



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

JULIE VALVERDE  
DIRECTOR OF FINANCE



**Photo Credit:** Teresa Doan, Sr. Accountant  
Department of Finance, Auditor-Controller Division

**"This picture was taken along the American River Parkway near the Effie Yeaw Nature Center on September 25<sup>th</sup>, 2013, during my son's 3<sup>rd</sup> grade field trip. We learned about the Nisenan Indians who formerly lived along the river and survived here for centuries. The Nisenan lived off the land, sustaining themselves with the acorns, turkeys, salmon and other animals they could find along the American River. We hiked through a short walking trail to see deer, coyotes, wild turkeys, songbirds, woodpeckers, etc... We observed the river and learned that each year, this river serves as a home to many migrating salmon. It was a delightful experience to learn about the Nisenan and these amazing fish and their remarkable life cycle on this river." ~ Teresa**

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

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For The Fiscal Year Ended June 30, 2014**



**COUNTY OF SACRAMENTO**  
**STATE OF CALIFORNIA**

*Julie Valverde, Director of Finance*

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**COUNTY OF SACRAMENTO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## INTRODUCTORY SECTION

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**Internal Services****Department of Finance****Auditor-Controller Division**

Ben Lamera,  
Assistant Auditor-Controller

**County of Sacramento**

Bradley J. Hudson, County Executive  
David Villanueva, Chief Deputy County Executive  
Julie Valverde, Director of Finance

January 16, 2015

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, 2014, 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, each major fund and the aggregate remaining fund information of the County, as of June 30, 2014, 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 three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a copy of the 2012-13 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 (2014, 2018, etc.), while supervisors from District 3 and District 4 are elected in presidential election years (2016, 2020, etc.). District boundaries are adjusted after every federal census to equalize district population.

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

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

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

### **ECONOMIC CONDITION AND OUTLOOK**

The County continues to experience financial stress due, in part, to the lingering impacts of 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 now appears to be improving. Gross Assessed Valuations are expected to increase in Fiscal Year (FY) 2014-15 by approximately 6.4 percent, following a 3.96 percent increase in FY 2013-14. These increases follow four consecutive years of declines. The Sacramento Metropolitan Statistical Area (including Sacramento, Yolo, El Dorado and Placer counties) unemployment rate (not seasonally adjusted) decreased to 6.6 percent in September 2014 from 8.1 percent in September 2013.

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 two years, in part due to the improving economy and in part due to a 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 67 percent of the County's General Fund budgeted revenues. However, when State or federal funding has been cut back, the County generally has reduced programs in proportion to the funding received and not utilized County General Fund revenues to backfill the reductions in State or federal funding. With limited exceptions,

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

### **Housing Market**

Following a downturn that began in 2006, the region's housing market stabilized in 2011, and has continued to improve since that time. Median home sale prices have increased by approximately 60 percent since December 2011 to a level of \$319,000 in August 2014. Although this is a significant increase, median home sale prices are still approximately 22 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 2013, a total of 1,279 new dwelling unit permits were added to the Assessor's roll, an increase from 941 the previous calendar year, but well below the average annual number of 10,500 additions during 1999 through 2005. The total assessed valuation added during calendar year 2013 was just over \$1 billion, an increase from \$825 million added the previous calendar year, but again well below the average annual increase of \$2.6 billion 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 2014-15, the County's assessment roll is expected to increase by 6.4 percent, following an increase of 3.96 percent in FY 2013-14. This is the second annual consecutive increase, following four years of consecutive annual decreases totaling 14.3 percent from FY 2009-10 through FY 2012-13. The overall value of the roll remains approximately 4.4 percent below its peak in FY 2008-09, and the 6.4 percent growth expected in FY 2014-15 remains less than the average growth rate of 9.62 percent for the ten-year period ending FY 2008-09. The recent growth in assessed values is partially due to the Assessor continuing to move a number of parcels out of Proposition 8 "Decline in Value" status, and a continued reduction in the number of home foreclosures.

The 6.4 percent increase in assessed value for FY 2014-15 translated into a net 5.5 percent increase in Secured Property Tax Revenue to the County. The difference between gross assessed value growth and Secured Property Tax Revenue is due in part to the impact of assessment appeals, which increased dramatically during the Great Recession and its aftermath. The number of assessment appeals grew from a total of 854 in FY2006-07 to over 11,000 in FY2009-10, and have been declining ever since. For FY 2014-15 the County received approximately 2,400 appeals, but appeals sometimes take a number of years to work through the system. As outstanding appeals are resolved and the number of new appeals continues to decline, the rate of growth in Secured Property Tax Revenue will come closer to the rate of growth in assessed value.

### **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 peaked in December 2006 at approximately 988,100 jobs, decreasing to a low of approximately 913,400 jobs in December 2010. Employment began increasing in 2011, reaching approximately 975,600 in August 2014. The four-county area's unemployment rate also hit a high of 12.4 percent in December 2010, and has decreased to 7.0 percent in August 2014, compared to the national average of 6.6 percent and state average of 7.4 percent in August 2014.

### **LONG-TERM FINANCIAL PLANNING**

Each year, as part of the annual budget process, County staff prepares a General Fund Five Year Sensitivity Analysis that estimates what the impact could 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 General Fund Sensitivity Analysis suggests that if Net County Cost (expenditures funded by discretionary resources) increases by an annual average of 2 percent over the next five years, discretionary revenue and reimbursements would need to increase by an average of approximately 5 percent a year for the General Fund to be in structural balance; if Net County Cost increases by 3 percent a year,



discretionary revenue and reimbursements would need to increase by an annual average of approximately 6 percent. We estimate the Net County Cost would likely need to increase by an average of 2 percent to 3 percent a year to maintain current staffing and program levels (though this would not provide for additional discretionary reserves or resolve the general funds negative unassigned fund balance, nor be enough for full repayment of the Interfund Transfers that were used to help balance the General Fund budget during the recent recession). In FY 2013-14, discretionary revenue and reimbursements increased by 2.3 percent over the prior fiscal year and we estimate that they will increase by 4.5 percent in FY 2014-15. Based on current trends, we believe it is possible, though not certain, that discretionary revenues and reimbursements could increase by an average of 5 percent to 6 percent a year over the next five years.

In addition to a General Fund Sensitivity Analysis, each year County staff prepares multi-year Capital and Technology Improvement Plans for consideration by the Board of Supervisors. The most recent Capital and Technology Improvement Plans were reviewed by the Board in June of 2014 and identified capital and major technology system needs through FY 2018-19.

### **RELEVANT FINANCIAL POLICIES**

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

**Fund Balance and Reinvestment Policy:** In developing the annual General Fund budget:

Any growth in discretionary revenue over the current fiscal year will be used first to fund any increases that result from:

- Any memoranda of understanding (MOUs) between the County and its labor organizations; and
- All legal obligations.

Any remaining discretionary revenue growth will be appropriated as follows:

- First, up to \$10 million to repay the Interfund Transfers until fully repaid; and
- Second, 50 percent to the General Reserve and 50 percent reinvested in high priority services as determined by the Board of Supervisors.

In the event that total General Fund discretionary revenue exceeds \$566 million, any remaining discretionary revenue growth available after satisfying MOU and legal obligations and repayment of the Interfund Transfers will be appropriated as follows:

Item	Amount	Maximum
Undesignated General Reserve	5 percent	10 percent of discretionary revenues
Innovation Investment Revolving Fund	5 percent	5 percent of discretionary revenues
Management Audits	5 percent	Based on Need
High Priority Services	Balance	No Maximum

**County Budget Priorities:**

The following are the Board Priorities in order of priority:

- Mandated Countywide Obligations;
- Mandated Municipal Obligations;
- Financial Obligations (like debt service);
- Budget Priorities:
  1. Discretionary Law Enforcement
  2. Safety Net
  3. Quality of Life
  4. General Government
  5. Prevention.

**Economic Factors and Next Year's Budget and Rates**

Four major sources of revenue generated from the performance of the economy are:

- Property tax revenues (from all sources – secured, unsecured, delinquent, etc.) budgeted for Fiscal Year 2014-15 are expected to increase over the Fiscal Year 2013-14 Adopted Budget by \$32.7 million, a 10.3 percent increase. The Fiscal Year 2014-15 projection is a 6.9 percent increase over the FY2013-14 actual collections. The Fiscal Year 2014-15 projection is based on the Assessor's experience with the assessed property value roll and the appeals to those values by homeowners.
- Sales tax revenues budgeted for Fiscal Year 2014-15 are expected to increase over the Fiscal Year 2013-14 Adopted Budget by \$565,000, a 1% increase. The Fiscal Year 2014-15 projection is a 3.9 percent increase over Fiscal Year 2013-14 actual collections.
- Proposition 172 revenues budgeted for Fiscal Year 2014-15 are expected to increase over the Fiscal Year 2013-14 Adopted Budget by \$3.1 million, a 3.1 percent increase.
- Realignment revenues budgeted for Fiscal Year 2014-15 are expected to increase over Fiscal Year 2013-14 Adopted Budget by approximately \$9.5 million, a 2.3 percent increase.

The Fiscal Year 2014-15 General Fund Budget included a combination of increases and reductions that resulted in a net \$59.3 million increase in appropriations compared to the Fiscal Year 2013-14 Adopted General Fund Budget.

### **MAJOR INITIATIVES**

Sacramento County is undertaking several major initiatives notwithstanding significant fiscal limitations:

**Information Technology System Improvements:** We are currently planning on replacing three major information systems starting in FY 2015-16: the Property Tax System, Criminal Justice Information System and Budget System. Each of these systems is old and running on out-of-date platforms.

**Enhanced Services to Unincorporated Area Residents:** We are continuing efforts to enhance services to unincorporated area residents. Over the last two years (FY2013-14 and FY2014-15) we have added Code Enforcement Officers and two Community Prosecutors and increased funding and service levels for Animal Care and Parks programs.

**Enhanced Safety Net Services:** We have launched an initiative to enhance safety net services to the most vulnerable in our community, focusing particularly on the homeless, veterans, children and the elderly. The effort is not just looking at providing more resources, but involves a review of how we provide services to insure that we are addressing these needs in the most effective way possible.

**Title IV-E Foster Care Waiver:** The County has agreed to participate, effective October 1, 2014, in a federal Title IV-E Foster Care waiver program that will provide approximately \$16 million annually in additional resources over five years to implement evidence-based programs designed to reduce the number of children that need to be placed in foster care. This involves a coordinated effort by the County's Health & Human Services, Probation and Human Assistance Departments.

**Affordable Care Act Implementation:** We are continuing efforts to implement the Affordable Care Act by enrolling eligible County residents in Medi-Cal and in private health insurance through Covered California, the State's Health Benefits Exchange. With most people previously covered under the County's indigent healthcare program now covered under Medi-Cal, we have substantially scaled back County Clinic staffing and operations and our budget for specialty services. We will continue to evaluate County indigent healthcare caseloads and make further budget, staffing and program adjustments as needed.

**Planning & Development Initiatives:** The Board of Supervisors has been considering a major update to the County's Zoning Code, with changes to simplify the development review process and make doing business with the County easier, faster and less expensive, while providing additional oversight of problematic approvals. Approval is expected in 2015.

### **DEPARTMENT FOCUS**

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

#### **Airports**

- Successfully conducted the annual security table-top exercise and the triennial full-scale emergency in accordance with federal regulations. Multiple agencies participated in the exercises.



- Completed negotiation of a new fixed base operator agreement and lease at Mather Airport resulting in the successful transition of the related services from Atlantic Aviation to Mather Jet Center, operated by locally-owned SacJet. Additionally, staff successfully concluded the business development of EVA Air as a new tenant at Mather. EVA will be investing approximately \$20 million in development of an approximate 9 acre flight training campus at Mather Airport. Construction was also completed on the 150,000 gallon aviation fuel farm which replaces the original fuel farm the County received as part of the conveyance of property from the U.S. Air Force.
- Negotiated with SSP America to refresh the Food and Beverage program in Terminal A at Sacramento International Airport beginning August 1, 2014. During a short transition period while the new concepts are constructed, SSP will offer all of the food and beverage choices currently provided such as burgers, pizza, sandwiches, salads and coffee. Final Construction will be completed in a 2 phased process: in February 2015 Peet's Coffee, Cafeteria 15 L and Urban Crave bar/restaurant will open; and in April 2015 Paesano's, Squeeze Inn and Freshii will open. These new concepts will revive the Terminal A food and beverage program and enhance revenues paid to the Department as well as offer our passengers a more local flavor of Sacramento.
- Projected financial results through FY 2020 under a range of possible traffic forecast scenarios. The findings of this analysis indicated that the financial sustainability of the department under the most likely traffic scenarios would require substantial reduction to the Department's operating expenses. As a result, the Department established a goal of reducing operating expenses by 15 percent, which would then provide sufficient capacity to fund required capital expenditures and would better position the Department to reduce airline costs and encourage additional airline service.
- In cooperation with its business partners, identified opportunities to streamline operations, improve productivity, and modify service levels that are expected to result in annualized cost savings of approximately \$15 million.

#### **Animal Care**

- Added Radiography Machine to medical department to better diagnose injured animals thus allowing immediate treatment. Will save the shelter thousands of dollars in offsite x-ray costs.
- Negotiated a contract with Animal Spay and Neuter of Auburn to operate high volume spay/neuter clinic and take over County Clinic building after SSPCA gave notice they were vacating as of January 31, 2014. Clinic provides spay/neuter surgeries on shelter adoption overflow to allow adopted animals to go home sooner thus opening kennel space and TNR/BARNCAT programs which are funded by a grant from ASPCA.
- After downsizing from 19 Animal Control Trucks to 7 and not updating any vehicles for seven years we replaced the aging fleet of 7 Animal Control Trucks with new units.
- Shelter has reduced the euthanasia numbers and increased the Live Release Rate in 2014 to an average of about 67 percent which is 8 percent higher than same period last year and about 30 percent higher than 2010.
- Added an additional Veterinarian and an additional Registered Veterinary Technician to provide 7 days per week Veterinary Care for the animals in the shelter and also allow the Departments Mobile Spay/Neuter Commuter to go offsite and work in the communities that need low cost services to prevent animal overpopulation and increased shelter intake.
- Negotiated contract with City of Elk Grove to provide sheltering for animals from City of Elk Grove jurisdiction. Contract provides funding for additional Intermittent ACAs to help run the kennel operations.

**Assessor's Office**

- Received the 2013 Public Information Program Award from International Association of Assessing Officers (IAAO). The IAAO is a professional organization consisting of over 7,400 assessment officials from across the world. The award was in recognition of the redesigned Assessor's website.
- Improved permit processing by moving the application to a .Net environment. Added functionality, such as automatic mailing of cost letter and requests for rental information. Reviewed and improved screening process to ensure that all permits that could add value were sent for appraiser review.
- Implemented use of (and provided training for) a Webmail FAQ program to improve customer service.
- Completed project to capture characteristic data on duplexes, triplexes and fourplexes electronically.

**Child Support Services**

- Recognized by the State Department of Child Support Services for exceeding State mandated performance goals for FY 2012-13 in four out of five federal performance measures. In the fifth performance area, cost effectiveness, the department already exceeds the state standard.
- Received a Certificate of Appreciation from the State Department of Child Support Services for providing training to their legal staff.
- Three staff members (Gloria Rossetti, Mathew Resnick, and Adam Perry) and one former staff member (Josh Miller, now employed with Department of Technology due to the consolidation) received the Child Support Directors Association Awards for Outstanding Program Innovation and Outstanding Group Achievement with Statewide Impact for their efforts in the program.
- Significant decreases in customer wait times on both the phones and in the lobby after the implementation of several strategies focused on ensuring the delivery of effective customer service.
- Collaborated with both the Sheriff and Probation departments on programs that will assist in better serving a population of shared case participants with extraordinary obstacles, with the expectation of achieving better outcomes for families'.

**Clerk of the Board**

- Developed a process to have appeal forms available and applications for changed assessment accepted at County Service Centers
- Because of software and process improvements, FY 2013-14 real and personal property tax appeals that have been filed have all been processed into the database and hearings on them are currently being scheduled. (By law the Assessment Appeals Board has two years to schedule appeals)
- Office space was reconfigured to reduce cost, consolidate storage space and eliminate clutter.
- Timely completed several massive Public Records' Act and Administrative Records requests. Each of these requests asked for several hundred to thousands of documents and transcripts to be compiled and certified.

**Clerk / Recorder**

- County Service Center South - On March 20, 2014, officially opened the 8239 East Stockton Blvd. service center in the southern part of the county to provide more efficient service to members of those communities.
- County Service Center East - Completion of a remodel at the County Service Center East to include an information desk to more effectively assist customers, and improved signage including the County logo.
- Historical Filed Maps - Completed the restoration process of approximately 50,000 historical filed subdivision, parcel, highway and assessments maps from 1850 through current year.

- City Transfer Tax - Implementation of collection of transfer tax on behalf of the City of Sacramento. This cooperative effort will reduce the confusion experienced by customers while effectively improving the processing of these payments for the City of Sacramento.

### **Community Development**

- Indoor Ban of Marijuana with Exceptions adopted.
- NLI Sweeps in Avenues task force formed with Code, Probation, Sheriff, Waste Management and Recycling, and DOT. Meetings with apartment owners to provide training and assistance.
- Established first time booth at International Conference of Shopping Centers
- Panhandling Ordinance adopted.
- Housing Element completed with fee-only component
- Implemented PACE Program.

### **Conflict Criminal Defender**

- Presented a highly successful training program entitled “Ethics and Civility in the Practice of Law”, to Indigent Defense Panel Attorneys and Public Defenders. The program featured former Attorney General John Van de Kamp, as well as local Superior Court Judges.

### **Coroner**

- University of California, Davis (UCD) Pathology Service Agreement was amended which provided for the partial funding of a fourth Forensic Pathology position.
- Replacement found for the current Chief Forensic Pathologist. This new pathologist will bring in a wealth of knowledge and a fresh outlook on death investigation.
- A third Forensic Pathologist was also hired to start in June of 2014. In July of 2014, this office will have a total of three pathologists, including the Chief Forensic Pathologist, that are double boarded in Forensic Pathology and Pediatric Pathology.
- X-ray machine upgraded to digital. This upgrade will save on the long term costs of x-ray film and storage for x-rays. The current x-rays in storage will be scanned digitally in the FY 2014-15 and the silver procured will be sold back to the company to cover the costs of the scanning.
- GPS installed on all Coroner vehicles allowing for monitoring of locations of Coroner personnel. This will allow for enhanced safety for the employees and help with pinpointing exact location when various personnel are responding to remote locations.

### **County Counsel**

- AOC/Superior Court Settlement – Developed process to implement and facilitate settlement of a long-standing dispute with the Administrative Office of the Courts and the Sacramento Superior Court over workers’ compensation costs and distribution of fines and forfeitures resulting from State assumption of responsibility for Superior Court operations. The ultimate settlement resulted in a recovery of approximately \$700,000 for the County’s workers’ compensation fund and approximately \$1.5 million for the County general fund.
- BDCP Legal Coordination – Facilitated and provided legal assistance in coordinating County’s comments on the BDCP and its related environmental documents. Initiated the development of legal strategies to challenge any BDCP approval. Established legal team to implement those strategies should the Board of Supervisors direct this Office to do so.

- SCREA Retiree Health Care Litigation – The trial court dismissed SCREA’s litigation seeking to establish that the County’s previous retiree health care subsidy constituted a vested right. SCREA subsequently dismissed its appeal of the trial court’s decision.
- Executive Airport Litigation – Successfully negotiated a settlement of the long-standing litigation between the City of Sacramento and the County over storm water fees levied by the City on the County’s Executive Airport operations.
- Settlement of SMUD/SCWA/FRWA Disputes – Provided significant legal advice to facilitate settlement of long-standing disputes with SMUD relating to impacts of the FRWA project on SMUD’s Rancho Seco power plant and electrical service charges to FRWA and SCWA facilities.

### **District Attorney**

- Family Justice Center - District Attorney Jan Scully kicked off the Sacramento Regional Family Justice Center (FJC) campaign which included the “I’m In” video. The Sacramento Regional FJC is envisioned to be a one-stop help/information center linking agencies and organizations that service victims of domestic violence, sexual assault, human trafficking, child abuse or elder abuse. By housing a multi-disciplinary team of professionals under one roof, and linking other agencies through video and other technologies, it will reduce the amount of time and places victims have to go to tell their story and get the help they need. This program is committed to breaking the cycle of violence in Sacramento County and to give hope to victims and their families.
- Veterans Court - The District Attorney’s Office, Public Defender’s Office, Court, and Department of Veteran’s Affairs (VA) have teamed up to create the Sacramento County’s Veteran’s Treatment Court (VTC). The purpose of the VTC is to allow veterans with legal trouble, due to mental condition(s) resulting from their service in the military, a chance to earn the right to have their charges dismissed or reduced if they graduate from the VTC. The VTC is a “Drug Court Model” collaborative program that lasts between 12 and 18 months. The VA will provide all of the substance abuse and mental health treatment as well as housing assistance and other aid.
- Justice, Training & Ethics Unit - The Justice, Training, and Ethics (JTE) Unit was created to enhance the review and development of office policies and procedures that apply during the investigative and pre-trial phases of cases prosecuted by the District Attorney’s Office. It also investigates the rare claims of actual innocence in previously resolved cases. Other duties of the JTE Unit include providing ongoing training on professional standards and continuing legal education, assisting deputies accused of misconduct, assisting with complex legal issues, and creating an extensive database for legal research. This unit, with its focus on ethics and training, enhances the District Attorney’s commitment to achieve justice with integrity.
- Community Prosecution & Enforcement Program - Since 2008, Sacramento has been one of the top ten communities in the nation hardest hit by the foreclosure crisis and by 2012 it was had the nation’s sixth highest foreclosure rate among metropolitan areas. As a result, the District Attorney’s Office was awarded grant funding from the California Attorney General’s Office Foreclosure Crisis Recovery Fund for one Community Prosecutor and overtime for Sheriff’s Department deputies dedicated to participating in regularly planned, coordinated enforcement and clean-up efforts in District 3. Program funding will be used to investigate and prosecute misconduct relating to mortgage origination, mortgage servicing, and foreclosures; for consumer education regarding mortgage and foreclosure issues; and for developing and implementing programs to help neighborhoods impacted by foreclosure or very high mortgage default rates.

**Office of Emergency Services**

- WebEOC - In late spring 2013, the County purchased the WebEOC emergency management software program to assist the region in managing large scale events or disasters. The program allows users to input or access information from the EOC or from the field using your computer or any smart device. Now all of the cities within the county can share information such as damage assessments instantly with the County or Operational Area and the County in turn can share information with Cal OES and FEMA using Web EOC.
- By the end of 2013, Sacramento County effectively went live after having trained over 600 users of the program within the region including representatives from all the cities within the County. Each jurisdiction now has the flexibility of using WebEOC on a daily basis, exercise design, and managing their organization's end user profiles. The OA Administrator continues to work with the local jurisdictions and special districts in designing operational boards for capturing and communicating information for both daily use and emergency response processes. Additional information added to WebEOC includes: Training Database, Position Checklists, Emergency Operations Plan and other plans/guidance (OA and jurisdictions), Contact Guide, Regional Training and Events Calendars, and Cooling /Warming Center Communications Board.
- Access and Functional Needs - Continued to meet with the Disability Compliance representatives for the County and City of Sacramento on a regular basis. The group, known as the Access and Functional Needs Coordination Advisory Group (AFN-CAG) started meeting with community partners each quarter starting in January 2013. The AFN-CAG continues to invite over 60 local agencies providing services to people with access and functional needs to the quarterly meetings. Items discussed at these meetings include emergency plans (approved and posted on the OES website: [www.sacramentoready.org](http://www.sacramentoready.org)), emergency preparedness, and have had guest speakers such as Richard Devylder – Director, State of California Office for Access and Functional Needs (OAFN), and Christa Trinchera – Founder and CEO of S.T.A.R. for the Disabled.
- The AFN-CAG also met with the City and County of Sacramento Communications and Media Officers and the State of California OAFN to discuss 'all inclusive communications' during emergencies. The discussion led to the CMOs taking action and meeting with local broadcast stations to share the process for delivering emergency messages to the region and ensuring the communication is all inclusive in the delivery of the message. More work needs to be done in this area; however this was a start in the right direction.
- The AFN-CAG also met with the local homeless providers such as Loaves and Fishes, Next Move, and Wind Youth Services to discuss services provided and what processes can be put in place during inclement weather or in the event of an emergency. The homeless providers shared what services they provide, what services they can provide in the event of inclement weather, and what support will be needed. The AFN-CAG shared the Severe Weather Guidance with the providers and will be meeting in late June to discuss the communication process and reporting process in the event they engage in extending services due to heat or cold weather events.
- Warming Center and Cooling Center - Opened cooling centers and warming centers during the last fiscal year providing summer and winter respite to the homeless. The Mass Care and Shelter Network, led by OES/DHA provided support to both events as well as to the homeless providers by soliciting and taking donations for bottled water. The water was collected and delivered to Loaves and Fishes during the July heat wave of 2013 and the December 2014 cold event. Both events were facilitated and managed by OES with support of a large network of county agencies, volunteer and faith based organizations as well as charitable groups.
- Training Opportunities - Arranged for and provided numerous training opportunities to the OA including Introduction to Emergency Management – Earthquakes, WebEOC – End User, Train-the-Trainer, Sub-Administrator, as well as Mapper Pro for the GIS teams. Training opportunities in the OA also included NIMS/SEMS/ICS combined courses and training classes for EOC Section Chiefs, EOC Operations Section, EOC Finance Section, and EOC Management & Operations and Interface Workshop.

- Everbridge Alert and Notification System - Partnered with law enforcement and emergency managers from Sacramento, Placer and Yolo Counties to purchase a new alert and notification system for the region. The system was implemented and operation by July 2013. This alert and notification system has been used successfully many times since going operational and the speed of the system has been phenomenal.
- Emergency Operations Center (EOC) – Negotiated a new lease with McClellan Park for EOC and OES office space in building 600. OES downsized their EOC footprint and using Homeland Security grant funds remodeled the EOC and upgraded most of the technology within the EOC. Although the square footage has been reduced, the remodel provides a better floor plan which will include all new computers, telephone system, additional breakout rooms, new classroom to accommodate 50 students, new video wall and audio system. Homeland Security grants will cover 90 percent of the remodel/upgrades.

### **Environmental Management**

- Certified Unified Program Agency (CUPA) program received the 2013 Outstanding Innovation Award from the California CUPA Forum for its Compliance Video Series. This award is presented in recognition of the Environmental Compliance Divisions leadership in environmental protection in using online videos to communicate information regarding compliance to the regulated community. The compliance video series is made available to the regulated community through links on EMD's website ([www.emd.saccounty.net](http://www.emd.saccounty.net)) and directly through EMD's YouTube channel at [www.youtube.com](http://www.youtube.com).
- Environmental Compliance Division received the National Environmental Health Association (NEHA) Innovation Award for creating a web portal in which Cross Connection testers of back flow devices could directly input their test results through a web port and transmit required information to EMD's database. This effort resulted in 3,500 hours savings in labor, \$6,000 in mailing costs and a reduction in 65,000 pieces of paper. This award not only recognizes a new idea, practice, or product that has had a positive impact on improving the environment/public health but also encourages professionals to search for creative solutions that promote or improve the environment.
- Implemented the use of field computer tablets to capture inspection data electronically due to the passing of Assembly Bill (AB) 2286 in 2008, in which all regulated businesses and Unified Program Agencies in the State of California must use the California Electronic Reporting System (CERS) database by January 1, 2013 to submit their unified program data electronically. The inspection data collected by field staff is synched to the Environmental Management Department's Envision software database and through the Compliance Monitoring Enforcements process will be transferred to the Cal EPA CERS database. EMD is the first CUPA in the State of California to participate as the pilot in the CME data exchange process.
- Assisted several northern California counties that are in the process of developing the color-coded placard system used in Sacramento County for rating food safety in restaurants, grocery stores, delicatessens, schools, etc. Sacramento County was the first in the nation to use the color coded grading system and won the national Crumline Award for the success of the program. Since then, several other counties in other states have adopted Sacramento's color coded system including Butte County, with the assistance of Environmental Management Department staff.

### **Department of Finance**

- Tax Collector - Created and implemented mailing of reminder notices for prior year delinquent unsecured property tax bills and final notices for delinquent current year unsecured property tax bills. These will improve and increase collections.
- Tax Collector - Implemented ATM Verify for electronic payments made through the Tax Collector's website and IVR which confirms bank account information. This will minimize returned payments as a result of incorrect information entered for the checking account.

- Auditor-Controller - Completed cash reviews for each of the County Departments.
- Auditor-Controller - Implemented new software to create the FY 2013-14 Comprehensive Annual Financial Report (CAFR).
- Treasury - Completed software upgrade of our Remittance Processing/Imaging software to be compliant with Windows 7.
- Investments – In May 2014, we completed an agreement with Fidelity to decrease the fees paid on two funds in the 401(a) and 457(b) deferred compensation plans. As a whole, participants will now pay \$250,000 less every year in fees.
- Consolidated Utility Billing and Services - Implemented new automated on-line forms: Demand letters for title companies to request utility changes; and a request form for customers to schedule a bulky waste neighborhood clean-up appointment.

### **General Services**

- Administrative Services - As of April 2014, Support Services has managed 18,837,859 print impressions, scanned 3,152,067 images, processed 5,873,853 pieces of mail, and sold 340 pieces of equipment generating \$2.6 million in revenue that was returned to various County departments.
- In July 2013, the Alarm Services Division transitioned from the Department of Technology and the Department of Airports to the Department of General Services, moving six staff. The transition streamlined management of facility planning and maintenance.
- Contracts & Purchasing - Purchasing won their 9th Achievement of Excellence in Purchasing Award this year. The County was one of 43 counties in the United States to receive the prestigious award. The AEP Award validates CAPSD's commitment to fiscal efficiency while maintaining a high level of customer service to taxpayers as well as the various County departments.
- Purchasing staff saved \$1,064,400 (through the end of April) by combining like purchases to gain better cost breaks, negotiating lower costs on contract extensions, and investigating billing errors.
- Construction Management - 39 Public Works Projects were Field Accepted, valued at more than \$50,000,000.
- Facilities & Property Management - DGS' Energy Manager, Dan Mendonsa, was selected as the "Energy Manager of the Year" by a local energy manager's association.
- The Real Estate Division was awarded a Level 3 Right Of Way Certification from Caltrans. This level is highly sought, and only awarded to those agencies that maintain a very high level of education and proficiency in their Real Estate staff.
- Fleet Services - Fleet Services continues to maintain a strong 67 percent productivity rate. The higher the level of "on wrench" time, the more efficient the repair staff are, not only turning around vehicles faster, but containing rental rates at a low 1-2 percent inflationary factor.
- For several years, Fleet Services has maintained its \$1.1 million inventory at 99+ percent accuracy.
- Chief Storekeeper David Sutcliffe placed 3rd in the Counties General Services Association "Service Excellence Award" – David won for his implementation of a new parts bar coding system and parts ordering/inventory tracking system.

### **Health and Human Services**

- Primary Health Services Division - Began two Women, Infants & Children (WIC) satellite sites (Elk Grove and Folsom) utilizing existing staff in partnership with community-based entities. While there are declines in caseload Statewide, these community-based satellite sites are experiencing robust growth.
- Affordable Care Act (ACA) transition – Low Income Health Program (LIHP) enrollees transitioned into Medi-Cal Managed Care effective January 1, 2014. Staff provided the local health care community regular ACA updates through the Medi-Cal Managed Care Advisory Committee and an electronic health care distribution list.



- Behavioral Health Services Division - Opened Transitional Living and Community Supports (TLCS) Respite program for adults experiencing mental health crisis, providing 24-hours, 7 days-a-week (24/7) mental health alternative to emergency rooms and inpatient care. DHHS implemented Community Alternatives for Recovery and Engagement (CARE+), in which a Deputy Public Guardian with a caseload of 10 clients provides 24/7 wraparound intensive oversight to improve treatment engagement for individuals with severe mental illness, reducing the cycle of homelessness, hospitalization, and incarceration. First implemented in 2011 for the Sacramento Police Department, Law Enforcement Officer Training (LEO) was expanded to the Sacramento County Sheriff's Department (SSD) in 2012. To date, over 80 trainings have been held with over 1145 officers trained, 500 from July 1, 2013 to May 20, 2014.
- Public Health - During the 2013-2014 influenza outbreak, used an electronic process for healthcare facilities to report the impact of influenza on their operations. Provided daily updates to media/public regarding exceptional number of influenza hospitalizations and deaths. Also, provided testing, treatment, monitoring, and public information on significant food-borne illness and TB outbreaks.
- Senior and Adult Services - Adult and Protective Services developed and implemented a new financial abuse data collection tool to measure financial abuse variables, including the relationship between the victim and the abuser, the estimated value of assets protected, client vulnerabilities, etc.
- Child Protective Services - The Federal Department of Health and Human Services Data Brief on child welfare highlighted that Sacramento County was one of 10 counties in the nation that accounted for one-half of the national decline in foster care intakes, both overall and among African-American children.
- On a similar note, Casey Family Programs released a 2013 publication entitled Taking a Closer Look at the Reduction in Entry Rates for Children in Sacramento County with an Emphasis on African American Children: A Spotlight on Practice. The research indicated that between 2006 and 2010, Sacramento County reduced entries into foster care by 55 percent. Significantly, Sacramento County also reduced the entry rates of African-American children by 53 percent compared to the Statewide decrease for the same years of 5 percent. The research chronicle highlights several innovative practices implemented by Sacramento County CPS designed to improve services for all children and families, regardless of race and ethnicity. This research has been recognized not only at the State and national level, but has also been discussed in Australia and New Zealand as they continue to address disproportionality in their child welfare systems. CPS implemented its Continuous Quality Improvement framework, using data to inform practice, policy and systemic improvements that will increase safety, permanency and well-being of children and families. The framework was recently highlighted at a Statewide meeting that also included child welfare jurisdictions from Pennsylvania and Minnesota. Participation by members of the CPS Oversight Committee is particularly noteworthy.

#### **Department of Human Assistance**

- Medi-Cal Programs - The Department of Human Assistance (DHA) made history by successfully implementing the Affordable Care Act. During our first open enrollment period beginning October 1, 2013 and extending through April 30, 2014, DHA staff received over 105,000 applications for Medi-Cal and Health Benefits Exchange programs. DHA exceeded state performance requirements of answering calls within 30 seconds, 80 percent of the time. On average, Sacramento County calls were answered within 11 seconds with a service level of 93 percent. DHA staff have processed more than 73,000 applications to date providing health care benefits to uninsured residents of Sacramento County.
- In January, 2014, DHA staff converted 12,649 Low Income Health Program (LIHP) customers to the expanded Medi-Cal program.
- In September, 2013, Sacramento County had 14,245 County Medically Indigent Services Program (CMISP) eligibles. As of May 29, 2014 there are 36 CMISP eligible customers with DHA transitioning a majority of these clients to the expanded Medi-Cal programs.

- General Assistance Program - The General Assistance Program successfully integrated two additional programs, Medi-Cal and CalFresh into the previous GA only service delivery model to create a combination program of Medi-Cal, CalFresh and General Assistance. This new program design affords program staff, clients, and the County improved outcomes in program administration while reducing our General Fund obligation.
- Veterans Services - The Sacramento County Veterans Services Office (CVSO) has increased its reach into Sacramento's veteran population. With a very small staff, the CVSO has increased its outreach activities to more than 100,000 returning veterans, homeless veterans, and families of veterans in Sacramento County. The CVSO has connected more vets to Veterans Administration benefits including financial compensation, pensions, medical and educational benefits. The successful connection to these benefits ultimately improves the lives of our veterans and their families, while infusing dollars into the local economy.
- The CVSO recently implemented a Veteran ID Card program that helps identify veterans in our community and further afford them recognition and access to the benefits they deserve.
- CalFresh Program - Sacramento County was formally recognized by the Federal Nutrition Services and California Department of Social Services in several areas. Sacramento County received awards for our continuous efforts improving the overall compliance rate in several areas including the CalFresh error rate, participation rate, and timeliness of eligibility determinations. DHA continues to do an exemplary job in getting CalFresh benefits into the hands of our customers in Sacramento County.
- CalWORKs/Welfare to Work (WTW) Programs - DHA increased their Federal Work Participation Rate from 36.5 percent in 2013 to 45 percent as of February 2014.
- The Expanded Subsidized Employment program, which was implemented March 1, 2014, has 69 participants enrolled to date. This program offers WTW customers the opportunity to participate in a customized training program followed by subsidized employment placement in areas such as information technology, healthcare, and construction. All placements are expected to lead to unsubsidized employment positions.
- DHA implemented the Family stabilization program, which is intended to provide WTW customers with intensive case management services to address crisis with housing instability and/or domestic violence.

### **Department of Personnel Services**

- In FY 2013-14, the Department Services Division completed the rollout of MySacCounty (MSC) to every County Department. This is a significant accomplishment that sets the foundation for our employees to manage basic components of their employment. The service is divided into two sections: Employee Self-Service (ESS) and Manager Self-Service (MSS). Within ESS, our employees can enter their time sheet, review and access their payroll advices, check on accrued vacation and sick-leave balances, change Federal and State tax withholdings and update home address and personal information. Managers can approve time sheets, access a variety of reports on their team or direct reports and access Performance Evaluations. More enhancements are scheduled to be implemented in the future. This product has contributed greatly to streamline existing processes and increase operational efficiency not only within the Department of Personnel Services, (DPS), but across the entire County.
- The Leadership and Organizational Development Office made an online Performance Evaluation service available through MySacCounty and began rollout and County-wide training regarding use of the new service.

- The Disability Compliance Office (DCO) reassigned 8 employees in 2014 and 7 employees in 2013. These employees were not medically able to perform their current positions and there were no effective accommodation(s) that could be provided. Additionally, DCO facilitated the resignations, service retirements, disability retirements, or medical terminations of 73 employees with disabilities this fiscal year due to their inability to perform the essential functions of their positions.
- The Employment Services Division participated in numerous job fairs this fiscal year to broaden our applicant pool and recently developed a Student Internships link on the DPS Employment Services web site that provides information to the public regarding Student Internship opportunities with the County.

### **Probation**

- In October 2013, Sacramento County Youth Detention Facility was awarded the Barbara Allen-Hagen Award, one of the highest national honors a detention facility can achieve for its efforts in improving the experience and treatment of youthful offenders. The Sacramento County Probation Department received this award for significantly reducing the use and duration of in-custody isolation. Probation lowered room confinement time by more than 76 percent.
- After years of litigation and efforts to reduce uses of force in our juvenile hall, the Sacramento County Probation Department received formal acknowledgement that its consent decree with the Prison Law Office expired in late 2013. Don Specter, Director of the Prison Law Office, lauded the Youth Detention Facility as “a place that provides rehabilitation and treatment to juvenile offenders.”
- In September 2013, launched a High-Risk Drug Unit to provide supervision and treatment for its adult felony probationers. Within six months, the probationers’ drug use was lowered more than 50 percent.
- In November 2013, began collaboration with Northern California Construction Training and the Sacramento County Education to provide adult probationers and juveniles in county custody with valuable vocational skills and GED services. Currently, 73 individuals on county supervision are enrolled in the program. NCCT works with 22 local labor unions for training and employment and has a 90 percent job placement rate for graduates. Several adult probationers already have union jobs.
- Since 1995, the Sacramento County Adult Drug Court program has been an effective, evidence-based solution to addiction and criminal behavior. In 2013, Sacramento County Adult Drug Court graduates had a total equivalent of 25 years of county jail sentences dismissed, and lowered the recidivism rates of its clients from 63 percent to 10 percent.

### **Public Defender**

- Legal representation for clients in the Specialty/Collaborative Courts (Mental Health, Drug, and Reentry) is successfully being provided as a new workload/caseload of the Public Defender.
- A new workload/caseload of legal representation is being effectively provided for 1,000 cases, comprising violations of Parole and Post Release.
- Savings of jail space costs to the County and more timely care to the mentally ill is being provided due to the Public Defender’s protracted litigation against the California Department of State Hospital and Napa State Hospital regarding their refusal to transport felony incompetent to stand trial defendants to the state hospital in a timely manner.
- Two California Supreme Court cases in regard to children were successfully litigated by the Public Defender: In re Alonzo J., mandating that a child’s no contest plea requires counsel to join or it is not binding and In re D.B., that a minor cannot be committed to the Department of Juvenile Facilities for a crime that is not listed in Welfare and Institutions Code Section 707(b).

**Regional Parks**

- Implemented a Ranger Stewardship program providing a direct department contact to homeowners around our park facilities to respond quickly and effectively to maintenance and safety concerns.
- Dedicated over \$600,000 in resources to illegal camping, partnering with the Sheriff Department, Probation Department, City of Sacramento PD, Human Assistance and Health and Human Services to decrease the impacts of camping in our Regional Parks.
- Implemented a department tracking system to effectively track and log our calls for service and enforcement efforts in our facilities.
- Increased sales of our Annual Passes through our ongoing partnership with the American River Parkway Foundation.
- Expanded our fire risk reduction program for all Regional Park properties as a result of the ongoing drought.
- Implemented water saving measures in our parks and County facilities.

**Revenue and Recovery**

- Collected \$43 million in revenue, up over \$3 million from last year.
- Implemented four Countywide receivables processing policies that resulted in:
  - 1) the collection of over \$2 million in revenue from accumulated receivables;
  - 2) the shifting of over 4,000 hours annually from receivables processing to public service programs;
  - 3) improved payment compliance rates an average of 25 percent resulting in departments receiving their operating revenue that much sooner;
  - 4) reduced receivables processing costs to customer departments by \$1 million this year alone; and
  - 5) expanded payment locations and types accepted, increasing the convenience for citizens making payments to DRR.

**Department of Technology**

- Implemented 311 Customer Service Initiative. More than 15,000 service requests have been received and completed by County departments.
- Upgraded the Board of Supervisors Chambers Technology infrastructure and systems.
- Implemented Personal Computers Power Management System funded by SMUD to reduce energy consumption in the County.
- Launched the County Internet News Center to communicate directly to our constituents.
- Implemented Open Data Portal to increase transparency and give the community a greater view of County operations.
- Redesigned the County Internet website using responsive design principal to make it accessible on mobile devices.
- Implemented Electronic Plan Review to streamline building permits processing.
- Implemented video conferencing capabilities and queuing systems for the new County Business Centers.
- Upgraded the County Regional Radio Communications System infrastructure that supports public safety and local government in the region to the new P25 standard adopted by Congress.
- Completed countywide rollout of the Employee and Manager Self Service Portal to automate timesheet processing and personnel records management.

**Transportation**

- The Watt Avenue @ US-50 interchange project (\$22.5) is underway, and should be completed by late summer. This is a significant infrastructure project that will improve safety and traffic congestion on US-50 and Watt Avenue.
- The Elverta/99 Interchange project (\$18 million) was completed in October 2013. This project improved County and Caltrans infrastructure and removed one of the last signalized intersections on SR-99.

- The White Rock Road Improvement Project (\$8.5 million) was completed in February of 2014, and significantly improved a substandard stretch of roadway. This is the first segment of roadway to be constructed that supports the Capital Southeast Connector.
- In FY 2013-14, the Maintenance & Operations Division competed \$10 million in pavement repair projects for major streets and residential areas throughout the unincorporated area. Another \$5 million project pavement repair project is underway.
- The M&O Bridge Section also completed major repair projects at the following locations: Lambert Road Culvert; Clay Station Bridge; Alta Mesa Road Bridge; Jim's Bridge (Sunrise Boulevard).

### **Voter Registration and Elections**

- ADA Sample Ballot Booklet - Worked with the Department of Technology to develop a Request for Proposal for an accessible online Sample Ballot Booklet for our voters with visual disabilities. We were able to test four ballot types for our June election and received many helpful suggestions and compliments for making this possible. We are the first County in California to offer this service.
- VoteCal Implementation Roll-out - Sacramento County has been selected as one of the five pilot counties for the initial roll-out of the Statewide Voter Registration Database (VoteCal).
- Vote Center – Downtown - We expanded the opportunity for voters to not only drop off their voted ballot, but for the first time, to get a ballot at the Administration Building. A voter can get their ballot or a replacement ballot if they need to. We also offered our AutoMark, the voting device for voters with disabilities.

### **Waste Management**

- Reported to the State a landfill diversion rate of 73 percent for calendar year 2013.
- Completed a 4th year and counting without a rate increase.
- Secured a new contract for South County waste services. The contract mirrors services and rates in the balance of the County, and includes requirements for payment of a franchise fee and use of natural gas-fueled collection trucks.
- Executed 20-year leases with Clean World and Atlas to host the Sacramento Bio-digester and fueling station at our South Area Transfer Station on Fruitridge Road. This project convert's collected food waste into bio-CNG used to fuel vehicles.

### **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 2013-14 Single Audit will be issued under separate cover and will be available by contacting the Department of Finance, Auditor-Controller Division, after March 31, 2015.

