



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**BEN LAMERA
DIRECTOR OF FINANCE**

**COUNTY OF SACRAMENTO
STATE OF CALIFORNIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Photo Credit: James Wright, Assistant Civil Engineer
Department of Transportation

The cover image captures a night view of the Bradshaw Road and US 50 Interchange. This December 2, 2016 image illustrates the movement of people, goods and services which are vital to our local economy. On the far side of the corridor is the well-known drive-in movie theater embraced by many; with a nearby major employment center. The light streaks demonstrate the large volume of vehicles passing this location leveraging our region's transportation infrastructure. This image was captured to celebrate the career of a retired County staff member that had worked on this facility years ago. It is a reward to see the benefits of our work shared by many.

Cover Design: Chris Baker, Geographic Information Systems Analyst II
Department of Technology

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2018



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, 2018**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION

Department of Finance

Ben Lamera

Director



Administration
Auditor-Controller
Consolidated Utility Billing & Services
Investments
Tax Collection & Business Licensing
Treasury

County of Sacramento

November 29, 2018

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, 2018, 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 other funds, of the County, as of June 30, 2018, 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 Fiscal Year Ended June 30, 2017 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 21 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 (2020, 2024, 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

Like other municipalities in the State and United States, the County experienced significant financial stress due to the impacts of the "Great Recession" that began in late 2007. The County had to address significant projected budget gaps, including \$187 million in Fiscal Year 2009-10. The County addressed these challenges by making significant program and staffing reductions, as well as having used one-time resources to close a portion of its budget gaps.

The local economy continues its improvement with gross assessed valuations expected to increase in Fiscal Year (FY) 2018-19 by approximately 6.8 percent, following a 6.4 percent increase in FY 2017-18. These increases follow three 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 3.9 percent in July 2018 from 5.1 percent in July 2017.

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 63 percent 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 120.6 percent since December 2011 to a level of \$434,625 in June 2018. Although this is a significant increase, median home sale prices are still approximately 6.42 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 2017, a total of 4,812 new dwelling unit permits were added to the Assessor's roll, an increase of 1,472 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 2017-18, the County's property tax revenue increased by 6.9 percent, following an increase of 5.5 percent in FY 2016-17. This is the fifth annual consecutive increase since FY 2012-13, for a total increase of 33.9 percent. The FY 2017-18 property tax revenue is now 16.0 percent higher than the FY 2008-09 peak, and is expected to grow an additional 6.8 percent in FY 2018-19. 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 increase in the number of new home sales with higher values, 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 974,900 jobs, decreasing to a low of approximately 920,100 jobs in December 2010. Employment began increasing in 2011, reaching approximately 1,046,000 in July 2018. The four-county area's unemployment rate also hit a high of 12.4 percent in December 2010, and has decreased to 3.9 percent in July 2018, compared to the national average of 4.1 percent and state average of 4.4 percent in July 2017.

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 Five-Year Sensitivity Analysis, prepared in May of 2018, projected discretionary revenue and Net County Cost (expenditures funded by discretionary resources), through FY 2022-23 under three different scenarios.

- A *Baseline 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 percent during the projection period and that net County cost will grow at a moderate average annual rate of 3 percent, after adjusting for known or likely changes in net County cost.
- A *More Conservative Scenario*, designed to show what the impact might be if discretionary revenue grew at a slower rate or Net County Cost increased at a faster rate than the rates assumed in the Baseline Scenario. This Scenario assumed a 4 percent growth rate for both discretionary revenue and Net County Cost during the projection period.

- A *More Optimistic* Scenario, designed to show what the impact might be if discretionary revenue grew at a faster rate than assumed in the Baseline Scenario, or Net County Cost grew at a slower rate. This projection assumed a 6 percent average annual discretionary growth rate over the projection period, and that Net County Cost will grow at an average annual rate of 2 percent.

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. Notwithstanding this, staff identified two conclusions could be drawn from the analysis: The General Fund will likely not be in structural balance over the five-year projection period; and it would be prudent over the next few years to focus on reducing costs and building reserves.

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 2018 and identified capital and major technology system needs through FY 2022-23.

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 Budget Hearings), 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 (for example 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 initiatives in FY 2018-19:

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 recently declared a Shelter Crisis, and is participating in a community collaborative investment plan to implement new programs and augment existing homeless initiatives using new State homeless funding. Additionally, the County is preparing a Homeless Plan, and anticipates participating in the State's *No Place Like Home Program* to increase permanent supportive housing opportunities for homeless persons with serious mental illness. The County has allocated an additional \$34 million for the expansion of mental health programs to expedite mental health services for individuals with serious mental illness and/or co-occurring substance abuse disorders and are homeless or at risk of becoming homeless.

Critical Technology Needs: The County continues to work towards its goal to replace and upgrade critical case technology, where equipment or system failure could have serious consequences. The County will replace an out-of-date property tax bill software interface component in the Assessor's Tax System; a budget preparation system; and two servers used by the Probation Department that are at the end of their useful life and not compatible with new security systems at the Youth Detention Facility. In addition, the County is replacing computers and desktops that are currently running a Windows 7 operating system before the January 2020 deadline. Microsoft will no longer be supporting security updates for the Windows 7 operating system starting in January 2020.

Corrections: The County is continuing efforts to address inmate classification and supervision issues and provide enhanced medical and mental health services in the County's two jails. The FY 2018-19 Adopted Budget included \$5.5 million in the Sheriff's and Correctional Health Services budgets to provide half a year's funding to add 63 positions and contract for increased psychiatric services. In future years, the annualized cost of these investments will be approximately \$10.6 million. County staff is evaluating future investments that may be needed in the jails and working with the Courts and others to identify options for mitigating jail costs.

Children's Services Continuum of Care Reform (CCR): In 2015, the Governor approved Assembly Bill (AB) 403 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. The County continues to address critical needs at the Children's Receiving Home and providing mental health and support services to foster children and families, and to implement the requirements of AB 403 through a coordination of efforts between Behavioral Health Services, Children's Protective Services and

Probation. 36.0 full-time equivalent (FTE) positions are being added to enhance these efforts.

Drug Medi-Cal Waiver: The County participates in Drug Medi-Cal Organized Delivery System (DMC-ODS) to provide additional alcohol and drug treatment services for current and expanded Drug Medi-Cal beneficiaries.

DEPARTMENT FOCUS

Each year, we select activities or functions of the County to highlight particular successes or accomplishments. For FY 2017-18, we have selected the following activities:

Human Assistance

- During FY 2017-18, the Department of Human Assistance (DHA) implemented new Homeless Initiatives, including a new Emergency Family Shelter Reservation system, and entrance into agreements preserving the Mather Community Campus and implementing the Full Service Rehousing Shelter Program and Flexible Supportive Rehousing Program. In addition, DHA added two activities that will improve services to youth experiencing homelessness or at risk of homelessness and for navigation and re-housing services in unincorporated County areas.
- In August 2017, DHA opened the CalWORKs Service Center at the Bowling Green location. This move was precipitated by rule changes in CalWORKs allowing for more actions to be done via the phone, and DHA's drive to focus on individual employment barriers and opportunities for customers. Additionally, customers can use the internet to access benefits information and complete tasks. These changes are assisting in reducing lobby traffic and providing enhanced customer service by giving customers the ability to "call, click, or come in."

Health Services

- Behavioral Health Services (BHS) operationalized a Mental Health Urgent Care Clinic in late November 2017. This service model was designed to serve as an intermediate step between routine mental health treatment and crisis mental health services. The inclusion of the clinic in the system of care is aimed at reducing emergency room visits, decreasing inappropriate and unnecessary psychiatric hospitalizations, and decreasing the utilization of more expensive hospital-based care and criminal justice system resources.
- Expansion of Mental Health Services Act programs to support efforts to expedite services to individuals with serious mental illness who are homeless or at risk of homelessness, including persons being served by the County's various homeless initiatives and the City of Sacramento's Whole Person Care program.

Sheriff

- The Sheriff's Department, through the Correctional Health Services Division, expanded its Restoration to Competency Program to include women.
- Two Homeless Outreach Teams were added as part of The Parkways and Unincorporated Communities Clean-up and Safety Initiative to reduce homelessness and homeless related calls for service by providing a service based policing model that focuses on engaging homeless subjects with resources, along with enforcement when necessary, to bring about positive change.

Regional Parks

- A part of the FY 2017-18 Adopted Budget, the Board approved a new Parkway and Unincorporated Clean Up and Safety Initiative (PUCCUSI) designed to reduce the incidence and mitigate the impact of illegal camping in the American River and Dry Creek Parkways and in the County's unincorporated communities. The PUCCUSI resulted in the removal of 575 tons of garbage from the American River and Dry Creek Parkways and tributaries over a six-month period, and over 1,300 illegal camps were contacted and/or cleared over a seven-month period.

Voter Registration and Elections

- On June 6, 2017, the Board of Supervisors approved implementation of the Voters Choice Act, which authorized the Department of Voter Registration and Elections to mail vote-by-mail ballots to every registered voter, replace polling places with regional Vote Centers, and add ballot drop-off locations throughout the County. Voters have the option to return their ballot by mail, cast their ballot at any Voter Center starting 10 days before an election and on Election Day, or place it in any vote-by-mail drop box at designated locations, 28 days before an election. Sacramento County was one of the first five California counties that opted to implement the Voters Choice Act, which was successfully implemented starting in the June 2018 Primary election.

Debt Management

- The remaining \$678.6 million in Airports System Senior and Subordinate Revenue Bonds, Series 2008 and Series 2009 were refunded during the fiscal year. A cash flow savings of \$168.8 million was achieved.

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 2017-18 Single Audit will be issued under separate cover and will be available by contacting the Department of Finance, Auditor-Controller Division, after March 31, 2019.

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 2017-18, 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 2017-18 was 1.53 percent. The yield for a one-year Constant Maturity U.S. Treasury Note during the same period was 1.24 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, and unemployment 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

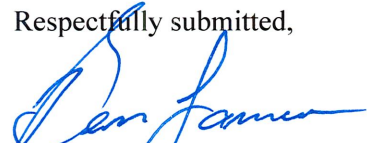
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the County for its comprehensive annual financial reports for each of the last twenty-nine fiscal years. The 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**

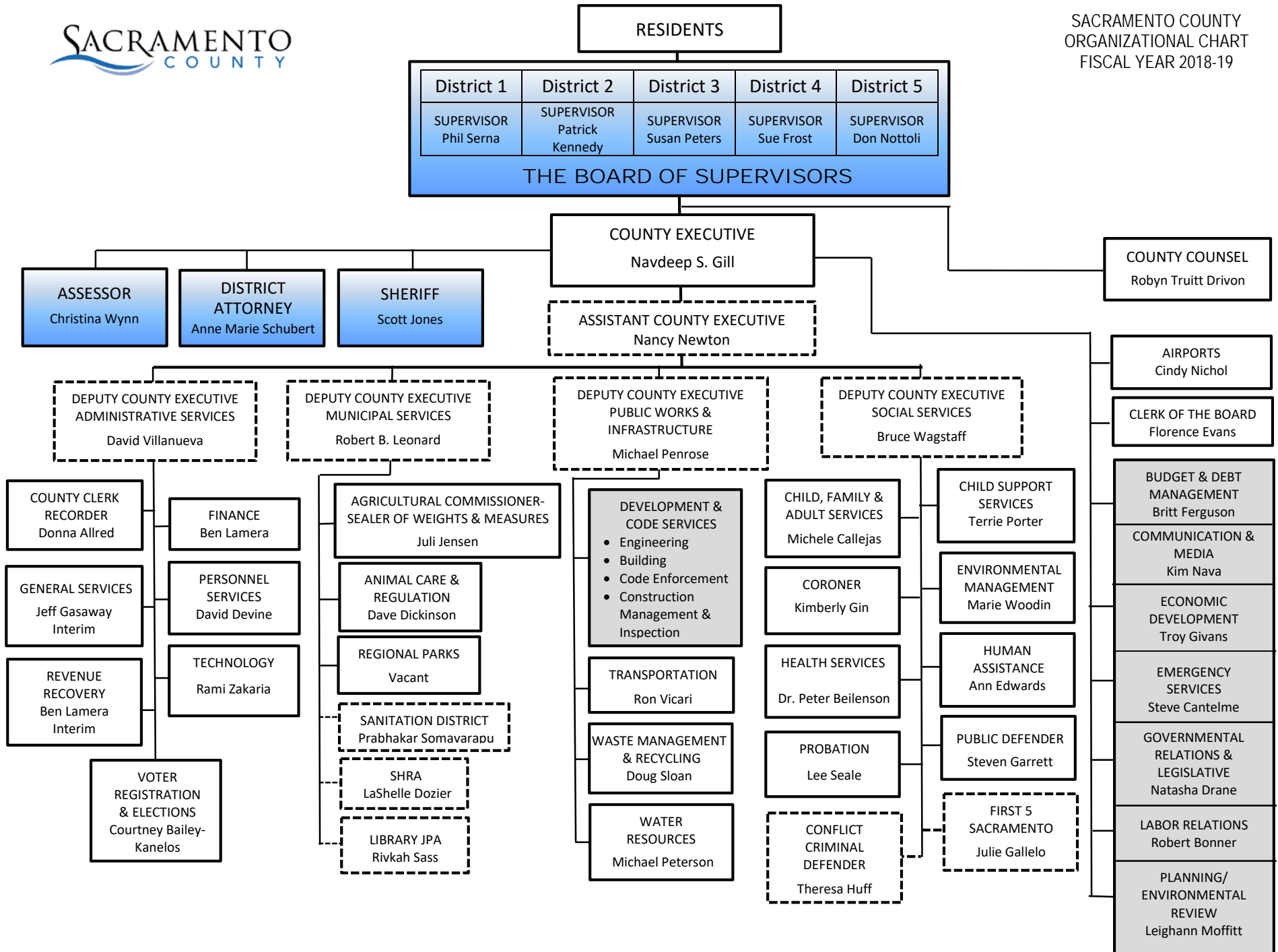
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO





LEGEND — INDICATES LINE OF DIRECT AUTHORITY - - - INDICATES COORDINATIVE RELATIONSHIP [Blue Box] INDICATES ELECTED OFFICIAL [Grey Box] INDICATES "OFFICE OF..."

**COUNTY OF SACRAMENTO
LIST OF PUBLIC OFFICIALS
JUNE 30, 2018**

ELECTED:

Board of Supervisors:

Phil Serna	District 1
Patrick Kennedy	District 2
Susan Peters	District 3
Sue Frost	District 4
Don Nottoli	District 5

Department Heads:

Christina Wynn	Assessor
Anne Marie Schubert	District Attorney
Scott Jones	Sheriff

APPOINTED:

Navdeep S. Gill	County Executive
Nancy Newton	Assistant County Executive
David Villanueva	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, 2018

ACKNOWLEDGEMENT

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

Ben Lamera, Director of Finance
Joyce Renison, Assistant Auditor-Controller
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Lincoln Bogard, Sr. Accounting Manager
Poonam Aujla, Sr. Accounting Manager
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Sean Stoyanowski, Accounting Manager
Paula Burris, Sr. Administrative Analyst
Jun Nguyen, Sr. Accountant
Jane Martinez, Sr. Accountant
Olga Chernioglo, Accountant

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FINANCIAL
SECTION**



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sacramento, California (County) as of and for the year ended June 30, 2018, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2018, 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

As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Our opinions are 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 21, the schedule of proportionate share of the net pension liability and the schedule of contributions on pages 123 and 124 and the schedule of changes in the total OPEB liability and related ratios 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 nonmajor fund financial statements, 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 nonmajor fund financial statements 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 nonmajor 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 November 29, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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

November 29, 2018

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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, 2018. 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 2017-18 fiscal year by \$900,199 (net position), of this amount, \$784,798 is restricted for specific purposes (restricted net position), and \$2,374,628 is the County's net investment in capital assets. The County's total net position increased by \$31,807 during the fiscal year.
- As of June 30, 2018, the County governmental funds reported combined fund balances of \$790,622 for an increase of \$62,375, in comparison with the prior year. Total amounts available for spending include restricted, and unassigned fund balances, which totaled \$754,144, (95.4 percent), of the ending fund balance. Of this amount, \$677,982 is restricted by law, enabling legislation, or externally imposed requirements. Total fund balance for the General Fund increased \$35,000 to \$367,758, which equates to 16.6 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 \$76,162 or 3.4 percent of total general fund expenditures.
- The County's investment in capital assets decreased by \$7,308 or 0.2 percent in comparison with June 30, 2017 balances.
- The County's total long-term obligations had a net decrease of \$132,609 in comparison with June 30, 2017 balances. This net decrease was comprised of a gross decrease of \$922,824 and a gross increase of \$790,215. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, Teeter notes, and pension obligation bonds, as well as the refunding of Airport revenue bonds. The increase resulted primarily from the issuance of revenue bonds, issuance of a Teeter note, and changes in pension related obligations.

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 (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 due to the operational relationship between the PFA 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 5 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 begin on page 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 50 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 - 32 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; regional radio 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 - 122 of this report.

The combining and individual fund statements and schedules referred to earlier, provide information for non-major governmental, enterprise, internal service, agency, and trust funds, and can be found on pages 127 - 213 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$900,199 at the close of the most recent fiscal year. (See Summary of Net Position and analysis on page 9.)

In FY 2017-18, approximately \$62,375 in the change in the government-wide financial statements related to changes in the fund balances of the governmental funds addressed in the Financial Analysis of the County's Funds beginning on page 12.

The other 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 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. The County's proportionate share of the SCERS NPL increased by \$303,866 in FY 2017-18 to \$1,849,771, primarily as a result of the discount rate assumption being reduced from 7.5% to 7.0% in FY 2017-18. Deferred outflows and 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, differences between expected and actual experience, and also contributions to the plan made subsequent to the liability measurement date. Deferred outflows of resources increased by \$141,881 in FY 2017-18 to \$830,882. Deferred inflows of resources related to pensions decreased by \$4,424 in FY 2017-18 to \$94,588. The net change for the pension related items was negative \$152,477

Governmental activities decreased the County's net position by (\$4,087), from (\$432,959) to (\$437,046) in the current fiscal year. The decrease in net position resulted primarily due to the County's increase in net pension related items totaling \$152,477, which was offset by the governmental funds increase of \$62,375 and the County's reduction in long term liabilities (excluding pension and OPEB) totaling \$87,846.

Business-type activities increased the County's net position by \$378 to \$1,337,245 in the current fiscal year. See page 16 for additional comments on changes to proprietary net position.

Condensed Statement of Net Position
June 30, 2018
(amount expressed in thousands)

Primary Government	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 1,279,556	1,244,274	557,152	559,475	1,836,708	1,803,749
Capital assets, net of depreciation	1,724,834	1,709,901	2,217,051	2,239,292	3,941,885	3,949,193
Total assets	<u>3,004,390</u>	<u>2,954,175</u>	<u>2,774,203</u>	<u>2,798,767</u>	<u>5,778,593</u>	<u>5,752,942</u>
Deferred outflows of resources:						
Accumulated decrease in market value of SWAP agreement	65,076	91,179	45,251	60,371	110,327	151,550
Deferred amounts on refundings	32,019	36,049	38,418	29,367	70,437	65,416
Deferred outflow amount related to pension	796,350	658,719	34,532	30,282	830,882	689,001
Deferred outflows - OPEB	5,741		328		6,069	
Total deferred outflows of resources	<u>899,186</u>	<u>785,947</u>	<u>118,529</u>	<u>120,020</u>	<u>1,017,715</u>	<u>905,967</u>
Liabilities:						
Current and other liabilities	651,247	651,946	146,631	184,259	797,878	836,205
Long-term debt obligations	3,589,270	3,324,888	1,402,778	1,421,574	4,992,048	4,746,462
Total liabilities	<u>4,240,517</u>	<u>3,976,834</u>	<u>1,549,409</u>	<u>1,605,833</u>	<u>5,789,926</u>	<u>5,582,667</u>
Deferred inflows of resources:						
Deferred amounts on refundings			193		193	
Deferred inflows amount related to pension	89,216	92,013	5,372	6,999	94,588	99,012
Deferred inflows - OPEB	10,889		513		11,402	
Total deferred inflow of resources	<u>100,105</u>	<u>92,013</u>	<u>6,078</u>	<u>6,999</u>	<u>106,183</u>	<u>99,012</u>
Net position:						
Net investment in capital assets	1,416,649	1,383,387	957,979	943,226	2,374,628	2,326,613
Restricted	677,982	639,813	106,816	116,219	784,798	756,032
Unrestricted	(2,531,677)	(2,351,925)	272,450	246,510	(2,259,227)	(2,105,415)
Total net position	<u>\$ (437,046)</u>	<u>(328,725)</u>	<u>1,337,245</u>	<u>1,305,955</u>	<u>900,199</u>	<u>977,230</u>

Net Position. The largest portion of the County's net position totaling \$2,374,628 (263.8 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. The \$48,015 (2.1 percent), increase in net position from the net investment in capital assets represents capital acquisitions and

deletions, less current year depreciation, and the addition and/or retirement of related long-term debt. Capital additions of \$233,043 were related primarily to infrastructure (roads & road improvements), building projects, and additions to equipment. The County recorded depreciation of \$187,353 against its assets in the current fiscal year.

Another significant portion of the County's net position totaling \$784,798 (87.2 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 bond reserves \$52,130 (6.6 percent), debt service \$109,851 (14.0 percent) capital projects \$94,313 (12.0 percent), health and sanitation programs \$231,648 (29.5 percent), public protection \$63,668 (8.1 percent), public assistance \$41,114 (5.2 percent), transportation programs \$44,806 (5.7 percent) and economic development programs \$79,980 (10.2 percent). The County's restricted net position increased by \$28,766 from the prior year restricted net position amount of \$756,032. The increase is due primarily to the combination of increases for public assistance of \$41,114, environmental management of \$13,700, economic development of \$8,691, capital projects of \$6,729, for transportation of \$6,592. The increases were offset by decreases for debt service of \$4,960, for public protection of \$4,491 and for other of \$39,749.

The remaining balance of total net position, a negative \$2,259,227 is unrestricted. Unrestricted net position decreased by \$153,812 from the prior year. The decrease is primarily the result of the aforementioned changes in the County's unfunded pension obligation and OPEB liability.

The County's total net position increased by \$31,807 during the current fiscal year, which results in an increase of 3.5 percent of total net position from prior year.

Revenues. When compared to the prior year, government-wide revenues increased approximately \$135,369 (4.4 percent). Program revenues increased by \$93,792 (6.7 percent) mostly due to an increase in operating grants and contribution revenue of approximately \$37,129 (2.7 percent) and an increase in charges of \$43,737 (6.2 percent). As an arm of the State government, a significant portion of program revenues are tied to mandated programs such as public assistance and health and sanitation programs, as well as economic development and capital projects. Total program revenues represent 69.2 percent of the County's funding for governmental activities.

General revenues increased by \$41,577 (4.4 percent). These revenues included general taxes which provided the Board of Supervisors with the most discretionary spending ability. Programs such as public assistance, public protection, and health consume most of these resources. The increase in general revenues is due primarily to increases in property taxes revenue of \$26,881 (5.8 percent) and miscellaneous revenues of \$17,889 (18.7 percent), offset by decreases in grants and contributions not restricted to specific programs revenue \$5,413 (2.1 percent). Total general revenues represent 30.8 percent of the County's funding for governmental activities.

Expenses. As a service delivery entity, the County's major cost component is salaries and benefits. The average full-time equivalent (FTE) count for the County (including business-type activities) had a net increase of 144 FTEs from 12,188 in the prior year to 12,332 at June 30, 2018. When compared to the prior year, government-wide expenses increased approximately \$104,793 (3.4 percent). The following functions provided the most significant increases in expenses in the current year: general government \$12,776 (7.9 percent); and public protection \$90,290 (10.5 percent). The increases were offset with a decrease in expenses in health and sanitation \$34,446 (4.8 percent). These increases are due to the changes in the other post-employment benefits, pension related items, coupled with increased governmental funding in the fiscal year. The table on the following page indicates the changes in net position for governmental and business-type activities.

Condensed Statement of Activities
For the Year Ended June 30, 2018
(amounts expressed in thousands)

Primary Government	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for service	\$ 379,732	362,158	366,103	339,940	745,835	702,098
Operating grants and contributions	1,402,804	1,366,484	3,159	2,350	1,405,963	1,368,834
Capital grants and contributions	42,584	21,461	8,636	16,833	51,220	38,294
General Revenue						
Taxes:						
Property	490,856	463,975			490,856	463,975
Sales / use	86,146	82,453	802	561	86,948	83,014
Transient	6,583	5,845			6,583	5,845
Unrestricted investment earnings	10,678	17,024	6,082	4,627	16,760	21,651
Grants and contributions not restricted to specific programs	251,839	257,252			251,839	257,252
Pledged tobacco settlement proceeds	15,016	12,577			15,016	12,577
Miscellaneous	113,475	95,586			113,475	95,586
Total revenues	<u>2,799,713</u>	<u>2,684,815</u>	<u>384,782</u>	<u>364,311</u>	<u>3,184,495</u>	<u>3,049,126</u>
Expenses:						
General government	174,713	161,937			174,713	161,937
Public assistance	690,787	677,572			690,787	677,572
Public protection	953,258	862,968			953,258	862,968
Health and sanitation	677,587	712,033			677,587	712,033
Public ways and facilities	165,056	161,596			165,056	161,596
Recreation and culture	45,305	37,050			45,305	37,050
Education	1,535	1,658			1,535	1,658
Interest and fiscal charges	102,065	106,431			102,065	106,431
Airports			199,349	193,233	199,349	193,233
Solid Waste			75,770	67,078	75,770	67,078
Water Agency			61,270	60,695	61,270	60,695
Parking Enterprise			3,781	3,238	3,781	3,238
County Transit			2,212	2,406	2,212	2,406
Total expenses	<u>2,810,306</u>	<u>2,721,245</u>	<u>342,382</u>	<u>326,650</u>	<u>3,152,688</u>	<u>3,047,895</u>
Change in net position before transfers	(10,593)	(36,430)	42,400	37,661	31,807	1,231
Transfers	6,506	5,003	(6,506)	(5,003)		
Change in net position	<u>(4,087)</u>	<u>(31,427)</u>	<u>35,894</u>	<u>32,658</u>	<u>31,807</u>	<u>1,231</u>
Net position, beginning of year, as restated	<u>(432,959)</u>	<u>(297,298)</u>	<u>1,301,351</u>	<u>1,273,297</u>	<u>868,392</u>	<u>975,999</u>
Net position, end of year	<u>\$ (437,046)</u>	<u>(328,725)</u>	<u>1,337,245</u>	<u>1,305,955</u>	<u>900,199</u>	<u>977,230</u>

Note: Beginning net position for FY 2017-18 was restated due to implementing GASB 75.

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 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, 2018, the County's governmental funds reported combined fund balances of \$790,622, an increase of \$62,375 in comparison with the prior year's total ending fund balance of \$728,247. The components of total fund balance are as follows (for more information, see Note 18 – Fund Balances):

- *Nonspendable fund balance*, \$36,478, are amounts that are not spendable in form or are legally or contractually required to be maintained intact, and are made up of 1) inventory of \$1,221; 2) prepaid items of \$5,283; 3) long term receivables/advances of \$23,075; 4) legally required Teeter Tax program loss reserves of \$5,262; and 5) Teeter Tax delinquencies of \$1,637.
- *Restricted fund balance*, \$677,982, 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 \$231,647; 2) capital projects of \$103,011; 3) debt service of \$87,913; 4) public ways and facilities of \$43,589; 5) economic development of \$79,980, 6) public protection of \$63,668, 7) environmental management of \$13,700 and 8) public assistance \$41,115.
- *Unassigned fund balance*, \$76,162, represents the residual classification for the County's general fund.

Approximately 95.4 percent, or \$754,144, of the total fund balances is considered spendable. With the exception of the nonspendable portion, \$677,982 is available for appropriation for restricted purposes, leaving a positive unassigned fund balance of \$76,162.

The increase of \$62,375 in the governmental funds combined fund balances was primarily attributable to a combined increase to special revenue funds of \$23.8 million; increase in debt service of \$0.5 million; increase in Capital Project funds of \$3.1 million; and increase in general fund balance of \$35.0 million.

The General Fund is the chief operating fund of the County. The General Fund's total fund balance increased by 10.5 percent, or \$35,000, to \$367,758 at June 30, 2018. The nonspendable portion of fund balance was \$36,478 and the spendable portion was \$331,280, an increase of \$49,689 from the prior year spendable balance of \$281,591. This increase is primarily a result of current year revenues exceeding expenditures by \$144,215, offset by net transfer activity of \$109,215.

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 16.6 percent of total General Fund expenditures while spendable fund balance equates to 15.0 percent of total General Fund expenditures. Of the General Fund spendable fund balance, \$255,118, or 77.0 percent, is restricted.

Other governmental funds: The total fund balances of the remaining governmental funds increased 6.9 percent, or \$27,375, to \$422,864 with the following significant changes:

- The Special Revenue funds increased by \$23,850 from \$213,732 to \$237,582, primarily due to 1) County reorganization of Building Inspection to Special Revenue funds of \$10,975; 2) increase in intergovernmental to Economic Development of \$8,691.

Revenues for total governmental funds totaled \$2,801,044 in FY 2017-18 which represents an increase of 3.7 percent from FY 2016-17.

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

Revenues Classified by Source
Governmental Funds
(amounts expressed in thousands)

Revenue by Source	FY 2018		FY 2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 583,585	20.83 %	552,273	20.45 %	31,312	5.67 %
Use of money and property	10,937	0.39 %	16,970	0.63 %	(6,033)	(35.55)%
Licenses and permits	71,853	2.57 %	66,241	2.45 %	5,612	8.47 %
Intergovernmental	1,685,673	60.18 %	1,654,188	61.25 %	31,485	1.90 %
Charges for sales and services	269,158	9.61 %	257,641	9.54 %	11,517	4.47 %
Fines, forfeitures and penalties	38,721	1.38 %	38,276	1.42 %	445	1.16 %
Pledged tobacco settlement proceeds	15,016	0.54 %	12,577	0.47 %	2,439	19.39 %
Contributions from property owners	12,626	0.45 %	7,025	0.26 %	5,601	79.73 %
Miscellaneous	113,475	4.05 %	95,586	3.53 %	17,889	18.72 %
Total	\$ 2,801,044	100.00 %	2,700,777	100.00 %	100,267	3.71 %

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

- Taxes increased \$31.1 million primarily due to \$26.9 million increase in property tax revenue.
- Licenses and permits increased by \$5.6 million, primarily due to increased activities in residential building permits and roadway fees.
- Intergovernmental revenue increased by \$31.5 million, primarily due to an increase of \$17.9 million in various road projects and \$11.7 million in economic development projects. The general fund experienced an increase of \$5.3 million resulting from various funding sources.
- Charges for services increased by \$11.5 million primarily due to the County's reorganization of building inspection activities being transferred from the County's Internal Service Fund (ISF) fund to the Building Inspection Special Revenue Fund.
- Contributions from property owners increased by \$5.6 million due to debt issuance in McClellan Park Community Facilities District.
- Miscellaneous revenue increased by \$17.9 million due to a \$15.6 million prior year charge to miscellaneous revenue as a result of the County revising prior year funding claims to maximize funding available for Mental Health Services.

Expenditures for governmental funds totaled \$2,783,826 in FY 2017-18, which represents an increase of 4.8 percent from FY 2016-17.

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 2018		FY 2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 154,698	5.56 %	151,713	5.71 %	2,985	1.97 %
Public assistance	673,167	24.17 %	671,766	25.27 %	1,401	0.21 %
Public protection	860,247	30.90 %	817,939	30.78 %	42,308	5.17 %
Health and sanitation	655,842	23.56 %	610,859	22.99 %	44,983	7.36 %
Public ways and facilities	143,330	5.15 %	137,106	5.16 %	6,224	4.54 %
Recreation and culture	40,990	1.47 %	35,641	1.34 %	5,349	15.01 %
Education	1,487	0.05 %	1,422	0.05 %	65	4.57 %
Capital outlay	51,992	1.87 %	36,974	1.39 %	15,018	40.62 %
Debt service:						
Principal	60,668	2.18 %	55,263	2.08 %	5,405	9.78 %
Interest and fiscal charges	141,405	5.09 %	138,928	5.23 %	2,477	1.78 %
Total	<u>\$ 2,783,826</u>	<u>100.00 %</u>	<u>2,657,611</u>	<u>100.00 %</u>	<u>126,215</u>	<u>4.75 %</u>

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

- Public protection increased by \$42.3 million primarily due to an increase of \$38.3 million in the Building Inspection Special Revenue Fund. During FY 2017-18, the County completed a reorganization to have all inspection related activities provided within the County to be reported in this fund. Such activities have been recorded in the County's General Service ISF fund in prior years.
- Health and sanitation increased by \$44.9 million primarily due to \$39.8 million increase in the general fund. The increase was primarily due to: 1) \$9.6 million increase in cost of living adjustments; 2) \$11.8 million increase in provider payments; and 3) \$10.3 million increase in welfare assistance payments.
- Capital Outlay increased by \$15.0 million primarily due to: 1) increase of \$12.6 million in the McClellan Park CFD projects; 2) increase of \$11.6 million in the accumulated capital outlay capital project fund due to increased construction activity for various projects; and 3) decrease of \$7.6 million for fixed asset purchases through the County's Fixed Asset Financing Program.

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

	FY 2018	FY 2017	Increase/(Decrease)	
			Amount	Percent
Transfers in	\$ 186,135	169,793	16,342	9.62 %
Transfers out	(159,219)	(152,894)	(6,325)	4.14 %
Issuance of debt	18,241	17,391	850	4.89 %
Total other financing sources (uses)	\$ 45,157	34,290	10,867	31.69 %

- Transfers in/out: Increase for net transfers are primarily due to increased debt service activity and capital projects.
- Issuance of debt: Increase is due to a slight reduction in property tax collections.

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 \$151,807, Solid Waste Enterprise Funds \$26,487, Water Agency Enterprise Funds \$54,502, Parking Enterprise was \$5,142 and County Transit was \$586. The internal service funds that are used to account for certain governmental activities had unrestricted net position of negative \$102,787.

Airports total net position increased by \$10,176 during fiscal year ended June 30, 2018, primarily as a result of a combination of operating income of \$31,036; a decrease in net non-operating expenses of \$21,655, capital contribution of \$3,279, and a transfer out of \$2,484. Increased revenues of \$10,682 were primarily a result of increased concession revenues of \$7.9 million and Passenger Facility Charges (PFC) of \$2.2 million. The revenue was offset by an increase of operating expenses of \$9.7 and a decrease in interest expense of \$3.5 million.

The Solid Waste’s total net position decreased by \$(425) during fiscal year ended June 30, 2018. This increase was a result of a combination of operating income of \$1,753, net non-operating income of \$819, with a transfer out of \$(2,997). 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 \$24,841 during fiscal year ended June 30, 2018. This increase was a result of a combination of operating income of \$34,257; net non-operating expenses of \$(13,584); a transfer out of \$(992); and capital contribution of \$5,160. 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	\$ 181,660	77,943	80,432	2,830	242	343,107	302,636
Operating expenses	(150,624)	(76,190)	(46,175)	(3,833)	(2,212)	(279,034)	(284,840)
Operating income (loss)	31,036	1,753	34,257	(1,003)	(1,970)	64,073	17,796
Non-operating revenues, net	(21,655)	819	(13,584)	63	1,966	(32,391)	(896)
Income before capital contributions and transfers	9,381	2,572	20,673	(940)	(4)	31,682	16,900
Transfers in (out)	(2,484)	(2,997)	(992)	(33)		(6,506)	(20,410)
Capital contributions	3,279		5,160		197	8,636	
Changes in net position	\$ 10,176	(425)	24,841	(973)	193	33,812	(3,510)

The income before capital contributions and transfers of enterprise funds of \$31,682 resulted primarily from net increases for Airports of \$9,381, Solid Waste of \$2,572, and Water Agency of \$20,673.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the Original Budget and the Final Budget resulted in a \$50.4 million increase in expenditures, and are briefly summarized as follows:

General Government: Increased by \$3.8 million primarily due to an increase in the fixed asset financing fund of \$1.2 million, an increase in elections for purchase of new equipment and implementation of the Voter's Choice Act of \$3.1 million, and miscellaneous increases and decreases in other programs.

Public Assistance: Increased by \$12.2 million in the Department of Human Assistance for cost of living adjustments and to enhance CalWORKS programs in the Administration budget of \$2.2 million, as well as Foster Care costs in the assistance budget of \$10.2 million.

Public Protection: Increased by \$10.8 million primarily due to a \$7.9 million increase in the Sheriff's budget for enhanced law enforcement services in specified areas of \$2.6 million, transfer of appropriations from other functions within the Sheriff's budget of \$2.9 million, increase in trust and grant resources of \$1.7 million, increase for Enhanced Planning and Code Enforcement activities of \$0.8 million, increase of \$0.8 million for an Office of Emergency Services Homeland Security Grant, and a \$0.9 million increase for Probation for juvenile care, as well as other various grants and resources.

Health and Sanitation: Increased by \$21.9 million due primarily to increases in federal and state funding for services provided by the Department of Health and Human Services of \$11.5 million and an increase in the In-Home Supportive Services Maintenance Effort of \$8.4 million.

Actual revenues for the General Fund were \$124.4 million less than the final budgetary estimates. The under-collection of revenues was due primarily to reduced public protection, health and sanitation, and public assistance program costs that resulted in a reduction of approximately \$113.2 million in federal and state revenue along with other increases and decreases in revenue including an increase in property and sales tax revenues of \$4.3 million.

Actual expenditures were \$221.1 million less than budgetary estimates. Expenditures less than budget were due to reduced health and sanitation, and public assistance program costs of approximately \$108.8 million; reduced costs of \$75.8 million in general government; a decision to end the practice of flowing expenditures and revenues related to all department fixed asset purchases through the interagency procurement budget of \$37.2 million; and salary and benefit and other cost savings in a number of departments due to vacant positions and other factors or \$12.9 million.

