



COMPREHENSIVE ANNUAL FINANCIAL REPORT

BEN LAMERA
DIRECTOR OF FINANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Photo Credit: Ana Ramos, Sr. Office Assistant
Department of Health and Human Services

Photography is one of my favorite hobbies. The evening of March 14, 2017, my photography class took a field trip to view the downtown Sacramento area and the Tower Bridge. After taking several pictures of the bridge from many different angles, I fell in love with this particular photo as I like how it captures the bridge, Sacramento River, and part of downtown Sacramento. The Tower Bridge is used for pedestrian and vehicle traffic and is an iconic landmark of Sacramento.

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

**COUNTY OF SACRAMENTO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION



Department of Finance**Ben Lamera****Director****County of Sacramento**

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

November 30, 2017

To the Citizens of Sacramento County
Sacramento, California

Dear Citizens:

The Comprehensive Annual Financial Report (CAFR) of the County of Sacramento (County) for the fiscal year ended June 30, 2017, 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, 2017, 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 2013-16 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

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

The local economy continues its improvement with gross assessed valuations expected to increase in Fiscal Year (FY) 2017-18 by approximately 6.3 percent, following a 5.2 percent increase in FY 2016-17. These increases follow two consecutive years of increases giving the County the highest total gross assessed valuations in the County's history. The Sacramento Metropolitan Statistical Area (including Sacramento, Yolo, El Dorado and Placer counties) unemployment rate (not seasonally adjusted) decreased to 5.1 percent in July 2017 from 5.5 percent in July 2016.

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

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

Housing Market

Following a downturn that began in 2006, the region's housing market stabilized in 2011, and has continued to improve since that time. Median home sale prices have increased by approximately 104.4 percent since December 2011 to a level of \$402,600 in June 2017. Although this is a significant increase, median home sale prices are still approximately 1.4 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 2016, a total of 3,338 new dwelling unit permits were added to the Assessor's roll, an increase of 349 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 2016-17, the County's property tax revenue increased by 5.5 percent, following an increase of 5.0 percent in FY 2015-16. This is the fourth annual consecutive increase since FY 2012-13, for a total increase of 25.2 percent. The FY 2016-17 property tax revenue is now 8.5 percent higher than the FY 2008-09 peak, and is expected to grow an additional 5.7 percent in FY 2017-18. 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 1,028,000 in July 2017. The four-county area's unemployment rate also hit a high of 12.4 percent in December 2010, and has decreased to 5.1 percent in July 2017, compared to the national average of 4.3 percent and state average of 5.4 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 June of 2017, projected discretionary revenue and Net County Cost (expenditures funded by discretionary resources), through FY 2021-22 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 than the rate assumed in the Baseline Scenario. This Scenario assumed a 3 percent average annual discretionary revenue growth rate over the projection period and net County cost will grow at an average annual rate of 4 percent.
- 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. This projection assumed a 7 percent average annual discretionary revenue 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 that three conclusions could be drawn from the analysis.

The *Baseline Scenario* is generally consistent with current trends in economic conditions, discretionary revenue and Net County Cost growth, while the other two Scenarios would require significant changes in economic and fiscal conditions either positively or negatively.

The General Fund will likely not be in structural balance over the five-year projection period but if costs can be controlled, and discretionary revenue comes in at a rate only slightly above the Baseline assumptions, structural balance is potentially achievable without significant expenditure reductions. It would be prudent over the next few years to focus on controlling costs and building reserves rather than adding or expanding programs.

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 2017 and identified capital and major technology system needs through FY 2021-22.

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 new initiatives in FY 2017-18:

Parkways and Unincorporated Communities Clean Up and Safety: The goal of the initiative is 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.

High Gunshot Area/Shot-Spotter Rapid Response Pilot Program: The goal is to reduce gun violence against residents of these communities. This program will include contracting for the ShotSpotter technology, which will immediately identify when shots are fired within a three-square mile area, triangulate exactly where the shooting occurred, and notify a dedicated response team.

Critical Technology Needs: The goal is 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; Correctional Health's Clinic Management 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.

Homeless Services: The County continues its commitment to provide crisis response services, including emergency shelters and permanent housing opportunities to persons experiencing homelessness. The County has started implementing the Board-approved homeless initiatives: Redesign Family Homelessness Response and Shelter System; Preserve Mather Community Campus Residential and Employment Program; Create Full Service Rehousing Shelter; and Create a Flexible supportive Rehousing Program. In total, the Board's actions will insure capacity to shelter and house more

than 1,000 individuals and families per year, an increase of approximately 48 compared to the number that could have been served prior to the initiative.

Children's Services Continuum of Care Reform (CCR): In 2015, Assembly Bill (AB) 403 was approved by the Governor to further CCR efforts. AB 403 is a comprehensive reform effort to make sure youth in foster care have their day-to-day physical, mental and emotional needs met. 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.

DEPARTMENT FOCUS

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

Human Assistance

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

Health and Human Services

- Behavioral Health Services (BHS) implemented a crisis residential program in Rio Linda; fully implemented its Mental Health Navigator Program placing navigators at every Health System Emergency Room, the jail, and Loaves and Fishes; and in collaboration with the Sheriff's Department and Regents of the University of California, established a 1370 Incompetent to Stand Trial Misdemeanors Program to operate an eight-bed program for misdemeanor male inmates at the Rio Cosumnes Correctional Center.

District Attorney

- The District Attorney (DA) dispersed \$270,000 to 11 non-profit organizations for the prevention of human trafficking and domestic violence, and for youth intervention programs from the Public Safety and Community Improvement Trust Fund.

Sheriff

- The Sheriff's Department, through its Correctional Health Services Division, implemented an 8-bed *Restoration to Competency Program* for male inmates held on misdemeanors. Also, a similar program for felony inmates that was already implemented was expanded from 16 to 32 beds.

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 2016-17 Single Audit will be issued under separate cover and will be available by contacting the Department of Finance, Auditor-Controller Division, after March 31, 2018.

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 2016-17, 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 2016-17 was 0.92 percent. The yield for a one-year Constant Maturity U.S. Treasury Note during the same period was 0.83 percent.

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

Risk Management

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

OTHER INFORMATION

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

Awards

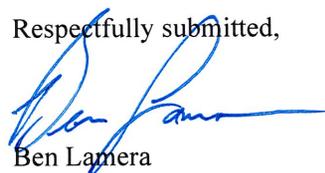
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the County for its comprehensive annual financial reports for each of the last twenty-eight fiscal years. The 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, 2016

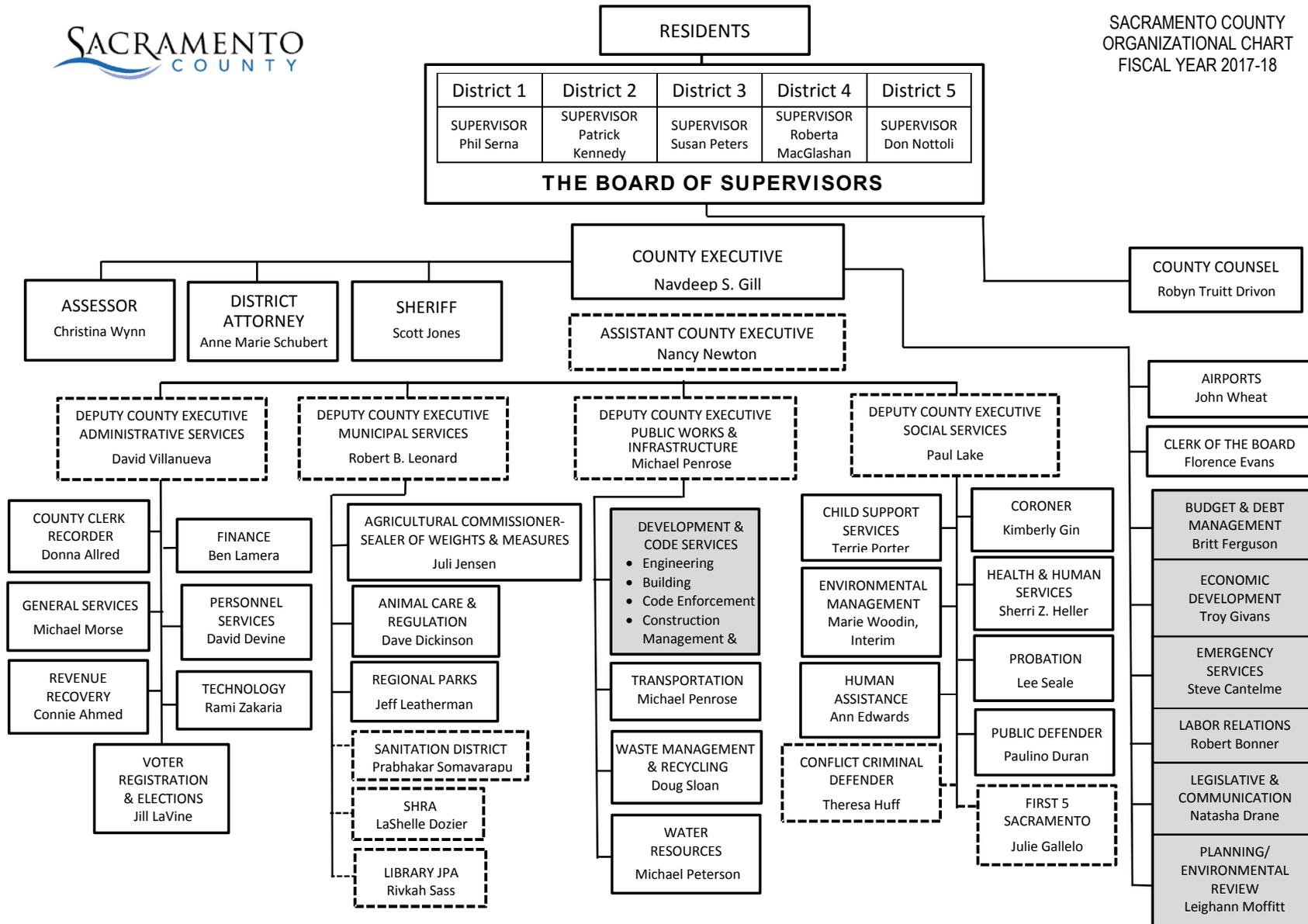
Christopher P. Morill

Executive Director/CEO





SACRAMENTO COUNTY
ORGANIZATIONAL CHART
FISCAL YEAR 2017-18



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

**COUNTY OF SACRAMENTO
LIST OF PUBLIC OFFICIALS
JUNE 30, 2017**

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	Chief Deputy County Executive
Ben Lamera	Director of Finance

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
COUNTY OF SACRAMENTO

For the Fiscal Year Ended June 30, 2017

ACKNOWLEDGEMENT

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

Ben Lamera, Director of Finance
Joyce Renison, Assistant Auditor-Controller
Mark Aspesi, Chief of Financial Reporting and Control
Treddis Campbell, Sr. Accounting Manager
Herman Williams, Sr. Accounting Manager
Paula Burris, Sr. Administrative Analyst
Lincoln Bogard, Accounting Manager
Poonam Aujla, Accounting Manager
Ross McCarthy, Senior Accountant
Nou Her, Senior Accountant



COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FINANCIAL
SECTION**





INDEPENDENT AUDITORS' REPORT

The Honorable Board of Supervisors
County of Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2017, 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, 2017, 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 discussed in Note 16 and Note 23 to the financial statements, the County has settled a lawsuit alleging breach of contract. The primary elements of the settlement agreement consist of an agreed obligation to be paid by the County in the amount of \$93.6 million over a fifteen (15) year period. The County has recorded this liability in the governmental activities statement of net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 21, the schedule of proportionate share of the net pension liability and the schedule of contributions on pages 120 through 121 and the schedule of funding progress on page 122 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 30, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Vavrinick, Trine, Day & Co. LLP

Sacramento, California
November 30, 2017

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Sacramento's (County) comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2017. 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 2016-17 fiscal year by \$977,230 (net position), of this amount, \$756,032 is restricted for specific purposes (restricted net position), and \$2,326,613 is the County's net investment in capital assets. The County's total net position increased by \$1,231 during the fiscal year.
- As of June 30, 2017, the County governmental funds reported combined fund balances of \$728,247 for an increase of \$77,456, in comparison with the prior year. Total amounts available for spending include restricted, assigned, and unassigned fund balances, which totaled \$677,080, (93.0 percent), of the ending fund balance. Of this amount, \$639,813 is restricted by law, enabling legislation, or externally imposed requirements. Total fund balance for the General Fund increased \$57,837 to \$332,758, which equates to 15.4 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 \$37,267 or 1.7 percent of total general fund expenditures.
- The County's investment in capital assets decreased by \$12,260 or 0.3 percent in comparison with June 30, 2016 balances.
- The County's total long-term obligations had a net decrease of \$6,110 in comparison with June 30, 2016 balances. This net decrease was comprised of a gross decrease of \$441,595 and a gross increase of \$435,485. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, Teeter notes, and pension obligation bonds. The increase resulted primarily from the issuance of 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 is a public entity created by a Joint Exercise of Powers Agreement effective as of November 2003 between Sacramento County and the Sacramento Housing and Redevelopment Agency (Agency). The Authority is a public entity legally separate and apart from the County, and is considered a blended component unit of the County due to the operational relationship between the Authority and the County. The debts and liabilities of the Authority belong solely to it, and neither the County nor the Agency are in any way responsible for those liabilities.

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

The government-wide financial statements 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 (Self-Insurance – Other); regional communications; and centralized services provided by the Department of General Services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

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

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

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

Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 43 - 118 of this report.

The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, enterprise and internal service funds, and can be found on pages 123 - 211 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 \$977,230 at the close of the most recent fiscal year. (See Summary of Net Position and analysis on page 9.)

In FY 2016-17, approximately \$71,118 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 \$518,113 in FY 2016-17 to \$1,545,905, primarily as a result of unfavorable investment results during FY 2015-16. 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 \$457,134 in FY 2016-17 to \$689,001. Deferred inflows of resources related to pensions decreased by \$3,262 in FY 2016-17 to \$99,012. The net change for the pension related items was negative \$57,717.

Governmental activities decreased the County's net position by (\$31,427), from (\$297,298) to (\$328,725) in the current fiscal year. The County also incurred a litigation settlement resulting in a liability to the County in the amount of \$93,620. This decrease in net position offset by the governmental funds increase of \$77,456, accounted for \$16,164 (51 percent) in the Governmental activities change in net position.

Business-type activities increased the County's net position by \$32,658 to \$1,305,955 in the current fiscal year. The increase is primarily related to increased activity for Airports of \$17,798, Solid Waste of \$7,769, and Water Agency of \$6,328 resulting from business-type activities revenues exceeding expenditures. See page 16 for additional comments on changes to proprietary net position.

Condensed Statement of Net Position
June 30, 2017
(amount expressed in thousands)

Primary Government	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 1,244,274	1,188,345	559,475	583,829	1,803,749	1,772,174
Capital assets, net of depreciation	1,709,901	1,716,336	2,239,292	2,245,117	3,949,193	3,961,453
Total assets	<u>2,954,175</u>	<u>2,904,681</u>	<u>2,798,767</u>	<u>2,828,946</u>	<u>5,752,942</u>	<u>5,733,627</u>
Deferred outflows of resources:						
Accumulated decrease in market value of SWAP agreement	91,179	130,304	60,371	84,866	151,550	215,170
Deferred amounts on refundings	36,049	38,443	29,367	12,679	65,416	51,122
Deferred outflow amount related to pension	658,719	223,199	30,282	8,668	689,001	231,867
Total deferred outflows of resources	<u>785,947</u>	<u>391,946</u>	<u>120,020</u>	<u>106,213</u>	<u>905,967</u>	<u>498,159</u>
Liabilities:						
Current and other liabilities	651,946	696,654	184,259	218,373	836,205	915,027
Long-term debt obligations	3,324,888	2,801,753	1,421,574	1,436,733	4,746,462	4,238,486
Total liabilities	<u>3,976,834</u>	<u>3,498,407</u>	<u>1,605,833</u>	<u>1,655,106</u>	<u>5,582,667</u>	<u>5,153,513</u>
Deferred inflows of resources:						
Deferred inflows amount related to pension	92,013	95,518	6,999	6,756	99,012	102,274
Total deferred inflow of resources	<u>92,013</u>	<u>95,518</u>	<u>6,999</u>	<u>6,756</u>	<u>99,012</u>	<u>102,274</u>
Net position:						
Net investment in capital assets	1,383,387	1,370,462	943,226	916,597	2,326,613	2,287,059
Restricted	639,813	496,622	116,219	116,658	756,032	613,280
Unrestricted	(2,351,925)	(2,164,382)	246,510	240,042	(2,105,415)	(1,924,340)
Total net position	<u>\$ (328,725)</u>	<u>(297,298)</u>	<u>1,305,955</u>	<u>1,273,297</u>	<u>977,230</u>	<u>975,999</u>

Net Position. The largest portion of the County's net position totaling \$2,326,613 (238.1 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 \$39,554 (1.7 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 \$261,032 were related primarily to infrastructure (roads & road improvements), building projects, and additions to equipment. The County recorded depreciation of \$182,372 against its assets in the current fiscal year.

Another significant portion of the County's net position totaling \$756,032 (77.4 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 \$50,803 (6.7 percent), debt service \$114,811 (15.2 percent) capital projects \$87,584 (11.6 percent), health and sanitation programs \$234,989 (31.1 percent), public protection \$68,159 (9.0 percent), transportation programs \$38,214 (5.1 percent) and economic development programs \$71,289 (9.4 percent). The County's restricted net position increased by \$139,523 from the prior year restricted net position amount of \$613,280. The increase is due primarily to the combination of increases for capital projects of \$12,785, and for public protection of \$17,068. Also economic development programs funds totaling \$71,289 in the prior year were held in the unrestricted net position. These funds have been revised to be restricted in the current year financial statements.

The remaining balance of total net position, a negative \$2,105,415 is unrestricted. Unrestricted net position decreased by \$181,075 from the prior year. The decrease is primarily the result of the aforementioned changes in the County's unfunded pension obligations, OPEB liability and litigation settlement.

The County's total net position increased by \$1,231 during the current fiscal year, which results in an increase of 0.1 percent of total net position from prior year.

Revenues. When compared to the prior year, government-wide revenues increased approximately \$102,370 (3.5 percent). Program revenues increased by \$104,411 (5.2 percent) mostly due to an increase in operating grants and contribution revenue of approximately \$151,840, offset by decreases in charges for services revenue \$28,092 (3.8 percent) and capital grants and contributions revenue of \$19,337 (33.6 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 69.1 percent of the County's funding for governmental activities.

General revenues decreased by \$2,042 (0.2 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, health and consume most of these resources. The increase in general revenues is due primarily to increases in property taxes revenue of \$16,538 (3.7 percent) and miscellaneous revenues of \$8,986 (10.4 percent), offset by decreases in grants and contributions not restricted to specific programs revenue \$27,789 (9.7 percent). Total general revenues represent 30.9 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 87 FTEs from 12,137 in the prior year to 12,224 at June 30, 2017. When compared to the prior year, government-wide expenses increased approximately \$246,272 (8.8 percent). The following functions provided the most significant increases in expenses in the current year: public assistance \$22,347 (3.4 percent); public protection \$81,724 (10.5 percent); and health and sanitation programs \$157,302 (28.4 percent). These increases are due to the changes in the other post-employment benefits, pension related items and litigation settlement, 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, 2017
(amounts expressed in thousands)

Primary Government	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for service	\$ 362,158	401,484	339,940	328,706	702,098	730,190
Operating grants and contributions	1,366,484	1,214,579	2,350	2,415	1,368,834	1,216,994
Capital grants and contributions	21,461	42,248	16,833	15,383	38,294	57,631
General Revenue						
Taxes:						
Property	463,975	447,437			463,975	447,437
Sales / use	82,453	82,762	561	1,412	83,014	84,174
Transient	5,845	4,335			5,845	4,335
Unrestricted investment earnings	17,024	18,291	4,627	3,832	21,651	22,123
Grants and contributions not restricted to specific programs	257,252	285,041			257,252	285,041
Pledged tobacco settlement proceeds	12,577	12,229			12,577	12,229
Miscellaneous	95,586	86,600			95,586	86,600
Total revenues	<u>2,684,815</u>	<u>2,595,006</u>	<u>364,311</u>	<u>351,748</u>	<u>3,049,126</u>	<u>2,946,754</u>
Expenses:						
General government	161,937	179,608			161,937	179,608
Public assistance	677,572	655,225			677,572	655,225
Public protection	862,968	781,244			862,968	781,244
Health and sanitation	712,033	554,731			712,033	554,731
Public ways and facilities	161,596	172,931			161,596	172,931
Recreation and culture	37,050	38,951			37,050	38,951
Education	1,658	1,729			1,658	1,729
Interest and fiscal charges	106,431	109,019			106,431	109,019
Airports			193,233	187,985	193,233	187,985
Solid Waste			67,078	60,357	67,078	60,357
Water Agency			60,695	55,824	60,695	55,824
Parking Enterprise			3,238	1,893	3,238	1,893
County Transit			2,406	2,124	2,406	2,124
Total expenses	<u>2,721,245</u>	<u>2,493,438</u>	<u>326,650</u>	<u>308,183</u>	<u>3,047,895</u>	<u>2,801,621</u>
Change in net position before transfers	(36,430)	101,568	37,661	43,565	1,231	145,133
Transfers	5,003	4,721	(5,003)	(4,721)		
Change in net position	<u>(31,427)</u>	<u>106,289</u>	<u>32,658</u>	<u>38,844</u>	<u>1,231</u>	<u>145,133</u>
Net position, beginning of year	<u>(297,298)</u>	<u>(403,587)</u>	<u>1,273,297</u>	<u>1,234,453</u>	<u>975,999</u>	<u>830,866</u>
Net position, end of year	<u>\$ (328,725)</u>	<u>(297,298)</u>	<u>1,305,955</u>	<u>1,273,297</u>	<u>977,230</u>	<u>975,999</u>

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, 2017, the County's governmental funds reported combined fund balances of \$728,247, an increase of \$77,456 in comparison with the prior year's total ending fund balance of \$650,791. The components of total fund balance are as follows (for more information, see Note 19 – Fund Balances):

- *Nonspendable fund balance*, \$51,167, 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 \$1,322; 2) prepaid items \$19,256; 3) long term receivables/advances of \$23,368; and 4) legally required Teeter Tax program loss reserves of \$5,552; and 5) Teeter Tax delinquencies of \$1,669.
- *Restricted fund balance*, \$639,813, 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 \$234,989, 2) capital projects of \$87,584, 3) debt service of \$87,466, 4) public ways and facilities of \$37,086, 5) economic development of \$71,289, 6) public protection of \$68,159, 7) environmental management of \$14,582, and 8) Stormwater Utility \$20,791.
- *Unassigned fund balance*, \$37,267, represents the residual classification for the County's general fund.

Approximately 93.0 percent, or \$677,080, of the total fund balances is considered spendable. With the exception of the nonspendable portion, \$639,813 is available for appropriation for restricted purposes, leaving a positive unassigned fund balance of \$37,267.

The increase of \$77,456 in the governmental funds combined fund balances was primarily attributable to a combined increase to special revenue funds of \$2.512 million; decrease in debt service of \$2.385 million; increase in Capital Project funds of \$19.492 million; and increase in general fund balance of \$57.837 million.

The General Fund is the chief operating fund of the County. The General Fund's total fund balance increased by 21.0 percent, or \$57,837, to \$332,758 at June 30, 2017. The nonspendable portion of fund balance was \$51,167 and the spendable portion was \$281,591, an increase of \$34,527 from the prior year spendable balance of \$247,064. This increase is primarily a result of 1) a decrease in non-spendable of \$3 million for prepaid retirement; 2) increases in property tax revenues of \$30 million, mental health services act revenue of \$15 million, realignment revenue of \$22 million, building permit and inspection fees of \$9 million; offset by 3) increases in expenditures for public protection of \$43 million.

As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance equates to 15.4 percent of total General Fund expenditures while spendable fund balance equates to 13.0 percent of total General Fund expenditures. Of the General Fund spendable fund balance, \$244,324, or 86.8 percent is restricted.

Other governmental funds: The total fund balances of the remaining governmental funds increased 5.2 percent, or \$19,619, to \$395,489 with the following significant changes:

- The Capital Projects funds increased by \$19,492 from \$74,799 to \$94,291, primarily due to 1) increase in contributions from property tax owners for Metro Air Park Community Facilities District (CFD) of \$6,871; 2) increase in interest income to Metro Air Park CFD of \$1,216; 3) increase in Metro Air Park Services Tax charges of \$5,798; and 4) Capital outlay net income of \$8,749, less net transfers out of \$2,889.

Revenues for total governmental funds totaled \$2,700,777 in FY 2016-17 which represents an increase of 2.3 percent from FY 2013-16.

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 2017		FY 2016		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 552,273	20.45 %	534,534	20.24 %	17,739	3.32 %
Use of money and property	16,970	0.63 %	18,212	0.69 %	(1,242)	(6.82)%
Licenses and permits	66,241	2.45 %	61,423	2.33 %	4,818	7.84 %
Intergovernmental	1,654,188	61.24 %	1,601,586	60.65 %	52,602	3.28 %
Charges for sales and services	257,641	9.54 %	269,695	10.21 %	(12,054)	(4.47)%
Fines, forfeitures and penalties	38,276	1.42 %	37,600	1.42 %	676	1.80 %
Pledged tobacco settlement proceeds	12,577	0.47 %	12,229	0.46 %	348	2.85 %
Contributions from property owners	7,025	0.26 %	24,167	0.92 %	(17,142)	(70.93)%
Miscellaneous	95,586	3.54 %	81,427	3.08 %	14,159	17.39 %
Total	\$ 2,700,777	100.00 %	2,640,873	100.00 %	59,904	2.27 %

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

- Taxes increased \$17.7 million primarily due to \$17.4 million increase in property tax revenue.
- Licenses and permits increased by \$4.8 million, primarily due to increased activities in residential building permits and roadway fees.
- Intergovernmental revenue increased by \$52.6 million, primarily due to an increase of \$37 million in Psychiatric Health Funding and additional funding from the Mental Health Services Act (MHSA).
- Charges for services decreased by \$12.1 million primarily due to completion of the Rio Cosumnes Correctional Center (RCCC) Campus expansion project and discontinuance of Fixed Asset Financing Program.
- Contributions from property owners decreased by \$17.1 million due to prior year debt issuance in North Vineyard Station Community Facilities District.
- Miscellaneous revenue increased by \$14.1 million due to a \$14.1 million prior year charge to miscellaneous revenue as a result of FY 2008-09 Audit of Federal Mental Health Funds.

Expenditures for governmental funds totaled \$2,657,611 in FY 2016-17, which represents an increase of 1.4 percent from FY 2013-16.

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 2017		FY 2016		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 151,713	5.71 %	165,999	6.33 %	(14,286)	(8.61)%
Public assistance	671,766	25.27 %	663,373	25.30 %	8,393	1.27 %
Public protection	817,939	30.78 %	797,866	30.44 %	20,073	2.52 %
Health and sanitation	610,859	22.99 %	559,977	21.36 %	50,882	9.09 %
Public ways and facilities	137,106	5.16 %	135,948	5.19 %	1,158	0.85 %
Recreation and culture	35,641	1.34 %	34,869	1.33 %	772	2.21 %
Education	1,422	0.05 %	1,286	0.05 %	136	10.58 %
Capital outlay	36,974	1.39 %	59,080	2.25 %	(22,106)	(37.42)%
Debt service:						
Principal	55,263	2.08 %	67,346	2.57 %	(12,083)	(17.94)%
Interest and fiscal charges	138,928	5.23 %	135,661	5.18 %	3,267	2.41 %
Total	<u>\$ 2,657,611</u>	<u>100.00 %</u>	<u>2,621,405</u>	<u>100.00 %</u>	<u>36,206</u>	<u>1.38 %</u>

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

- General government decreased by \$14.3 million primarily due to a decrease of \$14.9 million in reimbursements for Fixed Asset Financing Program.
- Health and sanitation increased by \$50.9 million primarily due to: 1) increase of \$11.6 million in salaries and wages in Mental Health program due to COLA's and equity adjustments; 2) increase of \$9 million in contract services for mental health; and 3) increase of \$20 million in provider payments for mental health services. This includes a \$6 million increase for psychiatric health funding as part of the Homeless Initiative.
- Capital Outlay decreased by \$22.1 million primarily due to: 1) decrease of \$14 million for fixed asset purchases through the County's Fixed Asset Financing Program; and 2) decrease of \$4 million in capital outlay fund other professional services (RCCC pre-planning).
- Bond Principal had a net decrease of \$12.1 million primarily due to a \$12.1 million payoff of a portion of 2003A and 2003C revenue bonds for Public Financing Authority in prior year.

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

	FY 2017	FY 2016	Increase/(Decrease)	
			Amount	Percent
Transfers in	\$ 169,793	174,485	(4,692)	(2.69)%
Transfers out	(152,894)	(158,151)	5,257	(3.32)%
Issuance of debt	17,391	19,522	(2,131)	(10.92)%
Total other financing sources (uses)	\$ 34,290	35,856	(1,566)	(4.37)%

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

Proprietary funds. The County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, the unrestricted net position for Airports Enterprise Funds was \$137,497, Solid Waste Enterprise Funds \$27,732, Water Agency Enterprise Funds \$43,174, Parking Enterprise was \$5,881 and County Transit was \$382. The internal service funds that are used to account for certain governmental activities had unrestricted net position of negative \$87,545.

Airports total net position increased by \$17,798 during fiscal year ended June 30, 2017, primarily as a result of a combination of operating income of \$34,826; a decrease in net non-operating expenses of \$30,157, capital contribution of \$15,535, and a transfer out of \$2,406. Increased revenues of \$7.2 million were primarily a result of increased airfield charges, terminal rental revenues, concession revenues, parking revenue and auto rental revenues, offset by increased operating costs of \$4.5 million. Revenues increased due to increased landing operations, increased passenger numbers, terminal rental rate increases, and an increase in passenger facility charges resulting from an increase in enplanements.

The Solid Waste’s total net position increased by \$7,769 during fiscal year ended June 30, 2017. This increase was a result of a combination of operating income of \$9,105, net non-operating income of \$279, with a transfer out of \$1,615. 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 \$6,328 during fiscal year ended June 30, 2017. This increase was a result of a combination of operating income of \$19,434; net non-operating expenses of \$13,377; a transfer out of \$948; and capital contribution of \$1,219. 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	\$ 175,749	76,093	64,565	3,017	239	319,663	305,245
Operating expenses	(140,923)	(66,988)	(45,131)	(3,287)	(2,406)	(258,735)	(290,353)
Operating income (loss)	34,826	9,105	19,434	(270)	(2,167)	60,928	14,892
Non-operating revenues, net	(30,157)	279	(13,377)	50	1,486	(41,719)	(1,335)
Income before capital contributions and transfers	4,669	9,384	6,057	(220)	(681)	19,209	13,557
Transfers in (out)	(2,406)	(1,615)	(948)	(34)		(5,003)	(11,896)
Capital contributions	15,535		1,219		79	16,833	
Changes in net position	\$ 17,798	7,769	6,328	(254)	(602)	31,039	1,661

The income before capital contributions and transfers of enterprise funds of \$19,209 resulted primarily from net increases for Airports of \$4,669 Solid Waste of \$9,384 and Water Agency of \$6,057.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the Original Budget and the Final Budget resulted in a \$45.5 million increase, and are briefly summarized as follows:

General Government: The budget for General Government increased by \$10.0 million in appropriations in FY 2016-17, primarily due to \$3.2 million repayment of resources previously transferred to the General Fund from other funds; a \$1.4 million transfer of General Fund to the Road Fund; and a \$4.6 million increase in fixed asset financing funding.

Public Assistance: The budget for Public Assistance increased by \$9.4 million due to a \$4.5 million increase in the Human Assistance – Administration budget related to increased funding for the CalFresh and CalWORKS programs; and a \$4.9 million increase in assistance due to Foster Care costs.

Public Protection: The budget for Public Protection increased by \$10.2 million, due primarily to: 1) the Office of Emergency Services State Homeland Security Grant of \$1.1 million; 2) a \$4.5 million increase in the Sheriff's budget due to the receipt of approximately \$1.6 million in additional grant revenue, an additional \$1.7 million in revenue transferred from the Federal Asset Forfeiture, and \$1.2 million from the Civil Automated trust fund; and 3) \$1 million in the District Attorney's budget due to receipt of additional grant funding.

Health and Sanitation: The budget for Health and Sanitation increased by \$14.9 million due primarily to increased federal and State funding for services provided by the Department of Health and Human Services.

Actual revenues for the General Fund were \$84.0 million less than the final budgetary estimates. The under-collection of revenues was due primarily to reduced public protection, health and social services program costs that resulted in a reduction of approximately \$97.3 million in federal and state revenue, lower than anticipated expenditures in the fixed asset financing fund by \$16.7 million; partially offset by a \$4.1 million increase in property and sales tax revenue.

Actual expenditures were \$299.6 million less than budgetary estimates. Expenditures less than budget were due to reduced health and social services program costs of approximately \$123.2 million; \$106.2 million less in public protection; and approximately \$70.7 million in salary and benefit and other cost savings in a number of departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounted to \$3,949,193, 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 0.31 percent.

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

Schedule of Capital Assets
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease) Percent of Change
	2017	2016	2017	2016	2017	2016	
Non depreciable:							
Land	\$ 131,632	129,736	133,960	133,826	265,592	263,562	0.77 %
Construction in progress	35,253	26,024	58,716	71,642	93,969	97,666	(3.79)%
Permanent easement	11,903	10,043	57	25	11,960	10,068	18.79 %
Other intangible			1,904	1,904	1,904	1,904	
Water facility rights			196,223	198,067	196,223	198,067	(0.93)%
Intangible asset under project	66	66			66	66	
Depreciable:							
Buildings and improvements	410,239	426,442	1,690,572	1,686,385	2,100,811	2,112,827	(0.57)%
Infrastructure	1,058,774	1,062,958	115,423	114,001	1,174,197	1,176,959	(0.23)%
Equipment	58,226	55,392	41,311	38,369	99,537	93,761	6.16 %
Computer software	3,808	5,675	3	5	3,811	5,680	(32.90)%
Water facility rights			1,123	893	1,123	893	25.76 %
Total	\$ 1,709,901	1,716,336	2,239,292	2,245,117	3,949,193	3,961,453	(0.31)%

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

- Land: Increased in total by approximately \$2.0 million. The overall increase is primarily due to parcel purchases near Rio Linda Boulevard of \$0.4 million, Florin Road of \$0.3 million, and various other properties and parcels of \$1.3 million.
- Permanent easement: The increase is primarily due to the Road fund of \$1.9 million.
- Water facility rights: The decrease is primarily due to a reimbursement received by the Water Agency for the Freeport Regional Water Authority Intake Facility of \$1.8 million.
- Buildings and improvements: Decreased in total by approximately \$12.0 million. This is due to a combination of increases in completed projects including the Taxiway D Rehabilitation of \$31.5 million for Airports, Sunridge Pipeline of \$7.5 million, Gerber Road Pipeline of \$4.2 million, and North Vineyard Phase 1 of \$3.1 million projects for the Water Agency, and parking garage renovations of \$1.4 million for the governmental funds. Other transfers from construction in progress include various projects for governmental funds of \$9.4 million, Airports of \$3.2 million, and the Water Agency of \$14.6 million, as well as overall increases in the governmental funds of \$0.8 million, Airports of \$6.4 million, and Solid Waste \$2.3 million, netting with decreases due to depreciations in the governmental funds of \$28.3 million, Airports of \$49.7 million, Solid Waste of \$2.9 million, and the Water Agency of \$15.2 million.
- Construction in progress: Decreased in total by approximately \$3.7 million. This is due to a combination of decreases due to governmental fund projects being capitalized to building costs of \$10.8 million, infrastructure of \$3.2 million, and permanent easements of \$1.0 million, as well as other various projects being capitalized to building costs for Airports of \$34.7 million, Solid Waste of \$0.4 million, and the Water Agency of \$29.4 million with increases to capital construction for governmental funds of \$25.7 million, Airports of \$36.8 million, and the Water Agency of \$13.3 million.
- Equipment: Increased in total by approximately \$5.8 million. This is due to a combination of increases due to governmental funds of \$4.2 million, General Services of \$9.0 million, Department of Technology of \$2.5 million, Regional Radio Communications System of \$3.6 million, Airports of \$3.5 million, and Solid Waste of \$6.7 million; and decreases for depreciation from governmental funds of \$4.5 million, General Services of \$7.8 million, Department of Technology of \$1.8 million, Regional Radio Communications System of \$2.1 million, Airports of \$2.7 million, Solid Waste of \$4.3 million, and County Transit of \$0.4 million.
- Computer Software: Decreased in total by approximately \$1.9 million. This is due to depreciation for the governmental funds of \$1.2 million and the Department of Technology of \$0.7 million.