**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 2013-14, 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 2013-14 was 0.11 percent. The yield for a one-year Constant Maturity U.S. Treasury Note during the same period was 0.16 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-five 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,



Julie Valverde  
Director of Finance





Government Finance Officers Association



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

Presented to

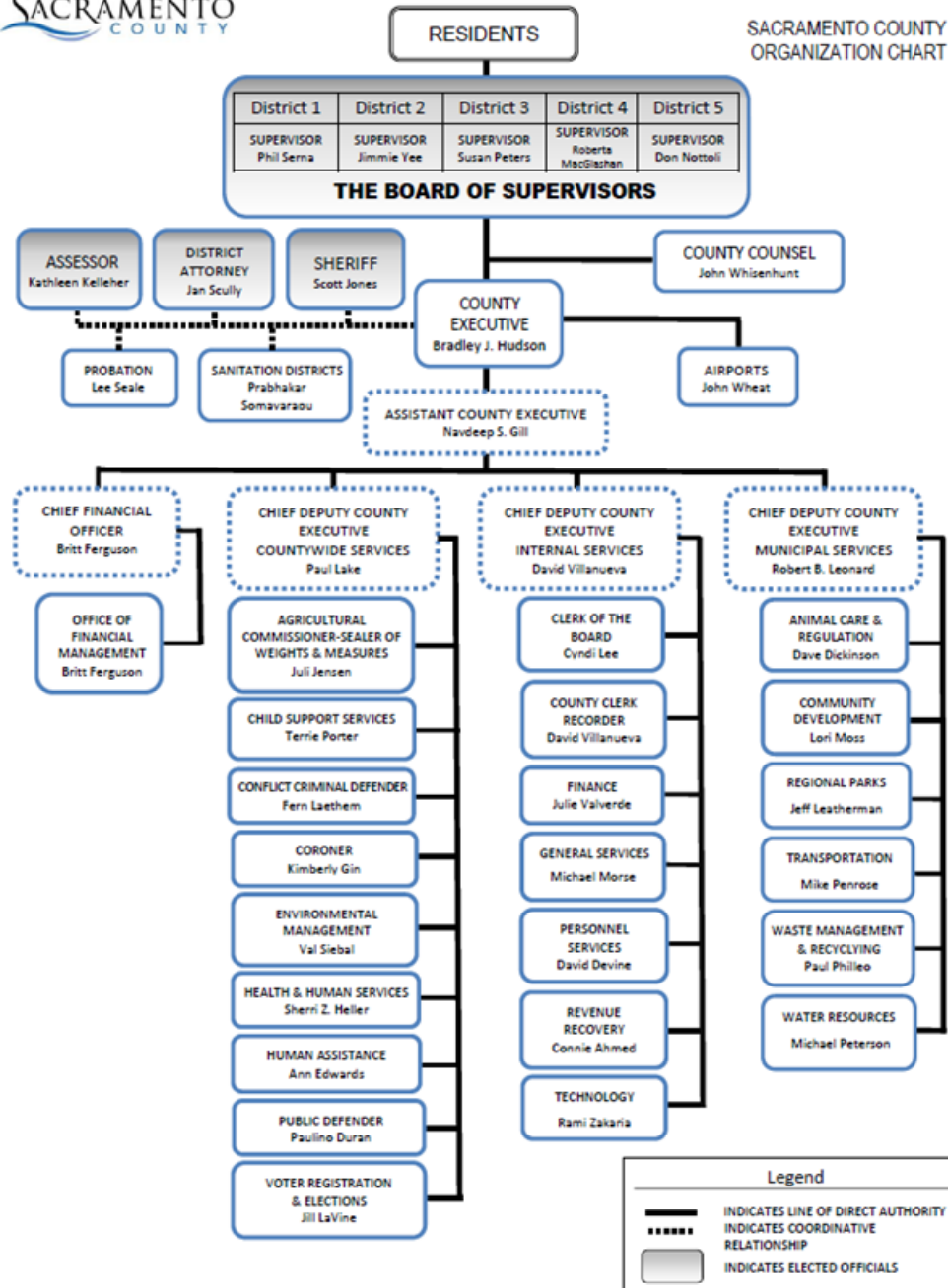
**County of Sacramento  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

A handwritten signature in black ink, reading 'Jeffrey R. Emen'.

Executive Director/CEO



**COUNTY OF SACRAMENTO  
LIST OF PUBLIC OFFICIALS  
JUNE 30, 2014**

**ELECTED:**

**Board of Supervisors:**

Phil Serna  
Jimmie Yee  
Susan Peters  
Roberta MacGlashan  
Don Nottoli

District 1  
District 2  
District 3  
District 4  
District 5

**Department Heads:**

Kathleen Kelleher  
Jan Scully  
Scott Jones

Assessor  
District Attorney  
Sheriff

**APPOINTED:**

Bradley J. Hudson  
Navdeep Gill  
David Villanueva  
Julie Valverde

County Executive  
Chief Operations Officer  
Chief Deputy County Executive  
Director of Finance

**THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE**  
**COUNTY OF SACRAMENTO**

For the Fiscal Year Ended June 30, 2014

**ACKNOWLEDGEMENT**

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

**Ben Lamera, Assistant Auditor-Controller  
Karen Gee, Senior Accounting Manager  
Treddis Campbell, Accounting Manager  
Linda MacLeod, Accounting Manager  
Nou Her, Senior Accountant  
Diana Lee, Senior Accountant  
Paula Burris, Administrative Services Officer III**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FINANCIAL  
SECTION**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Board of Supervisors  
County of Sacramento, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sacramento, California (the County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sacramento, California, as of June 30, 2014, 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***

### ***Change in accounting policy for Governmental Funds***

As discussed in Note 1 to the financial statements, there was a change in the County's period of availability for recognizing governmental fund revenues as measurable and available from 365 days to 120 days, effective July 1, 2013. Our opinion is not modified with respect to this matter.

### ***Uncertainties Regarding the Future Outcome of Litigation***

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

### ***New Accounting Pronouncements***

As discussed in Note 1 to the financial statements, the County adopted GASB Statements No. 65 - *Items Previously Reported as Assets and Liabilities* and No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective July 1, 2013. Our opinion is not modified with respect to this matter.

### ***Local Economic Financial Stress***

As described in Note 19 to the financial statements, the County is experiencing significant financial stress in numerous areas as evidenced by the General Fund Unassigned Fund Balance deficit of \$38.99 million at June 30, 2014. 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 and the schedules of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements 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 the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2015, on our consideration of the County's internal control over financial reporting and 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  
January 16, 2015

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# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **FINANCIAL SECTION**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## 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, 2014. 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 at the close of the 2013-14 fiscal year by \$2,735,069 (net position), of this amount, \$397,890 is restricted for specific purposes (restricted net position), and \$2,291,628 is the County's net investment in capital assets. The County's total net position increased by \$31,572.
- As of June 30, 2014, the County governmental funds reported combined fund balances of \$551,387 for a increase of \$28,066, in comparison with the prior year. Total amounts available for spending include restricted, less the negative unassigned fund balances, which totaled \$508,280, or 92.2 percent of the ending fund balance. Of this amount, \$547,272 is restricted by law, enabling legislation, or externally imposed requirements. Total fund balance for the General Fund increased \$20,122 to \$199,437, which equates to 10.1 percent of total General Fund expenditures for the year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was a negative \$38,992 or negative 1.98 percent of total general fund expenditures due to reclassification of amounts to nonspendable, and restricted. The deficit unassigned fund balance was the result of; (1) \$19 million for revenues that were not available within the County's current recognition policy of 120 days and therefore included as deferred inflows of resources pursuant to GASB 65, and (2) \$20 million increase in health and human assistance expenditures.
- The County's investment in capital assets decreased by \$40,327 or 0.97 percent in comparison with June 30, 2013 balances.
- The County's total long-term obligations had a net decrease of \$87,964 in comparison with June 30, 2013 balances. This net decrease was comprised of a gross decrease of \$338,251 and a gross increase of \$250,287. 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 2013 Taxable Pension Obligation Bonds, issuance of one Teeter note, and an accrual for compensated absences.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 23 - 26 of this report.

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

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

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

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

The governmental funds financial statements can be found on pages 27 - 30 of this report.

**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 - 38 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 39 - 40 of this report.

Fiduciary funds report the Agency Funds, Treasurer's Pool, 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 41 - 114 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 117 - 205 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 by \$2,735,069 at the close of the most recent fiscal year.

Statement of Net Position  
June 30, 2014  
(amount expressed in thousands)

Primary Government	Governmental Activities		Business-type Activities		Total	
	2014	Restated 2013	2014	Restated 2013	2014	Restated 2013
<b>Assets:</b>						
Current and other assets	\$ 2,001,939	2,096,391	551,640	543,625	2,553,579	2,640,016
Capital assets, net of depreciation	1,813,503	1,802,028	2,301,611	2,353,413	4,115,114	4,155,441
Total assets	<u>3,815,442</u>	<u>3,898,419</u>	<u>2,853,251</u>	<u>2,897,038</u>	<u>6,668,693</u>	<u>6,795,457</u>
<b>Deferred outflows of resources:</b>						
Accumulated Decrease in Market Value of SWAP Agreement	104,708	105,409	54,096	52,104	158,804	157,513
Deferred amounts on refundings	49,773	55,825	15,791	17,153	65,564	72,978
Total deferred outflows of resources	<u>154,481</u>	<u>161,234</u>	<u>69,887</u>	<u>69,257</u>	<u>224,368</u>	<u>230,491</u>
<b>Liabilities:</b>						
Current and other liabilities	576,141	628,965	174,722	192,664	750,863	821,629
Long-term debt obligations	1,926,608	1,983,218	1,480,522	1,517,604	3,407,130	3,500,822
Total liabilities	<u>2,502,749</u>	<u>2,612,183</u>	<u>1,655,244</u>	<u>1,710,268</u>	<u>4,157,993</u>	<u>4,322,451</u>
<b>Net position:</b>						
Net investment in capital assets	1,389,288	1,380,362	902,340	914,015	2,291,628	2,294,377
Restricted	284,613	289,448	113,277	100,848	397,890	390,296
Unrestricted	(206,727)	(222,340)	252,278	241,164	45,551	18,824
Total net position, restated	<u>\$ 1,467,174</u>	<u>1,447,470</u>	<u>1,267,895</u>	<u>1,256,027</u>	<u>2,735,069</u>	<u>2,703,497</u>

The largest portion of the County's net position totaling \$2,291,628 (84 percent) reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment) plus deferred outflows of resources related to the debt, net of depreciation and less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of the County's net position totaling \$397,890 (15 percent) is restricted and represents resources that are subject to external restrictions on how they may be used. The major categories of restricted net position are for bond reserves (13) percent, debt service (41) percent capital projects (8) percent, health programs (22) percent, and transportation (10) percent. The County's restricted net position increased by \$7,594 from the prior year restated restricted net position amount of \$390,296. The increase is due primarily to a combination of an increase to transportation (\$18 million), a decrease for debt service (\$9 million), and a decrease to health programs (\$13 million).

The remaining balance of total net position, a positive \$45,551 is unrestricted. Unrestricted net position increased by \$26,727 from the prior year amount of a \$18,824. The increase is primarily due to increased property tax revenues of \$27 million.

The County's total net position increased by \$31,572 during the current fiscal year, which results in an increase of 1 percent of total net position from prior year. Total prior year net position amount of \$2,742,602 was restated to \$2,703,497 (a decrease of \$39,105) due to a combined (1) decrease for the write off of \$26,941 unamortized cost of issuances on prior year debt issuances due to the implementation of GASB 65, (2) decrease of \$18,979 for partial landfill final cover costs for Solid Waste Enterprise, and (3) increase of \$6,815 for capital assets understated in the prior year. When compared to the prior year, government-wide revenues increased approximately \$77,454 or 3%, and County government-wide expenses increased approximately \$64,187 or 2%. At the end of the current fiscal year the County reported a decrease of 0.12 percent in net investment in capital assets. The decrease in net investment in capital assets, of \$2,749 represents capital purchases net of depreciation plus the retirement of related long-term debt. The County's restricted net position increased by 1.9 percent while unrestricted net position increased by 142 percent. The increase to unrestricted net position is due to increased property tax revenues of \$27 million. Governmental activities reported a negative balance in unrestricted net position of \$206,727 which is primarily due to the recognition of long term debt obligations in the government-wide financial statements which uses long-term economic focus versus the current financial resources focus.

**Governmental activities.** Governmental activities increased the County's net position by \$19,704.

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



Statement of Activities  
For the Year Ended June 30, 2014  
(amounts expressed in thousands)

Primary Government	Governmental Activities		Business-type Activities		Total	
	2014	Restated 2013	2014	Restated 2013	2014	2013
Revenues:						
Program revenues:						
Charges for service	\$ 377,771	328,297	299,791	302,461	677,562	630,758
Operating grants and contributions	1,225,662	1,162,723	20,001	23,694	1,245,663	1,186,417
Capital grants and contributions	40,793	38,570	11,891	56,887	52,684	95,457
General Revenue						
Taxes:						
Property	398,364	370,925			398,364	370,925
Sales / use	73,686	70,856	581	927	74,267	71,783
Transient	3,860	3,878			3,860	3,878
Unrestricted investment earnings (loss)	13,348	13,199	1,973	3,878	15,321	17,077
Grants and contributions not restricted to specific programs	234,422	239,894			234,422	239,894
Pledged tobacco settlement proceeds	12,493	19,004			12,493	19,004
Miscellaneous	78,304	80,293			78,304	80,293
Total revenues	<u>2,458,703</u>	<u>2,327,639</u>	<u>334,237</u>	<u>387,847</u>	<u>2,792,940</u>	<u>2,715,486</u>
Expenses:						
General government	165,556	176,665			165,556	176,665
Public assistance	629,196	608,245			629,196	608,245
Public protection	760,358	711,957			760,358	711,957
Health and sanitation	574,814	566,547			574,814	566,547
Public ways and facilities	152,956	104,897			152,956	104,897
Recreation and culture	37,150	37,871			37,150	37,871
Education	1,353	2,548			1,353	2,548
Interest and fiscal charges	122,597	132,889			122,597	132,889
Airports			199,264	212,188	199,264	212,188
Solid Waste			59,117	81,584	59,117	81,584
Water Agency			55,586	58,563	55,586	58,563
Parking Enterprise			1,725	1,819	1,725	1,819
County Transit			1,696	1,408	1,696	1,408
Total expenses	<u>2,443,980</u>	<u>2,341,619</u>	<u>317,388</u>	<u>355,562</u>	<u>2,761,368</u>	<u>2,697,181</u>
Change in net position before transfers and special items	14,723	(13,980)	16,849	32,285	31,572	18,305
Transfers	4,981	4,848	(4,981)	(4,848)		
Special Item, Abatement of regulatory fees				(417)		(417)
Change in net position	<u>19,704</u>	<u>(9,132)</u>	<u>11,868</u>	<u>27,020</u>	<u>31,572</u>	<u>17,888</u>
Net position, beginning of year, as restated	<u>1,447,470</u>	<u>1,456,602</u>	<u>1,256,027</u>	<u>1,229,007</u>	<u>2,703,497</u>	<u>2,685,609</u>
Net position, end of year	<u>\$ 1,467,174</u>	<u>1,447,470</u>	<u>1,267,895</u>	<u>1,256,027</u>	<u>2,735,069</u>	<u>2,703,497</u>

Total revenues for the County's governmental activities increased by \$131,064 from the prior year. This increase is primarily due to increased revenue for operating grants and contributions of \$63 million, primarily for public assistance and health programs, increased charges for services of \$49 million primarily due to transportation road service programs previously reported in the Public Works Internal Service fund (eliminated beginning July 1, 2013), and \$31 million increase in property and sales tax.

Total expenses for governmental activities were \$2,443,980, an increase of \$102,361 or 4.4 percent from the prior year. This increase was primarily due to increased expenses for (1) Sheriff and Probation (\$32 million) for negotiated increased salary and benefit costs; (2) Public assistance (\$25 million) for increased caseload associated with the Medi-Cal program, the implementation of the Affordable Care Act (ACA), the CalFresh (Food Stamps) program and CalWORKS programs, (3) Low Income Housing Program and the transition to Medi-Cal Managed Care (\$11 million), and (4) Community Development (\$26 million) and Road fund project costs (\$32 million) due to elimination of Public Works Internal Service Fund and transfer of operations for building code and enforcement programs and transportation programs, respectively.

**Business-type activities.** Business-type activities increased the County's net position by \$11,868. The increase is primarily related to increased activity for Solid Waste and Water Agency. See page 16 for additional comments on changes to net position.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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 10.1 percent of total General Fund expenditures while spendable fund balance equates to 8.5 percent of total General Fund expenditures. Of the General Fund spendable fund balance, \$205,789, or 103 percent is restricted.

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

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

At June 30, 2014, the County's governmental funds reported combined fund balances of \$551,387, an increase of \$28,066 in comparison with the prior year's total restated ending fund balance of \$523,321. The components of total fund balance are as follows (for more information, see Note 18 – Fund Balances):

- *Nonspendable fund balance*, \$43,107, 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 \$1,278, (2) prepaid items \$23,697, (3) long term receivables/advances of \$10,467, and (4) legally required Teeter Tax program loss reserves of \$5,791 and (5) Teeter Tax delinquencies of \$1,874.

- *Restricted fund balance*, \$547,272, 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 \$184,384, (2) capital outlay of \$64,948, (3) debt service of \$105,644, (4) public ways and facilities of \$52,423, (5) economic development of \$38,440, (6) public protection of \$47,296, (7) environmental management of \$14,670 and (8) Stormwater Utility \$21,847.
- *Unassigned fund balance* \$(38,992), represents the residual classification for the County's governmental funds. The deficit balance, all in the general fund, is primarily due to timing differences in recognition of revenue and increased expenditures. The County implemented a change in revenue recognition policy for governmental funds from 365 days to 120 days resulting in negative adjustment of \$19 million for intergovernmental revenues, and recorded increased expenditure for health and human assistance programs of \$20 million.

Approximately 92.2 percent, or \$508,280, of the total fund balances is considered spendable. With the approval of the Board of Supervisors, County management can earmark a portion of spendable fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of fund balance. With the exception of the nonspendable portion, \$547,272 is available for appropriation for restricted purposes, leaving a negative unassigned fund balance of \$38,992.

The increase of \$28,066 in the governmental funds combined fund balances was primarily attributable to a combined increase to special revenue funds (\$14 million), decrease in debt service (\$6 million) offset by \$20 million increase in general fund balance.

The General Fund is the chief operating fund of the County. The General Fund's total fund balance increased by 11 percent, or \$20,122, to \$199,437 at June 30, 2014. The nonspendable portion of fund balance was \$32,640 and the spendable portion was \$166,797, a decrease of \$13,614 from the prior year spendable balance of \$203,089. This decrease is primarily a result of an increase in nonspendable of \$23 million for prepaid retirement that had not been recorded in prior year, offset by a decrease of \$39 million in unassigned fund balance due to timing differences in the recognition of revenue (\$19 million) as a result of a change in period of recognition of revenue from 365 days to 120 days, and increased expenditures for health and human assistance programs (\$20 million).

***Other governmental funds:*** As compared with the restated prior year fund balance, the total fund balances of the remaining governmental funds increased 2.3 percent, or \$7,944, to \$351,950 with the following significant changes:

- The Special Revenue funds increased by \$13,763 from a prior year fund balance of \$188,447 to \$202,210 primarily due to a change in reporting of Public Works Internal Service operation costs into governmental funds. Road improvement operations previously reported to the internal services fund, increased the Road fund fund balance by \$13 million.
- The Debt Service funds decreased by \$6,272 from \$111,916 to \$105,644 due to increased debt service required for Pension Obligation Bonds (\$4 million) and decrease in Teeter delinquencies (\$10 million).
- The Capital Projects funds increased by \$453 from \$43,643 to \$44,096 primarily due to increased expenditures funded by for Tobacco Litigation Settlement of \$3 million, and decreased expenditures for Accumulated Capital Outlay of \$4 million.

Revenues for total governmental funds totaled \$2,446,222 in fiscal year 2013-14 which represents an increase of 8.1 percent from fiscal year 2012-13.

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 2014		FY 2013		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 475,910	19.45 %	445,659	19.70 %	30,251	6.79 %
Use of money and property	13,347	0.55 %	13,137	0.58 %	210	1.60 %
Licenses and permits	50,032	2.05 %	46,253	2.04 %	3,779	8.17 %
Intergovernmental	1,524,291	62.31 %	1,444,712	63.85 %	79,579	5.51 %
Charges for sales and services	249,034	10.18 %	174,666	7.72 %	74,368	42.58 %
Fines, forfeitures and penalties	43,723	1.79 %	39,051	1.73 %	4,672	11.96 %
Pledged tobacco settlement proceeds	12,493	0.51 %	19,004	0.84 %	(6,511)	(34.26)%
Miscellaneous	77,392	3.16 %	80,293	3.54 %	(2,901)	(3.61)%
Total	<u>\$ 2,446,222</u>	<u>100.00 %</u>	<u>2,262,775</u>	<u>100.00 %</u>	<u>183,447</u>	<u>8.11 %</u>

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

- Taxes increased due to a combined increase in property taxes of \$27 million and an increase in sales tax of \$3 million during 2013-14.
- Intergovernmental revenue increased primarily due to an increase of \$35 million in federal and state funding for Human Assistance to fund increased costs associated with Medi-Cal program, the implementation of the Affordable Care Act, and the Cal-Fresh (Food Stamps) and Cal-Works program, and an increase of \$23 million in Mental Health Services funding. Also, \$24 million was recognized as revenue during the current year due to the County's change in period of recognition of revenue from 365 to 120 days.
- Charges for sales and services increased due to the transfer of Public Works Internal Service fund activity to governmental funds. (1) \$22 million building code enforcement programs were transferred to the General Fund Community Development Department and (2) \$49 million transportation road service programs were transferred to the Special Revenue Road Fund.
- Licenses and permits increased \$4 million due to the transfer of Public Works internal service fees to General Fund Community Development Department.
- Fines, forfeitures and penalties increased \$4.7 million due to a combined increase of \$8 million for utility billing charges previously reported to the Public Works Internal Service fund, and a decrease of \$4 million for Teeter delinquencies.
- Pledged tobacco settlement proceeds decreased \$6 million due to prior year receipt of one-time settlement funds.

Expenditures for governmental functions totaled \$2,473,710 in fiscal year 2013-14, which represents an increase of 6.0 percent from fiscal year 2012-13.

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 2014		FY 2013		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 142,581	5.76 %	141,868	6.08 %	713	0.50 %
Public assistance	621,588	25.13 %	597,598	25.61 %	23,990	4.01 %
Public protection	718,386	29.04 %	660,322	28.29 %	58,064	8.79 %
Health and sanitation	564,824	22.83 %	553,780	23.73 %	11,044	1.99 %
Public ways and facilities	151,269	6.12 %	108,662	4.66 %	42,607	39.21 %
Recreation and culture	34,650	1.40 %	34,553	1.48 %	97	0.28 %
Education	1,025	0.04 %	1,040	0.04 %	(15)	(1.44)%
Capital outlay	40,629	1.64 %	32,315	1.38 %	8,314	25.73 %
Debt service:						
Principal	72,695	2.94 %	79,957	3.43 %	(7,262)	(9.08)%
Interest and fiscal charges	125,196	5.06 %	123,615	5.30 %	1,581	1.28 %
Bond issuance costs	867	0.04 %			867	
Total	<u>\$ 2,473,710</u>	<u>100.00 %</u>	<u>2,333,710</u>	<u>100.00 %</u>	<u>140,000</u>	<u>6.00 %</u>

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

Public assistance: Increase is due to \$25 million increase in Human Assistance Administration expenditures associated with the Medi-Cal program, the implementation of the Affordable Care Act (ACA), and the CalFresh (Food Stamps) and CalWORKS programs.

Public Protection: Increase is due to (1) \$23 million increase in the Sheriff's expenditures primarily due to negotiated increased salary and benefits costs; (2) \$9 million increase in the Probation expenditures due to additional SB 678 and AB 109 Realignment revenue to cover salary and benefit cost increases and provide resources to contract for additional community-based programs and services for probationers; and (3) \$26 million increase in the Community Development Department's expenditures due primarily to the elimination of Public Works Internal Service Fund and the transfer of positions and funding responsibility for some of the Building & Code Enforcement programs

Health and Sanitation: Increase of \$11 million is primarily related to increased costs associated with closing the Low Income Housing Program and the transition to Medi-Cal Managed Care.

Public Ways and Facilities: The increase is due to (1) \$32 million increased expenditures in Road fund due to elimination of Public Works Internal Service transportation road operations and the transfer of these operational costs to the Special Revenue Road fund, (2) \$9 million increased expenditures in Transportation Sales tax for both new projects (\$4 million) and projects that were re-budgeted from FY2012-13 that were not completed.

Capital Outlay: Increased costs are primarily due to increased project expenditures in Accumulated Capital Outlay (\$4 million), and Public Facilities Fixed Asset Financing Program (\$4 million).

Bond Principal: Decrease due to \$7 million less in Tobacco Settlement agreement payments.

Bond issuance costs: Increase due to issuance of 2013 Refunding of Taxable Pension Obligation bonds. No new bond issuances in prior year.

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

	FY 2014	FY 2013	Increase/(Decrease)	
			Amount	Percent
Transfers in	\$ 187,577	193,347	(5,770)	(2.98)%
Transfers out	(156,053)	(175,433)	19,380	(11.05)%
Issuance of debt	135,060	28,374	106,686	376.00 %
Discounts on debt issued	(2,180)		(2,180)	100.00 %
Payment to refunded bonds escrow agent	(108,850)		(108,850)	100.00 %
Total other financing sources (uses)	<u>\$ 55,554</u>	<u>46,288</u>	<u>9,266</u>	<u>20.02 %</u>

- Transfers in/out: Decrease for transfers out are primarily due to less Tobacco Litigation Settlement (\$14 million) and the remainder of bond proceeds expended in FY 2013-14.
- Issuance of debt, Discounts on debt issued, and Payment to refunded bonds escrow agent: Increase is due to issuance of Pension Obligation Bond Refunding Series 2013 (\$111 million).
- Payment to refunded bond escrow agent: No new issuance in prior year.

**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 was \$119,928, Solid Waste \$41,349, Water Agency \$55,309, and Parking Enterprise \$3,835 and County Transit \$1,201. The internal service funds that are used to account for certain governmental activities had unrestricted net position of negative \$56,871.

Airports total net position decreased by \$(13,919) during fiscal year ended June 30, 2014 primarily as a result of a combination of operating income of \$19,384, net non-operating expenses of \$(40,013) and capital contribution of \$9,422. The decrease was primarily due to a decrease in capital contributions of \$45.5 million, representing the value of the Mather Airport land transferred from United States Air Force during fiscal year 2013.

The Solid Waste's total net position increased by \$8,676 during fiscal year ended June 30, 2014. This increase was a result of a combination of operating income of \$9,196, net non-operating income of \$943, with a transfer out of \$1,463. 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 \$13,678 during fiscal year ended June 30, 2014. This increase was a result of a combination of operating income of \$26,782; net non-operating expenses of \$(14,631); a transfer out of \$(776) ; and capital contribution of \$2,303. 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 Funds			Non-Major Funds			Internal
	Airports	Solid Waste	Water Agency	Parking Enterprise	County Transit	Totals	Service Funds
Operating revenues	\$ 158,999	68,107	64,765	2,955	218	295,044	273,481
Operating expenses	(139,615)	(58,911)	(37,983)	(1,684)	(2,063)	(240,256)	(255,368)
Operating income (loss)	19,384	9,196	26,782	1,271	(1,845)	54,788	18,113
Non-operating revenues, net	(40,013)	943	(14,631)	(15)	1,481	(52,235)	289
Income before capital contributions and transfers	(20,629)	10,139	12,151	1,256	(364)	2,553	18,402
Transfers in (out)	(2,712)	(1,463)	(776)	(30)		(4,981)	(26,543)
Capital contributions	9,422		2,303		166	11,891	
Changes in net position	\$ (13,919)	8,676	13,678	1,226	(198)	9,463	(8,141)

The income before capital contributions and transfers of enterprise funds of \$2,553 resulted primarily from net decrease for Airports of \$20,629 and increases for Solid Waste of \$10,139 and Water Agency of \$12,151.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the Original Budget and the Final Budget resulted in a \$47.1 million increase in appropriations in Fiscal Year 2013-14, and are briefly summarized as follows:

**General Government:** The budget for General Government increased by \$1.3 million, mainly due to: (1) a \$741,000 increase in Financing Transfers/Reimbursements budget related to the transfer of General Fund resources to the Capital Construction fund to cover the cost of certain building remodel projects; and (2) an \$800,000 increase in the Non-departmental Revenues budget related to the payment of money owed to the City of Sacramento under the terms of an auto dealer revenue sharing agreement.

**Public Assistance:** The budget for Public Assistance increased by \$12.6 million due to an increase in the Human Assistance-Aid Payments budget, related primarily to increased costs in the Foster Care, Adoption Assistance and General Assistance programs.

Public Protection: The budget for Public Protection increased by \$15 million, mainly due to: (1) a \$8.9 million increase in the Sheriff's budget related in part to an encumbrance carry-forward and the receipt of additional grant revenue; (2) a \$3.2 million increase in the Correctional Health budget related to an increase in the cost of inmate healthcare; (3) a \$2.2 million increase in the Emergency Operations budget related to the receipt of additional grant revenue; and (4) a \$1.6 million increase in the Probation budget primarily related to an encumbrance carry-forward.

Health and Sanitation: The budget for Health and Sanitation increased by \$17.7 million, mainly due to a \$17.3 million increase in the Health-Medical Treatments budget related primarily to increased costs associated with the Low Income Health Program (LIHP) and costs associated with the implantation of a Medi-Cal Intergovernmental Transfer (IGT) with the State.

Actual revenues for the General Fund were \$86.5 million less than the final budgetary estimates. The under-collection of revenues was mainly due to reduced health and social services program costs that resulted in reduced federal and state reimbursement revenue and other health and human services revenue reductions (approximately \$68 million), a reduction in revenue to the Fixed Asset Acquisition Fund (approximately \$6.8 million) and a reduction in grant, fee and other revenue in a number of departments, (approximately \$28 million), partially offset by increases in certain revenue sources, including a \$15 million increase in discretionary revenue, primarily increased property tax revenue.

Actual expenditures were \$185.2 million less than budgetary estimates. Expenditures less than budget were due to a number of factors, including: (1) reduced health and social services program costs resulting in reduced offsetting federal and state revenues (approximately \$88 million); (2) expenditures for projects in the Fixed Asset Acquisition Fund were less than budgeted (approximately \$37 million); (3) salary and benefit and other cost savings in a number of departments due to vacant positions and other factors (approximately \$74 million).



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounted to \$4,115,114, 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 0.97 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
	2014	Restated 2013	2014	2013	2014	Restated 2013	
Non depreciable:							
Land	\$ 141,136	134,406 *	133,557	132,704	274,693	267,110 *	2.84 %
Construction in progress	22,100	8,110	49,648	58,927	71,748	67,037	7.03 %
Permanent Easement	6,229	4,379	25	25	6,254	4,404	42.01 %
Other Intangible			1,904	1,904	1,904	1,904	
Water facility rights			195,647	195,647	195,647	195,647	
Intangible Asset Under Project		29				29	(100.00)%
Depreciable:							
Buildings and improvements	468,066	491,799 **	1,778,891	1,819,820	2,246,957	2,311,619 **	(2.80)%
Infrastructure	1,119,087	1,111,169	120,505	122,671	1,239,592	1,233,840	0.47 %
Equipment *	48,785	41,756	20,482	20,736	69,267	62,492	10.84 %
Computer Software	8,100	10,380	9	11	8,109	10,391	(21.96)%
Water facility rights			943	968	943	968	(2.58)%
Total	<u>\$ 1,813,503</u>	<u>1,802,028</u>	<u>2,301,611</u>	<u>2,353,413</u>	<u>4,115,114</u>	<u>4,155,441</u>	<u>(0.97)%</u>

\* Restated June 30, 2013 Land balance due to the understatement of land donated to Economic Development from U.S. Air Force. The land's assessed value is \$9.5 million; and retired capital leasing is \$1.67 million.

\*\* Restated June 30, 2013 Buildings and improvements balance due to not retiring the County Courthouse which was transferred to the State; and Animal Control Center building which was demolished. The Building and improvements net book value is \$1 million.

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

- Land: Increase is due to Road fund (\$1.2), Economic Development acquisition at Mather (\$5.4); and Water Agency (\$0.9).
- Permanent Easement: Increase is due to Road fund (\$1.8).

- Buildings and improvements: Decrease is due to completed projects for Airports (\$6.6), Waste (\$2.2), Water Agency (\$25.9), and Capital Project fund capitalized to New Main Jail (\$1.5), Rio Cosumnes Correctional Center Building (\$1.1), Governmental projects capitalized (\$1.1); Also decrease due to Airport's old Terminal buildings demolished (\$7.8), depreciation of Airports (\$52.6), Waste (\$2.6), Water Agency (\$12.4), and Governmental funds (\$27.8).
- Infrastructure: Increase is due to Road Fund (\$15.7); and decrease is due to Storm Utilities (\$7.8) and Water Agency (\$2.2).
- Construction in progress: Increase is due to Airport terminal modernization program wide costs capitalized to Building costs (\$5.1), Water Agency to Structure (\$27.7), Storm Utilities to Infrastructure (\$2.2), Road fund capitalized to Infrastructure (\$1.2); Capital Project fund capitalized to New Main Jail (\$1.5), Rio Cosumnes Correctional Center Building (\$1.1), and Governmental projects capitalized (\$1.1). Increase is due to Airport projects capitalized (\$3.6), Road fund (\$1.5), Storm Utility (\$5.8), Dependent Parks (\$1.4), Sacramento Sheriff's Department Community Center (\$4.5), Governmental projects capitalized (\$8), and Water Agency project capitalized (\$19.8).
- Equipment: Increase is due to General Services (\$3.6), Regional Radio (\$2.2), and Governmental funds (\$1.2).
- Computer Software: Decrease is due to Governmental funds depreciation (\$2.2).

Additional information on the County's capital assets can be found in Note 5 on pages 65 - 67.

### **Debt Administration**

At June 30, 2014, the County's governmental activities had long-term obligations, totaling \$1,991 billion. Of this amount \$270.0 million are Certificates of Participation, \$238 million are Revenue bonds for cash settlement of the tobacco settlement agreement, and \$88 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 \$34 million in loan agreements to fund the alternative method of distributing property taxes (Teeter Plan), and \$990 million in bonds issued to eliminate the unfunded pension obligation existing between the County and the Sacramento County Employees' Retirement System, and \$214 million associated accreted interest for Pension Obligation Bonds. The remaining represents various other debt obligations. In addition, compensated absences amounted to \$104 million and capital lease obligations were \$5 million.

Business-type activities had long-term obligations of approximately \$1.518 billion. This includes \$1.095 billion of Airports revenue bonds and other Airports debt, \$18 million of Solid Waste Enterprise certificates of participation and other Solid Waste debt, and Sacramento County Water Agency revenue bonds, reimbursement agreements and usage fee totaling \$405 million.

For the year ended June 30, 2014 the County's total long-term obligations had a net decrease of \$87,964. The net decrease resulted primarily from a decrease from scheduled principal retirements of revenue bonds and certificates of participation (\$55 million), and net decrease in pension obligation bonds and associated accreted interest (\$30 million).

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

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

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2014	Restated 2013	2014	Restated 2013	2014	2013	Amount	Percent
<b>Governmental activities:</b>								
Compensated absences	\$ 104,006	102,233	6,273	5,898	110,279	108,131	2,148	1.99 %
Certificates of participation	269,975	288,705	15,120	16,910	285,095	305,615	(20,520)	(6.71)%
Teeter notes	34,432	43,583			34,432	43,583	(9,151)	(21.00)%
Pension obligation bonds	990,308	959,633			990,308	959,633	30,675	3.20 %
Accreted Interest	214,284	273,995			214,284	273,995	(59,711)	(21.79)%
Revenue bonds	326,852	329,607	1,154,800	1,174,980	1,481,652	1,504,587	(22,935)	(1.52)%
Accreted Interest	20,058	17,433			20,058	17,433	2,625	15.06 %
OPEB Liability	26,704	19,548	1,924	1,408	28,628	20,956	7,672	36.61 %
Other long-term debt	3,559	3,680			3,559	3,680	(121)	(3.29)%
Capital lease obligations	4,891	6,910			4,891	6,910	(2,019)	(29.22)%
Deferred amounts								
For issuance premiums	3,771	3,966	15,644	16,344	19,415	20,310	(895)	(4.41)%
For issuance discounts	(7,798)	(6,003)	(6,376)	(6,623)	(14,174)	(12,626)	(1,548)	12.26 %
PFC and subordinate revenue bonds			316,575	328,505	316,575	328,505	(11,930)	(3.63)%
Reimbursement agreements			2,054	2,625	2,054	2,625	(571)	(21.75)%
Usage fee - City of Sacramento			4,215	5,184	4,215	5,184	(969)	(18.69)%
Water rights - SMUD assignment			5,715	6,473	5,715	6,473	(758)	(11.71)%
SMUD transformer			1,845	1,801	1,845	1,801	44	2.44 %
	<u>\$ 1,991,042</u>	<u>2,043,290</u>	<u>1,517,789</u>	<u>1,553,505</u>	<u>3,508,831</u>	<u>3,596,795</u>	<u>(87,964)</u>	<u>(2.45)%</u>

Additional information regarding the County's long-term debt can be found in Note 8, beginning on page 74.

## **Economic Factors and Next Year's Budget and Rates**

- Four major sources of revenue generated from the performance of the economy are:
  - Property tax revenues (from all sources – secured, unsecured, delinquent, etc.) budgeted for Fiscal Year 2014-15 are expected to increase over the Fiscal Year 2013-14 Adopted Budget by \$32.7 million, a 10.3 percent increase. The Fiscal Year 2014-15 projection is a 6.9 percent increase over the FY2013-14 actual collections. The Fiscal Year 2014-15 projection is based on the Assessor's experience with the assessed property value roll and the appeals to those values by homeowners.
  - Sales tax revenues budgeted for Fiscal Year 2014-15 are expected to increase over the Fiscal Year 2013-14 Adopted Budget by \$565 a 1 percent increase. The Fiscal Year 2014-15 projection is a 3.9 percent increase over Fiscal Year 2013-14 actual collections.
  - Proposition 172 revenues budgeted for Fiscal Year 2014-15 are expected to increase over the Fiscal Year 2013-14 Adopted Budget by \$3.1 million, a 3.1 percent increase.
  - Realignment revenues budgeted for Fiscal Year 2014-15 are expected to increase over Fiscal Year 2013-14 Adopted Budget by approximately \$9.5 million, a 2.3 percent increase.
- The Fiscal Year 2014-15 General Fund Budget included a combination of increases and reductions that resulted in a net \$59.3 million increase in appropriations compared to the Fiscal Year 2013-14 Adopted General Fund Budget. This increase is estimated to be funded primarily from anticipated increases to property taxes, sales taxes and intergovernmental revenues.

## **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

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**COUNTY OF SACRAMENTO  
GOVERNMENT-WIDE  
STATEMENT OF NET POSITION  
JUNE 30, 2014  
(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	\$ 592,863	279,572	872,435	68,076
Restricted cash and investments		53,103	53,103	
Receivables, net of allowance for uncollectibles:				
Billed	32,746	26,531	59,277	
Interest	346	4	350	3,793
Intergovernmental	236,389	2,208	238,597	
Receivable from component unit	411	96	507	
Prepaid expenses	24,164	113	24,277	112
Internal balances	(25,306)	25,306		
Inventories	3,884	584	4,468	
Total current assets	865,497	387,517	1,253,014	71,981
Noncurrent assets:				
Restricted assets		154,893	154,893	
Loan receivable from Successor Agency	73,035		73,035	
Long-term receivables	90,583		90,583	
Prepaid bond insurance	7,052	9,230	16,282	
Net Pension asset	965,772		965,772	
Capital assets:				
Land and other nondepreciable assets	169,465	380,781	550,246	
Buildings, improvements, infrastructure and equipment	1,644,038	1,920,830	3,564,868	
Total capital assets	1,813,503	2,301,611	4,115,114	
Total noncurrent assets	2,949,945	2,465,734	5,415,679	
Total assets	3,815,442	2,853,251	6,668,693	71,981
Deferred outflows of resources				
Accumulated decrease in market value of SWAP agreement	104,708	54,096	158,804	
Deferred amounts on refunding	49,773	15,792	65,565	
Total deferred outflows of resources	154,481	69,888	224,369	
Total assets and deferred outflows of resources	3,969,923	2,923,139	6,893,062	71,981

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, 2014  
(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	23,212	1,176	24,388	
Accrued liabilities	124,677	13,330	138,007	2,370
Intergovernmental payable	30,903		30,903	1,905
Accrued interest payable	14,876		14,876	
Payable to external parties	984		984	
Current portion of insurance claims payable	32,904		32,904	
Payable to primary government				507
Current portion of long-term debt obligations	64,434	37,267	101,701	15
Current liabilities payable from restricted assets		28,760	28,760	
Unearned revenues	7,122	3,381	10,503	
Total current liabilities	299,112	83,914	383,026	4,797
Noncurrent liabilities:				
Insurance claims payable	172,223		172,223	
Long-term debt obligations	1,926,608	1,480,522	3,407,130	237
Derivative instrument liability	104,708	54,096	158,804	
Landfill closure and postclosure care		36,712	36,712	
Other long-term liabilities	98		98	
Total noncurrent liabilities	2,203,637	1,571,330	3,774,967	237
Total liabilities	2,502,749	1,655,244	4,157,993	5,034

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, 2014  
(amounts expressed in thousands)**

Page 3 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First Five Commission
<b>Net position:</b>				
Net investment in capital assets	1,389,288	902,340	2,291,628	
Restricted for:				
Bond reserves		53,560	53,560	
Landfill closure		9,082	9,082	
Kiefer Wetlands Preserve		885	885	
Debt service	122,989	38,647	161,636	
Capital projects	30,031		30,031	
Passenger facility charges		5,951	5,951	
Future construction		2,103	2,103	
Endowments:				
Expendable		60	60	
Nonexpendable		2,027	2,027	
Fire protection	23		23	
Health programs	88,239		88,239	
Transportation	38,114	962	39,076	
Lighting and landscape maintenance	2,588		2,588	
Community facilities	2,590		2,590	
Fish and game	39		39	
Unrestricted	(206,727)	252,278	45,551	66,947
Total net position	<u>\$ 1,467,174</u>	<u>1,267,895</u>	<u>2,735,069</u>	<u>66,947</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, 2014  
(amounts expressed in thousands)**

Functions/Programs	Expenses	Primary Government			Component Unit		
		Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position		First Five Commission
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Business- type Activities	
Primary government:							
Governmental activities:							
General Government	\$ 165,556	118,633	296	25	(46,602)		(46,602)
Public Assistance	629,196	6,541	593,250		(29,405)		(29,405)
Public Protection	760,358	124,049	95,424	1,933	(538,952)		(538,952)
Health and Sanitation	574,814	36,151	498,686	2,325	(37,652)		(37,652)
Public Ways and Facilities	152,956	79,336	37,999	34,775	(846)		(846)
Recreation and Culture	37,150	12,915	6	1,735	(22,494)		(22,494)
Education	1,353	146	1		(1,206)		(1,206)
Interest and fiscal charges	122,597				(122,597)		(122,597)
Total governmental activities	2,443,980	377,771	1,225,662	40,793	(799,754)		(799,754)
Business-type activities							
Airport	199,264	160,647	17,999	9,422		(11,196)	(11,196)
Solid Waste	59,117	70,469				11,352	11,352
Water Agency	55,586	65,460	1,169	2,303		13,346	13,346
Parking Enterprise	1,725	2,995				1,270	1,270
County Transit	1,696	220	833	166		(477)	(477)
Total business-type activities	317,388	299,791	20,001	11,891		14,295	14,295
Total primary government	\$ 2,761,368	677,562	1,245,663	52,684	(799,754)	14,295	(785,459)
Component Unit							
First Five Commission	\$ 22,857		16,078				(6,779)
Total Component Units	\$ 22,857		16,078				(6,779)
General revenue:							
Taxes:							
Property Taxes					398,364		398,364
Sales /Use Taxes					73,686	581	74,267
Transient Occupancy					3,860		3,860
Unrestricted investment earnings (loss)					13,348	1,973	15,321
Grants and contributions not restricted to specific programs					234,422		234,422
Pledged tobacco settlement proceeds					12,493		12,493
Miscellaneous					78,304		78,304
Transfers					4,981	(4,981)	
Total general revenues and transfers					819,458	(2,427)	817,031
Changes in net position					19,704	11,868	31,572
Net position, beginning of year, as restated					1,447,470	1,256,027	2,703,497
Net position, end of year					\$ 1,467,174	1,267,895	2,735,069

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

**COUNTY OF SACRAMENTO  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2014  
(amounts expressed in thousands)**

	General Fund	Nonmajor Governmental Funds	Total
Assets:			
Cash and investments	\$ 163,668	324,260	487,928
Receivables:			
Billed	22,515	10,116	32,631
Interest	106	233	339
Intergovernmental	228,922	4,379	233,301
Receivable from component unit	411		411
Due from other funds	494	2,302	2,796
Prepaid expenses	23,697		23,697
Inventories	1,278		1,278
Long-term advances to other funds		20,848	20,848
Loan receivable from Successor Agency		73,035	73,035
Long-term receivables	49,743	40,655	90,398
Total assets	<u>\$ 490,834</u>	<u>475,828</u>	<u>966,662</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Warrants payable	14,754	2,887	17,641
Accrued liabilities	98,689	13,100	111,789
Intergovernmental payable	18,478	12,424	30,902
Due to other funds	33,184	4,905	38,089
Unearned revenue	1,363	825	2,188
Long-term advances from other funds	54,864		54,864
Other long-term liabilities		98	98
Total liabilities	<u>221,332</u>	<u>34,239</u>	<u>255,571</u>
Deferred inflows of resources:			
Unavailable Revenue	<u>70,065</u>	<u>89,639</u>	<u>159,704</u>
Fund balances:			
Nonspendable	32,640	10,467	43,107
Restricted	205,789	341,483	547,272
Unassigned	<u>(38,992)</u>		<u>(38,992)</u>
Total fund balances	<u>199,437</u>	<u>351,950</u>	<u>551,387</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 490,834</u>	<u>475,828</u>	<u>966,662</u>