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, 2018, amounted to \$3,941,885, 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 0.19 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
	2018	2017	2018	2017	2018	2017	
Non depreciable:							
Land	\$ 131,980	131,632	133,970	133,960	265,950	265,592	0.13 %
Construction in progress	41,795	35,253	69,832	58,716	111,627	93,969	18.79 %
Permanent easement	13,160	11,903	57	57	13,217	11,960	10.51 %
Other intangible			1,904	1,904	1,904	1,904	
Water facility rights			196,478	196,223	196,478	196,223	0.13 %
Intangible asset under project	66	66			66	66	
Depreciable:							
Buildings and improvements	403,414	410,239	1,633,827	1,690,572	2,037,241	2,100,811	(3.03)%
Infrastructure	1,066,267	1,058,774	136,997	115,423	1,203,264	1,174,197	2.48 %
Equipment	63,103	58,226	43,142	41,311	106,245	99,537	6.74 %
Computer software	5,049	3,808	1	3	5,050	3,811	32.51 %
Water facility rights			843	1,123	843	1,123	(24.93)%
Total	\$ 1,724,834	1,709,901	2,217,051	2,239,292	3,941,885	3,949,193	(0.19)%

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

- Permanent easement: Increased in total by approximately \$1.2 million. This increase is due to both the Road fund of \$0.8 million and the Water Agency of \$0.4 million.
- Buildings and improvements: Decreased in total by approximately \$63.6 million. This is due to a combination of increases in completed projects including \$1.2 million for the Taxiway "Bravo" Rehabilitation and \$4.4 million for the West Apron improvements for Airports and various projects for governmental funds including improvements to the Administration Center of \$2.4 million, County-owned parks of \$1.0 million, and parking garage renovations of \$1.8 million. Other transfers from construction in progress include various projects for governmental funds of \$13.8 million, Airports of \$3.1 million, and the Water Agency of \$1.0 million, as well as overall increases in governmental funds of \$2.1 million, Airports of \$3.3 million, and Solid Waste of \$1.1 million, netting with decreases due to depreciation in the governmental funds of \$27.9 million, Airports of \$49.3 million, Solid Waste of \$3.2 million, and the Water Agency of \$14.6 million.
- Infrastructure: Increased by approximately \$29.1 million. This is due to a combination of increases in completed projects including \$12.2 million for the North Service Area Pipeline Phase 1 for the Water Agency and \$6.4 million in other completed projects as well as \$2.7 million for rehabilitations for various pump stations for governmental funds. Additions also include \$62.1 million for the Road fund for projects including widening of Hazel avenue between Curragh Downs Drive and Sunset Avenue of \$9.0 million and the Jibboom Street Bridge Rehabilitation project of \$7.3 million. Decreases in infrastructure due to depreciation include \$58.5 million for governmental funds and \$4.1 million for the Water Agency.
- Construction in progress: Increased by approximately \$17.7 million. This is due to a combination of decreases due to governmental fund projects being capitalized to building costs of \$19.0 million and to infrastructure of \$3.9 million, as well as other projects being capitalized for Airports of \$8.7 million and the Water Agency of \$21.8 million. Increases to construction in progress include \$30.6 million for governmental funds, \$21.6 million for Airports, and \$16.8 million for the Water Agency.
- Equipment: Increased in total by approximately \$6.7 million. This is due to increases due to governmental funds of \$5.1 million, General Services of \$10.0 million, Department of Technology of \$5.8 million, and Regional Radio Communications System of \$1.8 million. Additions in equipment were seen in Airports of \$3.6 million and Solid Waste of \$5.3 million. Decreases due to depreciation were as follows: governmental funds of \$4.2 million, General Services of \$8.7 million, Department of Technology of \$2.1 million, Regional Radio Communications System of \$2.3 million, Airports of \$2.7 million, and Solid Waste of \$4.5 million.
- Computer Software: Increased by approximately \$1.2 million. This is due to increases for server support for the Department of Technology of \$2.5 million and increases in governmental funds of \$0.8 million, with offsetting depreciation of \$1.0 million for the Department of Technology and \$1.0 million for governmental funds.

Additional information on the County's capital assets can be found in Note 5 on pages 68-70.

The County has entered into several agreements related to the construction of Capital Projects. This information can be found in Note 12 on page 96.

Debt Administration. At June 30, 2018, the County’s governmental activities had long-term obligations, totaling \$1.8 billion. Of this amount \$195.7 million are Certificates of Participation, \$232.5 million are Revenue bonds for the securitization of the tobacco settlement agreement, \$93.6 million as Litigation Liability, and \$69.7 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 \$21.6 million in loan agreements to fund the alternative method of distributing property taxes (Teeter Plan), \$925.7 million in Pension Obligation Bonds, and \$71.9 million associated accreted interest for Pension Obligation Bonds. The remaining represents various other debt obligations. In addition, compensated absences amounted to \$118.8 million and capital lease obligations were \$2.2 million.

Business-type activities had long-term obligations of approximately \$1.3 billion. This includes \$971.8 million of Airports revenue bonds and other Airports debt, and Sacramento County Water Agency revenue bonds, reimbursement agreements, water rights, and usage fees totaling \$356.8 million.

For the year ended June 30, 2018 the County’s total long-term obligations had a net decrease of \$132,609. The net decrease resulted primarily from a decrease from scheduled principal retirements of certificates of participation, revenue bonds and associated accreted interest, in the amount of \$156.2 million; and a net decrease in pension obligation bonds and associated accreted interest, in the amount of \$64.9 million. The decreases were offset by \$87.5 million related to unamortized amounts.

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)	
	2018	2017	2018	2017	2018	2017	Amount	Percent
Governmental activities:								
Compensated absences	\$ 118,754	116,603	6,630	6,577	125,384	123,180	2,204	1.79 %
Certificates of participation	195,690	213,255			195,690	213,255	(17,565)	(8.24)%
Teeter notes	21,618	22,849			21,618	22,849	(1,231)	(5.39)%
Pension obligation bonds	925,700	944,016			925,700	944,016	(18,316)	(1.94)%
Accreted Interest	71,885	118,483			71,885	118,483	(46,598)	(39.33)%
Revenue bonds	302,267	307,582	983,560	1,085,315	1,285,827	1,392,897	(107,070)	(7.69)%
Accreted Interest	32,337	28,978			32,337	28,978	3,359	11.59 %
Litigation Liability	93,620	93,620			93,620	93,620		100.00 %
Other long-term debt	581	1,125			581	1,125	(544)	(48.36)%
Capital lease obligations	2,227	2,706			2,227	2,706	(479)	(17.70)%
Unamortized amounts								
Issuance premiums	2,991	3,186	114,445	29,572	117,436	32,758	84,678	258.50 %
Issuance discounts	(6,053)	(6,467)		(2,444)	(6,053)	(8,911)	2,858	(32.07)%
PFC and subordinate revenue bonds			230,380	265,315	230,380	265,315	(34,935)	(13.17)%
Reimbursement agreements			3,430	535	3,430	535	2,895	541.12 %
Usage fee - City of Sacramento				1,107		1,107	(1,107)	(100.00)%
Water rights - SMUD assignment			2,680	3,438	2,680	3,438	(758)	(22.05)%
	<u>\$ 1,761,617</u>	<u>1,845,936</u>	<u>1,341,125</u>	<u>1,389,415</u>	<u>3,102,742</u>	<u>3,235,351</u>	<u>(132,609)</u>	<u>(4.10)%</u>

Additional information regarding the County’s long-term debt can be found in Note 8, pages 76 through 89.

Economic Factors and Next Year's Budget and Rates

- Six 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 2018-19 in the amount of \$268,724, are expected to increase over the FY 2017-18 Adopted Budget by \$13,763, a 5.4 percent increase. The FY 2018-19 projection is a \$13,481 increase of 5.3 percent over the FY 2017-18 actual collections. The FY 2018-19 projection is based on the July Assessment Roll prepared by the County Assessor.
 - Sales and Use Tax revenues budgeted for FY 2018-19 in the amount of \$86,190, are expected to increase over the FY 2017-18 Adopted Budget by \$3,016, a 3.6 percent increase. The FY 2018-19 projection is a \$522 increase of 0.6 percent from FY 2017-18 actual collections. The FY 2018-19 projection is based on the full 1.0 percent share of the statewide collected sales tax rate of 7.7 percent, collected from the Unincorporated Area.
 - Utility Tax revenues budgeted for FY 2018-19 in the amount of \$20,365, are expected to increase over the FY 2017-18 Adopted Budget by \$788, a 4.0 percent increase. The FY 2018-19 projection is a \$557 increase of 2.8 percent from FY 2017-18 actual collections. The FY 2018-19 projection is based on a 2.5 percent increase in utility collections in the Unincorporated Area.
 - Proposition 172 revenues budgeted for FY 2018-19 in the amount of \$123,583, are expected to increase over the FY 2017-18 Adopted Budget by \$8,950, a 7.8 percent increase. The FY 2018-19 projection is a \$5,212 increase of 4.4 percent from FY 2017-18 actual collections. The FY 2018-19 projection is based on a growth rate in statewide Proposition 172 sales tax collections of approximately 3.5 percent and a moderate increase in Sacramento County's share of the statewide total revenue.
 - Realignment revenues budgeted for FY 2018-19 in the amount of \$676,328, are expected to increase over the FY 2017-18 Adopted Budget by approximately \$82,489, a 13.9 percent increase. The FY 2018-19 projection is a \$73,371 increase of 12.2 percent from FY 2017-18 actual collections. The budget estimate is comprised of \$19,800 in revenue carried forward from prior years, \$559,300 in new base revenue, and \$49,342 in growth revenue. The Realignment revenue is supported by a portion of the statewide sales tax and vehicle license fee collections.
 - Property Tax In-Lieu of Vehicle License Fees revenues budgeted for FY 2018-19 in the amount of \$170,553 is expected to increase over the FY 2017-18 Adopted Budget by \$10,440, a 6.5 percent increase. The FY 2018-19 projection is a \$11,160 increase of 7.0 percent from FY 2017-18 actual collections. The FY 2018-19 projection is based on the State of California's "Swap" deal.

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.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

**COUNTY OF SACRAMENTO
GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2018
(amounts expressed in thousands)**

Page 1 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission
Assets:				
Current assets:				
Cash and investments	\$ 839,153	348,553	1,187,706	35,037
Restricted cash and investments		20,891	20,891	
Receivables, net of allowance for uncollectibles:				
Billed	82,368	25,895	108,263	
Interest	5,991	2,895	8,886	289
Intergovernmental	266,359	3,679	270,038	3,340
Prepaid expenses	5,356	235	5,591	
Internal balances	(33,456)	33,456		
Inventories	2,845	486	3,331	
Total current assets	<u>1,168,616</u>	<u>436,090</u>	<u>1,604,706</u>	<u>38,666</u>
Noncurrent assets:				
Restricted assets		120,560	120,560	
Loan receivable from Successor Agency	60,281		60,281	
Long-term receivables	45,623		45,623	
Prepaid bond insurance	5,036	502	5,538	
Capital assets:				
Land and other nondepreciable assets	187,001	402,241	589,242	
Buildings, improvements, infrastructure and equipment, net	1,537,833	1,814,810	3,352,643	
Total capital assets	<u>1,724,834</u>	<u>2,217,051</u>	<u>3,941,885</u>	
Total noncurrent assets	<u>1,835,774</u>	<u>2,338,113</u>	<u>4,173,887</u>	
Total assets	<u>3,004,390</u>	<u>2,774,203</u>	<u>5,778,593</u>	<u>38,666</u>
Deferred outflows of resources:				
Accumulated decrease in fair value of SWAP agreement	65,076	45,251	110,327	
Deferred amounts on refunding	32,019	38,418	70,437	
Deferred outflows related to pensions	796,350	34,532	830,882	1,080
Deferred outflows related to OPEB	5,741	328	6,069	7
Total deferred outflows of resources	<u>899,186</u>	<u>118,529</u>	<u>1,017,715</u>	<u>1,087</u>
Total assets and deferred outflows of resources	<u>3,903,576</u>	<u>2,892,732</u>	<u>6,796,308</u>	<u>39,753</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, 2018
(amounts expressed in thousands)**

Page 2 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission
Liabilities:				
Current liabilities:				
Warrants payable	21,192	3,913	25,105	
Accrued liabilities	108,753	18,074	126,827	3,124
Intergovernmental payable	21,214	29	21,243	2,144
Accrued interest payable	16,087		16,087	
Current portion of insurance claims payable	37,676		37,676	
Current portion of long-term debt obligations	107,877	21,702	129,579	12
Current liabilities payable from restricted assets		12,209	12,209	
Unearned revenues	76,354	4,731	81,085	
Total current liabilities	<u>389,153</u>	<u>60,658</u>	<u>449,811</u>	<u>5,280</u>
Noncurrent liabilities:				
Insurance claims payable	197,018		197,018	
Long-term debt obligations	1,653,740	1,319,423	2,973,163	219
Derivative instrument liability	65,076	45,251	110,327	
Landfill closure and postclosure care		40,722	40,722	
Net pension liability	1,775,152	74,619	1,849,771	2,226
Total OPEB liability	160,378	8,736	169,114	178
Total noncurrent liabilities	<u>3,851,364</u>	<u>1,488,751</u>	<u>5,340,115</u>	<u>2,623</u>
Total liabilities	<u>4,240,517</u>	<u>1,549,409</u>	<u>5,789,926</u>	<u>7,903</u>
Deferred inflows of resources:				
Deferred inflows related to refunding		193	193	
Deferred inflows related to pension	89,216	5,372	94,588	148
Deferred inflows related to OPEB	10,889	513	11,402	10
Total deferred inflows of resources	<u>100,105</u>	<u>6,078</u>	<u>106,183</u>	<u>158</u>
Total liabilities and deferred inflows of resources	<u>4,340,622</u>	<u>1,555,487</u>	<u>5,896,109</u>	<u>8,061</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, 2018
(amounts expressed in thousands)**

Page 3 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission
Net position:				
Net investment in capital assets	1,416,649	957,979	2,374,628	
Restricted for:				
Bond reserves		52,130	52,130	
Landfill closure		9,382	9,382	
Kiefer Wetlands Preserve		985	985	
Debt service	96,611	13,240	109,851	
Capital projects	94,313		94,313	
Passenger facility charges		27,709	27,709	
Public protection	63,668		63,668	
Public assistance	41,114		41,114	
Health and sanitation programs	231,648		231,648	
Transportation	43,589	1,217	44,806	
Lighting and landscape maintenance	4,102		4,102	
Economic development	79,980		79,980	
Environmental management	13,700		13,700	
Other	9,257		9,257	
Endowments				
Expendable		124	124	
Nonexpendable		2,029	2,029	
Unrestricted	(2,531,677)	272,450	(2,259,227)	31,692
Total net position (deficit)	<u>\$ (437,046)</u>	<u>1,337,245</u>	<u>900,199</u>	<u>31,692</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, 2018
(amounts expressed in thousands)**

Function/Programs	Primary Government						Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position		First 5 Commission
				Governmental Activities	Business-type Activities	Total	
Primary Government							
Governmental activities::							
General Government	\$ 174,713	96,765	138	38	(77,772)	(77,772)	
Public Assistance	690,787		640,582		(50,205)	(50,205)	
Public Protection	953,258	163,474	184,247	2,531	(603,006)	(603,006)	
Health and Sanitation	677,587	38,572	541,070	4,210	(93,735)	(93,735)	
Public Ways and Facilities	165,056	68,807	36,767	35,699	(23,783)	(23,783)	
Recreation and Culture	45,305	12,114		106	(33,085)	(33,085)	
Education	1,535				(1,535)	(1,535)	
Interest and fiscal charges	102,065				(102,065)	(102,065)	
Total governmental activities:	<u>2,810,306</u>	<u>379,732</u>	<u>1,402,804</u>	<u>42,584</u>	<u>(985,186)</u>	<u>(985,186)</u>	
Business-type Activities:							
Airport	199,349	204,638	1,695	3,279		10,263	10,263
Solid Waste	75,770	77,943	318			2,491	2,491
Water Agency	61,270	80,432		5,160		24,322	24,322
Parking Enterprise	3,781	2,830				(951)	(951)
County Transit	2,212	260	1,146	197		(609)	(609)
Total business-type activities	<u>342,382</u>	<u>366,103</u>	<u>3,159</u>	<u>8,636</u>		<u>35,516</u>	<u>35,516</u>
Total primary government	<u>\$ 3,152,688</u>	<u>745,835</u>	<u>1,405,963</u>	<u>51,220</u>	<u>(985,186)</u>	<u>35,516</u>	<u>(949,670)</u>
Component Unit:							
First 5 Commission	<u>23,372</u>		<u>12,705</u>				<u>(10,667)</u>
Total component unit	<u>\$ 23,372</u>		<u>12,705</u>				<u>(10,667)</u>
General Revenues:							
Taxes:							
Property Taxes					490,856	490,856	
Sales /Use Taxes					86,146	86,948	
Transient Occupancy					6,583	6,583	
Unrestricted investment earnings (loss)					10,678	16,760	391
Grants and contributions not restricted to specific programs					251,839	251,839	
Pledged tobacco settlement proceeds					15,016	15,016	
Miscellaneous					113,475	113,475	
Transfers					6,506	(6,506)	
Total general revenues and transfers					<u>981,099</u>	<u>981,477</u>	<u>391</u>
Change in net position					(4,087)	31,807	(10,276)
Net position (deficit), beginning of year, as restated					<u>(432,959)</u>	<u>1,301,351</u>	<u>868,392</u>
Net position (deficit), end of year					<u>\$ (437,046)</u>	<u>1,337,245</u>	<u>900,199</u>

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

**COUNTY OF SACRAMENTO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018
(amounts expressed in thousands)**

	General Fund	Nonmajor Governmental Funds	Total
Assets:			
Cash and investments	\$ 228,708	398,355	627,063
Receivables:			
Billed	61,295	21,049	82,344
Interest	3,519	2,443	5,962
Intergovernmental	258,512	7,592	266,104
Prepaid items	5,283		5,283
Inventories	1,221		1,221
Long-term advances to other funds		470	470
Loan receivable from Successor Agency		60,281	60,281
Long-term receivables	23,075	22,461	45,536
Total assets	\$ 581,613	512,651	1,094,264
Liabilities, deferred inflows of resources, and fund balances:			
Liabilities:			
Warrants payable	\$ 13,922	2,099	16,021
Accrued liabilities	83,085	16,494	99,579
Intergovernmental payable	11,701	9,511	21,212
Unearned revenue	69,909	1,402	71,311
Long-term advances from other funds	25,276		25,276
Total liabilities	203,893	29,506	233,399
Deferred inflows of resources:			
Unavailable revenue	9,962	60,281	70,243
Fund balances:			
Nonspendable	36,478		36,478
Restricted	255,118	422,864	677,982
Unassigned	76,162		76,162
Total fund balances	367,758	422,864	790,622
Total liabilities, deferred inflows of resources, and fund balances	\$ 581,613	512,651	1,094,264

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, 2018
(amounts expressed in thousands)

Fund balances - total governmental funds	\$ 790,622
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.	1,670,158
Accrued interest is not reported in the funds.	(16,087)
Prepaid bond insurance of the governmental activities are not current financial resources and, therefore are not reported in the funds.	5,036
Long-term liabilities and related deferred outflows of resources including accumulated decrease in fair value of SWAP agreement and the deferred loss on refunding, are not due and payable in the current period or represent current financial resources and therefore are not reported in the funds.	(1,718,523)
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	70,243
Net pension liability including related deferred outflows and inflows are not reported in the funds.	(1,002,375)
Total OPEB liability including related deferred outflows and inflows are not reported in the funds	(154,058)
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>(82,062)</u>
Net position (deficit) of governmental activities	<u><u>\$ (437,046)</u></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, 2018
(amounts expressed in thousands)**

	General Fund	Nonmajor Governmental Funds	Total
Revenues:			
Taxes	\$ 545,813	37,772	583,585
Use of money and property	3,618	7,319	10,937
Licenses and permits	12,118	59,735	71,853
Intergovernmental	1,582,139	103,534	1,685,673
Charges for sales and services	121,064	148,094	269,158
Fines, forfeitures and penalties	26,533	12,188	38,721
Pledged tobacco settlement proceeds		15,016	15,016
Contributions from property owners		12,626	12,626
Miscellaneous	67,614	45,861	113,475
Total revenues	<u>2,358,899</u>	<u>442,145</u>	<u>2,801,044</u>
Expenditures:			
Current:			
General government	105,311	49,387	154,698
Public assistance	673,167		673,167
Public protection	801,433	58,814	860,247
Health and sanitation	615,740	40,102	655,842
Public ways and facilities		143,330	143,330
Recreation and culture	18,655	22,335	40,990
Education	378	1,109	1,487
Capital outlay		51,992	51,992
Debt service:			
Principal		60,668	60,668
Interest and fiscal charges		141,405	141,405
Total expenditures	<u>2,214,684</u>	<u>569,142</u>	<u>2,783,826</u>
Excess of revenues over expenditures	<u>144,215</u>	<u>(126,997)</u>	<u>17,218</u>
Other financing sources (uses):			
Transfers in	10,622	175,513	186,135
Transfers out	(119,837)	(39,382)	(159,219)
Issuance of long-term debt		18,241	18,241
Total other financing sources (uses)	<u>(109,215)</u>	<u>154,372</u>	<u>45,157</u>
Net change in fund balances	35,000	27,375	62,375
Fund balances - beginning	332,758	395,489	728,247
Fund balances - ending	<u>\$ 367,758</u>	<u>422,864</u>	<u>790,622</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, 2018
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	62,375
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.		9,619
Changes in accrued interest payable.		1,013
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.		78,435
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.		(142,983)
OPEB 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.		(5,378)
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.		(1,072)
The net revenues of certain activities of internal service funds is reported with governmental activities.		<u>(5,592)</u>
Change in net position of governmental activities	\$	<u><u>(4,087)</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, 2018
(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	\$ 538,707	541,497	545,813	4,316
Use of money and property	7,508	6,721	3,618	(3,103)
Licenses and permits	11,538	11,858	12,118	260
Intergovernmental	1,653,094	1,691,299	1,582,139	(109,160)
Charges for sales and services	168,659	168,658	121,064	(47,594)
Fines, forfeitures and penalties	25,182	23,897	26,533	2,636
Miscellaneous	33,910	39,371	67,614	28,243
Total revenues	<u>2,438,598</u>	<u>2,483,301</u>	<u>2,358,899</u>	<u>(124,402)</u>
Expenditures:				
Current:				
General government:				
Legislative and administrative	67,944	69,638	11,460	58,178
Finance	64,733	63,747	50,661	13,086
Counsel	4,892	4,892	4,073	819
Human resources	12,277	12,277	11,135	1,142
Elections	10,923	14,036	12,690	1,346
Other	16,483	16,502	15,292	1,210
Total general government	<u>177,252</u>	<u>181,092</u>	<u>105,311</u>	<u>75,781</u>
Public assistance:				
Administration	300,867	302,880	285,182	17,698
Aid programs	385,323	395,505	357,159	38,346
Other	31,816	31,816	30,826	990
Total public assistance	<u>718,006</u>	<u>730,201</u>	<u>673,167</u>	<u>57,034</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, 2018
(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	155,254	155,579	152,775	2,804
Police protection	310,963	318,980	309,390	9,590
Detention and correction	296,365	296,836	284,695	12,141
Protection and inspection	4,564	4,814	4,637	177
Other	<u>55,752</u>	<u>57,532</u>	<u>49,936</u>	<u>7,596</u>
Total public protection	<u>822,898</u>	<u>833,741</u>	<u>801,433</u>	<u>32,308</u>
Health and sanitation	645,580	667,482	615,740	51,742
Recreation and culture	21,269	22,843	18,655	4,188
Education	<u>369</u>	<u>379</u>	<u>378</u>	<u>1</u>
Total expenditures	<u>2,385,374</u>	<u>2,435,738</u>	<u>2,214,684</u>	<u>221,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,224</u>	<u>47,563</u>	<u>144,215</u>	<u>96,652</u>
Other financing sources (uses):				
Transfers in	10,622	10,622	10,622	
Transfers out	<u>(119,837)</u>	<u>(119,837)</u>	<u>(119,837)</u>	
Total other financing sources (uses)	<u>(109,215)</u>	<u>(109,215)</u>	<u>(109,215)</u>	
Net change in fund balance	<u>\$ (55,991)</u>	<u>(61,652)</u>	<u>35,000</u>	<u>96,652</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, 2018
 (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 Enterprise Funds	
Assets:						
Current assets:						
Cash and investments	\$ 199,458	79,715	62,238	7,142	348,553	212,090
Restricted cash and investments	20,891				20,891	
Receivables, net of allowance for uncollectibles:						
Billed	9,470	10,929	5,285	211	25,895	24
Interest	1,820	666	359	50	2,895	29
Intergovernmental	1,861	547	115	1,156	3,679	255
Prepaid items	235				235	73
Inventories	486				486	1,624
Total current assets	234,221	91,857	67,997	8,559	402,634	214,095
Noncurrent assets:						
Restricted assets	83,484	10,367	26,709		120,560	
Long-term advances to other funds						25,276
Prepaid bond insurance	502				502	
Long-term receivables						87
Capital assets:						
Land and other nondepreciable assets	105,877	35,175	259,890	1,299	402,241	
Buildings & improvements, infrastructure, equipment and intangibles, net	1,157,279	89,063	567,266	1,202	1,814,810	54,676
Total capital assets	1,263,156	124,238	827,156	2,501	2,217,051	54,676
Total noncurrent assets	1,347,142	134,605	853,865	2,501	2,338,113	80,039
Total assets	1,581,363	226,462	921,862	11,060	2,740,747	294,134
Deferred outflows of resources:						
Accumulated decrease in market value of SWAP agreement			45,251		45,251	
Deferred outflows related to refunding	37,556		862		38,418	
Deferred outflows related to pensions	16,225	10,935	7,183	189	34,532	48,293
Deferred outflows related to OPEB	147	120	58	3	328	422
Total deferred outflows of resources	53,928	11,055	53,354	192	118,529	48,715
Total assets and deferred outflows of resources	1,635,291	237,517	975,216	11,252	2,859,276	342,849

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, 2018
 (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 Enterprise Funds	
Liabilities:						
Current liabilities:						
Warrants payable	\$ 2,141	673	635	464	3,913	5,171
Accrued liabilities	11,076	4,308	2,680	10	18,074	9,174
Intergovernmental payable				29	29	2
Current portion of insurance claims payable						37,676
Current portion of long-term debt obligations	8,856	95	12,751		21,702	736
Current liabilities payable from restricted assets	12,209				12,209	
Unearned revenue	4,012			719	4,731	5,043
Total current liabilities	<u>38,294</u>	<u>5,076</u>	<u>16,066</u>	<u>1,222</u>	<u>60,658</u>	<u>57,802</u>
Noncurrent liabilities:						
Insurance claims payable						197,018
Long-term debt obligations	971,770	2,133	345,482	38	1,319,423	10,339
Derivative instrument liability			45,251		45,251	
Long-term advances from other funds		470			470	
Landfill closure and postclosure care		40,722			40,722	
Net pension liability	35,908	23,660	14,667	384	74,619	107,124
Total OPEB liability	3,918	3,195	1,534	89	8,736	11,231
Total noncurrent liabilities	<u>1,011,596</u>	<u>70,180</u>	<u>406,934</u>	<u>511</u>	<u>1,489,221</u>	<u>325,712</u>
Total liabilities	<u>1,049,890</u>	<u>75,256</u>	<u>423,000</u>	<u>1,733</u>	<u>1,549,879</u>	<u>383,514</u>
Deferred inflows of resources:						
Deferred inflows related to refunding	193				193	
Deferred inflows related to pension	3,068	1,452	784	68	5,372	6,812
Deferred inflows related to OPEB	230	187	91	5	513	659
Total deferred inflows of resources	<u>3,491</u>	<u>1,639</u>	<u>875</u>	<u>73</u>	<u>6,078</u>	<u>7,471</u>
Total liabilities and deferred inflows of resources	<u>1,053,381</u>	<u>76,895</u>	<u>423,875</u>	<u>1,806</u>	<u>1,555,957</u>	<u>390,985</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, 2018
 (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 Enterprise Funds	
Net position:						
Net investment in capital assets	361,580	123,768	470,130	2,501	957,979	54,651
Restricted for:						
Bond reserves	26,416		25,714		52,130	
Landfill closure		9,382			9,382	
Kiefer Wetlands Preserve		985			985	
Debt service	12,245		995		13,240	
Passenger facility charges	27,709				27,709	
Transportation				1,217	1,217	
Endowments:						
Expendable	124				124	
Nonexpendable	2,029				2,029	
Unrestricted	151,807	26,487	54,502	5,728	238,524	(102,787)
Total net position (deficit)	\$ 581,910	160,622	551,341	9,446	1,303,319	(48,136)
Adjustment to reflect internal service fund activities related to enterprise funds					33,926	
Net position of business-type activities					\$ 1,337,245	

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, 2018**

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total Enterprise Funds	
Operating revenues:						
Charges for sales and services	\$ 181,654	76,655	78,869	3,018	340,196	298,110
Other	6	1,288	1,563	54	2,911	4,526
Total operating revenues	<u>181,660</u>	<u>77,943</u>	<u>80,432</u>	<u>3,072</u>	<u>343,107</u>	<u>302,636</u>
Operating expenses:						
Salaries and benefits	33,422	29,251	12,302	450	75,425	100,254
Services and supplies	64,471	36,591	12,550	3,186	116,798	108,666
Cost of sales and services	500				500	3,193
Depreciation and amortization	52,013	7,774	18,835	625	79,247	14,174
Self-insurance						58,142
Landfill closure costs		2,574			2,574	
Other	218		2,488	1,784	4,490	411
Total operating expenses	<u>150,624</u>	<u>76,190</u>	<u>46,175</u>	<u>6,045</u>	<u>279,034</u>	<u>284,840</u>
Operating income (loss)	<u>31,036</u>	<u>1,753</u>	<u>34,257</u>	<u>(2,973)</u>	<u>64,073</u>	<u>17,796</u>
Nonoperating revenues (expenses):						
Use of money and property	3,223	1,014	1,782	63	6,082	(259)
Intergovernmental	1,695	318		1,146	3,159	
Passenger facility charges	22,783				22,783	
Sales / use tax				802	802	
Interest expense	(49,551)	(20)	(15,366)		(64,937)	(531)
Other revenues (expenses)	195	(493)		18	(280)	(106)
Total nonoperating revenues (expenses)	<u>(21,655)</u>	<u>819</u>	<u>(13,584)</u>	<u>2,029</u>	<u>(32,391)</u>	<u>(896)</u>
Income before capital contributions and transfers	9,381	2,572	20,673	(944)	31,682	16,900
Transfers out	(2,484)	(2,997)	(992)	(33)	(6,506)	(20,410)
Capital contributions	3,279		5,160	197	8,636	
Changes in net position	<u>10,176</u>	<u>(425)</u>	<u>24,841</u>	<u>(780)</u>	<u>33,812</u>	<u>(3,510)</u>
Net position (deficit), beginning of year (restated)	<u>571,734</u>	<u>161,047</u>	<u>526,500</u>	<u>10,226</u>		<u>(44,626)</u>
Net position (deficit), end of year	<u>\$ 581,910</u>	<u>160,622</u>	<u>551,341</u>	<u>9,446</u>		<u>(48,136)</u>
Adjustment to reflect internal service fund activities related to enterprise funds					2,082	
Change in net position of business-type activities					<u>\$ 35,894</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, 2018
 (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 Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 180,883	70,063	74,895	2,896	328,737	98,246
Receipts from interfund services provided						234,370
Receipts for other operating activities	139	7,214	1,563		8,916	
Payments to suppliers	(43,313)	(32,120)	(14,751)	(4,624)	(94,808)	(145,831)
Payments to employees	(30,999)	(27,395)	(11,062)	(427)	(69,883)	(93,283)
Payments for other operating activities		(1,463)		(144)	(1,607)	(5,629)
Payments for interfund services used	(23,639)	(2,953)		13	(26,579)	(33,602)
Net cash provided by (used for) operating activities	<u>83,071</u>	<u>13,346</u>	<u>50,645</u>	<u>(2,286)</u>	<u>144,776</u>	<u>54,271</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Receipt on advance from other funds						58
Payment on advance from other funds						(6,410)
Transfer to other funds	(2,484)	(2,997)	(992)	(33)	(6,506)	(20,410)
Interest paid on advance from other funds						(449)
Intergovernmental revenue	1,567			2,410	3,977	
Net cash provided by (used for) noncapital financing activities	<u>(917)</u>	<u>(2,997)</u>	<u>(992)</u>	<u>2,377</u>	<u>(2,529)</u>	<u>(27,211)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Passenger facility charges	22,545				22,545	
Capital contributions	5,054				5,054	
Acquisition and construction of capital assets	(25,175)	(6,526)	(10,680)	(243)	(42,624)	(19,946)
Principal paid on long-term obligations	(21,190)	(220)	(11,822)		(33,232)	
Interest paid on long-term obligations	(63,955)	(20)	(15,932)		(79,907)	(388)
Proceeds from the sale of capital assets	443	761			1,204	1,042
Restricted cash used for bond refunding	(20,831)				(20,831)	
Net cash provided by (used for) capital and related financing activities	<u>(103,109)</u>	<u>(6,005)</u>	<u>(38,434)</u>	<u>(243)</u>	<u>(147,791)</u>	<u>(19,292)</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, 2018
 (amounts expressed in thousands)**

Page 2 of 3

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds		
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received on cash and investments	2,572	1,014	1,904	66	5,556	(44)
Net increase (decrease) in cash and cash equivalents	(18,383)	5,358	13,123	(86)	12	7,724
Cash and cash equivalents, beginning of year	320,063	84,724	53,142	7,228	465,157	204,366
Cash and cash equivalents, end of year	<u>\$ 301,680</u>	<u>90,082</u>	<u>66,265</u>	<u>7,142</u>	<u>465,169</u>	<u>212,090</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Cash and investments	\$ 199,458	79,715	62,238	7,142	348,553	212,090
Restricted cash and investments	20,891				20,891	
Restricted noncurrent assets (net of accrued interest)	83,484	10,367	26,709		120,560	
Less: Long-term investments included in restricted assets	(2,153)		(22,682)		(24,835)	
Cash and cash equivalents	<u>\$ 301,680</u>	<u>90,082</u>	<u>66,265</u>	<u>7,142</u>	<u>465,169</u>	<u>212,090</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, 2018
 (amounts expressed in thousands)**

Page 3 of 3

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ 31,036	1,753	34,257	(2,973)	64,073	17,796
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	52,013	7,774	18,835	625	79,247	14,174
Provision for uncollectible accounts	34				34	
Impact fee credits applied			(3,494)		(3,494)	
Other nonoperating revenue	139	(487)			(348)	
Pension expense	2,012	1,794	1,259	13	5,078	9,611
OPEB Expense	263	216	104	6	589	621
Other nonoperating expense		(421)			(421)	(643)
Changes in assets and liabilities:						
Billed	(1,712)	(128)	(508)	(176)	(2,524)	5,253
Due from other funds			28		28	222
Prepaid expenses	(10)	(114)			(124)	75
Inventories	(50)				(50)	1,240
Warrants payable		(36)	521	224	709	(1,575)
Accrued liabilities	(1,751)	793	(237)	(1)	(1,196)	(2,655)
Intergovernmental payable						365
Due to other funds		6	(7)	(8)	(9)	4
Unearned revenues	900				900	(85)
Landfill closure and postclosure care		2,138			2,138	
Compensated absences	197	58	(113)	4	146	(1,345)
Insurance claims payable						11,213
Total adjustments	52,035	11,593	16,388	687	80,703	36,475
Net cash provided by (used for) operating activities	\$ 83,071	13,346	50,645	(2,286)	144,776	54,271
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributed assets			5,161		5,161	
Amortization of bonds premiums and discounts	(1,689)		388		(1,301)	
Impact fees - credit applied			3,494		3,494	
Capital grants receivable	1,628				1,628	
Amortization of deferred outflows - bonds	1,950				1,950	
Capital assets purchases included in accrued liabilities	6,163				6,163	

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

**COUNTY OF SACRAMENTO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018
(amounts expressed in thousands)**

	<u>Agency</u>	<u>Investment Trust</u>	<u>Redevelopment Obligation Retirement Fund - Successor Agency</u>
Assets:			
Cash and investments	\$ 215,630	3,164,313	11,830
Receivables, net of allowance for uncollectibles:			
Billed	2,758		
Interest	2,960		93
Intergovernmental			3,139
Prepaid items	104		
Buildings & improvements, infrastructure, equipment and intangibles, net			<u>2,307</u>
Total assets	<u>\$ 221,452</u>	<u>3,164,313</u>	<u>17,369</u>
Liabilities:			
Warrants payable	\$ 16,383		
Accrued liabilities	25,140		589
Intergovernmental payable	179,929		5,249
Other long-term liabilities			5,838
Loan due to County Public Financing Authority			
Due within one year			1,770
Due after one year			<u>65,445</u>
Total liabilities	<u>\$ 221,452</u>	<u>3,164,313</u>	<u>78,891</u>
Net position (deficit) held in trust		<u>\$ 3,164,313</u>	<u>(61,522)</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, 2018
 (amounts expressed in thousands)**

	<u>Investment Trust</u>	<u>Redevelopment Obligation Retirement Fund - Successor Agency</u>
Additions:		
Property taxes	\$	6,508
Contributions on pooled investments	11,005,129	
Use of money and property	<u>58,000</u>	<u>78</u>
Total additions	<u>11,063,129</u>	<u>6,586</u>
Deductions:		
Distributions from pooled investments	11,076,253	
Services and supplies		684
Other		3,773
Interest expense		<u>1,634</u>
Total deductions	<u>11,076,253</u>	<u>6,091</u>
Net increase (decrease) in net position	(13,124)	495
Net position (deficit) held in trust, beginning of year	<u>3,177,437</u>	<u>(62,017)</u>
Net position (deficit) held in trust, end of year	<u>\$ 3,164,313</u>	<u>(61,522)</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, 2018
(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 (Board). 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 Funds
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
FOR THE YEAR ENDED JUNE 30, 2018
(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 *Public Facilities Financing Corporation (Corporation)* was created by the County 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 5 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 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 5 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
 FOR THE YEAR ENDED JUNE 30, 2018
 (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

South Sacramento Conservation Agency
 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
 Administration of South Sacramento Habitat Conservation Plan
 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, Library Joint Powers Authority, and Sacramento Metropolitan Air Quality Management District. 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.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

The Statement of Activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's business-type activities and each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

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

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 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 a portion of 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 others.

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 Obligation Retirement Fund - Successor Agency. The fund was established effective February 1, 2012.

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

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. Property taxes are recognized as revenues in the year for which they are levied.

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. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Effective July 1, 2017, the County implemented GASB Statement No. 75. The 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 interperiod equity, and creating additional transparency. See Note 21, Restatement, for additional disclosure detail on the impact to beginning net position.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

GASB Statement No. 81, Irrevocable Split-Interest Agreements

Effective July 1, 2017, the County implemented GASB Statement No. 81. The objective of this Statement is to improve accounting and 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. There was no material impact to the financial statements.

GASB Statement No. 85, Omnibus 2017

Effective July 1, 2017, the County implemented GASB Statement No. 85. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). There was no material impact to the financial statements.