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, 2017, the County’s governmental activities had long-term obligations, totaling \$1.9 billion. Of this amount \$213.3 million are Certificates of Participation, \$236.1 million are Revenue bonds for the securitization of the tobacco settlement agreement, 93.6 million as Litigation Liability, and \$71.4 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 \$22.8 million in loan agreements to fund the alternative method of distributing property taxes (Teeter Plan), \$944.0 million in Pension Obligation Bonds, and \$118.5 million associated accreted interest for Pension Obligation Bonds. The remaining represents various other debt obligations. In addition, compensated absences amounted to \$116.6 million and capital lease obligations were \$2.7 million.

Business-type activities had long-term obligations of approximately \$1.4 billion. This includes \$1.0 billion of Airports revenue bonds and other Airports debt, and Sacramento County Water Agency revenue bonds, reimbursement agreements, water rights, and usage fees totaling \$368.2 million.

For the year ended June 30, 2017 the County’s total long-term obligations had a net decrease of \$6,110. 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 \$69.4 million; and a net decrease in pension obligation bonds and associated accreted interest, in the amount of \$54.8 million. The decreases were offset by an increase of \$93,620 related to a litigation settlement, and \$19.2 million related to deferred 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)	
	2017	2016	2017	2016	2017	2016	Amount	Percent
Governmental activities:								
Compensated absences	\$ 116,603	113,320	6,577	6,473	123,180	119,793	3,387	2.83 %
Certificates of participation	213,255	229,880			213,255	229,880	(16,625)	(7.23)%
Teeter notes	22,849	25,494			22,849	25,494	(2,645)	(10.37)%
Pension obligation bonds	944,016	960,058			944,016	960,058	(16,042)	(1.67)%
Accreted Interest	118,483	157,288			118,483	157,288	(38,805)	(24.67)%
Revenue bonds	307,582	310,142	1,085,315	1,113,140	1,392,897	1,423,282	(30,385)	(2.13)%
Accreted Interest	28,978	25,820			28,978	25,820	3,158	12.23 %
OPEB Liability	55,161	44,729	3,729	3,087	58,890	47,816	11,074	23.16 %
Litigation Liability	93,620				93,620		93,620	100.00 %
Other long-term debt	1,125	4,605			1,125	4,605	(3,480)	(75.57)%
Capital lease obligations	2,706	3,479			2,706	3,479	(773)	(22.22)%
Deferred amounts								
For issuance premiums	3,186	3,381	29,572	14,033	32,758	17,414	15,344	88.11 %
For issuance discounts	(6,467)	(6,881)	(2,444)	(5,882)	(8,911)	(12,763)	3,852	(30.18)%
PFC and subordinate revenue bonds			265,315	290,875	265,315	290,875	(25,560)	(8.79)%
Reimbursement agreements			535	935	535	935	(400)	(42.78)%
Usage fee - City of Sacramento			1,107	2,178	1,107	2,178	(1,071)	(49.17)%
Water rights - SMUD assignment			3,438	4,197	3,438	4,197	(759)	(18.08)%
	<u>\$ 1,901,097</u>	<u>1,871,315</u>	<u>1,393,144</u>	<u>1,429,036</u>	<u>3,294,241</u>	<u>3,300,351</u>	<u>(6,110)</u>	<u>(0.19)%</u>

Additional information regarding the County's long-term debt can be found in Note 8, beginning on page 77.

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 2017-18 in the amount of \$254,960, are expected to increase over the FY 2016-17 Adopted Budget by \$12,174, a 5.0 percent increase. The FY 2017-18 projection is a \$15,062 increase of 6.3 percent over the FY 2016-17 actual collections. The FY 2017-18 projection is based on the July Assessment Roll prepared by the County Assessor.
 - Sales and Use Tax revenues budgeted for FY 2017-18 in the amount of \$83,173, are expected to increase over the FY 2016-17 Adopted Budget by \$4,519, a 5.7 percent increase. The FY 2017-18 projection is a \$1,169 increase of 1.4 percent from FY 2016-17 actual collections. The FY 2017-18 projection is based on the full 1.0 percent share of the statewide collected sales tax rate of 8.0 percent, collected from the Unincorporated Area.
 - Utility Tax revenues budgeted for FY 2017-18 in the amount of \$19,577, are expected to increase over the FY 2016-17 Adopted Budget by \$518, a 2.7 percent increase. The FY 2017-18 projection is a \$476 increase of 2.5 percent from FY 2016-17 actual collections. The FY 2017-18 projection is based on a 2.5 percent increase in utility collections in the Unincorporated Area.
 - Proposition 172 revenues budgeted for FY 2017-18 in the amount of \$114,632, are expected to increase over the FY 2016-17 Adopted Budget by \$5,006, a 4.6 percent increase. The FY 2017-18 projection is a \$6,702 increase of 6.2 percent from FY 2016-17 actual collections. The FY 2017-18 projection is based on a growth rate in statewide Proposition 172 sales tax collections of approximately 3 percent and a moderate increase in Sacramento County's share of the statewide total revenue.
 - Realignment revenues budgeted for FY 2017-18 in the amount of \$593,839, are expected to increase over the FY 2016-17 Adopted Budget by approximately \$16,188, a 2.8 percent increase. The FY 2017-18 projection is a \$20,822 increase of 3.6 percent from FY 2016-17 actual collections. The budget estimate is comprised of \$19,800 in revenue carried forward from prior years, \$559,300 in new base revenue, and \$14,800 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 2017-18 in the amount of \$160,112 is expected to increase over the FY 2016-17 Adopted Budget by \$9,804, a 6.5 percent increase. The FY 2017-18 projection is a \$10,187 increase of 6.7 percent from FY 2016-17 actual collections. The FY 2017-18 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, 2017
(amounts expressed in thousands)**

Page 1 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First Five Commission
Assets:				
Current assets:				
Cash and investments	\$ 798,896	318,321	1,117,217	45,986
Restricted cash and investments		47,489	47,489	
Receivables, net of allowance for uncollectibles:				
Billed	66,072	23,837	89,909	
Interest	2,204	1,386	3,590	223
Intergovernmental	269,719	5,007	274,726	2,355
Prepaid expenses	19,404	1,117	20,521	
Internal balances	(31,212)	31,212		
Inventories	4,186	436	4,622	
Total current assets	<u>1,129,269</u>	<u>428,805</u>	<u>1,558,074</u>	<u>48,564</u>
Noncurrent assets:				
Restricted assets		124,179	124,179	
Loan receivable from Successor Agency	56,045		56,045	
Long-term receivables	53,420		53,420	
Prepaid bond insurance	5,540	6,491	12,031	
Capital assets:				
Land and other nondepreciable assets	178,854	390,860	569,714	
Buildings, improvements, infrastructure and equipment	1,531,047	1,848,432	3,379,479	
Total capital assets	<u>1,709,901</u>	<u>2,239,292</u>	<u>3,949,193</u>	
Total noncurrent assets	<u>1,824,906</u>	<u>2,369,962</u>	<u>4,194,868</u>	
Total assets	<u>2,954,175</u>	<u>2,798,767</u>	<u>5,752,942</u>	<u>48,564</u>
Deferred outflows of resources:				
Accumulated decrease in fair value of SWAP agreement	91,179	60,371	151,550	
Deferred amounts on refunding	36,049	29,367	65,416	
Deferred outflows related to pensions	658,719	30,282	689,001	958
Total deferred outflows of resources	<u>785,947</u>	<u>120,020</u>	<u>905,967</u>	<u>958</u>
Total assets and deferred outflows of resources	<u>3,740,122</u>	<u>2,918,787</u>	<u>6,658,909</u>	<u>49,522</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, 2017
(amounts expressed in thousands)**

Page 2 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First Five Commission
Liabilities:				
Current liabilities:				
Warrants payable	25,715	2,367	28,082	
Accrued liabilities	99,768	18,264	118,032	3,148
Intergovernmental payable	105,732	18	105,750	1,966
Accrued interest payable	17,100		17,100	
Current portion of insurance claims payable	36,398		36,398	
Current portion of long-term debt obligations	58,456	35,228	93,684	51
Current liabilities payable from restricted assets		26,038	26,038	
Unearned revenues	30,515	3,361	33,876	
Total current liabilities	<u>373,684</u>	<u>85,276</u>	<u>458,960</u>	<u>5,165</u>
Noncurrent liabilities:				
Insurance claims payable	187,083		187,083	
Long-term debt obligations	1,842,641	1,357,916	3,200,557	254
Derivative instrument liability	91,179	60,371	151,550	
Landfill closure and postclosure care		38,612	38,612	
Net pension liability	1,482,247	63,658	1,545,905	1,846
Total noncurrent liabilities	<u>3,603,150</u>	<u>1,520,557</u>	<u>5,123,707</u>	<u>2,100</u>
Total liabilities	<u>3,976,834</u>	<u>1,605,833</u>	<u>5,582,667</u>	<u>7,265</u>
Deferred inflows of resources:				
Deferred inflows amount related to pension	92,013	6,999	99,012	198
Total liabilities and deferred inflows of resources	<u>4,068,847</u>	<u>1,612,832</u>	<u>5,681,679</u>	<u>7,463</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, 2017
(amounts expressed in thousands)**

Page 3 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First Five Commission
Net position:				
Net investment in capital assets	1,383,387	943,226	2,326,613	
Restricted for:				
Bond reserves		50,803	50,803	
Landfill closure		9,304	9,304	
Kiefer Wetlands Preserve		957	957	
Debt service	87,466	27,345	114,811	
Capital projects	87,584		87,584	
Passenger facility charges		24,561	24,561	
Public protection	68,159		68,159	
Health and sanitation programs	234,989		234,989	
Transportation	37,086	1,128	38,214	
Lighting and landscape maintenance	4,234		4,234	
Economic development	71,289		71,289	
Other	49,006		49,006	
Endowments				
Expendable		92	92	
Nonexpendable		2,029	2,029	
Unrestricted	(2,351,925)	246,510	(2,105,415)	42,059
Total net position (deficit)	<u>\$ (328,725)</u>	<u>1,305,955</u>	<u>977,230</u>	<u>42,059</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, 2017
(amounts expressed in thousands)**

Functions/Programs	Expenses	Primary Government						Component Unit
		Program Revenues			Net (Expenses) Revenue and Changes in Net Position			First Five Commission
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Totals	
Primary government:								
Governmental activities:								
General Government	\$ 161,937	122,521	3,413		(36,003)		(36,003)	
Public Assistance	677,572		640,259		(37,313)		(37,313)	
Public Protection	862,968	131,287	223,338		(508,343)		(508,343)	
Health and Sanitation	712,033	34,184	473,709		(204,140)		(204,140)	
Public Ways and Facilities	161,596	55,997	25,673	21,461	(58,465)		(58,465)	
Recreation and Culture	37,050	18,169	92		(18,789)		(18,789)	
Education	1,658				(1,658)		(1,658)	
Interest and fiscal charges	106,431				(106,431)		(106,431)	
Total governmental activities	<u>2,721,245</u>	<u>362,158</u>	<u>1,366,484</u>	<u>21,461</u>	<u>(971,142)</u>		<u>(971,142)</u>	
Business-type activities:								
Airports	193,233	196,086	405	15,535		18,793	18,793	
Solid Waste	67,078	76,093	280			9,295	9,295	
Water Agency	60,695	64,495	765	1,219		5,784	5,784	
Parking Enterprise	3,238	3,014				(224)	(224)	
County Transit	2,406	252	900	79		(1,175)	(1,175)	
Total business-type activities	<u>326,650</u>	<u>339,940</u>	<u>2,350</u>	<u>16,833</u>		<u>32,473</u>	<u>32,473</u>	
Total primary government	<u>\$ 3,047,895</u>	<u>702,098</u>	<u>1,368,834</u>	<u>38,294</u>	<u>(971,142)</u>	<u>32,473</u>	<u>(938,669)</u>	
Component Unit								
First Five Commission	\$ 22,543		14,258				(8,285)	
Total Component Units	<u>\$ 22,543</u>		<u>14,258</u>				<u>(8,285)</u>	
General revenues:								
Taxes:								
Property Taxes					463,975		463,975	
Sales /Use Taxes					82,453	561	83,014	
Transient Occupancy					5,845		5,845	
Unrestricted investment earnings (loss)					17,024	4,627	21,651	
Grants and contributions not restricted to specific programs					257,252		257,252	
Pledged tobacco settlement proceeds					12,577		12,577	
Miscellaneous					95,586		95,586	
Transfers					5,003	(5,003)		
Total general revenues and transfers					<u>939,715</u>	<u>185</u>	<u>939,900</u>	
Changes in net position					(31,427)	32,658	1,231	
Net position (deficit), beginning of year					(297,298)	1,273,297	975,999	
Net position (deficit), end of year					<u>\$ (328,725)</u>	<u>1,305,955</u>	<u>977,230</u>	

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

**COUNTY OF SACRAMENTO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017
(amounts expressed in thousands)**

	General Fund	Nonmajor Governmental Funds	Total
Assets:			
Cash and investments	\$ 212,325	382,205	594,530
Receivables:			
Billed	52,703	13,364	66,067
Interest	722	1,469	2,191
Intergovernmental	267,898	1,499	269,397
Due from other funds		7	7
Prepaid items	19,256		19,256
Inventories	1,322		1,322
Long-term advances to other funds		6,880	6,880
Loan receivable from Successor Agency		56,045	56,045
Long-term receivables	23,368	29,964	53,332
Total assets	\$ 577,594	491,433	1,069,027
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Warrants payable	\$ 16,927	2,014	18,941
Accrued liabilities	79,929	8,908	88,837
Intergovernmental payable	91,508	14,217	105,725
Unearned revenue	23,066	2,321	25,387
Long-term advances from other funds	30,575		30,575
Total liabilities	242,005	27,460	269,465
Deferred inflows of resources:			
Unavailable revenue	2,831	68,484	71,315
Fund balances:			
Nonspendable	51,167		51,167
Restricted	244,324	395,489	639,813
Unassigned	37,267		37,267
Total fund balances	332,758	395,489	728,247
Total liabilities, deferred inflows of resources, and fund balances	\$ 577,594	491,433	1,069,027

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, 2017
(amounts expressed in thousands)

Fund balances - total governmental funds	\$ 728,247
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.	1,660,539
Accrued interest is not reported in the funds.	(17,100)
Prepaid bond insurance of the governmental activities are not current financial resources and, therefore are not reported in the funds.	5,540
Long-term liabilities and related deferred outflows of resources including accumulated decrease in fair value 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.	(1,847,848)
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	71,315
Net pension liability including related deferred outflows and inflows are not reported in the funds.	(859,391)
Internal service funds are used by management to charge the costs of certain activities, related to public works, general services, self-insurance, regional communications, and department of technology to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement net position.	<u>(70,027)</u>
Net position (deficit) of governmental activities	<u>\$ (328,725)</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, 2017
(amounts expressed in thousands)**

	General Fund	Nonmajor Governmental Funds	Total
Revenues:			
Taxes	\$ 514,893	37,380	552,273
Use of money and property	6,808	10,162	16,970
Licenses and permits	12,252	53,989	66,241
Intergovernmental	1,576,802	77,386	1,654,188
Charges for sales and services	140,190	117,451	257,641
Fines, forfeitures and penalties	26,983	11,293	38,276
Pledged tobacco settlement proceeds		12,577	12,577
Contributions from property owners		7,025	7,025
Miscellaneous	49,782	45,804	95,586
Total revenues	<u>2,327,710</u>	<u>373,067</u>	<u>2,700,777</u>
Expenditures:			
Current:			
General government	102,233	49,480	151,713
Public assistance	671,766		671,766
Public protection	797,977	19,962	817,939
Health and sanitation	575,906	34,953	610,859
Public ways and facilities		137,106	137,106
Recreation and culture	16,984	18,657	35,641
Education	332	1,090	1,422
Capital outlay		36,974	36,974
Debt service:			
Principal		55,263	55,263
Interest and fiscal charges		138,928	138,928
Total expenditures	<u>2,165,198</u>	<u>492,413</u>	<u>2,657,611</u>
Excess (deficiency) of revenues over (under) expenditures	<u>162,512</u>	<u>(119,346)</u>	<u>43,166</u>
Other financing sources (uses):			
Transfers in	9,959	159,834	169,793
Transfers out	(114,634)	(38,260)	(152,894)
Issuance of long-term debt		17,391	17,391
Total other financing sources (uses)	<u>(104,675)</u>	<u>138,965</u>	<u>34,290</u>
Net change in fund balances	57,837	19,619	77,456
Fund balances - beginning	274,921	375,870	650,791
Fund balances - ending	<u>\$ 332,758</u>	<u>395,489</u>	<u>728,247</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, 2017
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	77,456
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.		(8,583)
Changes in accrued interest payable.		336
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.		(30,295)
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.		(53,863)
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.		(16,016)
The net revenues of certain activities of internal service funds is reported with governmental activities.		<u>42</u>
Change in net position of governmental activities	\$	<u><u>(31,427)</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, 2017
(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	\$ 510,422	510,756	514,893	4,137
Use of money and property	8,954	8,984	6,808	(2,176)
Licenses and permits	12,090	12,169	12,252	83
Intergovernmental	1,603,654	1,632,016	1,576,802	(55,214)
Charges for sales and services	179,793	180,471	140,190	(40,281)
Fines, forfeitures and penalties	27,006	28,927	26,983	(1,944)
Miscellaneous	35,056	38,361	49,782	11,421
Total revenues	<u>2,376,975</u>	<u>2,411,684</u>	<u>2,327,710</u>	<u>(83,974)</u>
Expenditures:				
Current:				
General government:				
Legislative and administrative	58,441	65,085	13,348	51,737
Finance	55,415	58,264	49,622	8,642
Counsel	5,202	5,636	4,510	1,126
Human resources	13,056	13,120	10,756	2,364
Elections	10,384	10,384	9,489	895
Other	16,227	16,242	14,508	1,734
Total general government	<u>158,725</u>	<u>168,731</u>	<u>102,233</u>	<u>66,498</u>
Public assistance:				
Administration	308,770	313,326	283,022	30,304
Aid programs	363,338	368,212	358,216	9,996
Other	33,795	33,795	30,528	3,267
Total public assistance	<u>705,903</u>	<u>715,333</u>	<u>671,766</u>	<u>43,567</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, 2017
(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	163,968	166,533	151,166	15,367
Police protection	343,199	348,837	301,785	47,052
Detention and correction	302,062	301,942	273,828	28,114
Protection and inspection	4,471	4,801	4,154	647
Other	80,307	82,083	67,044	15,039
Total public protection	<u>894,007</u>	<u>904,196</u>	<u>797,977</u>	<u>106,219</u>
Health and sanitation	640,640	655,534	575,906	79,628
Recreation and culture	19,718	20,689	16,984	3,705
Education	332	332	332	
Total expenditures	<u>2,419,325</u>	<u>2,464,815</u>	<u>2,165,198</u>	<u>299,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,350)</u>	<u>(53,131)</u>	<u>162,512</u>	<u>215,643</u>
Other financing sources (uses):				
Transfers in			9,959	9,959
Transfers out			(114,634)	(114,634)
Total other financing sources (uses)			<u>(104,675)</u>	<u>(104,675)</u>
Net change in fund balance	<u>\$ (42,350)</u>	<u>(53,131)</u>	<u>57,837</u>	<u>110,968</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, 2017
 (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	\$ 187,501	74,462	49,130	7,228	318,321	204,366
Restricted cash and investments	47,489				47,489	
Receivables, net of allowance for uncollectibles:						
Billed	7,654	11,467	4,681	35	23,837	5
Interest	1,091		260	35	1,386	13
Intergovernmental	3,507	429	106	965	5,007	322
Due from other funds			29		29	155
Prepaid items	1,117				1,117	148
Inventories	436				436	2,864
Total current assets	<u>248,795</u>	<u>86,358</u>	<u>54,206</u>	<u>8,263</u>	<u>397,622</u>	<u>207,873</u>
Noncurrent assets:						
Restricted assets	87,210	10,262	26,707		124,179	
Long-term advances to other funds						30,575
Prepaid bond insurance	6,491				6,491	
Long-term receivables						88
Capital assets:						
Land and other nondepreciable assets	92,914	35,025	261,622	1,299	390,860	
Buildings & improvements, infrastructure, equipment and intangibles, net	1,194,071	90,490	562,286	1,585	1,848,432	49,362
Total capital assets	<u>1,286,985</u>	<u>125,515</u>	<u>823,908</u>	<u>2,884</u>	<u>2,239,292</u>	<u>49,362</u>
Total noncurrent assets	<u>1,380,686</u>	<u>135,777</u>	<u>850,615</u>	<u>2,884</u>	<u>2,369,962</u>	<u>80,025</u>
Total assets	<u>1,629,481</u>	<u>222,135</u>	<u>904,821</u>	<u>11,147</u>	<u>2,767,584</u>	<u>287,898</u>
Deferred outflows of resources:						
Accumulated decrease in market value of SWAP agreement			60,371		60,371	
Deferred amounts on refunding	28,451		916		29,367	
Deferred outflows related to pensions	13,961	9,933	6,196	192	30,282	44,784
Total deferred outflows of resources	<u>42,412</u>	<u>9,933</u>	<u>67,483</u>	<u>192</u>	<u>120,020</u>	<u>44,784</u>
Total assets and deferred outflows of resources	<u>1,671,893</u>	<u>232,068</u>	<u>972,304</u>	<u>11,339</u>	<u>2,887,604</u>	<u>332,682</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, 2017
 (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	\$ 1,272	701	115	278	2,366	6,774
Accrued liabilities	11,565	3,707	2,981	12	18,265	10,931
Intergovernmental payable	5			13	18	7
Due to other funds	184		7		191	
Current portion of insurance claims payable						36,398
Current portion of long-term debt obligations	22,314	163	12,751		35,228	869
Current liabilities payable from restricted assets	26,038				26,038	
Unearned revenue	3,111			250	3,361	5,128
Total current liabilities	<u>64,489</u>	<u>4,571</u>	<u>15,854</u>	<u>553</u>	<u>85,467</u>	<u>60,107</u>
Noncurrent liabilities:						
Insurance claims payable						187,083
Long-term debt obligations	999,042	3,285	355,515	74	1,357,916	16,331
Derivative instrument liability			60,371		60,371	
Long-term advances from other funds		470			470	6,410
Landfill closure and postclosure care		38,612			38,612	
Net pension liability	30,702	20,402	12,196	358	63,658	91,771
Total noncurrent liabilities	<u>1,029,744</u>	<u>62,769</u>	<u>428,082</u>	<u>432</u>	<u>1,521,027</u>	<u>301,595</u>
Total liabilities	<u>1,094,233</u>	<u>67,340</u>	<u>443,936</u>	<u>985</u>	<u>1,606,494</u>	<u>361,702</u>
Deferred inflows of resources:						
Deferred inflows amount related to pension	3,999	1,912	1,009	79	6,999	9,163
Total liabilities and deferred inflows of resources	<u>1,098,232</u>	<u>69,252</u>	<u>444,945</u>	<u>1,064</u>	<u>1,613,493</u>	<u>370,865</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, 2017
 (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	358,040	124,823	457,479	2,884	943,226	49,362
Restricted for:						
Bond reserves	25,091		25,712		50,803	
Landfill closure		9,304			9,304	
Kiefer Wetlands Preserve		957			957	
Debt service	26,351		994		27,345	
Passenger facility charges	24,561				24,561	
Transportation				1,128	1,128	
Endowments:						
Expendable	92				92	
Nonexpendable	2,029				2,029	
Unrestricted	137,497	27,732	43,174	6,263	214,666	(87,545)
Total net position (deficit)	\$ 573,661	162,816	527,359	10,275	1,274,111	(38,183)
Adjustment to reflect internal service fund activities related to enterprise funds					31,844	
Net position of business-type activities					\$ 1,305,955	

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, 2017**

	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	\$ 175,665	74,909	63,227	3,030	316,831	301,878
Other	84	1,184	1,338	226	2,832	3,367
Total operating revenues	<u>175,749</u>	<u>76,093</u>	<u>64,565</u>	<u>3,256</u>	<u>319,663</u>	<u>305,245</u>
Operating expenses:						
Salaries and benefits	30,372	26,684	11,807	421	69,284	106,320
Services and supplies	57,602	31,670	12,523	2,587	104,382	104,522
Cost of sales and services	362				362	3,300
Depreciation and amortization	52,012	7,288	18,071	618	77,989	12,341
Self-insurance						62,539
Landfill closure costs		1,346			1,346	
Other	575		2,730	2,067	5,372	1,331
Total operating expenses	<u>140,923</u>	<u>66,988</u>	<u>45,131</u>	<u>5,693</u>	<u>258,735</u>	<u>290,353</u>
Operating income (loss)	<u>34,826</u>	<u>9,105</u>	<u>19,434</u>	<u>(2,437)</u>	<u>60,928</u>	<u>14,892</u>
Nonoperating revenues (expenses):						
Use of money and property	2,175	746	1,644	62	4,627	54
Intergovernmental	405	361	765	900	2,431	
Passenger facility charges	20,545				20,545	
Sales / use tax				561	561	
Interest expense	(53,043)	(30)	(15,786)		(68,859)	(906)
Other	(239)	(798)		13	(1,024)	(483)
Total nonoperating revenues (expenses)	<u>(30,157)</u>	<u>279</u>	<u>(13,377)</u>	<u>1,536</u>	<u>(41,719)</u>	<u>(1,335)</u>
Income before capital contributions and transfers	4,669	9,384	6,057	(901)	19,209	13,557
Transfers out	(2,406)	(1,615)	(948)	(34)	(5,003)	(11,896)
Capital contributions	15,535		1,219	79	16,833	
Changes in net position	<u>17,798</u>	<u>7,769</u>	<u>6,328</u>	<u>(856)</u>	<u>31,039</u>	<u>1,661</u>
Net position (deficit), beginning of year	<u>555,863</u>	<u>155,047</u>	<u>521,031</u>	<u>11,131</u>		<u>(39,844)</u>
Net position (deficit), end of year	<u>\$ 573,661</u>	<u>162,816</u>	<u>527,359</u>	<u>10,275</u>		<u>(38,183)</u>
Adjustment to reflect internal service fund activities related to enterprise funds.					1,619	
Change in net position of business-type activities					<u>\$ 32,658</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, 2017
 (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	\$ 174,981	67,346	61,374	3,221	306,922	90,193
Receipts from interfund services provided						290,027
Receipts for other operating activities	149	7,884	1,338		9,371	
Payments to suppliers	(60,857)	(29,315)	(20,531)	(4,334)	(115,037)	(148,717)
Payments to employees	(30,697)	(26,895)	(11,754)	(407)	(69,753)	(104,285)
Payments for other operating activities		(1,440)		(273)	(1,713)	(1,074)
Payments for interfund services used		(5,191)		(4)	(5,195)	(37,330)
Net cash provided by (used for) operating activities	<u>83,576</u>	<u>12,389</u>	<u>30,427</u>	<u>(1,797)</u>	<u>124,595</u>	<u>88,814</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Payment on advance from other funds						(3,847)
Transfer to other funds	(2,406)	(1,615)	(948)	(34)	(5,003)	(11,896)
Interest paid on advance from other funds						(671)
Intergovernmental revenue	517			1,234	1,751	
Other non-operating revenue		1,084			1,084	54
Non-operating expense						(702)
Net cash provided by (used for) noncapital financing activities	<u>(1,889)</u>	<u>(531)</u>	<u>(948)</u>	<u>1,200</u>	<u>(2,168)</u>	<u>(17,062)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Passenger facility charges	19,847				19,847	
Capital contributions	20,746				20,746	
Acquisition and construction of capital assets	(51,657)	(9,457)	(8,493)	(167)	(69,774)	(14,831)
Principal paid on long-term obligations	(20,310)	(211)	(11,620)		(32,141)	
Interest paid on long-term obligations	(54,389)	(30)	(16,442)		(70,861)	(298)
Proceeds from the sale of capital assets	261	53		12	326	627
Restricted cash used for bond advance refunding	(20,446)				(20,446)	
Net cash provided by (used for) capital and related financing activities	<u>(105,948)</u>	<u>(9,645)</u>	<u>(36,555)</u>	<u>(155)</u>	<u>(152,303)</u>	<u>(14,502)</u>

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

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017
 (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	
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sale and maturities of investments	17,842				17,842	
Interest received on cash and investments	2,432	747	1,791	58	5,028	20
Net cash provided by (used for) investing activities	20,274	747	1,791	58	22,870	20
Net increase (decrease) in cash and cash equivalents	(3,987)	2,960	(5,285)	(694)	(7,006)	57,270
Cash and cash equivalents, beginning of year	324,050	81,764	58,427	7,922	472,163	147,096
Cash and cash equivalents, end of year	<u>\$ 320,063</u>	<u>84,724</u>	<u>53,142</u>	<u>7,228</u>	<u>465,157</u>	<u>204,366</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Cash and investments	\$ 187,501	74,462	49,130	7,228	318,321	204,366
Restricted cash and investments	47,489				47,489	
Restricted noncurrent assets (net of accrued interest)	87,210	10,262	26,707		124,179	
Less: Long-term investments included in restricted assets	(2,137)		(22,695)		(24,832)	
Cash and cash equivalents	<u>\$ 320,063</u>	<u>84,724</u>	<u>53,142</u>	<u>7,228</u>	<u>465,157</u>	<u>204,366</u>

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

**COUNTY OF SACRAMENTO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017
 (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	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ 34,826	9,105	19,434	(2,437)	60,928	14,892
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	52,012	7,288	18,071	618	77,989	12,341
Provision for uncollectible accounts	3				3	
Impact fee credits applied			(2,117)		(2,117)	
Other nonoperating revenue	149	(1,152)			(1,003)	
Pension expense	388	606	404	3	1,401	2,449
Other nonoperating expense		(402)			(402)	
Changes in assets and liabilities:						
Billed	37	(533)	292		(204)	5,391
Due from other funds	7	72	(29)	(35)	15	43,092
Prepaid expenses	10				10	
Inventories	21				21	(750)
Warrants payable	273	198	(623)	60	(92)	1,869
Accrued liabilities	(3,666)	(453)	(5,005)	(13)	(9,137)	(4,258)
Intergovernmental payable						1,104
Due to other funds		(2,191)		(4)	(2,195)	(1,709)
Unearned revenues	(815)				(815)	(267)
Landfill closure and postclosure care		(353)			(353)	
Compensated absences	44	(30)		4	18	955
Other post employment benefits	287	234		7	528	823
Insurance claims payable						12,882
Total adjustments	48,750	3,284	10,993	640	63,667	73,922
Net cash provided by (used for) operating activities	\$ 83,576	12,389	30,427	(1,797)	124,595	88,814
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributed assets			1,219		1,219	
Amortization of bonds premiums and discounts	(447)		387		(60)	
Impact fees - credit applied			2,117		2,117	
Capital grants receivable	3,403				3,403	
Amortization of deferred outflows	1,487				1,487	
Capital assets purchases included in accrued liabilities	3,622				3,622	
Accrued investment income	(22)				(22)	

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

**COUNTY OF SACRAMENTO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017
(amounts expressed in thousands)**

	<u>Agency</u>	<u>Investment Trust</u>	<u>Redevelopment Obligation Retirement Fund - Successor Agency</u>
Assets:			
Cash and investments	\$ 220,236	3,177,437	11,806
Receivables, net of allowance for uncollectibles:			
Billed	2,621		
Interest	1,901		83
Intergovernmental	65		3,095
Prepaid items	85		
Land and other nondepreciable assets			2,968
Buildings & improvements, infrastructure, equipment and intangibles, net			972
Total assets	<u>\$ 224,908</u>	<u>3,177,437</u>	<u>18,924</u>
Liabilities:			
Warrants payable	\$ 27,570		
Accrued liabilities	23,263		602
Intergovernmental payable	174,075		5,251
Other long-term liabilities			6,188
Loan due to County Public Financing Authority			68,900
Total liabilities	<u>\$ 224,908</u>	<u>3,177,437</u>	<u>80,941</u>
Net position (deficit) held in trust		<u>\$ 3,177,437</u>	<u>(62,017)</u>

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

**COUNTY OF SACRAMENTO
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017
 (amounts expressed in thousands)**

	<u>Investment Trust</u>	<u>Redevelopment Obligation Retirement Fund - Successor Agency</u>
Additions:		
Property taxes	\$	7,227
Contributions on pooled investments	4,585,152	
Use of money and property	62,980	46
Miscellaneous		415
	<u>4,648,132</u>	<u>7,688</u>
Total additions		
Deductions:		
Distributions from pooled investments	4,142,633	
Services and supplies		487
Other		11,443
Interest expense		4,229
	<u>4,142,633</u>	<u>16,159</u>
Total deductions		
Net increase (decrease) in net position	505,499	(8,471)
Net position held in trust, beginning of year	<u>2,671,938</u>	<u>(53,546)</u>
Net position (deficit) held in trust, end of year	<u>\$ 3,177,437</u>	<u>(62,017)</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, 2017
(amounts expressed in thousands)

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Scope of Financial Reporting Entity

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

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

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

Blended Component Units:

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

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

Special Revenue Fund Other:
Natomas Fire District
County Service Area Number Ten
Water Agency Special Revenue 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 (continued)
FOR THE YEAR ENDED JUNE 30, 2017
(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 Five Commission is a discretely presented component unit. The Commission is administered by a governing board of seven members, who are appointed by the Board. Its purpose is to develop, adopt, promote and implement early childhood development programs in the County, funded by additional State taxes on tobacco products approved by California voters via Proposition 10 in November 1998. The Commission is presented as a discretely presented component unit of the County because, although the County Board has no control over the revenues, budgets, staff, or funding decisions made by the Commission, the appointed Commission members serve at the will of the Board members who appoint them. A separate stand-alone annual financial report can be obtained by writing to the Sacramento County First Five Commission, 2750 Gateway Oaks Drive, Suite 330, Sacramento CA 95833.

Excluded from the Reporting Entity:

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

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

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

Joint Power Authorities or Jointly Governed Organizations

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

AGENCY

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

River City Regional Stadium Financing Authority
 Sacramento Central Groundwater Authority

PURPOSE

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

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

Joint Ventures

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

Government-Wide and Fund Financial Statements Presentation

Government-wide Financial Statements:

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

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

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

The County reports the following major governmental fund:

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

The County reports the following major enterprise funds:

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

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

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

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. 74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. There was no material impact to the financial statements.

GASB Statement No. 77, Tax Abatement Disclosures

The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand 1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition. Note disclosures have been addressed to meet this requirement.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB Statement No. 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14

The objective of the Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There was no material impact to the financial statements.

GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73

Effective July 1, 2016, the County implemented GASB Statement No. 82. The objective of the Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements Nos. 67 and 68*. Specifically, the Statement addresses issues regarding 1) the presentation of payroll-related measures in required supplementary information, 2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and 3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The financial statement note disclosures and supplementary schedules have been addressed to meet this requirement.

Cash and Cash Equivalents

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

Property Taxes

The County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within Sacramento County including the cities, school districts, and various special districts. Property taxes are payable in equal installments, November 1 and February 1. They become delinquent after December 10 and April 10, respectively. The assessment date for FY 2016-17 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.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

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

Deferred Outflows/Inflows of Resources

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

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

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

Intergovernmental Revenues

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

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

Interfund Transactions

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

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

Inventories

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

Prepaid Items

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

Restricted Assets

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

Capital Assets

Capital assets, which include land, 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 government-wide financial statements to the extent the County's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Amortization of assets acquired under capital lease is included in depreciation and amortization. Structures and improvements, infrastructure, equipment and intangible assets of the primary government, are depreciated using the straight line method over the following estimated used lives:

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

Compensated Absences

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

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

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

Long-Term Obligations

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

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

Fund Equity

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

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

Fund Balance Policy

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

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

Net Position

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

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

Use of Estimates in the Preparation of Financial Statements

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

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

As of June 30, 2017, the Liability/Property, Workers' Compensation and Department of Technology ISF have deficit net position of \$27,431, \$81,706 and \$18,101, 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 funds 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.