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

**COUNTY OF SACRAMENTO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

Fund balances - total governmental funds	\$ 551,387
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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.	1,771,575
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Net pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds.	965,772
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Prepaid bond insurance of the governmental activities are not current financial resources and, therefore are not reported in the funds.	7,052
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Long-term liabilities and related deferred outflows of resources including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,942,717)
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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	159,704
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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.	(45,599)
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Net position of governmental activities	<u>\$ 1,467,174</u>
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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, 2014  
(amounts expressed in thousands)**

	General Fund	Nonmajor Governmental Funds	Total
Revenues			
Taxes	\$ 438,057	37,853	475,910
Use of money and property	6,814	6,533	13,347
Licenses and permits	12,421	37,611	50,032
Intergovernmental	1,421,669	102,622	1,524,291
Charges for sales and services	137,240	111,794	249,034
Fines, forfeitures and penalties	29,290	14,433	43,723
Pledged tobacco settlement proceeds		12,493	12,493
Miscellaneous	35,113	42,279	77,392
Total revenues	<u>2,080,604</u>	<u>365,618</u>	<u>2,446,222</u>
Expenditures:			
Current:			
General government	91,145	51,436	142,581
Public assistance	621,588		621,588
Public protection	704,191	14,195	718,386
Health and sanitation	536,943	27,881	564,824
Public ways and facilities		151,269	151,269
Recreation and culture	18,500	16,150	34,650
Education	275	750	1,025
Capital outlay		40,629	40,629
Debt service:			
Principal		72,695	72,695
Bond issuance costs		867	867
Interest and fiscal charges		125,196	125,196
Total expenditures	<u>1,972,642</u>	<u>501,068</u>	<u>2,473,710</u>
Excess (deficiency) of revenues over (under) expenditures	<u>107,962</u>	<u>(135,450)</u>	<u>(27,488)</u>
Other financing sources (uses):			
Transfers in	16,012	171,565	187,577
Transfers out	(103,852)	(52,201)	(156,053)
Issuance of debt		135,060	135,060
Discount on debt issued		(2,180)	(2,180)
Payment to refunded bonds escrow agent		(108,850)	(108,850)
Total other financing sources (uses)	<u>(87,840)</u>	<u>143,394</u>	<u>55,554</u>
Net change in fund balances	<u>20,122</u>	<u>7,944</u>	<u>28,066</u>
Fund balances - beginning, as restated	<u>179,315</u>	<u>344,006</u>	<u>523,321</u>
Fund balances - ending	<u>\$ 199,437</u>	<u>351,950</u>	<u>551,387</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, 2014**  
**(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$ 28,066
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.	5,548
Governmental funds report the effect of the net pension asset when first paid, whereas the amount is deferred and amortized in the statement of activities. This is the amortization during the year.	(24,772)
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.	41,296
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.	(19,888)
The net revenues of certain activities of internal service funds is reported with governmental activities.	<u>(10,546)</u>
Change in net position of governmental activities	<u><u>\$ 19,704</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, 2014  
(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	\$ 422,987	423,794	438,057	14,263
Use of money and property	5,346	5,426	6,814	1,388
Licenses and permits	10,865	11,095	12,421	1,326
Intergovernmental	1,465,920	1,476,219	1,421,669	(54,550)
Charges for sales and services	164,285	164,467	137,240	(27,227)
Fines, forfeitures and penalties	34,179	34,209	29,290	(4,919)
Miscellaneous	44,999	51,893	35,113	(16,780)
Total revenues	<u>2,148,581</u>	<u>2,167,103</u>	<u>2,080,604</u>	<u>(86,499)</u>
Expenditures:				
Current:				
General government:				
Legislative and administrative	64,601	65,339	7,460	57,879
Finance	59,748	60,594	46,150	14,444
Counsel	4,974	4,885	4,191	694
Human resources	14,149	13,911	12,714	1,197
Elections	7,602	7,672	6,809	863
Other	14,591	14,589	13,821	768
Total general government	<u>165,665</u>	<u>166,990</u>	<u>91,145</u>	<u>75,845</u>
Public assistance:				
Administration	282,171	282,126	247,775	34,351
Aid programs	334,164	346,815	343,919	2,896
Other	32,005	31,997	29,894	2,103
Total public assistance	<u>648,340</u>	<u>660,938</u>	<u>621,588</u>	<u>39,350</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, 2014  
(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	140,289	140,330	137,270	3,060
Police protection	263,996	272,953	269,066	3,887
Detention and correction	252,082	255,268	243,030	12,238
Protection and inspection	3,689	3,679	3,506	173
Other	60,897	63,729	51,319	12,410
	<u>720,953</u>	<u>735,959</u>	<u>704,191</u>	<u>31,768</u>
Total public protection				
Health and sanitation	553,384	571,073	536,943	34,130
Recreation and culture	22,121	22,581	18,500	4,081
Education	302	302	275	27
Total expenditures	<u>2,110,765</u>	<u>2,157,843</u>	<u>1,972,642</u>	<u>185,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,816</u>	<u>9,260</u>	<u>107,962</u>	<u>98,702</u>
Other financing sources (uses):				
Transfers in	16,012	16,012	16,012	
Transfers out	(103,852)	(103,852)	(103,852)	
Total other financing sources (uses)	<u>(87,840)</u>	<u>(87,840)</u>	<u>(87,840)</u>	
Net change in fund balance	<u>\$ (50,024)</u>	<u>(78,580)</u>	<u>20,122</u>	<u>98,702</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, 2014  
(amounts expressed in thousands)**

Page 1 of 3

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Assets:						
Current assets:						
Cash and investments	\$ 142,927	76,508	54,721	5,416	279,572	104,935
Restricted cash and investments	51,000		2,103		53,103	
Receivables, net of allowance for uncollectibles:						
Billed	12,163	9,677	4,692		26,532	115
Interest				4	4	7
Intergovernmental	607	535		1,066	2,208	3,088
Receivable from component unit			96		96	
Due from other funds						41,767
Prepaid expenses	113				113	467
Inventories	584				584	2,606
Total current assets	<u>207,394</u>	<u>86,720</u>	<u>61,612</u>	<u>6,486</u>	<u>362,212</u>	<u>152,985</u>
Noncurrent assets:						
Restricted assets	118,225	9,967	26,701		154,893	
Long-term advances to other funds						43,784
Prepaid bond insurance	9,230				9,230	
Long-term receivables						185
Capital assets:						
Land and other nondepreciable assets	89,484	35,553	254,445	1,299	380,781	
Buildings & improvements, infrastructure, equipment and intangibles, net	<u>1,274,333</u>	<u>81,130</u>	<u>563,056</u>	<u>2,311</u>	<u>1,920,830</u>	<u>41,928</u>
Total capital assets	<u>1,363,817</u>	<u>116,683</u>	<u>817,501</u>	<u>3,610</u>	<u>2,301,611</u>	<u>41,928</u>
Total noncurrent assets	<u>1,491,272</u>	<u>126,650</u>	<u>844,202</u>	<u>3,610</u>	<u>2,465,734</u>	<u>85,897</u>
Total assets	<u>1,698,666</u>	<u>213,370</u>	<u>905,814</u>	<u>10,096</u>	<u>2,827,946</u>	<u>238,882</u>
Deferred outflows of resources:						
Accumulated decrease in market value of SWAP agreement			54,096		54,096	
Deferred amounts on refunding	<u>13,939</u>	<u>775</u>	<u>1,078</u>		<u>15,792</u>	
Total deferred outflows of resources	<u>13,939</u>	<u>775</u>	<u>55,174</u>		<u>69,888</u>	
Total assets and deferred outflows of resources	<u>\$ 1,712,605</u>	<u>214,145</u>	<u>960,988</u>	<u>10,096</u>	<u>2,897,834</u>	<u>238,882</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, 2014  
(amounts expressed in thousands)**

Page 2 of 3

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Liabilities:						
Current liabilities:						
Warrants payable	\$ 466	559	149	3	1,177	5,571
Accrued liabilities	5,575	4,470	3,046	239	13,330	12,938
Intergovernmental payable						1
Due to other funds	1,892	2,114	233	6	4,245	3,162
Current portion of insurance claims payable						32,904
Current portion of long-term debt obligations	22,378	1,819	13,070		37,267	888
Current liabilities payable from restricted assets	28,760				28,760	
Unearned revenue	3,381				3,381	4,934
Total current liabilities	<u>62,452</u>	<u>8,962</u>	<u>16,498</u>	<u>248</u>	<u>88,160</u>	<u>60,398</u>
Noncurrent liabilities:						
Insurance claims payable						172,223
Long-term debt obligations	1,072,388	16,068	392,023	43	1,480,522	12,541
Derivative instrument liability			54,096		54,096	
Long-term advances from other funds		1,105			1,105	8,663
Landfill closure and postclosure care		36,712			36,712	
Total noncurrent liabilities	<u>1,072,388</u>	<u>53,885</u>	<u>446,119</u>	<u>43</u>	<u>1,572,435</u>	<u>193,427</u>
Total liabilities	<u>1,134,840</u>	<u>62,847</u>	<u>462,617</u>	<u>291</u>	<u>1,660,595</u>	<u>253,825</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, 2014  
(amounts expressed in thousands)**

Page 3 of 3

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Net position:						
Net investment in capital assets	384,490	99,982	414,258	3,610	902,340	41,928
Restricted for:						
Bond reserves	27,846		25,714		53,560	
Landfill closure		9,082			9,082	
Kiefer Wetlands Preserve		885			885	
Debt service	37,463		987	197	38,647	
Passenger facility charges	5,951				5,951	
Transportation				962	962	
Future construction			2,103		2,103	
Endowments:						
Expendable	60				60	
Nonexpendable	2,027				2,027	
Unrestricted	119,928	41,349	55,309	5,036	221,622	(56,871)
Total net position	<u>\$ 577,765</u>	<u>151,298</u>	<u>498,371</u>	<u>9,805</u>	<u>1,237,239</u>	<u>(14,943)</u>
Adjustment to reflect internal service fund activities related to enterprise funds					30,656	
Net position of business-type activities					<u>\$ 1,267,895</u>	

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, 2014**

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
Operating revenues:						
Charges for sales and services	\$ 158,985	67,345	62,004	3,171	291,505	268,662
Other	14	762	2,761	2	3,539	4,819
Total operating revenues	<u>158,999</u>	<u>68,107</u>	<u>64,765</u>	<u>3,173</u>	<u>295,044</u>	<u>273,481</u>
Operating expenses:						
Salaries and benefits	30,303	23,124	9,490	463	63,380	95,026
Services and supplies	54,045	27,899	10,823	1,055	93,822	97,349
Cost of sales and services	649				649	3,087
Depreciation and amortization	54,205	6,638	15,849	516	77,208	10,935
Self-insurance						48,190
Landfill closure costs		1,250			1,250	
Other	413		1,821	1,713	3,947	781
Total operating expenses	<u>139,615</u>	<u>58,911</u>	<u>37,983</u>	<u>3,747</u>	<u>240,256</u>	<u>255,368</u>
Operating income (loss)	<u>19,384</u>	<u>9,196</u>	<u>26,782</u>	<u>(574)</u>	<u>54,788</u>	<u>18,113</u>
Nonoperating revenues (expenses):						
Use of money and property	813		1,154	6	1,973	
Intergovernmental	838		1,169	833	2,840	32
Passenger facility charges	17,161				17,161	
Sales / use tax				581	581	
Interest expense	(58,324)	(976)	(16,986)	(20)	(76,306)	(684)
Other	(501)	1,919	32	66	1,516	941
Total nonoperating revenues (expenses)	<u>(40,013)</u>	<u>943</u>	<u>(14,631)</u>	<u>1,466</u>	<u>(52,235)</u>	<u>289</u>
Income before capital contributions and transfers	<u>(20,629)</u>	<u>10,139</u>	<u>12,151</u>	<u>892</u>	<u>2,553</u>	<u>18,402</u>
Transfers in						5,132
Transfers out	(2,712)	(1,463)	(776)	(30)	(4,981)	(31,675)
Capital contributions	9,422		2,303	166	11,891	
Changes in net position	<u>(13,919)</u>	<u>8,676</u>	<u>13,678</u>	<u>1,028</u>	<u>9,463</u>	<u>(8,141)</u>
Net position, beginning of year, restated	<u>591,684</u>	<u>142,622</u>	<u>484,693</u>	<u>8,777</u>		<u>(6,802)</u>
Net position, end of year	<u>\$ 577,765</u>	<u>151,298</u>	<u>498,371</u>	<u>9,805</u>		<u>(14,943)</u>
Adjustment to reflect internal service fund activities related to enterprise funds.					2,405	
Change in net position of business-type activities					<u>\$ 11,868</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, 2014  
(amounts expressed in thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 162,093	\$ 61,394	\$ 58,656	\$ 3,171	\$ 285,314	\$ 72,973
Receipts from interfund services provided						218,498
Receipts for other operating activities		6,297	2,760		9,057	
Payments to suppliers	(58,347)	(24,405)	(13,858)	(2,977)	(99,587)	(131,136)
Payments to employees	(30,084)	(22,768)	(9,006)	(494)	(62,352)	(99,185)
Payments for other operating activities	(33)	(451)		(49)	(533)	(828)
Payments for interfund services used		(2,979)		(1)	(2,980)	(26,296)
Net cash provided by (used for) operating activities	73,629	17,088	38,552	(350)	128,919	34,026
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Receipt on advance from other funds						7,127
Payment on advance from other funds						(3,245)
Transfers from other funds		369			369	7,121
Transfer to other funds	(2,712)	(1,463)	(776)		(4,951)	(10,014)
Interest paid on advance from other funds						(684)
Intergovernmental revenue	1,563			1,782	3,345	
Net cash provided by (used for) noncapital financing activities	(1,149)	(1,094)	(776)	1,782	(1,237)	305
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Passenger facility charges	18,281				18,281	
Capital contributions	9,856				9,856	
Acquisition and construction of capital assets	(5,011)	(6,445)	(16,890)	(500)	(28,846)	(17,306)
Principal paid on long-term obligations	(23,870)	(1,746)	(10,547)	(230)	(36,393)	
Interest paid on long-term obligations	(57,908)	(822)	(18,596)	(14)	(77,340)	
Proceeds from the sale of capital assets	10	1,353			1,363	1,386
Net cash used for capital and related financing activities	(58,642)	(7,660)	(46,033)	(744)	(113,079)	(15,920)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of investments	(64,444)				(64,444)	
Proceeds from sale and maturities of investments	33,912				33,912	
Interest received on cash and investments	1,466		904	2	2,372	22
Net cash provided by (used for) investing activities	(29,066)		904	2	(28,160)	22
Net increase (decrease) in cash and cash equivalents	(15,228)	8,334	(7,353)	690	(13,557)	18,433
Cash and cash equivalents, beginning of year	264,428	78,141	68,771	4,726	416,066	86,502
Cash and cash equivalents, end of year	\$ 249,200	86,475	61,418	5,416	402,509	104,935

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, 2014  
(amounts expressed in thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total	
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Cash and investments	\$ 142,927	76,508	54,542	5,416	279,393	104,935
Restricted cash and investments	51,000		2,103		53,103	
Restricted noncurrent assets (net of accrued interest)	118,225	9,967	26,701		154,893	
Less: Long-term investments included in restricted assets	(62,952)		(21,928)		(84,880)	
Cash and cash equivalents	<u>249,200</u>	<u>86,475</u>	<u>61,418</u>	<u>5,416</u>	<u>402,509</u>	<u>104,935</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	<u>19,384</u>	<u>9,196</u>	<u>26,782</u>	<u>(574)</u>	<u>54,788</u>	<u>18,113</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	54,205	6,638	15,849	516	77,208	10,935
Provision for uncollectible accounts	(235)				(235)	
Impact fee credits applied			(4,038)		(4,038)	
Other nonoperating revenue	(33)	(824)			(857)	
Changes in assets and liabilities:						
Billed	2,676	110	676		3,462	(83)
Intergovernmental		(147)	14		(133)	63
Due from other funds		77			77	(134)
Prepaid expenses	107				107	(327)
Inventories	57				57	(1,045)
Warrants payable	(222)	(134)		(31)	(387)	1,143
Accrued liabilities	(3,210)	(18)	(1,333)	(230)	(4,791)	676
Intergovernmental payable						(3)
Due to other funds		(150)	187	(1)	36	(1,075)
Deferred revenues	654				654	(1,567)
Landfill closure and postclosure care		1,001			1,001	
Compensated absences	246	101		(4)	343	201
Other post employment benefits		169	482	(26)	625	498
Insurance claims payable						6,713
Total adjustments	<u>54,245</u>	<u>6,823</u>	<u>11,837</u>	<u>224</u>	<u>73,129</u>	<u>15,995</u>
Net cash provided by (used for) operating activities	<u>\$ 73,629</u>	<u>16,019</u>	<u>38,619</u>	<u>(350)</u>	<u>127,917</u>	<u>34,108</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributed assets	\$		2,303		2,303	
Amortization of bonds premium			388		388	
Special Item, Abatement of regulatory fees			4,038		4,038	

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

**COUNTY OF SACRAMENTO**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Agency</u>	<u>Investment Trust</u>	<u>Redevelopment Obligation Retirement Fund - Successor Agency</u>
Assets:			
Cash and investments	\$ 183,349	1,993,851	29,505
Receivables, net of allowance for uncollectibles:			
Billed	765		
Interest	888		6
Intergovernmental	400		1,227
Due from other funds	1,612		
Buildings & improvements, infrastructure, equipment and intangibles, net			<u>7,922</u>
Total assets	<u>\$ 187,014</u>	<u>1,993,851</u>	<u>38,660</u>
Liabilities:			
Warrants payable	\$ 10,487		
Accrued liabilities	11,986		476
Intergovernmental payable	163,869		1,150
Due to other funds	672		
Other long-term liabilities			7,167
Loan due to County Public Financing Authority			<u>73,500</u>
Total liabilities	<u>\$ 187,014</u>	<u></u>	<u>82,293</u>
Net position (deficit) held in trust		<u>\$ 1,993,851</u>	<u>(43,633)</u>

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

**COUNTY OF SACRAMENTO**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Investment Trust</u>	<u>Redevelopment Obligation Retirement Fund - Successor Agency</u>
Additions:		
Property taxes	\$	3,293
Contributions on pooled investments	9,552,432	
Use of money and property	47,986	11
Miscellaneous		27
	<u>9,600,418</u>	<u>3,331</u>
Total additions		
Deductions:		
Distributions from pooled investments	9,454,809	
Services and supplies		660
Interest expense		4,412
	<u>9,454,809</u>	<u>5,072</u>
Total deductions		
Net increase (decrease) in net position	145,609	(1,741)
Net position held in trust, beginning of year	<u>1,848,242</u>	<u>(41,892)</u>
Net position (deficit) held in trust, end of year	<u>\$ 1,993,851</u>	<u>(43,633)</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**

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Scope of Financial Reporting Entity**

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

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

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

**Blended Component Units:**

Lighting and Landscape Maintenance District Special Revenue Fund:

County Service Area Number One  
Sacramento County Landscape Maintenance District

Park Districts and Park Service Areas Special Revenue Fund:

Del Norte Oaks Park Maintenance District  
Mission Oaks Recreation and Park District  
Carmichael Recreation and Park District  
Sunrise Recreation and Park District  
County Service Area Number Four

Special Revenue Fund Other:

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

Enterprise Fund:

Water Agency Water Supply

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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

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.

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

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

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

**Discretely Presented Component Unit:**

Sacramento County First Five Commission, formerly presented as a special revenue blended component unit, is now presented as a discretely prented component unit. The Commission is administered by a governing board of seven memebbers, 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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**Excluded from the Reporting Entity:**

The Sacramento County Employees' Retirement System is excluded from the reporting entity, as it is fiscally independent of the County and is governed by a separate Board of Directors 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.

**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 District  
Library Joint Powers Authority  
Sacramento Regional County Sanitation District  
Sacramento Area Sewer District  
Southeast Connector JPA

River City Regional Stadium Financing Authority  
Sacramento Regional Arts Facilities 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  
Finance acquisition, construction, improvement, renovation and equipping of certain theatre facilities located in the City of Sacramento  
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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

statements of the JPAs can be obtained by contacting the individual agencies or the County Department of Finance, Auditor-Controller Division. The above agencies do not meet the criteria under GASB Statement No. 61 necessary to be considered a component unit.

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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

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

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

**The County also reports the following fund types:**

Internal service funds are used to account for the financing of goods, services, or facilities provided by one department to other departments of the County, or to other governmental units, on a cost-reimbursement basis. Internal service funds include General Services, Self-Insurance funds covering general liability and property damage, workers' compensation, dental and unemployment, Regional Communication for emergency communications services, and Office of Communications and Information Technology. Public Works Internal Service fund was eliminated as of July 1, 2013 and operations were transferred to other governmental funds in the County.

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

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

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

**Measurement Focus and Basis of Accounting**

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Taxes (other than property taxes), interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within one hundred and twenty days of the end of the accounting period so as to be both measurable and available. This is a change from prior years reporting within three hundred sixty five days of the end of the accounting period. The effect of this change is reported at Note 21. 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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

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. 65, Items Previously Reported as Assets and Liabilities**

During the fiscal year ended June 30, 2014, the County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to either a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows or resources (revenue). See Note 21 (Restatement), for additional disclosure detail on the impact to beginning fund balance.

**GASB Statement No. 66, Technical Corrections-2012-An Amendment of GASB Statements No. 10 and No.62**

The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements. Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this statement are effective for financial statement beginning after December 15, 2012. There was no impact to the financial statements.

**GASB Statement 70, Accounting and Financial Reporting for Nonexchange Financial Guarantess**

The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this statement are effective for financial statements for period beginning after June 15, 2013. There was no impact to the financial statement.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**Cash and Cash Equivalents**

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

**Property Taxes**

The County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within Sacramento County including the cities, school districts, and various special districts. Property taxes are payable in equal installments, November 1 and February 1. They become delinquent after December 10 and April 10, respectively. The assessment date for fiscal year 2013-14 is July 1 and the lien date is January 1 (unsecured property taxes are paid in one installment August 31). The tax collections are recorded in the Unapportioned Tax Collection Agency fund prior to apportionment.

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

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

A description of the debt related to the Teeter Plan can be found in Note 9.

**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 balance sheet of governmental funds reports a separate section for deferred inflows of resources. Unavailable revenue reported consists of \$38 million for California Senate Bill 90 (SB90) revenues for state mandated programs, and \$32 million unavailable aid from state and federal agencies for health and social service programs. 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.



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**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 substantial 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.

Included in 2013-14 other operating revenues for the Water Agency Enterprise Fund are First Five (Proposition 10) grant revenues of \$1,000. These funds were used on flouridation system operations within the Water Agency Enterprise Fund's service area.

**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.

**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.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**Capital Assets**

Capital assets, which include land, easement, structures and improvements, infrastructure, machinery and equipment, computer software, water facility rights, and other intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5 and an estimated useful life in excess of four years except for computer software, computer and peripheral equipment which have an estimated useful life of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The County has not reported infrastructure acquired prior to 1980. Donated capital assets are recorded at estimated fair 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 useful 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, 2014**  
**(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.

**Spending Policy**

Each year when preparing the budget for the next fiscal year, the Board of Supervisors will on an annual basis, determine any growth in total General Fund discretionary revenue over the current fiscal year. The growth will be used first to fund any increases that result from:

- Any memoranda of understanding (MOU’s) between the County and its labor organizations; and
- All legal obligations.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

Any remaining discretionary revenue growth will be appropriated as follows:

- First, up to \$10 million to repay the Interfund Loans until fully repaid; and
- Second, 50 percent to the General reserve, and 50 percent reinvested in high priority services as determined by the Board of Supervisors.

In the event that total General Fund discretionary revenue exceeds \$566 million, any remaining discretionary revenue growth available after satisfying MOU a legal obligations and repayment of the Interfund Loans will be appropriated as follows:

Item	Amount	Maximum
Unassigned General Reserve	5 percent	10 percent of discretionary revenues
Innovation Investment Revolving Fund	5 percent	5 percent of discretionary revenues
Management Audits	5 percent	Based on need
High Priority Services	Balance	No maximum

**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.

**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 Unemployment ISF Deficit Net Position**

As of June 30, 2014, the Liability/Property and Workers Compensation ISF have deficit net position of (\$18,841) and (\$86,866), respectively. These deficits in net position represent the county's unfunded actuarial determined liability for the liability/property and workers compensation. The County is collecting additional amounts from the departments to eliminate the unfunded liability.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

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

Total fund balances of the County's governmental funds of \$551,387 differs from net position of governmental activities of \$1,467,174 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	\$ 487,928		104,935		592,863
Receivables, net of allowance for uncollectibles:					
Billed	32,631		115		32,746
Interest	339		7		346
Intergovernmental	233,301		3,088		236,389
Receivable from component unit	411				411
Due from other funds	2,796		11,110	(39,212)	(25,306)
Prepaid expenses	23,697		467		24,164
Inventories	1,278		2,606		3,884
Total current assets	<u>782,381</u>		<u>122,328</u>	<u>(39,212)</u>	<u>865,497</u>
Noncurrent assets:					
Long-term receivables	90,398		185		90,583
Prepaid Bond Insurance		7,052			7,052
Long-term advances to other funds	20,848		43,784	(64,632)	
Loan receivable from Successor Agency	73,035				73,035
Net pension asset		965,772			965,772
Capital assets:					
Land and other nondepreciable assets		169,465			169,465
Buildings & improvements, infrastructure, equipment and intangibles, net		1,602,110	41,928		1,644,038
Total capital assets		<u>1,771,575</u>	<u>41,928</u>		<u>1,813,503</u>
Total noncurrent assets	<u>184,281</u>	<u>2,744,399</u>	<u>85,897</u>	<u>(64,632)</u>	<u>2,949,945</u>
Total assets	<u>966,662</u>	<u>2,744,399</u>	<u>208,225</u>	<u>(103,844)</u>	<u>3,815,442</u>
Deferred outflows of resources:					
Accumulated decrease in market value of SWAP agreement		104,708			104,708
Loss on refunding		49,773			49,773
Total deferred outflows of resources		<u>154,481</u>			<u>154,481</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	\$ 17,641		5,571		23,212
Accrued liabilities	111,789		12,938	(50)	124,677
Intergovernmental payable	30,902		1		30,903
Accrued interest payable		14,876			14,876
Due to other funds/payable to external parties	38,089		3,162	(40,267)	984
Current portion of insurance claims payable			32,904		32,904
Current portion of long-term debt obligations		63,546	888		64,434
Deferred / unearned revenue	2,188		4,934		7,122
Total current liabilities	<u>200,609</u>	<u>78,422</u>	<u>60,398</u>	<u>(40,317)</u>	<u>299,112</u>
Noncurrent liabilities:					
Insurance claims payable			172,223		172,223
Long-term debt obligations		1,914,068	12,541	(1)	1,926,608
Derivative instrument liability		104,708			104,708
Long-term advances from other funds	54,864		8,663	(63,527)	
Other long-term liabilities	98				98
Total noncurrent liabilities	<u>54,962</u>	<u>2,018,776</u>	<u>193,427</u>	<u>(63,528)</u>	<u>2,203,637</u>
Total liabilities	<u>255,571</u>	<u>2,097,198</u>	<u>253,825</u>	<u>(103,845)</u>	<u>2,502,749</u>
Deferred inflows of resources	<u>159,704</u>	<u>(159,704)</u>			
Fund balances/net position:					
Nonspendable	43,107			(43,107)	
Restricted	547,272			(547,272)	
Unassigned	(38,992)			38,992	
Net investment in capital assets		1,771,575	41,928	(424,215)	1,389,288
Restricted for:					
Debt service		71,240		51,749	122,989
Capital projects				30,031	30,031
Fire protection				23	23
Health programs		70,065		18,174	88,239
Transportation				38,114	38,114
Lighting and landscape maintenance				2,588	2,588
Community facilities				2,590	2,590
Fish and game				39	39
Unrestricted		(951,494)	(87,527)	832,294	(206,727)
Total fund balance / net position	<u>\$ 551,387</u>	<u>961,386</u>	<u>(45,599)</u>		<u>1,467,174</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	\$ 4,452,603
Accumulated depreciation	<u>(2,681,028)</u>
	<u>1,771,575</u>

Net pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds	<u>965,772</u>
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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.	<u>7,052</u>
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Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Compensated absences	(92,790)
Other post employment benefits (OPEB)	(22,748)
Bonds, loans, capital leases, other payables	(1,627,734)
Derivative instrument liability	(104,708)
Accreted interest	(234,342)
Accrued interest payable	<u>(14,876)</u>
	<u>(2,097,198)</u>

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

Accumulated decrease in market value of SWAP agreement	104,708
Loss on refunding	<u>49,773</u>
Total deferred outflows of resources	<u>154,481</u>

Unavailable revenue	<u>159,704</u>
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Total	<u><u>\$ 961,386</u></u>
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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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 liabilities of certain internal service funds are included in governmental activities in the statement of net position.

\$ (45,599)

The net change in fund balances for governmental funds of \$28,066, differs from the change in net position for governmental activities of \$19,704 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	\$ 398,364					398,364
Sales / use	73,686					73,686
Transient occupancy	3,860					3,860
Use of money and property	13,347				1	13,348
Licenses and permits	50,032				(50,032)	
Intergovernmental	1,524,291				(1,524,291)	
Charges for sales and services	249,034		(1,870)	31,421	99,186	377,771
Operating grants and contributions			(13,739)		1,239,401	1,225,662
Capital grants and contributions			(4,279)		45,072	40,793
Grants and contributions not restricted to specific programs					234,422	234,422
Fines, forfeitures and penalties	43,723				(43,723)	
Pledged tobacco settlement proceeds	12,493					12,493
Miscellaneous	77,392			948	(36)	78,304
Total revenues	<u>2,446,222</u>		<u>(19,888)</u>	<u>32,369</u>		<u>2,458,703</u>



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	\$ 142,581	15,184	4,712	2,552	527	165,556
Public assistance	621,588	1,228	3,238	3,142		629,196
Public protection	718,386	17,324	18,971	5,677		760,358
Health and sanitation	564,824	1,109	6,241	2,640		574,814
Public ways and facilities	151,269	(2,761)	2,921	1,527		152,956
Recreation and culture	34,650	2,167	221	112		37,150
Education	1,025	304	(13)	37		1,353
Capital outlay	40,629	(40,103)			(526)	
Debt service:						
Principal	72,695		(72,695)			
Bond issuance costs	867		(867)			
Interest and fiscal charges	125,196		(3,283)	684		122,597
Total expenditures/expenses	2,473,710	(5,548)	(40,554)	16,371	1	2,443,980
Excess (deficiency) of revenues over (under) expenditures/expenses	(27,488)	5,548	20,666	15,998	(1)	14,723
Other financing sources (uses):						
Transfers in	187,577			5,132	1	192,710
Transfers out	(156,053)			(31,676)		(187,729)
Discounts on debt issued	(2,180)		2,180			
Payment to refunded bonds escrow agent	(108,850)		108,850			
Issuance of debt	135,060		(135,060)			
Total other financing sources (uses)	55,554		(24,030)	(26,544)	1	4,981
Net change in fund balances/net position	28,066	5,548	(3,364)	(10,546)		19,704
Fund balances/net position - beginning, as restated	561,713	1,766,031	(845,221)	(35,053)		1,447,470
Fund balances/net position - ending	\$ 589,779	1,771,579	(848,585)	(45,599)		1,467,174

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

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

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

Capital expenditures	\$ 99,440
Depreciation expense	<u>(93,892)</u>
Total	<u><u>\$ 5,548</u></u>

- (4) Governmental funds report the effect of net pension assets when first paid, whereas the amount is deferred and amortized in the statement of activities. This is the amount amortized during the year.

\$ (24,772)

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.

\$ (481)

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	\$ 18,730
Teeter notes	32,251
Revenue bonds	2,755
Pension Obligation Bonds	81,285
Accreted Interest	79,834
Capital leases obligations	2,019
Other long-term debt	<u>121</u>
Total	<u><u>\$ 216,995</u></u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

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	\$ (23,100)
Pension Obligation Bonds accreted interest	(20,123)
Revenue bonds accreted interest	(2,625)
Pension Obligation Bonds	(111,960)
Premium/discounts	1,795
Total	<u>\$ (156,013)</u>

Interest expense in the statement of activities differs from the amount reported in governmental funds because accreted interest was calculated for bonds and notes payable, and additional interest expense was recognized on the amortization of bond discounts and premiums, including the swap liability, which are expended within the funds statements.

\$ (7,549)

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 compensated absences	\$ (4,853)
Change in other post employment benefits (OPEB)	<u>(7,156)</u>

\$ (12,009)

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.

\$ (19,888)

Decrease in accrued interest

\$ 353

Total

\$ (3,364)

(5) Internal service funds are used by management to charge the costs of certain activities, related to public works, general services, selfinsurance, 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.

\$ (10,546)

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**NOTE 3 - BUDGETARY PRINCIPLES**

As required by the laws of the State of California, the County prepares and legally adopts a final balanced operating budget on or before August 30 of each fiscal year. The Board of Supervisors may, by resolution, extend on a permanent basis or for a limited period, the date from August 30 to October 2. The final budget for fiscal year 2013-14 was adopted on September 24, 2013. Until the adoption of a final balanced budget, operations were governed by the proposed budget approved by the Board of Supervisors on June 11, 2013. 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.

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

During Fiscal Year 2013-14, the original adopted budget was amended by the Board of Supervisors. The final budget data contained in the financial statements reflects the effect of all approved budget amendments. During Fiscal Year 2013-14, the appropriation limit for the fiscal year 2013-14 budget year was reviewed and determined to be calculated in accordance with Article XIII B of the California Constitution.

The County implemented a change in accounting for governmental fund encumbrances for Fiscal Year ending June 30, 2014. In prior years, appropriations for encumbrances outstanding at year-end were reported as restricted, committed or assigned fund balance in governmental funds and re-appropriated in the following fiscal year. Beginning with Fiscal Year 2013-14, the new practice is for encumbrance appropriations to 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) 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

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may be withdrawn is determined on an amortized cost basis, which differs from fair value. The difference from their fair value is noted annually on the GASB Statement No. 31, *Compliance - Fair Value Adjustment* letter prepared annually by the County Director of Finance. 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. Fair value is determined on a monthly basis.

A separately issued report of County Treasurer's Internal and External Pools is available at <http://www.finance.saccounty.net/Treasury/Rpts.asp>.

Cash, investments, and restricted assets as shown on the basic financial statements at June 30, 2014, are as follows:

Government-wide statement of net position:	
Cash and investments	\$ 872,256
Restricted assets, included in current assets	53,103
Restricted assets, included in noncurrent assets	154,893
Fiduciary funds statement of net position:	
Agency	183,349
Private Purpose Trust	29,505
Investment Trust	1,993,851
Discretely presented component unit (First Five Commission)	68,076
Total cash, investments, and restricted assets including interest receivable	3,355,033
Less interest receivable included in restricted assets	(4,043)
Total cash, investments, and restricted assets	<u><u>\$ 3,350,990</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, 2014, all cash held by fiscal agents was covered by federal depository insurance or by collateral held by the County's financial institutions in the County's name.

**Investments Authorized by Government Code and County Investment Policy**

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

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

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

Specific restrictions of investment are noted below:

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

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

The County was in full compliance with its own more restrictive policy, and therefore was also in compliance with the above cited Government Code sections. Accordingly, the County believes it is not at measurable risk as to the four risk areas cited above.

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Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. Under the County’s Investment Policy the dollarweighted average maturity on all securities shall be equal to or less than three years. As of June 30, 2014, of the County’s \$2.9 billion in investments held by the Treasurer and \$33 million held by fiscal agents, over 66.6 percent of the investments have a maturity of six months or less. The weighted average days to maturity for the entire portfolio was 392 days. In addition, 86.9 percent of the portfolio matures within 2 years. See table on page 63.

Credit Risk – This is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. The County is permitted to hold investments of issuers with a short term rating of superior capacity and a minimum long term rating of upper medium grade by the top two nationally recognized statistical rating organizations (rating agencies). For short-term rating, the issuers’ rating must be A-1 and P-1, and the long-term rating must be A and A2, respectively by Standard & Poor’s and Moody’s rating agencies. In addition, the County is permitted to invest in the State’s Local Agency Investment Fund, collateralized certificates of deposits and notes issued by the County that are not-rated. See table on page 63.

Custodial Credit Risk – This is the risk that in the event a financial institution or counterparty fails, the County would not be able to recover the value of its deposits and investments. As of June 30, 2014, one hundred percent (100%) of the County’s investments are FDIC insured up to \$250,000. Banks are required to pledge securities as collateral. Investments are held with a safekeeping agent in the name of the County.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. As of June 30, 2014, approximately 15.69 percent of total investments at year-end are in U.S. Government and Agency securities. There is no limitation on amounts invested in these types of issues; 24.5 percent of the portfolio is invested in commercial paper or guaranteed investment contracts. As of June 30, 2014, more than 5 percent of the portfolio in any one single issuer, is invested as shown below:

	Reported Amount
Federal Farm Credit Banks	\$ 210,529
Federal Home Loan Banks	351,257
FNMA/FNMA Discount Notes	335,698
FHLMC Discount/Federal Home Loan Mort. Corp.	436,811

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The following schedule indicates the credit and interest rate risk at June 30, 2014. For purposes of this schedule, NR is defined as not rated. The credit ratings listed are for Moody's Investor Services and Standard and Poor's, respectively. Guaranteed investment contracts are subject to the credit rating disclosure requirements but are normally unrated.

	Credit Ratings	Under 30 Days	31-180 Days	Maturity 181-365 Days	1-5 Years	Over 5 Years	Fair Value
Imprest cash							\$ 315
Cash in banks							9,662
In custody of Treasurer:							
Cash and cash deposits:							
Cash on hand							13
Cash in banks							385,019
Total cash and cash deposits							385,032
Investments held by Treasurer:							
Treasury Bills	N/A						
Federal Farm Credit Bonds	Aaa/AAA		20,008	90,383	100,138		210,529
Federal Home Loan Banks	Aaa/AAA	103,181	92,350	20,014	135,712		351,257
Federal National Mortgage Association	Aaa/AAA		20,031	50,107	243,899		314,037
Federal National Mortgage Association Discount Notes	P-1/A-1+		21,661				21,661
FHLMC Discount Notes	P-1/A-1+		47,947				47,947
Federal Home Loan Mortgage Corporation	Aaa/AAA	30,022	120,212	20,196	218,434		388,864
SLGS	Aaa/AAA					1,064	1,064
Commercial paper	P-1/A-1+	309,987	322,936				632,923
Negotiable certificates of deposit	P-1/A-1+	100,003	580,054	10,000			690,057
Other assets held by Treasurer (primarily Teeter Plan notes)	NR		2,675		31,757		34,432
Local Agency Investment Fund	NR	71,700					71,700
Money Market Mutual funds	AAAm	77,727					77,727
Guaranteed investment contracts	NR	30,489			3,029	47,204	80,722
Total investments held by Treasurer		723,109	1,227,874	190,700	732,969	48,268	2,922,920
Total in custody of Treasurer							3,307,952
Investments held by fiscal agents:							
Money Market Mutual funds	Aaa/AAA	10,884					10,884
Money Market Mutual funds	Aaa/AAAmG	22,177					22,177
Total investments held by fiscal agents		33,061					33,061
Total investments		\$ 756,170	1,227,874	190,700	732,969	48,268	
Total cash and investments							\$ 3,350,990



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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, 2014:

Statement of Net Position	Treasurer's Pool	Non-Pooled Funds	Total
Net position held for pool participants	<u>\$ 2,861,529</u>	<u>446,423</u>	<u>3,307,952</u>
Equity of internal pool participants	\$ 1,088,547	225,554	1,314,101
Equity of external pool participants	<u>1,772,981</u>	<u>220,870</u>	<u>1,993,851</u>
Total equity	<u>\$ 2,861,528</u>	<u>446,424</u>	<u>3,307,952</u>
Statement of changes in net position			
Net position at July 1, 2013	\$ 2,671,728	568,766	3,240,494
Net changes in investments by pool participants	<u>189,801</u>	<u>(122,343)</u>	<u>67,458</u>
Net position at June 30, 2014	<u>\$ 2,861,529</u>	<u>446,423</u>	<u>3,307,952</u>

A summary of the investments held by the Treasurer's and Non-Pooled Funds at June 30, 2014 are as follows:

	Fair Value	Cost	Interest Rate Range (%)	Maturity Range
Governmental securities	\$ 1,335,359	1,334,712	.04-8.2	7/14-5/26
Commercial paper	632,923	632,796	.10-.16	7/14-9/14
Negotiable certificates of deposit	690,057	689,956	.10-.23	7/14-1/15
Other assets held by Treasurer (primarily Teeter Plan notes)	34,432	34,432	0.35	8/14-8/18
Local Agency Investment Fund	71,700	71,700	0.23	N/A
Money Market Mutual Funds	77,727	77,727	0.01	N/A
Guaranteed investment contracts	<u>80,722</u>	<u>80,722</u>	<u>3.12-6.88</u>	<u>7/14-5/39</u>
Total investments held by Treasurer	<u>\$ 2,922,920</u>	<u>2,922,045</u>		

**COUNTY OF SACRAMENTO**  
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**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2014, is as follows:

	Restated Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 134,406	6,826	(96)	141,136
Construction in progress	8,110	20,763	(6,773)	22,100
Permanent Easement	4,379	1,850		6,229
Intangible Assets Under Project	29		(29)	
Total capital assets not being depreciated	<u>146,924</u>	<u>29,439</u>	<u>(6,898)</u>	<u>169,465</u>
Capital assets, being depreciated:				
Buildings and improvements	890,970	4,277	(110)	895,137
Infrastructure	3,210,105	68,537		3,278,642
Equipment	254,857	23,331	(11,802)	266,386
Intangible - Computer Software	41,846	7,288	(7,113)	42,021
Total capital assets being depreciated	<u>4,397,778</u>	<u>103,433</u>	<u>(19,025)</u>	<u>4,482,186</u>
Less accumulated depreciation for:				
Buildings and improvements	(399,171)	(27,960)	60	(427,071)
Infrastructure	(2,098,936)	(60,619)		(2,159,555)
Equipment	(213,101)	(15,261)	10,761	(217,601)
Intangible - Computer Software	(31,466)	(9,545)	7,090	(33,921)
Total accumulated depreciation	<u>(2,742,674)</u>	<u>(113,385)</u>	<u>17,911</u>	<u>(2,838,148)</u>
Total capital assets, being depreciation	<u>1,655,104</u>	<u>(9,952)</u>	<u>(1,114)</u>	<u>1,644,038</u>
Total governmental activities	<u>\$ 1,802,028</u>	<u>19,487</u>	<u>(8,012)</u>	<u>1,813,503</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
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	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 132,704	1,023	(170)	133,557
Construction in progress	58,927	23,669	(32,948)	49,648
Permanent Easement	25			25
Water facility rights	195,647			195,647
Other Intangible Assets	1,904			1,904
Total capital assets not being depreciated	<u>389,207</u>	<u>24,692</u>	<u>(33,118)</u>	<u>380,781</u>
Capital assets, being depreciated:				
Buildings and improvements	2,254,119	34,325	(7,400)	2,281,044
Infrastructure	150,361	1,273		151,634
Equipment	81,197	5,443	(10,726)	75,914
Computer Software	14			14
Water facility rights	1,273			1,273
Total capital assets being depreciated	<u>2,486,964</u>	<u>41,041</u>	<u>(18,126)</u>	<u>2,509,879</u>
Less accumulated depreciation for:				
Buildings and improvements	(434,299)	(68,133)	279	(502,153)
Infrastructure	(27,690)	(3,439)		(31,129)
Equipment	(60,461)	(5,609)	10,638	(55,432)
Computer Software	(3)	(2)		(5)
Water facility rights	(305)	(25)		(330)
Total accumulated depreciation	<u>(522,758)</u>	<u>(77,208)</u>	<u>10,917</u>	<u>(589,049)</u>
Total capital assets, being depreciated, net	<u>1,964,206</u>	<u>(36,167)</u>	<u>(7,209)</u>	<u>1,920,830</u>
Total business-type activities	<u><u>\$ 2,353,413</u></u>	<u><u>(11,475)</u></u>	<u><u>(40,327)</u></u>	<u><u>2,301,611</u></u>
 <b>Component Unit: First Five Sacramento Commission</b>				
Capital assets, being depreciated:				
Equipment	\$ 22		(7)	15
Less accumulated depreciation for:				
Equipment	<u>(21)</u>	<u>(1)</u>	<u>7</u>	<u>(15)</u>
Total capital assets, being depreciated, net	<u>1</u>	<u>(1)</u>		
Total component unit	<u><u>\$ 1</u></u>	<u><u>(1)</u></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, 2014 was \$214 for the Airport and \$484 for the Water Agency.