GASB Statement No. 86, Certain Debt Extinguishment Issues

Effective July 1, 2017, the County implemented GASB Statement No. 86. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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) with maturities of three months or less at the time of purchase 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 FY 2017-18 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 FY 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 - Long-Term Obligations, which begins on page 75.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(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. Governmental fund inventories are recorded as expenditures when consumed rather than when purchased. Inventories of supplies of proprietary funds are recorded at cost computed by the weighted average method. Proprietary fund inventories are comprised of materials and supplies held for consumption.

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. The cost of prepaid items is recorded as an expenditure/expense when consumed rather than when purchased.

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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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, easements, 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 proprietary funds and 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, with the exception of prepaid insurance.

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
FOR THE YEAR ENDED JUNE 30, 2018
(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, outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets, and deferred inflows of resources 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
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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 Internal Service Funds (ISF) Deficit Net Position

As of June 30, 2018, the Liability/Property, Workers' Compensation and Department of Technology ISF have deficit net position of \$36,091, \$80,129 and \$19,120, 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 Department of Technology ISF is primarily the result of the fund's net pension liability.

Investments/Fair Value

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.

Pension

In the government-wide financial statements, retirement plans are required to be recognized and disclosed using the accrual basis of accounting (See Note 14 and the requirement supplemental information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting

In general, the County recognizes a net pension liability which represents the County's proportional share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by SCERS. The net pension liability is measured as of the County's prior fiscal year-end. Employer pension contributions made subsequent to the measurement period are recorded as deferred outflows of resources.

For purposes of measuring the net pension liability and deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's pension plan with SCERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by SCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional basis five-year period of recognition.

Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the accrual basis of accounting. The OPEB Plan recognized benefit payments when due and payable in accordance with the benefit term.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

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

Total fund balances of the County's governmental funds of \$790,622 differs from net position of governmental activities of \$(437,046) because of the 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	\$ 627,063		212,090		839,153
Receivables, net of allowance for uncollectibles:					
Billed	82,344		24		82,368
Interest	5,962		29		5,991
Intergovernmental	266,104		255		266,359
Due from other funds			(33,926)	470	(33,456)
Prepaid expenses	5,283		73		5,356
Inventories	1,221		1,624		2,845
Total current assets	<u>987,977</u>		<u>180,169</u>	<u>470</u>	<u>1,168,616</u>
Noncurrent assets:					
Loan receivable from Successor Agency	60,281				60,281
Long-term receivables	45,536		87		45,623
Prepaid Bond Insurance		5,036			5,036
Long-term advances to other funds	470		25,276	(25,746)	
Capital assets:					
Land and other nondepreciable assets		187,001			187,001
Buildings & improvements, infrastructure, equipment and intangibles, net		1,483,157	54,676		1,537,833
Total capital assets		<u>1,670,158</u>	<u>54,676</u>		<u>1,724,834</u>
Total noncurrent assets	106,287	1,675,194	80,039	(25,746)	1,835,774
Total assets	<u>1,094,264</u>	<u>1,675,194</u>	<u>260,208</u>	<u>(25,276)</u>	<u>3,004,390</u>
Deferred outflows of resources:					
Accumulated decrease in fair value of SWAP agreement		65,076			65,076
Deferred amounts on refunding		32,019			32,019
Deferred outflows related to pensions		748,057	48,293		796,350
Deferred outflows related to OPEB		5,319	422		5,741
Total deferred outflows of resources		<u>850,471</u>	<u>48,715</u>		<u>899,186</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
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	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	\$ 16,021		5,171		21,192
Accrued liabilities	99,579		9,174		108,753
Intergovernmental payable	21,212		2		21,214
Accrued interest payable		16,087			16,087
Current portion of long-term debt obligations		107,141	736		107,877
Current portion of insurance claims payable			37,676		37,676
Deferred / unearned revenue	71,311		5,043		76,354
Total current liabilities	<u>208,123</u>	<u>123,228</u>	<u>57,802</u>		<u>389,153</u>
Noncurrent liabilities:					
Insurance claims payable			197,018		197,018
Long-term debt obligations		1,643,401	10,339		1,653,740
Derivative instrument liability		65,076			65,076
Net pension liability		1,668,028	107,124		1,775,152
OPEB Liability		149,147	11,231		160,378
Long-term advances from other funds	25,276			(25,276)	
Total noncurrent liabilities	<u>25,276</u>	<u>3,525,652</u>	<u>325,712</u>	<u>(25,276)</u>	<u>3,851,364</u>
Total liabilities	<u>233,399</u>	<u>3,648,880</u>	<u>383,514</u>	<u>(25,276)</u>	<u>4,240,517</u>
Deferred inflows of resources unavailable revenue	70,243	(70,243)			
Deferred inflows of resources related to pension		82,404	6,812		89,216
Deferred inflows of resources related to OPEB		10,230	659		10,889
Total deferred inflows	<u>70,243</u>	<u>22,391</u>	<u>7,471</u>		<u>100,105</u>
Fund balances/net position:					
Nonspendable	36,478			(36,478)	
Restricted	677,982			(677,982)	
Unassigned	76,162			(76,162)	
Net investment in capital assets		1,670,158	54,651	(308,160)	1,416,649
Restricted for:					
Debt service				96,611	96,611
Capital projects				94,313	94,313
Public protection				63,668	63,668
Public assistance				41,114	41,114
Health and sanitation programs				231,648	231,648
Transportation				43,589	43,589
Lighting and landscape maintenance				4,102	4,102
Economic development				79,980	79,980
Environmental management				13,700	13,700
Other				9,257	9,257
Unrestricted		(2,815,764)	(136,713)	420,800	(2,531,677)
Total fund balance / net position	<u>\$ 790,622</u>	<u>(1,145,606)</u>	<u>(82,062)</u>		<u>(437,046)</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
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(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	\$ 4,303,702
Accumulated depreciation	<u>(2,633,544)</u>
Total	<u>1,670,158</u>
Accrued interest payable	(16,087)
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.	5,036
Long-term liabilities and related deferred outflows of resources applicable to the County's governmental activities are not due and payable in the current period or represent current financial resources and accordingly, are not reported as fund liabilities. All liabilities, both current, long-term and deferred outflows, are reported in the statement of net position.	
Compensated absences	(107,679)
Bonds, loans, capital leases, other payables	(1,445,021)
Derivative instrument liability	(65,076)
Accreted interest	(104,222)
Accumulated decrease in fair value of SWAP agreement	65,076
Loss on refunding	32,019
Litigation liability	<u>(93,620)</u>
Total	<u>(1,718,523)</u>
Net Pension Liability:	
Deferred outflows related to pensions	748,057
Net pension liability	(1,668,028)
Deferred inflows related to pensions	<u>(82,404)</u>
Total	<u>(1,002,375)</u>
OPEB Liability:	
Deferred outflows related to OPEB	5,319
OPEB Liability	(149,147)
Deferred inflows related to OPEB	<u>(10,230)</u>
Total	<u>(154,058)</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

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.

Unavailable revenue		70,243
Total		<u>\$ (1,145,606)</u>
(2) Internal service funds are used by management to charge the costs of certain activities, related to public works, general services, self-insurance, regional communications and 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.		<u>\$ (82,062)</u>

The net change in fund balances for governmental funds of \$62,375, differs from the change in net position for governmental activities of \$(4,087) reported in the statement of activities. The differences arise 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	\$ 490,856					490,856
Sales / use	86,146					86,146
Transient occupancy	6,583					6,583
Use of money and property	10,937			(259)		10,678
Licenses and permits	71,853				(71,853)	
Intergovernmental	1,685,673		(1,072)		(1,684,601)	
Charges for sales and services	269,158				110,574	379,732
Operating grants and contributions					1,402,804	1,402,804
Capital grants and contributions					42,584	42,584
Grants and contributions not restricted to specific programs					251,839	251,839
Contributions from property owners	12,626				(12,626)	
Fines, forfeitures and penalties	38,721				(38,721)	
Pledged tobacco settlement proceeds	15,016					15,016
Miscellaneous	113,475					113,475
Total revenues	2,801,044		(1,072)	(259)		2,799,713

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 154,698	10,905	11,161	(2,051)		174,713
Public assistance	673,167	573	20,278	(3,231)		690,787
Public protection	860,247	6,592	93,118	(6,699)		953,258
Health and sanitation	655,842	2,480	21,864	(2,599)		677,587
Public ways and facilities	143,330	20,192	2,453	(919)		165,056
Recreation and culture	40,990	1,504	2,940	(129)		45,305
Education	1,487	127	8	(87)		1,535
Capital outlay	51,992	(51,992)				
Debt service:						
Principal	60,668		(60,668)			
Interest and fiscal charges	141,405		(39,978)	638		102,065
Total expenditures/expenses	<u>2,783,826</u>	<u>(9,619)</u>	<u>51,176</u>	<u>(15,077)</u>		<u>2,810,306</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>17,218</u>	<u>9,619</u>	<u>(52,248)</u>	<u>14,818</u>		<u>(10,593)</u>
Other financing sources (uses):						
Transfers in	186,135					186,135
Transfers out	(159,219)			(20,410)		(179,629)
Issuance of long-term debt	18,241		(18,241)			
Total other financing sources (uses)	<u>45,157</u>		<u>(18,241)</u>	<u>(20,410)</u>		<u>6,506</u>
Net change in fund balances/net position	62,375	9,619	(70,489)	(5,592)		(4,087)
Fund balances/net position - beginning, as restated	728,247	1,660,539	(2,745,275)	(76,470)		(432,959)
Fund balances/net position - ending	<u>\$ 790,622</u>	<u>1,670,158</u>	<u>(2,815,764)</u>	<u>(82,062)</u>		<u>(437,046)</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(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 depreciation expense charged for the year. Donated assets result in an increase in net position.

Capital expenditures	\$ 96,579
Depreciation expense	<u>(86,960)</u>
Total	<u><u>\$ 9,619</u></u>

- (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.

\$ (504)

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	17,565
Teeter notes	19,472
Revenue bonds	5,315
Pension Obligation Bonds	18,316
Accreted Interest	46,598
Capital leases obligations	479
Compensated absences	(4,005)
Other long-term debt	<u>544</u>
Total	<u><u>104,284</u></u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(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	(18,241)
Revenue bonds accreted interest	(3,359)
Premium/discounts	<u>(219)</u>
Total	<u>(21,819)</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

(142,983)

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) (5,378)

Amortization of deferred amount on refunded debt (4,030)

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.

(1,072)

Decrease in accrued interest 1,013

Total \$ (70,489)

(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.

\$ (5,592)

COUNTY OF SACRAMENTO
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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 FY 2017-18 was adopted on September 6, 2017. Until the adoption of a final balanced budget, operations were governed by the proposed budget approved by the Board of Supervisors in June 2017. 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 FY 2017-18 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 FY 2017-18, the appropriation limit for the FY 2017-18 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 Pool and funds managed in a fiduciary capacity, are subject to oversight by the Treasury Oversight Committee. The value of pool shares that may be withdrawn is determined on an amortized cost basis, which differs from fair value. The County has not provided or obtained any legally binding guarantees during the fiscal year to support the value of pool shares. The County does not permit any voluntary participation in the Treasurer's Pool.

A separately issued report of County Treasurer's Internal and External Pools is available at <http://www.finance.saccounty.net/Investments/Pages/Reports.aspx>.

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Cash, investments, and restricted assets as shown on the basic financial statements at June 30, 2018, are as follows:

Government-wide statement of net position:	
Cash and investments	\$ 1,187,706
Restricted assets, included in current assets	20,891
Restricted assets, included in noncurrent assets	120,560
Fiduciary funds statement of net position:	
Agency	215,630
Investment Trust	3,164,313
Private Purpose Trust	11,830
Discretely presented component unit (First 5 Commission)	<u>35,037</u>
Total cash, investments, and restricted assets including interest receivable	4,755,967
Less interest receivable included in restricted assets	<u>(9,178)</u>
Total cash, investments, and restricted assets	<u><u>\$ 4,746,789</u></u>

Investments Authorized by Debt Agreement

Cash and investments held by fiscal agents are restricted as to its use. It includes funds for the construction/acquisition of plant and equipment and funds designated by debt agreements as reserve funds and for servicing debt during the construction/acquisition of plant and equipment. At June 30, 2018, 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 Government Code requires that the investments be made with the prudent investor standard, that is, when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the trustee (Treasurer and staff) will act with care, skill, prudence, and diligence under the circumstances then prevailing.

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

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

Specific restrictions of investment are noted below:

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);

**COUNTY OF SACRAMENTO
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commercial paper (not to exceed 40 percent of total portfolio) 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” (Investment Policy). The Investment Policy is prepared by the Department of Finance and is based on criteria cited in the Government Code. The Investment 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 Investment Policy, and therefore was also in compliance with the above cited Government Code sections.

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, 2018, of the County’s \$4.7 billion in investments held by the Treasurer and \$31 million held by fiscal agents, over 70.5 percent of the investments have a maturity of six months or less. The weighted average days to maturity for the entire portfolio was 343 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 63.

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, 2018, 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 – Concentration of credit risk is the risk of loss attributed to the amount of investment in a single issuer. U.S. Treasury and agency securities are considered to be of the best quality grade, as such, there is no limitation on amounts invested in U.S. Treasury or agency securities per California Government Code. Investments in any one issuer (other than U.S. Treasury securities, money market mutual funds and external investment pools) that represent 5 percent or more of the total County investments, as follows:

	Reported Amount
Federal Home Loan Banks	\$ 751,393
Federal Farm Credit Bank	306,215
Inter-American Development Bank	261,329
International Bank for Reconstruction and Development	237,337

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The following schedule indicates the credit and interest rate risk at June 30, 2018. 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	Amount
Imprest cash							\$ 550
Cash in banks							2,369
In custody of Treasurer:							
Cash and cash deposits:							
Cash on hand							13
Cash in banks							57,866
Total cash and cash deposits in custody of the Treasurer							57,879
Investments held by Treasurer:							
Treasury Bills	Aaa/AA+		54,298	89,046			143,344
Federal Farm Credit Bank	Aaa/AA+		24,885	24,888	166,563		216,336
Federal Farm Credit Bank Discount Notes	Aaa/AA+	\$ 89,879					89,879
Federal Home Loan Banks	Aaa/AA+		29,939	84,486	216,744		331,169
Federal Home Loan Banks Discount Notes	Aaa/AA+	296,991	123,233				420,224
Federal National Mortgage Association	Aaa/AA+		19,978	9,978	165,256		195,212
Federal Home Loan Mortgage Corporation Discount Notes	Aaa/AA+		30,351				30,351
Federal Home Loan Mortgage Corporation	Aaa/AA+			14,998	48,882		63,880
State and Local Government Securities	Aaa/AAA					3,032	3,032
Commercial paper	P-1/A-1+	412,704	739,735				1,152,439
Supranationals	Aaa/AAA	24,998	74,828	49,592	378,099		527,517
Supranationals Discount Notes	Aaa/AAA	21,038	139,751	25,072			185,861
Negotiable certificates of deposit	P-1/A-1+	235,001	855,372	14,982			1,105,355
Other assets held by Treasurer (primarily Teeter Plan notes)	NR		1,009		20,609		21,618
Local Agency Investment Fund	NR	74,800					74,800
Money Market Mutual funds	AAA/Am	54,279					54,279
Guaranteed investment contracts	NR					39,887	39,887
Total investments held by Treasurer		1,209,690	2,093,379	313,042	996,153	42,919	4,655,183
Total in custody of Treasurer							4,713,062
Investments held by fiscal agents:							
Money Market Mutual funds	AAA/Aaa	9,068					9,068
Money Market Mutual funds	Aaa/AAA/Am	21,740					21,740
Total investments held by fiscal agents		30,808					30,808
Total investments		\$ 1,240,498	2,093,379	313,042	996,153	42,919	
Total cash and investments							\$ 4,746,789

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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, 2018:

Statement of Net Position	Treasurer's Pool	Non-Pooled Funds	Total
Net position held for pool participants	<u>\$ 4,077,255</u>	<u>635,807</u>	<u>4,713,062</u>
Equity of internal pool participants	\$ 1,410,075	138,674	1,548,749
Equity of external pool participants	<u>2,667,180</u>	<u>497,133</u>	<u>3,164,313</u>
Total equity	<u>\$ 4,077,255</u>	<u>635,807</u>	<u>4,713,062</u>
Statement of changes in net position			
Net position at July 1, 2017	\$ 3,976,222	721,971	4,698,193
Net changes in investments by pool participants	<u>101,033</u>	<u>(86,164)</u>	<u>14,869</u>
Net position at June 30, 2018	<u>\$ 4,077,255</u>	<u>635,807</u>	<u>4,713,062</u>

A summary of the investments held by the Treasurer's Pool and Non-Pooled Funds at June 30, 2018, are as follows:

	Fair Value	Cost	Interest Rate Range (%)	Maturity Range
Governmental securities	\$ 1,493,428	1,505,166	0.89-3.75	7/18-5/26
Supranationals	713,377	717,594	0.88-3.88	7/18-6/23
Commercial paper	1,152,439	1,146,788	1.68-2.37	7/18-11/18
Negotiable certificates of deposit	1,105,355	1,104,996	1.76-2.40	7/18-5/19
Other assets held by Treasurer (primarily Teeter Plan notes)	21,618	21,618	1.59	8/18-8/22
Local Agency Investment Fund	74,800	74,800	1.854	N/A
Money Market Mutual Funds	54,279	54,279	0.01-0.45	N/A
Guaranteed investment contracts	<u>39,887</u>	<u>39,887</u>	5.30 - 5.64	10/27-5/39
Total investments held by Treasurer	<u>\$ 4,655,183</u>	<u>4,665,128</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 to 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, 2018. 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.

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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 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, 2018 was \$54,279. 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, 2018, was \$30,808. 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, 2018, the County had the following recurring fair value measurements:

	<u>Fair Value</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				
Treasury Bills	\$ 143,344	143,344		
Federal Farm Credit Bonds	216,336		216,336	
Federal Home Loan Banks	331,169		331,169	
Federal National Mortgage Association	195,212		195,212	
FFCB Discount Notes	89,879		89,879	
FHLB Discount Notes	420,224		420,224	
FHLMC Discount Notes	30,351		30,351	
Federal Home Loan Mortgage Corporation	63,880		63,880	
Supranationals	527,517		527,517	
Supranationals Discount notes	185,861		185,861	
Commercial Paper	1,152,439		1,152,439	
Negotiable certificates of deposits	1,105,355		1,105,355	
State and Local Government Securities (SLGS)	3,032		3,032	
Other assets held by Treasurer (primarily Teeter Plan notes)	21,618			21,618
Total Investments by fair value level	<u>4,486,217</u>	<u>143,344</u>	<u>4,321,255</u>	<u>21,618</u>
Investments held by Treasurer not measured at fair value or subject to fair value hierarchy				
Local Agency Investment Fund	74,800			
Guaranteed investment contracts	39,887			
Total Investments Not Measured at Fair Value or subject to fair value hierarchy	<u>114,687</u>			
Investments held by Treasurer measured at the Net Asset Value (NAV)				
Money Market Mutual Funds	<u>54,279</u>			
Total Investments held by Treasurer	<u>4,665,183</u>			
Investments held by Fiscal Agent measured at the Net Asset Value (NAV)				
Money Market Mutual Funds	<u>30,808</u>			
Total Investments	<u>\$ 4,685,991</u>			

COUNTY OF SACRAMENTO
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NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, is as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 131,632	549	(201)	131,980
Construction in progress	35,253	30,609	(24,067)	41,795
Permanent easement	11,903	1,259	(2)	13,160
Intangible assets under project	66			66
Total capital assets not being depreciated	<u>178,854</u>	<u>32,417</u>	<u>(24,270)</u>	<u>187,001</u>
Capital assets, being depreciated:				
Buildings and improvements	904,427	21,168		925,595
Infrastructure	3,010,702	65,994		3,076,696
Equipment	284,162	25,089	(21,962)	287,289
Intangible - computer software	44,281	3,303	(306)	47,278
Total capital assets being depreciated	<u>4,243,572</u>	<u>115,554</u>	<u>(22,268)</u>	<u>4,336,858</u>
Less accumulated depreciation for:				
Buildings and improvements	(494,188)	(27,993)		(522,181)
Infrastructure	(1,951,928)	(58,501)		(2,010,429)
Equipment	(225,936)	(19,619)	21,369	(224,186)
Intangible - computer software	(40,473)	(1,993)	237	(42,229)
Total accumulated depreciation	<u>(2,712,525)</u>	<u>(108,106)</u>	<u>21,606</u>	<u>(2,799,025)</u>
Total capital assets, being depreciated	<u>1,531,047</u>	<u>7,448</u>	<u>(662)</u>	<u>1,537,833</u>
Total governmental activities	<u>\$ 1,709,901</u>	<u>39,865</u>	<u>(24,932)</u>	<u>1,724,834</u>

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	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 133,960	10		133,970
Construction in progress	58,716	38,634	(27,518)	69,832
Permanent easement	57			57
Water facility rights	196,223	255		196,478
Other intangible assets	1,904			1,904
Total capital assets not being depreciated	<u>390,860</u>	<u>38,899</u>	<u>(27,518)</u>	<u>402,241</u>
Capital assets, being depreciated:				
Buildings and improvements	2,386,889	10,737	(359)	2,397,267
Infrastructure	157,107	25,834	(155)	182,786
Equipment	96,169	9,857	(12,837)	93,189
Computer software	14			14
Water facility rights	1,528	(255)		1,273
Total capital assets being depreciated	<u>2,641,707</u>	<u>46,173</u>	<u>(13,351)</u>	<u>2,674,529</u>
Less accumulated depreciation for:				
Buildings and improvements	(696,317)	(67,415)	292	(763,440)
Infrastructure	(41,684)	(4,114)	9	(45,789)
Equipment	(54,858)	(7,691)	12,502	(50,047)
Computer software	(11)	(2)		(13)
Water facility rights	(405)	(25)		(430)
Total accumulated depreciation	<u>(793,275)</u>	<u>(79,247)</u>	<u>12,803</u>	<u>(859,719)</u>
Total capital assets, being depreciated, net	<u>1,848,432</u>	<u>(33,074)</u>	<u>(548)</u>	<u>1,814,810</u>
Total business-type activities	<u>\$ 2,239,292</u>	<u>5,825</u>	<u>(28,066)</u>	<u>2,217,051</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, 2018, was \$542 for the Airport and \$167 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	\$ 17,901
Public assistance	650
Public protection	20,193
Health and sanitation	3,178
Public ways and facilities	44,005
Recreation and culture	3,508
Education	2,174
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>14,174</u>
Subtotal depreciation expense - governmental activities	105,783
Fully depreciated assets not previously captured	<u>2,323</u>
Total depreciation expense - governmental activities	<u><u>\$ 108,106</u></u>
 Business-type activities:	
Airport	\$ 52,013
Solid Waste	7,774
Parking Enterprise	283
Water Agency	18,835
County Transit	<u>342</u>
Total depreciation expense - business-type activities	<u><u>\$ 79,247</u></u>

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, 2018.

Advances To/From Other Fund at June 30, 2018

Receivable Fund	Payable Fund	Amount
Non-major governmental	Solid Waste	\$ <u>470</u>
Internal Service	General	<u>25,276</u>
	Total	<u><u>\$ 25,746</u></u>

The amount advanced from the non-major governmental fund is related to the purchase of land for the North Area Recovery Station and is to be fully repaid by the end of FY 2019-20. Amounts advanced from internal service funds relate to General Fund advances. The advances to the General Fund were for operations. Repayment of interfund loans will be addressed annually until fully repaid.

Under the Interfund Transfer Repayment Plan, the County would commit to a \$6,698 annual repayment starting in FY 2018-19 and full repayment would be complete by the end of FY 2022-23. In FY 2017-18, the General Fund repaid \$5,270 to internal service funds.

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Transfers Out / In Other Funds for the year ended June 30, 2018, are as follows:

Transfer Out	Transfer In	Amount	Description
General	Non-major governmental	\$ 119,837	Transfer to cover debt service payments and special revenue
Non-major governmental	General	9,301	Transfers to cover debt service payments and Teeter Property tax
Non-major governmental	Non-major governmental	30,081	Transfer to cover debt service payments and capital project
Internal service	Non-major governmental	20,410	Transfer to cover debt service, Pension Obligation Bond debt service, and departmental reorganization
Enterprise - Water Agency	Non-major governmental	992	Transfer to cover Pension Obligation Bond debt service payments
Enterprise - Airport	Non-major governmental	2,484	Transfer to cover Pension Obligation Bond debt service payments
Enterprise - Solid Waste	Non-major governmental	1,676	Transfer to cover Pension Obligation Bond debt service payments
Non-major enterprise	Non-major governmental	33	Transfer to cover Pension Obligation Bond debt service payments
Enterprise - Solid Waste	General	<u>1,321</u>	Transfer to Regional Parks for clean up and safety initiatives
		<u>\$ 186,135</u>	

COUNTY OF SACRAMENTO
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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, 2018, the future minimum lease payments under capital leases are as follows:

Year Ending June 30	Governmental Activities
2019	\$ 594
2020	594
2021	594
2022	594
2023	79
Total minimum lease payments	2,455
Less: Amount representing interest	(228)
Net present value of minimum lease payments	\$ 2,227

The following is a schedule of capital assets under capital leases by major classes at June 30, 2018:

Capital Assets Under Capital Leases		Governmental Activities
Asset:		
Land	\$	673
Structures and improvements		10,560
Total		11,233
Less: Accumulated depreciation		(7,524)
Net Capital Assets under lease	\$	3,709

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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, 2018, are as follows:

<u>Year Ending June 30</u>	<u>Operating Leases Commitment</u>	
	<u>Governmental</u>	<u>Business - type</u>
2019	\$ 30,431	746
2020	29,430	753
2021	21,068	471
2022	17,606	345
2023	14,082	345
2024 - 2028	28,336	1,608
2029 - 2033	1,122	
	<u>\$ 142,075</u>	<u>4,268</u>

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

Total rental payments for operating leases recorded for the year ended June 30, 2018, were \$36,978.

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 of Airport's 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 FY 2017-18, Airports received approximately \$6,199 for contingent rental payments in excess of stated minimums.

COUNTY OF SACRAMENTO
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The following is a schedule of future minimum rentals on non-cancelable operating leases as of June 30, 2018.

<u>Year Ending June 30</u>	<u>Future Minimum Rentals Business Type Activities</u>
2019	\$ 75,817
2020	64,371
2021	61,198
2022	58,502
2023	3,418
2024 - 2028	7,888
2029 - 2033	3,955
2034 - 2038	2,134
2039 - 2043	2,079
2044 - 2048	2,079
2049 - 2053	1,921
2054 - 2058	1,668
2059 - 2063	278
Total future minimum rentals	<u>\$ 285,308</u>

COUNTY OF SACRAMENTO
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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, 2018:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 116,603	97,998	(95,847)	118,754	10,291
Certificates of participation	213,255		(17,565)	195,690	14,590
Teeter notes	22,849	18,241	(19,472)	21,618	6,689
Pension obligation bonds	944,016		(18,316)	925,700	63,317
Accreted interest	118,483		(46,598)	71,885	
Revenue bonds	307,582		(5,315)	302,267	5,745
Accreted interest	28,978	3,359		32,337	
Litigation liability	93,620			93,620	6,438
Other long-term debt	1,125		(544)	581	87
Capital lease obligations	2,706		(479)	2,227	501
Unamortized amounts					
Issuance premiums	3,186		(195)	2,991	(195)
Issuance discounts	(6,467)		414	(6,053)	414
Total governmental activities - long-term obligations	<u>\$ 1,845,936</u>	<u>119,598</u>	<u>(203,917)</u>	<u>1,761,617</u>	<u>107,877</u>
Business-type activities:					
Compensated absences	\$ 6,577	5,702	(5,649)	6,630	384
Revenue bonds	1,085,315	435,510	(537,265)	983,560	13,300
PFC and subordinate revenue bonds	265,315	137,590	(172,525)	230,380	
Reimbursement agreements	535	3,192	(297)	3,430	1,054
Usage fee - City of Sacramento	1,107		(1,107)		
Water rights - SMUD assignment	3,438		(758)	2,680	759
Unamortized amounts					
Issuance premiums	29,572	88,623	(3,750)	114,445	6,205
Issuance discounts	(2,444)		2,444		
Total business-type activities - long-term obligations	<u>\$ 1,389,415</u>	<u>670,617</u>	<u>(718,907)</u>	<u>1,341,125</u>	<u>21,702</u>
Component Unit (First Five Commission):					
Compensated absences	<u>\$ 228</u>	<u>144</u>	<u>(141)</u>	<u>231</u>	<u>12</u>

**COUNTY OF SACRAMENTO
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Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities reported in these funds are included with governmental activities. At year-end, \$11,087 of the internal services funds compensated absences balance is 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, 2018 are as follows:

Governmental Activities:

Certificates of Participation (COP):

	<u>Amount Outstanding at June 30, 2018</u>
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, 2018, through the year 2027, escalating from \$4,025 to \$6,170, with interest rates ranging from 4.3 percent to 5.0 percent.	\$ 50,295
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, 2019 through the year 2034, escalating from \$450 to \$910, with interest rates ranging from 4.0 percent to 5.0 percent.	10,430
County of Sacramento 2003 Certificates of Participation (Juvenile Courthouse Project) issued June 19, 2003. Principal payments are due December 1, 2018, through the year 2034, escalating from \$1,010 to \$2,160, with interest rates ranging from 4.1 percent to 5.0 percent.	25,750
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, 2019, through the year 2036, ranging from \$700 to \$1,530. On October 30, 2014, the County sold a building and used the proceeds to partially defease principal by \$5,065.	18,390
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, 2018 through the year 2037, escalating from \$1,135 to \$2,935, with interest rates ranging from 4.0 percent to 5.0 percent.	38,035

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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, Main 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 are due February 1, 2019 through the year 2030. Payments escalate from \$3,235 to \$6,595, with interest rates ranging from 4.25 percent to 5.75 percent.

52,790

Total certificates of participation
Add: Issuance premium

195,690

2,991

\$ 198,681

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June 30, 2018

Teeter notes:

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 1.518 percent in the FY 2017-18 and was 1.865 percent at June 30, 2018.

\$ 1,009

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 1.518 percent in the FY 2017-18 and was 1.865 percent at June 30, 2018.

2,891

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 1.518 percent in the FY 2017-18 and was 1.865 percent at June 30, 2018.

3,373

County of Sacramento, 2016 Teeter Loan Agreement Note, dated November 1, 2016, to purchase the delinquent property taxes receivables as of June 30, 2016, at \$17,391. Annual payments of principal and interest are due August 1st of each year and ending in 2021. 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, 2021. Interest payments will be at a variable rate that averaged 1.518 percent in the FY 2017-18 and was 1.865 percent at June 30, 2018.

4,816

County of Sacramento, 2017 Teeter Loan Agreement Note, dated November 1, 2017, to purchase the delinquent property taxes receivables as of June 30, 2017, at \$18,241. Annual payments of principal and interest are due August 1st of each year and ending in 2022. 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, 2022. Interest payments will be at a variable rate that averaged 1.610 percent in the FY 2017-18 and was 1.865 percent at June 30, 2018.

9,529

Total Teeter notes

\$ 21,618

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Amount
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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 June 30, 2019, through June 30, 2022, escalating from \$23,287 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.

\$ 135,924

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 July 10, 2018 through July 10, 2031, escalating from \$7,500 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.

328,815

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 August 1, 2024 in full, \$73,875 at an interest rate of 6.625 percent.

73,875

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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.

111,960

The total accreted interest balance at June 30, 2018, on the 1995 and 2003 Pension Obligation Bonds is \$71,885.

Total pension obligation bonds	925,700
Plus: Accreted interest	71,885
Less: deferred amount for issuance discount	<u>(2,473)</u>
	<u>\$ 995,112</u>

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.

\$ 232,526

**COUNTY OF SACRAMENTO
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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.

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 24 – 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.

	<u>69,741</u>
Total revenue bonds	302,267
Plus: Accreted interest	32,337
Less: deferred amount for issuance discount	<u>(3,580)</u>
	<u>\$ 331,024</u>

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	<u>Amount Outstanding at June 30, 2018</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.	\$ 18
California Energy Commission loan in the amount of \$1,088, at 3.0 percent interest for energy efficiency projects at Rio Cosumnes Correctional Center. Principal payments ranging from \$43 to \$51 are due December 22 and June 22 of each year ending December 2024.	<u>563</u>
Total other long term debt	<u><u>\$ 581</u></u>

Litigation Liability:

On November 19, 2009, the Regents of the University of California (Regents) filed an action against the County of 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 were 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 County entered into a settlement agreement with UCD with the County agreeing to pay a net amount of \$93,620 plus interest over a 15 year period. Payments made in the first 11 fiscal years range from \$6.4 million to \$8.2 million, with the first payment commencing on July 1, 2018. The remaining principal balance after the 11th payment will be paid in 5 equal annual payments starting on July 1, 2029 at an interest rate equal to the 5-year Treasury bill rate plus 6 percent, with a cap of 9.5%. As of June 30, 2018, the outstanding balance is \$93,620.

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, 2018.

<u>Year ending June 30</u>	Certificates of Participation		Teeter Note		Pension Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 14,590	9,656	6,689	337	63,317	65,965
2020	14,310	8,929	5,679	234	70,769	60,851
2021	11,545	8,189	4,234	146	78,829	54,949
2022	11,720	7,617	3,110	80	87,584	48,158
2023	12,295	7,040	1,906	31	86,040	66,673
2024 - 2028	71,370	25,296			407,262	110,375
2029 - 2033	39,245	10,054			131,899	11,107
2034 - 2038	20,615	2,100				
	\$ 195,690	78,881	21,618	828	925,700	418,078

COUNTY OF SACRAMENTO
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<u>Year ending June 30</u>	<u>Revenue Bonds</u>		<u>Other</u>		<u>Accreted Interest</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 5,745	14,820	105	16	6,153
2020	5,935	14,537	90	14	7,916
2021	6,405	14,405	92	11	9,856
2022	7,348	14,390	95	8	11,991
2023	7,864	14,054	98	5	25,475
2024 - 2028	40,201	66,014	101	2	10,494
2029 - 2033	48,716	51,541			
2034 - 2038	64,885	35,282			
2039 - 2043	63,195	17,951			2,960
2044 - 2048	51,973	252,352			29,377
	<u>\$ 302,267</u>	<u>495,346</u>	<u>581</u>	<u>56</u>	<u>104,222</u>

Amount
Outstanding at
June 30, 2018

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 2.091 percent to 2.111 percent at June 30, 2018. 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.

\$ 342,540

COUNTY OF SACRAMENTO
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Amount
Outstanding at
June 30, 2018

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. During FY 2017-18, both the 2008 Series A & B, as well as the 2008 Series D & E, were refunded with the issuance of the 2018 Series.

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. During FY 2017-18 both the 2009 Series B and D were refunded with the issuance of the 2018 Series.

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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Amount
Outstanding at
June 30, 2018

On December 21, 2016, the County issued \$89,000 of Airport System Senior Revenue Refunding Bonds, Series 2016A and \$92,790 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. The term of the 2016 Bond series is twenty-five years with an average coupon rate of 5 percent. The refunding was undertaken to reduce total debt service payments by an average of \$3,200 annually and resulted in an economic gain (difference between the present values of the debt services payments on the old and new debt) of \$24,100. The deferred outflows on refunding amounted \$18,228 and will be amortized through July 1, 2041.

On May 3, 2018, the County issued \$61,710 of Airport System Senior Revenue Refunding Bonds, Series 2018A, \$118,875 of Airport System Senior Revenue Refunding Bonds, Series 2018B, \$254,925 of Airport System Senior Revenue Refunding Bonds, Series 2018C, \$22,365 of Airport System Subordinate Revenue Refunding Bonds, Series 2018D, \$99,745 of Airport System Subordinate Revenue Refunding Bonds, Series 2018E and \$15,480 of Airport System Subordinate Revenue Refunding Bonds, Series 2018F. The Series 2018 Senior Bonds were issued to refund the outstanding Senior Series 2008A, 2008B and 2009B. The Series 2018 Subordinate Bonds were issued to refund the outstanding Subordinate Series 2008D, 2008E and 2009D. The refunding was undertaken to reduce total debt service payments by an average of \$7,700 annually and resulted in an economic gain of \$125,600. The deferred amounts on refunding totaled \$10,962 and will be amortized through July 1, 2039.

	641,020
Total Revenue Bonds	983,560
PFC & Subordinated Bonds	230,380
Add: Issuance premiums	114,445
	\$ 1,328,385

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Amount
Outstanding at
June 30, 2018

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.

\$ 3,430

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.

\$ 2,680

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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, 2018.

<u>Year ending June 30</u>	Revenue Bonds and PFC			
	Revenue Bonds		Reimbursement Agreements	
	Principal	Interest	Principal	Interest
2019	\$ 13,300	48,710	1,054	
2020	28,165	57,408	1,064	
2021	32,715	56,160	1,312	
2022	33,890	54,610		
2023	35,590	52,888		
2024 - 2028	211,835	235,008		
2029 - 2033	270,640	177,312		
2034 - 2038	331,000	106,143		
2039 - 2043	256,805	25,021		
	<u>\$ 1,213,940</u>	<u>813,260</u>	<u>3,430</u>	

<u>Year ending June 30</u>	SMUD Water Rights	
	Principal	Interest
2019	\$ 759	106
2020	759	76
2021	759	46
2022	403	26
	<u>\$ 2,680</u>	<u>254</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, 2018.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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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 up to 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, 2018, the principal amount of bonds outstanding was \$26,985 and 66 percent of the average annual lease obligation amount is \$2,340. 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.

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 Airport or the County or a pledge of the faith and credit of the Airport. The Airport will not be obligated to levy any taxes or expend any funds for the repayment of the bonds. As of June 30, 2018, the outstanding balance of the debt was \$8,800. The Special Facility Bonds will mature on November 1, 2028.

At June 30, 2018 the County's debt limit for general obligation bonds and legal debt margin was \$1,904,879.

COUNTY OF SACRAMENTO
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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 Swap, and the regression analysis method for the \$316,450 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, 2018, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the June 30, 2018 financial statements are as follows debit (credit).

