

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 26, 2025**

**NEW ISSUE-BOOK-ENTRY ONLY**

**RATING: See "Rating" Herein**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2025 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025 Bonds. See "TAX MATTERS" herein.*

**\$62,975,000\***  
**SACRAMENTO COUNTY WATER FINANCING AUTHORITY**  
**REVENUE BONDS**  
**(Sacramento County Water Agency Zones 40 and 41 Financing)**  
**Series 2025**

**Dated: Date of Delivery**

**Due: June 1, as shown on inside cover**

The above-captioned bonds (the "Series 2025 Bonds") are being issued by the Sacramento County Water Financing Authority (the "Authority") pursuant to a Master Indenture, dated as of October 1, 2019 (the "Master Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as successor in interest to MUFG Union Bank, N.A., as successor trustee (the "Trustee"), as supplemented, including as supplemented by a Third Supplemental Indenture, dated as of March 1, 2025 (the "Third Supplemental Indenture," and, together with the Master Indenture, as supplemented, the "Indenture"), for the purpose of providing funds to (i) finance certain capital improvements to the Water System of the Sacramento County Water Agency (the "Agency"); (ii) fund capitalized interest with respect to the Series 2025 Bonds; and (iii) pay costs of issuance of the Series 2025 Bonds, as more fully described herein. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Series 2025 Bonds are special, limited obligations of the Authority payable solely from Authority Revenues (as described herein) under the Indenture, consisting principally of installment payments (the "2025 Installment Payments") payable by the Agency pursuant to the Sixth Supplemental Installment Purchase Contract, dated as of March 1, 2025 (the "Sixth Supplemental Installment Purchase Contract"), which supplements the Master Installment Purchase Contract, dated as of June 1, 2003 (the "Master Installment Purchase Contract"), between the Authority and the Agency. The Master Installment Purchase Contract, as supplemented and amended, is referred to herein as the "Installment Purchase Contract." The 2025 Installment Payments are payable from and secured by a pledge of and first lien on Net Revenues (as hereinafter defined) of the Agency, consisting primarily of fees and charges imposed by the Agency on customers of the Water System of the Agency within Zones 40 and 41 less Maintenance and Operation Costs (as hereinafter defined). See "AGENCY OPERATIONS" herein. The Agency previously entered into obligations payable from Net Revenues on a parity with the 2025 Installment Payments ("Parity Obligations") in connection with the issuance of the Authority's Revenue Bonds (Sacramento County Water Agency Zones 40 and 41 2007 Water System Project) Series 2007B (the "Series 2007B Bonds"), which are currently outstanding in the principal amount of \$225,030,000, the Authority's Revenue Bonds (Sacramento County Water Agency Zones 40 and 41 2019 Refunding Project) Series 2019, which are currently outstanding in the principal amount of \$38,290,000, the Authority's Revenue Bonds (Sacramento County Water Agency Zones 40 and 41 Interim Financing) Series 2022A (the "Series 2022 Bonds"), which are currently outstanding in the principal amount of \$81,215,000, and the WIFIA Credit Agreement (as defined herein), which provides for a maximum amount that can be drawn of \$81,215,031 (no amounts have yet been disbursed under the WIFIA Credit Agreement). As described herein, the Agency expects to draw on the WIFIA Credit Agreement on or before November 1, 2025 to pay the Series 2022 Bonds in full.

In addition, pursuant to the Installment Purchase Contract, the Agency may issue or incur additional Parity Obligations in the future subject to the terms and conditions of the Installment Purchase Contract. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS-The Installment Purchase Contract-Existing Parity Obligations" and "-Additional Parity Obligations" herein. The Agency may also incur subordinate obligations pursuant to the Installment Purchase Contract. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS-The Installment Purchase Contract-Existing Subordinate Obligations" and "-Execution of Subordinate Obligations" herein.

**THE SERIES 2025 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON, ANY PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE AUTHORITY REVENUES. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY OR ITS MEMBERS (INCLUDING THE AGENCY) IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE SERIES 2025 BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE AUTHORITY REVENUES IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE SERIES 2025 BONDS. NEITHER THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE SERIES 2025 BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY OR ANY MEMBER OF THE AUTHORITY (INCLUDING THE AGENCY) FOR WHICH ANY SUCH ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH ANY SUCH ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.**

Interest on the Series 2025 Bonds is payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2025, at the fixed rates set forth on the inside cover page. Interest on the Series 2025 Bonds will accrue from their date of delivery.

The Series 2025 Bonds are being issued in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2025 Bonds. Individual purchases will be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial ownership interest in the Series 2025 Bonds purchased. See APPENDIX F-"BOOK-ENTRY ONLY SYSTEM" herein.

**The Series 2025 Bonds are subject to redemption prior to maturity as described herein.**

**This cover page contains certain information for general reference only and is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "CERTAIN RISK FACTORS" herein for a description of certain risks associated with an investment in the Series 2025 Bonds.**

The Series 2025 Bonds will be offered when, as and if issued and received by the Purchaser (as defined herein), subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Agency by its Disclosure Counsel, Stradling Yocca Carlson & Rauth LLP, and for the Authority and the Agency by the Sacramento County Counsel. PFM Financial Advisors LLC is serving as Municipal Advisor to the Agency in connection with the issuance of the Series 2025 Bonds. It is expected that the Series 2025 Bonds in definitive form will be available for delivery to DTC in New York, New York on or about March 18, 2025.

**BIDS TO BE RECEIVED ON MARCH 4, 2025\***  
**PURSUANT TO THE OFFICIAL NOTICE OF SALE RELATING TO THE SERIES 2025 BONDS**  
**AVAILABLE AT \_\_\_\_\_.**

Dated March \_\_, 2025

\* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

**\$62,975,000\***  
**SACRAMENTO COUNTY WATER FINANCING AUTHORITY**  
**REVENUE BONDS**  
**(Sacramento County Water Agency Zones 40 and 41 Financing)**  
**Series 2025**

\$ \_\_\_\_\_ **Serial Bonds**

<i><b>Maturity (June 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Interest Rate</b></i>	<i><b>Yield</b></i>	<i><b>Price</b></i>	<i><b>CUSIP<sup>†</sup></b></i>
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\$ \_\_\_\_\_ % **Term Bonds due June 1, 20\_\_** - **Yield:** \_\_\_\_\_ %; **Price:** \_\_\_\_\_ **CUSIP No.** \_\_\_\_\_<sup>†</sup>

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\* Preliminary; subject to change.

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only.

**SACRAMENTO COUNTY WATER AGENCY  
SACRAMENTO COUNTY WATER FINANCING AUTHORITY  
Board of Directors of the Authority and Agency  
(Board of Supervisors, Sacramento County)**

Phil Serna, Chair  
*District 1*

Patrick Kennedy  
*District 2*

Rich Desmond  
*District 3*

Rosario Rodriguez, Vice Chair  
*District 4*

Pat Hume  
*District 5*

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**Sacramento County**

David Villanueva  
County Executive

Lisa A. Travis  
County Counsel

Amanda Thomas  
Chief Fiscal Officer

Chad Rinde  
Director of Finance

**Sacramento County Department of Water Resources**

Matt Satow  
Director

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**Special Services**

**Bond Counsel**

Orrick, Herrington & Sutcliffe LLP

**Disclosure Counsel**

Stradling Yocca Carlson & Rauth LLP

**Trustee**

U.S. Bank Trust Company, National Association

**Municipal Advisor**

PFM Financial Advisors LLC  
San Francisco, California

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2025 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2025 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been furnished by the Authority, the Agency and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Purchaser (as defined herein). The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Authority or the Agency since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH MAY STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2025 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Certain statements included or incorporated by reference in the following information constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Agency’s forecasts in any way. Except as set forth in the Continuing Disclosure Certificate, neither the Agency nor the Authority plans to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur or do not occur.

The Purchaser has provided the following sentence for inclusion in this Official Statement: The Purchaser has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Purchaser does not guarantee the accuracy or completeness of such information.

The Series 2025 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance on an exemption from the registration requirements contained in such Act.

The Agency maintains a website. The information therein is not incorporated by reference and should not be relied upon in making an investment decision.



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## **OFFICIAL STATEMENT**

**\$62,975,000\***

### **SACRAMENTO COUNTY WATER FINANCING AUTHORITY REVENUE BONDS**

**(Sacramento County Water Agency Zones 40 and 41 Financing)  
Series 2025**

## **INTRODUCTION**

This introduction contains only a brief summary of certain of the terms of the Sacramento County Water Financing Authority Revenue Bonds (Sacramento County Water Agency Zones 40 and 41 Financing), Series 2025 (the “Series 2025 Bonds”) being offered and a brief description of the Official Statement (which includes the cover page and Appendices hereto). All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. Capitalized terms used in this Official Statement and not defined elsewhere herein have the meanings given such terms under the Indenture or the Installment Purchase Contract. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS.”

### **Authority for Issuance and Purpose**

The purpose of this Official Statement is to set forth certain information concerning the issuance and sale of the Series 2025 Bonds in the aggregate principal amount of \$62,975,000\* pursuant to a Master Indenture, dated as of October 1, 2019 (the “Master Indenture”), between the Sacramento County Water Financing Authority (the “Authority”) and U.S. Bank Trust Company, National Association, as successor in interest to MUFG Union Bank, N.A., as successor trustee (the “Trustee”), as supplemented, including as supplemented by a Third Supplemental Indenture, dated as of March 1, 2025 (the “Third Supplemental Indenture” and, together with the Master Indenture, as supplemented, the “Indenture”), for the purpose of providing funds to (i) finance certain capital improvements to the Water System of the Sacramento County Water Agency (the “Agency”); (ii) fund capitalized interest with respect to the Series 2025 Bonds; and (iii) pay costs of issuance of the Series 2025 Bonds, as more fully described herein. The Series 2025 Bonds will be issued in full conformity with the Constitution and the laws of the State of California (the “State”), including Chapter 5 of Division 7 of Title 1 of the Government Code of the State (the “JPA Act”). See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

### **The Agency**

The Agency was formed as a body politic and corporate in 1952 pursuant to a special legislative act of the State of California, the Sacramento County Water Agency Act (the “Agency Act”). The Sacramento County Board of Supervisors acts ex officio as the Agency’s Board of Directors. Pursuant to the Agency Act, the Agency is authorized to, among other things, make water available for any beneficial use of lands and inhabitants; to produce, store, transmit, and distribute groundwater; and to construct, purchase, lease or otherwise acquire surface waters and water rights necessary to make use of water for any purposes authorized by the Act. The Agency Act also authorizes the Agency to construct and operate facilities and to collect fees for services it provides. In addition, the Agency Act authorizes the creation of zones within the Agency boundaries (including Zone 40 and Zone 41 as described herein), and to undertake projects specifically for the benefit of such zones. See “THE AGENCY” and “AGENCY OPERATIONS” herein.

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\* Preliminary; subject to change.

Zone 40 was created by the Agency in May 1985 for the purpose of constructing facilities for the production, conservation, transmission, distribution and sale of surface water and ground water. Zone 41 was created in June 2000 and assumed the responsibilities of the Sacramento County Water Maintenance District (which was dissolved upon the creation of Zone 41) to provide retail and wholesale water services. See “THE AGENCY” for a description of Zone 40 and Zone 41, as well as a map showing their geographic boundaries.

### **The Authority**

The Authority was formed pursuant to a Joint Exercise of Powers Agreement, dated as of May 1, 2003 (“Joint Exercise of Powers Agreement”), between the County of Sacramento (the “County”) and the Agency pursuant to the provisions of the JPA Act. The Authority was formed for the purpose of facilitating the financing of the acquisition and/or construction of real and personal property in and for the service area of the Agency and the County and to assist the Agency in financing major capital improvements. Under the Joint Exercise of Powers Agreement and the JPA Act, the Agency has no liability for the Series 2025 Bonds, but is liable for the payment of the 2025 Installment Payments (as hereinafter defined) from Net Revenues (as hereinafter defined). See “THE AUTHORITY” herein.

### **The 2025 Water System Project**

The proceeds of the Series 2025 Bonds will be used to finance all or portion of certain capital improvements to the Water System, as more particularly described in “PLAN OF FINANCING – The 2025 Water System Project.”

### **Security and Sources of Payment for the Series 2025 Bonds**

The Series 2025 Bonds are special, limited obligations of the Authority payable solely from Authority Revenues (as described herein) under the Indenture, consisting principally of installment payments (the “2025 Installment Payments”) payable by the Agency pursuant to the Sixth Supplemental Installment Purchase Contract, dated as of March 1, 2025 (the “Sixth Supplemental Installment Purchase Contract”), which supplements the Master Installment Purchase Contract, dated as of June 1, 2003 (the “Master Installment Purchase Contract”), between the Authority and the Agency. The Master Installment Purchase Contract, as supplemented and amended, is referred to herein as the “Installment Purchase Contract.” The 2025 Installment Payments to be paid by the Agency are payable from and secured by a pledge of and first lien on Net Revenues of the Agency, consisting primarily of fees and charges imposed by the Agency on customers of the Water System (as hereinafter defined) within Zone 40 and Zone 41 less Maintenance and Operation Costs (as hereinafter defined). Fees and charges collected by the Agency outside of Zone 40 and Zone 41 do not secure the Series 2025 Bonds. See “AGENCY OPERATIONS” herein. The Agency previously entered into obligations payable from Net Revenues on a parity with the 2025 Installment Payments (“Parity Obligations”) in connection with the issuance of the Authority’s Revenue Bonds (Sacramento County Water Agency Zones 40 and 41 2007 Water System Project) Series 2007B (the “Series 2007B Bonds”), which are currently outstanding in the principal amount of \$225,030,000, the Authority’s Revenue Bonds (Sacramento County Water Agency Zones 40 and 41 2019 Refunding Project) Series 2019 (the “Series 2019 Bonds”), which are currently outstanding in the principal amount of \$38,290,000, the Authority’s Revenue Bonds (Sacramento County Water Agency Zones 40 and 41 Interim Financing) Series 2022A the “Series 2022 Bonds”), which are currently outstanding in the principal amount of \$81,215,000, and the WIFIA Credit Agreement, which provides for a maximum amount that can be drawn of \$81,215,031 (no amounts have yet been disbursed under the WIFIA Credit Agreement). As described herein, the Agency expects to draw on the WIFIA Credit Agreement on or before November 1, 2025 to pay the Series 2022 Bonds in full.

In addition, pursuant to the Installment Purchase Contract, the Agency may issue or incur additional Parity Obligations in the future subject to the terms and conditions of the Installment Purchase Contract. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS—The Installment Purchase Contract—Existing Parity Obligations” and “—Additional Parity Obligations” herein. The Agency may also

incur obligations payable from the Net Revenues subordinate in priority to the payment of Net Revenues on Parity Obligations (“Subordinate Obligations”) subject to the terms and conditions of the Installment Purchase Contract. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS—The Installment Purchase Contract—Existing Subordinate Obligations” and “Execution of Subordinate Obligations” herein.

THE SERIES 2025 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON, ANY PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE AUTHORITY REVENUES. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY OR ITS MEMBERS (INCLUDING THE AGENCY) IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE SERIES 2025 BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE AUTHORITY REVENUES IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE SERIES 2025 BONDS. NEITHER THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE SERIES 2025 BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY OR ANY MEMBER OF THE AUTHORITY (INCLUDING THE AGENCY) FOR WHICH ANY SUCH ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH ANY SUCH ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

#### **Other Obligations of the Agency**

The Agency previously entered into the Second Supplemental Installment Purchase Contract, dated as of May 1, 2007 (the “Second Supplemental Installment Purchase Contract”), which supplemented and amended the Master Installment Purchase Contract in connection with the issuance of the Series 2007B Bonds. The obligation of the Agency to make payments under the Second Supplemental Installment Purchase Contract constitutes a Parity Obligation pursuant to the Installment Purchase Contract.

Concurrently with the sale of the Series 2007B Bonds, the Agency entered into two interest rate swaps (one with respect to each maturity of the Series 2007B Bonds) each with a notional amount equal to the principal amount of the Series 2007B Bonds of each such maturity (the “Series 2007B Swaps”). Pursuant to the Installment Purchase Contract, regular payments (but not termination payments) under the Series 2007B Swaps are payable on a parity with the Parity Obligations. See “AGENCY OPERATIONS—Interest Rate Swaps” herein.

The Series 2007B Bonds bear interest at a variable rate that is determined based on a SOFR index to their final maturity dates of June 1, 2034 and June 1, 2039. Additionally, payments received by the Agency under the Series 2007B Swaps are also determined based on a SOFR index. See “CERTAIN RISK FACTORS - Certain Risks Related to the SOFR-Based Series 2007B Bonds and Series 2007B Swaps.”

The Agency also previously entered into the Third Supplemental Installment Purchase Contract, dated as of October 1, 2019 (the “Third Supplemental Installment Purchase Contract”), which supplemented and amended the Master Installment Purchase Contract in connection with the issuance of the Series 2019 Bonds. The obligation of the Agency to make payments under the Third Supplemental Installment Purchase Contract constitutes a Parity Obligation pursuant to the Installment Purchase Contract.

The Authority, the Agency and the United States Environmental Protection Agency (the “WIFIA Credit Provider”) have executed and delivered a WIFIA Credit Agreement, dated as of December 8, 2021 (the “WIFIA Credit Agreement”), for the purpose of financing a portion of the costs of the Arden Project (as defined herein). In connection with the WIFIA Credit Agreement, the Agency and the Authority entered into the Fourth Supplemental Installment Purchase Contract, dated as of December 8, 2021 (the “Fourth Supplemental Installment Purchase Contract”), which supplemented and amended the Master Installment

Purchase Contract, pursuant to which the Agency will purchase from the Authority such project in exchange for the payment of installment payments (“WIFIA Installment Payments”) to the Authority. As consideration for the WIFIA Credit Provider making funding available under the WIFIA Credit Agreement, the Authority assigned the right to receive the WIFIA Installment Payments to the WIFIA Credit Provider pursuant to the Assignment Agreement, dated as of December 8, 2021, between the Authority and the WIFIA Credit Provider. Subject to the terms and conditions set forth in the WIFIA Credit Agreement, the Agency may draw up to \$81,215,031 under the WIFIA Credit Agreement. As described herein, the Agency expects to draw on the WIFIA Credit Agreement on or before November 1, 2025 to pay the Series 2022 Bonds in full. The obligation of the Agency to make the WIFIA Installment Payments under the Fourth Supplemental Installment Purchase Contract constitutes a Parity Obligation pursuant to the Installment Purchase Contract.

The Agency also previously entered into the Fifth Supplemental Installment Purchase Contract, dated as of February 1, 2022 (the “Fifth Supplemental Installment Purchase Contract”), which supplemented and amended the Master Installment Purchase Contract in connection with the issuance of the Series 2022 Bonds. The obligation of the Agency to make payments under the Fifth Supplemental Installment Purchase Contract constitutes a Parity Obligation pursuant to the Installment Purchase Contract. The Agency has covenanted in the Fifth Supplemental Installment Purchase Contract that, if the Agency has not provided funds to pay the principal amount of the installment payments attributable to the Series 2022 Bonds when due at maturity of the Series 2022 Bonds, the Agency will make a drawing under the WIFIA Credit Agreement to pay the principal amount of such installment payments when due (to the extent the principal amount of such installment payments was used to pay for Eligible Project Costs, as defined in the WIFIA Credit Agreement). See “CERTAIN RISK FACTORS - Failure of the Agency to Repay or Refund the Series 2022 Bonds” herein.

The Agency may also incur Subordinate Obligations, subject to the terms and conditions of the Installment Purchase Contract. Termination payments pursuant to the Series 2007B Swaps constitute Subordinate Obligations pursuant to the Installment Purchase Contract. There currently are no other Subordinate Obligations outstanding.

### **Rate Covenant**

Pursuant to the Installment Purchase Contract, the Agency has covenanted that it will at all times fix, prescribe and collect rates, fees and charges (including impact fees and connection fees as described herein) for the Water Service during each Fiscal Year which are reasonably fair and nondiscriminatory and which are estimated to yield Adjusted Annual Net Revenues for such Fiscal Year equal to at least the Coverage Requirement (as defined herein) for such Fiscal Year. The Agency may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Adjusted Annual Net Revenues from such reduced rates, fees and charges are estimated to be sufficient to meet the requirements described above. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS—The Installment Purchase Contract—Rate Covenant; Collection of Rates and Charges” and “RISK FACTORS—Rate Covenant Not a Guarantee; Failure to Meet Projections” herein.

### **No Reserve Account**

The Series 2025 Bonds will not be secured by any reserve fund.

### **Rate Stabilization Fund**

Pursuant to the Installment Purchase Contract, a Rate Stabilization Fund has been established. The Director of Finance agrees to hold and maintain the Rate Stabilization Fund as directed by the Agency so long as any Payments due under the Installment Purchase Contract shall be Outstanding (as defined herein). The Agency may at any time deposit in the Rate Stabilization Fund any Net Revenues available to be deposited therein (as provided in the Installment Purchase Contract), and the Agency may at any time withdraw from the

Rate Stabilization Fund any money therein for deposit in the Water Fund; provided, that the Agency shall withdraw from the Rate Stabilization Fund any money therein for deposit in the Water Fund in the event there are insufficient amounts in the Water Fund to make the deposits and transfers required by the Installment Purchase Contract; and provided further, that any such deposits or withdrawals may be made up to and including the date that is one hundred eighty (180) days after the end of the Fiscal Year or twelve (12) calendar month period, as the case may be, for which such deposit or withdrawal will be taken into account in determining the Adjusted Annual Revenues; and provided further, that no deposit of Net Revenues shall be made in the Rate Stabilization Fund to the extent that such deposit would prevent the Agency from meeting the Coverage Requirement in any Fiscal Year or twelve (12) calendar month period, as the case may be. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS—The Installment Purchase Contract—*Rate Stabilization Fund*” herein. As of February 26, 2025, the Rate Stabilization Fund contained a balance of \$10,000,000.

### Continuing Disclosure

The Agency has covenanted for the benefit of the holders and beneficial owners of the Series 2025 Bonds to provide certain financial information and operating data relating to the Agency by not later than seven months following the end of the Agency’s Fiscal Year (presently June 30) (the “Annual Report”), commencing with the Annual Report for Fiscal Year 2024-25, and to provide notices of the occurrence of certain specified events. The Annual Report and the notices of specified events will be filed by the Agency with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. The specific nature of the information to be contained in the Annual Report and the notice of specified events is set forth in APPENDIX D—“FORM OF AGENCY CONTINUING DISCLOSURE CERTIFICATE” hereto. This covenant has been made in order to assist the Purchaser (as defined herein) in complying with S.E.C. Rule 15c2-12(b)(5). See “CONTINUING DISCLOSURE” herein.

### ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the Series 2025 Bonds are as follows:

**Sources:**

Principal Amount

Original Issue Premium

Total Sources

---

**Uses:**

Project Fund Deposit

Capitalized Interest

Costs of Issuance<sup>(1)</sup>

Total Uses

---

<sup>(1)</sup> Includes fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Trustee and the Authority, rating agency fees, underwriting discount, printing costs and certain miscellaneous expenses.

### PLAN OF FINANCING

The Series 2025 Bonds are being issued to (i) finance the 2025 Water System Project, described below; (ii) fund capitalized interest with respect to the Series 2025 Bonds; and (iii) pay the costs of issuance of the Series 2025 Bonds.

#### The 2025 Water System Project

The 2025 Water System Project includes a portion of the Arden Project (described below) and two other major facility improvement projects: the Dwight Road Water Treatment Plant Recoating Project and

Wildhawk Water Treatment Plant Recoating Project Phase 2. (Such projects or portions thereof to be financed with the proceeds of the Series 2025 Bonds are referred to herein as the “2025 Water System Project.”)