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**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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Depreciation expense and amortization was charged to functions/programs of the primary government as follows:

	Depreciation Expense
<b>Governmental activities:</b>	
General government	\$ 15,783
Public assistance	1,260
Public protection	19,994
Health and sanitation	3,282
Public ways and facilities	48,986
Recreation and culture	4,033
Education	555
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>10,935</u>
Subtotal depreciation expense - governmental activities	104,828
Accumulated Depreciation carryover from County's internal service fund	<u>8,557</u>
Total depreciation expense - governmental activities	<u><u>\$ 113,385</u></u>
<b>Business-type activities:</b>	
Airport	\$ 54,205
Solid Waste	6,638
Parking Enterprise	303
Water Agency	15,849
County Transit	<u>213</u>
Total depreciation expense - business-type activities	<u><u>\$ 77,208</u></u>
<b>Component Unit:</b>	
First Five Sacramento Commission	<u>\$ 1</u>
Total depreciation expense - Component Unit	<u><u>\$ 1</u></u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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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, 2014:

Due From / To Other Funds at June 30, 2014, are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 475
	Internal service	19
	Subtotal	<u>494</u>
Nonmajor governmental	General	100
	Nonmajor governmental	1,530
	Fiduciary	672
	Subtotal	<u>2,302</u>
Internal service	General	32,149
	Nonmajor governmental	2,655
	Discrete component unit	6
	Major enterprise, Airport	1,892
	Major enterprise, Solid Waste	2,114
	Major enterprise, Water Agency	233
	Nonmajor enterprise	6
	Internal service funds	2,712
	Subtotal	<u>41,767</u>
Fiduciary	General	935
	Nonmajor governmental	246
	Internal service funds	431
	Subtotal	<u>1,612</u>
	Total	<u><u>\$ 46,175</u></u>

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*Amounts due the General Fund are related to:* 1) Principal and interest due from Public Facilities Fixed Asset Financing Program (non-major governmental); 2) To fund community services activities pending reimbursement from federal, state and local government; 3) Sheriff security and Department of Environmental Review and Assessment services provided to the Airports; and 4) Reimbursement due from Liability/Property Internal Service Fund for the final quarter of the fiscal year ending June 30, 2014.

*Amounts due the non-major governmental funds are a result of:* 1) Transactions to repay the Public Facilities Fixed Asset Financing Program for year end purchases; 2) Teeter excess, net penalty and interest revenue remaining after debt service interest costs are paid.

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

Advances To/From Other Funds at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental	General	\$ 11,080
	Internal service	8,663
	Solid Waste	1,105
		<u>20,848</u>
Internal service	General	43,784
	Total	<u>\$ 64,632</u>

Amounts advanced from non-major governmental funds are related to the Fixed Asset Financing program, \$1,912 in the general fund, \$8,663 in the internal service funds, and \$1,105 related to the purchase of land to be repaid over ten years (Solid Waste). Amounts advanced from internal service funds, \$43,784 and \$9,168 from non-major governmental funds, related to General Fund advances. The advances to the General Fund were for operations. As per the Fund Balance policy, each year when preparing the budget for the next fiscal year, the Board of Supervisors will on an annual basis, determine any growth in total General Fund discretionary revenue over the current fiscal year. The growth will be used first to fund any increases that result from any memorandum of understanding (MOU's) between the County and its labor organizations and all legal obligations. Any remaining discretionary revenue growth will be appropriated first, up to \$10 million to repay the interfund loans until fully repaid. In Fiscal Year 2013-14, the General Fund repaid \$100 to Internal Service Funds.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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Transfers Out / In Other Funds for the year ended June 30, 2014 are as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>	
General	Nonmajor governmental	\$ 103,852	Transfer to cover debt service payments
Nonmajor governmental	General	14,552	Transfers to cover debt service payments and Teeter Property tax
Nonmajor governmental	Nonmajor governmental	37,649	Transfer to cover debt service payments and capital project
Internal service	General	1,460	Internal Service Fund to General Fund reorganization
Internal service	Nonmajor governmental	25,083	Transfer to cover debt service payments and Internal Service Fund reorganization
Internal service	Internal service	5,132	Internal service fund reorganization
Enterprise - Water Agency	Nonmajor Governmental	776	Transfer to cover Pension Obligation Bonds debt service payments
Enterprise - Airport		2,712	
Enterprise - Solid Waste		1,463	
Nonmajor enterprise		30	
		<u>\$ 192,709</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, 2014, the future minimum lease payments under capital leases are as follows:

<u>Year ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 986
2016	820
2017	724
2018	584
2019	654
2020 - 2024	<u>2,041</u>
Total minimum lease payments	5,809
Less amount representing interest	<u>(918)</u>
Net present value of minimum lease payments	<u><u>\$ 4,891</u></u>

The following is a schedule of capital assets under capital leases by major classes at June 30, 2014:

<u>Capital Assets under Capital Leases</u>	<u>Governmental Activities</u>
Asset:	
Land	\$ 673
Structures and improvements	<u>10,560</u>
Total	11,233
Less: Accumulated depreciation	
Structures and improvements	<u>(4,783)</u>
Net Capital Assets under lease	<u><u>\$ 6,450</u></u>



**COUNTY OF SACRAMENTO**  
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**(amounts expressed in thousands)**

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, 2014, are as follows:

<u>Year Ending June 30</u>	<u>Operating Leases Commitment</u>	
	<u>Governmental</u>	<u>Business - Type</u>
2015	\$ 32,331	571
2016	30,247	338
2017	28,177	345
2018	22,405	351
2019	20,077	358
2020 - 2024	53,630	489
2025 - 2029	4,251	
	<u>\$ 191,118</u>	<u>2,452</u>

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

Total rental payments for operating leases recorded for the year ended June 30, 2014 were \$35,085.

**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 leases of the Department of Airports are treated as operating leases for accounting purposes. Most of the leases provide for an annual review and re-determination of the rental amounts.

In fiscal year 2013-14, Airports received approximately \$4,275 for contingent rental payments in excess of stated minimums.

**COUNTY OF SACRAMENTO**  
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The following is a schedule of future minimum rentals on non-cancelable operating leases as of June 30, 2014.

Year Ending June 30	Future Minimum Business Type Activities
2015	\$ 11,281
2016	7,732
2017	7,299
2018	6,817
2019	5,171
2020 - 2024	13,119
2025 - 2029	5,756
2030 - 2034	4,074
2035 - 2039	3,003
2040 - 2044	3,003
Total future minimum rentals	<u>\$ 67,255</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
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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, 2014:

	Restated Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 102,233	83,643	(81,870)	104,006	6,638
Certificates of participation	288,705		(18,730)	269,975	19,755
Teeter notes	43,583	23,100	(32,251)	34,432	16,423
Pension obligation bonds	959,633	111,960	(81,285)	990,308	16,374
Accreted Interest	273,995	20,123	(79,834)	214,284	
Revenue bonds	329,607		(2,755)	326,852	1,950
Accreted Interest	17,433	2,625		20,058	
OPEB Liability	19,548	7,156		26,704	
Other long-term debt	3,680		(121)	3,559	2,749
Capital lease obligations	6,910		(2,019)	4,891	768
Deferred amounts					
For issuance premiums	3,966		(195)	3,771	195
For issuance discounts	(6,003)	(2,180)	385	(7,798)	(418)
Total governmental activities - long-term obligations	<u>\$ 2,043,290</u>	<u>246,427</u>	<u>(298,675)</u>	<u>1,991,042</u>	<u>64,434</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 5,898	3,291	(2,916)	6,273	308
Revenues bonds	1,174,980		(20,180)	1,154,800	18,370
PFC and subordinate revenue bonds	328,505		(11,930)	316,575	12,521
Certificates of participation	16,910		(1,790)	15,120	1,620
Reimbursement agreements	2,625		(571)	2,054	442
Usage fee - City of Sacramento	5,184		(969)	4,215	1,002
OPEB Liability	1,408	516		1,924	
Water rights - SMUD assignment	6,473		(758)	5,715	706
SMUD transformer	1,801	53	(9)	1,845	1,845
Deferred amounts					
For issuance premiums	16,344		(700)	15,644	700
For issuance discounts	(6,623)		247	(6,376)	(247)
Total business-type activities - long-term obligations	<u>\$ 1,553,505</u>	<u>3,860</u>	<u>(39,576)</u>	<u>1,517,789</u>	<u>37,267</u>
<b>Component Unit (First Five Commission):</b>					
Compensated absences	\$ 217	149	(156)	210	15
OPEB Liability	32	10		42	
Total component unit	<u>\$ 249</u>	<u>159</u>	<u>(156)</u>	<u>252</u>	<u>15</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, \$11,426 of the internal services funds compensated absences balance and \$3,700 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, 2014 are as follows:

**Governmental Activities:**

**Certificates of participation:**

	Amount Outstanding at <u>June 30, 2014</u>
County of Sacramento 2003 Certificates of Participation (2003 Public Facilities Projects – ADA Improvements to the Boys Ranch, Mather Golf Course and Thornton Youth Center) issued April 24, 2003. Principal payments are due June 1, 2015 through the year 2034, escalating from \$385 to \$4,145, with interest rates ranging from 4.0 percent to 5.0 percent.	\$ 12,055
County of Sacramento 2003 Certificates of Participation (Juvenile Courthouse Project) issued June 19, 2003. Principal payments are due December 1, 2014, through the year 2034, escalating from \$865 to \$2,160, with interest rates ranging from 3.50 percent to 5.0 percent.	29,425
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, 2014, through the year 2027, escalating from \$3,330 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.	64,615
County of Sacramento Certificates of Participation (1997 Public Facilities Project) issued February 1, 1997, for the acquisition and construction of a dormitory jail and other improvements at the Rio Consumnes Correctional Center and Bank of America building, purchase / renovation and defeasance of \$36,355 of outstanding debt: \$2,265 for California Counties Lease Financing Program Certificates of Participation and \$34,090 of outstanding debt for County of Sacramento Certificates of Participation (1990 Public Facilities Project). On May 11, 2006 a partial advance refunding was done from the 2006 Certificates of Participation, in the amount of \$14,550, to release the Bank of America building from this lease. Principal payments are due February 1, 2015, through the year 2019, in the amount of \$2,870 with interest at 5.375 percent.	2,870
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, 2015, through the year 2036, ranging from \$1,760 to \$2,095.	28,950

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
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June 30, 2014

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, 2014 through the year 2037, escalating from \$950 to \$2,935, with interest rates ranging from 4.0 percent to 5.0 percent.

42,105

County of Sacramento 2010 Certificates of Participation issued on March 3, 2010. The County is issuing the 2010 bonds to refund and defease \$30,494 of outstanding debt for 2003 Refunding Certificates of Participation, Mail Jail Detention Facility; \$5,459 for 1999 Refunding Certificates of Participation – Cherry Island Golf Course; \$67,055 for 1997 Refunding Certificates of Participation (1994 Public Facilities Project), to pay costs of issuance, debt service reserve of \$12,532 and to pay the Swap termination fee of \$10,180 on the 1990 Swap agreement. Principal payments on the 2010 bonds are due commencing on February 1, 2015 through February 1, 2030, payments ranging from \$3,235 to \$9,975 and interest rates ranging from 3.0 percent to 5.50 percent.

89,955

Total certificates of participation  
Add: Issuance premium

269,975

3,771

\$ 273,746

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
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Amount  
Outstanding at  
June 30, 2014

Teeter notes:

County of Sacramento, 2009 Teeter Loan Agreement Note, dated December 1, 2009, to purchase the delinquent property taxes receivable as of June 30, 2009. Annual payments of principal and interest are due August 1 of each year and ending in 2014. The amount of 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, 2014. Interest payments will be at a variable rate that averaged 0.401 percent in Fiscal Year 2013-14 and was 0.425 percent at June 30, 2014.

\$ 2,674

County of Sacramento, 2010 Teeter Loan Agreement Note, dated November 30, 2010, to purchase the delinquent property taxes receivable as of June 30, 2010. Annual payments of principal and interest are due August 1st of each year and ending in 2015. The amount of 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, 2015. Interest payments will be at a variable rate that averaged 0.401 percent in fiscal year 2013-14 and was 0.425 percent at June 30, 2014.

4,748

County of Sacramento, 2011 Teeter Loan Agreement Note, dated November 4, 2011, to purchase the delinquent property taxes receivable as of June 30, 2011 at \$36,698. Annual payments of principal and interest are due August 1st of each year and ending in 2016. The amount of the principal each year shall be the full amount of the County's share of the principal of delinquent tax collections received in the prior year. The unpaid principal shall be due and payable on August 1, 2016. Interest payments will be at a variable rate that averaged 0.401 percent in the fiscal year 2013-14 and was 0.425 percent at June 30, 2014.

6,275

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 0.401 percent in the fiscal year 2013-14 and was 0.425 percent at June 30, 2014.

8,149

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 0.390 percent in the fiscal year 2013-14 and was 0.373 percent at June 30, 2014.

12,586

Total Teeter notes

\$ 34,432

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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Amount  
Outstanding at  
June 30, 2014

Pension obligation bonds:

County of Sacramento Pension Obligation Bonds issued July 22, 1995, \$538,060 of Series 1995 Taxable Pension Funding Bonds to fund the accrued actuarial liability of the County to the Retirement System. The issue is composed of \$404,060 of Series 1995A Fixed Rate Bonds, \$67,000 of Series 1995B Variable Rate Bonds, and \$67,000 of Series 1995C Variable Rate Bonds. Principal payments on the fixed rate bonds are due commencing June 30, 2014, 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.

\$ 181,402

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 \$28,426. 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, 2015 through June 30, 2031, escalating from \$2,400 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 10, Derivatives – Interest rate swaps.

345,415

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, 2014 through August 1, 2023, payments ranging from \$2,530 to \$58,260 and interest rates ranging from 2.83 percent to 6.42 percent.

180,215

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

73,875

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
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	Amount Outstanding at <u>June 30, 2014</u>
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. The economic loss of the refunding is \$194. 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.	<u>111,960</u>
The total accreted interest balance at June 30, 2014, on the 1995, 2003 and 2004 Pension Obligation Bonds is \$214,284	
Total pension obligation bonds	990,308
Plus: Accreted interest	214,284
Less: deferred amount for issuance discount	<u>(3,574)</u>
	<u><u>\$ 1,201,018</u></u>



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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June 30, 2014

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 5.5 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.

\$ 238,436

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 \$80,180, payable through December 2033. For the current year, principal and interest paid and total incremental tax revenues were \$1,280 and \$2,107 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 2008 through 2033. Stated interest rates range from 3.82 percent to 6.26 percent. Series C - \$12,880 North Sacramento Project, North Sacramento Housing Project, Alkali Flat Project and Alkali Flat Housing Project. This issue contains serial bonds, totaling \$8,665 maturing from December 2004 to 2021. Interest rates range from 2.5 percent to 5.3 percent. It also has two term bonds (\$1,635 and 2,580) maturing in December 2028 and 2033, respectively. Both term bonds have a stated interest rate of 5.0 percent.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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June 30, 2014

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 \$91,327, payable through December 2038. For the current year, principal and interest paid and total tax increment revenues were \$5,900 and \$2,402, 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, which are non-callable. The tax-exempt Series 2008A Bonds are callable at par beginning on December 1, 2018. The taxable Series 2008B Bonds are subject to optional redemption on any date, with a “make-whole premium” determined at the time of optional redemption on the bases of the value of debt service otherwise due on the redeemed bonds discounted at the comparable Treasury yield plus 12.5 basis points.

	<u>88,416</u>
Total revenue bonds	326,852
Plus: Accreted interest	20,058
Less: deferred amount for issuance discount	<u>(4,224)</u>
	<u><u>\$ 342,686</u></u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
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	<u>Amount Outstanding at June 30, 2014</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.	\$ 2,672
California Energy Commission loan in the amount of \$1,088, at 3.0 percent interest for energy efficiency projects at Rio Consumnes Correctional Center. Principal payments ranging from \$38 to \$51 are due December 22 and June 22 of each year ending December 2024.	<u>887</u>
Total other long term debt	<u>\$ 3,559</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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Long-term debt obligation maturities of governmental activities are summarized below. The amounts representing interest for variable rate obligations have been based on the debt's interest rate at June 30, 2014.

Year ending June 30	Certificates of Participation		Teeter Note		Pension Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 19,755	13,172	16,423	170	16,374	103,469
2016	16,245	12,278	9,000	71	13,876	104,583
2017	17,145	11,508	5,863	35	16,042	107,826
2018	18,105	10,695	3,146	12	18,316	111,065
2019	15,155	9,805			63,317	61,449
2020 - 2024	62,220	38,814			430,108	255,203
2025 - 2029	69,075	22,907			339,585	60,788
2030 - 2034	36,035	9,012			92,690	3,279
2035 - 2039	16,240	1,393				
	<u>\$ 269,975</u>	<u>129,584</u>	<u>34,432</u>	<u>288</u>	<u>990,308</u>	<u>807,662</u>

Year ending June 30	Revenue Bonds		Other		Accreted Interest	
	Principal	Interest	Principal	Interest		
2015	\$ 1,950	16,015	2,749			36,166
2016	2,045	15,923	810			35,830
2017	4,520	15,822				35,432
2018	5,880	15,602				34,970
2019	6,340	15,315				
2020 - 2024	39,079	73,748				72,846
2025 - 2029	43,890	64,108				2,569
2030 - 2034	54,715	48,815				136
2035 - 2039	68,775	31,815				
2040 - 2044	61,685	14,625				
2045 - 2049	37,973	250,783				16,393
	<u>\$ 326,852</u>	<u>562,571</u>	<u>\$ 3,559</u>			<u>234,342</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

Amount  
Outstanding at  
June 30, 2014

Business-type Activities:

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

On May 9, 2007, Sacramento County Water Financing Authority issued \$184,500 of serial 2007A (Fixed Rate) series and \$228,920 of term series 2007B (Index Rate) Revenue Bonds. The interest rates on the 2007A bonds range from 3.75 percent to 5.0 percent. The variable interest rates on the 2007B bonds range from 0.702 percent to 0.722 percent at June 30, 2014. 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.

\$ 379,720

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 was being netted against the new debt and amortized over the remaining life of the refunded debt, which was shorter than the life of the new debt issued. This current and advance refunding was undertaken in part to adopt a new Bond Indenture that was approved by the County of Sacramento Board of Supervisors. This refunding and advance refunding reduced the total debt service payments over the next 25 years by \$38,284, and resulted in an economic gain of \$24,908. The Series A, B and C Bonds are payable from, and secured by, future Net Revenues of the Airport. Series D and E Bonds are payable from, and secured by, a pledge of the net proceeds of the PFC imposed by the Airport. The bonds are additionally payable from, and secured by, the Net Revenues of the Airport subordinate and junior to the lien of the Series 2008 A, B and C bonds, and any additional parity revenue bonds that may be issued in the future.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
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Outstanding at  
June 30, 2014

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

1,091,655

Total Revenue Bonds	1,154,800
PFC & Subordinated Bonds	316,575
Add: Issuance premiums	15,363
Less: Issuance discounts	<u>(6,376)</u>
	<u><u>\$ 1,480,362</u></u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

Amount  
Outstanding at  
June 30, 2014

Certificates of Participation (COP):

On July 19, 2005, Sacramento County Department of Waste Management & Recycling (Solid Waste Enterprise Fund) issued the 2005 Refunding Revenue Certificates of Participation totaling \$27,580, with interest rates ranging from 3.0 percent to 5.0 percent. Proceeds from this were used to (i) establish irrevocable escrow funds to refund in full the \$15,865 of County of Sacramento Certificates of Participation 1997 Public Facilities Project (Solid Waste Facilities); \$8,800 of County of Sacramento Certificates of Participation 1998 Public Facilities Project (Gas to Energy Facilities); and \$4,795 of County of Sacramento Certificates of Participation 2002 Public Facilities Project (Solid Waste Facilities); (ii) pay the costs of the bond insurance premium and (iii) purchase a Reserve Fund Surety Bond in the amount of the reserve fund requirement. As a result, the County of Sacramento Certificates of Participation 1997 Public Facilities Project, the County of Sacramento Certificates of Participation 1998 Public Facilities Project and the County of Sacramento Certificates of Participation 2002 Public Facilities Project are considered to be defeased and the liability for those Certificates of Participation have been removed from the Fund's financial statements. At June 30, 2014, \$2,705 of the 1997 bonds were legally defeased and remain outstanding.

\$ 15,120

Total certificates of participation  
Add: amounts for issuance premium

15,120

281

\$ 15,401

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. Total reimbursement agreements.

\$ 2,054

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

Amount  
Outstanding at  
June 30, 2014

Usage fee – City of Sacramento:

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

\$ 4,215

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.

\$ 5,715

SMUD Transformer:

Sacramento County Water Agency Enterprise fund has entered into an agreement with Sacramento Municipal Utilities District (SMUD) for the use of a second back-up power transformer for the Vineyard Surface Water Treatment Plant. Its purpose is to provide power if both electricity and the primary back-up transformer fail. This agreement requires an initial deposit, 48 equal monthly payments, and a balloon payment in 2015. While ownership of the transformer will remain with SMUD, the Water Agency is purchasing the right to use this asset indefinitely. Total cost of the transformer is \$1,904 and will be paid off in 2015.

\$ 1,845



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

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, 2014.

Year ending June 30	Revenue Bonds and PFC		COP		Usage Fee City of Sacramento	
	Revenue Bonds					
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 30,891	73,954	1,620	621	1,002	143
2016	36,470	72,460	1,680	559	1,035	109
2017	29,815	70,959	1,755	484	1,071	74
2018	31,145	69,600	1,835	406	1,107	38
2019	32,575	68,176	1,915	323		
2020 - 2024	188,325	314,552	6,315	403		
2025 - 2029	240,555	261,167				
2030 - 2034	307,780	192,547				
2035 - 2039	377,145	105,778				
2040 - 2044	196,674	15,891				
	<u>\$ 1,471,375</u>	<u>1,245,084</u>	<u>15,120</u>	<u>2,796</u>	<u>4,215</u>	<u>364</u>

Year ending June 30	SMUD Transformer		SMUD Water Rights	
	Principal	Interest	Principal	Interest
2015	\$ 1,845	36	706	226
2016			733	269
2017			758	230
2018			784	190
2019			812	148
2020 - 2024			1,922	172
	<u>\$ 1,845</u>	<u>\$ 36</u>	<u>5,715</u>	<u>1,235</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, 2014.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**Conduit Debt and Non-Exchange Financial Guarantees**

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

The County of Sacramento 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, 2014, the principal amount of bonds outstanding was \$31,665, and 66 percent of the average annual lease obligation amount is \$2,351. The guarantee will be in effect until the bonds mature in 2029, or until all bonds are fully paid. Ticket receipts have been sufficient since the bonds were issued in 1999 to meet all lease obligations, and the County does not anticipate that this will change, as current ticket receipts are projected to be sufficient to continue to meet the lease obligations. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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

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

As of June 30, 2014, the principal amount of certificates of participation outstanding (COPs) was \$12,910, and 50 percent of the average annual lease obligation amount is \$522. The guarantee will be in effect until the bonds mature in 2032, or until all bonds are fully paid. Ticket receipts have been sufficient since the certificates of participation were issued in 2002 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.

As of June 30, 2014, the total amount of all non-exchange financial guarantees outstanding is \$27,347.

**Department of 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 Department of Airports payable from and secured by certain revenues under its lease with Cessna and certain proceeds pledged therefore under the Indenture. The bonds do not constitute a debt, liability or general obligation of the Department of Airports or a pledge of the faith and credit of the Department of Airports. The Department of Airports will not be obligated to levy any taxes or expend any funds for the repayment of the bonds. As of June 30, 2014, the outstanding balance of the debt was \$8,800. The Special Facility Bonds will mature on November 1, 2028.

At June 30, 2014 the County's debt limit for general obligation bonds and legal debt margin was \$1,549,053.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**NOTE 9 - DERIVATIVES - INTEREST RATE SWAP**

All three of the County's interest rate swap are considered to be effective hedging derivative instruments. The County used the consistent critical terms method to evaluate hedge effectiveness for the \$99,955 and \$128,965 Water Agency Revenue bonds, Series 2007B, and the regression analysis method for the \$333,050 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.

The fair values of the interest rate swaps are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the June 30, 2014 financial statements are as follows debit(credit).

		Changes in Fair Value		Fair Value - as of June 30, 2014	
	Notional Amount	Classification	Amount	Classification	2014
<b>Governmental Activities:</b>					
<b><u>Cash Flow Hedges:</u></b>					
<b>Series 2004 C-1 / 2008 C-1</b>					
Pay-fixed interest rate swap	\$ 333,050	Deferred outflow	\$ 701	Debt	\$ (104,708)
		Total Governmental Activities	\$ 701		\$ (104,708)
<b>Business type Activities:</b>					
<b><u>Cash Flow Hedges:</u></b>					
<b>Series 2007 B Swap Ins B</b>					
Pay-fixed interest rate swap	\$ 128,965	Deferred outflow	\$ (992)	Debt	\$ (28,308)
<b>Series 2007 B Swap Inst. B</b>					
Pay-fixed interest rate swap	\$ 99,955	Deferred outflow	(1,000)	Debt	(25,788)
		Total Business Type activities	\$ (1,992)		\$ (54,096)

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
(amounts expressed in thousands)

**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, 2014 along with the credit rating of the associated counterparty:

**Governmental Activities:**

<b>Type</b>	<b>Objective</b>	<b>Notional Amount</b>	<b>Effective Date</b>	<b>Maturity Date</b>	<b>Terms</b>	<b>Counterparty Credit Rating</b>
<b>Series 2004 C-1 / 2008 C-1</b> Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 C-1 bonds	\$ 333,050	7/10/2006	7/10/2030	County pays 5.901% fixed; receives USD LIBOR (BBA) adjusted monthly: 0.154%	Baa2 Moody's A- S&P A Fitch

**Business Type Activities:**

<b>Type</b>	<b>Objective</b>	<b>Notional Amount</b>	<b>Effective Date</b>	<b>Maturity Date</b>	<b>Terms</b>	<b>Counterparty Credit Rating</b>
<b>Series 2007 B Swap</b> Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2007 Series B bonds	\$ 128,965	5/9/2007	6/1/2034	SCWA pays fixed 4.193% receives 67% of USD-LIBOR-BBA plus 55 bps	A+ S&P Aa3 Moody's
<b>Series 2007 B Swap</b> Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2007 Series B Bonds	\$ 99,955	5/9/2007	6/1/2039	SCWA pays fixed 4.221% receives 67% of USD-LIBOR-BBA plus 57 bp	A+ S&P Aa3 Moody's

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**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 "Baa2" by Moody's Investors Services, "A-" by Standard & Poor's and "A" by Fitch as of June 30, 2014.

**Interest Rate Risk:**

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

**Basis Risk:**

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

**Contingencies:**

Should the Agency be downgraded below Baa2 by Moody's or BBB by S&P and an insurer event has occurred, the counterparty has the option to terminate the swap. As of June 30, 2014, the negative fair value of the swap amounted to \$104,708.

**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 "Aa3" by Moody's Investors Services and "A+" by Standard & Poor's as of June 30, 2014.

**Interest Rate Risk:**

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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**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, 2014, negative fair value of the swaps amounted to \$54,096.

**Termination Risk:**

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

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**Derivative Instrument Payments and Hedged Debt:**

Using the rates as of June 30, 2014, 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	Rate Swaps, Net	Net Cash Flows
2015	\$ 2,175	5,826	20,377	28,378
2016	2,400	5,790	20,252	28,442
2017	4,775	5,750	20,114	30,639
2018	7,250	5,672	19,840	32,762
2019	7,500	5,553	19,423	32,476
2020 - 2024	74,874	25,083	87,738	187,695
2025 - 2029	153,750	16,610	58,101	228,461
2030 - 2034	92,691	2,622	7,162	102,474
	<u>\$ 345,415</u>	<u>72,906</u>	<u>253,007</u>	<u>671,327</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
2015	\$	1,628	7,972	9,600
2016		1,628	7,999	9,627
2017		1,628	7,999	9,627
2018		1,628	7,999	9,627
2019		1,628	8,052	9,680
2020 - 2024	3,890	8,125	39,927	51,942
2025 - 2029	29,930	7,820	38,360	76,110
2030 - 2034	95,145	5,670	27,728	128,543
2035 - 2039	99,955	2,226	10,782	112,963
	<u>\$ 228,920</u>	<u>31,981</u>	<u>156,818</u>	<u>417,719</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**NOTE 10 - SPECIAL ASSESSMENT DEBT AND RELATED ACTIVITIES**

At June 30, 2014, special assessment improvement bonds outstanding for all assessment districts totaled \$171,799. 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, 2014, \$6,975 of authorized bonds remains un-issued. The outstanding balance at June 30, 2014 was \$7,775.

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, 2013. At June 30, 2014, \$69,355 of authorized bonds remains un-issued. The outstanding balance at June 30, 2014, for the Series 2004 bonds was \$9,760 and for the Series 2011 bonds was \$10,390.

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, 2014, \$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, 2014, for Improvement Area No. 1 was \$13,050 and for Improvement Area No. 2 was \$10,200.

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, 2014. At June 30, 2014, \$1,940 of authorized bonds remains un-issued. The outstanding balance at June 30, 2014 was \$2,925.



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
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The Metro Air Park Community Facilities District 2000-1 (District) has been authorized to issue \$200,000 of Special Tax Bonds. On April 8, 2004 the District issued \$63,460 Series 2004A Special Tax Bonds with an interest rate of 7.00 percent. On December 14, 2007 the District issued \$40,200 Series 2007B Special Tax Bonds with an interest rate of 7.00 percent. The Series 2004A & the Series 2007B bonds, a total of \$103,660, constitute the entire bonded indebtedness as of June 30, 2014. At June 30, 2014, \$96,340 of authorized bonds remains un-issued. The outstanding balance at June 30, 2014, for the 2004A bonds was \$56,010 and for the 2007B bonds was \$40,200.

The County of Sacramento Community Facilities District No. 2005-2 (North Vineyard Station No. 1) (District) has been authorized to issue \$30,000 of Special Tax Bonds. On September 6, 2007 the District issued \$14,415 of Special Tax Bonds with interest rates ranging from 4.40 percent to 6.00 percent. These bonds constitute the entire bonded indebtedness. At June 30, 2014, \$15,585 of authorized bonds remains un-issued. The outstanding balance at June 30, 2014, was \$14,200.

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, 2014, \$78 of authorized bonds remain unissued. The outstanding balance at June 30, 2014, was \$714.

Sunrise Recreation and Park District (District) issued \$7,435 of Certificates of Participation bonds on July 12, 2007 for a portion of the District's cost of recreation and park construction at or near the Antelope Community Park. The interest rate ranges from 3.95 percent to 4.50 percent. The outstanding balance at June 30, 2014, was \$6,575.

The following accounts for debt activity for a variety of special assessment districts where money has been borrowed under the 1911/1915 Improvement Bond Act:

1915 Act Bonds for Bradshaw / U.S. 50 Corridor A.D. issued August 10, 1995 for \$2,301 with an interest rate ranges from 5.875 percent to 7.20 percent. The outstanding balance at June 30, 2014, was \$0.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**NOTE 11 - PLEDGED REVENUES**

The County has pledged a portion of delinquent property tax revenues to re-pay \$34,432 in Teeter notes in accordance with the alternative method of distribution of property tax levies and assessments. The notes were issued on December 9, 2008, December 1, 2009, November 30, 2010, and November 4, 2011, March 27, 2013, and December 10, 2013. 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 \$34,432 and interest of \$386 remain on the notes and are payable through August 1, 2018. For the current year, net revenues pledged were equal to the total principal and interest paid of \$32,251 and \$158, respectively.

The County has pledged certain future revenues, net of specified operating expenses, to repay \$496,195 in Department of Airports Senior Revenue Bonds issued in May 2008, and \$201,800 in Department of Airports Senior Revenue Bonds issued in July 2009, and \$128,300 in Department of Airports Senior Revenue Bonds issued in August 2010. Proceeds from the 2008 Senior Revenue Bond refunded Series 1992B, Series 1998A, Series 2002A, and 45.4 percent of Series 2006A as well as provided \$323 million in financing for the Terminal Modernization Program. The bonds are payable solely from Net Revenues of the Department of Airports and are payable through 2041. The total principal and interest remaining to be paid on senior bonds is \$1,467,174. Principal and interest paid for the current year was \$51,888 and the total Net Revenues were \$73,079.

The County has pledged Passenger Facility Charges (PFC) to repay \$89,430 in Department of Airports Subordinate and PFC Revenue Refunding Bonds issued in May 2008 and \$278,250 in Airport System Subordinate and PFC/Grant Revenue Bonds issued in July 2009. Proceeds from the 2008 bond series refunded Series 1996C, Series 1998B and 54.6 percent of Series 2006A. Proceeds from 2009 Subordinate and PFC/Grant Revenue Bonds provided \$251 million to continue the financing of the Terminal Modernization Program. The 2008 Subordinate and PFC Bonds are payable through 2026 and the 2009 Subordinate and PFC/Grant Revenue Bonds are payable through 2041. Total principal and interest remaining to be paid on the subordinate bonds is \$622,161. Principal and interest paid for the current year was \$29,891, the available PFC revenue was \$21,941, and the Available Grant Revenues, \$8,271. The PFC cash generated in fiscal year 2014 was \$18,281.

The table below identifies the Available PFC and Available Grant Revenues pledged for the payment of debt service on the Series 2008D, 2008E, 2009C and 2009D bonds:

Fiscal Year Ending June 30	<u>Passenger Facility Charges</u>	<u>Grant Revenues</u>
2015	\$ 21,943	8,329
2016	21,945	
	<u>\$ 43,888</u>	<u>8,329</u>

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**NOTE 12 - COMMITMENTS**

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

**Governmental Funds** – The County’s governmental funds have entered into contracts for the construction of certain projects totaling \$22,100 at June 30, 2014.

**Airport** – The Airport had approximately \$359 in outstanding construction contract commitments at June 30, 2014.

**Solid Waste Enterprise Fund** – Solid Waste entered into equipment and construction agreements totaling \$4,972 at June 30, 2014.

**Water Agency Enterprise Fund** – The Water Agency has entered into contracts for the construction of certain projects totaling \$6,085 at June 30, 2014.

**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, 2014 were \$16,739. The Fund will recognize costs of \$35,005 as the remaining capacity in the Kiefer Landfill is used in future years. At June 30, 2014, the capacity of the Kiefer Landfill used to date was 32 percent and the estimated remaining landfill life is 59 years. As required by applicable laws, management has established a fund for the post-closure Kiefer Landfill, in which \$9,082 is considered restricted at June 30, 2014, 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.

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

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

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

The Fund reported Elk Grove Landfill postclosure care liabilities at June 30, 2014 as \$2,012.

The Elk Grove landfill is 100 percent full and the postclosure 30-year liability period runs through June 2024. At June 30, 2014, the reported liabilities represent costs for the remaining 10 years. The portion of the postclosure costs expected to be paid during the next year is \$224.

The Fund reported Grand Island Landfill postclosure care liabilities at June 30, 2014 of \$365. The landfill is 100 percent full and the postclosure 30-year liability period runs through June 2029. At June 30, 2014, the reported liabilities represent postclosure costs for the remaining 15 years. The portion of the postclosure costs expected to be paid during the next year is \$26.

Future closure and postclosure costs are based on what it would cost to perform all closure and postclosure care in 2014. 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, 2014, is estimated to be \$19,575.

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Changes in accrued landfill closure and postclosure care liability for the fiscal year ended June 30, 2014 were as follows:

	Restated July 1, 2013 Beginning	Additions	Reductions	June 30, 2014 Ending	Due within one year
Kiefer	\$ 16,125	614		16,739	
Elk Grove	2,203	33	(224)	2,012	223
Grand Island	385	6	(26)	365	26
Kiefer Final Cover	18,978	597		19,575	1,730
	<u>\$ 37,691</u>	<u>1,250</u>	<u>(250)</u>	<u>38,691</u>	<u>1,979</u>

**NOTE 14 - RETIREMENT PLAN**

All County full-time and part-time employees participate in the Sacramento County Employees' Retirement System ("SCERS" or the "System"), a multiple-employer, cost-sharing, public employee retirement system. The County's contributions substantially make up the total contributions of the plan. Membership in the System primarily consists of employees of the County. The System provides retirement, disability, and death benefits based on the employee's years of service, age and average final compensation. Employees vest after 5 years of service and may receive retirement benefits at age 50. A summary of System membership at June 30, 2014, is available on the System's web site at <http://www.scers.org>. The System's Comprehensive Annual Financial Report, including a separate audit of the financial statements for the fiscal year ended June 30, 2014, is available on the System's web site <http://www.scers.org> or can be obtained by contacting the County's Department of Finance.

**Funding Policy**

Contributions to the plan are made pursuant to Section 31584 of the County Employees Retirement Law of 1937. The System's funding policy provides for periodic contributions at actuarially-determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate adequate assets to pay benefits when due. Members of the System are required to contribute between 1.91 percent and 17.28 percent of their annual covered salary. The County is obligated by state law to make all required contributions to the plan, ranging from 15.01 percent to 48.45 percent of covered payroll. The required contributions include current service cost and amortization of prior service cost over a 30-year closed amortization period with 21 years remaining as of June 30, 2014. Employer contribution rates are determined using the entry age normal funding method based on a level percentage of payroll. The System also uses this actuarial method to amortize the unfunded liability, if applicable.

Contributions for the year ending June 30, 2014, totaled \$243,359. Included in this total are employer contributions of \$190,054 and member contributions of \$53,305. All contributions were made in accordance with actuarially determined contribution requirements based on the actuarial valuation performed at June 30, 2012.

**Annual Pension Cost, Actuarial Methods and Assumptions, and Net Pension Asset**

The County's annual pension cost and required and actual contributions were determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 3.25 percent annual general inflation, (b) 7.50 percent investment rate of return (net of administrative expenses), and (c) projected salary increases of 4.89 percent to 11.30 percent for miscellaneous; 3.50 percent to 9.51 percent for safety (includes inflation at 3.25 percent, plus real across-the-board salary increase of 0.25 percent plus merit and longevity increases). The actuarial value

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of SCERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a seven-year period (smoothed fair value). The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period beginning June 30, 2010, and remaining outstanding balance of the June 30, 2012 UAAL is amortized over a declining 23-year period (21 years as of June 30, 2014). Effective with the June 30, 2013 valuation, the Board of Retirement's funding policy is to amortize any change in UAAL that arises due to actuarial gains or losses or from changes in actuarial assumptions or methods at each valuation is amortized over its own declining 20-year period. Any change in UAAL that arises due to plan amendments will be amortized over its own declining 15-year period and any change in UAAL due to retirement incentive programs will be amortized over its own declining period of up to 5 years. The County's annual pension cost and pension assets for the year ended June 30, 2014, were as follows:

Annual required contribution	\$ 190,054
Interest on beginning net pension asset	(75,197)
Adjustment to the annual required contribution	99,969
Annual pension cost	<u>214,826</u>
Annual contributions made	<u>190,054</u>
Decrease in net pension asset	(24,772)
Net pension asset, beginning of year	990,544
Net pension asset, end of year	<u><u>\$ 965,772</u></u>

Three-year trend information:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
6/30/12	\$ 175,620	\$ 162,003	92%	\$ 1,009,435
6/30/13	191,699	172,807	90%	990,544
6/30/14	214,826	190,054	88%	965,772

**Funding Status and Progress**

As of June 30, 2014, the most recent actuarial valuation date, the plan was 85.2 percent funded. The actuarial accrued liability for benefits was \$8,580,928, and the actuarial value of assets was \$7,312,993 resulting in an unfunded actuarial accrued liability (UAAL) of \$1,267,935. The covered payroll (annual payroll of active employees covered by the plan) was \$784,026 and the ratio of the UAAL to the covered payroll was 161.7 percent.

The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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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 September 2012, the Board of Supervisors approved the Retiree Medical and Dental Insurance Program Administrative Policy for calendar years 2013, 2014, and 2015. The County provides access to group medical insurance and dental insurance, and medical and dental offset payments to eligible retirees detailed in the plan.

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, 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 (continuous coverage).

The Public Employment Relations Board (PERB) ruled on complaints filed by several Representative Employee Organizations (REOs) challenging the County's elimination of the subsidy for County retirees approved by the Board of Supervisors June 5, 2007, and effective January 1, 2008. On June 30, 2009, the PERB decision ordered the County to 1) cease and desist from implementing the subsidy elimination; 2) rescind the changes in eligibility; and 3) make whole the affected parties. On March 11, 2010, the 3rd District Court of Appeals declined the County's request to review the PERB decision. This subsidy ended on June 30, 2013, for all REOs except bargaining unit 003-Law Enforcement, Non-Supervisory.

The amount of any medical subsidy/offset payments made available to eligible annuitants shall be calculated based upon the annuitant's Sacramento County Employees Retirement System (SCERS) service credit. For calendar year 2013, the Board of Supervisors approved a monthly subsidy of \$40 to each subsidy-eligible retiree receiving a benefit from the Sacramento County Retirement System of less than \$2,000. This subsidy ended on December 31, 2013, and will no longer be incorporated into the Retiree Medical and Dental Insurance Program Administrative Policy.

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. Subsidy/offset payments are not a vested benefit of County employment or SCERS membership.

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 shall be established within the sole discretion of the Board of Supervisors. Annuitants who retired on or prior to May 31, 2007 as well as annuitants from bargaining unit 003-Law Enforcement, Non-Supervisory are eligible for a medical premium subsidy according to the schedule on the following page.

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<u>Service at Retirement</u>	<u>Amount of Subsidy/Offset for Bargaining Unit 003 - Law Enforcement, Non-Supervisory</u>	<u>Amount of Subsidy/Offset for Employees Retired On or Before May 31, 2007</u>
Less than 10 years	\$122	Through December 31, 2013,
10-14 years	152	\$40 if SCERS monthly benefit is
15-19 years	182	less than \$2,000 per month;
20-24 years	212	otherwise \$0
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 one hundred eighty-five employees meet the eligibility requirement and receive an insurance subsidy as of June 30, 2014.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 12,657
Interest on net pension obligation	839
Adjustment to the annual required contribution	(987)
Annual OPEB cost	12,509
Annual contributions made	(4,827)
Increase in OPEB obligation	7,682
Net OPEB obligation, beginning of year	20,988
Net OPEB obligation, end of year	<u>\$ 28,670</u>
 Covered payroll (active plan members)	 \$ 758,142
UAAL as a percentage of covered payroll	15.3 %



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Trend Information

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

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage Of OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 10,290	\$ 7,708	75%	\$ 17,558
6/30/13	10,367	6,937	67%	20,988
6/30/14	12,509	4,827	39%	28,670

Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date the plan was 0 percent funded. The actuarial accrued liability was \$115,690 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$115,690. Per the June 30, 2013, actuarial valuation, the covered payroll (annual employees covered by the plan), was \$758,142 and the ratio of the UAAL to covered payroll was 15.3 percent.

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

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, 2013 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 24-year fixed (closed) period for Fiscal Year 2013-14. The actuarial assumptions utilized a 4.0 percent discount rate, an inflation rate of 3 percent, and premiums based on calendar year 2013 medical plans, for fiscal year 2012-13 thru 2014-15, and a medical trend of 7.5 percent beginning in 2016, 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, 2014, was 24 years.

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**NOTE 16 - SELF-INSURANCE**

The County self-insures for property damage, general liability, workers' compensation, and unemployment insurance claims. Self-insurance programs are accounted for in internal service funds, and interfund premium charges are treated as interfund services. Interfund premiums are based primarily upon the insured funds' claims experience and are adjusted for any excess or deficit net position within the self-insurance funds. At June 30, 2014, 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	
	2014	2013	2014	2013	2014	2013	2014	2013
Unpaid claims and claim adjustment expenses at beginning of the fiscal year								
Current portion	\$ 9,006	9,268	25,836	25,623	229	459	35,071	35,350
Noncurrent	21,726	22,414	141,607	139,576			163,333	161,990
Total beginning balance, July 1	30,732	31,682	167,443	165,199	229	459	198,404	197,340
Incurred claims and claim adjustment expenses:								
Provision for insured events for current year	6,778	7,024	20,577	21,840	1,198	1,362	28,553	30,226
Increase (decrease) in provision for insured events of prior fiscal years	16,212	7,983	3,594	3,363			19,806	11,346
Total incurred claims and claim adjustment expenses	\$ 22,990	15,007	24,171	25,203	1,198	1,362	48,359	41,572
Payments:								
Claims and claim adjustment expenses attributable to insured events of current fiscal year	\$ 344	632	2,380	2,193	959	1,133	3,683	3,958
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	17,922	15,325	19,802	20,766	229	459	37,953	36,550
Total payments	18,266	15,957	22,182	22,959	1,188	1,592	41,636	40,508
Total unpaid claims and claim adjustment expenses at end of the fiscal year, June 30	\$ 35,456	30,732	169,432	167,443	239	229	205,127	198,404
Current portion of unpaid claims and claim adjustments	\$ 10,973	9,006	21,692	25,836	239	229	32,904	35,071
Non current portion of unpaid claims and claim adjustments	24,483	21,726	147,740	141,607			172,223	163,333
Total current and non current unpaid and claim adjustment expenses at end of the fiscal year	\$ 35,456	30,732	169,432	167,443	239	229	205,127	198,404

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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)	1,730,000	* 50	Each occurrence
Flood	1,315,000	* 5 percent / 100 minimum	Per building / Each occurrence
Earthquake (EQ)	25,000	* 5 percent / 100 minimum	Per building / Each occurrence
Sheriff Vehicle Physical Damage	21,046	* 20	Each occurrence
Boiler/Machinery	100,000	5 (25 at Water Treatment Plant locations)	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/Min. 7.5 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, 2012, War Risk is included at \$50 million and Terrorism is included at \$500 million. Both are per occurrence and annual aggregate. Property – County property is covered for Terrorism Coverage subject to a \$200 million occurrence and annual aggregate limit. Effective March 31, 2008, EQ is capped at \$25 million. Effective March 31, 2014, All Risk total is at \$1.730 billion (total of Towers I, II, IV and V primary and excess on an actual at risk and tower-capped basis). Effective March 31, 2014, Flood total is at \$1.315 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.