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COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

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

Total fund balances of the County's governmental funds of \$728,247 differs from net position of governmental activities of \$(328,725) primarily from the long-term economic focus in the statement of net position versus the current financial resources focus in the governmental fund balance sheets. The effect of the differences is illustrated below:

Balance Sheet/Statement of Net Position

	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Governmental Activities Statement of Net Position
Assets:					
Current assets:					
Cash and investments	\$ 594,530		204,366		798,896
Receivables, net of allowance for uncollectibles:					
Billed	66,067		5		66,072
Interest	2,191		13		2,204
Intergovernmental	269,397		322		269,719
Due from other funds	7		(38,099)	6,880	(31,212)
Prepaid expenses	19,256		148		19,404
Inventories	1,322		2,864		4,186
Total current assets	<u>952,770</u>		<u>169,619</u>	<u>6,880</u>	<u>1,129,269</u>
Noncurrent assets:					
Loan receivable from Successor Agency	56,045				56,045
Long-term receivables	53,332		88		53,420
Prepaid Bond Insurance		5,540			5,540
Long-term advances to other funds	6,880		30,575	(37,455)	
Capital assets:					
Land and other nondepreciable assets		178,854			178,854
Buildings & improvements, infrastructure, equipment and intangibles, net		1,481,685	49,362		1,531,047
Total capital assets		<u>1,660,539</u>	<u>49,362</u>		<u>1,709,901</u>
Total noncurrent assets	116,257	1,666,079	80,025	(37,455)	1,824,906
Total assets	<u>1,069,027</u>	<u>1,666,079</u>	<u>249,644</u>	<u>(30,575)</u>	<u>2,954,175</u>
Deferred outflows of resources:					
Accumulated decrease in fair value of SWAP agreement		91,179			91,179
Deferred amounts on refunding		36,049			36,049
Deferred outflows related to pensions		613,935	44,784		658,719
Total deferred outflows of resources		<u>741,163</u>	<u>44,784</u>		<u>785,947</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Governmental Activities Statement of Net Position
Liabilities:					
Current liabilities:					
Warrants payable	\$ 18,941		6,774		25,715
Accrued liabilities	88,837		10,931		99,768
Intergovernmental payable	105,725		7		105,732
Accrued interest payable		17,100			17,100
Current portion of long-term debt obligations		57,588	868		58,456
Current portion of insurance claims payable			36,398		36,398
Deferred / unearned revenue	25,387		5,128		30,515
Total current liabilities	<u>238,890</u>	<u>74,688</u>	<u>60,106</u>		<u>373,684</u>
Noncurrent liabilities:					
Insurance claims payable			187,083		187,083
Long-term debt obligations		1,826,310	16,331		1,842,641
Derivative instrument liability		91,179			91,179
Net pension liability		1,390,476	91,771		1,482,247
Long-term advances from other funds	30,575			(30,575)	
Total noncurrent liabilities	<u>30,575</u>	<u>3,307,965</u>	<u>295,185</u>	<u>(30,575)</u>	<u>3,603,150</u>
Total liabilities	<u>269,465</u>	<u>3,382,653</u>	<u>355,291</u>	<u>(30,575)</u>	<u>3,976,834</u>
Deferred inflows of resources unavailable revenue	71,315	(71,315)			
Deferred inflows of resources related to pension		82,850	9,163		92,013
Total deferred inflows	<u>71,315</u>	<u>11,535</u>	<u>9,163</u>		<u>92,013</u>
Fund balances/net position:					
Nonspendable	51,167			(51,167)	
Restricted	639,813			(639,813)	
Unassigned	37,267			(37,267)	
Net investment in capital assets		1,660,539	49,362	(326,514)	1,383,387
Restricted for:					
Debt service				87,466	87,466
Capital projects				87,584	87,584
Public protection				68,159	68,159
Health and sanitation programs				234,989	234,989
Transportation				37,086	37,086
Lighting and landscape maintenance				4,234	4,234
Economic development				71,289	71,289
Other				49,006	49,006
Unrestricted		(2,647,484)	(119,389)	414,948	(2,351,925)
Total fund balance / net position	<u>\$ 728,247</u>	<u>(986,945)</u>	<u>(70,027)</u>		<u>(328,725)</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

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

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

Cost of capital assets	\$ 4,207,123
Accumulated depreciation	<u>(2,546,584)</u>
Total	<u>1,660,539</u>
Accrued interest payable	(17,100)
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.	5,540
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	(103,676)
Other post employment benefits (OPEB)	(50,889)
Bonds, loans, capital leases, other payables	(1,488,251)
Derivative instrument liability	(91,179)
Accreted interest	(147,461)
Accumulated decrease in fair value of SWAP agreement	91,179
Loss on refunding	36,049
Litigation liability	<u>(93,620)</u>
Total	<u>(1,847,848)</u>
Net Pension Liability	
Deferred outflows related to pensions	613,935
Net pension liability	(1,390,476)
Deferred inflows related to pensions	<u>(82,850)</u>
Total	<u>(859,391)</u>
Because the focus of governmental funds is on short-term financing, some deferred outflows of resources will not be available to pay for certain period expenditures.	
Unavailable revenue	71,315
Total	<u>\$ (986,945)</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

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

\$ (70,027)

The net change in fund balances for governmental funds of \$77,456, differs from the change in net position for governmental activities of \$(31,427) reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated on next page.

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

	Total Governmental Funds	Capital-Related Items (3)	Long-term Revenues, Expenses (4)	Internal Service Funds (5)	Reclassifications and Eliminations	Statement of Activities
Revenues:						
Taxes:						
Property	\$ 463,975					463,975
Sales / use	82,453					82,453
Transient occupancy	5,845					5,845
Use of money and property	16,970			54		17,024
Licenses and permits	66,241				(66,241)	
Intergovernmental	1,654,188		(16,016)		(1,638,172)	
Charges for sales and services	257,641				104,517	362,158
Operating grants and contributions					1,366,484	1,366,484
Capital grants and contributions					21,461	21,461
Grants and contributions not restricted to specific programs					257,252	257,252
Contributions from property owners	7,025				(7,025)	
Fines, forfeitures and penalties	38,276				(38,276)	
Pledged tobacco settlement proceeds	12,577					12,577
Miscellaneous	95,586					95,586
Total revenues	<u>2,700,777</u>		<u>(16,016)</u>	<u>54</u>		<u>2,684,815</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$ 151,713	7,949	4,169	(1,894)		161,937
Public assistance	671,766	307	8,186	(2,687)		677,572
Public protection	817,939	10,126	40,395	(5,492)		862,968
Health and sanitation	610,859	1,689	101,509	(2,024)		712,033
Public ways and facilities	137,106	24,339	1,181	(1,030)		161,596
Recreation and culture	35,641	860	644	(95)		37,050
Education	1,422	287		(51)		1,658
Capital outlay	36,974	(36,974)				
Debt service:						
Principal	55,263		(55,263)			
Interest and fiscal charges	138,928		(33,886)	1,389		106,431
Total expenditures/expenses	<u>2,657,611</u>	<u>8,583</u>	<u>66,935</u>	<u>(11,884)</u>		<u>2,721,245</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>43,166</u>	<u>(8,583)</u>	<u>(82,951)</u>	<u>11,938</u>		<u>(36,430)</u>
Other financing sources (uses):						
Transfers in	169,793					169,793
Transfers out	(152,894)			(11,896)		(164,790)
Issuance of long-term debt	17,391		(17,391)			
Total other financing sources (uses)	<u>34,290</u>		<u>(17,391)</u>	<u>(11,896)</u>		<u>5,003</u>
Net change in fund balances/net position	77,456	(8,583)	(100,342)	42		(31,427)
Fund balances/net position - beginning	650,791	1,669,122	(2,547,142)	(70,069)		(297,298)
Fund balances/net position - ending	<u>\$ 728,247</u>	<u>1,660,539</u>	<u>(2,647,484)</u>	<u>(70,027)</u>		<u>(328,725)</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$ 80,484
Depreciation expense	<u>(89,067)</u>
Total	<u><u>\$ (8,583)</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	16,625
Teeter notes	20,036
Revenue bonds	2,560
Pension Obligation Bonds	16,042
Accreted Interest	43,478
Capital leases obligations	773
Litigation liability	(93,620)
Other long-term debt	<u>246</u>
Total	<u><u>6,140</u></u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(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	(17,391)
Pension Obligation Bonds accreted interest	(4,672)
Revenue bonds accreted interest	(3,158)
Premium/discounts	<u>(219)</u>
Total	<u>(25,440)</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.

(53,863)

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)	(12,605)
Change in compensated absences	<u>4,004</u>

Total	<u>(8,601)</u>
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Amortization of deferred amount on refunded debt

(2,394)

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.

(16,016)

Decrease in accrued interest

336

Total	<u><u>\$ (100,342)</u></u>
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(5) Internal service funds are used by management to charge the costs of certain activities, related to public works, general services, self-insurance, regional communications and department of technology to individual funds. The adjustments for internal service funds close those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.

\$ 42

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

NOTE 3 - BUDGETARY PRINCIPLES

As required by the laws of the State of California, the County prepares and legally adopts a final balanced operating budget on or before August 30 of each fiscal year. The Board of Supervisors may, by resolution, extend on a permanent basis or for a limited period, the date from August 30 to October 2. The final budget for FY 2016-17 was adopted on September 29, 2016. Until the adoption of a final balanced budget, operations were governed by the proposed budget approved by the Board of Supervisors in June 2016. 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 2016-17, 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 2016-17, the appropriation limit for the FY 2016-17 budget year was reviewed and determined to be calculated in accordance with Article XIII B of the California Constitution.

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

NOTE 4 - CASH, INVESTMENTS, AND RESTRICTED ASSETS

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

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

Cash, investments, and restricted assets as shown on the basic financial statements at June 30, 2017, are as follows:

Government-wide statement of net position:	
Cash and investments	\$ 1,117,217
Restricted assets, included in current assets	47,489
Restricted assets, included in noncurrent assets	124,179
Fiduciary funds statement of net position:	
Agency	220,236
Private Purpose Trust	11,806
Investment Trust	3,177,437
Discretely presented component unit (First Five Commission)	<u>45,986</u>
Total cash, investments, and restricted assets including interest receivable	4,744,350
Less interest receivable included in restricted assets	<u>(3,178)</u>
Total cash, investments, and restricted assets	<u><u>\$ 4,741,172</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, 2017, all cash held by fiscal agents was covered by federal depository insurance or by collateral held by the County's financial institutions in the County's name.

Investments Authorized by Government Code and County Investment Policy

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

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, 2017, of the County’s \$4.7 billion in investments held by the Treasurer and \$31 million held by fiscal agents, over 73.3 percent of the investments have a maturity of six months or less. The weighted average days to maturity for the entire portfolio was 315 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 64.

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, 2017, 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	\$ 725,448
International Bank for Reconstruction and Development	442,200

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The following schedule indicates the credit and interest rate risk at June 30, 2017. 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							\$ 552
Cash in banks							11,404
In custody of Treasurer:							
Cash and cash deposits:							
Cash on hand							13
Cash in banks							58,452
Total cash and cash deposits in custody of the Treasurer							58,465
Investments held by Treasurer:							
Treasury Bills	Aaa/AAA		136,785				136,785
Federal Farm Credit Bonds	Aaa/AAA		29,980	19,990	79,401		129,371
Federal Farm Credit Bonds Discount Notes	Aaa/AAA			40,139			40,139
Federal Home Loan Banks	Aaa/AAA		74,919	15,070	246,363		336,352
Federal Home Loan Banks Discount Notes	Aaa/AAA	69,007	315,590	4,499			389,096
Federal National Mortgage Association	Aaa/AAA		19,986	34,908	159,652		214,546
Federal Home Loan Mortgage Discount Notes	Aaa/AAA	3,421	16,643	7,468			27,532
Federal Home Loan Mortgage Corporation	Aaa/AAA	34,997	10,074	9,975	39,910		94,956
State and Local Government Securities	Aaa/AAA					2,517	2,517
Commercial paper	P-1/A-1+	379,129	775,005				1,154,134
Supranationals	Aaa/AAA		51,194	99,815	277,711		428,720
Supranationals Discount Notes	Aaa/AAA	256,733	49,765				306,498
Negotiable certificates of deposit	P-1/A-1+	315,004	833,042				1,148,046
Other assets held by Treasurer (primarily Teeter Plan notes)	NR		1,123		21,727		22,850
Local Agency Investment Fund	NR	79,400					79,400
Money Market Mutual funds	AAA/Am	88,899					88,899
Guaranteed investment contracts	NR					39,887	39,887
Total investments held by Treasurer		1,226,590	2,314,106	231,864	824,764	42,404	4,639,728
Total in custody of Treasurer							4,698,193
Investments held by fiscal agents:							
Money Market Mutual funds	AAA/Aaa	9,017					9,017
Money Market Mutual funds	Aaa/AAAm	22,006					22,006
Total investments held by fiscal agents		31,023					31,023
Total investments		\$ 1,257,613	2,314,106	231,864	824,764	42,404	
Total cash and investments							\$ 4,741,172

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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, 2017:

Statement of Net Position	Treasurer's Pool	Non-Pooled Funds	Total
Net position held for pool participants	\$ 3,976,222	721,971	4,698,193
Equity of internal pool participants	\$ 1,350,753	170,003	1,520,756
Equity of external pool participants	2,625,469	551,968	3,177,437
Total equity	\$ 3,976,222	721,971	4,698,193
Statement of changes in net position			
Net position at July 1, 2016	\$ 3,660,998	506,652	4,167,650
Net changes in investments by pool participants	315,224	215,319	530,543
Net position at June 30, 2017	\$ 3,976,222	721,971	4,698,193

A summary of the investments held by the Treasurer's Pool and Non-Pooled Funds at June 30, 2017, are as follows:

	Fair Value	Cost	Interest Rate Range (%)	Maturity Range
Governmental securities	\$ 1,371,294	1,370,934	0.53-5.13	7/17-5/26
Supranationals	735,218	737,284	0.85-2.13	7/17-4/22
Commercial paper	1,154,134	1,151,135	0.96-1.33	7/17-11/17
Negotiable certificates of deposit	1,148,046	1,147,991	1.03-1.31	7/17-11/17
Other assets held by Treasurer (primarily Teeter Plan notes)	22,850	22,850	1.07	8/17-8/21
Local Agency Investment Fund	79,400	79,400	.93	N/A
Money Market Mutual Funds	88,899	88,899	0.01-0.45	N/A
Guaranteed investment contracts	39,887	39,887	5.30 - 5.64	10/27-5/39
Total investments held by Treasurer	\$ 4,639,728	4,638,380		

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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, 2017. 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, 2017 was \$103,299. 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, 2017, was \$31,023. 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, 2017, 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	\$ 136,785	136,785		
Federal Farm Credit Bonds	129,371		129,371	
Federal Home Loan Banks	336,352		336,352	
Federal National Mortgage Association	214,546		214,546	
FFCB Discount Notes	40,139		40,139	
FHLB Discount Notes	389,096		389,096	
FHLMC Discount Notes	27,532		27,532	
Federal Home Loan Mortgage Corporation	94,956		94,956	
Supranationals	428,720		428,720	
Supranationals Discount notes	306,498		306,498	
Commercial Paper	1,154,134		1,154,134	
Negotiable certificates of deposits	1,148,046		1,148,046	
State and Local Government Securities (SLGS)	2,517		2,517	
Other assets held by Treasurer (primarily Teeter Plan notes)	22,850			22,850
Total Investments by fair value level	<u>4,431,542</u>	<u>136,785</u>	<u>4,271,907</u>	<u>22,850</u>
Investments held by Treasurer not measured at fair value or subject to fair value hierarchy				
Local Agency Investment Fund	79,400			
Guaranteed investment contracts	39,887			
Total Investments Not Measured at Fair Value or subject to fair value hierarchy	<u>119,287</u>			
Investments held by Treasurer measured at the Net Asset Value (NAV)				
Money Market Mutual Funds	88,899			
Total Investments held by Treasurer	<u>4,639,728</u>			
Investments held by Fiscal Agent measured at the Net Asset Value (NAV)				
Money Market Mutual Funds	31,023			
Total Investments	<u>\$ 4,670,751</u>			

COUNTY OF SACRAMENTO
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NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 129,736	1,938	(42)	131,632
Construction in progress	26,024	26,025	(16,796)	35,253
Permanent easement	10,043	1,977	(117)	11,903
Intangible assets under project	66			66
Total capital assets not being depreciated	<u>165,869</u>	<u>29,940</u>	<u>(16,955)</u>	<u>178,854</u>
Capital assets, being depreciated:				
Buildings and improvements	893,380	11,615	(568)	904,427
Infrastructure	2,955,355	55,347		3,010,702
Equipment	275,098	22,194	(13,130)	284,162
Intangible - computer software	44,247	34		44,281
Total capital assets being depreciated	<u>4,168,080</u>	<u>89,190</u>	<u>(13,698)</u>	<u>4,243,572</u>
Less accumulated depreciation for:				
Buildings and improvements	(466,938)	(27,343)	93	(494,188)
Infrastructure	(1,892,397)	(59,531)		(1,951,928)
Equipment	(219,706)	(15,608)	9,378	(225,936)
Intangible - computer software	(38,572)	(1,901)		(40,473)
Total accumulated depreciation	<u>(2,617,613)</u>	<u>(104,383)</u>	<u>9,471</u>	<u>(2,712,525)</u>
Total capital assets, being depreciation	<u>1,550,467</u>	<u>(15,193)</u>	<u>(4,227)</u>	<u>1,531,047</u>
Total governmental activities	<u>\$ 1,716,336</u>	<u>14,747</u>	<u>(21,182)</u>	<u>1,709,901</u>

COUNTY OF SACRAMENTO
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	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 133,826	135	(1)	133,960
Construction in progress	71,642	50,819	(63,745)	58,716
Permanent easement	25	32		57
Water facility rights	198,067		(1,844)	196,223
Other intangible assets	1,904			1,904
Total capital assets not being depreciated	<u>405,464</u>	<u>50,986</u>	<u>(65,590)</u>	<u>390,860</u>
Capital assets, being depreciated:				
Buildings and improvements	2,316,108	75,307	(4,526)	2,386,889
Infrastructure	152,087	5,050	(30)	157,107
Equipment	92,325	10,304	(6,460)	96,169
Computer software	14			14
Water facility rights	1,273	255		1,528
Total capital assets being depreciated	<u>2,561,807</u>	<u>90,916</u>	<u>(11,016)</u>	<u>2,641,707</u>
Less accumulated depreciation for:				
Buildings and improvements	(629,723)	(67,045)	451	(696,317)
Infrastructure	(38,086)	(3,598)		(41,684)
Equipment	(53,956)	(7,319)	6,417	(54,858)
Computer software	(9)	(2)		(11)
Water facility rights	(380)	(25)		(405)
Total accumulated depreciation	<u>(722,154)</u>	<u>(77,989)</u>	<u>6,868</u>	<u>(793,275)</u>
Total capital assets, being depreciated, net	<u>1,839,653</u>	<u>12,927</u>	<u>(4,148)</u>	<u>1,848,432</u>
Total business-type activities	<u>\$ 2,245,117</u>	<u>63,913</u>	<u>(69,738)</u>	<u>2,239,292</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, 2017, was \$995 for the Airport and \$251 for the Water Agency.

COUNTY OF SACRAMENTO
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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	\$ 15,972
Public assistance	864
Public protection	19,871
Health and sanitation	3,374
Public ways and facilities	47,741
Recreation and culture	3,655
Education	565
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	12,341
Total depreciation expense - governmental activities	\$ 104,383
 Business-type activities:	
Airport	\$ 52,012
Solid Waste	7,288
Parking Enterprise	286
Water Agency	18,071
County Transit	332
Total depreciation expense - business-type activities	\$ 77,989

**COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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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, 2017.

Due From / To Other Funds at June 30, 2017, are as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor governmental	Major Enterprise, Water	\$ 7
Major Enterprise, Water Agency	Major Enterprise, Airport	29
Internal Service	Major Enterprise, Airport	155
	Total	\$ 191

Amounts due to nonmajor governmental funds is between the Water Enterprise Fund and the Water Special Revenue Fund.

Amounts due to the Water Agency Enterprise Fund are for work performed for the Airport Enterprise Fund.

Amounts due to Internal Service Funds are for premiums for self-insurance cost of properties held in the Airport Enterprise Fund.

Advances To/From Other Fund at June 30, 2017

Receivable Fund	Payable Fund	Amount
Nonmajor governmental	Internal Service	\$ 6,410
	Solid Waste	470
		6,880
Internal Service	General	30,575
	Total	\$ 37,455

Amounts advanced from non-major governmental funds are related to the Fixed Asset Financing program; \$6,410 in the Internal Service Funds, and \$470 related to the purchase of land to be repaid over ten years (Solid Waste). Amounts advanced from internal service funds, \$30,575, related to General Fund advances. The advances to the General Fund were for operations. Repayment of interfund loans will be addressed annually until fully repaid. In FY 2016-17, the General Fund repaid \$5,155 to Internal Service Funds.

County staff is proposing an Interfund Transfer Repayment Plan that commits the County to repaying the full amount of the Interfund Transfers on a six year schedule. The FY 2017-18 Recommended Budget includes a \$5,270 repayment. Under the proposed 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.

COUNTY OF SACRAMENTO
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Transfers Out / In Other Funds for the year ended June 30, 2017, are as follows:

Transfer Out	Transfer In	Amount	Description
General	Nonmajor governmental	\$ 114,634	Transfer to cover debt service payments and special revenue
Nonmajor governmental	General	9,959	Transfers to cover debt service payments and Teeter Property tax
Nonmajor governmental	Nonmajor governmental	28,301	Transfer to cover debt service payments and capital project
Internal service	Nonmajor governmental	11,896	Transfer to cover debt service and Pension Obligation Bond debt service
Enterprise - Water Agency	Nonmajor governmental	948	Transfer to cover Pension Obligation Bond debt service payments
Enterprise - Airport	Nonmajor governmental	2,406	Transfer to cover Pension Obligation Bond debt service payments
Enterprise - Solid Waste	Nonmajor governmental	1,615	Transfer to cover Pension Obligation Bond debt service payments
Nonmajor enterprise	Nonmajor governmental	<u>34</u>	Transfer to cover Pension Obligation Bond debt service payments
		<u>\$ 169,793</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, 2017, the future minimum lease payments under capital leases are as follows:

Year Ending June 30	Governmental Activities
2018	\$ 594
2019	594
2020	594
2021	594
2022	594
2023 - 2027	79
Total minimum lease payments	3,049
Less amount representing interest	(343)
Net present value of minimum lease payments	\$ 2,706

The following is a schedule of capital assets under capital leases by major classes at June 30, 2017:

Capital Assets Under Capital Leases	Governmental Activities
Asset:	
Land	\$ 673
Structures and improvements	10,560
Total	11,233
Less: Accumulated depreciation	
Structures and improvements	(6,839)
Total	(6,839)
Net Capital Assets under lease	\$ 4,394

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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, 2017, are as follows:

Year Ending June 30	Operating Leases Commitment	
	Governmental	Business - Type
2018	\$ 23,971	740
2019	21,678	670
2020	18,487	578
2021	14,407	123
2022	12,474	
2023 - 2027	22,339	
2028 - 2032	421	
	\$ 113,777	2,111

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, 2017, were \$34,855.

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 2016-17, Airports received approximately \$6,221 for contingent rental payments in excess of stated minimums.

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The following is a schedule of future minimum rentals on non-cancelable operating leases as of June 30, 2017.

Year Ending June 30	Future Minimum Rentals Business Type Activities
2018	\$ 72,076
2019	68,766
2020	58,604
2021	55,396
2022	52,994
2023 - 2027	9,728
2028 - 2032	4,538
2033 - 2037	2,677
2038 - 2042	2,601
2043 - 2047	2,601
2048 - 2052	1,139
Total future minimum rentals	\$ 331,120

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, 2017:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 113,320	100,663	(97,380)	116,603	8,934
Certificates of participation	229,880		(16,625)	213,255	17,565
Teeter notes	25,494	17,391	(20,036)	22,849	7,012
Pension obligation bonds	960,058		(16,042)	944,016	18,316
Accreted Interest	157,288	4,673	(43,478)	118,483	
Revenue bonds	310,142		(2,560)	307,582	5,320
Accreted Interest	25,820	3,158		28,978	
OPEB Liability	44,729	10,432		55,161	
Litigation Liability		93,620		93,620	
Other long-term debt	4,605		(3,480)	1,125	562
Capital lease obligations	3,479		(773)	2,706	528
Deferred amounts					
For issuance premiums	3,381		(195)	3,186	(195)
For issuance discounts	(6,881)		414	(6,467)	414
Total governmental activities - long-term obligations	<u>\$ 1,871,315</u>	<u>229,937</u>	<u>(200,155)</u>	<u>1,901,097</u>	<u>58,456</u>
Business-type activities:					
Compensated absences	\$ 6,473	5,703	(5,599)	6,577	430
Revenues bonds	1,113,140	89,000	(116,825)	1,085,315	25,405
PFC and subordinate revenue bonds	290,875	92,790	(118,350)	265,315	5,740
Reimbursement agreements	935		(400)	535	535
Usage fee - City of Sacramento	2,178		(1,071)	1,107	1,107
OPEB Liability	3,087	709	(67)	3,729	
Water rights - SMUD assignment	4,197		(759)	3,438	759
Deferred amounts					
For issuance premiums	14,033	17,346	(1,807)	29,572	1,365
For issuance discounts	(5,882)		3,438	(2,444)	(113)
Total business-type activities - long-term obligations	<u>\$ 1,429,036</u>	<u>205,548</u>	<u>(241,440)</u>	<u>1,393,144</u>	<u>35,228</u>
Component Unit (First Five Commission):					
Compensated absences	\$ 232	176	(180)	228	51
OPEB Liability	64	13		77	
Total component unit	<u>\$ 296</u>	<u>189</u>	<u>(180)</u>	<u>305</u>	<u>51</u>

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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, \$12,928 of the internal services funds compensated absences balance and \$7,988 in OPEB liability balance are included in governmental activities. Also for the governmental activities, claims and judgments (if applicable) and compensated absences are liquidated by the General Fund and Internal Service Funds.

Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2017 are as follows:

Governmental Activities:

Certificates of Participation:

	<u>Amount Outstanding at June 30, 2017</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, 2017, through the year 2027, escalating from \$3,490 to \$6,170, with interest rates ranging from 4.3 percent to 5.0 percent. Lump-sum payments of \$17,495 and \$50,295 are due October 1, 2017, and October 1, 2027, respectively.	\$ 54,135
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, 2018 through the year 2034, escalating from \$415 to \$4,145, with interest rates ranging from 4.0 percent to 5.0 percent.	10,860
County of Sacramento 2003 Certificates of Participation (Juvenile Courthouse Project) issued June 19, 2003. Principal payments are due December 1, 2017, through the year 2034, escalating from \$935 to \$2,160, with interest rates ranging from 4.1 percent to 5.0 percent.	26,725
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, 2018, 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.	19,850
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, 2017 through the year 2037, escalating from \$1040 to \$2,935, with interest rates ranging from 4.0 percent to 5.0 percent.	39,120

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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 on the 2010 bonds are due commencing on February 1, 2018 through February 1, 2030, payments ranging from \$3,235 to \$9,775 and interest rates ranging from 4.25 percent to 5.75 percent.

62,565

Total certificates of participation
Add: Issuance premium

213,255

3,186

\$ 216,441

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	<u>Amount Outstanding at June 30, 2017</u>
Teeter notes:	
County of Sacramento, 2012 Teeter Loan Agreement Note, dated March 27, 2013, to purchase the delinquent property taxes receivable as of June 30, 2012 at \$28,374. Annual payments of principal and interest are due August 1st of each year and ending in 2017. The amount of the principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2017. Interest payments will be at a variable rate that averaged 0.516 percent in the FY 2016-17 and was 0.668 percent at June 30, 2017.	\$ 1,123
County of Sacramento, 2013 Teeter Loan Agreement Note, dated December 10, 2013, to purchase the delinquent property taxes receivables as of June 30, 2013, at \$23,100. Annual payments of principal and interest are due August 1st of each year and ending in 2018. The amount of the principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2018. Interest payments will be at a variable rate that averaged 0.516 percent in the FY 2016-17 and was 0.668 percent at June 30, 2017.	2,186
County of Sacramento, 2014 Teeter Loan Agreement Note, dated December 9, 2014, to purchase the delinquent property taxes receivables as of June 30, 2014, at \$20,996. Annual payments of principal and interest are due August 1st of each year and ending in 2019. The amount of the principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2019. Interest payments will be at a variable rate that averaged 0.516 percent in the FY 2016-17 and was 0.668 percent at June 30, 2017.	4,514
County of Sacramento, 2015 Teeter Loan Agreement Note, dated October 27, 2015, to purchase the delinquent property taxes receivables as of June 30, 2015, at \$19,522. Annual payments of principal and interest are due August 1st of each year and ending in 2020. The amount of the principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2020. Interest payments will be at a variable rate that averaged 0.558 percent in the FY 2016-17 and was 0.668 percent at June 30, 2017.	5,727
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 0.905 percent in the FY 2016-17 and was 1.070 percent at June 30, 2017.	9,299
Total Teeter notes	<u><u>\$ 22,849</u></u>

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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, 2018, through June 30, 2022, escalating from \$11,066 to \$45,379. Rates on the fixed rate bonds range from 6.19 percent to 7.68 percent. On September 22, 2011, the County did a partial advance refunding to defease \$134,000 of the 1995 B & C Pension Funding variable rate bonds.

\$ 146,990

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

97,441

County of Sacramento Pension Obligation Bonds issued March 28, 2008, \$359,165 of Series 2008 Taxable Pension Refunding Bonds. The County issued the Series 2008 Bonds to refund and defease \$350,037 the fully accreted outstanding amount of its Taxable Pension Funding Bonds, Series 2004 C-1 and to pay the costs of issuance of the Series 2008 Bonds. Principal payments on the Series 2008 bonds are due June 30, 2018 through June 30, 2031, escalating from \$4,775 to \$48,585. The County entered into a swap agreement effective July 10, 2006, on the 2004 refunded series C-1 fixing the interest rate to 5.901 percent, which remains in effect for the 2008 Taxable Pension refunding bonds. See Note 9, Derivatives – Interest rate swaps.

336,065

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

177,685

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

73,875

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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, 2017, on the 1995 and 2003 Pension Obligation Bonds is \$118,483.

Total pension obligation bonds	944,016
Plus: Accreted interest	118,483
Less: deferred amount for issuance discount	<u>(2,748)</u>

\$ 1,059,751

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.

\$ 236,156

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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 23 – Successor Agency Trust for Assets of Former Redevelopment Agency.

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

	71,426
Total revenue bonds	307,582
Plus: Accreted interest	28,978
Less: deferred amount for issuance discount	(3,719)
	\$ 332,841

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	<u>Amount Outstanding at June 30, 2017</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.	\$ 478
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 \$41 to \$51 are due December 22 and June 22 of each year ending December 2024.	<u>647</u>
Total other long term debt	<u><u>\$ 1,125</u></u>

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, 2017.

<u>Year ending June 30</u>	Certificates of Participation		Teeter Note		Pension Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 17,565	10,523	7,012	206	18,316	111,065
2019	14,590	9,656	5,890	151	63,317	61,449
2020	14,310	8,929	4,796	96	70,769	56,460
2021	11,545	8,189	3,291	50	78,829	50,727
2022	11,720	7,617	1,860	19	87,584	44,130
2023 - 2027	65,525	28,896			458,911	151,220
2028 - 2032	48,505	12,816			166,290	16,733
2033 - 2037	26,560	3,553				
2038 - 2042	2,935	69				
	<u>\$ 213,255</u>	<u>90,248</u>	<u>22,849</u>	<u>522</u>	<u>944,016</u>	<u>491,784</u>

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Year ending June 30	Revenue Bonds		Other		Accreted Interest
	Principal	Interest	Principal	Interest	
2018	\$ 5,320	15,008	562	19	46,598
2019	5,745	14,751	87	16	
2020	5,935	14,468	90	14	
2021	6,405	14,335	92	11	35,916
2022	7,348	14,321	95	8	25,476
2023 - 2027	39,667	68,066	199	8	10,493
2028 - 2032	46,269	54,535			
2033 - 2037	61,205	38,548			
2038 - 2042	64,640	21,334			
2043 - 2047	65,048	254,641			28,978
	<u>\$ 307,582</u>	<u>510,007</u>	<u>1,125</u>	<u>76</u>	<u>147,461</u>

Amount
Outstanding at
June 30, 2017

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 1.355 percent to 1.375 percent at June 30, 2017. 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.

\$ 352,495

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.

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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.

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.

	732,820
Total Revenue Bonds	1,085,315
PFC & Subordinated Bonds	265,315
Add: Issuance premiums	29,572
Less: Issuance discounts	(2,444)
	<u>\$ 1,377,758</u>

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Amount
Outstanding at
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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.

\$ 535

Total reimbursement agreements

\$ 535

Usage fee – City of Sacramento:

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

\$ 1,107

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.

\$ 3,438

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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, 2017.

<u>Year ending June 30</u>	Revenue Bonds and PFC			
	Revenue Bonds		Usage Fee City of Sacramento	
	Principal	Interest	Principal	Interest
2018	\$ 31,145	67,443	1,107	38
2019	32,575	65,767		
2020	33,815	64,071		
2021	35,465	62,446		
2022	36,960	60,649		
2023 - 2027	216,060	272,870		
2028 - 2032	278,945	210,688		
2033 - 2037	342,805	131,913		
2038 - 2042	342,860	41,400		
	<u>\$ 1,350,630</u>	<u>977,247</u>	<u>1,107</u>	<u>38</u>

<u>Year ending June 30</u>	SMUD Water Rights	
	Principal	Interest
2018	\$ 759	136
2019	759	106
2020	759	76
2021	758	46
2022	403	26
	<u>\$ 3,438</u>	<u>390</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, 2017.

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Conduit Debt and Non-Exchange Financial Guarantees

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

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

As of June 30, 2017, the principal amount of bonds outstanding was \$28,295 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 Airports or the County or a pledge of the faith and credit of the Airports. Airports will not be obligated to levy any taxes or expend any funds for the repayment of the bonds. As of June 30, 2017, the outstanding balance of the debt was \$8,800. The Special Facility Bonds will mature on November 1, 2028.

At June 30, 2017 the County's debt limit for general obligation bonds and legal debt margin was \$1,792,112.

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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 \$323,700 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, 2017, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the June 30, 2017 financial statements are as follows debit (credit).

	Notional Amount	Changes in Fair Value		Fair Value - as of June 30, 2017	
		Classification	Amount	Classification	2017
Governmental Activities:					
<i>Cash Flow Hedges:</i>					
Series 2004 C-1 / 2008 C-1 Swap					
Pay-fixed interest rate swap	\$ 323,700	Deferred outflow	\$ 39,125	Debt	\$ (91,179)
		Total Governmental Activities	\$ 39,125		\$ (91,179)
Business-Type Activities:					
<i>Cash Flow Hedges:</i>					
Series 2007 B Swap					
Pay-fixed interest rate swap	\$ 128,965	Deferred outflow	\$ 12,500	Debt	\$ (30,178)
Series 2007 B Swap					
Pay-fixed interest rate swap	99,955	Deferred outflow	11,995	Debt	(30,193)
		Total Business-Type activities	\$ 24,495		\$ (60,371)

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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, 2017 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	\$ 323,700	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	5/9/2007	6/1/2034	Water Agency pays fixed 4.221%; 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, 2017.

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.

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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, 2017, the negative fair value of the swap amounted to \$91,179.

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, 2017.

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, 2017, negative fair value of the swaps amounted to \$60,371.

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.