	Notional Amount	Changes in Fair Value		Fair Value - as of June 30, 2018	
		Classification	Amount	Classification	2018
Governmental Activities:					
<i>Cash Flow Hedges:</i>					
Series 2004 C-1 / 2008 C-1 Swap					
Pay-fixed interest rate swap	\$ 316,450	Deferred outflow	\$ 26,103	Debt	\$ (65,076)
		Total Governmental Activities	\$ 26,103		\$ (65,076)
Business-Type Activities:					
<i>Cash Flow Hedges:</i>					
Series 2007 B Swap					
Pay-fixed interest rate swap	\$ 128,965	Deferred outflow	\$ 8,037	Debt	\$ (22,142)
Series 2007 B Swap					
Pay-fixed interest rate swap	99,955	Deferred outflow	7,084	Debt	(23,109)
		Total Business-Type activities	\$ 15,121		\$ (45,251)

**COUNTY OF SACRAMENTO
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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, 2018 along with the credit rating of the associated counterparty:

Governmental Activities:

<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Series 2004 C-1 / 2008 C-1 Swap Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 C-1 bonds	\$ 316,450	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:

<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Series 2007 B Swap Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2007 Series B bonds	\$ 128,965	5/9/2017	6/1/2034	Water Agency 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	Water Agency pays fixed 4.221%; receives 67% of USD LIBOR-BBA plus 57 bps	A+ S&P Aa2 Moody's

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, 2018.

Interest Rate Risk:

The County 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 County'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.

COUNTY OF SACRAMENTO
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Contingencies:

Should the County 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, 2018, the negative fair value of the swap amounted to \$65,076.

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, 2018.

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 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, 2018, negative fair value of the swaps amounted to \$45,251.

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, 2018, 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
2019	\$ 7,500	12,296	13,555	33,351
2020	10,650	11,923	13,145	35,718
2021	12,025	11,503	12,681	36,209
2022	14,975	10,979	12,104	38,058
2023	17,025	10,384	11,448	38,857
2024 - 2028	134,740	39,054	43,055	216,849
2029 - 2033	131,900	8,123	8,956	148,979
	<u>\$ 328,815</u>	<u>104,262</u>	<u>114,944</u>	<u>548,021</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
2019	\$	4,593	5,087	9,680
2020		4,593	4,980	9,573
2021		4,593	5,034	9,627
2022		4,593	5,034	9,627
2023	1,905	4,593	5,034	11,532
2024 - 2028	15,120	22,357	24,510	61,987
2029 - 2033	91,315	17,742	19,485	128,542
2034 - 2038	98,905	8,166	9,011	116,082
2039 - 2043	21,675	434	480	22,589
	<u>\$ 228,920</u>	<u>71,664</u>	<u>78,655</u>	<u>379,239</u>

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

At June 30, 2018, special assessment improvement bonds outstanding for all assessment districts totaled \$182,180. 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, 2018, \$6,975 of authorized bonds remains un-issued. The outstanding balance at June 30, 2018 was \$5,505.

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. On December 14, 2017, the District issued \$29,470 of series 2017 Special Tax Bonds with interest rates ranging from 2.00 to 5.00 percent, a portion of the proceeds were used to defease the outstanding 2004 bonds and the outstanding 2011 bonds. The remaining proceeds were used to pay the costs of acquiring and constructing certain public facilities. The 2017 bonds constitute the entire bonded indebtedness as of June 30, 2018. At June 30, 2018, \$57,235 of authorized bonds remain un-issued. The outstanding balance at June 30, 2018 for the Series 2017 bonds was \$29,470.

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, 2018, \$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, 2018, for Improvement Area No. 1 was \$6,080 and for Improvement Area No. 2 was \$5,525.

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, 2018. At June 30, 2018, \$1,940 of authorized bonds remains un-issued. The outstanding balance at June 30, 2018, was \$1,660.

The Metro Air Park Community Facilities District No. 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 and the Series 2007B bonds, a total of \$92,195, constitute the entire bonded indebtedness as of June 30, 2018. At June 30, 2018, \$96,340 of authorized bonds remains un-issued. The outstanding balance at June 30, 2018, for the 2004A bonds was \$50,465 and for the 2007B bonds was \$40,200.

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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, 2017, the District issued \$23,155 of Special Tax Bonds 2017 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 2017 Special Tax Bonds constitute the entire bonded indebtedness of the district. At June 30, 2018, \$5,840 of authorized bonds remains un-issued. The outstanding balance at June 30, 2018, for the 2016 Special Tax Bonds was \$22,590.

The County of Sacramento Community Facilities District No 2014-2 (North Vineyard Station No. 2) (District) has been authorized to issue \$50,000 of Special Tax Bonds. On June 8, 2017, the District issued \$14,225 of Special Tax Bonds with interest rates ranging from 2.00 percent to 5.00 percent. The 2017 Special Tax Bonds constitute the entire bonded indebtedness of the District. At June 30, 2018, \$35,775 of authorized bonds remains un-issued. The outstanding balance as of June 30, 2018 for the 2017 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, 2018, \$78 of authorized bonds remains unissued. The outstanding balance at June 30, 2018, was \$585.

Sunrise Recreation and Park District (District) has been authorized to issue \$10,000 of Certificates of Participating bonds. On July 12, 2007, the District issued \$7,435 of Certificates of Participation bonds 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. June 30, 2018, \$2,565 of authorized bonds remains unissued. The outstanding balance at June 30, 2018, was \$5,875.

NOTE 11 - PLEDGED REVENUES

The County has pledged a portion of delinquent property tax revenues to repay \$21,618 in Teeter notes in accordance with the alternative method of distribution of property tax levies and assessments. The notes were issued on December 10, 2013, December 9, 2014, October 27, 2015, November 1, 2016 and November 1, 2017. 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 \$21,618 and interest of \$827 remain on the notes and are payable through August 1, 2022. For the current year, net revenues pledged were equal to the total principal and interest paid of \$19,472 and \$285, respectively.

The County has pledged certain future revenues, net of specified operating expenses, to repay its outstanding debt. Bonds are payable from the net revenues of Airports through fiscal year 2041. The total principal and interest remaining to be paid on senior bonds is \$1,104,769. Principal and interest paid in the current fiscal year was \$62,151, and the total net revenues were \$88,557. Net revenues, as defined by the Master Indenture, represent the revenues available for debt service minus operating expenses excluding the depreciation of capital assets.

Total principal and interest remaining to be paid on the subordinate bonds is \$398,431. Principal and interest paid for the current year was \$22,993 and the Passenger Facility Charges (PFC) cash generated in fiscal year 2018 was \$22,245. Although PFC revenues are not pledged pursuant to the Master Indenture, the County intends to continue using PFCs to pay subordinate lien debt service, which will decrease significantly as a result of the refunding savings.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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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 \$30,562 at June 30, 2018.

Airport – The Airport had approximately \$2,208 in outstanding construction contract commitments at June 30, 2018.

Solid Waste Enterprise Fund – Solid Waste entered into equipment and construction agreements totaling \$394 at June 30, 2018.

Water Agency Enterprise Fund – The Water Agency has entered into contracts for the construction of certain projects totaling \$558 at June 30, 2018.

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, 2018, were \$19,567. The Fund will recognize costs of \$35,135 as the remaining capacity in the Kiefer Landfill is used in future years. At June 30, 2018, the capacity of the Kiefer Landfill used to date was 36 percent and the estimated remaining landfill life is 55 years. As required by applicable laws, management has established a fund for the post-closure Kiefer Landfill, in which \$9,382 is considered restricted at June 30, 2018, 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 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.

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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, 2018, as \$1,182.

The Elk Grove landfill is 100 percent full and the postclosure 30-year liability period runs through June 2024. At June 30, 2018, the reported liabilities represent costs for the remaining 6 years. The portion of the postclosure costs expected to be paid during the next year is \$235.

The Fund reported Grand Island Landfill postclosure care liabilities at June 30, 2018, of \$275. The landfill is 100 percent full and the postclosure 30-year liability period runs through June 2029. At June 30, 2018, the reported liabilities represent postclosure costs for the remaining 11 years. The portion of the postclosure costs expected to be paid during the next year is \$28.

Future closure and postclosure costs are based on what it would cost to perform all closure and postclosure care in 2018. 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 waste, 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 Partial Final Cover liability for the fiscal years ending June 30, 2018, is estimated to be \$20,047. The portion of the postclosure costs expected to be paid during the next year is \$86.

Changes in accrued landfill closure and postclosure care liability for the fiscal year ended June 30, 2018 were as follows:

	<u>July 1, 2017</u>			<u>June 30, 2018</u>	<u>Due within</u>
	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>One Year</u>
Kiefer	\$ 18,705	862		19,567	
Elk Grove	1,394	25	(237)	1,182	235
Grand Island	297	6	(28)	275	28
Kiefer Final Cover	<u>18,537</u>	<u>1,682</u>	<u>(172)</u>	<u>20,047</u>	<u>86</u>
	<u>\$ 38,933</u>	<u>2,575</u>	<u>(437)</u>	<u>41,071</u>	<u>349</u>

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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 and 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 issues a publicly available financial report that can be obtained at <http://www.SCERS.org>.

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.

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

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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 valuation. The average employer contribution rate as of June 30, 2017, for FY 2016-17 (based on the June 30, 2015 valuation) was 21.27 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, 2017, for FY 2016-17 (based on the June 30, 2015 valuation), was 9.33 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).

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Employee and employer contribution rates for the fiscal year ended June 30, 2018, are as follows:

		Miscellaneous Cost Pool - Contribution Rates				
		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
	Employee	4.95 to 8.03%	3.54 to 7.27%	4.78 to 9.30%	7.24 to 8.67%	7.93%
	Employer	9.44 to 12.01%	7.13 to 10.72%	9.44 to 13.69%	8.81 to 9.98%	7.93%
		Safety Cost Pool - Contribution Rates				
		Tier 1	Tier 2	Tier 3	Tier 4	
	Employee	16.09 to 18.42%	12.42 to 16.30%	12.10 to 15.45%	13.14%	
	Employer	20.33 to 21.84%	16.47 to 20.08%	15.54 to 18.61%	13.14%	

For the year ended June 30, 2018, the employer contributions to the Plan were equal to the actuarially determined required employer contributions as follows:

Employer Contributions	Governmental Activities	Business-type Activities	Total	Component Unit First 5 Commission
County - Miscellaneous Tier	\$ 86,374	6,425	92,799	198
County - Safety Tier	78,579	879	79,458	
Carmichael Recreation and Park District - Miscellaneous	296		296	
Mission Oaks Recreation and Park District - Miscellaneous	315		315	
Sunrise Recreation and Park District - Miscellaneous	655		655	
Total Employer Contributions	\$ 166,219	7,304	173,523	198

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

As of June 30, 2018, the County of Sacramento and its Component Units reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Governmental Activities	Business-type Activities	Total	Component Unit First 5 Commission
County - Miscellaneous Tier	\$ 866,079	63,444	929,523	2,226
County - Safety Tier	897,329	11,175	908,504	
Carmichael Recreation and Park District - Miscellaneous	2,687		2,687	
Mission Oaks Recreation and Park District - Miscellaneous	3,224		3,224	
Sunrise Recreation and Park District - Miscellaneous	5,833		5,833	
Total Net Pension Liability	\$ 1,775,152	74,619	1,849,771	2,226

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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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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 FY 2016-17; 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, 2017, 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, 2016 and 2017, was as follows:

	<u>County</u>	<u>Carmichael</u>	<u>Mission Oaks</u>	<u>Sunrise</u>	<u>Component Unit First 5 Commission</u>
Proportion - June 30, 2016	86.792 %	0.140 %	0.100 %	0.189 %	0.110 %
Proportion - June 30, 2017	86.316 %	0.128 %	0.154 %	0.278 %	0.114 %
Change - Increase (Decrease)	<u>0.476 %</u>	<u>0.012 %</u>	<u>0.054 %</u>	<u>0.020 %</u>	<u>0.004 %</u>

For the year ended June 30, 2018 the County recognized pension expense of \$329,860. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources (next page) related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>							<u>Component Unit First 5 Commission</u>
	<u>Governmental Activities</u>					<u>Business-type Activities</u>	<u>Total</u>	
	<u>County</u>	<u>Carmichael</u>	<u>Mission Oaks</u>	<u>Sunrise</u>	<u>Total</u>			
Differences between actual and expected experience	\$ 4,660				4,660	52	4,712	
Net difference between projected and actual earnings on plan investments	57,478	138	165	299	58,080	3,411	61,491	114
Changes in assumptions	554,352	832	998	1,806	557,988	23,210	581,198	689
Changes in proportions	7,621	132	596	1,054	9,403	555	9,958	79
Pension contributions subsequent to measurement date	<u>164,953</u>	<u>296</u>	<u>315</u>	<u>655</u>	<u>166,219</u>	<u>7,304</u>	<u>173,523</u>	<u>198</u>
Total deferred outflows related to pension	<u>\$ 789,064</u>	<u>1,398</u>	<u>2,074</u>	<u>3,814</u>	<u>796,350</u>	<u>34,532</u>	<u>830,882</u>	<u>1,080</u>

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	Deferred Inflows of Resources							
	Governmental Activities					Business- type Activities	Total	Component Unit First Five Commission
	County	Carmichael	Mission Oaks	Sunrise	Total			
Differences between actual and expected experience	\$ 72,429	113	136	246	72,924	3,119	76,043	94
Changes in assumptions	4,622	14	17	31	4,684	339	5,023	12
Changes in proportion	11,463	88	25	32	11,608	1,914	13,522	42
Total deferred inflows related to pension	<u>\$ 88,514</u>	<u>215</u>	<u>178</u>	<u>309</u>	<u>89,216</u>	<u>5,372</u>	<u>94,588</u>	<u>148</u>

\$173,523 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, 2019. 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	Total	Component Unit First 5 Commission
2019	\$ 143,855	221	396	712	145,184	184
2020	143,855	221	396	712	145,184	184
2021	143,855	221	396	712	145,184	184
2022	125,888	224	393	714	127,219	182
	<u>\$ 557,453</u>	<u>887</u>	<u>1,581</u>	<u>2,850</u>	<u>562,771</u>	<u>734</u>

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Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuations was determined using the following actuarial assumptions:

	<u>County and Special District Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2017	June 30, 2017
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	7.00%	7.00%
Inflation	3.00%	3.00%
Real across-the-board salary increase	0.25%	0.25%
Projected Salary Increase*	4.50% to 8.25%	5.25% to 10.75%
Assumed post-retirement benefit increase	0% to 3.00%	2% to 3.00%
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 3.00 percent plus real across-the-board salary increase of 0.25 percent plus merit and longevity increases.

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Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent, a 0.5 percent reduction from the June 30, 2016 measurement date. 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, 2017, are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	17.00 %	5.61 %
U.S. Small Cap Equity	4.00 %	6.37 %
International Developed Equity	16.00 %	6.96 %
Emerging Markets Equity	4.00 %	9.28 %
High Yield Bonds	1.00 %	3.65 %
Bank Loans	1.00 %	2.96 %
Growth Oriented Abs. Return	3.00 %	4.97 %
Private Equity	9.00 %	8.70 %
Private Credit/Private Debt	4.00 %	5.10 %
Core/Core Plus Bonds	10.00 %	1.06 %
Global Bonds	3.00 %	0.07 %
U.S. Treasury	5.00 %	0.16 %
Diversifying Abs. Return	7.00 %	3.04 %
Private Real Estate	7.00 %	4.37 %
Private Assets	7.00 %	7.74 %
Commodities	2.00 %	3.76 %
Total Portfolio	<u>100.00 %</u>	

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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>	<u>Component Unit First 5 Commission</u>
1% Decrease (6.00%)	\$3,165,595	4,627	5,553	10,046	3,185,821	3,833
Current Discount Rate (7.00%)	1,838,027	2,687	3,224	5,833	1,849,771	2,226
1% increase (8.00%)	755,411	1,103	1,323	2,394	760,231	914

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>.

NOTE 15 - POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description: The County has established a Retiree Healthcare Plan (HC Plan), and participates in a single-employer plan and it does not issue a publicly available report. In December 2016 and September 2017, the Board of Supervisors approved the Retiree Medical and Dental Insurance Program Administrative Policy for calendar years 2017 and 2018, respectively. The County provides access to group medical insurance and dental insurance, medical and dental offset payments to a specific group of eligible retirees as a result of a settlement. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided: 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:

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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.

The total benefits paid in FY 2017-18 totaled \$731.

At June 30, 2017, the most recent valuation date, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	11,101
Inactive employees receiving benefits	5,923
Inactive employees entitled to but not yet receiving	5,636
Total	22,660

OPEB Liability

The County's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2017. A summary of principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Assumption	June 30, 2017 Measurement Date
Value Date	June 30, 2017
Discount Rate	3.58% using the Bond Buyer 20-Bond GO Index
Inflation	2.75% per annum
Mortality Rate	SCERS 2013-2016 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generation with Scale MP-2017
Medical Trend	7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years

Discount Rate - The discount rate used to measure the total OPEB liability was 3.58 percent for the plan and was based on the Bond Buyer 20-Bond GO Index.

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The changes in the total OPEB liability for the HC Plan measured as of June 30, 2017 are as follows:

	Governmental Activities					Business-Type Activities	Total	Component Unit First 5 Commission
	County	Carmichael	Mission Oaks	Sunrise	Total			
Balance at June 30, 2017	\$ 161,041	153	100	119	161,413	8,666	170,079	176
Changes recognized for the measurement period								
Service Cost	12,250	12	12	29	12,303	727	13,030	15
Interest	4,859	4	3	4	4,870	263	5,133	5
Changes of assumptions	(12,455)	(8)	(6)	(2)	(12,471)	(587)	(13,058)	(12)
Benefit payments	(5,718)	(5)	(7)	(7)	(5,737)	(333)	(6,070)	(6)
Net changes	(1,064)	3	2	24	(1,035)	70	(965)	2
Balance at June 30, 2018	<u>\$ 159,977</u>	<u>156</u>	<u>102</u>	<u>143</u>	<u>160,378</u>	<u>8,736</u>	<u>169,114</u>	<u>178</u>

Sensitivity of the Total OPEB liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017.

Total OPEB Liability	County	Carmichael	Mission Oaks	Sunrise	Total	Component Unit First 5 Commission
1% decrease (2.58%)	\$ 184,408	165	107	153	184,833	191
Current discount rate (3.58%)	\$ 168,713	156	102	143	169,114	178
1% increase (4.58%)	\$ 154,626	172	98	134	155,030	165

Sensitivity of the Total OPEB liability to Changes in the Health Care Cost Trend Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates.

	County	Carmichael	Mission Oaks	Sunrise	Total	Component Unit First 5 Commission
1% Decrease (6.5% decreasing to 3.0% in 2076)	\$ 153,260	142	95	126	153,623	158
Current rate (7.5% decreasing to 4.0% in 2076)	\$ 168,713	156	102	143	169,114	178
1% increasing 8.5% decreasing to 5.0% in 2076)	\$ 186,793	172	111	162	187,238	200

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OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$16,447. As of June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Deferred Outflows of Resources

	Governmental Activities				Business-type Activities	Total	Component Unit First 5 Commission	
	County	Carmichael	Mission Oaks	Sunrise				Total
Benefits provided subsequent to the measurement date	\$ 5,722	7	9	3	5,741	328	6,069	7
Total	<u>\$ 5,722</u>	<u>7</u>	<u>9</u>	<u>3</u>	<u>5,741</u>	<u>328</u>	<u>6,069</u>	<u>7</u>

Deferred Inflows of Resources

	Governmental Activities				Business-type Activities	Total	Component Unit First 5 Commission	
	County	Carmichael	Mission Oaks	Sunrise				Total
Changes of assumptions	\$ 10,875	7	5	2	10,889	513	11,402	10
Total	<u>\$ 10,875</u>	<u>7</u>	<u>5</u>	<u>2</u>	<u>10,889</u>	<u>513</u>	<u>11,402</u>	<u>10</u>

**COUNTY OF SACRAMENTO
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\$6,069 reported as deferred outflows of resources related to benefits paid subsequent to measurement date and will be recognized as a reduction of the OPEB Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30	County	Carmichael	Mission Oaks	Sunrise	Total	Component Unit First 5 Commission
2019	\$ 1,650	1	1		1,652	2
2020	1,650	1	1		1,652	2
2021	1,650	1	1		1,652	2
2022	1,650	1	1		1,652	2
2023	1,650	1	1	2	1,654	1
2024 - 2025	3,138	2			3,140	1
Total	\$ 11,388	7	5	2	11,402	10

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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, 2018, 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	
	2018	2017	2018	2017	2018	2017	2018	2017
Unpaid claims and claim adjustment expenses at beginning of the fiscal year								
Current portion	\$ 11,873	9,726	24,336	24,266	189	191	36,398	34,183
Noncurrent	30,188	24,328	156,895	152,091			187,083	176,419
Total beginning balance, July 1	<u>42,061</u>	<u>34,054</u>	<u>181,231</u>	<u>176,357</u>	<u>189</u>	<u>191</u>	<u>223,481</u>	<u>210,602</u>
Incurred claims and claim adjustment expenses:								
Provision for insured events for current year	11,624	8,578	20,375	21,561	1,163	1,130	33,162	31,269
Increase (decrease) in provision for insured events of prior fiscal years	17,853	25,178	7,377	6,416			25,230	31,594
Total incurred claims and claim adjustment expenses	<u>29,477</u>	<u>33,756</u>	<u>27,752</u>	<u>27,977</u>	<u>1,163</u>	<u>1,130</u>	<u>58,392</u>	<u>62,863</u>
Less Payments:								
Claims and claim adjustment expenses attributable to insured events of current fiscal year	802	674	2,532	2,762	988	941	4,322	4,377
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	20,599	25,075	22,069	20,341	189	191	42,857	45,607
Total payments	<u>21,401</u>	<u>25,749</u>	<u>24,601</u>	<u>23,103</u>	<u>1,177</u>	<u>1,132</u>	<u>47,179</u>	<u>49,984</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year, June 30	<u>\$ 50,137</u>	<u>42,061</u>	<u>184,382</u>	<u>181,231</u>	<u>175</u>	<u>189</u>	<u>234,694</u>	<u>223,481</u>
Current portion of unpaid claims and claim adjustments	\$ 12,683	11,873	24,818	24,336	175	189	37,676	36,398
Non current portion of unpaid claims and claim adjustments	37,454	30,188	159,564	156,895			197,018	187,083
Total current and non current unpaid and claim adjustment expenses at end of the fiscal year	<u>\$ 50,137</u>	<u>42,061</u>	<u>184,382</u>	<u>181,231</u>	<u>175</u>	<u>189</u>	<u>234,694</u>	<u>223,481</u>

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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)	1,700,000 *	50	Each occurrence
Flood	1,500,000 *	50 (100 if in Zone A)	Each occurrence
Earthquake (EQ)	25,000	2 percent / 100 minimum	Per building / Each occurrence
Sheriff Vehicle Physical Damage	13,000	10	Each occurrence
		5 (25 at Water Treatment	
Boiler/Machinery	100,000	Plant locations)	Each occurrence
Cyber Liability	4,000	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)	8,669	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

* Effective March 31, 2018, All Risk total is at \$1.7 billion (total of Towers I, II, IV and V primary and excess on an actual at risk and tower-capped basis). Effective March 31, 2018, Flood total is at \$1.5 billion (total of Towers I, II, IV and V primary and excess on an actual at risk and tower-capped basis).

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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, 2018, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Bond reserves	\$	52,130	52,130
Landfill closure		9,382	9,382
Kiefer Wetlands Preserve		985	985
Debt service	96,611	13,240	109,851
Capital projects	94,313		94,313
Passenger facility charges		27,709	27,709
Public protection	63,668		63,668
Public assistance	41,114		41,114
Health and sanitation programs	231,648		231,648
Transportation	43,589	1,217	44,806
Lighting and landscape maintenance	4,102		4,102
Economic development	79,980		79,980
Environmental management	13,700		13,700
Other	9,257		9,257
Endowments:			
Expendable		124	124
Nonexpendable		2,029	2,029
Total	<u>\$ 677,982</u>	<u>106,816</u>	<u>784,798</u>

Net position restricted by enabling legislation are comprised of \$27,709 (FAA approved passenger facility charges) and \$4,102 (lighting and landscape maintenance) in the Statement of Net Position at June 30, 2018.

Restricted Net Position include:

- *Bond reserves* - funds that are restricted due to being held to meet bond reserve requirements for the Airport and Water Agency.
- *Landfill closure* - resources legally restricted 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.

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- *Passenger facilities charges* - fees collected from airline passengers which are required to be used to finance Airport projects.
- *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.
- *Public assistance* - Public assistance consist of state funding for realignment programs:
- *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 funding from 1% income tax on personal income in excess of \$1 million.
 - *Alcohol and Drug programs* - state funding for alcohol and drug programs.
 - *Realignment* – state funding for realignment programs.
- *Transportation* - funds from developer fees and transportation sales tax used to finance construction, improvements and maintenance of the County road system.
- *Lighting and landscape maintenance* - funds from special assessments used to maintain landscaped corridors, medians and natural open space.
- *Economic development* - primary programs revolve around the reuse programs and the Business Environment Resource Center (BERC) program.
- *Environmental Management* - provide mandated regulatory services that protect public health and the environment and funded through client fees, revenue from contracts, and other outside revenue sources.
- *Other* - includes programs related to Recreation and Culture, and Education.
- *Endowments* - to be used to support the Airport public art in perpetuity.

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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, \$76,162, is due to reclassification of amounts to nonspendable, restricted and assigned. A detailed schedule of fund balances as of June 30, 2018, is as follows:

	Major	Non Major Governmental Funds			Total
	General Fund	Special Revenue	Debt Service	Capital Project	
Nonspendable:					
Inventory	\$ 1,221				1,221
Long-term receivables/advances	23,075				23,075
Prepaid items	5,283				5,283
Teeter Plan delinquencies	1,637				1,637
Teeter Plan tax loss	5,262				5,262
Total nonspendable:	<u>36,478</u>				<u>36,478</u>
Restricted for:					
Public protection:					
Law Enforcement	21,832				21,832
Clerk Recorder	20,825				20,825
Community Development		637			637
Protection and Inspection		20,297			20,297
Fire Protection		77			77
Health and sanitation:					
Stormwater utility		24,036			24,036
Mental Health Services	148,771				148,771
Realignment	6,802				6,802
Solid Waste Authority		2,179			2,179
Tobacco Securitization Authority		490			490
Water Agencies		48,761			48,761
In-Home Support Services		608			608
Public assistance	41,115				41,115
Public ways and facilities		36,720		6,869	43,589
Recreation and culture	3,262	5,915			9,177
Education		80			80
Capital projects	12,511			90,500	103,011
Economic development		79,980			79,980
Lighting and landscape		4,102			4,102
Environmental management		13,700			13,700
Debt service			87,913		87,913
Total restricted:	<u>255,118</u>	<u>237,582</u>	<u>87,913</u>	<u>97,369</u>	<u>677,982</u>
Unassigned:	<u>76,162</u>				<u>76,162</u>
Total	<u>\$ 367,758</u>	<u>237,582</u>	<u>87,913</u>	<u>97,369</u>	<u>790,622</u>

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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. Some claims may not be covered under the County's excess liability insurance policy; however, management is of the opinion that the potential liability would not have a significant adverse effect on the County's financial position.

Schneider/Hardesty et al. v. County of Sacramento

On September 8, 2010, the Schneider and Hardesty family (Plaintiffs) filed a lawsuit against the County claiming that the County violated their procedural and substantive due process rights when the County "revoked" a previously supposedly recognized "vested right" to mine and imposed a requirement that the plaintiffs apply for a use permit.

The complaint was filed in Federal Court on September 8, 2010, and preceded to trial in February of 2017, after the granting of partial summary judgment, and the dismissal of a number of County employee defendants, on theories of procedural and substantive due process and retaliation against the County. The jury awarded nominal damages of in favor of the Schneider and Hardesty plaintiffs on procedural due process claims; and in favor of the Schneiders on a retaliation claim. The jury also awarded Schneider and Hardesty plaintiffs on the substantive due process claims.

The County and the Individual Defendants have timely appealed to the U.S. Court of Appeals for the Ninth Circuit and the two appears have been consolidated. No briefs have yet been filed. Enforcement of the judgment is presently stayed. The County believes there are colorable arguments for reversing the judgment. The Ninth Circuit is not likely to issue its decision before 2020.

Lorenzo Mays, et al. v. County of Sacramento

On February 20, 2015, Disability Rights California (DRC) wrote to Sheriff Jones advising they are the protection and advocacy system for the State of California with the responsibility for monitoring the rights and treatment of individuals in California who suffer from psychiatric disabilities.

On April 13, 2015, DRC and the Prison Law Office (PLO) conducted a tour of the Rio Cosumnes Correctional Center. On April 14, 2015, DRC and PLO conducted a tour of the Sacramento Main Jail. On August 4, 2015, DRC and PLO issued a letter advising they had conducted tours of both facilities and submitted their "Report on Inspection of the Sacramento County Jail." Within their report, DRC and PLO allege probable cause exists to conclude prisoners with disabilities are subjected to abuse and/or neglect in the Sacramento jails. Specifically, DRC and PLO allege they found evidence of the following violations of the rights of prisoners with disabilities:

- Undue and excessive isolation and solitary confinement;
- Inadequate mental health care; and
- Denial of rights under the Americans with Disabilities Act (ADA).

Subsequent to the issuance of that report and two County-retained mental health expert reports that were also critical of the County, the County entered into a tolling agreement with DRC and PLO. The County and the advocates continue negotiations, though no agreement was achieved. Litigation was ultimately filed in the U.S. District Court, Eastern District. A judge has not yet been assigned to the matter and responsive pleadings have not yet been filed. The parties will be attempting resolution through alternative dispute resolution sometime in late calendar year 2018. The potential financial exposure to the County may include increases in operating and capital costs.

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NOTE 20 - TAX ABATEMENTS

Sacramento County provides tax abatements under three programs: the Local Conservation Act Program, and the Mills Act Program.

Local Conservation Act Program

The California Land Conservation Act of 1965--commonly referred to as the Williamson Act--enables local governments to enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. In return, landowners receive property tax assessments which are much lower than normal because they are based upon farming and open space uses as opposed to full market value. State funding was provided in 1971 by the Open Space Subvention Act, which created a formula for allocating annual payments to local governments based on acreage enrolled in the Williamson Act Program. Subvention payments were made through FY 2007-08, but have been suspended in more recent years due to revenue shortfalls.

The Assessor's Office does not set criteria for participation in the Williamson Act, nor the provisions contained in Williamson Act contracts regarding commitments by participants receiving property tax abatement, nor recapture provisions. The Assessor's Office performs annual property tax valuations using an income capitalization method in which the capitalization rate is the sum of specified interest, risk, and property tax components as prescribed in California Revenue and Taxation Code section 423. The Assessor enrolls the lowest of: 1) the property's restricted value as calculated above; 2) its Proposition 13 factored base year value; or 3) its current market value. No other commitments were made by the County as part of those agreements.

Mills Act Program

Economic incentives foster the preservation of residential neighborhoods and the revitalization of downtown commercial districts. The Mills Act is the single most important economic incentive program in California for the restoration and preservation of qualified historic buildings by private property owners. Enacted in 1972, the Mills Act legislation grants participating local governments (cities and counties) authority to enter into contracts with owners of qualified historic properties who actively participate in the restoration and maintenance of their historic properties while receiving property tax relief. The Mills Act allows local governments to design preservation programs to accommodate specific community needs and priorities for rehabilitating entire neighborhoods, encouraging seismic safety programs, contributing to affordable housing, promoting heritage tourism, or fostering pride of ownership. Local governments have adopted the Mills Act because they recognize the economic benefits of conserving resources and reinvestment as well as the important role historic preservation can play in revitalizing older areas, creating cultural tourism, building civic pride, and retaining the sense of place and continuity with the community's past. A formal agreement, generally known as a Mills Act or Historical Property Contract, is executed between the local government and the property owner for a minimum ten-year term. Contracts are automatically renewed each year and are transferred to new owners when the property is sold. Property owners agree to restore, maintain, and protect the property in accordance with specific historic preservation standards and conditions identified in the contract. Periodic inspections by city or county officials ensure proper maintenance of the property. Local authorities may impose penalties for breach of contract or failure to protect the historic property. The contract is binding to all owners during the contract period.

The Assessor's Office is not involved in the process leading to the creation of a preservation contract. Each local government establishes their own criteria and determines how many contracts they will allow in their jurisdiction. Locally, these contracts are administered by the various planning departments within Sacramento County. The assessment of historic properties under preservation contract in California is governed by California Revenue and Taxation Code (RTC) Section 439 through 439.4. RTC section 439.2 provides that the assessor must annually value restricted historic properties using an income approach which employs a fair rent, allowable expenses and a built up capitalization rate. The taxable value of restricted historic properties each lien date shall be the lowest of their current market value, their factored base year value, or their restricted income value. No other commitments were made by the County as part of those agreements.

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Urban Agriculture Program

The Urban Agricultural Incentive Zones Act attempts to increase the use of privately owned, vacant land for urban agriculture and improve land security for urban agriculture projects. This legislation allows city governments, with approval from their county Board of Supervisors, to create “urban agriculture incentive zones” within their boundaries. Land owners within these zones who are willing to lease land for urban agriculture (for a minimum of five years) can potentially lower the assessed value on their land. The Assessor's Office does not create urban agriculture incentive zones or implementing contracts with land owners. Local jurisdictions create the geographic boundaries for each zone, enter into contracts with land owners, and process and enforce these contracts. Open-space land, under an urban agricultural incentive zone contract, is assessed based on the average annual per acre value of irrigated cropland in California as reported by the US Dept. of Agriculture’s National Agricultural Statistics Service. The annual lien date value of land under an agricultural incentive zone contract will be the lower of the incentive zone valuation (described above), or the factored base year value. This assessment process is governed by RTC Section 422. No other commitments were made by the County as part of those agreements.

Tax Abatement Program	Amount of Taxes Abated During FY 2018
Land Conservation Act (Williamson Act)	\$ 907

COUNTY OF SACRAMENTO
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NOTE 21 - RESTATEMENT

A prior period adjustment due to implementing GASB 75, reduced beginning net position of governmental activities by \$104,234 and beginning net position of business-type activities by \$4,604. The County did not do a full restatement for GASB 75 as it was deemed not practicable.

Restatement to the Government-Wide:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Unit First 5 Commission</u>
Beginning net position, as previously reported	\$ (328,725)	1,305,955	42,059
Prior period adjustments - OPEB	<u>(104,234)</u>	<u>(4,604)</u>	<u>(91)</u>
Beginning net position (deficit), as restated	<u><u>\$ (432,959)</u></u>	<u><u>1,301,351</u></u>	<u><u>41,968</u></u>

Restatement to Fund Financials:

	<u>Airports</u>	<u>Solid Waste</u>	<u>Water Agency</u>	<u>Non-Major Enterprise</u>	<u>Internal Service Funds</u>
Beginning net position, as previously reported	\$ 573,661	162,816	527,359	10,275	(38,183)
Prior period adjustment - OPEB	<u>(1,927)</u>	<u>(1,769)</u>	<u>(859)</u>	<u>(49)</u>	<u>(6,443)</u>
Beginning net position, as restated	<u><u>\$ 571,734</u></u>	<u><u>161,047</u></u>	<u><u>526,500</u></u>	<u><u>10,226</u></u>	<u><u>(44,626)</u></u>

COUNTY OF SACRAMENTO
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Pro Forma Basis Restatement to the Government-Wide Financial Statements

The following is the pro-forma effect of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*:

Government-Wide Financial Statements

	<u>2017 Previously Presented</u>	<u>Restatement</u>	<u>2017 Restated</u>
<u>Governmental Activities</u>			
Statement of net position:			
OPEB obligation - GASB 45	\$ (55,160)	\$ 55,160	\$
OPEB liability - GASB 75		(165,131)	(165,131)
Deferred outflows of resources		5,737	5,737
Net position end of year	(328,725)	<u>\$ (104,234)</u>	(432,959)
<u>Business-type Activities</u>			
Statement of net position:			
OPEB obligation - GASB 45	\$ (3,729)	\$ 3,729	\$
OPEB liability - GASB 75		(8,667)	(8,667)
Deferred outflows of resources		334	334
Net position end of year	1,305,955	<u>\$ (4,604)</u>	1,301,351
<u>Component Unit: First 5 Commission</u>			
Statement of net position:			
OPEB obligation - GASB 45	\$ (78)	\$ 78	\$
OPEB liability - GASB 75		(176)	(176)
Deferred outflows of resources		7	7
Net position end of year	42,059	<u>\$ (91)</u>	41,968

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

Pro Forma Basis Restatement to the Fund Financial Statements:

	<u>2017 Previously Presented</u>	<u>Restatement</u>	<u>2017 Restated</u>
<u>Airports</u>			
Statement of Net Position:			
OPEB obligation - GASB 45	\$ (1,810)	\$ 1,810	\$ (3,887)
OPEB liability - GASB 75		(3,887)	(3,887)
Deferred outflows of resources		150	150
Net Position end of year	573,661	<u><u>\$ (1,927)</u></u>	571,734
<u>Solid Waste</u>			
Statement of Net Position:			
OPEB obligation - GASB 45	\$ (1,279)	\$ 1,279	\$ (3,170)
OPEB liability - GASB 75		(3,170)	(3,170)
Deferred outflows of resources		122	122
Net Position end of year	162,816	<u><u>\$ (1,769)</u></u>	161,047
<u>Water Agency</u>			
Statement of Net Position:			
OPEB obligation - GASB 45	\$ (604)	\$ 604	\$ (1,522)
OPEB liability - GASB 75		(1,522)	(1,522)
Deferred outflows of resources		59	59
Net Position end of year	527,359	<u><u>\$ (859)</u></u>	526,500
<u>Non-major Enterprise - Parking</u>			
Statement of Net Position:			
OPEB obligation - GASB 45	\$ (36)	\$ 36	\$ (88)
OPEB liability - GASB 75		(88)	(88)
Deferred outflows of resources		3	3
Net Position end of year	10,275	<u><u>\$ (49)</u></u>	10,226
<u>Internal Service Funds</u>			
Statement of Net Position:			
OPEB obligation - GASB 45	\$ (4,272)	\$ 4,272	\$ (11,144)
OPEB liability - GASB 75		(11,144)	(11,144)
Deferred outflows of resources		429	429
Net Position end of year	(38,183)	<u><u>\$ (6,443)</u></u>	(44,626)

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

NOTE 22 - FUTURE GASB PRONOUNCEMENTS

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2018. 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 County has not determined the effect, if any, on the financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The County has not determined the effect, if any, on the financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The County has not determined the effect, if any, on the financial statements.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for fiscal years beginning after June 15, 2018. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings information about debt. The County has not determined the effect, if any, on the financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2019. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. The County has not determined the effect, if any, on the financial statements.

In August 2018, GASB issued Statement No. 90, *Major Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, effective for fiscal years beginning after December 15, 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The County has not determined the effect, if any, on the financial statements.

NOTE 23 - SUBSEQUENT EVENTS

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.