Arden Project. In 2004, the California State Legislature passed Assembly Bill 2572, requiring the installation of water meters by January 1, 2025, as a condition of water service from all water suppliers. To comply with this mandate, the Agency initiated the “Arden Project,” which will abandon old pipelines located in backyards, install approximately 30 miles of new distribution pipelines within the street right-of-way, install nearly 3,000 new meters, and replace or install new fire hydrants. The Agency expects that implementing the Arden Project will help improve Water System reliability, meet current fire flow requirements, meet pipeline separation standards and lower operation and maintenance costs, while meeting mandate requirements.

The current estimated cost of the Arden Project is approximately \$172 million (including approximately \$83 million expended in prior fiscal years), and is currently expected to be completed in Fiscal Year 2025-26. The proceeds of the Series 2022 Bonds were used to pay approximately \$83.1 million of the total costs of the Arden Project. (As described herein, the Agency anticipates that the Series 2022 Bonds will be repaid through a drawing on the WIFIA Credit Agreement to reimburse the Agency for eligible project costs.) Approximately \$55 million of the proceeds of the Series 2025 Bonds are expected to be used to pay costs of the Arden Project.

Dwight Road Water Treatment Plant Recoating Project. This project consists of improvements to the 3.5 MG ground level steel water storage tank internal roof support structure, recoating of the interior and exterior of the water storage tank, recoating of the 0.2 MG backwash tank and other related facilities at the water treatment plant located near the intersection of Big Horn Blvd and Dwight Road, in the City of Elk Grove.

Wildhawk Water Treatment Plant Recoating Project Phase 2. This project consists of improvements to the internal roof support structure, recoating of the interior and exterior of a 1.5 MG treated water storage tank, recoating of a 0.165 MG backwash tank and an 0.08 MG sludge tank and other related facilities at the water treatment plant located at 10325 Wildhawk Drive in the City of Sacramento.

### **Capitalized Interest**

A portion of the proceeds of the Series 2025 Bonds will be used to pay interest on the Series 2025 Bonds through and including December 1, 2027.

## **THE SERIES 2025 BONDS**

### **General**

The Series 2025 Bonds will be dated the date of delivery and will mature and become payable on June 1 in each of the years in the principal amounts set forth on the inside cover page hereof. The Series 2025 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2025 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2025 Bonds. While the Series 2025 Bonds are held in the book-entry system of DTC, all payments of principal and interest on the Series 2025 Bonds will be made to Cede & Co., as registered owner of the Series 2025 Bonds. See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.”

### **Interest**

Interest on the Series 2025 Bonds is payable on June 1, 2025 and semiannually thereafter on June 1 and December 1 in each year, at the rates set forth on the inside cover page. Interest on the Series 2025 Bonds will be calculated on the basis of a 360-day year composed of twelve (12) 30-day calendar months.



## Redemption of the Series 2025 Bonds

*Optional Redemption.* The Series 2025 Bonds maturing on or after June 1, 20\_\_, are subject to optional redemption by the Authority prior to their respective maturity dates, as a whole or in part, on any date on or after June 1, 20\_\_, in integral multiples of five thousand dollars (\$5,000), upon mailed notice as provided in the Master Indenture, from any lawfully available money of the Authority, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without a redemption premium.

*Mandatory Redemption.* The Series 2025 Bonds maturing on June 1, 20\_\_, are subject to mandatory redemption by the Authority prior to their maturity date in part by lot on June 1 of each year on and after June 1, 20\_\_, from and in the amount of the Sinking Fund Account Payments due and payable on the dates set forth below, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without a redemption premium.

Payment Date (June 1)	<u>Amount</u>
--------------------------	---------------

\_\_\_\_ (Maturity)

The Series 2025 Bonds maturing on June 1, 20\_\_, are subject to mandatory redemption by the Authority prior to their maturity date in part by lot on June 1 of each year on and after June 1, 20\_\_, from and in the amount of the Sinking Fund Account Payments due and payable on the dates set forth below, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without a redemption premium.

Payment Date (June 1)	<u>Amount</u>
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\_\_\_\_ (Maturity)

## Notice of Redemption of the Series 2025 Bonds

Notice of redemption of the Series 2025 Bonds shall be mailed by first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to DTC, or if DTC is not the sole Holder of the Series 2025 Bonds, to the respective Holders of the Series 2025 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee. Neither failure to receive any such notice nor any immaterial defect contained therein shall invalidate any of the proceedings taken in connection with such redemption.

Any notice of redemption may be rescinded by written notice given to the Trustee by the Authority no later than ten (10) Business Days prior to the date specified for redemption, and the Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same persons, as the notice of such redemption was given as described above. Any notice of redemption may be made conditional upon the receipt of money or securities by the Trustee or the Authority or upon any other event, and, in each case, the

Trustee shall give notice of the non-occurrence of such condition as soon thereafter as practicable in the same manner, and to the same persons, as the notice of such redemption was given as described above.

### **Selection of Series 2025 Bonds for Redemption**

If less than all the Outstanding Series 2025 Bonds are to be redeemed at the option of the Authority at any one time, the Authority shall select the maturity date or dates of the Series 2025 Bonds to be redeemed and the Sinking Fund Payment Dates of any Series 2025 Bonds that are Term Bonds (as defined in the Indenture) to be redeemed, and (subject to the foregoing) if less than all the Outstanding Series 2025 Bonds maturing by their terms on any one maturity date or less than all the Outstanding Series 2025 Bonds that are Term Bonds of any one Sinking Fund Payment Date are to be redeemed at any one time, the Trustee shall select by lot the Series 2025 Bonds or the portions thereof of such maturity date or Sinking Fund Payment Date to be redeemed in integral multiples of five thousand dollars (\$5,000).

### **Effect of Redemption of Series 2025 Bonds**

If notice of redemption has been duly given as aforesaid and money for the payment of the principal of, together with interest to the redemption date on, the Series 2025 Bonds or portions thereof so called for redemption is held by the Trustee, then on the redemption date designated in such notice such Series 2025 Bonds or such portions thereof shall become due and payable, and from and after the date so designated interest on the Series 2025 Bonds or such portions thereof so called for redemption shall cease to accrue and the Holders of such Series 2025 Bonds shall have no rights in respect thereof except to receive payment of the principal or such portions thereof and the interest accrued thereon to the redemption date.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS**

### **Pledge Under the Indenture**

The Series 2025 Bonds are special, limited obligations of the Authority payable solely from and secured solely by a first pledge of, charge and lien upon the Authority Revenues received under the Indenture, consisting principally of all 2025 Installment Payments and other payments paid by the Agency and received by the Authority pursuant to the Sixth Supplemental Installment Purchase Contract. The 2025 Installment Payments payable pursuant to the Sixth Supplemental Installment Purchase Contract will be used to satisfy debt service on the Series 2025 Bonds. As and to the extent set forth in the Indenture, all Authority Revenues received by the Authority are assigned to the Trustee by the Authority for the benefit of the registered owners of the Series 2025 Bonds, and are irrevocably pledged to the payment of the interest on and principal of the Series 2025 Bonds as provided in the Indenture, and the Authority Revenues shall not be used for any other purpose while any of the Series 2025 Bonds remain Outstanding; provided, that the Authority Revenues may be applied for such purposes as are permitted under the Indenture.

Pursuant to the Indenture, the Authority may issue additional bonds from time to time upon satisfaction of certain specified requirements, including that the Agency execute a Supplemental Contract to the Installment Purchase Contract which shall provide for installment payments thereunder sufficient to amortize such additional bonds in accordance with the Indenture authorizing the issuance of such additional bonds. In addition, the Authority may issue additional bonds for the benefit of the Agency under separate indentures.

THE SERIES 2025 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON, ANY PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE AUTHORITY REVENUES. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY OR ITS MEMBERS (INCLUDING THE AGENCY) IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE SERIES 2025 BONDS AND NO

TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE AUTHORITY REVENUES IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE SERIES 2025 BONDS. NEITHER THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF OR REDEMPTION PREMIUMS, IF ANY, ON THE SERIES 2025 BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY OR ANY MEMBER OF THE AUTHORITY (INCLUDING THE AGENCY) FOR WHICH ANY SUCH ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH ANY SUCH ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

### **The Installment Purchase Contract**

**Payments.** The Agency has agreed in the Installment Purchase Contract to make the 2025 Installment Payments, but solely from Net Revenues as described below. The obligation of the Agency to make the 2025 Installment Payments is absolute and unconditional and until such time as the 2025 Installment Payments have been paid in full (or provision for the payment thereof shall have been made pursuant to the Installment Purchase Contract), the Agency will not discontinue or suspend any 2025 Installment Payments required to be paid by it under the Installment Purchase Contract whether or not the Water System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments will not be subject to reduction whether by offset or otherwise and will not be conditioned upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

**Pledge of Net Revenues.** Pursuant to the Installment Purchase Contract, the Agency irrevocably grants and pledges the Net Revenues first, to secure all Parity Obligations and second, to secure all Subordinate Obligations, and such lien and pledge constitutes a first lien on Net Revenues, which grant and pledge shall become effective upon the execution of the Installment Purchase Contract without any further action on the part of the Agency or the Authority; provided, that out of Net Revenues there may be apportioned such sums for such purposes expressly permitted under the Installment Purchase Contract. All Parity Obligations shall be of equal rank without preference, priority or distinction of any Parity Obligations over any other Parity Obligations, and all Subordinate Obligations shall be of equal rank without preference, priority or distinction of any Subordinate Obligations over any other Subordinate Obligations.

“Net Revenues” means for any Fiscal Year or twelve (12) calendar month period, as the case may be, the Revenues during such Fiscal Year or twelve (12) calendar month period less the Maintenance and Operation Costs during such Fiscal Year or twelve (12) calendar month period. **Net Revenues do not include any fees or charges imposed by the Agency for services provided outside of Zone 40 and Zone 41.**

**Application of Revenues.** Pursuant to the Installment Purchase Contract, the Agency agrees and covenants that all Revenues received by it shall be deposited when and as received in the Water Fund, and all money on deposit in the Water Fund shall be applied and used only in the following order as provided in the Installment Purchase Contract:

(A) The Agency shall pay all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs the payment of which is not then immediately required) from the Water Fund as they become due and payable and shall make such deposits in the Rate Stabilization Fund as it may determine from time to time in accordance with the Installment Purchase Contract; and

(B) On or before the last Business Day of each month, the Director of Finance shall, from the remaining money then on deposit in the Water Fund, deposit in the “Sacramento County Water Agency Zones 40 and 41 Water System Projects Parity Obligation Payment Fund” (which fund was created pursuant to the Master Installment Purchase Contract and which fund the Director of Finance agrees to hold and maintain so

long as any Parity Payments due under the Installment Purchase Contract shall be Outstanding), the following amounts in the following order of priority:

(1) a sum equal to (a) the interest and principal payments becoming due and payable under all Supplemental Contracts that are Parity Obligations, plus (b) the net payments becoming due and payable on all Parity Payment Agreements (except any Termination Payments), plus (c) any other amounts with respect to Parity Obligations (including any letter of credit and remarketing fees), in each case, during the next succeeding month; plus

(2) all amounts due to make up any deficiency in the Reserve Funds and Reserve Accounts for the Parity Obligations in accordance with the provisions of the applicable Issuing Document (as that term is defined in the Master Installment Purchase Contract), including all Reserve Fund Credit Facility Costs.

All money on deposit in the Parity Obligation Payment Fund shall be transferred by the Director of Finance to the Trustee or other third party payee thereof to make and satisfy the Parity Payments due on the next applicable Payment Dates.

After the payments contemplated by subparagraphs (A) and (B) above have been made, any amounts thereafter remaining in the Water Fund shall from time to time be used for the payment of the interest and the principal payments becoming due and payable under all Supplemental Contracts that are Subordinate Obligations and the net payments becoming due and payable on all Subordinate Payment Agreements (except any Termination Payments) and any other amounts becoming due and payable with respect to Subordinate Obligations (including any letter of credit and remarketing fees and any other amounts becoming due and payable to make up any deficiency in the Reserve Funds and the Reserve Accounts for Subordinate Obligations, including all Reserve Fund Credit Facility Costs) and any Termination Payments on all Parity Payment Agreements; so long as the following conditions are met:

(1) all Maintenance and Operations Costs are being and have been paid and are then current; and

(2) all deposits and payments contemplated by subparagraphs (A) and (B) above shall have been made in full and no deficiency in any Reserve Fund or Reserve Account for Parity Obligations shall exist and no Reserve Fund Credit Facility Costs shall be due and payable, and there shall have been paid, or segregated within the Water Fund, the amounts currently payable pursuant to subparagraphs (A) and (B) above.

After all the deposits required by the above provisions in this section have been made, any amounts thereafter remaining in the Water Fund may be used for any lawful purpose of the Agency, including, but not limited to the payment of any Termination Payments.

***Rate Covenant; Collection of Rates and Charges.*** Pursuant to the Installment Purchase Contract, the Agency has covenanted that it will at all times fix, prescribe and collect rates, fees and charges for the Water Service during each Fiscal Year which are reasonably fair and nondiscriminatory and which are estimated to yield Adjusted Annual Net Revenues for such Fiscal Year equal to at least the Coverage Requirement for such Fiscal Year.

“Coverage Requirement” means, for each Fiscal Year or twelve (12) calendar month period, as the case may be, the requirement that the charges, fees and rates for the Water Service be set at levels such that the estimated amount of the Adjusted Annual Net Revenues for such Fiscal Year or twelve (12) calendar month period is equal in each case to at least (i) one hundred twenty-five per cent (125%) of the Adjusted Annual Debt Service for such Fiscal Year or twelve (12) calendar month period and (ii) one hundred per cent (100%) of all obligations of the Agency payable in such Fiscal Year or twelve (12) calendar month period. The Agency may make adjustments from time to time in such rates, fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Adjusted

Annual Net Revenues from such reduced rates, fees and charges are estimated to be sufficient to meet the requirements of the requirements described above. See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—CERTAIN PROVISIONS OF THE MASTER INSTALLMENT PURCHASE CONTRACT—Amount of Rates, Fees and Charges.”

### **Payments Schedule**

Pursuant to the Indenture and the Installment Purchase Contract, the 2025 Installment Payments will be deposited in the Revenue Fund and applied in accordance with the provisions thereof. A table of the Agency’s Installment Payments with respect to the Series 2007B Bonds, the Series 2019 Bonds and the Series 2022 Bonds is set forth on the following page. Debt service with respect to the Series 2025 Bonds will be presented in the Official Statement.

**Payment Schedule**

<i><b>Fiscal Year Ending June 30</b></i>	<i><b>Series 2007B Bonds Principal and Interest<sup>(1)</sup></b></i>	<i><b>Series 2019 Bonds Principal and Interest</b></i>	<i><b>Series 2022 Bonds Principal and Interest<sup>(2)</sup></b></i>	<i><b>Series 2025 Bonds <u>Principal</u>      <u>Interest</u></b></i>	<i><b><u>Total Payments</u></b></i>
2025	\$ 11,528,495	\$ 11,804,500	\$ 3,248,600		\$ 26,581,595
2026	11,526,910	11,805,000	82,568,583		105,900,493
2027	11,531,760	11,800,750			23,332,510
2028	15,867,628	7,470,750			23,338,378
2029	25,707,745				25,707,745
2030	25,708,530				25,708,530
2031	25,704,755				25,704,755
2032	25,705,372				25,705,372
2033	25,708,911				25,708,911
2034	25,708,907				25,708,907
2035	22,594,101				22,594,101
2036	22,593,492				22,593,492
2037	22,590,170				22,590,170
2038	22,592,870				22,592,870
2039	22,589,902				22,589,902
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
2052					
2053					
2054					
2055					
Totals <sup>(3)</sup>	\$ 317,659,548	\$ 42,881,000	\$ 85,817,183		\$ 446,357,730

(1) Includes interest on the Series 2007B Bonds maturing on June 1, 2034 at a fixed rate of 4.193% and the Series 2007B Bonds maturing on June 1, 2039 at a fixed rate of 4.221% as provided under the Series 2007B Swaps.

(2) As described herein, the Agency expects to draw on the WIFIA Credit Agreement on or before November 1, 2025 to pay the Series 2022 Bonds in full. See “INTRODUCTION - Other Obligations of the Agency” and “CERTAIN RISK FACTORS - Failure of the Agency to Repay or Refund the Series 2022 Bonds.” Annual debt service payable with respect to the WIFIA Credit agreement is currently projected to be approximately \$3,406,000 by Fiscal Year 2028-29.

(3) Totals may not add due to rounding.

***Rate Stabilization Fund.*** Pursuant to the Installment Purchase Contract, a Rate Stabilization Fund has been established. The Director of Finance agrees to hold and maintain the Rate Stabilization Fund as directed by the Agency so long as any Payments due under the Installment Purchase Contract shall be Outstanding. The Agency may at any time deposit in the Rate Stabilization Fund any Net Revenues available to be deposited therein (as provided in the Installment Purchase Contract), and the Agency may at any time withdraw from the Rate Stabilization Fund any money therein for deposit in the Water Fund; provided, that the Agency shall withdraw from the Rate Stabilization Fund any money therein for deposit in the Water Fund in the event there are insufficient amounts in the Water Fund to make the deposits and transfers required by the Installment Purchase Contract; and provided further, that any such deposits or withdrawals may be made up to and including the date that is one hundred eighty (180) days after the end of the Fiscal Year or twelve (12) calendar month period, as the case may be, for which such deposit or withdrawal will be taken into account in determining the Adjusted Annual Revenues; and provided further, that no deposit of Net Revenues shall be made in the Rate Stabilization Fund to the extent that such deposit would prevent the Agency from meeting the Coverage Requirement in any Fiscal Year or twelve (12) calendar month period, as the case may be. As of February 26, 2025, the Rate Stabilization Fund contained a balance of \$10,000,000.

***Additional Parity Obligations.*** Pursuant to the Installment Purchase Contract, the Agency may at any time execute any additional Parity Obligations payable as provided in the Installment Purchase Contract; provided:

(a) There shall be on file with the Agency either:

(1) A Certificate of the Agency demonstrating that, during the last audited Fiscal Year or twelve (12) consecutive calendar month period during the immediately preceding eighteen (18) consecutive calendar month period, the Adjusted Annual Net Revenues were at least equal to the Coverage Requirement (with the term Adjusted Annual Debt Service in the definition of Coverage Requirement meaning the greater of (x) the sum of the Adjusted Annual Debt Service on all Outstanding Supplemental Contracts that are Parity Obligations plus the Parity Payments becoming due in the first full Fiscal Year after the end of the period during which interest on the Parity Obligation proposed to be executed is capitalized or, if no interest is capitalized, the first full Fiscal Year in which the Parity Obligation proposed to be executed is executed or (y) the average Adjusted Annual Debt Service as computed for all Outstanding Supplemental Contracts that are Parity Obligations, including the Parity Obligation proposed to be executed); and for the purpose of providing this Certificate, the Agency may adjust such Adjusted Annual Net Revenues to reflect:

(i) An allowance for Net Revenues that would have been derived from each new connection to the Water System that was made prior to the execution of any Outstanding Supplemental Contract but which, during all or any part of such Fiscal Year or twelve (12) calendar month period, was not in existence, in an amount equal to ninety-five per cent (95%) of the estimated additional Net Revenues that would have been derived from each such connection if it had been made prior to the beginning of such Fiscal Year or twelve (12) calendar month period, and

(ii) An allowance for Net Revenues that would have been derived from any increase in the rates, fees and charges fixed and prescribed for Water Service which became effective prior to the execution of such Outstanding Supplemental Contract but which, during all or any part of such Fiscal Year or twelve (12) calendar month period, was not in effect, in an amount equal to ninety-five per cent (95%) of the estimated additional Net Revenues that would have been derived from such increase in rates, fees and charges if it had been in effect prior to the beginning of such Fiscal Year or twelve (12) calendar month period; or

(2) An Engineer's Report or a Certificate of the Agency evidencing that the estimated Adjusted Annual Net Revenues for each of the five (5) Fiscal Years next following the earlier of (i) the end of the period during which interest on the Parity Obligation proposed to be executed is to be capitalized or, if no interest is capitalized, the Fiscal Year in which the Parity Obligation proposed to be executed is executed, or (ii) the date on which substantially all Projects financed with the Parity Obligation proposed to be executed plus all

Projects financed with all existing Supplemental Contracts are expected to commence operations, will be at least equal to the Coverage Requirement for such period; and for the purpose of providing the foregoing Engineer's Report or Certificate of the Agency, the Independent Engineer or the Agency, as the case may be, may adjust the foregoing estimated Adjusted Annual Net Revenues to reflect:

(i) An allowance for Net Revenues that are estimated to be derived from any increase in the rates, fees and charges for Water Service in effect and being charged or from any increase in the rates, fees and charges for Water Service that are expected to be charged; and

(ii) An allowance for Net Revenues that are estimated to be derived from new customers of the Water System anticipated to be served by the additions, betterments or improvements to the Water System to be financed by the Parity Obligation proposed to be executed together with any additional Supplemental Contracts expected to be executed and entered into during such five (5)-year period; and

(b) There shall be on file with the Agency a Certificate of the Agency that the Project to be acquired and constructed with the proceeds of such Parity Obligation is technically feasible and the estimated cost of the acquisition and construction thereof is reasonable, and (after giving effect to the completion of all uncompleted Projects) the rates, fees and charges estimated to be fixed and prescribed for the Water Service for each Fiscal Year from the Fiscal Year in which such Parity Obligation is executed to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Project are economically feasible and reasonably considered necessary based on projected operations for such period.

Notwithstanding the foregoing provisions, there shall be no limitations on the ability of the Agency to execute any Parity Obligation at any time to refund any outstanding Obligation.

***Existing Parity Obligations.*** The Agency previously entered into the Second Supplemental Contract in connection with the issuance of the Series 2007B Bonds, which are currently outstanding in the aggregate principal amount of \$225,030,000. The Series 2007B Bonds currently bear interest based on 3-Month CME Term SOFR plus a spread to their final maturity dates of June 1, 2034 and June 1, 2039. See "CERTAIN RISK FACTORS - Certain Risks Related to the SOFR-Based Series 2007B Bonds and Series 2007B Swaps." The obligation of the Agency to make payments under the Second Supplemental Contract constitutes a Parity Obligation pursuant to the Installment Purchase Contract.

In addition, in connection with the issuance of the Series 2007B Bonds, the Agency entered into the Series 2007B Swaps. Regular payments (but not termination payments) under the Series 2007B Swaps are payable on a parity with the Parity Obligations. See "AGENCY OPERATIONS – Interest Rate Swaps" herein.

The Agency also previously entered into the Third Supplemental Installment Purchase Contract in connection with the issuance of the Series 2019 Bonds, which are currently outstanding in the aggregate principal amount of \$38,290,000. The obligation of the Agency to make payments under the Third Supplemental Installment Purchase Contract constitutes a Parity Obligation pursuant to the Installment Purchase Contract.

The Agency also previously entered into the Fourth Supplemental Installment Purchase Contract in connection with the WIFIA Credit Agreement. The obligation of the Agency to make payments under the Fourth Supplemental Installment Purchase Contract constitutes a Parity Obligation pursuant to the Installment Purchase Contract.

The Agency also previously entered into the Fifth Supplemental Installment Purchase Contract in connection with the issuance of the Series 2022 Bonds, which are currently outstanding in the aggregate principal amount of \$81,215,000. The obligation of the Agency to make payments under the Fifth



Supplemental Installment Purchase Contract constitutes a Parity Obligation pursuant to the Installment Purchase Contract.

***Execution of Subordinate Obligations.*** The Agency may also incur additional Subordinate Obligations. Subordinate Obligations are payable from Net Revenues subordinate in priority to the payment of Parity Obligations, subject to the terms and conditions of the Installment Purchase Contract.