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Derivative Instrument Payments and Hedged Debt:

Using the rates as of June 30, 2017, 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
2018	\$ 7,250	9,034	16,835	33,119
2019	7,500	8,841	16,476	32,817
2020	10,650	8,568	15,967	35,185
2021	12,025	8,533	15,901	36,459
2022	14,975	8,184	15,251	38,410
2023 - 2027	117,375	32,747	61,023	211,145
2028 - 2032	166,290	10,620	19,790	196,700
	<u>\$ 336,065</u>	<u>86,527</u>	<u>161,243</u>	<u>583,835</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
2018	\$	2,751	6,876	9,627
2019		2,751	6,929	9,680
2020		2,751	6,822	9,573
2021		2,751	6,875	9,626
2022		2,751	6,875	9,626
2023 - 2027	10,350	13,517	33,784	57,651
2028 - 2032	78,195	11,568	28,938	118,701
2033 - 2037	97,900	6,068	15,230	119,198
2038 - 2042	42,475	771	1,937	45,183
	<u>\$ 228,920</u>	<u>45,679</u>	<u>114,266</u>	<u>388,865</u>

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NOTE 10 - SPECIAL ASSESSMENT DEBT AND RELATED ACTIVITIES

At June 30, 2017, special assessment improvement bonds outstanding for all assessment districts totaled \$180,596. 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, 2017, \$6,975 of authorized bonds remains un-issued. The outstanding balance at June 30, 2017 was \$6,105.

The McClellan Park Community Facilities District No. 2004-1 (District) has been authorized to issue \$90,000 of Special Tax Bonds. On September 28, 2004, the District issued \$10,250 Series 2004 Special Tax Bonds with interest rates ranging from 3.00% to 6.25%. On December 8, 2011 the District issued \$10,395 Series 2011 Special Tax Bonds with interest rates ranging from 2.25 percent to 6.00 percent. The Series 2004 and the Series 2011 bonds, a total of \$20,645, constitute the entire bonded indebtedness as of June 30, 2017. At June 30, 2017, \$69,355 of authorized bonds remains un-issued. The outstanding balance at June 30, 2017, for the Series 2004 bonds was \$9,480 and for the Series 2011 bonds was \$10,300.

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, 2017, \$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, 2017, for Improvement Area No. 1 was \$7,915 and for Improvement Area No. 2 was \$6,760.

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, 2017. At June 30, 2017, \$1,940 of authorized bonds remains un-issued. The outstanding balance at June 30, 2017, was \$2,010.

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, 2017. At June 30, 2017, \$96,340 of authorized bonds remains un-issued. The outstanding balance at June 30, 2017, for the 2004A bonds was \$57,995 and for the 2007B bonds was \$49,200.

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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, 2017, \$5,840 of authorized bonds remains un-issued. The outstanding balance at June 30, 2017, for the 2016 Special Tax Bonds was \$23,155.

The County of Sacramento Community Facilities District No 2014-2 (North Vineyard Station No. 20) (District) has been authorized to issue \$50,000 of Special Tax Bonds. On June 8, 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, 2017, \$35,775 of authorized bonds remains un-issued. The outstanding balance as of June 30, 2017 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, 2017, \$78 of authorized bonds remains unissued. The outstanding balance at June 30, 2017, was \$621.

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, 2017, \$2,565 of authorized bonds remains unissued. The outstanding balance at June 30, 2017, was \$6,060.

NOTE 11 - PLEDGED REVENUES

The County has pledged a portion of delinquent property tax revenues to re-pay \$22,849 in Teeter notes in accordance with the alternative method of distribution of property tax levies and assessments. The notes were issued on November 4, 2011, March 27, 2013, December 10, 2013, December 9, 2014, October 27, 2015, and November 1, 2016. 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 \$22,849 and interest of \$522 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 \$20,036 and \$159, respectively.

The County has pledged certain future revenues, net of specified operating expenses, to repay \$496,195 in Airports Senior Revenue Bonds issued in May 2008, and \$201,800 in Airports Senior Revenue Bonds issued in July 2009, and \$128,300 in Airports Senior Revenue Bonds issued in August 2010 and 89,000 in Airport Senior Revenue Refunding Bonds issued in December 2016. Proceeds from the 2008 Senior Revenue Bond refunded Series 1992B, Series 1998A, Series 2002A, and 45.4 percent of Series 2006A as well as provided \$323,000 in financing for the Terminal Modernization Program. The bonds are payable solely from Net Revenues of the Airports and are payable through 2041. Proceeds from the 2016A Bonds were used to advance refund \$63,385 of 2008A Senior Bonds and \$31,115 of 2009A Senior Bonds. The bonds are payable from net revenues from Airports through FY 2040-2041. The total principal and interest remaining to be paid on senior bonds is \$1,302,898. Principal and interest paid for the current year was \$53,080 and the total Net Revenues were \$86,785.

The County has pledged Passenger Facility Charges (PFC) to repay \$89,430 in Airports Subordinate and PFC Revenue Refunding Bonds issued in May 2008 and \$278,250 in Airport System Subordinate and PFC/Grant Revenue Bonds issued in July 2009. Proceeds from the 2008 bond series refunded Series 1996C, Series 1998B and 54.6 percent of Series 2006A. Proceeds from 2009 Subordinate and PFC/Grant Revenue Bonds provided \$251 million to continue the financing of the Terminal Modernization Program. Proceeds from the 2016B Subordinate Bonds were used to advance refund the 2009C Subordinate and PFC/Grant Revenue Bonds. Total principal and interest remaining to be paid on the subordinate bonds is \$474,958. The 2008 Subordinate and PFC Bonds are payable through 2026 and the 2009 Subordinate and PFC/Grant Revenue Bonds are payable through 2041. Total principal and interest remaining to be paid on the subordinate bonds is \$474,958. Principal and interest paid for the current year was \$21,619 and the PFC cash generated in FY 2016-17 was \$19,847.

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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 \$25,000 at June 30, 2017.

Airport – The Airport had approximately \$2,895 in outstanding construction contract commitments at June 30, 2017.

Solid Waste Enterprise Fund – Solid Waste entered into equipment and construction agreements totaling \$3,948 at June 30, 2017.

Water Agency Enterprise Fund – The Water Agency has entered into contracts for the construction of certain projects totaling \$8,425 at June 30, 2017.

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, 2017, were \$18,705. The Fund will recognize costs of \$35,030 as the remaining capacity in the Kiefer Landfill is used in future years. At June 30, 2017, the capacity of the Kiefer Landfill used to date was 35 percent and the estimated remaining landfill life is 56 years. As required by applicable laws, management has established a fund for the post-closure Kiefer Landfill, in which \$9,304 is considered restricted at June 30, 2017, 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, 2017, as \$1,394.

The Elk Grove landfill is 100 percent full and the postclosure 30-year liability period runs through June 2024. At June 30, 2017, the reported liabilities represent costs for the remaining 7 years. The portion of the postclosure costs expected to be paid during the next year is \$232.

The Fund reported Grand Island Landfill postclosure care liabilities at June 30, 2017, of \$297. The landfill is 100 percent full and the postclosure 30-year liability period runs through June 2029. At June 30, 2017, the reported liabilities represent postclosure costs for the remaining 12 years. The portion of the postclosure costs expected to be paid during the next year is \$27.

Future closure and postclosure costs are based on what it would cost to perform all closure and postclosure care in 2017. Actual costs may be different due to inflation, changes in technology, changes in permitted capacity and/or changes in regulations.

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

Based on the percentage used of the total capacity available with the open and active area of the Kiefer Landfill, the closure liability for the fiscal years ending June 30, 2017, is estimated to be \$18,537. The portion of the postclosure costs expected to be paid during the next year is \$62.

Changes in accrued landfill closure and postclosure care liability for the fiscal year ended June 30, 2017 were as follows:

	<u>July 1, 2016</u> <u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u> <u>Ending</u>	<u>Due within</u> <u>One Year</u>
Kiefer	\$ 17,982	723		18,705	
Elk Grove	1,605	21	(232)	1,394	232
Grand Island	320	4	(27)	297	27
Kiefer Final Cover	<u>19,379</u>	<u>598</u>	<u>(1,440)</u>	<u>18,537</u>	<u>62</u>
	<u>\$ 39,286</u>	<u>1,346</u>	<u>(1,699)</u>	<u>38,933</u>	<u>321</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, 2016, for FY 2015-16 (based on the June 30, 2014 valuation) was 22.91 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, 2016, for FY 2015-16 (based on the June 30, 2014 valuation), was 8.49 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, 2017, are as follows:

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

For the year ended June 30, 2017, 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 Five Commission
County - Miscellaneous Tier	\$ 88,646	6,494	95,140	228
County - Safety Tier	78,648	979	79,627	
Carmichael Recreation and Park District - Miscellaneous	274		274	
Mission Oaks Recreation and Park District - Miscellaneous	1,007		1,007	
Sunrise Recreation and Park District - Miscellaneous	597		597	
Total Employer Contributions	\$ 169,172	7,473	176,645	228

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

As of June 30, 2017, the County of Sacramento reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Governmental Activities	Business-type Activities	Total	Component Unit First Five Commission
County - Miscellaneous Tier	\$ 746,173	54,063	800,236	1,846
County - Safety Tier	728,544	9,595	738,139	
Carmichael Recreation and Park District - Miscellaneous	2,457		2,457	
Mission Oaks Recreation and Park District - Miscellaneous	1,752		1,752	
Sunrise Recreation and Park District - Miscellaneous	3,321		3,321	
Total Net Pension Liability	\$ 1,482,247	63,658	1,545,905	1,846

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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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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 2015-16; 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, 2016, 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, 2015 and 2016, was as follows:

	<u>County</u>	<u>Carmichael</u>	<u>Mission Oaks</u>	<u>Sunrise</u>	<u>Commission</u> Component Unit First Five
Proportion - June 30, 2015	89.005 %	0.119 %	0.095 %	0.169 %	0.090 %
Proportion - June 30, 2016	87.645 %	0.140 %	0.100 %	0.189 %	0.110 %
Change - Increase (Decrease)	<u>(1.360)%</u>	<u>0.021 %</u>	<u>0.005 %</u>	<u>0.020 %</u>	<u>0.020 %</u>

For the year ended June 30, 2017 the County recognized pension expense of \$233,212. At June 30, 2017, 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 Five 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	\$ 7,329				7,329	91	7,420	
Net difference between projected and actual earnings on plan investments	450,620	899	641	1,216	453,376	22,127	475,503	676
Changes in assumptions	21,678				21,678	286	21,964	
Changes in proportions	6,714	212	60	178	7,164	305	7,469	54
Pension contributions subsequent to measurement date	<u>167,294</u>	<u>274</u>	<u>1,007</u>	<u>597</u>	<u>169,172</u>	<u>7,473</u>	<u>176,645</u>	<u>228</u>
Total deferred outflows related to pension	<u>\$ 653,635</u>	<u>1,385</u>	<u>1,708</u>	<u>1,991</u>	<u>658,719</u>	<u>30,282</u>	<u>689,001</u>	<u>958</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	\$ 71,068	150	107	202	71,527	3,637	75,164	113
Changes in assumptions	12,037	40	28	54	12,159	872	13,031	29
Changes in proportion	8,209		34	84	8,327	2,490	10,817	56
Total deferred inflows related to pension	<u>\$ 91,314</u>	<u>190</u>	<u>169</u>	<u>340</u>	<u>92,013</u>	<u>6,999</u>	<u>99,012</u>	<u>198</u>

\$176,645 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, 2018. 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
2018	\$ (101,268)	(230)	(132)	(263)	(101,893)	(133)
2019	(101,268)	(230)	(132)	(263)	(101,893)	(133)
2020	(101,268)	(230)	(132)	(263)	(101,893)	(133)
2021	(107,035)	(231)	(134)	(265)	(107,665)	(133)
Total	<u>\$ (410,839)</u>	<u>(921)</u>	<u>(530)</u>	<u>(1,054)</u>	<u>(413,344)</u>	<u>(532)</u>

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Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuations was determined using the following actuarial assumptions:

	<u>County and Special District Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Level percent of payroll (3.50% payroll growth assumed)	Level percent of payroll (3.50% payroll growth assumed)
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	3.25%	3.25%
Real across-the-board salary increase	0.25%	0.25%
Projected Salary Increase*	4.50% to 8.50%	5.25% to 11.50%
Assumed post-retirement benefit increase	0% to 3.25%	2% to 3.25%
Post-Retirement Mortality		
a) Service	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 set back one year for males and set forward two years for females
b) Disability	RP-2000 Disabled Retiree Mortality Table projected with Scale BB to 2022 with no age adjustment for males and set forward three years for females	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 set forward two years
c) Employee Contribution Rate	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 weighted 40% male and 60% female	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2022 set back one year for males and set forward two years for females weighted 70% male and 30% female
Pre-Retirement Mortality	Based upon the actuarial experience study for the period July 1, 2010 through June 30, 2013, which can be found on SCERS' website	Based upon the actuarial experience study for the period July 1, 2010 through June 30, 2013, which can be found on SCERS' website
Other Assumptions	See analysis of actuarial experience study for the period July 1, 2010 through June 30, 2013	See analysis of actuarial experience study for the period July 1, 2010 through June 30, 2013

*Includes inflation at 3.25 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 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made based on the current contribution rate and that employer contributions will be made at the end of each pay period based on the actuarially determined contribution rates. For this purpose, only the employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service cost for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments for current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2016, are summarized in the table below:

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

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:

Net Pension Liability	County	Carmichael	Mission Oaks	Sunrise	Total	Component Unit First 5 Commission
1% Decrease (6.50%)	\$2,618,377	4,177	2,978	5,646	2,631,178	3,138
Current Discount Rate (7.50%)	1,538,375	2,457	1,752	3,321	1,545,905	1,846
1% increase (8.50%)	647,227	1,032	736	1,395	650,390	776

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

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NOTE 15 - POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description: The plan is a single-employer plan and it does not issue a publicly available report. In December 2015 and December 2016, the Board of Supervisors approved the Retiree Medical and Dental Insurance Program Administrative Policy for calendar years 2016 and 2017, respectively. The County provides access to group medical insurance and dental insurance, and medical and dental offset payments to a specific group of eligible retirees as a result of a settlement.

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

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

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

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

Approximately two hundred sixty-five annuitants from bargaining unit 003-Law Enforcement, Non-Supervisory, met the eligibility requirement and receive medical and/or dental subsidy/offset as of June 30, 2017.

Funding Policy

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

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Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$	18,151
Interest on net pension obligation		1,915
Adjustment to the annual required contribution		<u>(2,547)</u>
Annual OPEB cost		17,519
Annual contributions made		<u>(6,432)</u>
Increase in OPEB obligation		11,087
Net OPEB obligation, beginning of year		<u>47,880</u>
Net OPEB obligation, end of year		<u><u>\$ 58,967</u></u>
Covered payroll (active plan members)	\$	780,952
Unfunded actuarial accrued liability		165,177
UAAL as a percentage of covered payroll		21.1 %

Trend Information

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

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 13,192	4,787	36 %	37,076
6/30/16	16,602	5,797	35 %	47,880
6/30/17	17,519	6,432	37 %	58,967

Funding Status and Progress

As of June 30, 2015, the most recent actuarial valuation date the plan was 0 percent funded. The actuarial accrued liability was \$165,177 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$165,177. The covered payroll (annual employees covered by the plan) for FY 2016-17 was \$780,952, and the ratio of the UAAL to covered payroll was 21.1 percent.

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

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Actuarial Methods and Assumptions:

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

In the June 30, 2015, actuarial valuation, the actuarial cost method used for valuation is entry age normal cost method which determines normal cost as a level percent of payroll, and the amortization period is a 21-year fixed (closed) period for FY 2016-17. The actuarial assumptions utilized a 4.0 percent discount rate, an inflation rate of 3 percent, and premiums based on calendar year 2015 medical plans, for FY 2013-14 thru FY 2016-17, and a medical trend of 7.0 percent beginning in 2017, reduced by decrements of 0.5 percent each year to an ultimate rate of 5 percent. The UAAL is being amortized as a level percentage of pay. The remaining amortization period at June 30, 2017, was 21 years.

NOTE 16 - LITIGATION LIABILITY

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

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

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

The multi-phase litigation is in the process of settlement finalization. The primary elements of the proposed settlement agreement, which has yet to be formally accepted by the respective parties, consists of an agreed obligation to be paid by the County of Sacramento to the Regents of the University of California in the net amount of approximately \$93,620, payable according to an agreed set of material terms. The County has recorded this liability in long-term obligations in the Statement of Net Position.

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NOTE 17 - SELF-INSURANCE

The County self-insures for property damage, general liability, workers' compensation, and unemployment insurance claims. Self-insurance programs are accounted for in internal service funds, and interfund premium charges are treated as interfund services. Interfund premiums are based primarily upon the insured funds' claims experience and are adjusted for any excess or deficit net position within the self-insurance funds. At June 30, 2017, 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	
	2017	2016	2017	2016	2017	2016	2017	2016
Unpaid claims and claim adjustment expenses at beginning of the fiscal year								
Current portion	\$ 9,726	10,294	24,266	22,624	191	212	34,183	33,130
Noncurrent	24,328	23,258	152,091	154,087			176,419	177,345
Total beginning balance, July 1	<u>34,054</u>	<u>33,552</u>	<u>176,357</u>	<u>176,711</u>	<u>191</u>	<u>212</u>	<u>210,602</u>	<u>210,475</u>
Incurred claims and claim adjustment expenses:								
Provision for insured events for current year	8,578	7,389	21,561	20,386	1,130	1,260	31,269	29,035
Increase (decrease) in provision for insured events of prior fiscal years	25,178	9,645	6,416	922			31,594	10,567
Total incurred claims and claim adjustment expenses	<u>33,756</u>	<u>17,034</u>	<u>27,977</u>	<u>21,308</u>	<u>1,130</u>	<u>1,260</u>	<u>62,863</u>	<u>39,602</u>
Less Payments:								
Claims and claim adjustment expenses attributable to insured events of current fiscal year	674	503	2,762	2,603	941	1,069	4,377	4,175
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	25,075	16,029	20,341	19,059	191	212	45,607	35,300
Total payments	<u>25,749</u>	<u>16,532</u>	<u>23,103</u>	<u>21,662</u>	<u>1,132</u>	<u>1,281</u>	<u>49,984</u>	<u>39,475</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year, June 30	<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>
Current portion of unpaid claims and claim adjustments	\$ 11,873	9,726	24,336	24,266	189	191	36,398	34,183
Non current portion of unpaid claims and claim adjustments	30,188	24,328	156,895	152,091			187,083	176,419
Total current and non current unpaid and claim adjustment expenses at end of the fiscal year	<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>

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

Coverage	Amount	Deductible	Provision
Airport Liability & Hangerkeepers	\$ 500,000 *	\$ 10	Each occurrence
Property Program:			
Property Insurance (All Risk)	1,500,000 *	50	Each occurrence
Flood	1,500,000 *	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

*Airport Liability and Hangerkeepers: Effective June 30, 2015, War Risk is included at \$500 million and Terrorism is included at \$500 million. Both are per occurrence and annual aggregate. Property – County property is covered for Terrorism Coverage subject to a \$750 million occurrence and annual aggregate limit. Effective March 31, 2008, EQ is capped at \$25 million. Effective March 31, 2017, All Risk 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). Effective March 31, 2017, Flood total is at \$1.500 billion (total of Towers I, II, IV and V primary and excess on an actual at risk and tower-capped basis). Effective July 1, 2008, Workers' Compensation (Excess) limit is statutory rather than a dollar limit. Effective July 1, 2008, Employers' Liability (Excess) limit is at \$5 million.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 18 - 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, 2017, are as follows:

	Governmental Activities	Business-type Activities	Total
Bond reserves	\$	50,803	50,803
Landfill closure		9,304	9,304
Kiefer Wetlands Preserve		957	957
Debt service	87,466	27,345	114,811
Capital projects	87,584		87,584
Passenger facility charges		24,561	24,561
Public protection	68,159		68,159
Health and sanitation programs	234,989		234,989
Transportation	37,086	1,128	38,214
Lighting and landscape maintenance	4,234		4,234
Economic development	71,289		71,289
Other	49,006		49,006
Endowments:			
Expendable		92	92
Nonexpendable		2,029	2,029
Total	<u>\$ 639,813</u>	<u>116,219</u>	<u>756,032</u>

Net position restricted by enabling legislation are comprised of \$24,561 (FAA approved passenger facility charges) and \$4,234 (lighting and landscape maintenance) in the Statement of Net Position at June 30, 2017.

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

COUNTY OF SACRAMENTO
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(amounts expressed in thousands)

- *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.

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

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

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

- *Economic development* – Primary programs revolve around the reuse programs and the Business Environment Resource Center (BERC) program.

- *Other* – Includes programs related to Recreation and Culture, Education, Stormwater Utility, and Environmental Management.

- *Endowments* – to be used to support the Airport public art in perpetuity.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 19 - 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, \$37,267, is due to reclassification of amounts to nonspendable, restricted and assigned. A detailed schedule of fund balances as of June 30, 2017, is as follows:

	Major	Non Major Governmental Funds			Total
	General Fund	Special Revenue	Debt Service	Capital Project	
Nonspendable:					
Inventory	\$ 1,322				1,322
Long-term receivables/advances	23,368				23,368
Prepaid items	19,256				19,256
Teeter Plan delinquencies	1,669				1,669
Teeter Plan tax loss	5,552				5,552
Total nonspendable:	<u>51,167</u>				<u>51,167</u>
Restricted for:					
Public protection:					
Probation	6,743				6,743
Police Protection	21,714				21,714
Clerk Recorder	26,872				26,872
Dispute Resolution	1,196				1,196
Community Development	2,148				2,148
Protection and Inspection		9,322			9,322
Fire Protection		164			164
Health and sanitation:					
Mental Health Services	151,741				151,741
VLF Realignment	30,649				30,649
Solid Waste Authority		1,271			1,271
Tobacco Securitization Authority		479			479
Water Agencies		50,272			50,272
In-Home Support Services		577			577
Public ways and facilities		30,379		6,707	37,086
Recreation and culture	3,261	10,192			13,453
Education		180			180
Capital projects				87,584	87,584
Economic development		71,289			71,289
Lighting and landscape		4,234			4,234
Stormwater utility		20,791			20,791
Environmental Management		14,582			14,582
Debt service			87,466		87,466
Total restricted:	<u>244,324</u>	<u>213,732</u>	<u>87,466</u>	<u>94,291</u>	<u>639,813</u>
Unassigned:	<u>37,267</u>				<u>37,267</u>
Total	<u>\$ 332,758</u>	<u>213,732</u>	<u>87,466</u>	<u>94,291</u>	<u>728,247</u>

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 20 - CONTINGENCIES

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

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 believes that there are compelling grounds for reversal of the decision and/or granting of a motion for new trial by the District Judge and/or reversal on appeal. Prior to the case being submitted to the jury, the judge characterized the evidence as slim and indicated intent to address any plaintiff verdict in post-trial proceedings. After entry of the verdict, the judge invited the filing of post-trial motions post haste.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
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NOTE 21 - TAX ABATEMENTS

Sacramento County provides tax abatements under four programs: the Local Conservation Act Program, the Mills Act Program, the Urban Agriculture Program, and a Job Creation Incentive Agreement.

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 2008, 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.

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

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 2017
Land Conservation Act (Williamson Act)	\$ 945
Mills Act	4
Urban Agriculture	1

NOTE 22 - FUTURE GASB PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The County has not determined the effect, if any, on the financial statements.

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

In 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.

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

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. This Statement establishes 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 March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, effective for fiscal years beginning after June 15, 2017. 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]). The County has not determined the effect, if any, on the financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for fiscal years beginning after June 15, 2017. The primary 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. 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.

NOTE 23 - SUBSEQUENT EVENTS

Teeter Plan

On November 1, 2017, the County issued its 2017 Teeter Note and purchased under the Teeter Plan the delinquent secured property tax receivables at June 30, 2017, in the amount of \$19,000 from the local taxing entities and selected special assessment districts in Sacramento County. The financing of this purchase was accomplished by a five-year legal, secured medium-term note obligation of the County that was purchased by the Treasurer's Pool. The terms of the note include the pooled investment fund rate of interest commencing August 1, 2018. Such payments may be made more frequently, but not more often than quarterly. The note matures August 1, 2022. Note 1 (Property Taxes) and Note 8 further describe the Teeter issues.

Dry Period Financing

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

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

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

As such, in FY 2017-18 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 \$2.389 billion in estimated revenues approved in the County's FY 2017-18 Preliminary Budget. The County's final FY 2017-18 Budget was approved in September 2017 and the dry period financing amount was adjusted to reflect the final General Fund estimated revenues of \$2.389 billion. In addition, on a monthly basis, as revenue is received the dry period financing amount is decreased accordingly.

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

On November 28, 2017, the County Board of Supervisors approved a settlement agreement with UC Davis Health over payment for health care services provided to County indigent patients and jail inmates provided by UC Davis Health from July 2008 to December 2015. The agreement calls for the County to make payments of approximately \$93 million plus interest over a 15 year period to reimburse for the aforementioned health care services.

COUNTY OF SACRAMENTO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

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.

During the fiscal year ended July 30, 2017, the RASA sold 2 of its 5 properties at a combined total loss of \$386. As of June 30, 2017, the Agency owes County Public Financing Authority \$68,900.

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

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

County	2017	2016	2015 ^A
Proportion of the net pension liability	87.645 %	89.005 %	89.865 %
Proportionate share of the net pension liability	\$ 1,538,375	\$ 1,023,390	\$ 692,793
Covered payroll ^B	\$ 780,978	\$ 745,978	\$ 731,874
Proportionate share of the net pension liability as a percentage of its covered payroll	196.98 %	137.19 %	94.66 %
Plan Fiduciary net position as a percentage of the total pension liability	81.40 %	87.26 %	91.02 %
Carmichael			
Proportion of the net pension liability	0.140 %	0.119 %	0.102 %
Proportionate share of the net pension liability	\$ 2,457	\$ 1,373	\$ 787
Covered payroll ^B	\$ 1,138	\$ 1,096	\$ 1,040
Proportionate share of the net pension liability as a percentage of its covered payroll	215.94 %	125.27 %	75.67 %
Plan Fiduciary net position as a percentage of the total pension liability	81.40 %	87.26 %	91.02 %
Mission Oaks			
Proportion of the net pension liability	0.100 %	0.095 %	0.083 %
Proportionate share of the net pension liability	\$ 1,752	\$ 1,090	\$ 643
Covered payroll ^B	\$ 782	\$ 851	\$ 826
Proportionate share of the net pension liability as a percentage of its covered payroll	224.02 %	77.86 %	77.85 %
Plan Fiduciary net position as a percentage of the total pension liability	81.40 %	87.26 %	91.02 %
Sunrise			
Proportion of the net pension liability	0.189 %	0.169 %	0.142 %
Proportionate share of the net pension liability	\$ 3,321	\$ 1,939	\$ 1,046
Covered payroll ^B	\$ 1,495	\$ 1,521	\$ 1,092
Proportionate share of the net pension liability as a percentage of its covered payroll	222.17 %	127.48 %	95.79 %
Plan Fiduciary net position as a percentage of the total pension liability	81.40 %	87.26 %	91.02 %
Measurement Date	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
(amounts expressed in thousands)**

Retirement Plan - Schedule of Contributions

<u>County</u>	<u>2017</u>	<u>2016</u>	<u>2015^A</u>
Actuarially determined contribution	\$ 174,767	\$ 180,678	\$ 191,907
Contributions in relation to the actuarially determined contribution	<u>(174,767)</u>	<u>(180,678)</u>	<u>(191,907)</u>
Covered payroll ^B	\$ 821,212	\$ 780,978	\$ 745,978
Contributions as a percentage of covered payroll	21.28 %	23.13 %	25.73 %
<u>Carmichael</u>			
Actuarially determined contribution	\$ 274	\$ 309	\$ 325
Contributions in relation to the actuarially determined contribution	<u>(274)</u>	<u>(309)</u>	<u>(325)</u>
Covered payroll ^B	\$ 1,039	\$ 1,138	\$ 1,096
Contributions as a percentage of covered payroll	26.37 %	27.15 %	29.65 %
<u>Mission Oaks</u>			
Actuarially determined contribution	\$ 1,007	\$ 221	\$ 258
Contributions in relation to the actuarially determined contribution	<u>(1,007)</u>	<u>(221)</u>	<u>(258)</u>
Covered payroll ^B	\$ 1,116	\$ 782	\$ 851
Contributions as a percentage of covered payroll	90.23 %	26.76 %	30.32 %
<u>Sunrise</u>			
Actuarially determined contribution	\$ 597	\$ 419	\$ 459
Contributions in relation to the actuarially determined contribution	<u>(597)</u>	<u>(419)</u>	<u>(459)</u>
Covered payroll ^B	\$ 2,278	\$ 1,495	\$ 1,521
Contributions as a percentage of covered payroll	2.21 %	28.03 %	30.24 %

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
(amounts expressed in thousands)**

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/11	\$ 0	\$ 115,690	\$ 115,690	0.0%	\$ 758,142	15.3%
6/30/13	0	146,143	146,143	0.0%	756,370	19.3%
6/30/15	0	165,177	165,177	0.0%	780,952	21.2%

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

Notes to the Required Supplementary Information:

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017
(amounts expressed in thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 216,854	64,427	100,924	382,205
Receivables:				
Billed	13,200		164	13,364
Interest	1,007	204	258	1,469
Intergovernmental	1,499			1,499
Due from other funds	7			7
Long-term advances to other funds	6,880			6,880
Loan receivable from Successor Agency		56,045		56,045
Long-term receivables	443	28,878	643	29,964
Total assets	<u>\$ 239,890</u>	<u>149,554</u>	<u>101,989</u>	<u>491,433</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Warrants payable	\$ 1,814	4	196	2,014
Accrued liabilities	7,449	10	1,449	8,908
Intergovernmental payable	8,807		5,410	14,217
Unearned revenue	1,678		643	2,321
Total liabilities	<u>19,748</u>	<u>14</u>	<u>7,698</u>	<u>27,460</u>
Deferred inflows of resources:				
Unavailable revenue	<u>6,410</u>	<u>62,074</u>		<u>68,484</u>
Fund balances:				
Restricted	<u>213,732</u>	<u>87,466</u>	<u>94,291</u>	<u>395,489</u>
Total fund balances	<u>213,732</u>	<u>87,466</u>	<u>94,291</u>	<u>395,489</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances:	<u>\$ 239,890</u>	<u>149,554</u>	<u>101,989</u>	<u>491,433</u>

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Taxes	\$ 37,380			37,380
Use of money and property	6,852	989	2,321	10,162
Licenses and permits	53,989			53,989
Intergovernmental	58,890	16,940	1,556	77,386
Charges for sales and services	109,111		8,340	117,451
Fines, forfeitures and penalties	62	8,531	2,700	11,293
Pledged tobacco settlement revenues	12,577			12,577
Contributions from property owners			7,025	7,025
Miscellaneous	21,884		23,920	45,804
Total revenues	<u>300,745</u>	<u>26,460</u>	<u>45,862</u>	<u>373,067</u>
Expenditures:				
Current:				
General government	49,480			49,480
Public protection	19,962			19,962
Health and sanitation	34,953			34,953
Public ways and facilities	136,745		361	137,106
Recreation and culture	18,657			18,657
Education	1,090			1,090
Capital outlay	13,915		23,059	36,974
Debt service:				
Principal		55,263		55,263
Interest and fiscal charges		138,928		138,928
Total expenditures	<u>274,802</u>	<u>194,191</u>	<u>23,420</u>	<u>492,413</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,943</u>	<u>(167,731)</u>	<u>22,442</u>	<u>(119,346)</u>
Other financing sources (uses):				
Transfers in	1,698	157,907	229	159,834
Transfers out	(25,129)	(9,952)	(3,179)	(38,260)
Issuance of long-term debt		17,391		17,391
Total other financing sources (uses)	<u>(23,431)</u>	<u>165,346</u>	<u>(2,950)</u>	<u>138,965</u>
Net change in fund balances	2,512	(2,385)	19,492	19,619
Fund balances - beginning	211,220	89,851	74,799	375,870
Fund balances - ending	<u>\$ 213,732</u>	<u>87,466</u>	<u>94,291</u>	<u>395,489</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR 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, 2017
(amounts expressed in thousands)**

Page 1 of 3

	Road	Sacramento Regional Solid Waste Authority	County Library	Transportation- Sales Tax	Building Inspection	Fixed Asset- Revolving
Assets:						
Cash and investments	\$ 16,626	2,313	180	6,721	9,716	
Receivables, net of allowance for uncollectibles:						
Billed	2,530	8		1,753	7	
Interest	89	11		21	48	
Intergovernmental	161			106		
Due from other funds						
Long-term advances to other funds						6,410
Long-term receivables						
Total assets	\$ 19,406	2,332	180	8,601	9,771	6,410
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Warrants payable	\$ 79	3		47	40	
Accrued liabilities	2,069	406		641	219	
Intergovernmental payable		308		3,540	190	
Unearned revenue	891	344				
Total liabilities	3,039	1,061		4,228	449	
Deferred inflows of resources:						
Unavailable revenue						6,410
Fund balances:						
Restricted	16,367	1,271	180	4,373	9,322	
Total fund balances	16,367	1,271	180	4,373	9,322	
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,406	2,332	180	8,601	9,771	6,410

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017
(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
Assets:					
Cash and investments	\$ 3,269	11,827	49,715	16,600	5
Receivables, net of allowance for uncollectibles:					
Billed	31	883	17	4,522	
Interest	12	46	236	70	
Intergovernmental			505		
Due from other funds				7	
Long-term advances to other funds					
Long-term receivables					
Total assets	\$ 3,312	12,756	50,473	21,199	5
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Warrants payable	\$ 9	302	166	124	
Accrued liabilities	81	366	7	190	
Intergovernmental payable		1,921	28	94	5
Unearned revenue					
Total liabilities	90	2,589	201	408	5
Deferred inflows of resources:					
Unavailable revenue					
Fund balances:					
Restricted	3,222	10,167	50,272	20,791	
Total fund balances	3,222	10,167	50,272	20,791	
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,312	12,756	50,473	21,199	5

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017
(amounts expressed in thousands)

Page 3 of 3

	Economic Development	Roadways	Tobacco Securitization Authority of Northern California	Environmental Management	Other	Total
Assets:						
Cash and investments	\$ 72,900	10,269	486	12,768	3,459	216,854
Receivables, net of allowance for uncollectibles:						
Billed	1,213	569		1,474	193	13,200
Interest	351	51		55	17	1,007
Intergovernmental		19		708		1,499
Due from other funds						7
Long-term advances to other funds	470					6,880
Long-term receivables		443				443
Total assets	\$ 74,934	11,351	486	15,005	3,669	239,890
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Warrants payable	\$ 7	992		39	6	1,814
Accrued liabilities	1,388	334	7	363	1,378	7,449
Intergovernmental payable	2,250			21	450	8,807
Unearned revenue		443				1,678
Total liabilities	3,645	1,769	7	423	1,834	19,748
Deferred inflows of resources:						
Unavailable revenue						6,410
Fund balances:						
Restricted	71,289	9,582	479	14,582	1,835	213,732
Total fund balances	71,289	9,582	479	14,582	1,835	213,732
Total liabilities, deferred inflows of resources, and fund balances	\$ 74,934	11,351	486	15,005	3,669	239,890

