cities, Sacramento, Folsom, Galt, Isleton, Citrus Heights, Elk Grove and Rancho Cordova. Each of these cities contributes a rich and unique dimension to the Sacramento County region.

The County has a charter form of government. It is governed by a five-member Board of Supervisors, who are elected on a non-partisan basis to serve four-year terms. Each is elected from one of the five supervisorial districts of the County. Supervisors from District 1, District 2, and District 5 are elected in gubernatorial election years (2018, 2022, etc.), while supervisors from District 3 and District 4 are elected in presidential election years (2016, 2020, etc.). District boundaries are adjusted after every federal census to equalize district population.

Other elected officials include the Assessor, District Attorney and Sheriff. A County Executive appointed by the Board of Supervisors runs the day-to-day business of the County.

The County provides a full range of services including public protection, construction and maintenance of all public facilities, waste management, water, parks maintenance and operations, health and human services, human assistance, planning, tax collection, elections, airports and many others. Supporting the delivery of County-wide services are several Departments and Agencies. The financial reporting entity of the County includes all the funds of the primary government (i.e., Sacramento County as legally defined), as well as all of its component units, if applicable. Component units are legally separate entities for which the primary government is financially accountable.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, certain districts and agencies accounted for in the Special Revenue, Debt Service, Capital Projects, Proprietary and Trust and Agency Fund Types are reported as part of the primary government.

ECONOMIC CONDITION AND OUTLOOK

The County continues the recovery from the "Great Recession" that began in late 2007. During the Great Recession and its aftermath, foreclosures of properties in the County significantly increased, and assessed values declined. County revenues, including property taxes and sales taxes, declined significantly while certain expenditures of the County (including pension-related costs and the cost of entitlement programs) increased. The County addressed these challenges by making significant program and staffing reductions, as well as the use of one-time resources.

The local economy continues its improvement with gross assessed valuations expected to increase in Fiscal Year (FY) 2016-17 by approximately 5.2 percent, following a 4.6 percent increase in FY 2015-16. These increases follow two consecutive years of increases giving the County the highest total gross assessed valuations in the County's history. The Sacramento Metropolitan Statistical Area (including Sacramento, Yolo, El Dorado and Placer counties) unemployment rate (not seasonally adjusted) decreased to 5.1 percent in September 2015 from 5.3 percent in September 2015.

California counties are closely linked to the financial condition of the State of California (the "State"), and are responsible for delivering health and welfare services on behalf of the State. The State had been experiencing its own fiscal stress, but it has seen improvements in revenue growth over the last three years, in part due to the improving economy and in part due to a voter approved long-term temporary tax increase. In addition to dealing with its local issues, the County must deal with the impact of adverse State and federal budget actions, as State and federal revenues make up approximately 69% of the County's General Fund budgeted revenues. However, when State or federal funding has been cut back, the County generally has reduced programs in proportion to the funding received and not utilized County General Fund revenues to backfill the reductions in State or federal funding.

With limited exceptions, the County plans to continue to reduce programs if there are additional State or federal funding reductions.

Housing Market

Following a downturn that began in 2006, the region's housing market stabilized in 2011, and has continued to improve since that time. Median home sale prices have increased by approximately 50 percent since December 2011 to a level of \$346,000 in June 2016. Although this is a significant increase, median home sale prices are still approximately 15 percent below their high point in 2005.

Building permit activity is another indicator of the vitality of the housing market, and the trend is positive but relatively slow compared to the peak years of 1999 through 2005. During calendar year 2015, a total of 2,989 new dwelling unit permits were added to the Assessor's roll, an increase of 1,246 from the previous calendar year, but well below the average annual number of 10,500 additions during 1999 through 2005.

Residential property represents the largest component of the County's assessed value, and changes in assessed value have a direct impact on changes in property tax revenue, which is the largest component of the County's discretionary revenue.

In FY 2015-16, the County's property tax revenue increased by 5.0 percent, following an increase of 8.3 percent in FY 2014-15. This is the third annual consecutive increase since FY 2012-13, for a total increase of 18.8 percent. The FY 2015-16 property tax revenue remains approximately 3.0 percent below its peak in FY 2008-09, and the 5.3 percent growth expected in FY 2016-17 remains less than the average growth rate of 9.62 percent for the ten-year period ending FY 2008-09. The recent growth in assessed values is partially due to the Assessor continuing to move a number of parcels out of Proposition 8 "Decline in Value" status, a continued reduction in the number of home foreclosures, and property assessed values increasing countywide.

Labor Market

The labor market in the region's four-county area has an impact on the general economic condition of the County. Total employment prior to the Great Recession peaked in December 2006 at approximately 984,200 jobs, decreasing to a low of approximately 914,000 jobs in December 2010. Employment began increasing in 2011, reaching approximately 1,023,000 in August 2016. The four-county area's unemployment rate also hit a high of 12.4 percent in December 2010, and has decreased to 5.4 percent in August 2016, compared to the national average of 4.9 percent and state average of 5.6 percent in August 2016.

LONG-TERM FINANCIAL PLANNING

Each year, as part of the annual budget process, County staff prepares a General Fund Multi-Year Sensitivity Analysis that estimates what the impact would be on the General Fund's fiscal condition of different revenue and expenditure scenarios. This Sensitivity Analysis is updated periodically throughout the fiscal year.

The most recent Three-Year Sensitivity Analysis, prepared in June of 2016, projected discretionary revenue and Net County Cost (expenditures funded by discretionary resources), through FY 2018-19 under three different scenarios.

- A "Moderate Revenue Growth" Scenario, reflecting what staff believe is the most reasonable scenario to use for planning purposes. This Scenario assumed that discretionary revenue would grow at an average annual rate of 5% during the projection period.
- A "Conservative Revenue Growth" Scenario, designed to show what the impact might be if discretionary revenue grew at a slower rate than the rate assumed in the Moderate Growth Scenario. This Scenario assumed a 3% average annual discretionary revenue growth rate over the projection period.

- A “Robust Revenue Growth” Scenario, designed to show what the impact might be if discretionary revenue grew at a faster rate than assumed in the Moderate Growth Scenario. This projection assumed a 7% average annual discretionary revenue growth rate over the projection period.

Depending on the assumptions used, the Sensitivity Analysis provides a fairly wide range of possible outcomes. Given all of the uncertainties involved in projecting into the future, it is likely that the General Fund’s condition will be different than all three scenarios. Nevertheless, staff believes that a reasonable conclusion that can be drawn from the Analysis is that the General Fund will likely not be in structural balance over the three-year projection period but, if costs can be controlled and revenue increases at a reasonably strong rate, it is possible that structural balance can be achieved by FY 2018-19 or FY 2019-20.

In addition to a General Fund Sensitivity Analysis, each year County staff prepares a multi-year Capital Improvement Plan (CIP), which includes a Technology Improvement Plan, for consideration by the Board of Supervisors. The most recent CIP was initially approved by the Board in June of 2016 and identified capital and major technology system needs through FY 2020-21.

RELEVANT FINANCIAL POLICIES

The Board of Supervisors has adopted two policies that provide key budget guidance:

General Reserves Policy

General Reserves Level Goal:

The County’s goal is to have General Reserves equal to 10 percent of Discretionary Revenue and Reimbursements. In accordance with State law, except in cases of a legally declared emergency, General Reserves may only be cancelled or decreased at the time of budget adoption. In addition to emergencies, in times of fiscal stress these funds can be used to help balance the General Fund budget as part of a plan to achieve structural balance. Any plan to achieve structural balance should include a provision to replenish the General Reserves to the 10 percent level.

General Reserves Funding Policies:

- Any existing discretionary reserves no longer needed for the stated purpose will be reclassified as General Reserves.
- In any fiscal year, the Budget Recommended for Adoption (September Hearings Budget), will include an increase in General Reserves in an amount equal to 10 percent of the General Fund’s actual “Available” Fund Balance carry-forward (as determined in July following the close of the County’s books), until the General Reserve level reaches 10 percent of Discretionary Revenues and Reimbursements.

County Budget Priorities:

The following are the Board Priorities in order of priority:

- Mandated Countywide Obligations;
- Mandated Municipal Obligations;
- Financial Obligations (like debt service);

- Budget Priorities:
 1. Discretionary Law Enforcement
 2. Safety Net
 3. Quality of Life
 4. General Government
 5. Prevention.

MAJOR INITIATIVES

Sacramento County is undertaking several major new initiatives in FY 2016-17:

Homeless Services: The County continues its commitment to providing crisis response services, including emergency shelters and permanent housing opportunities to persons experiencing homelessness. The County is working with system partners to identify the current services provided and where there are gaps in services. The County will be looking closely at the State's *No Place Like Home* Program and how these funds can increase permanent supportive housing opportunities for homeless persons with serious mental illness.

Social Services Community Support Fund: The County created a "Social Services Community Support Fund" to support Social Services 1991 realignment programs. Targeted grants of Realignment funds will be awarded to address emergent needs in: Adoption Assistance, Adult Protective Services, California Children's Service, CalWorks, Child Welfare Services and Foster Care. In FY 2016-17, \$1 million was appropriated for this purpose.

Enhanced Road Maintenance Fund: The FY 2016-17 Adopted Budget included a \$1.4 million transfer from the General Fund to the Roads fund for road maintenance as the initial part of a long-term plan to improve the condition of existing County roads.

Children's Services Continuum of Care Reform (CCR): In 2015, Assembly Bill (AB) 403 was approved by the Governor to further CCR efforts. AB 403 is a comprehensive reform effort to make sure youth in foster care have their day-to-day physical, mental and emotional needs met; have the greatest chance to grow up in permanent and supportive homes; and have the opportunity to grow into self-sufficient successful adults. AB 403 includes changes in the provision of services and supports to youth and families to reduce reliance on congregate care, thereby increasing placements in home-based settings. The County is working on a plan to meet the requirements of AB 403 through a coordination of efforts between Behavioral Health Services, Children's Protective Services and Probation. The plan will include the development and implementation of programmatic changes surrounding foster care youth.

DEPARTMENT FOCUS

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

Airports

- A public electric vehicle (EV) fast-charge station was officially launched with the Sacramento Municipal Utilities District (SMUD) in the Free Waiting Area. The station features one of the only direct current (DC) fast chargers in the area that can accommodate most types of EVs manufactured by domestic and foreign automakers. Drivers can charge up to 80 percent of their car's battery in less than 30 minutes. The airport stations also have two chargers for electric or hybrid vehicles without a fast charge connection to top off batteries for extended range. SMUD owns the equipment and will be responsible for maintenance.

Human Assistance

- By the end of August 2016, the Department of Human Assistance (DHA) had successfully implemented Phase 1 of the Service Delivery Re-design (SDR) plan in all seven CalWORKs offices. The Plan's goal is to improve the customer and staff experience while bringing efficiencies to the process of delivering services to County residents. SDR Phase 1 focused on lobby enhancements designed to efficiently target the needs of walk-in customers and provide support to staff. Some of the enhancements included Lobby Navigators (HSAs) to direct and support customers during their visits, an improved kiosk check-in, document standardization with electronic signature capabilities and education to staff and customer about the benefits of using the online and mobile applications.

Health and Human Services

- Primary Health Services' (PHS) Healthy Partners, a limited healthcare program for undocumented residents, had over 2,500 enrollees at the end of FY 2015-16. PHS enhanced partnerships with the University of California Davis School of Nursing, adding Nurse Practitioner faculty and students as well as several specialty services at the Primary Care Center.
- Behavioral Health Services (BHS) increased the Mental Health Rehabilitation Center by 20 sub-acute beds, fully implemented the Triage Navigator Program using SB 82 Mental Health Wellness Act of 2013 Grant funds, implemented four Community Care Teams with the purpose of enhancing engagement and timely access to services

District Attorney

- The District Attorney (DA) entered into an agreement with Motel 6 to address public nuisance and criminal activity surrounding their properties. This resulted in the transfer of \$540,000 to the Public Safety and Community Improvement Trust Fund to be dispersed to various non-profit organizations for the prevention of human trafficking and domestic violence and for youth intervention programs. \$270,000 was dispersed to 17 organizations in May 2016.

Sheriff

- A Jail video visitation program is anticipated to begin in FY 2016-17.

Probation

- Through collaboration with the Sacramento Superior Court, District Attorney, Public Defender and Health and Human Services, a newly formed Co-Occurring Mental Health Court was launched in January 2016. The goal of this collaborative court is to connect justice system involved individuals who experience serious mental illness and substance abuse disorders to treatment services. The court currently provides services for up to 30 clients.

Waste Management

- In FY 2015-16, the Department's \$13.8 million in outstanding Certificates of Participation (COPs) were fully redeemed.

FINANCIAL INFORMATION

County management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) choices between these two concepts often require estimates and judgments by management.

The County's accounting records for governmental funds are maintained on the modified accrual basis of accounting. This essentially involves the recording of revenues when they become measurable and available and the recording of expenditures when the goods and services are received and the related liability incurred. Accounting records for the County's Proprietary Funds and Agency and Trust Funds are maintained on the accrual basis of accounting.

Single Audit

As a recipient of Federal and State financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management and the Department of Finance's Auditor-Controller Division's internal audit staff. The FY 2015-16 Single Audit will be issued under separate cover and will be available by contacting the Department of Finance, Auditor-Controller Division, after March 31, 2017.

Budgeting Controls

In addition to accounting controls, the County maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Supervisors. The County prepares and adopts a budget for each fiscal year in accordance with the provisions of Sections 29000 through 29144 of the Government Code and other statutory provisions. All County departments are required to submit their annual budget requests for the ensuing year. The County Executive Office reviews each request and a budget is presented to the Board of Supervisors. This budget reflects, as nearly as possible, the estimated revenues and expenditures for the upcoming year.

The budget is made available for public inspection through a public notice. On the dates stated in the notice, the Board of Supervisors conducts public hearings on the budget and at the conclusion of the hearings makes a final determination thereon. The budget, which includes the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds, is adopted no later than August 30. The Board may, by resolution, extend on a permanent basis or for a limited time, the date from August 30 to October 2. Because the final budget must be balanced, any shortfalls in revenue require an equal reduction in anticipated expenditures.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the object level of all budgetary units except for capital assets, which are controlled on the sub-object level. The expenditure portion of the budget is enacted into law through the passage of an appropriation resolution. This resolution constitutes maximum spending authorization for the fiscal year. It cannot be exceeded except by amendment of the budget by the Board of Supervisors. During FY 2015-16, amendments were made to the final adopted budget. The budget data reflected in this comprehensive annual financial report includes the effect of all approved budget amendments.

Cash Management

Cash temporarily idle during the year was invested in money market mutual funds, negotiable certificates of deposit, time certificates, commercial paper, municipal notes, and U.S. Treasury and Agency investments. The average yield on investments during FY 2015-16 was 0.52 percent. The yield for a one-year Constant Maturity U.S. Treasury Note during the same period was 0.49 percent.

The County Pooled Investment Fund Policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. All collateral on deposits was held either by the County, its agents, or a financial institution's trust department in the County's name.

Risk Management

The County self-insures for property damage, liability, workers' compensation, unemployment and dental insurance claims. Self-insurance transactions are accounted for in Internal Service Funds. It is the County's policy to fund current self-insurance liabilities for Governmental Funds by making provisions in the budget of the succeeding year. Proprietary fund premium charges are expensed in the year incurred.

OTHER INFORMATION

Independent Audit - Section 25250 of the Government Code requires an annual audit by independent certified public accountants. The firm of Vavrinek, Trine, Day & Co., LLP was selected by the County to meet this requirement. The independent auditors' report on the basic financial statements is included in the financial section of this report.

Awards

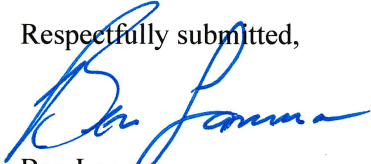
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the County for its comprehensive annual financial reports for each of the last twenty-seven fiscal years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which must conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate of Achievement.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Finance, and the cooperation and assistance of all County departments. We would like to commend the Board of Supervisors for its interest, support, and leadership in planning and conducting the financial operations of the County in a responsive and progressive manner.

Respectfully submitted,



Ben Lamera
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

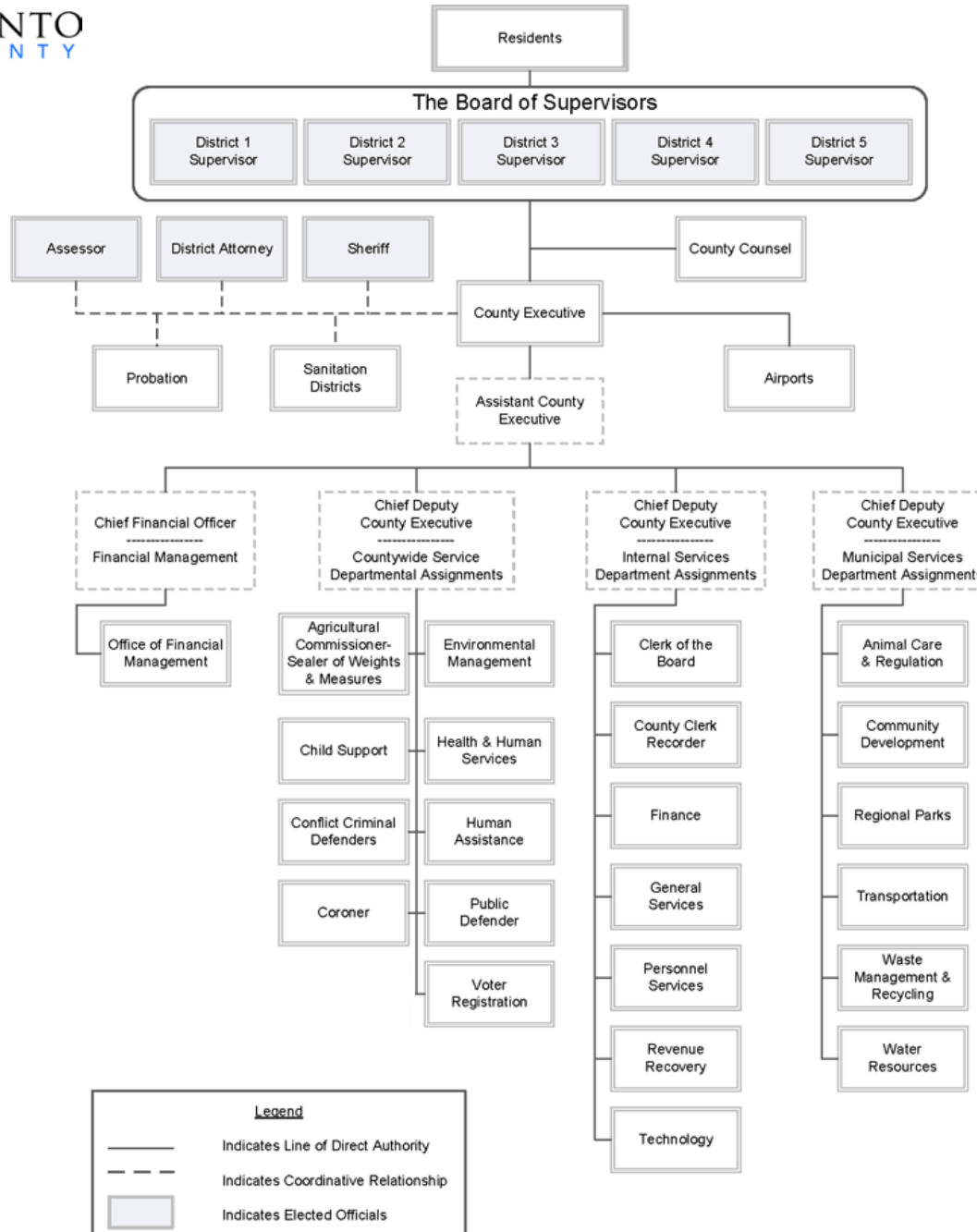
Presented to

**County of Sacramento
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Legend

- Indicates Line of Direct Authority
- - - Indicates Coordinative Relationship
- █ Indicates Elected Officials

**COUNTY OF SACRAMENTO
LIST OF PUBLIC OFFICIALS
JUNE 30, 2016**

ELECTED:

Board of Supervisors:

Phil Serna	District 1
Patrick Kennedy	District 2
Susan Peters	District 3
Roberta MacGlashan	District 4
Don Nottoli	District 5

Department Heads:

Kathleen Kelleher	Assessor
Anne Marie Schubert	District Attorney
Scott Jones	Sheriff

APPOINTED:

Navdeep S. Gill	County Executive
Nancy Newton	Assistant County Executive
David Villanueva	Chief Deputy County Executive
Ben Lamera	Director of Finance

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
COUNTY OF SACRAMENTO

For the Fiscal Year Ended June 30, 2016

ACKNOWLEDGEMENT

Prepared by the County of Sacramento
Department of Finance

Ben Lamera, Director of Finance
Joyce Renison, Assistant Auditor-Controller
Karen Gee, Chief of Accounting, Reporting and Control
Treddis Campbell, Sr. Accounting Manager
Linda MacLeod, Sr. Accounting Manager
Herman Williams, Accounting Manager
Nou Her, Senior Accountant
Ross McCarthy, Senior Accountant
Paula Burris, Administrative Services Officer III

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FINANCIAL
SECTION**





INDEPENDENT AUDITORS' REPORT

The Honorable Board of Supervisors
County of Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sacramento, California (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sacramento, California, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Uncertainties Regarding the Future Outcome of Litigation

As discussed in Note 19 to the financial statements, the County is the defendant in a lawsuit alleging breach of contract. Management asserts the ultimate outcome of the lawsuit cannot presently be determined, but management is of the opinion that it will not have a material impact on the County's financial position. Accordingly, no provision for any liability that may result has been made in the financial statements. Our opinion is not modified with respect to that matter.

New Accounting Pronouncements

As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statements No. 72, *Fair Value Measurement and Application*, effective July 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 22, the schedule of proportionate share of the net pension liability and the schedule of contributions on pages 123 through 124 and the schedule of funding progress on page 125 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, and bond disclosure section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, statistical and bond disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
January 18, 2017

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Sacramento's (County) comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflow of resources of the County exceeded liabilities and deferred inflows at the close of the 2015-16 fiscal year by \$975,999 (net position), of this amount, \$613,280 is restricted for specific purposes (restricted net position), and \$2,287,059 is the County's net investment in capital assets. The County's total net position increased by \$145,133 during the fiscal year.
- As of June 30, 2016, the County governmental funds reported combined fund balances of \$650,791 for an increase of \$55,324, in comparison with the prior year. Total amounts available for spending include restricted, assigned, and unassigned fund balances, which totaled \$622,243, or 95.6 percent of the ending fund balance. Of this amount, \$587,532 is restricted by law, enabling legislation, or externally imposed requirements and \$9,780 is assigned, constrained by the County's intent to be used for specific purposes. Total fund balance for the General Fund increased \$25,091 to \$274,921, which equates to 13.1 percent of total General Fund expenditures for the year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was a positive \$24,931 or 1.19 percent of total general fund expenditures.
- The County's investment in capital assets decreased by \$52,483 or 1.31 percent in comparison with June 30, 2015 balances.
- The County's total long-term obligations had a net decrease of \$112,851 in comparison with June 30, 2015 balances. This net decrease was comprised of a gross decrease of \$253,301 and a gross increase of \$140,450. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, Teeter notes, and pension obligation bonds. The increase resulted primarily from the issuance of one Teeter note, and an accrual for compensated absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components (1) **Government-wide** financial statements; (2) **Fund** financial statements and (3) **Notes** to basic financial statements.

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

The *statement of net position* presents information on all County assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and culture. The business-type activities of the County include the Department of Airports (Airports), Solid Waste, Water Agency, Parking Enterprise and the County Transit.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. Examples are County Service Area Number One, Water Agency, Solid Waste Authority, Sunrise, Carmichael and Mission Oaks Recreation and Park Districts. The Tobacco Securitization Authority of Northern California (Authority) is a public entity legally separate and apart from the County, and is considered a blended component unit of the County due to the operational relationship between the Authority and the County. The debts and liabilities of the Authority belong solely to it, and the County is in no way responsible for those liabilities. The Sacramento County Public Financing Authority is a public entity created by a Joint Exercise of Powers Agreement effective as of November 2003 between Sacramento County and the Sacramento Housing and Redevelopment Agency (Agency). The Authority is a public entity legally separate and apart from the County, and is considered a blended component unit of the County due to the operational relationship between the Authority and the County. The debts and liabilities of the Authority belong solely to it, and neither the County nor the Agency are in any way responsible for those liabilities.

Sacramento County First Five Commission is reported as a discretely presented component unit. Although the County Board of Supervisors has no control over the revenues, budgets, staff or funding decisions made by the Commission, the appointed Commission members serve at the will of the Board members who appoint them.

The government-wide financial statements can be found on pages 23 of this report.

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

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

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

The County maintains 45 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The governmental funds financial statements can be found on pages 27 - 30 of this report. The general fund budgetary statement is found on pages 31 of this report.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Airports, Solid Waste, Water Agency, Parking Enterprise, and the County Transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its liability/property self-insurance; telecommunication and information technology support; worker's compensation self-insurance; self-insurance for unemployment claims (Self-Insurance – Other); regional communications; and centralized services provided by the Department of General Services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Airports, Solid Waste and Water Agency operations are considered to be major enterprise funds of the County. The County's six internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary funds financial statements can be found on pages 33 - 39 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds, except for agency funds, which have more limited accounting and financial statements because of their purely custodial nature.

The fiduciary fund financial statements can be found on pages 40 - 41 of this report.

Fiduciary funds report the Agency Funds, Investment trust funds, including the Treasurer's Pool and Non-pooled Investments, and Private-Purpose Trust Funds.

Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 43 of this report.

The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, enterprise and internal service funds, and can be found on pages 127 - 215 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

In fiscal year 2015-16, the most significant changes in the government-wide financial statements involved the pension related balances. The County is allocated a proportion of the Sacramento County Employees' Retirement System (SCERS) pension plan net pension liability. The County's proportionate share of the SCERS Net Pension Liability (NPL) increased by \$332,477 in fiscal year 2015-16 to \$1,027,792, primarily as a result of unfavorable investment results during 2014-15, offset somewhat by actual individual salary increases and actual COLA increases less than expected by the actuarial assumptions.

Activities (i.e., contributions made by the County), occurring during fiscal year 2015-16 are reported as deferred outflows of resources. Deferred outflows of resources related to pensions decreased by \$10,141 in fiscal year 2015-16 to \$231,867.

The Net Pension Liability (NPL) is equal to the difference between the total pension liability and the pension plan's fiduciary net position. The pension plan's fiduciary net position is equal to the market value of plan assets.

Deferred inflows of resources related to pensions represent a net amount attributable to the various components that impact pension changes, and can include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience. Deferred inflows of resources related to pensions decreased by \$414,799 in fiscal year 2015-16 to \$102,274. The net change for the pension related items was negative \$70,181.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$975,999 at the close of the most recent fiscal year.

Condensed Statement of Net Position
June 30, 2016
(amount expressed in thousands)

Primary Government	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 1,188,345	1,091,765	583,829	570,892	1,772,174	1,662,657
Capital assets, net of depreciation	1,716,336	1,751,231	2,245,117	2,262,705	3,961,453	4,013,936
Total assets	<u>2,904,681</u>	<u>2,842,996</u>	<u>2,828,946</u>	<u>2,833,597</u>	<u>5,733,627</u>	<u>5,676,593</u>
Deferred outflows of resources:						
Accumulated Decrease in Market Value of SWAP Agreement	130,304	107,268	84,866	60,393	215,170	167,661
Deferred amounts on refundings	38,443	44,108	12,679	14,429	51,122	58,537
Deferred outflow amount related to pension	223,199	232,346	8,668	9,662	231,867	242,008
Total deferred outflows of resources	<u>391,946</u>	<u>383,722</u>	<u>106,213</u>	<u>84,484</u>	<u>498,159</u>	<u>468,206</u>
Liabilities:						
Current and other liabilities	696,654	595,235	218,373	190,943	915,027	786,178
Long-term debt obligations	2,801,753	2,543,856	1,436,733	1,466,826	4,238,486	4,010,682
Total liabilities	<u>3,498,407</u>	<u>3,139,091</u>	<u>1,655,106</u>	<u>1,657,769</u>	<u>5,153,513</u>	<u>4,796,860</u>
Deferred inflows of resources:						
Deferred inflows amount related to pension	95,518	491,214	6,756	25,859	102,274	517,073
Total deferred inflow of resources	<u>95,518</u>	<u>491,214</u>	<u>6,756</u>	<u>25,859</u>	<u>102,274</u>	<u>517,073</u>
Net position:						
Net investment in capital assets	1,370,462	1,362,707	916,597	893,262	2,287,059	2,255,969
Restricted	496,622	179,628	116,658	117,472	613,280	297,100
Unrestricted	(2,164,382)	(1,945,922)	240,042	223,719	(1,924,340)	(1,722,203)
Total net position	<u>\$ (297,298)</u>	<u>(403,587)</u>	<u>1,273,297</u>	<u>1,234,453</u>	<u>975,999</u>	<u>830,866</u>

The largest portion of the County's net position totaling \$2,287,059 (234 percent) reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment plus deferred outflows of resources related to the debt, net of depreciation and less any related debt used to acquire those assets that is still outstanding). The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of the County's net position totaling \$613,280 (63 percent) is restricted and represents resources that are subject to external restrictions on how they may be used. The major categories of restricted net position are for bond reserves (8 percent), debt service (20 percent) capital projects (12 percent), health and sanitation programs (38 percent), public protection (8 percent), and transportation (7 percent). The County's restricted net position increased by \$316,180 from the prior year restricted net position amount of \$297,100. The increase is due primarily to the combination of increases for debt service of \$42 million, for capital projects of \$34 million, for health and sanitation programs of \$179 million, for public protection of \$50 million and for passenger facility charges of \$10 million. These increases were offset by a decrease to transportation of approximately \$12 million.

The remaining balance of total net position, a negative \$1,924,340 is unrestricted. Unrestricted net position decreased by \$202,137 from the prior year. The decrease is primarily the result of a recognition of the County's unfunded pension obligations.

The County's total net position increased by \$145,133 during the current fiscal year, which results in an increase of 17 percent of total net position from prior year.

When compared to the prior year, government-wide revenues increased approximately \$118,849 or 4 percent, and County government-wide expenses increased approximately \$141,667 or 5 percent. At the end of the current fiscal year the County reported an increase of 1.38 percent in net investment in capital assets. The increase in net investment in capital assets, of \$31,090 represents capital purchases net of depreciation plus the retirement of related long-term debt. The County's restricted net position increased by 1.06 percent while unrestricted net position decreased by 11 percent. Governmental activities reported a negative balance in unrestricted net position of \$2,164,382 which is due to the recognition of the County's unfunded pension and long term debt obligations in the government-wide financial statements which uses long-term economic focus versus the current financial resources focus.

Governmental activities. Governmental activities increased the County's net position by \$106,289.

The table on the next page indicates the changes in net position for governmental and business-type activities.

Condensed Statement of Activities
For the Year Ended June 30, 2016
(amounts expressed in thousands)

Primary Government	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for service	\$ 401,484	381,084	328,706	313,757	730,190	694,841
Operating grants and contributions	1,214,579	1,223,283	2,415	878	1,216,994	1,224,161
Capital grants and contributions	42,248	18,210	15,383	19,119	57,631	37,329
General Revenue						
Taxes:						
Property	447,437	425,477			447,437	425,477
Sales / use	82,762	74,171	1,412	687	84,174	74,858
Transient	4,335	4,534			4,335	4,534
Unrestricted investment earnings (loss)	18,291	13,857	3,832	1,473	22,123	15,330
Grants and contributions not restricted to specific programs	285,041	287,041			285,041	287,041
Pledged tobacco settlement proceeds	12,229	12,368			12,229	12,368
Miscellaneous	86,600	51,966			86,600	51,966
Total revenues	<u>2,595,006</u>	<u>2,491,991</u>	<u>351,748</u>	<u>335,914</u>	<u>2,946,754</u>	<u>2,827,905</u>
Expenses:						
General government	179,608	169,604			179,608	169,604
Public assistance	655,225	639,831			655,225	639,831
Public protection	781,244	725,108			781,244	725,108
Health and sanitation	554,731	502,535			554,731	502,535
Public ways and facilities	172,931	152,186			172,931	152,186
Recreation and culture	38,951	34,771			38,951	34,771
Education	1,729	1,820			1,729	1,820
Interest and fiscal charges	109,019	125,603			109,019	125,603
Airports			187,985	188,132	187,985	188,132
Solid Waste			60,357	59,774	60,357	59,774
Water Agency			55,824	55,923	55,824	55,923
Parking Enterprise			1,893	2,463	1,893	2,463
County Transit			2,124	2,204	2,124	2,204
Total expenses	<u>2,493,438</u>	<u>2,351,458</u>	<u>308,183</u>	<u>308,496</u>	<u>2,801,621</u>	<u>2,659,954</u>
Change in net position before transfers	101,568	140,533	43,565	27,418	145,133	167,951
Transfers	4,721	5,178	(4,721)	(5,178)		
Change in net position	<u>106,289</u>	<u>145,711</u>	<u>38,844</u>	<u>22,240</u>	<u>145,133</u>	<u>167,951</u>
Net position, beginning of year	<u>(403,587)</u>	<u>(549,298)</u>	<u>1,234,453</u>	<u>1,212,213</u>	<u>830,866</u>	<u>662,915</u>
Net position, end of year	<u>\$ (297,298)</u>	<u>(403,587)</u>	<u>1,273,297</u>	<u>1,234,453</u>	<u>975,999</u>	<u>830,866</u>

Total revenues for the County's governmental activities increased by \$103,015 from the prior year to \$2,595,006. This increase is primarily due to increased charges for services revenue (\$20 million). Tax revenues also had a significant increase (\$30 million), related to rebounding property values, retail sales and includes a one-time true up of (\$4 million) related to the ending of the "Triple Flip". Investment earnings revenue increased by (\$4 million) due to achieving higher returns on investments. Capital grants and contributions increased by (\$24 million) due to contribution from property owners to fund road improvements in North Vineyard SSP CFD. These increases are offset by decreases in operating grants revenue (\$8 million) and other grant revenue (\$2 million). Miscellaneous revenue also increased (\$34 million) in the current fiscal year due to reclassification of unavailable revenue of \$21 million that offset miscellaneous revenue in the prior year.

Total expenses for governmental activities were \$2,493,438, an increase of \$141,980 or 6.0 percent from the prior year. This increase was primarily due to increased expenses for public assistance programs (\$15 million), public protection programs (\$56 million), health and sanitation programs (\$52 million), and public ways and facilities programs (\$21 million). These increases were offset by decreased expenses for interest and fiscal charges (\$16 million).

Business-type activities. Business-type activities increased the County's net position by \$38,844. The increase is primarily related to increased activity for Solid Waste and Water Agency. See page 18 for additional comments on changes to net position.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. Governmental funds are comprised of general, special revenue, debt service, and capital projects funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *total fund balance less nonspendable* portion is a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2016, the County's governmental funds reported combined fund balances of \$650,791, an increase of \$55,324 in comparison with the prior year's total ending fund balance of \$595,467. The components of total fund balance are as follows (for more information, see Note 18 – Fund Balances):

- *Nonspendable fund balance*, \$28,548, are amounts that are not spendable in form or are legally or contractually required to be maintained intact, and are made up of 1) inventory of \$739, 2) prepaid items \$19,005, 3) long term receivables/advances of \$946, and 4) legally required Teeter Tax program loss reserves of \$5,926, and 5) Teeter Tax delinquencies of \$1,932.
- *Restricted fund balance*, \$587,532, consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. Examples of restrictions on funds are those for legislated amounts restricted for 1) health and sanitation of \$219,220, 2) capital outlay of \$74,180, 3) debt service of \$89,851, 4) public ways and facilities of \$35,442, 5) economic development of \$68,532, 6) public protection of \$51,091, 7) environmental management of \$14,089, and 8) Stormwater Utility \$18,083.
- *Assigned fund balance*, \$9,780, consists of amounts that are constrained by the County's intent to be used for specific purposes by the Board of Supervisors. The majority of this amount is set aside for appropriations for Mental Health Audit Report Payback (\$9.2 million).
- *Unassigned fund balance*, \$24,931, represents the residual classification for the County's general fund.

Approximately 95.6 percent, or \$622,243, of the total fund balances is considered spendable. With the exception of the nonspendable portion, \$587,532

is available for appropriation for restricted purposes, \$9,780 is assigned for specific purposes, leaving a positive unassigned fund balance of \$24,931.

The increase of \$55,324 in the governmental funds combined fund balances was primarily attributable to a combined increase to special revenue funds (\$11 million), decrease in debt service (\$12 million), increase in Capital Project funds (\$31 million), and increase in general fund balance (\$25 million).

The General Fund is the chief operating fund of the County. The General Fund's total fund balance increased by 10 percent, or \$25,091, to \$274,921 at June 30, 2016. The nonspendable portion of fund balance was \$27,857 and the spendable portion was \$247,064, an increase of \$28,071 from the prior year spendable balance of \$218,993. This increase is primarily a result of 1) a decrease in non-spendable of \$3 million for prepaid retirement, 2) increases in property tax revenues (\$30 million), mental health services act revenue (\$9 million), realignment revenue (\$22 million), building permit and inspection fees (\$9 million), offset by 3) increases in expenditures for public protection (\$43 million).

As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance equates to 13.1 percent of total General Fund expenditures while spendable fund balance equates to 11.3 percent of total General Fund expenditures. Of the General Fund spendable fund balance, \$212,353, or 77 percent is restricted.

Other governmental funds: The total fund balances of the remaining governmental funds increased 8.7 percent, or \$30,233, to \$375,870 with the following significant changes:

- The Special Revenue funds increased by \$11,574 from a prior year fund balance of \$199,646 to \$211,220, primarily due to shifts in timelines and cost estimates for various projects that resulted in the use of fund balance for 1) public road improvements of approximately \$12 million, 2) storm water improvement projects of \$5 million, and 3) increased funding of \$28 million received for construction projects at the former McClellan and Mather Air Force Bases.
- The Debt Service funds decreased by \$11,933 from \$101,784 to \$89,851, primarily due to 1) decrease in Teeter delinquencies (\$5 million), and 2) decrease in debt requirements for COP's due to complete payoff of 1997 COP issue (\$5.5 million).
- The Capital Projects funds increased by \$30,592 from \$44,207 to \$74,799, primarily due to 1) decreased expenditures for construction projects (\$4.7 million) due to timing for completion of projects, and 2) increase in contributions from property owners for road improvements in North Vineyard Station Specific Plan (SSP) CFD (\$26 million).

Revenues for total governmental funds totaled \$2,640,870 in fiscal year 2015-16 which represents an increase of 5.3 percent from fiscal year 2014-15.

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year:

Revenue by Source	FY 2016		FY 2015		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 534,536	20.24 %	504,182	20.10 %	30,354	6.02 %
Use of money and property	18,208	0.69 %	13,843	0.55 %	4,365	31.53 %
Licenses and permits	61,424	2.33 %	56,766	2.26 %	4,658	8.21 %
Intergovernmental	1,601,585	60.66 %	1,546,630	61.29 %	54,955	3.55 %
Charges for sales and services	269,693	10.21 %	244,887	9.76 %	24,806	10.13 %
Fines, forfeitures and penalties	37,599	1.42 %	43,041	1.72 %	(5,442)	(12.64)%
Pledged tobacco settlement proceeds	12,229	0.46 %	12,368	0.49 %	(139)	(1.12)%
Contributions from property owners	24,168	0.92 %		%	24,168	%
Miscellaneous	81,428	3.08 %	86,346	3.54 %	(4,918)	(5.70)%
Total	<u>\$ 2,640,870</u>	<u>100.01 %</u>	<u>2,508,063</u>	<u>99.71 %</u>	<u>132,807</u>	<u>5.30 %</u>

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

- Taxes increased \$30 million primarily due to: 1) \$21 million increase in property tax revenue; 2) \$8 million increase in sales tax revenue which includes a one-time true up of \$4.5 million related to the ending of the "Triple Flip"; and 3) \$1 million increase in Transient Occupancy tax.
- Licenses and permits increased by \$5 million, primarily due to increased activities in residential building permits and roadway fees.
- Intergovernmental revenue increased by \$55 million, primarily due to: 1) increase of \$22 million in additional growth related to Realignment revenue; and 2) increase of \$33 million restricted to Economic Development construction projects and related remediation projects at the former McClellan and Mather Air Force Bases, and related environmental remediation projects.
- Charges for services increased by \$25 million primarily due to: 1) increase of \$9 million in building permit and inspection fees; and 2) increase of \$17 million in charges to the County's Fixed Asset Financing program for increased department equipment purchases of \$12 million and an increase of \$5 million for Rio Consumnes Correctional Center (RCCC) Campus expansion project.
- Fines, forfeitures, and penalties decreased by \$5 million primarily due to: 1) \$1 million reimbursed to the State for prior year over collection of vehicle code fines; 2) \$2 million less collections in hazardous waste penalties; and 3) \$2 million less interest collected in teeter delinquencies.
- Contributions from property owners increased by \$24 million to fund road improvements in North Vineyard SSP CFD.

- Miscellaneous revenue decreased by \$5 million primarily due to one-time revenue received in prior year for defeasance of COP debt.

Expenditures for governmental funds totaled \$2,621,403 in fiscal year 2015-16, which represents an increase of 4.8 percent from fiscal year 2014-15.

The following table presents expenditures by function compared to prior year amounts:

Expenditures by Function Governmental Funds (amounts expressed in thousands)						
Expenditures by Function	FY 2016		FY 2015		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 165,999	6.33 %	151,271	6.05 %	14,728	9.74 %
Public assistance	663,373	25.31 %	656,873	26.25 %	6,500	0.99 %
Public protection	797,866	30.44 %	753,721	30.12 %	44,145	5.86 %
Health and sanitation	559,977	21.37 %	522,894	20.90 %	37,083	7.09 %
Public ways and facilities	135,948	5.19 %	137,724	5.50 %	(1,776)	(1.29)%
Recreation and culture	34,869	1.33 %	35,368	1.41 %	(499)	(1.41)%
Education	1,286	0.05 %	1,604	0.06 %	(318)	(19.83)%
Capital outlay	59,079	2.25 %	35,754	1.43 %	23,325	65.24 %
Debt service:						
Principal	67,346	2.57 %	69,242	2.77 %	(1,896)	(2.74)%
Interest and fiscal charges	135,660	5.18 %	137,656	5.50 %	(1,996)	(1.45)%
Total	<u>\$ 2,621,403</u>	<u>100.02 %</u>	<u>2,502,107</u>	<u>99.99 %</u>	<u>119,296</u>	<u>4.77 %</u>

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

- General government increased by \$15 million primarily due to: 1) increase of \$8 million for capital asset purchases through County's interagency procurement program; 2) increase of \$7 million for Economic Development construction projects and related remediation projects at the former McClellan and Mather Air Force Bases, and related environmental remediation projects.
- Public assistance had a net increase of \$6 million primarily due to: 1) decrease of \$7 million in Human Assistance-Aid programs due to the State shift in CalWORKs funding to sales tax funded 1991 realignment; and 2) increase of \$13 million in Human Assistance Administration due to a \$3.5 million increase for negotiated salary increases and \$10 million for increased expenditures for Foster Care, Adoptions Assistance and CalWORKs.
- Public protection increased by \$44 million primarily due to: 1) \$16 million increase for the Sheriff's Department resulting from a \$7 million increase in salary and benefit costs for existing employees associated with negotiated labor agreements and 11 newly added positions to implement the Sheriff's plan to reorganize field services, and a \$9 million increase due to an increase in fleet and facility costs; 2) \$9 million increase for the

Probation Department-resulting from \$6 million increase in salary and benefit costs, and \$3 million for new program and services approved for the Title IV-E Foster Care Waiver; 3) \$3 million increase for the Animal Care and Regulation Department, primarily due to an increase in allocated costs for debt service for department occupied facilities, technology costs, and various cost increases related to 16 new positions added in FY 14-15 and planning and implementation of new or enhanced programs; 4) \$4 million increase for Community Development Department for a variety of program and service level enhancements for Code Enforcement, Planning and Environmental Review and Building Permits and Inspection. Positions have been added in each of these areas for increased workloads, the roll-out of the new Development Code, enhanced Neighborhood Livability Initiative activities, and implementation of the County's Tree Preservation Ordinance; 5) \$3 million increase for District Attorneys primarily due to increased salary and benefit costs for existing employees, cost of three new positions, and an increase in allocated internal service charges; 6) \$2 million increase in building permit inspection activity for increased construction; 7) \$3 million increase in revenues for Code Enforcement receivables that were previously deemed uncollectable; and 8) \$1 million increase for Public Defender due in part to the addition of one Attorney and increased salary and benefit costs for existing employees.

- Health and sanitation increased by \$37 million primarily due to: 1) increase of \$16 million in Mental Health expenditures to add crisis residential facilities, purchase more sub-acute beds and expand the Crisis Stabilization Unit, and increase the number of bed-days in psychiatric facilities for Affordable Care Act clients; 2) increase of \$6 million in Child Protective Services expenditures due to an initiative to reduce the incidence of African American Child Death and the implementation of programs designed to reduce foster care case costs; 3) increase of \$7 million in Alcohol and Drug costs due to an increased demand for services created by the Affordable Care Act; 4) increase of \$4 million in In-Home Services Provider payments primarily due to increased health insurance costs and negotiated cost of living adjustments for employee salaries and benefits; and 5) increase of \$3 million for Water Agencies due to increased costs for construction, engineering and other services for capital projects.
- Public Ways and Facilities decreased by \$2 million primarily due to completion of the State Route 50 at Watt Avenue project that was completed in FY 2014-15.
- Capital Outlay increased by \$23 million primarily due to: 1) increase of \$18 million for fixed asset purchases through the county's fixed asset financing program and 2) increase of \$4 million for infrastructure improvements financed from development impact fee programs.
- Bond Principal had a net decrease of \$2 million primarily due to: 1) \$12 million increase for payoff of a portion of 2003 A and 2003C revenue bonds for Public Financing Authority; 2) decrease of \$3 million for 1997 Public Facilities Certificates of Participation that was paid off in prior year; 3) \$5 million decrease in principal payment for 2006 Public Facilities Certificates of Participation; and 4) \$3 million decrease in pension obligation bonds and \$2 million decrease in teeter notes.
- Interest costs decreased by \$2 million primarily due to a reduction in long-term debt.

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

	FY 2016	FY 2015	Increase/(Decrease)	
			Amount	Percent
Transfers in	\$ 174,485	184,765	(10,280)	(5.56)%
Transfers out	(158,150)	(167,637)	9,487	(5.66)%
Issuance of debt	19,522	20,996	(1,474)	(7.02)%
Total other financing sources (uses)	\$ 35,857	38,124	(2,267)	(5.95)%

- Transfers in/out: Decrease for net transfers are primarily due to decreased capital projects and roadway improvements and decreased debt service payments.
- Issuance of debt: Decrease is due to lower teeter delinquencies.

Proprietary funds. The County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, the unrestricted net position for Airports Enterprise Funds was \$136,893, Solid Waste Enterprise Funds \$22,422, Water Agency Enterprise Funds \$43,174, Parking Enterprise was \$5,849 and County Transit was \$1,478. The internal service funds that are used to account for certain governmental activities had unrestricted net position of negative \$87,058.

Airports total net position increased by \$7,129 during fiscal year ended June 30, 2016 primarily as a result of a combination of operating income of \$32,113, net non-operating expenses of \$(34,122), capital contribution of \$11,369, and transfer out of \$(2,231). The increase was due to increased revenues by \$13.2 million primarily as a result of increased airfield charges, terminal rental revenues, concession revenues, parking revenue and auto rental revenues, offset by increased operating costs of \$1.5 million. Revenues increased due to increased landing operations, a lower airlines settlement refund related to fiscal year 2015 airline activities, increased passenger numbers, terminal rental rate increases, and an increase in passenger facility charges resulting from an increase in enplanements.

The Solid Waste’s total net position increased by \$9,695 during fiscal year ended June 30, 2016. This increase was a result of a combination of operating income of \$10,366, net non-operating income of \$897, with a transfer out of \$(1,568). The increase in net position is primarily the result of operating revenues for residential service charges and tipping fees exceeding the cost of providing these services.

The Water Agency’s total net position increased by \$15,715 during fiscal year ended June 30, 2016. This increase was a result of a combination of operating income of \$27,474; net non-operating expenses of \$(14,727); a transfer out of \$(891) ; and capital contribution of \$3,859. The increase in net position is primarily the result of water service charges and development fee revenues exceeding the cost of providing these services.

The table below shows actual revenues, expenses and results of operations for the current fiscal year:

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
(amounts expressed in thousands)

	Major Enterprise Funds			Non-Major Enterprise Funds		Totals	Internal Service Funds
	Airports	Solid Waste	Water Agency	Parking Enterprise	County Transit		
Operating revenues	\$ 168,544	70,491	67,233	2,909	243	309,420	296,026
Operating expenses	(136,431)	(60,125)	(39,759)	(1,894)	(2,124)	(240,333)	(252,543)
Operating income (loss)	32,113	10,366	27,474	1,015	(1,881)	69,087	43,483
Non-operating revenues, net	(34,122)	897	(14,727)	44	2,279	(45,629)	(2,844)
Income before capital contributions and transfers	(2,009)	11,263	12,747	1,059	398	23,458	40,639
Transfers in (out)	(2,231)	(1,568)	(891)	(31)		(4,721)	(11,613)
Capital contributions	11,369		3,859		155	15,383	
Changes in net position	\$ 7,129	9,695	15,715	1,028	553	34,120	29,026

The income before capital contributions and transfers of enterprise funds of \$23,458 resulted primarily from net decrease for Airports of \$2,009 and increases for Solid Waste of \$11,263 and Water Agency of \$12,747.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the Original Budget and the Final Budget resulted in a \$28.6 million increase in appropriations in Fiscal Year 2015-16, and are briefly summarized as follows:

General Government: The budget for General Government increased by \$3.2 million, due primarily to a \$5.5 million increase in the repayment of resources previously transferred to the General Fund from other funds, partially offset by a \$2.1 million reduction in Fixed Asset Acquisition Fund (FAAF) financing.