Nothing contained in the Installment Purchase Contract shall limit the ability of the Agency to execute obligations payable from a lien on Net Revenues that is subordinate to the lien of Net Revenues contained in the Installment Purchase Contract.

***Existing Subordinate Obligations.*** Termination payments under the Series 2007B Swaps constitute Subordinate Obligations pursuant to the Installment Purchase Contract. The Agency has not incurred any other Subordinate Obligations.

### **No Reserve Account**

The Series 2025 Bonds will not be secured by any reserve fund.

## **THE AGENCY**

### **Background**

The Agency was formed as a body politic and corporate in 1952 pursuant to the Agency Act. The Agency Act was amended in 1985 and 1999, granting additional power and authority to the Agency. The Sacramento County Board of Supervisors acts, ex officio, as the Agency's Board of Directors. Pursuant to the Agency Act, the Agency is authorized to, among other things, make water available for any beneficial use of lands and inhabitants; to produce, store, transmit, and distribute groundwater; and to construct, purchase, lease or otherwise acquire surface waters and water rights necessary to make use of water for any purposes authorized by the Act. The Agency Act also authorizes the Agency to construct and operate facilities and to set and charge rates and fees for services, facilities or water furnished. In addition, the Agency Act authorizes the creation of zones for the purpose of implementing projects for the beneficial use of such zones. Pursuant to the Agency Act, the Agency has created several other zones which are financially independent from Zones 40 and 41.

### **Zone 40 and Zone 41**

Zone 40 was established by the Agency in May 1985 for the purpose of constructing facilities for the production, conservation, transmission, distribution and sale of surface water and ground water. Zone 41 was created in June 2000. Zone 41 assumed the responsibilities of the Sacramento County Water Maintenance District (which was dissolved upon the creation of Zone 41). The Agency provides retail and wholesale water services in Zone 41. Zone 41 provides for all operations and maintenance of Agency facilities including Zone 40 facilities.

The Agency provides capital facilities for customers in the Zone 40 service area. The Agency does not operate or maintain facilities as part of its Zone 40 responsibilities. As part of its responsibilities and operations with respect to Zone 41, the Agency provides most retail water and wholesale service to the customers within the Zone 40 service area. The wholesale customers in Zone 40 receive retail service from either the Florin Resources Conservation District/Elk Grove Water Service ("Florin Resources/EGWS"), or California American Water Company ("Cal-American").

The Agency operates and maintains facilities and distributes water to customers in the Zone 41 service area (which as described above includes customers in the Zone 40 service area not served by other water

purveyors). At present more than 93 percent of the total number of customers served by the Agency are in both Zone 40 and Zone 41.

## **Water Rights and Resources**

The Agency has a variety of water rights and resources including rights to groundwater, surface water and recycled water. Currently, approximately 70% of the water served to Zone 41 customers located within Zone 40 is surface water in a wet year. After the Freeport Project (as described herein under “Freeport Surface Water Intake Facility”) and the Vineyard Surface Water Treatment Plant (the “Vineyard Plant”) were completed and operational in 2012, the Agency was able to deliver treated surface water from the Sacramento River to Zone 40 and most Zone 41 customers. The percentage of surface water delivery as compared to overall delivery is expected to increase in wet and normal years as the system expands and becomes better connected.

In the Mather Sunrise Service Area (“MSA”) the Agency lost some groundwater capacity due to groundwater contamination. The Agency installed a large diameter pipeline to connect the MSA with the Vineyard Plant so that surface water could be delivered to the MSA to supplement the existing groundwater supplies that were not lost to contamination. Growth in the area will be served with a planned second large diameter pipeline and associated water storage tanks from the Vineyard Plant to the MSA.

As part of the Agency’s long term planning efforts, it periodically prepares Water System Infrastructure Plans (“WSIP”) to assess infrastructure that may be required in the future. The most recent WSIPs were prepared in 2006 and 2016, and the Agency is currently working on updating the 2016 WSIP. Forecasting available surface water supplies involves analyzing rainfall, snowpack, and reservoir operational strategies for both flood control and water supply. In both the 2006 WSIP and the 2016 WSIP, the Agency used the same parameters to determine the percentage of time surface water would be available. The Agency determined that wet/average, drier and driest years would occur in 64%, 28%, and 8% of the years respectively. The Agency assumed that wet/average years were years where 100% of Central Valley Project (“CVP”) surface water supplies would be available, drier years were years where 75% of CVP supplies would be available, and driest years were years where 50% of CVP supplies would be available. The Agency assumed that no water from its appropriative water right or City of Sacramento Place of Use (“POU”) water would be available in any year type except wet/average years. The Agency also assumed that 100% of recycled water would be available (for non-potable uses) in all year types. The Agency relies on groundwater and recycled water when surface water is unavailable through its conjunctive use program. See “Environmental Compliance” for a description of recycled water efforts of the Agency.

The State Water Resources Control Board is working on an update to the Bay Delta Water Quality Control Plan (which, among other matters, addresses American River outflows to the Bay Delta). The Agency is working with other local water agencies on the Healthy Rivers and Landscapes Program which is an alternative to the “unimpaired flow standard” for the Sacramento River which would require greater contributions of water to Bay-Delta outflow and could result in more frequent water supply curtailments on the Agency in dry water years.

The Agency possesses sufficient resources to provide water deliveries to customers within the Zone 40 and Zone 41 service area throughout the term of the Series 2025 Bonds. The following table contains certain information relating to the Agency’s water supply resources.

**Table 1**  
**Existing and Potential Water Supply Categories and Components**

<u>Type of Supply</u>	<u>Note</u>	<u>Normal Year Supply</u>	<u>Single Year Supply</u>	<u>Multiple Dry Year Supply</u>					<u>Percent <sup>(g)</sup></u>
				<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
		(AF/year*)	(AF/year)	(AF/year)	(AF/year)	(AF/year)	(AF/year)	(AF/year)	
<b>Existing Sources</b>									
Groundwater									
Aerojet GET	(a)	8,900	8,900	8,900	8,900	8,900	8,900	8,900	6%
Direct Extraction	(b)	56,000	56,000	56,000	56,000	56,000	56,000	56,000	41%
Surface Water									
Central Valley Project	(c)	45,000	10,000	30,000	20,000	10,000	10,000	20,000	13%
Appropriative Water	(d)								
Permit 21209		62,840	31,420	47,130	39,275	31,420	39,275	47,130	30%
License 1062		805	805	805	805	805	805	805	1%
License 4060		101	101	101	101	101	101	101	0%
North Delta Water		450	450	450	450	450	450	450	0%
Recycled water									
Phase I Area		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1%
<b>Subtotal, existing sources</b>		175,096	108,676	144,386	126,531	108,676	116,531	134,386	91%
<b>Potential Sources</b>									
Surface Water									
American River	(e)	9,300	0	0	0	0	0	0	
Other water supplies	(f)		9,600	9,600	9,600	9,600	9,600	9,600	7%
Recycled Water									
Future Expansion		2,300	2,300	2,300	2,300	2,300	2,300	2,300	2%
<b>Subtotal, Potential Sources</b>		11,600	11,900	11,900	11,900	11,900	11,900	11,900	9%
<b>Totals, Existing and Potential by type of Supply</b>									
Groundwater		64,900	64,900	64,900	64,900	64,900	64,900	64,900	47%
Surface Water		118,496	52,376	88,086	70,231	52,376	60,231	78,086	51%
Recycled Water		3,300	3,300	3,300	3,300	3,300	3,300	3,300	2%
<b>Total</b>		<b>186,696</b>	<b>120,576</b>	<b>156,286</b>	<b>138,431</b>	<b>120,576</b>	<b>128,431</b>	<b>146,286</b>	

Notes:

\* Acre-feet per year.

(a) Supply through agreement with Aerojet-General Corporation

(b) Groundwater extraction from American South Sub-basin

(c) Includes "Fazio" (Contract 6-07-20-W1372-P) and Sacramento Municipal Utility District (SMUD) contracts

(d) Includes State Water Resources Control Permit 21209, License 1062, and License 4060 as well as the contract with the North Delta Water Agency (NDWA)

(e) Purchase American River POU water from the City for portion of Zone 40 in POU.

(f) Other water supplies to be obtained by getting into transfer agreements with entities that have surface water rights upstream of SCWA point of diversion.

(g) Percent of total existing and potential supply, based on multiple dry year supply average.

Source: Source: Sacramento County Water Agency 2016 Zone 40 Water System Infrastructure Plan.

The following table contains certain information relating to the Agency’s water production by source.

**Table 2**  
**Annual Water Production Summary**  
**(In Acre Feet)**

<b>Water Supply Production</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Groundwater	19,373	27,724	26,939	30,226	16,419	15,684
Surface Water	19,073	17,603	14,336	14,965	23,320	23,774
Recycled Water	902	962	764	689	556	564
<b>Total Production</b>	<b>39,348</b>	<b>46,289</b>	<b>42,039</b>	<b>45,880</b>	<b>40,295</b>	<b>40,022</b>
<b>Percentage Breakdown</b>						
Groundwater	49%	60%	64%	66%	41%	39%
Surface Water	48%	38%	34%	33%	58%	59%
Recycled Water	2%	2%	2%	2%	1%	1%

### **Drought Response**

Prior to 2021, the Agency weathered two droughts from 2012 to 2016 and 2017 to 2019 without materially impacting its customers. Mandatory and voluntary conservation measures were implemented to preserve water resources, and the Agency’s groundwater supplies provided sufficient water to make up for the reduced availability of surface water during drought conditions.

Beginning in April 2021, Governor Newsom signed a series of proclamations determining that 50 counties in the State (including the County) are in a state of emergency due to drought conditions affecting such areas. On October 19, 2021 (the “October 2021 Proclamation”), Governor Newsom signed a proclamation placing the remaining eight California counties in a state of emergency due to drought conditions, resulting in the entire State being under a state of emergency. The October 2021 Proclamation required local water suppliers to implement their urban water shortage contingency plans and agricultural drought plans, as applicable, at a level appropriate for local conditions that consider the possibility of a third consecutive dry year. On July 8, 2021, Governor Newsom signed Executive Order N-10-21, which asked citizens of the State to voluntarily reduce their water use by 15% compared to 2020 levels. The October 2021 Proclamation provided that the SWRCB may adopt emergency regulations to prohibit certain activities to reduce water usage.

In 2022, the Agency’s surface water supplies were curtailed, and the Agency was able to meet over 60% of customer demands using groundwater supplies. The following year was wet, and surface water was plentiful so there were no curtailments. The Agency was able to transition to meet 58% of demands with surface water supplies. The Agency’s smaller satellite systems are groundwater only in sustainable basins and there are interties and emergency agreements in place where available to provide additional redundancy.

The drought restrictions expired as of June 5, 2024, but the Agency is subject to the newly adopted SWRCB Regulation to Make Conservation a California Way of Life (the “2025 Conservation Regulation”) which will be effective on January 1, 2025 and will impact customer water use moving forward.

The groundwater basins underlying the Agency’s service areas have approved Groundwater Sustainability Plans (“GSPs”) since 2023 and the basins are being managed sustainably as required by the Sustainable Groundwater Management Act (“SGMA”). The Agency is heavily involved with groundwater management and is evaluating additional opportunities such as aquifer storage and recovery wells and groundwater banking in addition to pursuing additional surface water supplies.

In addition, the Agency is active with regional partners to ensure water supply reliability for the Sacramento region. The Agency is working with neighboring purveyors to upsize water system interties to improve the ability to access water during an emergency. In addition, the Agency is participating in the development of the RiverArc project with regional partners to add another surface water intake on the Sacramento region, providing surface water to areas that currently rely on groundwater. The Agency is a partner in the development of the Sacramento Water Bank which will help take advantage of underground storage and further expand the Agency's conjunctive use program.

The Agency does not currently believe that further reductions in water use in the Agency service area will have a material adverse effect on the Agency's ability to pay the principal of and interest on the Series 2025 Bonds; however, there can be no assurance that future prolonged drought conditions will not impact the Agency's service area in the future, leading to decreased usage of the System resulting in a decline in Net Revenues, or that the State's 2025 Conservation Regulation will not lead to decreased usage of the System, resulting in a decline in Net Revenues.

### **Existing Facilities**

The existing facilities of the Agency generally consist of (i) its interest in the Freeport Authority Facilities (described below under the "Freeport Surface Water Intake Facility"); (ii) Vineyard Surface Water Treatment Plant owned and operated by the Agency; (iii) other smaller water treatment facilities, pumping stations and related facilities; (iv) groundwater facilities; and (v) a system of pipes for transportation and distribution. These facilities are described below.

*Interest in Freeport Authority Facilities.* The Agency has an interest in a surface water intake facility on the Sacramento River and related pipeline owned by Freeport Authority (and operated by the Agency pursuant to the Freeport Operating Agreement as described herein) (the "Freeport Authority Facilities").

*Agency Facilities.* The Agency's facilities include the following:

Surface Water Facilities. The Agency owns and operates one conventional surface water treatment plant (the "Vineyard Surface Water Treatment Plant"), which is the primary source of treated surface water for retail service for Zone 41 customers within the overlapping Zone 40 service area (and for wholesale to two adjacent water purveyors in the region). The Vineyard Surface Water Treatment Plant is owned, operated and maintained by the Agency. The Vineyard Surface Water Treatment Plant currently has treatment capacity of up to 50 million gallons per day ("MGD") with a long-range potential for expanding that capacity to 100 MGD (not anticipated for at least 20 years).

Groundwater Facilities. In general, groundwater is pumped from wells and treated with chlorine for oxidation and disinfection, and fluoride for dental health. This treated water is stored in large-diameter water storage tanks and pumped to retail customers or to meet fire flow requirements. The Agency owns and operates a wide range of groundwater pumping, treatment and storage facilities throughout the Zone 40 & Zone 41 service areas. This includes 13 groundwater treatment facilities each with a treatment capacity ranging between 200 gallons per minute ("GPM") and 10,500 GPM (total groundwater capacity is approximately 56,000 GPM). The Agency also operates 15 groundwater storage facilities that provide a total groundwater storage capacity of 41.7 million gallons within Zone 40 & Zone 41 which is conveyed through the system using fourteen pumping facilities. Depending on the location within Zone 40 & Zone 41, treatment facilities are designed to address one or more potential constituents including, iron, manganese and arsenic. Many wells that directly feed the public water system and do not require treatment, other than precautionary disinfection and fluoride, are also maintained. Several more facilities are in various stages of planning.

See "Environmental Compliance" for a discussion of the current issues relating to the presence of PFAs at certain of the agency's groundwater wells.

Water Distribution. The Agency delivers treated groundwater and surface water through a network of transmission and distribution pipeline throughout the Zone 40/41 service area.

The Agency has a wholesale agreement with the City of Sacramento (the “City”), under which the City agrees to provide a maximum of 9.28 MGD (10,401 acre feet annually) of treated water for Zone 41 customer use. The Agency’s obligations to the City include payment for water delivered and payment for capacity in the City’s water treatment plant and transmission system. As of November 5, 2024, 2.32 MGD in capacity has been purchased. In addition, the Agency has a wheeling agreement with the City to provide a maximum of 11 MGD of treated surface water to the Zone 40 service area for Zone 41 customer use through what is known as the Franklin Intertie. Capacity in the City’s system has been purchased and the Agency is obligated to pay the wheeling water cost for treated water that is delivered from the City to the Agency.

Pipeline. There are approximately 1,000 miles of transmission and distribution pipeline within the Zone 40 and Zone 41 service areas. Zone 41 includes a number of pipelines and related equipment which range in age from 70 years old to less than two years old. Approximately 92% of the Agency pipelines and related equipment in Zone 40 has been constructed since 1980, with the average age of the total pipeline being 25 years.

### **Freeport Surface Water Intake Facility**

The Freeport Regional Water Authority (“Freeport Authority”), a joint powers authority, was formed pursuant to a Joint Powers Agreement, dated as of February 14, 2002 as amended November 26, 2002, November 20, 2006, and February 9, 2010 (the “Freeport Authority JPA Agreement”) between the Agency and the East Bay Municipal Utility District (“EBMUD”). The Freeport Authority was formed to study, plan, develop, finance, acquire, condemn, lease, design, construct, maintain, repair, manage, operate, control and dispose of the Freeport Regional Water Project (the “Freeport Project”) and related property for the purpose of the production, treatment and distribution of water to the benefit of the Agency and EBMUD. The Freeport Authority JPA Agreement provides the legal mechanism under which Freeport Authority could design, finance, construct, and operate the Freeport Project to the benefit of the Agency and EBMUD.

The Freeport Project includes facilities owned by the Agency, facilities owned by the Freeport Authority (the “Freeport Authority Facilities,” as described below), and facilities owned by EBMUD and provides the infrastructure necessary for a surface water supply source improving the Agency’s water supply reliability through the conjunctive use program to manage the groundwater basin. Further, the Freeport Project provides EBMUD with a water supply alternative that can be utilized in times of drought or emergency. The Freeport Project diverts water from the Sacramento River and delivers it to the Agency and EBMUD.

Pursuant to the Freeport Authority JPA Agreement, the Agency was responsible for 45.94% (or \$124.4 million) of the Freeport Project construction costs based on the Agency’s assigned capacity of 85 MGD, and EBMUD was responsible for 54.06% (or \$146 million) of the Freeport Project construction costs based on EBMUD’s assigned capacity of 100 MGD.

The Freeport Project has been operational and delivering water on a year-round schedule to the Agency since 2012. EBMUD used the Freeport Project in 2014, 2015 and 2022 due to drought conditions in its service area. It is the Agency’s understanding that, EBMUD does not plan to use the Freeport Project in Fiscal Year 2024-25.

The Freeport Project includes the facilities described below which are owned by Freeport Authority (the “Freeport Authority Facilities”).

- A surface water intake facility that takes water from the Sacramento River (the “Freeport Authority Diversion Structure”), and diverts up to 185 MGD (the capacity for 85 MGD of

which is dedicated to the Agency) of water from the Sacramento River and pumps it through a large diameter pipeline.

- Two lengths of 84 inch diameter raw water pipeline (with a total length of approximately 16 miles) which are used for the transmission of water from the Freeport Authority Diversion Structure to a point in the pipeline (the “Bifurcation Point”) where water is divided between a pipeline that delivers water north to the Agency and a pipeline that delivers water east to EBMUD.

The Freeport Authority JPA Agreement provides that EBMUD is obligated to pay 54.054% of the fixed operating costs of the Freeport Authority Facilities, and the Agency is required to pay 45.946% of the fixed operating costs. Variable operating costs of the Freeport Authority Facilities are allocated between EBMUD and the Agency based on the cost of their proportionate share of the volume of use of the Freeport Authority Facilities. EBMUD is responsible for the payment of operating costs with respect to the EBMUD facilities, and the Agency is responsible for the operating costs of the Agency’s facilities. Fixed and variable operating costs payable by the Agency pursuant to the Freeport Authority JPA Agreement have been considered in connection with the preparation of the Projected Operating Results contained herein.

Pursuant to an Operating Agreement for Provisions of Operation and Maintenance Services: The Freeport Authority Intake and Pipeline between the Agency and Freeport Authority, dated November 9, 2006 (the “Freeport Operating Agreement”), the Agency provides operational services for the Freeport Authority Facilities. The Freeport Operating Agreement generally obligates the Freeport Authority to pay the Agency for these services. Amounts payable by the Freeport Authority to the Agency pursuant to the Freeport Operating Agreement are netted against amounts payable by the Agency to the Freeport Authority pursuant to the Freeport Authority JPA Agreement. Net payments payable by the Agency pursuant to the Freeport Authority JPA Agreement constitute Maintenance and Operation Costs pursuant to the Installment Purchase Contract, and have been included in the Projected Operating Results contained herein. (In addition to the net payments owed by the Agency pursuant to the Freeport Authority JPA Agreement, the Freeport Authority will also receive amounts from EBMUD.)

The Freeport Authority, EBMUD and the Agency entered into an Agreement for Delivery of Water: The Freeport Authority Intake and Pipeline, dated November 9, 2006 (the “Delivery Agreement”). The Delivery Agreement provides mechanisms for the scheduling of water deliveries, operation and maintenance practices to be utilized by the Freeport Authority, curtailment provisions in the event the full capacity of the Freeport Authority Facilities is not available, reporting requirements, and other operational matters. The Delivery Agreement also provides for cost accounting, and specific billing provisions, consistent with the Freeport Authority JPA Agreement. Pursuant to the Delivery Agreement, EBMUD is required to pay the cost of its proportionate share of the volume of use of the Freeport Authority Facilities, which is estimated to be approximately \$500,000 annually (based on the amount payable by EBMUD in Fiscal Year 2023-24). If EBMUD does not pay required variable operating costs of the Freeport Authority Facilities, the Agency would be required to make up the shortfall or make alternative arrangements for water deliveries. Such circumstances could have a material adverse impact on the ability of the Agency to generate Net Revenues in the amounts required by the Installment Purchase Contract.

## **Environmental Compliance**

*Drinking Water.* The Agency believes it is in material compliance with federal, State, and local drinking water standards and regulations. The State of California is designated as a “Primacy State” meaning it regulates and enforces drinking water regulations on both State and federal levels, while enforcing and promulgating its own drinking water standards and regulatory requirements that are more restrictive than federal regulations. The regulations incorporate all of the requirements of the United States Environmental Protection Agency (“USEPA”) in conformance with the federal Safe Drinking Water Act and California drinking water regulations. The regulations dictate water quality sampling frequencies and number of testing

locations for each service area along with maximum contaminations levels (“MCLs”), concentrations of chemical constituents. The regulations are continuously revised and amended.

When the federal or State governments enact additional federal or State legislation imposing stricter water quality standards or other additional regulatory requirements upon the Agency’s water systems, the treatment expenses may increase accordingly with rates and charges commensurate with the increased treatments costs. The Agency cannot predict the future direction that federal or State regulation will take with respect to drinking water quality standards and requirements, except that it will be increasingly stringent and costly. Drinking water quality testing standards and MCLs regulate for primary contaminants that have chronic or acute harmful health impacts, and secondary contaminants that are aesthetic and non-health related. The regulations cover the Agency’s conventional surface water and groundwater treatment processes, distribution pipe systems, and overall quality of water produced and delivered to customers. The following paragraphs highlight some of the regulatory requirements.

The federal Unregulated Contaminant Monitoring Rule (“UCMR”) monitors selected unregulated contaminants for possible future USEPA regulations. The UCMR results in additional monitoring costs approximately every five years. These anticipated costs are built into the Agency’s regulatory compliance budget, but at an estimated amount since the UCMR list is sometimes not released ahead of the budget process.

State regulations include the California Waterworks Standards which have provisions to ensure that there is a 20-year minimum adequate supply for new development. The standards also dictate minimum pipes sizes, backflow prevention, material types, best available treatment technologies, and other standards to assure safe drinking water. The County also maintains its own regulations for water systems, construction and destruction of potable water wells to protect public health and the groundwater aquifer, as well as construction standards.

The Stage 2 Disinfectants and Disinfection Byproducts (“DBP”) Rule regulates two types of disinfection byproducts (trihalomethanes and haloacetic acids). The Agency monitors DBPs in locations throughout the distribution system. The Agency is in compliance, based on monitoring results and current regulations.

As of April 1, 2016, water systems have been required to comply with the USEPA Revised Total Coliform Rule. This regulation requires public drinking water systems to notify the public if a test exceeds the standard for Total Coliform in drinking water. Furthermore, this regulation mandates the prioritization of portions of the distribution system for rehabilitation and implementation of a flushing and cleaning program. The Agency is in compliance with the Total Coliform Rule.

The State published a Final Hexavalent Chromium Regulation in October 2024. These regulations require the Agency to be in compliance by October 1, 2026. Currently five wells within the Water System exceed this standard.