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**NOTE 17 - RESTRICTED NET POSITION**

Restricted net position is net position subject to constraints either 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provision or enabling legislation. Restricted net position as of June 30, 2014, are as follows:

	Governmental Activities	Business-type Activities	Total
Bond reserves	\$	53,560	53,560
Landfill closure		9,082	9,082
Kiefer Wetlands Preserve		885	885
Debt service	122,989	38,647	161,636
Capital projects	30,031		30,031
Passenger facility charges		5,951	5,951
Fire Protection	23		23
Health programs	88,239		88,239
Transportation	38,114	962	39,076
Lighting and landscape maintenance	2,588		2,588
Community facilities	2,590		2,590
Fish and game	39		39
Future construction		2,103	2,103
Endowments:			
Expendable		60	60
Nonexpendable		2,027	2,027
Total	<u>\$ 284,613</u>	<u>113,277</u>	<u>397,890</u>

Net position restricted by enabling legislation are comprised of \$5,951 (FAA approved passenger facility charges), \$2,588 (lighting and landscape maintenance) and \$2,590 (community facilities) in the Statement of Net Position at June 30, 2014.

Restricted Net Position include:

- *Landfill closure* – accounts for the accumulation of resources necessary to finance closure care costs in the future.
- *Kiefer Wetlands Preserves* – established to eventually provide the funding for the preservation of vernal pools at the Kiefer landfill.
- *Debt service* – to finance and account for the payment of interest and principal on bonds or other long-term borrowing in accordance with bond indentures.
- *Capital projects* – accounts for financial resources to be used in the acquisition or construction of major capital facilities in accordance with bond indentures.

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- *Passenger facilities charges* – accounts for fees collected from airline passengers which are required to be used to finance airport projects.
- *Endowments* – to be used to support the Airport System public art in perpetuity.
- *Health 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* – Restricted In-Home Support Services Program.
- *Transportation* – funds received from developer fees and transportation sales tax used to finance construction, improvements and maintenance of the County road system.
- *Lighting and landscape maintenance* – funds received from special assessments used to maintain landscaped corridors, medians and natural open space.
- *Community facilities* – service charges collected from direct levies on property tax bills for various community facilities districts.
- *Fish and game* – fines collected for violations of the fish and game code and deposited to the Fish and Game Propagation Program to support activities related to fish and game, including education.
- *Future construction* – funds that are restricted for future construction projects related to the County Transit and Water Agency.
- *Bond Reserves* – funds that are restricted due to being held to meet bond reserve requirements for the Airport System and Water Agency.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**NOTE 18 - FUND BALANCES**

Fund balances are presented in the following categories: nonspendable, restricted, and unassigned. (see Note 1 for a description of these categories). A deficit unassigned fund balance in the General Fund (\$39 million) is due to adjustments for revenues that were not available within the County's current recognition policy of 120 days of the current fiscal period and therefore included as deferred inflow of resources (\$19 million), and for increased expenditures for health and human assistance programs (\$20 million) incurred for current fiscal period. A detailed schedule of fund balances as of June 30, 2014, is as follows:

	Major	Non Major Governmental Funds			
	General Fund	Special Revenue	Debt Service	Capital Project	Total
<b>Nonspendable:</b>					
Inventory	\$ 1,278				1,278
Long-term receivables/advances		10,467			10,467
Prepaid items	23,697				23,697
Teeter Plan delinquencies	1,874				1,874
Teeter Plan tax loss	5,791				5,791
Total nonspendable:	32,640	10,467			43,107
<b>Restricted for:</b>					
Public protection:					
Probation	3,723				3,723
Police Protection	12,117				12,117
Clerk Recorder	21,420				21,420
Dispute Resolution	1,273				1,273
Community Development	2,802				2,802
Protection and Inspection		5,903			5,903
Fire Protection		58			58
Health and sanitation:					
Mental Health Services	133,260				133,260
Alcohol and Drug Programs	93				93
Solid Waste Authority		375			375
Tobacco Securitization Authority		571			571
Water Agencies		49,251			49,251
In-Home Support Services		834			834
Public ways and facilities		45,424		6,999	52,423
Recreation and culture	3,250	8,767			12,017
Education		682			682
Capital outlay	27,851			37,097	64,948
Economic development		38,440			38,440
Lighting and landscape		3,289			3,289
Stormwater utility		21,847			21,847
Tobacco settlement		1,632			1,632
Environmental Management		14,670			14,670
Debt service			105,644		105,644
Total restricted	205,789	191,743	105,644	44,096	547,272
<b>Unassigned:</b>	(38,992)				(38,992)
<b>Total</b>	\$ 199,437	202,210	105,644	44,096	551,387

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**NOTE 19 - CONTINGENCIES**

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

**Financial Stress**

Although economic conditions are improving, the County continues to experience financial stress due in part to a history of using one-time resources to help balance the General Fund budget and, more significantly, to the lingering impact of the Great Recession and its aftermath, including a significant decline in property values from the pre-recession period. Between FY 2008-09 and FY 2013-14, total discretionary revenue decreased by almost 20 percent, from approximately \$602 million to \$483 million. During this same period, property tax revenue, the County's largest discretionary revenue source, decreased by 15 percent. The County responded to the reduction in discretionary revenue by making significant program and staffing reductions, as well as by spending down the General Fund's unrestricted fund balance and using other one-time resources to balance the General Fund budget.

In FY 2013-14 discretionary revenues increased by 4.1 percent compared to the prior fiscal year, the first annual increase since FY 2008-09, and the County is projecting an additional 5.1 percent increase in FY 2014-15. However, most one-time resources have now been utilized, all of the increase in discretionary revenue has been spent on County programs, the General Fund has very limited discretionary reserves and staff believes that discretionary revenue would have to grow at an average of between 5 percent and 6 percent a year in the future for the County to maintain current General Fund staffing and programs.

In prior years the General Fund received advances from internal service funds and non-major governmental funds in the amounts of \$55,184 and \$22,469, respectively, for operations. The County has begun the process of repaying interfund advances as resources are available. Between FY 2010-11 and FY 2013-14, the General Fund repaid a total of \$16.4 million and the FY 2014-15 Adopted Budget includes an \$11.2 million repayment. At the end of FY 2014-15 the outstanding balance owed will stand at approximately \$50 million.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

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

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

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

**NOTE 20 - FUTURE GASB PRONOUNCEMENTS**

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB Statement 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The County has not determined the effect on the financial statements.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*, effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The County has not determined the effect, if any, on the financial statements.

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and the provisions of this Statement should be applied simultaneously with the provisions of Statement 68, effective for fiscal years beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The County has not determined the effect, if any, on the financial statements.



**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**NOTE 21 - RESTATEMENT**

During the fiscal year ended June 30, 2014, the County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, cost of issuance previously reported in the Statement of Net Position were written off as a cumulative adjustment to the beginning net position. In addition, the unamortized balance of the deferred amounts on refunding has been reclassified from long-term liabilities to deferred outflows of resources. Additional restatements to the beginning net position include, 1) Solid Waste Enterprise partial landfill final cover costs, 2) an understatement for net capital assets, and 3) an accounting policy change in period of availability for governmental funds accounts receivables from 365 days to 120 days.

	<u>Primary Government</u>		<u>Governmental Funds</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>General Fund</u>
Net position/Fund Balance, as previously reported, June 30, 2013	\$ 1,456,979	1,285,623	217,707
Effects of GASB 65:			
Cost of issuance written off	(16,324)	(10,617)	
Prior period adjustments:			
Partial landfill final cover costs		(18,979)	
Capital asset understatement	6,815		
Policy change in receivables period of availability from 365 days to 120 days			(38,392)
Net position/Fund balance as restated, June 30, 2013	<u>\$ 1,447,470</u>	<u>1,256,027</u>	<u>179,315</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**NOTE 22 - SUBSEQUENT EVENTS**

**Teeter Plan**

On December 9, 2014, the County issued its 2014 Teeter Note and purchased under the Teeter Plan the delinquent secured property tax receivables at June 30, 2014, in the amount of \$20,996 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, 2015. Such payments may be made more frequently, but not more often than quarterly. The note matures August 1, 2019. Note 1 (Property Taxes) and Note 8 further describe the Teeter issues.

**Dry Period Financing**

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

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

As such, in Fiscal Year 2014-15 the County General Fund may utilize up to 85 percent of its anticipated (estimated) revenues during the 'dry period' to meet any obligation incurred. The money is essentially loaned by the Treasurer's County Investment Pool (Treasury Pool), and accordingly, any funds loaned and interest costs incurred must be repaid by the General Fund. Dry period financing in the months of July through September was based on the General Fund's \$2.160 billion in estimated revenues approved in the County's Fiscal Year 2014-15 Preliminary Budget. The County's final Fiscal Year 2014-15 Budget was approved in September 2014 and the dry period financing amount was adjusted to reflect the final General Fund estimated revenues of \$2.201 billion. In addition, on a monthly basis, as revenue is received the dry period financing amount is decreased accordingly.

**Capital Asset - Sale of Real Property**

On August 27, 2014, the County of Sacramento sold a real property in the amount of \$5.4 million to the City of Sacramento. The property is located at 730 I Street, Sacramento, California, 95814. The parcel number is 006-0034-019.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**NOTE 23 - 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 HSC section 34191.4 (b) (1); and 2) utilizing derived proceeds from bonds issued prior to January 1, 2011 in manner consistent with the original bond covenants per HSC 34191.5 (b), within six months from the date of the letter. The County Redevelopment Successor Agency Long Range Property Management Plan was approved by the oversight board October 21, 2013.

**COUNTY OF SACRAMENTO**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

**Schedule of funding progress for SCERS**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Annual Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
6/30/12	\$ 6,529,895	\$ 7,838,223	\$ 1,308,328	83.3 %	\$ 778,445	168.1 %
6/30/13	6,797,757	8,210,890	1,413,133	82.8 %	782,420	180.6 %
6/30/14	7,312,993	8,580,928	1,267,935	85.2 %	784,026	161.7 %

Source: Sacramento County Employees' Retirement System Comprehensive Annual Financial Report (CAFR) as of and for the year ended June 30, 2014.

Notes to the Required Supplementary Information

1. This information is intended to help users assess the SCERS funding status ongoing basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.

**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
6/30/09	\$ 0	\$ 144,804	\$ 144,804	0.0%	\$ 869,898	16.6%
6/30/11	0	100,416	100,416	0.0%	789,347	12.7%
6/30/13	0	115,690	115,690	0.0%	758,142	15.3%

Source: Segal Group, Inc. - "County of Sacramento Actuarial Valuation and Review of Other Post Employment Benefits (OPEB) as of June 30, 2009." Bartel Associates, LLC - "Sacramento County Retiree Healthcare Plan, June 30, 2011 GASB 45 Actuarial Valuation Final Results" and "Sacramento County Retiree Healthcare Plan, June 30, 2013 GASB 45 Actuarial Valuation Final Results."

Notes to the Required Supplementary Information

1. This information is intended to help users assess the SCERS 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, 2013 is the most current actuarial valuation. In the future, information from the three most recent valuations will be presented, as it becomes available.

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## NONMAJOR GOVERNMENTAL FUNDS SECTION

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**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Assets:				
Cash and investments	\$ 202,946	72,282	49,032	324,260
Receivables:				
Billed	9,871		245	10,116
Interest	161	51	21	233
Intergovernmental	4,379			4,379
Due from other funds	784		1,518	2,302
Long-term advances to other funds	20,848			20,848
Loan receivable from Successor Agency		73,035		73,035
Long-term receivables	194	40,461		40,655
Total assets	<u>\$ 239,183</u>	<u>185,829</u>	<u>50,816</u>	<u>475,828</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Warrants payable	\$ 2,693		194	2,887
Accrued liabilities	11,541	1,121	438	13,100
Intergovernmental payable	7,854		4,570	12,424
Due to other funds	3,387		1,518	4,905
Unearned revenue	825			825
Other long-term liabilities	98			98
Total liabilities	<u>26,398</u>	<u>1,121</u>	<u>6,720</u>	<u>34,239</u>
Deferred inflows of resources:				
Unavailable Revenue	<u>10,575</u>	<u>79,064</u>		<u>89,639</u>
Fund balances:				
Nonspendable	10,467			10,467
Restricted	191,743	105,644	44,096	341,483
Total fund balances	<u>202,210</u>	<u>105,644</u>	<u>44,096</u>	<u>351,950</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances:	<u>\$ 239,183</u>	<u>185,829</u>	<u>50,816</u>	<u>475,828</u>

**COUNTY OF SACRAMENTO  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Taxes	\$ 37,853			37,853
Use of money and property	5,616	876	41	6,533
Licenses and permits	37,611			37,611
Intergovernmental	82,947	19,185	490	102,622
Charges for sales and services	110,839		955	111,794
Fines, forfeitures and penalties	32	11,075	3,326	14,433
Pledged tobacco settlement proceeds	12,493			12,493
Miscellaneous	12,821		29,458	42,279
Total revenues	<u>300,212</u>	<u>31,136</u>	<u>34,270</u>	<u>365,618</u>
Expenditures:				
Current:				
General government	51,436			51,436
Public protection	14,195			14,195
Health and sanitation	27,881			27,881
Public ways and facilities	150,892		377	151,269
Recreation and culture	16,150			16,150
Education	750			750
Capital outlay	12,538		28,091	40,629
Debt service:				
Principal		72,620	75	72,695
Bond issuance costs		867		867
Interest and fiscal charges		125,196		125,196
Total expenditures	<u>273,842</u>	<u>198,683</u>	<u>28,543</u>	<u>501,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,370</u>	<u>(167,547)</u>	<u>5,727</u>	<u>(135,450)</u>
Other financing sources (uses):				
Transfers in	17,971	150,209	3,385	171,565
Transfers out	(30,578)	(12,964)	(8,659)	(52,201)
Issuance of debt		135,060		135,060
Discount on debt issued		(2,180)		(2,180)
Payment to refunded bonds escrow agent		(108,850)		(108,850)
Total other financing sources (uses)	<u>(12,607)</u>	<u>161,275</u>	<u>(5,274)</u>	<u>143,394</u>
Net change in fund balances	13,763	(6,272)	453	7,944
Fund balances - beginning	188,447	111,916	43,643	344,006
Fund balances - ending	<u>\$ 202,210</u>	<u>105,644</u>	<u>44,096</u>	<u>351,950</u>



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# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **NONMAJOR GOVERNMENTAL FUNDS SECTION**

### **SPECIAL REVENUE FUNDS**

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## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

Page 1 of 3

	Road	Solid Waste Authority	Library	Transportation Sales Tax	Building Inspection	Public Facilities Fixed Asset Financing Program
Assets:						
Cash and investments	\$ 41,487	1,124	711	3,715	6,238	
Receivables, net of allowance for uncollectibles:						
Billed	2,381	2		3,798	78	
Interest	14	2	1	4	7	
Intergovernmental	1,037			1,104		
Due from other funds				672		100
Long-term advances to other funds						10,575
Long-term receivables						
Total assets	<u>\$ 44,919</u>	<u>1,128</u>	<u>712</u>	<u>9,293</u>	<u>6,323</u>	<u>10,675</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Warrants payable	\$ 933			2	112	
Accrued liabilities	3,517	444		5,203	13	
Intergovernmental payable	2	305		3,900	315	
Due to other funds	2,015		30			100
Unearned revenue	821	4				
Other long-term liabilities						
Total liabilities	<u>7,288</u>	<u>753</u>	<u>30</u>	<u>9,105</u>	<u>440</u>	<u>100</u>
Deferred inflows of resources:						
Unavailable Revenue						10,575
Fund balances:						
Nonspendable						
Restricted	37,631	375	682	188	5,883	
Total fund balances	<u>37,631</u>	<u>375</u>	<u>682</u>	<u>188</u>	<u>5,883</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 44,919</u>	<u>1,128</u>	<u>712</u>	<u>9,293</u>	<u>6,323</u>	<u>10,675</u>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

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	Lighting and Landscape Maintenance Districts	Park Districts and Park Service Areas	Water Agencies	Stormwater Utility	Tobacco
Assets:					
Cash and investments	\$ 2,774	9,802	49,471	21,623	1,658
Receivables, net of allowance for uncollectibles:					
Billed		460		2,586	
Interest	2	7	48	15	1
Intergovernmental					
Due from other funds				12	
Long-term advances to other funds				9,168	
Long-term receivables					
Total assets	<u>\$ 2,776</u>	<u>10,269</u>	<u>49,519</u>	<u>33,404</u>	<u>1,659</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Warrants payable	\$ 46	233	228	207	24
Accrued liabilities	142	401		793	2
Intergovernmental payable		899	40	933	
Due to other funds				358	
Unearned revenue					
Other long-term liabilities				98	
Total liabilities	<u>188</u>	<u>1,533</u>	<u>268</u>	<u>2,389</u>	<u>26</u>
Deferred inflows of resources:					
Unavailable Revenue					
Fund balances:					
Nonspendable				9,168	
Restricted	2,588	8,736	49,251	21,847	1,633
Total fund balances	<u>2,588</u>	<u>8,736</u>	<u>49,251</u>	<u>31,015</u>	<u>1,633</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,776</u>	<u>10,269</u>	<u>49,519</u>	<u>33,404</u>	<u>1,659</u>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

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	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
Assets:						
Cash and investments	\$ 39,722	5,930	629	13,758	4,304	202,946
Receivables, net of allowance for uncollectibles:						
Billed		36		17	513	9,871
Interest	42	4		10	4	161
Intergovernmental		208		1,988	42	4,379
Due from other funds						784
Long-term advances to other funds	1,105					20,848
Long-term receivables	194					194
Total assets	<u>\$ 41,063</u>	<u>6,178</u>	<u>629</u>	<u>15,773</u>	<u>4,863</u>	<u>239,183</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Warrants payable	\$ 861			33	14	2,693
Accrued liabilities	439	5	58	518	6	11,541
Intergovernmental payable				67	1,393	7,854
Due to other funds	24			485	375	3,387
Unearned revenue						825
Other long-term liabilities						98
Total liabilities	<u>1,324</u>	<u>5</u>	<u>58</u>	<u>1,103</u>	<u>1,788</u>	<u>26,398</u>
Deferred inflows of resources:						
Unavailable Revenue						10,575
Fund balances:						
Nonspendable	1,299					10,467
Restricted	38,440	6,173	571	14,670	3,075	191,743
Total fund balances	<u>39,739</u>	<u>6,173</u>	<u>571</u>	<u>14,670</u>	<u>3,075</u>	<u>202,210</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 41,063</u>	<u>6,178</u>	<u>629</u>	<u>15,773</u>	<u>4,863</u>	<u>239,183</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, 2014**  
**(amounts expressed in thousands)**

Page 1 of 3

	Road	Solid Waste Authority	Library	Transportation Sales Tax	Building Inspection	Public Facilities Fixed Asset Financing Program
Revenues:						
Taxes	\$ 811			21,702		
Use of money and property	318	2	1	5	8	
Licenses and permits	1,072	4,407			12,376	
Intergovernmental	60,803			16,905	9	
Charges for sales and services	52,585				171	20,350
Fines, forfeitures and penalties	4	2				
Pledged tobacco settlement proceeds						
Miscellaneous	2,719	3	899	181	26	100
Total revenues	<u>118,312</u>	<u>4,414</u>	<u>900</u>	<u>38,793</u>	<u>12,590</u>	<u>20,450</u>
Expenditures:						
Current:						
General government						
Public protection					12,313	
Health and sanitation		4,358				
Public ways and facilities	109,826			38,002		
Recreation and culture						
Education			750			
Capital outlay						12,538
Total expenditures	<u>109,826</u>	<u>4,358</u>	<u>750</u>	<u>38,002</u>	<u>12,313</u>	<u>12,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,486</u>	<u>56</u>	<u>150</u>	<u>791</u>	<u>277</u>	<u>7,912</u>
Other financing sources (uses):						
Transfers in	12,937				977	
Transfers out	(1,885)			(2,779)		(7,912)
Total other financing sources (uses)	<u>11,052</u>			<u>(2,779)</u>	<u>977</u>	<u>(7,912)</u>
Net change in fund balances	19,538	56	150	(1,988)	1,254	
Fund balances - beginning	18,093	319	532	2,176	4,629	
Fund balances - ending	<u>\$ 37,631</u>	<u>375</u>	<u>682</u>	<u>188</u>	<u>5,883</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, 2014**  
**(amounts expressed in thousands)**

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	Lighting and Landscape Maintenance Districts	Park Districts and Park Service Areas	Water Agencies	Stormwater Utility	Tobacco
Revenues:					
Taxes	\$ 319	7,472		5,655	
Use of money and property	1	1,624	48	10	2
Licenses and permits			2,997		
Intergovernmental	4	2,344		152	
Charges for sales and services	2,526	4,672	2,304	25,770	
Fines, forfeitures and penalties				2	
Pledged tobacco settlement proceeds					
Miscellaneous	946	1,061	387	918	
Total revenues	<u>3,796</u>	<u>17,173</u>	<u>5,736</u>	<u>32,507</u>	<u>2</u>
Expenditures:					
Current:					
General government	3,553			33,021	182
Public protection					
Health and sanitation			5,394		
Public ways and facilities					
Recreation and culture		16,118			
Education					
Capital outlay					
Total expenditures	<u>3,553</u>	<u>16,118</u>	<u>5,394</u>	<u>33,021</u>	<u>182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>243</u>	<u>1,055</u>	<u>342</u>	<u>(514)</u>	<u>(180)</u>
Other financing sources (uses):					
Transfers in			232	1,004	42
Transfers out				(986)	(3,443)
Total other financing sources (uses)			<u>232</u>	<u>18</u>	<u>(3,401)</u>
Net change in fund balances	243	1,055	574	(496)	(3,581)
Fund balances - beginning	2,345	7,681	48,677	31,511	5,214
Fund balances - ending	<u>\$ 2,588</u>	<u>8,736</u>	<u>49,251</u>	<u>31,015</u>	<u>1,633</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, 2014**  
**(amounts expressed in thousands)**

Page 3 of 3

	Economic Development	Roadway Fee District	Tobacco Securitization Authority	Environmental Management	Other	Total
Revenues:						
Taxes	\$				1,894	37,853
Use of money and property	3,449	5		8	135	5,616
Licenses and permits	38	2,069		14,632	20	37,611
Intergovernmental	1,043	186		8	1,493	82,947
Charges for sales and services	1,353			600	508	110,839
Fines, forfeitures and penalties					24	32
Pledged tobacco settlement proceeds			12,493			12,493
Miscellaneous	3,002	81		2,386	112	12,821
Total revenues	8,885	2,341	12,493	17,634	4,186	300,212
Expenditures:						
Current:						
General government	14,465				215	51,436
Public protection					1,882	14,195
Health and sanitation			192	16,404	1,533	27,881
Public ways and facilities		2,323			741	150,892
Recreation and culture					32	16,150
Education						750
Capital outlay						12,538
Total expenditures	14,465	2,323	192	16,404	4,403	273,842
Excess (deficiency) of revenues over (under) expenditures	(5,580)	18	12,301	1,230	(217)	26,370
Other financing sources (uses):						
Transfers in		2,779				17,971
Transfers out	(129)		(12,493)	(951)		(30,578)
Total other financing sources (uses)	(129)	2,779	(12,493)	(951)		(12,607)
Net change in fund balances	(5,709)	2,797	(192)	279	(217)	13,763
Fund balances - beginning	45,448	3,376	763	14,391	3,292	188,447
Fund balances - ending	\$ 39,739	6,173	571	14,670	3,075	202,210

**COUNTY OF SACRAMENTO  
ROAD SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 720	720	811	91
Use of money and property	375	375	318	(57)
Licenses and permits	1,335	1,335	1,072	(263)
Intergovernmental	78,422	78,422	60,803	(17,619)
Charges for sales and services	57,533	57,533	52,585	(4,948)
Fines, forfeitures and penalties			4	4
Miscellaneous	<u>2,763</u>	<u>2,763</u>	<u>2,719</u>	<u>(44)</u>
Total revenues	<u>141,148</u>	<u>141,148</u>	<u>118,312</u>	<u>(22,836)</u>
Expenditures:				
Current:				
Public ways and facilities	<u>138,468</u>	<u>168,026</u>	<u>109,826</u>	<u>58,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,680</u>	<u>(26,878)</u>	<u>8,486</u>	<u>35,364</u>
Other financing sources (uses):				
Transfers in	12,937	12,937	12,937	
Transfers out	<u>(1,885)</u>	<u>(1,885)</u>	<u>(1,885)</u>	
Total financing sources (uses)	<u>11,052</u>	<u>11,052</u>	<u>11,052</u>	
Net change in fund balances	<u>\$ 13,732</u>	<u>(15,826)</u>	<u>19,538</u>	<u>35,364</u>

**COUNTY OF SACRAMENTO  
SOLID WASTE AUTHORITY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(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	\$ 8	8	2	(6)
Licenses and permits	4,100	4,145	4,407	262
Fines, forfeitures and penalties	5	5	2	(3)
Miscellaneous			3	3
	<u>4,113</u>	<u>4,158</u>	<u>4,414</u>	<u>256</u>
Total revenues				
Expenditures:				
Current:				
Health and sanitation	<u>4,313</u>	<u>4,528</u>	<u>4,358</u>	<u>170</u>
Excess (deficiency) of revenues under expenditures	<u>(200)</u>	<u>(370)</u>	<u>56</u>	<u>426</u>
Net change in fund balances	<u>\$ (200)</u>	<u>(370)</u>	<u>56</u>	<u>426</u>

**COUNTY OF SACRAMENTO  
LIBRARY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(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	3	1	(2)
Miscellaneous	<u>899</u>	<u>899</u>	<u>899</u>	
Total revenues	<u>902</u>	<u>902</u>	<u>900</u>	<u>(2)</u>
Expenditures:				
Current:				
Education	<u>1,234</u>	<u>1,234</u>	<u>750</u>	<u>484</u>
Deficiency of revenues under expenditures	<u>(332)</u>	<u>(332)</u>	<u>150</u>	<u>482</u>
Net change in fund balances	<u>\$ (332)</u>	<u>(332)</u>	<u>150</u>	<u>482</u>

**COUNTY OF SACRAMENTO**  
**TRANSPORTATION SALES TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	\$ 25,455	25,455	21,702	(3,753)
Use of money and property	20	20	5	(15)
Intergovernmental	25,879	25,879	16,905	(8,974)
Miscellaneous	<u>17</u>	<u>17</u>	<u>181</u>	<u>164</u>
Total revenues	<u>51,371</u>	<u>51,371</u>	<u>38,793</u>	<u>(12,578)</u>
Expenditures:				
Current:				
Public ways and facilities	<u>29,188</u>	<u>51,286</u>	<u>38,002</u>	<u>13,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,183</u>	<u>85</u>	<u>791</u>	<u>706</u>
Other financing uses:				
Transfers out	<u>(2,779)</u>	<u>(2,779)</u>	<u>(2,779)</u>	
Net change in fund balances	<u>\$ 19,404</u>	<u>(2,694)</u>	<u>(1,988)</u>	<u>706</u>

**COUNTY OF SACRAMENTO**  
**BUILDING INSPECTION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	\$ 13	13	8	(5)
Licenses and permits	9,985	10,079	12,376	2,297
Intergovernmental			9	9
Charges for sales and services	151	151	171	20
Fines, forfeitures and penalties	10	10		(10)
Miscellaneous	<u>2</u>	<u>2</u>	<u>26</u>	<u>24</u>
Total revenues	<u>10,161</u>	<u>10,255</u>	<u>12,590</u>	<u>2,335</u>
Expenditures:				
Current:				
Public protection:				
Protection and inspection	<u>13,138</u>	<u>13,236</u>	<u>12,313</u>	<u>923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,977)</u>	<u>(2,981)</u>	<u>277</u>	<u>3,258</u>
Other financing sources:				
Transfers in	<u>977</u>	<u>977</u>	<u>977</u>	
Net change in fund balances	<u><u>\$ (2,000)</u></u>	<u><u>(2,004)</u></u>	<u><u>1,254</u></u>	<u><u>3,258</u></u>

**COUNTY OF SACRAMENTO**  
**PUBLIC FACILITIES FIXED ASSET FINANCING PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	\$ 20,690	20,690	20,350	(340)
Miscellaneous	<u>37,009</u>	<u>37,009</u>	<u>100</u>	<u>(36,909)</u>
Total revenues	<u>57,699</u>	<u>57,699</u>	<u>20,450</u>	<u>(37,249)</u>
Expenditures:				
Capital outlay	<u>57,123</u>	<u>49,446</u>	<u>12,538</u>	<u>36,908</u>
Excess of revenues over expenditures	<u>576</u>	<u>8,253</u>	<u>7,912</u>	<u>(341)</u>
Other financing uses:				
Transfers out	<u>(7,912)</u>	<u>(7,912)</u>	<u>(7,912)</u>	
Net change in fund balances	<u>\$ (7,336)</u>	<u>341</u>		<u>(341)</u>



**COUNTY OF SACRAMENTO**  
**LIGHTING AND LANDSCAPE MAINTENANCE DISTRICTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Taxes	\$ 285	285	319	34
Use of money and property	14	14	1	(13)
Intergovernmental	4	4	4	
Charges for sales and services	2,528	2,528	2,526	(2)
Miscellaneous	987	987	946	(41)
Total revenues	<u>3,818</u>	<u>3,818</u>	<u>3,796</u>	<u>(22)</u>
Expenditures:				
General government	<u>4,059</u>	<u>4,061</u>	<u>3,553</u>	<u>508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(241)</u>	<u>(243)</u>	<u>243</u>	<u>486</u>
Net change in fund balances	<u>\$ (241)</u>	<u>(243)</u>	<u>243</u>	<u>486</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, 2014**  
**(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	\$ 7,041	7,041	7,472	431
Use of money and property	1,584	1,604	1,624	20
Intergovernmental	3,941	3,941	2,344	(1,597)
Charges for sales and services	4,963	4,878	4,672	(206)
Miscellaneous	<u>1,118</u>	<u>1,133</u>	<u>1,061</u>	<u>(72)</u>
Total revenues	<u>18,647</u>	<u>18,597</u>	<u>17,173</u>	<u>(1,424)</u>
Expenditures:				
Current:				
Recreation and culture	<u>21,725</u>	<u>21,760</u>	<u>16,118</u>	<u>5,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,078)</u>	<u>(3,163)</u>	<u>1,055</u>	<u>4,218</u>
Net change in fund balances	<u>\$ (3,078)</u>	<u>(3,163)</u>	<u>1,055</u>	<u>4,218</u>

**COUNTY OF SACRAMENTO  
WATER AGENCIES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(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	\$ 123	123	48	(75)
Licenses and permits	2,685	2,685	2,997	312
Charges for sales and services	5,790	5,790	2,304	(3,486)
Miscellaneous	<u>557</u>	<u>557</u>	<u>387</u>	<u>(170)</u>
Total revenues	<u>9,155</u>	<u>9,155</u>	<u>5,736</u>	<u>(3,419)</u>
Expenditures:				
Current:				
Health and sanitation	<u>28,234</u>	<u>23,674</u>	<u>5,394</u>	<u>18,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,079)</u>	<u>(14,519)</u>	<u>342</u>	<u>14,861</u>
Other financing sources (uses):				
Transfers in	<u>232</u>	<u>232</u>	<u>232</u>	
Net change in fund balances	<u>\$ (18,847)</u>	<u>(14,287)</u>	<u>574</u>	<u>14,861</u>

**COUNTY OF SACRAMENTO**  
**STORMWATER UTILITY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 5,544	5,544	5,655	111
Use of money and property	52	52	10	(42)
Intergovernmental	698	698	152	(546)
Charges for sales and services	25,671	25,671	25,770	99
Fines, forfeitures and penalties			2	2
Miscellaneous	<u>483</u>	<u>465</u>	<u>918</u>	<u>453</u>
Total revenues	<u>32,448</u>	<u>32,430</u>	<u>32,507</u>	<u>77</u>
Expenditures:				
Current:				
General government	<u>45,089</u>	<u>49,122</u>	<u>33,021</u>	<u>16,101</u>
Deficiency of revenues under expenditures	<u>(12,641)</u>	<u>(16,692)</u>	<u>(514)</u>	<u>16,178</u>
Other financing sources (uses):				
Transfers in	1,004	1,004	1,004	
Transfers out	<u>(986)</u>	<u>(986)</u>	<u>(986)</u>	
Total other financing sources (uses)	<u>18</u>	<u>18</u>	<u>18</u>	
Net change in fund balances	<u>\$ (12,623)</u>	<u>(16,674)</u>	<u>(496)</u>	<u>16,178</u>

**COUNTY OF SACRAMENTO  
TOBACCO SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	<u>\$ 85</u>	<u>85</u>	<u>2</u>	<u>(83)</u>
Total revenues	<u>85</u>	<u>85</u>	<u>2</u>	<u>(83)</u>
Expenditures:				
Current:				
General government				
Finance	<u>1,856</u>	<u>1,856</u>	<u>182</u>	<u>1,674</u>
Deficiency of revenues under expenditures	<u>(1,771)</u>	<u>(1,771)</u>	<u>(180)</u>	<u>1,591</u>
Other financing sources (uses):				
Transfers in			42	42
Transfers out	<u>(3,443)</u>	<u>(3,443)</u>	<u>(3,443)</u>	
Total other financing sources (uses)	<u>(3,443)</u>	<u>(3,443)</u>	<u>(3,401)</u>	<u>42</u>
Net change in fund balances	<u>\$ (5,214)</u>	<u>(5,214)</u>	<u>(3,581)</u>	<u>1,633</u>

**COUNTY OF SACRAMENTO  
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(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	\$ 3,649	3,649	3,449	(200)
Licenses and permits	43	43	38	(5)
Intergovernmental	32,341	32,341	1,043	(31,298)
Charges for sales and services	1,513	1,513	1,353	(160)
Miscellaneous	<u>4,796</u>	<u>4,794</u>	<u>3,002</u>	<u>(1,792)</u>
Total revenues	<u>42,342</u>	<u>42,340</u>	<u>8,885</u>	<u>(33,455)</u>
Expenditures:				
Current:				
General government	<u>37,361</u>	<u>55,526</u>	<u>14,465</u>	<u>41,061</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,981</u>	<u>(13,186)</u>	<u>(5,580)</u>	<u>(7,606)</u>
Other financing uses:				
Transfers out	<u>(129)</u>	<u>(129)</u>	<u>(129)</u>	
Total other financing uses	<u>(129)</u>	<u>(129)</u>	<u>(129)</u>	
Net change in fund balances	<u>\$ 4,852</u>	<u>(13,315)</u>	<u>(5,709)</u>	<u>7,606</u>

**COUNTY OF SACRAMENTO**  
**ROADWAY FEE DISTRICT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Use of money and property	\$ 12	12	5	(7)
Licenses and permits	1,255	1,255	2,069	814
Intergovernmental	552	552	186	(366)
Miscellaneous	283	283	81	(202)
Total revenues	2,102	2,102	2,341	239
Expenditures:				
Current:				
Public ways and facilities	5,828	5,858	2,323	3,535
Excess (deficiency) of revenues over (under) expenditures	(3,726)	(3,756)	18	3,774
Other financing sources:				
Transfers in	2,779	2,779	2,779	
Net change in fund balances	\$ (947)	(977)	2,797	3,774

**COUNTY OF SACRAMENTO**  
**TOBACCO SECURITIZATION AUTHORITY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Pledged tobacco settlement proceeds	<u>\$ 12,493</u>	<u>12,493</u>	<u>12,493</u>	<u></u>
Total revenues	<u>12,493</u>	<u>12,493</u>	<u>12,493</u>	<u></u>
Expenditures:				
Current:				
Health and sanitation	<u>192</u>	<u>192</u>	<u>192</u>	<u></u>
Excess of revenues over expenditures	<u>12,301</u>	<u>12,301</u>	<u>12,301</u>	<u></u>
Other financing uses:				
Transfers out	<u>(12,493)</u>	<u>(12,493)</u>	<u>(12,493)</u>	<u></u>
Net change in fund balances	<u><u>\$ (192)</u></u>	<u><u>(192)</u></u>	<u><u>(192)</u></u>	<u><u></u></u>



**COUNTY OF SACRAMENTO**  
**ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	\$		8	8
Licenses and permits	14,170	14,170	14,632	462
Intergovernmental	2,139	2,139	8	(2,131)
Charges for sales and services	590	590	600	10
Miscellaneous	<u>1,439</u>	<u>1,585</u>	<u>2,386</u>	<u>801</u>
Total revenues	<u>18,338</u>	<u>18,484</u>	<u>17,634</u>	<u>(850)</u>
Expenditures:				
Current:				
Health and sanitation	<u>17,936</u>	<u>18,195</u>	<u>16,404</u>	<u>1,791</u>
Excess of revenues over expenditures	<u>402</u>	<u>289</u>	<u>1,230</u>	<u>941</u>
Other financing uses:				
Transfers out	<u>(951)</u>	<u>(951)</u>	<u>(951)</u>	
Net change in fund balances	<u><u>\$ (549)</u></u>	<u><u>(662)</u></u>	<u><u>279</u></u>	<u><u>941</u></u>

**COUNTY OF SACRAMENTO  
OTHER SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(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	\$ 1,828	1,828	1,894	66
Use of money and property	108	108	135	27
Licenses and permits			20	20
Intergovernmental	1,576	1,576	1,493	(83)
Charges for sales and services	756	756	508	(248)
Fines, forfeitures and penalties	20	20	24	4
Miscellaneous			112	112
	<u>4,288</u>	<u>4,288</u>	<u>4,186</u>	<u>(102)</u>
Total revenues				
Expenditures:				
Current:				
General government	693	693	215	478
Public protection	1,882	1,882	1,882	
Health and sanitation	1,718	1,721	1,533	188
Public ways and facilities	2,392	2,392	741	1,651
Recreation and culture	35	35	32	3
	<u>6,720</u>	<u>6,723</u>	<u>4,403</u>	<u>2,320</u>
Total expenditures				
Deficiency of revenues under expenditures	<u>(2,432)</u>	<u>(2,435)</u>	<u>(217)</u>	<u>2,218</u>
Net change in fund balances	<u>\$ (2,432)</u>	<u>(2,435)</u>	<u>(217)</u>	<u>2,218</u>

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# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **NONMAJOR GOVERNMENTAL FUNDS SECTION**

### **DEBT SERVICE FUNDS**

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**COUNTY OF SACRAMENTO  
DEBT SERVICE FUNDS**

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

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

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

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

**Sacramento County Public Financing Authority** - Established in 2003-04 fiscal year 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, 2014**  
**(amounts expressed in thousands)**

Page 1 of 2

	Public Facilities Financing Corporation						
	Juvenile Courthouse	1997 Public Facilities Refunding	1997 Public Facilities	2003 Public Facilities	2006 Public Facilities	2007 Public Facilities	2010 COP Refunding
Assets:							
Cash and investments	\$ 2,270	7,288	3,327	1,056	3,234	3,341	11,830
Interest	2	2	2	1	2	2	8
Loan receivable from Successor Agency							
Long-term receivables							
Total assets	<u>\$ 2,272</u>	<u>7,290</u>	<u>3,329</u>	<u>1,057</u>	<u>3,236</u>	<u>3,343</u>	<u>11,838</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances:							
Liabilities:							
Accrued liabilities	\$				2	1	2
Total liabilities					2	1	2
Deferred inflow of resources:							
Unavailable Revenue							
Total deferred inflow of resources							
Fund balances:							
Restricted	2,272	7,290	3,329	1,057	3,234	3,342	11,836
Total fund balances	<u>2,272</u>	<u>7,290</u>	<u>3,329</u>	<u>1,057</u>	<u>3,234</u>	<u>3,342</u>	<u>11,836</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 2,272</u>	<u>7,290</u>	<u>3,329</u>	<u>1,057</u>	<u>3,236</u>	<u>3,343</u>	<u>11,838</u>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

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	Pension Obligation Bonds	Teeter Plan	Tobacco Securitization Authority	Sacramento County Public Financing Authority	Total
<b>Assets:</b>					
Cash and investments	\$ 2,320	5,183	21,549	10,884	72,282
Interest	30	2			51
Loan receivable from Successor Agency				73,035	73,035
Long-term receivables		34,432		6,029	40,461
Total assets	<u>\$ 2,350</u>	<u>39,617</u>	<u>21,549</u>	<u>89,948</u>	<u>185,829</u>
<b>Liabilities, Deferred Inflow of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accrued liabilities	\$ 1,116				1,121
Total liabilities	<u>1,116</u>				<u>1,121</u>
<b>Deferred inflow of resources:</b>					
Unavailable Revenue				79,064	79,064
Total deferred inflow of resources				<u>79,064</u>	<u>79,064</u>
<b>Fund balances:</b>					
Restricted	<u>1,234</u>	<u>39,617</u>	<u>21,549</u>	<u>10,884</u>	<u>105,644</u>
Total fund balances	<u>1,234</u>	<u>39,617</u>	<u>21,549</u>	<u>10,884</u>	<u>105,644</u>
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<u>\$ 2,350</u>	<u>39,617</u>	<u>21,549</u>	<u>89,948</u>	<u>185,829</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, 2014**  
**(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	\$ 3	365	250	2	5		217
Intergovernmental		15					
Fines, forfeitures and penalties							
Total revenues	<u>3</u>	<u>380</u>	<u>250</u>	<u>2</u>	<u>5</u>		<u>217</u>
Expenditures:							
Debt service:							
Principal	835	3,175	2,720	370	1,690	905	9,035
Bond issuance costs							
Interest and fiscal charges	1,389	3,155	350	604	1,442	2,115	5,174
Total expenditures	<u>2,224</u>	<u>6,330</u>	<u>3,070</u>	<u>974</u>	<u>3,132</u>	<u>3,020</u>	<u>14,209</u>
Deficiency of revenues under expenditures	<u>(2,221)</u>	<u>(5,950)</u>	<u>(2,820)</u>	<u>(972)</u>	<u>(3,127)</u>	<u>(3,020)</u>	<u>(13,992)</u>
Other financing sources (uses):							
Transfers in	2,239	6,331	3,045	987	3,146	3,029	14,213
Transfers out		(375)	(200)				
Issuance of debt							
Discount on debt issued							
Payment to refunded bonds escrow agent							
Total other financing sources (uses)	<u>2,239</u>	<u>5,956</u>	<u>2,845</u>	<u>987</u>	<u>3,146</u>	<u>3,029</u>	<u>14,213</u>
Net change in fund balances	<u>18</u>	<u>6</u>	<u>25</u>	<u>15</u>	<u>19</u>	<u>9</u>	<u>221</u>
Fund balances - beginning	<u>2,254</u>	<u>7,284</u>	<u>3,304</u>	<u>1,042</u>	<u>3,215</u>	<u>3,333</u>	<u>11,615</u>
Fund balances - ending	<u>\$ 2,272</u>	<u>7,290</u>	<u>3,329</u>	<u>1,057</u>	<u>3,234</u>	<u>3,342</u>	<u>11,836</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, 2014**  
**(amounts expressed in thousands)**

Page 2 of 2

	Pension Obligation Bonds	Teeter Plan	Tobacco Securitization Authority	Sacramento County Public Financing Authority	Total
Revenues:					
Use of money and property	\$ 29	2	3		876
Intergovernmental	9,642			9,528	19,185
Fines, forfeitures and penalties		11,075			11,075
Total revenues	<u>9,671</u>	<u>11,077</u>	<u>3</u>	<u>9,528</u>	<u>31,136</u>
Expenditures:					
Debt service:					
Principal	18,884	32,251	885	1,870	72,620
Bond issuance costs	867				867
Interest and fiscal charges	94,667	159	11,632	4,509	125,196
Total expenditures	<u>114,418</u>	<u>32,410</u>	<u>12,517</u>	<u>6,379</u>	<u>198,683</u>
Deficiency of revenues under expenditures	<u>(104,747)</u>	<u>(21,333)</u>	<u>(12,514)</u>	<u>3,149</u>	<u>(167,547)</u>
Other financing sources (uses):					
Transfers in	104,726		12,493		150,209
Transfers out		(12,389)			(12,964)
Issuance of debt	111,960	23,100			135,060
Discount on debt issued	(2,180)				(2,180)
Payment to refunded bonds escrow agent	(108,850)				(108,850)
Total other financing sources (uses)	<u>105,656</u>	<u>10,711</u>	<u>12,493</u>		<u>161,275</u>
Net change in fund balances	<u>909</u>	<u>(10,622)</u>	<u>(21)</u>	<u>3,149</u>	<u>(6,272)</u>
Fund balances - beginning	<u>325</u>	<u>50,239</u>	<u>21,570</u>	<u>7,735</u>	<u>111,916</u>
Fund balances - ending	<u>\$ 1,234</u>	<u>39,617</u>	<u>21,549</u>	<u>10,884</u>	<u>105,644</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, 2014  
(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	<u>\$</u>	<u></u>	<u>3</u>	<u>3</u>
Expenditures:				
Debt service:				
Principal	835	835	835	
Interest and fiscal charges	<u>1,440</u>	<u>1,440</u>	<u>1,389</u>	<u>51</u>
Total expenditures	<u>2,275</u>	<u>2,275</u>	<u>2,224</u>	<u>51</u>
Deficiency of revenues under expenditures	<u>(2,275)</u>	<u>(2,275)</u>	<u>(2,221)</u>	<u>54</u>
Other financing sources:				
Transfers in	<u>2,239</u>	<u>2,239</u>	<u>2,239</u>	
Net change in fund balances	<u>\$ (36)</u>	<u>(36)</u>	<u>18</u>	<u>54</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, 2014  
(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)	365	366
Intergovernmental	<u>15</u>	<u>15</u>	<u>15</u>	
Total revenues	<u>14</u>	<u>14</u>	<u>380</u>	<u>366</u>
 Expenditures:				
Debt service:				
Principal	3,175	3,175	3,175	
Interest and fiscal charges	<u>3,207</u>	<u>3,207</u>	<u>3,155</u>	<u>52</u>
Total expenditures	<u>6,382</u>	<u>6,382</u>	<u>6,330</u>	<u>52</u>
Deficiency of revenues under expenditures	<u>(6,368)</u>	<u>(6,368)</u>	<u>(5,950)</u>	<u>418</u>
 Other financing sources:				
Transfers in	6,331	6,331	6,331	
Transfers out	<u>(375)</u>	<u>(375)</u>	<u>(375)</u>	
Total other financing sources:	<u>5,956</u>	<u>5,956</u>	<u>5,956</u>	
Net change in fund balances	<u>\$ (412)</u>	<u>(412)</u>	<u>6</u>	<u>418</u>