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

As such, in FY 2018-19 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 County Treasurer’s 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 \$1.660 billion in estimated revenues approved in the County’s FY 2018-19 Preliminary Budget. The County’s final FY 2018-19 Budget was approved in September 2018 and the dry period financing amount was adjusted to reflect the final General Fund estimated revenues of \$1.672 billion. In addition, on a monthly basis, as revenue is received the dry period financing amount is decreased accordingly.

Certificate of Participation Refunding Bonds

On November 28, 2018, the County issued \$35,620 of Refunding Certificates of Participation, Series 2018A and \$53,505 of Refunding Certificates of Participation, Series 2018B. The Series 2018A were issued to refund in full the outstanding 1997 Refunding Certificates of Participation. The Series 2018B were issued to refund all of the outstanding Certificates of Participation for the following issuances: 1) 2003 Certificates of Participation (Public Facilities Projects); 2) 2006 Certificates of Participation (Public Facilities Projects); and 3) 2007 Certificates of Participation (Animal Care Facility/Youth Detention Facility).

NOTE 24 - 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.

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 Health and Sanitation Code (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 Section 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.

As of June 30, 2018, the Agency owes County Public Financing Authority \$67,215.

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

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

<u>County</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015^A</u>
Proportion of the net pension liability	86.316 %	86.792 %	89.005 %	89.865 %
Proportionate share of the net pension liability	\$ 1,838,027	\$ 1,538,375	\$ 1,023,390	\$ 692,793
Covered payroll ^B	\$ 816,112	\$ 780,978	\$ 745,978	\$ 731,874
Proportionate share of the net pension liability as a percentage of its covered payroll	223.50 %	196.98 %	137.19 %	94.66 %
Plan Fiduciary net position as a percentage of the total pension liability	80.37 %	81.40 %	87.26 %	91.02 %
<u>Carmichael</u>				
Proportion of the net pension liability	0.128 %	0.140 %	0.119 %	0.102 %
Proportionate share of the net pension liability	\$ 2,687	\$ 2,457	\$ 1,373	\$ 787
Covered payroll ^B	\$ 1,178	\$ 1,138	\$ 1,096	\$ 1,040
Proportionate share of the net pension liability as a percentage of its covered payroll	258.59 %	215.94 %	125.27 %	75.67 %
Plan Fiduciary net position as a percentage of the total pension liability	80.37 %	81.40 %	87.26 %	91.02 %
<u>Mission Oaks</u>				
Proportion of the net pension liability	0.154 %	0.100 %	0.095 %	0.083 %
Proportionate share of the net pension liability	\$ 3,224	\$ 1,752	\$ 1,090	\$ 643
Covered payroll ^B	\$ 1,037	\$ 782	\$ 851	\$ 826
Proportionate share of the net pension liability as a percentage of its covered payroll	28.90 %	224.02 %	77.86 %	77.85 %
Plan Fiduciary net position as a percentage of the total pension liability	80.37 %	81.40 %	87.26 %	91.02 %
<u>Sunrise</u>				
Proportion of the net pension liability	0.278 %	0.189 %	0.169 %	0.142 %
Proportionate share of the net pension liability	\$ 5,833	\$ 3,321	\$ 1,939	\$ 1,046
Covered payroll ^B	\$ 1,911	\$ 1,495	\$ 1,521	\$ 1,092
Proportionate share of the net pension liability as a percentage of its covered payroll	256.04 %	222.17 %	127.48 %	95.79 %
Plan Fiduciary net position as a percentage of the total pension liability	80.37 %	81.40 %	87.26 %	91.02 %
Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Notes to Schedule:

A) FY 2014-15 was the first year of implementation.

B) Covered payroll represents pensionable compensation for the fiscal year of the measurement period.

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

Retirement Plan - Schedule of Contributions

<u>County</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015^A</u>
Actuarially determined contribution	\$ 172,257	\$ 174,767	\$ 180,678	\$ 191,907
Proportionate share of the net pension liability	<u>(172,257)</u>	<u>(174,767)</u>	<u>(180,678)</u>	<u>(191,907)</u>
Covered payroll ^B	\$ 843,336	\$ 816,112	\$ 780,978	\$ 745,978
Contributions as a percentage of covered payroll	20.43 %	21.41 %	23.13 %	25.73 %
<u>Carmichael</u>				
Actuarially determined contribution	\$ 296	\$ 274	\$ 309	\$ 325
Contributions in relation to the actuarially determined contribution	<u>(296)</u>	<u>(274)</u>	<u>(309)</u>	<u>(325)</u>
Covered payroll ^B	\$ 1,143	\$ 1,178	\$ 1,138	\$ 1,096
Contributions as a percentage of covered payroll	25.90 %	23.26 %	27.15 %	29.65 %
<u>Mission Oaks</u>				
Actuarially determined contributions	\$ 315	\$ 1,007	\$ 221	\$ 258
Contributions in relation to the actuarially determined contribution	<u>(315)</u>	<u>(1,007)</u>	<u>(221)</u>	<u>(258)</u>
Covered payroll ^B	\$ 1,148	\$ 1,037	\$ 782	\$ 851
Contributions as a percentage of covered payroll	27.44 %	97.11 %	28.26 %	30.32 %
<u>Sunrise</u>				
Actuarially determined contribution	\$ 655	\$ 597	\$ 419	\$ 459
Contributions in relation to the actuarially determined contribution	<u>(655)</u>	<u>(597)</u>	<u>(419)</u>	<u>(459)</u>
Covered payroll ^B	\$ 2,558	\$ 1,911	\$ 1,495	\$ 1,521
Contributions as a percentage of covered payroll	25.61 %	31.24 %	28.03 %	30.18 %

Notes to Schedule:

A) FY 2014-15 was the first year of implementation.

B) Covered payroll represents pensionable compensation for the current fiscal year.

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

Page 1 of 2

OPEB - Schedule of Changes in the Total OPEB Liability and Related Ratios

County	2018
Service Cost	\$ 12,977
Interest on the total OPEB liability	5,122
Changes in assumptions	(13,042)
Benefit payments	<u>(6,051)</u>
Net Change in total OPEB liability	(994)
Total OPEB liability - beginning	<u>169,707</u>
Total OPEB Liability - ending	<u><u>\$ 168,713</u></u>
 Covered employee payroll	 818,852
 Total OPEB liability as a percentage of covered payroll	 21 %

Carmichael	2018
Service Cost	\$ 12
Interest on the total OPEB liability	4
Changes in assumptions	(8)
Benefit payments	<u>(5)</u>
Net Change in total OPEB liability	3
Total OPEB liability - beginning	<u>153</u>
Total OPEB Liability - ending	<u><u>\$ 156</u></u>
 Covered employee payroll	 1,039
 Total OPEB liability as a percentage of covered payroll	 15 %

A) FY 2017-18 was first year of implementation

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

Page 2 of 2

OPEB - Schedule of Changes in the Total OPEB Liability and Related Ratios

Mission Oaks	2018
Service Cost	\$ 12
Interest on the total OPEB liability	3
Changes in assumptions	(6)
Benefit payments	(7)
Net Change in total OPEB liability	2
Total OPEB liability - beginning	100
Total OPEB Liability - ending	\$ 102
Covered employee payroll	1,116
Total OPEB liability as a percentage of covered payroll	9 %
Sunrise	2018
Service Cost	\$ 29
Interest on the total OPEB liability	4
Changes in assumptions	(2)
Benefit payments	(7)
Net Change in total OPEB liability	24
Total OPEB liability - beginning	119
Total OPEB Liability - ending	\$ 143
Covered employee payroll	2,278
Total OPEB liability as a percentage of covered payroll	6 %

A) FY 2017-18 was first year of implementation

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018
(amounts expressed in thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 231,353	65,997	101,005	398,355
Receivables:				
Billed	20,887		162	21,049
Interest	1,680	311	452	2,443
Intergovernmental	7,532		60	7,592
Long-term advances to other funds	470			470
Loan receivable from Successor Agency		60,281		60,281
Long-term receivables	200	21,618	643	22,461
Total assets	<u>\$ 262,122</u>	<u>148,207</u>	<u>102,322</u>	<u>512,651</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Warrants payable	\$ 1,966		133	2,099
Accrued liabilities	15,545	13	936	16,494
Intergovernmental payable	6,270		3,241	9,511
Unearned revenue	759		643	1,402
Total liabilities	<u>24,540</u>	<u>13</u>	<u>4,953</u>	<u>29,506</u>
Deferred inflows of resources:				
Unavailable revenue		<u>60,281</u>		<u>60,281</u>
Fund balances:				
Restricted	<u>237,582</u>	<u>87,913</u>	<u>97,369</u>	<u>422,864</u>
Total fund balances	<u>237,582</u>	<u>87,913</u>	<u>97,369</u>	<u>422,864</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances:	<u>\$ 262,122</u>	<u>148,207</u>	<u>102,322</u>	<u>512,651</u>

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Taxes	\$ 37,772			37,772
Use of money and property	4,504	1,453	1,362	7,319
Licenses and permits	59,735			59,735
Intergovernmental	85,656	17,194	684	103,534
Charges for sales and services	144,822		3,272	148,094
Fines, forfeitures and penalties	191	9,257	2,740	12,188
Pledged tobacco settlement revenues	15,016			15,016
Contributions from property owners			12,626	12,626
Miscellaneous	17,593		28,268	45,861
Total revenues	<u>365,289</u>	<u>27,904</u>	<u>48,952</u>	<u>442,145</u>
Expenditures:				
Current:				
General government	49,387			49,387
Public protection	58,814			58,814
Health and sanitation	40,102			40,102
Public ways and facilities	142,952		378	143,330
Recreation and culture	22,335			22,335
Education	1,109			1,109
Capital outlay	6,317		45,675	51,992
Debt service:				
Principal		60,668		60,668
Interest and fiscal charges		141,405		141,405
Total expenditures	<u>321,016</u>	<u>202,073</u>	<u>46,053</u>	<u>569,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>44,273</u>	<u>(174,169)</u>	<u>2,899</u>	<u>(126,997)</u>
Other financing sources (uses):				
Transfers in	9,305	165,676	532	175,513
Transfers out	(29,728)	(9,301)	(353)	(39,382)
Issuance of long-term debt		18,241		18,241
Total other financing sources (uses)	<u>(20,423)</u>	<u>174,616</u>	<u>179</u>	<u>154,372</u>
Net change in fund balances	23,850	447	3,078	27,375
Fund balances - beginning	213,732	87,466	94,291	395,489
Fund balances - ending	<u>\$ 237,582</u>	<u>87,913</u>	<u>97,369</u>	<u>422,864</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NON-MAJOR GOVERNMENTAL FUNDS SECTION

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

Road - Accounts for financing the construction and maintenance of Sacramento County's unincorporated area road systems through planning; environmental analysis; traffic engineering and design; operations; traffic signals, street lights, signs and markings, right-of-way acquisitions; safety related improvements; and radar/speed control.

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.

County Library - Accounts for capital maintenance and related costs at Sacramento County owned Sacramento Public Library branches.

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.

Fixed Asset Revolving - Provides funding for payment of fixed asset debt service in accordance with the requirements of the financing documents.

Lighting and Landscape Maintenance Districts - As a blended component unit of the County, provides funding to plan, design, construct and maintain street and highway safety lighting facilities along streets and intersections in the unincorporated area of the County and provides funding for the maintenance of approximately 2 million square feet of landscaped corridors, medians and open spaces that exist throughout the County and is financed 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.

Stormwater Utility Program - 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 Litigation Settlement - Accounts for revenues and expenditures associated with the tobacco litigation settlement to be used for the operation of health, youth, and tobacco prevention programs.

Economic Development - Oversees and is responsible for economic development matters within the County including the operation of the County's Business Environmental Resource Center (BERC), activities related to the redevelopment of the former McClellan and Mather air force bases, and marketing efforts of the County. The department also engages in more general economic development and job creation programs.

SPECIAL REVENUE FUNDS

Roadways - 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 of Northern California - As a blended component unit of the County, accounts for revenues and expenditures associated with the Authority, including activities such as the collection of tobacco settlement revenues, administration of bond debt and proceeds, and the transferring of funds to the Tobacco Litigation Settlement debt service fund necessary to make required debt service payments.

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 Propagation - 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 Community Facilities District (CFD) - Provides landscape maintenance services for public landscape corridors within the district, funded by direct levy service charges.

Mather Public Facilities Financing Plan (PFFP) - Used to provide portions of the major public infrastructure roadway facilities for the Mather area, funded by development impact fees.

Gold River Station #7 Landscape Community Facilities District (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, 2018
(amounts expressed in thousands)

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	Road	Sacramento Regional Solid Waste Authority	County Library	Transportation- Sales Tax	Building Inspection	Fixed Asset- Revolving
Assets:						
Cash and investments	\$ 13,309	2,934	79	10,121	20,238	
Receivables, net of allowance for uncollectibles:						
Billed	9,549	1		531	920	
Interest	107	24	1	41	142	
Intergovernmental	3,341			23		
Long-term advances to other funds						
Long-term receivables						
Total assets	\$ 26,306	2,959	80	10,716	21,300	
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Warrants payable	\$ 727	64		29	86	
Accrued liabilities	5,990	408		3,002	569	
Intergovernmental payable	1	308		245	348	
Unearned revenue	559					
Total liabilities	7,277	780		3,276	1,003	
Deferred inflows of resources:						
Fund balances:						
Restricted	19,029	2,179	80	7,440	20,297	
Total fund balances	19,029	2,179	80	7,440	20,297	
Total liabilities, deferred inflows of resources, and fund balances	\$ 26,306	2,959	80	10,716	21,300	

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018
(amounts expressed in thousands)

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	Lighting and Landscape Maintenance Districts	Park Districts and Park Service Areas	Water Agencies	Stormwater Utility Program	Tobacco Litigation Settlement
Assets:					
Cash and investments	\$ 3,474	7,569	48,756	21,475	5
Receivables, net of allowance for uncollectibles:					
Billed	28	191	104	6,524	
Interest	23	57	375	119	
Intergovernmental		397	238		
Long-term advances to other funds					
Long-term receivables			16		
Total assets	\$ 3,525	8,214	49,489	28,118	5
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Warrants payable	\$ 18	306	396	284	
Accrued liabilities	7	617	307	414	
Intergovernmental payable		1,396	9	3,384	5
Unearned revenue			16		
Total liabilities	25	2,319	728	4,082	5
Deferred inflows of resources:					
Fund balances:					
Restricted	3,500	5,895	48,761	24,036	
Total fund balances	3,500	5,895	48,761	24,036	
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,525	8,214	49,489	28,118	5

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018
(amounts expressed in thousands)

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	Economic Development	Roadways	Tobacco Securitization Authority of Northern California	Environmental Management	Other	Total
Assets:						
Cash and investments	\$ 79,836	6,077	534	12,375	4,571	231,353
Receivables, net of allowance for uncollectibles:						
Billed	61			2,221	757	20,887
Interest	600	78		83	30	1,680
Intergovernmental		3,533				7,532
Long-term advances to other funds	470					470
Long-term receivables		184				200
Total assets	\$ 80,967	9,872	534	14,679	5,358	262,122
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Warrants payable	\$ 2	2		35	17	1,966
Accrued liabilities	985		44	878	2,324	15,545
Intergovernmental payable				66	508	6,270
Unearned revenue		184				759
Total liabilities	987	186	44	979	2,849	24,540
Deferred inflows of resources:						
Fund balances:						
Restricted	79,980	9,686	490	13,700	2,509	237,582
Total fund balances	79,980	9,686	490	13,700	2,509	237,582
Total liabilities, deferred inflows of resources, and fund balances	\$ 80,967	9,872	534	14,679	5,358	262,122

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, 2018
(amounts expressed in thousands)

Page 1 of 3

	Road	Sacramento Regional Solid Waste Authority	County Library	Transportation- Sales Tax	Building Inspection	Fixed Asset- Revolving
Revenues:						
Taxes	\$ 739			18,779		
Use of money and property	479	37	1	55	44	
Licenses and permits	1,300	5,984			17,457	
Intergovernmental	55,067			5,140	18	
Charges for sales and services	50,863				40,440	14,770
Fines, forfeitures and penalties	3	79			90	
Pledged tobacco settlement proceeds						
Miscellaneous	2,793		1,008	4,674	342	
Total revenues	<u>111,244</u>	<u>6,100</u>	<u>1,009</u>	<u>28,648</u>	<u>58,391</u>	<u>14,770</u>
Expenditures:						
Current:						
General government						
Public protection					54,191	
Health and sanitation		5,192				
Public ways and facilities	106,471			25,581		
Recreation and culture						
Education			1,109			
Capital outlay						6,317
Total expenditures	<u>106,471</u>	<u>5,192</u>	<u>1,109</u>	<u>25,581</u>	<u>54,191</u>	<u>6,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,773</u>	<u>908</u>	<u>(100)</u>	<u>3,067</u>	<u>4,200</u>	<u>8,453</u>
Other financing sources (uses):						
Transfers in					8,910	
Transfers out	(2,111)				(2,135)	(8,453)
Total other financing sources (uses)	<u>(2,111)</u>				<u>6,775</u>	<u>(8,453)</u>
Net change in fund balances	2,662	908	(100)	3,067	10,975	
Fund balances - beginning	16,367	1,271	180	4,373	9,322	
Fund balances - ending	<u>\$ 19,029</u>	<u>2,179</u>	<u>80</u>	<u>7,440</u>	<u>20,297</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, 2018
(amounts expressed in thousands)

Page 2 of 3

	Lighting and Landscape Maintenance Districts	Park Districts and Park Service Areas	Water Agencies	Stormwater Utility Program	Tobacco Litigation Settlement
Revenues:					
Taxes	\$ 462	9,392		6,096	
Use of money and property	32	1,891	581	136	
Licenses and permits			6,142		
Intergovernmental	6	444	150	2,710	
Charges for sales and services	2,579	4,984	5,490	23,017	
Fines, forfeitures and penalties				1	
Pledged tobacco settlement proceeds					
Miscellaneous	388	1,330	352	136	
Total revenues	<u>3,467</u>	<u>18,041</u>	<u>12,715</u>	<u>32,096</u>	
Expenditures:					
Current:					
General government	3,189			27,807	
Public protection					
Health and sanitation			14,226		
Public ways and facilities					
Recreation and culture		22,313			
Education					
Capital outlay					
Total expenditures	<u>3,189</u>	<u>22,313</u>	<u>14,226</u>	<u>27,807</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>278</u>	<u>(4,272)</u>	<u>(1,511)</u>	<u>4,289</u>	
Other financing sources (uses):					
Transfers in					
Transfers out				(1,044)	
Total other financing sources (uses)				<u>(1,044)</u>	
Net change in fund balances	278	(4,272)	(1,511)	3,245	
Fund balances - beginning	3,222	10,167	50,272	20,791	
Fund balances - ending	<u>\$ 3,500</u>	<u>5,895</u>	<u>48,761</u>	<u>24,036</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, 2018
(amounts expressed in thousands)

Page 3 of 3

	Economic Development	Roadways	Tobacco Securitization Authority of Northern California	Environmental Management	Other	Total
Revenues:						
Taxes	\$				2,304	37,772
Use of money and property	955	139	5	131	18	4,504
Licenses and permits		10,623		15,318	2,911	59,735
Intergovernmental	18,875	24		1,771	1,451	85,656
Charges for sales and services	1,469			974	236	144,822
Fines, forfeitures and penalties					18	191
Pledged tobacco settlement proceeds			15,016			15,016
Miscellaneous	5,360	179		1,011	20	17,593
Total revenues	<u>26,659</u>	<u>10,965</u>	<u>15,021</u>	<u>19,205</u>	<u>6,958</u>	<u>365,289</u>
Expenditures:						
Current:						
General government	18,211				180	49,387
Public protection					4,623	58,814
Health and sanitation			168	19,096	1,420	40,102
Public ways and facilities		10,861			39	142,952
Recreation and culture					22	22,335
Education						1,109
Capital outlay						6,317
Total expenditures	<u>18,211</u>	<u>10,861</u>	<u>168</u>	<u>19,096</u>	<u>6,284</u>	<u>321,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,448</u>	<u>104</u>	<u>14,853</u>	<u>109</u>	<u>674</u>	<u>44,273</u>
Other financing sources (uses):						
Transfers in	395					9,305
Transfers out	(152)		(14,842)	(991)		(29,728)
Total other financing sources (uses)	<u>243</u>		<u>(14,842)</u>	<u>(991)</u>		<u>(20,423)</u>
Net change in fund balances	8,691	104	11	(882)	674	23,850
Fund balances - beginning	71,289	9,582	479	14,582	1,835	213,732
Fund balances - ending	<u>\$ 79,980</u>	<u>9,686</u>	<u>490</u>	<u>13,700</u>	<u>2,509</u>	<u>237,582</u>

**COUNTY OF SACRAMENTO
ROAD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 813	813	739	(74)
Use of money and property	391	391	479	88
Licenses and permits	1,660	1,660	1,300	(360)
Intergovernmental	60,324	67,085	55,067	(12,018)
Charges for sales and services	52,941	54,156	50,863	(3,293)
Fines, forfeitures and penalties			3	3
Miscellaneous	<u>3,158</u>	<u>2,656</u>	<u>2,793</u>	<u>137</u>
Total revenues	<u>119,287</u>	<u>126,761</u>	<u>111,244</u>	<u>(15,517)</u>
Expenditures:				
Current:				
Public ways and facilities	<u>117,082</u>	<u>127,097</u>	<u>106,471</u>	<u>20,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,205</u>	<u>(336)</u>	<u>4,773</u>	<u>5,109</u>
Other financing sources (uses):				
Transfers out	(2,111)	(2,111)	(2,111)	
Net change in fund balances	<u><u>\$ 94</u></u>	<u><u>(2,447)</u></u>	<u><u>2,662</u></u>	<u><u>5,109</u></u>

COUNTY OF SACRAMENTO
SACRAMENTO REGIONAL SOLID WASTE AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	10	37	27
Licenses and permits	4,700	5,000	5,984	984
Fines, forfeitures and penalties	<u>6</u>	<u>25</u>	<u>79</u>	<u>54</u>
Total revenues	<u>4,711</u>	<u>5,035</u>	<u>6,100</u>	<u>1,065</u>
Expenditures:				
Current:				
Health and sanitation	<u>4,710</u>	<u>6,358</u>	<u>5,192</u>	<u>1,166</u>
Excess (deficiency) of revenues under expenditures	<u>1</u>	<u>(1,323)</u>	<u>908</u>	<u>2,231</u>
Net change in fund balances	<u><u>\$ 1</u></u>	<u><u>(1,323)</u></u>	<u><u>908</u></u>	<u><u>2,231</u></u>

**COUNTY OF SACRAMENTO
COUNTY LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 1	1	1	
Miscellaneous	<u>1,008</u>	<u>1,008</u>	<u>1,008</u>	
Total revenues	<u>1,009</u>	<u>1,009</u>	<u>1,009</u>	
Expenditures:				
Current:				
Education	<u>1,014</u>	<u>1,189</u>	<u>1,109</u>	<u>80</u>
(Deficiency) of revenues under expenditures	<u>(5)</u>	<u>(180)</u>	<u>(100)</u>	<u>80</u>
Net change in fund balances	<u>\$ (5)</u>	<u>(180)</u>	<u>(100)</u>	<u>80</u>

**COUNTY OF SACRAMENTO
TRANSPORTATION SALES TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 21,156	21,413	18,779	(2,634)
Use of money and property	15	15	55	40
Intergovernmental	4,142	8,740	5,140	(3,600)
Miscellaneous	<u>1,925</u>	<u>243</u>	<u>4,674</u>	<u>4,431</u>
Total revenues	<u>27,238</u>	<u>30,411</u>	<u>28,648</u>	<u>(1,763)</u>
Expenditures:				
Current:				
Public ways and facilities	<u>27,883</u>	<u>33,588</u>	<u>25,581</u>	<u>8,007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(645)</u>	<u>(3,177)</u>	<u>3,067</u>	<u>6,244</u>
Net change in fund balances	<u><u>\$ (645)</u></u>	<u><u>(3,177)</u></u>	<u><u>3,067</u></u>	<u><u>6,244</u></u>

**COUNTY OF SACRAMENTO
BUILDING INSPECTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 18	18	44	26
Licenses and permits	16,164	16,164	17,457	1,293
Intergovernmental	11	11	18	7
Charges for sales and services	42,272	42,454	40,440	(2,014)
Fines, forfeitures and penalties	53	53	90	37
Miscellaneous	<u>247</u>	<u>247</u>	<u>342</u>	<u>95</u>
Total revenues	<u>58,765</u>	<u>58,947</u>	<u>58,391</u>	<u>(556)</u>
Expenditures:				
Current:				
Public protection:				
Protection and inspection	<u>61,935</u>	<u>62,033</u>	<u>54,191</u>	<u>7,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,170)</u>	<u>(3,086)</u>	<u>4,200</u>	<u>7,286</u>
Transfers in	8,910	8,910	8,910	
Transfers out	<u>2,135</u>	<u>2,135</u>	<u>(2,135)</u>	<u>(4,270)</u>
Total other financing sources (uses)	<u>11,045</u>	<u>11,045</u>	<u>6,775</u>	<u>(4,270)</u>
Net change in fund balances	<u>\$ 7,875</u>	<u>7,959</u>	<u>10,975</u>	<u>3,016</u>

**COUNTY OF SACRAMENTO
 FIXED ASSET REVOLVING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Charges for sales and services	\$		14,770	14,770
Miscellaneous	<u>44,713</u>	<u>44,713</u>	<u> </u>	<u>(44,713)</u>
Total revenues	<u>44,713</u>	<u>44,713</u>	<u>14,770</u>	<u>(29,943)</u>
Expenditures:				
Capital outlay	<u>36,060</u>	<u>36,260</u>	<u>6,317</u>	<u>29,943</u>
Excess of revenues over expenditures	<u>8,653</u>	<u>8,453</u>	<u>8,453</u>	<u> </u>
Other financing sources (uses):				
Transfers out	<u>(8,453)</u>	<u>(8,453)</u>	<u>(8,453)</u>	<u> </u>
Net change in fund balances	<u>\$</u>	<u> </u>	<u> </u>	<u> </u>

**COUNTY OF SACRAMENTO
LIGHTING AND LANDSCAPE MAINTENANCE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 379	384	462	78
Use of money and property	14	14	32	18
Intergovernmental	4	4	6	2
Charges for sales and services	2,555	2,565	2,579	14
Miscellaneous	431	431	388	(43)
Total revenues	<u>3,383</u>	<u>3,398</u>	<u>3,467</u>	<u>69</u>
Expenditures:				
General government	<u>3,806</u>	<u>3,921</u>	<u>3,189</u>	<u>732</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(423)</u>	<u>(523)</u>	<u>278</u>	<u>801</u>
Net change in fund balances	<u><u>\$ (423)</u></u>	<u><u>(523)</u></u>	<u><u>278</u></u>	<u><u>801</u></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, 2018
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 8,861	8,997	9,392	395
Use of money and property	1,854	1,911	1,891	(20)
Intergovernmental	1,142	1,155	444	(711)
Charges for sales and services	5,256	5,231	4,984	(247)
Miscellaneous	<u>2,306</u>	<u>1,431</u>	<u>1,330</u>	<u>(101)</u>
Total revenues	<u>19,419</u>	<u>18,725</u>	<u>18,041</u>	<u>(684)</u>
Expenditures:				
Current:				
Recreation and culture	<u>24,927</u>	<u>26,239</u>	<u>22,313</u>	<u>3,926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,508)</u>	<u>(7,514)</u>	<u>(4,272)</u>	<u>3,242</u>
Net change in fund balances	<u><u>\$ (5,508)</u></u>	<u><u>(7,514)</u></u>	<u><u>(4,272)</u></u>	<u><u>3,242</u></u>

**COUNTY OF SACRAMENTO
WATER AGENCIES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 78	78	581	503
Licenses and permits	2,380	2,380	6,142	3,762
Charges for sales and services	11,679	13,559	5,490	(8,069)
Intergovernmental		3,220	150	(3,070)
Miscellaneous	<u>3,284</u>	<u>184</u>	<u>352</u>	<u>168</u>
Total revenues	<u>17,421</u>	<u>19,421</u>	<u>12,715</u>	<u>(6,706)</u>
Expenditures:				
Current:				
Health and sanitation	<u>20,587</u>	<u>38,439</u>	<u>14,226</u>	<u>24,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,166)</u>	<u>(19,018)</u>	<u>(1,511)</u>	<u>17,507</u>
Net change in fund balances	<u><u>\$ (3,166)</u></u>	<u><u>(19,018)</u></u>	<u><u>(1,511)</u></u>	<u><u>17,507</u></u>

**COUNTY OF SACRAMENTO
STORMWATER UTILITY PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 5,637	5,637	6,096	459
Use of money and property	21	21	136	115
Intergovernmental	2,922	9,961	2,710	(7,251)
Charges for sales and services	23,686	24,286	23,017	(1,269)
Fines, forfeitures and penalties			1	1
Miscellaneous	<u>627</u>	<u>464</u>	<u>136</u>	<u>(328)</u>
Total revenues	<u>32,893</u>	<u>40,369</u>	<u>32,096</u>	<u>(8,273)</u>
Expenditures:				
Current:				
General government	<u>39,049</u>	<u>44,433</u>	<u>27,807</u>	<u>16,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,156)</u>	<u>(4,064)</u>	<u>4,289</u>	<u>8,353</u>
Other financing sources (uses):				
Transfers out	<u>(1,044)</u>	<u>(1,044)</u>	<u>(1,044)</u>	
Net change in fund balances	<u><u>\$ (7,200)</u></u>	<u><u>(5,108)</u></u>	<u><u>3,245</u></u>	<u><u>8,353</u></u>

**COUNTY OF SACRAMENTO
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 2,770	2,770	955	(1,815)
Licenses and permits	48	48		(48)
Intergovernmental	24,050	24,050	18,875	(5,175)
Charges for sales and services	1,215	1,215	1,469	254
Miscellaneous	12,781	14,096	5,360	(8,736)
Total revenues	<u>40,864</u>	<u>42,179</u>	<u>26,659</u>	<u>(15,520)</u>
Expenditures:				
Current:				
General government	<u>49,405</u>	<u>52,949</u>	<u>18,211</u>	<u>34,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,541)</u>	<u>(10,770)</u>	<u>8,448</u>	<u>(19,218)</u>
Other financing sources (uses):				
Transfers in	395	395	395	
Transfers out	(152)	(152)	(152)	
Total other financing sources (uses)	<u>243</u>	<u>243</u>	<u>243</u>	
Net change in fund balances	<u>\$ (8,298)</u>	<u>(10,527)</u>	<u>8,691</u>	<u>19,218</u>

**COUNTY OF SACRAMENTO
ROADWAYS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 53	53	139	86
Licenses and permits	6,267	7,059	10,623	3,564
Intergovernmental		104	24	(80)
Miscellaneous	<u>288</u>	<u>288</u>	<u>179</u>	<u>(109)</u>
Total revenues	<u>6,608</u>	<u>7,504</u>	<u>10,965</u>	<u>3,461</u>
Expenditures:				
Current:				
Public ways and facilities	<u>10,419</u>	<u>12,528</u>	<u>10,861</u>	<u>1,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,811)</u>	<u>(5,024)</u>	<u>104</u>	<u>5,128</u>
Net change in fund balances	<u><u>\$ (3,811)</u></u>	<u><u>(5,024)</u></u>	<u><u>104</u></u>	<u><u>5,128</u></u>

COUNTY OF SACRAMENTO
TOBACCO SECURITIZATION AUTHORITY OF NORTHERN CALIFORNIA SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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
Pledged tobacco settlement proceeds			<u>15,016</u>	<u>15,016</u>
 Total revenues			<u>15,021</u>	<u>15,021</u>
 Expenditures:				
Current:				
Health and sanitation	<u>199</u>	<u>199</u>	<u>168</u>	<u>(31)</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>(199)</u>	<u>(199)</u>	<u>14,853</u>	<u>15,052</u>
 Other financing sources (uses):				
Transfers out			<u>(14,842)</u>	<u>(14,842)</u>
 Net change in fund balances	<u>\$ (199)</u>	<u>(199)</u>	<u>11</u>	<u>210</u>

**COUNTY OF SACRAMENTO
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$		131	131
Licenses and permits	15,509	15,509	15,318	(191)
Intergovernmental	2,368	2,368	1,771	(597)
Charges for sales and services	784	784	974	190
Miscellaneous	<u>562</u>	<u>562</u>	<u>1,011</u>	<u>449</u>
Total revenues	<u>19,223</u>	<u>19,223</u>	<u>19,205</u>	<u>(18)</u>
Expenditures:				
Current:				
Health and sanitation	<u>20,685</u>	<u>20,685</u>	<u>19,096</u>	<u>1,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,462)</u>	<u>(1,462)</u>	<u>109</u>	<u>1,571</u>
Other financing sources (uses):				
Transfers out	<u>(991)</u>	<u>(991)</u>	<u>(991)</u>	
Net change in fund balances	<u><u>\$ (2,453)</u></u>	<u><u>(2,453)</u></u>	<u><u>(882)</u></u>	<u><u>1,571</u></u>

**COUNTY OF SACRAMENTO
OTHER SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 2,299	2,299	2,304	5
Use of money and property	5	10	18	8
Licenses and permits	2,300	2,300	2,911	611
Intergovernmental	1,803	2,710	1,451	(1,259)
Charges for sales and services	234	416	236	(180)
Fines, forfeitures and penalties	20	20	18	(2)
Miscellaneous	40	40	20	(20)
Total revenues	<u>6,701</u>	<u>7,795</u>	<u>6,958</u>	<u>(837)</u>
Expenditures:				
Current:				
General government	555	566	180	386
Public protection	4,625	4,718	4,623	95
Health and sanitation	1,777	1,777	1,420	357
Public ways and facilities	785	805	39	766
Recreation and culture	25	25	22	3
Total expenditures	<u>7,767</u>	<u>7,891</u>	<u>6,284</u>	<u>1,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,066)</u>	<u>(96)</u>	<u>674</u>	<u>770</u>
Net change in fund balances	<u>\$ (1,066)</u>	<u>(96)</u>	<u>674</u>	<u>770</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



NON-MAJOR GOVERNMENTAL FUNDS SECTION

DEBT SERVICE FUNDS

**COUNTY OF SACRAMENTO
DEBT SERVICE FUNDS**

Public Facilities Financing - 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 of Northern California - Established in FY 2001-02 to account for the principal and interest payments on the Authority's Tobacco Settlement Revenue Bonds and the receipt of funds from the General Fund necessary to meet annual debt service requirements.