The USEPA’s Lead and Copper Rule (“LCR”) was promulgated in 1997 and updated in June 2017. The objective of the LCR is to minimize the corrosion of lead- and copper-containing plumbing materials in public water systems by requiring utilities to optimize treatment control. The LCR establishes action levels instead of MCLs for regulating the levels of both lead and copper in drinking water. Historically, no lead pipe was used for service connections in the Agency and the Agency has never found lead service lines during maintenance, service line replacements, or at any time even in its oldest service area from the late 1920s. The Agency practices corrosion control in surface water treatment processes. The Agency’s current monitoring data of representative customer homes indicates compliance with the LCR.

Cyanotoxins have been the subject of EPA and State regulatory scrutiny, and have but has been monitored by the Agency and a few other purveyors in the Sacramento area since 2016. The Agency’s concerns and testing in the Sacramento River began during the 2016 drought with warmer than normal river



water and very low flow. Although low detections have been noted on the Sacramento River, the surface water plant has never experienced cyanotoxins at detectable levels. Potential cyanotoxin regulations could result in increased treatment costs, but are unknown at this time. Cyanotoxin testing ended in 2024.

The federal standards for trichloroethylene (“TCE”) and tetrachloroethylene (“PCE”) may be lowered. The State could also lower its TCE standard following the Office of Environmental Health Hazard Assessment reevaluation of the California Public Health Goal. Based on past monitoring results, the Agency is in compliance with these standards.

To protect its surface water source, the Agency participates in several efforts, along with other water purveyors that draw water from the Sacramento River, to preserve and protect the water quality. Activities include participation in watershed management programs, tracking the latest information, and conducting technical evaluations and public outreach. These efforts also anticipate and help the Agency prepare for impacts to surface water quality.

The Agency fluoridates its water service areas, except the Northgate service area that is all industrial and commercial, at treatment facilities and wells. Fluoride is strictly monitored and meets all regulations.

The Agency has a robust conjunctive use strategy for maximizing surface water and sustaining the groundwater supply that allows flexibility in meeting buildout water demands.

While the Agency has included the estimated cost of compliance with regulatory requirements in the Projected Operating Results, there can be no assurances that compliance with existing or future requirements will not exceed such estimates. See “CERTAIN RISK FACTORS - Statutory and Regulatory Impact.”

PFAS. In August 2019, the California Office of Environmental Health Hazard Assessment recommended a notification level for perfluorooctanoic acid and perfluorooctanesulfonic acid (collectively, “PFAS”) at the lowest levels that substances can be reliably detected in drinking water. Subsequently the Division of Drinking Water of the State Water Resources Control Board (“SWRCB”) set the notification levels at 6.5 part per trillion (ppt) for PFOS and 5.1 ppt for PFOA. If exceeded, water providers must notify their governing bodies, and the SWRCB recommends they inform customers. In early 2020, SWRCB also set response (action) levels at 10 ppt for PFOA and 40 ppt for PFOS. If exceeded, water providers are required to either take the water source out of service, provide treatment, or notify customers in writing. On January 1, 2020, Legislation requires the water systems that receive a monitoring order from SWRCB and detect levels of PFAS that exceed their respective response level must either take a drinking water source out of use or provide specified public notification if they continue to supply the water above the response level.

In March 2023, the EPA announced the proposed PFAS National Primary Drinking Water Regulation (“NPDWR”) to establish legally enforceable levels, called Maximum Contaminant Levels (“MCLs”). In April 2024, the EPA published a final rule which established national limits in drinking water for six types of PFAS. As of April 2024, public water systems have three years to begin monitoring for PFAS and then two additional years to become compliant with the new limits. In recent years, companies have voluntarily stopped using two types of PFAS for which national limits have been established (PFOA and PFOS).

The Agency has taken eleven groundwater wells out of service due to PFOS/PFOA contamination but these wells can be available for use in the event of an emergency. Since the water from many of the PFAS contaminated wells are directly fed into the Water System, the water cannot be combined at a central treatment plant to bring contaminant levels below the Federal action levels. The Agency’s preference is to avoid using these wells prior to the installation of treatment facilities, but in the event of an emergency, the wells can be used with a follow up notification to the customers in the area. The Agency has ample capacity available in over 50 other wells to compensate for the reduced supply. The Agency is currently undertaking a feasibility study to consider the viability of potential treatment options to reduce PFAS.

In June 2021, the Agency Board of Directors (“Board”) authorized initiation of litigation against 3M Company, DuPont, Tyco, BASF Corporation, and numerous other defendants for contamination caused by “aqueous film-forming foam” (“AFFF”), a product allegedly designed, manufactured and/or sold by defendants. This litigation revolves around the allegation that AFFF contaminated the soil and water resources near airports, fire training schools, fire stations, military installations and other industrial locations with PFAS. The Agency’s lawsuit was consolidated into single multi-district litigation comprised of over 700 cases brought by public and private entities against defendant manufacturers for products liability, negligence, public and/or private nuisance, and trespass causes of action. The County of Sacramento also filed a similar lawsuit and is a party to the multi-district litigation.

To date, the Court has approved settlements for all plaintiffs, including the Agency, in the amount of \$1.2 billion for DuPont, \$12.5 billion for 3M Company, \$750 million for Tyco, and \$312.5 million for BASF Corporation to resolve claims relating to PFAS contamination in public water systems’ drinking water. These amounts will be allocated to class members that have submitted claims forms after the Court-appointed claims administrator validates all claims received. These allocation will be performed pursuant to Court-approved procedures and formulas.

The Board has granted approval for the Agency to participate in these settlements as well as other future settlements. Although none of the settlement amounts due to the Agency can be fully determined at this time, counsel estimates that the Agency will receive approximately \$8.7 million from these four settlements. The Agency intends to use the proceeds from these settlements to identify and construct appropriate PFAS treatment technology for impacted wells.

Summary Table. The following table summarizes the operational status of the 24 Agency wells (out of 74 total wells) currently impacted by the conditions described in this section.

<b>Number of Impacted Wells</b>	<b>Well Operation Status</b>	<b>Reason</b>
8	S/B Well <sup>(1)</sup>	High Arsenic
1	S/B Well	Bad Water Quality
6	Emergency <sup>(2)</sup>	PFAS MCL
1	Emergency	Iron Bacteria, Chromium 6
1	Emergency	PFAS MCL, Chromium 6
1	Emergency	PFAS MCL
1	Emergency	Bad Water Quality
5	Normal <sup>(3)</sup>	Chromium 6

<sup>(1)</sup> S/B Well: These wells are off-line and must be manually switched on in order to provide water to the distribution system.

<sup>(2)</sup> Emergency Wells: These are online but (since they have high PFAS, high Iron bacteria or bad water quality) are at low pressure set points and will provide water as back-up during high demand.

<sup>(3)</sup> None of the wells with Chromium 6 contamination have exceeded the ppb to be of concern; however, the ones listed above have levels of chromium 6 nearing the allowable maximum parts per billion.

Recycled Water. The Agency retails recycled water within portions of its South Service Area. The California Department of Health Services has established statewide reclamation criteria in Title 22 of the California Code of Regulations (“Title 22”) for the use of reclaimed water for food crop irrigation, fodder,

fiber, and seed crop irrigation; landscape irrigation; and impound supply. These requirements implement the reclamation criteria in Title 22.

The Sacramento Regional County Sanitation District (the “Regional Sanitation District”) operates its recycled water system pursuant to Regional Water Quality Control Board (“RWQCB”) Order No. 97-146, a permit that prescribes Waste Discharge and Producer/User Reclamation Requirements for the RWQCB for the discharge of secondary treated wastewater to the Sacramento River. The Master Permit allows the reclamation plant to produce 5 MGD of tertiary treated wastewater by chemical conditioning, coagulation, flocculation, filtration, and chlorination with extended contact time. The reclaimed water is used for irrigation of parks, streetscapes, schools, and commercial landscaped areas. The Agency’s role with respect to the sale of recycled water includes responsibility for the monitoring and distribution of the reclaimed water once it leaves the Regional Sanitation District’s treatment plant site.

*NPDES.* The National Pollution Discharge Elimination System regulates the amount and quality of water discharged into streams or other bodies of water to protect the soil, wildlife, and plants. The Agency maintains proper permits for discharges and is in compliance with the laws and permit requirements. The NPDES program is overseen by the California State Water Quality Control Board.

*Air Quality.* The Agency has many vehicles and equipment that use internal combustion engines. As such, the Agency maintains compliance with proper permits and submits regular reports to the Sacramento Metropolitan Air Quality Management District.

While the Agency has included the estimated cost of compliance with regulatory requirements in the Projected Operating Results, there can be no assurances that compliance with existing or future requirements will not significantly exceed such estimates. See “CERTAIN RISK FACTORS - Statutory and Regulatory Impact.”

## **Insurance**

The Agency, together with any and all districts and commissions directly governed by County Board of Supervisors, participates in the County's pooled insurance program with respect to property insurance through the Public Risk Innovation, Solutions and Management (“PRISM”), formerly Excess Insurance Authority. Under the County's pooled property program, which covers real and personal property, All Risk coverage in the aggregate amount of \$1.5 billion (for all County facilities covered by the policy, including the Agency’s facilities) is provided with a \$50,000 deductible. The flood insurance coverage is \$900 million with \$25 million deductible and the Boiler/Machinery coverage is \$100 million with \$5,000 deductible in general, and \$25,000 at the Water Treatment Plant locations. In addition, a sublimit of \$25 million in the aggregate amount is provided for earthquake coverage which carries a deductible equal to the greater of \$100,000 or 2% of the insured value.

The County currently purchases General Liability and Automobile Liability insurance of \$25 million excess over a self-insure retention of \$2 million through an excess insurance purchase arrangement with PRISM. The excess coverage has been in effect since April 1, 1992. The County's insurance program is subject to modifications based on insurance market conditions, the availability of insurance to public entities and the cost effectiveness of certain levels of self-insured retentions.

## **Personnel and Management**

The Agency is staffed by employees of the Sacramento County Department of Water Resources (“SCDWR”). SCDWR senior management team includes the following Key Management Personnel:

**Director** – Matt Satow has over 30 years of experience serving public agencies, both as a public sector employee and as a private sector consultant. Matt spent the first 12 years of his career with Sacramento

County, until 2005, when he joined the private sector and spent the next 18 years as a consultant assisting public agencies throughout California plan, design, and fund their infrastructure projects. Matt also had the privilege of being a small business owner of a local engineering firm and served as the Chief Operating Officer responsible for the growth and operations across four offices. As the Chief Operating Officer, he was responsible for the operations and growth of a \$20M, multi-disciplinary engineering company, covering Civil, Structures, Water/Wastewater, Construction Management, and Environmental. He was involved in all aspects of company operations, ranging from managing company financials to developing career paths for all disciplines and overseeing the yearly performance review program. In 2023, Matt returned to the public sector when he was appointed the Director of the Sacramento County Department of Water Resources. Matt possesses a Bachelor of Science Degree in Civil Engineering and is a registered Professional Engineer (Civil) with the State of California.

***Division Chief*** – Kerry Schmitz has over 20 years of experience in Water Resources engineering including the planning, design, construction, operation, and management of water systems in the Sacramento area. She is a Registered Professional Engineer in the State of California and is active in the Regional Water Authority and the Association of California Water Agencies. She graduated with a Bachelor of Science Degree in Civil Engineering from the University of Nevada-Reno.

***Chief Financial and Administrative Officer*** – Camelia Radulescu is a Certified Public Accountant since 2003 and has over 30 years of experience in governmental accounting and finance, including 20 years with the County of Sacramento. Ms. Radulescu has extensive experience with financial management and forecasting, budget preparation, capital financing programs, rate making methodologies, bond financing, fee development and governmental accounting. As Chief Financial and Administrative Officer of the Department of Water Resources, she is responsible for all financial and administrative services within the Department such as financial planning, accounting, operating and CIP budgets, personnel, asset management, facilities and IT. She holds a bachelor's degree in Economics and a master's degree in Business Administration with a concentration in Finance. Ms. Radulescu is a member of the California Society of Certified Public Accountants, California Society of Municipal Finance Officers, and the Government Finance Officers Association.

***Water Supply Section Principal Civil Engineer - Planning***– Michael Grinstead has been with the County for over 17 years. He has over 23 years' experience in water and wastewater engineering. Mr. Grinstead earned a Bachelor's of Science Degree in Agricultural Engineering from the University of Missouri, Columbia. He is a Registered Professional Engineer in the State of California. His water resource engineering background includes design and project management, planning, development, regulatory administration, recycled water, and operations and maintenance and oversees multiple water-related programs. He is also active in the Regional Water Authority and the Association of California Water Agencies.

***Water Supply Section Principal Civil Engineer*** – Scott Hutcheson has been with the County for over 24 years. His 24 years have been spent, designing, constructing, and managing, Water and Wastewater facilities for the County. Mr. Hutcheson earned a Bachelor of Science Degree in Civil Engineering from the California State University, Fresno. He is a Registered Professional Engineer in the State of California. His water resource engineering background includes design and project management, development, regulatory administration, recycled water, and operations and maintenance and oversees multiple water related programs. He is also a member of American Water Works Association, the Association of California Water Agencies, and the American Public Works Association.

***Water System Superintendent*** –Tom Pasterski has been with the County for over 29 years and is responsible for the operations of the Agency's water system facilities. He has been involved with the start-up, operation and maintenance of surface and groundwater treatment facilities and distribution systems. Mr. Pasterski possesses Grade 5 Treatment and Distribution certifications from the California SWRCB.

## Employees

Currently, SCDWR had 299 positions, including 48 vacancies. The Agency comprised approximately 54% of the department's employee costs. Employees of SCDWR are represented by the bargaining units with the Memorandum of Understanding expiration dates set forth in the following table.

Bargaining Unit	Number of Employees	Agreement Expiration Date
Teamsters, Local 150	27	June 30, 2025
United Public Employees (UPE)	8	June 30, 2025
International Union of Operating Engineers, Stationary Engineers Local 39	68	June 30, 2025
Sacramento County Professional Accountants' Association	3	June 30, 2025
Environmental Management Specialists of Sacramento County	2	June 30, 2025
Environmental Management Specialists of Sacramento County	4	June 30, 2025
International Union of Operating Engineers, Stationary Engineers Local 39	58	June 30, 2025
Association of Professional Engineers, County of Sacramento	33	June 30, 2025
Association of Professional Engineers, County of Sacramento	24	June 30, 2025
Engineering Technicians and Technical Inspectors (ETTI)	26	June 30, 2025
Sacramento County Management Association	28	June 30, 2025
Sacramento County Administrative Professionals Association (SCAPA)	10	June 30, 2025
Management Unrepresented	5	
Unrepresented	3	

Source: Sacramento County Department of Labor Relations

## Certain Retirement Benefits

Salaries and benefits costs of the Agency include funding of retirement benefits for the employees of the Agency, who participate in the Sacramento County Employee Retirement System ("SCERS"). Retirement payments with respect to Agency employees (which includes payments to SCERS as well as an allocated portion of the County debt service with respect to pension obligation bonds), were approximately \$4.3 million in Fiscal Year 2023-24. The County estimates that the Agency's required contribution for Fiscal Year 2024-25 will be approximately \$4.9 million. The pension retirement liabilities allocated to the Agency as of June 30, 2024 was approximately \$14.6 million. There can be no assurance that the Agency's retirement costs will not materially increase in the future. See APPENDIX A — "SACRAMENTO COUNTY ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024" — Note 14 to the Basic Financial Statements" for a discussion of retirement liabilities.

In addition to required contributions for retirement benefits for employees, the County pays certain post-employment health care and other non-pension ("OPEB") benefits for certain eligible employees on a pay-as-you-go basis. The Agency's OPEB related payments were approximately \$68,725 in Fiscal Year 2023-24. The County estimates that the Agency's required contribution for Fiscal Year 2024-25 will be approximately \$78,000. The OPEB related liabilities allocated to the Agency was approximately \$1.3 million as of June 30, 2024. See APPENDIX A — "SACRAMENTO COUNTY ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024 — Note 15 to the Basic Financial Statements" for a discussion of OPEB liabilities.

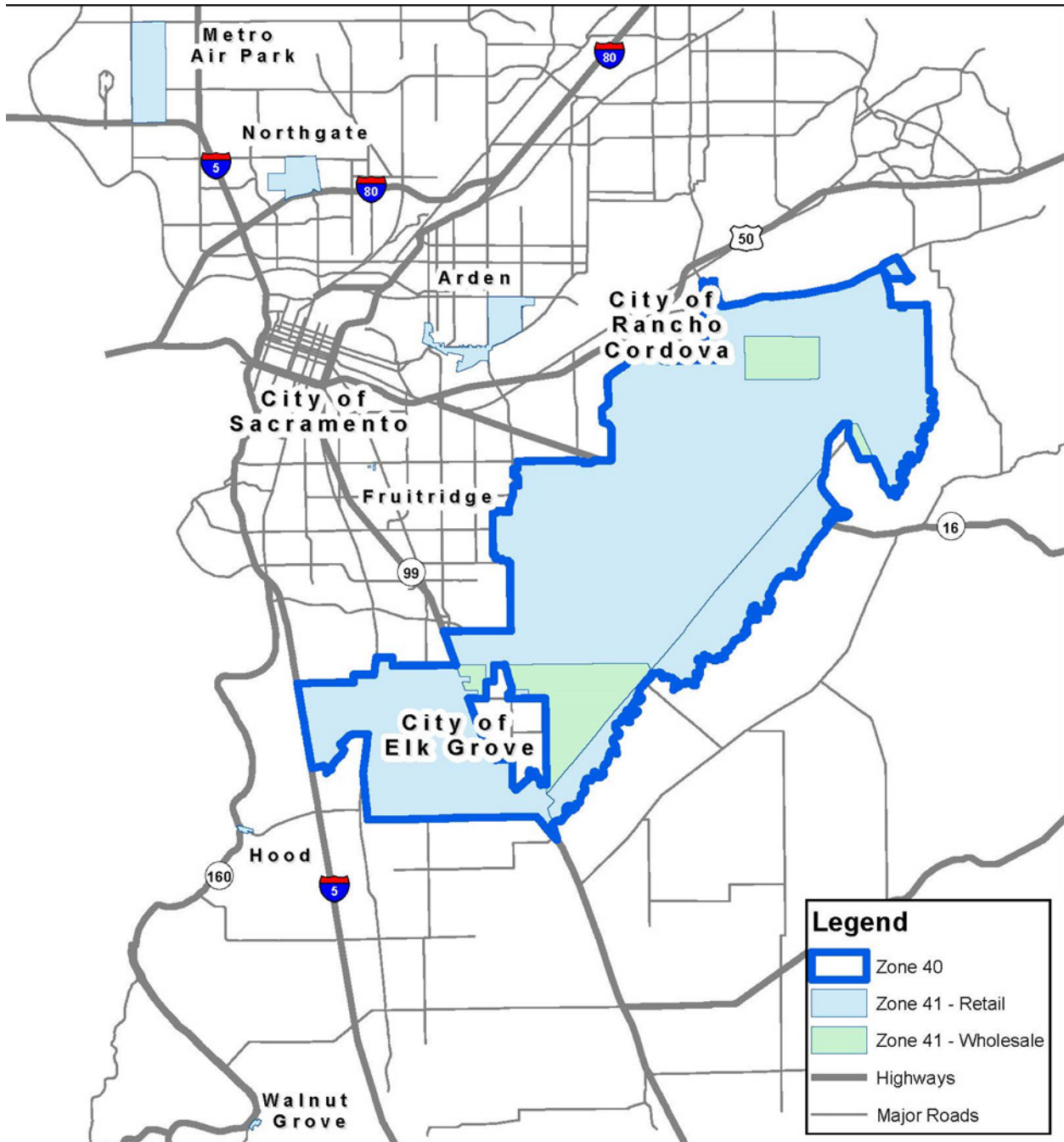
## Floods

No portion of the Zone 40 and Zone 41 service area is within a 100-year floodplain. All of the facilities of the Agency are outside of the 100-year flood plain. See "RISK FACTORS—Earthquake, Flood or Other Natural Disaster."

## AGENCY OPERATIONS

### Zone 40 and Zone 41 Service Areas

The map on the following page shows the vicinity of Zones 40 and Zone 41 service areas. Much of the land of the current service areas is currently vacant but is expected to undergo development over the next 20 years. Most of the development in the service area is projected to be residential. Development would bring increased demand for water and new water customers to Zones 40 and 41.



## **Rates and Charges**

Pursuant to the Act, the Agency is authorized to impose rates and charges on customers for the services it provides. The Agency's rates and charges are not subject to regulation by the California Public Utilities Commission or to State or federal regulation. However, the Agency must follow certain procedures mandated by State law in imposing new or increased rates or changes including providing property owners with notice, and holding a public hearing providing property owners an opportunity to protest. See "CERTAIN RISK FACTORS—Certain Limitations on the Ability of the Agency to Impose Taxes, Fees and Charges." The Agency approves an ordinance enacting the new or increased rate by a majority vote of its Board of Directors after two readings of the ordinance. The ordinance is subject to referendum for 30 days following the adoption thereof. Following is a description of the rates and charges imposed on customers in Zone 40 and Zone 41, respectively. In Fiscal Year 2023-24, approximately 39% of the service fees were fixed, and 61% were variable, generally based on water consumption. See "CERTAIN RISK FACTORS—Certain Limitations on the Ability of the Agency to Impose Taxes, Fees and Charges."

**Zone 40 Revenue.** Zone 40 revenues are collected through two funding mechanisms. One is an impact fee based on the number of equivalent dwelling units, and, if the property has a commercial land use, a commercial acreage fee component is added to the impact fee. The other is a monthly user fee.

*Zone 40 Impact Fees.* Impact fees are charged for each new development prior to receiving water service. These fees are specified in the Agency Code and vary depending on the service type (domestic, commercial, etc.). The acreage of the area served is a factor in some types of service. These fees are used to pay for major facilities as specified in the Agency Ordinance, including storage reservoirs, pumping plants, transmission mains, surface water treatment plants, groundwater wells and other such facilities utilized in the wholesale supply of water. The current impact fees amount to \$21,399 per residential connection.

The Agency gives developers, when appropriate, credit for infrastructure which such developers build and transfer to the Agency in lieu of requiring such developers to pay Zone 40 impact fees. For example, if a developer that is building one hundred residences builds a water pipeline required by the Agency as a condition of development with respect to those one hundred residences, then as partial payment for the pipeline the Agency will allocate impact fee credits ("Impact Fee Credits") to the developer in lieu of the developer paying a portion of the impact fees. While this mechanism for developer Impact Fee Credits reduces the need for the Agency to spend funds on building facilities necessary for development, the mechanism reduces Net Revenues available for payment of 2025 Installment Payments. Despite the fact there are a number of Impact Fee Credits outstanding not yet used, and other credits may become outstanding in the future, the Agency does not believe that the Impact Fee Credits program will have a material adverse impact on the ability of the Agency to generate Net Revenues in the amounts required by the Installment Purchase Contract.

*Zone 40 User Charges.* Zone 40 monthly user fees are paid by all Agency wholesale and retail customers that lie within the Zone 40 benefit area. Residential customers generally pay a constant monthly charge that historically has not varied over time. Commercial customers pay a monthly user fee based on the quantity of water used for the billing month. Monthly user fees are generally \$28.80 per household.

**Zone 41 Revenue.** Zone 41 revenue includes monthly service charges and connection fees.

*Zone 41 Service Fees.* In Zone 41 the Agency provides service to both flat rate and metered rate customers and bills these customers bi-monthly. Flat rate accounts are charged a single flat rate monthly service fee. Bills for metered residential accounts include a monthly service charge, based on the size of the service, and a quantity rate, based on metered consumption. Most of the residential services and all of the commercial services are metered. Wholesale customers are also charged a monthly fee based on the total amount of water consumed and a formula to discount the typical Zone 41 monthly service fee due to not having to maintain the local distribution system and bi-monthly billing system. Service fees pay for annual

operations and maintenance costs and are also used as part of the Agency revenue sources for repayment of bonded indebtedness. Monthly service fees are currently \$58.00 per average customer.