**COUNTY OF SACRAMENTO  
PUBLIC FACILITIES FINANCING CORPORATION  
1997 PUBLIC FACILITIES DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(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	<u>\$</u>	<u></u>	<u>250</u>	<u>250</u>
Expenditures:				
Debt service:				
Principal	2,720	2,720	2,720	
Interest and fiscal charges	<u>399</u>	<u>399</u>	<u>350</u>	<u>49</u>
Total expenditures	<u>3,119</u>	<u>3,119</u>	<u>3,070</u>	<u>49</u>
Deficiency of revenues under expenditures	<u>(3,119)</u>	<u>(3,119)</u>	<u>(2,820)</u>	<u>299</u>
Other financing sources:				
Transfers in	3,045	3,045	3,045	
Transfers out	<u>(200)</u>	<u>(200)</u>	<u>(200)</u>	
Total other financing sources:	<u>2,845</u>	<u>2,845</u>	<u>2,845</u>	
Net change in fund balances	<u>\$ (274)</u>	<u>(274)</u>	<u>25</u>	<u>299</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, 2014  
(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	<u>\$</u>	<u></u>	<u>2</u>	<u>2</u>
Expenditures:				
Debt service:				
Principal	370	370	370	
Interest and fiscal charges	<u>692</u>	<u>692</u>	<u>604</u>	<u>88</u>
Total expenditures	<u>1,062</u>	<u>1,062</u>	<u>974</u>	<u>88</u>
Deficiency of revenues under expenditures	<u>(1,062)</u>	<u>(1,062)</u>	<u>(972)</u>	<u>90</u>
Other financing sources:				
Transfers in	<u>987</u>	<u>987</u>	<u>987</u>	
Net change in fund balances	<u>\$ (75)</u>	<u>(75)</u>	<u>15</u>	<u>90</u>

**COUNTY OF SACRAMENTO  
PUBLIC FACILITIES FINANCING CORPORATION  
2006 PUBLIC FACILITIES DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(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	<u>\$</u>	<u></u>	<u>5</u>	<u>5</u>
Expenditures:				
Debt service:				
Principal	1,690	1,690	1,690	
Interest and fiscal charges	<u>1,812</u>	<u>1,812</u>	<u>1,442</u>	<u>370</u>
Total expenditures	<u>3,502</u>	<u>3,502</u>	<u>3,132</u>	<u>370</u>
Deficiency of revenues under expenditures	<u>(3,502)</u>	<u>(3,502)</u>	<u>(3,127)</u>	<u>375</u>
Other financing sources:				
Transfers in	<u>3,146</u>	<u>3,146</u>	<u>3,146</u>	
Net change in fund balances	<u>\$ (356)</u>	<u>(356)</u>	<u>19</u>	<u>375</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, 2014  
(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	<u>\$ (1)</u>	<u>(1)</u>	<u></u>	<u>1</u>
Expenditures:				
Debt service:				
Principal	905	905	905	
Interest and fiscal charges	<u>2,449</u>	<u>2,449</u>	<u>2,115</u>	<u>334</u>
Total expenditures	<u>3,354</u>	<u>3,354</u>	<u>3,020</u>	<u>334</u>
Deficiency of revenues under expenditures	<u>(3,355)</u>	<u>(3,355)</u>	<u>(3,020)</u>	<u>335</u>
Other financing sources:				
Transfers in	<u>3,029</u>	<u>3,029</u>	<u>3,029</u>	
Net change in fund balances	<u><u>\$ (326)</u></u>	<u><u>(326)</u></u>	<u><u>9</u></u>	<u><u>335</u></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, 2014  
(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	<u>\$</u>	<u></u>	<u>217</u>	<u>217</u>
Total revenues	<u></u>	<u></u>	<u>217</u>	<u>217</u>
Expenditures:				
Principal	9,035	9,035	9,035	
Interest and fiscal charges	<u>5,478</u>	<u>5,478</u>	<u>5,174</u>	<u>304</u>
Total expenditures	<u>14,513</u>	<u>14,513</u>	<u>14,209</u>	<u>304</u>
Deficiency of revenues under expenditures	<u>(14,513)</u>	<u>(14,513)</u>	<u>(13,992)</u>	<u>521</u>
Other financing sources:				
Transfers in	<u>14,213</u>	<u>14,213</u>	<u>14,213</u>	
Net change in fund balances	<u>\$ (300)</u>	<u>(300)</u>	<u>221</u>	<u>521</u>



**COUNTY OF SACRAMENTO**  
**PENSION OBLIGATION BONDS DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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)	29	30
Intergovernmental	<u>9,642</u>	<u>9,642</u>	<u>9,642</u>	
Total revenues	<u>9,641</u>	<u>9,641</u>	<u>9,671</u>	<u>30</u>
Expenditures:				
Debt service:				
Principal	18,884	18,884	18,884	
Bond issuance costs		930	867	63
Interest and fiscal charges	<u>96,878</u>	<u>96,878</u>	<u>94,667</u>	<u>2,211</u>
Total expenditures	<u>115,762</u>	<u>116,692</u>	<u>114,418</u>	<u>2,274</u>
Deficiency of revenues under expenditures	<u>(106,121)</u>	<u>(107,051)</u>	<u>(104,747)</u>	<u>2,304</u>
Other financing sources (uses):				
Transfers in	104,726	104,726	104,726	
Issuance of debt		111,960	111,960	
Discount on debt issued		(2,180)	(2,180)	
Payment to refunded bonds escrow agent		<u>(108,850)</u>	<u>(108,850)</u>	
Total other financing sources (uses)	<u>104,726</u>	<u>105,656</u>	<u>105,656</u>	
Net change in fund balances	<u>\$ (1,395)</u>	<u>(1,395)</u>	<u>909</u>	<u>2,304</u>

**COUNTY OF SACRAMENTO  
TEETER PLAN DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$		2	2
Fines, forfeitures and penalties	11,075	11,075	11,075	
Miscellaneous	<u>8,244</u>	<u>8,244</u>		<u>(8,244)</u>
Total revenues	<u>19,319</u>	<u>19,319</u>	<u>11,077</u>	<u>(8,242)</u>
Expenditures:				
Debt service:				
Principal	35,948	35,948	32,251	3,697
Interest and fiscal charges	<u>739</u>	<u>739</u>	<u>159</u>	<u>580</u>
Total expenditures	<u>36,687</u>	<u>36,687</u>	<u>32,410</u>	<u>4,277</u>
Deficiency of revenues under expenditures	<u>(17,368)</u>	<u>(17,368)</u>	<u>(21,333)</u>	<u>(3,965)</u>
Other financing sources (uses):				
Transfers out	(12,389)	(12,389)	(12,389)	
Issuance of debt	<u>23,100</u>	<u>23,100</u>	<u>23,100</u>	
Total other financing sources (uses)	<u>10,711</u>	<u>10,711</u>	<u>10,711</u>	
Net change in fund balances	<u>\$ (6,657)</u>	<u>(6,657)</u>	<u>(10,622)</u>	<u>(3,965)</u>

**COUNTY OF SACRAMENTO**  
**TOBACCO SECURITIZATION AUTHORITY DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	<u>\$ 2</u>	<u>2</u>	<u>3</u>	<u>1</u>
Expenditures:				
Debt service:				
Principal	885	885	885	
Interest and fiscal charges	<u>11,632</u>	<u>11,632</u>	<u>11,632</u>	
Total expenditures	<u>12,517</u>	<u>12,517</u>	<u>12,517</u>	
Deficiency of revenues under expenditures	<u>(12,515)</u>	<u>(12,515)</u>	<u>(12,514)</u>	<u>1</u>
Other financing sources:				
Transfers in	<u>12,493</u>	<u>12,493</u>	<u>12,493</u>	
Net change in fund balances	<u>\$ (22)</u>	<u>(22)</u>	<u>(21)</u>	<u>1</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, 2014**  
**(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	<u>\$ 9,528</u>	<u>9,528</u>	<u>9,528</u>	<u></u>
Total revenues	<u>9,528</u>	<u>9,528</u>	<u>9,528</u>	<u></u>
Expenditures:				
Debt service:				
Principal	1,870	1,870	1,870	
Interest and fiscal charges	<u>4,509</u>	<u>4,509</u>	<u>4,509</u>	<u></u>
Total expenditures	<u>6,379</u>	<u>6,379</u>	<u>6,379</u>	<u></u>
Excess of revenues over expenditures	<u>3,149</u>	<u>3,149</u>	<u>3,149</u>	<u></u>
Net change in fund balances	<u>\$ 3,149</u>	<u>3,149</u>	<u>3,149</u>	<u></u>

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# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **NONMAJOR GOVERNMENTAL FUNDS SECTION**

### **CAPITAL PROJECT FUNDS**

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## CAPITAL PROJECT FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

## CAPITAL PROJECT FUNDS

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

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

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

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

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

Page 1 of 3

	Assessment Districts		Mello-Roos Community Facilities Act of 1982				
	Improvement Bond Act of 1911	Improvement Bond Act of 1915	Metro Air Park CFD	Laguna Stonelake CFD	Park Meadows CFD	Laguna Community Facilities District	Laguna Creek Ranch/Elliott Ranch Community Facilities District No. One and Two
Assets:							
Cash and investments	\$ 226	3,709	6,133	175	63	1,175	5,824
Receivables, net of allowance for uncollectibles:							
Billed							
Interest		2				1	
Due from other funds							
Total assets	<u>\$ 226</u>	<u>3,711</u>	<u>6,133</u>	<u>175</u>	<u>63</u>	<u>1,176</u>	<u>5,824</u>
Liabilities and fund balances:							
Liabilities:							
Warrants payable	\$		1	1	1		
Accrued liabilities							
Intergovernmental payable	40	3,387					1
Due to other funds							
Total liabilities	<u>40</u>	<u>3,387</u>	<u>1</u>	<u>1</u>	<u>1</u>		<u>1</u>
Fund balances:							
Reserved for:							
Restricted	186	324	6,132	174	62	1,176	5,823
Total fund balances	<u>186</u>	<u>324</u>	<u>6,132</u>	<u>174</u>	<u>62</u>	<u>1,176</u>	<u>5,823</u>
Total liabilities and fund balances	<u>\$ 226</u>	<u>3,711</u>	<u>6,133</u>	<u>175</u>	<u>63</u>	<u>1,176</u>	<u>5,824</u>



**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

Page 2 of 3

Public Facilities Financing

	<u>Accumulated Capital Outlay</u>	<u>Community Fee Districts</u>	<u>1997 Public Facilities</u>	<u>2007 Public Facilities</u>	<u>Tobacco Litigation Settlement</u>	<u>McClellan CFD</u>
Assets:						
Cash and investments	\$ 9,652	13,776	542	21	4,406	305
Receivables, net of allowance for uncollectibles:						
Billed	172	73				
Interest	4	12	1			
Due from other funds	1,518					
Total assets	<u>\$ 11,346</u>	<u>13,861</u>	<u>543</u>	<u>21</u>	<u>4,406</u>	<u>305</u>
Liabilities and fund balances:						
Liabilities:						
Warrants payable	\$ 190					
Accrued liabilities	435					
Intergovernmental payable	107	914			1	
Due to other funds	1,518					
Total liabilities	<u>2,250</u>	<u>914</u>			<u>1</u>	
Fund balances:						
Reserved for:						
Restricted	9,096	12,947	543	21	4,405	305
Total fund balances	<u>9,096</u>	<u>12,947</u>	<u>543</u>	<u>21</u>	<u>4,405</u>	<u>305</u>
Total liabilities and fund balances	<u>\$ 11,346</u>	<u>13,861</u>	<u>543</u>	<u>21</u>	<u>4,406</u>	<u>305</u>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

Page 3 of 3

	Sacramento County Landscape Maintenance CFD	Metro Air Park Service Tax	North Vineyard SSP CFD	County Parks CFD - No. 2006-1	Total
Assets:					
Cash and investments	\$ 688	640	1,574	123	49,032
Receivables, net of allowance for uncollectibles:					
Billed					245
Interest	1				21
Due from other funds					1,518
Total assets	<u>\$ 689</u>	<u>640</u>	<u>1,574</u>	<u>123</u>	<u>50,816</u>
Liabilities and fund balances:					
Liabilities:					
Warrants payable	\$		1		194
Accrued liabilities	3				438
Intergovernmental payable				120	4,570
Due to other funds					1,518
Total liabilities	<u>3</u>	<u></u>	<u>1</u>	<u>120</u>	<u>6,720</u>
Fund balances:					
Reserved for:					
Restricted	686	640	1,573	3	44,096
Total fund balances	<u>686</u>	<u>640</u>	<u>1,573</u>	<u>3</u>	<u>44,096</u>
Total liabilities and fund balances	<u>\$ 689</u>	<u>640</u>	<u>1,574</u>	<u>123</u>	<u>50,816</u>

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

Page 1 of 3

	Assessment Districts		Mello-Roos Community Facilities Act of 1982				
	Improvement Bond Act of 1911	Improvement Bond Act of 1915	Metro Air Park CFD	Laguna Stonelake CFD	Park Meadows CFD	Laguna Community Facilities District	Laguna Creek Ranch/Elliott Ranch Community Facilities District No. One and Two
Revenues:							
Use of money and property	\$	1	4	1	1	1	2
Intergovernmental							
Charges for sales and services							
Fines, forfeitures and penalties							
Miscellaneous	53	203	132	139	58		489
Total revenues	53	204	136	140	59	1	491
Expenditures:							
Public ways and facilities						25	352
Capital outlay	53	115	1,233	100	70		
Debt Service:							
Principal							
Total expenditures	53	115	1,233	100	70	25	352
Excess (deficiency) of revenues over (under) expenditures		89	(1,097)	40	(11)	(24)	139
Other financing sources (uses):							
Transfers in							
Transfers out							
Total other financing sources (uses)							
Net change in fund balances		89	(1,097)	40	(11)	(24)	139
Fund balances - beginning	186	235	7,229	134	73	1,200	5,684
Fund balances - ending	\$ 186	324	6,132	174	62	1,176	5,823

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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 CFD
Revenues:						
Use of money and property	\$ 4	14	1	5	5	
Intergovernmental	184	306				
Charges for sales and services		716				
Fines, forfeitures and penalties	3,326					
Miscellaneous	28,133					251
Total revenues	31,647	1,036	1	5	5	251
Expenditures:						
Public ways and facilities						
Capital outlay	19,251	904		148	5,922	85
Debt Service:						
Principal	75					
Total expenditures	19,326	904		148	5,922	85
Excess (deficiency) of revenues over (under) expenditures	12,321	132	1	(143)	(5,917)	166
Other financing sources (uses):						
Transfers in	3,385					
Transfers out	(8,579)					
Total other financing sources (uses)	(5,194)					
Net change in fund balances	7,127	132	1	(143)	(5,917)	166
Fund balances - beginning	1,969	12,815	542	164	10,322	139
Fund balances - ending	\$ 9,096	12,947	543	21	4,405	305

**COUNTY OF SACRAMENTO**  
**NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

Page 3 of 3

	Sacramento County Landscape Maintenance CFD	Metro Air Park Service Tax	North Vineyard SSP CFD	County Parks CFD - No. 2006-1	Total
Revenues:					
Use of money and property	\$	1	1		41
Intergovernmental					490
Charges for sales and services	129	110			955
Fines, forfeitures and penalties					3,326
Miscellaneous					29,458
Total revenues	<u>129</u>	<u>111</u>	<u>1</u>		<u>34,270</u>
Expenditures:					
Public ways and facilities					377
Capital outlay	122	30	58		28,091
Debt Service:					
Principal					75
Total expenditures	<u>122</u>	<u>30</u>	<u>58</u>		<u>28,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7</u>	<u>81</u>	<u>(57)</u>		<u>5,727</u>
Other financing sources (uses):					
Transfers in					3,385
Transfers out		(80)			(8,659)
Total other financing sources (uses)		<u>(80)</u>			<u>(5,274)</u>
Net change in fund balances	<u>7</u>	<u>1</u>	<u>(57)</u>		<u>453</u>
Fund balances - beginning	<u>679</u>	<u>639</u>	<u>1,630</u>	<u>3</u>	<u>43,643</u>
Fund balances - ending	<u>\$ 686</u>	<u>640</u>	<u>1,573</u>	<u>3</u>	<u>44,096</u>

**COUNTY OF SACRAMENTO**  
**ASSESSMENT DISTRICTS - IMPROVEMENT**  
**BOND ACT OF 1911 CAPITAL PROJECTS FUND**  
**SACRAMENTO COUNTY PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	\$ 100	100	53	(47)
Total revenues	<u>100</u>	<u>100</u>	<u>53</u>	<u>(47)</u>
Expenditures:				
Capital outlay	<u>100</u>	<u>100</u>	<u>53</u>	<u>(47)</u>
Net change in fund balances	<u>\$</u>	<u></u>	<u></u>	<u></u>

**COUNTY OF SACRAMENTO  
ASSESSMENT DISTRICTS - IMPROVEMENT  
BOND ACT OF 1915 CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 2	2	1	(1)
Miscellaneous	<u>690</u>	<u>690</u>	<u>203</u>	<u>(487)</u>
Total revenues	<u>692</u>	<u>692</u>	<u>204</u>	<u>(488)</u>
Expenditures:				
Capital outlay	<u>883</u>	<u>883</u>	<u>115</u>	<u>768</u>
Net change in fund balances	<u>\$ (191)</u>	<u>(191)</u>	<u>89</u>	<u>280</u>

**COUNTY OF SACRAMENTO**  
**MELLO-ROOS COMMUNITY FACILITIES ACT 1982**  
**METRO AIR PARK COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	\$ 102	102	4	(98)
Miscellaneous	<u>1,020</u>	<u>300</u>	<u>132</u>	<u>(168)</u>
Total revenues	<u>1,122</u>	<u>402</u>	<u>136</u>	<u>(266)</u>
Expenditures:				
Capital outlay	<u>7,269</u>	<u>7,631</u>	<u>1,233</u>	<u>6,398</u>
Net change in fund balances	<u>\$ (6,147)</u>	<u>(7,229)</u>	<u>(1,097)</u>	<u>6,132</u>



**COUNTY OF SACRAMENTO**  
**MELLO-ROOS COMMUNITY FACILITIES ACT 1982**  
**LAGUNA STONELAKE COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$ 1	1	1	
Miscellaneous	<u>125</u>	<u>125</u>	<u>139</u>	<u>14</u>
Total revenues	<u>126</u>	<u>126</u>	<u>140</u>	<u>14</u>
Expenditures:				
Capital outlay	<u>260</u>	<u>260</u>	<u>100</u>	<u>160</u>
Net change in fund balances	<u>\$ (134)</u>	<u>(134)</u>	<u>40</u>	<u>174</u>

**COUNTY OF SACRAMENTO**  
**MELLO-ROOS COMMUNITY FACILITIES ACT 1982**  
**PARK MEADOWS COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 1	1	1	
Miscellaneous	<u>60</u>	<u>60</u>	<u>58</u>	<u>(2)</u>
Total revenues	<u>61</u>	<u>61</u>	<u>59</u>	<u>(2)</u>
Expenditures:				
Capital outlay	<u>133</u>	<u>133</u>	<u>70</u>	<u>63</u>
Net change in fund balances	<u>\$ (72)</u>	<u>(72)</u>	<u>(11)</u>	<u>61</u>

**COUNTY OF SACRAMENTO**  
**MELLO-ROOS COMMUNITY FACILITIES ACT 1982**  
**LAGUNA COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	\$ <u>5</u>	<u>5</u>	<u>1</u>	<u>(4)</u>
Total revenues	<u>5</u>	<u>5</u>	<u>1</u>	<u>(4)</u>
Expenditures:				
Public ways and facilities	<u>1,205</u>	<u>1,205</u>	<u>25</u>	<u>1,180</u>
Net change in fund balances	<u>\$ (1,200)</u>	<u>(1,200)</u>	<u>(24)</u>	<u>1,176</u>

**COUNTY OF SACRAMENTO**  
**MELLO-ROOS COMMUNITY FACILITIES ACT 1982**  
**LAGUNA CREEK RANCH/ELLIOTT RANCH COMMUNITY FACILITIES**  
**DISTRICT NUMBER ONE AND TWO CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$ 30	30	2	(28)
Miscellaneous	<u>450</u>	<u>450</u>	<u>489</u>	<u>39</u>
Total revenues	<u>480</u>	<u>480</u>	<u>491</u>	<u>11</u>
Expenditures:				
Public ways and facilities	<u>3,068</u>	<u>3,068</u>	<u>352</u>	<u>2,716</u>
Net change in fund balances	<u>\$ (2,588)</u>	<u>(2,588)</u>	<u>139</u>	<u>2,727</u>

**COUNTY OF SACRAMENTO**  
**ACCUMULATED CAPITAL OUTLAY CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	\$ 6	6	4	(2)
Intergovernmental	247	247	184	(63)
Charges for sales and services				
Fines, forfeitures and penalties	3,600	3,600	3,326	(274)
Miscellaneous	<u>32,928</u>	<u>32,375</u>	<u>28,133</u>	<u>(4,242)</u>
Total revenues	<u>36,781</u>	<u>36,228</u>	<u>31,647</u>	<u>(4,581)</u>
Expenditures:				
Capital outlay	27,607	32,581	19,251	13,330
Debt Service:				
Principal	<u>75</u>	<u>75</u>	<u>75</u>	
Excess of revenues over expenditures	<u>9,099</u>	<u>3,572</u>	<u>12,321</u>	<u>8,749</u>
Other financing sources (uses):				
Transfers in	3,385	3,385	3,385	
Transfers out	<u>(8,579)</u>	<u>(8,579)</u>	<u>(8,579)</u>	
Total other financing sources (uses)	<u>(5,194)</u>	<u>(5,194)</u>	<u>(5,194)</u>	
Net change in fund balances	<u>\$ 3,905</u>	<u>(1,622)</u>	<u>7,127</u>	<u>8,749</u>

**COUNTY OF SACRAMENTO  
COMMUNITY FEE DISTRICTS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(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	\$ 25	25	14	(11)
Intergovernmental			306	306
Charges for sales and services	<u>2,340</u>	<u>2,340</u>	<u>716</u>	<u>(1,624)</u>
Total revenues	<u>2,365</u>	<u>2,365</u>	<u>1,036</u>	<u>(1,329)</u>
Expenditures:				
Capital outlay	<u>13,496</u>	<u>13,746</u>	<u>904</u>	<u>12,842</u>
Net change in fund balances	<u>\$ (11,131)</u>	<u>(11,381)</u>	<u>132</u>	<u>11,513</u>

**COUNTY OF SACRAMENTO**  
**1997 PUBLIC FACILITIES FINANCING CORPORATION CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Use of money and property	<u>\$</u>	<u></u>	<u>1</u>	<u>1</u>
Total revenues	<u></u>	<u></u>	<u>1</u>	<u>1</u>
Expenditures:				
Capital outlay	<u>542</u>	<u>542</u>	<u></u>	<u>542</u>
Net change in fund balances	<u>\$ (542)</u>	<u>(542)</u>	<u>1</u>	<u>543</u>

**COUNTY OF SACRAMENTO**  
**2007 PUBLIC FACILITIES FINANCING CORPORATION CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Use of money and property	<u>\$</u>	<u></u>	<u>5</u>	<u>5</u>
Total revenues	<u></u>	<u></u>	<u>5</u>	<u>5</u>
Expenditures:				
Capital outlay	<u>164</u>	<u>164</u>	<u>148</u>	<u>16</u>
Deficiency of revenues under expenditures	<u>(164)</u>	<u>(164)</u>	<u>(143)</u>	<u>21</u>
Net change in fund balances	<u>\$ (164)</u>	<u>(164)</u>	<u>(143)</u>	<u>21</u>



**COUNTY OF SACRAMENTO**  
**TOBACCO LITIGATION SETTLEMENT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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	<u>\$</u>	<u></u>	<u>5</u>	<u>5</u>
Expenditures:				
Capital outlay	<u>10,323</u>	<u>10,323</u>	<u>5,922</u>	<u>4,401</u>
Net change in fund balances	<u><u>\$ (10,323)</u></u>	<u><u>(10,323)</u></u>	<u><u>(5,917)</u></u>	<u><u>4,406</u></u>

**COUNTY OF SACRAMENTO  
MCCLELLAN CFD CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
(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	1		(1)
Miscellaneous	<u>200</u>	<u>200</u>	<u>251</u>	<u>51</u>
Total revenues	<u>202</u>	<u>201</u>	<u>251</u>	<u>50</u>
Expenditures:				
Capital outlay	<u>340</u>	<u>340</u>	<u>85</u>	<u>255</u>
Net change in fund balances	<u><u>\$ (138)</u></u>	<u><u>(139)</u></u>	<u><u>166</u></u>	<u><u>305</u></u>

**COUNTY OF SACRAMENTO**  
**SACRAMENTO COUNTY LANDSCAPE MAINTENANCE CFD CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$ 1	1		(1)
Charges for sales and services	<u>128</u>	<u>128</u>	<u>129</u>	<u>1</u>
Total revenues	<u>129</u>	<u>129</u>	<u>129</u>	
Expenditures:				
Capital outlay	<u>179</u>	<u>179</u>	<u>122</u>	<u>57</u>
Net change in fund balances	<u>\$ (50)</u>	<u>(50)</u>	<u>7</u>	<u>57</u>

**COUNTY OF SACRAMENTO**  
**METRO AIR PARK SERVICE TAX CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(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		1	1
Charges for sales and services	<u>110</u>	<u>110</u>	<u>110</u>	
Total revenues	<u>112</u>	<u>110</u>	<u>111</u>	<u>1</u>
Expenditures:				
Capital outlay	<u>669</u>	<u>669</u>	<u>30</u>	<u>639</u>
Other financing uses:				
Transfers out	<u>(80)</u>	<u>(80)</u>	<u>(80)</u>	
Net change in fund balances	<u>\$ (637)</u>	<u>(639)</u>	<u>1</u>	<u>640</u>

**COUNTY OF SACRAMENTO**  
**NORTH VINEYARD SSP CFD CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Use of money and property	\$ (1)	(1)	1	2
Miscellaneous	<u>84</u>	<u>84</u>	<u>1</u>	<u>(84)</u>
Total revenues	<u>83</u>	<u>83</u>	<u>1</u>	<u>(82)</u>
Expenditures:				
Capital outlay	<u>1,713</u>	<u>1,713</u>	<u>58</u>	<u>1,655</u>
Net change in fund balances	<u><u>\$ (1,630)</u></u>	<u><u>(1,630)</u></u>	<u><u>(57)</u></u>	<u><u>1,573</u></u>

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## NONMAJOR ENTERPRISE FUNDS SECTION

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## 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, 2014  
(amounts expressed in thousands)**

	<u>Parking Enterprise</u>	<u>County Transit</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 4,114	1,302	5,416
Receivables, net of allowance for uncollectibles:			
Intergovernmental		1,066	1,066
Interest	<u>3</u>	<u>1</u>	<u>4</u>
Total current assets	<u>4,117</u>	<u>2,369</u>	<u>6,486</u>
Noncurrent assets:			
Capital assets:			
Land and other nondepreciable assets	1,299		1,299
Buildings & improvements, infrastructure, equipment and intangibles, net	<u>1,686</u>	<u>625</u>	<u>2,311</u>
Total capital assets	<u>2,985</u>	<u>625</u>	<u>3,610</u>
Total noncurrent assets	<u>2,985</u>	<u>625</u>	<u>3,610</u>
Total assets	<u>\$ 7,102</u>	<u>2,994</u>	<u>10,096</u>
Liabilities:			
Current liabilities:			
Warrants payable	\$ 2		2
Accrued liabilities	34	206	240
Due to other funds	<u>6</u>		<u>6</u>
Total current liabilities	<u>42</u>	<u>206</u>	<u>248</u>
Noncurrent liabilities:			
Long-term debt obligations	<u>43</u>		<u>43</u>
Total liabilities	<u>85</u>	<u>206</u>	<u>291</u>
Net position:			
Net investment in capital assets	2,985	625	3,610
Restricted for:			
Debt service	197		197
Transportation		962	962
Unrestricted	<u>3,835</u>	<u>1,201</u>	<u>5,036</u>
Total net position	<u>7,017</u>	<u>2,788</u>	<u>9,805</u>
Total liabilities and net position	<u>\$ 7,102</u>	<u>2,994</u>	<u>10,096</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, 2014  
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Operating revenues:			
Charges for sales and services	\$ 2,953	218	3,171
Other	2		2
Total operating revenues	<u>2,955</u>	<u>218</u>	<u>3,173</u>
Operating expenses:			
Salaries and benefits	463		463
Services and supplies	867	188	1,055
Depreciation and amortization	303	213	516
Other	51	1,662	1,713
Total operating expenses	<u>1,684</u>	<u>2,063</u>	<u>3,747</u>
Operating income (loss)	<u>1,271</u>	<u>(1,845)</u>	<u>(574)</u>
Nonoperating revenues (expenses):			
Use of money and property	5	1	6
Intergovernmental		833	833
Sales / use tax		581	581
Interest expense	(20)		(20)
Other		66	66
Total nonoperating revenues	<u>(15)</u>	<u>1,481</u>	<u>1,466</u>
Income before transfers	1,256	(364)	892
Transfers out	(30)		(30)
Capital contributions		166	166
Change in net position	<u>1,226</u>	<u>(198)</u>	<u>1,028</u>
Net position, beginning of year	<u>5,791</u>	<u>2,986</u>	<u>8,777</u>
Net position, end of year	<u>\$ 7,017</u>	<u>2,788</u>	<u>9,805</u>

**COUNTY OF SACRAMENTO  
NON-MAJOR ENTERPRISE  
COMBINING STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
<b>CASH FLOWS OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 2,952	219	3,171
Payments to suppliers	(1,127)	(1,850)	(2,977)
Payments to employees	(494)		(494)
Payments for interfund services used		(1)	(1)
Payments for other operating activities	(49)		(49)
Net cash provided by (used for) operating activities	<u>1,282</u>	<u>(1,632)</u>	<u>(350)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental revenue		1,782	1,782
Net cash provided by (used for) noncapital financing activities		<u>1,782</u>	<u>1,782</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets		(500)	(500)
Principal paid on long-term obligations	(230)		(230)
Interest paid on long-term obligations	(14)		(14)
Net cash provided by (used for) capital and related financing activities	<u>(244)</u>	<u>(500)</u>	<u>(744)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on cash and investments	<u>2</u>		<u>2</u>
Net cash provided by investing activities	<u>2</u>		<u>2</u>
Net increase in cash and cash equivalents	1,040	(350)	690
Cash and cash equivalents, beginning of year	3,075	1,651	4,726
Cash and cash equivalents, end of year	<u>\$ 4,115</u>	<u>1,301</u>	<u>5,416</u>

**COUNTY OF SACRAMENTO  
NON-MAJOR ENTERPRISE  
COMBINING STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)**

	<u>Parking Enterprise</u>	<u>County Transit</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,271	(1,845)	(574)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and Amortization	303	213	516
Changes in assets and liabilities:			
Receivables:			
Warrants payable	(31)		(31)
Accrued liabilities	(230)		(230)
Due to other funds	(1)		(1)
Compensated absences	(4)		(4)
Other post employment benefits	(26)		(26)
Total adjustments	<u>11</u>	<u>213</u>	<u>224</u>
Net cash provided by (used for) operating activities	<u>\$ 1,282</u>	<u>(1,632)</u>	<u>(350)</u>

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## INTERNAL SERVICE FUNDS

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## INTERNAL SERVICE FUNDS

**Public Works** - This internal service fund was eliminated as of July 1, 2013, and operations/services were transferred to various governmental funds of the County.

**General Services** - Created to centralize many of the activities providing services to County departments. These activities include Automobile Fleet Operations; Purchasing; Printing; Mail; Central Stores; Surplus Property Disposal; Building Maintenance & Operations; Real Estate; and Construction Equipment.

**Liability/Property Self-insurance** - Accounts for the County's program of self-insurance for liability/property perils.

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

**Other Self-Insurance** - Accounts for the County's self-insurance of all dental and unemployment claims.

**Regional Communications** - Accounts for the operations of the County's emergency communications function.

**Department of Technology** - Accounts for central telecommunication and data processing support to County departments.

**COUNTY OF SACRAMENTO**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

		Self Insurance						
	Public Works	General Services	Liability/Property	Worker's Compensation	Other	Regional Communications	Department of Technology	Total
Assets:								
Current assets:								
Cash and investments	\$	74,532	2,026	12,268		4,713	11,396	104,935
Receivables, net of allowance for uncollectibles:								
Billed		115						115
Interest						7		7
Intergovernmental			1,663	1,365	60			3,088
Due from other funds			14,440	25,539	1,788			41,767
Prepaid expenses			171				296	467
Inventories		2,606						2,606
Total current assets		77,253	18,300	39,172	1,848	4,720	11,692	152,985
Noncurrent assets:								
Long-term advances to other funds				43,784				43,784
Long-term receivables				185				185
Capital assets:								
Buildings & improvements, infrastructure, equipment and intangibles, net		22,935		5		13,883	5,105	41,928
Total capital assets		22,935		5		13,883	5,105	41,928
Total noncurrent assets		22,935		43,974		13,883	5,105	85,897
Total assets		100,188	18,300	83,146	1,848	18,603	16,797	238,882
Liabilities and fund balances:								
Current liabilities:								
Warrants payable		4,491	375	395		38	272	5,571
Accrued liabilities		7,996	1,187			176	3,579	12,938
Intergovernmental payable							1	1
Due to other funds		2,396			431	23	312	3,162
Current portion of insurance claims payable			10,973	21,692	239			32,904
Current portion of long-term debt obligations		332				2	554	888
Unearned revenue			123	185		4,293	333	4,934
Total current liabilities		15,215	12,658	22,272	670	4,532	5,051	60,398
Noncurrent liabilities:								
Insurance claims payable			24,483	147,740				172,223
Long-term debt obligations		6,315				84	6,142	12,541
Long-term advances from other funds		8,663						8,663
Total noncurrent liabilities		14,978	24,483	147,740		84	6,142	193,427
Total liabilities		30,193	37,141	170,012	670	4,616	11,193	253,825
Net position:								
Net investment in capital assets		22,935		5		13,883	5,105	41,928
Unrestricted		47,060	(18,841)	(86,871)	1,178	104	499	(56,871)
Total net position	\$	69,995	(18,841)	(86,866)	1,178	13,987	5,604	(14,943)

**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)**

	Public Works	General Services	Self Insurance Liability/ Property	Worker's Compensation	Other	Regional Communications	Department of Technology	Total
Operating revenues:								
Charges for sales and services	\$	152,109	16,739	26,538	1,846	3,794	67,636	268,662
Other		253	1,791	1,505		1,195	75	4,819
Total operating revenues		152,362	18,530	28,043	1,846	4,989	67,711	273,481
Operating expenses:								
Salaries and benefits		51,355				1,138	42,533	95,026
Services and supplies		78,716			161	1,273	17,199	97,349
Cost of sales and services		3,087						3,087
Depreciation and amortization		6,447		2		2,555	1,931	10,935
Self-insurance			22,990	24,171	1,029			48,190
Other		590	23	160	8			781
Total operating expenses		140,195	23,013	24,333	1,198	4,966	61,663	255,368
Operating income (loss)		12,167	(4,483)	3,710	648	23	6,048	18,113
Nonoperating revenues (expenses):								
Intergovernmental							32	32
Interest expense		(684)						(684)
Other		1,065				(4)	(120)	941
Total nonoperating revenues (expenses)		381				(4)	(88)	289
Income before transfers		12,548	(4,483)	3,710	648	19	5,960	18,402
Transfers in		5,132						5,132
Transfers out	(21,662)	(4,422)				(71)	(5,520)	(31,675)
Change in net position	(21,662)	13,258	(4,483)	3,710	648	(52)	440	(8,141)
Net position, beginning of year	21,662	56,737	(14,358)	(90,576)	530	14,039	5,164	(6,802)
Net position, end of year	\$	69,995	(18,841)	(86,866)	1,178	13,987	5,604	(14,943)



**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)**

		Self Insurance						
	Public Works	General Services	Liability/Property	Worker's Compensation	Other	Regional Communications	Department of Technology	Total
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from customers and users	\$	170	1,791			3,799	67,213	72,973
Receipts from interfund services provided		173,694	16,429	27,185	1,190			218,498
Payments to suppliers		(82,023)	(16,013)	(18,809)	(1,021)	(466)	(12,804)	(131,136)
Payments to employees		(50,905)	(1,482)	(3,234)	(142)	(1,135)	(42,287)	(99,185)
Payments for other operating activities		(590)				6	(244)	(828)
Payments for interfund services used		(20,806)	(86)	(544)	(27)	(750)	(4,083)	(26,296)
Total Operating Activities		19,540	639	4,598		1,454	7,795	34,026
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Receipt on advance from other funds		7,127						7,127
Payment on advance from other funds		(3,245)						(3,245)
Transfers from other funds		7,121						7,121
Transfers to other funds		(4,423)				(71)	(5,520)	(10,014)
'Interest paid on advances from other funds		(684)						(684)
Net cash provided by (used for) noncapital financing activities		5,896				(71)	(5,520)	305
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Acquisition and construction of capital assets		(10,419)				(4,764)	(2,123)	(17,306)
'Proceeds from the sale of capital assets		1,386						1,386
Net cash used for capital and related financing activities		(9,033)				(4,764)	(2,123)	(15,920)
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received on cash and investments		22						22
Net increase (decrease) in cash and cash equivalents		16,425	639	4,598		(3,381)	152	18,433
Cash and cash equivalents, beginning of year		58,107	1,387	7,670		8,094	11,244	86,502
Cash and cash equivalents, end of year	\$	74,532	2,026	12,268		4,713	11,396	104,935

**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)**

		Self Insurance						
	Public Works	General Services	Liability/Property	Worker's Compensation	Other	Regional Communications	Department of Technology	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES								
Operating income (loss)	\$	12,167	(4,483)	3,710	648	23	6,048	18,113
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:								
Depreciation and amortization		6,447		2		2,555	1,931	10,935
Changes in assets and liabilities:								
Billed		(83)						(83)
Intergovernmental					63			63
Due from other funds			(428)	(858)	1,152			(134)
Prepaid expenses			(171)				(156)	(327)
Inventories		(1,045)						(1,045)
Warrants payable		959	293	(130)		33	(12)	1,143
Accrued liabilities		(132)	585	(114)	9	24	304	676
Intergovernmental payable		(2)	(1)					(3)
Due to other funds		780			(1,874)		19	(1,075)
Deferred revenues			119			(1,189)	(497)	(1,567)
Compensated absences		107				(3)	97	201
Other post employment benefits		342				6	150	498
Insurance claims payable			4,724	1,989				6,713
Total adjustments		7,373	5,121	889	(650)	1,426	1,836	15,995
Net cash provided by (used for) operating activities	\$	19,540	638	4,599	(2)	1,449	7,884	34,108

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## AGENCY FUNDS

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## **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, 2014  
(amounts expressed in thousands)**

	Law Enforcement	Unapportioned Tax Collection	Other	Total
Assets:				
Cash and investments	\$ 76,670	20,475	86,204	183,349
Receivables, net of allowance for uncollectibles:				
Billed			765	765
Interest	9	228	651	888
Intergovernmental			400	400
Due from other funds	892		720	1,612
Total assets	<u>\$ 77,571</u>	<u>20,703</u>	<u>88,740</u>	<u>187,014</u>
Liabilities:				
Warrants payable	\$ 306	6,296	3,885	10,487
Accrued liabilities	8,910		3,076	11,986
Intergovernmental payable	68,355	14,407	81,107	163,869
Due to other funds			672	672
Total liabilities	<u>\$ 77,571</u>	<u>20,703</u>	<u>88,740</u>	<u>187,014</u>

**COUNTY OF SACRAMENTO**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Law Enforcement				
Assets:				
Cash and investments	\$ 69,694	6,976		76,670
Receivables, net of allowance for uncollectibles:				
Interest	253		244	9
Intergovernmental	2,396		2,396	
Due from other funds	892			892
Total assets	<u>\$ 73,235</u>	<u>6,976</u>	<u>2,640</u>	<u>77,571</u>
Liabilities:				
Warrants payable	\$ 508		202	306
Accrued liabilities	3,342	5,568		8,910
Intergovernmental payable	69,385		1,030	68,355
Total liabilities	<u>\$ 73,235</u>	<u>5,568</u>	<u>266</u>	<u>77,571</u>
	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Unapportioned Tax Collection				
Assets:				
Cash and investments	\$ 24,758		4,283	20,475
Receivables, net of allowance for uncollectibles:				
Interest	440		212	228
Total assets	<u>\$ 25,198</u>	<u></u>	<u>4,495</u>	<u>20,703</u>
Liabilities:				
Warrants payable	\$ 10,269		3,973	6,296
Intergovernmental payable	14,929		522	14,407
Total liabilities	<u>\$ 25,198</u>	<u></u>	<u>4,495</u>	<u>20,703</u>

**COUNTY OF SACRAMENTO**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

Page 2 of 3

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Other Agency				
Assets:				
Cash and investments	\$ 88,386		2,182	86,204
Receivables, net of allowance for uncollectibles:				
Billed	1,116		351	765
Interest	4,530		3,879	651
Intergovernmental	5,896		5,496	400
Due from other funds	289	431		720
Total assets	<u>\$ 100,217</u>	<u>431</u>	<u>11,908</u>	<u>88,740</u>
Liabilities:				
Warrants payable	\$ 5,714		1,829	3,885
Accrued liabilities	7,929		4,853	3,076
Intergovernmental payable	86,574	441	5,908	81,107
Due to other funds		672		672
Total liabilities	<u>\$ 100,217</u>	<u>1,113</u>	<u>12,590</u>	<u>88,740</u>



**COUNTY OF SACRAMENTO**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

Page 3 of 3

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Totals				
Assets:				
Cash and investments	\$ 182,838	6,976	6,465	183,349
Receivables, net of allowance for uncollectibles:				
Billed	1,116		351	765
Interest	5,223		4,335	888
Intergovernmental	8,292		7,892	400
Due from other funds	1,181	431		1,612
Total assets	<u>\$ 198,650</u>	<u>7,407</u>	<u>19,043</u>	<u>187,014</u>
Liabilities:				
Warrants payable	\$ 16,491		6,004	10,487
Accrued liabilities	11,271	5,568	4,853	11,986
Intergovernmental payable	170,888	441	7,460	163,869
Due to other funds		672		672
Total liabilities	<u>\$ 198,650</u>	<u>6,681</u>	<u>18,317</u>	<u>187,014</u>

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## TRUST FUNDS

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## TRUST FUNDS

### **INVESTMENT**

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

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

### **PRIVATE PURPOSE**

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

**COUNTY OF SACRAMENTO**  
**TRUST FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

	Investment Trust			Redevelopment Obligation Retirement Fund - Successor Agency
	Treasurer's Pool	Non-Pooled Investments	Total	
Assets:				
Cash and investments	\$ 1,772,981	220,870	1,993,851	29,505
Intergovernmental				1,227
Interest				6
Assets held for sale				7,922
Total assets	<u>1,772,981</u>	<u>220,870</u>	<u>1,993,851</u>	<u>38,660</u>
Liabilities:				
Accrued liabilities				476
Intergovernmental payable				1,150
Loan due to County Public Financing Authority				73,500
Other long-term liabilities				7,167
Total liabilities				<u>82,293</u>
Net position (deficit) held in trust, end of year	<u>\$ 1,772,981</u>	<u>220,870</u>	<u>1,993,851</u>	<u>(43,633)</u>

**COUNTY OF SACRAMENTO**  
**TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	Investment Trust			Redevelopment Obligation Retirement Fund - Successor Agency
	Treasurer's Pool	Non-Pooled Investments	Total	
Additions:				
Property taxes	\$			3,293
Contributions on pooled investments	8,470,666	1,081,766	9,552,432	
Use of money and property	30,484	17,502	47,986	11
Miscellaneous				27
Total additions	8,501,150	1,099,268	9,600,418	3,331
Deductions:				
Distributions from pooled investments	8,312,268	1,142,541	9,454,809	
Services and supplies				660
Debt service:				
Interest expense				4,412
Total deductions	8,312,268	1,142,541	9,454,809	5,072
Changes in net position	188,882	(43,273)	145,609	(1,741)
Net position held in trust, beginning of year	1,584,099	264,143	1,848,242	(41,892)
Net position held in trust, end of year	\$ 1,772,981	220,870	1,993,851	(43,633)

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**STATISTICAL  
SECTION**

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## 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. The County implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**COUNTY OF SACRAMENTO**  
**NET POSITION BY COMPONENT**  
**FISCAL YEARS 2004-05 THROUGH 2013-14**  
**(amounts expressed in thousands)**