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, 2018
(amounts expressed in thousands)**

Page 1 of 2

Public Facilities Financing Corporation

	Juvenile Courthouse	1997 Public Facilities Refunding	2003 Public Facilities	2006 Public Facilities	2007 Public Facilities	2010 COP Refunding	Pension Obligation Bonds
Assets:							
Cash and investments	\$ 2,407	7,411	1,143	3,042	3,204	11,936	2,385
Interest	25	20	13	12	29	12	197
Loan receivable from Successor Agency							
Long-term receivables							
Total assets	<u>\$ 2,432</u>	<u>7,431</u>	<u>1,156</u>	<u>3,054</u>	<u>3,233</u>	<u>11,948</u>	<u>2,582</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances:							
Liabilities:							
Accrued liabilities	\$			2			11
Total liabilities				<u>2</u>			<u>11</u>
Deferred inflow of resources:							
Unavailable revenue							
Total deferred inflow of resources							
Fund balances:							
Restricted	2,432	7,431	1,156	3,052	3,233	11,948	2,571
Total fund balances	<u>2,432</u>	<u>7,431</u>	<u>1,156</u>	<u>3,052</u>	<u>3,233</u>	<u>11,948</u>	<u>2,571</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 2,432</u>	<u>7,431</u>	<u>1,156</u>	<u>3,054</u>	<u>3,233</u>	<u>11,948</u>	<u>2,582</u>

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018
(amounts expressed in thousands)**

Page 2 of 2

	Teeter Plan	Tobacco Securitization Authority of Northern California	Sacramento County Public Financing Authority	Total
Assets:				
Cash and investments	\$ 3,926	21,475	9,068	65,997
Interest	3			311
Loan receivable from Successor Agency			60,281	60,281
Long-term receivables	21,618			21,618
Total assets	<u>\$ 25,547</u>	<u>21,475</u>	<u>69,349</u>	<u>148,207</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances:				
Liabilities:				
Accrued liabilities	\$			13
Total liabilities				<u>13</u>
Deferred inflow of resources:				
Unavailable revenue			60,281	60,281
Total deferred inflow of resources			60,281	60,281
Fund balances:				
Restricted	25,547	21,475	9,068	87,913
Total fund balances	<u>25,547</u>	<u>21,475</u>	<u>9,068</u>	<u>87,913</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 25,547</u>	<u>21,475</u>	<u>69,349</u>	<u>148,207</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, 2018
(amounts expressed in thousands)

Page 1 of 2

	Public-Facilities Financing Corporations						
	Juvenile Courthouse	1997 Public Facilities Refunding	2003 Public Facilities	2006 Public Facilities	2007 Public Facilities	2010 COP Refunding	Pension Obligation Bonds
Revenues:							
Use of money and property	\$ 45	409	24	36	33	170	512
Intergovernmental							11,861
Fines, forfeitures and penalties							
Total revenues	<u>45</u>	<u>409</u>	<u>24</u>	<u>36</u>	<u>33</u>	<u>170</u>	<u>12,373</u>
Expenditures:							
Debt service:							
Principal	975	3,840	430	1,460	1,085	9,775	18,316
Interest and fiscal charges	1,262	2,499	549	956	1,930	3,475	115,370
Total expenditures	<u>2,237</u>	<u>6,339</u>	<u>979</u>	<u>2,416</u>	<u>3,015</u>	<u>13,250</u>	<u>133,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,192)</u>	<u>(5,930)</u>	<u>(955)</u>	<u>(2,380)</u>	<u>(2,982)</u>	<u>(13,080)</u>	<u>(121,313)</u>
Other financing sources (uses):							
Transfers in	2,251	6,355	993	2,443	3,036	13,224	122,532
Transfers out		(350)					
Issuance of long-term debt							
Total other financing sources (uses)	<u>2,251</u>	<u>6,005</u>	<u>993</u>	<u>2,443</u>	<u>3,036</u>	<u>13,224</u>	<u>122,532</u>
Net change in fund balances	59	75	38	63	54	144	1,219
Fund balances - beginning	2,373	7,356	1,118	2,989	3,179	11,804	1,352
Fund balances - ending	<u>\$ 2,432</u>	<u>7,431</u>	<u>1,156</u>	<u>3,052</u>	<u>3,233</u>	<u>11,948</u>	<u>2,571</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, 2018
(amounts expressed in thousands)**

Page 2 of 2

	Teeter Plan	Tobacco Securitization Authority of Northern California	Sacramento County Public Financing Authority	Total
Revenues:				
Use of money and property	\$	224		1,453
Intergovernmental			5,333	17,194
Fines, forfeitures and penalties	9,257			9,257
Total revenues	<u>9,257</u>	<u>224</u>	<u>5,333</u>	<u>27,904</u>
Expenditures:				
Debt service:				
Principal	19,472	3,630	1,685	60,668
Interest and fiscal charges	286	11,481	3,597	141,405
Total expenditures	<u>19,758</u>	<u>15,111</u>	<u>5,282</u>	<u>202,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,501)</u>	<u>(14,887)</u>	<u>51</u>	<u>(174,169)</u>
Other financing sources (uses):				
Transfers in		14,842		165,676
Transfers out	(8,951)			(9,301)
Issuance of long-term debt	18,241			18,241
Total other financing sources (uses)	<u>9,290</u>	<u>14,842</u>		<u>174,616</u>
Net change in fund balances	<u>(1,211)</u>	<u>(45)</u>	<u>51</u>	<u>447</u>
Fund balances - beginning	<u>26,758</u>	<u>21,520</u>	<u>9,017</u>	<u>87,466</u>
Fund balances - ending	<u>\$ 25,547</u>	<u>21,475</u>	<u>9,068</u>	<u>87,913</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, 2018
(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	\$		45	45
Expenditures:				
Debt service:				
Principal	975	975	975	
Interest and fiscal charges	<u>1,293</u>	<u>1,422</u>	<u>1,262</u>	<u>160</u>
Total expenditures	<u>2,268</u>	<u>2,397</u>	<u>2,237</u>	<u>160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,268)</u>	<u>(2,397)</u>	<u>(2,192)</u>	<u>205</u>
Other financing sources (uses):				
Transfers in	<u>2,251</u>	<u>2,251</u>	<u>2,251</u>	
Net change in fund balances	<u>\$ (17)</u>	<u>(146)</u>	<u>59</u>	<u>205</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, 2018
(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	\$		409	409
Expenditures:				
Debt service:				
Principal	3,840	3,840	3,840	
Interest and fiscal charges	2,515	2,649	2,499	150
Total expenditures	6,355	6,489	6,339	150
Excess (deficiency) of revenues over (under) expenditures	(6,355)	(6,489)	(5,930)	559
Other financing sources (uses):				
Transfers in	6,355	6,355	6,355	
Transfers out	(350)	(350)	(350)	
Total other financing sources (uses):	6,005	6,005	6,005	
Net change in fund balances	\$ (350)	(484)	75	559

**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, 2018
(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	\$		24	24
Expenditures:				
Debt service:				
Principal	430	430	430	
Interest and fiscal charges	683	710	549	161
Total expenditures	<u>1,113</u>	<u>1,140</u>	<u>979</u>	<u>161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,113)</u>	<u>(1,140)</u>	<u>(955)</u>	<u>185</u>
Other financing sources (uses):				
Transfers in	<u>993</u>	<u>993</u>	<u>993</u>	
Net change in fund balances	<u>\$ (120)</u>	<u>(147)</u>	<u>38</u>	<u>185</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, 2018
(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	\$		36	36
Expenditures:				
Debt service:				
Principal	1,460	1,460	1,460	
Interest and fiscal charges	995	1,113	956	157
Total expenditures	<u>2,455</u>	<u>2,573</u>	<u>2,416</u>	<u>157</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,455)</u>	<u>(2,573)</u>	<u>(2,380)</u>	<u>193</u>
Other financing sources (uses):				
Transfers in	<u>2,443</u>	<u>2,443</u>	<u>2,443</u>	
Net change in fund balances	<u>\$ (12)</u>	<u>(130)</u>	<u>63</u>	<u>193</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, 2018
(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	\$		33	33
Expenditures:				
Debt service:				
Principal	1,085	1,085	1,085	
Interest and fiscal charges	1,965	2,109	1,930	179
Total expenditures	3,050	3,194	3,015	179
Excess (deficiency) of revenues over (under) expenditures	(3,050)	(3,194)	(2,982)	212
Other financing sources (uses):				
Transfers in	3,036	3,036	3,036	
Net change in fund balances	\$ (14)	(158)	54	212

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
2010 COP REFUNDING
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$		170	170
Total revenues			170	170
Expenditures:				
Principal	9,775	9,775	9,775	
Interest and fiscal charges	3,515	3,937	3,475	462
Total expenditures	13,290	13,712	13,250	462
Excess (deficiency) of revenues over (under) expenditures	(13,290)	(13,712)	(13,080)	632
Other financing sources (uses):				
Transfers in	13,224	13,224	13,224	
Net change in fund balances	\$ (66)	(488)	144	632

**COUNTY OF SACRAMENTO
PENSION OBLIGATION BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$		512	512
Intergovernmental	<u>11,861</u>	<u>11,861</u>	<u>11,861</u>	
Total revenues	<u>11,861</u>	<u>11,861</u>	<u>12,373</u>	<u>512</u>
Expenditures:				
Debt service:				
Principal	18,316	18,316	18,316	
Interest and fiscal charges	<u>116,453</u>	<u>117,427</u>	<u>115,370</u>	<u>2,057</u>
Total expenditures	<u>134,769</u>	<u>135,743</u>	<u>133,686</u>	<u>2,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(122,908)</u>	<u>(123,882)</u>	<u>(121,313)</u>	<u>2,569</u>
Other financing sources (uses):				
Transfers in	<u>122,530</u>	<u>122,530</u>	<u>122,532</u>	<u>2</u>
Net change in fund balances	<u>\$ (378)</u>	<u>(1,352)</u>	<u>1,219</u>	<u>2,571</u>

**COUNTY OF SACRAMENTO
TEETER PLAN DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Fines, forfeitures and penalties	\$	\$	\$ 9,257	\$ 9,257
Miscellaneous	<u>27,152</u>	<u>24,798</u>	<u>9,257</u>	<u>(24,798)</u>
Total revenues	<u>27,152</u>	<u>24,798</u>	<u>9,257</u>	<u>(15,541)</u>
Expenditures:				
Debt service:				
Principal	20,521	15,974	19,472	(3,498)
Interest and fiscal charges	<u>1,788</u>	<u>3,784</u>	<u>286</u>	<u>3,498</u>
Total expenditures	<u>22,309</u>	<u>19,758</u>	<u>19,758</u>	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,843</u>	<u>5,040</u>	<u>(10,501)</u>	<u>(15,541)</u>
Other financing sources (uses):				
Transfers out	(8,951)	(8,951)	(8,951)	
Issuance of long-term debt	<u> </u>	<u> </u>	<u>18,241</u>	<u>18,241</u>
Total other financing sources (uses)	<u>(8,951)</u>	<u>(8,951)</u>	<u>9,290</u>	<u>18,241</u>
Net change in fund balances	<u>\$ (4,108)</u>	<u>(3,911)</u>	<u>(1,211)</u>	<u>2,700</u>

COUNTY OF SACRAMENTO
TOBACCO SECURITIZATION AUTHORITY OF NORTHERN CALIFORNIA DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$		224	224
Expenditures:				
Debt service:				
Principal			3,630	(3,630)
Interest and fiscal charges			11,481	(11,481)
Total expenditures			15,111	(15,111)
Excess (deficiency) of revenues over (under) expenditures			(14,887)	(14,887)
Other financing sources (uses):				
Transfers in			14,842	14,842
Net change in fund balances	\$		(45)	(45)

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, 2018
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Intergovernmental	\$		5,333	5,333
Total revenues			<u>5,333</u>	<u>5,333</u>
Expenditures:				
Debt service:				
Principal			1,685	(1,685)
Interest and fiscal charges			<u>3,597</u>	<u>(3,597)</u>
Total expenditures			<u>5,282</u>	<u>(5,282)</u>
Excess (deficiency) of revenues over (under) expenditures			<u>51</u>	<u>51</u>
Net change in fund balances	\$		<u><u>51</u></u>	<u><u>51</u></u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



NON-MAJOR 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 (CFD) No. 2000-1 - Accounts for construction activity in the Metro Air Park CFD.

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

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

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

Laguna Creek Ranch/Elliott Ranch Community Facilities District (CFD) - Accounts for construction activity in the Laguna Creek Ranch/Elliott Ranch CFD.

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.

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 (CFD) No. 2004-1 - Accounts for infrastructure construction activity in the McClellan CFD.

Sacramento County Landscape Maintenance Community Facilities District (CFD) No. 2004-2 - Accounts for landscape maintenance activity of the Sacramento County Landscape Maintenance CFD.

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

CAPITAL PROJECT FUNDS

North Vineyard Station Community Facilities District (CFD) - Accounts for public road improvements in the North Vineyard area of the County that are funded by development impact fees.

County Parks Community Facilities District (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, 2018
(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 No. 2000-1	Laguna Stonelake CFD	Park Meadows CFD	Laguna CFD	Laguna Creek Ranch/Elliott Ranch CFD
Assets:							
Cash and investments	\$ 247	3,204	13,017	177	64	363	6,508
Receivables, net of allowance for uncollectibles:							
Billed							
Interest		23	14	2	2	3	2
Intergovernmental							
Long-term receivables							
Total assets	<u>\$ 247</u>	<u>3,227</u>	<u>13,031</u>	<u>179</u>	<u>66</u>	<u>366</u>	<u>6,510</u>
Liabilities and fund balances:							
Liabilities:							
Warrants payable							
Accrued liabilities			2				
Intergovernmental payable	59	20	5		1	1	6
Unearned revenue							
Total liabilities	<u>59</u>	<u>20</u>	<u>7</u>		<u>1</u>	<u>1</u>	<u>6</u>
Fund balances:							
Restricted	188	3,207	13,024	179	65	365	6,504
Total fund balances	<u>188</u>	<u>3,207</u>	<u>13,024</u>	<u>179</u>	<u>65</u>	<u>365</u>	<u>6,504</u>
Total liabilities and fund balances	<u>\$ 247</u>	<u>3,227</u>	<u>13,031</u>	<u>179</u>	<u>66</u>	<u>366</u>	<u>6,510</u>

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018
(amounts expressed in thousands)**

Page 2 of 3

	Public Facilities Financing			
	Accumulated Capital Outlay	Community Fee Districts	Tobacco Litigation Settlement	McClellan Park CFD No. 2004-1
Assets:				
Cash and investments	\$ 18,269	21,597	729	423
Receivables, net of allowance for uncollectibles:				
Billed	162			
Interest	155	154		7
Intergovernmental		60		
Long-term receivables		643		
Total assets	\$ 18,586	22,454	729	430
Liabilities and fund balances:				
Liabilities:				
Warrants payable	\$ 127	4		
Accrued liabilities	893	19		
Intergovernmental payable	212	2,796		
Unearned revenue		643		
Total liabilities	1,232	3,462		
Fund balances:				
Restricted	17,354	18,992	729	430
Total fund balances	17,354	18,992	729	430
Total liabilities and fund balances	\$ 18,586	22,454	729	430

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018
(amounts expressed in thousands)

Page 3 of 3

	<u>Public Facilities Financing</u>				
	Sacramento County Landscape Maintenance CFD No. 2004-2	Metro Air Park Services Tax	North Vineyard Station CFD	County Parks CFD No. 2006-1	Total
Assets:					
Cash and investments	\$ 665	6,453	29,248	41	101,005
Receivables, net of allowance for uncollectibles:					
Billed					162
Interest	5	48	37		452
Intergovernmental					60
Long-term receivables					643
Total assets	<u>\$ 670</u>	<u>6,501</u>	<u>29,285</u>	<u>41</u>	<u>102,322</u>
Liabilities and fund balances:					
Liabilities:					
Warrants payable	\$ 2				133
Accrued liabilities	21		1		936
Intergovernmental payable		130		11	3,241
Unearned revenue					643
Total liabilities	<u>23</u>	<u>130</u>	<u>1</u>	<u>11</u>	<u>4,953</u>
Fund balances:					
Restricted	<u>647</u>	<u>6,371</u>	<u>29,284</u>	<u>30</u>	<u>97,369</u>
Total fund balances	<u>647</u>	<u>6,371</u>	<u>29,284</u>	<u>30</u>	<u>97,369</u>
Total liabilities and fund balances	<u>\$ 670</u>	<u>6,501</u>	<u>29,285</u>	<u>41</u>	<u>102,322</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, 2018
(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 No. 2000-1	Laguna Stonelake CFD	Park Meadows CFD	Laguna CFD	Laguna Creek Ranch/Elliott Ranch CFD
Revenues:							
Use of money and property	\$ 1	5	166	3	2	4	81
Intergovernmental							
Charges for sales and services							
Fines, forfeitures and penalties							
Contributions from property owners							
Miscellaneous	2	2,860	2,160	127	64		455
Total revenues	3	2,865	2,326	130	66	4	536
Expenditures:							
Public ways and facilities						34	344
Capital outlay	2	172	1,080	134	67		
Total expenditures	2	172	1,080	134	67	34	344
Excess (deficiency) of revenues over (under) expenditures	1	2,693	1,246	(4)	(1)	(30)	192
Other financing sources (uses):							
Transfers in							
Transfers out							
Total other financing sources (uses)							
Net change in fund balances	1	2,693	1,246	(4)	(1)	(30)	192
Fund balances - beginning	187	514	11,778	183	66	395	6,312
Fund balances - ending	\$ 188	3,207	13,024	179	65	365	6,504

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, 2018
(amounts expressed in thousands)

Page 2 of 3

	Public Facilities Financing			
	Accumulated Capital Outlay	Community Fee Districts	Tobacco Litigation Settlement	McClellan Park CFD No. 2004-1
Revenues:				
Use of money and property	\$ 232	171	11	16
Intergovernmental	582	102		
Charges for sales and services		3,075		
Fines, forfeitures and penalties	2,740			
Contributions from property owners				12,626
Miscellaneous	22,116			179
Total revenues	<u>25,670</u>	<u>3,348</u>	<u>11</u>	<u>12,821</u>
Expenditures:				
Public ways and facilities				
Capital outlay	28,870	1,305	762	12,779
Total expenditures	<u>28,870</u>	<u>1,305</u>	<u>762</u>	<u>12,779</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,200)</u>	<u>2,043</u>	<u>(751)</u>	<u>42</u>
Other financing sources (uses):				
Transfers in	532			
Transfers out	(353)			
Total other financing sources (uses)	<u>179</u>			
Net change in fund balances	(3,021)	2,043	(751)	42
Fund balances - beginning	20,375	16,949	1,480	388
Fund balances - ending	<u>\$ 17,354</u>	<u>18,992</u>	<u>729</u>	<u>430</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, 2018
(amounts expressed in thousands)

Page 3 of 3

	Public Facilities Financing				
	Sacramento County Landscape Maintenance CFD No. 2004-2	Metro Air Park Services Tax	North Vineyard Station CFD	County Parks CFD No. 2006-1	Total
Revenues:					
Use of money and property	\$ 8		662		1,362
Intergovernmental					684
Charges for sales and services	76	100		21	3,272
Fines, forfeitures and penalties					2,740
Contributions from property owners					12,626
Miscellaneous			305		28,268
Total revenues	<u>84</u>	<u>100</u>	<u>967</u>	<u>21</u>	<u>48,952</u>
Expenditures:					
Public ways and facilities					378
Capital outlay	137	122	245		45,675
Total expenditures	<u>137</u>	<u>122</u>	<u>245</u>		<u>46,053</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53)</u>	<u>(22)</u>	<u>722</u>	<u>21</u>	<u>2,899</u>
Other financing sources (uses):					
Transfers in					532
Transfers out					(353)
Total other financing sources (uses)					<u>179</u>
Net change in fund balances	(53)	(22)	722	21	3,078
Fund balances - beginning	700	6,393	28,562	9	94,291
Fund balances - ending	<u>\$ 647</u>	<u>6,371</u>	<u>29,284</u>	<u>30</u>	<u>97,369</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, 2018
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		1	1
Miscellaneous	<u>288</u>	<u>287</u>	<u>2</u>	<u>(285)</u>
Total revenues	<u>288</u>	<u>287</u>	<u>3</u>	<u>(284)</u>
Expenditures:				
Capital outlay	<u>288</u>	<u>288</u>	<u>2</u>	<u>286</u>
Net change in fund balances	<u>\$</u>	<u>(1)</u>	<u>1</u>	<u>2</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, 2018
(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	\$ 22	18	5	(13)
Miscellaneous	<u>168</u>	<u>2,840</u>	<u>2,860</u>	<u>20</u>
Total revenues	<u>190</u>	<u>2,858</u>	<u>2,865</u>	<u>7</u>
 Expenditures:				
Capital outlay	<u>573</u>	<u>3,362</u>	<u>172</u>	<u>3,190</u>
 Net change in fund balances	<u>\$ (383)</u>	<u>(504)</u>	<u>2,693</u>	<u>3,197</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
METRO AIR PARK CFD CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 28	28	166	138
Miscellaneous	<u>3,415</u>	<u>2,400</u>	<u>2,160</u>	<u>(240)</u>
Total revenues	<u>3,443</u>	<u>2,428</u>	<u>2,326</u>	<u>(102)</u>
Expenditures:				
Capital outlay	<u>15,894</u>	<u>14,201</u>	<u>1,080</u>	<u>13,121</u>
Net change in fund balances	<u>\$ (12,451)</u>	<u>(11,773)</u>	<u>1,246</u>	<u>13,019</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA STONELAKE CFD CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	3	1
Miscellaneous	<u>130</u>	<u>130</u>	<u>127</u>	<u>(3)</u>
Total revenues	<u>132</u>	<u>132</u>	<u>130</u>	<u>(2)</u>
 Expenditures:				
Capital outlay	<u>322</u>	<u>314</u>	<u>134</u>	<u>180</u>
 Net change in fund balances	<u>\$ (190)</u>	<u>(182)</u>	<u>(4)</u>	<u>178</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
PARK MEADOWS CFD CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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>68</u>	<u>68</u>	<u>64</u>	<u>(4)</u>
Total revenues	<u>68</u>	<u>68</u>	<u>66</u>	<u>(2)</u>
 Expenditures:				
Capital outlay	<u>143</u>	<u>133</u>	<u>67</u>	<u>66</u>
 Net change in fund balances	<u>\$ (75)</u>	<u>(65)</u>	<u>(1)</u>	<u>64</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA CFD CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 1	4	4	
Total revenues	<u>1</u>	<u>4</u>	<u>4</u>	
Expenditures:				
Public ways and facilities	403	399	34	365
Net change in fund balances	<u>\$ (402)</u>	<u>(395)</u>	<u>(30)</u>	<u>365</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA CREEK RANCH/ELLIOTT RANCH CFD CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 30	30	81	51
Miscellaneous	<u>449</u>	<u>449</u>	<u>455</u>	<u>6</u>
Total revenues	<u>479</u>	<u>479</u>	<u>536</u>	<u>57</u>
 Expenditures:				
Public ways and facilities	<u>3,631</u>	<u>3,635</u>	<u>344</u>	<u>3,291</u>
 Net change in fund balances	<u>\$ (3,152)</u>	<u>(3,156)</u>	<u>192</u>	<u>3,348</u>

COUNTY OF SACRAMENTO
ACCUMULATED CAPITAL OUTLAY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 30	30	232	202
Intergovernmental		628	582	(46)
Charges for sales and services				
Fines, forfeitures and penalties	3,100	3,100	2,740	(360)
Miscellaneous	47,186	50,444	22,116	(28,328)
Total revenues	<u>50,316</u>	<u>54,202</u>	<u>25,670</u>	<u>(28,532)</u>
Expenditures:				
Capital outlay	<u>63,239</u>	<u>74,320</u>	<u>28,870</u>	<u>45,450</u>
Excess of revenues over expenditures	<u>(12,923)</u>	<u>(20,118)</u>	<u>(3,200)</u>	<u>16,918</u>
Other financing sources (uses):				
Transfers in	532	532	532	
Transfers out	<u>(353)</u>	<u>(353)</u>	<u>(353)</u>	
Total other financing sources (uses)	<u>179</u>	<u>179</u>	<u>179</u>	
Net change in fund balances	<u>\$ (12,744)</u>	<u>(19,939)</u>	<u>(3,021)</u>	<u>16,918</u>

**COUNTY OF SACRAMENTO
COMMUNITY FEE DISTRICTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 20	135	171	36
Intergovernmental	1,900	1,900	102	(1,798)
Charges for sales and services	<u>2,553</u>	<u>2,553</u>	<u>3,075</u>	<u>522</u>
Total revenues	<u>4,473</u>	<u>4,588</u>	<u>3,348</u>	<u>(1,240)</u>
 Expenditures:				
Capital outlay	<u>15,552</u>	<u>17,822</u>	<u>1,305</u>	<u>16,517</u>
 Net change in fund balances	<u>\$ (11,079)</u>	<u>(13,234)</u>	<u>2,043</u>	<u>15,277</u>

**COUNTY OF SACRAMENTO
 TOBACCO LITIGATION SETTLEMENT CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (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	\$ <u> </u>	<u> </u>	<u> 11</u>	<u> 11</u>
Expenditures:				
Capital outlay	<u> 707</u>	<u> 1,478</u>	<u> 762</u>	<u> 716</u>
Net change in fund balances	<u> (707)</u>	<u> (1,478)</u>	<u> (751)</u>	<u> 727</u>

COUNTY OF SACRAMENTO
MCCLELLAN CFD NUMBER 2004-1 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 2	4	16	12
Miscellaneous	475	475	179	(296)
Contributions from property owners			12,626	12,626
Total revenues	477	479	12,821	12,342
Expenditures:				
Capital outlay	12,857	13,217	12,779	438
Net change in fund balances	\$ (12,380)	(12,738)	42	12,780

COUNTY OF SACRAMENTO
SACRAMENTO COUNTY LANDSCAPE MAINTENANCE CFD NUMBER 2004-2 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 4	4	8	4
Charges for sales and services	<u>76</u>	<u>76</u>	<u>76</u>	<u>4</u>
Total revenues	<u>80</u>	<u>80</u>	<u>84</u>	<u>4</u>
Expenditures:				
Capital outlay	<u>147</u>	<u>160</u>	<u>137</u>	<u>23</u>
Net change in fund balances	<u><u>\$ (67)</u></u>	<u><u>(80)</u></u>	<u><u>(53)</u></u>	<u><u>27</u></u>

**COUNTY OF SACRAMENTO
METRO AIR PARK SERVICES TAX CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 2	5		(5)
Charges for sales and services	<u>110</u>	<u>110</u>	<u>100</u>	<u>(10)</u>
Total revenues	<u>112</u>	<u>115</u>	<u>100</u>	<u>(15)</u>
Expenditures:				
Capital outlay	<u>715</u>	<u>743</u>	<u>122</u>	<u>621</u>
Net change in fund balances	<u>\$ (603)</u>	<u>(628)</u>	<u>(22)</u>	<u>606</u>

**COUNTY OF SACRAMENTO
NORTH VINEYARD STATION CFD CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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	\$ 46	71	662	591
Miscellaneous	<u>360</u>	<u>540</u>	<u>305</u>	<u>(235)</u>
Total revenues	<u>406</u>	<u>611</u>	<u>967</u>	<u>356</u>
 Expenditures:				
Capital outlay	<u>26,076</u>	<u>26,128</u>	<u>245</u>	<u>25,883</u>
 Net change in fund balances	<u><u>\$ (25,670)</u></u>	<u><u>(25,517)</u></u>	<u><u>722</u></u>	<u><u>26,239</u></u>

COUNTY OF SACRAMENTO
COUNTY PARKS CFD NUMBER 2006-1 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(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				
Charges for services	\$ 11	11	21	10
Total Revenues	<u>11</u>	<u>11</u>	<u>21</u>	<u>10</u>
Expenditures:				
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net changes in fund balances:	<u>\$ 11</u>	<u>11</u>	<u>21</u>	<u>10</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



NON-MAJOR 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, 2018
(amounts expressed in thousands)**

Page 1 of 2

	Parking Enterprise	County Transit	Total
Assets:			
Current assets:			
Cash and investments	\$ 5,531	1,611	7,142
Receivables, net of allowance for uncollectibles:			
Billed		211	211
Intergovernmental		1,156	1,156
Interest	40	10	50
Total current assets	<u>5,571</u>	<u>2,988</u>	<u>8,559</u>
Noncurrent assets:			
Capital assets:			
Land and other nondepreciable assets	1,299		1,299
Buildings & improvements, infrastructure, equipment and intangibles, net	<u>526</u>	<u>676</u>	<u>1,202</u>
Total capital assets	<u>1,825</u>	<u>676</u>	<u>2,501</u>
Total noncurrent assets	<u>1,825</u>	<u>676</u>	<u>2,501</u>
Total assets	<u>7,396</u>	<u>3,664</u>	<u>11,060</u>
Deferred outflows of resources:			
Deferred outflows related to pension	189		189
Deferred outflows related to OPEB	<u>3</u>		<u>3</u>
Total assets and deferred outflows of resources	<u>7,588</u>	<u>3,664</u>	<u>11,252</u>
Liabilities:			
Current liabilities:			
Warrants payable	1	463	464
Accrued liabilities	10		10
Intergovernmental payable	13	16	29
Unearned revenue	<u>13</u>	<u>706</u>	<u>719</u>
Total current liabilities	<u>37</u>	<u>1,185</u>	<u>1,222</u>
Noncurrent liabilities:			
Long-term debt obligations	38		38
Net pension liability	384		384
Total OPEB liability	<u>89</u>		<u>89</u>
Total noncurrent liabilities	<u>511</u>		<u>511</u>
Total liabilities	<u>548</u>	<u>1,185</u>	<u>1,733</u>

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018
(amounts expressed in thousands)**

Page 2 of 2

	Parking Enterprise	County Transit	Total
Deferred inflows of resources:			
Deferred inflows related to pension	68		68
Deferred inflows related to OPEB	5		5
Total liabilities and deferred inflows	<u>621</u>	<u>1,185</u>	<u>1,806</u>
Net position:			
Net investment in capital assets	1,825	676	2,501
Restricted for:			
Transportation		1,217	1,217
Unrestricted	5,142	586	5,728
Total net position	<u>\$ 6,967</u>	<u>2,479</u>	<u>9,446</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, 2018
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Operating revenues:			
Charges for sales and services	\$ 2,776	242	3,018
Other	54		54
Total operating revenues	<u>2,830</u>	<u>242</u>	<u>3,072</u>
Operating expenses:			
Salaries and benefits	450		450
Services and supplies	2,956	230	3,186
Depreciation and amortization	283	342	625
Other	144	1,640	1,784
Total operating expenses	<u>3,833</u>	<u>2,212</u>	<u>6,045</u>
Operating income (loss)	<u>(1,003)</u>	<u>(1,970)</u>	<u>(2,973)</u>
Nonoperating revenues (expenses):			
Use of money and property	63		63
Intergovernmental		1,146	1,146
Sales / use tax		802	802
Other		18	18
Total nonoperating revenues	<u>63</u>	<u>1,966</u>	<u>2,029</u>
Income before transfers and contributions	(940)	(4)	(944)
Transfers out	(33)		(33)
Capital contributions		197	197
Change in net position	(973)	193	(780)
Net position, beginning of year (restated)	7,940	2,286	10,226
Net position, end of year	<u>\$ 6,967</u>	<u>2,479</u>	<u>9,446</u>

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE
COMBINING STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

Page 1 of 2

	Parking Enterprise	County Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 2,830	66	2,896
Payments to suppliers	(2,957)	(1,667)	(4,624)
Payments to employees	(427)		(427)
Payments for interfund services used	13		13
Payments for other operating activities	(144)		(144)
Net cash provided by (used for) operating activities	<u>(685)</u>	<u>(1,601)</u>	<u>(2,286)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue		2,410	2,410
Transfers to other funds	(33)		(33)
Net cash provided by (used for) noncapital financing activities	<u>(33)</u>	<u>2,410</u>	<u>2,377</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets		(243)	(243)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received / (paid) on cash and investments	52	14	66
Net cash provided by investing activities	<u>52</u>	<u>14</u>	<u>66</u>
Net increase in cash and cash equivalents	(666)	580	(86)
Cash and cash equivalents, beginning of year	6,197	1,031	7,228
Cash and cash equivalents, end of year	<u>\$ 5,531</u>	<u>1,611</u>	<u>7,142</u>

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE
COMBINING STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

Page 2 of 2

	Parking Enterprise	County Transit	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,003)	(1,970)	(2,973)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and Amortization	283	342	625
Pension expense	13		13
OPEB expense	6		6
Changes in assets and liabilities:			
Receivables:			
Billed		(176)	(176)
Warrants payable		224	224
Accrued liabilities	(1)		(1)
Due to other funds	13	(21)	(8)
Compensated absences	4		4
Total adjustments	318	369	687
Net cash provided by (used for) operating activities	\$ (685)	(1,601)	(2,286)

COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

General Services - Created to provide many of the essential centralized support services that County departments require ensuring that their daily operations can be accomplished and their missions achieved. These activities include Administrative and Business Services, Construction Management and Inspection Division, Contract and Purchasing Services, Facility and Property Services, Real Estate, and Fleet Services.

Liability/Property Insurance - Accounts for the County's program of self-insurance for liability claims and property insurance claims.

Workers' Compensation Insurance - Accounts for the County's self-insurance for all workers' compensation claims.

Unemployment Insurance - Accounts for the County's self-insurance for all unemployment claims.

Regional Radio Communications System - Accounts for the operations of the County's emergency response communications and other public safety activities.

Department of Technology - Accounts for central information technology and telecommunication support to County departments.

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018**

Page 1 of 2

	Self Insurance				Regional Radio Communications System	Department of Technology	Total
	General Services	Liability / Property	Workers' Compensation	Unemployment			
Assets:							
Current assets:							
Cash and investments	\$ 97,403	14,654	79,488	2,087	3,089	15,369	212,090
Receivables, net of allowance for uncollectibles:							
Billed	24						24
Interest	3				26		29
Intergovernmental	255						255
Prepaid items						73	73
Inventories	1,624						1,624
Total current assets	<u>99,309</u>	<u>14,654</u>	<u>79,488</u>	<u>2,087</u>	<u>3,115</u>	<u>15,442</u>	<u>214,095</u>
Noncurrent assets:							
Long-term advances to other funds	87		25,189				25,276
Long-term receivables			87				87
Capital assets:							
Buildings & improvements, infrastructure, equipment and intangibles, net	26,579	9	16		16,345	11,727	54,676
Total capital assets	<u>26,579</u>	<u>9</u>	<u>16</u>		<u>16,345</u>	<u>11,727</u>	<u>54,676</u>
Total noncurrent assets	<u>26,666</u>	<u>9</u>	<u>25,292</u>		<u>16,345</u>	<u>11,727</u>	<u>80,039</u>
Total assets	<u>125,975</u>	<u>14,663</u>	<u>104,780</u>	<u>2,087</u>	<u>19,460</u>	<u>27,169</u>	<u>294,134</u>
Deferred outflows of resources:							
Deferred outflows related to pension	25,524				572	22,197	48,293
Deferred outflows related to OPEB	242				4	176	422
Total assets and deferred outflows of resources	<u>151,741</u>	<u>14,663</u>	<u>104,780</u>	<u>2,087</u>	<u>20,036</u>	<u>49,542</u>	<u>342,849</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018**

Page 2 of 2

	Self Insurance				Regional Radio Communications System	Department of Technology	Total
	General Services	Liability / Property	Workers' Compensation	Unemployment			
Liabilities and fund balances:							
Current liabilities:							
Warrants payable	3,572	471	413		8	707	5,171
Accrued liabilities	5,562	146	27		680	2,759	9,174
Intergovernmental payable	2						2
Current portion of insurance claims payable		12,683	24,818	175			37,676
Current portion of long-term debt obligations	369				3	364	736
Unearned revenue			87		3,422	1,534	5,043
Total current liabilities	<u>9,505</u>	<u>13,300</u>	<u>25,345</u>	<u>175</u>	<u>4,113</u>	<u>5,364</u>	<u>57,802</u>
Noncurrent liabilities:							
Insurance claims payable		37,454	159,564				197,018
Long-term debt obligations	3,586				52	6,701	10,339
Net pension liability	57,842				1,226	48,056	107,124
Total OPEB Liability	<u>6,441</u>				<u>114</u>	<u>4,676</u>	<u>11,231</u>
Total noncurrent liabilities	<u>67,869</u>	<u>37,454</u>	<u>159,564</u>		<u>1,392</u>	<u>59,433</u>	<u>325,712</u>
Total liabilities	<u>77,374</u>	<u>50,754</u>	<u>184,909</u>	<u>175</u>	<u>5,505</u>	<u>64,797</u>	<u>383,514</u>
Deferred inflows of resources:							
Deferred inflows related to pension	3,120				101	3,591	6,812
Deferred inflows related to OPEB	378				7	274	659
Total liabilities and deferred inflows of resources	<u>80,872</u>	<u>50,754</u>	<u>184,909</u>	<u>175</u>	<u>5,613</u>	<u>68,662</u>	<u>390,985</u>
Net position:							
Net investment in capital assets	26,579				16,345	11,727	54,651
Unrestricted	44,290	(36,091)	(80,129)	1,912	(1,922)	(30,847)	(102,787)
Total net position (deficit)	<u>\$ 70,869</u>	<u>(36,091)</u>	<u>(80,129)</u>	<u>1,912</u>	<u>14,423</u>	<u>(19,120)</u>	<u>(48,136)</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

	Self Insurance				Regional Radio Communications System	Department of Technology	Total
	General Services	Liability / Property	Workers' Compensation	Unemployment			
Operating revenues:							
Charges for sales and services	\$ 152,749	20,347	29,573	1,557	3,783	90,101	298,110
Other	2,632	534	63		1,180	117	4,526
Total operating revenues	<u>155,381</u>	<u>20,881</u>	<u>29,636</u>	<u>1,557</u>	<u>4,963</u>	<u>90,218</u>	<u>302,636</u>
Operating expenses:							
Salaries and benefits	48,622				904	50,728	100,254
Services and supplies	80,672			247	1,013	26,734	108,666
Cost of sales and services	3,193						3,193
Depreciation and amortization	8,786	3	1		2,274	3,110	14,174
Self-insurance		29,477	27,752	913			58,142
Other	391	17		3			411
Total operating expenses	<u>141,664</u>	<u>29,497</u>	<u>27,753</u>	<u>1,163</u>	<u>4,191</u>	<u>80,572</u>	<u>284,840</u>
Operating income (loss)	<u>13,717</u>	<u>(8,616)</u>	<u>1,883</u>	<u>394</u>	<u>772</u>	<u>9,646</u>	<u>17,796</u>
Nonoperating revenues (expenses):							
Use of money and property		(44)	(267)		52		(259)
Interest expense	(449)				(83)	1	(531)
Other	614		(39)	(6)	(297)	(378)	(106)
Total nonoperating revenues (expenses)	<u>165</u>	<u>(44)</u>	<u>(306)</u>	<u>(6)</u>	<u>(328)</u>	<u>(377)</u>	<u>(896)</u>
Income before transfers	13,882	(8,660)	1,577	388	444	9,269	16,900
Transfers out	<u>(12,958)</u>				<u>(79)</u>	<u>(7,373)</u>	<u>(20,410)</u>
Change in net position	924	(8,660)	1,577	388	365	1,896	(3,510)
Net position, beginning of year (restated)	<u>69,945</u>	<u>(27,431)</u>	<u>(81,706)</u>	<u>1,524</u>	<u>14,058</u>	<u>(21,016)</u>	<u>(44,626)</u>
Net position (deficit), end of year	<u>\$ 70,869</u>	<u>(36,091)</u>	<u>(80,129)</u>	<u>1,912</u>	<u>14,423</u>	<u>(19,120)</u>	<u>(48,136)</u>

**COUNTY OF SACRAMENTO
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

Page 1 of 2

	Self Insurance				Regional Radio Communications System	Department of Technology	Total
	General Services	Liability / Property	Workers' Compensation	Unemployment			
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers and users	\$ 2,616	534			4,490	90,606	98,246
Receipts from interfund services provided	177,336	20,502	34,906	1,626			234,370
Payments to suppliers	(86,524)	(20,458)	(15,956)	(963)	(125)	(21,805)	(145,831)
Payments to employees	(44,014)	(1,209)		(246)	(841)	(46,973)	(93,283)
Payments (refunds) for other operating activities	(391)					(5,238)	(5,629)
Payments for interfund services used	(24,221)	(27)	(8,738)	(3)	(613)		(33,602)
Net cash flows provided by (used for) operating activities	<u>24,802</u>	<u>(658)</u>	<u>10,212</u>	<u>414</u>	<u>2,911</u>	<u>16,590</u>	<u>54,271</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Receipt on advance from other funds	58						58
Payment on advance from other funds	(6,410)						(6,410)
Transfers to other funds	(12,958)				(79)	(7,373)	(20,410)
Interest paid on advances from other funds	(449)						(449)
Net cash provided by (used for) noncapital financing activities	<u>(19,759)</u>				<u>(79)</u>	<u>(7,373)</u>	<u>(27,211)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition and construction of capital assets	(9,850)		(16)		(1,798)	(8,282)	(19,946)
Interest paid on capital debt			(305)		(83)		(388)
Proceeds from the sale of capital assets	1,042						1,042
Net cash used for capital and related financing activities	<u>(8,808)</u>		<u>(321)</u>		<u>(1,881)</u>	<u>(8,282)</u>	<u>(19,292)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received (paid) on cash and investments		(44)					(44)
Net increase (decrease) in cash and cash equivalents	(3,765)	(702)	9,891	414	951	935	7,724
Cash and cash equivalents, beginning of year	101,168	15,356	69,597	1,673	2,138	14,434	204,366
Cash and cash equivalents, end of year	<u>\$ 97,403</u>	<u>14,654</u>	<u>79,488</u>	<u>2,087</u>	<u>3,089</u>	<u>15,369</u>	<u>212,090</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

Page 2 of 2

	Self Insurance				Regional Radio Communications System	Department of Technology	Total
	General Services	Liability / Property	Workers' Compensation	Unemployment			
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating income (loss)	\$ 13,717	(8,616)	1,883	394	772	9,646	17,796
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:							
Depreciation and amortization	8,786	3	1		2,274	3,110	14,174
Pension expense	6,045				58	3,508	9,611
OPEB expense	298				8	315	621
Other nonoperating expense				(6)	(260)	(377)	(643)
Changes in assets and liabilities:							
Receivables:							
Billed	(16)		5,269				5,253
Due from other funds	(3)	155		70			222
Prepaid expenses						75	75
Inventories	1,240						1,240
Warrants payable	(981)	(286)	4		(13)	(299)	(1,575)
Accrued liabilities	(2,912)	10	(95)	(30)	547	(175)	(2,655)
Intergovernmental payable	365						365
Due to other funds						4	4
Deferred revenues			(1)		(472)	388	(85)
Compensated absences	(1,737)				(3)	395	(1,345)
Insurance claims payable		8,076	3,151	(14)			11,213
Total adjustments	11,085	7,958	8,329	20	2,139	6,944	36,475
Net cash provided by (used for) operating activities	\$ 24,802	(658)	10,212	414	2,911	16,590	54,271

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, 2018
 (amounts expressed in thousands)**

	Law Enforcement	Unapportioned Tax Collection	Other	Total
Assets:				
Cash and investments	\$ 67,866	15,767	131,997	215,630
Receivables, net of allowance for uncollectibles:				
Billed	408		2,350	2,758
Interest	875	2,085		2,960
Prepaid items			104	104
Total assets	<u>\$ 69,149</u>	<u>17,852</u>	<u>134,451</u>	<u>221,452</u>
Liabilities:				
Warrants payable	\$ 303	8,369	7,711	16,383
Accrued liabilities	1,845	13	23,282	25,140
Intergovernmental payable	67,001	9,470	103,458	179,929
Total liabilities	<u>\$ 69,149</u>	<u>17,852</u>	<u>134,451</u>	<u>221,452</u>

**COUNTY OF SACRAMENTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Law Enforcement				
Assets:				
Cash and investments	\$ 55,732	12,134		67,866
Receivables, net of allowance for uncollectibles:				
Billed	381	27		408
Interest	467	408		875
Total assets	<u>\$ 56,580</u>	<u>12,569</u>		<u>69,149</u>
Liabilities:				
Warrants payable	\$ 735		432	303
Accrued liabilities	1,901		56	1,845
Intergovernmental payable	53,944	13,057		67,001
Total liabilities	<u>\$ 56,580</u>	<u>13,057</u>	<u>488</u>	<u>69,149</u>
	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Unapportioned Tax Collection				
Assets:				
Cash and investments	\$ 14,372	1,395		15,767
Receivables, net of allowance for uncollectibles:				
Interest	1,434	651		2,085
Total assets	<u>\$ 15,806</u>	<u>2,046</u>		<u>17,852</u>
Liabilities:				
Warrants payable	\$ 6,459	1,910		8,369
Accrued liabilities	39		26	13
Intergovernmental payable	9,308	162		9,470
Total liabilities	<u>\$ 15,806</u>	<u>2,072</u>	<u>26</u>	<u>17,852</u>

**COUNTY OF SACRAMENTO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Other Agency				
Assets:				
Cash and investments	\$ 150,132		18,135	131,997
Receivables, net of allowance for uncollectibles:				
Billed	2,240	45		2,285
Interest	65		65	
Intergovernmental		65		65
Prepaid expenses	85	19		104
Total assets	<u>\$ 152,522</u>	<u>129</u>	<u>18,200</u>	<u>134,451</u>
Liabilities:				
Warrants payable	\$ 20,376		12,665	7,711
Accrued liabilities	21,323	1,959		23,282
Intergovernmental payable	110,823		7,365	103,458
Total liabilities	<u>\$ 152,522</u>	<u>1,959</u>	<u>20,030</u>	<u>134,451</u>

**COUNTY OF SACRAMENTO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Totals				
Assets:				
Cash and investments	\$ 220,236	13,529	18,135	215,630
Receivables, net of allowance for uncollectibles:				
Billed	2,621	72		2,693
Interest	1,966	1,059	65	2,960
Intergovernmental		65		65
Prepaid expenses	85	19		104
Total assets	<u>\$ 224,908</u>	<u>14,744</u>	<u>18,200</u>	<u>221,452</u>
Liabilities:				
Warrants payable	\$ 27,570	1,910	13,097	16,383
Accrued liabilities	23,263	1,959	82	25,140
Intergovernmental payable	174,075	13,219	7,365	179,929
Total liabilities	<u>\$ 224,908</u>	<u>17,088</u>	<u>20,544</u>	<u>221,452</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.