*Zone 41 Connection Fees.* The Agency charges a connection fee to new customers that connect to the Agency water system within Zone 41. The connection fee pays for the cost of providing a meter service to serve the customer, including a service line, meter box, and valves. Zone 41 connection fees currently average \$376 per residential connection.

*Zone 41 Capital Inclusion Fee.* In addition to a connection fee, the Agency charges a Capital Inclusion fee as part of the annexation process for new customers outside of, but adjacent to, a Zone 41 service area. The fee is different for each service area and circumstance. This fee does not apply to Zone 40 service area.

**Historical and Projected Fees.** The following tables contain historical and projected service fee and connection fees. Connection fee revenues resulting from growth in customers constitute a significant source of Agency revenues. If actual growth in connections is materially less than that contemplated, there can be no assurances that such circumstances would not have a material adverse impact on the ability of the Agency to generate Net Revenues in the amounts required by the Installment Purchase Contract.

The projected fees set forth in the tables below have been used in the preparation of the Projected Operating Results. However, as described in “Capital Improvement Program” the Agency may be entering into additional Parity Obligations or Subordinate Obligations to finance a portion of its Capital Improvement Program. The projected fees set forth in the table below do not reflect any increases that may be required in connection with the contemplated additional Parity Obligation or Subordinate Obligations.

Current Agency service fees through Fiscal Year 2028-29 have been approved by the Agency Board in compliance with Proposition 218. The table assumes a 5% rate increase with respect to Zone 41 service fees in each of the Fiscal Years 2029-30 and 2030-31. Such increases will require Board approval and compliance with Proposition 218. In addition to requiring approval of the Agency Board, any increases to the service fees set forth in Table 3 would require compliance with the requirements of Proposition 218. See “CERTAIN RISK FACTORS - Certain Limitations on the Ability of the Agency to Impose Taxes, Fees and Charges.”

**Table 3**  
**Historical and Projected Monthly Service Fees**

<b>Calendar Year</b>	<b>Zone 40</b>	<b>Zone 41</b>
2022	\$28.80	\$49.57
2023	28.80	49.57
2024	28.80	49.57
2025	28.80	58.00
2026	28.80	62.64
2027	28.80	67.03
2028	28.80	71.73
2029	28.80	76.76
2030	28.80	80.60
2031	28.80	84.63

Source: Agency Water Code



**Table 4**  
**Historical and Projected Impact Fees and Connection Fees**

<b>Calendar Year</b>	<b>Zone 40</b>	<b>Zone 41</b>
2020	\$17,601	\$376
2021	17,985	376
2022	19,535	376
2023	20,857	376
2024	21,399	376
2025 <sup>(1)</sup>	21,524	376
Projected <sup>(2)</sup>		
2026	22,170	376
2027	22,835	376

<sup>(1)</sup> Effective March 3, 2025

<sup>(2)</sup> Assumes a 3% increase in each of the calendar years 2026 and 2027.

Source: The Agency.

**Comparative Fees.** The following table shows fees for customers receiving similar service in nearby jurisdictions. The rates in the table are based on residential customers with a 1” connection using 1,500 cubic feet of water per month.

**Table 5**  
**Certain Comparative Charges**

<u>Provider</u>	<u>Total Charge</u>
Placer County Water Agency	\$143.43
East Bay Municipal Utility District	139.40
California American Water Company	114.05
Fair Oaks Water District	95.80
City of Davis	95.01
Sacramento Suburban Water District	93.78
Elk Grove Water District	93.74
City of Stockton	77.87
<b>Agency (Combined Zone 40 and 41)</b>	<b>73.62</b>
City of Roseville	69.59
Golden State Water Company	61.05
City of Sacramento	57.60
City of Folsom	46.94
City of Galt	39.08

Source: The Agency.

### **Customers**

The following table shows the number of the water service accounts by service area for the last five years. Service account is interpreted as customer account. The Water Agency Code defines customer as: “The owner of the property receiving water service.” Multifamily units are referred to as “whole buildings.” Individual residences are single family residences. An additional separate residential unit on the same premises is subject to an additional single family residence charge. The Agency estimates that approximately 90% of the service accounts are residential.

**Table 6**  
**Water Service Accounts by Service Areas**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Zone 40 and Zone 41	53,933	55,262	56,364	57,675	59,597
Zone 40 but not within Zone 41	4,772	4,913	4,927	4,970	5,064
Zone 41 but not within Zone 40	3,608	3,628	3,640	3,673	3,638
Total	62,313	63,803	64,931	66,318	68,299

Source: Sacramento County Consolidated Utility Billing System (CUBS) Count Reports

The following table shows the top ten customers and annual water use for Zone 40 and Zone 41 in Fiscal Year 2023-24.

**Table 7**  
**Zone 40 and 41 Service Areas Top Ten Customers**

<b><u>Customer</u></b>	<b><u>Annual Water Use Acre Feet (AF)</u></b>	<b><u>% of Total Water Use</u></b>
Elk Grove Unified School District	265	0.6%
Sacramento Regional County Sanitation District	201	0.5
Aramark Uniform Services Inc.	134	0.3
Bre Delta Industrial Sacramento Ltd Partnership	106	0.3
United States of America	103	0.2
USA in Trust for Wilton Rancheria	98	0.2
Cosumnes Community Services District	72	0.2
DS Properties 18 LP	41	0.1
Hester State Limited Partnership	32	0.1
Three Oaks Properties L (QQ Operating Holding)	31	0.1
Total	1,083	2.6%

Source: Sacramento County Annual Comprehensive Financial Report 2023-24.

### **Collection Procedures**

Zone 40 impact fees (imposed on new connections) are collected as part of the permitting process for new construction in the Zone 40 service area.

Monthly charges for both Zone 40 and Zone 41 are billed staggered in eight billing cycles by the Agency, through the County of Sacramento Municipal Services Agency's Consolidated Utilities Billing System (CUBS) which is operated by County employees. To the extent that such service charges are not paid by customers such unpaid charges ultimately constitute a lien on the property receiving service and are included on the subsequent ad valorem tax bill.

Beginning in Fiscal Year 1993-1994, the County adopted the alternative method of secured property tax and charge apportionment known as the "Teeter Plan." Pursuant to the "Teeter Plan," the County pays the Agency 100% of all delinquent service charges that have been included on the tax rolls. In return, the County is entitled to retain all interest and penalties on such delinquent amounts. As a result of these procedures, the Agency has historically recovered virtually all service charges billed to customers.

The ability of the Agency to impose rates, fees and charges is subject to certain limitations. See “CERTAIN RISK FACTORS—Certain Limitations on the Ability of the Agency to Impose Taxes, Fees and Charges” herein.

### **Budgetary and Financial Procedures**

Annual budgets are prepared by the Agency and adopted annually by the Agency Board of Directors. A proposed budget for each Fiscal Year is prepared by Agency staff and submitted for approval of the Board by June 30 of the prior Fiscal Year. The proposed budget serves as the basis for service charges which are adjusted annually as needed. After public hearings, a final budget is approved by the Board by October 2 of each Fiscal Year. Annual financial statements of the Agency are audited and included in the Sacramento County Annual Comprehensive Financial Report. The Agency is a major enterprise fund of the County and is, therefore, reported separately in a columnar format in the audited financial statements of the County. Annual audits for the County are conducted and normally completed by December of the following Fiscal Year.

Budgets are prepared annually for the Zone 40 and Zone 41. Included is an Operations Fund budget and a Capital Improvements Fund budget. The Operations Fund budget sets forth planned spending for labor, chemicals, power, water purchases, other services and supplies, and allocated costs from the County. The Operations Fund budget also provides for equipment purchases required for the operation and maintenance of the Agency’s facilities and the costs of other routine improvements.

Monthly service charges are the primary source of financing for the Operations Fund budget. Any unexpended funds are carried forward to subsequent years.

The Capital Improvements Fund finances major new water supply infrastructure such as wells, treatment and storage facilities, diversion facilities and major conveyance facilities. The Capital Improvements Fund has two primary revenue sources; a monthly service fee paid by all customers and an impact fee paid once by new customers.

Currently all Agency funds are “pooled” with cash balances from all funds overseen by the County’s Board of Supervisors in order to maximize return. Interest is allocated to each participating fund on a quarterly basis based on average cash balances during the year. Proceeds of bonds issued by or on behalf of the Agency will be separately invested.

### **Interest Rate Swaps**

The Series 2007B Bonds currently bear interest based on 3-Month CME Term SOFR plus a spread to their final maturity date of June 1, 2034 and June 1, 2039. Concurrently with the sale of the Series 2007B Bonds, the Agency entered into the Series 2007B Swaps, whereby the Agency currently receives payments calculated by reference to a percentage of SOFR plus a spread of 55 bps and 57 bps, respectively, and makes payments that are calculated by reference to a fixed interest rate. The counterparty with respect to the Series 2007B Swaps is JP Morgan Chase Bank, N.A.

Net payments under the Series 2007B Swaps are payable on a parity with the Parity Obligations and constitute Parity Payment Agreements under the Master Contract. Termination payments related to the Series 2007B Swaps are payable on a parity with the Subordinate Obligations.

The following provides a summary of the basic terms of the Series 2007B Swaps:

### Series 2007B Swaps

<i>Notional Amount Outstanding</i>	<i>Agency Pays</i>	<i>Agency Receives<sup>(1)</sup></i>	<i>Termination Date</i>	<i>Current Valuation<sup>(1)</sup></i>
\$128,965,000	4.193%	67% of SOFR+ 55 bps	June 1, 2034	(\$6,445,923.82)
\$99,955,000	4.221%	67% of SOFR + 57 bps	June 1, 2039	(\$8,696,019.16)

<sup>(1)</sup> Valuation as of February 26, 2025.

Source: The Agency.

The Series 2007B Swaps entail risk to the Agency. The Series 2007B Swaps provide for posting of collateral by the Agency or termination in certain circumstances, including downgrading of the Agency's credit rating to less than "Baa2" by Moody's or "BBB" by S&P Global Ratings. If the swap agreement is terminated, and the then current market value of the swap is negative (as is currently the case), the Agency would be required to immediately pay to the counterparty the termination value. See "CERTAIN RISK FACTORS—Interest Rate Swap Risks" herein.

### Investments of Agency Funds; County Pool

State law requires that all monies of the County, most monies of school districts, and certain special districts located within the County (including the Agency) be held by the Treasurer (Director of Finance). Agency Funds are invested in the County Pool. Pursuant to the County Charter and subject to annual review and renewal by the Board of Supervisors, the Director of Finance is authorized to invest and reinvest the funds. The County Pool is governed by the Sacramento County Annual Investment Policy for the Pooled Investment Fund (the "Investment Policy") as authorized by Sections 53601 et seq. and 53635 et seq. of the California Government Code which the Director of Finance annually recommends to the Board of Supervisors. The Board of Supervisors reviews and approves the Investment Policy at a public meeting. This Investment Policy defines investible funds, authorized instruments, credit quality required, maximum maturities and concentrations, collateral requirements, and provides the approved credit standards, investment objectives and specific constraints of the portfolios managed. The Investment Policy also authorizes the establishment and periodic review of investment guidelines, which provide specific guidance to the portfolio managers. These investment guidelines are fully consistent with and subordinate to the Investment Policy.

Authorized investments are required to match the general categories established by Sections 53601 et seq., 53635 et seq., and 16429.1 et seq. of the California Government Code, including the specific categories of financial futures and financial options contracts established by California Government Code Section 53601.1.

As of June 30, 2024, the County Pool was invested in a diversified portfolio of high-quality securities, including but not limited to U.S. Treasury notes and bills, U.S. agency securities, Washington Supranational securities, commercial paper, negotiable certificates of deposit, money market funds, and time deposits. Additionally, up to \$75 million of the assets of the County Pool may be invested in the Local Agency Investment Fund (LAIF), the California State investment pool. LAIF is a diversified investment pool which offers participants daily liquidity. Approximately 0.32% of pool assets are invested in the County's Teeter Plan note program, which has a final maturity of five years. As of June 30, 2024, there were five Teeter Plan loan agreements totaling \$28.0 million, with the last note maturing on August 1, 2028.

The Investment Policy currently provides the following: (1) the maximum maturity of any investment will be five years and the dollar weighted average maturity of all securities will be equal to or less than three years; (2) no more than 80% of the portfolio may be invested in issues other than U.S. Treasuries and Government Agencies, and no more than 10% of the portfolio, except U.S. Treasuries and Government Agencies, may be invested in the securities of a single issuer including its related entities; (3) repurchase agreements are authorized in a maximum maturity not exceeding one year; (4) reverse repurchase agreements

are authorized in connection with securities owned and fully paid for by the local agency for a minimum of 30 days prior to sale and in a maximum maturity of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security, and the proceeds of a reverse repurchase agreement may not be invested beyond the expiration of the agreement; and (5) repurchase agreements must be collateralized with either (a) U.S. Treasuries and Government Agencies with a market value of 102% for collateral maturing between one day to five years, marked to market daily or (b) money market instruments which are on the approved list for the County and which meet the qualifications of the Investment Policy, with a market value of 102%. Use of mortgage-backed securities for collateral is not permitted. For the purpose of investing the daily excess bank balance, the collateral provided by the County's depository bank must be worth between 110% and 150% of the value of the deposits, depending on the security type (U.S. Treasuries, Government Agencies, Municipal Bonds or Mortgage-Backed Securities, etc.).

Investments within the County Pool are reviewed monthly by an internal Investment Review Group, which consists of the Director of Finance and his designees. The Investment Review Group reviews the investments to ensure compliance with California Government Code and the Investment Policy. Additionally, a separate internal Investment Group, consisting of the Director of Finance and his designees, reviews the strategies and investment guidelines in relation to the changing financial markets and maintains certain approved lists under the Investment Policy. In both the cases of the Investment Review Group and the Investment Group, the role of the designees is advisory except where specifically authorized by the Director of Finance. Each quarter, a ten-member Treasury Oversight Committee monitors the investment activities by reviewing the portfolio reports. These reports validate the compliance of all investment activities to the established investment parameters and monitoring guidelines.

The Investment Policy may be changed at any time at the discretion of the Board of Supervisors (subject to the State law provisions relating to authorized investments) and as the California Government Code is amended. There can be no assurance, therefore, that State law and/or the Investment Policy will not be amended in the future to allow for investments which are currently not permitted under such State law or the Investment Policy, or that the objectives of the County with respect to investments will not change.

## Liquidity

The Agency maintains various funds designated for covering operating and capital improvement expenses, debt service, and unforeseen contingencies. Over recent years, the Agency's discretionary cash position has seen an upward trend, as seen in the table below. This increase primarily stems from a rise in net operating income, mostly due to an increase in developer fee revenue, consequently bolstering the amount of cash available for future capital improvements.

**Table 8**  
**Cash and Cash Equivalent Balances**  
**(Dollars in Thousands)**

	6/30/2022	6/30/2023	6/30/2024	6/30/2025 (Projected)
Zone 40 and Zone 41	\$100,852,195	\$119,682,034	\$167,939,773	\$202,736,431
Rate Stabilization Fund	10,000,000	10,000,000	10,000,000	10,000,000
Total cash and cash equivalents	\$110,852,195	\$129,682,034	\$177,939,773	\$212,736,431

Source: The Agency

## **Capital Improvement Program**

In 1987, the Agency approved the Zone 40 Water Supply Master Plan (“WSMP”) that was updated in 2005. The purpose of the WSMP is to provide a flexible plan of water management alternatives to meet projected water demands in Zone 40 through the year 2030. This plan was amended in 2011 by the Zone 40 Water Supply Master Plan Amendment for the Cordova Hills Project dated December 2011 (“MPA”). The MPA’s purpose was to allow service to be extended from the 2030 growth area to the Cordova Hills Project, which had not been included previously.

In April 2006, the Agency adopted the Water System Infrastructure Plan. This plan was subsequently replaced by the February 2016 Water System Infrastructure Plan Update (“2016 WSIP”). The 2016 WSIP includes the Capital Improvement Plan (“CIP”) for Zone 40. The CIP encompasses an outlook to 2052, which anticipated the buildout of Zone 40. The 2016 WSIP CIP includes projects with a future projected cost of nearly \$827 million. The 2016 WSIP provides the basic framework for the CIP that the Agency updates annually and presents to the Board. Table 9, which includes Zone 40 and Zone 41 projects, shows that approximately \$359 million is expected to be constructed over a six year span from Fiscal Year 2024-25 to Fiscal Year 2029-30.

The Agency currently plans to fund the CIP during the projection period from current revenues (including service fees and impact fees) and expected grant proceeds. If grant funding is not received by the Agency as anticipated, the Agency anticipates that it will revise the CIP to reorganize projects by priority to reflect available funding sources. The Agency does not currently plan to issue addition Parity Obligations or Subordinate Obligations in the next five years to pay costs of the CIP.

**Table 9**  
**Capital Improvement Plan**  
**(Dollars in Thousands)**

CIP Element	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	6-Year
Z40 Conservation Projects	\$	\$	\$	\$	\$	\$	\$
Z40 Constructed Pipeline Projects							
Z40 Developer Reimbursements	15,615	3,428	11,467	16,340	14,2229	10,063	71,143
Z40 Groundwater Projects	3,360	3,280	6,581	7,184			20,405
Z40 NSA Pipeline Project	2,372	1,622			1,000	5,664	10,658
Z40 Recycled Water Projects	3,453	5,280	6,200				14,933
Z40 Replacement Water Projects							
Z40 Surface Water Acquisition							
Z40 Other	20,963	6,591	5,296	6,030	7,078	6,980	52,938
<b>Zone 40 Total Projects</b>	<b>\$ 45,763</b>	<b>\$ 20,200</b>	<b>\$ 29,544</b>	<b>\$ 22,555</b>	<b>\$ 22,307</b>	<b>\$ 22,708</b>	<b>\$ 170,077</b>
Z41 Arden Meter Project	\$ 52,226	\$ 24,250	\$ 2,600	\$	\$ -	\$ -	\$ 79,676
Z41 Conservation Projects	2,065	2,575	2,875	3,925	4,925	5,425	21,790
Z41 Constructed Pipeline Projects							
Z41 Groundwater Projects	7,619	3,046	9,603	15,516	9,149	10,415	55,348
Z41 Replacement Water Projects	375	375	375	375	375	375	2,250
Z41 SCADA							
Z41 Surface Water Acquisition							
Z41 Other	7,360	3,858	4,676	4,564	6,046	3,626	30,130
<b>Zone 41 Total Projects</b>	<b>\$ 69,644</b>	<b>\$ 34,104</b>	<b>\$ 20,129</b>	<b>\$ 24,380</b>	<b>\$ 20,495</b>	<b>\$ 19,841</b>	<b>\$ 188,593</b>
<b>Total CIP</b>	<b>\$ 115,407</b>	<b>\$ 54,304</b>	<b>\$ 49,673</b>	<b>\$ 53,935</b>	<b>\$ 42,802</b>	<b>\$ 42,549</b>	<b>\$ 358,670</b>

Source: Agency Finance and Administration CIP Report

## Historical Financial Results

The following table contains a summary of certain historical operating results of the Agency with respect to Zones 40 and 41.

**Table 10**  
**Historical Operating Results**  
**(Dollars in Thousands)**

	<b>Historical</b>				
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Revenues:</b>					
<b>Operating revenues</b>					
Water service charges	\$ 54,570	\$ 58,126	\$ 58,647	\$ 56,803	\$ 57,647
Charges for services	2,325	2,179	2,486	3,292	3,162
Impact fees	26,141	30,840	42,890	38,396	65,695
Connection Fees	507	483	633	456	1,182
Other	1,787	1,969	3,314	3,241	2,386
<b>Total, net operating revenues</b>	<b>\$ 85,330</b>	<b>\$ 93,597</b>	<b>\$107,970</b>	<b>\$ 102,188</b>	<b>\$ 129,892</b>
<b>Non-operating revenue</b>					
Total interest income	\$ 3,873	\$ 1,669	\$ 1,864	\$ 7,927	\$ 12,270
Less: interest earnings on reserves	(1,191)	(1,198)	(1,212)	(1,199)	(1,201)
<b>Total, non-operating revenues</b>	<b>2,682</b>	<b>471</b>	<b>652</b>	<b>6,728</b>	<b>11,069</b>
<b>Total revenues</b>	<b>\$ 88,012</b>	<b>\$ 94,068</b>	<b>\$ 108,622</b>	<b>\$ 108,916</b>	<b>\$ 140,963</b>
Maintenance and operating expenses	29,156	32,456	34,159	38,743	41,281
<b>Net revenues</b>	<b>\$ 58,856</b>	<b>\$ 61,612</b>	<b>\$ 74,463</b>	<b>\$ 70,173</b>	<b>\$ 99,682</b>
<b>Debt service:</b>					
Series 2007 Bonds	\$ 9,578	\$ 9,627	\$ 9,627	\$ 11,525	\$ 11,601
Series 2019 Bonds	14,771	13,666	13,656	11,767	11,766
Series 2022 Bonds <sup>(1)</sup>					
Less interest earned on bond reserve	(1,191)	(1,198)	(1,207)	(1,199)	(1,198)
Adjusted annual debt service	\$ 23,158	\$ 22,095	\$ 22,076	\$ 22,093	\$ 22,169
<b>Debt service coverage:</b>					
Debt service coverage <sup>(2)</sup>	2.54x	2.79x	3.37x	3.18x	4.50x

<sup>(1)</sup> Represents the portion of debt service with respect to the Series 2022 Bonds not paid from capitalized interest.

<sup>(2)</sup> Represents debt service coverage based on actual payments of debt service payable from Net Revenues in the respective years. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS – The Installment Purchase Contract" and the definition of "Coverage Requirement" for a description of the calculation of debt service coverage for purposes of the Agency's rate covenant in the Installment Purchase Contract, which requires inclusion of an assumed amortization of the Series 2022 Bonds.

Source: Sacramento County Water Agency

## Projected Operating Results

The projected operating results are based upon a variety of assumptions, calculations and qualifications. Certain significant assumptions are described in the notes preceding the table. While the Agency believes these assumptions to be reasonable, the assumptions may vary significantly from actual future conditions due to unanticipated events and circumstances. To the extent that actual future conditions vary from those assumed in the preparation of the projected operating results, the actual results will vary from those contained in the table, and there can be no assurances such variances will not be material and adverse.

Following is a description of certain assumptions used by the Agency in the preparation of the Projected Operating Results:



Service Charges: The “Water Service Charges” amounts reflect the fee levels set forth in Table 3, and also assume customer account growth of 1.5% annually, with commensurate modest increase in water production and usage.

Interest Income: “Total Interest Income” reflects approximately 3.0% interest earnings on projected average cash and reserve balances.

Interest Earnings on Reserves: “Interest Earnings on Reserves” reflects interest earnings on the reserve fund held for the benefit of the Series 2007B Bonds in an amount equal to 5.5% (as provided in a guaranteed investment contract related to the reserve fund for the Series 2007B Bonds).

Maintenance and Operation Costs: The amount assumes 4% annual increases for personnel costs and 3% for other operations and maintenance expenses.

Customer Growth; Impact Fees. The Impact Fees in the Projected Operating Results use the projected fee levels set forth in Table 4, and assume that there will be approximately 1,000 new connections each year. Over the last five years, there have been an average of 1,432 connections each year, ranging from a high of 1,947 in Fiscal Year 2023, and a low of 1,114 in Fiscal Year 2021-22.

The Projected Operating Results do not contemplate any use of amounts available in the Rate Stabilization Fund.