	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Governmental activities										
Net Investment in capital assets	962,902	1,304,641	1,335,121	1,296,783	1,428,639	1,374,306	1,378,390	1,407,750	1,373,547	1,389,288
Restricted	522,755	408,290	425,187	507,138	478,468	437,559	390,498	429,831	305,772	284,613
Unrestricted	(110,031)	13,152	(44,775)	(105,778)	(387,629)	*(316,689)	(363,502)	(301,596)	(222,334)	(206,727)
Total governmental activities net position	<u>1,375,626</u>	<u>1,726,083</u>	<u>1,715,533</u>	<u>1,698,143</u>	<u>1,519,478</u>	<u>1,495,176</u>	<u>1,405,386</u>	<u>1,535,985</u>	<u>1,456,985</u>	<u>1,467,174</u>
Business-type activities										
Net Investment in capital assets	415,890	461,723	512,575	514,042	577,905	719,665	790,799	873,060	924,632	902,340
Restricted	96,802	115,208	138,764	214,334	218,839	216,266	182,288	140,552	119,827	113,277
Unrestricted	251,377	258,055	264,560	274,165	239,805	*156,994	183,320	215,094	241,164	252,278
Total business-type activities net position	<u>764,069</u>	<u>834,986</u>	<u>915,899</u>	<u>1,002,541</u>	<u>1,036,549</u>	<u>1,092,925</u>	<u>1,156,407</u>	<u>1,228,706</u>	<u>1,285,623</u>	<u>1,267,895</u>
Primary government										
Net Investment in capital assets	1,378,792	1,766,364	1,847,696	1,810,825	2,006,544	2,093,971	2,169,189	2,280,810	2,298,179	2,291,628
Restricted	619,557	523,498	563,951	721,472	697,307	653,825	572,786	570,383	425,599	397,890
Unrestricted	141,346	271,207	219,785	168,387	(147,824)	*(159,695)	(180,182)	(86,502)	18,830	45,551
Total primary government net position	<u>2,139,695</u>	<u>2,561,069</u>	<u>2,631,432</u>	<u>2,700,684</u>	<u>2,556,027</u>	<u>2,588,101</u>	<u>2,561,793</u>	<u>2,764,691</u>	<u>2,742,608</u>	<u>2,735,069</u>

\* Restated 2009-10

Note: 1) Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted and unrestricted. Net position is considered restricted when a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

**COUNTY OF SACRAMENTO**  
**CHANGE IN NET POSITION**  
**FISCAL YEARS 2004-05 THROUGH 2013-14**  
**(amounts expressed in thousands)**

Page 1 of 3

	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Expenses</b>										
Governmental activities:										
General government	\$ 191,798	208,862	217,194	201,712	185,963	177,963	191,427	171,667	183,480	165,556
Public assistance	707,374	731,099	736,120	681,682	704,416	668,368	674,543	611,073	608,245	629,196
Public protection	610,098	617,770	727,876	705,953	744,072	650,198	673,751	630,142	711,957	760,358
Health and sanitation	386,881	467,682	537,677	671,812	724,666	595,816	528,449	555,490	566,548	574,814
Public ways and facilities	120,551	160,495	139,424	199,748	123,999	115,073	122,752	111,965	104,898	152,956
Recreation and culture	44,951	32,678	37,522	42,246	41,194	37,139	35,990	88,913	37,871	37,150
Education	13,033	13,156	14,806	22,621	24,161	21,053	3,578	1,858	2,548	1,353
Interest and fiscal charges	87,191	96,182	108,249	151,148	138,824	141,529	140,419	124,537	116,565	122,597
Total governmental activities	<u>2,161,877</u>	<u>2,327,924</u>	<u>2,518,868</u>	<u>2,676,922</u>	<u>2,687,295</u>	<u>2,407,139</u>	<u>2,370,909</u>	<u>2,295,645</u>	<u>2,332,112</u>	<u>2,443,980</u>
Business-type activities:										
Airport	99,249	104,486	113,018	125,793	131,888	130,724	128,941	167,303	204,930	199,264
Solid Waste	65,805	62,395	61,106	60,149	66,991	62,567	59,433	63,131	62,178	59,117
Water Agency	33,649	37,313	40,200	45,992	29,277	24,575	28,174	47,799	55,632	55,586
Parking Enterprise	2,929	2,606	2,630	2,904	12,459	3,247	1,914	2,037	1,819	1,725
County Transit	1,688	1,888	2,179	1,954	1,955	1,677	1,597	2,040	1,408	1,696
Total business-type activities	<u>203,320</u>	<u>208,688</u>	<u>219,133</u>	<u>236,792</u>	<u>242,570</u>	<u>222,790</u>	<u>220,059</u>	<u>282,310</u>	<u>325,967</u>	<u>317,388</u>
Total primary government	<u>\$ 2,365,197</u>	<u>2,536,612</u>	<u>2,738,001</u>	<u>2,913,714</u>	<u>2,929,865</u>	<u>2,629,929</u>	<u>2,590,968</u>	<u>2,577,955</u>	<u>2,658,079</u>	<u>2,761,368</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 135,191	142,140	134,274	90,743	89,134	100,877	112,818	116,246	130,972	118,633
Public assistance	6,583	4,705	10,621	11,340	9,156	8,464	8,858	11,744	9,862	6,541
Public protection	114,352	140,842	145,372	126,058	122,229	110,244	122,315	118,963	114,114	124,049
Health and sanitation	17,883	25,471	41,289	43,888	51,561	38,692	28,783	40,380	44,123	36,151
Public ways and facilities	64,759	81,903	82,266	76,590	53,711	31,912	31,660	27,227	15,441	79,336
Recreation and culture	14,783	13,373	14,694	15,065	17,312	12,735	14,435	13,181	13,249	12,915
Education	144	72	256	273	298	177	448	875	536	146
Operating grants and contributions	1,099,378	1,096,348	1,104,969	1,223,424	1,177,843	1,128,887	1,168,916	1,153,418	1,162,723	1,225,662
Capital grants and contributions	37,506	31,523	41,993	95,231	34,808	38,434	24,658	22,257	38,570	40,793
Total governmental activities	<u>\$ 1,490,579</u>	<u>1,536,377</u>	<u>1,575,734</u>	<u>1,682,612</u>	<u>1,556,052</u>	<u>1,470,422</u>	<u>1,512,891</u>	<u>1,504,291</u>	<u>1,529,590</u>	<u>1,644,226</u>
Business-type activities:										
Charges for services:										
Airport	\$ 97,753	104,566	107,997	115,050	123,192	132,727	121,516	146,328	162,222	160,647
Solid Waste	71,384	66,877	64,676	65,302	67,018	65,907	67,970	71,101	72,148	70,469
Water Agency	50,707	60,283	54,894	47,800	43,954	46,847	54,999	57,989	64,844	65,460
Parking Enterprise	2,676	2,921	3,047	3,265	4,989	3,185	3,195	3,143	2,995	2,995
County Transit	227	257	556	204	183	158	164	178	252	220
Operating grants and contributions	27,435	26,246	29,451	29,540	25,031	22,943	21,764	25,855	23,694	20,001
Capital grants and contributions	38,838	16,272	21,895	28,635	12,290	10,211	16,133	15,872	56,887	11,891
Total business-type activities	<u>289,020</u>	<u>277,422</u>	<u>282,516</u>	<u>289,796</u>	<u>276,657</u>	<u>281,978</u>	<u>285,741</u>	<u>320,466</u>	<u>383,042</u>	<u>331,683</u>

**COUNTY OF SACRAMENTO  
CHANGE IN NET POSITION  
FISCAL YEARS 2004-05 THROUGH 2013-14  
(amounts expressed in thousands)**

Page 2 of 3

	<b>Fiscal Year</b>									
	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Total primary government	<u>\$ 1,779,599</u>	<u>1,813,799</u>	<u>1,858,250</u>	<u>1,972,408</u>	<u>1,832,709</u>	<u>1,752,400</u>	<u>1,798,632</u>	<u>1,824,757</u>	<u>1,912,632</u>	<u>1,975,909</u>
Net (expense)/revenue										
Governmental activities	\$ (671,298)	(791,547)	(943,134)	(994,310)	(1,131,243)	(936,717)	(858,018)	(791,354)	(802,522)	(799,754)
Business-type activities	85,700	68,734	63,383	53,004	34,087	59,188	65,682	38,156	57,075	14,295
Total primary government net expense	<u>\$ (585,598)</u>	<u>(722,813)</u>	<u>(879,751)</u>	<u>(941,306)</u>	<u>(1,097,156)</u>	<u>(877,529)</u>	<u>(792,336)</u>	<u>(753,198)</u>	<u>(745,447)</u>	<u>(785,459)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property	\$ 356,956	415,320	447,032	474,947	475,629	437,634	383,651	379,289	370,925	398,364
Sales/Use	52,717	79,862	80,267	82,472	69,225	58,357	59,614	63,774	70,857	73,686
Transient occupancy	6,087	6,623	6,823	6,964	5,311	4,467	3,483	3,383	3,878	3,860
Unrestricted investment earnings	42,032	67,522	75,053	72,706	49,804	15,016	1,250	(648)	13,199	13,348
Grants and contrib. not restricted to specific programs	184,671	224,467	199,811	230,103	215,915	197,855	230,748	237,046	239,894	234,422
Pledged tobacco settlement proceeds	12,880	12,082	12,795	6,716	14,862	12,393	12,365	12,609	19,004	12,493
Miscellaneous	102,281	85,701	109,194	92,127	105,545	105,003	120,593	90,168	80,293	78,304
Transfers	(7,782)	(638)	1,609	1,988	7,514	8,502	4,972	(6)	4,848	4,981
Extraordinary item - AB 99 obligation							(48,448)	48,448		
Total general revenues and transfers	<u>\$ 749,842</u>	<u>890,939</u>	<u>932,584</u>	<u>968,023</u>	<u>943,805</u>	<u>839,227</u>	<u>768,228</u>	<u>834,063</u>	<u>802,898</u>	<u>819,458</u>

**COUNTY OF SACRAMENTO  
CHANGE IN NET POSITION  
FISCAL YEARS 2004-05 THROUGH 2013-14  
(amounts expressed in thousands)**

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	<b>Fiscal Year</b>									
	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Business-type activities:										
Sales/Use tax	\$ 683	614	951	573	483	573	554	356	927	581
Unrestricted investment earnings	8,257	13,215	18,188	31,890	6,778	2,617	1,018	2,701		
Grants and contrib. not restricted to specific programs									3,878	1,973
Transfers	7,782	638	(1,609)	(1,988)	(7,514)	(6,002)	(4,972)	6	(4,848)	(4,981)
Special item - Abatement of regulatory fees							1,200	350	(417)	
Extraordinary - Litigation Settlements								30,730		
Total general revenues and transfers	<u>16,722</u>	<u>14,467</u>	<u>17,530</u>	<u>30,475</u>	<u>(253)</u>	<u>(2,812)</u>	<u>(2,200)</u>	<u>34,143</u>	<u>(460)</u>	<u>(2,427)</u>
Total primary government	<u>\$ 766,564</u>	<u>905,406</u>	<u>950,114</u>	<u>998,498</u>	<u>943,552</u>	<u>836,415</u>	<u>766,028</u>	<u>868,206</u>	<u>802,438</u>	<u>817,031</u>
Change in Net Position										
Governmental activities	\$ 78,544	99,392	(10,550)	(26,287)	(187,438)	(97,490)	(89,790)	42,709	376	19,704
Business-type activities	102,422	83,201	80,913	83,479	33,834	56,376	63,482	72,299	56,615	11,868
Total primary government	<u>\$ 180,966</u>	<u>182,593</u>	<u>70,363</u>	<u>57,192</u>	<u>(153,604)</u>	<u>(41,114)</u>	<u>(26,308)</u>	<u>115,008</u>	<u>56,991</u>	<u>31,572</u>

**COUNTY OF SACRAMENTO**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2004-05 THROUGH 2013-14**  
**(amounts expressed in thousands)**

	<b>Fiscal Year</b>									
	<b><u>2004-05</u></b>	<b><u>2005-06</u></b>	<b><u>2006-07</u></b>	<b><u>2007-08</u></b>	<b><u>2008-09</u></b>	<b><u>2009-10</u></b>	<b><u>2010-11</u></b>	<b><u>2011-12</u></b>	<b><u>2012-13</u></b>	<b><u>2013-14</u></b>
General fund										
Reserved	\$ 41,725	47,478	48,850	59,322	60,921	135,835 *				
Unreserved	160,227	205,520	149,845	97,711	(41,533)	(49,289) *				
Nonspendable							15,435	14,967	14,618	32,640
Restricted							151,287	193,620	201,876	205,789
Assigned									1,212	
Unassigned							(30,835)	(3,382)	(1)	(38,992)
Total general fund	<u>\$ 201,952</u>	<u>252,998</u>	<u>198,695</u>	<u>157,033</u>	<u>19,388</u>	<u>86,546</u>	<u>135,887</u>	<u>205,205</u>	<u>217,705</u>	<u>199,437</u>
All other governmental funds										
Reserved	\$ 280,763	308,644	330,439	379,897	352,822	277,547 *				
Unreserved, reported in:										
Special revenue funds	271,060	277,814	250,264	265,854	219,591	259,518 *				
Capital project funds	(32,955)	(2,507)	4,104	3,428	(5,627)	767				
Special revenue funds										
Nonspendable							1,836	16,069	15,703	10,467
Restricted							239,441	271,784	172,741	191,743
Assigned										
Unassigned										
Debt Service funds										
Nonspendable										
Restricted							126,878	121,162	111,917	105,644
Capital projects funds										
Nonspendable							4,292	4,292	4,292	
Restricted							71,069	49,484	41,414	44,096
Unassigned							(1,974)	(2,013)	(2,066)	
Total all other governmental funds	<u>\$ 518,868</u>	<u>583,951</u>	<u>584,807</u>	<u>649,179</u>	<u>566,786</u>	<u>537,832</u>	<u>441,542</u>	<u>460,778</u>	<u>344,001</u>	<u>351,950</u>

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

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

**COUNTY OF SACRAMENTO**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2004-05 THROUGH 2013-14**  
**(amounts expressed in thousands)**

Page 1 of 2

	Fiscal Year									
	2005-05	2006-06	2007-07	2008-08	2009-09	2010-10	2011-11	2012-12	2013-13	2013-14
<b>Revenues</b>										
Taxes	\$ 442,560	501,805	534,122	564,383	550,165	503,091	452,478	446,446	445,659	475,910
Use of money and property	41,993	66,851	74,172	72,908	49,108	14,753	12,057	13,033	13,135	13,347
Licenses and permits	51,029	50,125	46,035	49,259	41,762	37,285	40,187	39,183	46,254	50,032
Intergovernmental	1,294,614	1,370,473	1,374,776	1,431,493	1,419,783	1,366,831	1,432,358	1,408,860	1,444,711	1,524,291
Charges for services	149,159	181,786	181,628	179,710	197,378	182,714	184,038	177,714	174,666	249,034
Fines, forfeitures, and penalties	41,729	41,014	46,177	52,853	33,427	34,716	49,756	43,551	39,054	43,723
Contributions and donations	13,225			62,050						
Pledged tobacco settlement proceeds	9,276	12,138	12,705	13,525	14,862	12,393	12,365	12,609	19,004	12,493
Miscellaneous	102,077	85,701	109,194	101,025	105,545	105,003	120,593	90,168	80,294	77,392
Total revenues	<u>2,145,662</u>	<u>2,309,893</u>	<u>2,378,809</u>	<u>2,527,206</u>	<u>2,412,030</u>	<u>2,256,786</u>	<u>2,303,832</u>	<u>2,231,564</u>	<u>2,262,777</u>	<u>2,446,222</u>
<b>Expenditures</b>										
General government	157,852	177,477	177,952	175,593	171,945	143,739	151,978	133,720	141,867	142,581
Public assistance	786,505	730,185	731,883	673,098	689,891	653,640	666,033	597,066	597,598	621,588
Public protection	850,786	627,594	687,371	666,706	683,099	597,467	633,933	633,761	660,322	718,386
Health and sanitation	432,221	417,330	501,490	644,595	681,774	559,019	513,468	535,088	553,781	564,824
Public ways and facilities	80,330	96,068	102,617	108,974	102,254	115,672	102,705	85,118	108,663	151,269
Recreation and culture	36,652	36,133	41,972	49,871	42,185	34,693	33,896	33,881	34,553	34,650
Education	15,572	17,051	20,082	22,416	23,013	20,229	2,988	1,179	1,040	1,025
Capital outlay	93,384	110,519	100,052	128,542	109,098	77,061	47,840	53,059	32,316	40,629
Debt service:										
Principal	113,618	41,053	53,880	83,964	129,232	81,356	85,295	70,736	79,956	72,695
Bond issuance cost	6,131	4,043		9,949	335	1,217		4,579		867
Advanced refunding escrow		15,659								
Interest and fiscal charges	54,684	51,336	72,229	87,098	89,150	109,087	125,166	114,172	123,615	125,196
Total expenditures	<u>2,627,735</u>	<u>2,324,448</u>	<u>2,489,528</u>	<u>2,650,806</u>	<u>2,721,976</u>	<u>2,393,180</u>	<u>2,363,302</u>	<u>2,262,359</u>	<u>2,333,711</u>	<u>2,473,710</u>
Deficiency of revenue under expenditures	\$ <u>(482,073)</u>	<u>(14,555)</u>	<u>(110,719)</u>	<u>(123,600)</u>	<u>(309,946)</u>	<u>(136,394)</u>	<u>(59,470)</u>	<u>(30,795)</u>	<u>(70,934)</u>	<u>(27,488)</u>

**COUNTY OF SACRAMENTO**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2004-05 THROUGH 2013-14**  
**(amounts expressed in thousands)**

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	Fiscal Year									
	2005-05	2006-06	2007-07	2008-08	2009-09	2010-10	2011-11	2012-12	2013-13	2013-14
<b>Other financing sources (uses)</b>										
Transfers in	\$ 84,294	194,272	116,773	184,870	174,740	180,332	173,174	206,201	193,346	187,577
Transfers out	(89,451)	(188,214)	(103,130)	(171,783)	(156,475)	(155,924)	(158,246)	(171,550)	(175,433)	(156,053)
Capital leases obligations		837	4,105	8,413			29			
Long-term obligations	444,677									
Issuance of debt		47,500	39,524	160,241	80,006	64,470	46,012	295,026	28,374	135,060
Payments to participating governments				(43,855)						
Tobacco settlement proceeds										
Refunding of debt issued		270,036		359,165	49,760	123,950				
Discount on debt issued		338		1,440		1,770				
Discount on debt issued		(4,680)		(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		(182,672)		(350,037)	(49,225)	(103,008)		(181,760)		(108,850)
Total other financing sources (uses)	<u>439,520</u>	<u>137,417</u>	<u>57,272</u>	<u>146,310</u>	<u>98,806</u>	<u>101,410</u>	<u>60,969</u>	<u>70,901</u>	<u>46,287</u>	<u>55,554</u>
Extraordinary Item										
AB 99 obligation							(48,448)	48,448		
Net change in fund balances	<u>\$ (42,553)</u>	<u>122,862</u>	<u>(53,447)</u>	<u>22,710</u>	<u>(211,140)</u>	<u>(34,984)</u>	<u>(46,949)</u>	<u>88,554</u>	<u>(24,647)</u>	<u>28,066</u>
Debt service as a percentage of noncapital expenditures*	6.70 %	4.24 %	5.39 %	6.86 %	8.45 %	8.38 %	9.22 %	8.44 %	9.07 %	%



**COUNTY OF SACRAMENTO**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**FISCAL YEARS 2004-05 THROUGH 2013-14**  
**(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>
2004-05	\$ 356,956	52,717	6,087	415,760
2005-06	415,320	79,862	6,623	501,805
2006-07	447,032	80,267	6,823	534,122
2007-08	474,947	82,472	6,964	564,383
2008-09	475,629	69,225	5,311	550,165
2009-10	437,634	58,357	4,467	500,458
2010-11	383,651	59,614	3,483	446,748
2011-12	379,289	63,774	3,383	446,446
2012-13	370,925	70,856	3,878	445,659
2013-14	398,364	73,686	3,860	475,910

**COUNTY OF SACRAMENTO**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**FISCAL YEARS 2004-05 THROUGH 2013-14**  
**(amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Secured (1)</u>	<u>Unsecured (2)</u>	<u>Unitary (3)</u>	<u>Exemptions - Welfare-Other (4)</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (5)</u>
2004-05	\$ 91,856,798	4,192,998	1,530,186	(2,888,011)	94,691,971	1.000
2005-06	105,593,291	4,479,276	1,542,700	(3,313,984)	108,301,283	1.000
2006-07	121,280,525	4,805,476	1,538,907	(3,498,437)	124,126,471	1.000
2007-08	132,394,422	5,297,882	1,658,758	(4,009,995)	135,341,067	1.000
2008-09	135,778,966	5,892,766	1,608,908	(4,593,170)	138,687,470	1.000
2009-10	126,690,744	5,920,172	1,530,903	(5,202,526)	128,939,293	1.000
2010-11	124,053,914	5,553,385	1,465,920	(5,056,921)	126,016,298	1.000
2011-12	120,462,252	5,496,501	1,458,358	(5,495,233)	121,921,878	1.000
2012-13	117,056,785	5,519,515	1,413,297	(5,425,738)	118,563,859	1.000
2013-14	122,121,295	5,902,161	1,419,015	(5,518,271)	123,924,200	1.000

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

Source: Equalized Rolls Valuation reports

**COUNTY OF SACRAMENTO  
AVERAGE PROPERTY TAX RATES - ALL  
DIRECT AND OVERLAPPING GOVERNMENTS  
FISCAL YEARS 2004-05 THROUGH 2013-14  
(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)	
2004-05	1.000	0.0057	0.0081	0.0466	1.0604
2005-06	1.000	0.0048	0.0055	0.0411	1.0514
2006-07	1.000	0.0046	N/A	0.0447	1.0493
2007-08	1.000	0.0041	N/A	0.0322	1.0363
2008-09	1.000	0.0043	N/A	0.0380	1.0423
2009-10	1.000	0.0042	N/A	0.0390	1.0432
2010-11	1.000	0.0041	N/A	0.0374	1.0415
2011-12	1.000	0.0047	N/A	0.0471	1.0518
2012-13	1.000	0.0049	N/A	0.0479	1.0528
2013-14	1.000	0.0035	N/A	0.0559	1.0594

- (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.

Source: County's internal financial documents

**COUNTY OF SACRAMENTO  
PRINCIPAL PROPERTY TAXPAYERS  
JUNE 30, 2014 AND JUNE 30, 2005  
(amounts expressed in thousands)**

<b><u>Taxpayer (a)</u></b>	<b><u>JUNE 30, 2014</u></b>			<b><u>JUNE 30, 2005</u></b>		
	Tax Levy (b)	Rank	Percentage of Total Tax Levy	Tax Levy (b)	Rank	Percentage of Total Tax Levy
			%			%
Pacific Gas & Electric Co.	\$ 7,292	10	0.67 %	\$ 3,039	7	0.38 %
AT&T Communications (a)	7,247	9	0.66	4,124	9	0.51
Intel Corporation	6,005	8	0.55	6,400	10	0.80
Hines	5,837	7	0.53			
MP Holdings	5,395	6	0.49			
Cummings Trust	4,724	5	0.43			
Walmart	4,435	4	0.41			
Westcore Delta, LLC	4,371	3	0.40			
Donahue Schriber Realty Group	3,898	2	0.36			
Surewest	2,978	1	0.27			
Elliot Homes, Inc.				4,092	8	0.51
Aerojet General Corporation				2,903	6	0.36
Oates Marvin, et al				2,208	5	0.28
Calpine Natural Gas Co.				2,052	4	0.26
GMAC Model Homes Finance, Inc.				2,017	3	0.25
JB Management LP				1,982	2	0.25
MP-200, LLC (lease)				1,590	1	0.20

Note: (a) SBC Communications merged with AT&T Communications in November of 2005.  
(b) Note the change in column header from prior year's "taxable assessed value" to Tax Levy.

Source: Sacramento County Department of Finance

**COUNTY OF SACRAMENTO**  
**COUNTY WIDE 1 PERCENT - SECURED AND UNITARY**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**FISCAL YEARS 2004-05 THROUGH 2013-14**  
**(amounts expressed in thousands)**

Fiscal Year	(1) Taxes Levied	(2) Collections Within the Fiscal Year		Collections in Subsequent Years	Total Collections to Date	
	Amount	Percent of Levy	Amount		Percentage of Levy	
2004-05	\$ 899,246	886,226	98.55	13,020	899,246	100
2005-06	1,033,339	1,009,552	97.70	23,787	1,033,339	100
2006-07	1,191,030	1,146,704	96.28	44,326	1,191,030	100
2007-08	1,284,322	1,224,126	95.31	60,196	1,284,322	100
2008-09	1,294,025	1,245,112	96.22	48,913	1,294,025	100
2009-10	1,190,013	1,156,791	97.21	33,222	1,190,013	100
2010-11	1,165,904	1,139,699	97.75	26,205	1,165,904	100
2011-12	1,127,451	1,108,086	98.28	19,365	1,127,451	100
2012-13	1,094,235	1,079,299	98.63	14,936	1,094,235	100
2013-14	1,160,120	1,146,609	98.84	13,511	1,160,120	100

(1) County wide 1 percent - Secured and Unitary Tax Rolls - Adjusted levy amount as of June 30

Levied Amounts for the County General Fund, School districts, Cities, and Special districts.

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

Source: County's internal financial documents

**COUNTY OF SACRAMENTO**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**FISCAL YEARS 2004-05 THROUGH 2013-14**  
**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Teeter Notes	Pension Obligation Bonds	Revenue Bonds	Capital Leases	Other Debt	Revenue Bonds	PFC and Subordinate Revenue Bonds	Certificates of Participation	Other Debt			
2004-05	\$ 309,115	15,024	954,722	230,109	12,976	3,275	268,955	51,985	34,255		1,880,416	3.84 %	1,382
2005-06	322,605	20,647	954,722	307,690	3,122	3,875	260,370	50,645	30,510	1,995	1,956,181	3.78 %	1,428
2006-07	308,760	32,302	944,964	308,915	6,895	3,965	624,855	49,235	28,735	1,705	2,310,331	4.28 %	1,673
2007-08	340,480	51,335	960,926	356,428	13,933	3,615	914,925	89,430	26,900	653	2,758,625	4.99 %	1,979
2008-09	325,175	49,800	944,638	345,142	11,186	5,090	910,455	87,940	25,005	10,615	2,715,046	4.98 %	1,927
2009-10	340,285	56,419	931,453	342,722	9,972	7,178	1,097,430	363,330	23,205	10,316	3,182,310	5.76 %	2,238
2010-11	323,510	50,961	916,168	340,957	8,711	6,105	1,210,285	351,745	21,180	9,455	3,239,077	5.56 %	2,257
2011-12	306,535	50,897	1,266,834	353,572	7,824	2,435	1,194,285	339,880	19,085	9,458	3,550,805	5.79 %	2,452
2012-13	288,705	43,583	1,238,566	347,040	6,910	3,680	1,174,980	328,505	16,910	7,809	3,456,688	5.44 %	2,364
2013-14	273,746	34,432	1,201,018	342,686	4,891	3,559	1,165,846	314,516	15,401	6,269	3,362,364	N/A	N/A

Note:

- 1) The County of Sacramento has not had any General Obligation Bonds since 2002
- 2) See the "Demographic and Economic Statistics" table for population figures.

N/A = Not available

**COUNTY OF SACRAMENTO  
LEGAL DEBT MARGIN INFORMATION  
FISCAL YEARS 2004-05 THROUGH 2013-14  
(amounts expressed in thousands)**

	Fiscal Year									
	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Assessed Value of Property	94,691,971	108,301,283	124,126,471	135,341,067	138,687,470	128,939,293	126,016,298	121,921,878	118,563,859	123,924,201
Debt Limit, 1.25% of Assessed Value (Statutory Limitation)	1,183,650	1,353,766	1,551,581	1,691,763	1,733,593	1,611,741	1,575,204	1,524,023	1,482,048	1,549,053
Amount of Debt Applicable to Limit: General Obligations Bonds Less: Resources Restricted to Paying Principal										
Total net debt applicable to limit										
Legal debt margin	<u>1,183,650</u>	<u>1,353,766</u>	<u>1,551,581</u>	<u>1,691,763</u>	<u>1,733,593</u>	<u>1,611,741</u>	<u>1,575,204</u>	<u>1,524,023</u>	<u>1,482,048</u>	<u>1,549,053</u>
Total net debt applicable to the limit as a percentage of the limit	100	100	100	100	100	100	100	100	100	100

- Note:
- (1) Article XIII A of the California State Constitution and Senate Bill 1656, Statutes of 1978, provided for changing assessed value from 25 percent of full cash value to full cash value. Hence, the 5 percent limitation on general obligation bond indebtedness imposed by Section 29909 of the Government Code became 1.25 percent of assessed value.
  - (2) The legal debt margin is the County's available borrowing authority under State finance statutes and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Source: County's internal documents and financial statements

**COUNTY OF SACRAMENTO  
PLEDGED-REVENUE COVERAGE  
FISCAL YEARS 2004-05 THROUGH 2013-14  
(amounts expressed in thousands)**

Fiscal Year	Airport Revenue Bond Coverage						Parking Authority Revenue Bond Coverage		
	Gross Revenue (a)	Less: Operating Expenses (b)	Net Available Revenue	Debt Service Requirements (c) Principal	Interest	Coverage	Gross Revenue	Less: Operating Expenses (b)	Net Available Revenue
2004-2005	\$ 104,769	67,525	37,244	6,425	14,082	1.82	2,452	2,228	224
2005-2006	111,467	72,669	38,798	6,705	11,882	2.09	2,630	2,021	609
2006-2007	116,610	78,637	37,973	7,660	11,801	1.95	2,864	2,085	779
2007-2008	118,940	87,770	31,170	4,705	11,516	1.92	3,041	2,331	710
2008-2009	134,667	84,890	49,777	4,970	18,203	2.15	2,990	9,753	(6,763)
2009-2010	132,007	83,385	48,622	10,710	17,106	1.75	3,062	2,604	458
2010-2011	128,180	83,884	44,296	19,740	15,474	1.26	3,148	1,444	1,704
2011-2012	146,057	95,729	50,328	20,260	26,906	1.07	3,051	1,867	1,184
2012-2013	162,935	94,118	68,817	22,770	59,286	0.84	2,948	1,739	1,209
2013-2014	160,589	85,410	75,179	23,870	58,324	0.91	2,954	1,381	1,573

Fiscal Year	Water Agency (d)					
	Gross Revenue	Less: Operating Expenses (b)	Net Available Revenue	Debt Service Requirements (c) Principal	Interest	Coverage
2004-2005	\$ 50,707		50,707			
2005-2006	45,037	15,881	29,156	925	2,166	9
2006-2007	39,661	17,457	22,204	945	1,195	10.38
2007-2008	42,778	17,451	25,327	965	3,263	5.99
2008-2009	41,836	18,142	23,694	990	9,434	2.27
2009-2010	45,435	16,505	28,930	6,975	17,393	1.19
2010-2011	53,789	17,436	36,353	7,290	17,133	1.49
2011-2012	56,491	19,415	37,076	7,605	16,801	1.52
2012-2013	63,664	22,425	41,239	7,910	16,620	1.68
2013-2014	63,743	22,201	41,542	8,240	15,365	1.76

Note: Solid Waste Enterprise Fund does not have Revenue bonds

(a) Per bond resolution, Revenues include all Airport revenues and exclude certain interest earnings and restricted revenues.

(b) Total operating expenses exclusive of depreciation and amortization

(c) Includes principal and interest of Revenue bonds only. Does not include General obligation bonds or Certificates of participation.

(d) Water Agency Revenue bonds were issued June 12, 2003

Source: County's internal financial documents



**COUNTY OF SACRAMENTO**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**FISCAL YEARS 2004-05 THROUGH 2013-14**  
**(amounts expressed in thousands except per capita amount)**

<u>Fiscal Year</u>	<u>Population 1</u>	<u>Personal Income</u>	<u>Per Capita Personal Income 1</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2004-05	1,349	\$ 46,835,937	34,721	238	5.6 %
2005-06	1,361	48,997,083	36,006	239	5.0 %
2006-07	1,370	51,707,729	37,755	238	4.8 %
2007-08	1,381	53,920,784	39,040	238	5.4 %
2008-09	1,394	55,319,306	39,671	238	7.2 %
2009-10	1,409	54,480,186	38,677	238	11.3 %
2010-11	1,422	55,216,582	38,831	238	12.7 %
2011-12	1,435	58,242,904	40,580	237	12.1 %
2012-13	1,448	61,370,761	42,382	238	* 10.5 %
2013-14	1,462	63,512,541	43,438	240	8.8 %

1 Bureau of Economic Analysis revised population and per capita personal income to reflect Census Bureau midyear population estimates available as of March 2014.

\* Unemployment rate reflects the March 2014 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  
PRIVATE SECTOR PRINCIPAL EMPLOYERS  
JUNE 30, 2014 AND 2005**

<b>Employer</b>	<b>June 30, 2014</b>			<b>June 30, 2005</b>		
	<b>Employees (b)</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees (c)</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Sutter / California Health Services	9,494	10	1.53 %	11,284	9	1.81 %
Kaiser Permanente	9,109	9	1.47	11,729	10	1.88
Dignity / Mercy Healthcare (d)	7,397	8	1.19	5,229	4	0.84
Raley's Inc. / Bel Air	6,240	7	1.01	8,203	8	1.31
Intel Corporation	6,000	6	0.97	6,500	6	1.04
Wells Fargo & Co.	3,249	5	0.52			
Hewlett-Packard	3,200	4	0.52	4,500	3	0.72
Cache Creek Casino Resort	2,400	3	0.39			
Health Net of California	2,358	2	0.38			
VSP Global	2,223	1	0.36			
Wal-Mart				3,300	1	0.53
Target Corporation				3,693	2	0.59
SBC Communications (a)				5,753	5	0.92
University of California, Davis (UCD)				8,000	7	1.28
Total	<u>\$ 51,670</u>		<u>8.34 %</u>	<u>68,191</u>		<u>10.92 %</u>

Note:

(a) SBC Communications merged with AT&T Communication in November of 2005.

(b) Source: Sacramento Business Journal Annual Book of Lists

(c) Source: Sacramento Area Commerce and Trade Organization

(d) CHW reorganized its governance structure and changed its name to Dignity Health on January 2012.

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**COUNTY OF SACRAMENTO**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**  
**FISCAL YEARS 2004-05 THROUGH 2013-14**

Function	Full-Time Equivalent Employees as of June 30th									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
General Government	729	901	924	1,004	954	907	945	916	890	1,076
Public Assistance	2,552	3,059	3,115	2,648	2,487	2,339	2,210	2,156	2,132	2,165
Public Protection	4,204	5,011	5,161	4,543	4,292	3,683	3,548	3,574	3,571	3,591
Health & Sanitation	1,334	1,729	1,760	3,150	3,063	2,661	2,089	2,018	2,032	1,952
Recreation and Culture	155	212	214	212	181	162	129	120	106	137
Education	5	2	3	3	3	2	3	2	2	1
Total	<u>8,979</u>	<u>10,914</u>	<u>11,177</u>	<u>11,560</u>	<u>10,980</u>	<u>9,754</u>	<u>8,924</u>	<u>8,786</u>	<u>8,733</u>	<u>8,922</u>

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 2004-05 THROUGH 2013-14**

Page 1 of 2

Function	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
General Government										
Assessor:										
Number of Parcels Assessed	468,547	467,629	495,090	507,471	510,494	506,063	503,108	502,709	502,527	501,887
Gross Total Amount of Secured Roll*****	\$91,856,798	105,593,291	120,869,403	132,409,139	134,737,596	125,707,295	123,216,166	119,315,245	115,975,517	120,409,431
Gross Total Amount of Unsecured Roll*****	\$4,192,998	4,479,276	4,805,562	5,297,882	5,892,766	5,920,223	5,553,385	5,496,500	5,519,515	5,902,161
Clerk recorders:										
Number of recorded documents	688,483	607,272	488,272	402,951	395,528	377,728	385,599	396,098	433,820	326,097
Public Assistance										
Human assistance total caseload	103,295	100,585	117,576	122,804	135,044	156,811	158,439	177,402	189,591	216,504
Percent served of children in poverty	90%	92%	95%	95%	95%	96%	98%	91%	86%	81%
Senior nutrition, meals served	473,232	441,772	592,904	624,290	616,127	478,197	NA	N/A	N/A	N/A
Housing Services provided	13,400	12,211	12,032	13,011	12,708	12,794	12,299	9,369	2,378	2,457
Employee Non-Exempt Recipients CalWORKs	56%	50%	33%	29%	31%	30%	29%	21%	41%	36%
Public Protection										
DA:										
Filed Felonies	11,571	11,371	11,837	11,179	10,374	8,589	8,897	8,496	8,815	9,342
Filed misdemeanors	20,306	20,397	21,197	21,347	19,781	17,353	16,399	13,888	14,095	13,539
Filed Probation Violations						1,355	1,864	1,042	1,153	1,940
Probation:										
Cases supervised	11,350	12,379	12,755	12,101	14,826	15,988	14,810	***24,989	24,776	28,402
Institutional care for minors (days)	178,423	191,884	194,939	180,399	165,451	*114,764	82,004	65,194	68,597	69,399
Juvenile referrals processed	12,126	13,240	12,041	11,128	12,383	11,816	10,188	8,769	8,836	8,105
Prepared adult sentencing reports	8,452	9,052	9,420	9,110	8,955	9,658	**6,308	7,249	6,380	6,209
Public Defender:										
Felony Unit Jury Trials	125	143	160	168	136	139	135	130	161	147
Sheriff:										
Emergency calls for service:										
Priority 0	55	60	58	48	149	66	0	0	0	0
Priority 1	41,179	44,996	34,177	30,841	7,851	3,698	3,535	3,891	3,985	3,785
Emergency response time (minutes):										
Priority 0	10.0	9.0	9.0	7.0	12.5	14.0	0.0	0.0	0.0	0.0
Priority 1	14.0	15.0	16.0	9.0	10.6	10.8	9.7	14.1	11.5	12.0
Processed and booked adult offenders	26,568	23,477	22,493	24,364	21,483	20,242	19,064	20,601	19,443	19,991
Physical arrests	29,197	26,029	20,745	26,209	23,181	23,237	21,903	25,414	23,143	23,856
Total miles patrolled by Sheriffs	871.5	871.5	****813.3	813.3	813.3	813.3	813.3	813.3	813.3	813.3

\* Due to budget reductions, the Warren E. Thornton Youth Center (WETYC) and the Sacramento County Boys Ranch (SCBR) were closed as of July 1, 2009 and July 1, 2010, respectively.

\*\* The implementation of Presentence Investigation Report Waivers likely accounts for the reduction in number of prepared Adult Court reports. ^ Revised

\*\*\* A new report was created that more accurately captures cases under Probation's Field jurisdiction. It includes the Post Release Community Supervision (PRCS) offender population that Probation is now responsible for under Assembly Bill 109 (Statutes of 2011).

\*\*\*\*May 31, 2011, revised total miles patrolled for fiscal years 2006-07 forward due to loss of contracts with Citrus Heights and Elk Grove.

\*\*\*\*\* Amounts expressed in thousands

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 2004-05 THROUGH 2013-14**

Page 2 of 2

Function	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Health and sanitation										
Patient Treatments at Public Health Clinics	146,223	153,297	153,407	163,847	145,203	96,184	76,004	80,568	61,015	48,229
Training:										
Programs in compliance (by inspection)	100	100	100	100	100	100	100	**	**	100
Public ways and facilities										
Number of Traffic Signs Resent and Replaced	11,274	10,690	10,230	13,321	14,433	14,146	16,147	16,751	12,728	12,952
Square Feet of Graffiti Removed or Abated	257,733	269,242	233,641	304,370	349,312	341,749	201,315	76,132	96,848	136,989
Recreation and culture										
Number of Visitors/Participants at Effie Yeaw Nature Center (EYNC)	68,804	78,822	88,449	85,882	87,440	84,449	***	***	***	***
Number of Individuals Who Use Parks Golf Services	192,735	190,317	190,827	196,470	188,357	181,550	174,000	170,076	162,937	164,579
Education										
Library:										
Total Circulation****							8,021,448	7,648,145	7,329,585	7,113,116
Print Materials Loaned	4,708,765	4,525,031	4,580,021	4,841,670	5,505,198	6,338,259	****	****	****	****
Audio Visual Media Loaned	495,444	670,296	777,078	1,036,647	1,861,290	1,391,325	****	****	****	****
Library cards issued	59,848	58,068	62,767	80,562	85,308	80,429	74,224	78,088	62,194	64,686
Total Library Cards in Use	509,934	485,411	465,187	506,440	561,070	637,160	635,895	651,370	710,008	665,840
Library Visits	2,975,128	2,761,395	2,907,427	3,049,098	2,866,175	4,362,116	4,391,093	4,053,689	4,062,724	4,144,307
Airport										
Number of Commercial Airlines	15	15	16	16	15	14	11	11	11	11
Number of Flights	56,940	61,685	67,525	63,875	56,543	56,766	49,379	49,316	47,826	46,734
Number of Enplaned Passengers	4,986,171	5,150,229	5,307,289	5,294,737	4,704,858	4,549,909	4,479,741	4,480,003	4,419,545	4,375,720
Solid Waste										
Percent of Diversion/Recycled Waste	58%	58%	58%	62%	64%	70%	71%	71%	73%	73%
Tons Disposed	718,464	706,134	678,776	667,899	559,865	471,488	513,649	558,752	607,075	596,972
Water Agency										
Water Supply:										
Number of Water Connections	41,450	*45,261	*46,558	*47,760	*48,438	*49,069	*49,580	*50,138	50,813	51,652
Water Delivered (acre feet)	31,105	34,422	41,764	39,867	40,605	39,428	38,781	42,594	43,178	41,045
Storm Water Utilities										
Drainage:										
Mainline and Lateral Pipes Cleaned (miles)	137.0	101.0	98.0	121.0	67.3	60.3	56.7	72.2	73.3	82.0
Parking Enterprise										
Daily Public Parking (count)	362,480	371,292	385,869	383,052	284,359	168,490	145,429	131,945	126,568	131,163
Monthly Parking Passes issued to County Employees (count)	16,001	16,440	16,740	17,491	20,484	18,456	17,736	17,280	17,304	17,580
Outside Agency Usage	10,399	9,923	7,496	7,509	9,398	11,251	12,350	11,775	11,703	10,021

\*These numbers were revised after a program error was discovered by Consolidated Utility Billing and Service and a subsequent recount performed.

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

\*\*\*Beginning FY 2010-11, EYNC is no longer operated by the County, therefore this information is not available.

\*\*\*\*Books loaned and audio visual media loaned statistics are combined in FY 2010-11.