**COUNTY OF SACRAMENTO
TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018
(amounts expressed in thousands)**

	Investment Trust		
	Treasurer's Pool	Non-Pooled Investments	Total
Assets:			
Cash and investments	\$ 2,667,180	497,133	3,164,313
Total assets	<u>2,667,180</u>	<u>497,133</u>	<u>3,164,313</u>
Liabilities:			
Net position (deficit) held in trust	<u>\$ 2,667,180</u>	<u>497,133</u>	<u>3,164,313</u>

**COUNTY OF SACRAMENTO
TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)**

	Investment Trust		
	Treasurer's Pool	Non-Pooled Investments	Total
Additions:			
Contributions on pooled investments	\$ 7,520,396	\$ 3,484,733	\$ 11,005,129
Use of money and property	54,202	3,798	58,000
Total additions	<u>7,574,598</u>	<u>3,488,531</u>	<u>11,063,129</u>
Deductions:			
Distributions from pooled investments	<u>7,532,887</u>	<u>3,543,366</u>	<u>11,076,253</u>
Total deductions	<u>7,532,887</u>	<u>3,543,366</u>	<u>11,076,253</u>
Changes in net position	<u>41,711</u>	<u>(54,835)</u>	<u>(13,124)</u>
Net position held in trust, beginning of year	<u>2,625,469</u>	<u>551,968</u>	<u>3,177,437</u>
Net position (deficit) held in trust, end of year	<u>\$ 2,667,180</u>	<u>497,133</u>	<u>3,164,313</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(s).

**COUNTY OF SACRAMENTO
NET POSITION BY COMPONENT
FISCAL YEARS 2008-09 THROUGH 2017-18
(amounts expressed in thousands)**

	Fiscal Year									
	2008-09	2009-10*	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Governmental activities										
Net investment in capital assets	\$ 1,428,639	1,374,306	1,378,390	1,407,750	1,373,547	1,389,288	1,362,707	1,370,462	1,383,387	1,416,649
Restricted	478,468	437,559	390,498	429,831	305,772	284,613	179,628	496,622	639,813	677,982
Unrestricted	(387,629)	(316,689)	(363,502)	(301,596)	(222,334)	(206,727)	(1,945,922)	(2,164,382)	(2,351,925)	(2,531,677)
Total governmental activities net position	<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>	<u>(328,725)</u>	<u>(437,046)</u>
Business-type activities										
Net investment in capital assets	\$ 577,905	719,665	790,799	873,060	924,632	902,340	893,262	916,597	943,226	957,979
Restricted	218,839	216,266	182,288	140,552	119,827	113,277	117,472	116,658	116,219	106,816
Unrestricted	239,805	156,994	183,320	215,094	241,164	252,278	223,719	240,042	246,510	272,450
Total business-type activities net position	<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>	<u>1,305,955</u>	<u>1,337,245</u>
Primary government										
Net investment in capital assets	\$ 2,006,544	2,093,971	2,169,189	2,280,810	2,298,179	2,291,628	2,255,969	2,287,059	2,326,613	2,374,628
Restricted	697,307	653,825	572,786	570,383	425,599	397,890	297,100	613,280	756,032	784,798
Unrestricted	(147,824)	(159,695)	(180,182)	(86,502)	18,830	45,551	(1,722,203)	(1,924,340)	(2,105,415)	(2,259,227)
Total primary government net position	<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>	<u>977,230</u>	<u>900,199</u>

* Restated 2009-10

Note: 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
CHANGES IN NET POSITION
FISCAL YEARS 2008-09 THROUGH 2017-18
(amounts expressed in thousands)**

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	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Expenses										
Governmental activities:										
General government	\$ 185,963	177,963	191,427	171,667	183,480	165,556	169,604	179,608	161,937	174,713
Public assistance	704,416	668,368	674,543	611,073	608,245	629,196	639,831	655,225	677,572	690,787
Public protection	744,072	650,198	673,751	630,142	711,957	760,358	725,108	781,244	862,968	953,258
Health and sanitation	724,666	595,816	528,449	555,490	566,548	574,814	502,535	554,731	712,033	677,587
Public ways and facilities	123,999	115,073	122,752	111,965	104,898	152,956	152,186	172,931	161,596	165,056
Recreation and culture	41,194	37,139	35,990	88,913	37,871	37,150	34,771	38,951	37,050	45,305
Education	24,161	21,053	3,578	1,858	2,548	1,353	1,820	1,729	1,658	1,535
Interest and fiscal charges	138,824	141,529	140,419	124,537	116,565	122,597	125,603	109,019	106,431	102,065
Total governmental activities	<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>	<u>2,721,245</u>	<u>2,810,306</u>
Business-type activities:										
Airport	131,888	130,724	128,941	167,303	204,930	199,264	188,132	187,985	193,233	199,349
Solid Waste	66,991	62,567	59,433	63,131	62,178	59,117	59,774	60,357	67,078	75,770
Water Agency	29,277	24,575	28,174	47,799	55,632	55,586	55,923	55,824	60,695	61,270
Parking Enterprise	12,459	3,247	1,914	2,037	1,819	1,725	2,463	1,893	3,238	3,781
County Transit	1,955	1,677	1,597	2,040	1,408	1,696	2,204	2,124	2,406	2,212
Total business-type activities	<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>	<u>326,650</u>	<u>342,382</u>
Total primary government	<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>	<u>3,047,895</u>	<u>3,152,688</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 89,134	100,877	112,818	116,246	130,972	118,633	169,287	152,760	122,521	96,765
Public assistance	9,156	8,464	8,858	11,744	9,862	6,541		11		
Public protection	122,229	110,244	122,315	118,963	114,114	124,049	106,089	136,582	131,287	163,474
Health and sanitation	51,561	38,692	28,783	40,380	44,123	36,151	35,503	34,244	34,184	38,572
Public ways and facilities	53,711	31,912	31,660	27,227	15,441	79,336	57,397	56,088	55,997	68,807
Recreation and culture	17,312	12,735	14,435	13,181	13,249	12,915	12,808	21,799	18,169	12,114
Education	298	177	448	875	536	146				
Operating grants and contributions	1,177,843	1,128,887	1,168,916	1,153,418	1,162,723	1,225,662	1,223,283	1,214,579	1,366,484	1,402,804
Capital grants and contributions	34,808	38,434	24,658	22,257	38,570	40,793	18,210	42,248	21,461	42,584
Total governmental activities	<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>	<u>1,750,103</u>	<u>1,825,120</u>

**COUNTY OF SACRAMENTO
CHANGES IN NET POSITION
FISCAL YEARS 2008-09 THROUGH 2017-18
(amounts expressed in thousands)**

Page 2 of 3

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Business-type activities:										
Charges for services:										
Airport	\$ 123,192	132,727	121,516	146,328	162,222	160,647	177,244	187,829	196,086	204,638
Solid Waste	67,018	65,907	67,970	71,101	72,148	70,469	69,636	70,492	76,093	77,943
Water Agency	43,954	46,847	54,999	57,989	64,844	65,460	63,649	67,233	64,495	80,432
Parking Enterprise	4,989	3,185	3,195	3,143	2,995	2,995	3,001	2,909	3,014	2,830
County Transit	183	158	164	178	252	220	227	243	252	260
Operating grants and contributions	25,031	22,943	21,764	25,855	23,694	20,001	878	2,415	2,350	3,159
Capital grants and contributions	12,290	10,211	16,133	15,872	56,887	11,891	19,119	15,383	16,833	8,636
Total business-type activities	<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>	<u>359,123</u>	<u>377,898</u>
Total primary government	<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>	<u>2,109,226</u>	<u>2,203,018</u>
Net (expense)/revenue										
Governmental activities	\$ (1,131,243)	(936,717)	(858,018)	(791,354)	(802,522)	(799,754)	(728,881)	(835,127)	(971,142)	(985,186)
Business-type activities	34,087	59,188	65,682	38,156	57,075	14,295	25,258	38,321	32,473	35,516
Total primary government net expense	<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>	<u>(938,669)</u>	<u>(949,670)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property	\$ 475,629	437,634	383,651	379,289	370,925	398,364	425,477	447,437	463,975	490,856
Sales/Use	69,225	58,357	59,614	63,774	70,857	73,686	74,171	82,762	82,453	86,146
Transient occupancy	5,311	4,467	3,483	3,383	3,878	3,860	4,534	4,335	5,845	6,583
Unrestricted investment earnings	49,804	15,016	1,250	(648)	13,199	13,348	13,857	18,291	17,024	10,678
Grants and contrib. not restricted to specific programs	215,915	197,855	230,748	237,046	239,894	234,422	287,041	285,041	257,252	251,839
Pledged tobacco settlement proceeds	14,862	12,393	12,365	12,609	19,004	12,493	12,368	12,229	12,577	15,016
Miscellaneous	105,545	105,003	120,593	90,168	80,293	78,304	51,966	86,600	95,586	113,475
Transfers	7,514	8,502	4,972	(6)	4,848	4,981	5,178	4,721	5,003	6,506
Extraordinary item - AB 99 obligation			(48,448)	48,448						
Total general revenues and transfers	<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>	<u>939,715</u>	<u>981,099</u>

**COUNTY OF SACRAMENTO
CHANGES IN NET POSITION
FISCAL YEARS 2008-09 THROUGH 2017-18
(amounts expressed in thousands)**

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	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Business-type activities:										
Sales/Use tax	\$ 483	573	554	356	927	581	687	1,412	561	802
Unrestricted investment earnings	6,778	2,617	1,018	2,701					4,627	6,082
Grants and contrib. not restricted to specific programs					3,878	1,973	1,473	3,832		
Transfers	(7,514)	(6,002)	(4,972)	6	(4,848)	(4,981)	(5,178)	(4,721)	(5,003)	(6,506)
Special item - Abatement of regulatory fees			1,200	350	(417)					
Extraordinary - Litigation Settlements				30,730						
Total general revenues and transfers	<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>	<u>185</u>	<u>378</u>
Total primary government	<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>	<u>939,900</u>	<u>981,477</u>
Change in Net Position										
Governmental activities	\$ (187,438)	(97,490)	(89,790)	42,709	376	19,704	145,711	106,289	(31,427)	(4,087)
Business-type activities	33,834	56,376	63,482	72,299	56,615	11,868	22,240	38,844	32,658	35,894
Total primary government	<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>	<u>1,231</u>	<u>31,807</u>

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**COUNTY OF SACRAMENTO
FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 2008-09 THROUGH 2017-18
(amounts expressed in thousands)**

	Fiscal Year									
	2008-09	2009-10*	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General fund										
Reserved	\$ 60,921	135,835								
Unreserved	(41,533)	(49,289)								
Nonspendable			15,435	14,967	14,618	32,640	30,837	27,857	51,167	36,478
Restricted			151,287	193,620	201,876	205,789	232,455	212,353	244,324	255,118
Assigned					1,212			9,780		
Unassigned			(30,835)	(3,382)	(1)	(38,992)	(13,462)	24,931	37,267	76,162
Total general fund	<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>	<u>332,758</u>	<u>367,758</u>
All other governmental funds										
Reserved	\$ 352,822	277,547								
Unreserved, reported in:										
Special revenue funds	219,591	259,518								
Capital project funds	(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	213,732	237,582
Debt Service funds										
Nonspendable										
Restricted			126,878	121,162	111,917	105,644	101,784	89,851	87,466	87,913
Capital projects funds										
Nonspendable			4,292	4,292	4,292					
Restricted			71,069	49,484	41,414	44,096	44,207	74,799	94,291	97,369
Unassigned			(1,974)	(2,013)	(2,066)					
Total all other governmental funds	<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>	<u>395,489</u>	<u>422,864</u>

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

Note: In FY 2010-11, the County implemented GASB 54; accordingly, fund balance in now categorized as above, and the change was implemented prospectively.

COUNTY OF SACRAMENTO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 2008-09 THROUGH 2017-18
(amounts expressed in thousands)

Page 1 of 2

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Revenues										
Taxes	\$ 550,165	503,091	452,478	446,446	445,659	475,910	504,182	534,534	552,273	583,585
Use of money and property	49,108	14,753	12,057	13,033	13,135	13,347	13,843	18,212	16,970	10,937
Licenses and permits	41,762	37,285	40,187	39,183	46,254	50,032	56,766	61,423	66,241	71,853
Intergovernmental	1,419,783	1,366,831	1,432,358	1,408,860	1,444,711	1,524,291	1,546,630	1,601,586	1,654,188	1,685,673
Charges for services	197,378	182,714	184,038	177,714	174,666	249,034	244,887	269,695	257,641	269,158
Fines, forfeitures, and penalties	33,427	34,716	49,756	43,551	39,054	43,723	43,041	37,600	38,276	38,721
Pledged tobacco settlement proceeds	14,862	12,393	12,365	12,609	19,004	12,493	12,368	12,229	12,577	15,016
Contributions and donations								24,167	7,025	12,626
Miscellaneous	105,545	105,003	120,593	90,168	80,294	77,392	86,346	81,427	95,586	113,475
Total revenues	2,412,030	2,256,786	2,303,832	2,231,564	2,262,777	2,446,222	2,508,063	2,640,873	2,700,777	2,801,044
Expenditures										
General government	171,945	143,739	151,978	133,720	141,867	142,581	151,271	165,999	151,713	154,698
Public assistance	689,891	653,640	666,033	597,066	597,598	621,588	656,873	663,373	671,766	673,167
Public protection	683,099	597,467	633,933	633,761	660,322	718,386	753,721	797,866	817,939	860,247
Health and sanitation	681,774	559,019	513,468	535,088	553,781	564,824	522,894	559,977	610,859	655,842
Public ways and facilities	102,254	115,672	102,705	85,118	108,663	151,269	137,724	135,948	137,106	143,330
Recreation and culture	42,185	34,693	33,896	33,881	34,553	34,650	35,368	34,869	35,641	40,990
Education	23,013	20,229	2,988	1,179	1,040	1,025	1,604	1,286	1,422	1,487
Capital outlay	109,098	77,061	47,840	53,059	32,316	40,629	35,754	59,080	36,974	51,992
Debt service:										
Principal	129,232	81,356	85,295	70,736	79,956	72,695	69,242	67,346	55,263	60,668
Bond issuance cost	335	1,217		4,579		867				
Interest and fiscal charges	89,150	109,087	125,166	114,172	123,615	125,196	137,656	135,661	138,928	141,405
Total expenditures	2,721,976	2,393,180	2,363,302	2,262,359	2,333,711	2,473,710	2,502,107	2,621,405	2,657,611	2,783,826
Excess (Deficiency) of revenue under expenditures	\$ (309,946)	(136,394)	(59,470)	(30,795)	(70,934)	(27,488)	5,956	19,468	43,166	17,218

COUNTY OF SACRAMENTO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 2008-09 THROUGH 2017-18
(amounts expressed in thousands)

Page 2 of 2

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Other financing sources (uses)										
Transfers in	\$ 174,740	180,332	173,174	206,201	193,346	187,577	184,765	174,485	169,793	186,135
Transfers out	(156,475)	(155,924)	(158,246)	(171,550)	(175,433)	(156,053)	(167,637)	(158,151)	(152,894)	(159,219)
Capital leases obligations			29							
Issuance of debt	80,006	64,470	46,012	295,026	28,374	135,060	20,996	19,522	17,391	18,241
Tobacco settlement proceeds										
Refunding of debt issued	49,760	123,950								
Discount on debt issued		1,770								
Discount on debt issued				(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	(49,225)	(103,008)		(181,760)		(108,850)				
Total other financing sources (uses)	<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>35,856</u>	<u>34,290</u>	<u>45,157</u>
Extraordinary Item										
AB 99 obligation			(48,448)	48,448						
Net change in fund balances	<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>	<u>77,456</u>	<u>62,375</u>
Debt service as a percentage of noncapital expenditures	8.45 %	8.38 %	9.22 %	8.44 %	9.07 %	9.38 %	9.16 %	8.60 %	7.63 %	7.35 %

COUNTY OF SACRAMENTO
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
FISCAL YEARS 2008-09 THROUGH 2017-18
(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>
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
2016-17	463,975	82,453	5,845	552,273
2017-18	490,856	86,146	6,583	583,585

COUNTY OF SACRAMENTO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FISCAL YEARS 2008-09 THROUGH 2017-18
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Secured^A</u>	<u>Unsecured^B</u>	<u>Unitary^C</u>	<u>Exemptions - Welfare-Other^D</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate^E</u>
2008-09	\$ 134,154,752	5,892,766	1,624,214	(4,593,170)	137,078,562	1.000
2009-10	125,143,342	5,920,172	1,547,402	(5,202,526)	127,408,390	1.000
2010-11	122,565,815	5,553,385	1,488,079	(5,056,921)	124,550,358	1.000
2011-12	118,967,390	5,496,501	1,494,862	(5,495,233)	120,463,520	1.000
2012-13	115,610,824	5,519,515	1,445,961	(5,425,738)	117,150,562	1.000
2013-14	120,666,326	5,902,161	1,454,969	(5,518,271)	122,505,185	1.000
2014-15	128,286,361	6,429,967	1,483,454	(5,925,469)	130,274,313	1.000
2015-16	134,494,438	6,488,685	1,527,359	(6,387,204)	136,123,278	1.000
2016-17	141,945,673	6,213,686	1,540,805	(6,331,237)	143,368,927	1.000
2017-18	151,164,155	6,450,239	1,605,246	(6,829,284)	152,390,356	1.000

- A) Secured property is generally real property which includes land, improvements, structures, crops, vines, and mobile homes.
B) Unsecured property is generally personal property which includes boats, aircrafts, fixtures, equipments, leasehold improvements, and possessory interests.
C) Unitary properties are railroads, utilities properties which are assessed by the State Board of Equalization.
D) Exemptions as provided by the State Constitution provides property tax relieves to Welfare, Church, and Non-Profit Organizations.
E) Proposition 13 limits the General Direct Property tax rate to 1% of the net assessed values.

Note: All dollar estimates are in current dollars (not adjusted for inflation).
Estimates updated for FY 2017-18 includes revised estimates for FY 2008-09 through FY 2016-17 (may not be consistent with prior reported figures).

Source: Equalized Rolls Valuation reports

**COUNTY OF SACRAMENTO
AVERAGE PROPERTY TAX RATES - ALL
DIRECT AND OVERLAPPING GOVERNMENTS
FISCAL YEARS 2008-09 THROUGH 2017-18
(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	
2008-09 ^E	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
2016-17	1.000	0.0010	N/A	0.0531	1.0541
2017-18	1.000	N/A	N/A	0.0552	1.0552

- A) In June 1978 California voter approved Proposition 13, which restricted property taxes to a County-wide rate of 1 percent per \$100 of assessed value plus voter approved indebtedness. The distribution of County-wide basic tax rate of 1 percent is based on the County's AB 8 Apportionment factors.
- B) Rate represents a weighted average of seven incorporated cities within the County.
- 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.
- E) FY 2008-09: Average rate = Requirements / District's Valuation within the Bond Debt boundaries.

Source: County's internal financial documents

**COUNTY OF SACRAMENTO
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2018 AND JUNE 30, 2009
(amounts expressed in thousands)**

Taxpayer	June 30, 2018			June 30, 2009		
	Tax Levy^A	Rank	Percentage of Total Tax Levy	Tax Levy^B	Rank	Percentage of Total Tax Levy
Pacific Gas & Electric Co.	\$ 12,520	1	0.92 %	\$ 4,599	5	0.36 %
AT&T Communications	7,795	2	0.57	6,735	3	0.52
Intel Corporation	7,156	3	0.53	6,050	4	0.47
MP Holdings	5,676	4	0.42			
BRE Delta Industrial Sacramento	4,239	5	0.31			
Walmart	4,147	6	0.30			
Cummings Trust	3,986	7	0.29			
Oakmont	3,760	8	0.28			
Donahue Schriber Realty Group	3,298	9	0.24	3,418	8	0.27
Conrad Ethan	3,185	10	0.23			
Oates Marvin, et al				7,175	1	0.56
Hines Interests, LP				7,015	2	0.55
Rosetta Resources CA, Inc.				4,432	6	0.35
Deutsche Bank				3,984	7	0.31
Elliott Homes, Inc.				3,157	9	0.25
Aerojet General Corp				3,106	10	0.24

(A) Tax levy amount provided by Tax and Licensing Division

(B) Source: FY 2008-09 County CAFR

Source: Sacramento County Department of Finance

**COUNTY OF SACRAMENTO
COUNTY WIDE 1 PERCENT - SECURED AND UNITARY
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 2008-09 THROUGH 2017-18
(amounts expressed in thousands)**

Fiscal Year	Taxes Levied ^A	Collections Within the Fiscal Year ^B		Collections in Subsequent Years ^C	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy ^D
2008-09	\$1,294,025	1,245,112	96.22	48,736	1,293,848	99.99
2009-10	1,190,013	1,156,791	97.21	32,944	1,189,735	99.98
2010-11	1,165,904	1,139,699	97.75	25,465	1,165,164	99.94
2011-12	1,127,451	1,108,086	98.28	18,874	1,126,960	99.96
2012-13	1,094,235	1,079,299	98.63	14,235	1,093,534	99.94
2013-14	1,160,120	1,146,609	98.84	12,359	1,158,968	99.90
2014-15	1,233,891	1,221,411	98.99	10,538	1,231,949	99.84
2015-16	1,288,948	1,278,225	99.17	7,683	1,285,908	99.76
2016-17	1,359,759	1,349,089	99.22	5,090	1,354,179	99.59
2017-18	1,453,162	1,441,490	99.20	11,672	1,441,490	99.20

A) 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.

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

C) In the 1993 fiscal year, the Board of Supervisors adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sales proceeds (Teeter Plan) as provided in CA Revenue and Taxation Code Section 4701. Under the Teeter Plan, the Secured property tax roll is distributed to all taxing agencies with the County of Sacramento on the basis of the adjusted tax levy, rather than on the basis of actual cash collections.

D) The County has a teetered loan which covers the full balance of levied taxes. If collections are not made within 5 years, the property goes to public auction.

Note: All dollar estimates are in current dollars (not adjusted for inflation)

Estimates updated for FY2017-18, includes revised estimates for FY 2014-15 (may not be consistent with prior reported figures)

Source: County's internal financial documents

COUNTY OF SACRAMENTO
RATIOS OF OUTSTANDING DEBT BY TYPE
FISCAL YEARS 2008-09 THROUGH 2017-18
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income ^B	Per Capita ^B
	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 ^{A, C}			
2008-09	\$ 325,175	49,800	944,638	345,142	11,186	5,090	910,455	87,940	25,005	14,615	2,719,046	4.94 %	1,951
2009-10	340,285	56,419	931,453	342,722	9,972	7,178	1,097,430	363,330	23,205	16,220	3,188,214	5.91 %	2,263
2010-11	323,510	50,961	916,168	340,957	8,711	6,105	1,210,285	351,745	21,180	19,000	3,248,622	5.89 %	2,285
2011-12	306,535	50,897	1,266,834	353,572	7,824	2,435	1,194,285	339,880	19,085	18,499	3,559,846	6.14 %	2,481
2012-13	288,705	43,583	1,238,566	347,040	6,910	3,680	1,174,980	328,505	16,910	16,083	3,464,962	5.75 %	2,395
2013-14	273,746	34,432	1,201,018	342,686	4,891	3,559	1,165,846	314,516	15,401	13,829	3,369,924	5.38 %	2,310
2014-15	249,206	29,732	1,159,636	342,871	4,123	3,522	1,147,042	302,011	13,746	9,803	3,261,692	4.89 %	2,207
2015-16	233,261	25,494	1,114,323	332,104	3,479	4,606	1,123,317	288,848		7,310	3,132,742	4.38 %	2,094
2016-17	216,441	22,849	1,059,751	332,841	2,974	647	1,103,799	273,959		5,080	3,018,341	4.08 %	1,995
2017-18	198,681	21,618	995,112	331,024	2,227	581	1,068,687	259,699		6,110	2,883,739	3.75 %	1,884

Notes:

The County of Sacramento has not had any General Obligation Bonds since 2002.

See the "Demographic and Economic Statistics" table for population figures.

A) Revised prior years to include SMUD Water Rights.

B) Revised estimates for FY 2009-16 for Personal Income and Population based on the Demographic and Economic Statistics.

C) Usage fees for the City of Sacramento were paid in full in FY 2017-18.

**COUNTY OF SACRAMENTO
LEGAL DEBT MARGIN INFORMATION
FISCAL YEARS 2008-09 THROUGH 2017-18
(amounts expressed in thousands)**

	Fiscal Year									
	<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>	<u>2016-2017</u>	<u>2017-2018</u>
Assessed Value of Property	\$ 138,687,470	128,939,293	126,016,298	121,921,878	118,563,859	123,924,201	131,718,922	136,123,278	143,368,927	152,390,356
Debt Limit, 1.25% of Assessed Value (Statutory Limitation)	1,733,593	1,611,741	1,575,204	1,524,023	1,482,048	1,549,053	1,646,487	1,701,541	1,792,112	1,904,879
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>\$ 1,733,593</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>	<u>1,792,112</u>	<u>1,904,879</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 2008-09 THROUGH 2017-18
(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
		Principal		Interest					
2008-09	\$ 134,667	84,890	49,777	7,850	8,122	3.12	2,990	9,753	(6,763)
2009-10	132,007	83,385	48,622	8,155	9,052	2.83	3,062	2,604	458
2010-11	128,180	83,884	44,296	8,395	8,892	2.56	3,148	1,444	1,704
2011-12	146,057	95,730	50,327	11,395	24,586	1.40	3,051	1,867	1,184
2012-13	162,935	94,118	68,817	11,940	40,187	1.32	2,948	1,739	1,209
2013-14	160,589	88,122	72,467	9,720	39,708	1.47	2,954	1,381	1,573
2014-15	158,928	82,412	76,516	14,220	39,345	1.43	3,001	2,180	821
2015-16	171,474	87,492	83,982	14,220	38,743	1.57	2,910	1,675	1,235
2016-17	178,103	88,911	89,192	15,450	37,905	1.67	3,017	3,000	17
2017-18	187,410	101,128	86,282	2,865	36,338	2.15	2,830	3,550	(720)

Fiscal Year	Water Agency ^D					
	Gross Revenue ^E	Less: Operating Expenses ^B	Net Revenue	Debt Service Requirements ^C		Coverage
		Principal		Interest		
2008-09	\$ 41,836	18,142	23,694	990	9,434	2.27
2009-10	45,435	16,505	28,930	6,975	17,393	1.19
2010-11	53,789	17,436	36,353	7,290	17,133	1.49
2011-12	56,491	19,415	37,076	7,605	16,801	1.52
2012-13	63,664	22,425	41,239	7,910	16,620	1.68
2013-14	63,743	22,201	41,542	8,240	15,365	1.76
2014-15	63,798	23,090	40,708	8,650	15,803	1.66
2015-16	67,351	22,882	44,469	9,070	15,399	1.82
2016-17	65,159	27,060	38,099	9,505	14,960	1.56
2017-18	81,172	27,340	53,832	9,955	14,538	2.20

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.

E) Gross revenue reflects the Adjusted annual revenues on the Water Agency Enterprise Fund Pledged Revenue Stream. Revised estimates for FY 2009-2013 (may not be consistent with prior reported figures).

Source: County's internal financial documents

**COUNTY OF SACRAMENTO
PRIVATE SECTOR PRINCIPAL EMPLOYERS
JUNE 30, 2018 AND 2009**

Employer	June 30, 2018			June 30, 2009		
	Employees^(A)	Rank	Percentage of Total County Employment	Employees^(B)	Rank	Percentage of Total County Employment
Kaiser Permanente	10,517	1	1.57 %	9,608	1	1.50 %
UC Davis Health System	10,467	2	1.56			
Sutter / California Health Services	9,911	3	1.48	8,220	2	1.28
Dignity / Mercy Healthcare	8,039	4	1.20	6,328	3	0.99
Intel Corporation	6,000	5	0.90	6,300	4	0.98
Apple Inc.	5,000	6	0.75			
Raley's Inc. / Bel Air	3,147	7	0.47	3,335	8	0.52
Health Net of California Inc.	3,000	8	0.45	2,720	9	0.42
VSP Global	2,927	9	0.44			
Wells Fargo & Co.	1,804	10	0.27	6,272	5	0.98
AT&T California				5,389	6	0.84
Hewlett - Packard				3,600	7	0.56
PRIDE Industries				2,504	10	0.39
Total	60,812		9.09 %	54,276		8.46 %

Note:

(A) Sources: Sacramento Busines Journal Annual Book of Lists Current Year

(B) Source: FY 2009 County CAFR

**COUNTY OF SACRAMENTO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 FISCAL YEARS 2008-09 THROUGH 2017-18
 (amounts expressed in thousands except per capita amount)**

<u>Fiscal Year</u>	<u>Population^A</u>	<u>Personal Income</u>	<u>Per Capita Personal Income^B</u>	<u>School Enrollment</u>	<u>Unemployment Rate^C</u>
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	1,435	57,498,308	40,068	237	12.1 %
2012-13	1,447	59,775,785	41,303	238	10.5 %
2013-14	1,460	61,654,690	42,229	240	8.9 %
2014-15	1,478	65,486,553	44,303	241	7.3 %
2015-16	1,497	70,110,138	46,845	243	6.0 %
2016-17	1,514	72,878,458	48,122	244	5.4 %
2017-18	1,531	76,832,120	50,197	246	4.6 %

Note:

All dollar estimates are in current dollars which are not adjusted for inflation.

Estimates updated November 15, 2018, include new estimates for 2017 and revised estimates for FY 2009-2016, which may not be consistent with prior reported figures.

A) Census Bureau midyear population estimates. Estimates for FY 2010-2017 reflect County population estimates available as of March 2018.

B) Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for FY 2010-2017 reflect County population estimates available as of March 2018.

C) Unemployment rate reflects the March 2016 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 2008-09 THROUGH 2017-18

Full-Time Equivalent Employees as of June 30th

Function	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Government	954	907	945	916	890	1,076	894	895	912	905
Public Assistance	2,487	2,339	2,210	2,156	2,132	2,165	2,179	2,239	2,259	2,224
Public Protection	4,292	3,683	3,548	3,574	3,571	3,591	3,806	3,948	3,960	3,952
Health & Sanitation	3,063	2,661	2,089	2,018	2,032	1,952	1,952	2,057	2,181	2,156
Recreation and Culture	181	162	129	120	106	137	138	154	134	157
Education	3	2	3	2	2	1	1	-	-	-
Public Ways and Facilities							271	277	257	246
Non-Governmental										11
Total	10,980	9,754	8,924	8,786	8,733	8,922	9,241	9,570	9,703	9,651

Source: County of Sacramento Department Records

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**COUNTY OF SACRAMENTO
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 2008-09 THROUGH 2017-18**

Page 1 of 2

Function	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Government										
Assessor:										
Number of parcels assessed	510,494	506,063	503,108	502,709	502,527	501,887	503,717	505,436	505,076	508,941
Gross total of secured roll (in thousands)	134,737,596	125,707,295	123,216,166	119,315,245	115,975,517	120,409,431	128,067,747	134,202,599	141,838,766	151,097,866
Gross total of unsecured roll (in thousands)	5,892,766	5,920,223	5,553,385	5,496,500	5,519,515	5,902,161	6,430,072	6,488,685	6,220,235	6,450,239
Clerk Recorders:										
Number of recorded documents	395,528	377,728	385,599	396,098	433,820	326,097	355,598	362,930	383,763	369,638
Public Assistance										
Human Assistance total caseload	135,044	156,811	158,439	177,402	189,591	216,504	293,840	330,167	328,585	318,056
Percent served of children in poverty	95	96	91	91	86	81	66	61	61	62
Senior nutrition, meals served	616,127	478,197								
Housing services provided ^A	12,708	12,794	12,299	9,369	2,378	2,457	2,203	2,069	1,812	2,319
Employee non-exempt recipients CalWORKs	31	30	29	21	41	45	47	52	67	59
Public Protection										
District Attorney:										
Filed felonies	10,374	8,589	8,897	8,496	8,815	9,342	8,496	8,854	8,641	9,077
Filed misdemeanors	19,781	17,353	16,399	13,888	14,095	13,539	14,553	15,164	14,397	13,342
Filed probation violations ^B		1,355	1,864	1,042	1,153	1,939	1,785	1,517	1,785	1,884
Probation:										
Cases supervised ^E	14,826	15,988	14,810	24,989	24,776	28,402	27,939	28,246	28,383	27,701
Institutional care for minors (days) ^C	165,451	114,764	82,004	65,194	68,597	69,339	69,696	62,776	50,237	46,760
Juvenile referrals processed	12,383	11,816	10,188	8,769	8,836	8,105	6,605	5,519	4,520	3,693
Prepared adult sentencing reports ^{D, F, G, H, I}	8,955	9,658	6,308	7,249	6,380	6,209	9,081	9,604	11,255	13,999
Public Defender:										
Felony Unit jury trials	136	139	135	130	161	147	159	161	199	133
Sheriff:										
Emergency calls for service:										
Priority 0	149	66								
Priority 1	7,851	3,698	3,535	3,891	3,985	3,785	4,095	4,070	4,450	4,311
Emergency response time (minutes):										
Priority 0	13	14								
Priority 1	11	11	10	14	12	12	12	13	12	11
Processed and booked adult offenders	21,483	20,242	19,064	20,601	19,443	19,991	20,292	20,538	15,824	21,616
Physical arrests	23,181	23,237	21,903	25,414	23,143	23,856	23,733	24,441	18,785	24,928
Total miles patrolled by Sheriff's ^J	813	813	813	813	813	813	813	813	813	813

A) Housing Services Provided includes only the programs by DHA, including emergency shelters, and the data does not include the programs DHA does not administer, for the year noted and all thereafter. Note relates to Housing Services Provided FY 2012-13 .

B) Revised Filed Probation Violations for years 2009-10 and 2010-11.

C) 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. Note relates to Institutional Care for minors (days) FY 2009-10.

D) The implementation of Presentence Investigation Report Waivers likely accounts for the reduction in number of prepared Adult Court reports. Note relates to Prepared Adult Sentencing Reports FY 2010-11.

E) Beginning in FY 2011-12, a new report was created to capture cases under Probation's jurisdiction and include Post Release Community Supervision (PRCS) offender population.

F) Probation is now responsible for under Assembly Bill 109 (Statutes of 2011). Note relates to Prepared Adult Sentencing Reports FY 2014-15.

G) Due to restructuring, we now have capacity to report on data and critical workload that we have previously been unable to capture and quantify. Note relates to Prepared Adult Sentencing Reports FY 2014-15.

H) Beginning in FY 2016-17, Restitution Determination and Recommendation reports for Adult Sentencing replaced LSCMI assessments which are no longer conducted at Adult Court.