Public Assistance: The budget for Public Assistance increased by \$8.9 million due to an increase in the Human Assistance – Administration budget related to increased funding for the Medi-Cal eligibility, CalWIN and CalWORKS programs.

Public Protection: The budget for Public Protection increased by \$9.7 million, due primarily to: 1) a \$2 million increase in Homeland Security and Emergency Management Performance Grant funding in the Office of Emergency Services budget; 2) a \$5.6 million increase in the Sheriff’s budget due to the receipt of approximately \$1.4 million in additional grant revenue, \$1.6 million in additional funding from Immigration and Customs Enforcement (ICE) to pay for housing additional inmates in the County jail; and an additional \$2.4 million in revenue transferred from the Federal Asset Forfeiture, Civil Automated and Automated Warrant trust funds; and 3) a net \$2.1 million increase in appropriations in a number of budgets, including Community Development, the District Attorney and Probation, due to increases in staffing and other costs.

Health and Sanitation: The budget for Health and Sanitation increased by \$5.7 million due primarily to increased federal and State funding for services provided by the Department of Health and Human Services.

Actual revenues for the General Fund were \$89.9 million less than the final budgetary estimates. The under-collection of revenues was due primarily to reduced health and social services program costs that resulted in a reduction of approximately \$95 million in federal and state revenue, partially offset by a \$6.8 million increase in property and sales tax revenue.

Actual expenditures were \$169.5 million less than budgetary estimates. Expenditures less than budget were due to reduced health and social services program costs of approximately \$121 million and approximately \$49 million in salary and benefit and other cost savings in a number of other departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$3,961,453, net of accumulated depreciation. This investment in capital assets includes land and easements, computer software and other intangibles, water facility rights, infrastructure, building and improvements, equipment, and construction in progress. The total decrease in the County's investment in capital assets for the current period was 1.31 percent.

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

Schedule of Capital Assets
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease) Percent of Change
	2016	2015	2016	2015	2016	2015	
Non depreciable:							
Land	\$ 129,736	137,377	133,826	133,557	263,562	270,934	(2.72)%
Construction in progress	26,024	33,024	71,642	63,122	97,666	96,146	1.58 %
Permanent Easement	10,043	8,456	25	25	10,068	8,481	18.71 %
Other Intangible			1,904	1,904	1,904	1,904	
Water facility rights			198,067	195,922	198,067	195,922	1.09 %
Intangible Asset Under Project	66				66		
Depreciable:							
Buildings and improvements	426,442	443,964	1,686,385	1,723,625	2,112,827	2,167,589	(2.53)%
Infrastructure	1,062,958	1,071,587	114,001	117,498	1,176,959	1,189,085	(1.02)%
Equipment	55,392	48,758	38,369	26,127	93,761	74,885	25.21 %
Computer Software	5,675	8,065	5	7	5,680	8,072	(29.63)%
Water facility rights			893	918	893	918	(2.72)%
Total	\$ 1,716,336	1,751,231	2,245,117	2,262,705	3,961,453	4,013,936	(1.31)%

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

- Land: Decreased in total by approximately \$7.4 million. The overall decrease is due to the combination of a contribution to the State of California for the Carol Miller Land on Bicentennial Circle (\$4.0), the sale of Hovis property (\$0.4) and various other properties and parcels that were retired or sold (\$3.0).
- Permanent Easement: The increase is primarily due to the purchase of parcels for the Hazel Avenue widening project (\$1.6).
- Buildings and improvements: Decreased in total by approximately \$54.8 million. This is due to a combination of increases in the Capital Project fund capitalized to Sheriff South Area Substation (\$7.7), Mental Health Treatment Center (\$2.7), Main Jail (\$1.8), other governmental funds (\$6.2), Terminal A Renovation (\$9.4), Airport road and parking lot (\$7.9), Solid Waste (\$3.5), and Water Agency projects including the Parks main pipe and well upgrades (\$10.5), netted with decreases due to depreciation in the governmental funds (\$29.5), Airports (\$49), Solid Waste (\$2.6), and the Water Agency (\$14.1), combined with net sales and retirements in the governmental funds (\$6.7) and Airports (\$2.6).
- Infrastructure: Increase is due to Road Fund (\$3.7); and decrease is due to Storm Utilities (\$11.3) and Water Agency (\$4.4).
- Construction in progress: Increased in total by approximately \$1.5 million. This is due to a combination of decreases due to governmental fund projects being capitalized to building costs (\$18.4) and permanent easements (\$1.1) as well as various projects being capitalized to building costs for Airports (\$17.3), Solid Waste (\$3.5), and the Water Agency (\$10.5) with increases to capital construction for governmental funds (\$14.7), Airports (\$9.5), Solid Waste (\$0.6) and the Water Agency (\$27.5).
- Equipment: Increased in total by approximately \$18.9 million. This is due to a combination of increases due to governmental funds (\$5.9), General Services (\$9.9), Department of Technology (\$2.7), Regional Radio (\$4.8), Airports (\$12), and Solid Waste (\$6.7); and decreases for depreciation from governmental funds (\$4.9), General Services (\$7.6), Department of Technology (\$1.7), Regional Radio (\$1.9), Airports (\$1.7), and Solid Waste (\$5.2).
- Computer Software: Decreased in total by approximately \$2.4 million. This was due to a combination of decreases in the Governmental funds depreciation (\$2.5); and increases due to Department of Technology (\$0.1).

Additional information on the County's capital assets can be found in Note 5 on pages 70 - 72.

The County has entered into several agreements related to the construction of Capital Projects. This information can be found in Note 12 on page 100.

Debt Administration

At June 30, 2016, the County's governmental activities had long-term obligations, totaling \$1,871 billion. Of this amount \$229.9 million are Certificates of Participation, \$237 million are Revenue bonds for the securitization of the tobacco settlement agreement, and \$73 million are Revenue bonds issued by the Public Financing Authority to finance redevelopment projects in designated redevelopment project areas in the City and County of Sacramento, plus accreted interest.

Other significant long-term obligations include \$25 million in loan agreements to fund the alternative method of distributing property taxes (Teeter Plan), \$960 million in Pension Obligation Bonds, and \$157 million associated accreted interest for Pension Obligation Bonds. The remaining represents various other debt obligations. In addition, compensated absences amounted to \$113 million and capital lease obligations were \$3 million.

Business-type activities had long-term obligations of approximately \$1.429 billion. This includes \$1.046 billion of Airports revenue bonds and other Airports debt, and Sacramento County Water Agency revenue bonds, reimbursement agreements, water rights, and usage fees totaling \$380 million.

For the year ended June 30, 2016 the County's total long-term obligations had a net decrease of \$112,851. The net decrease resulted primarily from a decrease from scheduled principal retirements of revenue bonds and certificates of participation (\$79 million), and net decrease in pension obligation bonds and associated accreted interest (\$46 million).

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

Schedule of Long-Term Debt
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2016	2015	2016	2015	2016	2015	Amount	Percent
Governmental activities:								
Compensated absences	\$ 113,320	108,199	6,473	6,288	119,793	114,487	5,306	4.63 %
Certificates of participation	229,880	245,630		13,500	229,880	259,130	(29,250)	(11.29)%
Teeter notes	25,494	29,732			25,494	29,732	(4,238)	(14.25)%
Pension obligation bonds	960,058	973,934			960,058	973,934	(13,876)	(1.42)%
Accreted Interest	157,288	189,000			157,288	189,000	(31,712)	(16.78)%
Revenue bonds	310,142	324,102	1,113,140	1,136,430	1,423,282	1,460,532	(37,250)	(2.55)%
Accreted Interest	25,820	22,850			25,820	22,850	2,970	13.00 %
OPEB Liability	44,729	34,564	3,087	2,459	47,816	37,023	10,793	29.15 %
Other long-term debt	4,605	3,522			4,605	3,522	1,083	30.75 %
Capital lease obligations	3,479	4,123			3,479	4,123	(644)	(15.62)%
Deferred amounts								
For issuance premiums	3,381	3,576	14,033	14,943	17,414	18,519	(1,105)	(5.97)%
For issuance discounts	(6,881)	(7,379)	(5,882)	(6,129)	(12,763)	(13,508)	745	(5.52)%
PFC and subordinate revenue bonds			290,875	304,055	290,875	304,055	(13,180)	(4.33)%
Reimbursement agreements			935	1,634	935	1,634	(699)	(42.78)%
Usage fee - City of Sacramento			2,178	3,213	2,178	3,213	(1,035)	(32.21)%
Water rights - SMUD assignment			4,197	4,956	4,197	4,956	(759)	(15.31)%
	<u>\$ 1,871,315</u>	<u>1,931,853</u>	<u>1,429,036</u>	<u>1,481,349</u>	<u>3,300,351</u>	<u>3,413,202</u>	<u>(112,851)</u>	<u>(3.31)%</u>

Additional information regarding the County's long-term debt can be found in Note 8, beginning on page 79.

Economic Factors and Next Year's Budget and Rates

- Four major sources of revenue generated from the performance of the economy are:
 - Property Tax revenues (from all sources – secured, unsecured, delinquent, etc.) budgeted for FY 2016-17 are expected to increase over the FY 2015-16 Adopted Budget by \$21.9 million, a 5.9 percent increase. The FY 2016-17 projection is a 5.3 percent increase over the FY 2015-16 actual collections. The FY 2016-17 projection is based on the July Assessment Roll prepared by the County Assessor.
 - Sales and Use Tax revenues budgeted for FY 2016-17 are expected to decrease from the FY 2015-16 Adopted Budget by \$3.9 million, a 4.7 percent decrease. The FY 2016-17 projection is a 3.5 percent decrease from FY 2015-16 actual collections. However, the FY 2015-16 actual revenue included approximately \$5.3 million in one-time revenue related to the true-up of the Triple Flip, which ended in FY 2014-15. If that is factored out, the “real” projected increase in sales and use tax revenue over the FY 2015-16 actual collections is approximately 3.2 percent.
 - Proposition 172 revenues budgeted for FY 2016-17 is expected to increase over the FY 2015-16 Adopted Budget by \$2.2 million, a 2.0 percent increase.
 - Realignment revenues budgeted for FY 2016-17 are expected to increase over the FY 2015-16 Adopted Budget by approximately \$54.9 million, a 10.5 percent increase. However, this increase reflects both new Realignment revenue received by the County and the allocation of fund balance carry-over in the various County Realignment trust funds. We are currently estimating that new Realignment revenue from all categories will decrease by approximately \$1 million, or 0.2 percent, in FY 2016-17 compared to the amount of new Realignment revenue actually received by the County in FY 2015-16.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, 700 H Street, Room 3650, Sacramento, CA 95814.

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

**COUNTY OF SACRAMENTO
GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2016
(amounts expressed in thousands)**

Page 1 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First Five Commission
Assets:				
Current assets:				
Cash and investments	\$ 765,322	318,931	1,084,253	51,653
Restricted cash and investments		50,083	50,083	
Receivables, net of allowance for uncollectibles:				
Billed	23,710	24,401	48,111	
Interest	2,004	32	2,036	
Intergovernmental	268,498	9,756	278,254	4,274
Receivable from component unit	593		593	
Prepaid expenses	19,153	265	19,418	
Internal balances	(25,261)	25,261		
Inventories	2,852	457	3,309	
Total current assets	<u>1,056,871</u>	<u>429,186</u>	<u>1,486,057</u>	<u>55,927</u>
Noncurrent assets:				
Restricted assets	5	146,224	146,229	
Loan receivable from Successor Agency	57,650		57,650	
Long-term receivables	67,775		67,775	
Prepaid bond insurance	6,044	8,419	14,463	
Capital assets:				
Land and other nondepreciable assets	165,869	405,464	571,333	
Buildings, improvements, infrastructure and equipment	1,550,467	1,839,653	3,390,120	
Total capital assets	<u>1,716,336</u>	<u>2,245,117</u>	<u>3,961,453</u>	
Total noncurrent assets	<u>1,847,810</u>	<u>2,399,760</u>	<u>4,247,570</u>	
Total assets	<u>2,904,681</u>	<u>2,828,946</u>	<u>5,733,627</u>	<u>55,927</u>
Deferred outflows of resources:				
Accumulated decrease in market value of SWAP agreement	130,304	84,866	215,170	
Deferred amounts on refunding	38,443	12,679	51,122	
Deferred outflows related to pensions	223,199	8,668	231,867	244
Total deferred outflows of resources	<u>391,946</u>	<u>106,213</u>	<u>498,159</u>	<u>244</u>
Total assets and deferred outflows of resources	<u>3,296,627</u>	<u>2,935,159</u>	<u>6,231,786</u>	<u>56,171</u>

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

**COUNTY OF SACRAMENTO
GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2016
(amounts expressed in thousands)**

Page 2 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First Five Commission
Liabilities:				
Current liabilities:				
Warrants payable	20,511	2,658	23,169	
Accrued liabilities	139,621	29,220	168,841	2,158
Intergovernmental payable	86,313	527	86,840	1,959
Accrued interest payable	17,436		17,436	
Current portion of insurance claims payable	34,183		34,183	
Payable to primary government				593
Current portion of long-term debt obligations	56,472	33,185	89,657	81
Current liabilities payable from restricted assets		27,670	27,670	
Unearned revenues	33,449	4,084	37,533	
Total current liabilities	<u>387,985</u>	<u>97,344</u>	<u>485,329</u>	<u>4,791</u>
Noncurrent liabilities:				
Insurance claims payable	176,419		176,419	
Long-term debt obligations	1,814,843	1,395,851	3,210,694	215
Derivative instrument liability	130,304	84,866	215,170	
Landfill closure and postclosure care		36,163	36,163	
Other long-term liabilities	1,946		1,946	
Net pension liability	986,910	40,882	1,027,792	1,060
Total noncurrent liabilities	<u>3,110,422</u>	<u>1,557,762</u>	<u>4,668,184</u>	<u>1,275</u>
Total liabilities	<u>3,498,407</u>	<u>1,655,106</u>	<u>5,153,513</u>	<u>6,066</u>
Deferred inflows of resources:				
Deferred inflows amount related to pension	95,518	6,756	102,274	222
Total liabilities and deferred inflows of resources	<u>3,593,925</u>	<u>1,661,862</u>	<u>5,255,787</u>	<u>6,288</u>

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

**COUNTY OF SACRAMENTO
GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2016
(amounts expressed in thousands)**

Page 3 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First Five Commission
Net position:				
Net investment in capital assets	1,370,462	916,597	2,287,059	
Restricted for:				
Bond reserves		51,163	51,163	
Landfill closure		9,233	9,233	
Kiefer Wetlands Preserve		936	936	
Debt service	89,853	31,235	121,088	
Capital projects	74,799		74,799	
Passenger facility charges		19,417	19,417	
Future construction		2,103	2,103	
Endowments:				
Expendable		72	72	
Nonexpendable		2,029	2,029	
Public protection	51,091		51,091	
Health and sanitation programs	233,309		233,309	
Transportation	41,412	470	41,882	
Lighting and landscape maintenance	4,010		4,010	
Community facilities	2,148		2,148	
Unrestricted	(2,164,382)	240,042	(1,924,340)	49,883
Total net position (deficit)	<u>\$ (297,298)</u>	<u>1,273,297</u>	<u>975,999</u>	<u>49,883</u>

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

**COUNTY OF SACRAMENTO
GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

Functions/Programs	Expenses	Primary Government						Component Unit
		Program Revenues			Net (Expenses) Revenue and Changes in Net Position			First Five Commission
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
Primary government:								
Governmental activities:								
General Government	\$ 179,608	152,760	8,137	9,666	(9,045)		(9,045)	
Public Assistance	655,225	11	498,725		(156,489)		(156,489)	
Public Protection	781,244	136,582	217,338		(427,324)		(427,324)	
Health and Sanitation	554,731	34,244	459,753		(60,734)		(60,734)	
Public Ways and Facilities	172,931	56,088	30,531	32,582	(53,730)		(53,730)	
Recreation and Culture	38,951	21,799	95		(17,057)		(17,057)	
Education	1,729				(1,729)		(1,729)	
Interest and fiscal charges	109,019				(109,019)		(109,019)	
Total governmental activities	<u>2,493,438</u>	<u>401,484</u>	<u>1,214,579</u>	<u>42,248</u>	<u>(835,127)</u>		<u>(835,127)</u>	
Business-type activities:								
Airports	187,985	187,829	868	11,369		12,081	12,081	
Solid Waste	60,357	70,492	670			10,805	10,805	
Water Agency	55,824	67,233	15	3,859		15,283	15,283	
Parking Enterprise	1,893	2,909				1,016	1,016	
County Transit	2,124	243	862	155		(864)	(864)	
Total business-type activities	<u>308,183</u>	<u>328,706</u>	<u>2,415</u>	<u>15,383</u>		<u>38,321</u>	<u>38,321</u>	
Total primary government	<u>\$ 2,801,621</u>	<u>730,190</u>	<u>1,216,994</u>	<u>57,631</u>	<u>(835,127)</u>	<u>38,321</u>	<u>(796,806)</u>	
Component Unit								
First Five Commission	\$ 21,556		14,925					(6,631)
Total Component Units	<u>\$ 21,556</u>		<u>14,925</u>					<u>(6,631)</u>
General revenues:								
Taxes:								
Property Taxes					447,437		447,437	
Sales /Use Taxes					82,762	1,412	84,174	
Transient Occupancy					4,335		4,335	
Unrestricted investment earnings (loss)					18,291	3,832	22,123	492
Grants and contributions not restricted to specific programs					285,041		285,041	
Pledged tobacco settlement proceeds					12,229		12,229	
Miscellaneous					86,600		86,600	
Transfers					4,721	(4,721)		
Total general revenues and transfers					<u>941,416</u>	<u>523</u>	<u>941,939</u>	<u>492</u>
Changes in net position					106,289	38,844	145,133	(6,139)
Net position (deficit), beginning of year					(403,587)	1,234,453	830,866	56,022
Net position (deficit), end of year					<u>\$ (297,298)</u>	<u>1,273,297</u>	<u>975,999</u>	<u>49,883</u>

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

**COUNTY OF SACRAMENTO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016
(amounts expressed in thousands)**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 245,995	372,231	618,226
Receivables:			
Billed	14,907	8,677	23,584
Interest	251	1,731	1,982
Intergovernmental	261,480	3,965	265,445
Receivable from component unit	593		593
Due from other funds	19		19
Restricted assets		5	5
Prepaid items	19,005		19,005
Inventories	739		739
Long-term advances to other funds		10,948	10,948
Loan receivable from Successor Agency		57,650	57,650
Long-term receivables	34,790	32,898	67,688
Total assets	<u>\$ 577,779</u>	<u>488,105</u>	<u>1,065,884</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Warrants payable	\$ 13,769	2,138	15,907
Accrued liabilities	109,017	15,674	124,691
Intergovernmental payable	72,641	13,010	85,651
Due to other funds	32,766	3,017	35,783
Unearned revenue	25,540	2,514	28,054
Long-term advances from other funds	35,730		35,730
Other long-term liabilities		1,946	1,946
Total liabilities	<u>289,463</u>	<u>38,299</u>	<u>327,762</u>
Deferred inflows of resources:			
Unavailable Revenue	<u>13,395</u>	<u>73,936</u>	<u>87,331</u>
Fund balances:			
Nonspendable	27,857	691	28,548
Restricted	212,353	375,179	587,532
Assigned	9,780		9,780
Unassigned	24,931		24,931
Total fund balances	<u>274,921</u>	<u>375,870</u>	<u>650,791</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 577,779</u>	<u>488,105</u>	<u>1,065,884</u>

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

COUNTY OF SACRAMENTO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016
(amounts expressed in thousands)

Fund balances - total governmental funds	\$ 650,791
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	1,669,122
Accrued interest is not reported in the funds.	(17,436)
Prepaid bond insurance of the governmental activities are not current financial resources and, therefore are not reported in the funds.	6,044
Long-term liabilities and related deferred outflows of resources including loss on refunding, are not due and payable in the current period and therefore are not reported in the funds.	(1,817,553)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds	87,331
Net pension liability including related deferred outflows and inflows are not reported in the funds.	(805,528)
Internal service funds are used by management to charge the costs of certain activities, related to public works, general services, self-insurance, regional communications, and department of technology to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement net position.	<u>(70,069)</u>
Net position (deficit) of governmental activities	<u>\$ (297,298)</u>

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

**COUNTY OF SACRAMENTO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	General Fund	Nonmajor Governmental Funds	Total
Revenues:			
Taxes	\$ 494,863	39,671	534,534
Use of money and property	7,113	11,099	18,212
Licenses and permits	11,969	49,454	61,423
Intergovernmental	1,489,123	112,463	1,601,586
Charges for sales and services	141,723	127,972	269,695
Fines, forfeitures and penalties	25,096	12,504	37,600
Pledged tobacco settlement proceeds		12,229	12,229
Contributions from property owners		24,167	24,167
Miscellaneous	38,834	42,593	81,427
Total revenues	<u>2,208,721</u>	<u>432,152</u>	<u>2,640,873</u>
Expenditures:			
Current:			
General government	108,869	57,130	165,999
Public assistance	663,373		663,373
Public protection	778,690	19,176	797,866
Health and sanitation	526,162	33,815	559,977
Public ways and facilities		135,948	135,948
Recreation and culture	17,670	17,199	34,869
Education	319	967	1,286
Capital outlay		59,080	(59,080)
Debt service:			
Principal		67,346	67,346
Interest and fiscal charges		135,661	135,661
Total expenditures	<u>2,095,083</u>	<u>526,322</u>	<u>2,621,405</u>
Excess (deficiency) of revenues over (under) expenditures	<u>113,638</u>	<u>(94,170)</u>	<u>19,468</u>
Other financing sources (uses):			
Transfers in	20,202	154,283	174,485
Transfers out	(108,749)	(49,402)	(158,151)
Issuance of debt		19,522	19,522
Total other financing sources (uses)	<u>(88,547)</u>	<u>124,403</u>	<u>35,856</u>
Net change in fund balances	25,091	30,233	55,324
Fund balances - beginning	249,830	345,637	595,467
Fund balances - ending	<u>\$ 274,921</u>	<u>375,870</u>	<u>650,791</u>

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

**COUNTY OF SACRAMENTO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	55,324
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.		(39,455)
Changes in accrued interest payable.		342
Changes in prepaid bond insurance.		(504)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		55,794
Pension related expenses, including changes in deferred inflows and deferred outflows of resources, 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.		61,605
Some revenues will not be collected up to 120 days after the year end, and therefore are not considered "available" and are reported as deferred inflows of resources in the governmental funds. Unavailable revenues decreased by this amount during the year.		(51,119)
The net revenues of certain activities of internal service funds is reported with governmental activities.		<u>24,302</u>
Change in net position of governmental activities	\$	<u><u>106,289</u></u>

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

**COUNTY OF SACRAMENTO
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

Page 1 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues				
Taxes	\$ 482,305	488,044	494,863	6,819
Use of money and property	6,147	6,922	7,113	191
Licenses and permits	11,598	11,598	11,969	371
Intergovernmental	1,577,956	1,584,511	1,489,123	(95,388)
Charges for sales and services	138,195	140,374	141,723	1,349
Fines, forfeitures and penalties	27,538	28,686	25,096	(3,590)
Miscellaneous	36,886	38,521	38,834	313
Total revenues	<u>2,280,625</u>	<u>2,298,656</u>	<u>2,208,721</u>	<u>(89,935)</u>
Expenditures:				
Current:				
General government:				
Legislative and administrative	35,795	33,615	23,558	10,057
Finance	56,941	61,883	47,794	14,089
Counsel	4,377	4,377	4,174	203
Human resources	11,242	11,272	10,276	996
Elections	9,177	9,284	8,193	1,091
Other	15,955	16,265	14,874	1,391
Total general government	<u>133,487</u>	<u>136,696</u>	<u>108,869</u>	<u>27,827</u>
Public assistance:				
Administration	282,114	291,356	276,076	15,280
Aid programs	383,983	383,620	356,904	26,716
Other	32,603	32,620	30,393	2,227
Total public assistance	<u>698,700</u>	<u>707,596</u>	<u>663,373</u>	<u>44,223</u>

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

**COUNTY OF SACRAMENTO
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

Page 2 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Public protection:				
Judicial	147,434	147,979	144,836	3,143
Police protection	282,639	288,211	290,711	(2,500)
Detention and correction	275,923	276,695	269,492	7,203
Protection and inspection	4,175	4,175	3,990	185
Other	<u>77,580</u>	<u>80,390</u>	<u>69,661</u>	<u>10,729</u>
Total public protection	<u>787,751</u>	<u>797,450</u>	<u>778,690</u>	<u>18,760</u>
Health and sanitation	597,843	603,564	526,162	77,402
Recreation and culture	17,926	18,952	17,670	1,282
Education	<u>320</u>	<u>320</u>	<u>319</u>	<u>1</u>
Total expenditures	<u>2,236,027</u>	<u>2,264,578</u>	<u>2,095,083</u>	<u>169,495</u>
Excess (deficiency) of revenues over (under) expenditures	<u>44,598</u>	<u>34,078</u>	<u>113,638</u>	<u>79,560</u>
Other financing sources (uses):				
Transfers in	20,202	20,202	20,202	
Transfers out	<u>(108,749)</u>	<u>(108,749)</u>	<u>(108,749)</u>	
Total other financing sources (uses)	<u>(88,547)</u>	<u>(88,547)</u>	<u>(88,547)</u>	
Net change in fund balance	<u>\$ (43,949)</u>	<u>(54,469)</u>	<u>25,091</u>	<u>79,560</u>

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

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2016
 (amounts expressed in thousands)**

Page 1 of 3

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Assets:						
Current assets:						
Cash and investments	\$ 187,101	71,595	52,313	7,922	318,931	147,096
Restricted cash and investments	47,980		2,103		50,083	
Receivables, net of allowance for uncollectibles:						
Billed	8,153	10,934	5,314		24,401	126
Interest				32	32	23
Intergovernmental	8,831	502		423	9,756	3,053
Due from other funds						42,611
Prepaid items	265				265	148
Inventories	457				457	2,113
Total current assets	<u>252,787</u>	<u>83,031</u>	<u>59,730</u>	<u>8,377</u>	<u>403,925</u>	<u>195,170</u>
Noncurrent assets:						
Restricted assets	109,352	10,169	26,703		146,224	
Long-term advances to other funds						35,730
Prepaid bond insurance	8,419				8,419	
Long-term receivables						87
Capital assets:						
Land and other nondepreciable assets	89,568	35,728	278,869	1,299	405,464	
Buildings & improvements, infrastructure, equipment and intangibles, net	<u>1,199,435</u>	<u>87,629</u>	<u>550,554</u>	<u>2,035</u>	<u>1,839,653</u>	<u>47,214</u>
Total capital assets	<u>1,289,003</u>	<u>123,357</u>	<u>829,423</u>	<u>3,334</u>	<u>2,245,117</u>	<u>47,214</u>
Total noncurrent assets	<u>1,406,774</u>	<u>133,526</u>	<u>856,126</u>	<u>3,334</u>	<u>2,399,760</u>	<u>83,031</u>
Total assets	<u>1,659,561</u>	<u>216,557</u>	<u>915,856</u>	<u>11,711</u>	<u>2,803,685</u>	<u>278,201</u>
Deferred outflows of resources:						
Accumulated decrease in market value of SWAP agreement			84,866		84,866	
Deferred amounts on refunding	11,709		970		12,679	
Deferred outflows related to pensions	4,209	2,757	1,655	47	8,668	12,190
Total deferred outflows of resources	<u>15,918</u>	<u>2,757</u>	<u>87,491</u>	<u>47</u>	<u>106,213</u>	<u>12,190</u>
Total assets and deferred outflows of resources	<u>1,675,479</u>	<u>219,314</u>	<u>1,003,347</u>	<u>11,758</u>	<u>2,909,898</u>	<u>290,391</u>

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

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2016
 (amounts expressed in thousands)**

Page 2 of 3

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Liabilities:						
Current liabilities:						
Warrants payable	\$ 1,411	502	739	6	2,658	4,602
Accrued liabilities	14,087	6,792	8,090	251	29,220	14,938
Intergovernmental payable	474	2	37	13	526	658
Due to other funds	1,871	2,186	213	4	4,274	2,573
Current portion of insurance claims payable						34,183
Current portion of long-term debt obligations	20,676	163	12,346		33,185	668
Current liabilities payable from restricted assets	27,670				27,670	
Unearned revenue	3,927	157			4,084	5,395
Total current liabilities	<u>70,116</u>	<u>9,802</u>	<u>21,425</u>	<u>274</u>	<u>101,617</u>	<u>63,017</u>
Noncurrent liabilities:						
Insurance claims payable						176,419
Long-term debt obligations	1,024,939	3,082	367,766	64	1,395,851	14,651
Derivative instrument liability			84,866		84,866	
Long-term advances from other funds		691			691	10,257
Landfill closure and postclosure care		36,163			36,163	
Net pension liability	20,889	12,624	7,176	193	40,882	56,454
Total noncurrent liabilities	<u>1,045,828</u>	<u>52,560</u>	<u>459,808</u>	<u>257</u>	<u>1,558,453</u>	<u>257,781</u>
Total liabilities	<u>1,115,944</u>	<u>62,362</u>	<u>481,233</u>	<u>531</u>	<u>1,660,070</u>	<u>320,798</u>
Deferred inflows of resources:						
Deferred inflow amount related to pension	3,672	1,905	1,083	96	6,756	9,437
Total liabilities and deferred inflows of resources	<u>1,119,616</u>	<u>64,267</u>	<u>482,316</u>	<u>627</u>	<u>1,666,826</u>	<u>330,235</u>

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

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2016
 (amounts expressed in thousands)**

Page 3 of 3

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Net position:						
Net investment in capital assets	341,757	122,456	449,050	3,334	916,597	47,214
Restricted for:						
Bond reserves	25,449		25,714		51,163	
Landfill closure		9,233			9,233	
Kiefer Wetlands Preserve		936			936	
Debt service	30,246		990		31,236	
Passenger facility charges	19,417				19,417	
Transportation				470	470	
Future construction			2,103		2,103	
Endowments:						
Expendable	72				72	
Nonexpendable	2,029				2,029	
Unrestricted	136,893	22,422	43,174	7,327	209,816	(87,058)
Total net position (deficit)	\$ 555,863	155,047	521,031	11,131	1,243,072	(39,844)
Adjustment to reflect internal service fund activities related to enterprise funds					30,225	
Net position of business-type activities					\$ 1,273,297	

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

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES
 IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016**

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Operating revenues:						
Charges for sales and services	\$ 168,472	69,552	65,620	2,961	306,605	290,848
Other	72	939	1,613	191	2,815	5,178
Total operating revenues	<u>168,544</u>	<u>70,491</u>	<u>67,233</u>	<u>3,152</u>	<u>309,420</u>	<u>296,026</u>
Operating expenses:						
Salaries and benefits	26,843	23,270	8,465	384	58,962	92,429
Services and supplies	58,110	27,566	11,432	1,325	98,433	104,641
Cost of sales and services	432				432	3,324
Depreciation and amortization	50,566	8,149	17,717	566	76,998	11,802
Self-insurance						39,273
Landfill closure costs		1,140			1,140	
Other	480		2,145	1,743	4,368	1,074
Total operating expenses	<u>136,431</u>	<u>60,125</u>	<u>39,759</u>	<u>4,018</u>	<u>240,333</u>	<u>252,543</u>
Operating income (loss)	<u>32,113</u>	<u>10,366</u>	<u>27,474</u>	<u>(866)</u>	<u>69,087</u>	<u>43,483</u>
Nonoperating revenues (expenses):						
Use of money and property	2,001	458	1,324	49	3,832	244
Intergovernmental	868	670	15	862	2,415	
Passenger facility charges	19,285				19,285	
Sales / use tax				1,412	1,412	
Interest expense	(56,140)	(620)	(16,066)		(72,826)	(992)
Other	(136)	389			253	(2,096)
Total nonoperating revenues (expenses)	<u>(34,122)</u>	<u>897</u>	<u>(14,727)</u>	<u>2,323</u>	<u>(45,629)</u>	<u>(2,844)</u>
Income before capital contributions and transfers	(2,009)	11,263	12,747	1,457	23,458	40,639
Transfers out	(2,231)	(1,568)	(891)	(31)	(4,721)	(11,613)
Capital contributions	11,369		3,859	155	15,383	
Changes in net position	<u>7,129</u>	<u>9,695</u>	<u>15,715</u>	<u>1,581</u>	<u>34,120</u>	<u>29,026</u>
Net position (deficit), beginning of year	548,734	145,352	505,316	9,550		(68,870)
Net position (deficit), end of year	<u>\$ 555,863</u>	<u>155,047</u>	<u>521,031</u>	<u>11,131</u>		<u>(39,844)</u>
Adjustment to reflect internal service fund activities related to enterprise funds.					4,724	
Change in net position of business-type activities					<u>\$ 38,844</u>	

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

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2016
 (amounts expressed in thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 167,870	63,624	60,003	3,152	294,649	88,415
Receipts from interfund services provided						235,438
Receipts for other operating activities	299	5,910	1,613		7,822	
Payments to suppliers	(56,413)	(25,406)	(8,188)	(2,915)	(92,922)	(140,576)
Payments to employees	(28,326)	(24,284)	(8,833)	(401)	(61,844)	(102,516)
Payments for other operating activities		(1,414)		(225)	(1,639)	(780)
Payments for interfund services used		(2,467)			(2,467)	(24,594)
Net cash provided by (used for) operating activities	<u>83,430</u>	<u>15,963</u>	<u>44,595</u>	<u>(389)</u>	<u>143,599</u>	<u>55,387</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Receipt on advance from other funds						5,872
Payment on advance from other funds						(3,919)
Transfer to other funds	(2,231)	(1,568)	(891)	(31)	(4,721)	(11,613)
Interest paid on advance from other funds						(832)
Intergovernmental revenue	1,043			2,624	3,667	
Other non-operating revenue		1,922			1,922	(19)
Non-operating expense						(1,382)
Net cash provided by (used for) noncapital financing activities	<u>(1,188)</u>	<u>354</u>	<u>(891)</u>	<u>2,593</u>	<u>868</u>	<u>(11,893)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Intergovernmental grants received				975	975	
Passenger facility charges	19,206				19,206	
Capital contributions	6,181				6,181	
Acquisition and construction of capital assets	(16,981)	(8,739)	(19,459)	(234)	(45,413)	(17,654)
Principal paid on long-term obligations	(27,400)	(13,703)	(11,631)		(52,734)	
Interest paid on long-term obligations	(55,817)	(334)	(16,959)		(73,110)	(157)
Proceeds from the sale of capital assets	44	615			659	665
Net cash provided by (used for) capital and related financing activities	<u>(74,767)</u>	<u>(22,161)</u>	<u>(48,049)</u>	<u>741</u>	<u>(144,236)</u>	<u>(17,146)</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2016
 (amounts expressed in thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of investments	(19,070)				(19,070)	
Proceeds from sale and maturities of investments	25,627				25,627	
Interest received on cash and investments	126	457	1,281	19	1,883	165
Net cash provided by (used for) investing activities	6,683	457	1,281	19	8,440	165
Net increase (decrease) in cash and cash equivalents	14,158	(5,387)	(3,064)	2,964	8,671	26,513
Cash and cash equivalents, beginning of year	309,892	87,151	61,491	4,958	463,492	120,583
Cash and cash equivalents, end of year	\$ 324,050	81,764	58,427	7,922	472,163	147,096
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Cash and investments	\$ 187,101	71,595	52,313	7,922	318,931	147,096
Restricted cash and investments	47,980		2,103		50,083	
Restricted noncurrent assets (net of accrued interest)	109,352	10,169	26,703		146,224	
Less: Long-term investments included in restricted assets	(20,383)		(22,692)		(43,075)	
Cash and cash equivalents	\$ 324,050	81,764	58,427	7,922	472,163	147,096

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2016
 (amounts expressed in thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ 32,113	10,366	27,474	(866)	69,087	43,483
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	50,566	8,149	17,717	566	76,998	11,802
Provision for uncollectible accounts	9				9	
Impact fee credits applied			(5,453)		(5,453)	
Other nonoperating revenue	299	(995)			(696)	
Change in net pension liability	(1,919)	(1,353)	(842)	(34)	(4,148)	(6,419)
Other nonoperating expense		(454)			(454)	1
Changes in assets and liabilities:						
Billed	(492)	(483)	(164)		(1,139)	6,057
Due from other funds		(21)			(21)	(2,226)
Prepaid expenses	(157)				(157)	172
Inventories	62				62	(288)
Warrants payable	97	(499)		112	(290)	(410)
Accrued liabilities		(109)	5,561	(9)	5,443	750
Intergovernmental payable						145
Due to other funds	3,129	231		(175)	3,185	526
Unearned revenues	(191)				(191)	89
Landfill closure and postclosure care		793			793	
Compensated absences	(378)	104	206	10	(58)	758
Other post employment benefits	292	234	96	7	629	820
Insurance claims payable						127
Total adjustments	51,317	5,597	17,121	477	74,512	11,904
Net cash provided by (used for) operating activities	\$ 83,430	15,963	44,595	(389)	143,599	55,387
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributed assets			3,859		3,859	
Amortization of bonds premiums and discounts	30		388		418	
Impact fees - credit applied			5,453		5,453	
Capital grants receivable	8,614				8,614	
Amortization of deferred outflows	1,115				1,115	
Capital assets purchases included in accrued liabilities	6,255				6,255	
Accrued investment income	374				374	

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SACRAMENTO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Agency</u>	<u>Investment Trust</u>	<u>Redevelopment Obligation Retirement Fund - Successor Agency</u>
Assets:			
Cash and investments	\$ 187,108	2,671,908	21,104
Receivables, net of allowance for uncollectibles:			
Billed	28,482		
Interest	(7,298)		122
Intergovernmental			3,050
Prepaid items	77		
Buildings & improvements, infrastructure, equipment and intangibles, net			4,411
Total assets	<u>\$ 208,369</u>	<u>2,671,908</u>	<u>28,687</u>
Liabilities:			
Warrants payable	\$ 12,028		
Accrued liabilities	5,143		555
Intergovernmental payable	191,198		4,648
Other long-term liabilities			6,525
Loan due to County Public Financing Authority			70,505
Total liabilities	<u>\$ 208,369</u>	<u>2,671,908</u>	<u>82,233</u>
Net position (deficit) held in trust		<u>\$ 2,671,908</u>	<u>(53,546)</u>

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

**COUNTY OF SACRAMENTO
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Investment Trust</u>	<u>Redevelopment Obligation Retirement Fund - Successor Agency</u>
Additions:		
Property taxes	\$	6,696
Contributions on pooled investments	8,501,070	
Use of money and property	43,948	116
Miscellaneous		13
	<u>8,545,018</u>	<u>6,825</u>
Total additions		
Deductions:		
Distributions from pooled investments	8,258,363	
Services and supplies		7,937
Other		3,529
Interest expense		4,195
	<u>8,258,363</u>	<u>15,661</u>
Total deductions		
Net increase (decrease) in net position	286,655	(8,836)
Net position held in trust, beginning of year	<u>2,385,255</u>	<u>(44,710)</u>
Net position (deficit) held in trust, end of year	<u>\$ 2,671,908</u>	<u>(53,546)</u>

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Sacramento (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The County's significant accounting policies are described below.

Scope of Financial Reporting Entity

The County reporting entity includes all significant organizations, departments, and agencies over which the County is considered to be financially accountable. The County is a political subdivision of the State of California, and as such can exercise the powers specified by the Constitution and laws of the State of California. The County operates under a charter and is governed by a five-member Board of Supervisors. In addition, as required by GAAP, the financial statements present the financial position of the County and its component units (entities for which the County is considered to be financially responsible).

Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. All of the blended components have June 30 year-ends.

The special districts and agencies listed below are fiscally dependent on the County, and the County Board of Supervisors is their governing board, or their governing boards are made up substantially of the Board of Supervisors. In addition, financial actions such as setting rates, adopting the annual budget, and determining the legal liability for the general obligation debt, if any, of most of the component units remain with the County.

Blended Component Units:

Lighting and Landscape Maintenance District Special Revenue Fund:
County Service Area Number One
Sacramento County Landscape Maintenance District

Park Districts and Park Service Areas Special Revenue Fund:
Del Norte Oaks Park Maintenance District
Mission Oaks Recreation and Park District
Carmichael Recreation and Park District
Sunrise Recreation and Park District
County Service Area Number Four

Special Revenue Fund Other:
Natomas Fire District
County Service Area Number Ten
Water Agency Special Revenue Fund
In-Home Support Services Authority
Solid Waste Authority

Enterprise Fund:
Water Agency Water Supply

The Tobacco Securitization Authority (Authority) of Northern California is a public entity legally separate and apart from the County, and is considered a blended component unit of the County. The Authority was created by a Joint Powers Agreement effective July 15, 2001 between the County and the County of San Diego. The Authority was created for the purpose of empowering the Authority to finance the payments received by the County from the nation-wide Tobacco Settlement Agreement (Payments) for such purposes, but not limited to, issuance, sale, execution and delivery of all Bonds secured by those Payments or the lending of money based thereof, or to securitize, sell, purchase or otherwise dispose of some or all of such payments of the County.

The debts and liabilities of the Authority belong solely to it, and neither the Counties of Sacramento or San Diego are in any way responsible for those liabilities. The Authority meets the criteria set forth in generally accepted accounting principles as a blended component unit of the County because the Authority is providing services solely to the County and is accounted for in debt service and special revenue funds.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

The Sacramento County Public Financing Authority (PFA) is a public entity created by a Joint Exercise of Powers Agreement effective as of November 2003 between Sacramento County and the Sacramento Housing and Redevelopment Agency (Agency). The PFA is a public entity legally separate and apart from the County, and is considered a blended component unit of the County. The County Board of Supervisors sits as the Board of Directors of the PFA. The PFA was created for the purpose of obtaining financing for various designated redevelopment and housing projects in the greater Sacramento area. The debts and liabilities of the PFA belong solely to it, and neither the County nor the Agency is any way responsible for those liabilities.

The PFA established an agreement with the Agency in which the Agency would pay back to the PFA those debt proceeds advanced to them. On December 29, 2011, the California Supreme Court upheld California Assembly Bill X1 26 (ABX1 26) that provides for the dissolution of all redevelopment agencies. On January 24, 2012, the County Board of Supervisors elected to become the Successor Agency for the former County redevelopment agency in accordance with the ABX1 26 as part of County resolution number 2012-0051. As such, the Agency obligations with the PFA were transferred to the County Redevelopment Successor Agency Private Purpose Trust Fund.

The County has created the Public Facilities Financing Corporation (Corporation) for the purpose of facilitating the financing of public projects within the County. The Board of Supervisors appoints the governing board of the Corporation and is responsible for the fiscal and administrative activities of the entity. For financial reporting purposes, capitalized leases between the County and the Corporation have been eliminated and the financial data of the entity has been included within the County's reporting entity and is accounted for in a debt service fund.

Discretely Presented Component Unit:

Sacramento County First Five Commission is a discretely presented component unit. The Commission is administered by a governing board of seven members, who are appointed by the Board. Its purpose is to develop, adopt, promote and implement early childhood development programs in the County, funded by additional State taxes on tobacco products approved by California voters via Proposition 10 in November 1998. The Commission is presented as a discretely presented component unit of the County because, although the County Board has no control over the revenues, budgets, staff, or funding decisions made by the Commission, the appointed Commission members serve at the will of the Board members who appoint them. A separate stand-alone annual financial report can be obtained by writing to the Sacramento County First Five Commission, 2750 Gateway Oaks Drive, Suite 330, Sacramento CA 95833.

Excluded from the Reporting Entity:

The Sacramento County Employees' Retirement System is fiscally independent of the County and is governed by a separate Board of Trustees and not by the County Board of Supervisors.

The reporting entity excludes certain separate legal entities. Some of these entities may have "Sacramento" in their title or are required to keep their cash and investments with the County Treasurer or receive property tax apportionments from the County. Examples are school districts, community college districts, cities, joint powers agencies, and a variety of special-purpose independent districts for cemeteries, fire, recreation and parks, and reclamation. These entities are autonomous organizations with their own governmental powers and constituencies. The Board of Supervisors does not appoint a voting majority of their boards. Accordingly, they are not included in the accompanying basic financial statements.

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

Joint Power Authorities or Jointly Governed Organizations

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

AGENCY

Sacramento Area Council of Governments
 Sacramento Employment and Training Agency
 Sacramento Area Flood Control Agency
 Sacramento Metropolitan Cable Television Commission
 Sacramento Housing and Redevelopment Agency
 Sacramento Transportation Agency
 Local Agency Formation Commission
 Sacramento/Placerville Transportation
 Sacramento Metropolitan Air Quality Management District
 Library Joint Powers Authority
 Sacramento Regional County Sanitation District
 Sacramento Area Sewer District
 Southeast Connector JPA

River City Regional Stadium Financing Authority
 Sacramento Central Groundwater Authority

PURPOSE

Regional planning (primarily transportation)
 Coordination of Federal and State funding for job programs
 Regional flood control issues
 Administration of the franchising and licensing of cable TV services
 Housing projects
 Administration of County-wide transportation projects
 Formation of districts and cities within the County
 Acquisition of rail lines for a transportation corridor
 Monitor and enforce air quality
 Library operations
 Waste water conveyance, treatment and disposal
 Sewer Service
 Planning and development of the Elk Grove-Rancho Cordova-El Dorado Connector
 Project
 Finance the acquisition and construction of River Cats Stadium
 Regulate and manage groundwater within the Central Basin of Sacramento County

The Sacramento County Director of Finance acts as the Auditor-Controller and as the Treasurer and depository for all the above agencies except for the Sacramento Housing and Redevelopment Agency. Funding, if any, for each of these agencies from the County is based on annual appropriations. The County has no continuing financial liability and does not expect any financial burden from its participation in any of these agencies. Separate financial statements of the JPAs can be obtained by contacting the individual agencies or the County Department of Finance, Auditor-Controller Division.

Joint Ventures

The Sacramento County Water Enterprise Fund entered into a joint venture in 2002 with the East Bay Municipal Utility District establishing the Freeport Regional Water Authority (FRWA). The purpose of this partnership was to construct a joint regional surface water supply project on the Sacramento River near the community of Freeport and adjacent to the City of Sacramento. The Sacramento County Water Enterprise Fund has no equity interest in the FRWA. Copies of the FRWA's financial statements may be obtained from the FRWA Authority Treasurer, MS #801, P.O. Box 24055, Oakland, CA 94623-1055.

Government-Wide and Fund Financial Statements Presentation

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the primary government, the County and its component units. These statements include financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's business-type activities and each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category: governmental, proprietary and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental (special revenue, capital projects and debt service) and proprietary funds (Parking Enterprise and County Transit) are separately aggregated and reported as non-major funds.

The County reports the following major governmental fund:

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

The County reports the following major enterprise funds:

The Airports fund is used to account for the facilities of the Airports, including the International, Executive, Franklin Field, and Mather Airfield airports.

The Solid Waste fund is used to account for the costs of the Solid Waste collection business, including the Solid Waste disposal site and transfer stations.

The Water Agency Fund is used to account for the construction of major water supply treatment, transmission and distribution as well as the retail service provider of water to the unincorporated area.

The County also reports the following fund types:

Internal service funds are used to account for the financing of goods, services, or facilities provided by one department to other departments of the County, or to other governmental units, on a cost-reimbursement basis. Internal service funds include General Services, Self-Insurance funds covering general liability and property damage, workers' compensation, dental and unemployment, Regional Communication for emergency communications services, and Department of Technology.

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

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

The private-purpose trust fund is a fiduciary fund type used by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Sacramento County Redevelopment Successor Agency (Successor Agency). The fund was established effective February 1, 2012.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

Measurement Focus and Basis of Accounting

The government-wide, proprietary and investment trust fund financial statements are reported using economic resources measurement focus and accrual basis accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property and sales taxes, grants, entitlements and donations. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Taxes (other than property taxes), interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within one hundred and twenty days of the end of the accounting period so as to be both measurable and available. Licenses, permits, fines, forfeitures and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are accrued when their receipt occurs within sixty days of the end of the accounting period. Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. Capital assets are reported as expenditures in governmental funds. Proceeds of long-term debt and capital leases are reported as other financing sources.

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

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

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

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

Implementation of New Governmental Accounting Standards

GASB Statement No. 72, Fair Value Measurement and Application

Effective July 1, 2015, the County implemented GASB Statement No. 72. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Note disclosures have been addressed to meet this requirement.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement No. 67 and 68

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. There was no material impact to the financial statements.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

During the fiscal year ended June 30, 2016, the County implemented GASB Statement No. 76. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of GAAP. The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. There was no material impact to the financial statements.

Cash and Cash Equivalents

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

Property Taxes

The County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within Sacramento County including the cities, school districts, and various special districts. Property taxes are payable in equal installments, November 1 and February 1. They become delinquent after December 10 and April 10, respectively. The assessment date for fiscal year 2015-16 is July 1 and the lien date is January 1 (unsecured property taxes are paid in one installment August 31). The tax collections are recorded in the Unapportioned Tax Collection Agency fund prior to apportionment.