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, 2017
(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	\$ 840			19,514		
Use of money and property	520	16		82	81	
Licenses and permits	1,082	5,168			17,159	
Intergovernmental	33,835			8,318	9	
Charges for sales and services	48,417				462	22,216
Fines, forfeitures and penalties	6	36				
Pledged tobacco settlement proceeds						
Miscellaneous	6,222	1	970	2,835	25	
Total revenues	<u>90,922</u>	<u>5,221</u>	<u>970</u>	<u>30,749</u>	<u>17,736</u>	<u>22,216</u>
Expenditures:						
Current:						
General government						
Public protection					15,916	
Health and sanitation		4,470				
Public ways and facilities	98,113			25,814		
Recreation and culture						
Education			1,090			
Capital outlay						13,915
Total expenditures	<u>98,113</u>	<u>4,470</u>	<u>1,090</u>	<u>25,814</u>	<u>15,916</u>	<u>13,915</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,191)</u>	<u>751</u>	<u>(120)</u>	<u>4,935</u>	<u>1,820</u>	<u>8,301</u>
Other financing sources (uses):						
Transfers in	1,518					
Transfers out	(2,085)					(8,301)
Total other financing sources (uses)	<u>(567)</u>					<u>(8,301)</u>
Net change in fund balances	(7,758)	751	(120)	4,935	1,820	
Fund balances - beginning	24,125	520	300	(562)	7,502	
Fund balances - ending	<u>\$ 16,367</u>	<u>1,271</u>	<u>180</u>	<u>4,373</u>	<u>9,322</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, 2017
(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	\$ 415	8,754		5,655	
Use of money and property	19	1,860	387	120	
Licenses and permits			3,947		
Intergovernmental	6	1,239	109	2,655	
Charges for sales and services	2,573	4,867	3,733	23,707	
Fines, forfeitures and penalties					
Pledged tobacco settlement proceeds					
Miscellaneous	454	2,245	197	3,262	
Total revenues	<u>3,467</u>	<u>18,965</u>	<u>8,373</u>	<u>35,399</u>	
Expenditures:					
Current:					
General government	3,193			31,645	
Public protection					
Health and sanitation			10,062		
Public ways and facilities					
Recreation and culture		18,635			
Education					
Capital outlay					
Total expenditures	<u>3,193</u>	<u>18,635</u>	<u>10,062</u>	<u>31,645</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>274</u>	<u>330</u>	<u>(1,689)</u>	<u>3,754</u>	
Other financing sources (uses):					
Transfers in					
Transfers out		(168)		(1,046)	(6)
Total other financing sources (uses)		<u>(168)</u>		<u>(1,046)</u>	<u>(6)</u>
Net change in fund balances	274	162	(1,689)	2,708	(6)
Fund balances - beginning	2,948	10,005	51,961	18,083	6
Fund balances - ending	<u>\$ 3,222</u>	<u>10,167</u>	<u>50,272</u>	<u>20,791</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, 2017
(amounts expressed in thousands)

Page 3 of 3

	Economic Development	Roadways	Tobacco Securitization Authority of Northern California	Environmental Management	Other	Total
Revenues:						
Taxes	\$				2,202	37,380
Use of money and property	3,569	83	3	91	21	6,852
Licenses and permits	53	8,233		16,622	1,725	53,989
Intergovernmental	7,184	2,836		1,164	1,535	58,890
Charges for sales and services	1,953			892	291	109,111
Fines, forfeitures and penalties					20	62
Pledged tobacco settlement proceeds			12,577			12,577
Miscellaneous	3,772	449		1,452		21,884
Total revenues	<u>16,531</u>	<u>11,601</u>	<u>12,580</u>	<u>20,221</u>	<u>5,794</u>	<u>300,745</u>
Expenditures:						
Current:						
General government	14,498				144	49,480
Public protection					4,046	19,962
Health and sanitation			149	18,756	1,516	34,953
Public ways and facilities		12,659			159	136,745
Recreation and culture					22	18,657
Education						1,090
Capital outlay						13,915
Total expenditures	<u>14,498</u>	<u>12,659</u>	<u>149</u>	<u>18,756</u>	<u>5,887</u>	<u>274,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,033</u>	<u>(1,058)</u>	<u>12,431</u>	<u>1,465</u>	<u>(93)</u>	<u>25,943</u>
Other financing sources (uses):						
Transfers in	180					1,698
Transfers out	(147)		(12,404)	(972)		(25,129)
Total other financing sources (uses)	<u>33</u>		<u>(12,404)</u>	<u>(972)</u>		<u>(23,431)</u>
Net change in fund balances	2,066	(1,058)	27	493	(93)	2,512
Fund balances - beginning	69,223	10,640	452	14,089	1,928	211,220
Fund balances - ending	<u>\$ 71,289</u>	<u>9,582</u>	<u>479</u>	<u>14,582</u>	<u>1,835</u>	<u>213,732</u>

**COUNTY OF SACRAMENTO
ROAD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$ 808	808	840	32
Use of money and property	358	452	520	68
Licenses and permits	1,660	1,660	1,082	(578)
Intergovernmental	48,415	50,495	33,835	(16,660)
Charges for sales and services	50,949	49,636	48,417	(1,219)
Fines, forfeitures and penalties			6	6
Miscellaneous	5,392	7,163	6,222	(941)
Total revenues	107,582	110,214	90,922	(19,292)
Expenditures:				
Current:				
Public ways and facilities	121,475	121,150	98,113	23,037
Excess (deficiency) of revenues over (under) expenditures	(13,893)	(10,936)	(7,191)	3,745
Other financing sources (uses):				
Transfers in			1,518	1,518
Transfers out			(2,085)	(2,085)
Total financing sources (uses)			(567)	(567)
Net change in fund balances	\$ (13,893)	(10,936)	(7,758)	3,178

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, 2017
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		16	16
Licenses and permits	4,600	4,600	5,168	568
Fines, forfeitures and penalties	5	5	36	31
Miscellaneous			<u>1</u>	<u>1</u>
Total revenues	<u>4,605</u>	<u>4,605</u>	<u>5,221</u>	<u>616</u>
Expenditures:				
Current:				
Health and sanitation	<u>4,605</u>	<u>5,173</u>	<u>4,470</u>	<u>703</u>
Excess (deficiency) of revenues under expenditures		<u>(568)</u>	<u>751</u>	<u>1,319</u>
Net change in fund balances	<u>\$</u>	<u>(568)</u>	<u>751</u>	<u>1,319</u>

**COUNTY OF SACRAMENTO
COUNTY LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Miscellaneous	\$ 970	970	970	_____
Total revenues	970	970	970	_____
Expenditures:				
Current:				
Education	1,260	1,269	1,090	179
Deficiency of revenues under expenditures	(290)	(299)	(120)	179
Net change in fund balances	\$ (290)	(299)	(120)	179

**COUNTY OF SACRAMENTO
TRANSPORTATION SALES TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 22,764	23,089	19,514	(3,575)
Use of money and property	8	8	82	74
Intergovernmental	8,394	13,096	8,318	(4,778)
Miscellaneous	<u>2,400</u>	<u>216</u>	<u>2,835</u>	<u>2,619</u>
Total revenues	<u>33,566</u>	<u>36,409</u>	<u>30,749</u>	<u>(5,660)</u>
Expenditures:				
Current:				
Public ways and facilities	<u>34,071</u>	<u>36,744</u>	<u>25,814</u>	<u>10,930</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(505)</u>	<u>(335)</u>	<u>4,935</u>	<u>5,270</u>
Net change in fund balances	<u><u>\$ (505)</u></u>	<u><u>(335)</u></u>	<u><u>4,935</u></u>	<u><u>5,270</u></u>

**COUNTY OF SACRAMENTO
BUILDING INSPECTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 12	12	81	69
Licenses and permits	14,455	14,455	17,159	2,704
Intergovernmental	11	11	9	(2)
Charges for sales and services	295	295	462	167
Fines, forfeitures and penalties	8	8	8	(8)
Miscellaneous	56	56	25	(31)
	<u>14,837</u>	<u>14,837</u>	<u>17,736</u>	<u>2,899</u>
Total revenues				
Expenditures:				
Current:				
Public protection:				
Protection and inspection	17,961	18,200	15,916	2,284
	<u>17,961</u>	<u>18,200</u>	<u>15,916</u>	<u>2,284</u>
Excess (deficiency) of revenues over (under) expenditures	(3,124)	(3,363)	1,820	5,183
Net change in fund balances	<u>\$ (3,124)</u>	<u>(3,363)</u>	<u>1,820</u>	<u>5,183</u>

**COUNTY OF SACRAMENTO
 FIXED ASSET REVOLVING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017
 (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	\$ 43,010	43,010	22,216	(20,794)
Total revenues	<u>43,010</u>	<u>43,010</u>	<u>22,216</u>	<u>(20,794)</u>
Expenditures:				
Capital outlay	34,709	34,709	13,915	20,794
Excess of revenues over expenditures	<u>8,301</u>	<u>8,301</u>	<u>8,301</u>	<u></u>
Other financing uses:				
Transfers out	<u>(8,301)</u>	<u>(8,301)</u>	<u>(8,301)</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, 2017
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Taxes	\$ 285	354	415	61
Use of money and property	5	5	19	14
Intergovernmental	4	4	6	2
Charges for sales and services	2,530	2,540	2,573	33
Miscellaneous	975	675	454	(221)
Total revenues	<u>3,799</u>	<u>3,578</u>	<u>3,467</u>	<u>(111)</u>
Expenditures:				
General government	<u>3,938</u>	<u>3,942</u>	<u>3,193</u>	<u>749</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(139)</u>	<u>(364)</u>	<u>274</u>	<u>638</u>
Net change in fund balances	<u><u>\$ (139)</u></u>	<u><u>(364)</u></u>	<u><u>274</u></u>	<u><u>638</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, 2017
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 8,418	8,533	8,754	221
Use of money and property	1,873	2,044	1,860	(184)
Intergovernmental	926	1,069	1,239	170
Charges for sales and services	4,584	4,896	4,867	(29)
Miscellaneous	<u>2,634</u>	<u>2,240</u>	<u>2,245</u>	<u>5</u>
Total revenues	<u>18,435</u>	<u>18,782</u>	<u>18,965</u>	<u>183</u>
Expenditures:				
Current:				
Recreation and culture	<u>24,477</u>	<u>25,632</u>	<u>18,635</u>	<u>6,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,042)</u>	<u>(6,850)</u>	<u>330</u>	<u>7,180</u>
Transfers out	<u>(168)</u>	<u>(168)</u>	<u>(168)</u>	
Total other financing sources(uses)	<u>(168)</u>	<u>(168)</u>	<u>(168)</u>	
Net change in fund balances	<u><u>\$ (6,210)</u></u>	<u><u>(7,018)</u></u>	<u><u>162</u></u>	<u><u>7,180</u></u>

**COUNTY OF SACRAMENTO
WATER AGENCIES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$ 80	80	387	307
Licenses and permits	3,080	3,380	3,947	567
Charges for sales and services	9,012	9,012	3,733	(5,279)
Intergovernmental			109	109
Miscellaneous	<u>158</u>	<u>3,058</u>	<u>197</u>	<u>(2,861)</u>
Total revenues	<u>12,330</u>	<u>15,530</u>	<u>8,373</u>	<u>(7,157)</u>
Expenditures:				
Current:				
Health and sanitation	<u>22,757</u>	<u>26,053</u>	<u>10,062</u>	<u>15,991</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,427)</u>	<u>(10,523)</u>	<u>(1,689)</u>	<u>8,834</u>
Net change in fund balances	<u><u>\$ (10,427)</u></u>	<u><u>(10,523)</u></u>	<u><u>(1,689)</u></u>	<u><u>8,834</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, 2017
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 5,508	5,508	5,655	147
Use of money and property	20	20	120	100
Intergovernmental	1,507	4,653	2,655	(1,998)
Charges for sales and services	23,736	24,100	23,707	(393)
Miscellaneous	<u>1,248</u>	<u>1,648</u>	<u>3,262</u>	<u>1,614</u>
Total revenues	<u>32,019</u>	<u>35,929</u>	<u>35,399</u>	<u>(530)</u>
Expenditures:				
Current:				
General government	<u>39,136</u>	<u>43,244</u>	<u>31,645</u>	<u>11,599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,117)</u>	<u>(7,315)</u>	<u>3,754</u>	<u>11,069</u>
Other financing sources (uses):				
Transfers out	<u> </u>	<u> </u>	<u>(1,046)</u>	<u>(1,046)</u>
Total other financing sources (uses)	<u> </u>	<u> </u>	<u>(1,046)</u>	<u>(1,046)</u>
Net change in fund balances	<u>\$ (7,117)</u>	<u>(7,315)</u>	<u>2,708</u>	<u>10,023</u>

**COUNTY OF SACRAMENTO
 TOBACCO LITIGATION SETTLEMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017
 (amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Expenditures:				
Current:				
General government				
Other financing sources (uses):				
Transfers out	\$ (6)	(6)	(6)	
Total other financing sources (uses)	(6)	(6)	(6)	
Net change in fund balances	\$ (6)	(6)	(6)	

**COUNTY OF SACRAMENTO
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$ 3,448	3,448	3,569	121
Licenses and permits	42	42	53	11
Intergovernmental	23,575	23,575	7,184	(16,391)
Charges for sales and services	1,115	1,115	1,953	838
Miscellaneous	<u>10,479</u>	<u>11,686</u>	<u>3,772</u>	<u>(7,914)</u>
Total revenues	<u>38,659</u>	<u>39,866</u>	<u>16,531</u>	<u>(23,335)</u>
Expenditures:				
Current:				
General government	<u>46,498</u>	<u>51,017</u>	<u>14,498</u>	<u>36,519</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,839)</u>	<u>(11,151)</u>	<u>2,033</u>	<u>(13,184)</u>
Other financing uses:				
Transfers in	180	180	180	
Transfers out	<u>(147)</u>	<u>(147)</u>	<u>(147)</u>	
Total other financing uses	<u>33</u>	<u>33</u>	<u>33</u>	
Net change in fund balances	<u>\$ (7,806)</u>	<u>(11,118)</u>	<u>2,066</u>	<u>13,184</u>

**COUNTY OF SACRAMENTO
ROADWAYS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	20	83	63
Licenses and permits	4,754	5,154	8,233	3,079
Intergovernmental	1,507	2,939	2,836	(103)
Miscellaneous	<u>358</u>	<u>358</u>	<u>449</u>	<u>91</u>
Total revenues	<u>6,639</u>	<u>8,471</u>	<u>11,601</u>	<u>3,130</u>
Expenditures:				
Current:				
Public ways and facilities	<u>12,904</u>	<u>14,229</u>	<u>12,659</u>	<u>1,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,265)</u>	<u>(5,758)</u>	<u>(1,058)</u>	<u>4,700</u>
Other financing sources:				
Net change in fund balances	<u><u>\$ (6,265)</u></u>	<u><u>(5,758)</u></u>	<u><u>(1,058)</u></u>	<u><u>4,700</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, 2017
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 3	3	3	
Pledged tobacco settlement proceeds	<u>12,577</u>	<u>12,577</u>	<u>12,577</u>	
 Total revenues	 <u>12,580</u>	 <u>12,580</u>	 <u>12,580</u>	
 Expenditures:				
Current:				
Health and sanitation	<u>149</u>	<u>149</u>	<u>149</u>	
 Excess of revenues over expenditures	 <u>12,431</u>	 <u>12,431</u>	 <u>12,431</u>	
 Other financing uses:				
Transfers out	<u>(12,404)</u>	<u>(12,404)</u>	<u>(12,404)</u>	
 Net change in fund balances	 <u><u>\$ 27</u></u>	 <u><u>27</u></u>	 <u><u>27</u></u>	

**COUNTY OF SACRAMENTO
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$		91	91
Licenses and permits	15,004	15,004	16,622	1,618
Intergovernmental	2,514	2,514	1,164	(1,350)
Charges for sales and services	638	638	892	254
Miscellaneous	<u>502</u>	<u>502</u>	<u>1,452</u>	<u>950</u>
 Total revenues	 <u>18,658</u>	 <u>18,658</u>	 <u>20,221</u>	 <u>1,563</u>
 Expenditures:				
Current:				
Health and sanitation	<u>20,298</u>	<u>20,298</u>	<u>18,756</u>	<u>1,542</u>
 Excess of revenues over expenditures	 <u>(1,640)</u>	 <u>(1,640)</u>	 <u>1,465</u>	 <u>3,105</u>
 Other financing uses:				
Transfers out	<u>(972)</u>	<u>(972)</u>	<u>(972)</u>	<u></u>
 Net change in fund balances	 <u><u>(2,612)</u></u>	 <u><u>(2,612)</u></u>	 <u><u>493</u></u>	 <u><u>3,105</u></u>

**COUNTY OF SACRAMENTO
OTHER SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 2,026	2,244	2,202	(42)
Use of money and property			21	21
Licenses and permits	2,100	2,100	1,725	(375)
Intergovernmental	1,898	1,913	1,535	(378)
Charges for sales and services	563	568	291	(277)
Fines, forfeitures and penalties	24	24	20	(4)
	<u>6,611</u>	<u>6,849</u>	<u>5,794</u>	<u>(1,055)</u>
Total revenues				
Expenditures:				
Current:				
General government	507	512	144	368
Public protection	4,152	4,543	4,046	497
Health and sanitation	1,872	1,887	1,516	371
Public ways and facilities	941	979	159	820
Recreation and culture	27	26	22	4
	<u>7,499</u>	<u>7,947</u>	<u>5,887</u>	<u>2,060</u>
Total expenditures				
Deficiency of revenues under expenditures	<u>(888)</u>	<u>(1,098)</u>	<u>(93)</u>	<u>1,005</u>
Net change in fund balances	<u>\$ (888)</u>	<u>(1,098)</u>	<u>(93)</u>	<u>1,005</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR 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, 2017
(amounts expressed in thousands)

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Public Facilities Financing Corporation							
	Juvenile Courthouse	1997 Public Facilities Refunding	1997 Public Facilities	2003 Public Facilities	2006 Public Facilities	2007 Public Facilities	2010 COP Refunding
Assets:							
Cash and investments	\$ 2,357	7,344		1,112	2,984	3,160	11,782
Interest	16	12		8	7	19	22
Loan receivable from Successor Agency							
Long-term receivables							
Total assets	<u>\$ 2,373</u>	<u>7,356</u>		<u>1,120</u>	<u>2,991</u>	<u>3,179</u>	<u>11,804</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances:							
Liabilities:							
Warrants payable	\$			2	2		
Accrued liabilities							
Total liabilities				<u>2</u>	<u>2</u>		
Deferred inflow of resources:							
Unavailable revenue							
Total deferred inflow of resources							
Fund balances:							
Restricted	<u>2,373</u>	<u>7,356</u>		<u>1,118</u>	<u>2,989</u>	<u>3,179</u>	<u>11,804</u>
Total fund balances	<u>2,373</u>	<u>7,356</u>		<u>1,118</u>	<u>2,989</u>	<u>3,179</u>	<u>11,804</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 2,373</u>	<u>7,356</u>		<u>1,120</u>	<u>2,991</u>	<u>3,179</u>	<u>11,804</u>

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017
(amounts expressed in thousands)

Page 2 of 2

	Pension Obligation Bonds	Teeter Plan	Tobacco Securitization Authority of Northern California	Sacramento County Public Financing Authority	Total
Assets:					
Cash and investments	\$ 1,243	3,908	21,520	9,017	64,427
Interest	119	1			204
Loan receivable from Successor Agency				56,045	56,045
Long-term receivables		22,849		6,029	28,878
Total assets	<u>\$ 1,362</u>	<u>26,758</u>	<u>21,520</u>	<u>71,091</u>	<u>149,554</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances:					
Liabilities:					
Warrants payable	\$				4
Accrued liabilities	10				10
Total liabilities	<u>10</u>				<u>14</u>
Deferred inflow of resources:					
Unavailable revenue				62,074	62,074
Total deferred inflow of resources				<u>62,074</u>	<u>62,074</u>
Fund balances:					
Restricted	1,352	26,758	21,520	9,017	87,466
Total fund balances	<u>1,352</u>	<u>26,758</u>	<u>21,520</u>	<u>9,017</u>	<u>87,466</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 1,362</u>	<u>26,758</u>	<u>21,520</u>	<u>71,091</u>	<u>149,554</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, 2017
(amounts expressed in thousands)**

Page 1 of 2

	Public-Facilities Financing Corporations						
	Juvenile Courthouse	1997 Public Facilities Refunding	1997 Public Facilities	2003 Public Facilities	2006 Public Facilities	2007 Public Facilities	2010 COP Refunding
Revenues:							
Use of money and property	\$ 30	395		15	17	36	86
Intergovernmental							
Fines, forfeitures and penalties							
Total revenues	<u>30</u>	<u>395</u>		<u>15</u>	<u>17</u>	<u>36</u>	<u>86</u>
Expenditures:							
Debt service:							
Principal	935	3,660		415	1,405	1,040	9,170
Interest and fiscal charges	1,293	2,672		563	1,017	1,950	3,884
Total expenditures	<u>2,228</u>	<u>6,332</u>		<u>978</u>	<u>2,422</u>	<u>2,990</u>	<u>13,054</u>
Deficiency of revenues under expenditures	<u>(2,198)</u>	<u>(5,937)</u>		<u>(963)</u>	<u>(2,405)</u>	<u>(2,954)</u>	<u>(12,968)</u>
Other financing sources (uses):							
Transfers in	2,250	6,353		996	2,446	3,034	13,073
Transfers out		(400)	(16)				
Issuance of long-term debt							
Total other financing sources (uses)	<u>2,250</u>	<u>5,953</u>	<u>(16)</u>	<u>996</u>	<u>2,446</u>	<u>3,034</u>	<u>13,073</u>
Net change in fund balances	<u>52</u>	<u>16</u>	<u>(16)</u>	<u>33</u>	<u>41</u>	<u>80</u>	<u>105</u>
Fund balances - beginning	<u>2,321</u>	<u>7,340</u>	<u>16</u>	<u>1,085</u>	<u>2,948</u>	<u>3,099</u>	<u>11,699</u>
Fund balances - ending	<u>\$ 2,373</u>	<u>7,356</u>		<u>1,118</u>	<u>2,989</u>	<u>3,179</u>	<u>11,804</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, 2017
(amounts expressed in thousands)

Page 2 of 2

	Pension Obligation Bonds	Teeter Plan	Tobacco Securitization Authority of Northern California	Sacramento County Public Financing Authority	Total
Revenues:					
Use of money and property	\$ 327	8	75		989
Intergovernmental	11,618			5,322	16,940
Fines, forfeitures and penalties		8,531			8,531
Total revenues	<u>11,945</u>	<u>8,539</u>	<u>75</u>	<u>5,322</u>	<u>26,460</u>
Expenditures:					
Debt service:					
Principal	16,042	20,036	955	1,605	55,263
Interest and fiscal charges	112,138	208	11,526	3,677	138,928
Total expenditures	<u>128,180</u>	<u>20,244</u>	<u>12,481</u>	<u>5,282</u>	<u>194,191</u>
Deficiency of revenues under expenditures	<u>(116,235)</u>	<u>(11,705)</u>	<u>(12,406)</u>	<u>40</u>	<u>(167,731)</u>
Other financing sources (uses):					
Transfers in	117,351		12,404		157,907
Transfers out	(1,000)	(8,536)			(9,952)
Issuance of long-term debt		17,391			17,391
Total other financing sources (uses)	<u>116,351</u>	<u>8,855</u>	<u>12,404</u>		<u>165,346</u>
Net change in fund balances	<u>116</u>	<u>(2,850)</u>	<u>(2)</u>	<u>40</u>	<u>(2,385)</u>
Fund balances - beginning	<u>1,236</u>	<u>29,608</u>	<u>21,522</u>	<u>8,977</u>	<u>89,851</u>
Fund balances - ending	<u>\$ 1,352</u>	<u>26,758</u>	<u>21,520</u>	<u>9,017</u>	<u>87,466</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, 2017
(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	\$		30	30
Expenditures:				
Debt service:				
Principal	935	935	935	
Interest and fiscal charges	<u>1,410</u>	<u>1,410</u>	<u>1,293</u>	<u>117</u>
Total expenditures	<u>2,345</u>	<u>2,345</u>	<u>2,228</u>	<u>117</u>
Deficiency of revenues under expenditures	<u>(2,345)</u>	<u>(2,345)</u>	<u>(2,198)</u>	<u>147</u>
Other financing sources:				
Transfers in	<u>2,250</u>	<u>2,250</u>	<u>2,250</u>	
Net change in fund balances	<u>\$ (95)</u>	<u>(95)</u>	<u>52</u>	<u>147</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, 2017
(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	\$		395	395
Expenditures:				
Debt service:				
Principal	3,660	3,660	3,660	
Interest and fiscal charges	2,658	2,658	2,672	(14)
Total expenditures	6,318	6,318	6,332	(14)
Deficiency of revenues under expenditures	(6,318)	(6,318)	(5,937)	381
Other financing sources:				
Transfers in	6,353	6,353	6,353	
Transfers out	(400)	(400)	(400)	
Total other financing sources:	5,953	5,953	5,953	
Net change in fund balances	\$ (365)	(365)	16	381

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
1997 PUBLIC FACILITIES DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Expenditures:				
Debt service:				
Other financing sources:				
Transfers out	\$ (16)	(16)	(16)	_____
Net change in fund balances	<u>\$ (16)</u>	<u>(16)</u>	<u>(16)</u>	<u>_____</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
2003 PUBLIC FACILITIES DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$		15	15
Expenditures:				
Debt service:				
Principal	415	415	415	
Interest and fiscal charges	545	545	563	(18)
Total expenditures	960	960	978	(18)
Deficiency of revenues under expenditures	(960)	(960)	(963)	(3)
Other financing sources:				
Transfers in	996	996	996	
Net change in fund balances	\$ 36	36	33	(3)

**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, 2017
(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	\$		17	17
Expenditures:				
Debt service:				
Principal	1,405	1,405	1,405	
Interest and fiscal charges	<u>1,006</u>	<u>1,006</u>	<u>1,017</u>	<u>(11)</u>
Total expenditures	<u>2,411</u>	<u>2,411</u>	<u>2,422</u>	<u>(11)</u>
Deficiency of revenues under expenditures	<u>(2,411)</u>	<u>(2,411)</u>	<u>(2,405)</u>	<u>6</u>
Other financing sources:				
Transfers in	<u>2,446</u>	<u>2,446</u>	<u>2,446</u>	
Net change in fund balances	<u>\$ 35</u>	<u>35</u>	<u>41</u>	<u>6</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, 2017
(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	1,040	1,040	1,040	
Interest and fiscal charges	<u>(988)</u>	<u>(963)</u>	<u>1,950</u>	<u>(2,913)</u>
Total expenditures	<u>52</u>	<u>77</u>	<u>2,990</u>	<u>(2,913)</u>
Deficiency of revenues under expenditures	<u>(52)</u>	<u>(77)</u>	<u>(2,954)</u>	<u>(2,877)</u>
Other financing sources:				
Transfers in	<u>3,034</u>	<u>3,034</u>	<u>3,034</u>	
Net change in fund balances	<u>\$ 2,982</u>	<u>2,957</u>	<u>80</u>	<u>(2,877)</u>

**COUNTY OF SACRAMENTO
PUBLIC FACILITIES FINANCING CORPORATION
2010 COP REFUNDING
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$		86	86
Total revenues			86	86
Expenditures:				
Principal	9,170	9,170	9,170	
Interest and fiscal charges	<u>(8,854)</u>	<u>(8,802)</u>	<u>3,884</u>	<u>(12,686)</u>
Total expenditures	<u>316</u>	<u>368</u>	<u>13,054</u>	<u>(12,686)</u>
Deficiency of revenues under expenditures	<u>(316)</u>	<u>(368)</u>	<u>(12,968)</u>	<u>(12,600)</u>
Other financing sources:				
Transfers in	<u>13,073</u>	<u>13,073</u>	<u>13,073</u>	
Net change in fund balances	<u>\$ 12,757</u>	<u>12,705</u>	<u>105</u>	<u>(12,600)</u>

**COUNTY OF SACRAMENTO
PENSION OBLIGATION BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$		327	327
Intergovernmental			11,618	11,618
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues			11,945	11,945
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditures:				
Debt service:				
Principal	16,042	16,042	16,042	
Interest and fiscal charges	112,138	112,138	112,138	
Total expenditures	<u>128,180</u>	<u>128,180</u>	<u>128,180</u>	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deficiency of revenues under expenditures	<u>(128,180)</u>	<u>(128,180)</u>	<u>(116,235)</u>	<u>11,945</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other financing sources (uses):				
Transfers in	117,351	117,351	117,351	
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	<u>116,351</u>	<u>116,351</u>	<u>116,351</u>	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances	<u>\$ (11,829)</u>	<u>(11,829)</u>	<u>116</u>	<u>11,945</u>

**COUNTY OF SACRAMENTO
TEETER PLAN DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$		8	8
Fines, forfeitures and penalties			8,531	8,531
Miscellaneous	<u>30,633</u>	<u>27,152</u>	<u> </u>	<u>(27,152)</u>
Total revenues	<u>30,633</u>	<u>27,152</u>	<u>8,539</u>	<u>(18,613)</u>
Expenditures:				
Debt service:				
Principal	23,355	20,236	20,036	200
Interest and fiscal charges	<u>1,273</u>	<u>2,488</u>	<u>208</u>	<u>2,280</u>
Total expenditures	<u>24,628</u>	<u>22,724</u>	<u>20,244</u>	<u>2,480</u>
Deficiency of revenues under expenditures	<u>6,005</u>	<u>4,428</u>	<u>(11,705)</u>	<u>(16,133)</u>
Other financing sources (uses):				
Transfers out	(8,536)	(8,536)	(8,536)	
Issuance of long-term debt	<u> </u>	<u> </u>	<u>17,391</u>	<u>17,391</u>
Total other financing sources (uses)	<u>(8,536)</u>	<u>(8,536)</u>	<u>8,855</u>	<u>17,391</u>
Net change in fund balances	<u>\$ (2,531)</u>	<u>(4,108)</u>	<u>(2,850)</u>	<u>1,258</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, 2017
(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	\$ 75	75	75	
Expenditures:				
Debt service:				
Principal	955	955	955	
Interest and fiscal charges	<u>11,526</u>	<u>11,526</u>	<u>11,526</u>	
Total expenditures	<u>12,481</u>	<u>12,481</u>	<u>12,481</u>	
Deficiency of revenues under expenditures	<u>(12,406)</u>	<u>(12,406)</u>	<u>(12,406)</u>	
Other financing sources:				
Transfers in	<u>12,404</u>	<u>12,404</u>	<u>12,404</u>	
Net change in fund balances	<u>\$ (2)</u>	<u>(2)</u>	<u>(2)</u>	

COUNTY OF SACRAMENTO
SACRAMENTO COUNTY PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 5,322	5,322	5,322	
Total revenues	<u>5,322</u>	<u>5,322</u>	<u>5,322</u>	
Expenditures:				
Debt service:				
Principal	1,605	1,605	1,605	
Interest and fiscal charges	<u>3,677</u>	<u>3,677</u>	<u>3,677</u>	
Total expenditures	<u>5,282</u>	<u>5,282</u>	<u>5,282</u>	
Excess of revenues over expenditures	<u>40</u>	<u>40</u>	<u>40</u>	
Net change in fund balances	<u>\$ 40</u>	<u>40</u>	<u>40</u>	

COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR GOVERNMENTAL FUNDS SECTION

CAPITAL PROJECT FUNDS

CAPITAL PROJECT FUNDS

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

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

Metro Air Park Community Facilities District (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.

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

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

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

McClellan Community Facilities District (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.