As described in “Capital Improvement Program,” the Agency currently does not contemplate the execution of any additional Parity Obligations or Subordinate Obligations during the projection period.

**Table 11**  
**Projected Operating Results**  
**(Dollars in Thousands)**

	<b>Projected</b>				
	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
<b>Revenues:</b>					
<b>Operating Revenues</b>					
Water Service Charges	\$ 62,182	\$ 66,190	\$ 70,135	\$ 74,392	\$ 78,987
Charges for Services	2,959	3,116	3,079	3,051	3,082
Impact Fees	47,394	48,135	52,887	53,650	51,650
Connection Fees	1,021	1,107	1,289	1,139	1,178
Other	3,002	2,898	2,762	2,887	2,849
<b>Total, operating revenues</b>	<b>\$ 116,557</b>	<b>\$ 121,446</b>	<b>\$ 130,151</b>	<b>\$ 135,119</b>	<b>\$ 137,746</b>
<b>Non-operating revenue</b>					
Total Interest Income	5,827	5,366	5,527	5,692	5,863
Less: Interest Earnings on Reserves	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
<b>Total, non-operating revenues</b>	<b>4,627</b>	<b>4,166</b>	<b>4,327</b>	<b>4,492</b>	<b>4,663</b>
<b>Total Revenues</b>	<b>\$ 121,184</b>	<b>\$ 125,611</b>	<b>\$ 134,478</b>	<b>\$ 139,611</b>	<b>\$ 142,409</b>
Maintenance and Operation Costs	39,646	41,478	43,206	44,354	46,024
<b>Net Revenues</b>	<b>\$ 81,538</b>	<b>\$ 84,133</b>	<b>\$ 91,271</b>	<b>\$ 95,258</b>	<b>\$ 96,386</b>
<b>Total Impact Fees</b>	<b>\$ (47,394)</b>	<b>\$ (48,135)</b>	<b>\$ (52,887)</b>	<b>\$ (53,650)</b>	<b>\$ (51,650)</b>
<b>Net revenues less total impact fees</b>	<b>\$ 34,144</b>	<b>\$ 35,998</b>	<b>\$ 38,384</b>	<b>\$ 41,608</b>	<b>\$ 44,736</b>
<b>Debt service:</b>					
Debt Service on Series 2007B Bonds	\$ 11,502	\$ 11,501	\$ 11,532	\$ 15,868	\$ 25,708
Debt Service on Series 2019 Bonds	11,805	11,805	11,801	7,471	
Debt service on WIFIA Credit Agreement <sup>(1)</sup>	-	895	1,535	1,535	3,406
Debt service on Series 2022 Bonds <sup>(1)</sup>	2,264	1,354	-	-	
Debt service on Series 2025 Bonds <sup>(1)</sup>				1,593	4,351
Less interest earned on Series 2007 Bond reserve fund	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
Adjusted Annual Debt Service	\$ 24,371	\$ 24,355	\$ 23,668	\$ 25,267	\$ 32,265
<b>Debt service:</b>					
Debt Service coverage <sup>(1)(2)</sup>	3.35x	3.45x	3.86x	3.77x	2.99x
Debt service coverage less total impact fees	1.40x	1.48x	1.62x	1.65x	1.39x

<sup>(1)</sup> Does not include capitalized interest payable from a portion of the proceeds of the Series 2022 Bonds and the Series 2025 Bonds. Assumes that the Series 2022 Bonds will be paid at maturity on or before November 1, 2025 from the proceeds of a drawing on the WIFIA Credit Agreement. See "ESTIMATED SOURCES AND USES OF FUNDS" and "CERTAIN RISK FACTORS - Failure of the Agency to Repay or Refund the Series 2022 Bonds."

<sup>(2)</sup> For Fiscal Year 2024-25, represents debt service coverage based on actual payments of debt service payable from Net Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS – The Installment Purchase Contract" and the definition of "Coverage Requirement" for a description of the calculation of debt service coverage for purposes of the Agency's rate covenant in the Installment Purchase Contract, which requires inclusion of an assumed amortization of the Series 2022 Bonds.

## **CERTAIN RISK FACTORS**

The following factors, which represent certain major risk factors, should be considered along with all other information in this Official Statement by potential investors in evaluating the Series 2025 Bonds. There can be no assurance that other risk factors do not currently exist or will not arise at any future time due to changed circumstances or otherwise.

### **Rate Covenant Not a Guarantee; Failure to Meet Projections**

The ability of the Agency to make the 2025 Installment Payments and thereby pay the principal of and interest on the Series 2025 Bonds depends on the ability of the Agency to generate Net Revenues in the levels required by the Installment Purchase Contract. Although, as more particularly described herein, the Agency expects that sufficient revenues will be generated through the imposition and collection of fees and charges and other Revenues described herein, there is no assurance that such imposition of such fees, connection fees or other Revenues will result in the generation of Net Revenues in the amounts required by the Installment Purchase Contract. The Agency's covenant does not constitute a guarantee that sufficient Net Revenues will be available to make debt service payments on the Series 2025 Bonds.

In addition, the Agency's financial projections are based on a number of assumptions, including assumptions relating to future growth in the service area of Zone 40 and Zone 41. Changes in circumstances could have a material adverse impact on the ability of the Agency to make the 2025 Installment Payments and the ability of the Authority to pay the principal of and interest on the Series 2025 Bonds.

### **Statutory and Regulatory Impact**

Laws and regulations governing the treatment and delivery of drinking water are enacted and promulgated by government agencies on the federal, State and local levels. Compliance with these laws and regulations may be costly, and, as more stringent standards are developed to protect the environment, these costs will likely increase. Claims against the Agency with respect to its facilities and services could be significant. Such claims are payable from assets of the Agency or from other legally available sources.

The Agency has identified a number of existing environmental conditions (including discovery of PFAS in certain wells), as well as anticipated regulatory requirements, which could materially impact the Agency's operations, and could require significant increases in capital and/or operating costs of the Agency. See "THE AGENCY—Environmental Compliance."

Although rates are the major source of funding for regulatory costs and the Agency has covenanted in the Master Installment Purchase Contract to establish such rates as are estimated to enable the Agency to make all 2025 Installment Payments required to be made pursuant to the Installment Purchase Contract, no assurance can be given that the cost of remediation of identified environmental conditions or compliance with such laws and regulations will not materially adversely affect the ability of the Agency to generate Net Revenues in the amounts required by the Agency Installment Purchase Contract and to pay the 2025 Installment Payments.

### **Earthquake, Flood, Wildfire or Other Natural Disasters**

The potential for natural disasters to cause catastrophic damage to any urban area, including its above-ground and below-ground water infrastructure, in California is great. The Sacramento area is no different than any large metropolitan area in this regard. In particular, certain areas of the County have been identified by the U.S. Fire Administration as being within the wildland urban interface ("WUI"). Certain facilities in the Water System (consisting of certain pipes, wells and groundwater treatment facilities) are within the WUI as well. The WUI is the zone of transition between unoccupied land and human development, where structures and other human development meet or intermingle with undeveloped wildland or vegetative fuels.

Also, certain areas in Sacramento County (outside Zone 40 and Zone 41) have been identified as being within a 100-year flood plain. See “THE AGENCY—Flood” herein.

The occurrence of a flood, earthquake, wildfire (in the WUI in the County or otherwise) or other natural disaster could result in the temporary or permanent closure of one or more components of the Water System, the temporary or permanent loss of customers and customer demand, and/or result in significantly increased costs or significantly decreased revenues that could materially adversely affect the ability of the Agency to operate the Water System or to generate Net Revenues at the levels required by the Installment Purchase Contract.

### **Climate Change**

The change in the earth’s average atmospheric temperature, generally referred to as “climate change”, is expected to, among other things, increase the frequency and severity of extreme weather events and cause substantial flooding. Climate change was addressed in the Agency’s 2015 Urban Water Management Plan, which noted that climate change is anticipated to have an impact on water demands and supplies. Identified priority vulnerabilities in the region pertinent to urban water demands and supplies include the increased potential for summer water shortage due to increased summer demand caused by warming temperatures and reduced water supply reliability due to the region’s reliance on snowpack, existing storage capacity limitations, and increased drought potential. Reductions of Sierra snowpack, earlier snowmelt runoff, and more frequent and longer periods of drought would reduce water supply reliability for the region. The Agency has a Board approved Water Shortage Contingency Plan to address potential water shortfalls, including those due to climate change.

### **Cybersecurity**

The County and the Agency rely on a large and complex technology environment to conduct their operations. The County and the Agency face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. There have been, however, only limited cyber-attacks on the County’s and Agency’s computer system. No assurances can be given that the County’s and Agency’s security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the County’s or Agency’s computer and information technology systems could impact its operations and damage the County’s and Agency’s digital networks and systems, and the costs and/or impacts on operation resulting therefrom could be materials.

### **Interest Rate Swap Risks**

The Agency entered into the Series 2007B Swaps in connection with the sale of the Series 2007B Bonds. See “AGENCY OPERATIONS—Interest Rate Swaps” herein. No determination can be made at this time as to the potential exposure to the Agency relating to termination payments or any non-scheduled payments. The counterparty may terminate any of the swaps upon the occurrence of certain “termination events” or “events of default.” The Agency may terminate any of the swaps at any time. If either the counterparty or the Agency terminates any swap, the Agency may be required to make a termination payment to the counterparty, and there is no assurance that such payment by the Agency would not have a material adverse impact on its financial position. Subject to the Installment Purchase Contract, the Agency may enter into additional interest rate swaps in the future.

### **Certain Limitations on the Ability of the Agency to Impose Taxes, Fees and Charges**

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Articles XIIC and XIID to the California Constitution, which contain a number of interrelated provisions affecting the ability of

local governments, including the Agency, to levy and collect both existing and future taxes, assessments, fees, and charges.

Section 3 of Article XIII C expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees, and charges, regardless of the date such taxes, assessments, fees, or charges were imposed. Section 3 expands the initiative power to include reducing or repealing assessments, fees, and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of article XIII C to fees imposed after November 6, 1996, the effective date of Proposition 218, and absent other legal authority could result in the reduction in any existing taxes, assessments, or fees and charges imposed prior to November 6, 1996.

“Fees” and “charges” are not expressly defined in Article XIII C or in the Proposition 218 Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions in complying with articles XIII C and XIII D (the “Omnibus Act”). However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virjil* (the “Bighorn Decision”) that charges for ongoing water delivery are property-related fees and charges within the meaning of article XIII D and are also fees or charges within the meaning of Section 3 of Article XIII C. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIII C.

In the Bighorn Decision, the Supreme Court stated that nothing in Section 3 of Article XIII C authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the Bighorn Decision that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contracts clause of the United States Constitution. Additionally, the Omnibus Act provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after the effective date of Proposition 218, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. However, no assurance can be given that the voters within the service area of the Agency will not, in the future, approve an initiative that reduces or repeals local taxes, assessments, fees, or charges.

Article XIII D defines a “fee” or “charge” as any levy other than an ad valorem tax, special tax, or assessment imposed upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property-related service. A “property-related service” is defined as “a public service having a direct relationship to a property ownership.” In the Bighorn Decision, the California Supreme Court held that a public water agency’s charges for ongoing water delivery are fees and charges within the meaning of Article XIII D. Article XIII D requires that any public agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIII D also includes a number of limitations applicable to existing fees and charges, including provisions to the effect that (1) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (2) such revenues shall not be used for any purpose

other than that for which the fee or charge was imposed; (3) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel; and (4) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

On November 2, 2010, voters in the State approved Proposition 26, which amended Article XIII C of the State Constitution by expanding the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, for performing investigations, inspections, and audits, for enforcing agricultural marketing orders, and for the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax; that the amount is no more than necessary to cover the reasonable costs of the governmental activity; and that the manner in which those costs are allocated to a payor bears a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

The Agency believes that it has complied with the requirements of Proposition 218 with respect to the charges that it currently imposes.

In addition to imposing fees for water service, the Agency also imposes development-impact fees as a condition for connecting new properties to the Water System. The Agency does not believe that these development-impact fees are subject to Proposition 218.

Pursuant to the Installment Purchase Contract, the Agency has covenanted that it will at all times fix, prescribe and collect rates, fees and charges for the services it provides during each Fiscal Year which are reasonably fair and nondiscriminatory and which are estimated to yield Adjusted Annual Net Revenues for such Fiscal Year equal to at least the Coverage Requirement for such Fiscal Year. The Agency may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Adjusted Annual Net Revenues from such reduced rates, fees and charges are estimated to be sufficient to meet the requirements of the Agency’s rate covenant in the Installment Purchase Contract. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS—The Installment Purchase Contract—Rate Covenant; Collection of Rates and Charges” herein. In the event that proposed increased service charges cannot be imposed as a result of a majority protest or an initiative, such circumstances may adversely affect the ability of the Agency to generate revenues in the amounts required by the Installment Purchase Contract, and to make 2025 Installment Payments under the Installment Purchase Contract and accordingly provide sufficient amounts for the payment of principal and interest on the Series 2025 Bonds.

## **Bankruptcy**

While an involuntary bankruptcy petition cannot be filed against the Agency or the Authority, each of the Agency and the Authority is authorized to file for bankruptcy under certain circumstances. Should the Agency or the Authority file for bankruptcy, there could be adverse effects on the holders of the Series 2025 Bonds.

To the extent that the Net Revenues are “special revenues” under the Bankruptcy Code and the Series 2025 Bonds are covered by the provisions of the Bankruptcy Code relating to pledges of special revenues, then Net Revenues collected after the date of the bankruptcy filing should secure the Agency’s obligations under the Installment Purchase Contract. The determination of whether or not Net Revenues are “special revenues” is subject to judicial discretion, and there can be no assurances that the Net Revenues would ultimately be characterized as “special revenues.” If any or all of the Net Revenues are determined not to be special revenues or if it is determined that the Series 2025 Bonds are not covered by the relevant provisions of the Bankruptcy Code, then any such amounts collected after the commencement of the bankruptcy case will likely not secure the Agency’s obligations under the Installment Purchase Contract. The holders of the Series 2025 Bonds may not be able to assert a claim against any property of the Agency other than the Net Revenues, and if any or all of the Net Revenues no longer secure the Installment Purchase Contract, then there may be limited, if any, funds from which the holders of the Series 2025 Bonds are entitled to be paid.

The Bankruptcy Code provides that “special revenues” can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. It is not clear precisely which expenses would constitute necessary operating expenses and any definition in the transaction documents may not be applicable.

If the Agency or the Authority is in bankruptcy, the parties (including the Trustee and the holders of the Series 2025 Bonds) may be prohibited from taking any action to collect any amount from the bankrupt party or to enforce any obligation of the bankrupt party, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Series 2025 Bonds from funds in the Trustee’s possession. If the Authority is in bankruptcy, it may be able to require that all amounts due under the Installment Purchase Contract (including Net Revenues) be paid directly to it, notwithstanding the provisions of the transaction documents that require such payments be made directly to the Trustee. The Agency’s rate covenant in the Installment Purchase Contract (see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS -The Installment Purchase Contract - Rate Covenant; Collection of Rates and Charges”) may not be enforceable in bankruptcy by the Trustee or the holders of the Series 2025 Bonds.

The Agency is permitted to commingle the Revenues with its own funds for certain periods of time before turning over the Net Revenues to the Trustee. If the Agency goes into bankruptcy, the Agency may not be required to turn over to the Trustee any Net Revenues that are in its possession at the time of the bankruptcy filing and have been commingled with other moneys. If the Agency has possession of Net Revenues (whether collected before or after commencement of the bankruptcy) and if the Agency does not voluntarily turn over such Net Revenues to the Trustee, it is not entirely clear what procedures the Trustee and the holders of the Series 2025 Bonds would have to follow to attempt to obtain possession of such Net Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

If the Agency or the Authority is in bankruptcy it may be able to repudiate the Installment Purchase Contract. If the Installment Purchase Contract is repudiated, the Agency will no longer be obligated to make any payments under it.

If the Agency or the Authority is in bankruptcy it may be able, without the consent and over the objection of the Trustee and the holders of the Series 2025 Bonds, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Installment Purchase Contract, the Indenture, and the Series 2025 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2025 Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the Agency or the Authority that could result in delays or reductions in payments on the Series 2025 Bonds, or result in losses to the holders of the Series 2025

Bonds. Regardless of any specific adverse determinations in a Agency or Authority bankruptcy proceeding, the fact of a Agency or Authority bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2025 Bonds.

### **Failure of the Agency to Repay or Refund the Series 2022 Bonds**

Payment of principal on the Series 2022 Bonds is dependent on the Agency's ability to receive proceeds of drawings under the WIFIA Credit Agreement or to issue and sell refunding obligations prior to the maturity of the Series 2022 Bonds.

The Agency and the Authority have entered into the WIFIA Credit Agreement with the WIFIA Credit Provider, proceeds of which are expected to be used by the Agency to pay the Series 2022 Bonds at or prior to maturity. See the caption "INTRODUCTION—Other Obligations of the Agency" herein. While the Agency expects to be able to make a drawing under the WIFIA Credit Agreement in an amount sufficient to pay the Series 2022 Bonds at or prior to maturity, the WIFIA Credit Agreement includes certain conditions that the Authority and the Agency must satisfy in order to draw upon it. In addition, the federal government has recently issued a series of executive orders, and the Office of Management and Budget has issued guidance, that suspend or limit federal government funding to state and local governments. While certain of these orders have been challenged in applicable courts, the Agency cannot predict the outcome of future federal administrative actions, legislation or budget deliberations and the impact that such matters will have on the WIFIA program. As a result, there can be no assurance that WIFIA Credit Agreement drawing proceeds will be available to pay the principal of the Series 2022 Bonds at maturity.

If the proceeds of drawings under the WIFIA Credit Agreement are not received by the Agency in a timely manner, whether as a result of a failure to honor a draw by the WIFIA Credit Provider, a default by the Authority or the Agency under the WIFIA Credit Agreement, or otherwise, the Authority's and the Agency's ability to pay the principal amount of the Series 2022 Bonds would be dependent on the Authority's ability to issue and sell refunding obligations prior to the maturity of the Series 2022 Bonds. In such circumstance, the Authority or the Agency would likely have to issue bonds, notes or other obligations to pay the principal of the Series 2022 Bonds. Debt service on such bonds, notes or other obligations could be materially higher than payments on the WIFIA Credit Agreement.

A variety of events could prevent access to the municipal securities market, prohibit the Authority and the Agency from issuing such bonds, notes or other obligations, or make the issuance of such bonds, notes or other obligations prohibitively expensive. Also, additional authorization for the issuance of such bonds, notes or other obligations must be obtained by the Authority and the Agency prior to the issuance thereof. No assurance can be given that such a financing will be available to the Authority or the Agency on sufficiently favorable terms.

### **THE AUTHORITY**

The Authority was formed pursuant to a Joint Exercise of Powers Agreement and the JPA Act. The Authority was formed for the purpose of facilitating the financing of the acquisition and/or construction of real and personal property in and for the service area of the Agency and the County and to assist the Agency in financing major capital improvements. Under the Joint Exercise of Powers Agreement and the JPA Act, the Agency has no liability for the Series 2025 Bonds, but is liable for the payment of the 2025 Installment Payments from Net Revenues.

The Authority shall continue in existence so long as any obligation of the Authority remains unpaid or any Authority bonds are outstanding.



## **ABSENCE OF LITIGATION**

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance of the Series 2025 Bonds or in any way contesting or affecting the validity of the Series 2025 Bonds or any proceedings of the Agency or the Authority taken with respect to the execution, delivery or sale thereof.

In addition, there is no litigation pending or threatened against the Agency or the Authority which, in the opinion of the County Counsel, would materially adversely affect the Water System, the financial condition of the Agency or the sources of payment for the 2025 Installment Payments.

## **CONTINUING DISCLOSURE**

The Agency, has covenanted for the benefit of the holders and beneficial owners of the Series 2025 Bonds to provide the Annual Report, containing certain financial information and operating data relating to the Agency, by not later than seven months following the end of the Agency's Fiscal Year (presently June 30), commencing February 1, 2026 with the report for Fiscal Year 2024-25, and to provide notices of the occurrence of certain specified events. The Annual Report and notices of specified events will be filed by the Agency with the Municipal Securities Rulemaking Board through EMMA. The specific nature of the information to be contained in the Annual Report and the notices of material events is set forth in APPENDIX D—"FORM OF AGENCY CONTINUING DISCLOSURE CERTIFICATE" hereto. These covenants have been made in order to assist the Purchaser in complying with S.E.C. Rule 15c2-12(b)(5).

In the last five years the County filed all annual reports on a timely basis. However, in one year, the Agency failed to include certain required information. The Agency made subsequent filings which contained the missing information.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2025 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Series 2025 Bonds is less than the amount to be paid at maturity of such Series 2025 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2025 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2025 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2025 Bonds is the first price at which a substantial amount of such maturity of the Series 2025 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2025 Bonds accrues daily over the term to maturity of such Series 2025 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2025 Bonds to determine taxable

gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2025 Bonds. Beneficial owners of the Series 2025 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2025 Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2025 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2025 Bonds is sold to the public.

Series 2025 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Series 2025 Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Series 2025 Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Series 2025 Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Series 2025 Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2025 Bonds. The Authority and the Agency have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2025 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2025 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2025 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2025 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2025 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2025 Bonds may otherwise affect a beneficial owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2025 Bonds. Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Series 2025 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the Agency, or about the effect of future changes in the Code, the applicable

regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the Agency have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2025 Bonds ends with the issuance of the Series 2025 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Agency or the beneficial owners regarding the tax-exempt status of the Series 2025 Bonds in the event of an audit examination by the IRS. Under current procedures, beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2025 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2025 Bonds, and may cause the Authority, the Agency or the beneficial owners to incur significant expense.

Payments on the Series 2025 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of Series 2025 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2025 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2025 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### **APPROVAL OF LEGALITY**

The validity of the Series 2025 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel Opinion is contained in Appendix E hereto. Certain legal matters will be passed upon for the Agency by the Sacramento County Counsel, Sacramento, California and for the Agency by its Disclosure Counsel, Stradling Yocca Carlson & Rauth LLP. Bond Counsel and Disclosure Counsel take no responsibility for the accuracy, completeness or fairness of this Official Statement.

### **RATINGS**

Standard & Poor's Global Ratings ("S&P") has assigned the Series 2025 Bonds a rating of "AA-." The ratings reflect only the views of S&P and any explanation of the significance of such rating and any ratings on any of the Agency's outstanding obligations may be obtained only from S&P. Certain information was supplied by the Authority and the Agency to S&P to be considered in evaluating the Series 2025 Bonds. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by S&P, if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse effect on the market price of the Series 2025 Bonds.

## **PURCHASE AND REOFFERING**

The Series 2025 Bonds were purchased at a competitive sale on \_\_\_\_\_, 2025, by \_\_\_\_\_ (the “Purchaser”), for an aggregate purchase price of \$ \_\_\_\_\_ (representing the aggregate principal amount of the Series 2025 Bonds plus an original issue premium of \$ \_\_\_\_\_ and less an underwriting discount of \$ \_\_\_\_\_).

The Official Notice of Sale pursuant to which the competitive sale was undertaken (the “Notice of Sale”) provides that the Purchaser will purchase all of the Series 2025 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions in the Notice of Sale, the approval of certain legal matters by counsel and certain other conditions.

Under certain circumstances, the initial public offering prices or yields stated on the page immediately following the cover of this Official Statement may be changed from time to time by the Purchaser. The Purchaser may offer and sell the Series 2025 Bonds to certain dealers (including dealers depositing the Series 2025 Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower or yields higher than said public offering prices or yields.