Beginning in fiscal year 1993-94, the County Board of Supervisors adopted a resolution authorizing the “Alternative Method of Property Tax Apportionment” (Teeter Plan), under which the County converted to an accrual method of apportioning secured property taxes. Under the Teeter Plan, the County purchases the annual delinquent secured property taxes from the local taxing entities and selected special assessment districts in Sacramento County. The financing of the purchase of the delinquent secured property taxes under the Teeter Plan has been accomplished by five-year legal, secured medium-term note obligations of the County which have been purchased by the Treasurer’s Pool. The terms of the notes include a variable interest rate, adjusted on a quarterly basis, equal to the rate of interest on the U.S. Treasury Note for the number of years corresponding to the remaining term of each note.

For financial reporting purposes, a debt service fund was created to account for the proceeds, subsequent purchase of delinquent taxes of the taxing entities, and the accumulation of financial resources to be used to repay the notes. Collections on the delinquent secured taxes including interest and penalties purchased from the various taxing entities will be the primary funding source. The delinquent secured taxes are recorded as a long-term receivable in the debt service fund.

A description of the debt related to the Teeter Plan can be found in Note 8.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. A deferred inflow of resources is an acquisition of net position that applies to a future reporting period and will not be recognized as a revenue until then.

In addition to liabilities, the balance sheet of governmental funds reports a separate section for deferred inflows of resources. Unavailable revenue reported consists primarily of revenue outside of the County's 120 day availability policy. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as revenue until that time.

Intergovernmental Revenues

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

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

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either due to/from other funds or advances to/from other funds. Any remaining balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. Advances to other funds, as reported in the fund statements, are offset by unavailable revenue or nonspendable fund balance in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Inventories

Inventory for governmental funds consist of pharmacy supplies and jail inventory which consists of clothing for inmates and supplies for jails and jail staff. Inventories are valued at cost, using the first-in/first-out method. Inventories of proprietary funds are recorded at the lower of cost computed by the weighted average method or market value.

Prepaid Items

Payments made for services that will benefit future accounting periods are recorded as prepaid items. Prepaid items, as reported in the governmental funds balance sheet, are offset by a nonspendable fund balance account to indicate such amounts are not in spendable form.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

Restricted Assets

Certain proceeds of proprietary fund obligations, as well as certain other resources set aside for obligation repayment and future construction or acquisition of assets, are classified as restricted assets on the statement of net position. These amounts are restricted as their use is limited by applicable bond covenants or other external requirements.

Capital Assets

Capital assets, which include land, easement, structures and improvements, infrastructure, machinery and equipment, computer software, water facility rights, and other intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5 and an estimated useful life in excess of four years except for computer software, computer and peripheral equipment which have an estimated useful life of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The County has not reported infrastructure acquired prior to 1980. Donated capital assets are recorded at acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General, special revenue, and capital projects funds and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Amortization of assets acquired under capital lease is included in depreciation and amortization. Structures and improvements, infrastructure, equipment and intangible assets of the primary government, are depreciated using the straight line method over the following estimated used lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	4 to 50
Infrastructure	20 to 50
Equipment	3 to 25
Computer Software	3 to 10
Water Facility Rights	40 to 50

Compensated Absences

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

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

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Issuance costs, are expensed in the year incurred.

In the governmental funds financial statements, bond premiums, discounts, and issuance costs are recognized in the period issued. Bond proceeds are reported as other financing sources.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

Fund Equity

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

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

Fund Balance Policy

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the County’s policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the County’s policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

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

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net investment in Capital Assets* – This category groups all capital assets, including infrastructure and deferred outflows of resources, into one component of net position. 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 Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

Use of Estimates in the Preparation of Financial Statements

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

Liability/Property, Workers Compensation and Department of Technology ISF Deficit Net Position

As of June 30, 2016, the Liability/Property, Workers Compensation and Department of Technology ISF have deficit net position of \$14,277, \$83,744 and \$17,607, respectively. These deficits in net position represent the County's actuarially determined claims liability for the liability/property and workers compensation. The County is collecting additional amounts from the departments to eliminate the unfunded liability. The deficit in the Technology ISF is primarily the result of the funds net pension liability.

Investments/Fair Value

As of July 1, 2015, the County adopted GASB Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The County categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

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

Total fund balances of the County's governmental funds of \$650,791 differs from net position of governmental activities of \$(297,298) primarily from the long-term economic focus in the statement of net position versus the current financial resources focus in the governmental fund balance sheets. The effect of the differences is illustrated below:

Balance Sheet/Statement of Net Position

	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Governmental Activities Statement of Net Position
Assets:					
Current assets:					
Cash and investments	\$ 618,226	\$	\$ 147,096	\$	\$ 765,322
Receivables, net of allowance for uncollectibles:					
Billed	23,584		126		23,710
Interest	1,982		23	(1)	2,004
Intergovernmental	265,445		3,053		268,498
Receivable from component unit	593				593
Due from other funds	19		12,390	(37,670)	(25,261)
Prepaid expenses	19,005		148		19,153
Inventories	739		2,113		2,852
Total current assets	<u>929,593</u>		<u>164,949</u>	<u>(37,671)</u>	<u>1,056,871</u>
Noncurrent assets:					
Restricted Assets	5				5
Long-term receivables	67,688		87		67,775
Prepaid Bond Insurance		6,044			6,044
Long-term advances to other funds	10,948		35,730	(46,678)	
Loan receivable from Successor Agency	57,650				57,650
Capital assets:					
Land and other nondepreciable assets		165,869			165,869
Buildings & improvements, infrastructure, equipment and intangibles, net		1,503,253	47,214		1,550,467
Total capital assets		<u>1,669,122</u>	<u>47,214</u>		<u>1,716,336</u>
Total noncurrent assets	<u>136,291</u>	<u>1,675,166</u>	<u>83,031</u>	<u>(46,678)</u>	<u>1,847,810</u>
Total assets	<u>1,065,884</u>	<u>1,675,166</u>	<u>247,980</u>	<u>(84,349)</u>	<u>2,904,681</u>
Deferred outflows of resources:					
Accumulated decrease in market value of SWAP agreement		130,304			130,304
Deferred outflows of resources related to pensions		211,009	12,190		223,199
Loss on refunding		38,443			38,443
Total deferred outflows of resources		<u>379,756</u>	<u>12,190</u>		<u>391,946</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Governmental Activities Statement of Net Position
Liabilities:					
Current liabilities:					
Warrants payable	15,907		4,602	2	20,511
Accrued liabilities	124,691		14,938	(8)	139,621
Intergovernmental payable	85,651		658	4	86,313
Accrued interest payable		17,436			17,436
Due to other funds/payable to external parties	35,783		2,573	(38,356)	
Current portion of insurance claims payable			34,183		34,183
Current portion of long-term debt obligations		55,804	668		56,472
Deferred / unearned revenue	28,054		5,395		33,449
Total current liabilities	<u>290,086</u>	<u>73,240</u>	<u>63,017</u>	<u>(38,358)</u>	<u>387,985</u>
Noncurrent liabilities:					
Insurance claims payable			176,419		176,419
Long-term debt obligations		1,800,192	14,651		1,814,843
Derivative instrument liability		130,304			130,304
Net pension liability		930,456	56,454		986,910
Long-term advances from other funds	35,730		10,257	(45,987)	
Other long-term liabilities	1,946				1,946
Total noncurrent liabilities	<u>37,676</u>	<u>2,860,952</u>	<u>257,781</u>	<u>(45,987)</u>	<u>3,110,422</u>
Total liabilities	<u>327,762</u>	<u>2,934,192</u>	<u>320,798</u>	<u>(84,345)</u>	<u>3,498,407</u>
Deferred inflows of resources unavailable revenue	<u>87,331</u>	<u>(87,331)</u>			
Deferred inflows of resources related to pension		86,081	9,437		95,518
Total deferred inflows	<u>87,331</u>	<u>(1,250)</u>	<u>9,437</u>		<u>95,518</u>
Fund balances/net position:					
Nonspendable	28,548			(28,548)	
Restricted	587,532			(587,532)	
Assigned	9,780			(9,780)	
Unassigned	24,931			(24,931)	
Net investment in capital assets		1,669,122	47,214	(345,874)	1,370,462
Restricted for:					
Debt service				89,853	89,853
Capital projects				74,799	74,799
Public protection				51,091	51,091
Health and sanitation programs				233,309	233,309
Transportation				41,412	41,412
Lighting and landscape maintenance				4,010	4,010
Community facilities				2,148	2,148
Unrestricted		(2,547,142)	(117,283)	500,043	(2,164,382)
Total fund balance / net position	<u>\$ 650,791</u>	<u>(878,020)</u>	<u>(70,069)</u>		<u>(297,298)</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

(a) Explanation of certain differences between the governmental funds balance sheet and the governmental activities statement of net position:

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

Cost of capital assets	\$ 4,126,639
Accumulated depreciation	<u>(2,457,517)</u>
	<u>1,669,122</u>

Prepaid bond insurance costs are expended in governmental funds when paid, and are capitalized and amortized over the life of the corresponding bonds for purposes of the statement of net position. 6,044

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Compensated absences	(107,680)
Other post employment benefits (OPEB)	(38,342)
Bonds, loans, capital leases, other payables	(1,526,866)
Derivative instrument liability	(130,304)
Accreted interest	(183,108)
Accrued interest payable	<u>(17,436)</u>
	<u>(2,003,736)</u>

Net Pension Liability	
Deferred outflows related to pensions	211,009
Net pension liability	(930,456)
Deferred inflows related to pensions	<u>(86,081)</u>
	<u>(805,528)</u>

Because the focus of governmental funds is on short-term financing, some deferred outflows of resources will not be available to pay for certain period expenditures.

Accumulated decrease in market value of SWAP agreement	130,304
Loss on refunding	<u>38,443</u>
Total deferred outflows of resources	<u>168,747</u>

Unavailable revenue	<u>87,331</u>
Total	<u>\$ (878,020)</u>

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

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

\$ (70,069)

The net change in fund balances for governmental funds of \$55,324, differs from the change in net position for governmental activities of \$106,289 reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated on next page.

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

	Total Governmental Funds	Capital-Related Items (3)	Long-term Revenues, Expenses (4)	Internal Service Funds (5)	Reclassifications and Eliminations	Statement of Activities
Revenues:						
Taxes:						
Property	\$ 447,439				(2)	447,437
Sales / use	82,762					82,762
Transient occupancy	4,335					4,335
Use of money and property	18,208			74	9	18,291
Licenses and permits	61,424				(61,424)	
Intergovernmental	1,601,585		(51,119)		(1,550,466)	
Charges for sales and services	269,693				131,791	401,484
Operating grants and contributions					1,214,579	1,214,579
Capital grants and contributions					42,248	42,248
Grants and contributions not restricted to specific programs					285,041	285,041
Contributions from property owners	24,168				(24,168)	
Fines, forfeitures and penalties	37,599				(37,599)	
Pledged tobacco settlement proceeds	12,229					12,229
Miscellaneous	81,428			5,181	(9)	86,600
Total revenues	<u>2,640,870</u>		<u>(51,119)</u>	<u>5,255</u>		<u>2,595,006</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

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

	Total Governmental Funds	Capital-Related Items (3)	Long-term Revenues, Expenses (4)	Internal Service Funds (5)	Reclassifications and Eliminations	Statement of Activities
Expenditures/expenses						
Current:						
General government	\$ 165,999	15,913	(2,507)	203		179,608
Public assistance	663,373	5,610	(6,166)	(7,592)		655,225
Public protection	797,866	25,138	(26,799)	(14,961)		781,244
Health and sanitation	559,977	6,456	(5,711)	(5,991)		554,731
Public ways and facilities	135,948	40,034	(134)	(2,917)		172,931
Recreation and culture	34,869	4,840	(497)	(261)		38,951
Education	1,286	543	34	(134)		1,729
Capital outlay	59,079	(59,079)				
Debt service:						
Principal	67,346		(67,346)			
Interest and fiscal charges	135,660		(27,633)	992		109,019
Total expenditures/expenses	<u>2,621,403</u>	<u>39,455</u>	<u>(136,759)</u>	<u>(30,661)</u>		<u>2,493,438</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>19,467</u>	<u>(39,455)</u>	<u>85,640</u>	<u>35,916</u>		<u>101,568</u>
Other financing sources (uses):						
Transfers in	174,485					174,485
Transfers out	(158,150)			(11,614)		(169,764)
Issuance of debt	19,522		(19,522)			
Total other financing sources (uses)	<u>35,857</u>		<u>(19,522)</u>	<u>(11,614)</u>		<u>4,721</u>
Net change in fund balances/net position	55,324	(39,455)	66,118	24,302		106,289
Fund balances/net position - beginning	595,467	1,708,300	(2,612,983)	(94,371)		(403,587)
Fund balances/net position - ending	<u>\$ 650,791</u>	<u>1,668,845</u>	<u>(2,546,865)</u>	<u>(70,069)</u>		<u>(297,298)</u>

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

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

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

Total	<u>\$ (39,455)</u>
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(4) Bond issuance costs are expended in governmental funds when paid, and prepaid insurance is capitalized and amortized over the life of the corresponding bonds for purposes of the statement of activities.

	<u>\$ (504)</u>
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Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the governmental activities, however, the principal payments reduce the liabilities in the statement of net position. The County's bonded debt was reduced because principal payments were made to bond holders and to escrow agent for refunded bonds:

Certificate of participation	15,750
Teeter notes	23,760
Revenue bonds	13,960
Pension Obligation Bonds	13,876
Accreted Interest	39,964
Capital leases obligations	644
Other long-term debt	4,378
Total	<u>112,332</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

(4) Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the governmental activities statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Proceeds were received from:

Teeter notes	(19,522)
Pension Obligation Bonds accreted interest	(8,252)
Revenue bonds accreted interest	(2,970)
Premium/discounts	(303)
Total	<u>(31,047)</u>

Contributions to pension plans are reported as expenses in the governmental funds and thus reduce fund balance. In the governmental activities statements, however, contributions to pension plans reduce net pension liability in the statement of net position and does not affect the statement of activities.

61,605

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds;

Change in other post employment benefits (OPEB)	(8,575)
Change in compensated absences	<u>(11,251)</u>

Total	<u>(19,826)</u>
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Amortization of deferred outflows on refunded debt

(5,665)

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

(51,119)

Decrease in accrued interest

342

Total	<u>\$ 66,118</u>
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(5) Internal service funds are used by management to charge the costs of certain activities, related to public works, general services, self-insurance, regional communications and department of technology to individual funds. The adjustments for internal service funds close those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.

\$ 24,302

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

NOTE 3 - BUDGETARY PRINCIPLES

As required by the laws of the State of California, the County prepares and legally adopts a final balanced operating budget on or before August 30 of each fiscal year. The Board of Supervisors may, by resolution, extend on a permanent basis or for a limited period, the date from August 30 to October 2. The final budget for fiscal year 2015-16 was adopted on September 22, 2015. Until the adoption of a final balanced budget, operations were governed by the proposed budget approved by the Board of Supervisors in June 2015. Public hearings were conducted on the proposed final budget to review all appropriations and the sources of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in financing requirements.

Operating budgets are adopted for the General Fund, special revenue funds, debt service funds, and capital projects funds on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the budget unit and object level, which classifies expenditures by organizational unit, and by type of goods purchased and services obtained. The statement/schedules of revenues and expenditures - budget and actual presents revenues at the source level and expenditures at the function level. Negative variances on these statements are not indicative of the County's legal level of control.

It is not feasible to compare budget to actual data at the object level in this report. Therefore, this information is contained in a separate report prepared by the Department of Finance, Auditor-Controller Division, titled "Countywide Expenditure Status Report." Significant amendments, appropriation transfers between departments or funds, and transfers from contingencies must be approved by the Board of Supervisors. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board of Supervisors.

During fiscal year 2015-16, the original adopted budget was amended by the Board of Supervisors. The final budget data contained in the financial statements reflects the effect of all approved budget amendments. During fiscal year 2015-16, the appropriation limit for the fiscal year 2015-16 budget year was reviewed and determined to be calculated in accordance with Article XIII B of the California Constitution.

Encumbrance appropriations lapse at the end of the fiscal year with no provisions made to include in the governmental funds restricted, committed or assigned fund balance for following year re-appropriation. Expenditures associated with the encumbrances anticipated to be paid in the next year will be included as part of the following fiscal year budget approval process.

NOTE 4 - CASH, INVESTMENTS, AND RESTRICTED ASSETS

All investments are reported on the statement of net position/balance sheet, at fair value, except for the investment agreement(s) and certain money market funds, which are carried at cost. The cash and investment pool (Treasurer's Pool) is available for use by all funds. The portion of this pool applicable to each fund type is displayed on the statements of net position/balance sheets as "cash and investments". The share of each fund in the pooled cash account is separately accounted for and interest earned, net of related expenses, is apportioned quarterly and at the end of the fiscal year based on the relationship of its average daily cash balance to the total of the pooled cash and investments. The apportionment due to the internal service funds and certain agency funds accrues to the benefit of the General fund. The County, acting in a fiduciary capacity, invests bond proceeds in accordance with long-term obligation covenants. The Treasurer's investment pool and funds managed in a fiduciary capacity, are subject to oversight by the Treasury Oversight Committee. The value of pool shares that may be withdrawn is determined on an amortized cost basis, which differs from fair value. The County has not provided or obtained any legally binding guarantees during the fiscal year to support the value of pool shares. The County does not permit any voluntary participation in the Treasurer's Pool.

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A separately issued report of County Treasurer’s Internal and External Pools is available at <http://www.finance.saccounty.net/Treasury/Documents/MonthlyRDReport.pdf>.

Cash, investments, and restricted assets as shown on the basic financial statements at June 30, 2016, are as follows:

Government-wide statement of net position:	
Cash and investments	\$ 1,084,253
Restricted assets, included in current assets	50,083
Restricted assets, included in noncurrent assets	146,229
Fiduciary funds statement of net position:	
Agency	187,108
Private Purpose Trust	21,104
Investment Trust	2,671,908
Discretely presented component unit (First Five Commission)	51,653
Total cash, investments, and restricted assets including interest receivable	4,212,338
Less interest receivable included in restricted assets	(3,742)
Total cash, investments, and restricted assets	\$ 4,208,596

Investments Authorized by Debt Agreement

Cash and investments held by fiscal agents are restricted as to its use. It includes funds for the construction/acquisition of plant and equipment and funds designated by debt agreements as reserve funds and for servicing debt during the construction/acquisition of plant and equipment. At June 30, 2016, all cash held by fiscal agents was covered by federal depository insurance or by collateral held by the County’s financial institutions in the County’s name.

Investments Authorized by Government Code and County Investment Policy

Investments by the County Treasurer are invested in accordance with Government Code Section 53600 et. seq. and 16429.1 and County Investment Policy. This Code requires that the investments be made with the prudent investor standard, that is, when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the trustee (Treasurer and staff) will act with care, skill, prudence, and diligence under the circumstances then prevailing.

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The Government Code also requires that when following the investing actions cited above, that the primary objective of the trustee be to safeguard the principal, secondarily meet the liquidity needs of depositors, and then achieve a return on the funds under the trustee's control. Further, the intent of the Government Code is to minimize risk of loss on County held investments from:

- a. Interest rate risk
- b. Credit risk
- c. Custodial credit risk
- d. Concentration of credit risk

Specific restrictions of investment are noted below:

Government Code Section 53601 and the County Investment Policy lists the investments in which the Treasurer may purchase. These include bonds issued by the County; United States Treasury notes, bonds, bills or certificates of indebtedness; registered state warrants, supranational notes, treasury notes, or bonds of the State of California; registered treasury notes or bonds of any of the other 49 states in addition to California; bonds, notes, warrants or other forms of indebtedness of any local agency within California; obligations issued by banks for cooperatives, federal land banks, federal home loan banks, the Federal Home Loan Bank Board or other instruments of, or issued by, a federal agency or United States, government sponsored enterprise; bankers acceptances (not over 180 days maturity, not to exceed 40 percent of the total portfolio); commercial paper of "prime quality" (the highest ranking provided by either Moody's investor services or Standard and Poor's Corporation) and these investments are further restricted as to capacity and credit rating of the company and are restricted as to a percentage of the whole portfolio and the dollar-weighted average maturity is also restricted; negotiable certificates of deposit issued by approved banks, not to exceed 30 percent of the total portfolio; repurchase and reverse repurchase agreements are permitted investments but are subject to stringent rules regarding term, value and timing, all put in place to minimize risk of loss; medium term notes, carry a maturity of no more than five years and rated "A" or better by a nationally recognized rating service, not to exceed 30 percent of the portfolio; shares of beneficial interest issued by a diversified management company subject certain limitations; notes, bonds and other obligations that are at all times secured by a valid first priority security interest in securities of the types listed in Government Code Section 53651; mortgage pass-through securities and other mortgage and consumer receivable backed bonds, not to exceed maturity of five years, subject to the credit rating of the issuer and not to exceed 20 percent of the portfolio; shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized previously.

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

The County was in full compliance with its own more restrictive policy, and therefore was also in compliance with the above cited Government Code sections.

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Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. Under the County’s Investment Policy the dollar-weighted average maturity on all securities shall be equal to or less than three years. As of June 30, 2016, of the County’s \$4.0 billion in investments held by the Treasurer and \$31 million held by fiscal agents, over 70.8 percent of the investments have a maturity of six months or less. The weighted average days to maturity for the entire portfolio was 311 days.

Credit Risk – This is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. The County is permitted to hold investments of issuers with a short term rating of superior capacity and a minimum long term rating of upper medium grade by the top two nationally recognized statistical rating organizations (rating agencies). For short-term rating, the issuers’ rating must be A-1 and P-1, and the long-term rating must be A and A2, respectively by Standard & Poor’s and Moody’s rating agencies. In addition, the County is permitted to invest in the State’s Local Agency Investment Fund, collateralized certificates of deposits and notes issued by the County that are not-rated. See table on page 65.

Custodial Credit Risk – This is the risk that in the event a financial institution or counterparty fails, the County would not be able to recover the value of its deposits and investments. As of June 30, 2016, the County has cash deposits with financial institutions in excess of the federal depository insurance limits of \$250,000. Banks are required to pledge securities as collateral. Investments are held with a safekeeping agent in the name of the County.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. As of June 30, 2016, approximately 36.5 percent of total investments at year-end are in U.S. Government and Agency securities. There is no limitation on amounts invested in these types of issues; 27.5 percent of the portfolio is invested in commercial paper or guaranteed investment contracts. As of June 30, 2016, more than 5 percent of the portfolio in any one single issuer, is invested as shown below:

	Reported Amount
Federal Home Loan Banks	\$ 824,197
FNMA/FNMA Discount Notes	274,672
FHLMC Discount/Federal Home Loan Mort. Corp.	217,451

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The following schedule indicates the credit and interest rate risk at June 30, 2016. For purposes of this schedule, NR is defined as not rated. The credit ratings listed are for Moody's Investor Services and Standard and Poor's, respectively. Guaranteed investment contracts are subject to the credit rating disclosure requirements but are normally unrated.

	Credit Ratings	Under 30 Days	31-180 Days	Maturity 181-365 Days	1-5 Years	Over 5 Years	Fair Value
Imprest cash							\$ 358
Cash in banks							9,619
In custody of Treasurer:							
Cash and cash deposits:							
Cash on hand							13
Cash in banks							170,719
Total cash and cash deposits in custody of the Treasurer							170,732
Investments held by Treasurer:							
Federal Farm Credit Bonds	Aaa/AA+	20,002	15,012	25,011	80,643		140,668
Federal Home Loan Banks	Aaa/AA+	10,002	110,260	55,168	178,269		353,699
Federal Home Loan Banks Discount Notes	Aaa/AA+	178,283	292,215				470,498
Federal National Mortgage Association	Aaa/AA+		55,259	60,243	147,333		262,835
Federal National Mortgage Association Discount Notes	Aaa/AA+	11,091		746			11,837
Federal Home Loan Mortgage Discount Notes	Aaa/AA+			798			798
Federal Home Loan Mortgage Corporation	Aaa/AA+		20,036	110,299	86,318		216,653
State and Local Government Securities	Aaa/AAA					2,022	2,022
Commercial paper	P-1/A-1+	204,954	853,703				1,058,657
Supranationals	Aaa/AAA				186,173		186,173
Supranationals Discount Notes	Aaa/AA+		49,990				49,990
Negotiable certificates of deposit	P-1/A-1+	405,078	595,829				1,000,907
Other assets held by Treasurer (primarily Teeter Plan notes)	NR		1,617		23,877		25,494
Local Agency Investment Fund	NR	81,900					81,900
Money Market Mutual funds	AAAm	94,900					94,900
Guaranteed investment contracts	NR					39,887	39,887
Total investments held by Treasurer		1,006,210	1,993,921	252,265	702,613	41,909	3,996,918
Total in custody of Treasurer							4,167,650
Investments held by fiscal agents:							
Money Market Mutual funds	AAA/Aaa	8,977					8,977
Money Market Mutual funds	Aaa/AAAm	21,992					21,992
Total investments held by fiscal agents		30,969					30,969
Total investments		\$ 1,037,179	1,993,921	252,265	702,613	41,909	
Total cash and investments							\$ 4,208,596

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Investment in State Investment Pool

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

The following are condensed statements of net position and changes in net position for the Treasurer's Pool and Non-Pooled Funds at June 30, 2016:

Statement of Net Position	Treasurer's Pool	Non-Pooled Funds	Total
Net position held for pool participants	\$ 3,660,998	506,652	4,167,650
Equity of internal pool participants	\$ 1,306,005	189,737	1,495,742
Equity of external pool participants	2,354,993	316,915	2,671,908
Total equity	<u>\$ 3,660,998</u>	<u>506,652</u>	<u>4,167,650</u>
Statement of changes in net position			
Net position at July 1, 2015	\$ 3,200,233	594,094	3,794,327
Net changes in investments by pool participants	460,765	(87,442)	373,323
Net position at June 30, 2016	<u>\$ 3,660,998</u>	<u>506,652</u>	<u>4,167,650</u>

A summary of the investments held by the Treasurer's Pool and Non-Pooled Funds at June 30, 2016 are as follows:

	Fair Value	Cost	Interest Rate Range (%)	Maturity Range
Governmental securities	\$ 1,459,010	1,453,738	.25-5.13	7/16-2/21
Supranationals	236,163	235,118	.39-1.42	8/16-5/21
Commercial paper	1,058,657	1,056,936	.11-.22	7/15-10/15
Negotiable certificates of deposit	1,000,907	759,986	.12-.24	7/15-10/15
Other assets held by Treasurer (primarily Teeter Plan notes)	25,494	29,732	0.39	8/15-8/19
Local Agency Investment Fund	81,900	68,700	0.29	N/A
Money Market Mutual Funds	94,900	109,813	.01-.31	N/A
Guaranteed investment contracts	39,887	39,887	5.30-5.64	10/27-5/39
Total investments held by Treasurer	<u>\$ 3,996,918</u>	<u>3,753,910</u>		

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Fair Value of Investments

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access;

Level 2 - Inputs of the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the County's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the County's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the County's management. County management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to County management's perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of one dollar and not fair value. Accordingly, the fair value of the County's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the County to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2016. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. County management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Market prices for assets held by County Treasurer are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data or Bloomberg. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.

For investments classified within Level 2 of the fair value hierarchy, the County's custodians generally use a multi-dimensional relational model. Inputs to their pricing

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models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

Investments classified at Level 3 represent securities that are entirely owned by the County and have not traded publicly. The securities are priced using a yield-based matrix system or discounted cash flows technique, to arrive at an estimated market value. Prices that fall between data points are interpolated.

The valuation of 2a7 Money Market Mutual funds held by the County treasurer is at one-dollar net asset value (NAV) per share. The total fair value of these at June 30, 2016 was \$94,900. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short term U.S Treasury and government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities).

The valuation of 2a7 Money Market Mutual funds held by Fiscal Agent is at one-dollar net asset value (NAV) per share. The total value of these at June 30, 2016 was \$30,969. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short term U.S Treasury, government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities), agency mortgage-backed securities, and short term high quality municipal obligations that provide income exempt from federal and California state income tax and federal alternative minimum tax.

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At June 30, 2016, the County had the following recurring fair value measurements:

	<u>June 30, 2016</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Federal Farm Credit Bonds	\$ 140,668		140,668	
Federal Home Loan Banks	353,699		353,699	
Federal National Mortgage Association	262,835		262,835	
FNMA Discount Notes	11,837		11,837	
FHLB Discount Notes	470,498		470,498	
FHLMC Discount Notes	798		798	
Federal Home Loan Mortgage Corporation	216,653		216,653	
Supranationals	186,173		186,173	
Supranationals Discount notes	49,990		49,990	
Commercial Paper	1,058,657		1,058,657	
Negotiable certificates of deposits	1,000,907		1,000,907	
State and Local Government Securities (SLGS)	2,022		2,022	
Other assets held by Treasurer (primarily Teeter Plan notes)	<u>25,494</u>			<u>25,494</u>
Total Investments by fair value level	<u>3,780,231</u>		<u>3,752,715</u>	<u>25,494</u>
Investments held by Treasurer not measured at fair value or subject to fair value heirarchy				
Local Agency Investment Fund	81,900			
Guaranteed investment contracts	<u>39,887</u>			
Total Investments Not Measured at Fair Value or subject to fair value hierarchy	<u>121,787</u>			
Investments held by Treasurer measured at the Net Asset Value (NAV)				
Money Market Mutual Funds	<u>94,900</u>			
Total Investments held by Treasurer	<u>3,996,918</u>			
Investments held by Fiscal Agent measured at the Net Asset Value (NAV)				
Money Market Mutual Funds	<u>30,969</u>			
Total Investments	<u>\$ 4,027,887</u>			

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NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 137,377	245	(7,886)	129,736
Construction in progress	33,024	13,742	(20,742)	26,024
Permanent Easement	8,456	1,669	(82)	10,043
Intangible Assets Under Project		66		66
Total capital assets not being depreciated	<u>178,857</u>	<u>15,722</u>	<u>(28,710)</u>	<u>165,869</u>
Capital assets, being depreciated:				
Buildings and improvements	897,482	18,749	(22,851)	893,380
Infrastructure	2,905,179	50,313	(137)	2,955,355
Equipment	261,614	23,743	(10,259)	275,098
Intangible - Computer Software	44,171	76		44,247
Total capital assets being depreciated	<u>4,108,446</u>	<u>92,881</u>	<u>(33,247)</u>	<u>4,168,080</u>
Less accumulated depreciation for:				
Buildings and improvements	(453,518)	(29,498)	16,078	(466,938)
Infrastructure	(1,833,592)	(58,851)	46	(1,892,397)
Equipment	(212,856)	(15,498)	8,648	(219,706)
Intangible - Computer Software	(36,106)	(2,466)		(38,572)
Total accumulated depreciation	<u>(2,536,072)</u>	<u>(106,313)</u>	<u>24,772</u>	<u>(2,617,613)</u>
Total capital assets, being depreciation	<u>1,572,374</u>	<u>(13,432)</u>	<u>(8,475)</u>	<u>1,550,467</u>
Total governmental activities	<u>\$ 1,751,231</u>	<u>2,290</u>	<u>(37,185)</u>	<u>1,716,336</u>

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	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 133,557	269		133,826
Construction in progress	63,122	36,024	(27,504)	71,642
Permanent Easement	25			25
Water facility rights	195,922	2,145		198,067
Other Intangible Assets	1,904			1,904
Total capital assets not being depreciated	<u>394,530</u>	<u>38,438</u>	<u>(27,504)</u>	<u>405,464</u>
Capital assets, being depreciated:				
Buildings and improvements	2,293,466	31,883	(9,241)	2,316,108
Infrastructure	152,087			152,087
Equipment	81,595	19,545	(8,815)	92,325
Computer Software	14			14
Water facility rights	1,273			1,273
Total capital assets being depreciated	<u>2,528,435</u>	<u>51,428</u>	<u>(18,056)</u>	<u>2,561,807</u>
Less accumulated depreciation for:				
Buildings and improvements	(569,841)	(66,206)	6,324	(629,723)
Infrastructure	(34,589)	(3,497)		(38,086)
Equipment	(55,468)	(7,268)	8,780	(53,956)
Computer Software	(7)	(2)		(9)
Water facility rights	(355)	(25)		(380)
Total accumulated depreciation	<u>(660,260)</u>	<u>(76,998)</u>	<u>15,104</u>	<u>(722,154)</u>
Total capital assets, being depreciated, net	<u>1,868,175</u>	<u>(25,570)</u>	<u>(2,952)</u>	<u>1,839,653</u>
Total business-type activities	<u>\$ 2,262,705</u>	<u>\$ 12,868</u>	<u>\$ (30,456)</u>	<u>\$ 2,245,117</u>

Interest costs relating to the acquisition or construction of capital assets are capitalized as a component of the cost of capital assets. The total capitalized interest relating to projects completed or in progress during the fiscal year ended June 30, 2016 was \$141 for the Airport and \$479 for the Water Agency.

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

	Depreciation Expense
Governmental activities:	
General government	\$ 16,156
Public assistance	1,138
Public protection	19,590
Health and sanitation	3,391
Public ways and facilities	47,042
Recreation and culture	5,761
Education	559
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	11,802
Total depreciation expense - governmental activities	105,439
Accumulated Depreciation carryover from County's internal service fund	874
Total depreciation expense - governmental activities	\$ 106,313
 Business-type activities:	
Airport	\$ 50,566
Solid Waste	8,149
Parking Enterprise	287
Water Agency	17,717
County Transit	279
Total depreciation expense - business-type activities	\$ 76,998

COUNTY OF SACRAMENTO
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NOTE 6 - INTERFUND TRANSACTIONS

The following summarizes interfund receivables and payables, advances to / from other funds, and transfers as of and for the year ended June 30, 2016:

Due From / To Other Funds at June 30, 2016, are as follows:

Receivable Fund	Payable Fund	Amount
General	Internal service	<u>\$ 19</u>
Internal service	General Nonmajor governmental Major enterprise, Airport Major enterprise, Solid Waste Major enterprise, Water Agency Nonmajor enterprise Internal service funds Subtotal	32,766 3,017 1,871 2,186 213 4 2,554 <u>42,611</u>
	Total	<u><u>\$ 42,630</u></u>

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(amounts expressed in thousands)**

Amounts due the General Fund are related to: 1) Principal and interest due from Public Facilities Fixed Asset Financing Program (non-major governmental); 2) To fund community services activities pending reimbursement from federal, state and local government; 3) Sheriff security and Department of Environmental Review and Assessment services provided to the Airports; and 4) Reimbursement due from Liability/Property Internal Service Fund for the final quarter of the fiscal year ending June 30, 2016.

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

Advances To/From Other Funds at June 30, 2016 are as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor governmental	Internal Service	\$ 10,257
	Solid Waste	691
		10,948
Internal service	General	35,730
	Total	\$ 46,678

Amounts advanced from non-major governmental funds are related to the Fixed Asset Financing program, \$10,257 in the Internal Service Funds, and \$691 related to the purchase of land to be repaid over ten years (Solid Waste). Amounts advanced from internal service funds, \$35,730, related to General Fund advances. The advances to the General Fund were for operations. Repayment of interfund loans will be addressed annually until fully repaid. In Fiscal Year 2015-16, the General Fund repaid \$6,022 to Internal Service Funds.

COUNTY OF SACRAMENTO
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(amounts expressed in thousands)

Transfers Out / In Other Funds for the year ended June 30, 2016 are as follows:

Transfer Out	Transfer In	Amount	
General	Nonmajor governmental	\$ 108,749	Transfer to cover debt service payments and special revenue
Nonmajor governmental	General	20,201	Transfers to cover debt service payments and Teeter Property tax
Nonmajor governmental	Nonmajor governmental	29,200	Transfer to cover debt service payments and capital project
Internal service	Nonmajor governmental	11,614	Transfer to cover debt service and Pension Obligation Bond debt service payments
Enterprise - Water Agency	Nonmajor Governmental	891	Transfer to cover Pension Obligation Bond debt service payments
Enterprise - Airport		2,231	
Enterprise - Solid Waste		1,568	
Nonmajor enterprise		31	
		<u>\$ 174,485</u>	

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

NOTE 7 - LEASES

Capital leases:

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

As of June 30, 2016, the future minimum lease payments under capital leases are as follows:

Year ending June 30	Governmental Activities
2017	\$ 724
2018	584
2019	654
2020	654
2021	654
2022 - 2026	733
Total minimum lease payments	4,003
Less amount representing interest	(524)
Net present value of minimum lease payments	\$ 3,479

The following is a schedule of capital assets under capital leases by major classes at June 30, 2016:

Capital Assets under Capital Leases	Governmental Activities
Asset:	
Land	\$ 673
Structures and improvements	10,560
Total	11,233
Less: Accumulated depreciation	
Structures and improvements	(6,154)
Total	(6,154)
Net Capital Assets under lease	\$ 5,079

COUNTY OF SACRAMENTO
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Operating Leases:

The County also leases buildings and equipment under operating leases, some of which contain escalation clauses. Future minimum non-cancelable operating lease payments for governmental and proprietary fund types as of June 30, 2016, are as follows:

Year Ending June 30	Operating Leases Commitment	
	Governmental	Business - Type
2017	\$ 29,772	729
2018	24,009	740
2019	21,678	670
2020	18,487	578
2021	14,407	123
2022 - 2026	34,132	
2027 - 2031	1,102	
	\$ 143,587	2,840

Operating leases may be terminated without substantial penalty if the Board of Supervisors determines that funds are not available for appropriation in the County budget.

Total rental payments for operating leases recorded for the year ended June 30, 2016 were \$36,881.

Lease Income and Receivables

The Airports Enterprise Fund derives a substantial portion of its revenues from charges to air carriers and concessionaires. Substantially all of the assets classified under capital assets in the Airports Enterprise Fund are for the purpose of rental or related use.

Airports as lessor, leases land, buildings and terminal space to air carriers and concessionaires on a fixed fee as well as a contingent basis. All Airport leases are treated as operating leases for accounting purposes. Most of the leases provide for an annual review and re-determination of the rental amounts.

In fiscal year 2015-16, Airports received approximately \$6,252 for contingent rental payments in excess of stated minimums.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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The following is a schedule of future minimum rentals on non-cancelable operating leases as of June 30, 2016.

Year Ending June 30	Future Minimum Rentals Business Type Activities
2017	\$ 20,714
2018	18,924
2019	17,439
2020	8,305
2021	5,542
2022 - 2026	10,644
2027 - 2031	4,775
2032 - 2036	3,034
2037 - 2041	2,563
2042 - 2046	2,563
Total future minimum rentals	<u>\$ 94,503</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
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NOTE 8 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 108,199	90,622	(85,501)	113,320	7,026
Certificates of participation	245,630		(15,750)	229,880	16,625
Teeter notes	29,732	19,522	(23,760)	25,494	8,082
Pension obligation bonds	973,934		(13,876)	960,058	16,042
Accreted Interest	189,000	8,252	(39,964)	157,288	
Revenue bonds	324,102		(13,960)	310,142	4,015
Accreted Interest	22,850	2,970		25,820	
OPEB Liability	34,564	10,165		44,729	
Other long-term debt	3,522	3,149	(2,066)	4,605	3,958
Capital lease obligations	4,123		(644)	3,479	505
Deferred amounts					
For issuance premiums	3,576		(195)	3,381	(195)
For issuance discounts	(7,379)		498	(6,881)	414
Total governmental activities - long-term obligations	<u>\$ 1,931,853</u>	<u>134,680</u>	<u>(195,218)</u>	<u>1,871,315</u>	<u>56,472</u>
Business-type activities:					
Compensated absences	\$ 6,288	5,142	(4,957)	6,473	519
Revenues bonds	1,136,430		(23,290)	1,113,140	24,325
PFC and subordinate revenue bonds	304,055		(13,180)	290,875	5,490
Certificates of participation	13,500		(13,500)		
Reimbursement agreements	1,634		(699)	935	603
Usage fee - City of Sacramento	3,213		(1,035)	2,178	1,071
OPEB Liability	2,459	628		3,087	
Water rights - SMUD assignment	4,956		(759)	4,197	759
Deferred amounts					
For issuance premiums	14,943		(910)	14,033	665
For issuance discounts	(6,129)		247	(5,882)	(247)
Total business-type activities - long-term obligations	<u>\$ 1,481,349</u>	<u>5,770</u>	<u>(58,083)</u>	<u>1,429,036</u>	<u>33,185</u>
Component Unit (First Five Commission):					
Compensated absences	\$ 261	127	(156)	232	81
OPEB Liability	52	12		64	
Total component unit	<u>\$ 313</u>	<u>139</u>	<u>(156)</u>	<u>296</u>	<u>81</u>

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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(amounts expressed in thousands)**

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities reported in these funds are included with governmental activities. At year-end, \$12,187 of the internal services funds compensated absences balance and \$6,445 in OPEB liability balance are included in governmental activities. Also for the governmental activities, claims and judgments (if applicable) and compensated absences are liquidated by the General Fund and Internal Service Funds.

Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2016 are as follows:

Governmental Activities:

Certificates of Participation:

	<u>Amount Outstanding at June 30, 2016</u>
County of Sacramento 2003 Certificates of Participation (2003 Public Facilities Projects – ADA Improvements to the Boys Ranch, Mather Golf Course and Thornton Youth Center) issued April 24, 2003. Principal payments are due June 1, 2017 through the year 2034, escalating from \$415 to \$4,145, with interest rates ranging from 4.0 percent to 5.0 percent.	\$ 11,275
County of Sacramento 2003 Certificates of Participation (Juvenile Courthouse Project) issued June 19, 2003. Principal payments are due December 1, 2016, through the year 2034, escalating from \$935 to \$2,160, with interest rates ranging from 4.1 percent to 5.0 percent.	27,660
County of Sacramento 1997 Refunding Certificates of Participation (1994 Public Facilities Project – Coroner/Crime Lab and Data Center) issued January 1, 1998, to defease \$89,500 of outstanding debt for the County of Sacramento Certificates of Participation (1994 Public Facilities Project). Principal payments are due October 1, 2015, through the year 2027, escalating from \$3,490 to \$6,170, with interest rates ranging from 4.3 percent to 5.0 percent. Lump-sum payments of \$17,495 and \$50,295 are due October 1, 2017, and October 1, 2027, respectively.	57,795
County of Sacramento Certificates of Participation (2006 Public Facilities Project) issued on May 11, 2006, \$40,860 of refunding bonds for the cost of acquisition, construction of a new fleet maintenance facility, acquiring and improving the County’s voter registration and elections/sheriff station house facility, partially refunded and defeased \$14,550 of outstanding debt for the County of Sacramento’s 1997 Certificates of Participation (1997 Public Facilities Project). The County issued \$27,690 in Serial Certificates with interest ranging from 4.0 percent to 5.0 percent, \$5,785 of 5 percent Term Certificates due February 1, 2031 and \$7,385 of 5 percent Term Certificates due February 1, 2036. Principal payments are due February 1, 2017, through the year 2036, ranging from \$700 to \$1,530. On October 30, 2014, the County sold a Bank of America building and used the proceeds to partially defease principal by \$5,065.	21,255
County of Sacramento 2007 Certificates of Participation (Animal Care Facility/Youth Detention Facility – 120 bed expansion) issued July 25, 2007. Principal payments are due October 1, 2016 through the year 2037, escalating from \$1040 to \$2,935, with interest rates ranging from 4.0 percent to 5.0 percent.	40,160

**COUNTY OF SACRAMENTO
 NOTES TO BASIC FINANCIAL STATEMENTS
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 (amounts expressed in thousands)**

Amount
 Outstanding at
June 30, 2016

County of Sacramento 2010 Certificates of Participation issued on March 3, 2010. The County issued the 2010 bonds to refund and defease \$30,494 of outstanding debt for 2003 Refunding Certificates of Participation, Mail Jail Detention Facility; \$5,459 for 1999 Refunding Certificates of Participation – Cherry Island Golf Course; \$67,055 for 1997 Refunding Certificates of Participation (1994 Public Facilities Project), to pay costs of issuance, debt service reserve of \$12,532 and to pay the Swap termination fee of \$10,180 on the 1990 Swap agreement. Principal payments on the 2010 bonds are due commencing on February 1, 2017 through February 1, 2030, payments ranging from \$3,235 to \$9,775 and interest rates ranging from 4.25 percent to 5.75 percent.

71,735

Total certificates of participation
 Add: Issuance premium

229,880

3,381

\$ 233,261

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	<u>Amount Outstanding at June 30, 2016</u>
Teeter notes:	
County of Sacramento, 2011 Teeter Loan Agreement Note, dated November 4, 2011, to purchase the delinquent property taxes receivable as of June 30, 2011 at \$36,698. Annual payments of principal and interest are due August 1st of each year and ending in 2016. The amount of the principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2016. Interest payments will be at a variable rate that averaged 0.516 percent in the fiscal year 2015-16 and was 0.668 percent at June 30, 2016.	\$ 1,617
County of Sacramento, 2012 Teeter Loan Agreement Note, dated March 27, 2013, to purchase the delinquent property taxes receivable as of June 30, 2012 at \$28,374. Annual payments of principal and interest are due August 1st of each year and ending in 2017. The amount of the principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2017. Interest payments will be at a variable rate that averaged 0.516 percent in the fiscal year 2015-16 and was 0.668 percent at June 30, 2016.	2,640
County of Sacramento, 2013 Teeter Loan Agreement Note, dated December 10, 2013, to purchase the delinquent property taxes receivables as of June 30, 2013, at \$23,100. Annual payments of principal and interest are due August 1st of each year and ending in 2018. The amount of the principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2018. Interest payments will be at a variable rate that averaged 0.516 percent in the fiscal year 2015-16 and was 0.668 percent at June 30, 2016.	4,084
County of Sacramento, 2014 Teeter Loan Agreement Note, dated December 9, 2014, to purchase the delinquent property taxes receivables as of June 30, 2014, at \$20,996. Annual payments of principal and interest are due August 1st of each year and ending in 2019. The amount of the principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2019. Interest payments will be at a variable rate that averaged 0.516 percent in the fiscal year 2015-16 and was 0.668 percent at June 30, 2016.	7,063
County of Sacramento, 2015 Teeter Loan Agreement Note, dated October 27, 2015, to purchase the delinquent property taxes receivables as of June 30, 2015, at \$19,522. Annual payments of principal and interest are due August 1st of each year and ending in 2020. The amount of the principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2020. Interest payments will be at a variable rate that averaged 0.558 percent in the fiscal year 2015-16 and was 0.668 percent at June 30, 2016.	<u>10,090</u>
Total Teeter notes	<u>\$ 25,494</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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(amounts expressed in thousands)

Amount
Outstanding at
June 30, 2016

Pension obligation bonds:

County of Sacramento Pension Obligation Bonds issued July 22, 1995, \$538,060 of Series 1995 Taxable Pension Funding Bonds to fund the accrued actuarial liability of the County to the Retirement System. The issue is composed of \$404,060 of Series 1995A Fixed Rate Bonds, \$67,000 of Series 1995B Variable Rate Bonds, and \$67,000 of Series 1995C Variable Rate Bonds. Principal payments on the fixed rate bonds are due commencing June 30, 2017, through June 30, 2022, escalating from \$11,066 to \$45,379. Rates on the fixed rate bonds range from 6.19 percent to 7.68 percent. On September 22, 2011, the County did a partial advance refunding to defease \$134,000 of the 1995 B & C Pension Funding variable rate bonds.

\$ 158,257

County of Sacramento Pension Obligation Bonds issued July 15, 2003, \$152,321 of Series 2003 A & B Taxable Pension Funding Bonds. The net proceeds, \$149,630 established an irrevocable escrow fund to defease to maturity a portion of the Series 1995 Taxable Pension Funding Bonds, from August 15, 2003 through August 15, 2008. The issue is composed of \$54,879 of Series 2003A, Capital Appreciation Bonds, \$97,441 of Series 2003B Convertible Capital Appreciation Bonds to provide budgetary relief (over three to seven years at the time of bonds were issued) due to pension benefit enhancements and losses incurred by the pension system. Final principal payment on the Series 2003A bonds was made on August 15, 2008, in the amount of \$26,500. Principal payments on the Series 2003B bonds are due commencing August 15, 2022, for \$69,014, and August 15, 2023, for \$28,427. The rate on Series 2003B bonds is 5.73 percent.

97,441

County of Sacramento Pension Obligation Bonds issued March 28, 2008, \$359,165 of Series 2008 Taxable Pension Refunding Bonds. The County issued the Series 2008 Bonds to refund and defease \$350,037 the fully accreted outstanding amount of its Taxable Pension Funding Bonds, Series 2004 C-1 and to pay the costs of issuance of the Series 2008 Bonds. Principal payments on the Series 2008 bonds are due June 30, 2017 through June 30, 2031, escalating from \$4,775 to \$48,585. The County entered into a swap agreement effective July 10, 2006, on the 2004 refunded series C-1 fixing the interest rate to 5.901 percent, which remains in effect for the 2008 Taxable Pension refunding bonds. See Note 9, Derivatives – Interest rate swaps.

340,840

County of Sacramento Taxable Pension obligation Bonds, Series 2011A issued on September 22, 2011. The County issued the 2011 bonds to refund \$134,000 outstanding principal amount of its Taxable Pension Funding Bonds, Series 1995B & C, to pay costs associated with the termination of interest rate swaps relating to the refunded bonds \$51,920, and to pay cost of issuance of the Series 2011A Bonds, \$2,912. Principal payments on the 2011 bonds are due commencing on August 1, 2018 through August 1, 2023, payments ranging from \$27,230 to \$58,260 and interest rates ranging from 4.19 percent to 6.42 percent.

177,685

County of Sacramento Taxable Pension obligation Bonds, Series 2011B issued on October 6, 2011. The County issued the 2011B bonds to refund \$47,760 outstanding principal amount of its Taxable Pension Funding Bonds, Series 2009, to pay costs associated with the termination of interest rate swaps relating to the refunded bonds of \$24,629, and to pay cost of issuance of the Series 2011B Bonds, \$1,665. The 2011B bonds are due on June 30, 2025 in full, \$73,875 at an interest rate of 6.625 percent.