CAPITAL PROJECT FUNDS

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

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, 2017
(amounts expressed in thousands)

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	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	\$ 246	3,346	11,775	182	65	394	6,315
Receivables, net of allowance for uncollectibles:							
Billed							
Interest	1	16	7	1	1	2	1
Long-term receivables							
Total assets	<u>\$ 247</u>	<u>3,362</u>	<u>11,782</u>	<u>183</u>	<u>66</u>	<u>396</u>	<u>6,316</u>
Liabilities and fund balances:							
Liabilities:							
Warrants payable			2				
Accrued liabilities							
Intergovernmental payable	60	2,848	2			1	4
Unearned revenue							
Total liabilities	<u>60</u>	<u>2,848</u>	<u>4</u>			<u>1</u>	<u>4</u>
Fund balances:							
Restricted	187	514	11,778	183	66	395	6,312
Total fund balances	<u>187</u>	<u>514</u>	<u>11,778</u>	<u>183</u>	<u>66</u>	<u>395</u>	<u>6,312</u>
Total liabilities and fund balances	<u>\$ 247</u>	<u>3,362</u>	<u>11,782</u>	<u>183</u>	<u>66</u>	<u>396</u>	<u>6,316</u>

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017
(amounts expressed in thousands)**

Page 2 of 3

Public Facilities Financing

	<u>Accumulated Capital Outlay</u>	<u>Community Fee Districts</u>	<u>1997 Public Facilities</u>	<u>2007 Public Facilities</u>	<u>Tobacco Litigation Settlement</u>	<u>McClellan Park CFD No. 2004-1</u>
Assets:						
Cash and investments	\$ 21,972	19,075			1,480	386
Receivables, net of allowance for uncollectibles:						
Billed	156	8				
Interest	101	90				2
Long-term receivables		643				
Total assets	\$ 22,229	19,816			1,480	388
Liabilities and fund balances:						
Liabilities:						
Warrants payable	\$ 187	7				
Accrued liabilities	1,440	7				
Intergovernmental payable	227	2,210				
Unearned revenue		643				
Total liabilities	1,854	2,867				
Fund balances:						
Restricted	20,375	16,949			1,480	388
Total fund balances	20,375	16,949			1,480	388
Total liabilities and fund balances	\$ 22,229	19,816			1,480	388

**COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017
(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	\$ 698	6,412	28,558	20	100,924
Receivables, net of allowance for uncollectibles:					
Billed					164
Interest	3	28	5		258
Long-term receivables					643
Total assets	<u>\$ 701</u>	<u>6,440</u>	<u>28,563</u>	<u>20</u>	<u>101,989</u>
Liabilities and fund balances:					
Liabilities:					
Warrants payable					196
Accrued liabilities	1		1		1,449
Intergovernmental payable		47		11	5,410
Unearned revenue					643
Total liabilities	<u>1</u>	<u>47</u>	<u>1</u>	<u>11</u>	<u>7,698</u>
Fund balances:					
Restricted	<u>700</u>	<u>6,393</u>	<u>28,562</u>	<u>9</u>	<u>94,291</u>
Total fund balances	<u>700</u>	<u>6,393</u>	<u>28,562</u>	<u>9</u>	<u>94,291</u>
Total liabilities and fund balances	<u>\$ 701</u>	<u>6,440</u>	<u>28,563</u>	<u>20</u>	<u>101,989</u>

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017
(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	8	1,226	2	1	4	26
Intergovernmental							
Charges for sales and services							
Fines, forfeitures and penalties							
Contributions from property owners			7,025				
Miscellaneous	44	133		127	64		449
Total revenues	45	141	8,251	129	65	4	475
Expenditures:							
Public ways and facilities						42	319
Capital outlay	45	198	415	132	60		
Total expenditures	45	198	415	132	60	42	319
Excess (deficiency) of revenues over (under) expenditures		(57)	7,836	(3)	5	(38)	156
Other financing sources (uses):							
Transfers in							
Transfers out							
Total other financing sources (uses)							
Net change in fund balances		(57)	7,836	(3)	5	(38)	156
Fund balances - beginning	187	571	3,942	186	61	433	6,156
Fund balances - ending	\$ 187	514	11,778	183	66	395	6,312

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

Page 2 of 3

	Public Facilities Financing					
	Accumulated Capital Outlay	Community Fee Districts	1997 Public Facilities	2007 Public Facilities	Tobacco Litigation Settlement	McClellan Park CFD No. 2004-1
Revenues:						
Use of money and property	\$ 157	125			9	4
Intergovernmental	1,475	81				
Charges for sales and services		2,333				
Fines, forfeitures and penalties	2,700					
Contributions from property owners						
Miscellaneous	21,721	1,048				192
Total revenues	<u>26,053</u>	<u>3,587</u>			<u>9</u>	<u>196</u>
Expenditures:						
Public ways and facilities						
Capital outlay	17,304	3,318	1	26	541	139
Total expenditures	<u>17,304</u>	<u>3,318</u>	<u>1</u>	<u>26</u>	<u>541</u>	<u>139</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,749</u>	<u>269</u>	<u>(1)</u>	<u>(26)</u>	<u>(532)</u>	<u>57</u>
Other financing sources (uses):						
Transfers in	229					
Transfers out	(3,118)					
Total other financing sources (uses)	<u>(2,889)</u>					
Net change in fund balances	5,860	269	(1)	(26)	(532)	57
Fund balances - beginning	14,515	16,680	1	26	2,012	331
Fund balances - ending	<u>\$ 20,375</u>	<u>16,949</u>			<u>1,480</u>	<u>388</u>

COUNTY OF SACRAMENTO
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$ 5	4	749		2,321
Intergovernmental					1,556
Charges for sales and services	90	5,898		19	8,340
Fines, forfeitures and penalties					2,700
Contributions from property owners					7,025
Miscellaneous			142		23,920
Total revenues	95	5,902	891	19	45,862
Expenditures:					
Public ways and facilities					361
Capital outlay	126	126	628		23,059
Total expenditures	126	126	628		23,420
Excess (deficiency) of revenues over (under) expenditures	(31)	5,776	263	19	22,442
Other financing sources (uses):					
Transfers in					229
Transfers out				(61)	(3,179)
Total other financing sources (uses)				(61)	(2,950)
Net change in fund balances	(31)	5,776	263	(42)	19,492
Fund balances - beginning	731	617	28,299	51	74,799
Fund balances - ending	\$ 700	6,393	28,562	9	94,291

**COUNTY OF SACRAMENTO
ASSESSMENT DISTRICTS - IMPROVEMENT
BOND ACT OF 1911 CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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>250</u>	<u>250</u>	<u>44</u>	<u>(206)</u>
Total revenues	<u>250</u>	<u>250</u>	<u>45</u>	<u>(205)</u>
Expenditures:				
Capital outlay	<u>250</u>	<u>250</u>	<u>45</u>	<u>205</u>
Net change in fund balances	<u>\$</u>			

**COUNTY OF SACRAMENTO
ASSESSMENT DISTRICTS - IMPROVEMENT
BOND ACT OF 1915 CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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		8	8
Miscellaneous	<u>356</u>	<u>193</u>	<u>133</u>	<u>(60)</u>
Total revenues	<u>376</u>	<u>193</u>	<u>141</u>	<u>(52)</u>
 Expenditures:				
Capital outlay	<u>913</u>	<u>715</u>	<u>198</u>	<u>517</u>
 Net change in fund balances	<u>\$ (537)</u>	<u>(522)</u>	<u>(57)</u>	<u>465</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
METRO AIR PARK CFD CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$		1,226	1,226
Contributions from property owners			7,025	7,025
Miscellaneous	<u>800</u>	<u>395</u>	<u> </u>	<u>(395)</u>
Total revenues	<u>800</u>	<u>395</u>	<u>8,251</u>	<u>7,856</u>
 Expenditures:				
Capital outlay	<u>4,973</u>	<u>5,534</u>	<u>415</u>	<u>5,119</u>
 Net change in fund balances	<u>\$ (4,173)</u>	<u>(5,139)</u>	<u>7,836</u>	<u>12,975</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA STONELAKE CFD CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$		2	2
Miscellaneous	<u>125</u>	<u>125</u>	<u>127</u>	<u>2</u>
Total revenues	<u>125</u>	<u>125</u>	<u>129</u>	<u>4</u>
Expenditures:				
Capital outlay	<u>333</u>	<u>309</u>	<u>132</u>	<u>177</u>
Net change in fund balances	<u>\$ (208)</u>	<u>(184)</u>	<u>(3)</u>	<u>181</u>

COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
PARK MEADOWS CFD CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$		1	1
Miscellaneous	<u>64</u>	<u>64</u>	<u>64</u>	
Total revenues	<u>64</u>	<u>64</u>	<u>65</u>	<u>1</u>
Expenditures:				
Capital outlay	<u>134</u>	<u>124</u>	<u>60</u>	<u>64</u>
Net change in fund balances	<u>\$ (70)</u>	<u>(60)</u>	<u>5</u>	<u>65</u>

COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA CFD CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$		4	4
Total revenues			<u>4</u>	<u>4</u>
Expenditures:				
Public ways and facilities	<u>439</u>	<u>432</u>	<u>42</u>	<u>390</u>
Net change in fund balances	<u>\$ (439)</u>	<u>(432)</u>	<u>(38)</u>	<u>394</u>

**COUNTY OF SACRAMENTO
MELLO-ROOS COMMUNITY FACILITIES ACT 1982
LAGUNA CREEK RANCH/ELLIOTT RANCH CFD CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$		26	26
Miscellaneous	<u>440</u>	<u>440</u>	<u>449</u>	<u>9</u>
Total revenues	<u>440</u>	<u>440</u>	<u>475</u>	<u>35</u>
 Expenditures:				
Public ways and facilities	<u>3,497</u>	<u>3,445</u>	<u>319</u>	<u>3,126</u>
 Net change in fund balances	<u>\$ (3,057)</u>	<u>(3,005)</u>	<u>156</u>	<u>3,161</u>

**COUNTY OF SACRAMENTO
ACCUMULATED CAPITAL OUTLAY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$ 3	3	157	154
Intergovernmental	1,218	1,907	1,475	(432)
Charges for sales and services				
Fines, forfeitures and penalties	3,100	3,100	2,700	(400)
Miscellaneous	46,308	38,305	21,721	(16,584)
Total revenues	<u>50,629</u>	<u>43,315</u>	<u>26,053</u>	<u>(17,262)</u>
Expenditures:				
Capital outlay	<u>56,391</u>	<u>54,690</u>	<u>17,304</u>	<u>37,386</u>
Excess of revenues over expenditures	<u>(5,762)</u>	<u>(11,375)</u>	<u>8,749</u>	<u>20,124</u>
Other financing sources (uses):				
Transfers in	229	229	229	
Transfers out	<u>(3,118)</u>	<u>(3,118)</u>	<u>(3,118)</u>	
Total other financing sources (uses)	<u>(2,889)</u>	<u>(2,889)</u>	<u>(2,889)</u>	
Net change in fund balances	<u>\$ (8,651)</u>	<u>(14,264)</u>	<u>5,860</u>	<u>20,124</u>

**COUNTY OF SACRAMENTO
COMMUNITY FEE DISTRICTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$		125	125
Intergovernmental	1,000	1,000	81	(919)
Charges for sales and services	3,218	3,218	2,333	(885)
Miscellaneous	1,050	1,050	1,048	(2)
Total revenues	<u>5,268</u>	<u>5,268</u>	<u>3,587</u>	<u>(1,681)</u>
Expenditures:				
Capital outlay	<u>19,093</u>	<u>19,580</u>	<u>3,318</u>	<u>16,262</u>
Net change in fund balances	<u>\$ (13,825)</u>	<u>(14,312)</u>	<u>269</u>	<u>14,581</u>

COUNTY OF SACRAMENTO
1997 PUBLIC FACILITIES FINANCING CORPORATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Expenditures:				
Capital outlay	\$ _____	_____ 1	_____ 1	_____
Net change in fund balances	<u>\$ _____</u>	<u>_____ (1)</u>	<u>_____ (1)</u>	<u>_____</u>

COUNTY OF SACRAMENTO
2007 PUBLIC FACILITIES FINANCING CORPORATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Expenditures:				
Capital outlay	<u>\$ 26</u>	<u>27</u>	<u>26</u>	<u>1</u>
Deficiency of revenues under expenditures	<u>(26)</u>	<u>(27)</u>	<u>(26)</u>	<u>1</u>
Net change in fund balances	<u><u>\$ (26)</u></u>	<u><u>(27)</u></u>	<u><u>(26)</u></u>	<u><u>1</u></u>

**COUNTY OF SACRAMENTO
 TOBACCO LITIGATION SETTLEMENT CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017
 (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> 9</u>	<u> 9</u>
Expenditures:				
Capital outlay	<u> 1,023</u>	<u> 2,012</u>	<u> 541</u>	<u> 1,471</u>
Net change in fund balances	<u> \$ (1,023)</u>	<u> (2,012)</u>	<u> (532)</u>	<u> 1,480</u>

COUNTY OF SACRAMENTO
MCCLELLAN CFD NUMBER 2004-1 CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$ 1	1	4	3
Miscellaneous	<u>170</u>	<u>170</u>	<u>192</u>	<u>22</u>
Total revenues	<u>171</u>	<u>171</u>	<u>196</u>	<u>25</u>
Expenditures:				
Capital outlay	<u>495</u>	<u>499</u>	<u>139</u>	<u>360</u>
Net change in fund balances	<u><u>\$ (324)</u></u>	<u><u>(328)</u></u>	<u><u>57</u></u>	<u><u>385</u></u>

COUNTY OF SACRAMENTO
SACRAMENTO COUNTY LANDSCAPE MAINTENANCE CFD NUMBER 2004-2 CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	2	5	3
Charges for sales and services	<u>108</u>	<u>96</u>	<u>90</u>	<u>(6)</u>
Total revenues	<u>110</u>	<u>98</u>	<u>95</u>	<u>(3)</u>
 Expenditures:				
Capital outlay	<u>188</u>	<u>188</u>	<u>126</u>	<u>62</u>
 Net change in fund balances	<u><u>\$ (78)</u></u>	<u><u>(90)</u></u>	<u><u>(31)</u></u>	<u><u>59</u></u>

**COUNTY OF SACRAMENTO
METRO AIR PARK SERVICES TAX CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$		4	4
Charges for sales and services	<u>110</u>	<u>110</u>	<u>5,898</u>	<u>5,788</u>
Total revenues	<u>110</u>	<u>110</u>	<u>5,902</u>	<u>5,792</u>
Expenditures:				
Capital outlay	<u>742</u>	<u>726</u>	<u>126</u>	<u>600</u>
Net change in fund balances	<u>\$ (632)</u>	<u>(616)</u>	<u>5,776</u>	<u>6,392</u>

**COUNTY OF SACRAMENTO
 NORTH VINEYARD STATION CFD CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017
 (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	\$		749	749
Miscellaneous	<u>360</u>	<u>360</u>	<u>142</u>	<u>(218)</u>
Total revenues	<u>360</u>	<u>360</u>	<u>891</u>	<u>531</u>
Expenditures:				
Capital outlay	<u>23,843</u>	<u>26,240</u>	<u>628</u>	<u>25,612</u>
Net change in fund balances	<u><u>\$ (23,483)</u></u>	<u><u>(25,880)</u></u>	<u><u>263</u></u>	<u><u>26,143</u></u>

**COUNTY OF SACRAMENTO
COUNTY PARKS CFD NUMBER 2006-1 CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(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	19	8
Total Revenues	<u>11</u>	<u>11</u>	<u>19</u>	<u>8</u>
Expenditures:				
Capital outlay	<u>61</u>	<u>61</u>	<u>61</u>	
Net changes in fund balances:	<u>\$ (50)</u>	<u>(50)</u>	<u>(42)</u>	<u>8</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



NONMAJOR ENTERPRISE FUNDS SECTION

NON-MAJOR ENTERPRISE FUNDS

Parking Enterprise - Accounts for all downtown parking facilities that generate revenues from user fees from both the public and County employees.

County Transit - Accounts for the operations of the South County Transit program.

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017
(amounts expressed in thousands)**

Page 1 of 2

	Parking Enterprise	County Transit	Total
Assets:			
Current assets:			
Cash and investments	\$ 6,197	1,031	7,228
Receivables, net of allowance for uncollectibles:			
Billed		35	35
Intergovernmental		965	965
Interest	29	6	35
Total current assets	<u>6,226</u>	<u>2,037</u>	<u>8,263</u>
Noncurrent assets:			
Capital assets:			
Land and other nondepreciable assets	1,299		1,299
Buildings & improvements, infrastructure, equipment and intangibles, net	809	776	1,585
Total capital assets	<u>2,108</u>	<u>776</u>	<u>2,884</u>
Total noncurrent assets	<u>2,108</u>	<u>776</u>	<u>2,884</u>
Total assets	<u>8,334</u>	<u>2,813</u>	<u>11,147</u>
Deferred outflows of resources:			
Deferred outflow amount related to pension	192		192
Total assets and deferred outflows of resources	<u>8,526</u>	<u>2,813</u>	<u>11,339</u>
Liabilities:			
Current liabilities:			
Warrants payable	1	277	278
Accrued liabilities	12		12
Intergovernmental payable	13		13
Unearned revenue		250	250
Total current liabilities	<u>26</u>	<u>527</u>	<u>553</u>
Noncurrent liabilities:			
Long-term debt obligations	74		74
Net pension liability	358		358
Total noncurrent liabilities	<u>432</u>		<u>432</u>
Total liabilities	<u>458</u>	<u>527</u>	<u>985</u>

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017
(amounts expressed in thousands)**

Page 2 of 2

	Parking Enterprise	County Transit	Total
Deferred inflows of resources:			
Deferred inflow amount related to pension	79		79
Total liabilities and deferred inflows	<u>537</u>	<u>527</u>	<u>1,064</u>
Net position:			
Net investment in capital assets	2,108	776	2,884
Restricted for:			
Transportation		1,128	1,128
Unrestricted	5,881	382	6,263
Total net position	<u>\$ 7,989</u>	<u>2,286</u>	<u>10,275</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, 2017
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Operating revenues:			
Charges for sales and services	\$ 2,791	239	3,030
Other	226		226
Total operating revenues	<u>3,017</u>	<u>239</u>	<u>3,256</u>
Operating expenses:			
Salaries and benefits	421		421
Services and supplies	2,307	280	2,587
Depreciation and amortization	286	332	618
Other	273	1,794	2,067
Total operating expenses	<u>3,287</u>	<u>2,406</u>	<u>5,693</u>
Operating income (loss)	<u>(270)</u>	<u>(2,167)</u>	<u>(2,437)</u>
Nonoperating revenues (expenses):			
Use of money and property	50	12	62
Intergovernmental		900	900
Sales / use tax		561	561
Other		13	13
Total nonoperating revenues	<u>50</u>	<u>1,486</u>	<u>1,536</u>
Income before transfers	(220)	(681)	(901)
Transfers out	(34)		(34)
Capital contributions		79	79
Change in net position	<u>(254)</u>	<u>(602)</u>	<u>(856)</u>
Net position, beginning of year	<u>8,243</u>	<u>2,888</u>	<u>11,131</u>
Net position, end of year	<u>\$ 7,989</u>	<u>2,286</u>	<u>10,275</u>

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

Page 1 of 2

	Parking Enterprise	County Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 3,017	204	3,221
Payments to suppliers	(2,325)	(2,009)	(4,334)
Payments to employees	(407)		(407)
Payments for interfund services used	(4)		(4)
Payments for other operating activities	(273)		(273)
Net cash provided by (used for) operating activities	<u>8</u>	<u>(1,805)</u>	<u>(1,797)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue		1,234	1,234
Transfers to other funds	(34)		(34)
Net cash provided by (used for) noncapital financing activities	<u>(34)</u>	<u>1,234</u>	<u>1,200</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets		(167)	(167)
Proceeds from the sale of fixed assets		12	12
Net cash provided by (used for) capital and related financing activities		<u>(155)</u>	<u>(155)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received / (paid) on cash and investments	<u>49</u>	<u>9</u>	<u>58</u>
Net cash provided by investing activities	<u>49</u>	<u>9</u>	<u>58</u>
Net increase in cash and cash equivalents	23	(717)	(694)
Cash and cash equivalents, beginning of year	<u>6,174</u>	<u>1,748</u>	<u>7,922</u>
Cash and cash equivalents, end of year	<u>\$ 6,197</u>	<u>1,031</u>	<u>7,228</u>

**COUNTY OF SACRAMENTO
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(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)	\$ (270)	(2,167)	(2,437)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and Amortization	286	332	618
Net change in pension liability	3		3
Changes in assets and liabilities:			
Receivables:			
Due from other funds		(35)	(35)
Warrants payable	(5)	65	60
Accrued liabilities	(13)		(13)
Due to other funds	(4)		(4)
Compensated absences	4		4
Other post employment benefits	7		7
Total adjustments	278	362	640
Net cash provided by (used for) operating activities	\$ 8	(1,805)	(1,797)

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, 2017**

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	\$ 101,168	15,356	69,597	1,673	2,138	14,434	204,366
Receivables, net of allowance for uncollectibles:							
Billed	5						5
Interest	2				11		13
Intergovernmental	252			70			322
Due from other funds		155					155
Prepaid items						148	148
Inventories	2,864						2,864
Total current assets	<u>104,291</u>	<u>15,511</u>	<u>69,597</u>	<u>1,743</u>	<u>2,149</u>	<u>14,582</u>	<u>207,873</u>
Noncurrent assets:							
Long-term advances to other funds	116		30,459				30,575
Long-term receivables			88				88
Capital assets:							
Buildings & improvements, infrastructure, equipment and intangibles, net	25,973	13			16,821	6,555	49,362
Total capital assets	<u>25,973</u>	<u>13</u>	<u>30,547</u>		<u>16,821</u>	<u>6,555</u>	<u>49,362</u>
Total noncurrent assets	<u>26,089</u>	<u>13</u>	<u>30,547</u>		<u>16,821</u>	<u>6,555</u>	<u>80,025</u>
Total assets	<u>130,380</u>	<u>15,524</u>	<u>100,144</u>	<u>1,743</u>	<u>18,970</u>	<u>21,137</u>	<u>287,898</u>
Deferred outflows of resources:							
Deferred outflow related to pension	24,318				524	19,942	44,784
Total assets and deferred outflows of resources	<u>154,698</u>	<u>15,524</u>	<u>100,144</u>	<u>1,743</u>	<u>19,494</u>	<u>41,079</u>	<u>332,682</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017**

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	4,554	758	436		21	1,005	6,774
Accrued liabilities	8,008	136	95	30	133	2,529	10,931
Intergovernmental payable	7						7
Current portion of insurance claims payable		11,873	24,336	189			36,398
Current portion of long-term debt obligations	465				3	401	869
Unearned revenue			88		3,894	1,146	5,128
Total current liabilities	<u>13,034</u>	<u>12,767</u>	<u>24,955</u>	<u>219</u>	<u>4,051</u>	<u>5,081</u>	<u>60,107</u>
Noncurrent liabilities:							
Insurance claims payable		30,188	156,895				187,083
Long-term debt obligations	8,008				108	8,215	16,331
Long-term advances from other funds	6,410						6,410
Net pension liability	49,692				1,078	41,001	91,771
Total noncurrent liabilities	<u>64,110</u>	<u>30,188</u>	<u>156,895</u>		<u>1,186</u>	<u>49,216</u>	<u>301,595</u>
Total liabilities	<u>77,144</u>	<u>42,955</u>	<u>181,850</u>	<u>219</u>	<u>5,237</u>	<u>54,297</u>	<u>361,702</u>
Deferred inflows of resources:							
Deferred inflow related to pension	4,152				128	4,883	9,163
Total liabilities and deferred inflows of resources	<u>81,296</u>	<u>42,955</u>	<u>181,850</u>	<u>219</u>	<u>5,365</u>	<u>59,180</u>	<u>370,865</u>
Net position:							
Net investment in capital assets	25,973	13			16,821	6,555	49,362
Unrestricted	47,429	(27,444)	(81,706)	1,524	(2,692)	(24,656)	(87,545)
Total net position (deficit)	<u>\$ 73,402</u>	<u>(27,431)</u>	<u>(81,706)</u>	<u>1,524</u>	<u>14,129</u>	<u>(18,101)</u>	<u>(38,183)</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$ 163,515	19,968	30,044	1,131	3,844	83,376	301,878
Other	1,182	706	250		1,119	110	3,367
Total operating revenues	<u>164,697</u>	<u>20,674</u>	<u>30,294</u>	<u>1,131</u>	<u>4,963</u>	<u>83,486</u>	<u>305,245</u>
Operating expenses:							
Salaries and benefits	57,704				873	47,743	106,320
Services and supplies	76,825			306	1,129	26,262	104,522
Cost of sales and services	3,300						3,300
Depreciation and amortization	7,810		1		2,084	2,446	12,341
Self-insurance		33,756	27,977	806			62,539
Other	1,074	70	168	19			1,331
Total operating expenses	<u>146,713</u>	<u>33,826</u>	<u>28,146</u>	<u>1,131</u>	<u>4,086</u>	<u>76,451</u>	<u>290,353</u>
Operating income (loss)	<u>17,984</u>	<u>(13,152)</u>	<u>2,148</u>		<u>877</u>	<u>7,035</u>	<u>14,892</u>
Nonoperating revenues (expenses):							
Use of money and property	22		(7)		39		54
Interest expense	(718)				(188)		(906)
Other	315	(2)	(103)		(291)	(402)	(483)
Total nonoperating revenues (expenses)	<u>(381)</u>	<u>(2)</u>	<u>(110)</u>		<u>(440)</u>	<u>(402)</u>	<u>(1,335)</u>
Income before transfers	17,603	(13,154)	2,038		437	6,633	13,557
Transfers out	<u>(4,686)</u>				<u>(83)</u>	<u>(7,127)</u>	<u>(11,896)</u>
Change in net position	12,917	(13,154)	2,038		354	(494)	1,661
Net position, beginning of year	<u>60,485</u>	<u>(14,277)</u>	<u>(83,744)</u>	<u>1,524</u>	<u>13,775</u>	<u>(17,607)</u>	<u>(39,844)</u>
Net position (deficit), end of year	<u>\$ 73,402</u>	<u>(27,431)</u>	<u>(81,706)</u>	<u>1,524</u>	<u>14,129</u>	<u>(18,101)</u>	<u>(38,183)</u>

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(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	\$ 1,303	709			4,129	84,052	90,193
Receipts from interfund services provided	187,927	37,409	62,680	2,011			290,027
Payments to suppliers	(81,951)	(24,148)	(13,704)	(810)	(434)	(27,670)	(148,717)
Payments to employees	(55,621)	(1,498)	(34)	(247)	(841)	(46,044)	(104,285)
Payments / (refunds) for other operating activities	(1,074)						(1,074)
Payments for interfund services used	(27,027)	(150)	(9,448)	(46)	(659)		(37,330)
Net cash flows provided by (used for) operating activities	23,557	12,322	39,494	908	2,195	10,338	88,814
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Payment on advance from other funds	(3,847)						(3,847)
Transfers to other funds	(4,686)				(83)	(7,127)	(11,896)
Interest paid on advances from other funds	(671)						(671)
Other non-operating revenue					50	4	54
Non-operating expense					(290)	(412)	(702)
Net cash provided by (used for) noncapital financing activities	(9,204)				(323)	(7,535)	(17,062)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition and construction of capital assets	(8,963)				(3,455)	(2,413)	(14,831)
Interest paid on capital debt			(110)		(188)		(298)
Proceeds from the sale of capital assets	627						627
Net cash used for capital and related financing activities	(8,336)		(110)		(3,643)	(2,413)	(14,502)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received / (paid) on cash and investments	20						20
Net increase (decrease) in cash and cash equivalents	6,037	12,322	39,384	908	(1,771)	390	57,270
Cash and cash equivalents, beginning of year	95,131	3,034	30,213	765	3,909	14,044	147,096
Cash and cash equivalents, end of year	\$ 101,168	15,356	69,597	1,673	2,138	14,434	204,366

**COUNTY OF SACRAMENTO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

Page 2 of 2

	<u>Self Insurance</u>				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)	\$ 17,984	(13,152)	2,148		877	7,035	14,892
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:							
Depreciation and amortization	7,810		1		2,084	2,446	12,341
Net change in pension liability	1,615				28	806	2,449
Changes in assets and liabilities:							
Billed	121		5,270				5,391
Due from other funds	(132)	16,085	27,117	22			43,092
Inventories	(750)						(750)
Warrants payable	1,018	37	191		18	605	1,869
Accrued liabilities	(2,095)	(13)	(110)	29	32	(2,101)	(4,258)
Intergovernmental payable	(252)	1,356					1,104
Due to other funds	(2,231)		1	860	(15)	(324)	(1,709)
Deferred revenues					(833)	566	(267)
Compensated absences	(3)				(4)	962	955
Other post employment benefits	472				8	343	823
Insurance claims payable		8,009	4,876	(3)			12,882
Total adjustments	<u>5,573</u>	<u>25,474</u>	<u>37,346</u>	<u>908</u>	<u>1,318</u>	<u>3,303</u>	<u>73,922</u>
Net cash provided by (used for) operating activities	<u>\$ 23,557</u>	<u>12,322</u>	<u>39,494</u>	<u>908</u>	<u>2,195</u>	<u>10,338</u>	<u>88,814</u>

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, 2017
 (amounts expressed in thousands)**

	Law Enforcement	Unapportioned Tax Collection	Other	Total
Assets:				
Cash and investments	\$ 55,732	14,372	150,132	220,236
Receivables, net of allowance for uncollectibles:				
Billed	381		2,240	2,621
Interest	467	1,434		1,901
Intergovernmental			65	65
Prepaid items			85	85
Total assets	<u>\$ 56,580</u>	<u>15,806</u>	<u>152,522</u>	<u>224,908</u>
Liabilities:				
Warrants payable	\$ 735	6,459	20,376	27,570
Accrued liabilities	1,901	39	21,323	23,263
Intergovernmental payable	53,944	9,308	110,823	174,075
Total liabilities	<u>\$ 56,580</u>	<u>15,806</u>	<u>152,522</u>	<u>224,908</u>

**COUNTY OF SACRAMENTO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Law Enforcement				
Assets:				
Cash and investments	\$ 72,612		16,880	55,732
Receivables, net of allowance for uncollectibles:				
Billed	(2,090)	2,471		381
Interest	489		22	467
Total assets	<u>\$ 71,011</u>	<u>2,471</u>	<u>16,902</u>	<u>56,580</u>
Liabilities:				
Warrants payable	\$ 1,168		433	735
Accrued liabilities	187	1,714		1,901
Intergovernmental payable	69,656		15,712	53,944
Total liabilities	<u>\$ 71,011</u>	<u>1,714</u>	<u>266</u>	<u>56,580</u>
	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Unapportioned Tax Collection				
Assets:				
Cash and investments	\$ (9,004)	23,376		14,372
Receivables, net of allowance for uncollectibles:				
Billed	28,289		28,289	
Interest	1,196	238		1,434
Total assets	<u>\$ 20,481</u>	<u>23,614</u>	<u>28,289</u>	<u>15,806</u>
Liabilities:				
Warrants payable	\$ 5,990	469		6,459
Accrued liabilities	524		485	39
Intergovernmental payable	13,967		4,659	9,308
Total liabilities	<u>\$ 20,481</u>	<u>469</u>	<u>5,144</u>	<u>15,806</u>

**COUNTY OF SACRAMENTO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017
 (amounts expressed in thousands)**

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Other Agency				
Assets:				
Cash and investments	\$ 123,500	26,632		150,132
Receivables, net of allowance for uncollectibles:				
Billed	2,283		43	2,240
Interest	(8,983)	9,048		65
Prepaid expenses	77	8		85
Total assets	<u>\$ 116,877</u>	<u>35,688</u>	<u>43</u>	<u>152,522</u>
Liabilities:				
Warrants payable	\$ 4,870	15,506		20,376
Accrued liabilities	4,432	16,891		21,323
Intergovernmental payable	107,575	3,248		110,823
Total liabilities	<u>\$ 116,877</u>	<u>35,645</u>		<u>152,522</u>

**COUNTY OF SACRAMENTO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017
 (amounts expressed in thousands)**

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Totals				
Assets:				
Cash and investments	\$ 187,108	50,008	16,880	220,236
Receivables, net of allowance for uncollectibles:				
Billed	28,482	2,471	28,332	2,621
Interest	(7,298)	9,286	22	1,966
Prepaid expenses	77	8		85
Total assets	<u>\$ 208,369</u>	<u>61,773</u>	<u>45,234</u>	<u>224,908</u>
Liabilities:				
Warrants payable	\$ 12,028	15,975	433	27,570
Accrued liabilities	5,143	18,605	485	23,263
Intergovernmental payable	191,198	3,248	20,371	174,075
Total liabilities	<u>\$ 208,369</u>	<u>37,828</u>	<u>21,289</u>	<u>224,908</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT



TRUST FUNDS

TRUST FUNDS

INVESTMENT

Treasurer's Pool - Accounts for assets held for external investment pool participants.

Non-Pooled Investments - Accounts for separate investment pools and maintains accounts for assets of various long-term obligations.

PRIVATE PURPOSE

Redevelopment Obligation Retirement Fund (RORF) – Accounts for the assets, liabilities, and activities of the County of Sacramento Redevelopment - Successor Agency.

**COUNTY OF SACRAMENTO
TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017
(amounts expressed in thousands)**

	Investment Trust			Private Purpose Trust Fund
	Treasurer's Pool	Non-Pooled Investments	Total	Redevelopment Obligation Retirement Fund - Successor Agency
Assets:				
Cash and investments	\$ 2,625,469	551,968	3,177,437	11,806
Intergovernmental				3,095
Interest				83
Assets held for sale				3,940
Total assets	<u>2,625,469</u>	<u>551,968</u>	<u>3,177,437</u>	<u>18,924</u>
Liabilities:				
Unearned revenue				2,637
Accrued liabilities				602
Intergovernmental payable				2,614
Loan due to County Public Financing Authority				68,900
Other long-term liabilities				6,188
Total liabilities				<u>80,941</u>
Net position (deficit) held in trust	<u>\$ 2,625,469</u>	<u>551,968</u>	<u>3,177,437</u>	<u>(62,017)</u>

**COUNTY OF SACRAMENTO
TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017
(amounts expressed in thousands)**

	Investment Trust			Private Purpose Trust Fund
	Treasurer's Pool	Non-Pooled Investments	Total	Redevelopment Obligation Retirement Fund - Successor Agency
Additions:				
Property taxes	\$			7,227
Contributions on pooled investments	2,577,970	2,007,182	4,585,152	
Use of money and property	50,252	12,728	62,980	46
Miscellaneous				415
Total additions	<u>2,628,222</u>	<u>2,019,910</u>	<u>4,648,132</u>	<u>7,688</u>
Deductions:				
Distributions from pooled investments	2,357,746	1,784,887	4,142,633	
Services and supplies				487
Other				11,443
Interest expense				4,229
Total deductions	<u>2,357,746</u>	<u>1,784,887</u>	<u>4,142,633</u>	<u>16,159</u>
Changes in net position	<u>270,476</u>	<u>235,023</u>	<u>505,499</u>	<u>(8,471)</u>
Net position held in trust, beginning of year	<u>2,354,993</u>	<u>316,945</u>	<u>2,671,938</u>	<u>(53,546)</u>
Net position (deficit) held in trust, end of year	<u>\$ 2,625,469</u>	<u>551,968</u>	<u>3,177,437</u>	<u>(62,017)</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 2007-08 THROUGH 2016-17
(amounts expressed in thousands)**

	Fiscal Year									
	2007-08	2008-09	2009-10*	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Governmental activities										
Net investment in capital assets	\$ 1,296,783	1,428,639	1,374,306	1,378,390	1,407,750	1,373,547	1,389,288	1,362,707	1,370,462	1,383,387
Restricted	507,138	478,468	437,559	390,498	429,831	305,772	284,613	179,628	496,622	639,813
Unrestricted	(105,778)	(387,629)	(316,689)	(363,502)	(301,596)	(222,334)	(206,727)	(1,945,922)	(2,164,382)	(2,351,925)
Total governmental activities net position	<u>\$ 1,698,143</u>	<u>1,519,478</u>	<u>1,495,176</u>	<u>1,405,386</u>	<u>1,535,985</u>	<u>1,456,985</u>	<u>1,467,174</u>	<u>(403,587)</u>	<u>(297,298)</u>	<u>(328,725)</u>
Business-type activities										
Net investment in capital assets	\$ 514,042	577,905	719,665	790,799	873,060	924,632	902,340	893,262	916,597	943,226
Restricted	214,334	218,839	216,266	182,288	140,552	119,827	113,277	117,472	116,658	116,219
Unrestricted	274,165	239,805	156,994	183,320	215,094	241,164	252,278	223,719	240,042	246,510
Total business-type activities net position	<u>\$ 1,002,541</u>	<u>1,036,549</u>	<u>1,092,925</u>	<u>1,156,407</u>	<u>1,228,706</u>	<u>1,285,623</u>	<u>1,267,895</u>	<u>1,234,453</u>	<u>1,273,297</u>	<u>1,305,955</u>
Primary government										
Net investment in capital assets	\$ 1,810,825	2,006,544	2,093,971	2,169,189	2,280,810	2,298,179	2,291,628	2,255,969	2,287,059	2,326,613
Restricted	721,472	697,307	653,825	572,786	570,383	425,599	397,890	297,100	613,280	756,032
Unrestricted	168,387	(147,824)	(159,695)	(180,182)	(86,502)	18,830	45,551	(1,722,203)	(1,924,340)	(2,105,415)
Total primary government net position	<u>\$ 2,700,684</u>	<u>2,556,027</u>	<u>2,588,101</u>	<u>2,561,793</u>	<u>2,764,691</u>	<u>2,742,608</u>	<u>2,735,069</u>	<u>830,866</u>	<u>975,999</u>	<u>977,230</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 2007-08 THROUGH 2016-17
(amounts expressed in thousands)**

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	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Expenses										
Governmental activities:										
General government	\$ 201,712	185,963	177,963	191,427	171,667	183,480	165,556	169,604	179,608	161,937
Public assistance	681,682	704,416	668,368	674,543	611,073	608,245	629,196	639,831	655,225	677,572
Public protection	705,953	744,072	650,198	673,751	630,142	711,957	760,358	725,108	781,244	862,968
Health and sanitation	671,812	724,666	595,816	528,449	555,490	566,548	574,814	502,535	554,731	712,033
Public ways and facilities	199,748	123,999	115,073	122,752	111,965	104,898	152,956	152,186	172,931	161,596
Recreation and culture	42,246	41,194	37,139	35,990	88,913	37,871	37,150	34,771	38,951	37,050
Education	22,621	24,161	21,053	3,578	1,858	2,548	1,353	1,820	1,729	1,658
Interest and fiscal charges	151,148	138,824	141,529	140,419	124,537	116,565	122,597	125,603	109,019	106,431
Total governmental activities	<u>2,676,922</u>	<u>2,687,295</u>	<u>2,407,139</u>	<u>2,370,909</u>	<u>2,295,645</u>	<u>2,332,112</u>	<u>2,443,980</u>	<u>2,351,458</u>	<u>2,493,438</u>	<u>2,721,245</u>
Business-type activities:										
Airport	125,793	131,888	130,724	128,941	167,303	204,930	199,264	188,132	187,985	193,233
Solid Waste	60,149	66,991	62,567	59,433	63,131	62,178	59,117	59,774	60,357	67,078
Water Agency	45,992	29,277	24,575	28,174	47,799	55,632	55,586	55,923	55,824	60,695
Parking Enterprise	2,904	12,459	3,247	1,914	2,037	1,819	1,725	2,463	1,893	3,238
County Transit	1,954	1,955	1,677	1,597	2,040	1,408	1,696	2,204	2,124	2,406
Total business-type activities	<u>236,792</u>	<u>242,570</u>	<u>222,790</u>	<u>220,059</u>	<u>282,310</u>	<u>325,967</u>	<u>317,388</u>	<u>308,496</u>	<u>308,183</u>	<u>326,650</u>
Total primary government	<u>\$ 2,913,714</u>	<u>2,929,865</u>	<u>2,629,929</u>	<u>2,590,968</u>	<u>2,577,955</u>	<u>2,658,079</u>	<u>2,761,368</u>	<u>2,659,954</u>	<u>2,801,621</u>	<u>3,047,895</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 90,743	89,134	100,877	112,818	116,246	130,972	118,633	169,287	152,760	122,521
Public assistance	11,340	9,156	8,464	8,858	11,744	9,862	6,541		11	
Public protection	126,058	122,229	110,244	122,315	118,963	114,114	124,049	106,089	136,582	131,287
Health and sanitation	43,888	51,561	38,692	28,783	40,380	44,123	36,151	35,503	34,244	34,184
Public ways and facilities	76,590	53,711	31,912	31,660	27,227	15,441	79,336	57,397	56,088	55,997
Recreation and culture	15,065	17,312	12,735	14,435	13,181	13,249	12,915	12,808	21,799	18,169
Education	273	298	177	448	875	536	146			
Operating grants and contributions	1,223,424	1,177,843	1,128,887	1,168,916	1,153,418	1,162,723	1,225,662	1,223,283	1,214,579	1,366,484
Capital grants and contributions	95,231	34,808	38,434	24,658	22,257	38,570	40,793	18,210	42,248	21,461
Total governmental activities	<u>\$ 1,682,612</u>	<u>1,556,052</u>	<u>1,470,422</u>	<u>1,512,891</u>	<u>1,504,291</u>	<u>1,529,590</u>	<u>1,644,226</u>	<u>1,622,577</u>	<u>1,658,311</u>	<u>1,750,103</u>