Source: County of Sacramento Department Records

**COUNTY OF SACRAMENTO  
CAPITAL ASSET STATISTICS BY FUNCTION  
FISCAL YEARS 2004-05 THROUGH 2013-14**

Page 1 of 2

Function	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Public Protection										
Sheriff:										
Administrations buildings	1	1	1	1	1	1	1	1	1	1
Aircrafts										
Operational	4	3	4	5	4	5	4	5	5	5
Non-Operational	1	2	1	0	1	0	1	0	0	0
Fixed Wing										
Sheriff	2	2	2	2	2	1	1	1	1	1
CAL-MMET	2	2	2	2	2	2	2	2	2	2
Community service centers	14	14	10	10	10	10	5	5	5	5
Jail and detention facilities	2	2	2	2	2	2	2	2	2	2
Patrol Units	491	391	348	362	370	305	315	315	328	358
Stations	7	7	5	5	5	3	3	3	3	3
Health and Sanitation										
Clinics	3	3	3	3	3	3	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	2,171	2,171	2,203	2,203	2,209	2,208	2,208	2,208	2,198	2,202
Traffic signals	415	415	422	432	450	450	449	451	451	459
Recreation and culture										
Number of Golf Courses	4	4	4	4	4	4	4	4	4	4
Number of Developed Parks	38	38	38	38	38	38	38	38	38	38
Developed Parks acreage	15,000	15,000	15,000	15,000	15,150	15,150	15,150	15,150	15,187	15,187
Education										
Number of Libraries	9	9	9	9	9	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 2004-05 THROUGH 2013-14**

Page 2 of 2

Function	Fiscal Year									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Airport										
Airports	4	4	4	4	4	4	4	4	4	4
Licensed Vehicles:										
Cars and Light Trucks	108	112	120	148	149	148	147	151	154	159
Busses	47	44	35	41	47	33	33	32	32	32
Solid Waste										
Number of Collection Trucks	190	179	148	130	152	149	139	100	105	109
Number of Landfills	3	3	3	3	3	3	3	3	3	3
Water Agency										
Water Supply:										
Water Mains (miles)	631	651	659	718	743	753	761	766	776	785
Storage Capacity (thousands of gallons)	27,900	31,400	34,400	39,400	39,400	39,400	39,400	39,400	61,900	61,900
Drainage:										
Drainage Inlets	43,513	44,631	47,281	47,335	47,717	44,131	44,356	44,555	39,439	37,669
Drainage Manholes	24,483	25,226	26,219	26,336	26,699	25,004	25,147	25,378	23,489	22,793
Drainage Pipes (miles)	1,376	1,379	1,421	1,446	1,443	1,338	1,342	1,345	1,333	1,276
Parking Enterprise										
Structures	2	2	2	2	2	2	2	2	2	2

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

Source: County of Sacramento Department Records



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# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **BOND DISCLOSURES**

**COUNTY OF SACRAMENTO**

**DEPARTMENT OF AIRPORTS**

**SOLID WASTE ENTERPRISE FUND**

**WATER AGENCY ENTERPRISE FUND**

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**COUNTY OF SACRAMENTO  
ANNUAL CONTINUING DISCLOSURE  
FOR THE YEAR ENDED JUNE 30, 2014**

This is the County of Sacramento Annual Continuing Disclosure filing as of December 31, 2014, 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 four separate Annual Continuing Disclosure filings for the following:

1. Certificates of Participation; Pension Obligation Bonds; River City Regional Stadium Financing Authority Lease Revenue Bonds; Sacramento Regional Arts Facilities Financing Authority Certificates of Participation
2. Airport Revenue Bonds
3. Solid Waste System Revenue Certificates of Participation
4. Water Financing Authority Revenue Bonds

**COUNTY OF SACRAMENTO  
ANNUAL CONTINUING DISCLOSURE FOR:  
CERTIFICATES OF PARTICIPATION; PENSION OBLIGATION BONDS;  
RIVER CITY REGIONAL STADIUM FINANCING AUTHORITY LEASE REVENUE BONDS; SACRAMENTO REGIONAL ARTS  
FACILITIES FINANCING AUTHORITY CERTIFICATES OF PARTICIPATION**

**REQUIRED TABLES**

**Sacramento County Investment Pool  
(Quarter Ending on September 30, 2014)**

Average Daily Balance	\$2,391,163,452
Period-End Balance	\$2,401,839,686
Yield	0.383%
Weighted Average Maturity	306 Days
Duration in Years	0.824 Years
Historical Cost	\$2,393,909,110
Market Value	\$2,394,311,242
Percent of Market to Cost	100.02%

**General Fund Adopted Budget \*  
(amounts expressed in thousands)**

	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
<b>APPROPRIATIONS</b>				
Reserve Increase/(Decrease)	\$ 1,558	1,582		5,500
General Government	44,424	55,830	54,937	66,628
Public Protection	677,652	716,844	774,718	803,561
Public Ways and Facilities				
Health and Sanitation	557,907	591,033	618,851	627,343
Public Assistance	636,206	606,543	660,483	679,077
Education, Cultural and Recreation	15,425	15,173	23,818	16,773
Contingencies	1,831	1,531	4,013	2,712
TOTAL APPROPRIATIONS	<u>\$ 1,935,003</u>	<u>1,988,536</u>	<u>2,136,820</u>	<u>2,201,594</u>
<b>AVAILABLE FUNDS</b>				
Beginning Appropriated Fund Balance/Carryover	\$ 9,404	18,248	31,043	43,922
Interfund Transfers				
Equity Transfer In	3,202	2,478	986	609
Reserve Cancellation	1,981	1,356	4,517	695
Taxes	429,565	421,898	438,019	476,591
Licenses and Permits	10,012	9,773	10,865	11,273
Fines, Forfeitures and Penalties	29,059	29,212	34,179	31,477
Use of Money and Property	383	362	369	2,084
Aid from Other Government Agencies (state and federal)	1,295,760	1,345,112	1,431,326	1,457,578
Charges for Current Services	123,260	113,873	143,603	140,367
Other Revenues	32,377	46,224	41,913	36,998
TOTAL AVAILABLE FUNDS	<u>\$ 1,935,003</u>	<u>1,988,536</u>	<u>2,136,820</u>	<u>2,201,594</u>

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

# COUNTY OF SACRAMENTO

## History of Gross Assessed Valuations (amounts expressed in thousands)

(amounts expressed in thousands)

Fiscal Year	Total Gross Assessed Valuation	Secured/Unsecured Roll Growth	
2005-06	\$ 109,328,225	14.72	%
2006-07	125,674,965	14.95	
2007-08	137,707,021	9.57	
2008-09	140,630,362	2.12	
2009-10	131,627,518	(6.40)	
2010-11	128,769,551	(2.17)	
2011-12	124,811,747	(3.07)	
2012-13	121,495,032	(2.66)	
2013-14	126,311,592	3.96	
2014-15	134,497,818	6.48	

## 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 <sup>(1)</sup>	Total Collection Current Levy
2005-06	\$ 1,033,339	\$ 23,787	2.30 %	1,009,552	97.70 %
2006-07	1,173,704	44,601	3.80	1,129,103	96.20
2007-08	1,266,825	60,194	4.75	1,206,631	95.25
2008-09	1,277,763	48,906	3.83	1,228,857	96.17
2009-10	1,174,519	33,222	2.83	1,141,297	97.17
2010-11	1,151,004	26,205	2.28	1,124,799	97.72
2011-12	1,112,482	19,365	1.74	1,093,117	98.26
2012-13	1,079,750	14,936	1.38	1,064,814	98.62
2013-14	1,145,549	13,511	1.18	1,132,038	98.82

**COUNTY OF SACRAMENTO**  
**Largest Secured Taxpayers FY 2014-15**  
**(includes levies for bond debt service and special assessments)**

Taxpayer	Amount
Pacific Gas & Electric	\$ 7,292,152
AT&T Communications	7,246,611
Intel Corporation	6,004,929
Hines	5,836,931
MP Holdings	5,395,036
Cummings Trust	4,724,266
Walmart	4,435,053
Westcore Delta LLC	4,371,212
Donahue Schriber Realty Group	3,897,920
Surewest	2,978,242
Total (represents 3.23% secured tax roll levy):	<u><u>\$ 52,182,352</u></u>

**COUNTY OF SACRAMENTO**  
**Total General Fund Revenues, Expenditures and Changes in Fund Balance FY 2009-10 through FY 2013-14**  
**(amounts expressed in thousands)**

	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
Beginning Fund Balance (as restated beginning FY 2010-11 and FY 2012-13)	\$ 19,388	86,546	135,887	205,205	179,315
<b>Revenues</b>					
Taxes	424,834	413,219	410,322	411,626	438,057
Licenses and permits	11,249	11,273	8,403	10,734	12,421
Fines, forfeitures and penalties	19,739	22,973	24,211	20,345	29,290
Use of money/property	1,205	4,447	4,914	5,650	6,814
Intergovernmental	1,227,949	1,309,517	1,312,373	1,301,943	1,421,669
Charges for sales and services	114,497	124,415	118,740	118,067	137,240
Miscellaneous	61,673	77,952	44,960	47,584	35,113
Total Revenues	<u>1,861,146</u>	<u>1,963,796</u>	<u>1,923,923</u>	<u>1,915,949</u>	<u>2,080,604</u>
Transfers in	38,637	29,756	39,380	29,588	16,012
Total Revenues and Transfers	<u>1,899,783</u>	<u>1,993,552</u>	<u>1,963,303</u>	<u>1,945,537</u>	<u>2,096,616</u>
<b>Expenditures</b>					
General government	83,291	85,674	81,044	84,423	91,145
Public protection	585,213	621,281	621,718	647,348	704,191
Health and sanitation	508,619	463,511	484,086	525,886	536,943
Public assistance	622,425	666,032	597,066	597,598	621,588
Public ways and facilities					
Education	324	325	298	306	275
Recreation and culture	9,651	18,167	17,637	17,174	18,500
Total Expenditures	<u>1,809,523</u>	<u>1,854,990</u>	<u>1,801,849</u>	<u>1,872,735</u>	<u>1,972,642</u>
Transfers out	87,953	89,221	92,136	98,692	103,852
Total Expenditures and Transfers	<u>1,897,476</u>	<u>1,944,211</u>	<u>1,893,985</u>	<u>1,971,427</u>	<u>2,076,494</u>
Net change in fund balance	<u>2,307</u>	<u>49,341</u>	<u>69,318</u>	<u>(25,890)</u>	<u>20,122</u>
Ending Fund Balance (as restated end FY 2009-10 and FY 2012-13)	<u>\$ 86,546</u>	<u>135,887</u>	<u>205,205</u>	<u>179,315</u>	<u>199,437</u>

# COUNTY OF SACRAMENTO

## Lease Obligations

As of July 1, 2014

(reflects 10/30/14 Redemption of 1997 COPs and Partial Defeasance of 2006 COPs)

Series	Project(s)	Amount Issued	Principal Amount Outstanding	Final Maturity	County Liability
1997 Certificates of Participation; dated 01/01/97 <b>Redeemed 10/30/14</b>	Rio Cosumnes Correctional Center; Bank of America Building	\$ 58,020,000	\$ 0	2015	100%
1997 Refunding Certificates of Participation (1994 Public Facilities Project); dated 01/01/98	Coroner/Crime Lab and Data Center	88,360,000	64,615,000	2027	100%
2003 Certificates of Participation; dated 05/07/03	Boys Ranch; Mather Golf Course; Thornton Youth Center	15,230,000	12,055,000	2034	100%
2003 Certificates of Participation; dated 06/19/03	Juvenile Courthouse	36,150,000	29,425,000	2034	100%
2006 Certificates of Participation; dated 05/11/06 <b>Partially Defeased (\$5,065,000 to Escrow) 10/30/14</b>	Fleet Maintenance Facility; Voters Registration Facility	40,860,000	23,885,000	2035	100%
2007 Certificates of Participation; dated 08/16/07	Animal Care Facility; Youth Detention Facility Expansion	46,260,000	42,105,000	2038	100%
1999 River City Regional Stadium Financing Authority, Taxable Lease Revenue Bonds	River Cats Stadium	39,990,000	31,665,000	2029	66% (if ticket receipts insufficient)
2002 Sacramento Regional Arts Facilities Financing Authority Certificates of Participation	Theatre Facilities	16,580,000	12,910,000	2032	50% (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	89,955,000	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, 2014**

**(reflects redemption on July 10, 2014 of the Series 2004C-3 Bonds with proceeds of the Series 2013 Refunding Bonds)**

Series	Purpose	Amount Issued	Principal Amount Outstanding	Final Maturity	Anticipated General Fund Payment Percent
County of Sacramento Taxable Pension Obligation Bonds, Series 1995A <sup>(1)(2)</sup>	Fund Pension System	\$ 404,060,208	\$ 217,317,483	2022	75%
County of Sacramento Taxable Pension Obligation Bonds, Series 2003B <sup>(2)</sup>	Partially Refund Series 1995A	97,441,330	126,081,789	2024	75%
County of Sacramento Taxable Pension Funding Bonds, Refunding Series 2008	Refund Series 2004C-1	359,165,000	345,415,000	2030	75%
County of Sacramento Taxable Pension Bonds, Series 2011A	Refund Series 1995B,C	183,365,000	180,215,000	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%

<sup>(1)</sup> Series 1995A amount outstanding reflects partial refund/defeasement of \$128,430,000 with Series 2003.

<sup>(2)</sup> 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, 2014**  
**(amounts expressed in thousands)**

Description	Original Loan Amount	Principal Amount Outstanding	Final Maturity
Sacramento County (Teeter Plan)	\$ 64,470	\$ 2,674	08/01/2014
Sacramento County (Teeter Plan)	46,012	4,748	08/01/2015
Sacramento County (Teeter Plan)	36,698	6,275	08/01/2016
Sacramento County (Teeter Plan)	28,374	8,149	08/01/2017
Sacramento County (Teeter Plan)	23,100	12,586	08/01/2018

**COUNTY OF SACRAMENTO**  
**County of Sacramento Aggregate Debt Service**  
**Current Outstanding Debt-Certificates of Participation Only**  
**(includes principal and interest)**  
**As of July 1, 2014**

(reflects 10/30/14 Redemption of 1997 COPs and Partial Defeasance of 2006 COPs)

Period Ending June 30	Series 1997 Refunding COPs	Series 1997 COPs	Series 2003 Pub Fac Proj COPs	Series 2003 Juv Court COPs	Series 2006 Pub Fac Proj COPs	Series 2007 Animal Care/YDF 12 Bed Exp COPs	Series 2010 Refunding COPs	County's Portion of Series 1999 Lease Revenue Bonds (1)	County's Portion of Series 2002 Regional Arts COPs (2)	FY Total
2015	\$ 6,320,125		962,295	2,214,513	2,529,053	3,002,913	14,356,500	2,371,920	524,839	32,282,158
2016	6,318,150		956,895	2,216,375	2,408,713	2,999,288	12,912,825	2,368,184	525,724	30,706,154
2017	6,318,338		960,700	2,214,675	2,410,687	2,998,613	13,035,675	2,365,352	525,969	30,830,009
2018	6,320,213		958,270	2,216,475	2,405,975	3,001,113	13,186,075	2,364,062	525,554	30,977,737
2019	6,318,419		959,780	2,211,775	2,413,925	3,001,038	9,340,775	2,360,578	524,459	27,130,749
2020	6,317,600		959,980	2,215,075	1,585,075	3,002,788	9,157,675	2,357,828	525,108	26,121,129
2021	6,317,281		958,830	2,215,700	1,580,425	3,001,538	5,659,950	2,352,074	522,479	22,608,277
2022	6,316,988		966,780	2,213,575	1,584,425	2,997,288	5,257,625	2,349,444	523,916	22,210,041
2023	6,316,244		957,860	2,213,575	1,581,625	3,004,663	5,260,875	2,345,929	521,988	22,202,759
2024	6,319,456		958,250	2,215,450	1,582,250	2,998,538	5,258,125	2,340,991	521,500	22,194,560
2025	6,316,150		960,250	2,214,281	1,585,160	3,003,788	5,260,175	2,337,289	522,313	22,199,406
2026	6,315,850		960,750	2,215,419	1,581,000	3,000,163	5,257,825	2,334,014	522,250	22,187,271
2027	6,317,844		959,750	2,214,006	1,580,000	2,997,663	5,259,262	2,327,158	521,313	22,176,996
2028	6,316,538		957,250	2,214,938	1,582,750	3,000,913	5,262,475	2,322,579	519,500	22,176,943
2029			963,250	2,213,106	1,582,750	2,999,663	5,261,600	2,316,000	519,250	15,855,619
2030			957,250	2,212,000	1,580,000	2,998,788	5,261,063	2,309,811	518,000	15,836,912
2031			959,750	2,215,750	1,584,500	2,998,038			518,188	8,276,226
2032			955,250	2,215,000	1,580,750	3,002,038			517,250	8,270,288
2033			959,000	2,214,625	1,584,000	3,000,538			517,625	8,275,788
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	\$ 88,449,196		19,187,640	46,504,688	36,641,813	72,021,980	124,988,500	37,523,213	9,917,225	435,234,255

(1) County required to pay only 66.667% of total lease payments, and only if ticket receipts insufficient. The County has never been required to make any debt service payments.

(2) County required to pay only 50.0% 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, 2014**

**(reflects redemption on July 10, 2014, of the Series 2004C-3 Bonds with proceeds of the Series 2013 Refunding Bonds; and reflects 10/30/14 Redemption of 1997 COPs and Partial Defeasance of 2006 COPs)**

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
2015	\$ 61,472,312	7,644,393	27,124,589	13,337,260	4,894,219	10,168,923	124,641,696	32,282,158	156,923,854
2016	64,637,312	7,644,393	27,192,422	10,754,257	4,894,219	8,117,100	123,239,703	30,706,154	153,945,857
2017	67,942,312	7,644,393	29,222,224	10,754,257	4,894,219	8,117,100	128,574,505	30,830,009	159,404,514
2018	71,397,312	7,644,393	31,188,695	10,754,257	4,894,219	8,117,100	133,995,976	30,977,737	164,973,713
2019	41,506,816	7,644,393	30,898,766	42,373,416	4,894,219	8,117,100	135,434,710	27,130,749	162,565,459
2020	47,356,920	7,644,393	33,312,489	38,210,396	4,894,219	8,117,100	139,535,517	26,121,129	165,656,646
2021	53,371,768	7,644,393	33,813,999	35,792,492	4,894,219	8,117,100	143,633,971	22,608,277	166,242,248
2022	59,573,008	7,644,393	35,700,648	31,803,530	4,894,219	8,117,100	147,732,898	22,210,041	169,942,939
2023		99,427,255	36,533,905	3,740,292	4,894,219	8,117,100	152,712,771	22,202,759	174,915,530
2024		40,035,058	38,281,039	60,130,146	4,894,219	8,117,100	151,457,562	22,194,560	173,652,122
2025			39,239,366		76,322,107	34,437,113	149,998,586	22,199,406	172,197,992
2026			41,211,936			87,718,562	128,930,498	22,187,271	151,117,769
2027			43,011,983				43,011,983	22,176,996	65,188,979
2028			44,238,161				44,238,161	22,176,943	66,415,104
2029			46,212,341				46,212,341	15,855,619	62,067,960
2030			47,915,587				47,915,587	15,836,912	63,752,499
2031			48,879,209				48,879,209	8,276,226	57,155,435
2032								8,270,288	8,270,288
2033								8,275,788	8,275,788
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>\$ 467,257,760</u>	<u>200,617,457</u>	<u>633,977,359</u>	<u>257,650,303</u>	<u>125,264,297</u>	<u>205,378,498</u>	<u>1,890,145,674</u>	<u>435,234,255</u>	<u>2,325,379,929</u>

(1) Assumed swap rate of 5.901% + 1.30% for the 2026 Term Bond; 5.901% + 1.45% for \$166,950,000 of the 2030 Term Bond; 6.354% (20-year average of 1 month LIBOR + 3.00%) for \$12,365,000 of the 2030 Term Bond.

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

**COUNTY OF SACRAMENTO**  
**Variable Rate Debt/Interest Rate Swap**

Issue	2008 Refunding POBs (2004C-1)
Type of Underlying Obligation	Floating Rate Notes 1-mo LIBOR+130 BPS \$170,700,000; 1-mo LIBOR+145 BPS \$179,315,000
Bond Amount Outstanding as of July 1, 2014	\$345,415,000
Insurer	FSA
Swap Counterparty	Merrill Lynch
Swap Notional \$ as of December 27, 2014	\$330,875,000
Payment Terms	County pays 5.901%; Counterparty pays 100% 1-mo LIBOR
Est. Valuation (12/10/14) (includes accrued interest)	Negative (\$116,620,397)
County Credit Rating Risk (threshold for termination event for swap agreement)	County must maintain two of three minimum ratings set forth below with respect to at least one issue of POBs or COPS: rated at or above Baa2 (Moody's), BBB (S&P) or BBB (Fitch)

## COUNTY OF SACRAMENTO

### Department of Airports Annual Report (Airport Enterprise Fund)

In accordance with the requirements of the Continuing Disclosure Certificates for the County of Sacramento Airport System Senior Revenue Bonds, Series 2008, 2009 and 2010 and the County of Sacramento Airport System Subordinate and PFC/Grant Revenue Bonds, Series 2008 and 2009 (collectively, the “Certificate”) the Sacramento County Department of Airports is including this section to meet the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5)(the Rule).

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

### ANNUAL REPORT

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

- (A) The audited financial statements of the Department of Airports for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. Refer to the Financial Section, pages 33 - 38 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

On March 18, 2014, Standard & Poor’s Rating Services upgraded bond insurer Assured Guaranty Municipal Corporation, which insures portions of the County’s 2008 and 2009 Airport bonds, from “AA-“ to “AA”.

No additional significant events, as identified in Section 5 of the Certificate, have occurred for any of the outstanding bonds issued by the Department of Airports, and there is no knowledge on the part of the County of any impending significant events that would require disclosure under the provisions of the Certificate.

**COUNTY OF SACRAMENTO**  
**Historical Enplaned Passengers - Last 10 Years**  
**Fiscal Year ended June 30**  
**Exhibit 1**

Enplanements	2005	2006	2007	2008	2009	2010 <sup>2</sup>	2011 <sup>2</sup>	2012 <sup>2</sup>	2013 <sup>2</sup>	2014
Major and other airlines <sup>1</sup>	4,763,946	4,897,981	5,075,849	4,741,650	4,468,169	4,319,759	4,223,908	4,203,561	4,117,949	4,061,169
Regional airlines	222,225	252,248	231,440	553,087	236,689	230,150	255,833	276,442	301,596	314,551
Total	<u>4,986,171</u>	<u>5,150,229</u>	<u>5,307,289</u>	<u>5,294,737</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>4,375,720</u>
Percent change from prior year	9.30 %	3.29 %	3.05 %	(0.24)%	(11.14)%	(3.29)%	(1.54)%	0.01 %	(1.35)%	(0.99)%

Source: Department of Airports statistics reports.

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

<sup>2</sup> Fiscal year 2010-2013 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)

	2005	2006	2007	2008	2009 <sup>2</sup>	2010 <sup>2</sup>	2011 <sup>2</sup>	2012 <sup>2</sup>	2013 <sup>2</sup>	2014
Passenger airlines										
Major and other airlines <sup>1</sup>	6,037,113	6,185,453	6,489,593	6,293,924	5,743,444	5,449,118	5,077,482	5,047,200	4,799,438	4,693,297
Regional airlines	255,984	288,094	304,247	456,937	329,445	476,023	285,754	245,872	334,097	353,852
Subtotal	<u>6,293,097</u>	<u>6,473,547</u>	<u>6,793,840</u>	<u>6,750,861</u>	<u>6,072,889</u>	<u>5,925,141</u>	<u>5,363,236</u>	<u>5,293,072</u>	<u>5,133,535</u>	<u>5,047,149</u>
All cargo airlines	771,423	728,999	949,579	982,234	800,830	610,385	581,195	613,981	646,113	964,965
Total	<u>7,064,520</u>	<u>7,202,546</u>	<u>7,743,419</u>	<u>7,733,095</u>	<u>6,873,719</u>	<u>6,535,526</u>	<u>5,944,431</u>	<u>5,907,053</u>	<u>5,779,648</u>	<u>6,012,114</u>
Percent change from prior year	5.40 %	2.00 %	7.50 %	(0.10)%	(11.10)%	(4.90)%	(9.00)%	(0.63)%	(2.20)%	4.00 %

Source: Department of Airports statistics reports.

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

<sup>2</sup> Fiscal year 2009-2013 figures have been revised.

**COUNTY OF SACRAMENTO**  
**Airlines' Market Shares of Enplaned Passengers - Last 4 Years**  
**Fiscal Year Ended June 30**  
**Exhibit 3**

	2011 <sup>3</sup>	2012 <sup>3</sup>	2013	2014
Percentage of Total Enplanements				
Major Airlines <sup>1</sup>				
Southwest airlines	51.80 %	50.10 %	52.10 %	52.60 %
United Airlines	6.50	6.80	8.30	8.40
Delta Air Lines <sup>2</sup>	6.70	6.40	6.20	6.50
American Airlines	4.50	5.30	5.50	5.50
US Airways	5.10	5.20	5.40	5.50
Alaska Airlines	5.40	5.70	5.30	5.30
Jet Blue Airlines	2.50	3.50	3.20	3.00
Horizon Airlines	2.90	2.70	2.70	2.60
Hawaiian Airlines	1.90	2.00	2.00	1.90
Frontier Airlines	3.00	2.80	1.50	
Aeromexico		0.60	0.70	0.80
Volaris Airlines			0.30	0.60
Republic Airlines				0.10
Continental Airlines	3.80	2.70		
Mexicana Airlines	0.10			
Regional Airlines				
Skywest	5.70	6.10	6.80	7.20
Mesa/Delta Connection	0.10			
Express Jet		0.10		
Subtotal	100.00 %	100.00 %	100.00 %	100.00 %

Source: Department of Airports statistics reports.

<sup>1</sup> Defined for this analysis as scheduled airlines operating with 60 or more seats.

<sup>2</sup> Delta number includes Northwest beginning 2011.

<sup>3</sup> Fiscal year 2011-2012 figures have been revised.



**COUNTY OF SACRAMENTO**  
**Airlines' Market Shares of Enplaned Passengers - Last 4 Years**  
**Fiscal Year Ended June 30**  
**Exhibit 3**

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

Source: Department of Airports statistics reports.

<sup>1</sup> Defined for this analysis as scheduled airlines operating with 60 or more seats.

<sup>2</sup> Delta number includes Northwest beginning 2011.

<sup>3</sup> Fiscal year 2011-2012 figures have been revised.

**COUNTY OF SACRAMENTO**  
**Statement of Revenues, Expenses and Changes in Net Position - Last 10 Years**  
**Fiscal Year Ended June 30**  
**Exhibit 4**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating revenue:										
Concessions	\$ 54,307,418	60,367,151	64,892,106	66,416,283	68,600,549	63,442,108	63,341,578	66,002,772	68,752,509	69,451,723
Building rents	14,170,114	16,087,912	16,644,929	17,152,979	35,384,002	35,885,350	30,697,623	47,204,495	61,114,151	61,119,198
Airfield charges	17,107,966	17,779,295	15,680,196	22,352,752	10,710,482	26,044,373	20,931,781	23,395,617	21,849,813	25,299,370
Ground leases	3,607,645	4,403,407	4,723,344	3,641,980	2,314,441	2,749,183	1,987,622	1,874,055	1,900,740	1,927,849
Sale of fuel	1,332,966	1,339,214	652,942	808,229	580,904	532,032	653,673	755,877	809,600	854,030
Airport services	636,999	900,536	1,015,551	911,360	1,100,127	898,153	920,930	4,136,078	4,819,705	331,277
Other	1,386,070	102,681	39,528	101,491	299,511	165,604	85,366	379,768	146,116	13,902
Total operating revenue	<u>92,549,178</u>	<u>100,980,196</u>	<u>103,648,596</u>	<u>111,385,074</u>	<u>118,990,016</u>	<u>129,716,803</u>	<u>118,618,573</u>	<u>143,748,662</u>	<u>159,392,634</u>	<u>158,997,349</u>
Operating expense:										
Salaries and benefits	27,313,968	28,897,193	30,274,323	32,174,897	33,640,076	33,084,803	35,989,114	37,081,912	36,149,138	30,302,735
Services and supplies	37,688,533	41,462,233	46,452,761	54,266,378	49,870,807	48,995,957	46,369,353	58,008,301	57,088,926	54,044,934
Cost of goods sold	914,185	1,081,550	573,187	665,627	497,815	431,389	542,657	628,838	641,268	648,940
Depreciation	16,103,705	20,162,706	21,062,790	23,707,907	25,750,395	26,928,736	29,750,690	43,847,407	51,673,862	54,204,762
Other	909,682	670,162	769,760	837,710	881,876	872,816	983,348	10,630	238,992	413,110
Total operating expense	<u>82,930,073</u>	<u>92,273,844</u>	<u>99,132,821</u>	<u>111,652,519</u>	<u>110,640,969</u>	<u>110,313,701</u>	<u>113,635,162</u>	<u>139,577,088</u>	<u>145,792,186</u>	<u>139,614,481</u>
Operating income (loss):	<u>9,619,105</u>	<u>8,706,352</u>	<u>4,515,775</u>	<u>(267,445)</u>	<u>8,349,047</u>	<u>19,403,102</u>	<u>4,983,411</u>	<u>4,171,574</u>	<u>13,600,448</u>	<u>19,382,868</u>
Nonoperating revenue (expense):										
Interest income	4,303,953	6,623,389	7,915,789	7,519,233	6,155,861	1,886,860	411,537	915,635	1,836,288	813,327
Passenger facility charges revenue	24,454,819	24,511,950	27,182,405	26,653,518	21,489,873	19,618,136	18,348,304	18,022,076	17,604,328	17,160,771
Intergovernmental revenue	880,166	849,340	686,586	1,620,376	978,992	954,695	622,320	1,637,600	1,578,104	838,145
Gain (loss) on disposal of assets	503,692	993	84,711	(17,151)	64,262	(65,452)	10,020	(77,140)	44,886	(62,967)
Other nonoperating revenue (expense)	247,124	223,468	82,107	(40,754)	157,388	237,958	1,291,437	42,425	176,702	(32,690)
Amortization of bond issuance cost	(171,740)	(175,358)	(271,965)	(257,068)	(563,240)	(700,471)	(744,688)	(750,981)	(703,026)	(405,146)
Interest expense	<u>(12,631,716)</u>	<u>(10,536,254)</u>	<u>(12,057,704)</u>	<u>(12,651,944)</u>	<u>(18,203,544)</u>	<u>(17,105,647)</u>	<u>(15,473,662)</u>	<u>(26,906,214)</u>	<u>(59,286,319)</u>	<u>(58,323,780)</u>
Net nonoperating revenue (expense)	<u>17,586,298</u>	<u>21,497,528</u>	<u>23,621,929</u>	<u>22,826,210</u>	<u>10,079,592</u>	<u>4,826,079</u>	<u>4,465,268</u>	<u>(7,116,599)</u>	<u>(38,749,037)</u>	<u>(40,012,340)</u>
Income (loss) before capital contributions and transfers	<u>27,205,403</u>	<u>30,203,880</u>	<u>28,137,704</u>	<u>22,558,765</u>	<u>18,428,639</u>	<u>24,229,181</u>	<u>9,448,679</u>	<u>(2,945,025)</u>	<u>(25,148,589)</u>	<u>(20,629,472)</u>
Capital contributions	<u>24,598,339</u>	<u>10,889,564</u>	<u>12,663,761</u>	<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>
Transfer out										(2,711,985)
Changes in net position	<u>51,803,742</u>	<u>41,093,444</u>	<u>40,801,465</u>	<u>36,491,295</u>	<u>25,364,096</u>	<u>31,590,310</u>	<u>24,004,986</u>	<u>11,447,928</u>	<u>29,820,947</u>	<u>(13,919,852)</u>
Total net position, beginning of year	<u>306,522,613</u>	<u>358,326,355</u>	<u>399,419,799</u>	<u>440,221,864</u>	<u>476,713,159</u>	<u>502,077,255</u>	<u>533,667,565</u>	<u>557,672,551</u>	<u>569,120,479</u>	<u>591,684,369</u>
Total net position, end of year	<u>\$ 358,326,355</u>	<u>399,419,799</u>	<u>440,221,264</u>	<u>476,713,159</u>	<u>502,077,255</u>	<u>533,667,565</u>	<u>557,672,551</u>	<u>569,120,479</u>	<u>598,941,426</u>	<u>577,764,517</u>

<sup>1</sup> Transfer out – Pension Obligation Bond allocated to the Department of Airports in fiscal year 2014.

<sup>2</sup> The beginning net position for fiscal year 2014 has been restated to reflect that a portion of the bonds cost of issuance in the amount of \$7,257,057 was written off as of June 30, 2013, as required by the GASB Statement No. 65.

**COUNTY OF SACRAMENTO**  
**Airline and Nonairline Revenues - Last 4 Years**  
**Fiscal Years Ended June 30**  
**Exhibit 5**

	2011	2012	2013	2014
<b>Airline Operating Revenue</b>				
Terminal building rents and fees	\$ 21,244,966	35,095,244	49,713,163	49,256,400
Aircraft parking fees	1,425,065	2,257,476	2,868,612	3,219,785
Loading bridge fees	2,722,022	3,965,014	2,300,004	2,330,794
Landing fees	20,811,439	23,248,445	21,723,306	25,144,577
Airport services		3,194,457	3,838,646	
Total operating revenue	<u>\$ 46,203,492</u>	<u>67,760,636</u>	<u>80,443,731</u>	<u>79,951,556</u>
Less cargo revenues	\$ 2,102,643	2,514,665	2,597,221	2,976,264
Passenger airline operating revenues	<u>\$ 44,100,849</u>	<u>65,245,971</u>	<u>77,846,510</u>	<u>76,975,292</u>
Enplaned passengers	4,479,741	4,480,003	4,419,545	4,375,720
Cost per Enplaned Passenger (CPE)	\$ 9.84	14.56	17.61	17.59
<b>Nonairline Revenue</b>				
<b>Airfield area</b>				
Commercial fees	\$ 14,191	16,305	23,290	43,918
Other landing fees	16,047	36,569	9,071	20,586
Fuel sales	860,226	960,938	1,007,915	1,058,430
Subtotal	<u>\$ 890,464</u>	<u>1,013,812</u>	<u>1,040,276</u>	<u>1,122,934</u>
<b>Terminal building</b>				
Food/beverage	\$ 2,945,087	3,096,650	3,399,419	3,633,335
Merchandise	1,855,985	2,184,732	2,037,097	1,827,309
Advertising	649,874	674,849	795,077	885,923
Telephones	140,684	134,068	290,575	448,777
Vending	219,704	360,901	350,401	380,335
Other terminal rents	665,297	1,049,515	1,325,656	1,285,975
Subtotal	<u>\$ 6,476,631</u>	<u>7,500,715</u>	<u>8,198,225</u>	<u>8,461,654</u>
Parking	\$ 44,966,016	46,739,420	48,106,292	48,411,994

**COUNTY OF SACRAMENTO**  
**Airline and Nonairline Revenues - Last 4 Years**  
**Fiscal Years Ended June 30**  
**Exhibit 5**

	2011	2012	2013	2014
Other areas				
Autorentals	\$ 8,932,954	9,391,070	10,113,145	10,232,136
Autorental shuttle bus fees	3,069,151	2,854,311	3,081,002	2,969,309
Taxi/shuttle bus fees	555,707	559,758	565,921	647,788
Tiedown and hangars	692,817	702,383	715,789	720,101
FBO rentals	112,310	94,616	96,960	103,826
Aviation ground leases	1,781,069	1,668,994	1,702,425	1,723,450
Other rentals/miscellaneous	3,921,362	4,124,089	4,179,735	4,284,393
Subtotal	\$ 19,065,370	19,395,221	20,454,977	20,681,003
Other revenue				
Service fees	\$ 920,930	941,621	981,059	331,277
Miscellaneous revenue <sup>1</sup>	9,529,216	2,077,263	1,922,882	842,386
Subtotal	\$ 10,450,146	3,018,884	2,903,941	1,173,663
Total Non Airline Revenue	\$ 81,848,627	77,668,052	80,703,711	79,851,248
Interest income <sup>2</sup>	127,715	628,467	1,787,484	786,576
Total Non Airline Revenue	\$ 81,976,342	78,296,519	82,491,195	80,637,824

Source: For FY 2011-12 through FY 2012-13, Department of Airports audited financial statements;  
For FY 2013-14, County of Sacramento audited financial statements.

<sup>1</sup>As permitted under the Bond Indenture, FY2011 amount includes transfer from the Capital Improvement Fund to offset settlement of FY 2010 airline rates and charges.

<sup>2</sup>As defined in the Bond Indenture.

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

	2009	2010 <sup>2</sup>	2011 <sup>2</sup>	2012 <sup>2</sup>	2013 <sup>2</sup>	2014
Rate Covenant - per Section 6.04 (b)(i)						
Revenues <sup>1</sup>	\$ 134,667,273	132,007,161	128,179,835	146,057,155	162,934,925	160,589,380
Operating expenses <sup>2</sup>	(84,890,322)	(83,384,965)	(83,884,472)	(95,729,680)	(94,118,325)	(88,121,704)
Net revenues	49,776,951	48,622,196	44,295,363	50,327,475	68,816,600	72,467,676
Transfer (limited to 25%)	3,992,960	4,301,661	4,321,838	8,995,140	13,031,769	12,357,018
Net revenues + Transfer	\$ 53,769,911	52,923,857	48,617,201	59,322,615	81,848,369	84,824,694
Accrued debt service on senior obligations <sup>3</sup>	\$ 15,971,841	17,206,645	17,287,350	35,980,560	52,127,074	49,428,071
Debt service coverage (>1.25)	3.37	3.08	2.81	1.65	1.57	1.72
Rate Covenant - per Section 6.04 (b)(ii)						
Net revenues	\$ 49,776,951	48,622,196	44,295,363	50,327,475	68,816,600	72,467,676
Transfer (limited to 10%)	1,597,184	1,720,665	1,728,735	3,598,056	5,212,707	4,942,807
	\$ 51,374,135	50,342,861	46,024,098	53,925,531	74,029,307	77,410,483
Accrued debt service on senior obligations	\$ 15,971,841	17,206,645	17,287,350	35,980,560	52,127,074	49,428,071
Debt service on subordinate obligations <sup>4</sup>	6,939,856	30,130,833	31,129,931	30,112,081	30,159,794	30,211,816
Less: Available PFC Revenues	(6,939,856)	(20,448,833)	(22,005,931)	(21,941,081)	(21,939,794)	(21,940,816)
Less: Available Grant Revenues		(9,682,000)	(9,124,000)	(8,171,000)	(8,220,000)	(8,271,000)
Accrued debt service on sr. & sub. obligations	\$ 15,971,841	17,206,645	17,287,350	35,980,560	52,127,074	49,428,071
Debt Service Coverage (>1.10)	3.22	2.93	2.66	1.50	1.42	1.57

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.

<sup>1</sup> Per Bond Indenture, Revenues include the Department's revenues excluding certain interest earnings and restricted revenues.

<sup>2</sup> Per Bond Indenture, Operating Expenses include the Department's operating expenses and other non-operating expenses. Operating Expenses exclude depreciation, amortization and debt service.

<sup>3</sup> The Accrued Debt Service includes the principal payment due on July 1, 2014, 2013, 2012, 2011, 2010, and 2009, respectively.

<sup>4</sup> 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.

**COUNTY OF SACRAMENTO**  
**Solid Waste Enterprise Fund**  
**For the Year Ended June 30, 2014**  
**Annual Report**

**INTRODUCTION**

This section is provided in accordance with the requirements of the “Continuing Disclosure Certificates” for the “2005 Refunding Revenue Certificates of Participation (Solid Waste Facilities),” (the “Certificates”). The material provided under the Certificates is intended to meet the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). The information provided herein applies to the 2005 Refunding Solid Waste Facilities Certificates of Participation.

This Comprehensive Annual Financial Report (CAFR) will provide the information required by the Certificate Reports. 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.

The current ratings for the bonds are Moody’s A2 and Standard and Poor’s AA.

**ANNUAL REPORT REQUIREMENTS**

The following five (5) sections describe the information required by the Certificates in the Annual Report and the Fund’s compliance therewith:

1. The audited financial statements for the prior fiscal year, prepared in accordance with accounting principles generally accepted in the U.S. as promulgated to apply to governmental entities by the Governmental Accounting Standards Board.

Compliance: The audited financial statements prepared in accordance with accounting principles generally accepted in the U.S. are included in the Financial Section of this report, pages 33 - 38.

2. Status:

Compliance: The following describes the status:

**2005 Refunding Revenue Certificates of Participation (Solid Waste Systems)**

On July 19, 2005, Sacramento County Department of Solid Waste issued the 2005 Refunding Revenue Certificates of Participation, with interest rates ranging from 3.0 percent to 5.0 percent. Proceeds from these were used to (i) establish irrevocable escrow funds to refund in full the \$15,865,000 of the 1997 Public Facilities Project (Solid Waste Facilities); \$8,800,000 of the 1998 Public Facilities Project (Gas to Energy Facilities); and \$4,795,000 of the 2002 Public Facilities Project (Solid Waste Facilities); (ii) pay the costs of bond insurance premium; (iii) purchase a Reserve Fund Surety Bond in the amount of the reserve fund requirement.

**COUNTY OF SACRAMENTO**  
**Solid Waste Enterprise Fund**  
**For the Year Ended June 30, 2014**  
**Annual Report**

As a result, the 1997 Public Facilities Project (Solid Waste Facilities), the 1998 Public Facilities Project (Gas to Energy Facilities) and the 2002 Public Facilities Project (Solid Waste Facilities) were considered to be defeased and the liability for those bonds was removed from the Sacramento County Department of Solid Waste financial statements and the County of Sacramento Comprehensive Annual Financial Report. The advance refunding resulted in reducing the annual debt service payments by \$1,172,472 to obtain an economic gain (difference between the present value of the debt service payments on the refunded debt and refunding debt) of \$77,011. At June 30, 2014, \$2,705,000 of the 1997 bonds were legally defeased and remain outstanding.

3. The number of single family residences receiving Fund collection and disposal services and the current basic monthly service charge for such services.

Compliance:

Number of single family residences receiving County collection and disposal services	149,720
Current basic monthly service charge (since July 1, 2010)	
38 gallon can	\$ 19.95
60 gallon can	23.55
90 gallon can	30.76

4. The total tonnage of solid waste delivered to the County System (including the tonnage that was delivered by the County and the tonnage that was delivered by other entities) and the current tipping fees for the disposal of solid waste delivered to the County System and the remaining solid waste disposal capacity (in years) of the County System.

Compliance:

Total tonnage of solid waste delivered to the County System:	
Delivered by the County	285,912
Delivered by other entities	311,060
	<u>596,972</u>
Current tipping fees per ton: (since July 1, 2009)	\$ 30.00
Remaining disposal capacity (in years):	59 *

\*Revised per the Kiefer Landfill Joint Technical Document; Table 3

**COUNTY OF SACRAMENTO**  
**Solid Waste Enterprise Fund**  
**For the Year Ended June 30, 2014**  
**Annual Report**

5. Actual Operating Projected Results: A table showing the total operating revenues, total operating expenses and debt service coverage ratio for FY ending June 30, 2013 and FY ending June 30, 2014.

Compliance:

	Actual - FY Ended June 30, 2013	Actual - FY Ended June 30, 2014
Service charges	\$ 42,900,425	43,075,250
Tipping fees	17,974,592	17,985,822
Sale of recyclables	1,943,884	2,153,369
Electricity resales	2,415,501	2,471,801
Contract hauler billings	1,637,064	1,657,600
Other	597,600	762,203
Total operating revenues	<u>67,469,066</u>	<u>68,106,045</u>
Salaries and benefits	23,380,876	23,123,701
Equipment maintenance	8,478,104	7,598,751
Services and supplies	5,127,818	6,415,697
Professional services	4,201,707	4,711,337
Fuel and lubricants	3,070,065	2,987,314
Public works services	1,560,678	1,232,699
Landfill partial final cover	-	596,972
Landfill closure and postclosure care	1,956,412	653,252
Contract hauler payments	1,523,480	1,520,797
Regulatory fees	1,181,131	1,227,795
Insurance/liability	844,083	1,002,438
Allocated costs	69,101	-
Utilities	519,500	551,438
Land and buildings maintenance	452,883	510,600
Office expense	139,046	140,091
Total operating expenses *	<u>52,504,884</u>	<u>52,272,882</u>
Net operating revenue	14,964,182	15,833,163
Landfill closure and postclosure not held in trust	1,586,275	314,543
Unrestricted interest revenue	324,039	
Deposits into rate stabilization fund		
Operating income available for debt service	<u>\$ 16,874,496</u>	<u>16,147,706</u>
Debt service - 2005 COPS	<u>2,240,708</u>	<u>2,237,236</u>
Aggregate debt service	2,240,708	2,237,236
Debt service coverage ratio	753 %	722 %
Available after debt service	\$ 14,633,788	13,910,470

\*Excludes depreciation and amortization expenses.



**Annual Report for the Sacramento County  
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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 Agency 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 - 38 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.

**Annual Report for the Sacramento County  
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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, 2014.

As of June 30, 2014, 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:	2009-10	2010-11	2011-12	2012-13	2013-14
Number of connections	\$ 49,069	49,580	50,138	50,813	51,652
Annual Percent Increase	1.3 %	1.0 %	1.1 %	1.3 %	1.7 %

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

Fiscal Year:	2009-10	2010-11	2011-12	2012-13	2013-14
Monthly Rate:	\$ 23.97	25.80	25.80	25.80	27.30

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

Fiscal Year:	2009-10	2010-11	2011-12	2012-13	2013-14
Monthly Rate:	\$ 29.62	33.32	36.99	36.99	38.99

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

Effective Date (Month-Yr)	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14
Development Fee (per EDU) (Domestic, Commercial, Other Service)	\$ 13,166	13,166	13,166	13,447	13,965
Annual increase	0 %	0 %	0 %	2 %	4 %
Commercial Service (per acre)	\$ 8,033	8,033	8,033	8,205	8,521
Annual increase	0 %	0 %	0 %	2 %	4 %
Other Service (per acre)	\$ 1,557	1,557	1,557	1,590	1,651
Annual increase	0 %	0 %	0 %	2 %	4 %

**Annual Report for the Sacramento County  
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**ADDITIONAL INFORMATION (Continued)**

**Zone 50 Impact Fees (implemented December 2005)**

Effective Date (Month-Yr)	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14
Development Fee (per EDU) (Domestic, Commercial, Other Service)	\$ 236	236	236	241	250
Annual increase	0 %	0 %	0 %	2 %	4 %
Commercial (per acre)	\$ 3,403	3,403	3,403	3,476	3,610
Annual increase	0 %	0 %	0 %	2 %	4 %
Other Service (per acre)	\$ 3,403	3,403	3,403	3,476	3,610
Annual increase	0 %	0 %	0 %	2 %	4 %

**Annual Report for the Sacramento County  
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*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)**

	2011-12	2012-13	2013-14
<b>Revenues:</b>			
Operating revenues			
Water service charges	41,972	43,524	45,425
Charges for services	2,533	2,276	2,691
Development fees	10,404	16,171	13,571
Connection fees	236	396	318
Other	1,304	1,297	2,760
Total net operating revenues	56,449	63,664	64,765
<b>Nonoperating revenues</b>			
Total interest income (excludes fair market value adjustments)	1,524	1,591	1,263
Less: interest earnings on reserves	(1,304)	(1,191)	(1,198)
Net interest income	220	400	65
Inter governmental revenue (excludes capital grant revenue)	42		
Total nonoperating revenues	262	400	65
Total revenues	56,711	64,064	64,830
Repayment to rate stabilization fund			(1,087)
Adjusted annual revenues (1)	56,711	64,064	63,743
Maintenance & operating expenses (excludes depreciation and includes non-bond related interest expense)	19,932	23,061	23,333
Net revenues	36,779	41,003	40,410
Impact fee credits	(3,648)	(7,118)	(4,039)
Net revenue less impact fee credits	33,131	33,885	36,371
<b>Debt service</b>			
Debt service on 2003 Bonds	1,186	1,182	
Debt service on 2007 bonds	24,524	24,539	24,803
Less int earnings on reserve	(1,304)	(1,191)	(1,198)
Adjusted annual debt service	24,406	24,530	23,605
<b>Debt service coverage (1)</b>	1.51	1.67	1.71
Debt service coverage net impact fee credits	1.36	1.38	1.54
Pay-as-you-go capital	17,234	10,755	11,870
Net cash flow of year's operations	\$ (8,509)	(1,399)	896
 Reserves end of year	 61,112	 58,826	 58,509
Bond reserve account end of year	25,713	25,713	25,713

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

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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
**For The Fiscal Year Ended June 30, 2014**