73,875

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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	<u>Amount Outstanding at June 30, 2016</u>
<p>County of Sacramento Pension Obligation Bonds issued on October 30, 2013, for \$111,960 of Series 2013 Taxable Pension Refunding Bonds. The County issued the Series 2013 Bonds to refund and defease \$62,402 the fully accreted outstanding amount of its Taxable Pension Obligation Bonds, Series 2004 C-3 and to pay the costs of issuance of the Series 2013 Bonds. Principal payments on the Series 2013 Bonds are due commencing August 1, 2024, for \$27,310, and August 1, 2025, for \$84,650. The rate on Series 2013 bonds is 7.25 percent.</p>	<p style="text-align: right;"><u>111,960</u></p>
<p>The total accreted interest balance at June 30, 2016, on the 1995 and 2003 Pension Obligation Bonds is \$157,288.</p>	
<p>Total pension obligation bonds</p>	<p>960,058</p>
<p>Plus: Accreted interest</p>	<p>157,288</p>
<p>Less: deferred amount for issuance discount</p>	<p><u>(3,023)</u></p>
	<p><u><u>\$ 1,114,323</u></u></p>

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NOTES TO BASIC FINANCIAL STATEMENTS
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Amount
Outstanding at
June 30, 2016

Revenue Bonds:

On December 1, 2005, the Tobacco Securitization Authority issued \$255,486 of refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$176,080 of bonds and to provide additional funds to be used by the County on selected projects. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The Series 2005 bonds are payable solely from pledged Tobacco Settlement Revenues and interest earnings on amounts on deposit. The Authority issued \$219,685 for the Series 2005A-1 Senior Current Interest Bonds. The first Series A-1 Term Bonds are for \$45,825 with an interest rate of 4.75 percent, final early (Turbo) redemption date of June 1, 2015, with a due date of June 1, 2023. The second Series A-1 Term Bonds are for \$87,290 with an interest rate of 5.375 percent, final Turbo redemption date of June 1, 2024, with a due date of June 1, 2038. The third Series A-1 Term Bonds are for \$86,570 with an interest rate of 5.0 percent, final Turbo redemption date of June 1, 2028, with a due date of June 1, 2045. The Authority issued \$12,468 for the Series 2005A-2 Senior Convertible Bonds with an interest rate of 5.4 percent, final Turbo redemption date of June 1, 2017, with a due date of June 1, 2027. The Authority issued \$11,674 for the Series 2005B First Subordinate Capital Appreciation Bonds with an interest rate of 5.9 percent, final Turbo redemption date of June 1, 2030, with a due date of June 1, 2045. The Authority issued \$11,658 for the Series 2005C Second Subordinate Capital Appreciation Bonds with an interest rate of 6.7 percent, final Turbo redemption date of June 1, 2033, with a due date of June 1, 2045.

\$ 237,111

The Sacramento County Financing Authority issued three series of Revenue Bonds issued December 23, 2003 for the purpose of allowing the Authority to finance four redevelopment projects in designated redevelopment project areas in the City and County of Sacramento. The net proceeds were then in turn loaned to the County and City. The sources of repayment of the bonds are tax increment and/or housing set-aside tax increment revenues, depending upon the project. Incremental taxes were projected to produce 128 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$50,274, payable through December 2033. For the current year, principal and interest paid and total incremental tax revenues were \$14,490 and \$12,500 respectively. Series A - \$33,696 Mather/McClellan and Del Paso Heights project areas improvements. The series includes \$13,490 in serial bonds, maturing from December 2004 - 2022, with interest rates ranging from 2.0 percent to 5.0 percent. In addition, \$8,165 in term bonds were issued with a stated rate of 5.125 percent maturing in December 2028. Another term bond of \$9,065 was issued with a stated interest rate of 4.75 percent which matures in December 2033. Finally, \$2,526 in capital appreciation bonds were issued with a stated interest rate ranging from 5.18 percent to 5.58 percent that mature from December 2020-2030. Series B - \$8,345 Mather/McClellan Housing Project. The issue consists of four term bonds ranging in value from \$670 to \$4,450. The bonds mature from 2011 through 2033. Stated interest rates range from 3.82 percent to 6.26 percent.

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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Amount
Outstanding at
June 30, 2016

Sacramento County Financing Authority issued two series of Tax Allocation Revenue bonds on March 5, 2008 for the purpose of loaning the proceeds to the Agency. The loan proceeds will finance redevelopment activities, including low and moderate income housing in the designated redevelopment project area in the County of Sacramento. The source of repayment of the bonds is tax increment and/or housing set-aside tax increment revenues, depending upon the project. The 2008 loans are issued on parity to the outstanding 2003A and 2003B loans. The loans are sized to satisfy the coverage and cash flow requirements of the project area wrapping around parity debt. Payment of debt service on the Bonds is insured by Assured Guaranty. Tax increment revenues were projected to produce 128 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$79,350, payable through December 2038. For the current year, principal and interest paid and total tax increment revenues were \$2,994 and \$3,012, respectively. Series A - \$24,765 Mather/McClellan (Tax Exempt) Redevelopment Area improvements.

Redevelopment agencies were dissolved as of January 31, 2012. See Note 23 – Successor Agency Trust for Assets of Former Redevelopment Agency.

Principal payments on both Series are due December 1st through final maturity in 2038. Interest payments are due on June 1st and December 1st. The 2003 Series A Capital Appreciation Bonds are callable at par beginning on December 1, 2018. The tax-exempt Series 2008A Bonds are callable at par beginning on December 1, 2018. The taxable Series 2008B Bonds are subject to optional redemption on any date, with a “make-whole premium” determined at the time of optional redemption on the bases of the value of debt service otherwise due on the redeemed bonds discounted at the comparable Treasury yield plus 12.5 basis points.

	73,031
Total revenue bonds	310,142
Plus: Accreted interest	25,820
Less: deferred amount for issuance discount	<u>(3,858)</u>
	<u>\$ 332,104</u>

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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	<u>Amount Outstanding at June 30, 2016</u>
Other long-term debt:	
Sacramento County Water Agency reimbursement agreements with interest at net County Treasury Pool Rate to be paid on unpaid balance after County acceptance of project completion, unless paid within 60 days of acceptance and maturities ranging from 30 days to 5 years to be repaid from drainage permit revenues in the Water Agencies Special Revenue Fund.	\$ 3,876
California Energy Commission loan in the amount of \$1,088, at 3.0 percent interest for energy efficiency projects at Rio Consumnes Correctional Center. Principal payments ranging from \$41 to \$51 are due December 22 and June 22 of each year ending December 2024.	<u>729</u>
Total other long term debt	<u><u>\$ 4,605</u></u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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Long-term debt obligation maturities of governmental activities are summarized below. The amounts representing interest for variable rate obligations have been based on the debt's interest rate at June 30, 2016.

Year ending June 30	Certificates of Participation		Teeter Note		Pension Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 16,625	11,314	8,082	159	16,042	107,826
2018	17,565	10,523	6,465	93	18,316	111,065
2019	14,590	9,656	5,145	59	63,317	61,449
2020	14,310	8,929	3,784	32	70,769	56,460
2021	11,545	8,189	2,018	11	78,829	50,727
2022 - 2026	62,945	32,046			515,820	185,492
2027 - 2031	57,435	15,648			196,965	26,590
2032 - 2036	29,140	4,979				
2037 - 2041	5,725	278				
	<u>\$ 229,880</u>	<u>101,562</u>	<u>25,494</u>	<u>354</u>	<u>960,058</u>	<u>599,609</u>

Year ending June 30	Revenue Bonds		Other		Accreted Interest
	Principal	Interest	Principal	Interest	
2017	\$ 4,015	16,808	3,958		42,975
2018	5,320	16,693	84		42,428
2019	5,745	16,521	87		
2020	5,935	16,323	90		107
2021	6,405	16,415	92		36,192
2022 - 2026	38,636	83,009	294		37,240
2027 - 2031	44,434	73,696			2,514
2032 - 2036	57,715	61,666			
2037 - 2041	66,035	39,503			
2042 - 2046	75,902	257,607			21,652
	<u>\$ 310,142</u>	<u>598,241</u>	<u>4,605</u>		<u>183,108</u>

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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Amount
Outstanding at
June 30, 2016

Business-type Activities:

Revenue, Passenger Facility Charges (PFC) and Subordinated Revenue Bonds:

On May 9, 2007, Sacramento County Water Financing Authority issued \$184,500 of serial 2007A (Fixed Rate) series and \$228,920 of term series 2007B (Index Rate) Revenue Bonds. The interest rates on the 2007A bonds range from 3.75 percent to 5.0 percent. The variable interest rates on the 2007B bonds range from 0.739 percent to 0.759 percent at June 30, 2016. Proceeds from this debt issue were used to finance or reimburse the costs of acquisition and construction of certain additions, betterments, and improvements to the Agency's Water System and to advance refund the majority of the 2003 revenue bonds which have been subsequently paid in full.

\$ 362,000

On May 1, 2008, the County issued \$496,195 of Airport System Senior Revenue Bonds, Series A, B and C, and \$89,430 of Airport Subordinate and PFC Revenue Refunding Bonds, Series D and E. Series 2008A fully refunded Series 1992B Bonds, Series 1998A Bonds and advance refunded Series 2002A Bonds. Series 2008A also provided \$56.5 million to finance a portion of the costs of Terminal Modernization Program at the Sacramento International Airport. Series 2008B refunded 45.4 percent of the Series 2006A Bonds and provided \$266.5 million to finance a portion of the costs of Terminal Modernization Program at Sacramento International Airport. Series 2008C advance refunded Series 2002B Bonds. Series 2008D fully refunded Series 1998B Bonds. Series 2008E refunded 54.6 percent of the Series 2006A Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$15,225. This amount is recorded in deferred outflows. The Series A, B and C Bonds are payable from, and secured by, future Net Revenues of the Airport. Series D and E Bonds are payable from, and secured by, a pledge of the net proceeds of the PFC imposed by the Airport. The bonds are additionally payable from, and secured by, the Net Revenues of the Airport subordinate and junior to the lien of the Series 2008 A, B and C bonds, and any additional parity revenue bonds that may be issued in the future.

**COUNTY OF SACRAMENTO
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Amount
Outstanding at
June 30, 2016

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

1,042,015

Total Revenue Bonds	1,113,140
PFC & Subordinated Bonds	290,875
Add: Issuance premiums	14,033
Less: Issuance discounts	<u>(5,882)</u>
	<u>\$ 1,412,166</u>

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Amount
Outstanding at
June 30, 2016

Reimbursement agreements:

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

\$ 935

Total reimbursement agreements

\$ 935

Usage fee – City of Sacramento:

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

\$ 2,178

Water rights – SMUD assignment:

Sacramento County Water Agency Enterprise fund has entered into an agreement with Sacramento Municipal Utilities District (SMUD) which provides for the assignment of thirty thousand acre feet of SMUD’s CVP water supply to the Water Agency. Under this contract the Water Agency has agreed to pay the United States certain costs that are allocated to the assigned contract amount. Under the terms of the agreement, the Water Agency will pay the balance over ten years with final payment due October 2021.

\$ 4,197

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Long-term debt obligation maturities of business-type activities are summarized below. The amounts representing interest for variable rate obligations have been based on the debt's interest rate at June 30, 2016.

<u>Year ending June 30</u>	Revenue Bonds and PFC			
	Revenue Bonds		Usage Fee City of Sacramento	
	Principal	Interest	Principal	Interest
2017	\$ 29,815	72,017	1,071	74
2018	31,145	70,515	1,107	38
2019	32,575	69,176		
2020	34,125	67,560		
2021	35,785	65,998		
2022 - 2026	207,590	301,870		
2027 - 2031	265,520	245,145		
2032 - 2036	333,265	172,668		
2037 - 2041	370,760	82,536		
2042 - 2046	63,435	7,003		
	<u>\$ 1,404,015</u>	<u>1,154,488</u>	<u>2,178</u>	<u>112</u>

<u>Year ending June 30</u>	SMUD Water Rights	
	Principal	Interest
2017	\$ 759	228
2018	786	188
2019	814	146
2020	844	102
2021	876	56
2022 - 2026	118	8
	<u>\$ 4,197</u>	<u>\$ 728</u>

The various debt indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various sinking funds. The County was in compliance with all such significant financial limitations and restrictions for fiscal year ending June 30, 2016.

COUNTY OF SACRAMENTO
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Conduit Debt and Non-Exchange Financial Guarantees

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

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

As of June 30, 2016, the principal amount of bonds outstanding was \$29,505, and 66 percent of the average annual lease obligation amount is \$2,343. The guarantee will be in effect until the bonds mature in 2029, or until all bonds are fully paid. Ticket receipts have been sufficient since the bonds were issued in 1999 to meet all lease obligations, and the County does not anticipate that this will change, as current ticket receipts are projected to be sufficient to continue to meet the lease obligations. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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

The County is a member of the Sacramento Regional Arts Facilities Financing Authority. In 2002, the Authority issued certificates of participation in the amount of \$16,580, to finance the acquisition, construction, improvement, renovation and equipping of certain theatre facilities located in the City of Sacramento. If ticket receipt revenues are insufficient to pay the annual lease obligations, the County has agreed to pay 50 percent of these annual obligations. The Facility Lease Agreement obligates the California Musical Theatre to repay the County for any payments made by the County.

As of June 30, 2016, the principal amount of certificates of participation outstanding (COPs) was \$0, and 50 percent of the average annual lease obligation amount is \$0. In December of 2015, the City of Sacramento refunded the bond issuance without the participation of the County of Sacramento. The County is no longer responsible for 50 percent of the average annual lease obligation amount and the Sacramento Regional Arts Facilities Finance Authority will be terminated in the next fiscal year.

Airports Special Facilities Revenue Bonds

Variable Rate Demand Special Facilities Airport Revenue Bonds, Series 1998 (Special Facility Bonds), totaling \$9,900 were issued on November 3, 1998 to finance the demolition of an existing facility and construction and installation of a replacement aircraft maintenance hangar and associated facilities at International for Cessna. Although taking the legal form of a financing lease between the County and Cessna, the substance of these arrangements is that the Special Facility Bonds constitute a special obligation of the Airports payable from and secured by certain revenues under its lease with Cessna and certain proceeds pledged therefore under the Indenture. The bonds do not constitute a debt, liability or general obligation of the Department of Airports or the County or a pledge of the faith and credit of the Department of Airports. The Department of Airports will not be obligated to levy any taxes or expend any funds for the repayment of the bonds. As of June 30, 2016, the outstanding balance of the debt was \$8,800. The Special Facility Bonds will mature on November 1, 2028.

At June 30, 2016 the County's debt limit for general obligation bonds and legal debt margin was \$1,701,541.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 9 - DERIVATIVES - INTEREST RATE SWAP

All three of the County's interest rate swap are considered to be effective hedging derivative instruments. The County used the consistent critical terms method to evaluate hedge effectiveness for the \$99,955 and \$128,965 Water Agency Revenue bonds, Series 2007B, and the regression analysis method for the \$328,475 Taxable Pension Bonds, 2008 C-1 swap. Using these methods, as described in more detail below, these three County swaps are classified as effective hedging derivative instruments.

Hedging derivative instruments are classified as Level 2 and are valued using a discounted cash flow technique, which calculates the future net settlement payments, assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates (LIBOR). The payments are then discounted using the spot rates (LIBOR) implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the June 30, 2016 financial statements are as follows debit (credit).

	Notional Amount	Changes in Fair Value		Fair Value - as of June 30, 2016	
		Classification	Amount	Classification	2016
Governmental Activities:					
<i>Cash Flow Hedges:</i>					
Series 2004 C-1 / 2008 C-1					
Pay-fixed interest rate swap	\$ 328,475	Deferred outflow	\$ (23,036)	Debt	\$ (130,304)
		Total Governmental Activities	\$ (23,036)		\$ (130,304)
Business-Type Activities:					
<i>Cash Flow Hedges:</i>					
Series 2007 B Swap					
Pay-fixed interest rate swap	\$ 128,965	Deferred outflow	\$ (11,715)	Debt	\$ (42,678)
Series 2007 B Swap					
Pay-fixed interest rate swap	99,955	Deferred outflow	(12,757)	Debt	(42,188)
		Total Business-Type activities	\$ (24,472)		\$ (84,866)

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Objective and Terms of Hedging Derivative Instruments:

The following table displays the objective and terms of the County's hedging derivative instruments outstanding at June 30, 2016 along with the credit rating of the associated counterparty:

Governmental Activities:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Series 2004 C-1 / 2008 C-1 Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 C-1 bonds	\$ 328,475	7/10/2006	7/10/2030	County pays 5.901% fixed; receives USD LIBOR (BBA) adjusted monthly: 0.4453%	Baa1 Moody's BBB+ S&P A Fitch

Business Type Activities:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Series 2007 B Swap Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2007 Series B bonds	\$ 128,965	5/9/2007	6/1/2034	SCWA pays fixed 4.193%; receives 67% of USD-LIBOR-BBA plus 55 bps	A+ S&P Aa2 Moody's
Series 2007 B Swap Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2007 Series B Bonds	99,955	5/9/2007	6/1/2039	SCWA pays fixed 4.221%; receives 67% of USD-LIBOR-BBA plus 57 bps	A+ S&P Aa2 Moody's

COUNTY OF SACRAMENTO
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Taxable Pension Funding Bonds Refunding 2008 C-1 Swap:

Credit Risk:

The County is not exposed to credit risk resulting from a failure of the counterparty to perform because the swap has a negative fair value. However, should interest rates change and the fair value of the swap become positive, the County would be exposed to the credit risk of the counterparty in the amount of the derivative's fair value. The swap counterparty was rated "Baa1" by Moody's Investors Services, "BBB+" by Standard & Poor's and "A" by Fitch as of June 30, 2016.

Interest Rate Risk:

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

Basis Risk:

The basis risk is the difference between the rate paid on the variable-rate bonds and the floating amount received from the interest rate swap of the 1-Month LIBOR. Since the refunded bonds variable-rate payments were fixed to the 1-Month LIBOR as well, and both reset on the same day of the month, the basis risk became fixed. The basis risk for the 2026 Term bonds is 1.30 percent and for the 2030 Term bonds is 1.45 percent.

Contingencies:

Should the Agency be downgraded below Baa2 by Moody's or BBB by S&P and an insurer event has occurred, the counterparty has the option to terminate the swap. As of June 30, 2016, the negative fair value of the swap amounted to \$130,304.

Termination Risk:

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

Water Agency Revenue Bonds, Series 2007B Swaps:

Credit Risk:

The Sacramento County Water Agency (Agency) Enterprise Fund is not exposed to credit risk resulting from a failure of the counterparty to perform because of the swaps' negative fair value. If the swaps had positive fair value greater than \$10 million, the Sacramento County Water Agency would be exposed to credit risk from the counterparty. The swap counterparty was rated "A+" by Moody's Investors Services and "Aa3" by Standard & Poor's as of June 30, 2016.

Interest Rate Risk:

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

COUNTY OF SACRAMENTO
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Basis Risk:

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

Contingencies:

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

Should the Agency be downgraded below Baa2 by Moody's or BBB by S&P and an insurer event has occurred, the counterparty has the option to terminate the swap. As of June 30, 2016, negative fair value of the swaps amounted to \$84,866.

Termination Risk:

The Sacramento County Water Agency or the counterparty may terminate the swaps if the other party fails to perform under the terms of the contract. If the swaps are terminated, the variable-rate bonds would no longer carry a synthetic interest rate. If the swaps are terminated, other than by the counterparty exercising its option under the agreement, and at the time of termination, the swaps are in a liability position, the Sacramento County Water Agency would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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Derivative Instrument Payments and Hedged Debt:

Using the rates as of June 30, 2016, debt service requirements of governmental activities and business type activities for the variable rate debt and the net receipts/payments on associated hedging derivative instruments are presented below:

Governmental Activities:

Year ending June 30	<u>2004 C-1 / 2008 C-1 Pension Refunding Bonds</u>			
	Series C-1 Variable-Rate			
	Principal	Interest	Interest Rate Swaps, Net	Net Cash Flows
2017	\$ 4,775	6,717	19,334	30,826
2018	7,250	6,579	18,939	32,768
2019	7,500	6,437	18,530	32,467
2020	10,650	6,235	17,949	34,834
2021	12,025	6,007	17,293	35,325
2022 - 2026	101,675	24,809	71,414	197,898
2027 - 2031	196,965	10,066	28,975	236,006
	<u>\$ 340,840</u>	<u>66,850</u>	<u>192,434</u>	<u>600,124</u>

Business-Type Activities:

Year ending June 30	<u>Sacramento County Water Agency Enterprise Fund</u>			
	Series 2007 B Revenue Bonds			
	Principal	Interest	Interest Rate Swaps, Net	Net Cash Flows
2017	\$	2,311	7,315	9,626
2018		2,311	7,315	9,626
2019		2,311	7,369	9,680
2020		2,311	7,262	9,573
2021		2,311	7,316	9,627
2022 - 2026	8,105	11,439	36,202	55,746
2027 - 2031	61,445	10,350	32,751	104,546
2032 - 2036	96,940	6,121	19,241	122,302
2037 - 2041	62,430	1,293	4,043	67,766
	<u>\$ 228,920</u>	<u>40,758</u>	<u>128,814</u>	<u>398,492</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 10 - SPECIAL ASSESSMENT DEBT AND RELATED ACTIVITIES

At June 30, 2016, special assessment improvement bonds outstanding for all assessment districts totaled \$184,369. Since the County is not obligated in any manner for special assessment bonds, the debt is not recorded in these financial statements. However, construction of special assessment projects and the related debt obligation proceeds are accounted for in the Capital Projects Funds. Since the County acts as an agent for the property owners in collecting assessments and forwarding such funds to the bondholders, this activity is reported in the Agency Funds.

The Laguna Stonelake Community Facilities District No. 1 (District) has been authorized to issue \$20,000 of Special Tax Bonds. On October 14, 1999 the District issued \$13,025. On May 12, 2005 the District issued the \$11,525 series 2005 Special Tax Refunding Bonds with interest rates ranging from 2.75 percent to 4.50 percent, the proceeds of which were used to defease the outstanding 1999 Bonds with an average interest rate of 6.30 percent. The 2005 refunding bonds constitute the entire bonded indebtedness of the District. The defeased 1999 bonds in original aggregate principal amount of \$13,025 are the only bonds that have been issued under such authorization. At June 30, 2016, \$6,975 of authorized bonds remains un-issued. The outstanding balance at June 30, 2016 was \$6,680.

The McClellan Park Community Facilities District No. 2004-1 (District) has been authorized to issue \$90,000 of Special Tax Bonds. On September 28, 2004 the District issued \$10,250 Series 2004 Special Tax Bonds with interest rates ranging from 3.00% to 6.25%. On December 8, 2011 the District issued \$10,395 Series 2011 Special Tax Bonds with interest rates ranging from 2.25 percent to 6.00 percent. The Series 2004 and the Series 2011 bonds, a total of \$20,645, constitute the entire bonded indebtedness as of June 30, 2016. At June 30, 2016, \$69,355 of authorized bonds remains un-issued. The outstanding balance at June 30, 2016, for the Series 2004 bonds was \$9,480 and for the Series 2011 bonds was \$10,345.

The Laguna Creek Ranch/Elliott Ranch Community Facilities District No. 1 (District) has been authorized to issue a total of \$63,500 of Special Tax Bonds for both Improvement Areas No. 1 and No. 2 by Board of Supervisors Resolution No. 90-1497 dated August 28, 1990 with \$37,500 being the authorized bonded indebtedness for Improvement Area No. 1 and \$26,000 being the authorized bonded indebtedness for Improvement Area No. 2. On August 13, 1997 the District issued \$21,415 of 1997 Refunding Bonds for Improvement Area No.2, the proceeds of which were used to defease the outstanding 1990 Bonds. On December 30, 1997 the District issued \$31,980 of 1997 Refunding Bonds for Improvement Area No. 1, the proceeds of which were used to defease the outstanding 1990 Bonds. The defeased 1990 bonds in original aggregate principal amount of \$34,000 for Improvement Area No. 1 and \$24,155 for Improvement Area No 2 are the only bonds that have been issued under such authorization. On January 27, 2011, the District issued \$12,830 of 2011 Refunding Bonds for improvement Area No. 2, the proceeds of which were used to defease the outstanding 1997 Refunding Bonds. On March 3, 2011, the District issued \$17,075 of 2011 Refunding Bonds for Improvement Area No. 1, the proceeds of which were used to defease the outstanding 1997 Refunding Bonds. The 2011 Refunding Bonds constitute the entire bonded indebtedness of the District. At June 30, 2016, \$3,500 of authorized Improvement Area No. 1 bonds and \$1,845 of authorized Improvement Area No. 2 bonds remain un-issued. Interest rates for District No. 1 range from 2.0 percent to 5.0 percent, and District No. 2 ranges from 1.5 percent to 5.25 percent. The outstanding balance was at June 30, 2016, for Improvement Area No. 1 was \$9,685 and for Improvement Area No. 2 was \$7,945.

The Metro Air Park Community Facilities District No. 1998-1 (District) has been authorized to issue \$7,250 of Special Tax Bonds. On December 30, 1998 the District issued \$5,310 of Special Tax Bonds with an interest rate of 7.00 percent. These bonds constitute the entire bonded indebtedness as of June 30, 2016. At June 30, 2016, \$1,940 of authorized bonds remains un-issued. The outstanding balance at June 30, 2016 was \$2,335.

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The Metro Air Park Community Facilities District 2000-1 (District) has been authorized to issue \$200,000 of Special Tax Bonds. On April 8, 2004 the District issued \$63,460 Series 2004A Special Tax Bonds with an interest rate of 7.00 percent. On December 14, 2007 the District issued \$40,200 Series 2007B Special Tax Bonds with an interest rate of 7.00 percent. The Series 2004A & the Series 2007B bonds, a total of \$103,660, constitute the entire bonded indebtedness as of June 30, 2016. At June 30, 2016, \$96,340 of authorized bonds remains un-issued. The outstanding balance at June 30, 2016, for the 2004A bonds was \$53,425 and for the 2007B bonds was \$40,200.

The County of Sacramento Community Facilities District No. 2005-2 (North Vineyard Station No. 1) (District) has been authorized to issue \$30,000 of Special Tax Bonds. On September 6, 2007 the District issued \$14,415 of Special Tax Bonds with interest rates ranging from 4.40 percent to 6.00 percent. On June 8, 2016, the District issued \$23,155 of Special Tax Bonds 2016 Series, of which the proceeds were used to defease the outstanding 2007 bonds and to fund certain public facility construction projects. The interest rates relating to these bonds range from 2.00 percent to 5.00 percent. The 2016 Special Tax Bonds constitute the entire bonded indebtedness of the district. At June 30, 2016, \$5,840 of authorized bonds remains un-issued. The outstanding balance at June 30, 2016 for the 2016 Special Tax Bonds was \$23,155.

The County of Sacramento Community Facilities District No 2014-2 (North Vineyard Station No. 20) (District) has been authorized to issue \$50,000 of Special Tax Bonds. On June 8, 2016, the District issued \$14,225 of Special Tax Bonds with interest rates ranging from 2.00 percent to 5.00 percent. The 2016 Special Tax Bonds constitute the entire bonded indebtedness of the District. At June 30, 2016, \$35,775 of authorized bonds remains un-issued. The outstanding balance as of June 30, 2016 for the 2016 Special Tax Bonds was \$14,225.

The Park Meadows Community Facilities District No. 1 (District) has been authorized to issue \$1,200 of Special Tax Bonds. On June 28, 2000 the District issued Current Interest Bonds in the amount of \$230 at the interest rate of 7.75 percent, and Convertible Capital Appreciation Bonds in the original principal amount of \$892 at the interest rate of 8.25 percent. These bonds constitute the entire bonded indebtedness. As of June 30, 2016, \$78 of authorized bonds remain unissued. The outstanding balance at June 30, 2016, was \$654.

Sunrise Recreation and Park District (District) issued \$7,435 of Certificates of Participation bonds on July 12, 2007 for a portion of the District's cost of recreation and park construction at or near the Antelope Community Park. The interest rate ranges from 3.95 percent to 4.50 percent. The outstanding balance at June 30, 2016, was \$6,240.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11 - PLEDGED REVENUES

The County has pledged a portion of delinquent property tax revenues to re-pay \$25,494 in Teeter notes in accordance with the alternative method of distribution of property tax levies and assessments. The notes were issued on November 30, 2010, November 4, 2011, March 27, 2013, December 10, 2013, December 9, 2014, and October 27, 2015. The notes are due and payable to the County of Sacramento-Pooled Investment Fund and are payable solely from the collection of delinquent property taxes. Total principal of \$25,494 and interest of \$354 remain on the notes and are payable through August 1, 2020. For the current year, net revenues pledged were equal to the total principal and interest paid of \$23,760 and \$115, respectively.

The County has pledged certain future revenues, net of specified operating expenses, to repay \$496,195 in Airports Senior Revenue Bonds issued in May 2008, and \$201,800 in Airports Senior Revenue Bonds issued in July 2009, and \$128,300 in Airports Senior Revenue Bonds issued in August 2010. Proceeds from the 2008 Senior Revenue Bond refunded Series 1992B, Series 1998A, Series 2002A, and 45.4 percent of Series 2006A as well as provided \$323 million in financing for the Terminal Modernization Program. The bonds are payable solely from Net Revenues of the Airports and are payable through 2041. The total principal and interest remaining to be paid on senior bonds is \$1,364,664. Principal and interest paid for the current year was \$53,264 and the total Net Revenues were \$81,751.

The County has pledged Passenger Facility Charges (PFC) to repay \$89,430 in Airports Subordinate and PFC Revenue Refunding Bonds issued in May 2008 and \$278,250 in Airport System Subordinate and PFC/Grant Revenue Bonds issued in July 2009. Proceeds from the 2008 bond series refunded Series 1996C, Series 1998B and 54.6 percent of Series 2006A. Proceeds from 2009 Subordinate and PFC/Grant Revenue Bonds provided \$251 million to continue the financing of the Terminal Modernization Program. The 2008 Subordinate and PFC Bonds are payable through 2026 and the 2009 Subordinate and PFC/Grant Revenue Bonds are payable through 2041. Total principal and interest remaining to be paid on the subordinate bonds is \$562,296. Principal and interest paid for the current year was \$29,953 and the available PFC revenue was \$21,945. The PFC cash generated in fiscal year 2015 was \$19,206.

NOTE 12 - COMMITMENTS

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

Governmental Funds – The County’s governmental funds have entered into contracts for the construction of certain projects totaling \$26,024 at June 30, 2016.

Airport – The Airport had approximately \$1,675 in outstanding construction contract commitments at June 30, 2016.

Solid Waste Enterprise Fund – Solid Waste entered into equipment and construction agreements totaling \$1,748 at June 30, 2016.

Water Agency Enterprise Fund – The Water Agency has entered into contracts for the construction of certain projects totaling \$8,342 at June 30, 2016.

NOTE 13 - CLOSURE AND POSTCLOSURE CARE COST

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

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

Management of the fund has deemed the capacity of the Kiefer Landfill will be the basis of recognizing its closure and postclosure care costs. Kiefer Landfill closure and postclosure care liabilities at June 30, 2016 were \$17,982. The Fund will recognize costs of \$35,063 as the remaining capacity in the Kiefer Landfill is used in future years. At June 30, 2016, the capacity of the Kiefer Landfill used to date was 34 percent and the estimated remaining landfill life is 57 years. As required by applicable laws, management has established a fund for the post-closure Kiefer Landfill, in which \$9,233 is considered restricted at June 30, 2016, with the remaining balance recorded considered designated. The Board of Supervisors has approved pledges of revenues to provide financial assurance for the postclosure maintenance costs of the Kiefer

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Landfill. Management expects that any increase to future closure and postclosure costs (due to changes in technology or applicable laws or regulations, for example), will be paid from charges to future users.

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

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

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

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

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

The Fund reported Elk Grove Landfill postclosure care liabilities at June 30, 2016 as \$1,605.

The Elk Grove landfill is 100 percent full and the postclosure 30-year liability period runs through June 2024. At June 30, 2016, the reported liabilities represent costs for the remaining 9 years. The portion of the postclosure costs expected to be paid during the next year is \$227.

The Fund reported Grand Island Landfill postclosure care liabilities at June 30, 2016 of \$320. The landfill is 100 percent full and the postclosure 30-year liability period runs through June 2029. At June 30, 2016, the reported liabilities represent postclosure costs for the remaining 13 years. The portion of the postclosure costs expected to be paid during the next year is \$27.

Future closure and postclosure costs are based on what it would cost to perform all closure and postclosure care in 2016. Actual costs may be different due to inflation, changes in technology, changes in permitted capacity and/or changes in regulations.

The Fund is responsible for the costs associated with permanently covering all waste buried at the Kiefer Landfill. The funding for such closure is earned during the operating life of the site. Landfill partial final cover costs are those costs incurred during the life of the landfill which are expected to be spent prior to the day the landfill stops accepting waster, and do not include the costs associated with the final phase of closure activity occurring on or near the date the landfill stops accepting waste.

Based on the percentage used of the total capacity available with the open and active area of the Kiefer Landfill, the closure liability for the fiscal years ending June 30, 2016, is estimated to be \$19,379.

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Changes in accrued landfill closure and postclosure care liability for the fiscal year ended June 30, 2016 were as follows:

	July 1, 2015 <u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	June 30, 2016 <u>Ending</u>	<u>Due within One Year</u>
Kiefer	\$ 17,389	593		17,982	
Elk Grove	1,816	18	(229)	1,605	229
Grand Island	343	3	(26)	320	27
Kiefer Final Cover	<u>18,944</u>	<u>526</u>	<u>(91)</u>	<u>19,379</u>	<u>2,867</u>
	<u>\$ 38,492</u>	<u>1,140</u>	<u>(346)</u>	<u>39,286</u>	<u>3,123</u>

NOTE 14 - RETIREMENT PLAN

General Information about the Pension Plan

Plan Description - All County full-time and part-time employees participate in the Sacramento County Employees' Retirement System ("SCERS" or the "System"), a multiple employer, cost-sharing, public employee retirement system. SCERS is administered by the Board of Trustees and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.). SCERS is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the Safety and Miscellaneous members employed by the County of Sacramento. SCERS also provides retirement benefits to the employee members of the Superior Court of California (County of Sacramento) and eleven Special Districts.

The management of SCERS is vested with the Sacramento County Board of Retirement. The Board consists of nine members and two alternates. The County Director of Finance is appointed by the County Executive, subject to confirmation by the Board of Supervisors. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor. Two members are elected by the Miscellaneous membership; one member and one alternate are elected by the Safety membership, one member and one alternate are elected by the retired members of the System. All members of the Board of Retirement serve terms of three years except for the County Director of Finance whose term runs concurrent with the term as Director of Finance.

SCERS is legally and fiscally independent of the County. SCERS' Comprehensive Annual Financial Report, including a separate audit of the financial statements for the fiscal year ended June 30, 2015, is available on the System's web site <http://www.scers.org> or can be obtained by contacting the County's Department of Finance.

Benefits Provided - SCERS provides service retirement, disability, death and survivor benefits to eligible employees. All permanent full-time or part-time employees of County of Sacramento or contracting district become members of SCERS upon employment. There are separate cost pools for Safety and Miscellaneous member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain other classifications. There are four tiers applicable to Safety members. Those hired prior to January 1, 2012, are included in either Tier 1 or Tier 2 depending on date of hire and bargaining unit. Those hired after that date but prior to January 1, 2013, are included in Tier 3. Any new Safety member who becomes a member on or after January 1, 2013, is designated PEPRA Safety (Tier 4) and is subject to the provisions of California's Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197. All other employees are classified as Miscellaneous members. There are five tiers applicable to Miscellaneous members. Those hired prior to September 27, 1981, are included in Tier 1. Those hired after that date but prior to January 1, 2012, are included in Tier 2 or Tier 3 depending on date of hire and bargaining unit. County members hired after that date but prior to January 1, 2013, are included in Tier 4. New members hired on or after January 1, 2013, are designated as PEPRA Miscellaneous (Tier 5) and are subject to the provisions of California Government Code 7522 et seq. and AB 197.

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Safety members hired prior to January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 50, and have acquired five years of retirement service credit.

Miscellaneous members hired prior to January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. Miscellaneous members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 52, and have acquired five years of retirement service credit.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

Safety member benefits for Tier 1 and Tier 2 are calculated pursuant to the provisions of California Government Code Section 31664.1. Safety member benefits for Tier 3 are calculated pursuant to the provision of California Government Code Section 31664.2. The monthly allowance is equal to 2 percent of the first \$350 of final compensation, plus 3 percent of the excess final compensation times years of accrued retirement service credit times age factor from either Section 31664.1 (Tier 1 and 2) or 31664.2 (Tier 3). Safety member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision of California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

Miscellaneous member benefits for Tier 1, Tier 2 and Tier 3 are calculated pursuant to the provisions of California Government Code Section 31676.14. Miscellaneous member benefits for Tier 4 are calculated pursuant to the provisions of California Government Code Section 31676.1. The monthly allowance is equal to 1/90th of the first \$350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times age factor from either Section 31676.14 (Tier 1, Tier 2 and Tier 3) or Section 31676.1 (Tier 4). Miscellaneous member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision of California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

For members with membership dates before January 1, 2013, the maximum monthly retirement allowance is 100 percent of final compensation. There is no maximum for members with membership dates on or after January 1, 2013.

Final average compensation consists of the highest 12 consecutive months for a Tier 1 Safety or Tier 1 Miscellaneous member and the highest 36 consecutive months for a Tier 2, Tier 3, Tier 4 or Tier 5 member.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse. An eligible surviving spouse is one married to the member one year prior to the effective retirement date. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse or named beneficiary having an insurable interest in the life of the member.

SCERS provides an annual cost-of-living benefit to Safety Tier 1, Tier 2, Tier 3 and Tier 4 member retirees and Miscellaneous Tier 1, Tier 3, Tier 4 and Tier 5 member retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the San Francisco-Oakland-San Jose area, is capped at 4 percent for Tier 1 members and 2 percent for all other members eligible for a cost-of-living adjustment.

The County of Sacramento and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Trustees of SCERS. Employer contribution rates are adopted annually based upon recommendations received from SCERS' actuary after the completion of the annual actuarial

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valuation. The average employer contribution rate as of June 30, 2015, for fiscal year 2014-15 (based on the June 30, 2013 valuation) was 25.53 percent of compensation.

All members are required to make contributions to SCERS regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2015, for fiscal year 2014-15 (based on the June 30, 2013 valuation), was 6.42 percent of compensation.

Contributions - Benefits payable by the System are financed through member contributions, employer contributions, and earnings from investments. Member contributions are required by law. Contribution rates, which are actuarially determined, are based on age at entry into the System (a single rate is used for members entering the System after January 1, 1975). County, Superior Court and Member Districts' contributions are actuarially determined to provide for the balance of contributions needed. This rate includes an additional amount required to partially fund the annual cost-of-living increases for retired members of the Miscellaneous Tier 1, Tier 3, Tier 4 and Tier 5 and Safety Tiers. All contribution rates are reviewed and revised annually. The authority for both benefit provisions and contribution obligations is derived from the County Employees Retirement Law of 1937 and California Public Employees' Pension Reform Act of 2013 (CalPEPRA).

Employee and employer contribution rates for the fiscal year ended June 30, 2016, are as follows:

		Miscellaneous Cost Pool - Contribution Rates				
		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
	Employee	4.75 to 6.71%	3.54 to 5.96%	4.78 to 7.76%	7.2 to 8.12%	8.12%
	Employer	9.91 to 11.80%	8.38 to 10.79%	11.01 to 13.90%	8.91 to 9.54%	8.12%
		Safety Cost Pool - Contribution Rates				
		Tier 1	Tier 2	Tier 3	Tier 4	
	Employee	15.25 to 18.26%	12.29 to 16.08%	12.10 to 15.66%	13.11%	
	Employer	19.74 to 22.36%	16.43 to 20.10%	16.01 to 19.44%	13.11%	

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For the year ended June 30, 2016, the employer contributions to the Plan were equal to the actuarially determined required employer contributions as follows:

<u>Employer Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit First Five Commission</u>
County - Miscellaneous Tier	\$ 94,272	6,830	101,102	232
County - Safety Tier	78,542	1,034	79,576	
Carmichael Recreation and Park District - Miscellaneous	309		309	
Mission Oaks Recreation and Park District - Miscellaneous	221		221	
Sunrise Recreation and Park District - Miscellaneous	419		419	
Total Employer Contributions	\$ 173,763	7,864	181,627	232

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the County of Sacramento reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit First Five Commission</u>
County - Miscellaneous Tier	\$ 450,574	33,699	484,273	1,060
County - Safety Tier	531,934	7,183	539,117	
Carmichael Recreation and Park District - Miscellaneous	1,373		1,373	
Mission Oaks Recreation and Park District - Miscellaneous	1,090		1,090	
Sunrise Recreation and Park District - Miscellaneous	1,939		1,939	
Total Net Pension Liability	\$ 986,910	40,882	1,027,792	1,060

The County's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The Net Pension Liability (NPL) for the plan was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability for each membership class was calculated based on the participants and benefits provided for the respective membership class; and the Plan's fiduciary net position was determined in proportion to the valuation value of assets for each membership class. The County's is the sole active employer in the Safety membership class that made contributions in fiscal year 2014-15; therefore 100 percent of pension amounts for the Safety membership class are allocated to the County. For the Miscellaneous membership class, actual contributions for Miscellaneous employers for the fiscal year ended June 30, 2015, are used as the basis for determining each Miscellaneous employer's proportion of pension amounts. The County's proportionate share of the net pension liability measured as of June 30, 2014 and 2015, was as follows:

	<u>County</u>	<u>Carmichael</u>	<u>Mission Oaks</u>	<u>Sunrise</u>
Proportion - June 30, 2014	89.865 %	0.102 %	0.083 %	90.050 %
Proportion - June 30, 2015	89.005 %	0.119 %	0.095 %	89.219 %
Change - Increase (Decrease)	<u>(0.860)%</u>	<u>0.017 %</u>	<u>0.012 %</u>	<u>(0.831)%</u>

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For the year ended June 30, 2016, the County recognized pension expense of \$106,737. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources (next page) related to pensions from the following sources:

	Deferred Outflows of Resources							
	Governmental Activities					Business-type Activities	Total	First Five Commission
	County	Carmichael	Mission Oaks	Sunrise	Total			
Differences between actual and expected experience	\$ 9,993				9,993	135	10,128	
Net difference between projected and actual earnings on plan investments						76	76	11
Changes in assumptions	34,966				34,966	472	35,438	
Changes in proportions	4,042	175	84	176	4,477	121	4,598	1
Pension contributions subsequent to measurement date	<u>172,814</u>	<u>309</u>	<u>221</u>	<u>419</u>	<u>173,763</u>	<u>7,864</u>	<u>181,627</u>	<u>232</u>
Total deferred outflows related to pension	<u>\$ 221,815</u>	<u>484</u>	<u>305</u>	<u>595</u>	<u>223,199</u>	<u>8,668</u>	<u>231,867</u>	<u>244</u>

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	Deferred Inflows of Resources							
	Governmental Activities					Business- type Activities	Total	First Five Commission
	County	Carmichael	Mission Oaks	Sunrise	Total			
Differences between actual and expected experience	\$ 58,888	147	117	207	59,359	3,762	63,121	113
Changes in assumptions	19,341	59	47	84	19,531	1,463	20,994	46
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	2,722			135	2,857	1,531	4,388	63
Net differences between projected and actual earnings on plan investments	13,771				13,771		13,771	
Total deferred inflows related to pension	<u>\$ 94,722</u>	<u>206</u>	<u>164</u>	<u>426</u>	<u>95,518</u>	<u>6,756</u>	<u>102,274</u>	<u>222</u>

A total of \$181,627 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	County	Carmichael	Mission Oaks	Sunrise
2017	\$ (12,918)	(8)	(20)	(63)
2018	(12,918)	(8)	(20)	(63)
2019	(12,918)	(8)	(20)	(63)
2020	(12,919)	(7)	(20)	(61)
Total	<u>\$ (51,673)</u>	<u>(31)</u>	<u>(80)</u>	<u>(250)</u>

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Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuations was determined using the following actuarial assumptions:

	<u>County and Special District Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Level percent of payroll (3.50% payroll growth assumed)	Level percent of payroll (3.50% payroll growth assumed)
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	3.25%	3.25%
Real across-the-board salary increase	0.25%	0.25%
Projected Salary Increase*	4.50% to 11.50%	5.25% to 11.50%
Assumed post-retirement benefit increase	0% to 3.25%	2% to 3.25%
Post-Retirement Mortality		
a) Service	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 set back one year for males and set forward two years for females
b) Disability	RP-2000 Disabled Retiree Mortality Table projected with Scale BB to 2022 with no age adjustment for males and set forward three years for females	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 set forward two years
c) Employee Contribution Rate	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 weighted 40% male and 60% female	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 set back one year for males and set forward two years for females weighted 70% male and 30% female
Pre-Retirement Mortality	Based upon the actuarial experience study for the period July 1, 2010 through June 30, 2013, which can be found on SCERS' website	Based upon the actuarial experience study for the period July 1, 2010 through June 30, 2013, which can be found on SCERS' website
Other Assumptions	See analysis of actuarial experience study for the period July 1, 2010 through June 30, 2013	See analysis of actuarial experience study for the period July 1, 2010 through June 30, 2013

*Includes inflation at 3.25% plus real across-the-board salary increase of 0.25% plus merit and longevity increases.

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Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made based on the current contribution rate and that employer contributions will be made at the end of each pay period based on the actuarially determined contribution rates. For this purpose, only the employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service cost for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments for current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2015, are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities	22.50 %	5.98 %
International Equities	22.50 %	7.23 %
Fixed Income	20.00 %	1.25 %
Hedge Funds	10.00 %	3.20 %
Private Equity	10.00 %	12.82 %
Real Assets	15.00 %	5.64 %
Total Portfolio	100.00 %	5.67 %

Discount Rate

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County, Carmichael, Mission Oaks, and Sunrise's proportionate share of the net pension liability, calculated using the discount rate for each, as well as what proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>Net Pension Liability</u>	<u>County</u>	<u>Carmichael</u>	<u>Mission Oaks</u>	<u>Sunrise</u>	<u>Total</u>
1% Decrease (6.50%)	\$2,081,117	2,782	2,221	3,951	2,090,071
Current Discount Rate (7.50%)	1,023,390	1,373	1,090	1,939	1,027,792
1% increase (8.50%)	148,609	199	158	282	149,248

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued SCERS financial reports available on their website <http://www.SCERS.org>.

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NOTE 15 - POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description: The plan is a single-employer plan and it does not issue a publicly available report. In December 2014 and December 2015, the Board of Supervisors approved the Retiree Medical and Dental Insurance Program Administrative Policy for calendar years 2015 and 2016, respectively. The County provides access to group medical insurance and dental insurance, and medical and dental offset payments to a specific group of eligible retirees as a result of a settlement.

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

The County pays a medical and/or dental subsidy/offset to eligible annuitants who retired on or after May 31, 2007 from bargaining unit 003-Law Enforcement, Non-Supervisory, as a result of a settlement. The amount the medical and/or dental subsidy/offset payments made available to this group of eligible annuitants is calculated based upon the annuitant's Sacramento County Employees Retirement System (SCERS) service credit. Neither SCERS nor the County guarantees that a subsidy/offset payment will be made available to annuitants for the purchase of County-sponsored medical and/or dental insurance beyond the current term of the contract between the County and Bargaining Unit 003-Law Enforcement, Non-Supervisory which expires June 30, 2018. Subsidy/offset payments are not a vested benefit of County employment or SCERS membership and will remain in place until eliminated through the bargaining process. The amount of the subsidy/offset payment, if any, payable on account of enrollment in a County sponsored retiree medical and/or dental insurance plan will also remain in place until modified or eliminated through the bargaining process. Annuitants from bargaining unit 003-Law Enforcement, Non-Supervisory are eligible for a medical premium subsidy according to the schedule on the following schedule:

Service at Retirement	Amount of Subsidy/Offset for Bargaining Unit 003 - Law Enforcement, Non-Supervisory	
Less than 10 years	\$	122
10-14 years		152
15-19 years		182
20-24 years		212
25 or more years		244
 *Dental if eligible for medical subsidy	 \$	 25

*The actual premium rate for the retiree dental plan is approved by the Board of Supervisors in conjunction with the approval of all the retiree health plans on an annual basis.

Approximately two hundred sixty-five annuitants from bargaining unit 003-Law Enforcement, Non-Supervisory, met the eligibility requirement and receive medical and/or dental subsidy/offset as of June 30, 2016.

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Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$	17,008
Interest on net pension obligation		1,482
Adjustment to the annual required contribution		<u>(1,889)</u>
Annual OPEB cost		16,601
Annual contributions made		<u>(5,797)</u>
Increase in OPEB obligation		10,804
Net OPEB obligation, beginning of year		<u>37,076</u>
Net OPEB obligation, end of year		<u><u>\$ 47,880</u></u>
Covered payroll (active plan members)	\$	756,370
UAAL as a percentage of covered payroll		19.3 %

Trend Information

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

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 12,509	4,827	39 %	28,671
6/30/15	13,192	4,787	36 %	37,076
6/30/16	16,602	5,797	35 %	47,880

Funding Status and Progress

As of June 30, 2015, the most recent actuarial valuation date the plan was 0 percent funded. The actuarial accrued liability was \$146,143 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$146,143. The covered payroll (annual employees covered by the plan) was \$756,370, and the ratio of the UAAL to covered payroll was 19.3 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, examples include assumptions made about future employment, mortality and the healthcare cost trend. Amounts are determined regarding the funded status of the plan, and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress presented as required supplementary information following the notes to the financial statements, present multi-year trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF SACRAMENTO
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Actuarial Methods and Assumptions:

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

In the June 30, 2015 actuarial valuation, the actuarial cost method used for valuation is entry age normal cost method which determines normal cost as a level percent of payroll, and the amortization period is a 22-year fixed (closed) period for FY 2015-16. The actuarial assumptions utilized a 4.0 percent discount rate, an inflation rate of 3 percent, and premiums based on calendar year 2015 medical plans, for FY 2013-14 thru 2015-16, and a medical trend of 7.0 percent beginning in 2017, reduced by decrements of 0.5 percent each year to an ultimate rate of 5 percent. The UAAL is being amortized as a level percentage of pay. The remaining amortization period at June 30, 2016, was 22 years.