I) Beginning 1/1/2018 Firearm Possession and relinquishment reports are captured.

J) May 31, 2011, the total miles patrolled by Sheriff's was revised for FY 2006-07 forward, due to loss of contracts with Citrus Heights and Elk Grove.

**COUNTY OF SACRAMENTO
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 2008-09 THROUGH 2017-18**

Page 2 of 2

Function	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Health and sanitation										
Patient treatments at Public Health clinics	145,203	96,184	76,004	80,568	61,015	48,229	20,751	19,700	23,613	29,791
Training:										
Programs in compliance (by inspection) ^K	100	100	100			27	95	100	100	100
Public ways and facilities										
Number of traffic signs resent and replaced	14,433	14,146	16,147	16,751	12,728	12,952	14,909	13,910	16,129	8,635
Square feet of graffiti removed or abated	349,312	341,749	201,315	76,132	96,848	136,989	185,195	205,084	131,490	129,600
Recreation and culture										
Number of visitors/participants at Effie Yeaw Nature Center (EYNC) ^L	87,440	84,449								
Number of individuals who use Parks' golf services	188,357	181,550	174,000	170,076	162,937	164,579	163,722	157,095	131,248	147,029
Education										
Library:										
Total circulation ^C			8,021,448	7,648,145	7,329,585	7,113,116	7,339,735	7,480,731	7,064,066	7,573,185
Print materials loaned ^M	5,505,198	6,338,259								
Audio visual media loaned ^M	1,861,290	1,391,325								
Library cards issued	85,308	80,429	74,224	78,088	62,194	64,686	66,835	63,384	60,535	100,733
Total library cards in use	561,070	637,160	635,895	651,370	710,008	665,840	656,423	651,636	692,508	706,452
Library visits	2,866,175	4,362,116	4,391,093	4,053,689	4,062,724	4,144,307	4,183,751	4,252,802	3,625,829	3,667,015
Airport										
Number of commercial airlines	15	14	11	11	11	11	11	10	10	11
Number of flights	53,324	52,504	49,425	49,316	47,826	46,871	46,621	48,627	50,551	55,879
Number of enplaned passengers	4,603,182	4,445,991	4,377,315	4,480,003	4,419,545	4,376,237	4,628,597	4,943,185	5,198,184	5,761,586
Solid Waste										
Percent of diversion/recycled waste	64	70	71	71	73	73	74	73	70	68
Tons disposed	559,865	471,488	513,649	558,752	607,075	596,972	623,824	657,247	747,704	796,946
Water Agency										
Water supply:										
Number of water connections ^N	48,438	49,069	49,580	50,138	50,813	51,652	52,400	53,439	54,464	55,178
Water delivered (acre feet)	40,605	39,428	38,781	42,594	43,178	41,045	35,112	31,174	35,079	39,750
Storm Water Utilities										
Drainage:										
Mainline and lateral pipes cleaned (miles)	67	60	57	72	73	66	66	119	84	107
Parking Enterprise										
Daily public parking (count)	284,359	168,490	145,429	131,945	126,568	131,163	136,440	151,629	149,112	135,932
Monthly parking passes issued to County employees (count)	20,484	18,456	17,736	17,280	17,304	17,580	17,652	17,640	18,216	21,180
Outside agency usage	9,398	11,251	12,350	11,775	11,703	10,021	8,995	7,792	4,555	4,551

K) Non Mandated inspections suspended due to budget/staff reductions. Program rebuilding measures are underway. Note Relates to programs in compliance (by inspection FY 2011-12 and FY 2012-13).

L) Beginning FY 2010-11 EYNC is no longer operated by the County: therefore, this information is not available for the year noted and all thereafter. Note relates to Number of Visitors/Program Participants at Effie Y for FY 2010-11 and all thereafter.

M) Book loaned and audio visual media loaned statistics are combined effective FY 2010-11 for the year and thereafter

N) For FY 2007-08 through FY 2011-12, stats for Number of Water Connections were revised after a program error was discovered by CUBS and a subsequent recount performed.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO
CAPITAL ASSET STATISTICS BY FUNCTION
FISCAL YEARS 2008-09 THROUGH 2017-18**

Page 1 of 2

Function	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Public Protection										
Sheriff:										
Administrations buildings	1	1	1	1	1	1	1	1	1	1
Aircrafts										
Operational	4	5	4	5	5	5	5	5	5	5
Non-Operational	1	-	1	0		0		0	0	0
Fixed Wing										
Sheriff	2	1	1	1	1	1	-	-	-	0
CAL-MMET	2	2	2	2	2	2	2	2	2	2
Community service centers	10	10	5	5	5	5	6	7	8	8
Jail and detention facilities	2	2	2	2	2	2	2	2	2	2
Patrol Units	370	305	315	315	328	328	328	386	385	409
Stations	5	3	3	3	3	3	3	3	3	3
Health and Sanitation										
Clinics	3	3	1	1	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	2,209	2,208	2,208	2,208	2,198	2,202	2,202	2,200	2,203	2,202
Traffic signals	450	450	449	451	451	459	461	466	473	476
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	15,150	15,150	15,150	15,150	15,187	15,187	15,189	15,189	15,189	15,189
Education										
Number of Libraries ^(A)	9	11	11	11	11	11	11	11	11	11

A) There are 16 County libraries 11 buildings are County owned and 5 are owned by other government entities or leased.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO
CAPITAL ASSET STATISTICS BY FUNCTION
FISCAL YEARS 2008-09 THROUGH 2017-18**

Page 2 of 2

Function	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Airport										
Airports	4	4	4	4	4	4	4	4	4	4
Licensed Vehicles:										
Cars and Light Trucks	149	148	147	156	154	159	168	205	201	189
Busses	47	33	33	33	32	32	32	51	42	28
Solid Waste										
Number of Collection Trucks	152	149	139	100	105	109	108	100	100	100
Number of Landfills	3	3	3	3	3	3	3	3	3	3
Water Agency										
Water Supply:										
Water Mains (miles)	743	753	761	766	776	785	797	805	812	829
Storage Capacity (thousands of gallons)	39,400	39,400	39,400	39,400	61,900	61,900	61,900	61,900	61,900	61,600
Drainage: ^(B)										
Drainage Inlets	47,717	44,131	44,356	44,555	39,439	37,669	38,841	38,651	38,425	37,262
Drainage Manholes	26,699	25,004	25,147	25,378	23,489	22,793	23,544	23,573	23,589	23,127
Drainage Pipes (miles)	1,443	1,338	1,342	1,345	1,333	1,276	1,359	1,353	1,341	1,293
Parking Enterprise										
Structures	2	2	2	2	2	2	2	2	2	2

B) The amounts for Drainage Inlets, Drainage Manholes and Drainage Pipes (Miles) were revised for every year reported (2001-02 - 2008-09). Because the original "Hansen" database in which these items were tracked was inadequate, counts were not accurate. Once a transition was made to a GIS system, these items were recalculated with better counts being reported.

Source: County of Sacramento Department Records

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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, 2018**

This meets the County of Sacramento Annual Continuing Disclosure filing required as of December 31, 2018, 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, 2018)**

Average Daily Balance	\$3,419,296,334
Period-End Balance	\$3,320,229,433
Yield	2.064%
Weighted Average Maturity	371 Days
Duration in Years	0.988 Years
Historical Cost	\$3,319,644,597
Market Value	\$3,302,805,746
Percent of Market to Cost	99.49%

**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 2015-16 ⁽²⁾	FY 2016-17	FY 2017-18	FY 2018-19
APPROPRIATIONS				
Reserve Increase/(Decrease)	\$ 9,350	9,846	8,707	152,393
General Government	83,445	89,578	46,237	53,270
Public Protection	835,679	872,831	931,902	1,183,480
Health and Sanitation	655,315	699,212	715,230	496,855
Public Assistance	718,595	715,300	746,774	851,531
Education, Cultural and Recreation	20,702	20,953	23,899	26,582
Contingencies	2,000	1,958	4,288	2,178
TOTAL APPROPRIATIONS	<u>\$ 2,325,086</u>	<u>2,409,678</u>	<u>2,477,037</u>	<u>2,766,289</u>
AVAILABLE FUNDS				
Beginning Appropriated Fund Balance/Carryover	\$ 33,896	50,601	48,802	267,735
Equity Transfer In	459	1,696	1,826	1,029
Reserve Cancellation	6,675	1,148	11,746	2,799
Taxes	509,089	533,491	564,689	592,697
Licenses and Permits	11,598	12,169	11,858	11,758
Fines, Forfeitures and Penalties	27,035	27,232	23,897	27,284
Realignment				638,868
Proposition 172				123,583
Mental Health Services				59,511
Clerk/Recorder Fees				1,875
Use of Money and Property	2,407	3,001	773	749
Aid from Other Government Agencies (state and federal)	1,552,395	1,602,487	1,651,515	882,815
Charges for Current Services	139,037	140,736	123,408	119,112
Other Revenues	42,495	37,117	38,523	36,474
TOTAL AVAILABLE FUNDS	<u>\$ 2,325,086</u>	<u>2,409,678</u>	<u>2,477,037</u>	<u>2,766,289</u>

⁽¹⁾ Board of Supervisors adopted budget prior to any Appropriation Adjustment Requests (AAR).

⁽²⁾ FY 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 GROSS ASSESSED VALUATIONS
(amounts expressed in thousands)**

Fiscal Year	Total Gross Assessed Valuation	Secured/Unsecured Roll Growth
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
2014-17	148,052,405	5.23
2017-18	157,548,105	6.41
2018-19	168,181,180	6.75

**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
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
2014-17	1,344,330	10,670	0.79	1,333,660	99.21
2017-18	1,437,087	11,672	0.81	1,425,415	99.20

1) Includes prior years' redemption, penalties and interest.

COUNTY OF SACRAMENTO
Largest Secured Taxpayers FY 2018-19
(includes levies for bond debt service and special assessments)

Taxpayer	Amount
Pacific Gas & Electric	\$ 13,628,563
Intel Corporation	8,359,321
AT&T Communications	6,806,405
MP Holdings	5,377,105
BRE Delta Industrial Sacramento	5,364,565
Sacramento Downtown Arena	4,775,813
Oakmont	4,725,621
Walmart	4,494,235
Cummings Trust	3,851,083
Pac West Office Equities	3,806,800
Total (represents 2.97% secured tax roll levy):	<u><u>\$ 61,189,511</u></u>

COUNTY OF SACRAMENTO
Total General Fund Revenues, Expenditures and Changes in Fund Balance FY 2013-14 through FY 2017-18
(amounts expressed in thousands)

	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>
Beginning Fund Balance	\$ 179,315	199,437	249,830	274,921	332,758
Revenues					
Taxes	438,057	463,728	494,863	514,893	545,813
Use of money/property	6,814	7,280	7,113	6,808	3,618
Licenses and permits	12,421	11,134	11,969	12,252	12,118
Intergovernmental	1,421,669	1,466,676	1,489,123	1,576,802	1,582,139
Charges for sales and services	137,240	134,703	141,723	140,190	121,064
Fines, forfeitures and penalties	29,290	28,626	25,096	26,983	26,533
Miscellaneous	35,113	45,215	38,834	49,782	67,614
Total Revenues	<u>2,080,604</u>	<u>2,157,362</u>	<u>2,208,721</u>	<u>2,327,710</u>	<u>2,358,899</u>
Transfers in	16,012	13,406	20,202	9,959	10,622
Total Revenues and Transfers	<u>2,096,616</u>	<u>2,170,768</u>	<u>2,228,923</u>	<u>2,337,669</u>	<u>2,369,521</u>
Expenditures					
General government	91,145	97,544	108,869	102,233	105,311
Public assistance	621,588	656,873	663,373	671,766	673,167
Public protection	704,191	737,049	778,690	797,977	801,433
Health and sanitation	536,943	493,513	526,162	575,906	615,740
Recreation and culture	18,500	16,011	17,670	16,984	18,655
Education	275	318	319	332	378
Total Expenditures	<u>1,972,642</u>	<u>2,001,308</u>	<u>2,095,083</u>	<u>2,165,198</u>	<u>2,214,684</u>
Transfers out	103,852	119,067	108,749	114,634	119,837
Total Expenditures and Transfers	<u>2,076,494</u>	<u>2,120,375</u>	<u>2,203,832</u>	<u>2,279,832</u>	<u>2,334,521</u>
Net change in fund balance	<u>20,122</u>	<u>50,393</u>	<u>25,091</u>	<u>57,837</u>	<u>35,000</u>
Ending Fund Balance	<u>\$ 199,437</u>	<u>249,830</u>	<u>274,921</u>	<u>332,758</u>	<u>367,758</u>

**COUNTY OF SACRAMENTO
Lease Obligations**

As of July 1, 2018

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	\$ 50,295,000	2027	100%
2003 Certificates of Participation; dated 05/07/03	Boys Ranch; Mather Golf Course; Thornton Youth Center	15,230,000	10,430,000	2034	100%
2003 Certificates of Participation; dated 06/19/03	Juvenile Courthouse	36,150,000	25,750,000	2034	100%
2006 Certificates of Participation; dated 05/11/06	Fleet Maintenance Facility; Voters Registration Facility	40,860,000	18,390,000	2035	100%
2007 Certificates of Participation; dated 08/16/07	Animal Care Facility; Youth Detention Facility Expansion	46,260,000	38,035,000	2038	100%
1999 River City Regional Stadium Financing Authority, Taxable Lease Revenue Bonds	River Cats Stadium	39,990,000	26,985,000	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	52,790,000	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, 2018

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	\$ 171,840,000	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	328,815,000	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, 2018
(amounts expressed in thousands)

Description	Original Loan Amount	Principal Amount Outstanding	Final Maturity
Sacramento County (Teeter Plan)	\$ 23,100	\$ 1,009	08/01/2018
Sacramento County (Teeter Plan)	20,996	2,891	08/01/2019
Sacramento County (Teeter Plan)	19,522	3,373	08/03/2020
Sacramento County (Teeter Plan)	17,391	4,816	08/02/2021
Sacramento County (Teeter Plan)	18,241	9,529	08/01/2022

COUNTY OF SACRAMENTO
County of Sacramento Aggregate Debt Service
Current Outstanding Debt-Certificates of Participation Only
(includes principal and interest)
As of July 1, 2018

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
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	\$ 63,172,370	15,349,480	37,642,650	26,887,385	60,020,053	71,497,425	28,053,695	302,623,058

⁽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, 2018

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
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>\$ 201,808,512</u>	<u>170,039,885</u>	<u>519,249,429</u>	<u>212,050,272</u>	<u>105,687,421</u>	<u>170,858,275</u>	<u>1,379,693,794</u>	<u>302,623,058</u>	<u>1,682,316,852</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 refunding of the Series 2004C-3 Bonds on July 10, 2014.

COUNTY OF SACRAMENTO
Variable Rate Debt/Interest Rate Swap

Issue	2008 Refunding POBs (2004C-1)
Type of Underlying Obligation	Floating Rate Notes 1-mo LIBOR+130 BPS \$156,750,000; 1-mo LIBOR+145 BPS \$179,315,000
Bond Amount Outstanding as of July 1, 2018	\$316,450,000
Insurer	FSA
Swap Counterparty	Merrill Lynch
Swap Notional Amount	\$316,450,000
Payment Terms	County pays 5.901%; Counterparty pays 100% 1-mo LIBOR
Est. Valuation (6/29/18) (includes accrued interest)	Negative (\$67,318,037)
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, the Airport System Senior Revenue Refunding Bonds, Series 2016A and 2018 ABC, the Airport System Subordinate and PFC/Grant Revenue Bonds, Series 2008 and 2009 and the Airport System Subordinate Revenue Refunding Bonds, Series 2016B and 2018DEF, (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 Section 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 33 through 39 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

COUNTY OF SACRAMENTO

REPORTING OF MATERIAL EVENTS

The County of Sacramento Airport System Revenue Bonds received a rating upgrade from Moody's Investors Service on October 20, 2017. The rating for the senior lien bonds was upgraded from A3 to A2 and the rating for the subordinate lien bonds was upgraded from Baa1 to A3.

A rating upgrade was also received from Standard and Poor's on April 5, 2018. An upgrade from A to A+ was assigned to the senior lien bonds and from A- to A for the subordinate lien bonds. In addition, the Airport System Revenue Bonds, Series 2008 Senior and Subordinate bonds and Series 2009 Senior and Subordinate bonds were fully refunded, a Notice of Defeasance was filed to Electronic Municipal Market Access (EMMA) on May 3, 2018 and a Notice of Redemption was filed to EMMA on June 1, 2018.

There is no knowledge on the part of the County of any impending material 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	2009	2010 ²	2011 ²	2012 ²	2013 ²	2014 ²	2015	2016	2017	2018
Major and other airlines ¹	4,468,169	4,319,759	4,223,908	4,203,561	4,117,949	4,061,686	4,306,807	4,483,792	4,713,231	5,175,936
Regional airlines	236,689	230,150	255,833	276,442	301,596	314,551	321,790	459,393	484,953	585,650
Total	4,704,858	4,549,909	4,479,741	4,480,003	4,419,545	4,376,237	4,628,597	4,943,185	5,198,184	5,761,586
Percent change from prior year	(11.13)%	(3.29)%	(1.54)%	0.01 %	(1.35)%	(0.98)%	5.77 %	6.80 %	5.16 %	10.84 %

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)

	2009 ²	2010 ²	2011 ²	2012 ²	2013 ²	2014	2015	2016	2017	2018
Passenger airlines										
Major and other airlines ¹	5,743,444	5,449,118	5,077,482	5,047,200	4,799,438	4,693,297	4,782,686	4,890,000	5,182,816	5,731,091
Regional airlines	329,445	476,023	285,754	245,872	334,097	353,852	350,506	508,376	570,233	674,706
Subtotal	<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>	<u>5,753,049</u>	<u>6,405,797</u>
All cargo airlines	800,830	610,385	581,195	613,981	646,113	964,965	651,887	687,612	728,575	1,038,232
Total	<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>	<u>6,481,624</u>	<u>7,444,029</u>
Percent change from prior year	(11.11)%	(4.92)%	(9.04)%	(0.63)%	(2.16)%	4.02 %	(3.78)%	5.20 %	6.50 %	14.85 %

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 8 Years
Fiscal Year Ended June 30
Exhibit 3

Page 1 of 2

	2011 ³	2012 ³	2013	2014	2015	2016	2017	2018
Percentage of Total Enplanements								
Major Airlines¹								
Southwest Airlines	51.8 %	50.1 %	52.1 %	52.6 %	53.1 %	51.8 %	51.5 %	53.2 %
United Airlines	6.5	6.8	8.3	8.4	7.6	10.1	9.9	9.9
Delta Air Lines ²	6.7	6.4	6.2	6.5	6.3	11.1	10.6	10.6
Alaska Airlines	5.4	5.7	5.3	5.3	6.2	8.4	8.1	8.1
US Airways ²	5.1	5.2	5.4	5.5	5.8			
American Airlines	4.5	5.3	5.5	5.5	5.3	12.2	13.0	12.0
Jet Blue Airlines	2.5	3.5	3.2	3.0	2.9	2.8	2.9	2.8
Horizon Airlines ³	2.9	2.7	2.7	2.6	2.3			
Hawaiian Airlines	1.9	2.0	2.0	1.9	1.8	1.7	1.7	1.5
Frontier Airlines	3.0	2.8	1.5					
Aeromexico		0.6	0.7	0.8	1.0	1.1	1.3	1.0
Volaris Airlines			0.3	0.6	0.8	0.8	1.0	0.9
Republic Airlines				0.1				
Continental Airlines	3.7	2.70						
Mexicana Airlines	0.1							
Regional Airlines⁴								
Skywest	5.7	6.1	6.8	7.2	6.1			
Mesa/Delta Connection	0.1				0.8			
Express Jet		0.1						
Subtotal	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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 US Airways merged into American Airlines in 2015.

³ Horizon Airlines is included in Alaska Airlines beginning in 2015.

⁴ Fiscal year 2010-2014 figures have been revised.

COUNTY OF SACRAMENTO
Airlines' Market Shares of Enplaned Passengers - Last 8 Years
Fiscal Year Ended June 30
Exhibit 3

Page 2 of 2

	2011 ³	2012 ³	2013	2014	2015	2016	2017	2018
Ranking								
Major Airlines¹								
Southwest Airlines	1	1	1	1	1	1	1	1
American Airlines	7	6	5	5	7	2	2	2
Delta Air Lines ²	2	3	4	4	3	3	3	3
United Airlines	3	2	2	2	2	4	4	4
Alaska Airlines	5	5	7	7	4	5	5	5
US Airways ²	6	7	6	6	6			
Jet Blue Airlines	11	8	8	8	8	6	6	6
Horizon Airlines ³	10	10	9	9	9			
Hawaiian Airlines	12	12	10	10	10	7	7	7
Frontier Airlines	9	9	11					
Aeromexico		13	12	11	11	8	8	8
Volaris Airlines			13	12	12	9	9	9
Seaport					13			
Virgin America			14					
Republic Airlines			15					
Continental Airlines ⁵	8	11						
Mexicana Airlines	14							
Regional Airlines⁴								
Skywest	4	4	3	3	5			
Mesa/Delta Connection	13				12			
Express Jet		14						

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 Delta airlines numbers includes Northwest beginning 2011.

³ Fiscal Year 2011-12 figures have been revised.

⁴ Regional Airlines enplanements are included in the Major Airlines enplanements starting FY 2016-17.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating revenue:										
Concessions	\$ 68,600,549	63,442,108	63,341,578	66,002,772	68,752,509	69,451,723	73,880,574	78,775,227	82,409,252	90,323,536
Building rents	35,384,002	35,885,350	30,697,623	47,204,495	61,114,151	61,119,198	61,887,092	65,012,503	66,066,673	60,059,320
Airfield charges	10,710,482	26,044,373	20,931,781	23,395,617	21,849,813	25,299,370	19,102,672	21,043,860	23,671,438	27,172,330
Ground leases	2,314,441	2,749,183	1,987,622	1,874,055	1,900,740	1,927,849	1,910,052	2,034,604	2,107,408	3,046,387
Sale of fuel	580,904	532,032	653,673	755,877	809,600	854,030	664,423	604,640	461,300	554,321
Airport services	1,100,127	898,153	920,930	4,136,078	4,819,705	331,277	798,098	1,000,679	949,129	498,253
Other	299,511	165,604	85,366	379,768	146,116	13,902	196,451	72,246	84,267	6,391
Total operating revenue	<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>	<u>175,749,467</u>	<u>181,660,538</u>
Operating expense:										
Salaries and benefits	33,640,076	33,084,803	35,989,114	37,081,912	36,149,138	30,302,735	27,021,772	26,842,856	30,372,684	33,422,424
Services and supplies	49,870,807	48,995,957	46,369,353	58,008,301	57,088,926	54,044,934	51,885,789	58,110,395	57,602,169	64,470,461
Cost of goods sold	497,815	431,389	542,657	628,838	641,268	648,940	509,938	431,554	361,608	499,671
Depreciation	25,750,395	26,928,736	29,750,690	43,847,407	51,673,862	54,204,762	53,531,817	50,565,547	52,011,580	52,013,372
Other	881,876	872,816	983,348	10,630	238,992	413,110	229,703	480,259	574,703	218,429
Total operating expense	<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>	<u>140,922,744</u>	<u>150,624,357</u>
Operating income (loss):	<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>	<u>34,826,723</u>	<u>31,036,181</u>
Nonoperating revenue (expense):										
Interest income	6,155,861	1,886,860	411,537	915,635	1,836,288	813,327	(54,853)	2,000,910	1,915,111	3,222,805
Passenger facility charges revenue	21,489,873	19,618,136	18,348,304	18,022,076	17,604,328	17,160,771	18,514,213	19,285,187	20,544,539	22,782,880
Intergovernmental revenue	978,992	954,695	622,320	1,637,600	1,578,104	838,145	467,561	867,632	404,582	1,695,305
Gain (loss) on disposal of assets	64,262	(65,452)	10,020	(77,140)	44,886	(62,967)	141,167	(29,493)	260,372	369,892
Other nonoperating revenue (expense)	157,388	237,958	1,291,437	42,425	176,702	(32,690)	208,536	299,019	149,481	139,045
Amortization of bond issuance cost ¹	(563,240)	(700,471)	(744,688)	(750,981)	(703,026)	(405,146)	(405,146)	(405,146)	(388,175)	(313,653)
Interest expense	(18,203,544)	(17,105,647)	(15,473,662)	(26,906,214)	(59,286,319)	(58,323,780)	(57,381,887)	(56,140,352)	(53,042,527)	(49,551,243)
Net nonoperating revenue (expense)	<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>	<u>(30,156,617)</u>	<u>(21,654,969)</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Income (loss) before capital contributions and transfers	18,428,639	24,229,181	9,448,679	(2,945,025)	(25,148,589)	(20,629,472)	(13,250,066)	(2,009,095)	4,670,106	9,381,212
Capital contributions	<u>6,935,457</u>	<u>7,361,129</u>	<u>14,556,307</u>	<u>14,392,953</u>	<u>54,969,536</u>	<u>9,421,605</u>	<u>11,456,573</u>	<u>11,368,943</u>	<u>15,534,748</u>	<u>3,279,101</u>
Transfer out ²						(2,711,985)	(2,765,151)	(2,231,084)	(2,406,265)	(2,484,035)
Changes in net position	25,364,096	31,590,310	24,004,986	11,447,928	29,820,947	(13,919,852)	(4,558,644)	7,128,764	17,798,589	10,176,278
Total net position, beginning of year ³	<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>	<u>555,862,015</u>	<u>571,733,735</u>
Total net position, end of year	<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>	<u>573,660,604</u>	<u>581,910,013</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 starting with fiscal year 2014.

³ The beginning net positions for FY 2015 and 2018 have been restated to reflect the implementation of GASB Statement No. 68 and GASB Statement No. 75, respectively.

COUNTY OF SACRAMENTO
Airline and Nonairline Revenues - Last 7 Years
Fiscal Years Ended June 30
Exhibit 5

Page 1 of 2

	2012	2013	2014	2015 ¹	2016	2017	2018
Airline Revenue							
Terminal building rents and fees	\$ 35,095,244	49,713,163	49,256,400	49,107,465	51,435,525	52,839,550	47,843,594
Aircraft parking fees	2,257,476	2,868,612	3,219,785	3,380,337	3,265,090	3,416,495	4,087,383
Loading bridge fees	3,965,015	2,300,004	2,330,794	2,600,865	3,387,186	2,922,392	1,817,444
Landing fees	23,248,445	21,723,306	25,144,577	18,921,694	20,811,054	23,677,390	27,268,577
Airport services	3,194,457	3,838,646			-	-	
Total Airline revenue	<u>\$ 67,760,637</u>	<u>80,443,731</u>	<u>79,951,556</u>	<u>74,010,361</u>	<u>78,898,855</u>	<u>82,855,827</u>	<u>81,016,998</u>
Less cargo revenues	<u>2,514,665</u>	<u>2,597,221</u>	<u>2,976,264</u>	<u>2,282,552</u>	<u>2,541,996</u>	<u>2,966,959</u>	<u>4,058,980</u>
Passenger airline operating revenues	<u>65,245,972</u>	<u>77,846,510</u>	<u>76,975,292</u>	<u>71,727,809</u>	<u>76,356,859</u>	<u>79,888,868</u>	<u>76,958,018</u>
Enplaned passengers	4,480,003	4,419,545	4,376,237	4,628,597	4,943,185	5,198,184	5,761,586
Cost per Enplaned Passenger (CPE)	14.56	17.61	17.59	15.50	15.45	15.37	13.36
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	56,359	
Fuel sales	960,938	1,007,915	1,058,430	902,546	877,125	737,132	1,060,702
Subtotal	<u>1,013,812</u>	<u>1,040,276</u>	<u>1,122,934</u>	<u>951,464</u>	<u>968,113</u>	<u>793,491</u>	<u>1,060,702</u>
Terminal building							
Food/beverage	3,096,650	3,399,419	3,633,335	3,645,630	4,156,648	4,662,410	4,873,267
Merchandise	2,184,732	2,037,097	1,827,309	2,010,780	2,203,245	2,323,964	2,372,005
Advertising	674,849	795,077	885,923	861,913	850,159	813,827	724,537
Telephones	134,068	290,575	448,777	450,062	380,803	394,664	409,439
Vending	360,901	350,401	380,335	397,273	407,224	445,267	434,162
Other terminal rents	1,049,515	1,325,656	1,285,975	1,396,835	1,389,435	1,422,993	2,016,294
Subtotal	<u>7,500,715</u>	<u>8,198,225</u>	<u>8,461,654</u>	<u>8,762,493</u>	<u>9,387,514</u>	<u>10,063,125</u>	<u>10,829,704</u>
Parking	<u>46,739,420</u>	<u>48,106,292</u>	<u>48,411,994</u>	<u>52,530,925</u>	<u>55,438,637</u>	<u>57,052,230</u>	<u>61,446,320</u>

Source: Airports financial statements.

¹ Landing fee for FY 2014-15 have been revised to include charters and commuters.

COUNTY OF SACRAMENTO
Airline and Nonairline Revenues - Last 7 Years
Fiscal Years Ended June 30
Exhibit 5

Page 2 of 2

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 ¹</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Other areas							
Autorentals	9,391,070	10,113,145	10,232,136	10,361,106	11,295,361	11,841,060	12,882,207
Autorental shuttle bus fees	2,854,311	3,081,002	2,969,309	2,913,934	3,073,675	3,577,686	4,420,013
Taxi/shuttle bus fees	559,758	565,921	647,788	693,316	954,025	1,293,349	2,364,656
Tiedown and hangars	702,383	715,789	720,101	718,237	715,793	734,240	716,462
FBO rentals	94,616	96,960	103,826	91,461	91,461	92,460	92,334
Aviation ground leases	1,668,994	1,702,425	1,723,450	1,671,929	1,762,119	1,831,576	2,540,006
Other rentals/miscellaneous	4,124,089	4,179,735	4,284,393	4,683,211	4,817,517	4,705,159	3,931,754
Subtotal	<u>19,395,221</u>	<u>20,454,976</u>	<u>20,681,003</u>	<u>21,133,194</u>	<u>22,709,951</u>	<u>24,075,530</u>	<u>26,947,432</u>
Other revenue							
Service fees	941,621	981,059	331,277	798,098	1,000,679	949,129	498,253
Miscellaneous revenue	2,077,263	1,922,882	842,386	928,924	1,006,661	514,198	1,728,539
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>	<u>1,463,327</u>	<u>2,226,792</u>
Total Non Airline Revenue	77,668,051	80,703,710	79,851,248	85,105,098	90,511,555	93,447,703	102,510,950
Interest income ²	628,467	1,787,484	786,576	(187,198)	1,440,381	1,805,024	3,882,123
Total Non Airline Revenue	<u>\$ 78,296,518</u>	<u>82,491,194</u>	<u>80,637,824</u>	<u>84,917,900</u>	<u>91,951,936</u>	<u>95,252,727</u>	<u>106,393,073</u>

Source: Airports financial statements.

¹ Landing fee for FY 2014-15 have been revised to include charters and commuters.

² As defined in the Bond Indenture.

COUNTY OF SACRAMENTO
Summary of Historical Revenue, Expenses and Debt Service Coverage - Last 10 Years
Fiscal Years Ended June 30
Exhibit 6

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Rate Covenant per Section 6.04 (b)(i)										
Revenues ¹	\$ 134,667,273	132,007,161	128,179,835	146,057,155	162,934,925	160,589,380	158,928,261	171,150,791	178,108,554	187,410,070
Operating expenses ²	(84,890,322)	(83,384,965)	(83,884,472)	(95,729,680)	(94,118,325)	(88,121,704)	(82,412,353)	(88,096,148)	(91,317,429)	(101,128,080)
Net revenues	49,776,951	48,622,196	44,295,363	50,327,475	68,816,600	72,467,676	76,515,908	83,054,643	86,791,125	86,281,990
Transfer (limited to 25%)	3,992,960	4,301,661	4,321,838	8,995,140	13,031,769	12,357,018	13,391,226	13,390,638	13,338,831	9,800,819
Net revenues + Transfer	\$ 53,769,911	52,923,857	48,617,201	59,322,615	81,848,369	84,824,694	89,907,134	96,445,281	100,129,956	96,082,809
Accrued debt service on senior obligations ³	\$ 15,971,841	17,206,645	17,287,350	35,980,560	52,127,074	49,428,071	53,564,902	53,562,551	53,355,325	39,203,276
Debt service coverage (>1.25)	3.37	3.08	2.81	1.65	1.57	1.72	1.68	1.80	1.88	2.45
Rate Covenant per Section 6.04 (b)(ii)										
Net revenues	\$ 49,776,951	48,622,196	44,295,363	50,327,475	68,816,600	72,467,676	76,515,908	83,054,643	86,791,125	86,281,990
Transfer (limited to 10%)	1,597,184	1,720,665	1,728,735	3,598,056	5,212,707	4,942,807	5,356,490	5,356,255	5,335,533	3,920,328
Net revenues + Transfers	\$ 51,374,135	50,342,861	46,024,098	53,925,531	74,029,307	77,410,483	81,872,398	88,410,898	92,126,658	90,202,318
Accrued debt service on senior obligations	\$ 15,971,841	17,206,645	17,287,350	35,980,560	52,127,074	49,428,071	53,564,902	53,562,551	53,355,325	39,203,276
Debt service on subordinate obligations	6,939,856	30,130,833	31,129,931	30,112,081	30,159,794	30,211,816	30,271,621	21,944,846	20,832,404	13,494,431
Less: PFC Revenues	(6,939,856)	(20,448,833)	(22,005,931)	(21,941,081)	(21,939,794)	(21,940,816)	(21,942,737)	(21,944,846)	(20,832,404)	(13,494,431)
Less: Available Grant Revenues		(9,862,000)	(9,124,000)	(8,171,000)	(8,220,000)	(8,271,000)	(8,328,884)	-		
Accrued debt service on sr. & sub. obligations	\$ 15,971,841	17,026,645	17,287,350	35,980,560	52,127,074	49,428,071	53,564,902	53,562,551	53,355,325	39,203,276
Debt Service Coverage (>1.10)	3.22	2.93	2.66	1.50	1.42	1.57	1.53	1.65	1.73	2.30

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 1st of the following fiscal year.

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2014 through 2018**

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 15c2-12(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, page 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 Historical and Projected Operating Results" table on page 42 of the 2007 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", on May 21, 2013, Moody's upgraded the rating back to "Baa1", and on May 21, 2014, Moody's again upgraded the rating to "A3". On March 18, 2014, Standard & Poor's upgraded National Public Finance Guarantee Corporation from "A" to "AA-". At the end of Fiscal Year 2015-16 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, 2018.

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2014 through 2018**

As of June 30, 2018, 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>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Number of connections	51,652	52,400	53,439	54,464	55,178
Annual Percent Increase	1.7 %	1.4 %	2.0 %	1.9 %	1.3 %

Section 4(b)(ii) Zone 40 Monthly Service Fee generally imposed on customers.

Fiscal Year:	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Monthly Rate:	\$ 27.30	28.80	28.80	28.80	28.80

Section 4(b)(iii) Zone 41 Monthly Service Fee generally imposed on customers.

Fiscal Year:	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Monthly Rate:	\$ 38.99	39.99	42.39	44.54	44.54

Section 4(b)(iv) Zone 40 Impact Fees

Effective Date (Month-Yr)	<u>Mar-14</u>	<u>Mar-15</u>	<u>Mar-16</u>	<u>Mar-17</u>	<u>Mar-18</u>
Development Fee (per EDU) (Domestic, Commercial, Other Service)	\$ 13,965	14,955	15,380	16,104	16,651
Annual increase	4 %	7 %	3 %	4 %	3 %
Commercial Service (per acre)	\$ 8,521	8,521	8,763	9,175	9,486
Annual increase	4 %	0 %	3 %	4 %	3 %
Other Service (per acre)	\$ 1,651	1,651	1,698	1,778	1,838
Annual increase	4 %	0 %	3 %	4 %	3 %

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2014 through 2018**

ADDITIONAL INFORMATION (Continued)

Zone 50 Impact Fees (implemented December 2005)

Effective Date (Month-Yr)	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
Development Fee (per EDU) (Domestic, Commercial, Other Service)	\$ 250	257	259	269	278
Annual increase	4 %	3 %	1 %	4 %	3 %
Commercial (per acre)	\$ 3,610	3,713	3,738	3,888	4,020
Annual increase	4 %	3 %	1 %	4 %	3 %
Other Service (per acre)	\$ 3,610	3,713	3,738	3,888	4,020
Annual increase	4 %	3 %	1 %	4 %	3 %

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2014 through 2018**

Section 4(b)(v) Summary of Historical and Projected 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)**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Revenues:			
Operating revenues			
Water service charges	\$ 42,818	46,703	49,703
Charges for services	2,257	2,508	2,283
Development fees	20,130	13,762	26,149
Connection fees	415	254	734
Other	<u>1,613</u>	<u>1,338</u>	<u>1,563</u>
Total net operating revenues	67,233	64,565	80,432
Nonoperating revenues			
Total interest income (excludes fair market value adjustments)	1,324	1,798	1,928
Less: interest earnings on reserves	<u>(1,206)</u>	<u>(1,204)</u>	<u>(1,188)</u>
Net interest income	<u>118</u>	<u>594</u>	<u>740</u>
Total nonoperating revenues	<u>118</u>	<u>594</u>	<u>740</u>
Total revenues	<u>67,351</u>	<u>65,159</u>	<u>81,172</u>
Adjusted annual revenues ¹	67,351	65,159	81,172
Maintenance & operating expenses (excludes depreciation and includes non-bond related interest expense)	<u>24,048</u>	<u>27,812</u>	<u>27,169</u>
Net revenues	43,303	37,347	54,003
Impact fee credits	<u>(5,454)</u>	<u>(2,117)</u>	<u>(3,494)</u>
Net revenue less impact fee credits	37,849	35,230	50,509
Debt service			
Debt service on 2007 bonds	25,676	25,669	25,681
Less int earnings on reserve	<u>(1,206)</u>	<u>(1,204)</u>	<u>(1,188)</u>
Adjusted annual debt service	24,470	24,465	24,493
Debt service coverage (1)	1.77	1.53	2.20
Debt service coverage net of impact fee credits	1.55	1.44	2.06
Pay-as-you-go capital	<u>13,299</u>	<u>10,390</u>	<u>6,653</u>
Net cash flow of year's operations	<u>\$ 81</u>	<u>375</u>	<u>19,363</u>
Reserves end of year	<u>\$ 45,521</u>	<u>44,167</u>	<u>55,498</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

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2018**