**COUNTY OF SACRAMENTO
CHANGES IN NET POSITION
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(amounts expressed in thousands)**

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	Fiscal Year									
	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Business-type activities:										
Charges for services:										
Airport	\$ 115,050	123,192	132,727	121,516	146,328	162,222	160,647	177,244	187,829	196,086
Solid Waste	65,302	67,018	65,907	67,970	71,101	72,148	70,469	69,636	70,492	76,093
Water Agency	47,800	43,954	46,847	54,999	57,989	64,844	65,460	63,649	67,233	64,495
Parking Enterprise	3,265	4,989	3,185	3,195	3,143	2,995	2,995	3,001	2,909	3,014
County Transit	204	183	158	164	178	252	220	227	243	252
Operating grants and contributions	29,540	25,031	22,943	21,764	25,855	23,694	20,001	878	2,415	2,350
Capital grants and contributions	28,635	12,290	10,211	16,133	15,872	56,887	11,891	19,119	15,383	16,833
Total business-type activities	<u>289,796</u>	<u>276,657</u>	<u>281,978</u>	<u>285,741</u>	<u>320,466</u>	<u>383,042</u>	<u>331,683</u>	<u>333,754</u>	<u>346,504</u>	<u>359,123</u>
Total primary government	<u>\$ 1,972,408</u>	<u>1,832,709</u>	<u>1,752,400</u>	<u>1,798,632</u>	<u>1,824,757</u>	<u>1,912,632</u>	<u>1,975,909</u>	<u>1,956,331</u>	<u>2,004,815</u>	<u>2,109,226</u>
Net (expense)/revenue										
Governmental activities	\$ (994,310)	(1,131,243)	(936,717)	(858,018)	(791,354)	(802,522)	(799,754)	(728,881)	(835,127)	(971,142)
Business-type activities	53,004	34,087	59,188	65,682	38,156	57,075	14,295	25,258	38,321	32,473
Total primary government net expense	<u>\$ (941,306)</u>	<u>(1,097,156)</u>	<u>(877,529)</u>	<u>(792,336)</u>	<u>(753,198)</u>	<u>(745,447)</u>	<u>(785,459)</u>	<u>(703,623)</u>	<u>(796,806)</u>	<u>(938,669)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property	\$ 474,947	475,629	437,634	383,651	379,289	370,925	398,364	425,477	447,437	463,975
Sales/Use	82,472	69,225	58,357	59,614	63,774	70,857	73,686	74,171	82,762	82,453
Transient occupancy	6,964	5,311	4,467	3,483	3,383	3,878	3,860	4,534	4,335	5,845
Unrestricted investment earnings	72,706	49,804	15,016	1,250	(648)	13,199	13,348	13,857	18,291	17,024
Grants and contrib. not restricted to specific programs	230,103	215,915	197,855	230,748	237,046	239,894	234,422	287,041	285,041	257,252
Pledged tobacco settlement proceeds	6,716	14,862	12,393	12,365	12,609	19,004	12,493	12,368	12,229	12,577
Miscellaneous	92,127	105,545	105,003	120,593	90,168	80,293	78,304	51,966	86,600	95,586
Transfers	1,988	7,514	8,502	4,972	(6)	4,848	4,981	5,178	4,721	5,003
Extraordinary item - AB 99 obligation				(48,448)	48,448					
Total general revenues and transfers	<u>\$ 968,023</u>	<u>943,805</u>	<u>839,227</u>	<u>768,228</u>	<u>834,063</u>	<u>802,898</u>	<u>819,458</u>	<u>874,592</u>	<u>941,416</u>	<u>939,715</u>

**COUNTY OF SACRAMENTO
CHANGES IN NET POSITION
FISCAL YEARS 2007-08 THROUGH 2016-17
(amounts expressed in thousands)**

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	Fiscal Year									
	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Business-type activities:										
Sales/Use tax	\$ 573	483	573	554	356	927	581	687	1,412	561
Unrestricted investment earnings	31,890	6,778	2,617	1,018	2,701					
Grants and contrib. not restricted to specific programs						3,878	1,973	1,473	3,832	4,627
Transfers	(1,988)	(7,514)	(6,002)	(4,972)	6	(4,848)	(4,981)	(5,178)	(4,721)	(5,003)
Special item - Abatement of regulatory fees				1,200	350	(417)				
Extraordinary - Litigation Settlements					30,730					
Total general revenues and transfers	<u>30,475</u>	<u>(253)</u>	<u>(2,812)</u>	<u>(2,200)</u>	<u>34,143</u>	<u>(460)</u>	<u>(2,427)</u>	<u>(3,018)</u>	<u>523</u>	<u>185</u>
Total primary government	<u>\$ 998,498</u>	<u>943,552</u>	<u>836,415</u>	<u>766,028</u>	<u>868,206</u>	<u>802,438</u>	<u>817,031</u>	<u>871,574</u>	<u>941,939</u>	<u>939,900</u>
Change in Net Position										
Governmental activities	\$ (26,287)	(187,438)	(97,490)	(89,790)	42,709	376	19,704	145,711	106,289	(31,427)
Business-type activities	83,479	33,834	56,376	63,482	72,299	56,615	11,868	22,240	38,844	32,658
Total primary government	<u>\$ 57,192</u>	<u>(153,604)</u>	<u>(41,114)</u>	<u>(26,308)</u>	<u>115,008</u>	<u>56,991</u>	<u>31,572</u>	<u>167,951</u>	<u>145,133</u>	<u>1,231</u>

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COUNTY OF SACRAMENTO
FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 2007-08 THROUGH 2016-17
(amounts expressed in thousands)

	Fiscal Year									
	2007-08	2008-09	2009-10*	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General fund										
Reserved	\$ 59,322	60,921	135,835							
Unreserved	97,711	(41,533)	(49,289)							
Nonspendable				15,435	14,967	14,618	32,640	30,837	27,857	51,167
Restricted				151,287	193,620	201,876	205,789	232,455	212,353	244,324
Assigned						1,212			9,780	
Unassigned				(30,835)	(3,382)	(1)	(38,992)	(13,462)	24,931	37,267
Total general fund	<u>\$ 157,033</u>	<u>19,388</u>	<u>86,546</u>	<u>135,887</u>	<u>205,205</u>	<u>217,705</u>	<u>199,437</u>	<u>249,830</u>	<u>274,921</u>	<u>332,758</u>
All other governmental funds										
Reserved	\$ 379,897	352,822	277,547							
Unreserved, reported in:										
Special revenue funds	265,854	219,591	259,518							
Capital project funds	3,428	(5,627)	767							
Special revenue funds										
Nonspendable				1,836	16,069	15,703	10,467	902	691	
Restricted				239,441	271,784	172,741	191,743	198,744	210,529	213,732
Debt Service funds										
Nonspendable										
Restricted				126,878	121,162	111,917	105,644	101,784	89,851	87,466
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
Unassigned				(1,974)	(2,013)	(2,066)				
Total all other governmental funds	<u>\$ 649,179</u>	<u>566,786</u>	<u>537,832</u>	<u>441,542</u>	<u>460,778</u>	<u>344,001</u>	<u>351,950</u>	<u>345,637</u>	<u>375,870</u>	<u>395,489</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 is now categorized as above, and the change was implemented prospectively.

COUNTY OF SACRAMENTO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 2007-08 THROUGH 2016-17
(amounts expressed in thousands)

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	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Revenues										
Taxes	\$ 564,383	550,165	503,091	452,478	446,446	445,659	475,910	504,182	534,534	552,273
Use of money and property	72,908	49,108	14,753	12,057	13,033	13,135	13,347	13,843	18,212	16,970
Licenses and permits	49,259	41,762	37,285	40,187	39,183	46,254	50,032	56,766	61,423	66,241
Intergovernmental	1,431,493	1,419,783	1,366,831	1,432,358	1,408,860	1,444,711	1,524,291	1,546,630	1,601,586	1,654,188
Charges for services	179,710	197,378	182,714	184,038	177,714	174,666	249,034	244,887	269,695	257,641
Fines, forfeitures, and penalties	52,853	33,427	34,716	49,756	43,551	39,054	43,723	43,041	37,600	38,276
Pledged tobacco settlement proceeds	13,525	14,862	12,393	12,365	12,609	19,004	12,493	12,368	12,229	12,577
Contributions and donations	62,050								24,167	7,025
Miscellaneous	101,025	105,545	105,003	120,593	90,168	80,294	77,392	86,346	81,427	95,586
Total revenues	2,527,206	2,412,030	2,256,786	2,303,832	2,231,564	2,262,777	2,446,222	2,508,063	2,640,873	2,700,777
Expenditures										
General government	175,593	171,945	143,739	151,978	133,720	141,867	142,581	151,271	165,999	151,713
Public assistance	673,098	689,891	653,640	666,033	597,066	597,598	621,588	656,873	663,373	671,766
Public protection	666,706	683,099	597,467	633,933	633,761	660,322	718,386	753,721	797,866	817,939
Health and sanitation	644,595	681,774	559,019	513,468	535,088	553,781	564,824	522,894	559,977	610,859
Public ways and facilities	108,974	102,254	115,672	102,705	85,118	108,663	151,269	137,724	135,948	137,106
Recreation and culture	49,871	42,185	34,693	33,896	33,881	34,553	34,650	35,368	34,869	35,641
Education	22,416	23,013	20,229	2,988	1,179	1,040	1,025	1,604	1,286	1,422
Capital outlay	128,542	109,098	77,061	47,840	53,059	32,316	40,629	35,754	59,080	36,974
Debt service:										
Principal	83,964	129,232	81,356	85,295	70,736	79,956	72,695	69,242	67,346	55,263
Bond issuance cost	9,949	335	1,217		4,579		867			
Interest and fiscal charges	87,098	89,150	109,087	125,166	114,172	123,615	125,196	137,656	135,661	138,928
Total expenditures	2,650,806	2,721,976	2,393,180	2,363,302	2,262,359	2,333,711	2,473,710	2,502,107	2,621,405	2,657,611
Excess (Deficiency) of revenue under expenditures	\$ (123,600)	(309,946)	(136,394)	(59,470)	(30,795)	(70,934)	(27,488)	5,956	19,468	43,166

COUNTY OF SACRAMENTO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEARS 2007-08 THROUGH 2016-17
(amounts expressed in thousands)

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	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Other financing sources (uses)										
Transfers in	\$ 184,870	174,740	180,332	173,174	206,201	193,346	187,577	184,765	174,485	169,793
Transfers out	(171,783)	(156,475)	(155,924)	(158,246)	(171,550)	(175,433)	(156,053)	(167,637)	(158,151)	(152,894)
Capital leases obligations	8,413			29						
Issuance of debt	160,241	80,006	64,470	46,012	295,026	28,374	135,060	20,996	19,522	17,391
Payments to participating governments	(43,855)									
Tobacco settlement proceeds										
Refunding of debt issued	359,165	49,760	123,950							
Discount on debt issued	1,440		1,770							
Discount on debt issued	(2,144)				(467)		(2,180)			
Purchase of delinquent property tax										
Swap, termination payment		(23,019)	(10,180)		(76,549)					
Swap, premium short term		2,950								
Swap, premium long term		20,069								
Payments to refunded bond escrowage	(350,037)	(49,225)	(103,008)		(181,760)		(108,850)			
Total other financing sources (uses)	<u>146,310</u>	<u>98,806</u>	<u>101,410</u>	<u>60,969</u>	<u>70,901</u>	<u>46,287</u>	<u>55,554</u>	<u>38,124</u>	<u>35,856</u>	<u>34,290</u>
Extraordinary Item										
AB 99 obligation				(48,448)	48,448					
Net change in fund balances	<u>\$ 22,710</u>	<u>(211,140)</u>	<u>(34,984)</u>	<u>(46,949)</u>	<u>88,554</u>	<u>(24,647)</u>	<u>28,066</u>	<u>44,080</u>	<u>55,324</u>	<u>77,456</u>
Debt service as a percentage of noncapital expenditures	6.86 %	8.45 %	8.38 %	9.22 %	8.44 %	9.07 %	9.38 %	9.16 %	8.60 %	7.88 %

COUNTY OF SACRAMENTO
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
FISCAL YEARS 2007-08 THROUGH 2016-17
(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>
2007-08	\$ 474,947	82,472	6,964	564,383
2008-09	475,629	69,225	5,311	550,165
2009-10	437,634	58,357	4,467	500,458
2010-11	383,651	59,614	3,483	446,748
2011-12	379,289	63,774	3,383	446,446
2012-13	370,925	70,856	3,878	445,659
2013-14	398,364	73,686	3,860	475,910
2014-15	425,477	74,171	4,534	504,182
2015-16	447,437	82,762	4,335	534,534
2016-17	463,975	82,453	5,845	552,273

COUNTY OF SACRAMENTO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FISCAL YEARS 2007-08 THROUGH 2016-17
(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>
2007-08	\$ 132,394,422	5,297,882	1,658,758	(4,009,995)	135,341,067	1.000
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

- 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 2016-17 includes revised estimates for 2007 - 2015 (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 2007-08 THROUGH 2016-17
(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	Schools ^D	
2007-08	1.000	0.0041	N/A	0.0322	1.0363
2008-09	1.000	0.0043	N/A	0.0380	1.0423
2009-10	1.000	0.0042	N/A	0.0390	1.0432
2010-11	1.000	0.0041	N/A	0.0374	1.0415
2011-12	1.000	0.0047	N/A	0.0471	1.0518
2012-13	1.000	0.0049	N/A	0.0479	1.0528
2013-14	1.000	0.0035	N/A	0.0559	1.0594
2013-14	1.000	0.0019	N/A	0.0497	1.0516
2014-15	1.000	0.0018	N/A	0.0473	1.0491
2016-17	1.000	0.0010	N/A	0.0531	1.0541

- A) In June 1978 California voter approved Proposition 13, which restricted property taxes to a County-wide rate of 1% per \$100 of assessed value plus voter approved indebtedness. The distribution of County-wide basic tax rate of 1% is based on the County's AB 8 Apportionment factors.
- B) Rate represents a weighted average of six incorporated cities (after inclusion of the City of Elk Grove which incorporated in 2000-2001) within the County for the fiscal years ending 2000-2001 through 2002-2003. Rate represents a weighted average of seven incorporated cities (after inclusion of the City of Rancho Cordova which incorporated in 2003-2004) within the County for the fiscal years ending 2003-2004 and thereafter.
- C) Rate represents a weighted average of the various special districts with general obligation bond rates.
- D) Rate represents a weighted average of the various school districts with general obligation bond rates.
FY 2007-08: Average rate = Requirements / District's Valuation within the Bond Debt boundaries.

Source: County's internal financial documents

**COUNTY OF SACRAMENTO
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2017 AND JUNE 30, 2008
(amounts expressed in thousands)**

Taxpayer^A	June 30, 2017				June 30, 2008			
	Tax Levy	Rank	Percentage of Total Tax Levy %		Tax Levy	Rank	Percentage of Total Tax Levy %	
Pacific Gas & Electric Co.	\$ 9,982	1	0.77	%	\$ 4,450	5	0.37	%
AT&T Communications	6,988	2	0.54		6,726	1	0.56	
Intel Corporation	6,909	3	0.54		6,529	2	0.55	
MP Holdings	5,411	4	0.42					
Walmart	5,017	5	0.39					
Cummings Trust	4,391	6	0.34					
Hines	3,994	7	0.31					
Westcore Delta, LLC	3,950	8	0.31					
Oakmont	3,409	9	0.26					
Donahue Schriber Realty Group	3,146	10	0.24		2,580	10	0.22	
Oates Marvin, et al					4,471	3	0.38	
Hines Interests, LP					4,464	4	0.37	
Rosetta Resources CA, Inc.					2,242	6	0.36	
Reynan & Bardis					3,996	7	0.34	
Elliott Homes, Inc.					3,227	8	0.27	
Beazer Homes					2,780	9	0.23	

Source: Sacramento County Department of Finance

**COUNTY OF SACRAMENTO
COUNTY WIDE 1 PERCENT - SECURED AND UNITARY
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 2007-08 THROUGH 2016-17
(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
2007-08	\$1,284,322	1,224,126	95.31	60,196	1,284,322	100
2008-09	1,294,025	1,245,112	96.22	48,913	1,294,025	100
2009-10	1,190,013	1,156,791	97.21	33,222	1,190,013	100
2010-11	1,165,904	1,139,699	97.75	26,205	1,165,904	100
2011-12	1,127,451	1,108,086	98.28	19,365	1,127,451	100
2012-13	1,094,235	1,079,299	98.63	14,936	1,094,235	100
2013-14	1,160,120	1,146,609	98.84	13,511	1,160,120	100
2014-15	1,233,891	1,221,411	98.99	12,480	1,233,891	100
2015-16	1,288,948	1,278,225	99.17	10,723	1,288,948	100
2016-17	1,359,759	1,349,089	99.22	10,670	1,359,759	100

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.

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

Source: County's internal financial documents

COUNTY OF SACRAMENTO
RATIOS OF OUTSTANDING DEBT BY TYPE
FISCAL YEARS 2007-08 THROUGH 2016-17
(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			
2007-08	\$ 340,480	51,335	960,926	356,428	13,933	3,615	914,925	89,430	26,900	4,653	2,762,625	5.24 %	2,000
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	4.96 %	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	5.92 %	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	5.94 %	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	6.19 %	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	5.80 %	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	5.47 %	2,308
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	4.98 %	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	4.47 %	2,093
2016-17	216,441	22,849	1,059,751	332,841	2,974	647	1,103,799	273,959		5,080	3,018,341	4.14 %	1,994

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 2007-2015 for Personal Income and Population based on the Demographic and Economic Statistics.

**COUNTY OF SACRAMENTO
LEGAL DEBT MARGIN INFORMATION
FISCAL YEARS 2007-08 THROUGH 2016-17
(amounts expressed in thousands)**

	Fiscal Year									
	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Assessed Value of Property	\$ 135,341,067	138,687,470	128,939,293	126,016,298	121,921,878	118,563,859	123,924,201	131,718,922	136,123,278	143,368,927
Debt Limit, 1.25% of Assessed Value (Statutory Limitation)	1,691,763	1,733,593	1,611,741	1,575,204	1,524,023	1,482,048	1,549,053	1,646,487	1,701,541	1,792,112
Amount of Debt Applicable to Limit: General Obligations Bonds Less: Resources Restricted to Paying Principal Total net debt applicable to limit	<u> </u>									
Legal debt margin	<u>\$ 1,691,763</u>	<u>1,733,593</u>	<u>1,611,741</u>	<u>1,575,204</u>	<u>1,524,023</u>	<u>1,482,048</u>	<u>1,549,053</u>	<u>1,646,487</u>	<u>1,701,541</u>	<u>1,792,112</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 statues 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
PLEGGED-REVENUE COVERAGE
FISCAL YEARS 2007-08 THROUGH 2016-17
(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
2007-2008	\$ 118,940	87,770	31,170	6,765	8,742	2.01	3,041	2,331	710
2008-2009	134,667	84,890	49,777	7,850	8,122	3.12	2,990	9,753	(6,763)
2009-2010	132,007	83,385	48,622	8,155	9,052	2.83	3,062	2,604	458
2010-2011	128,180	83,884	44,296	8,395	8,892	2.56	3,148	1,444	1,704
2011-2012	146,057	95,730	50,327	11,395	24,586	1.40	3,051	1,867	1,184
2012-2013	162,935	94,118	68,817	11,940	40,187	1.32	2,948	1,739	1,209
2013-2014	160,589	88,122	72,467	9,720	39,708	1.47	2,954	1,381	1,573
2014-2015	158,928	82,412	76,516	14,220	39,345	1.43	3,001	2,180	821
2015-2016	171,474	87,492	83,982	14,220	38,743	1.57	2,910	1,675	1,235
2016-2017	178,103	88,911	89,192	15,450	37,905	1.67	3,017	3,000	17

Fiscal Year	Water Agency ^D						
	Gross Revenue ^E	Less: Operating Expenses ^B	Net Revenue	Debt Service Requirements ^C		Coverage	
2007-2008	\$ 42,778	17,451	25,327	965	3,263	5.99	
2008-2009	41,836	18,142	23,694	990	9,434	2.27	
2009-2010	45,435	16,505	28,930	6,975	17,393	1.19	
2010-2011	53,789	17,436	36,353	7,290	17,133	1.49	
2011-2012	56,491	19,415	37,076	7,605	16,801	1.52	
2012-2013	63,664	22,425	41,239	7,910	16,620	1.68	
2013-2014	63,743	22,201	41,542	8,240	15,365	1.76	
2014-2015	63,798	23,090	40,708	8,650	15,803	1.66	
2015-2016	67,351	22,882	44,469	9,070	15,399	1.82	
2016-2017	65,159	27,060	38,099	9,505	14,960	1.56	

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 2007-2013 (may not be consistent with prior reported figures).

Source: County's internal financial documents

**COUNTY OF SACRAMENTO
PRIVATE SECTOR PRINCIPAL EMPLOYERS
JUNE 30, 2017 AND 2008**

Employer	June 30, 2017			June 30, 2008		
	<u>Employees^A</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
UC Davis Health System	10,145	1	1.54 %	6,404	5	0.98 %
Sutter / California Health Services	8,905	2	1.35	10,405	1	1.59
Kaiser Permanente	8,885	3	1.35	9,319	2	1.43
Dignity / Mercy Healthcare	7,853	4	1.19	5,119	6	0.78
Intel Corporation	6,000	5	0.91	7,000	4	1.07
Apple Inc.	4,000	6	0.61			
Raley's Inc. / Bel Air	3,149	7	0.48	7,565	3	1.16
VSP Global	2,906	8	0.44			
Health Net of California Inc.	2,706	9	0.41			
Wells Fargo & Co.	2,015	10	0.31	3,167	10	0.48
AT&T California				4,828	7	0.74
Hewlett - Packard				3,800	8	0.58
Target Corporation				3,482	9	0.53
Total	<u>56,564</u>		<u>8.59 %</u>	<u>61,089</u>		<u>9.34 %</u>

Note:

A) Source: Sacramento Business Journal Annual Book of Lists Current Year

**COUNTY OF SACRAMENTO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 FISCAL YEARS 2007-08 THROUGH 2016-17
 (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>
2007-08	1,381	\$ 52,721,398	\$ 38,172	238	5.4 %
2008-09	1,394	54,773,648	39,280	238	7.2 %
2009-10	1,409	53,826,177	38,213	238	11.0 %
2010-11	1,422	54,666,004	38,443	238	12.6 %
2011-12	1,435	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 %

Note:

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

Estimates updated November 17, 2017, include new estimates for 2016 and revised estimates for 2007-2015, which may not be consistent with prior reported figures.

A) Census Bureau midyear population estimates. Estimates for 2010-2016 reflect County population estimates available as of March 2017.

B) Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2016 reflect County population estimates available as of March 2017.

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 2007-08 THROUGH 2016-17**

Full-Time Equivalent Employees as of June 30th

Function	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Government	1,004	954	907	945	916	890	1,076	894	895	912
Public Assistance	2,648	2,487	2,339	2,210	2,156	2,132	2,165	2,179	2,239	2,259
Public Protection	4,543	4,292	3,683	3,548	3,574	3,571	3,591	3,806	3,948	3,960
Health & Sanitation	3,150	3,063	2,661	2,089	2,018	2,032	1,952	1,952	2,057	2,181
Recreation and Culture	212	181	162	129	120	106	137	138	154	134
Education	3	3	2	3	2	2	1	1	1	1
Public Ways and Facilities								271	277	257
Total	11,560	10,980	9,754	8,924	8,786	8,733	8,922	9,241	9,570	9,703

Source: County of Sacramento Department Records

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**COUNTY OF SACRAMENTO
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 2007-08 THROUGH 2016-17**

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Function	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Government										
Assessor:										
Number of Parcels Assessed	507,471	510,494	506,063	503,108	502,709	502,527	501,887	503,717	505,436	505,076
Gross Total of Secured Roll ^A	132,409,139	134,737,596	125,707,295	123,216,166	119,315,245	115,975,517	120,409,431	128,067,747	134,202,599	141,838,766
Gross Total of Unsecured Roll ^A	5,297,882	5,892,766	5,920,223	5,553,385	5,496,500	5,519,515	5,902,161	6,430,072	6,488,685	6,220,235
Clerk recorders:										
Number of recorded documents	402,951	395,528	377,728	385,599	396,098	433,820	326,097	355,598	362,930	383,763
Public Assistance										
Human assistance total caseload	122,804	135,044	156,811	158,439	177,402	189,591	216,504	293,840	330,167	328,585
Percent served of children in poverty	95	95	96	91	91	86	81	66	61	61
Senior nutrition, meals served	624,290	616,127	478,197					N/A	N/A	N/A
Housing Services provided	13,011	12,708	12,794	12,299	9,369	2,378	B	2,457	2,203	2,069
Employee Non-Exempt Recipients CalWORKs	29	31	30	29	21	41	45	47	52	67
Public Protection										
District Attorney:										
Filed Felonies	11,179	10,374	8,589	8,897	8,496	8,815	9,342	8,496	8,854	8,641
Filed misdemeanors	21,347	19,781	17,353	16,399	13,888	14,095	13,539	14,553	15,164	14,397
Filed Probation Violations			1,355	C	1,864	C	1,042	1,153	1,939	1,785
Probation:										
Cases supervised	12,101	14,826	15,988	14,810	24,989	F	24,776	28,402	27,939	28,246
Institutional care for minors (days)	180,399	165,451	114,764	D	82,004	65,194	68,597	69,399	69,696	62,776
Juvenile referrals processed	11,128	12,383	11,816	10,188	8,769	8,836	8,105	6,605	5,519	4,520
Prepared adult sentencing reports	9,110	8,955	9,658	6,308	E	7,249	6,380	6,209	9,081	G
Public Defender:										
Felony Unit Jury Trials	168	136	139	135	130	161	147	159	161	199
Sheriff:										
Emergency calls for service:										
Priority 0	48	149	66							
Priority 1	30,841	7,851	3,698	3,535	3,891	3,985	3,785	4,095	4,070	4,450
Emergency response time (minutes):										
Priority 0	6.5	13	14							
Priority 1	9	11	11	10	14	12	12	12	13	12
Processed and booked adult offenders	24,364	21,483	20,242	19,064	20,601	19,443	19,991	20,292	20,538	15,824
Physical arrests	26,209	23,181	23,237	21,903	25,414	23,143	23,856	23,733	24,441	18,785
[†] Total miles patrolled by Sheriffs	813	813	813	813	813	813	813	813	813	813

A) Amounts expressed in thousands.

B) 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.

C) Revised.

D) 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.

E) The implementation of Presentence Investigation Report Waivers likely accounts for the reduction in number of prepared Adult Court reports.

F) A new report was created that more accurately captures cases under Probation's Field jurisdiction. It includes the Post Release Community Supervision (PRCS) offender population.

G) Probation is now responsible for under Assembly Bill 109 (Statutes of 2011).

H) Due to restructuring, we now have capacity to report on data and critical workload that we have previously been unable to capture and quantify.

Restitution Determination and Recommendation reports are captured beginning July 11, 2016, replacing LSCMI assessments which are no longer conducted at Adult Court.

I) May 31, 2011, revised total miles patrolled for FY 2006-07 forward due to loss of contracts with Citrus Heights and Elk Grove.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 2007-08 THROUGH 2016-17**

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Function	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Health and sanitation										
Patient Treatments at Public Health Clinics	163,847	145,203	96,184	76,004	80,568	61,015	48,229	20,751	19,700	23,613
Training:										
Programs in compliance (by inspection)	100	100	100	100	N/A J	N/A J	27	95	100	100
Public ways and facilities										
Number of Traffic Signs Resent and Replaced	13,321	14,433	14,146	16,147	16,751	12,728	12,952	14,909	13,910	16,129
Square Feet of Graffiti Removed or Abated	304,370	349,312	341,749	201,315	76,132	96,848	136,989	185,195	205,084	131,490
Recreation and culture										
Number of Visitors/Participants at Effie Yeaw Nature Center (EYNC)	85,882	87,440	84,449	N/A K	N/A	N/A	N/A	N/A	N/A	N/A
Number of Individuals Who Use Parks Golf Services	196,470	188,357	181,550	174,000	170,076	162,937	164,579	163,722	157,095	131,248
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
Print Materials Loaned	4,841,670	5,505,198	6,338,259	N/A L	N/A	N/A	N/A	N/A	N/A	N/A
Audio Visual Media Loaned	1,036,647	1,861,290	1,391,325	N/A L	N/A	N/A	N/A	N/A	N/A	N/A
Library cards issued	80,562	85,308	80,429	74,224	78,088	62,194	64,686	66,835	63,384	60,535
Total Library Cards in Use	506,440	561,070	637,160	635,895	651,370	710,008	665,840	656,423	651,636	692,508
Library Visits	3,049,098	2,866,175	4,362,116	4,391,093	4,053,689	4,062,724	4,144,307	4,183,751	4,252,802	3,625,829
Airport										
Number of Commercial Airlines	16	15	14	11	11	11	11	11	10	10
Number of Flights	63,875	53,324	52,504	49,425	49,316	47,826	46,871	46,621	48,627	50,551
Number of Enplaned Passengers	5,294,737	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
Solid Waste										
Percent of Diversion/Recycled Waste	62	64	70	71	71	73	73	74	73	70
Tons Disposed	667,899	559,865	471,488	513,649	558,752	607,075	596,972	623,824	657,247	747,704
Water Agency										
Water Supply:										
Number of Water Connections	47,760 M	48,438	49,069	49,580	50,138	50,813	51,652	52,400	53,439	54,464
Water Delivered (acre feet)	39,867	40,605	39,428	38,781	42,594	43,178	41,045	35,112	31,174	35,079
Storm Water Utilities										
Drainage:										
Mainline and Lateral Pipes Cleaned (miles)	121	67	60	57	72	73	66	66	119	84
Parking Enterprise										
Daily Public Parking (count)	383,052	284,359	168,490	145,429	131,945	126,568	131,163	136,440	151,629	149,112
Monthly Parking Passes issued to County Employees (count)	17,491	20,484	18,456	17,736	17,280	17,304	17,580	17,652	17,640	18,216
Outside Agency Usage	7,509	9,398	11,251	12,350	11,775	11,703	10,021	8,995	7,792	4,555

J) Non-mandated inspections suspended due to budget/staff reductions. Program rebuilding measures underway.

K) 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.

L) Books loaned and audio visual media loaned statistics are combined effective FY 2010-11 for the year and thereafter.

M) These numbers were revised after a program error was discovered by CUBS and a subsequent recount performed, FY20 07-08 through FY 2011-12.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO
CAPITAL ASSET STATISTICS BY FUNCTION
FISCAL YEARS 2007-08 THROUGH 2016-17**

Page 1 of 2

Function	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Public Protection										
Sheriff:										
Administrations buildings	1	1	1	1	1	1	1	1	1	1
Aircrafts										
Operational	5	4	5	4	5	5	5	5	5	5
Non-Operational	-	1		1		0		0	0	0
Fixed Wing										
Sheriff	2	2	1	1	1	1	1	-	-	0
CAL-MMET	2	2	2	2	2	2	2	2	2	2
Community service centers	10	10	10	5	5	5	5	6	7	8
Jail and detention facilities	2	2	2	2	2	2	2	2	2	2
Patrol Units	362	370	305	315	315	328	328	328	386	385
Stations	5	5	3	3	3	3	3	3	3	3
Health and Sanitation										
Clinics	3	3	3	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	2,203	2,209	2,208	2,208	2,208	2,198	2,202	2,202	2,200	2,203
Traffic signals	432	450	450	449	451	451	459	461	466	473
Recreation and culture										
Number of Golf Courses	4	4	4	4	4	4	4	4	4	4
Number of Developed Parks	38	38	38	38	38	38	38	38	38	38
Developed Parks acreage	15,000	15,150	15,150	15,150	15,150	15,187	15,187	15,189	15,189	15,189
Education										
Number of Libraries ^A	9	9	11	11	11	11	11	11	11	11

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

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO
CAPITAL ASSET STATISTICS BY FUNCTION
FISCAL YEARS 2007-08 THROUGH 2016-17**

Page 2 of 2

Function	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Airport										
Airports	4	4	4	4	4	4	4	4	4	4
Licensed Vehicles:										
Cars and Light Trucks	148	149	148	147	156	154	159	168	205	201
Busses	41	47	33	33	33	32	32	32	51	42
Solid Waste										
Number of Collection Trucks	130	152	149	139	100	105	109	108	100	100
Number of Landfills	3	3	3	3	3	3	3	3	3	3
Water Agency										
Water Supply:										
Water Mains (miles)	718	743	753	761	766	776	785	797	805	812
Storage Capacity (thousands of gallons)	39,400	39,400	39,400	39,400	39,400	61,900	61,900	61,900	61,900	61,900
Drainage: ^B										
Drainage Inlets	47,335	47,717	44,131	44,356	44,555	39,439	37,669	38,841	38,651	38,425
Drainage Manholes	26,336	26,699	25,004	25,147	25,378	23,489	22,793	23,544	23,573	23,589
Drainage Pipes (miles)	1,446	1,443	1,338	1,342	1,345	1,333	1,276	1,359	1,353	1,341
Parking Enterprise										
Structures	2	2	2	2	2	2	2	2	2	2

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

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.

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

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, 2017**

This is the County of Sacramento Annual Continuing Disclosure filing as of November 30, 2017, 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, 2017)**

Average Daily Balance	\$3,331,146,624
Period-End Balance	\$3,173,198,716
Yield	1.24%
Weighted Average Maturity	340 Days
Duration in Years	0.912 Years
Historical Cost	\$3,171,306,587
Market Value	\$3,170,962,315
Percent of Market to Cost	99.99%

**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 2014-15 ^{(2),(3)}	FY 2014-15 ⁽³⁾	FY 2016-17	FY 2017-18
APPROPRIATIONS				
Reserve Increase/(Decrease)	\$ 5,500	9,350	9,846	8,707
General Government	84,861	83,445	89,578	46,237
Public Protection	803,561	835,679	872,831	931,902
Public Ways and Facilities				
Health and Sanitation	607,167	655,315	699,212	715,230
Public Assistance	679,077	718,595	715,300	746,774
Education, Cultural and Recreation	18,716	20,702	20,953	23,899
Contingencies	2,712	2,000	1,958	4,288
TOTAL APPROPRIATIONS	<u>\$ 2,201,594</u>	<u>2,325,086</u>	<u>2,409,678</u>	<u>2,477,037</u>
AVAILABLE FUNDS				
Beginning Appropriated Fund Balance/Carryover	\$ 43,922	33,896	50,601	48,802
Interfund Transfers				
Equity Transfer In	609	459	1,696	1,826
Reserve Cancellation	695	6,675	1,148	11,746
Taxes	476,591	509,089	533,491	564,689
Licenses and Permits	11,273	11,598	12,169	11,858
Fines, Forfeitures and Penalties	31,477	27,035	27,232	23,897
Use of Money and Property	2,084	2,407	3,001	773
Aid from Other Government Agencies (state and federal)	1,457,578	1,552,395	1,602,487	1,651,515
Charges for Current Services	140,367	139,037	140,736	123,408
Other Revenues	36,998	42,495	37,117	38,523
TOTAL AVAILABLE FUNDS	<u>\$ 2,201,594</u>	<u>2,325,086</u>	<u>2,409,678</u>	<u>2,477,037</u>

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

⁽²⁾ FY 2014-15 General Government and Education, Cultural and Recreation amounts have been corrected as appropriations for Education were included in General Government.

⁽³⁾ FYs 2013-14, 2014-15 and 2015-16 General Government and Health and Sanitation have been corrected as appropriations for General Government were included in Health and Sanitation.