COUNTY OF SACRAMENTO
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NOTE 16 - SELF-INSURANCE

The County self-insures for property damage, general liability, workers' compensation, and unemployment insurance claims. Self-insurance programs are accounted for in internal service funds, and interfund premium charges are treated as interfund services. Interfund premiums are based primarily upon the insured funds' claims experience and are adjusted for any excess or deficit net position within the self-insurance funds. At June 30, 2016, governmental and proprietary funds owed premium charges to the Liability/Property, Workers' Compensation, and Unemployment Insurance funds. It is the County's policy to fund the governmental funds' liability for premium charges by making provisions in budgets of succeeding years. The self-insurance internal service funds recognize revenue and the owing funds expense/expenditure when the owing funds are charged by the self-insurance internal service funds.

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

During the past three fiscal years, no instances or settlements exceeded insurance coverage.

Reconciliation of Claims Liabilities

	Liability/Property		Worker's Compensation		Unemployment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Unpaid claims and claim adjustment expenses at beginning of the fiscal year								
Current portion	\$ 10,294	10,973	22,624	21,692	212	239	33,130	32,904
Noncurrent	23,258	24,483	154,087	147,740			177,345	172,223
Total beginning balance, July 1	33,552	35,456	176,711	169,432	212	239	210,475	205,127
Incurred claims and claim adjustment expenses:								
Provision for insured events for current year	7,389	7,643	20,386	21,711	1,260	1,182	29,035	30,536
Increase (decrease) in provision for insured events of prior fiscal years	9,645	8,010	922	8,144			10,567	16,154
Total incurred claims and claim adjustment expenses	17,034	15,653	21,308	29,855	1,260	1,182	39,602	46,690
Less Payments:								
Claims and claim adjustment expenses attributable to insured events of current fiscal year	503	647	2,603	2,546	1,069	970	4,175	4,163
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	16,029	16,910	19,059	20,030	212	239	35,300	37,179
Total payments	16,532	17,557	21,662	22,576	1,281	1,209	39,475	41,342
Total unpaid claims and claim adjustment expenses at end of the fiscal year, June 30	\$ 34,054	33,552	176,357	176,711	191	212	210,602	210,475
Current portion of unpaid claims and claim adjustments	\$ 9,726	10,294	24,266	22,624	191	212	34,183	33,130
Non current portion of unpaid claims and claim adjustments	24,328	23,258	152,091	154,087			176,419	177,345
Total current and non current unpaid and claim adjustment expenses at end of the fiscal year	\$ 34,054	33,552	176,357	176,711	191	212	210,602	210,475

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

Coverage	Amount	Deductible	Provision
Airport Liability & Hangerkeepers	\$ 500,000 *	\$ 10	Each occurrence
Property Program:			
Property Insurance (All Risk)	1,500,000 *	50	Each occurrence
Flood	1,450,000 *	5 percent / 100 minimum	Per building / Each occurrence
Earthquake (EQ)	25,000 *	2 percent / 100 minimum	Per building / Each occurrence
Sheriff Vehicle Physical Damage	13,000 *	20	Each occurrence
		5 (25 at Water Treatment Plant locations)	
Boiler/Machinery	100,000		Each Occurrence
Cyber Liability	2,000	100	Each occurrence
Crime:			
Faithful Performance	15,000	25	Each occurrence
Employee Dishonesty	15,000	25	Each occurrence
Forgery/Money/Computer Fraud	15,000	25	Each occurrence
Sheriff's Helicopters/Airplanes			
Liability	25,000	None	Not applicable
Hull (Physical Damage)	8,725	Various	Helicopters - 1 percent of Aircraft Value Airplanes - Nil Deductible
Fiduciary Retirement Liability	10,000	50	Each claim
General Liability (Excess)	25,000	2,000	Self-insured retention
Pollution Liability	10,000	250	Each occurrence
Workers' Compensation (Excess)	Statutory *	3,000	Self-insured retention
Employers' Liability	5,000 *	3,000	Self-insured retention

*Airport Liability and Hangerkeepers: Effective June 30, 2015, War Risk is included at \$500 million and Terrorism is included at \$500 million. Both are per occurrence and annual aggregate. Property – County property is covered for Terrorism Coverage subject to a \$200 million occurrence and annual aggregate limit. Effective March 31, 2008, EQ is capped at \$25 million. Effective March 31, 2016, All Risk total is at \$1.500 billion (total of Towers I, II, IV and V primary and excess on an actual at risk and tower-capped basis). Effective March 31, 2016, Flood total is at \$1.450 billion (total of Towers I, II, IV and V primary and excess on an actual at risk and tower-capped basis). Effective July 1, 2008, Workers' Compensation (Excess) limit is statutory rather than a dollar limit. Effective July 1, 2008, Employers' Liability (Excess) limit is at \$5 million.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

NOTE 17 - RESTRICTED NET POSITION

Restricted net position is net position subject to constraints either 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provision or enabling legislation. Restricted net position as of June 30, 2016, are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Bond reserves	\$	51,163	51,163
Landfill closure		9,233	9,233
Kiefer Wetlands Preserve		936	936
Debt service	89,853	31,235	121,088
Capital projects	74,799		74,799
Passenger facility charges		19,417	19,417
Future Construction		2,103	2,103
Fire Protection	51,091		51,091
Health programs	233,309		233,309
Transportation	41,412	470	41,882
Lighting and landscape maintenance	4,010		4,010
Community facilities	2,148		2,148
Endowments:			
Expendable		72	72
Nonexpendable		2,029	2,029
Total	<u>\$ 496,622</u>	<u>116,658</u>	<u>613,280</u>

Net position restricted by enabling legislation are comprised of \$19,417 (FAA approved passenger facility charges), \$4,010 (lighting and landscape maintenance) and \$2,148 (community facilities) in the Statement of Net Position at June 30, 2016.

Restricted Net Position include:

- *Landfill closure* – resources necessary to finance closure care costs in the future.
- *Kiefer Wetlands Preserves* – funding for the preservation of vernal pools at the Kiefer landfill.
- *Debt service* – finance payment of interest and principal on bonds or other long-term borrowing in accordance with bond indentures.
- *Capital projects* – financial resources used in the acquisition or construction of major capital facilities in accordance with bond indentures.
- *Passenger facilities charges* – fees collected from airline passengers which are required to be used to finance Airport projects.
- *Endowments* – to be used to support the Airport public art in perpetuity.

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- *Health and sanitation programs* – health programs are comprised of the following:
 - *Water Agencies* – drainage fees and assessments used to protect the community from flood hazards.
 - *Stormwater Utilities* – Stormwater Utility fees, ad valorem tax proceeds, interest income and other various revenues to provide storm drainage, flood control, flood preparation and stormwater quality management services.
 - *Tobacco* – Proceeds from the tobacco litigation settlement to be used for the operation of health, youth, and tobacco prevention programs.
 - *Tobacco Securitization Authority* – reports the activities related to the County securitizing its portion of the nation-wide Tobacco Settlement Agreement.
 - *In-Home Support Services* – state funding for services to aged, blind and disabled persons who are unable to remain in their homes without assistance.
 - *Mental Health Services* - state realignment funds for mental health
 - *Alcohol and Drug programs* - state funding for alcohol and drug programs
 - *Vehicle License Fees (VLF) Realignment* - state funding for vehicle license fees

- *Transportation* – funds received from developer fees and transportation sales tax used to finance construction, improvements and maintenance of the County road system.

- *Lighting and landscape maintenance* – funds received from special assessments used to maintain landscaped corridors, medians and natural open space.

- *Community facilities* – service charges collected from direct levies on property tax bills for various community facilities districts.

- *Fish and game* – fines collected for violations of the fish and game code and deposited to the Fish and Game Propagation Program to support activities related to fish and game, including education.

- *Future construction* – funds that are restricted for future construction projects related to the County Transit and Water Agency.

- *Bond Reserves* – funds that are restricted due to being held to meet bond reserve requirements for the Airport and Water Agency.

- *Public Protection* - Public protection programs are comprised of the following:
 - *Probation* - funds that are restricted for the Probation Department.
 - *Police protection* - funds that are restricted for the Sheriff's Department.
 - *Clerk-Recorder* - funds that are restricted for the County Clerk-Recorder.
 - *Dispute resolution* - funds that are restricted for dispute resolution.
 - *Community Development* - funds that are restricted for Community Development activities.
 - *Protection and inspection* - funds that are restricted for the Agricultural Commissioner.
 - *Fire protection* - funds that are restricted for Natomas Fire Protection, a dependent special district.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

NOTE 18 - FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, assigned and unassigned. (see Note 1 for a description of these categories). An unassigned fund balance in the General Fund (\$25 million) is due to reclassification of amounts to nonspendable, restricted and assigned. A detailed schedule of fund balances as of June 30, 2016, is as follows:

	Major	Non Major Governmental Funds			Total
	General Fund	Special Revenue	Debt Service	Capital Project	
Nonspendable:					
Inventory	\$ 739				739
Long-term receivables/advances	255	691			946
Prepaid items	19,005				19,005
Teeter Plan delinquencies	1,932				1,932
Teeter Plan tax loss	5,926				5,926
Total nonspendable:	<u>27,857</u>	<u>691</u>			<u>28,548</u>
Restricted for:					
Public protection:					
Probation	3,853				3,853
Police Protection	12,612				12,612
Clerk Recorder	23,604				23,604
Dispute Resolution	1,196				1,196
Community Development	2,148				2,148
Protection and Inspection		7,506			7,506
Fire Protection		172			172
Health and sanitation:					
Mental Health Services	163,203				163,203
Alcohol and Drug Programs	144				144
VLF Realignment	2,332				2,332
Solid Waste Authority		520			520
Tobacco Securitization Authority		452			452
Water Agencies		51,961			51,961
In-Home Support Services		608			608
Public ways and facilities		34,823		619	35,442
Recreation and culture	3,261	10,032			13,293
Education		300			300
Capital outlay				74,180	74,180
Economic development		68,532			68,532
Lighting and landscape		3,445			3,445
Stormwater utility		18,083			18,083
Tobacco settlement		6			6
Environmental Management		14,089			14,089
Debt service			89,851		89,851
Total restricted:	<u>212,353</u>	<u>210,529</u>	<u>89,851</u>	<u>74,799</u>	<u>587,532</u>
Assigned for:					
General County Programs	580				580
Health and Sanitation	9,200				9,200
Total assigned:	<u>9,780</u>				<u>9,780</u>
Unassigned:	<u>24,931</u>				<u>24,931</u>
Total	<u>\$ 274,921</u>	<u>211,220</u>	<u>89,851</u>	<u>74,799</u>	<u>650,791</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
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NOTE 19 - CONTINGENCIES

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

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

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

The Petition's causes of action for breach of contract are brought under the following two theories: 1) that UCD had an implied contract with the County – UCD claims that the alleged contract with UCD was manifested by the conduct of the County in its execution of the County's contract with Benefit and Risk Management Services (BRMS); and 2) that UCD is a "third party beneficiary" of the County's contract with BRMS. Pursuant to these theories, UCD alleges the County must pay for hospital care rendered to County Medically Indigent Program (CMISP) patients that were referred to UCD hospital. The Petition seeks damages, including attorneys' fees, in excess of \$125,000.

NOTE 20 - FUTURE GASB PRONOUNCEMENTS

In June 2015, the GASB issued Statement 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The County has not determined the effect, if any, on the financial statements.

In June 2015, the GASB issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The County has not determined the effect, if any, on the financial statements.

In August 2015, the GASB issued Statement No. 77, Tax Abatement Disclosures, effective for financial statements for reporting periods beginning after December 15, 2015. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand 1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition. The County has not determined the effect, if any, on the financial statements.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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In December 2015, the GASB issued Statement No. 78, Pension Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, effective for reporting periods beginning after December 15, 2015. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan, that 1) is not a state or local governmental pension plan, 2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and 3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The County has not determined the effect, if any, on the financial statements.

In January 2016 the GASB issued Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14, effective for the reporting periods beginning after June 15, 2016. The objective of the Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The County has not determined the effect, if any, on the financial statements.

In March 2016, the GASB issued Statement No. 81, Irrevocable Split-Interest Agreements, effective for the reporting periods beginning after December 15, 2016. The objective of the Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The County has not determined the effect, if any, on the financial statements.

In March 2016, the GASB issued Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73, effective for the reporting periods beginning after June 15, 2016. The objective of the Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements Nos. 67 and 68. Specifically, the Statement addresses issues regarding 1) the presentation of payroll-related measures in required supplementary information, 2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and 3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The County has not determined the effect, if any, on the financials. In February 2015, the GASB issued Statement 72, Fair Value Measurement and Application, effective for financial statements for reporting periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The County has not determined the effect, if any, on the financial statements.

In November 2016, GASB issued Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The County has not determined the effect, if any, on the financial statements.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

NOTE 21 - SUBSEQUENT EVENTS

Teeter Plan

On November 1, 2016, the County issued its 2016 Teeter Note and purchased under the Teeter Plan the delinquent secured property tax receivables at June 30, 2016, in the amount of \$17,391 from the local taxing entities and selected special assessment districts in Sacramento County. The financing of this purchase was accomplished by a five-year legal, secured medium-term note obligation of the County that was purchased by the Treasurer's Pool. The terms of the note include the pooled investment fund rate of interest commencing August 1, 2017. Such payments may be made more frequently, but not more often than quarterly. The note matures August 1, 2021. Note 1 (Property Taxes) and Note 8 further describe the Teeter issues.

Dry Period Financing

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

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

As such, in Fiscal Year 2016-17 the County General Fund may utilize up to 85 percent of its anticipated (estimated) revenues during the 'dry period' to meet any obligation incurred. The money is essentially loaned by the Treasurer's County Investment Pool (Treasury Pool), and accordingly, any funds loaned and interest costs incurred must be repaid by the General Fund. Dry period financing in the months of July through September was based on the General Fund's \$2.371 billion in estimated revenues approved in the County's Fiscal Year 2016-17 Preliminary Budget. The County's final Fiscal Year 2016-17 Budget was approved in September 2016 and the dry period financing amount was adjusted to reflect the final General Fund estimated revenues of \$2.395 billion. In addition, on a monthly basis, as revenue is received the dry period financing amount is decreased accordingly.

Airport Revenue Refunding Bonds

On December 21, 2016, the County issued \$89,000,000 of Airport System Senior Revenue Refunding Bonds, Series 2016A and \$92,790,000 of Airport System Subordinate Revenue Refunding Bonds, Series 2016B. The Series 2016A Senior Bonds were issued to advance refund a portion of the outstanding County of Sacramento Airport System Senior Revenue Bonds, Series 2008A and all of the outstanding County of Sacramento Airport System Senior Revenue Bonds, Series 2009A. The Series 2016B Subordinate Bonds were issued to advance refund all of the outstanding County of Sacramento Airport System Subordinate and PFC/Grant Revenue Bonds, Series 2009C.

NOTE 22 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

In accordance with Assembly Bill (AB) 1X 26 and AB 1434, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. The County of Sacramento elected to be appointed as Redevelopment Agency Successor Agency (RASA) for the redevelopment project areas for the purpose of winding down the affairs of the Agency. The RASA was created to serve, in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency (RDA). The RASA operates under the auspices of a legislatively formed oversight board who has authority over its financial affairs and supervises its operations and timely dissolution. The assets are held in trust for the benefit of the taxing entities within the former RDA boundaries and as such are not available for County use. The RASA is responsible for preparing and submitting to the State Department of Finance the recognized obligation payment schedule (ROPS) for the enforceable obligations due, and remitting payments for the approved enforceable obligations of the former Redevelopment Agency's redevelopment project areas. Once the ROPS is approved by State Department of Finance, and provided sufficient tax revenues are available, the County Auditor-Controller's Office distributes property taxes to the RASAs from the County's Redevelopment Property Tax Trust Fund (RPTTF) to the RASA for payment of enforceable obligations. It is reasonably possible that the State Department of Finance could invalidate any of the obligations reported on the Successor Agency's Recognized Obligations Payment Schedule.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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In July 2013, the County received notification of “Finding of Completion” from the State Department of Finance, which allows for: 1) loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was made for legitimate redevelopment purposes per HSC section 34191.4 (b) (1); and 2) utilizing derived proceeds from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC 34191.5 (b), within six months from the date of the letter. The County Redevelopment Successor Agency Long Range Property Management Plan was approved by the oversight board October 21, 2013.

During the fiscal year ended June 30, 2015, the County became aware that the RASA has a joint ownership position for a property located at 801 12th Street, Sacramento, California. The County’s percentage of ownership and value of the property is yet to be determined. The County is working with the other owners of the property to determine the values of ownership for each entity.

During the fiscal year ended July 30, 2016 the RASA sold 6 of its 11 properties at a combined total loss of 3,512. As of June 30, 2016, the Agency owes County Public Financing Authority \$70,505.

**COUNTY OF SACRAMENTO
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
LAST TEN YEARS
(amounts expressed in thousands)**

Retirement Plan - Schedule of Proportionate Share of the Net Pension Liability

<u>County</u>	<u>2015*</u>	<u>2016</u>
Proportion of the net pension liability	89.865 %	89.005 %
Proportionate share of the net pension liability	692,793	1,023,390
Covered-employee payroll **	731,874	745,978
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	94.66 %	137.19 %
Plan fiduciary net position as a percentage of the total pension liability	91.02 %	87.26 %
<u>Carmichael</u>		
Proportion of the net pension liability	0.102 %	0.119 %
Proportionate share of the net pension liability	787	1,373
Covered-employee payroll **	1,040	1,096
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	75.67 %	125.27 %
Plan fiduciary net position as a percentage of the total pension liability	91.02 %	87.26 %
<u>Mission Oaks</u>		
Proportion of the net pension liability	0.083 %	0.095 %
Proportionate share of the net pension liability	643	1,090
Covered-employee payroll **	826	1,083
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	77.85 %	100.65 %
Plan fiduciary net position as a percentage of the total pension liability	91.02 %	87.26 %
<u>Sunrise</u>		
Proportion of the net pension liability	0.142 %	0.169 %
Proportionate share of the net pension liability	1,046	1,939
Covered-employee payroll **	1,092	1,521
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	95.79 %	127.48 %
Plan fiduciary net position as a percentage of the total pension liability	91.02 %	87.26 %
<u>Measurement Date:</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>

Notes to Schedule:

* Fiscal year 2015 was the first year of implementation.

** Covered employee payroll represents compensation earnable and pensionable compensation for the fiscal year of the measurement period.

Benefit changes: All members with membership dates on or after January 1, 2013, enter the new tiers created by the California Public Employees' Pension Reform Act of 2013 (PEPRA).

COUNTY OF SACRAMENTO
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
LAST TEN YEARS
(amounts expressed in thousands)

Retirement Plan - Schedule of Contributions

<u>County</u>	<u>2015*</u>	<u>2016</u>
Actuarially determined contribution	\$ 191,907	\$ 180,678
Contributions in relation to the actuarially determined contribution	<u>(191,907)</u>	<u>(180,678)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll**	\$ 745,978	\$ 778,394
Contributions as a percentage of covered- employee payroll	25.73 %	23.21 %
<u>Carmichael</u>		
Actuarially determined contribution	\$ 325	\$ 309
Contributions in relation to the actuarially determined contribution	<u>(325)</u>	<u>(309)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll**	\$ 1,096	\$ 1,138
Contributions as a percentage of covered- employee payroll	29.65 %	27.15 %
<u>Mission Oaks</u>		
Actuarially determined contribution	\$ 258	\$ 221
Contributions in relation to the actuarially determined contribution	<u>(258)</u>	<u>(221)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll**	\$ 1,083	\$ 1,021
Contributions as a percentage of covered- employee payroll	23.82 %	21.65 %
<u>Sunrise</u>		
Actuarially determined contribution	\$ 459	\$ 419
Contributions in relation to the actuarially determined contribution	<u>(459)</u>	<u>(419)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll**	\$ 1,521	\$ 1,495
Contributions as a percentage of covered- employee payroll	30.24 %	28.03 %

Notes to Schedule:

* Fiscal year 2015 was the first year of implementation.

** Covered employee payroll represents compensation earnable and pensionable compensation for the fiscal year of the reporting period.

**COUNTY OF SACRAMENTO
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
LAST TEN YEARS
(amounts expressed in thousands)**

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/11	\$ 0	\$ 100,416	\$ 100,416	0.0%	\$ 789,347	12.7%
6/30/13	0	115,690	115,690	0.0%	758,142	15.3%
6/30/15	0	146,143	146,143	0.0%	756,370	19.3%

Source: Bartel Associates, LLC - “Sacramento County Retiree Healthcare Plan, June 30, 2011 GASB 45 Actuarial Valuation Final Results”, “Sacramento County Retiree Healthcare Plan, June 30, 2013 GASB 45 Actuarial Valuation Final Results.” And “Sacramento County Retiree Healthcare Plan, June 30, 2015 GASB 45 Actuarial Valuation Final Results.”

Notes to the Required Supplementary Information:

1. This information is intended to help users assess the OPEB funding status ongoing basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.
2. The information presented relates solely to the County and not to SCERS as a whole.
3. June 30, 2015, is the most current actuarial valuation. In the future, information from the three most recent valuations will be presented, as it becomes available.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 227,923	64,038	80,270	372,231
Receivables:				
Billed	8,640		37	8,677
Interest	1,178	331	222	1,731
Intergovernmental	3,965			3,965
Restricted assets			5	5
Long-term advances to other funds	10,948			10,948
Loan receivable from Successor Agency		57,650		57,650
Long-term receivables	509	31,523	866	32,898
Total assets	<u>\$ 253,163</u>	<u>153,542</u>	<u>81,400</u>	<u>488,105</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Warrants payable	\$ 1,845	1	292	2,138
Accrued liabilities	15,014	11	649	15,674
Intergovernmental payable	8,217		4,793	13,010
Due to other funds	3,016		1	3,017
Unearned revenue	1,648		866	2,514
Other long-term liabilities	1,946			1,946
Total liabilities	<u>31,686</u>	<u>12</u>	<u>6,601</u>	<u>38,299</u>
Deferred inflows of resources:				
Unavailable Revenue	<u>10,257</u>	<u>63,679</u>		<u>73,936</u>
Fund balances:				
Nonspendable	691			691
Restricted	210,529	89,851	74,799	375,179
Total fund balances (deficit)	<u>211,220</u>	<u>89,851</u>	<u>74,799</u>	<u>375,870</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances:	<u>\$ 253,163</u>	<u>153,542</u>	<u>81,400</u>	<u>488,105</u>

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Taxes	\$ 39,671			39,671
Use of money and property	7,875	572	2,652	11,099
Licenses and permits	49,454			49,454
Intergovernmental	83,364	26,722	2,377	112,463
Charges for sales and services	123,078		4,894	127,972
Fines, forfeitures and penalties	124	9,407	2,973	12,504
Pledged tobacco settlement revenues	12,229			12,229
Contributions from property owners			24,167	24,167
Miscellaneous	13,055	3	29,535	42,593
Total revenues	<u>328,850</u>	<u>36,704</u>	<u>66,598</u>	<u>432,152</u>
Expenditures:				
Current:				
General government	57,130			57,130
Public protection	19,176			19,176
Health and sanitation	33,815			33,815
Public ways and facilities	135,239		709	135,948
Recreation and culture	17,199			17,199
Education	967			967
Capital outlay	28,208		30,872	59,080
Debt service:				
Principal		67,346		67,346
Interest and fiscal charges		135,661		135,661
Total expenditures	<u>291,734</u>	<u>203,007</u>	<u>31,581</u>	<u>526,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,116</u>	<u>(166,303)</u>	<u>35,017</u>	<u>(94,170)</u>
Other financing sources (uses):				
Transfers in	1,773	152,510		154,283
Transfers out	(27,315)	(17,662)	(4,425)	(49,402)
Issuance of debt		19,522		19,522
Total other financing sources (uses)	<u>(25,542)</u>	<u>154,370</u>	<u>(4,425)</u>	<u>124,403</u>
Net change in fund balances	11,574	(11,933)	30,592	30,233
Fund balances - beginning	199,646	101,784	44,207	345,637
Fund balances - ending	<u>\$ 211,220</u>	<u>89,851</u>	<u>74,799</u>	<u>375,870</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

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

Sacramento Regional Solid Waste Authority (SWA) - The SWA is an autonomous governmental organization or Joint Powers Authority (JPA) formed in December 1992, funded by franchise fees and governed by a Board of Directors consisting of elected officials from the County and the member cities. SWA regulates commercial solid waste collection by franchised haulers through ordinances.

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

Transportation Sales Tax- Accounts for the public road improvements in the unincorporated area of the County that are funded from the Measure A Transportation Sales Tax.

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

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

Lighting and Landscape Maintenance Districts - As blended component units of the County was formed to provide all street and highway safety lighting services in the unincorporated area of the County (lighting) and to account for revenues and expenditures for the maintenance of the landscaped corridors in medians and natural open spaces in the unincorporated areas funded by service charges through direct levy subject to Proposition 218 requirements.

Park Districts and Park Service Areas - As a blended component unit of the County accounts for the operation of three Board of Supervisors-governed park districts, and for administrative and program assistance provided by the Department of Parks and Recreation to County service area four.

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

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

Tobacco - Accounts for revenues and expenditures associated with the tobacco litigation settlement to be used for the operation of health, youth, and tobacco prevention programs.

SPECIAL REVENUE FUNDS

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

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

Tobacco Securitization Authority - As a blended component unit of the County reports the activities related to the County securitizing its portion of the nationwide Tobacco Settlement Agreement.

Environmental Management - Accounts for revenues and expenditures for public health and environmental regulatory services of water, food, and hazardous materials funded through permits, license, registration, fees and penalties.

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

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

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

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

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

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

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

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(amounts expressed in thousands)

Page 1 of 3

	Road	Solid Waste Authority	Library	Transportation Sales Tax	Building Inspection	Public Facilities Fixed Asset Financing Program
Assets:						
Cash and investments	\$ 28,565	1,706	345	3,311	7,591	
Receivables, net of allowance for uncollectibles:						
Billed	3,221	2		1,773	3	
Interest	172	10	1	18	43	
Intergovernmental	162			1,125		
Long-term advances to other funds						10,257
Long-term receivables						
Total assets	\$ 32,120	1,718	346	6,227	7,637	10,257
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Warrants payable	\$ 89			5	44	
Accrued liabilities	5,075	470		2,416	1	
Intergovernmental payable		306		4,368	90	
Due to other funds	2,114		46			
Unearned revenue	717	422				
Other long-term liabilities						
Total liabilities	7,995	1,198	46	6,789	135	
Deferred inflows of resources:						
Unavailable Revenue						10,257
Fund balances:						
Nonspendable						
Restricted	24,125	520	300	(562)	7,502	
Total fund balances (deficit)	24,125	520	300	(562)	7,502	
Total liabilities, deferred inflows of resources, and fund balances	\$ 32,120	1,718	346	6,227	7,637	10,257

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(amounts expressed in thousands)

Page 2 of 3

	Lighting and Landscape Maintenance Districts	Park Districts and Park Service Areas	Water Agencies	Stormwater Utility	Tobacco
Assets:					
Cash and investments	\$ 2,971	12,081	51,901	21,506	12
Receivables, net of allowance for uncollectibles:					
Billed	36	579	28	2,029	
Interest	13	42	276	112	6
Intergovernmental					
Long-term advances to other funds					
Long-term receivables					
Total assets	\$ 3,020	12,702	52,205	23,647	18
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Warrants payable	\$ 26	265	6	64	
Accrued liabilities	46	431	238	2,034	
Intergovernmental payable		2,001		938	12
Due to other funds				582	
Unearned revenue					
Other long-term liabilities				1,946	
Total liabilities	72	2,697	244	5,564	12
Deferred inflows of resources:					
Unavailable Revenue					
Fund balances:					
Nonspendable					
Restricted	2,948	10,005	51,961	18,083	6
Total fund balances (deficit)	2,948	10,005	51,961	18,083	6
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,020	12,702	52,205	23,647	18

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(amounts expressed in thousands)

Page 3 of 3

	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
Assets:						
Cash and investments	\$ 69,792	11,307	470	12,951	3,414	227,923
Receivables, net of allowance for uncollectibles:						
Billed	857	47		1	64	8,640
Interest	359	50		56	20	1,178
Intergovernmental	129	46		2,420	83	3,965
Long-term advances to other funds	691					10,948
Long-term receivables		509				509
Total assets	\$ 71,828	11,959	470	15,428	3,581	253,163
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Warrants payable	\$ 90	6		264	986	1,845
Accrued liabilities	2,492	804	18	785	204	15,014
Intergovernmental payable				39	463	8,217
Due to other funds	23			251		3,016
Unearned revenue		509				1,648
Other long-term liabilities						1,946
Total liabilities	2,605	1,319	18	1,339	1,653	31,686
Deferred inflows of resources:						
Unavailable Revenue						10,257
Fund balances:						
Nonspendable	691					691
Restricted	68,532	10,640	452	14,089	1,928	210,529
Total fund balances (deficit)	69,223	10,640	452	14,089	1,928	211,220
Total liabilities, deferred inflows of resources, and fund balances	\$ 71,828	11,959	470	15,428	3,581	253,163

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

Page 1 of 3

	Road	Solid Waste Authority	Library	Transportation Sales Tax	Building Inspection	Public Facilities Fixed Asset Financing Program
Revenues:						
Taxes	\$ 1,098			21,266		
Use of money and property	492	9		37	34	
Licenses and permits	1,397	4,605			16,078	
Intergovernmental	37,381			4,100	9	
Charges for sales and services	48,466				245	36,361
Fines, forfeitures and penalties	6	92			3	
Pledged tobacco settlement proceeds						
Miscellaneous	2,881	2	947	1,413		
Total revenues	<u>91,721</u>	<u>4,708</u>	<u>947</u>	<u>26,816</u>	<u>16,369</u>	<u>36,361</u>
Expenditures:						
Current:						
General government						
Public protection					15,158	
Health and sanitation		4,621				
Public ways and facilities	103,161			27,805		
Recreation and culture						
Education			967			
Capital outlay						28,208
Total expenditures	<u>103,161</u>	<u>4,621</u>	<u>967</u>	<u>27,805</u>	<u>15,158</u>	<u>28,208</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,440)</u>	<u>87</u>	<u>(20)</u>	<u>(989)</u>	<u>1,211</u>	<u>8,153</u>
Other financing sources (uses):						
Transfers in	994			289		
Transfers out	(2,297)			(1,356)		(8,161)
Total other financing sources (uses)	<u>(1,303)</u>			<u>(1,067)</u>		<u>(8,161)</u>
Net change in fund balances	(12,743)	87	(20)	(2,056)	1,211	(8)
Fund balances - beginning	36,868	433	320	1,494	6,291	8
Fund balances - ending	<u>\$ 24,125</u>	<u>520</u>	<u>300</u>	<u>(562)</u>	<u>7,502</u>	

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

Page 2 of 3

	Lighting and Landscape Maintenance Districts	Park Districts and Park Service Areas	Water Agencies	Stormwater Utility	Tobacco
Revenues:					
Taxes	\$ 383	8,552		6,220	
Use of money and property	22	2,940	209	86	9
Licenses and permits			3,954		
Intergovernmental	6	624		35	
Charges for sales and services	2,553	5,709	4,369	22,795	
Fines, forfeitures and penalties					
Pledged tobacco settlement proceeds					
Miscellaneous	1,006	1,212	133	441	
Total revenues	<u>3,970</u>	<u>19,037</u>	<u>8,665</u>	<u>29,577</u>	<u>9</u>
Expenditures:					
Current:					
General government	3,382			33,627	
Public protection					
Health and sanitation			9,444		
Public ways and facilities					
Recreation and culture		17,174			
Education					
Capital outlay					
Total expenditures	<u>3,382</u>	<u>17,174</u>	<u>9,444</u>	<u>33,627</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>588</u>	<u>1,863</u>	<u>(779)</u>	<u>(4,050)</u>	<u>9</u>
Other financing sources (uses):					
Transfers in					
Transfers out				(999)	(1,241)
Total other financing sources (uses)				<u>(999)</u>	<u>(1,241)</u>
Net change in fund balances	588	1,863	(779)	(5,049)	(1,232)
Fund balances - beginning	2,360	8,142	52,740	23,132	1,238
Fund balances - ending	<u>\$ 2,948</u>	<u>10,005</u>	<u>51,961</u>	<u>18,083</u>	<u>6</u>

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

Page 3 of 3

	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
Revenues:						
Taxes	\$				2,152	39,671
Use of money and property	3,902	80	1	45	9	7,875
Licenses and permits	41	5,857		15,764	1,758	49,454
Intergovernmental	39,711	262			1,236	83,364
Charges for sales and services	1,226			789	565	123,078
Fines, forfeitures and penalties					23	124
Pledged tobacco settlement proceeds			12,229			12,229
Miscellaneous	3,107	490		1,384	39	13,055
Total revenues	<u>47,987</u>	<u>6,689</u>	<u>12,230</u>	<u>17,982</u>	<u>5,782</u>	<u>328,850</u>
Expenditures:						
Current:						
General government	19,964				157	57,130
Public protection					4,018	19,176
Health and sanitation			141	18,090	1,519	33,815
Public ways and facilities		3,897			376	135,239
Recreation and culture					25	17,199
Education						967
Capital outlay						28,208
Total expenditures	<u>19,964</u>	<u>3,897</u>	<u>141</u>	<u>18,090</u>	<u>6,095</u>	<u>291,734</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,023</u>	<u>2,792</u>	<u>12,089</u>	<u>(108)</u>	<u>(313)</u>	<u>37,116</u>
Other financing sources (uses):						
Transfers in		490				1,773
Transfers out	(135)	(128)	(12,054)	(944)		(27,315)
Total other financing sources (uses)	<u>(135)</u>	<u>362</u>	<u>(12,054)</u>	<u>(944)</u>		<u>(25,542)</u>
Net change in fund balances	27,888	3,154	35	(1,052)	(313)	11,574
Fund balances - beginning	41,335	7,486	417	15,141	2,241	199,646
Fund balances - ending	<u>\$ 69,223</u>	<u>10,640</u>	<u>452</u>	<u>14,089</u>	<u>1,928</u>	<u>211,220</u>

**COUNTY OF SACRAMENTO
ROAD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Taxes	\$ 794	1,206	1,098	(108)
Use of money and property	321	321	492	171
Licenses and permits	1,206	1,206	1,397	191
Intergovernmental	48,080	47,444	37,381	(10,063)
Charges for sales and services	49,815	50,030	48,466	(1,564)
Fines, forfeitures and penalties	3	3	6	3
Miscellaneous	<u>2,601</u>	<u>2,558</u>	<u>2,881</u>	<u>323</u>
Total revenues	<u>102,820</u>	<u>102,768</u>	<u>91,721</u>	<u>(11,047)</u>
Expenditures:				
Current:				
Public ways and facilities	<u>122,534</u>	<u>124,066</u>	<u>103,161</u>	<u>20,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,714)</u>	<u>(21,298)</u>	<u>(11,440)</u>	<u>9,858</u>
Other financing sources (uses):				
Transfers in	994	994	994	
Transfers out	<u>(2,298)</u>	<u>(2,298)</u>	<u>(2,297)</u>	<u>1</u>
Total financing sources (uses)	<u>(1,304)</u>	<u>(1,304)</u>	<u>(1,303)</u>	<u>1</u>
Net change in fund balances	<u>\$ (21,018)</u>	<u>(22,602)</u>	<u>(12,743)</u>	<u>9,859</u>

**COUNTY OF SACRAMENTO
SOLID WASTE AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ (6)	(6)	9	15
Licenses and permits	4,325	4,400	4,605	205
Fines, forfeitures and penalties	5	5	92	87
Miscellaneous			2	2
Total revenues	<u>4,324</u>	<u>4,399</u>	<u>4,708</u>	<u>309</u>
Expenditures:				
Current:				
Health and sanitation	<u>4,324</u>	<u>4,747</u>	<u>4,621</u>	<u>126</u>
Excess (deficiency) of revenues under expenditures		<u>(348)</u>	<u>87</u>	<u>435</u>
Net change in fund balances	<u>\$</u>	<u>(348)</u>	<u>87</u>	<u>435</u>

**COUNTY OF SACRAMENTO
LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ (6)	(6)		6
Miscellaneous	<u>951</u>	<u>951</u>	<u>947</u>	<u>(4)</u>
Total revenues	<u>945</u>	<u>945</u>	<u>947</u>	<u>2</u>
Expenditures:				
Current:				
Education	<u>1,211</u>	<u>1,266</u>	<u>967</u>	<u>299</u>
Deficiency of revenues under expenditures	<u>(266)</u>	<u>(321)</u>	<u>(20)</u>	<u>301</u>
Net change in fund balances	<u>\$ (266)</u>	<u>(321)</u>	<u>(20)</u>	<u>301</u>

**COUNTY OF SACRAMENTO
TRANSPORTATION SALES TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 18,542	22,561	21,266	(1,295)
Use of money and property	10	10	37	27
Intergovernmental	9,327	10,530	4,100	(6,430)
Miscellaneous	<u> </u>	<u> </u>	<u>1,413</u>	<u>1,413</u>
Total revenues	<u>27,879</u>	<u>33,101</u>	<u>26,816</u>	<u>(6,285)</u>
Expenditures:				
Current:				
Public ways and facilities	<u>27,021</u>	<u>32,328</u>	<u>27,805</u>	<u>4,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>858</u>	<u>773</u>	<u>(989)</u>	<u>(1,762)</u>
Other financing uses:				
Transfers in	(289)	(289)	289	578
Transfers out	<u>(1,356)</u>	<u>(1,356)</u>	<u>(1,356)</u>	<u> </u>
Total other financing uses:	<u>(1,645)</u>	<u>(1,645)</u>	<u>(1,067)</u>	<u>578</u>
Net change in fund balances	<u><u>\$ (787)</u></u>	<u><u>(872)</u></u>	<u><u>(2,056)</u></u>	<u><u>(1,184)</u></u>

**COUNTY OF SACRAMENTO
BUILDING INSPECTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 12	12	34	22
Licenses and permits	13,354	13,354	16,078	2,724
Intergovernmental	8	8	9	1
Charges for sales and services	186	186	245	59
Fines, forfeitures and penalties	8	8	3	(5)
Miscellaneous	<u>2</u>	<u>2</u>	<u> </u>	<u>(2)</u>
Total revenues	<u>13,570</u>	<u>13,570</u>	<u>16,369</u>	<u>2,799</u>
Expenditures:				
Current:				
Public protection:				
Protection and inspection	<u>16,586</u>	<u>17,246</u>	<u>15,158</u>	<u>2,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,016)</u>	<u>(3,676)</u>	<u>1,211</u>	<u>4,887</u>
Other financing sources:				
Net change in fund balances	<u><u>\$ (3,016)</u></u>	<u><u>(3,676)</u></u>	<u><u>1,211</u></u>	<u><u>4,887</u></u>

COUNTY OF SACRAMENTO
PUBLIC FACILITIES FIXED ASSET FINANCING PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Charges for sales and services	\$ 36,361	36,361	36,361	
Miscellaneous		48		(48)
	<u>36,361</u>	<u>36,409</u>	<u>36,361</u>	<u>(48)</u>
Total revenues				
Expenditures:				
Capital outlay	28,200	28,200	28,208	(8)
Excess of revenues over expenditures	<u>8,161</u>	<u>8,209</u>	<u>8,153</u>	<u>(56)</u>
Other financing uses:				
Transfers out	(8,161)	(8,161)	(8,161)	
Net change in fund balances	<u>\$ (7,335)</u>	<u>490</u>	<u>(8)</u>	<u>(56)</u>

**COUNTY OF SACRAMENTO
LIGHTING AND LANDSCAPE MAINTENANCE DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Taxes	\$ 285	285	383	98
Use of money and property	6	6	22	16
Intergovernmental	4	4	6	2
Charges for sales and services	2,530	2,530	2,553	23
Miscellaneous	975	975	1,006	31
Total revenues	<u>3,800</u>	<u>3,800</u>	<u>3,970</u>	<u>170</u>
Expenditures:				
General government	3,983	3,920	3,382	538
Excess (deficiency) of revenues over (under) expenditures	<u>(183)</u>	<u>(120)</u>	<u>588</u>	<u>708</u>
Net change in fund balances	<u>\$ (183)</u>	<u>(120)</u>	<u>588</u>	<u>708</u>

COUNTY OF SACRAMENTO
PARK DISTRICTS AND PARK SERVICE AREAS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 7,901	8,202	8,552	350
Use of money and property	1,853	1,867	2,940	1,073
Intergovernmental	1,237	1,188	624	(564)
Charges for sales and services	5,076	5,163	5,709	546
Miscellaneous	<u>1,828</u>	<u>1,875</u>	<u>1,212</u>	<u>(663)</u>
Total revenues	<u>17,895</u>	<u>18,295</u>	<u>19,037</u>	<u>742</u>
Expenditures:				
Current:				
Recreation and culture	<u>21,610</u>	<u>23,064</u>	<u>17,174</u>	<u>5,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,715)</u>	<u>(4,769)</u>	<u>1,863</u>	<u>6,632</u>
Net change in fund balances	<u><u>\$ (3,715)</u></u>	<u><u>(4,769)</u></u>	<u><u>1,863</u></u>	<u><u>6,632</u></u>

**COUNTY OF SACRAMENTO
WATER AGENCIES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ (192)	(192)	209	401
Licenses and permits	3,130	3,130	3,954	824
Charges for sales and services	10,187	10,296	4,369	(5,927)
Miscellaneous	1,618	1,618	133	(1,485)
Total revenues	14,743	14,852	8,665	(6,187)
Expenditures:				
Current:				
Health and sanitation	26,009	26,777	9,444	17,333
Excess (deficiency) of revenues over (under) expenditures	(11,266)	(11,925)	(779)	11,146
Net change in fund balances	\$ (11,266)	(11,925)	(779)	11,146

**COUNTY OF SACRAMENTO
STORMWATER UTILITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 5,747	5,747	6,220	473
Use of money and property	(41)	(41)	86	127
Intergovernmental	1,742	2,082	35	(2,047)
Charges for sales and services	22,975	23,731	22,795	(936)
Miscellaneous	2,130	2,530	441	(2,089)
Total revenues	<u>32,553</u>	<u>34,049</u>	<u>29,577</u>	<u>(4,472)</u>
Expenditures:				
Current:				
General government	<u>40,522</u>	<u>42,910</u>	<u>33,627</u>	<u>9,283</u>
Deficiency of revenues under expenditures	<u>(7,969)</u>	<u>(8,861)</u>	<u>(4,050)</u>	<u>4,811</u>
Other financing sources (uses):				
Transfers out	<u>(999)</u>	<u>(999)</u>	<u>(999)</u>	
Total other financing sources (uses)	<u>(999)</u>	<u>(999)</u>	<u>(999)</u>	
Net change in fund balances	<u><u>\$ (8,968)</u></u>	<u><u>(9,860)</u></u>	<u><u>(5,049)</u></u>	<u><u>4,811</u></u>

**COUNTY OF SACRAMENTO
TOBACCO SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ _____	_____	9	9
Total revenues	_____	_____	9	9
Expenditures:				
Current:				
General government				
Finance	(10)	5	_____	5
Deficiency of revenues under expenditures	10	(5)	9	14
Other financing sources (uses):				
Transfers out	(1,241)	(1,241)	(1,241)	_____
Total other financing sources (uses)	(1,241)	(1,241)	(1,241)	_____
Net change in fund balances	\$ (1,231)	(1,246)	(1,232)	14

**COUNTY OF SACRAMENTO
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 3,590	3,590	3,902	312
Licenses and permits	41	41	41	
Intergovernmental	23,464	32,204	39,711	7,507
Charges for sales and services	938	938	1,226	288
Miscellaneous	<u>14,651</u>	<u>13,573</u>	<u>3,107</u>	<u>(10,466)</u>
Total revenues	<u>42,684</u>	<u>50,346</u>	<u>47,987</u>	<u>(2,359)</u>
Expenditures:				
Current:				
General government	<u>51,013</u>	<u>61,698</u>	<u>19,964</u>	<u>41,734</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,329)</u>	<u>(11,352)</u>	<u>28,023</u>	<u>(39,375)</u>
Other financing uses:				
Transfers out	<u>(135)</u>	<u>(135)</u>	<u>(135)</u>	
Total other financing uses	<u>(135)</u>	<u>(135)</u>	<u>(135)</u>	
Net change in fund balances	<u><u>\$ (8,464)</u></u>	<u><u>(11,487)</u></u>	<u><u>27,888</u></u>	<u><u>39,375</u></u>

**COUNTY OF SACRAMENTO
ROADWAY FEE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 16	16	80	64
Licenses and permits	3,065	4,157	5,857	1,700
Intergovernmental	172	2,209	262	(1,947)
Miscellaneous	133	120	490	370
	<u>3,386</u>	<u>6,502</u>	<u>6,689</u>	<u>187</u>
Total revenues				
Expenditures:				
Current:				
Public ways and facilities	7,109	7,476	3,897	3,579
	<u>(3,723)</u>	<u>(974)</u>	<u>2,792</u>	<u>3,766</u>
Excess (deficiency) of revenues over (under) expenditures				
Other financing sources:				
Transfers in	490	490	490	
Transfers out	128	128	(128)	(256)
Total other financing sources	<u>618</u>	<u>618</u>	<u>362</u>	<u>(256)</u>
Net change in fund balances	<u>\$ (3,105)</u>	<u>(356)</u>	<u>3,154</u>	<u>3,510</u>

**COUNTY OF SACRAMENTO
TOBACCO SECURITIZATION AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 2	2	1	(1)
Pledged tobacco settlement proceeds	<u>12,229</u>	<u>12,229</u>	<u>12,229</u>	<u> </u>
Total revenues	<u>12,231</u>	<u>12,231</u>	<u>12,230</u>	<u>(1)</u>
Expenditures:				
Current:				
Health and sanitation	<u>141</u>	<u>141</u>	<u>141</u>	<u> </u>
Excess of revenues over expenditures	<u>12,090</u>	<u>12,090</u>	<u>12,089</u>	<u>(1)</u>
Other financing uses:				
Transfers out	<u>(12,054)</u>	<u>(12,054)</u>	<u>(12,054)</u>	<u> </u>
Net change in fund balances	<u>\$ 36</u>	<u>36</u>	<u>35</u>	<u>(1)</u>

**COUNTY OF SACRAMENTO
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ (49)	(49)	45	94
Licenses and permits	15,409	15,409	15,764	355
Intergovernmental	2,548	2,548		(2,548)
Charges for sales and services	665	665	789	124
Miscellaneous	<u>698</u>	<u>698</u>	<u>1,384</u>	<u>686</u>
Total revenues	<u>19,271</u>	<u>19,271</u>	<u>17,982</u>	<u>(1,289)</u>
Expenditures:				
Current:				
Health and sanitation	<u>19,496</u>	<u>19,496</u>	<u>18,090</u>	<u>1,406</u>
Excess of revenues over expenditures	<u>(225)</u>	<u>(225)</u>	<u>(108)</u>	<u>117</u>
Other financing uses:				
Transfers out	<u>(944)</u>	<u>(944)</u>	<u>(944)</u>	
Net change in fund balances	<u><u>\$ (1,169)</u></u>	<u><u>(1,169)</u></u>	<u><u>(1,052)</u></u>	<u><u>117</u></u>

**COUNTY OF SACRAMENTO
OTHER SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 1,984	1,984	2,152	168
Use of money and property	(14)	(14)	9	23
Licenses and permits	1,667	1,943	1,758	(185)
Intergovernmental	26	1,820	1,236	(584)
Charges for sales and services	717	717	565	(152)
Fines, forfeitures and penalties	24	24	23	(1)
Miscellaneous			39	39
	<u>4,404</u>	<u>6,474</u>	<u>5,782</u>	<u>(692)</u>
Total revenues				
Expenditures:				
Current:				
General government	368	450	157	293
Public protection	3,808	4,203	4,018	185
Health and sanitation		1,794	1,519	275
Public ways and facilities	1,724	1,150	376	774
Recreation and culture	28	28	25	3
	<u>5,928</u>	<u>7,625</u>	<u>6,095</u>	<u>1,530</u>
Total expenditures				
Deficiency of revenues under expenditures	<u>(1,524)</u>	<u>(1,151)</u>	<u>(313)</u>	<u>838</u>
Net change in fund balances	<u>\$ (1,524)</u>	<u>(1,151)</u>	<u>(313)</u>	<u>838</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

DEBT SERVICE FUNDS

**COUNTY OF SACRAMENTO
DEBT SERVICE FUNDS**

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

Pension Obligation Bonds - Services the debt related to Pension Obligation Bonds issued to pay off the unfunded pension liability the County owed the Sacramento County Employees' Retirement System.

Teeter Plan - Services the debt associated with the County purchases of delinquent recurrent property taxes receivables under the Alternative Method of Tax Apportionment, the "Teeter Plan."

Tobacco Securitization Authority - Established in FY 2001-02 to service debt associated with the securitization of tobacco settlement agreement payments.

Sacramento County Public Financing Authority - Established in FY 2003-04 to service debt associated with housing and redevelopment projects throughout Sacramento County.

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(amounts expressed in thousands)**

Page 1 of 2

	Public Facilities Financing Corporation						
	Juvenile Courthouse	1997 Public Facilities Refunding	1997 Public Facilities	2003 Public Facilities	2006 Public Facilities	2007 Public Facilities	2010 COP Refunding
Assets:							
Cash and investments	\$ 2,307	7,323		1,078	2,932	3,079	11,654
Interest	14	17	16	8	16	20	45
Loan receivable from Successor Agency							
Long-term receivables							
Total assets	\$ 2,321	7,340	16	1,086	2,948	3,099	11,699
Liabilities, Deferred Inflow of Resources, and Fund Balances:							
Liabilities:							
Warrants payable				1			
Accrued liabilities							
Total liabilities				1			
Deferred inflow of resources:							
Unavailable Revenue							
Total deferred inflow of resources							
Fund balances:							
Restricted	2,321	7,340	16	1,085	2,948	3,099	11,699
Total fund balances	2,321	7,340	16	1,085	2,948	3,099	11,699
Total liabilities, deferred inflow of resources, and fund balances	\$ 2,321	7,340	16	1,086	2,948	3,099	11,699

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(amounts expressed in thousands)**

Page 2 of 2

	Pension Obligation Bonds	Teeter Plan	Tobacco Securitization Authority	Sacramento County Public Financing Authority	Total
Assets:					
Cash and investments	\$ 1,054	4,112	21,522	8,977	64,038
Interest	193	2			331
Loan receivable from Successor Agency				57,650	57,650
Long-term receivables		25,494		6,029	31,523
Total assets	\$ 1,247	29,608	21,522	72,656	153,542
Liabilities, Deferred Inflow of Resources, and Fund Balances:					
Liabilities:					
Warrants payable					1
Accrued liabilities	11				11
Total liabilities	11				12
Deferred inflow of resources:					
Unavailable Revenue				63,679	63,679
Total deferred inflow of resources				63,679	63,679
Fund balances:					
Restricted	1,236	29,608	21,522	8,977	89,851
Total fund balances	1,236	29,608	21,522	8,977	89,851
Total liabilities, deferred inflow of resources, and fund balances	\$ 1,247	29,608	21,522	72,656	153,542

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

Page 1 of 2

	Public-Facilities Financing Corporations						
	Juvenile Courthouse	1997 Public Facilities Refunding	1997 Public Facilities	2003 Public Facilities	2006 Public Facilities	2007 Public Facilities	2010 COP Refunding
Revenues:							
Use of money and property	\$ 12	373	16	7	11	17	34
Intergovernmental							
Fines, forfeitures and penalties							
Miscellaneous					3		
Total revenues	<u>12</u>	<u>373</u>	<u>16</u>	<u>7</u>	<u>14</u>	<u>17</u>	<u>34</u>
Expenditures:							
Debt service:							
Principal	900	3,490		395	1,345	995	8,625
Interest and fiscal charges	1,329	2,839	6	576	1,075	2,014	4,309
Total expenditures	<u>2,229</u>	<u>6,329</u>	<u>6</u>	<u>971</u>	<u>2,420</u>	<u>3,009</u>	<u>12,934</u>
Deficiency of revenues under expenditures	<u>(2,217)</u>	<u>(5,956)</u>	<u>10</u>	<u>(964)</u>	<u>(2,406)</u>	<u>(2,992)</u>	<u>(12,900)</u>
Other financing sources (uses):							
Transfers in	2,246	6,348		987	2,439	3,029	12,938
Transfers out		(350)	(3,134)		(889)	(296)	
Issuance of debt							
Total other financing sources (uses)	<u>2,246</u>	<u>5,998</u>	<u>(3,134)</u>	<u>987</u>	<u>1,550</u>	<u>2,733</u>	<u>12,938</u>
Net change in fund balances	<u>29</u>	<u>42</u>	<u>(3,124)</u>	<u>23</u>	<u>(856)</u>	<u>(259)</u>	<u>38</u>
Fund balances - beginning	<u>2,292</u>	<u>7,298</u>	<u>3,140</u>	<u>1,062</u>	<u>3,804</u>	<u>3,358</u>	<u>11,661</u>
Fund balances - ending	<u>\$ 2,321</u>	<u>7,340</u>	<u>16</u>	<u>1,085</u>	<u>2,948</u>	<u>3,099</u>	<u>11,699</u>

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

Page 2 of 2

	Pension Obligation Bonds	Teeter Plan	Tobacco Securitization Authority	Sacramento County Public Financing Authority	Total
Revenues:					
Use of money and property	\$ 79	7	16		572
Intergovernmental	11,106			15,616	26,722
Fines, forfeitures and penalties		9,407			9,407
Miscellaneous					3
Total revenues	<u>11,185</u>	<u>9,414</u>	<u>16</u>	<u>15,616</u>	<u>36,704</u>
Expenditures:					
Debt service:					
Principal	13,876	23,760	525	13,435	67,346
Interest and fiscal charges	107,789	123	11,551	4,050	135,661
Total expenditures	<u>121,665</u>	<u>23,883</u>	<u>12,076</u>	<u>17,485</u>	<u>203,007</u>
Deficiency of revenues under expenditures	<u>(110,480)</u>	<u>(14,469)</u>	<u>(12,060)</u>	<u>(1,869)</u>	<u>(166,303)</u>
Other financing sources (uses):					
Transfers in	112,469		12,054		152,510
Transfers out	(2,972)	(10,021)			(17,662)
Issuance of debt		19,522			19,522
Total other financing sources (uses)	<u>109,497</u>	<u>9,501</u>	<u>12,054</u>		<u>154,370</u>
Net change in fund balances	<u>(983)</u>	<u>(4,968)</u>	<u>(6)</u>	<u>(1,869)</u>	<u>(11,933)</u>
Fund balances - beginning	<u>2,219</u>	<u>34,576</u>	<u>21,528</u>	<u>10,846</u>	<u>101,784</u>
Fund balances - ending	<u>\$ 1,236</u>	<u>29,608</u>	<u>21,522</u>	<u>8,977</u>	<u>89,851</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
JUVENILE COURTHOUSE DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ (5)	(5)	12	17
Expenditures:				
Debt service:				
Principal	900	900	900	
Interest and fiscal charges	<u>1,397</u>	<u>1,414</u>	<u>1,329</u>	<u>85</u>
Total expenditures	<u>2,297</u>	<u>2,314</u>	<u>2,229</u>	<u>85</u>
Deficiency of revenues under expenditures	<u>(2,302)</u>	<u>(2,319)</u>	<u>(2,217)</u>	<u>102</u>
Other financing sources:				
Transfers in	<u>2,246</u>	<u>2,246</u>	<u>2,246</u>	
Net change in fund balances	<u><u>\$ (56)</u></u>	<u><u>(73)</u></u>	<u><u>29</u></u>	<u><u>102</u></u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
1997 PUBLIC FACILITIES REFUNDING DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ (9)	(9)	373	382
Expenditures:				
Debt service:				
Principal	3,490	3,490	3,490	
Interest and fiscal charges	<u>2,907</u>	<u>2,927</u>	<u>2,839</u>	<u>88</u>
Total expenditures	<u>6,397</u>	<u>6,417</u>	<u>6,329</u>	<u>88</u>
Deficiency of revenues under expenditures	<u>(6,406)</u>	<u>(6,426)</u>	<u>(5,956)</u>	<u>470</u>
Other financing sources:				
Transfers in	6,348	6,348	6,348	
Transfers out	<u>(350)</u>	<u>(350)</u>	<u>(350)</u>	
Total other financing sources:	<u>5,998</u>	<u>5,998</u>	<u>5,998</u>	
Net change in fund balances	<u>\$ (408)</u>	<u>(428)</u>	<u>42</u>	<u>470</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
1997 PUBLIC FACILITIES DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ (6)	(6)	16	22
Expenditures:				
Debt service:				
Interest and fiscal charges	(82)	6	6	
Total expenditures	(82)	6	6	
Deficiency of revenues under expenditures	76	(12)	10	22
Other financing sources:				
Transfers out	(3,134)	(3,134)	(3,134)	
Net change in fund balances	<u>\$ (3,058)</u>	<u>(3,146)</u>	<u>(3,124)</u>	<u>22</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
2003 PUBLIC FACILITIES DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ (2)	(2)	7	9
Expenditures:				
Debt service:				
Principal	395	395	395	
Interest and fiscal charges	<u>642</u>	<u>684</u>	<u>576</u>	<u>108</u>
Total expenditures	<u>1,037</u>	<u>1,079</u>	<u>971</u>	<u>108</u>
Deficiency of revenues under expenditures	<u>(1,039)</u>	<u>(1,081)</u>	<u>(964)</u>	<u>117</u>
Other financing sources:				
Transfers in	<u>987</u>	<u>987</u>	<u>987</u>	
Net change in fund balances	<u>\$ (52)</u>	<u>(94)</u>	<u>23</u>	<u>117</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
2006 PUBLIC FACILITIES DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ (9)	(9)	14	23
Expenditures:				
Debt service:				
Principal	1,345	6,410	1,345	5,065
Interest and fiscal charges	534	1,474	1,075	399
Total expenditures	<u>1,879</u>	<u>7,884</u>	<u>2,420</u>	<u>5,464</u>
Deficiency of revenues under expenditures	<u>(1,888)</u>	<u>(7,893)</u>	<u>(2,406)</u>	<u>5,487</u>
Other financing sources:				
Transfers in	2,439	2,439	2,439	
Transfers out	<u>(889)</u>	<u>(889)</u>	<u>(889)</u>	
Net change in fund balances	<u>\$ (338)</u>	<u>(6,343)</u>	<u>(856)</u>	<u>5,487</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
2007 PUBLIC FACILITIES DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ (4)	(4)	17	21
Expenditures:				
Debt service:				
Principal	995	995	995	
Interest and fiscal charges	<u>2,068</u>	<u>2,084</u>	<u>2,014</u>	<u>70</u>
Total expenditures	<u>3,063</u>	<u>3,079</u>	<u>3,009</u>	<u>70</u>
Deficiency of revenues under expenditures	<u>(3,067)</u>	<u>(3,083)</u>	<u>(2,992)</u>	<u>91</u>
Other financing sources:				
Transfers in	3,029	3,029	3,029	
Transfers out	<u>(296)</u>	<u>(296)</u>	<u>(296)</u>	
Net change in fund balances	<u>\$ (334)</u>	<u>(350)</u>	<u>(259)</u>	<u>91</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
2010 COP REFUNDING
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ (37)	(37)	34	71
Total revenues	<u>(37)</u>	<u>(37)</u>	<u>34</u>	<u>71</u>
Expenditures:				
Principal	8,625	8,625	8,625	
Interest and fiscal charges	<u>4,573</u>	<u>4,621</u>	<u>4,309</u>	<u>312</u>
Total expenditures	<u>13,198</u>	<u>13,246</u>	<u>12,934</u>	<u>312</u>
Deficiency of revenues under expenditures	<u>(13,235)</u>	<u>(13,283)</u>	<u>(12,900)</u>	<u>383</u>
Other financing sources:				
Transfers in	<u>12,938</u>	<u>12,938</u>	<u>12,938</u>	
Net change in fund balances	<u>\$ (297)</u>	<u>(345)</u>	<u>38</u>	<u>383</u>

**COUNTY OF SACRAMENTO
PENSION OBLIGATION BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ (122)	(122)	79	201
Intergovernmental	<u>11,106</u>	<u>11,106</u>	<u>11,106</u>	
Total revenues	<u>10,984</u>	<u>10,984</u>	<u>11,185</u>	<u>201</u>
Expenditures:				
Debt service:				
Principal	13,876	13,876	13,876	
Interest and fiscal charges	<u>109,100</u>	<u>109,898</u>	<u>107,789</u>	<u>2,109</u>
Total expenditures	<u>122,976</u>	<u>123,774</u>	<u>121,665</u>	<u>2,109</u>
Deficiency of revenues under expenditures	<u>(111,992)</u>	<u>(112,790)</u>	<u>(110,480)</u>	<u>2,310</u>
Other financing sources (uses):				
Transfers in	112,469	112,469	112,469	
Transfers out	<u>(2,972)</u>	<u>(2,972)</u>	<u>(2,972)</u>	
Total other financing sources (uses)	<u>109,497</u>	<u>109,497</u>	<u>109,497</u>	
Net change in fund balances	<u>\$ (2,495)</u>	<u>(3,293)</u>	<u>(983)</u>	<u>2,310</u>

**COUNTY OF SACRAMENTO
TEETER PLAN DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 3	3	7	4
Fines, forfeitures and penalties			9,407	9,407
Miscellaneous	<u>36,081</u>	<u>33,288</u>	<u> </u>	<u>(33,288)</u>
Total revenues	<u>36,084</u>	<u>33,291</u>	<u>9,414</u>	<u>(23,877)</u>
Expenditures:				
Debt service:				
Principal	26,821	27,363	23,760	3,603
Interest and fiscal charges	<u>(758)</u>	<u>761</u>	<u>123</u>	<u>638</u>
Total expenditures	<u>26,063</u>	<u>28,124</u>	<u>23,883</u>	<u>4,241</u>
Deficiency of revenues under expenditures	<u>10,021</u>	<u>5,167</u>	<u>(14,469)</u>	<u>(19,636)</u>
Other financing sources (uses):				
Transfers out	(10,021)	(10,021)	(10,021)	
Issuance of debt	<u> </u>	<u> </u>	<u>19,522</u>	<u>19,522</u>
Total other financing sources (uses)	<u>(10,021)</u>	<u>(10,021)</u>	<u>9,501</u>	<u>19,522</u>
Net change in fund balances	<u>\$</u>	<u>(4,854)</u>	<u>(4,968)</u>	<u>(114)</u>

**COUNTY OF SACRAMENTO
TOBACCO SECURITIZATION AUTHORITY DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 16	16	16	
Expenditures:				
Debt service:				
Principal	525	525	525	
Interest and fiscal charges	11,551	11,551	11,551	
Total expenditures	12,076	12,076	12,076	
Deficiency of revenues under expenditures	(12,060)	(12,060)	(12,060)	
Other financing sources:				
Transfers in	12,054	12,054	12,054	
Net change in fund balances	\$ (6)	(6)	(6)	

COUNTY OF SACRAMENTO
SACRAMENTO COUNTY PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Intergovernmental	\$ 15,616	15,616	15,616	_____
Total revenues	<u>15,616</u>	<u>15,616</u>	<u>15,616</u>	_____
Expenditures:				
Debt service:				
Principal	13,435	13,435	13,435	
Interest and fiscal charges	<u>4,050</u>	<u>4,050</u>	<u>4,050</u>	_____
Total expenditures	<u>17,485</u>	<u>17,485</u>	<u>17,485</u>	_____
Excess of revenues over expenditures	<u>(1,869)</u>	<u>(1,869)</u>	<u>(1,869)</u>	_____
Net change in fund balances	<u>\$ (1,869)</u>	<u>(1,869)</u>	<u>(1,869)</u>	_____

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

CAPITAL PROJECT FUNDS

CAPITAL PROJECT FUNDS

Improvement Bond Act of 1911 - Accounts for construction activity in various special assessment districts where monies have been received under the 1911 Improvement Bond Act from special assessment district property owners.

Improvement Bond Act of 1915 - Accounts for construction activity in various special assessment districts where monies have been received from special assessment district property owners under the 1915 Improvement Bond Act.

Metro Air Park Community Facilities District - Accounts for construction activity in the Metro Air Park Community Facilities District.

Laguna Stonelake Community Facilities District - Accounts for construction activity in the Laguna Stonelake Community Facilities District.

Park Meadows Community Facilities District - Accounts for construction activity in the Park Meadows Community Facilities District.

Laguna Community Facilities District - Accounts for construction activity in the Laguna Community Facilities District.

Laguna Creek Ranch/Elliott Ranch Community Facilities District Number One and Two - Accounts for construction activity in the Laguna Creek Ranch/Elliott Ranch Community Facilities District.

Accumulated Capital Outlay - Accounts for general capital outlay expenditures of the County.

Community Fee Districts - Established by property owners to account for construction of public projects financed by various developer fees and other miscellaneous revenues.

1997 Public Facilities - Accounts for construction of an additional dormitory-style jail at the Rio Cosumnes Correctional Center, and acquisition of the Bank of America building in downtown Sacramento.

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

Tobacco Litigation Settlement - Accounts for construction projects from the Tobacco Litigation Settlement Securitization proceeds including the Juvenile Court Facility and the Primary Care Clinic.

McClellan Community Facilities District - Accounts for infrastructure construction activity in the McClellan Community Facilities District.

CAPITAL PROJECT FUNDS

Sacramento County Landscape Maintenance Community Facilities District - Accounts for landscape maintenance activity of the Sacramento County Landscape Maintenance Community Facilities District.

Metro Air Park Service Tax - Accounts for landscape maintenance activity within the Metro Air Park Community Facilities District.

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

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

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(amounts expressed in thousands)**

Page 1 of 3

	Assessment Districts		Mello-Roos Community Facilities Act of 1982				
	Improvement Bond Act of 1911	Improvement Bond Act of 1915	Metro Air Park CFD	Laguna Stonelake CFD	Park Meadows CFD	Laguna Community Facilities District	Laguna Creek Ranch/Elliott Ranch Community Facilities District No. One and Two
Assets:							
Cash and investments	\$ 239	3,396	3,944	184	60	431	6,149
Receivables, net of allowance for uncollectibles:							
Billed							
Interest	1	18		2	1	3	7
Restricted assets		5					
Long-term receivables							
Total assets	<u>\$ 240</u>	<u>3,419</u>	<u>3,944</u>	<u>186</u>	<u>61</u>	<u>434</u>	<u>6,156</u>
Liabilities and fund balances:							
Liabilities:							
Warrants payable			2				
Accrued liabilities							
Intergovernmental payable	53	2,848				1	
Due to other funds							
Unearned revenue							
Total liabilities	<u>53</u>	<u>2,848</u>	<u>2</u>			<u>1</u>	
Fund balances:							
Reserved for:							
Restricted	187	571	3,942	186	61	433	6,156
Total fund balances	<u>187</u>	<u>571</u>	<u>3,942</u>	<u>186</u>	<u>61</u>	<u>433</u>	<u>6,156</u>
Total liabilities and fund balances	<u>\$ 240</u>	<u>3,419</u>	<u>3,944</u>	<u>186</u>	<u>61</u>	<u>434</u>	<u>6,156</u>

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(amounts expressed in thousands)**

Page 2 of 3

Public Facilities Financing

	<u>Accumulated Capital Outlay</u>	<u>Community Fee Districts</u>	<u>1997 Public Facilities</u>	<u>2007 Public Facilities</u>	<u>Tobacco Litigation Settlement</u>	<u>McClellan CFD</u>
Assets:						
Cash and investments	\$ 15,183	18,368		26	2,012	329
Receivables, net of allowance for uncollectibles:						
Billed		37				
Interest	72	98	1			2
Restricted assets						
Long-term receivables		866				
Total assets	<u>\$ 15,255</u>	<u>19,369</u>	<u>1</u>	<u>26</u>	<u>2,012</u>	<u>331</u>
Liabilities and fund balances:						
Liabilities:						
Warrants payable	\$ 217	1				
Accrued liabilities	304	159				
Intergovernmental payable	218	1,663				
Due to other funds	1					
Unearned revenue		866				
Total liabilities	<u>740</u>	<u>2,689</u>				
Fund balances:						
Reserved for:						
Restricted	<u>14,515</u>	<u>16,680</u>	<u>1</u>	<u>26</u>	<u>2,012</u>	<u>331</u>
Total fund balances	<u>14,515</u>	<u>16,680</u>	<u>1</u>	<u>26</u>	<u>2,012</u>	<u>331</u>
Total liabilities and fund balances	<u>\$ 15,255</u>	<u>19,369</u>	<u>1</u>	<u>26</u>	<u>2,012</u>	<u>331</u>

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(amounts expressed in thousands)**

Page 3 of 3

	Public Facilities Financing				
	Sacramento County Landscape Maintenance CFD	Metro Air Park Service Tax	North Vineyard SSP CFD	County Parks CFD - No. 2006-1	Total
Assets:					
Cash and investments	\$ 728	614	28,546	61	80,270
Receivables, net of allowance for uncollectibles:					
Billed					37
Interest	4	3	10		222
Restricted assets					5
Long-term receivables					866
Total assets	\$ 732	617	28,556	61	81,400
Liabilities and fund balances:					
Liabilities:					
Warrants payable			72		292
Accrued liabilities	1		185		649
Intergovernmental payable				10	4,793
Due to other funds					1
Unearned revenue					866
Total liabilities	1	617	257	10	6,601
Fund balances:					
Reserved for:					
Restricted	731	617	28,299	51	74,799
Total fund balances	731	617	28,299	51	74,799
Total liabilities and fund balances	\$ 732	617	28,556	61	81,400

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

Page 1 of 3

	Assessment Districts		Mello-Roos Community Facilities Act of 1982				
	Improvement Bond Act of 1911	Improvement Bond Act of 1915	Metro Air Park CFD	Laguna Stonelake CFD	Park Meadows CFD	Laguna Community Facilities District	Laguna Creek Ranch/Elliott Ranch Community Facilities District No. One and Two
Revenues:							
Use of money and property	\$ 1	9	10	2	1	1	52
Intergovernmental							
Charges for sales and services							
Fines, forfeitures and penalties							
Contributions from property owners					(1)		
Miscellaneous		561	154	124	64		454
Total revenues	1	570	164	126	64	1	506
Expenditures:							
Public ways and facilities						344	365
Capital outlay		166	2,022	131	68		
Total expenditures		166	2,022	131	68	344	365
Excess (deficiency) of revenues over (under) expenditures	1	404	(1,858)	(5)	(4)	(343)	141
Other financing sources (uses):							
Transfers out							
Total other financing sources (uses)							
Net change in fund balances	1	404	(1,858)	(5)	(4)	(343)	141
Fund balances - beginning	186	167	5,800	191	65	776	6,015
Fund balances - ending	\$ 187	571	3,942	186	61	433	6,156

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

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Public Facilities Financing

	<u>Accumulated Capital Outlay</u>	<u>Community Fee Districts</u>	<u>1997 Public Facilities</u>	<u>2007 Public Facilities</u>	<u>Tobacco Litigation Settlement</u>	<u>McClellan CFD</u>
Revenues:						
Use of money and property	\$ 56	82	1	2	3	3
Intergovernmental	8	2,369				
Charges for sales and services		4,348				
Fines, forfeitures and penalties	2,973					
Contributions from property owners						
Miscellaneous	26,840	1,050				205
Total revenues	<u>29,877</u>	<u>7,849</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>208</u>
Expenditures:						
Public ways and facilities						
Capital outlay	20,357	6,366	384		686	135
Total expenditures	<u>20,357</u>	<u>6,366</u>	<u>384</u>		<u>686</u>	<u>135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,520</u>	<u>1,483</u>	<u>(383)</u>	<u>2</u>	<u>(683)</u>	<u>73</u>
Other financing sources (uses):						
Transfers out	(4,425)					
Total other financing sources (uses)	<u>(4,425)</u>					
Net change in fund balances	5,095	1,483	(383)	2	(683)	73
Fund balances - beginning	9,420	15,197	384	24	2,695	258
Fund balances - ending	<u>\$ 14,515</u>	<u>16,680</u>	<u>1</u>	<u>26</u>	<u>2,012</u>	<u>331</u>

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

Page 3 of 3

	<u>Public Facilities Financing</u>				
	Sacramento County Landscape Maintenance CFD	Metro Air Park Service Tax	North Vineyard SSP CFD	County Parks CFD - No. 2006-1	Total
Revenues:					
Use of money and property	\$ 6	3	2,420		2,652
Intergovernmental					2,377
Charges for sales and services	97	100	300	49	4,894
Fines, forfeitures and penalties					2,973
Contributions from property owners			24,168		24,167
Miscellaneous			83		29,535
Total revenues	<u>103</u>	<u>103</u>	<u>26,971</u>	<u>49</u>	<u>66,598</u>
Expenditures:					
Public ways and facilities					709
Capital outlay	84	124	349		30,872
Total expenditures	<u>84</u>	<u>124</u>	<u>349</u>		<u>31,581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19</u>	<u>(21)</u>	<u>26,622</u>	<u>49</u>	<u>35,017</u>
Other financing sources (uses):					
Transfers out					(4,425)
Total other financing sources (uses)					<u>(4,425)</u>
Net change in fund balances	19	(21)	26,622	49	30,592
Fund balances - beginning	712	638	1,677	2	44,207
Fund balances - ending	<u>\$ 731</u>	<u>617</u>	<u>28,299</u>	<u>51</u>	<u>74,799</u>

COUNTY OF SACRAMENTO
ASSESSMENT DISTRICTS - IMPROVEMENT
BOND ACT OF 1911 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
 ***** (co qwpw'gzt gungf 'lp'vj qwucpf u)

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		1	1
Miscellaneous	160	160		(160)
Total revenues	<u>160</u>	<u>160</u>	<u>1</u>	<u>(159)</u>
Expenditures:				
Capital outlay	<u>160</u>	<u>160</u>		<u>160</u>
Net change in fund balances	<u>\$</u>		<u>1</u>	<u>1</u>

**COUNTY OF SACRAMENTO
ASSESSMENT DISTRICTS - IMPROVEMENT
BOND ACT OF 1915 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ (2)	(2)	9	11
Miscellaneous	<u>180</u>	<u>797</u>	<u>561</u>	<u>(236)</u>
Total revenues	<u>178</u>	<u>795</u>	<u>570</u>	<u>(225)</u>
 Expenditures:				
Capital outlay	<u>773</u>	<u>931</u>	<u>166</u>	<u>765</u>
 Net change in fund balances	<u>\$ (595)</u>	<u>(136)</u>	<u>404</u>	<u>540</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
METRO AIR PARK COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 1,203	1,203	10	(1,193)
Miscellaneous	<u>1,080</u>	<u>690</u>	<u>154</u>	<u>(536)</u>
Total revenues	<u>2,283</u>	<u>1,893</u>	<u>164</u>	<u>(1,729)</u>
 Expenditures:				
Capital outlay	<u>7,207</u>	<u>7,693</u>	<u>2,022</u>	<u>5,671</u>
 Net change in fund balances	<u>\$ (4,924)</u>	<u>(5,800)</u>	<u>(1,858)</u>	<u>3,942</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA STONELAKE COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$		2	2
Miscellaneous	<u>125</u>	<u>125</u>	<u>124</u>	<u>(1)</u>
Total revenues	<u>125</u>	<u>125</u>	<u>126</u>	<u>1</u>
 Expenditures:				
Capital outlay	<u>314</u>	<u>316</u>	<u>131</u>	<u>185</u>
 Net change in fund balances	<u>\$ (189)</u>	<u>(191)</u>	<u>(5)</u>	<u>186</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
PARK MEADOWS COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$		1	1
Miscellaneous	<u>64</u>	<u>64</u>	<u>63</u>	<u>(1)</u>
Total revenues	<u>64</u>	<u>64</u>	<u>64</u>	
 Expenditures:				
Capital outlay	<u>121</u>	<u>128</u>	<u>68</u>	<u>60</u>
 Net change in fund balances	<u>\$ (57)</u>	<u>(64)</u>	<u>(4)</u>	<u>60</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$ (5)	(5)	1	6
Total revenues	<u>(5)</u>	<u>(5)</u>	<u>1</u>	<u>6</u>
Expenditures:				
Public ways and facilities	1,145	1,144	344	800
Net change in fund balances	<u>\$ (1,150)</u>	<u>(1,149)</u>	<u>(343)</u>	<u>806</u>

COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA CREEK RANCH/ELLIOTT RANCH COMMUNITY FACILITIES
DISTRICT NUMBER ONE AND TWO CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$		52	52
Miscellaneous	<u>440</u>	<u>440</u>	<u>454</u>	<u>14</u>
Total revenues	<u>440</u>	<u>440</u>	<u>506</u>	<u>66</u>
 Expenditures:				
Public ways and facilities	<u>3,332</u>	<u>3,358</u>	<u>365</u>	<u>2,993</u>
 Net change in fund balances	<u>\$ (2,892)</u>	<u>(2,918)</u>	<u>141</u>	<u>3,059</u>

**COUNTY OF SACRAMENTO
ACCUMULATED CAPITAL OUTLAY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$ (1)	(1)	56	57
Intergovernmental	752	752	8	(744)
Charges for sales and services				
Fines, forfeitures and penalties	3,100	3,100	2,973	(127)
Miscellaneous	25,777	27,346	26,840	(506)
Total revenues	<u>29,628</u>	<u>31,197</u>	<u>29,877</u>	<u>(1,320)</u>
Expenditures:				
Capital outlay	<u>31,878</u>	<u>36,444</u>	<u>20,357</u>	<u>16,087</u>
Excess of revenues over expenditures	<u>(2,250)</u>	<u>(5,247)</u>	<u>9,520</u>	<u>14,767</u>
Other financing sources (uses):				
Transfers out	<u>(4,425)</u>	<u>(4,425)</u>	<u>(4,425)</u>	
Total other financing sources (uses)	<u>(4,425)</u>	<u>(4,425)</u>	<u>(4,425)</u>	
Net change in fund balances	<u>\$ (6,675)</u>	<u>(9,672)</u>	<u>5,095</u>	<u>14,767</u>

**COUNTY OF SACRAMENTO
COMMUNITY FEE DISTRICTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$ (42)	(42)	82	124
Intergovernmental	50	50	2,369	2,319
Charges for sales and services	2,120	2,120	4,348	2,228
Miscellaneous	<u>1,050</u>	<u>1,050</u>	<u>1,050</u>	
Total revenues	<u>3,178</u>	<u>3,178</u>	<u>7,849</u>	<u>4,671</u>
 Expenditures:				
Capital outlay	<u>13,540</u>	<u>16,633</u>	<u>6,366</u>	<u>10,267</u>
 Net change in fund balances	<u>\$ (10,362)</u>	<u>(13,455)</u>	<u>1,483</u>	<u>14,938</u>

COUNTY OF SACRAMENTO
1997 PUBLIC FACILITIES FINANCING CORPORATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$ (1)	(1)	1	2
Total revenues	<u>(1)</u>	<u>(1)</u>	<u>1</u>	<u>2</u>
Expenditures:				
Capital outlay	<u>3</u>	<u>384</u>	<u>384</u>	<u></u>
Net change in fund balances	<u>\$ (4)</u>	<u>(385)</u>	<u>(383)</u>	<u>2</u>

COUNTY OF SACRAMENTO
2007 PUBLIC FACILITIES FINANCING CORPORATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Use of money and property	\$		<u>2</u>	<u>2</u>
Total revenues			<u>2</u>	<u>2</u>
 Expenditures:				
Capital outlay	<u>22</u>	<u>24</u>		<u>24</u>
 Deficiency of revenues under expenditures	<u>(22)</u>	<u>(24)</u>	<u>2</u>	<u>26</u>
 Net change in fund balances	<u>\$ (22)</u>	<u>(24)</u>	<u>2</u>	<u>26</u>

**COUNTY OF SACRAMENTO
 TOBACCO LITIGATION SETTLEMENT CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016
 (amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$		3	3
Expenditures:				
Capital outlay	407	2,695	686	2,009
Net change in fund balances	<u>\$ (407)</u>	<u>(2,695)</u>	<u>(683)</u>	<u>2,012</u>

**COUNTY OF SACRAMENTO
MCCLELLAN CFD CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$		3	3
Miscellaneous	<u>90</u>	<u>90</u>	<u>205</u>	<u>115</u>
Total revenues	<u>90</u>	<u>90</u>	<u>208</u>	<u>118</u>
 Expenditures:				
Capital outlay	<u>348</u>	<u>348</u>	<u>135</u>	<u>213</u>
 Net change in fund balances	<u><u>\$ (258)</u></u>	<u><u>(258)</u></u>	<u><u>73</u></u>	<u><u>331</u></u>

COUNTY OF SACRAMENTO
SACRAMENTO COUNTY LANDSCAPE MAINTENANCE CFD CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$ 2	2	6	4
Charges for sales and services	<u>128</u>	<u>108</u>	<u>97</u>	<u>(11)</u>
Total revenues	<u>130</u>	<u>110</u>	<u>103</u>	<u>(7)</u>
Expenditures:				
Capital outlay	<u>159</u>	<u>160</u>	<u>84</u>	<u>76</u>
Net change in fund balances	<u><u>\$ (29)</u></u>	<u><u>(50)</u></u>	<u><u>19</u></u>	<u><u>69</u></u>

**COUNTY OF SACRAMENTO
METRO AIR PARK SERVICE TAX CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative) <u>(Negative)</u>
Revenues:				
Use of money and property	\$ (3)	(3)	3	6
Charges for sales and services	<u>110</u>	<u>110</u>	<u>100</u>	<u>(10)</u>
Total revenues	<u>107</u>	<u>107</u>	<u>103</u>	<u>(4)</u>
Expenditures:				
Capital outlay	<u>748</u>	<u>746</u>	<u>124</u>	<u>622</u>
Net change in fund balances	<u>\$ (641)</u>	<u>(639)</u>	<u>(21)</u>	<u>618</u>

**COUNTY OF SACRAMENTO
 NORTH VINEYARD SSP CFD CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016
 (amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$		2,420	2,420
Charges for sales and services			300	300
Contributions from property owners	24,168	24,168	24,168	
Miscellaneous	<u>14,349</u>	<u>14,349</u>	83	(14,266)
Total revenues	<u>38,517</u>	<u>38,517</u>	<u>26,971</u>	<u>(11,546)</u>
Expenditures:				
Capital outlay	<u>16,017</u>	<u>29,717</u>	<u>349</u>	<u>29,368</u>
Net change in fund balances	<u>\$ 22,500</u>	<u>8,800</u>	<u>26,622</u>	<u>17,822</u>

COUNTY OF SACRAMENTO
COUNTY PARKS CFD No. 2006-1 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Use of money and property				
Miscellaneous	\$ _____	_____ 39	_____ 49	_____ 10
Total Revenues	<u>_____</u>	<u>_____ 39</u>	<u>_____ 49</u>	<u>_____ 10</u>
Expenditures:				
Capitol outlay	_____ 2	_____ 2	_____	_____ 2
Net changes in fund balances:	<u>\$ _____ (2)</u>	<u>_____ 37</u>	<u>_____ 49</u>	<u>_____ 12</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR ENTERPRISE FUNDS SECTION

NON-MAJOR ENTERPRISE FUNDS

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

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

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Assets:			
Current assets:			
Cash and investments	\$ 6,174	1,748	7,922
Receivables, net of allowance for uncollectibles:			
Intergovernmental		423	423
Interest	29	3	32
Total current assets	<u>6,203</u>	<u>2,174</u>	<u>8,377</u>
Noncurrent assets:			
Capital assets:			
Land and other nondepreciable assets	1,299		1,299
Buildings & improvements, infrastructure, equipment and intangibles, net	1,095	940	2,035
Total capital assets	<u>2,394</u>	<u>940</u>	<u>3,334</u>
Total noncurrent assets	<u>2,394</u>	<u>940</u>	<u>3,334</u>
Total assets	<u>8,597</u>	<u>3,114</u>	<u>11,711</u>
Deferred outflows of resources:			
Deferred outflow amount related to pension	47		47
Total assets and deferred outflows of resources	<u>8,644</u>	<u>3,114</u>	<u>11,758</u>
Liabilities:			
Current liabilities:			
Warrants payable	6		6
Accrued liabilities	25	226	251
Intergovernmental payable	13		13
Due to other funds	4		4
Total current liabilities	<u>48</u>	<u>226</u>	<u>274</u>
Noncurrent liabilities:			
Long-term debt obligations	64		64
Net pension liability	193		193
Total noncurrent liabilities	<u>257</u>		<u>257</u>
Total liabilities	<u>305</u>	<u>226</u>	<u>531</u>

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Deferred inflows of resources:			
Deferred inflow amount related to pension	96		96
Total liabilities and deferred inflows	<u>401</u>	<u>226</u>	<u>627</u>
Net position:			
Net investment in capital assets	2,394	940	3,334
Restricted for:			
Transportation		470	470
Unrestricted	5,849	1,478	7,327
Total net position	<u>\$ 8,243</u>	<u>\$ 2,888</u>	<u>\$ 11,131</u>

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Operating revenues:			
Charges for sales and services	\$ 2,718	243	2,961
Other	191		191
Total operating revenues	<u>2,909</u>	<u>243</u>	<u>3,152</u>
Operating expenses:			
Salaries and benefits	384		384
Services and supplies	1,172	153	1,325
Depreciation and amortization	288	278	566
Other	50	1,693	1,743
Total operating expenses	<u>1,894</u>	<u>2,124</u>	<u>4,018</u>
Operating income (loss)	<u>1,015</u>	<u>(1,881)</u>	<u>(866)</u>
Nonoperating revenues (expenses):			
Use of money and property	44	5	49
Intergovernmental		862	862
Sales / use tax		1,412	1,412
Total nonoperating revenues	<u>44</u>	<u>2,279</u>	<u>2,323</u>
Income before transfers	1,059	398	1,457
Transfers out	(31)		(31)
Capital contributions		155	155
Change in net position	<u>1,028</u>	<u>553</u>	<u>1,581</u>
Net position, beginning of year	<u>7,215</u>	<u>2,335</u>	<u>9,550</u>
Net position, end of year	<u>\$ 8,243</u>	<u>2,888</u>	<u>11,131</u>

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE
COMBINING STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 2,909	243	3,152
Payments to suppliers	(1,178)	(1,737)	(2,915)
Payments to employees	(401)		(401)
Payments for other operating activities	(50)	(175)	(225)
Net cash provided by (used for) operating activities	<u>1,280</u>	<u>(1,669)</u>	<u>(389)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue		2,624	2,624
Transfers to other funds	(31)		(31)
Net cash provided by (used for) noncapital financing activities	<u>(31)</u>	<u>2,624</u>	<u>2,593</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Intergovernmental grants received		975	975
Acquisition and construction of capital assets		(234)	(234)
Net cash provided by (used for) capital and related financing activities		<u>741</u>	<u>741</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received / (paid) on cash and investments	14	5	19
Net cash provided by investing activities	<u>14</u>	<u>5</u>	<u>19</u>
Net increase in cash and cash equivalents	1,263	1,701	2,964
Cash and cash equivalents, beginning of year	4,911	47	4,958
Cash and cash equivalents, end of year	<u>\$ 6,174</u>	<u>1,748</u>	<u>7,922</u>

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE
COMBINING STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Parking Enterprise</u>	<u>County Transit</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,015	(1,881)	(866)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and Amortization	288	278	566
Net change in pension liability	(34)		(34)
Changes in assets and liabilities:			
Receivables:			
Warrants payable	3	109	112
Accrued liabilities	(9)		(9)
Due to other funds		(175)	(175)
Compensated absences	10		10
Other post employment benefits	7		7
Total adjustments	<u>265</u>	<u>212</u>	<u>477</u>
Net cash provided by (used for) operating activities	<u>\$ 1,280</u>	<u>(1,669)</u>	<u>(389)</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

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

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

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

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

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

Department of Technology - Accounts for central telecommunication and data processing support to County departments.

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016**

Page 1 of 2

	General Services	Self Insurance			Regional Communications	Department of Technology	Total
		Liability/ Property	Worker's Compensation	Other			
Assets:							
Current assets:							
Cash and investments	\$ 95,131	3,034	30,213	765	3,909	14,044	147,096
Receivables, net of allowance for uncollectibles:							
Billed	126						126
Interest					23		23
Intergovernmental		1,357	1,606	90			3,053
Due from other funds		16,240	25,511	860			42,611
Prepaid items						148	148
Inventories	2,113						2,113
Total current assets	<u>97,370</u>	<u>20,631</u>	<u>57,330</u>	<u>1,715</u>	<u>3,932</u>	<u>14,192</u>	<u>195,170</u>
Noncurrent assets:							
Long-term advances to other funds			35,730				35,730
Long-term receivables			87				87
Capital assets:							
Buildings & improvements, infrastructure, equipment and intangibles, net	25,159	16	1		15,450	6,588	47,214
Total capital assets	<u>25,159</u>	<u>16</u>	<u>1</u>		<u>15,450</u>	<u>6,588</u>	<u>47,214</u>
Total noncurrent assets	<u>25,159</u>	<u>16</u>	<u>35,818</u>		<u>15,450</u>	<u>6,588</u>	<u>83,031</u>
Total assets	<u>122,529</u>	<u>20,647</u>	<u>93,148</u>	<u>1,715</u>	<u>19,382</u>	<u>20,780</u>	<u>278,201</u>
Deferred outflows of resources:							
Deferred outflow related to pension	6,594				142	5,454	12,190
Total assets and deferred outflows of resources	<u>129,123</u>	<u>20,647</u>	<u>93,148</u>	<u>1,715</u>	<u>19,524</u>	<u>26,234</u>	<u>290,391</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016**

Page 2 of 2

	Self Insurance			Regional Communications	Department of Technology	Total
	General Services	Liability/ Property	Worker's Compensation			
Liabilities and fund balances:						
Current liabilities:						
Warrants payable	3,535	348	316	2	401	4,602
Accrued liabilities	9,914	522	132	101	4,269	14,938
Intergovernmental payable	657				1	658
Due to other funds	2,231			15	327	2,573
Current portion of insurance claims payable		9,726	24,266			34,183
Current portion of long-term debt obligations	307				361	668
Unearned revenue			87	4,728	580	5,395
Total current liabilities	16,644	10,596	24,801	4,846	5,939	63,017
Noncurrent liabilities:						
Insurance claims payable		24,328	152,091			176,419
Long-term debt obligations	7,232			107	7,312	14,651
Long-term advances from other funds	10,257					10,257
Net pension liability	29,929			679	25,846	56,454
Total noncurrent liabilities	47,418	24,328	152,091	786	33,158	257,781
Total liabilities	64,062	34,924	176,892	5,632	39,097	320,798
Deferred inflows of resources:						
Deferred inflow related to pension	4,576			117	4,744	9,437
Total liabilities and deferred inflows of resources	68,638	34,924	176,892	5,749	43,841	330,235
Net position:						
Net investment in capital assets	25,159	16	1	15,450	6,588	47,214
Unrestricted	35,326	(14,293)	(83,745)	(1,675)	(24,195)	(87,058)
Total net position (deficit)	\$ 60,485	(14,277)	(83,744)	13,775	(17,607)	(39,844)

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	General Services	Self Insurance			Regional Communications	Department of Technology	Total
		Liability/ Property	Worker's Compensation	Other			
Operating revenues:							
Charges for sales and services	\$ 161,537	18,114	26,969	948	4,599	78,681	290,848
Other	2,334	1,498	165		1,088	93	5,178
Total operating revenues	<u>163,871</u>	<u>19,612</u>	<u>27,134</u>	<u>948</u>	<u>5,687</u>	<u>78,774</u>	<u>296,026</u>
Operating expenses:							
Salaries and benefits	50,604				983	40,842	92,429
Services and supplies	78,770			320	1,140	24,411	104,641
Cost of sales and services	3,324						3,324
Depreciation and amortization	7,568		2		1,854	2,378	11,802
Self-insurance		17,034	21,308	931			39,273
Other	854	37	174	9			1,074
Total operating expenses	<u>141,120</u>	<u>17,071</u>	<u>21,484</u>	<u>1,260</u>	<u>3,977</u>	<u>67,631</u>	<u>252,543</u>
Operating income (loss)	<u>22,751</u>	<u>2,541</u>	<u>5,650</u>	<u>(312)</u>	<u>1,710</u>	<u>11,143</u>	<u>43,483</u>
Nonoperating revenues (expenses):							
Use of money and property	165	9	82	2	(14)		244
Interest expense	(831)				(141)	(20)	(992)
Other	(627)	(9)	(98)		(924)	(438)	(2,096)
Total nonoperating revenues (expenses)	<u>(1,293)</u>		<u>(16)</u>	<u>2</u>	<u>(1,079)</u>	<u>(458)</u>	<u>(2,844)</u>
Income before transfers	21,458	2,541	5,634	(310)	631	10,685	40,639
Transfers out	(4,492)				(78)	(7,043)	(11,613)
Change in net position	16,966	2,541	5,634	(310)	553	3,642	29,026
Net position, beginning of year	43,519	(16,818)	(89,378)	1,834	13,222	(21,249)	(68,870)
Net position (deficit), end of year	<u>\$ 60,485</u>	<u>(14,277)</u>	<u>(83,744)</u>	<u>1,524</u>	<u>13,775</u>	<u>(17,607)</u>	<u>(39,844)</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	Self Insurance					Total	
	General Services	Liability/Property	Worker's Compensation	Other	Regional Communications		Department of Technology
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers and users	\$ 2,369	1,498			5,724	78,824	88,415
Receipts from interfund services provided	184,404	16,205	32,991	1,838			235,438
Payments to suppliers	(82,020)	(15,736)	(17,916)	(1,061)	(569)	(23,274)	(140,576)
Payments to employees	(53,304)	(1,449)	(3,219)	(218)	(1,063)	(43,263)	(102,516)
Payments / (refunds) for other operating activities	(854)					74	(780)
Payments for interfund services used	(23,163)	(113)	(667)	(13)	(638)		(24,594)
Net cash flows provided by (used for) operating activities	<u>27,432</u>	<u>405</u>	<u>11,189</u>	<u>546</u>	<u>3,454</u>	<u>12,361</u>	<u>55,387</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Receipt on advance from other funds	5,871			1			5,872
Payment on advance from other funds	(3,919)						(3,919)
Transfers to other funds	(4,492)				(78)	(7,043)	(11,613)
Interest paid on advances from other funds	(832)						(832)
Other non-operating revenue					(20)	1	(19)
Non-operating expense					(925)	(457)	(1,382)
Net cash provided by (used for) noncapital financing activities	<u>(3,372)</u>			<u>1</u>	<u>(1,023)</u>	<u>(7,499)</u>	<u>(11,893)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition and construction of capital assets	(10,077)	(17)			(4,797)	(2,763)	(17,654)
Interest paid on capital debt			(16)		(141)		(157)
Proceeds from the sale of capital assets	662					3	665
Net cash used for capital and related financing activities	<u>(9,415)</u>	<u>(17)</u>	<u>(16)</u>		<u>(4,938)</u>	<u>(2,760)</u>	<u>(17,146)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received / (paid) on cash and investments	165						165
Net increase (decrease) in cash and cash equivalents	14,810	388	11,173	547	(2,507)	2,102	26,513
Cash and cash equivalents, beginning of year	80,321	2,646	19,040	218	6,416	11,942	120,583
Cash and cash equivalents, end of year	<u>\$ 95,131</u>	<u>3,034</u>	<u>30,213</u>	<u>765</u>	<u>3,909</u>	<u>14,044</u>	<u>147,096</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	Self Insurance				Regional Communications	Department of Technology	Total
	General Services	Liability/Property	Worker's Compensation	Other			
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating income (loss)	\$ 22,751	2,541	5,650	(312)	1,710	11,143	43,483
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:							
Depreciation and amortization	7,568		2		1,854	2,378	11,802
Net change in pension liability	(3,421)				(77)	(2,921)	(6,419)
Other nonoperating revenue				1			1
Changes in assets and liabilities:							
Billed	35		6,022				6,057
Due from other funds	(2)	(2,059)	(165)				(2,226)
Prepaid expenses		98				74	172
Inventories	(288)						(288)
Warrants payable	(53)	(368)	61		(3)	(47)	(410)
Accrued liabilities	411	(459)	(27)		(56)	881	750
Intergovernmental payable	5	150					145
Due to other funds	(294)			(10)	(8)	(60)	526
Deferred revenues					37	52	89
Compensated absences	253				(11)	516	758
Other post employment benefits	467				8	345	820
Insurance claims payable		502	(354)	(21)			127
Total adjustments	4,681	(2,136)	5,539	858	1,744	1,218	11,904
Net cash provided by (used for) operating activities	\$ 27,432	405	11,189	546	3,454	12,361	55,387

COMPREHENSIVE ANNUAL FINANCIAL REPORT



AGENCY FUNDS

AGENCY FUNDS

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

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

Other - Accounts for other agency funds where the County holds money in a custodial capacity.