**COUNTY OF SACRAMENTO
HISTORY OF GROSS ASSESSED VALUATIONS
(amounts expressed in thousands)**

Fiscal Year	Total Gross Assessed Valuation	Secured/Unsecured Roll Growth
2008-09	\$ 140,630,362	2.12 %
2009-10	131,627,518	(6.40)
2010-11	128,769,551	(2.17)
2011-12	124,811,747	(3.07)
2012-13	121,495,032	(2.66)
2013-14	126,311,592	3.96
2014-15	134,497,818	6.48
2013-16	140,691,284	4.60
2016-17	148,052,405	5.23
2017-18	157,548,105	6.41

**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 ^A	Total Collection Current Levy
2008-09	\$ 1,277,763	\$ 48,906	3.83 %	\$ 1,228,857	96.17 %
2009-10	1,174,519	33,222	2.83	1,141,297	97.17
2010-11	1,151,004	26,205	2.28	1,124,799	97.72
2011-12	1,112,482	19,365	1.74	1,093,117	98.26
2012-13	1,079,750	14,936	1.38	1,064,814	98.62
2013-14	1,145,549	13,511	1.18	1,132,038	98.82
2014-15	1,219,035	12,480	1.02	1,206,555	98.98
2013-16	1,273,652	10,723	0.84	1,262,929	99.16
2016-17	1,344,330	10,670	0.79	1,333,660	99.21

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

COUNTY OF SACRAMENTO
Largest Secured Taxpayers FY 2017-18
(includes levies for bond debt service and special assessments)

Taxpayer	Amount
Pacific Gas & Electric	\$ 12,519,564
AT&T Communications	7,795,138
Intel Corporation	7,156,451
MP Holdings	5,675,889
BRE Delta Industrial Sacramento	4,239,133
Walmart	4,146,981
Cummings Trust	3,986,032
Oakmont	3,760,416
Donahue Schriber Realty Group	3,298,039
Conrad Ethan	3,184,688
Total (represents 2.87% secured tax roll levy):	<u><u>\$ 55,762,331</u></u>

COUNTY OF SACRAMENTO
Total General Fund Revenues, Expenditures and Changes in Fund Balance FY 2012-13 through FY 2016-17
(amounts expressed in thousands)

	<u>FY 2012-13^A</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>
Beginning Fund Balance (as restated beginning FY 2011-12 and FY 2012-13)	\$ 205,205	179,315	199,437	249,830	274,921
Revenues					
Taxes	411,626	438,057	463,728	494,863	514,893
Use of money/property	5,650	6,814	7,280	7,113	6,808
Licenses and permits	10,734	12,421	11,134	11,969	12,252
Intergovernmental	1,301,943	1,421,669	1,466,676	1,489,123	1,576,802
Charges for sales and services	118,067	137,240	134,703	141,723	140,190
Fines, forfeitures and penalties	20,345	29,290	28,626	25,096	26,983
Miscellaneous	47,584	35,113	45,215	38,834	49,782
Total Revenues	<u>1,915,949</u>	<u>2,080,604</u>	<u>2,157,362</u>	<u>2,208,721</u>	<u>2,327,710</u>
Transfers in	29,588	16,012	13,406	20,202	9,959
Total Revenues and Transfers	<u>1,945,537</u>	<u>2,096,616</u>	<u>2,170,768</u>	<u>2,228,923</u>	<u>2,337,669</u>
Expenditures					
General government	84,423	91,145	97,544	108,869	102,233
Public assistance	597,598	621,588	656,873	663,373	671,766
Public protection	647,348	704,191	737,049	778,690	797,977
Health and sanitation	525,886	536,943	493,513	526,162	575,906
Public ways and facilities					
Recreation and culture	17,174	18,500	16,011	17,670	16,984
Education	306	275	318	319	332
Total Expenditures	<u>1,872,735</u>	<u>1,972,642</u>	<u>2,001,308</u>	<u>2,095,083</u>	<u>2,165,198</u>
Transfers out	98,692	103,852	119,067	108,749	114,634
Total Expenditures and Transfers	<u>1,971,427</u>	<u>2,076,494</u>	<u>2,120,375</u>	<u>2,203,832</u>	<u>2,279,832</u>
Net change in fund balance	<u>(25,890)</u>	<u>20,122</u>	<u>50,393</u>	<u>25,091</u>	<u>57,837</u>
Ending Fund Balance	<u>\$ 179,315</u>	<u>199,437</u>	<u>249,830</u>	<u>274,921</u>	<u>332,758</u>

A) Restated ending fund balance FY 2012-13

COUNTY OF SACRAMENTO

Lease Obligations

As of July 1, 2017

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	\$ 54,135,000	2027	100%
2003 Certificates of Participation; dated 05/07/03	Boys Ranch; Mather Golf Course; Thornton Youth Center	15,230,000	10,860,000	2034	100%
2003 Certificates of Participation; dated 06/19/03	Juvenile Courthouse	36,150,000	26,725,000	2034	100%
2006 Certificates of Participation; dated 05/11/06	Fleet Maintenance Facility; Voters Registration Facility	40,860,000	19,850,000	2035	100%
2007 Certificates of Participation; dated 08/16/07	Animal Care Facility; Youth Detention Facility Expansion	46,260,000	39,120,000	2038	100%
1999 River City Regional Stadium Financing Authority, Taxable Lease Revenue Bonds	River Cats Stadium	39,990,000	28,295,000	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	62,565,000	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, 2017

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	\$ 182,906,148	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	336,065,000	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, 2017
(amounts expressed in thousands)

Description	Original Loan Amount	Principal Amount Outstanding	Final Maturity
Sacramento County (Teeter Plan)	\$ 28,374	\$ 1,123	08/01/2017
Sacramento County (Teeter Plan)	23,100	2,186	08/01/2018
Sacramento County (Teeter Plan)	20,996	4,514	08/01/2019
Sacramento County (Teeter Plan)	19,522	5,727	08/03/2020
Sacramento County (Teeter Plan)	17,391	9,299	08/02/2021

COUNTY OF SACRAMENTO
County of Sacramento Aggregate Debt Service
Current Outstanding Debt-Certificates of Participation Only
(includes principal and interest)
As of July 1, 2017

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
2018	\$ 6,320,213	958,270	2,216,475	2,405,975	3,001,113	13,186,075	2,364,062	30,452,183
2019	6,318,419	959,780	2,211,775	2,413,925	3,001,038	9,340,775	2,360,578	26,606,290
2020	6,317,600	959,980	2,215,075	1,585,075	3,002,788	9,157,675	2,357,828	25,596,021
2021	6,317,281	958,830	2,215,700	1,580,425	3,001,538	5,659,950	2,352,074	22,085,798
2022	6,316,988	966,780	2,213,575	1,584,425	2,997,288	5,257,625	2,349,444	21,686,125
2023	6,316,244	957,860	2,213,575	1,581,625	3,004,663	5,260,875	2,345,929	21,680,771
2024	6,319,456	958,250	2,215,450	1,582,250	2,998,538	5,258,125	2,340,991	21,673,060
2025	6,316,150	960,250	2,214,281	1,585,160	3,003,788	5,260,175	2,337,289	21,677,093
2026	6,315,850	960,750	2,215,419	1,581,000	3,000,163	5,257,825	2,334,014	21,665,021
2027	6,317,844	959,750	2,214,006	1,580,000	2,997,663	5,259,262	2,327,158	21,655,683
2028	6,316,538	957,250	2,214,938	1,582,750	3,000,913	5,262,475	2,322,579	21,657,443
2029		963,250	2,213,106	1,582,750	2,999,663	5,261,600	2,316,000	15,336,369
2030		957,250	2,212,000	1,580,000	2,998,788	5,261,063	2,309,811	15,318,912
2031		959,750	2,215,750	1,584,500	2,998,038			7,758,038
2032		955,250	2,215,000	1,580,750	3,002,038			7,753,038
2033		959,000	2,214,625	1,584,000	3,000,538			7,758,163
2034		955,500	2,214,375	1,583,750	3,003,288			7,756,913
2035			2,214,000	735,000	3,000,038			5,949,038
2036					3,005,413			3,005,413
2037					2,999,163			2,999,163
2038					3,004,706			3,004,706
Total	<u>\$ 69,492,583</u>	<u>16,307,750</u>	<u>39,859,125</u>	<u>29,293,360</u>	<u>63,021,166</u>	<u>84,683,500</u>	<u>30,417,757</u>	<u>333,075,241</u>

⁽¹⁾ County required to pay only 66.667 percent 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, 2017

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
2018	\$ 71,397,312	7,644,393	31,188,695	10,754,257	4,894,219	8,117,100	133,995,976	30,452,183	164,448,159
2019	41,506,816	7,644,393	30,898,766	42,373,416	4,894,219	8,117,100	135,434,710	26,606,290	162,041,000
2020	47,356,920	7,644,393	33,312,489	38,210,396	4,894,219	8,117,100	139,535,517	25,596,021	165,131,538
2021	53,371,768	7,644,393	33,813,999	35,792,492	4,894,219	8,117,100	143,633,971	22,085,798	165,719,769
2022	59,573,008	7,644,393	35,700,648	31,803,530	4,894,219	8,117,100	147,732,898	21,686,125	169,419,023
2023		99,427,255	36,533,905	3,740,292	4,894,219	8,117,100	152,712,771	21,680,771	174,393,542
2024		40,035,058	38,281,039	60,130,146	4,894,219	8,117,100	151,457,562	21,673,060	173,130,622
2025			39,239,366		76,322,107	34,437,113	149,998,586	21,677,093	171,675,679
2026			41,211,936			87,718,562	128,930,498	21,665,021	150,595,519
2027			43,011,983				43,011,983	21,655,683	64,667,666
2028			44,238,161				44,238,161	21,657,443	65,895,604
2029			46,212,341				46,212,341	15,336,369	61,548,710
2030			47,915,587				47,915,587	15,318,912	63,234,499
2031			48,879,209				48,879,209	7,758,038	56,637,247
2032								7,753,038	7,753,038
2033								7,758,163	7,758,163
2034								7,756,913	7,756,913
2035								5,949,038	5,949,038
2036								3,005,413	3,005,413
2037								2,999,163	2,999,163
2038								3,004,706	3,004,706
Total	<u>\$ 273,205,824</u>	<u>177,684,278</u>	<u>550,438,124</u>	<u>222,804,529</u>	<u>110,581,640</u>	<u>178,975,375</u>	<u>1,513,689,770</u>	<u>333,075,241</u>	<u>1,846,765,011</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 percent (20-year average of 1 month LIBOR + 3.00 percent) for \$12,365,000 of the 2030 Term Bond.

⁽²⁾ Issuance of the Series 2013 Refunding Bonds resulted in the redemption of the Series 2004C-3 Bonds on July 10, 2014.

COUNTY OF SACRAMENTO
Variable Rate Debt/Interest Rate Swap

Issue	2008 C-1 Refunding POBs (2004C-1)
Type of Underlying Obligation	Floating Rate Notes 1-mo LIBOR+130 BPS \$156,750,000; 1-mo LIBOR+145 BPS \$179,315,000
Bond Amount Outstanding as of July 1, 2016	\$336,065,000
Insurer	FSA
Swap Counterparty	Merrill Lynch
Swap Notional \$ as of September 29, 2017	\$316,450,000
Payment Terms	County pays 5.901%; Counterparty pays 100% 1-mo LIBOR
Est. Valuation (9/29/17) (includes accrued interest)	Negative (\$91,876,790)
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, the Airport System Subordinate and PFC/Grant Revenue Bonds, Series 2008 and 2009 and the Airport System Subordinate Revenue Refunding Bonds, Series 2016B, (collectively, the "Certificate"), the Sacramento County Department of Airports is including this section to meet the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5)(the Rule).

Beginning with the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2007-2008, and each CAFR thereafter, the Bond Disclosure Section provides the required information consistent with Sections 4 of the Certificate. The CAFR is filed with each National and State Repository specified in the Rule, and with any other repository that shall be identified in the future.

ANNUAL REPORT

The following items are required by the Certificate to be included in the Annual Report:

- (A) The audited financial statements of the 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 of this report.
- (B) An annual updating, to reflect results of the most recently completed fiscal year, of the following tables:
 - 1. Historical Enplaned Passengers – Exhibit 1
 - 2. Historical Aircraft Landed Weight – Exhibit 2
 - 3. Airlines' Market Shares of Enplaned Passengers – Exhibit 3
 - 4. Statement of Revenues, Expenses and Changes in Net Position – Exhibit 4
 - 5. Airline and Nonairline Revenues – Exhibit 5
 - 6. Summary of Historical Revenues, Expenses and Debt Service Coverage – Exhibit 6

REPORTING OF SIGNIFICANT EVENTS

The County had previously posted rating changes for Assured Guaranty Municipal Corporation while these bonds are insured by Assured Guaranty Corporation. Assured Guaranty Corporation is currently rated A2 by Moody's Investor Services and AA by Standard and Poor's Rating Services.

No material events, as identified in Section 5 of the Certificate, have occurred for any of the outstanding bonds issued by the Department of Airports, and there is no knowledge on the part of the County of any impending 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	2008	2009	2010 ²	2011 ²	2012 ²	2013 ²	2014 ²	2015	2016	2017
Major and other airlines ¹	4,741,169	4,468,169	4,319,759	4,223,908	4,203,561	4,117,949	4,061,686	4,306,807	4,483,792	4,713,231
Regional airlines	553,087	236,689	230,150	255,833	276,442	301,596	314,551	321,790	459,393	484,953
Total	<u>5,294,256</u>	<u>4,704,858</u>	<u>4,549,909</u>	<u>4,479,741</u>	<u>4,480,003</u>	<u>4,419,545</u>	<u>4,376,237</u>	<u>4,628,597</u>	<u>4,943,185</u>	<u>5,198,184</u>
Percent change from prior year	(0.25)%	(11.13)%	(3.29)%	(1.54)%	0.01 %	(1.35)%	(0.98)%	5.77 %	6.80 %	5.16 %

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)

	2008	2009 ²	2010 ²	2011 ²	2012 ²	2013 ²	2014	2015	2016	2017
Passenger airlines										
Major and other airlines ¹	6,293,924	5,743,444	5,449,118	5,077,482	5,047,200	4,799,438	4,693,297	4,782,686	4,890,000	5,182,816
Regional airlines	456,937	329,445	476,023	285,754	245,872	334,097	353,852	350,506	508,376	570,233
Subtotal	<u>6,750,861</u>	<u>6,072,889</u>	<u>5,925,141</u>	<u>5,363,236</u>	<u>5,293,072</u>	<u>5,133,535</u>	<u>5,047,149</u>	<u>5,133,192</u>	<u>5,398,376</u>	<u>5,753,049</u>
All cargo airlines	982,234	800,830	610,385	581,195	613,981	646,113	964,965	651,887	687,612	728,575
Total	<u>7,733,095</u>	<u>6,873,719</u>	<u>6,535,526</u>	<u>5,944,431</u>	<u>5,907,053</u>	<u>5,779,648</u>	<u>6,012,114</u>	<u>5,785,079</u>	<u>6,085,988</u>	<u>6,481,624</u>
Percent change from prior year	(0.13)%	(11.11)%	(4.92)%	(9.04)%	(0.63)%	(2.16)%	4.02 %	(3.78)%	5.20 %	6.50 %

Source: Department of Airports statistics reports.

¹ Major airlines are defined for this analysis as scheduled airlines operating aircraft with 60 or more seats; other airlines are nonscheduled.

² Fiscal year 2009-2013 figures have been revised.

COUNTY OF SACRAMENTO
Airlines' Market Shares of Enplaned Passengers - Last 5 Years
Fiscal Year Ended June 30
Exhibit 3

	2013	2014	2015	2016	2017
Percentage of Total Enplanements					
Major Airlines ¹					
Southwest Airlines	52.10 %	52.60 %	53.10 %	51.80 %	51.50 %
United Airlines	8.30	8.40	7.60	10.10	9.90
Delta Air Lines	6.20	6.50	6.30	11.10	10.60
Alaska Airlines	5.30	5.30	6.20	8.40	8.10
US Airways	5.40	5.50	5.80		
American Airlines	5.50	5.50	5.30	12.20	13.00
Jet Blue Airlines	3.20	3.00	2.90	2.80	2.90
Horizon Airlines	2.70	2.60	2.30		
Hawaiian Airlines	2.00	1.90	1.80	1.70	1.70
Frontier Airlines	1.50				
Aeromexico	0.70	0.80	1.00	1.10	1.30
Volaris Airlines	0.30	0.60	0.80	0.80	1.00
Republic Airlines		0.10			
Regional Airlines ²					
Skywest	6.80	7.20	6.10		
Mesa/Delta Connection			0.80		
Subtotal	<u>100.00 %</u>				

Source: Department of Airports statistics reports.

¹ Defined for this analysis as scheduled airlines operating with 60 or more seats.

² Regional Airlines enplanements are included in the Major Airlines enplanements starting FY 2015-2016.

COUNTY OF SACRAMENTO
Airlines' Market Shares of Enplaned Passengers - Last 5 Years
Fiscal Year Ended June 30
Exhibit 3

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

Source: Department of Airports statistics reports.

¹ Defined for this analysis as scheduled airlines operating with 60 or more seats.

² Regional Airlines enplanements are included in the Major Airlines enplanements starting FY 2015-16.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating revenue:										
Concessions	\$ 66,416,283	68,600,549	63,442,108	63,341,578	66,002,772	68,752,509	69,451,723	73,880,574	78,775,227	82,409,252
Building rents	17,152,979	35,384,002	35,885,350	30,697,623	47,204,495	61,114,151	61,119,198	61,887,092	65,012,503	66,066,673
Airfield charges	22,352,752	10,710,482	26,044,373	20,931,781	23,395,617	21,849,813	25,299,370	19,102,672	21,043,860	23,671,438
Ground leases	3,641,980	2,314,441	2,749,183	1,987,622	1,874,055	1,900,740	1,927,849	1,910,052	2,034,604	2,107,408
Sale of fuel	808,229	580,904	532,032	653,673	755,877	809,600	854,030	664,423	604,640	461,300
Airport services	911,360	1,100,127	898,153	920,930	4,136,078	4,819,705	331,277	798,098	1,000,679	949,129
Other	101,491	299,511	165,604	85,366	379,768	146,116	13,902	196,451	72,246	84,267
Total operating revenue	<u>111,385,074</u>	<u>118,990,016</u>	<u>129,716,803</u>	<u>118,618,573</u>	<u>143,748,662</u>	<u>159,392,634</u>	<u>158,997,349</u>	<u>158,439,362</u>	<u>168,543,759</u>	<u>175,749,467</u>
Operating expense:										
Salaries and benefits	32,174,897	33,640,076	33,084,803	35,989,114	37,081,912	36,149,138	30,302,735	27,021,772	26,842,856	30,372,684
Services and supplies	54,266,378	49,870,807	48,995,957	46,369,353	58,008,301	57,088,926	54,044,934	51,885,789	58,110,395	57,602,169
Cost of goods sold	665,627	497,815	431,389	542,657	628,838	641,268	648,940	509,938	431,554	361,608
Depreciation	23,707,907	25,750,395	26,928,736	29,750,690	43,847,407	51,673,862	54,204,762	53,531,817	50,565,547	52,011,580
Other	837,710	881,876	872,816	983,348	10,630	238,992	413,110	229,703	480,259	574,703
Total operating expense	<u>111,652,519</u>	<u>110,640,969</u>	<u>110,313,701</u>	<u>113,635,162</u>	<u>139,577,088</u>	<u>145,792,186</u>	<u>139,614,481</u>	<u>133,179,019</u>	<u>136,430,611</u>	<u>140,922,744</u>
Operating income (loss):	<u>(267,445)</u>	<u>8,349,047</u>	<u>19,403,102</u>	<u>4,983,411</u>	<u>4,171,574</u>	<u>13,600,448</u>	<u>19,382,868</u>	<u>25,260,343</u>	<u>32,113,148</u>	<u>34,826,723</u>
Nonoperating revenue (expense):										
Interest income	7,519,233	6,155,861	1,886,860	411,537	915,635	1,836,288	813,327	(54,853)	2,000,910	1,915,111
Passenger facility charges revenue	26,653,518	21,489,873	19,618,136	18,348,304	18,022,076	17,604,328	17,160,771	18,514,213	19,285,187	20,544,539
Intergovernmental revenue	1,620,376	978,992	954,695	622,320	1,637,600	1,578,104	838,145	467,561	867,632	404,582
Gain (loss) on disposal of assets	(17,151)	64,262	(65,452)	10,020	(77,140)	44,886	(62,967)	141,167	(29,493)	260,372
Other nonoperating revenue (expense)	(40,754)	157,388	237,958	1,291,437	42,425	176,702	(32,690)	208,536	299,019	149,481
Amortization of bond issuance cost ¹	(257,068)	(563,240)	(700,471)	(744,688)	(750,981)	(703,026)	(405,146)	(405,146)	(405,146)	(388,175)
Interest expense	(12,651,944)	(18,203,544)	(17,105,647)	(15,473,662)	(26,906,214)	(59,286,319)	(58,323,780)	(57,381,887)	(56,140,352)	(53,042,527)
Net nonoperating revenue (expense)	<u>22,826,210</u>	<u>10,079,592</u>	<u>4,826,079</u>	<u>4,465,268</u>	<u>(7,116,599)</u>	<u>(38,749,037)</u>	<u>(40,012,340)</u>	<u>(38,510,409)</u>	<u>(34,122,243)</u>	<u>(30,156,617)</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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Income (loss) before capital contributions and transfers	22,558,765	18,428,639	24,229,181	9,448,679	(2,945,025)	(25,148,589)	(20,629,472)	(13,250,066)	(2,009,095)	4,670,106
Capital contributions	<u>13,932,530</u>	<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>
Transfer out ²							(2,711,985)	(2,765,151)	(2,231,084)	(2,406,265)
Changes in net position	36,491,295	25,364,096	31,590,310	24,004,986	11,447,928	29,820,947	(13,919,852)	(4,558,644)	7,128,764	17,798,589
Total net position, beginning of year ³	<u>440,221,864</u>	<u>476,713,159</u>	<u>502,077,255</u>	<u>533,667,565</u>	<u>557,672,551</u>	<u>569,120,479</u>	<u>591,684,369</u>	<u>553,291,895</u>	<u>548,733,251</u>	<u>555,862,015</u>
Total net position, end of year	<u>\$476,713,159</u>	<u>502,077,255</u>	<u>533,667,565</u>	<u>557,672,551</u>	<u>569,120,479</u>	<u>598,941,426</u>	<u>577,764,517</u>	<u>548,733,251</u>	<u>555,862,015</u>	<u>573,660,604</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 Airports in FY 2013-14 and FY 2014-15.

³ The beginning net position for FY 2015 has been restated to reflect the implementation of GASB Statement No. 68.

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

Page 1 of 2

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Airline Revenue					
Terminal building rents and fees	\$ 49,713,163	49,256,400	49,107,465	51,435,525	52,839,550
Aircraft parking fees	2,868,612	3,219,785	3,380,337	3,265,090	3,416,495
Loading bridge fees	2,300,004	2,330,794	2,600,865	3,387,186	2,922,392
Landing fees	21,723,306	25,144,577	18,921,694	20,811,054	23,677,390
Airport services	3,838,646	-	-	-	-
Total Airline revenue	<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>
Less cargo revenues	<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>
Passenger airline operating revenues	<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>
Enplaned passengers	4,419,545	4,376,237	4,628,597	4,943,185	5,198,184
Cost per Enplaned Passenger (CPE)	\$ 17.61	17.59	15.50	15.45	15.37
Nonairline Revenue					
Airfield area					
Commercial fees	\$ 23,290	43,918	28,498	29,320	-
Other landing fees	9,071	20,586	20,420	61,668	56,359
Fuel sales	<u>1,007,915</u>	<u>1,058,430</u>	<u>902,546</u>	<u>877,125</u>	<u>737,132</u>
Subtotal	<u>1,040,276</u>	<u>1,122,934</u>	<u>951,464</u>	<u>968,113</u>	<u>793,491</u>
Terminal building					
Food/beverage	3,399,419	3,633,335	3,645,630	4,156,648	4,662,410
Merchandise	2,037,097	1,827,309	2,010,780	2,203,245	2,323,964
Advertising	795,077	885,923	861,913	850,159	813,827
Telephones	290,575	448,777	450,062	380,803	394,664
Vending	350,401	380,335	397,273	407,224	445,267
Other terminal rents	<u>1,325,656</u>	<u>1,285,975</u>	<u>1,396,835</u>	<u>1,389,435</u>	<u>1,422,993</u>
Subtotal	<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>
Parking	<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>

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

Page 2 of 2

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Other areas					
Autorentals	10,113,145	10,232,136	10,361,106	11,295,361	11,841,060
Autorental shuttle bus fees	3,081,002	2,969,309	2,913,934	3,073,675	3,577,686
Taxi/shuttle bus fees	565,921	647,788	693,316	954,025	1,293,349
Tiedown and hangars	715,789	720,101	718,237	715,793	734,240
FBO rentals	96,960	103,826	91,461	91,461	92,460
Aviation ground leases	1,702,425	1,723,450	1,671,929	1,762,119	1,831,576
Other rentals/miscellaneous	4,179,735	4,284,393	4,683,211	4,817,517	4,705,159
Subtotal	<u>20,454,977</u>	<u>20,681,003</u>	<u>21,133,194</u>	<u>22,709,951</u>	<u>24,075,530</u>
Other revenue					
Service fees	981,059	331,277	798,098	1,000,679	949,129
Miscellaneous revenue ¹	1,922,882	842,386	928,924	1,006,661	514,198
Subtotal	<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>
Total Non Airline Revenue	80,703,711	79,851,248	85,105,098	90,511,555	93,447,703
Interest income ²	1,787,484	786,576	(187,198)	1,440,381	1,805,024
Total Non Airline Revenue	<u>\$ 82,491,195</u>	<u>80,637,824</u>	<u>84,917,900</u>	<u>91,951,936</u>	<u>95,252,727</u>

Source: Airports financial statements;

¹As permitted under the Bond Indenture, FY 2010-11 amount includes transfer from the Capital Improvement Fund to offset settlement of FY 2009-10 airline rates and charges.

²As defined in the Bond Indenture.

³Landing fee for FY 2014-15 have been revised to include charters and commuters.

COUNTY OF SACRAMENTO
Summary of Historical Revenue, Expenses and Debt Service Coverage - Last 7 Years
Fiscal Years Ended June 30
Exhibit 6

	2011	2012 ²	2013 ²	2014	2015	2016	2017
Rate Covenant - per Section 6.04 (b)(i)							
Revenues ¹	\$ 128,179,835	146,057,155	162,934,925	160,589,380	158,928,261	171,150,791	178,108,554
Operating expenses ²	(83,884,472)	(95,729,680)	(94,118,325)	(88,121,704)	(82,412,353)	(88,096,148)	(91,317,429)
Net revenues	44,295,363	50,327,475	68,816,600	72,467,676	76,515,908	83,054,643	86,791,125
Transfer (limited to 25%)	4,321,838	8,995,140	13,031,769	12,357,018	13,391,226	13,390,638	13,338,831
Net revenues + Transfer	\$ 48,617,201	59,322,615	81,848,369	84,824,694	89,907,134	96,445,281	100,129,956
Accrued debt service on senior obligations ³	\$ 17,287,350	35,980,560	52,127,074	49,428,071	53,564,902	53,562,551	53,355,325
Debt service coverage (>1.25)	2.81	1.65	1.57	1.72	1.68	1.80	1.88
Rate Covenant - per Section 6.04 (b)(ii)							
Net revenues	\$ 44,295,363	50,327,475	68,816,600	72,467,676	76,515,908	83,054,643	86,791,125
Transfer (limited to 10%)	1,728,735	3,598,056	5,212,707	4,942,807	5,356,490	5,356,255	5,335,533
Net revenues + Transfers	\$ 46,024,098	53,925,531	74,029,307	77,410,483	81,872,398	88,410,898	92,126,658
Accrued debt service on senior obligations	\$ 17,287,350	35,980,560	52,127,074	49,428,071	53,564,902	53,562,551	53,355,325
Debt service on subordinate obligations ⁴	31,129,931	30,112,081	30,159,794	30,211,816	30,271,621	21,944,846	20,832,404
Less: Available PFC Revenues	(22,005,931)	(21,941,081)	(21,939,794)	(21,940,816)	(21,942,737)	(21,944,846)	(20,832,404)
Less: Available Grant Revenues	(9,124,000)	(8,171,000)	(8,220,000)	(8,271,000)	(8,328,884)		
Accrued debt service on sr. & sub. obligations	\$ 17,287,350	35,980,560	52,127,074	49,428,071	53,564,902	53,562,551	53,355,325
Debt Service Coverage (>1.10)	2.66	1.50	1.42	1.57	1.53	1.65	1.73

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.

⁴ Per the Fourth Supplemental Indenture, PFC and LOI Subordinate Revenue Bonds are payable from and secured by pledged Available PFC Revenues, Available Grant Revenues and Net Revenues, subordinate and junior to the lien on Senior Revenue Bonds.

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2013 through 2017**

On April 8, 2003, the Agency entered into a Joint Exercise of Powers Agreement with Sacramento County to form the Sacramento County Water Agency Financing Authority (the Authority) for the purpose of facilitating the financing of acquisition and/or construction of real and personal property in and for the Agency. The Board of Directors of the Agency serves as the Authority's governing board. For financial reporting purposes, the Master Installment Purchase Contract between the Agency and the Authority has been eliminated.

The Authority is not a blended component unit of the Agency Enterprise Fund but it is a blended component unit of the Sacramento County Water Agency. However, all balances and transactions of the Authority are presented as part of the Agency Enterprise Fund's financial statements.

This section is provided in accordance with the requirements of the Continuing Disclosure Certificate (the Certificate) for the Sacramento County Water Financing Authority Revenue Bonds Series 2007A and Series 2007B. The material provided under the Certificate is intended to meet or exceed the requirements of Securities and Exchange Commission Rule 15c-12(b)(5) (the Rule). The data tables provided herein apply to both 2007 issues.

This Bond Disclosure Section included within the County of Sacramento's Comprehensive Annual Financial Report (CAFR) provides the information required by the Continuing Disclosure Certificate. The CAFR, in turn, will be filed with each National Repository specified in the Rule, and with any other repository that shall be identified in the future.

ANNUAL REPORT

As required by the Certificate, this annual report is incorporated into the CAFR and thus, includes by reference, the audited financial statements of the Agency for the prior fiscal years. Refer to the Financial Section, pages 33 of this report.

The annual report also contains the following five (5) sections as required in the Certificate:

- (1) Approximate number of connections to which the Agency delivered water
- (2) Zone 40 Monthly Service Fee generally imposed on customers
- (3) Zone 41 Monthly Service Fee generally imposed on customers
- (4) Zone 40 Impact Fees
- (5) Information contained in "Summary of Projected Operating Results" table on page 25 of the 2003 Bonds Official Statement

REPORTING OF SIGNIFICANT EVENTS

As of July 1, 2009, the original bond insurer for the Sacramento County Water Financing Authority Revenue Bonds Series 2007, Financial Guaranty Insurance Company (FGIC), had this transaction "reinsured" by MBIA Insurance Corporation, which is now National Public Finance Guarantee Corporation, and was rated "Baa1" by Moody's and "A" by Standard and Poor's. On December 19, 2011, Moody's downgraded National Public Finance Guarantee Corporation to "Baa2", and on May 21, 2013, Moody's upgraded the rating back to "Baa1". On March 18, 2014, Standard & Poor's upgraded National Public Finance Guarantee Corporation from "A" to "AA-". At the end of Fiscal Year 2013-14 these ratings had not changed. The Series 2007 Revenue Bonds now carry the Agency's underlying ratings of "Aa3" from Moody's and the bond insurer rating of "AA-" from Standard and Poor's.

The above insurer downgrades were disclosed as material events when the downgrades were announced. No additional significant events, as identified in Section 5 of the Certificates, have occurred during the fiscal year ended June 30, 2017.

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2013 through 2017**

As of June 30, 2017, 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-16</u>	<u>2016-17</u>
Number of connections	50,813	51,652	52,400	53,439	54,464
Annual Percent Increase	1.3 %	1.7 %	1.4 %	2.0 %	1.9 %

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

Fiscal Year:	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-16</u>	<u>2016-17</u>
Monthly Rate:	\$ 25.80	27.30	28.80	28.80	28.80

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

Fiscal Year:	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-16</u>	<u>2016-17</u>
Monthly Rate:	\$ 36.99	38.99	39.99	42.39	44.54

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

Effective Date (Month-Yr)	<u>Mar-13</u>	<u>Mar-14</u>	<u>Mar-13</u>	<u>Mar-16</u>	<u>Mar-17</u>
Development Fee (per EDU) (Domestic, Commercial, Other Service)	\$ 13,447	13,965	14,955	15,380	16,104
Annual increase	2 %	4 %	7 %	3 %	4 %
Commercial Service (per acre)	\$ 8,205	8,521	8,521	8,763	9,175
Annual increase	2 %	4 %	0 %	3 %	4 %
Other Service (per acre)	\$ 1,590	1,651	1,651	1,698	1,778
Annual increase	2 %	4 %	0 %	3 %	4 %

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2013 through 2017**

ADDITIONAL INFORMATION (Continued)

Zone 50 Impact Fees (implemented December 2005)

Effective Date (Month-Yr)	<u>Mar-13</u>	<u>Mar-14</u>	<u>Mar-13</u>	<u>Mar-16</u>	<u>Mar-17</u>
Development Fee (per EDU) (Domestic, Commercial, Other Service)	\$ 241	250	257	259	269
Annual increase	2 %	4 %	3 %	1 %	4 %
Commercial (per acre)	\$ 3,476	3,610	3,713	3,738	3,888
Annual increase	2 %	4 %	3 %	1 %	4 %
Other Service (per acre)	\$ 3,476	3,610	3,713	3,738	3,888
Annual increase	2 %	4 %	3 %	1 %	4 %

**Annual Report for the Sacramento County
Water Agency Enterprise Fund
For the Fiscal Year Ended June 30, 2015 through 2017**

Section 4(b)(v) Summary of Historical Operating Results

**Revenues, Maintenance and Operations Costs, Net Revenue (as these three terms are
defined in the Installment Purchase Contract) and Reserve Balances of the Agency
For the Fiscal Years Ended June 30
(amounts expressed in thousands)**

	<u>2014-15</u>	<u>2013-16</u>	<u>2016-17</u>
Revenues:			
Operating revenues			
Water service charges	\$ 44,594	42,818	46,703
Charges for services	1,471	2,257	2,508
Development fees	15,141	20,130	13,762
Connection fees	338	415	254
Other	2,105	1,613	1,338
Total net operating revenues	<u>63,649</u>	<u>67,233</u>	<u>64,565</u>
Nonoperating revenues			
Total interest income (excludes fair market value adjustments)	1,339	1,324	1,798
Less: interest earnings on reserves	<u>(1,201)</u>	<u>(1,206)</u>	<u>(1,204)</u>
Net interest income	<u>138</u>	<u>118</u>	<u>594</u>
Total nonoperating revenues	<u>138</u>	<u>118</u>	<u>594</u>
Total revenues	<u>63,787</u>	<u>67,351</u>	<u>65,159</u>
Adjusted annual revenues (1)	63,787	67,351	65,159
Maintenance & operating expenses (excludes depreciation and includes non-bond related interest expense)	<u>24,272</u>	<u>24,048</u>	<u>27,812</u>
Net revenues	39,515	43,303	37,347
Impact fee credits	<u>(3,950)</u>	<u>(5,454)</u>	<u>(2,117)</u>
Net revenue less impact fee credits	<u>35,565</u>	<u>37,849</u>	<u>35,230</u>
Debt service			
Debt service on 2007 bonds	25,655	25,676	25,669
Less int earnings on reserve	<u>(1,201)</u>	<u>(1,206)</u>	<u>(1,204)</u>
Adjusted annual debt service	<u>24,454</u>	<u>24,470</u>	<u>24,465</u>
Debt service coverage (1)	1.62	1.77	1.53
Debt service coverage net of impact fee credits	1.45	1.55	1.44
Pay-as-you-go capital	<u>9,516</u>	<u>13,299</u>	<u>10,390</u>
Net cash flow of year's operations	<u>\$ 1,595</u>	<u>81</u>	<u>375</u>
Reserves end of year	<u>\$ 52,031</u>	<u>45,521</u>	<u>44,167</u>
Bond reserve account end of year	<u>\$ 25,713</u>	<u>25,713</u>	<u>25,713</u>

(1) Calculated in accordance with the Master Installment Purchase Contract

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2017**