**COUNTY OF SACRAMENTO
 AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2016
 (amounts expressed in thousands)**

	Law Enforcement	Unapportioned Tax Collection	Other	Total
Assets:				
Cash and investments	\$ 72,612	(9,004)	123,500	187,108
Receivables, net of allowance for uncollectibles:				
Billed	(2,090)	28,289	2,283	28,482
Interest	489	1,196	(8,983)	(7,298)
Prepaid items			77	77
Total assets	<u>\$ 71,011</u>	<u>20,481</u>	<u>116,877</u>	<u>208,369</u>
Liabilities:				
Warrants payable	\$ 1,168	5,990	4,870	12,028
Accrued liabilities	187	524	4,432	5,143
Intergovernmental payable	69,656	13,967	107,575	191,198
Total liabilities	<u>\$ 71,011</u>	<u>20,481</u>	<u>116,877</u>	<u>208,369</u>

**COUNTY OF SACRAMENTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	Balance <u>June 30, 2015</u>	Additions	Deductions	Balance <u>June 30, 2016</u>
Law Enforcement				
Assets:				
Cash and investments	\$ 81,783		9,171	72,612
Receivables, net of allowance for uncollectibles:				
Billed	785		2,875	(2,090)
Interest	221	268		489
Total assets	<u>\$ 82,789</u>	<u>268</u>	<u>12,046</u>	<u>71,011</u>
Liabilities:				
Warrants payable	\$ 2,942		1,774	1,168
Accrued liabilities	486		299	187
Intergovernmental payable	79,361		9,705	69,656
Total liabilities	<u>\$ 82,789</u>	<u></u>	<u>266</u>	<u>71,011</u>
	Balance <u>June 30, 2015</u>	Additions	Deductions	Balance <u>June 30, 2016</u>
Unapportioned Tax Collection				
Assets:				
Cash and investments	\$ 15,976		24,980	(9,004)
Receivables, net of allowance for uncollectibles:				
Billed		28,289		28,289
Interest	497	699		1,196
Total assets	<u>\$ 16,473</u>	<u>28,988</u>	<u>24,980</u>	<u>20,481</u>
Liabilities:				
Warrants payable	\$ 6,385		395	5,990
Accrued liabilities		524		524
Intergovernmental payable	10,088	3,879		13,967
Total liabilities	<u>\$ 16,473</u>	<u>4,403</u>	<u>395</u>	<u>20,481</u>

**COUNTY OF SACRAMENTO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2016
 (amounts expressed in thousands)**

	Balance <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2016</u>
Other Agency				
Assets:				
Cash and investments	\$ 98,493	25,007		123,500
Receivables, net of allowance for uncollectibles:				
Billed	8,186		5,903	2,283
Interest	4,809		13,792	(8,983)
Prepaid expenses		77		77
Total assets	<u>\$ 111,488</u>	<u>25,084</u>	<u>19,695</u>	<u>116,877</u>
Liabilities:				
Warrants payable	\$ 4,798	72		4,870
Accrued liabilities	3,260	1,172		4,432
Intergovernmental payable	103,430	4,145		107,575
Total liabilities	<u>\$ 111,488</u>	<u>5,389</u>		<u>116,877</u>

**COUNTY OF SACRAMENTO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2016
 (amounts expressed in thousands)**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Totals				
Assets:				
Cash and investments	\$ 196,252	25,007	34,151	187,108
Receivables, net of allowance for uncollectibles:				
Billed	8,971	28,289	8,778	28,482
Interest	5,527	967	13,792	(7,298)
Prepaid expenses		77		77
Total assets	<u>\$ 210,750</u>	<u>54,340</u>	<u>56,721</u>	<u>208,369</u>
Liabilities:				
Warrants payable	\$ 14,125	72	2,169	12,028
Accrued liabilities	3,746	1,696	299	5,143
Intergovernmental payable	192,879	8,024	9,705	191,198
Total liabilities	<u>\$ 210,750</u>	<u>9,792</u>	<u>12,173</u>	<u>208,369</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



TRUST FUNDS

TRUST FUNDS

INVESTMENT

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

Non-Pooled Investments - Accounts for separate investment pools and maintains accounts for assets of various long-term obligations.

PRIVATE PURPOSE

Redevelopment Obligation Trust Fund (RORF) – Accounts for the assets, liabilities, and activities of the County of Sacramento Redevelopment Successor Agency (Successor Agency).

**COUNTY OF SACRAMENTO
TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016
(amounts expressed in thousands)**

	<u>Investment Trust</u>			<u>Private Purpose Trust Fund</u>
	<u>Treasurer's Pool</u>	<u>Non-Pooled Investments</u>	<u>Total</u>	<u>Redevelopment Obligation Retirement Fund - Successor Agency</u>
Assets:				
Cash and investments	\$ 2,354,993	316,915	2,671,908	21,104
Intergovernmental				3,050
Interest				122
Assets held for sale				4,411
Total assets	<u>2,354,993</u>	<u>316,915</u>	<u>2,671,908</u>	<u>28,687</u>
Liabilities:				
Unearned revenue				2,637
Accrued liabilities				555
Intergovernmental payable				2,011
Loan due to County Public Financing Authority				70,505
Other long-term liabilities				6,525
Total liabilities				<u>82,233</u>
Net position (deficit) held in trust	<u>\$ 2,354,993</u>	<u>316,915</u>	<u>2,671,908</u>	<u>(53,546)</u>

**COUNTY OF SACRAMENTO
TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)**

	Investment Trust			Private Purpose Trust Fund
	Treasurer's Pool	Non-Pooled Investments	Total	Redevelopment Obligation Retirement Fund - Successor Agency
Additions:				
Property taxes	\$			6,696
Contributions on pooled investments	6,218,617	2,282,454	8,501,071	
Use of money and property	30,061	13,887	43,948	116
Miscellaneous				13
Total additions	<u>6,248,678</u>	<u>2,296,341</u>	<u>8,545,019</u>	<u>6,825</u>
Deductions:				
Distributions from pooled investments	5,905,209	2,353,154	8,258,363	
Services and supplies				7,937
Other				3,529
Interest expense				4,195
Total deductions	<u>5,905,209</u>	<u>2,353,154</u>	<u>8,258,363</u>	<u>15,661</u>
Changes in net position	<u>343,469</u>	<u>(56,813)</u>	<u>286,656</u>	<u>(8,836)</u>
Net position held in trust, beginning of year	<u>2,011,525</u>	<u>373,728</u>	<u>2,385,253</u>	<u>(44,710)</u>
Net position held in trust, end of year	<u>\$ 2,354,993</u>	<u>316,945</u>	<u>2,671,908</u>	<u>(53,546)</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



**STATISTICAL
SECTION**

STATISTICAL SECTION

This part of the Sacramento County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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

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

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

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

Operating Information - These schedules contain information about the County's operation and resources to help the reader understand how the county's financial information relates to the services the County provides and the activities it performs.

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

**COUNTY OF SACRAMENTO
NET POSITION BY COMPONENT
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands)**

	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10*	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Governmental activities										
Net investment in capital assets	1,335,121	1,296,783	1,428,639	1,374,306	1,378,390	1,407,750	1,373,547	1,389,288	1,362,707	1,370,462
Restricted	425,187	507,138	478,468	437,559	390,498	429,831	305,772	284,613	179,628	496,622
Unrestricted	(44,775)	(105,778)	(387,629)	(316,689)	(363,502)	(301,596)	(222,334)	(206,727)	(1,945,922)	(2,164,382)
Total governmental activities net position	<u>1,715,533</u>	<u>1,698,143</u>	<u>1,519,478</u>	<u>1,495,176</u>	<u>1,405,386</u>	<u>1,535,985</u>	<u>1,456,985</u>	<u>1,467,174</u>	<u>(403,587)</u>	<u>(297,298)</u>
Business-type activities										
Net investment in capital assets	512,575	514,042	577,905	719,665	790,799	873,060	924,632	902,340	893,262	916,597
Restricted	138,764	214,334	218,839	216,266	182,288	140,552	119,827	113,277	117,472	116,658
Unrestricted	264,560	274,165	239,805	156,994	183,320	215,094	241,164	252,278	223,719	240,042
Total business-type activities net position	<u>915,899</u>	<u>1,002,541</u>	<u>1,036,549</u>	<u>1,092,925</u>	<u>1,156,407</u>	<u>1,228,706</u>	<u>1,285,623</u>	<u>1,267,895</u>	<u>1,234,453</u>	<u>1,273,297</u>
Primary government										
Net investment in capital assets	1,847,696	1,810,825	2,006,544	2,093,971	2,169,189	2,280,810	2,298,179	2,291,628	2,255,969	2,287,059
Restricted	563,951	721,472	697,307	653,825	572,786	570,383	425,599	397,890	297,100	613,280
Unrestricted	219,785	168,387	(147,824)	(159,695)	(180,182)	(86,502)	18,830	45,551	(1,722,203)	(1,924,340)
Total primary government net position	<u>2,631,432</u>	<u>2,700,684</u>	<u>2,556,027</u>	<u>2,588,101</u>	<u>2,561,793</u>	<u>2,764,691</u>	<u>2,742,608</u>	<u>2,735,069</u>	<u>830,866</u>	<u>975,999</u>

* Restated 2009-10

Note: 1) Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted and unrestricted. Net position is considered restricted when a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

**COUNTY OF SACRAMENTO
CHANGE IN NET POSITION
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands)**

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	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Expenses										
Governmental activities:										
General government	\$ 217,194	201,712	185,963	177,963	191,427	171,667	183,480	165,556	169,604	179,608
Public assistance	736,120	681,682	704,416	668,368	674,543	611,073	608,245	629,196	639,831	655,225
Public protection	727,876	705,953	744,072	650,198	673,751	630,142	711,957	760,358	725,108	781,244
Health and sanitation	537,677	671,812	724,666	595,816	528,449	555,490	566,548	574,814	502,535	554,731
Public ways and facilities	139,424	199,748	123,999	115,073	122,752	111,965	104,898	152,956	152,186	172,931
Recreation and culture	37,522	42,246	41,194	37,139	35,990	88,913	37,871	37,150	34,771	38,951
Education	14,806	22,621	24,161	21,053	3,578	1,858	2,548	1,353	1,820	1,729
Interest and fiscal charges	108,249	151,148	138,824	141,529	140,419	124,537	116,565	122,597	125,603	109,019
Total governmental activities	<u>2,518,868</u>	<u>2,676,922</u>	<u>2,687,295</u>	<u>2,407,139</u>	<u>2,370,909</u>	<u>2,295,645</u>	<u>2,332,112</u>	<u>2,443,980</u>	<u>2,351,458</u>	<u>2,493,438</u>
Business-type activities:										
Airport	113,018	125,793	131,888	130,724	128,941	167,303	204,930	199,264	188,132	187,985
Solid Waste	61,106	60,149	66,991	62,567	59,433	63,131	62,178	59,117	59,774	60,357
Water Agency	40,200	45,992	29,277	24,575	28,174	47,799	55,632	55,586	55,923	55,824
Parking Enterprise	2,630	2,904	12,459	3,247	1,914	2,037	1,819	1,725	2,463	1,893
County Transit	2,179	1,954	1,955	1,677	1,597	2,040	1,408	1,696	2,204	2,124
Total business-type activities	<u>219,133</u>	<u>236,792</u>	<u>242,570</u>	<u>222,790</u>	<u>220,059</u>	<u>282,310</u>	<u>325,967</u>	<u>317,388</u>	<u>308,496</u>	<u>308,183</u>
Total primary government	<u>\$ 2,738,001</u>	<u>2,913,714</u>	<u>2,929,865</u>	<u>2,629,929</u>	<u>2,590,968</u>	<u>2,577,955</u>	<u>2,658,079</u>	<u>2,761,368</u>	<u>2,659,954</u>	<u>2,801,621</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 134,274	90,743	89,134	100,877	112,818	116,246	130,972	118,633	169,287	152,760
Public assistance	10,621	11,340	9,156	8,464	8,858	11,744	9,862	6,541		11
Public protection	145,372	126,058	122,229	110,244	122,315	118,963	114,114	124,049	106,089	136,582
Health and sanitation	41,289	43,888	51,561	38,692	28,783	40,380	44,123	36,151	35,503	34,244
Public ways and facilities	82,266	76,590	53,711	31,912	31,660	27,227	15,441	79,336	57,397	56,088
Recreation and culture	14,694	15,065	17,312	12,735	14,435	13,181	13,249	12,915	12,808	21,799
Education	256	273	298	177	448	875	536	146		
Operating grants and contributions	1,104,969	1,223,424	1,177,843	1,128,887	1,168,916	1,153,418	1,162,723	1,225,662	1,223,283	1,214,579
Capital grants and contributions	41,993	95,231	34,808	38,434	24,658	22,257	38,570	40,793	18,210	42,248
Total governmental activities	<u>\$ 1,575,734</u>	<u>1,682,612</u>	<u>1,556,052</u>	<u>1,470,422</u>	<u>1,512,891</u>	<u>1,504,291</u>	<u>1,529,590</u>	<u>1,644,226</u>	<u>1,622,577</u>	<u>1,658,311</u>

**COUNTY OF SACRAMENTO
CHANGE IN NET POSITION
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands)**

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	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Business-type activities:										
Charges for services:										
Airport	\$ 107,997	115,050	123,192	132,727	121,516	146,328	162,222	160,647	177,244	187,829
Solid Waste	64,676	65,302	67,018	65,907	67,970	71,101	72,148	70,469	69,636	70,492
Water Agency	54,894	47,800	43,954	46,847	54,999	57,989	64,844	65,460	63,649	67,233
Parking Enterprise	3,047	3,265	4,989	3,185	3,195	3,143	2,995	2,995	3,001	2,909
County Transit	556	204	183	158	164	178	252	220	227	243
Operating grants and contributions	29,451	29,540	25,031	22,943	21,764	25,855	23,694	20,001	878	2,415
Capital grants and contributions	21,895	28,635	12,290	10,211	16,133	15,872	56,887	11,891	19,119	15,383
Total business-type activities	<u>282,516</u>	<u>289,796</u>	<u>276,657</u>	<u>281,978</u>	<u>285,741</u>	<u>320,466</u>	<u>383,042</u>	<u>331,683</u>	<u>333,754</u>	<u>346,504</u>
Total primary government	<u>\$ 1,858,250</u>	<u>1,972,408</u>	<u>1,832,709</u>	<u>1,752,400</u>	<u>1,798,632</u>	<u>1,824,757</u>	<u>1,912,632</u>	<u>1,975,909</u>	<u>1,956,331</u>	<u>2,004,815</u>
Net (expense)/revenue										
Governmental activities	\$ (943,134)	(994,310)	(1,131,243)	(936,717)	(858,018)	(791,354)	(802,522)	(799,754)	(728,881)	(835,127)
Business-type activities	63,383	53,004	34,087	59,188	65,682	38,156	57,075	14,295	25,258	38,321
Total primary government net expense	<u>\$ (879,751)</u>	<u>(941,306)</u>	<u>(1,097,156)</u>	<u>(877,529)</u>	<u>(792,336)</u>	<u>(753,198)</u>	<u>(745,447)</u>	<u>(785,459)</u>	<u>(703,623)</u>	<u>(796,806)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property	\$ 447,032	474,947	475,629	437,634	383,651	379,289	370,925	398,364	425,477	447,437
Sales/Use	80,267	82,472	69,225	58,357	59,614	63,774	70,857	73,686	74,171	82,762
Transient occupancy	6,823	6,964	5,311	4,467	3,483	3,383	3,878	3,860	4,534	4,335
Unrestricted investment earnings	75,053	72,706	49,804	15,016	1,250	(648)	13,199	13,348	13,857	18,291
Grants and contrib. not restricted to specific programs	199,811	230,103	215,915	197,855	230,748	237,046	239,894	234,422	287,041	285,041
Pledged tobacco settlement proceeds	12,795	6,716	14,862	12,393	12,365	12,609	19,004	12,493	12,368	12,229
Miscellaneous	109,194	92,127	105,545	105,003	120,593	90,168	80,293	78,304	51,966	86,600
Transfers	1,609	1,988	7,514	8,502	4,972	(6)	4,848	4,981	5,178	4,721
Extraordinary item - AB 99 obligation					(48,448)	48,448				
Total general revenues and transfers	<u>\$ 932,584</u>	<u>968,023</u>	<u>943,805</u>	<u>839,227</u>	<u>768,228</u>	<u>834,063</u>	<u>802,898</u>	<u>819,458</u>	<u>874,592</u>	<u>941,416</u>

**COUNTY OF SACRAMENTO
CHANGE IN NET POSITION
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands)**

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	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Business-type activities:										
Sales/Use tax	\$ 951	573	483	573	554	356	927	581	687	1,412
Unrestricted investment earnings	18,188	31,890	6,778	2,617	1,018	2,701				
Grants and contrib. not restricted to specific programs							3,878	1,973	1,473	3,832
Transfers	(1,609)	(1,988)	(7,514)	(6,002)	(4,972)	6	(4,848)	(4,981)	(5,178)	(4,721)
Special item - Abatement of regulatory fees					1,200	350	(417)			
Extraordinary - Litigation Settlements						30,730				
Total general revenues and transfers	<u>17,530</u>	<u>30,475</u>	<u>(253)</u>	<u>(2,812)</u>	<u>(2,200)</u>	<u>34,143</u>	<u>(460)</u>	<u>(2,427)</u>	<u>(3,018)</u>	<u>523</u>
Total primary government	<u>\$ 950,114</u>	<u>998,498</u>	<u>943,552</u>	<u>836,415</u>	<u>766,028</u>	<u>868,206</u>	<u>802,438</u>	<u>817,031</u>	<u>871,574</u>	<u>941,939</u>
Change in Net Position										
Governmental activities	\$ (10,550)	(26,287)	(187,438)	(97,490)	(89,790)	42,709	376	19,704	145,711	106,289
Business-type activities	80,913	83,479	33,834	56,376	63,482	72,299	56,615	11,868	22,240	38,844
Total primary government	<u>\$ 70,363</u>	<u>57,192</u>	<u>(153,604)</u>	<u>(41,114)</u>	<u>(26,308)</u>	<u>115,008</u>	<u>56,991</u>	<u>31,572</u>	<u>167,951</u>	<u>145,133</u>

COUNTY OF SACRAMENTO
FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands)

	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10*	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
General fund										
Reserved	\$ 48,850	59,322	60,921	135,835						
Unreserved	149,845	97,711	(41,533)	(49,289)						
Nonspendable					15,435	14,967	14,618	32,640	30,837	27,857
Restricted					151,287	193,620	201,876	205,789	232,455	212,353
Assigned							1,212			9,780
Unassigned					(30,835)	(3,382)	(1)	(38,992)	(13,462)	24,931
Total general fund	<u>\$ 198,695</u>	<u>157,033</u>	<u>19,388</u>	<u>86,546</u>	<u>135,887</u>	<u>205,205</u>	<u>217,705</u>	<u>199,437</u>	<u>249,830</u>	<u>274,921</u>
All other governmental funds										
Reserved	\$ 330,439	379,897	352,822	277,547						
Unreserved, reported in:										
Special revenue funds	250,264	265,854	219,591	259,518						
Capital project funds	4,101	3,428	(5,627)	767						
Special revenue funds										
Nonspendable					1,836	16,069	15,703	10,467	902	691
Restricted					239,441	271,784	172,741	191,743	198,744	210,529
Debt Service funds										
Nonspendable										
Restricted					126,878	121,162	111,917	105,644	101,784	89,851
Capital projects funds										
Nonspendable					4,292	4,292	4,292			
Restricted					71,069	49,484	41,414	44,096	44,207	74,799
Unassigned					(1,974)	(2,013)	(2,066)			
Total all other governmental funds	<u>\$ 584,804</u>	<u>649,179</u>	<u>566,786</u>	<u>537,832</u>	<u>441,542</u>	<u>460,778</u>	<u>344,001</u>	<u>351,950</u>	<u>345,637</u>	<u>375,870</u>

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

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

COUNTY OF SACRAMENTO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands)

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	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Revenues										
Taxes	\$ 534,122	564,383	550,165	503,091	452,478	446,446	445,659	475,910	504,182	534,536
Use of money and property	74,172	72,908	49,108	14,753	12,057	13,033	13,135	13,347	13,843	18,208
Licenses and permits	46,035	49,259	41,762	37,285	40,187	39,183	46,254	50,032	56,766	61,424
Intergovernmental	1,374,776	1,431,493	1,419,783	1,366,831	1,432,358	1,408,860	1,444,711	1,524,291	1,546,630	1,601,585
Charges for services	181,628	179,710	197,378	182,714	184,038	177,714	174,666	249,034	244,887	269,693
Fines, forfeitures, and penalties	46,177	52,853	33,427	34,716	49,756	43,551	39,054	43,723	43,041	37,599
Contributions and donations		62,050								24,168
Pledged tobacco settlement proceeds	12,705	13,525	14,862	12,393	12,365	12,609	19,004	12,493	12,368	12,229
Miscellaneous	109,194	101,025	105,545	105,003	120,593	90,168	80,294	77,392	86,346	81,428
Total revenues	2,378,809	2,527,206	2,412,030	2,256,786	2,303,832	2,231,564	2,262,777	2,446,222	2,508,063	2,640,870
Expenditures										
General government	177,952	175,593	171,945	143,739	151,978	133,720	141,867	142,581	151,271	165,999
Public assistance	731,883	673,098	689,891	653,640	666,033	597,066	597,598	621,588	656,873	663,373
Public protection	687,371	666,706	683,099	597,467	633,933	633,761	660,322	718,386	753,721	797,866
Health and sanitation	501,490	644,595	681,774	559,019	513,468	535,088	553,781	564,824	522,894	559,977
Public ways and facilities	102,617	108,974	102,254	115,672	102,705	85,118	108,663	151,269	137,724	135,948
Recreation and culture	41,972	49,871	42,185	34,693	33,896	33,881	34,553	34,650	35,368	34,869
Education	20,082	22,416	23,013	20,229	2,988	1,179	1,040	1,025	1,604	1,286
Capital outlay	100,052	128,542	109,098	77,061	47,840	53,059	32,316	40,629	35,754	59,079
Debt service:										
Principal	53,880	83,964	129,232	81,356	85,295	70,736	79,956	72,695	69,242	67,346
Bond issuance cost		9,949	335	1,217		4,579		867		
Interest and fiscal charges	72,229	87,098	89,150	109,087	125,166	114,172	123,615	125,196	137,656	135,660
Total expenditures	2,489,528	2,650,806	2,721,976	2,393,180	2,363,302	2,262,359	2,333,711	2,473,710	2,502,107	2,621,403
Excess (Deficiency) of revenue under expenditures	\$ (110,719)	(123,600)	(309,946)	(136,394)	(59,470)	(30,795)	(70,934)	(27,488)	5,956	19,467

COUNTY OF SACRAMENTO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands)

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	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Other financing sources (uses)										
Transfers in	\$ 116,773	184,870	174,740	180,332	173,174	206,201	193,346	187,577	184,765	174,485
Transfers out	(103,130)	(171,783)	(156,475)	(155,924)	(158,246)	(171,550)	(175,433)	(156,053)	(167,637)	(158,150)
Capital leases obligations	4,105	8,413			29					
Issuance of debt	39,524	160,241	80,006	64,470	46,012	295,026	28,374	135,060	20,996	19,522
Payments to participating governments		(43,855)								
Tobacco settlement proceeds										
Refunding of debt issued		359,165	49,760	123,950						
Discount on debt issued		1,440		1,770						
Discount on debt issued		(2,144)				(467)		(2,180)		
Purchase of delinquent property tax										
Swap, termination payment			(23,019)	(10,180)		(76,549)				
Swap, premium short term			2,950							
Swap, premium long term			20,069							
Payments to refunded bond escrowage		(350,037)	(49,225)	(103,008)		(181,760)		(108,850)		
Total other financing sources (uses)	<u>57,272</u>	<u>146,310</u>	<u>98,806</u>	<u>101,410</u>	<u>60,969</u>	<u>70,901</u>	<u>46,287</u>	<u>55,554</u>	<u>38,124</u>	<u>35,857</u>
Extraordinary Item										
AB 99 obligation					(48,448)	48,448				
Net change in fund balances	<u>\$ (53,447)</u>	<u>22,710</u>	<u>(211,140)</u>	<u>(34,984)</u>	<u>(46,949)</u>	<u>88,554</u>	<u>(24,647)</u>	<u>28,066</u>	<u>44,080</u>	<u>55,324</u>
Debt service as a percentage of noncapital expenditures	5.39 %	6.86 %	8.45 %	8.38 %	9.22 %	8.44 %	9.07 %	9.38 %	9.16 %	8.60 %

COUNTY OF SACRAMENTO
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
FISCAL YEARS 2006-07 THROUGH 2015-16
(full accrual basis)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales/Use Tax</u>	<u>Transient Tax</u>	<u>Total</u>
2006-07	\$ 447,032	80,267	6,823	534,122
2007-08	474,947	82,472	6,964	564,383
2008-09	475,629	69,225	5,311	550,165
2009-10	437,634	58,357	4,467	500,458
2010-11	383,651	59,614	3,483	446,748
2011-12	379,289	63,774	3,383	446,446
2012-13	370,925	70,856	3,878	445,659
2013-14	398,364	73,686	3,860	475,910
2014-15	425,477	74,171	4,534	504,182
2015-16	447,437	82,762	4,335	534,534

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COUNTY OF SACRAMENTO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Secured (1)</u>	<u>Unsecured (2)</u>	<u>Unitary (3)</u>	<u>Exemptions - Welfare-Other (4)</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (5)</u>
2006-07	\$ 121,280,525	4,805,476	1,538,907	(3,498,437)	124,126,471	1.000
2007-08	132,394,422	5,297,882	1,658,758	(4,009,995)	135,341,067	1.000
2008-09	135,778,966	5,892,766	1,608,908	(4,593,170)	138,687,470	1.000
2009-10	126,690,744	5,920,172	1,530,903	(5,202,526)	128,939,293	1.000
2010-11	124,053,914	5,553,385	1,465,920	(5,056,921)	126,016,298	1.000
2011-12	120,462,252	5,496,501	1,458,358	(5,495,233)	121,921,878	1.000
2012-13	117,056,785	5,519,515	1,413,297	(5,425,738)	118,563,859	1.000
2013-14	122,121,295	5,902,161	1,419,015	(5,518,271)	123,924,200	1.000
2014-15	129,769,815	6,429,967	1,444,609	(5,925,469)	131,718,922	1.000
2015-16	134,494,438	6,488,685	1,527,359	(6,387,204)	136,123,278	1.000

- (1) Secured property is generally real property which includes land, improvements, structures, crops, vines, and mobile homes.
(2) Unsecured property is generally personal property which includes boats, aircrafts, fixtures, equipments, leasehold improvements, and possessory interests.
(3) Unitary properties are railroads, utilities properties which are assessed by the State Board of Equalization.
(4) Exemptions as provided by the State Constitution provides property tax relieves to Welfare, Church, and Non-Profit Organizations.
(5) Proposition 13 limits the General Direct Property tax rate to 1% of the net assessed values.

Source: Equalized Rolls Valuation reports

**COUNTY OF SACRAMENTO
 AVERAGE PROPERTY TAX RATES - ALL
 DIRECT AND OVERLAPPING GOVERNMENTS
 FISCAL YEARS 2006-07 THROUGH 2015-16
 (rate per \$100 of assessed value)**

Fiscal Year	Basic Tax Rate	Overlapping General Obligation Bonds Rates			Total County Average Tax Rate
		Countywide (A)	Cities (B)	Special District (C)	
2006-07	1.000	0.0046	N/A	0.0447	1.0493
2007-08	1.000	0.0041	N/A	0.0322	1.0363
2008-09	1.000	0.0043	N/A	0.0380	1.0423
2009-10	1.000	0.0042	N/A	0.0390	1.0432
2010-11	1.000	0.0041	N/A	0.0374	1.0415
2011-12	1.000	0.0047	N/A	0.0471	1.0518
2012-13	1.000	0.0049	N/A	0.0479	1.0528
2013-14	1.000	0.0035	N/A	0.0559	1.0594
2014-15	1.000	0.0019	N/A	0.0497	1.0516
2015-16	1.000	0.0018	N/A	0.0473	1.0491

- (A) In June 1978 California voter approved Proposition 13, which restricted property taxes to a County-wide rate of 1% per \$100 of assessed value plus voter approved indebtedness. The distribution of County-wide basic tax rate of 1% is based on the County's AB 8 Apportionment factors.
- (B) Rate represents a weighted average of six incorporated cities (after inclusion of the City of Elk Grove which incorporated in 2000-2001) within the County for the fiscal years ending 2000-2001 through 2002-2003. Rate represents a weighted average of seven incorporated cities (after inclusion of the City of Rancho Cordova which incorporated in 2003-2004) within the County for the fiscal years ending 2003-2004 and thereafter.
- (C) Rate represents a weighted average of the various special districts with general obligation bond rates.
- (D) Rate represents a weighted average of the various school districts with general obligation bond rates.
- FY 07-08: Average rate = Requirements / District's Valuation within the Bond Debt boundaries.

Source: County's internal financial documents

**COUNTY OF SACRAMENTO
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2016 AND JUNE 30, 2007
(amounts expressed in thousands)**

	<u>JUNE 30, 2016</u>				<u>JUNE 30, 2007</u>			
	Tax Levy	Rank	Percentage of Total Tax Levy	%	Tax Levy	Rank	Percentage of Total Tax Levy	%
<u>Taxpayer (a)</u>								
Pacific Gas & Electric Co.	\$ 8,159	1	0.69	%	3,980	3	0.39	%
AT&T Communications (a)	7,178	2	0.58		4,081	2	0.40	
Intel Corporation	6,572	3	0.53		7,240	1	0.70	
MP Holdings	6,162	4	0.50					
Walmart	4,880	5	0.40					
Cummings Trust	4,666	6	0.38					
Hines	4,551	7	0.37					
Westcore Delta, LLC	4,476	8	0.36					
Donahue Schriber Realty Group	4,034	9	0.33					
Buzz Oates, Et Al	3,409	10	0.28		2,138	10	0.21	
Surewest					2,692	6	0.26	
Elliot Homes, Inc.					3,376	4	0.33	
Aerojet General Corporation					2,929	5	0.28	
Lennar Renaissance, Inc.					2,319	8	0.22	
Rosetta Resources, Inc.					2,264	9	0.22	
Verizon					2,514	7	0.24	

Note: (a) SBC Communications merged with AT&T Communications in November of 2005.

Source: Sacramento County Department of Finance

**COUNTY OF SACRAMENTO
COUNTY WIDE 1 PERCENT - SECURED AND UNITARY
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands)**

Fiscal Year	(1)	(2)		Collections in Subsequent Years	Total Collections to Date	
	Taxes Levied	Collections Within the Fiscal Year Amount	Percent of Levy		Amount	Percentage of Levy
2006-07	\$1,191,030	1,146,704	96.28	44,326	1,191,030	100
2007-08	1,284,322	1,224,126	95.31	60,196	1,284,322	100
2008-09	1,294,025	1,245,112	96.22	48,913	1,294,025	100
2009-10	1,190,013	1,156,791	97.21	33,222	1,190,013	100
2010-11	1,165,904	1,139,699	97.75	26,205	1,165,904	100
2011-12	1,127,451	1,108,086	98.28	19,365	1,127,451	100
2012-13	1,094,235	1,079,299	98.63	14,936	1,094,235	100
2013-14	1,160,120	1,146,609	98.84	13,511	1,160,120	100
2014-15	1,233,891	1,224,411	98.99	12,480	1,233,891	100
2015-16	1,288,948	1,278,225	99.17	10,723	1,288,948	100

(1) County wide 1 percent - Secured and Unitary Tax Rolls - Adjusted levy amount as of June 30

Levied Amounts for the County General Fund, School districts, Cities, and Special districts.

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

Source: County's internal financial documents

COUNTY OF SACRAMENTO
RATIOS OF OUTSTANDING DEBT BY TYPE
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Teeter Notes	Pension Obligation Bonds	Revenue Bonds	Capital Leases	Other Debt	Revenue Bonds	PFC and Subordinate Revenue Bonds	Certificates of Participation	Other Debt				
2006-07	\$ 308,760	32,302	944,964	308,915	6,895	3,965	624,855	49,235	28,735	1,705	2,310,331	4.41 %	1,673	
2007-08	340,480	51,335	960,926	356,428	13,933	3,615	914,925	89,430	26,900	653	2,758,625	5.09 %	1,979	
2008-09	325,175	49,800	944,638	345,142	11,186	5,090	910,455	87,940	25,005	10,615	2,715,046	5.06 %	1,927	
2009-10	340,285	56,419	931,453	342,722	9,972	7,178	1,097,430	363,330	23,205	10,316	3,182,310	5.82 %	2,238	
2010-11	323,510	50,961	916,168	340,957	8,711	6,105	1,210,285	351,745	21,180	9,455	3,239,077	5.63 %	2,256	
2011-12	306,535	50,897	1,266,834	353,572	7,824	2,435	1,194,285	339,880	19,085	9,458	3,550,805	5.85 %	2,451	
2012-13	288,705	43,583	1,238,566	347,040	6,910	3,680	1,174,980	328,505	16,910	7,809	3,456,688	5.54 %	2,363	
2013-14	273,746	34,432	1,201,018	342,686	4,891	3,559	1,165,846	314,516	15,401	6,269	3,362,364	5.16 %	2,269	
2014-15	249,206	29,732	1,159,636	342,871	4,123	3,522	1,147,042	302,011	13,746	4,847	3,256,736	4.98 %	2,199	
2015-16	233,261	25,494	1,114,323	332,104	3,479	4,605	1,123,318	288,848		3,113	3,128,545	4.48 %	2,084	

Note:

- 1) The County of Sacramento has not had any General Obligation Bonds since 2002
- 2) See the "Demographic and Economic Statistics" table for population figures.

N/A = Not available

**COUNTY OF SACRAMENTO
LEGAL DEBT MARGIN INFORMATION
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands)**

	Fiscal Year									
	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Assessed Value of Property	\$ 124,126,471	135,341,067	138,687,470	128,939,293	126,016,298	121,921,878	118,563,859	123,924,201	131,718,922	136,123,278
Debt Limit, 1.25% of Assessed Value (Statutory Limitation)	1,551,581	1,691,763	1,733,593	1,611,741	1,575,204	1,524,023	1,482,048	1,549,053	1,646,487	1,701,541
Amount of Debt Applicable to Limit: General Obligations Bonds Less: Resources Restricted to Paying Principal										
Total net debt applicable to limit	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Legal debt margin	<u>1,551,581</u>	<u>1,691,763</u>	<u>1,733,593</u>	<u>1,611,741</u>	<u>1,575,204</u>	<u>1,524,023</u>	<u>1,482,048</u>	<u>1,549,053</u>	<u>1,646,487</u>	<u>1,701,541</u>
Total net debt applicable to the limit as a percentage of the limit	100	100	100	100	100	100	100	100	100	100

- Note:
- (1) Article XIII A of the California State Constitution and Senate Bill 1656, Statutes of 1978, provided for changing assessed value from 25 percent of full cash value to full cash value. Hence, the 5 percent limitation on general obligation bond indebtedness imposed by Section 29909 of the Government Code became 1.25 percent of assessed value.
 - (2) The legal debt margin is the County's available borrowing authority under State finance statutes and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Source: County's internal documents and financial statements

**COUNTY OF SACRAMENTO
PLEDGED-REVENUE COVERAGE
FISCAL YEARS 2006-07 THROUGH 2015-16
(amounts expressed in thousands)**

Fiscal Year	Airport Revenue Bond Coverage						Parking Authority Revenue Bond Coverage		
	Gross Revenue (a)	Less: Operating Expenses (b)	Net Revenue	Debt Service Requirements (c)		Coverage	Gross Revenue	Less: Operating Expenses (b)	Net Revenue
2006-2007	\$ 116,610	78,637	37,973	3,125	9,333	3.05	2,864	2,085	779
2007-2008	118,940	87,770	31,170	6,765	8,742	2.01	3,041	2,331	710
2008-2009	134,667	84,890	49,777	7,850	8,122	3.12	2,990	9,753	(6,763)
2009-2010	132,007	83,385	48,622	8,155	9,052	2.83	3,062	2,604	458
2010-2011	128,180	83,884	44,296	8,395	8,892	2.56	3,148	1,444	1,704
2011-2012	146,057	95,730	50,327	11,395	24,586	1.40	3,051	1,867	1,184
2012-2013	162,935	94,118	68,817	11,940	40,187	1.32	2,948	1,739	1,209
2013-2014	160,589	88,122	72,467	9,720	39,708	1.47	2,954	1,381	1,573
2014-2015	158,928	82,412	76,516	14,220	39,345	1.43	3,001	2,180	821
2015-2016	171,474	87,492	83,982	14,220	38,743	1.57	2,910	1,675	1,235

Fiscal Year	Water Agency (d)					
	Gross Revenue (a)	Less: Operating Expenses (b)	Net Revenue	Debt Service Requirements (c)		Coverage
2006-2007	\$ 39,661	17,457	22,204	945	1,195	10.38
2007-2008	42,778	17,451	25,327	965	3,263	5.99
2008-2009	41,836	18,142	23,694	990	9,434	2.27
2009-2010	45,435	16,505	28,930	6,975	17,393	1.19
2010-2011	53,789	17,436	36,353	7,290	17,133	1.49
2011-2012	56,491	19,415	37,076	7,605	16,801	1.52
2012-2013	63,664	22,425	41,239	7,910	16,620	1.68
2013-2014	63,743	22,201	41,542	8,240	15,365	1.76
2014-2015	63,798	23,090	40,708	8,650	15,803	1.66
2015-2016	67,351	22,882	44,469	9,070	15,399	1.82

Note: Solid Waste Enterprise Fund does not have Revenue bonds

(a) Per bond resolution, Revenues include all Airport and Water Agency revenues and exclude certain interest earnings and restricted revenues.

(b) Total operating expenses exclusive of depreciation and amortization.

(c) Includes principal and interest of Revenue bonds only. Does not include General obligation bonds or Certificates of participation.

(d) Water Agency Revenue bonds were issued June 12, 2003.

Source: County's internal financial documents

**COUNTY OF SACRAMENTO
PRIVATE SECTOR PRINCIPAL EMPLOYERS
JUNE 30, 2016 AND 2007**

Employer	June 30, 2016			June 30, 2007		
	<u>Employees (b)</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees (c)</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
UC Davis Health System	9,905	1	1.57 %			
Sutter / California Health Services	7,352	2	1.16	11,284	2	1.79 %
Dignity / Mercy Healthcare	6,212	3	0.98			
Intel Corporation	6,000	4	0.95	6,500	5	1.03
Kaiser Permanente	5,421	5	0.86	11,729	1	1.86
Raley's Inc. / Bel Air	3,289	6	0.52	8,203	3	1.30
Apple Inc.	2,500	7	0.40			
VSP Global	2,382	8	0.38			
Health Net of California Inc.	2,299	9	0.36			
Wells Fargo & Co.	2,190	10	0.35			
University of California, Davis (UCD)				8,000	4	1.27
Hewlett - Packard				4,500	8	0.71
Walmart				3,300	10	0.52
Target Corporation				3,693	9	0.58
SBC Communications (a)				5,753	6	0.91
CHW / Mercy Health Care				5,229	7	0.83
Total	<u>47,550</u>		<u>7.53 %</u>	<u>68,191</u>		<u>10.80 %</u>

Note:

(a) SBC Communications merged with AT&T Communication in November of 2005.

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

(c) Source: Prior year County CAFR.

**COUNTY OF SACRAMENTO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 FISCAL YEARS 2006-07 THROUGH 2015-16
 (amounts expressed in thousands except per capita amount)**

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	School Enrollment	(3) Unemployment Rate (%)
2006-07	1,370	50,965,290	37,213	238	4.8
2007-08	1,381	52,721,398	38,172	238	5.4
2008-09	1,394	54,773,648	39,280	238	7.2
2009-10	1,409	53,826,177	38,213	238	11.0
2010-11	1,422	54,666,004	38,443	238	12.6
2011-12	1,436	57,498,308	40,053	237	12.1
2012-13	1,448	59,775,785	41,268	238	10.5
2013-14	1,462	61,654,690	42,162	240	8.9
2014-15	1,481	65,391,250	44,139	241	7.3
2015-16	1,501	69,870,482	46,539	243	6.0

Note: All dollar estimates are in current dollars (not adjusted for inflation)

Estimates updated November 17, 2016, includes new estimates for 2015 and revised estimates for 2007-2014 (may not be consistent with prior reported figures)

(1) Census Bureau midyear population estimates. Estimates for 2010-2015 reflect county population estimates available as of March 2016.

(2) Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2015 reflect county population estimates available as of March 2016.

(3) Unemployment rate reflects the March 2015 Benchmark annual revision.

Source: U.S. Department of Commerce, Bureau of Economic Analysis; California Department of Education, K-12 Public School Enrollment for Sacramento County; and California State Employment Development Department.

**COUNTY OF SACRAMENTO
 FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
 FISCAL YEARS 2006-07 THROUGH 2015-16**

Function	Full-Time Equivalent Employees as of June 30th									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
General Government	924	1,004	954	907	945	916	890	1,076	894	895
Public Assistance	3,115	2,648	2,487	2,339	2,210	2,156	2,132	2,165	2,179	2,239
Public Protection	5,161	4,543	4,292	3,683	3,548	3,574	3,571	3,591	3,806	3,948
Health & Sanitation	1,760	3,150	3,063	2,661	2,089	2,018	2,032	1,952	1,952	2,057
Recreation and Culture	214	212	181	162	129	120	106	137	138	154
Education	3	3	3	2	3	2	2	1	1	
Public Ways and Facilities									271	277
Total	11,177	11,560	10,980	9,754	8,924	8,786	8,733	8,922	9,241	9,570

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 2006-07 THROUGH 2015-16**

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Function	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
General Government										
Assessor:										
Number of Parcels Assessed	495,090	507,471	510,494	506,063	503,108	502,709	502,527	501,887	503,717	505,436
Gross Total of Secured Roll*****	120,869,403	132,409,139	134,737,596	125,707,295	123,216,166	119,315,245	115,975,517	120,409,431	128,067,747	134,202,599
Gross Total of Unsecured Roll*****	4,805,562	5,297,882	5,892,766	5,920,223	5,553,385	5,496,500	5,519,515	5,902,161	6,430,072	6,488,685
Clerk recorders:										
Number of recorded documents	488,272	402,951	395,528	377,728	385,599	396,098	433,820	326,097	355,598	362,930
Public Assistance										
Human assistance total caseload	117,576	122,804	135,044	156,811	158,439	177,402	189,591	216,504	293,840	330,167
Percent served of children in poverty	95	95	95	96	98	91	86	81	66	61
Senior nutrition, meals served	592,904	624,290	616,127	478,197	-	-	-	N/A	N/A	N/A
Housing Services provided	12,032	13,011	12,708	12,794	12,299	9,369	2,378	2,457	2,203	2,069
Employee Non-Exempt Recipients CalWORKs	33	29	31	30	29	21	41	45	47	52
Public Protection										
District Attorney:										
Filed Felonies	11,837	11,179	10,374	8,589	8,897	8,496	8,815	9,342	8,496	8,854
Filed misdemeanors	21,197	21,347	19,781	17,353	16,399	13,888	14,095	13,539	14,553	15,164
Filed Probation Violations				1,355	1,864	1,042	1,153	1,940	1,785	1,517
Probation:										
Cases supervised	12,755	12,101	14,826	15,988	14,810	24,989	24,776	28,402	27,939	28,246
Institutional care for minors (days)	194,939	180,399	165,451	114,764	82,004	65,194	68,597	69,399	69,696	62,776
Juvenile referrals processed	12,041	11,128	12,383	11,816	10,188	8,769	8,836	8,105	6,605	5,519
Prepared adult sentencing reports	9,420	9,110	8,955	9,658	6,308	7,249	6,380	6,209	-	9,604
Public Defender:										
Felony Unit Jury Trials	160	168	136	139	135	130	161	147	159	161
Sheriff:										
Emergency calls for service:										
Priority 0	58	48	149	66	-	-	0	0	0	0
Priority 1	34,177	30,841	7,851	3,698	3,535	3,891	3,985	3,785	4,095	4,070
Emergency response time (minutes):										
Priority 0	9	7	13	14	-	-	0	0	0	0
Priority 1	16	9	11	11	10	14	12	12	13	13
Processed and booked adult offenders	22,493	24,364	21,483	20,242	19,064	20,601	19,443	19,991	20,292	20,538
Physical arrests	20,745	26,209	23,181	23,237	21,903	25,414	23,143	23,856	23,733	24,441
Total miles patrolled by Sheriffs****	813	813	813	813	813	813	813	813	813	813

* Due to budget reductions, the Warren E. Thornton Youth Center (WETYC) and the Sacramento County Boys Ranch (SCBR) were closed as of July 1, 2009 and July 1, 2010, respectively.

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

*** A new report was created that more accurately captures cases under Probation's Field jurisdiction. It includes the Post Release Community Supervision (PRCS) offender population that Probation is now responsible for under Assembly Bill 109 (Statutes of 2011).

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

***** Amounts expressed in thousands

***** Due to restructuring, we now have capacity to report on data and critical workload that we have previously been unable to capture and quantify.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 2006-07 THROUGH 2015-16**

Page 2 of 2

Function	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Health and sanitation										
Patient Treatments at Public Health Clinics	153,407	163,847	145,203	96,184	76,004	80,568	61,015	48,229	20,751	19,700
Training:										
Programs in compliance (by inspection)	100	100	100	100	100			27	95	100
Public ways and facilities										
Number of Traffic Signs Resent and Replaced	10,230	13,321	14,433	14,146	16,147	16,751	12,728	12,952	14,909	13,910
Square Feet of Graffiti Removed or Abated	233,641	304,370	349,312	341,749	201,315	76,132	96,848	136,989	185,195	205,084
Recreation and culture										
Number of Visitors/Participants at Effie Yeaw Nature Center (EYNC)	88,449	85,882	87,440	84,449	***	***	***	***	***	***
Number of Individuals Who Use Parks Golf Services	190,827	196,470	188,357	181,550	174,000	170,076	162,937	164,579	163,722	157,095
Education										
Library:										
Total Circulation****					8,021,448	7,648,145	7,329,585	7,113,116	7,339,735	7,480,731
Print Materials Loaned	4,580,021	4,841,670	5,505,198	6,338,259	****	****	***	***	***	****
Audio Visual Media Loaned	777,078	1,036,647	1,861,290	1,391,325	***	***	***	***	***	***
Library cards issued	62,767	80,562	85,308	80,429	74,224	78,088	62,194	64,686	66,835	63,384
Total Library Cards in Use	465,187	506,440	561,070	637,160	635,895	651,370	710,008	665,840	656,423	651,636
Library Visits	2,907,427	3,049,098	2,866,175	4,362,116	4,391,093	4,053,689	4,062,724	4,144,307	4,183,751	4,252,802
Airport										
Number of Commercial Airlines	16	16	15	14	11	11	11	11	11	10
Number of Flights	67,525	63,875	56,543	56,766	49,379	49,316	47,826	46,734	46,621	48,627
Number of Enplaned Passengers	5,307,289	5,294,256	4,704,858	4,549,909	4,479,741	4,480,003	4,419,545	4,376,237	4,628,597	4,943,185
Solid Waste										
Percent of Diversion/Recycled Waste	58	62	64	70	71	71	73	73	74	73
Tons Disposed	678,776	667,899	559,865	471,488	513,649	558,752	607,075	596,972	623,824	657,247
Water Agency										
Water Supply:										
Number of Water Connections	46,558	47,760	48,438	49,069	49,580	50,138	50,813	51,652	52,400	53,439
Water Delivered (acre feet)	41,764	39,867	40,605	39,428	38,781	42,594	43,178	41,045	35,112	31,174
Storm Water Utilities										
Drainage:										
Mainline and Lateral Pipes Cleaned (miles)	98.0	121.0	67.3	60.3	56.7	72.2	73.3	82.0	65.5	119.0
Parking Enterprise										
Daily Public Parking (count)	385,869	383,052	284,359	168,490	145,429	131,945	126,568	131,163	136,440	151,629
Monthly Parking Passes issued to County Employees (count)	16,740	17,491	20,484	18,456	17,736	17,280	17,304	17,580	17,652	17,640
Outside Agency Usage	7,496	7,509	9,398	11,251	12,350	11,775	11,703	10,021	8,995	7,792

*These numbers were revised after a program error was discovered by Consolidated Utility Billing and Service and a subsequent recount performed.

**Non-mandated inspections suspended due to budget/staff reductions. Program rebuilding measures underway.

***Beginning FY 2010-11, EYNC is no longer operated by the County, therefore this information is not available.

****Books loaned and audio visual media loaned statistics are combined in FY 2010-11.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO
CAPITAL ASSET STATISTICS BY FUNCTION
FISCAL YEARS 2006-07 THROUGH 2015-16**

Page 1 of 2

Function	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Protection										
Sheriff:										
Administrations buildings	1	1	1	1	1	1	1	1	1	1
Aircrafts										
Operational	4	5	4	5	4	5	5	5	5	5
Non-Operational	1	-	1	0	1	0		0	0	0
Fixed Wing										
Sheriff	2	2	2	1	1	1	1	1	-	0
CAL-MMET	2	2	2	2	2	2	2	2	2	2
Community service centers	10	10	10	10	5	5	5	5	6	7
Jail and detention facilities	2	2	2	2	2	2	2	2	2	2
Patrol Units	348	362	370	305	315	315	328	328	328	386
Stations	5	5	5	3	3	3	3	3	3	3
Health and Sanitation										
Clinics	3	3	3	3	1	1	1	1	1	1
Mental Health Treatment										
Clinics	1	1	1	1	1	1	1	1	1	1
Public ways and facilities										
Centerline miles of roads maintained	2,203	2,203	2,209	2,208	2,208	2,208	2,198	2,202	2,202	2,200
Traffic signals	422	432	450	450	449	451	451	459	461	466
Recreation and culture										
Number of Golf Courses	4	4	4	4	4	4	4	4	4	4
Number of Developed Parks	38	38	38	38	38	38	38	38	38	38
Developed Parks acreage	15,000	15,000	15,150	15,150	15,150	15,150	15,187	15,187	15,189	15,189
Education										
Number of Libraries	9	9	9	11	11	11	11	11	11	11

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

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO
CAPITAL ASSET STATISTICS BY FUNCTION
FISCAL YEARS 2006-07 THROUGH 2015-16**

Page 2 of 2

Function	Fiscal Year									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Airport										
Airports	4	4	4	4	4	4	4	4	4	4
Licensed Vehicles:										
Cars and Light Trucks	120	148	149	148	147	156	154	159	168	205
Busses	35	41	47	33	33	33	32	32	32	51
Solid Waste										
Number of Collection Trucks	148	130	152	149	139	100	105	109	108	100
Number of Landfills	3	3	3	3	3	3	3	3	3	3
Water Agency										
Water Supply:										
Water Mains (miles)	659	718	743	753	761	766	776	785	797	805
Storage Capacity (thousands of gallons)	34,400	39,400	39,400	39,400	39,400	39,400	61,900	61,900	61,900	61,900
Drainage:										
Drainage Inlets	47,281	47,335	47,717	44,131	44,356	44,555	39,439	37,669	38,841	38,651
Drainage Manholes	26,219	26,336	26,699	25,004	25,147	25,378	23,489	22,793	23,544	23,573
Drainage Pipes (miles)	1,421	1,446	1,443	1,338	1,342	1,345	1,333	1,276	1,359	1,353
Parking Enterprise										
Structures	2	2	2	2	2	2	2	2	2	2

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

Source: County of Sacramento Department Records

COMPREHENSIVE ANNUAL FINANCIAL REPORT



BOND DISCLOSURES

COUNTY OF SACRAMENTO

DEPARTMENT OF AIRPORTS

WATER AGENCY ENTERPRISE FUND

**COUNTY OF SACRAMENTO
ANNUAL CONTINUING DISCLOSURE
FOR THE YEAR ENDED JUNE 30, 2016**

This is the County of Sacramento Annual Continuing Disclosure filing as of December 30, 2016, in compliance with the County's Continuing Disclosure Agreements. The information herein speaks only as of this date and is subject to change without notice, and shall not, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. The presentation of information is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

This Section contains three separate Annual Continuing Disclosure filings for the following:

1. Certificates of Participation; Pension Obligation Bonds; and River City Regional Stadium Financing Authority Lease Revenue Bonds
2. Airport Revenue Bonds
3. Water Financing Authority Revenue Bonds

**COUNTY OF SACRAMENTO
ANNUAL CONTINUING DISCLOSURE FOR:
CERTIFICATES OF PARTICIPATION; PENSION OBLIGATION BONDS; AND
RIVER CITY REGIONAL STADIUM FINANCING AUTHORITY LEASE REVENUE BONDS**

REQUIRED TABLES

**Sacramento County Investment Pool
(Quarter Ending on September 30, 2016)**

Average Daily Balance	\$3,080,161,780
Period-End Balance	\$2,953,548,273
Yield	0.845%
Weighted Average Maturity	292 Days
Duration in Years	0.789 Years
Historical Cost	\$2,948,962,785
Market Value	\$2,957,066,896
Percent of Market to Cost	100.27%

**COUNTY OF SACRAMENTO
ANNUAL CONTINUING DISCLOSURE FOR:
CERTIFICATES OF PARTICIPATION; PENSION OBLIGATION BONDS; AND
RIVER CITY REGIONAL STADIUM FINANCING AUTHORITY LEASE REVENUE BONDS**

REQUIRED TABLES

**General Fund Adopted Budget⁽¹⁾
(amounts expressed in thousands)**

	FY 2013-14 ⁽³⁾	FY 2014-15 ^(2, 3)	FY 2015-16 ⁽³⁾	FY 2016-17
APPROPRIATIONS				
Reserve Increase/(Decrease)	\$	5,500	9,350	9,846
General Government	73,826	84,861	83,445	89,578
Public Protection	774,718	803,561	835,679	872,831
Public Ways and Facilities				
Health and Sanitation	599,962	607,167	655,315	699,212
Public Assistance	660,483	679,077	718,595	715,300
Education, Cultural and Recreation	23,818	18,716	20,702	20,953
Contingencies	4,013	2,712	2,000	1,958
TOTAL APPROPRIATIONS	<u>\$ 2,136,820</u>	<u>2,201,594</u>	<u>2,325,086</u>	<u>2,409,678</u>
AVAILABLE FUNDS				
Beginning Appropriated Fund Balance/Carryover	\$ 31,043	43,922	33,896	50,601
Interfund Transfers				
Equity Transfer In	986	609	459	1,696
Reserve Cancellation	4,517	695	6,675	1,148
Taxes	438,019	476,591	509,089	533,491
Licenses and Permits	10,865	11,273	11,598	12,169
Fines, Forfeitures and Penalties	34,179	31,477	27,035	27,232
Use of Money and Property	369	2,084	2,407	3,001
Aid from Other Government Agencies (state and federal)	1,431,326	1,457,578	1,552,395	1,602,487
Charges for Current Services	143,603	140,367	139,037	140,736
Other Revenues	41,913	36,998	42,495	37,117
TOTAL AVAILABLE FUNDS	<u>\$ 2,136,820</u>	<u>2,201,594</u>	<u>2,325,086</u>	<u>2,409,678</u>

⁽¹⁾ Board of Supervisors adopted budget prior to any Appropriation Adjustment Requests (AAR).

⁽²⁾ FY 2014-15 General Government and Education, Cultural and Recreation amounts have been corrected as appropriations for Education were included in General Government.

⁽³⁾ FYs 2013-14, 2014-15 and 2015-16 General Government and Health and Sanitation have been corrected as appropriations for General Government were included in Health and Sanitation.

**COUNTY OF SACRAMENTO
HISTORY OF GROSSED ASSESSED VALUATIONS
(amounts expressed in thousands)**

Fiscal Year	Total Gross Assessed Valuation	Secured/Unsecured Roll Growth
2007-08	\$ 137,707,021	9.57 %
2008-09	140,630,362	2.12
2009-10	131,627,518	(6.40)
2010-11	128,769,551	(2.17)
2011-12	124,811,747	(3.07)
2012-13	121,495,032	(2.66)
2013-14	126,311,592	3.96
2014-15	134,497,818	6.48
2015-16	140,691,284	4.60
2016-17	148,052,405	5.23

**Countywide Secured Tax Levies, Delinquencies and Collections
(excludes levies for bond debt service and special assessments)
(amounts expressed in thousands)**

Fiscal Year	Secured Tax Levies	Current Levy Delinquent June 30	Percent Current Levy Delinquent June 30	Total Collections June 30 ⁽¹⁾	Total Collection Current Levy
2007-08	\$ 1,266,825	\$ 60,194	4.75 %	1,206,631	95.25 %
2008-09	1,277,763	48,906	3.83	1,228,857	96.17
2009-10	1,174,519	33,222	2.83	1,141,297	97.17
2010-11	1,151,004	26,205	2.28	1,124,799	97.72
2011-12	1,112,482	19,365	1.74	1,093,117	98.26
2012-13	1,079,750	14,936	1.38	1,064,814	98.62
2013-14	1,145,549	13,511	1.18	1,132,038	98.82
2014-15	1,219,035	12,480	1.02	1,206,555	98.98
2015-16	1,273,652	10,723	0.84	1,262,929	99.16

⁽¹⁾ Includes prior years' redemption, penalties and interest.

COUNTY OF SACRAMENTO
Largest Secured Taxpayers FY 2016-17
(includes levies for bond debt service and special assessments)

Taxpayer	Amount
Pacific Gas & Electric	\$ 9,982,357
AT&T Communications	6,988,080
Intel Corporation	6,909,491
MP Holdings	5,410,849
Walmart	5,016,779
Cummings Trust	4,390,750
Hines	3,994,199
Westcore Delta LLC	3,949,813
Oakmont	3,409,386
Donahue Schriber Realty Group	3,146,392
Total (represents 2.95% secured tax roll levy):	<u><u>\$ 53,198,096</u></u>

COUNTY OF SACRAMENTO
Total General Fund Revenues, Expenditures and Changes in Fund Balance FY 2011-12 through FY 2015-16
(amounts expressed in thousands)

	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
Beginning Fund Balance (as restated beginning FY 2010-11 and FY 2012-13)	\$ 135,887	205,205	179,315	199,437	249,830
Revenues					
Taxes	410,322	411,626	438,057	463,728	494,863
Licenses and permits	8,403	10,734	12,421	11,134	11,969
Fines, forfeitures and penalties	24,211	20,345	29,290	28,626	25,096
Use of money/property	4,914	5,650	6,814	7,280	7,113
Intergovernmental	1,312,373	1,301,943	1,421,669	1,466,676	1,489,123
Charges for sales and services	118,740	118,067	137,240	134,703	141,723
Miscellaneous	44,960	47,584	35,113	45,215	
Total Revenues	<u>1,923,923</u>	<u>1,915,949</u>	<u>2,080,604</u>	<u>2,157,362</u>	<u>2,169,887</u>
Transfers in	39,380	29,588	16,012	13,406	20,202
Total Revenues and Transfers	<u>1,963,303</u>	<u>1,945,537</u>	<u>2,096,616</u>	<u>2,170,768</u>	<u>2,190,089</u>
Expenditures					
General government	81,044	84,423	91,145	97,544	108,869
Public protection	621,718	647,348	704,191	737,049	778,690
Health and sanitation	484,086	525,886	536,943	493,513	526,162
Public assistance	597,066	597,598	621,588	656,873	663,373
Public ways and facilities					
Education	298	306	275	318	319
Recreation and culture	17,637	17,174	18,500	16,011	17,670
Total Expenditures	<u>1,801,849</u>	<u>1,872,735</u>	<u>1,972,642</u>	<u>2,001,308</u>	<u>2,095,083</u>
Transfers out	92,136	98,692	103,852	119,067	108,749
Total Expenditures and Transfers	<u>1,893,985</u>	<u>1,971,427</u>	<u>2,076,494</u>	<u>2,120,375</u>	<u>2,203,832</u>
Net change in fund balance	<u>69,318</u>	<u>(25,890)</u>	<u>20,122</u>	<u>50,393</u>	<u>(13,743)</u>
Ending Fund Balance (as restated FY 2012-13)	<u>\$ 205,205</u>	<u>179,315</u>	<u>199,437</u>	<u>249,830</u>	<u>236,087</u>

COUNTY OF SACRAMENTO

Lease Obligations

As of July 1, 2016

Series	Project(s)	Amount Issued	Principal Amount Outstanding	Final Maturity	County Liability
1997 Refunding Certificates of Participation (1994 Public Facilities Project); dated 01/01/98	Coroner/Crime Lab and Data Center	\$ 88,360,000	\$ 57,795,000	2027	100%
2003 Certificates of Participation; dated 05/07/03	Boys Ranch; Mather Golf Course; Thornton Youth Center	15,230,000	11,275,000	2034	100%
2003 Certificates of Participation; dated 06/19/03	Juvenile Courthouse	36,150,000	27,660,000	2034	100%
2006 Certificates of Participation; dated 05/11/06	Fleet Maintenance Facility; Voters Registration Facility	40,860,000	21,255,000	2035	100%
2007 Certificates of Participation; dated 08/16/07	Animal Care Facility; Youth Detention Facility Expansion	46,260,000	40,160,000	2038	100%
1999 River City Regional Stadium Financing Authority, Taxable Lease Revenue Bonds	River Cats Stadium	39,990,000	29,505,000	2029	66% (if ticket receipts insufficient)
2010 Refunding Certificates of Participation; dated 03/12/10	Main Detention Facility; Parking Garage; Cherry Island Golf Course	126,105,000	71,735,000	2030	100%

Earthquake Insurance:

As of the date of this Annual Continuing Disclosure Report, earthquake insurance is in effect for the leased premises of the County of Sacramento 2010 Refunding Certificates of Participation.

**COUNTY OF SACRAMENTO
Pension Obligation Bonds**

As of July 1, 2016

Series	Purpose	Amount Issued	Principal Amount Outstanding	Final Maturity	Anticipated General Fund Payment Percent
County of Sacramento Taxable Pension Obligation Bonds, Series 1995A ⁽¹⁾⁽²⁾	Fund Pension System	\$ 404,060,208	\$ 194,172,669	2022	75%
County of Sacramento Taxable Pension Obligation Bonds, Series 2003B ⁽²⁾	Partially Refund Series 1995A	97,441,330	133,410,000	2024	75%
County of Sacramento Taxable Pension Funding Bonds, Refunding Series 2008	Refund Series 2004C-1	359,165,000	340,840,000	2030	75%
County of Sacramento Taxable Pension Bonds, Series 2011A	Refund Series 1995B,C	183,365,000	177,685,000	2023	75%
County of Sacramento Taxable Pension Bonds, Series 2011B	Refund Series 2009	73,875,000	73,875,000	2024	75%
County of Sacramento Taxable Pension Bonds, Series 2013	Refund Series 2004C-3	111,960,000	111,960,000	2025	75%

⁽¹⁾ Series 1995A amount outstanding reflects partial refund/defeasance of \$128,430,000 with Series 2003.

⁽²⁾ Series 1995A and 2003B amounts outstanding reflect fully accreted value of capital appreciation bonds. Full accretion date and conversion to current interest for the 1995A Series occurred August 15, 1998, and for the 2003B Series on February 15, 2009.

COUNTY OF SACRAMENTO

Other County General Fund Obligations

Outstanding loans between the County General Fund and the County Treasury Pool are detailed below. The Teeter Plan Loans are also loans between the County and the County's Pooled Investment Fund for a maximum of five years. The interest rate charged is variable and reset quarterly. There are no pre-payment penalties, thereby providing the County with the flexibility to opt-in at a later date into an alternative form of Teeter Plan financing.

As of June 30, 2016
(amounts expressed in thousands)

Description	Original Loan Amount	Principal Amount Outstanding	Final Maturity
Sacramento County (Teeter Plan)	\$ 36,698	\$ 1,617	08/01/2016
Sacramento County (Teeter Plan)	28,374	2,640	08/01/2017
Sacramento County (Teeter Plan)	23,100	4,084	08/01/2018
Sacramento County (Teeter Plan)	20,996	7,063	08/01/2019
Sacramento County (Teeter Plan)	19,522	10,090	08/01/2020

COUNTY OF SACRAMENTO
County of Sacramento Aggregate Debt Service
Current Outstanding Debt-Certificates of Participation Only
(includes principal and interest)
As of July 1, 2016

Period Ending June 30	Series 1997 Refunding COPs	Series 2003 Pub Fac Proj COPs	Series 2003 Juv Court COPs	Series 2006 Pub Fac Proj COPs	Series 2007 Animal Care/YDF 120 Bed Exp COPs	Series 2010 Refunding COPs	County's Portion of Series 1999 Lease Revenue Bonds ⁽¹⁾	FY Total
2017	\$ 6,318,338	960,700	2,214,675	2,410,687	2,998,613	13,035,675	2,365,352	30,304,040
2018	6,320,213	958,270	2,216,475	2,405,975	3,001,113	13,186,075	2,364,062	30,452,183
2019	6,318,419	959,780	2,211,775	2,413,925	3,001,038	9,340,775	2,360,578	26,606,290
2020	6,317,600	959,980	2,215,075	1,585,075	3,002,788	9,157,675	2,357,828	25,596,021
2021	6,317,281	958,830	2,215,700	1,580,425	3,001,538	5,659,950	2,352,074	22,085,798
2022	6,316,988	966,780	2,213,575	1,584,425	2,997,288	5,257,625	2,349,444	21,686,125
2023	6,316,244	957,860	2,213,575	1,581,625	3,004,663	5,260,875	2,345,929	21,680,771
2024	6,319,456	958,250	2,215,450	1,582,250	2,998,538	5,258,125	2,340,991	21,673,060
2025	6,316,150	960,250	2,214,281	1,585,160	3,003,788	5,260,175	2,337,289	21,677,093
2026	6,315,850	960,750	2,215,419	1,581,000	3,000,163	5,257,825	2,334,014	21,665,021
2027	6,317,844	959,750	2,214,006	1,580,000	2,997,663	5,259,262	2,327,158	21,655,683
2028	6,316,538	957,250	2,214,938	1,582,750	3,000,913	5,262,475	2,322,579	21,657,443
2029		963,250	2,213,106	1,582,750	2,999,663	5,261,600	2,316,000	15,336,369
2030		957,250	2,212,000	1,580,000	2,998,788	5,261,063	2,309,811	15,318,912
2031		959,750	2,215,750	1,584,500	2,998,038			7,758,038
2032		955,250	2,215,000	1,580,750	3,002,038			7,753,038
2033		959,000	2,214,625	1,584,000	3,000,538			7,758,163
2034		955,500	2,214,375	1,583,750	3,003,288			7,756,913
2035			2,214,000	735,000	3,000,038			5,949,038
2036					3,005,413			3,005,413
2037					2,999,163			2,999,163
2038					3,004,706			3,004,706
Total	<u>\$ 75,810,921</u>	<u>17,268,450</u>	<u>42,073,800</u>	<u>31,704,047</u>	<u>66,019,779</u>	<u>97,719,175</u>	<u>32,783,109</u>	<u>363,379,281</u>

⁽¹⁾ County required to pay only 66.667% of total lease payments, and only if ticket receipts insufficient. The County has never been required to make any debt service payments.

COUNTY OF SACRAMENTO
County of Sacramento Aggregate Debt Service
Current Outstanding Debt-Pension Obligation Bonds and Certificates of Participation
(includes principal and interest)
As of July 1, 2016

Period Ending June 30	Series 1995A POBs	Series 2003B Refunding POBs	Series 2008 Refunding POBs ⁽¹⁾	Series 2011A Refunding POBs	Series 2011B Refunding POBs	Series 2013 Refunding POBs ⁽²⁾	FY POBs Total	FY COPs Total	FY POBs & COPs Combined
2017	\$ 67,942,312	7,644,393	29,222,224	10,754,257	4,894,219	8,117,100	128,574,505	30,304,040	158,878,545
2018	71,397,312	7,644,393	31,188,695	10,754,257	4,894,219	8,117,100	133,995,976	30,452,183	164,448,159
2019	41,506,816	7,644,393	30,898,766	42,373,416	4,894,219	8,117,100	135,434,710	26,606,290	162,041,000
2020	47,356,920	7,644,393	33,312,489	38,210,396	4,894,219	8,117,100	139,535,517	25,596,021	165,131,538
2021	53,371,768	7,644,393	33,813,999	35,792,492	4,894,219	8,117,100	143,633,971	22,085,798	165,719,769
2022	59,573,008	7,644,393	35,700,648	31,803,530	4,894,219	8,117,100	147,732,898	21,686,125	169,419,023
2023		99,427,255	36,533,905	3,740,292	4,894,219	8,117,100	152,712,771	21,680,771	174,393,542
2024		40,035,058	38,281,039	60,130,146	4,894,219	8,117,100	151,457,562	21,673,060	173,130,622
2025			39,239,366		76,322,107	34,437,113	149,998,586	21,677,093	171,675,679
2026			41,211,936			87,718,562	128,930,498	21,665,021	150,595,519
2027			43,011,983				43,011,983	21,655,683	64,667,666
2028			44,238,161				44,238,161	21,657,443	65,895,604
2029			46,212,341				46,212,341	15,336,369	61,548,710
2030			47,915,587				47,915,587	15,318,912	63,234,499
2031			48,879,209				48,879,209	7,758,038	56,637,247
2032								7,753,038	7,753,038
2033								7,758,163	7,758,163
2034								7,756,913	7,756,913
2035								5,949,038	5,949,038
2036								3,005,413	3,005,413
2037								2,999,163	2,999,163
2038								3,004,706	3,004,706
Total	<u>\$ 341,148,136</u>	<u>185,328,671</u>	<u>579,660,348</u>	<u>233,558,786</u>	<u>115,475,859</u>	<u>187,092,475</u>	<u>1,642,264,275</u>	<u>363,379,281</u>	<u>2,005,643,556</u>

⁽¹⁾ Assumed swap rate of 5.901% + 1.30% for the 2026 Term Bond; 5.901% + 1.45% for \$166,950,000 of the 2030 Term Bond; 6.354% (20-year average of 1 month LIBOR + 3.00%) for \$12,365,000 of the 2030 Term Bond.

⁽²⁾ Issuance of the Series 2013 Refunding Bonds resulted in the redemption of the Series 2004C-3 Bonds on July 10, 2014.

COUNTY OF SACRAMENTO
Variable Rate Debt/Interest Rate Swap

Issue	2008 C-1 Refunding POBs (2004C-1)
Type of Underlying Obligation	Floating Rate Notes 1-mo LIBOR+130 BPS \$161,525,000; 1-mo LIBOR+145 BPS \$179,315,000
Bond Amount Outstanding as of July 1, 2016	\$340,840,000
Insurer	FSA
Swap Counterparty	Merrill Lynch
Swap Notional \$ as of November 9, 2016	\$323,700,000
Payment Terms	County pays 5.901%; Counterparty pays 100% 1-mo LIBOR
Est. Valuation (11/09/16) (includes accrued interest)	Negative (\$113,714,156)
County Credit Rating Risk (threshold for termination event for swap agreement)	County must maintain two of three minimum ratings set forth below with respect to at least one issue of POBs or COPS: rated at or above Baa2 (Moody's), BBB (S&P) or BBB (Fitch)

COUNTY OF SACRAMENTO

Department of Airports Annual Report (Airport Enterprise Fund)

In accordance with the requirements of the Continuing Disclosure Certificates for the County of Sacramento Airport System Senior Revenue Bonds, Series 2008, 2009 and 2010 and the County of Sacramento Airport System Subordinate and PFC/Grant Revenue Bonds, Series 2008 and 2009 (collectively, the "Certificate") the Sacramento County Department of Airports is including this section to meet the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5)(the Rule).

Beginning with the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2007-2008, and each CAFR thereafter, the Bond Disclosure Section provides the required information consistent with Sections 4 of the Certificate. The CAFR is filed with each National and State Repository specified in the Rule, and with any other repository that shall be identified in the future.

ANNUAL REPORT

The following items are required by the Certificate to be included in the Annual Report:

- (A) The audited financial statements of the Department of Airports for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. Refer to the Financial Section, pages 36 of this report.
- (B) An annual updating, to reflect results of the most recently completed fiscal year, of the following tables:
 - 1. Historical Enplaned Passengers – Exhibit 1
 - 2. Historical Aircraft Landed Weight – Exhibit 2
 - 3. Airlines' Market Shares of Enplaned Passengers – Exhibit 3
 - 4. Statement of Revenues, Expenses and Changes in Net Position – Exhibit 4
 - 5. Airline and Nonairline Revenues – Exhibit 5
 - 6. Summary of Historical Revenues, Expenses and Debt Service Coverage – Exhibit 6

REPORTING OF SIGNIFICANT EVENTS

The County of Sacramento had previously posted rating changes for Assured Guaranty Municipal Corporation while these bonds are insured by Assured Guaranty Corporation. Assured Guaranty Corporation is currently rated A3 by Moody's Investor Services and AA by Standard and Poor's Rating Services.

No additional significant events, as identified in Section 5 of the Certificate, have occurred for any of the outstanding bonds issued by the Department of Airports, and there is no knowledge on the part of the County of any impending significant events that would require disclosure under the provisions of the Certificate.

COUNTY OF SACRAMENTO
Historical Enplaned Passengers - Last 10 Years
Fiscal Year ended June 30
Exhibit 1

Enplanements	2007	2008	2009	2010 ²	2011 ²	2012 ²	2013 ²	2014 ²	2015	2016
Major and other airlines ¹	5,075,849	4,741,169	4,468,169	4,319,759	4,223,908	4,203,561	4,117,949	4,061,686	4,306,807	4,483,792
Regional airlines	231,440	553,087	236,689	230,150	255,833	276,442	301,596	314,551	321,790	459,393
Total	5,307,289	5,294,256	4,704,858	4,549,909	4,479,741	4,480,003	4,419,545	4,376,237	4,628,597	4,943,185
Percent change from prior year	3.05 %	(0.25)%	(11.13)%	(3.29)%	(1.54)%	0.01 %	(1.35)%	(0.98)%	5.77 %	6.80 %

Source: Department of Airports statistics reports.

¹ Major airlines are defined for this analysis as scheduled airlines operating aircraft with 60 or more seats; other airlines are nonscheduled.

² Fiscal year 2010-2014 figures have been revised.

COUNTY OF SACRAMENTO
Historical Aircraft Landed Weight - Last 10 Years
Fiscal Year Ended June 30
Exhibit 2

(in 1,000 lb. units)

	2007	2008	2009 ²	2010 ²	2011 ²	2012 ²	2013 ²	2014	2015	2016
Passenger airlines										
Major and other airlines ¹	6,489,593	6,293,924	5,743,444	5,449,118	5,077,482	5,047,200	4,799,438	4,693,297	4,782,686	4,890,000
Regional airlines	304,247	456,937	329,445	476,023	285,754	245,872	334,097	353,852	350,506	508,376
Subtotal	<u>6,793,840</u>	<u>6,750,861</u>	<u>6,072,889</u>	<u>5,925,141</u>	<u>5,363,236</u>	<u>5,293,072</u>	<u>5,133,535</u>	<u>5,047,149</u>	<u>5,133,192</u>	<u>5,398,376</u>
All cargo airlines	949,579	982,234	800,830	610,385	581,195	613,981	646,113	964,965	651,887	687,612
Total	<u>7,743,419</u>	<u>7,733,095</u>	<u>6,873,719</u>	<u>6,535,526</u>	<u>5,944,431</u>	<u>5,907,053</u>	<u>5,779,648</u>	<u>6,012,114</u>	<u>5,785,079</u>	<u>6,085,988</u>
Percent change from prior year	7.51 %	(0.13)%	(11.11)%	(4.92)%	(9.04)%	(0.63)%	(2.16)%	4.02 %	(3.78)%	5.20 %

Source: Department of Airports statistics reports.

¹ Major airlines are defined for this analysis as scheduled airlines operating aircraft with 60 or more seats; other airlines are nonscheduled.

² Fiscal year 2009-2013 figures have been revised.

COUNTY OF SACRAMENTO
Airlines' Market Shares of Enplaned Passengers - Last 5 Years
Fiscal Year Ended June 30
Exhibit 3

Percentage of Total Enplanements	2012 ³	2013	2014	2015	2016
Major Airlines ¹					
Southwest airlines	50.10 %	52.10 %	52.60 %	53.10 %	51.80 %
United Airlines	6.80	8.30	8.40	7.60	10.10
Delta Air Lines ²	6.40	6.20	6.50	6.30	11.10
Alaska Airlines	5.70	5.30	5.30	6.20	8.40
US Airways	5.20	5.40	5.50	5.80	
American Airlines	5.30	5.50	5.50	5.30	12.20
Jet Blue Airlines	3.50	3.20	3.00	2.90	2.80
Horizon Airlines	2.70	2.70	2.60	2.30	
Hawaiian Airlines	2.00	2.00	1.90	1.80	1.70
Frontier Airlines	2.80	1.50			
Aeromexico	0.60	0.70	0.80	1.00	1.10
Volaris Airlines		0.30	0.60	0.80	0.80
Republic Airlines			0.10		
Continental Airlines ⁵	2.70				
Regional Airlines ⁴					
Skywest	6.10	6.80	7.20	6.10	
Mesa/Delta Connection				0.80	
Express Jet	0.10				
Subtotal	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

Source: Department of Airports statistics reports.

¹ Defined for this analysis as scheduled airlines operating with 60 or more seats.

² Delta number includes Northwest beginning 2011.

³ Fiscal year 2011-2012 figures have been revised.

⁴ Regional Airlines enplanements are included in the Major Airlines enplanements starting FY 2015-2016.

⁵ Merged with United Airlines in 2012.

COUNTY OF SACRAMENTO
Airlines' Market Shares of Enplaned Passengers - Last 5 Years
Fiscal Year Ended June 30
Exhibit 3

	2012 ³	2013	2014	2015	2016
Ranking					
Major Airlines ¹					
Southwest Airlines	1	1	1	1	1
United Airlines	2	2	2	2	4
Delta Air Lines ²	3	4	4	3	3
Alaska Airlines	5	7	7	4	5
US Airways	7	6	6	6	
American Airlines	6	5	5	7	2
Jet Blue Airlines	8	8	8	8	6
Horizon Airlines	10	9	9	9	
Hawaiian Airlines	12	10	10	10	7
Frontier Airlines	9	11			
Aeromexico	13	12	11	11	8
Volaris Airlines		13	12	12	9
Virgin America		14			
Republic Airlines		15			
Continental Airlines ⁵	11				
Regional Airlines ⁴					
Skywest	4	3	3	5	
Mesa/Delta Connection				12	
Express Jet	14				

Source: Department of Airports statistics reports.

¹ Defined for this analysis as scheduled airlines operating with 60 or more seats.

² Delta number includes Northwest beginning 2011.

³ Fiscal Year 2011-2012 figures have been revised.

⁴ Regional Airlines enplanements are included in the Major Airlines enplanements starting FY 2015-2016.

⁵ Merged with United Airlines in 2012.

COUNTY OF SACRAMENTO
Statement of Revenues, Expenses and Changes in Net Position - Last 10 Years
Fiscal Year Ended June 30
Exhibit 4

Page 1 of 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating revenue:										
Concessions	\$ 64,892,106	66,416,283	68,600,549	63,442,108	63,341,578	66,002,772	68,752,509	69,451,723	73,880,574	78,775,227
Building rents	16,644,929	17,152,979	35,384,002	35,885,350	30,697,623	47,204,495	61,114,151	61,119,198	61,887,092	65,012,503
Airfield charges	15,680,196	22,352,752	10,710,482	26,044,373	20,931,781	23,395,617	21,849,813	25,299,370	19,102,672	21,043,860
Ground leases	4,723,344	3,641,980	2,314,441	2,749,183	1,987,622	1,874,055	1,900,740	1,927,849	1,910,052	2,034,604
Sale of fuel	652,942	808,229	580,904	532,032	653,673	755,877	809,600	854,030	664,423	604,640
Airport services	1,015,551	911,360	1,100,127	898,153	920,930	4,136,078	4,819,705	331,277	798,098	1,000,679
Other	39,528	101,491	299,511	165,604	85,366	379,768	146,116	13,902	196,451	72,246
Total operating revenue	<u>103,648,596</u>	<u>111,385,074</u>	<u>118,990,016</u>	<u>129,716,803</u>	<u>118,618,573</u>	<u>143,748,662</u>	<u>159,392,634</u>	<u>158,997,349</u>	<u>158,439,362</u>	<u>168,543,759</u>
Operating expense:										
Salaries and benefits	30,274,323	32,174,897	33,640,076	33,084,803	35,989,114	37,081,912	36,149,138	30,302,735	27,021,772	26,842,856
Services and supplies	46,452,761	54,266,378	49,870,807	48,995,957	46,369,353	58,008,301	57,088,926	54,044,934	51,885,789	58,110,395
Cost of goods sold	573,187	665,627	497,815	431,389	542,657	628,838	641,268	648,940	509,938	431,554
Depreciation	21,062,790	23,707,907	25,750,395	26,928,736	29,750,690	43,847,407	51,673,862	54,204,762	53,531,817	50,565,547
Other	769,760	837,710	881,876	872,816	983,348	10,630	238,992	413,110	229,703	480,259
Total operating expense	<u>99,132,821</u>	<u>111,652,519</u>	<u>110,640,969</u>	<u>110,313,701</u>	<u>113,635,162</u>	<u>139,577,088</u>	<u>145,792,186</u>	<u>139,614,481</u>	<u>133,179,019</u>	<u>136,430,611</u>
Operating income (loss):	<u>4,515,775</u>	<u>(267,445)</u>	<u>8,349,047</u>	<u>19,403,102</u>	<u>4,983,411</u>	<u>4,171,574</u>	<u>13,600,448</u>	<u>19,382,868</u>	<u>25,260,343</u>	<u>32,113,148</u>
Nonoperating revenue (expense):										
Interest income	7,915,789	7,519,233	6,155,861	1,886,860	411,537	915,635	1,836,288	813,327	(54,853)	2,000,910
Passenger facility charges revenue	27,182,405	26,653,518	21,489,873	19,618,136	18,348,304	18,022,076	17,604,328	17,160,771	18,514,213	19,285,187
Intergovernmental revenue	686,586	1,620,376	978,992	954,695	622,320	1,637,600	1,578,104	838,145	467,561	867,632
Gain (loss) on disposal of assets	84,711	(17,151)	64,262	(65,452)	10,020	(77,140)	44,886	(62,967)	141,167	(29,493)
Other nonoperating revenue (expense)	82,107	(40,754)	157,388	237,958	1,291,437	42,425	176,702	(32,690)	208,536	299,019
Amortization of bond issuance cost ¹	(271,965)	(257,068)	(563,240)	(700,471)	(744,688)	(750,981)	(703,026)	(405,146)	(405,146)	(405,146)
Interest expense	(12,057,704)	(12,651,944)	(18,203,544)	(17,105,647)	(15,473,662)	(26,906,214)	(59,286,319)	(58,323,780)	(57,381,887)	(56,140,352)
Net nonoperating revenue (expense)	<u>\$ 23,621,929</u>	<u>22,826,210</u>	<u>10,079,592</u>	<u>4,826,079</u>	<u>4,465,268</u>	<u>(7,116,599)</u>	<u>(38,749,037)</u>	<u>(40,012,340)</u>	<u>(38,510,409)</u>	<u>(34,122,243)</u>

COUNTY OF SACRAMENTO
Statement of Revenues, Expenses and Changes in Net Position - Last 10 Years
Fiscal Year Ended June 30
Exhibit 4

Page 2 of 2

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Income (loss) before capital contributions and transfers	28,137,704	22,558,765	18,428,639	24,229,181	9,448,679	(2,945,025)	(25,148,589)	(20,629,472)	(13,250,066)	(2,009,095)
Capital contributions	12,663,761	13,932,530	6,935,457	7,361,129	14,556,307	14,392,953	54,969,536	9,421,605	11,456,573	11,368,943
Transfer out ²								(2,711,985)	(2,765,151)	(2,231,084)
Changes in net position	40,801,465	36,491,295	25,364,096	31,590,310	24,004,986	11,447,928	29,820,947	(13,919,852)	(4,558,644)	7,128,764
Total net position, beginning of year ³	<u>399,419,799</u>	<u>440,221,864</u>	<u>476,713,159</u>	<u>502,077,255</u>	<u>533,667,565</u>	<u>557,672,551</u>	<u>569,120,479</u>	<u>591,684,369</u>	<u>553,291,895</u>	<u>548,733,251</u>
Total net position, end of year	<u>\$ 440,221,264</u>	<u>476,713,159</u>	<u>502,077,255</u>	<u>533,667,565</u>	<u>557,672,551</u>	<u>569,120,479</u>	<u>598,941,426</u>	<u>577,764,517</u>	<u>548,733,251</u>	<u>555,862,015</u>

¹ Starting with FY 2014, the amortization of bond issuance cost includes only the amortized bond prepaid insurance.

² Transfer Out - Pension Obligation Bond allocated to the Department of Airports in FY 2014 and 2015.

³ The beginning net position for FY 2015 has been restated to reflect the implementation of GASB Statement No. 68.

COUNTY OF SACRAMENTO
Airline and Nonairline Revenues - Last 5 Years
Fiscal Years Ended June 30
Exhibit 5

	2012	2013	2014	2015	2016
Airline Revenue					
Terminal building rents and fees	\$ 35,095,244	\$ 49,713,163	49,256,400	49,107,465	51,435,525
Aircraft parking fees	2,257,476	2,868,612	3,219,785	3,380,337	3,265,090
Loading bridge fees	3,965,014	2,300,004	2,330,794	2,600,865	3,387,186
Landing fees	23,248,445	21,723,306	25,144,577	18,921,694	20,811,054
Airport services	3,194,457	3,838,646	-	-	
Total Airline revenue	\$ 67,760,636	\$ 80,443,731	79,951,556	74,010,361	78,898,855
Less cargo revenues	\$ 2,514,665	\$ 2,597,221	2,976,264	2,282,552	2,541,996
Passenger airline operating revenues	\$ 65,245,971	\$ 77,846,510	76,975,292	71,727,809	76,356,859
Enplaned passengers	4,480,003	4,419,545	4,376,237	4,628,597	4,943,185
Cost per Enplaned Passenger (CPE)	\$ 14.56	\$ 17.61	17.59	15.50	15.45
Nonairline Revenue					
Airfield area					
Commercial fees	\$ 16,305	\$ 23,290	43,918	28,498	29,320
Other landing fees	36,569	9,071	20,586	20,420	61,668
Fuel sales	960,938	1,007,915	1,058,430	902,546	877,125
Subtotal	\$ 1,013,812	\$ 1,040,276	1,122,934	951,464	968,113
Terminal building					
Food/beverage	\$ 3,096,650	\$ 3,399,419	3,633,335	3,645,630	4,156,648
Merchandise	2,184,732	2,037,097	1,827,309	2,010,780	2,203,245
Advertising	674,849	795,077	885,923	861,913	850,159
Telephones	134,068	290,575	448,777	450,062	380,803
Vending	360,901	350,401	380,335	397,273	407,224
Other terminal rents	1,049,515	1,325,656	1,285,975	1,396,835	1,389,435
Subtotal	\$ 7,500,715	\$ 8,198,225	8,461,654	8,762,493	9,387,514
Parking	\$ 46,739,420	\$ 48,106,292	48,411,994	52,530,925	55,438,637

COUNTY OF SACRAMENTO
Airline and Nonairline Revenues - Last 5 Years
Fiscal Years Ended June 30
Exhibit 5

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Other areas					
Autorentals	\$ 9,391,070	\$ 10,113,145	10,232,136	10,361,106	11,295,361
Autorental shuttle bus fees	2,854,311	3,081,002	2,969,309	2,913,934	3,073,675
Taxi/shuttle bus fees	559,758	565,921	647,788	693,316	954,025
Tiedown and hangars	702,383	715,789	720,101	718,237	715,793
FBO rentals	94,616	96,960	103,826	91,461	91,461
Aviation ground leases	1,668,994	1,702,425	1,723,450	1,671,929	1,762,119
Other rentals/miscellaneous	4,124,089	4,179,735	4,284,393	4,683,211	4,817,517
Subtotal	<u>\$ 19,395,221</u>	<u>\$ 20,454,977</u>	<u>20,681,003</u>	<u>21,133,194</u>	<u>22,709,951</u>
Other revenue					
Service fees	\$ 941,621	\$ 981,059	331,277	798,098	1,000,679
Miscellaneous revenue ¹	2,077,263	1,922,882	842,386	928,924	1,006,661
Subtotal	<u>\$ 3,018,884</u>	<u>\$ 2,903,941</u>	<u>1,173,663</u>	<u>1,727,022</u>	<u>2,007,340</u>
Total Non Airline Revenue	\$ 77,668,052	\$ 80,703,711	79,851,248	85,105,098	90,511,555
Interest income ²	628,467	1,787,484	786,576	(187,198)	1,440,381
Total Non Airline Revenue	<u><u>\$ 78,296,519</u></u>	<u><u>\$ 82,491,195</u></u>	<u><u>80,637,824</u></u>	<u><u>84,917,900</u></u>	<u><u>91,951,936</u></u>

Source: Department of Airports audited financial statements;

¹As permitted under the Bond Indenture, FY2011 amount includes transfer from the Capital Improvement Fund to offset settlement of FY 2010 airline rates and charges.

²As defined in the Bond Indenture.

³Landing fee for FY 2015 have been revised to include charters and commuters.

COUNTY OF SACRAMENTO
Summary of Historical Revenue, Expenses and Debt Service Coverage - Last 7 Years
Fiscal Years Ended June 30
Exhibit 6

	2010	2011 ²	2012 ²	2013 ²	2014	2015	2016
Rate Covenant - per Section 6.04 (b)(i)							
Revenues ¹	\$ 132,007,161	\$ 128,179,835	146,057,155	162,934,925	160,589,380	158,928,261	171,150,791
Operating expenses ²	(83,384,965)	(83,884,472)	(95,729,680)	(94,118,325)	(88,121,704)	(82,412,353)	(88,096,148)
Net revenues	48,622,196	44,295,363	50,327,475	68,816,600	72,467,676	76,515,908	83,054,643
Transfer (limited to 25%)	4,301,661	4,321,838	8,995,140	13,031,769	12,357,018	13,391,226	13,390,638
Net revenues + Transfer	\$ 52,923,857	\$ 48,617,201	59,322,615	81,848,369	84,824,694	89,907,134	96,445,281
Accrued debt service on senior obligations ³	\$ 17,206,645	\$ 17,287,350	35,980,560	52,127,074	49,428,071	53,564,902	53,562,551
Debt service coverage (>1.25)	3.08	2.81	1.65	1.57	1.72	1.68	1.80
Rate Covenant - per Section 6.04 (b)(ii)							
Net revenues	\$ 48,622,196	\$ 44,295,363	50,327,475	68,816,600	72,467,676	76,515,908	83,054,643
Transfer (limited to 10%)	1,720,665	1,728,735	3,598,056	5,212,707	4,942,807	5,356,490	5,356,255
	\$ 50,342,861	\$ 46,024,098	53,925,531	74,029,307	77,410,483	81,872,398	88,410,898
Accrued debt service on senior obligations	\$ 17,206,645	\$ 17,287,350	35,980,560	52,127,074	49,428,071	53,564,902	53,562,551
Debt service on subordinate obligations ⁴	30,130,833	31,129,931	30,112,081	30,159,794	30,211,816	30,271,621	21,944,846
Less: Available PFC Revenues	(20,448,833)	(22,005,931)	(21,941,081)	(21,939,794)	(21,940,816)	(21,942,737)	(21,944,846)
Less: Available Grant Revenues	(9,682,000)	(9,124,000)	(8,171,000)	(8,220,000)	(8,271,000)	(8,328,884)	
Accrued debt service on sr. & sub. obligations	\$ 17,206,645	\$ 17,287,350	35,980,560	52,127,074	49,428,071	53,564,902	53,562,551
Debt Service Coverage (>1.10)	2.93	2.66	1.50	1.42	1.57	1.53	1.65

Note: The information presented in the above table reflects the definitions, conventions and debt service coverage calculation methodology set forth in the Master Indenture of Trust, approved by the Board of Supervisors and dated May 1, 2008, and under the terms of supplemental indentures.

¹ Per Bond Indenture, Revenues include the Department's revenues excluding certain interest earnings and restricted revenues.

² Per Bond Indenture, Operating Expenses include the Department's operating expenses and other non-operating expenses. Operating Expenses exclude depreciation, amortization and debt service.

³ The Accrued Debt Service includes the principal payment due on July 1, 2016, 2015, 2014, 2013, 2012, 2011, 2010, and 2009, respectively.

⁴ Per the Fourth Supplemental Indenture, PFC and LOI Subordinate Revenue Bonds are payable from and secured by pledged Available PFC Revenues, Available Grant Revenues and Net Revenues, subordinate and junior to the lien on Senior Revenue Bonds.

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2012 through 2016**

On April 8, 2003, the Agency entered into a Joint Exercise of Powers Agreement with Sacramento County to form the Sacramento County Water Agency Financing Authority (the Authority) for the purpose of facilitating the financing of acquisition and/or construction of real and personal property in and for the Agency. The Board of Directors of the Agency serves as the Authority's governing board. For financial reporting purposes, the Master Installment Purchase Contract between the Agency and the Authority has been eliminated.

The Authority is not a blended component unit of the Agency Enterprise Fund but it is a blended component unit of the Sacramento County Water Agency. However, all balances and transactions of the Authority are presented as part of the Agency Enterprise Fund's financial statements.

This section is provided in accordance with the requirements of the Continuing Disclosure Certificate (the Certificate) for the Sacramento County Water Financing Authority Revenue Bonds Series 2007A and Series 2007B. The material provided under the Certificate is intended to meet or exceed the requirements of Securities and Exchange Commission Rule 15c-12(b)(5) (the Rule). The data tables provided herein apply to both 2007 issues.

This Bond Disclosure Section included within the County of Sacramento's Comprehensive Annual Financial Report (CAFR) provides the information required by the Continuing Disclosure Certificate. The CAFR, in turn, will be filed with each National Repository specified in the Rule, and with any other repository that shall be identified in the future.

ANNUAL REPORT

As required by the Certificate, this annual report is incorporated into the CAFR and thus, includes by reference, the audited financial statements of the Agency for the prior fiscal years. Refer to the Financial Section, pages 33 of this report.

The annual report also contains the following five (5) sections as required in the Certificate:

- (1) Approximate number of connections to which the Agency delivered water
- (2) Zone 40 Monthly Service Fee generally imposed on customers
- (3) Zone 41 Monthly Service Fee generally imposed on customers
- (4) Zone 40 Impact Fees
- (5) Information contained in "Summary of Projected Operating Results" table on page 25 of the 2003 Bonds Official Statement

REPORTING OF SIGNIFICANT EVENTS

As of July 1, 2009, the original bond insurer for the Sacramento County Water Financing Authority Revenue Bonds Series 2007, Financial Guaranty Insurance Company (FGIC), had this transaction "reinsured" by MBIA Insurance Corporation, which is now National Public Finance Guarantee Corporation, and was rated "Baa1" by Moody's and "A" by Standard and Poor's. On December 19, 2011, Moody's downgraded National Public Finance Guarantee Corporation to "Baa2", and on May 21, 2013, Moody's upgraded the rating back to "Baa1". On March 18, 2014, Standard & Poor's upgraded National Public Finance Guarantee Corporation from "A" to "AA-". At the end of Fiscal Year 2013-14 these ratings had not changed. The Series 2007 Revenue Bonds now carry the Agency's underlying ratings of "Aa3" from Moody's and the bond insurer rating of "AA-" from Standard and Poor's.

The above insurer downgrades were disclosed as material events when the downgrades were announced. No additional significant events, as identified in Section 5 of the Certificates, have occurred during the fiscal year ended June 30, 2016.

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2012 through 2016**

As of June 30, 2016, there is no knowledge on the part of the Board of Directors, officers, or employees of Sacramento County Water Agency of any impending significant event that would require disclosure under the provisions of the Certificate.

ADDITIONAL INFORMATION

The Certificate requires that the following information be updated annually:

Section 4(b)(i) A table indicating the approximate number of connections to which the Agency delivered water.

Fiscal Year:	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Number of connections	50,138	50,813	51,652	52,400	53,439
Annual Percent Increase	2.2 %	1.3 %	1.7 %	1.4 %	2.0 %

Section 4(b)(ii) Zone 40 Monthly Service Fee generally imposed on customers.

Fiscal Year:	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Monthly Rate:	\$ 25.80	25.80	27.30	28.80	28.80

Section 4(b)(iii) Zone 41 Monthly Service Fee generally imposed on customers.

Fiscal Year:	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Monthly Rate:	\$ 36.99	36.99	38.99	39.99	42.39

Section 4(b)(iv) Zone 40 Impact Fees

Effective Date (Month-Yr)	<u>Mar-12</u>	<u>Mar-13</u>	<u>Mar-14</u>	<u>Mar-15</u>	<u>Mar-16</u>
Development Fee (per EDU) (Domestic, Commercial, Other Service)	\$ 13,166	13,447	13,965	14,955	15,380
Annual increase	0 %	2 %	4 %	7 %	3 %
Commercial Service (per acre)	\$ 8,033	8,205	8,521	8,521	8,763
Annual increase	0 %	2 %	4 %	0 %	3 %
Other Service (per acre)	\$ 1,557	1,590	1,651	1,651	1,698
Annual increase	0 %	2 %	4 %	0 %	3 %

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2012 through 2016**

ADDITIONAL INFORMATION (Continued)

Zone 50 Impact Fees (implemented December 2005)

Effective Date (Month-Yr)	<u>Mar-12</u>	<u>Mar-13</u>	<u>Mar-12</u>	<u>Mar-15</u>	<u>Mar-16</u>
Development Fee (per EDU) (Domestic, Commercial, Other Service)	\$ 236	241	250	257	259
Annual increase	0 %	2 %	4 %	3 %	1 %
Commercial (per acre)	\$ 3,403	3,476	3,610	3,713	3,738
Annual increase	0 %	2 %	4 %	3 %	1 %
Other Service (per acre)	\$ 3,403	3,476	3,610	3,713	3,738
Annual increase	0 %	2 %	4 %	3 %	1 %

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2012 through 2016**

Section 4(b)(v) Summary of Historical Operating Results

**Revenues, Maintenance and Operations Costs, Net Revenue (as these three terms are
defined in the Installment Purchase Contract) and Reserve Balances of the Agency
For the Fiscal Years Ended June 30
(amounts expressed in thousands)**

	2013-14	2014-15	2015-16
Revenues:			
Operating revenues			
Water service charges	45,425	44,594	42,818
Charges for services	2,691	1,471	2,257
Development fees	13,571	15,141	20,130
Connection fees	318	338	415
Other	2,760	2,105	1,613
Total net operating revenues	<u>64,765</u>	<u>63,649</u>	<u>67,233</u>
Nonoperating revenues			
Total interest income (excludes fair market value adjustments)	1,263	1,339	1,324
Less: interest earnings on reserves	<u>(1,198)</u>	<u>(1,201)</u>	<u>(1,206)</u>
Net interest income	<u>65</u>	<u>138</u>	<u>118</u>
Total nonoperating revenues	<u>65</u>	<u>138</u>	<u>118</u>
Total revenues	<u>64,830</u>	<u>63,787</u>	<u>67,351</u>
Repayment to rate stabilization fund	<u>(1,087)</u>		
Adjusted annual revenues (1)	<u>63,743</u>	<u>63,787</u>	<u>67,351</u>
Maintenance & operating expenses (excludes depreciation and includes non-bond related interest expense)	<u>23,333</u>	<u>24,272</u>	<u>24,048</u>
Net revenues	<u>40,410</u>	<u>39,515</u>	<u>43,303</u>
Impact fee credits	<u>(4,039)</u>	<u>(3,950)</u>	<u>(5,454)</u>
Net revenue less impact fee credits	<u>36,371</u>	<u>35,565</u>	<u>37,849</u>
Debt service			
Debt service on 2007 bonds	24,803	25,655	25,676
Less int earnings on reserve	<u>(1,198)</u>	<u>(1,201)</u>	<u>(1,206)</u>
Adjusted annual debt service	<u>23,605</u>	<u>24,454</u>	<u>24,470</u>
Debt service coverage (1)	1.71	1.62	1.77
Debt service coverage net of impact fee credits	1.54	1.45	1.55
Pay-as-you-go capital	<u>11,870</u>	<u>9,516</u>	<u>13,299</u>
Net cash flow of year's operations	<u>\$ 896</u>	<u>1,595</u>	<u>81</u>
Reserves end of year	<u>58,509</u>	<u>52,031</u>	<u>45,521</u>
Bond reserve account end of year	<u>25,713</u>	<u>25,713</u>	<u>25,713</u>

(1) Calculated in accordance with the Master Installment Purchase Contract

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2016**