## **MUNICIPAL ADVISOR**

PFM Financial Advisors LLC is employed as Municipal Advisor to the Agency in connection with the issuance of the Series 2025 Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Series 2025 Bonds is contingent upon the issuance of the Series 2025 Bonds. Public Financial Management, Inc., in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2025 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor to the Agency has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Agency and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

## **INDEPENDENT AUDITOR**

The Sacramento County Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024 (which includes audited financial information for the Agency) is included as Appendix A hereto, and has been audited by Macias Gini & O’Connell LLP, independent auditors, as stated in their report appearing in Appendix A hereto. Macias Gini & O’Connell LLP has not consented to the inclusion of its report as Appendix A and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Macias Gini & O’Connell LLP with respect to any event subsequent to its report dated December 3, 2024.

## **MISCELLANEOUS**

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority, the Agency and the purchasers or owners of any of the Series 2025 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority and the Agency.

**SACRAMENTO COUNTY WATER FINANCING  
AUTHORITY**

By: \_\_\_\_\_  
Authorized Officer

**SACRAMENTO COUNTY WATER AGENCY**

By: \_\_\_\_\_  
Authorized Officer

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## **APPENDIX A**

### **SACRAMENTO COUNTY ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The finances of the Zone 40 and Zone 41 of the Water System are reported as an “enterprise fund” in the Sacramento County Annual Comprehensive Financial Report. The Annual Comprehensive Financial Report also contains information with respect to the County’s General Fund, other enterprise funds, and other funds. The principal, or redemption price, of and interest on the Series 2025 Bonds are payable solely from the Revenues pledged for the payment thereof, and the inclusion of information relating to the General Fund, other enterprise funds, and other funds in the Sacramento County Annual Comprehensive Financial Report does not create an implication that any of such other funds are available for payment of the Series 2025 Bonds.

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**Photo Credit:**

**Nicolae Leustian, Accounting Manager  
Department of Finance**

**The cover image displays the Fair Oaks Bridge over the American River at the Sunrise Recreation Area. The photo was taken in July 2022 while walking along the American River bike trail.**

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For The Fiscal Year Ended June 30, 2024**



**COUNTY OF SACRAMENTO**  
**STATE OF CALIFORNIA**  
*Chad Rinde, Director of Finance*

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**COUNTY OF SACRAMENTO**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT



## INTRODUCTORY SECTION

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**Department of Finance****Chad Rinde****Director**

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

**County of Sacramento**

December 3, 2024

To the Members of the Board of Supervisors and Citizens of Sacramento County  
Sacramento, California

The Annual Comprehensive Financial Report (ACFR) of the County of Sacramento (County) for the fiscal year ended June 30, 2024, 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 County's financial statements are accurate in all material respects and presented as of and for the fiscal year ended June 30, 2024. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The ACFR is presented in four sections: introductory, financial, statistical, and bond disclosures. The introductory section includes this transmittal letter, a copy of the Fiscal Year Ended June 30, 2023 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, a list of public officials, and acknowledgment section. 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 individual nonmajor fund financial statements and schedules to provide readers with a comprehensive understanding of the County's financial activities. This letter is designed to complement the County's MD&A and should be read in conjunction with it. The County's MD&A, which is unaudited, can be found on pages 5 - 24 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.

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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 (Board), 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 (2026, 2030, etc.), while supervisors from District 3 and District 4 are elected in presidential election years (2024, 2028, 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, child, family and adult services, 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., County of Sacramento 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, these blended component units are accounted for in the governmental funds, enterprise funds, and fiduciary component unit as disclosed in the notes to the accompanying financial statements.

**ECONOMIC CONDITION AND OUTLOOK**

At the national level, the economy continues to expand at a moderate rate, with Gross Domestic Product (GDP) increasing at an annual rate of 2.8 percent for the second quarter of 2024, up from 1.4 percent in the first quarter. In a report from the U.S. Bureau of Economic Analysis, retail trade, construction, finance and insurance, and health care and social assistance were the leading contributors to growth in real GDP nationally. According to the U.S. Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers increased at an annual rate of 3.0 percent before seasonal adjustments for the twelve months ended on June 30, 2024.

**Housing Market**

The U.S. Census Bureau and U.S. Department of Housing and Urban Development jointly reported that nationally housing starts in June 2024 increased 3.0 percent from May 2024 and were 4.4 percent below the June 2023 level. Permits for new construction in June 2024, a sign of future demand, have increased 3.4 percent from May 2024 nationally, but are 3.1 percent below the June 2023 rate. Within the Sacramento Metropolitan Statistical Area, housing starts were up 24.3 percent for the twelve month ending June 2024 according to the Federal Reserve Bank Economic Data.

Active listings increased 36.7 percent nationally over the last year, according to a report from Realtor.com, while the total inventory of unsold homes increased by 22.4 percent. The median price of homes for sale in June 2024 remained stable nationally compared with June 2023, however, the median price per square foot grew by 3.4 percent, indicating that the inventory of smaller and more affordable homes has grown in share. Homes spent 45 days on the market in June 2024, compared to the average 43 days during June 2023. In California, June's statewide median home price was \$900,720, down 0.8 percent from May and up 7.5 percent from and adjusted price of \$837,850 in June 2023.

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According to the Federal Reserve Bank of St. Louis, the House Price Index (HPI), a broad measure of the movement of single-family property prices, in the Sacramento, Roseville, and Folsom Metropolitan Statistical Area (MSA) was 403.06 in the first quarter of 2024, an increase from 378.77 in the first quarter of 2023. According to a recent report from the California Association of Realtors, the median home price within Sacramento County was \$560,000 as of June 2024, a 5.36 percent decrease over the prior year. The month-to-month numbers reflect a slight increase in the average home sale price from \$550,000 in May 2024 to \$560,000 in June 2024 reflecting a 0.9 percent increase in values.

In FY 2023-24, the County's property tax assessment roll increased by 7.43 percent, following an increase of 8.0 percent in FY 2022-23. This is the eleventh annual consecutive increase since FY 2012-13. The County is expecting growth of 5.18 percent in FY 2024-25 property taxes, which are based on assessed values as of January 1, 2024. The recent growth in assessed values is due to a combination of factors, including sustained increase in average home prices over the last few years and ongoing new housing development and construction projects.

#### **Labor Market**

According to the Bureau of Labor Statistics, the national unemployment rate was 4.3 percent in June 2024, and increase from 3.8 percent in June 2023. The number of jobs added to nonfarm payroll from May 2024 to June 2024 was 206,000. Notable employment gains in June 2024 occurred in government, healthcare, social assistance, and construction. Both the unemployment rate, at 4.3 percent, and the number of unemployed person, at 6.8 million, changed little in June 2024.

The unemployment rate in the Sacramento, Roseville, and Arden-Arcade MSA was 4.7 percent in June 2024, up from 3.9 percent in May 2024, and 4.4 percent at June 2023. Between June 2023 and June 2024, total jobs in the region increased 2.4 percent, or 26,100 jobs, primarily in the areas of public and private education, health services, social assistance, government, and construction.

#### **Tax Abatements**

The County currently offers two types of assessment that meet the tax abatement criteria. The tax abatements, justification and economic benefit are as follows:

Williamson Land Conservation Act which the County offers to restrict the usage of specific parcels to preserve agricultural and other open space lands. The economic impact is approximately \$1,128,000 of abated revenue per year.

Mills Act which the County offers to promote the restoration and preservation of qualified historic buildings by private property owners. This requires the building owners maintain its historic character and to use it in a manner compatible with its historic features. The future economic impact is approximately \$50,000 of abated revenue per year.

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

Recognizing that expenditure and revenue decisions made in one year can have a significant effect on the resources that will be available to fund General Fund programs in future years, but also recognizing the difficulties in predicting future year economic and fiscal conditions, County staff prepares a Multi-Year Sensitivity Analysis that estimates what the impact could be on the General Fund's fiscal condition under three different scenarios: a Baseline Scenario, that staff believes is the most realistic scenario to use for planning purposes, and More Conservative and More Optimistic Scenarios. Each of the scenarios makes different assumptions about what the General Fund's discretionary revenue and Net County Cost will be through FY 2031-32, with the following estimated results:

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- The *Baseline Scenario* shows projected Net County Cost exceeding discretionary revenues until FY 2026-27 and then again in FY 2029-30. Under this scenario, the General Fund's unrestricted fund balance is projected to remain between \$205 million and \$275 million throughout the forecast period.
- Under the *More Conservative Scenario*, Net County Cost is projected to exceed discretionary revenues throughout the forecast period. The projected unrestricted fund balance would continue to decline throughout the forecast period, with a negative fund balance beginning in FY 2030-31. As a practical matter, the County would begin making significant reductions in General Fund programs earlier in the forecast period to ensure the unassigned fund balance would not become negative.
- Under the *More Optimistic Scenario*, discretionary revenues are projected to exceed Net County Cost beginning if FY 2026-27 through the end of the forecast period. And the projected unrestricted fund balance at the end of FY 2031-32 would increase to approximately \$700 million.

The wide range of projected results in each of the three scenarios illustrates the sensitivity of the projections to the assumptions used in developing them. Additionally, future circumstances may vary widely from the assumptions made in developing these projections for a wide variety of reasons, with actual results falling outside the projection range.

In addition to a General Fund Sensitivity Analysis, each year County staff prepares a multi-year Capital Improvement Plan (CIP) and a Technology Improvement Plan (TIP) for consideration by the Board of Supervisors. The most recent CIP and TIP was approved by the Board in June 2024 and identified capital and technology needs through FY 2028-29.

#### **RELEVANT FINANCIAL POLICIES**

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

##### **General Reserves Policy**

###### **General Reserves Level Goal:**

The County's goal is to have the combined balance of the General Reserves, Reserve for Cash Flow, and Service Stability Reserve equal to 17.0 percent of total General Fund revenues. In accordance with State law, except in cases of a legally declared emergency, General Reserves or Service Stability Reserve may only be cancelled or decreased at the time of budget adoption. In addition to emergencies, in times of fiscal stress these funds can be used to help balance the General Fund budget as part of a plan to achieve structured balance. Any plan to achieve structural balance should include a provision to replenish the General Reserves or Service Stability Reserve to the 17.0 percent level.

###### **General Reserves Funding Policies:**

- For the County's Recommended Budget, after funding base budget expenditures and any new obligations, the Reserve Policy call for making an required contribution to maintain the General Reserve at 10 percent of the discretionary revenues and depositing a minimum of 25 percent of any remaining discretionary resources to the Service Stability Reserve until the Reserve Target is reached.
- For the Revised Recommend Budget, after funding any changes in base budget requirements or new obligations, adjusting required contributions to the General Reserve, and funding enhanced programs and services prioritized in the Recommended Budget, the Reserve Policy calls for depositing any remaining discretionary resources in the Service Stability Reserve.

The FY 2024-25 Adopted Budget complied with this policy by funding the General Reserve at 10 percent of discretionary revenues and depositing remaining discretionary resources, after funding the expenditures identified above, in the Service Stability Reserve.

**General Fund Contingency Policy**

The General Fund Contingency Policy recognizes that departments in the General Fund are subject to the risk of unplanned, unavoidable expenditures during the year and that a pooled General Fund contingency is an efficient way to provide a form of “insurance” against these risks and avoid disruption to important services. The Contingency Policy specifies:

- Contingency Size: During the annual budget process, the County Executive will recommend an amount for contingency based on expectations for the potential of unplanned, unavoidable costs in the normal course doing business during the upcoming budget year.
- Acceptable Uses of Contingency: The contingency is intended to be used for unplanned, unavoidable expenditures incurred in the ordinary course of doing business.
- Authority to Use the Contingency: Any potential use of contingency must be coordinated with the Office of the County Executive, with recommendation to the Board in the form of an Appropriation Adjustment Request, which would require a four-fifths vote for approval.

**County Budget Priorities**

The following are the Board’s Budget Priorities for the use of discretionary resources in order of priority:

1. Complying with the County’s legal, financial, regulatory and policy obligations, including providing mandated services, ensuring collection of revenues, and complying with the General Reserves policy.
2. Optimizing the use of County Resources, with budgeted service levels for County Programs informed by community priorities, improving effectiveness and efficiency where possible, and limiting the extent to which reductions in dedicated revenue are backfilled with discretionary resources.
3. Funding new or enhanced programs that focus on the most critical and urgent needs, with the following priority focus areas identified in a survey of County residents:
  - A Countywide focus area of addressing homelessness and its impacts, including housing, mental health and substance use.
  - An unincorporated focus area of improving the condition of streets and roads.

**MAJOR INITIATIVES**

In the FY 2024-25 budget, Sacramento County is implementing or continuing a number of initiatives in each of the major functional areas of Social Services, Community Services, Public Safety and Justice, Administrative Services and General Government.

**Social Services:** Major Initiatives in County Social Services departments include:

- Continued expansion of outreach, shelter and re-housing supports to address homelessness, including opening a third Safe Stay community and implementation of the Landlord Engagement and Assistance Program (LEAP).
- Continued build-out of the behavioral health continuum of care for justice involved populations, including building out 2 new THRIVE outpatient programs and adding 200 THRIVE Full-Service Partnership (FSP) slots.
- Expansion of behavioral health housing and shelter supports for unsheltered residents, including building out 247 Behavioral Health Bridge Housing units and 3 new permanent supportive housing sites.
- Expanding the continuum of placement options for foster youth through increased family engagement and the development of more intensive placement settings with comprehensive behavioral health supports.
- Implementation of Public Health’s Community Health Improvement Plan (CHIP) and the Edible Food Recovery Program (SB 1343).
- Continued development and phase one implementation of the Social Health Information Exchange (SHIE).
- Development of the Local Aging and Disability-Friendly Action Plan (LADAP), aiming to foster inclusivity, equity, and support for the aging

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community and those with disabilities.

**Community Services:** Major initiatives in Community Services departments include:

- SMForward, a \$1.3 billion expansion project at Sacramento International Airport, including a new pedestrian walkway, terminal expansions, a new parking garage, a consolidated ground transportation center, and a new rental car facility.
- Substantial investment in County road maintenance, including additional funding for road paving associated with utility projects.
- Development and adoption of the Communitywide Climate Action Plan.
- Continued implementation of organic waste collection in compliance with new State law.
- Retooling the development review process.
- Streamlining the Building Permit process.

**Public Safety and Justice:** Major initiatives in the Public Safety and Justice area include:

- Relationship and trust building with communities affected by law enforcement.
- Meeting the County’s obligations under the Mays Consent Decree related to conditions of confinement in the County’s jails, including alternatives to incarceration.
- Criminal Justice System County-wide mapping and data sharing.

**Administrative Services and General Government:** Major initiatives in the Administrative Services area and General Government include:

- Continuing a multi-year implementation of a new property tax system.
- Additional funding for sustainability capital projects at County Facilities.
- Enhanced staffing and equipment in the County’s Emergency Operations Center.
- Countywide diversity, equity and inclusion (DEI) cultural transformation.
- Organization culture change initiative.

**DEPARTMENT FOCUS**

Each year, we select activities or functions of the County to highlight particular successes or accomplishments. For FY 2023-24, we have selected the following activities:

**Airports**

- Sacramento County Department of Airports became the first airport in the nation to advance to the “creditworthiness” stage of the Transportation Infrastructure Finance and Innovation Act (TIFIA) process, a federal program that provides low-cost loans to eligible infrastructure projects. The Department intends to use more than \$32 million in TIFIA proceeds to finance a portion of the new Pedestrian Walkway connecting Terminal B to Concourse B, a key component of the Department’s SMForward Capital Program. These low interest loans will save the airport nearly \$900,000 per year in debt payments versus traditional financing methods.
- The Greater Sacramento Economic Council awarded the Sacramento County Department of Airports with its annual Competitiveness Award. This recognition is given to organizations that make significant contributions to the Greater Sacramento region by developing strategies, programs, and policies that drive tradable-sector economic development and position the region favorably against competitor markets.



**Community Development**

- Completed the County's Climate Action Plan Environmental Impact Report.

**Child Support Services**

- Improved accessibility and efficiency by streamlining processes and providing innovative ways to reach customers. The Department implemented several on-line service tools to simplify processes for customers opening cases, modifying orders, and allowing for the use of text messaging and DocuSign when conducting business.

**Homeless Services and Housing**

- Opened Sacramento County's first two Safe Stay Communities, which provide on-site services, security, and re-housing services to people experiencing unsheltered homelessness and reduce the impacts of unsheltered homelessness on nearby communities.

**Office of Emergency Services**

- Worked with contractors and community partners to develop 35 evacuation zone maps in nine languages, 32 livestock evacuation maps, and three public-facing evacuation websites. Emergency Services also created an instructional video detailing how to use the Evacuation Preparedness webpage, ran five multi-media campaigns to educate and prepare residents on wildfire safety and evacuations, and produced a video explaining the use of the Hi-Lo siren that alerts the public to evacuate immediately.

**Health Services**

- A Community Health Assessment (CHA), which provides data that assists with identifying priority issues affecting health in Sacramento County, was released in October 2023. The Sacramento County Community Health Improvement Plan (CHIP), which is a community-led 5-year action plan aimed to coordinate efforts and target resources to address root causes of health inequities in Sacramento County, was released in February 2024.
- Sacramento County Primary Health's Federally Qualified Health Center earned three Community Health Center Quality Recognition (CHQR) badges from the federal Agency for Healthcare Research and Services Administration to recognize the County's efforts as an Access Enhancer, Health Disparities Reducer, and in Advancing Health Information Technology for Quality. These awards recognize the Health Center's efforts in quality improvement achievements, improved access to care, and improved patient outcomes.

**Probation**

- Opted into Vera's Initiative to End Girls Incarceration (EGI), which focuses on prevention and early intervention efforts to divert youth from the juvenile justice system and prevent further involvement, when possible, with funding and support from the Vera Institute of Justice and the California Office of Youth and Community Restoration (OYCR). Probation is taking a deep dive into local data, identifying system and programming gaps, and implementing policy and programming solutions to meaningfully reduce incarceration of girls and gender expansive youth.
- Established the Department's Mental Health Unit (MHU) to serve individuals granted pretrial mental health diversion by the Superior Court

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pursuant to section 1001.36 of the Penal Code. The provisions were established to increase diversion of individuals with mental disorders to mitigate the individuals' entry and reentry into the criminal justice system while protecting public safety. Dedicated to supporting individuals with behavioral health needs, the MHU manages court-determined supervision levels and offers a comprehensive range of services.

**Sheriff**

- In early 2024, the Reentry Services Unit at Rio Cosumnes Correctional Center presented to key legal and behavioral health stakeholders, establishing a groundbreaking partnership with the court system. This collaboration aims to integrate pre-trial inmates into the Reentry Services program, which offers an in-custody Residential Substance Abuse Treatment as an alternative to lengthy out-of-custody rehabilitation waitlists. The program has successfully admitted about 40% of court-referred individuals, reducing both wait times and potential jail stays. By addressing the challenges of working with Pre-Trial inmates, this innovative approach could serve as a model for other counties and help reduce recidivism.

**Voter Registration and Elections**

- Launched a self-service web application called My Voter Portal (MVP), which provides Sacramento County voters the ability to verify their registration, determine their districts, find their nearest Vote Center or Official Ballot Drop Box, and confirm their ballot status. Voters can use MVP to update their language preference, request a replacement ballot, and review their voting history from the comfort of home. MVP also provides voters with accessible versions of their County Voter Information Guide and direct access to the Remote Accessible Vote by Mail system, which allows voters to mark, print, and mail their ballot securely from anywhere in the world.

**FINANCIAL INFORMATION**

County management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the County 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 Fiduciary 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 2023-24 Single Audit will be issued under a separate cover and will be available by contacting the Department of Finance, Auditor-Controller Division, by March 31, 2025.

**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 October 2. Because the final budget must be balanced, any shortfalls in revenue require an equal reduction in anticipated expenditures. The following funds are not subject to the California Budget Act, thus do not have a legally adopted budget: 1) Inmate Welfare Special Revenue Fund; 2) Tobacco Securitization Authority of Northern California Debt Service Fund; 3) Sacramento County Public Financing Authority Debt Service Fund; and 4) Improvement Bond Act of 1911 Capital Projects Fund.

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 at 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. During FY 2023-24, amendments were made to the final adopted budget. The budget data reflected in this ACFR 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, Washington supranationals, and U.S. Treasury and Agency investments. The average yield on investments during FY 2023-24 was 4.69 percent. The yield for a one-year Constant Maturity U.S. Treasury Note during the same period was 5.16 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 liability/property', 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 Macias Gini & O'Connell LLP was selected by the County to meet this requirement. The independent auditor's 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 annual comprehensive financial reports for each of the last 35 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 annual comprehensive financial report, the contents of which must conform to program standards. Such a report must satisfy both generally accepted

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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 the County Executive Office and 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 responsible and transparent manner.

Respectfully submitted,



Chad Rinde  
Director of Finance



Government Finance Officers Association



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**County of Sacramento  
California**

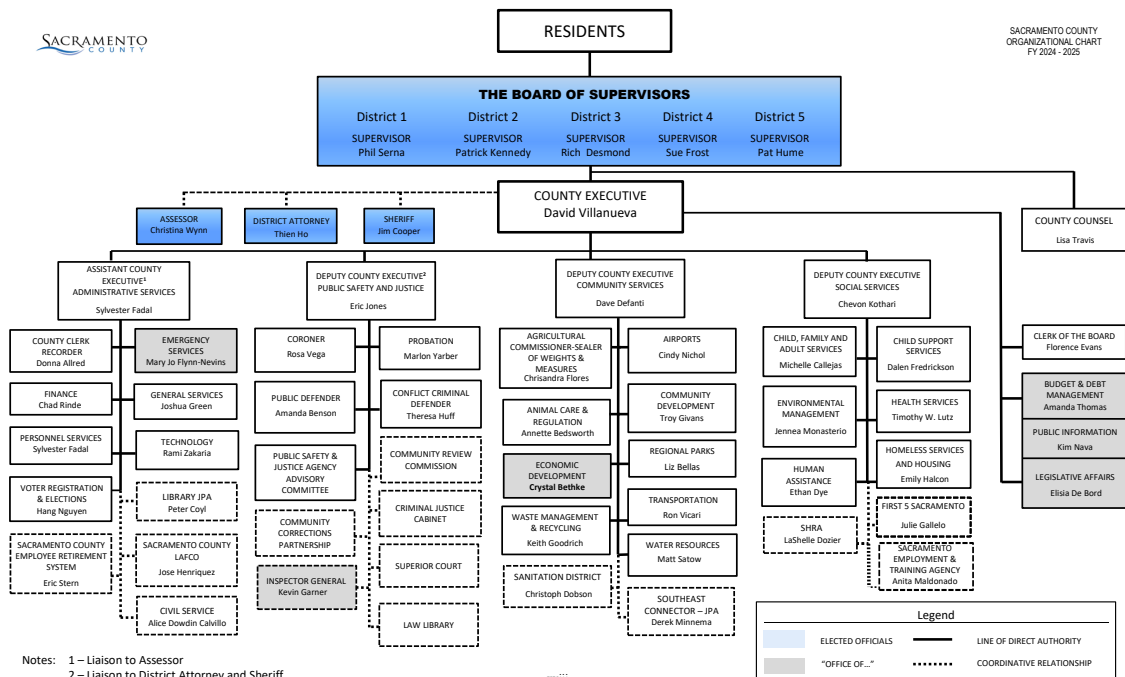
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morrell*

Executive Director/CEO

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**COUNTY OF SACRAMENTO  
LIST OF PUBLIC OFFICIALS  
JUNE 30, 2024**

**ELECTED:**

**Board of Supervisors:**

Phil Serna, Vice Chair  
Patrick Kennedy, Chair  
Rich Desmond  
Sue Frost  
Pat Hume

District 1  
District 2  
District 3  
District 4  
District 5

**Department Heads:**

Christina Wynn  
Thien Ho  
Jim Cooper

Assessor  
District Attorney  
Sheriff

**APPOINTED:**

David Villanueva  
Chad Rinde

County Executive  
Director of Finance

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

For the Fiscal Year Ended June 30, 2024

**ACKNOWLEDGEMENT**

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

**Chad Rinde, Director of Finance  
Mark Aspesi, Deputy Director of Finance  
Sean Stoyanowski, Chief of Financial Reporting and Control  
Renee Davenport, Senior Accounting Manager  
Greg Cundari, Accounting Manager  
Olga Bachylo, Accounting Manager  
Doan Bui, Senior Accountant  
Brian Stangland, Senior Accountant**

**In memory of Zongchar Moua**

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# ANNUAL COMPREHENSIVE FINANCIAL REPORT



## FINANCIAL SECTION

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### Independent Auditor's Report

Honorable Board of Supervisors  
County of Sacramento, California

#### Report on the Audit of the Financial Statements

##### *Opinions*

We have audited the 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 (County), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Sacramento County Employees' Retirement System (SCERS), a fiduciary component unit, which represent 64.8% of the assets, 65.2% of the fund balances/net position, and 7.1% of the revenues/additions of the aggregate remaining fund information as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for SCERS, is based solely on the report of the other auditors.

##### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the retirement plan - schedule of proportionate share of the net pension liability, the retirement plan - schedule of contributions, and the other postemployment benefits (OPEB) - schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

#### ***Supplementary 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 combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section, statistical section, and bond disclosures but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Macias Gini & O'Connell LLP*

Sacramento, California  
December 3, 2024

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT



### FINANCIAL SECTION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
(dollar amounts expressed in thousands unless otherwise noted)

This section of the County of Sacramento's (County) comprehensive financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2024. 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.

**FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources at the close of fiscal year (FY) 2023-24 by \$3,131,985 (net position). Of this amount, \$1,227,601 is restricted for specific purposes (restricted net position), and \$2,856,949 is the County's net investment in capital assets. The County's total net position increased by \$482,648 during the current fiscal year.

As of June 30, 2024, the County governmental funds reported combined fund balances of \$1,484,125 for an increase of \$53,528, in comparison with the prior fiscal year. Total amounts available for spending include restricted, assigned, and unassigned fund balances, which totaled \$1,429,658 (96.3 percent), of the ending fund balance. Of this amount, \$1,103,351 is restricted by law, enabling legislation, or externally imposed requirements. Total fund balance for the General Fund decreased \$(11,372) to \$756,167, which equates to 23.3 percent of total General Fund expenditures for the current fiscal year.

At the end of the fiscal year, assigned fund balance for the General Fund was a positive \$161,282 or 5.0 percent of total General Fund expenditures. Unassigned fund balance was \$165,025 or 5.1 percent of total General Fund expenditures. Restricted fund balance was \$375,393 or 11.5 percent of total General Fund expenditures.

The County's investment in capital assets increased by \$94,086 or 2.1 percent in comparison with June 30, 2023.

The County's total long-term obligations had a net decrease of \$162,317 in comparison with June 30, 2023. This net decrease was comprised of a decrease of \$393,580 and an increase of \$231,263 in long-term obligation activities. The decrease resulted primarily from scheduled principal retirements of revenue bonds, certificates of participation, teeter notes, and refunding of pension obligation bonds. The increase resulted primarily from the additions of compensated absences, Teeter note, and additions to a revolving line of credit.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is 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

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are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Blended component units are included in the County's basic financial statements and consist of legally separate entities for which the County is financially accountable and/or 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; Sacramento County Groundwater Sustainability Agency; Sunrise, Carmichael, and Mission Oaks Recreation and Park Districts. The Tobacco Securitization Authority of Northern California (Tobacco 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 Tobacco Authority and the County. The liabilities of the Tobacco Authority belong solely to it, and the County is in no way responsible for those liabilities. The Sacramento County Public Financing Authority (PFA) is a public entity created by a Joint Exercise of Powers Agreement effective as of November 2003 between Sacramento County and the Sacramento Housing and Redevelopment Agency (Agency). The PFA is a public entity legally separate and apart from the County, and is considered a blended component unit of the County due to the operational relationship between the PFA and the County. The liabilities of the PFA belong solely to it, and neither the County nor the Agency are in any way responsible for those liabilities. The Public Facilities Financing Corporation (Corporation) was created by the County for the purpose of facilitating the financing of public projects within the County. For financial reporting purposes leases between the County and the Corporation have been eliminated and the financial data of the Corporation has been included within the County's reporting entity and is accounted for in a debt service fund. The Sacramento County Employees' Retirement System (SCERS) is a public entity legally separate from the County and is considered a fiduciary component unit of the County due to governing board control and financial burden due to employer contributions. The Metro Air Park Enhanced Infrastructure Financing District is a public entity legally separate and apart from the County, and is considered a blended component unit of the County due to governing board control. Community Facility Districts (CFD) are also blended component units of the County due to the governing board being substantially the same, and due to a financial benefit from the construction of various assets within the Capital Projects Funds. The debts associated with the CFDs belong to the CFD, therefore none of the debt is reflected within these Financial Statements. The County also acts as the agent for the property owners in regards to these CFDs, which means the County reports the collection and payments of assessments to the bondholders in Custodial Funds. Examples are Laguna Stonelake CFD No. 1; Laguna Creek Ranch/Elliott Ranch No. 1 Improvement Area No.1 and No.2; and Metro Air Park CFD.

First 5 Sacramento Commission (Commission) is reported as a discretely presented component unit. Although the County Board of Supervisors (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.

The government-wide financial statements can be found on pages 25 - 28 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

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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 42 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 nonmajor governmental funds is provided in the form of *combining statements*.

The governmental funds financial statements can be found on pages 29 - 32 of this report. The General Fund statement of revenues, expenditures and changes in fund balance budget and actual statement is found on pages 33 - 34 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 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; workers' compensation self-insurance; other self-insurance for unemployment claims and dental claims; regional radio communications; and centralized services provided by the Department of General Services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The proprietary funds financial statements can be found on pages 35 - 41 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. Fiduciary funds report the Pension Trust Fund, Investment Trust Fund, Private-Purpose Trust Fund, and Custodial Funds.

The fiduciary fund financial statements can be found on pages 42 - 44 of this report.

**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 45 - 145 of this report.

The combining and individual fund statements and schedules referred to earlier provide information for nonmajor governmental, enterprise, internal service, and custodial funds, and can be found on pages 153 - 227 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,131,985 at the close of the most recent fiscal year (see Condensed Statement of Net Position and analysis on page 9).

The County is allocated a proportion of the Sacramento County Employees' Retirement System (SCERS) pension plan net pension liability. The Net Pension Liability (NPL) is equal to the difference between the total pension liability and the pension plan's fiduciary net position. The pension plan's fiduciary net position includes the fair value of plan investments. The County's proportionate share of the SCERS NPL increased by \$213,770 in FY 2023-24 to \$1,780,016, primarily due to unfavorable investment return (about \$92 million less than expected) during the measurement period of FY 2022-23. Deferred outflows and inflows of resources related to pensions represent a net amount attributable to the various components that impact pension changes, and can include investment changes, amortization, changes due to actuarial assumptions, differences between expected and actual experience, and also contributions to the plan made subsequent to the liability's measurement date. Deferred outflows of resources related to pensions increased by \$230,143 in FY 2023-24 to \$798,686. Deferred inflows of resources related to pensions decreased by \$35,996 in FY 2023-24 to \$141,788.

**Governmental activities** increased the County's net position by \$318,969, from \$857,258 to \$1,176,227 in the current fiscal year. The County's long-term liabilities (excluding pension and OPEB) decreased by \$155,381, capital assets decreased by \$6,842, and current and other assets increased by \$72,268. The County's improvement in net pension related items totaled \$51,484 and total OPEB related items improved \$5,473. The changes in capital assets and long-term liabilities are discussed in the Capital Assets and Debt Administration section of the Management's Discussion and Analysis (MD&A).

**Business-type activities** increased the County's net position by \$163,679 to \$1,955,758 in the current fiscal year. See page 16 for additional comments on changes to enterprise funds net position.

Condensed Statements of Net Position  
June 30, 2024 and 2023  
(amounts expressed in thousands)

Primary Government	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets:</b>						
Current and other assets	\$ 2,689,932	2,617,664	1,035,118	968,864	3,725,050	3,586,528
Capital assets, net of depreciation/amortization	2,135,850	2,142,692	2,387,651	2,286,723	4,523,501	4,429,415
Total assets	4,825,782	4,760,356	3,422,769	3,255,587	8,248,551	8,015,943
<b>Deferred outflows of resources:</b>						
Accumulated decrease in fair value of SWAP agreement	11,639	16,537	14,056	17,602	25,695	34,139
Deferred amounts related to refundings	14,145	18,565	22,947	25,293	37,092	43,858
Deferred outflows related to pensions	758,470	539,744	40,216	28,799	798,686	568,543
Deferred outflows related to OPEB	24,990	21,574	1,495	1,241	26,485	22,815
Total deferred outflows of resources	809,244	596,420	78,714	72,935	887,958	669,355
<b>Liabilities:</b>						
Current and other liabilities	997,611	1,046,261	168,629	154,226	1,166,240	1,200,487
Long-term debt obligations	1,407,052	1,562,433	1,247,557	1,254,493	2,654,609	2,816,926
Net pension liability	1,702,067	1,500,794	77,949	65,452	1,780,016	1,566,246
Total OPEB liability	136,484	129,157	7,539	7,080	144,023	136,237
Total liabilities	4,243,214	4,238,645	1,501,674	1,481,251	5,744,888	5,719,896
<b>Deferred inflows of resources:</b>						
Deferred amounts related to refunding			3,114	3,719	3,114	3,719
Deferred inflows related to pensions	135,350	169,381	6,438	8,403	141,788	177,784
Deferred inflows related to OPEB	57,561	66,945	3,425	4,047	60,986	70,992
Deferred inflows related to leases	22,674	24,547	31,074	39,023	53,748	63,570
Total deferred inflows of resources	215,585	260,873	44,051	55,192	259,636	316,065
<b>Net position:</b>						
Net investment in capital assets	1,573,696	1,536,121	1,283,253	1,220,490	2,856,949	2,756,611
Restricted	1,057,624	995,823	169,977	129,314	1,227,601	1,125,137
Unrestricted	(1,455,093)	(1,674,686)	502,528	442,275	(952,565)	(1,232,411)
Total net position	\$ 1,176,227	857,258	1,955,758	1,792,079	3,131,985	2,649,337

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**Net Position.** The largest portion of the County's net position totaling \$2,856,949, reflects its net investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, right-to-use assets, and equipment plus deferred outflows of resources less deferred inflows of resources related to debt, net of depreciation/amortization and less any related debt used to acquire those assets that is still outstanding). Total net investment in capital assets is comprised of \$1,573,696 for governmental activities and \$1,283,253 for business type activities. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The \$37,575 increase in governmental activities and \$62,763 increase in business type activities in net position from the net investment in capital assets represents capital acquisitions and deletions, less current year depreciation/amortization, and the addition and/or retirement of related long-term debt. Capital asset additions, net of construction in progress transfers totaling \$360,483 which is comprised of an increase in governmental activities of \$162,933 and \$197,550 in business type. The increase in governmental was related primarily to infrastructure (roads and road improvements), additions to equipment, and additions of the right-to-use assets due to new leases and SBITA arrangements. The increase in business type was primarily caused by Airport due to expansion and renovation of both terminals. Solid Waste improved the Keifer Landfill Liner and Lechate System as well as site improvements to North Area Recovery Station. Water Agency Enterprise Fund completed several structural improvement projects, pipe realignment and meter installation projects. Other business type increases can be attributed to additions to equipment and right-to-use assets due to new lease arrangements entered. Additionally, the County recorded depreciation/amortization of \$264,925 against its assets in the current fiscal year, which is comprised of \$168,759 in governmental activities and \$96,166 in business-type activities.

Another significant portion of the County's net position totaling \$1,227,601 is restricted and represents resources that are subject to external restrictions on how they may be used. The makeup of the restricted net position between governmental activities and business-type activities is \$1,057,624 and \$169,977, respectively. The major categories of restricted net position are bond reserves \$46,881, capital projects \$229,057, health and sanitation programs \$180,523, public protection \$198,802, public assistance \$113,476, passenger facility charges \$62,986, transportation programs \$245,909, economic development programs \$44,969, and general government programs \$19,438. The County's restricted net position increased by \$102,464 from the prior year restricted net position amount of \$1,125,137. The increase in comprised of \$61,801 for governmental activities which is primarily due to timing of revenues and expenses relating to road and roadway projects, while the business-type activities increased \$40,663 which is primarily due to increased passenger facility and customer facility charges due to higher passenger counts within the Sacramento international airport.

The remaining balance of total net position, a negative \$952,565 is unrestricted which consist of \$(1,455,093) for governmental and \$502,528 for business type. Unrestricted net position increased by \$279,846 resulting from an increase of \$219,593 in governmental and \$60,253 in business type from the prior year. The increase in Governmental activities is primarily the result of increased tax revenues from higher assessed values and investment earnings due to favorable market conditions, and the aforementioned net changes in pension and OPEB related items. The business type increase was primarily due to increased charges for services due to increased capacity charges of \$22 million within the water enterprise fund due to increased development, increase charges for services of \$18.1 million in airports from increased terminal rents due to rate increases, and an increase of \$11.9 million in investment earnings due to favorable market conditions.

The County's total net position increased by \$482,648 during the current fiscal year, which results in an increase of 18.2 percent of total net position from prior year.

**Revenues.** When compared to the prior year, government-wide revenues increased approximately \$163,291 (3.7 percent), which are increases of \$97,567 in governmental activities and \$65,724 in business-type activities. Program revenues for governmental activities increased by \$36,754 mostly due to an increase in charges for services of \$30,896 (6.8 percent) and an increase of operating grants and contributions of \$48,282 offset with an decrease in capital grants and contributions of \$42,424. The increase in charges for services is due to voluminous amount of small increases spanning from various road projects, opioid settlements, and other items, while the increase in operating grants and contributions is due to an increase governmental funding for law enforcement and mental health services. The reduction of capital grants and contributions is primarily due to reduction of

contributions from property owners while. Total program revenues represent 59.7 percent of the County's funding.

General revenues increased by \$73,287 (4.7 percent) which is comprised of a \$60,813 increase in governmental activities and \$12,474 increase in business type activities. These revenues provide the Board of Supervisors with the most discretionary spending ability. Programs such as public assistance, public protection, and health and sanitation consume most of these resources. The increase in general revenues for governmental activities is due primarily to increases in property taxes revenue of \$34,424 (5.2 percent), and unrestricted investment earnings \$38,973 (60.7 percent) with reasoning for the increases explained in the net position section above. These increases were offset by a decrease in grants and contributions not restricted to a specific program (\$23,231) ((4.0) percent) which is made up of a voluminous amount of small decreases. Total general revenues represent 40.3 percent of the County's funding.

**Expenses.** As a service delivery entity, the County's major cost component is salaries and benefits. The average full-time equivalent (FTE) count for the County (including business-type activities) had a net increase of 352 FTEs from 13,423 in the prior year to 13,775 at June 30, 2024. When compared to the prior year, government-wide expenses increased \$322,064 (8.5 percent) which are increases of \$276,226 for governmental activities and \$45,838 for business-type activities. For governmental activities the following functions provided the most significant increases in expenses in the current year: public protection \$174,656 (16.4 percent); health and sanitation \$129,002 (13.8 percent); and public ways \$11,773 (6.0 percent). These increases are due to changes in payroll cost, other postemployment benefits, pension related items, road related projects/activities, and increased governmental funding in the fiscal year. The table on the following page indicates the changes in net position for governmental and business-type activities.

Analysis of business type revenues and expenses can be found in the enterprise section found starting on page 16 of the MDA.

Condensed Statements of Activities For the Fiscal Years Ended June 30, 2024 and 2023 (amounts expressed in thousands)						
Primary Government	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 484,436	453,540	555,376	455,840	1,039,812	909,380
Operating grants and contributions	1,877,179	1,828,897	9,184	14,377	1,886,363	1,843,274
Capital grants and contributions	12,879	55,303	27,764	68,857	40,643	124,160
General revenue:						
Taxes:						
Property	696,152	661,728			696,152	661,728
Transient occupancy	6,018	5,748			6,018	5,748
Sales and use	170,437	171,604			170,437	171,604
Unrestricted investment earnings	103,151	64,178	35,961	24,056	139,112	88,234
Grants and contributions not restricted to specific programs	565,076	588,307			565,076	588,307
Pledged tobacco settlement	12,954	14,672			12,954	14,672
Miscellaneous	47,563	34,301	569		48,132	34,301
Total revenues	3,975,845	3,878,278	628,854	563,130	4,604,699	4,441,408
Expenses:						
General government	226,792	255,607			226,792	255,607
Public assistance	818,072	821,921			818,072	821,921
Public protection	1,236,837	1,062,181			1,236,837	1,062,181
Health and sanitation	1,065,393	936,391			1,065,393	936,391
Public ways and facilities	209,286	197,513			209,286	197,513
Recreation and culture	63,519	52,201			63,519	52,201
Education	2,225	2,085			2,225	2,085
Interest and fiscal charges	40,809	58,808			40,809	58,808
Airports			250,383	231,997	250,383	231,997
Solid Waste			127,890	109,285	127,890	109,285
Water Agency			75,844	67,312	75,844	67,312
Parking Enterprise			2,370	1,801	2,370	1,801
County Transit			2,631	2,885	2,631	2,885
Total expenses	3,662,933	3,386,707	459,118	413,280	4,122,051	3,799,987
Changes in net position before transfers	312,912	491,571	169,736	149,850	482,648	641,421
Transfers	6,057	6,166	(6,057)	(6,166)		
Changes in net position	318,969	497,737	163,679	143,684	482,648	641,421
Net position (deficit), beginning of year	857,258	359,521	1,792,079	1,648,395	2,649,337	2,007,916
Net position, end of year	\$ 1,176,227	857,258	1,955,758	1,792,079	3,131,985	2,649,337

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

At June 30, 2024, the County's governmental funds reported combined fund balances of \$1,484,125, an increase of \$53,528 in comparison with the prior year's total ending fund balance of \$1,430,597. The components of total fund balance are as follows (for more information, see Note 18 – Fund Balances):

*Nonspendable fund balance*, \$54,467, are amounts that are not in spendable form or are legally or contractually required to be maintained intact, and are made up of 1) inventories of \$3,025; 2) prepaid items of \$40,033; 3) long-term receivables/advances of \$1,416; 4) legally required Teeter Tax program loss reserves of \$9,331; and 5) Teeter Tax delinquencies of \$662.

*Restricted fund balance*, \$1,103,351, 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 \$173,131; 2) capital projects of \$224,150; 3) public ways and facilities of \$240,506; 4) public protection of \$198,781; 5) debt service of \$60,112; 6) economic development of \$44,969; and 7) public assistance \$113,476.

*Assigned fund balance*, \$161,282, represents amounts intended for use as determined by the County Board of Supervisors.

Approximately 96.3 percent, or \$1,429,658, of the total fund balances is considered spendable. With the exception of the nonspendable portion totaling \$54,467, \$1,103,351 is available for appropriation for restricted purposes, \$161,282 is assigned for County Board of Supervisors approved uses, and \$165,025 is unassigned.

The increase of \$53,528 in the governmental funds combined fund balance is attributable to a decrease in the General Fund totaling \$(11,372), offset by increases in special revenue funds totaling \$45,669, \$14,994 in the capital project funds, and \$4,237 in the debt service funds.

The General Fund is the principal operating fund of the County. The General Fund's total fund balance decreased by (1.5) percent, or \$(11,372), to \$756,167 at June 30, 2024. The nonspendable portion of fund balance was \$54,467, which is an increase of \$3,646 from the prior year balance of \$50,821 and the spendable portion was \$701,700, a decrease of \$(15,018) from the prior year spendable balance of \$716,718. General Fund revenues increased by \$47,518, while expenditures increased by \$151,666 when compared to FY 2022-23. See analysis beginning on page 14 of significant changes in revenues and expenditures for the General Fund.

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 23.3 percent of total General Fund expenditures while spendable fund balance equates to 21.6 percent of total General Fund expenditures. Of the General Fund spendable fund balance, \$375,393, or 53.5 percent, is restricted.

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**Other governmental funds:** The total fund balances of the remaining governmental funds increased 9.8 percent, or \$64,900, to \$727,958. Other governmental funds revenues decreased by \$22,024, while expenditures increased by \$6,557. See analysis beginning below for significant changes in revenues and expenditures for other governmental funds.

Revenues for total governmental funds totaled \$3,933,215 in FY 2023-24, which represents an increase of \$25,494 or 0.7 percent from FY 2022-23.

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 2024		FY 2023		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 872,607	22.19 %	839,080	21.47 %	33,527	4.00 %
Use of money and property	101,691	2.59 %	62,866	1.61 %	38,825	61.76 %
Licenses and permits	82,156	2.09 %	72,026	1.84 %	10,130	14.06 %
Intergovernmental	2,413,586	61.35 %	2,464,300	63.06 %	(50,714)	(2.06)%
Charges for sales and services	363,312	9.24 %	346,149	8.86 %	17,163	4.96 %
Fines, forfeitures and penalties	38,772	0.99 %	35,500	0.91 %	3,272	9.22 %
Pledged tobacco settlement	13,790	0.35 %	15,463	0.40 %	(1,673)	(10.82)%
Contributions from property owners			37,239	0.95 %	(37,239)	
Miscellaneous	47,301	1.20 %	35,098	0.90 %	12,203	34.77 %
Total	\$ 3,933,215	100.00 %	3,907,721	100.00 %	25,494	0.65 %

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

Taxes increased \$33.5 million, of which the General Fund had an increase of \$33.4 million. The increase is primarily due to \$31.2 million increase in property tax revenue due to higher assessed property values.

Use of money and property increased by \$38.8 million primarily due to increased yield in fixed income investment markets and is comprised of increases in the General Fund totaling \$28.7 million and \$10.1 million for other governmental funds.

Licenses and permits increased \$10.1 million in FY 2023-24. The increase is primarily caused by other governmental funds where the increase was \$11.1 million with an decrease in the General Fund of \$1.0 million. The increase in the other governmental funds was primarily caused by the following: \$2.4 million for residential building permits issued due to increased development; \$2.6 million for affordable housing fees due to an initiative to develop affordable housing; and \$2.9 million for food establishment permits.

Intergovernmental revenues decreased \$50.7 million in FY 2023-24. Intergovernmental revenues for the General Fund decreased by \$32.6 million and a decrease of \$18.1 million for other governmental funds. The primary reasons for the decrease in the General Fund is due to the County recognizing decreased revenue from the following services: Proposition 172 \$4.8 million; 1991 & 2011 Realignment \$76.2 million; American Rescue Plan Act (ARPA) \$42.4 million; and \$25.0 million in Housing and Community Development grants. These decreases were offset by increases in Mental Health Services Act revenue of \$66.6 million; \$18.3 million from CalWorks revenues; \$4.9 million from In Home Support Services revenues; and \$26.0 million from various increases in other intergovernmental revenue. The decrease from other governmental funds is primarily caused by a decrease of \$17.3

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million in ARPA eligible projects.

Charges for sales and services increased by \$17.2 million. The increase is comprised of an increase of \$9.6 million in the General Fund and an increase of \$7.6 million in other governmental funds. The primary reason for the increase in the General Fund is as follows: \$1.3 million in opioid settlement revenues; \$1.6 million increase due to uptick of various development projects; \$1.1 million for personnel charges for administering self insurance funds; and \$1.7 million for additional Sheriff services provided to Airports and General Services. The primary reason for the increase in other governmental funds is due to the following: \$3.0 million increase in public work service revenues; and \$5.0 million in road projects; and \$2.4 million in various other governmental funds. This increase was offset by a decrease of \$2.8 million in development fees for capital projects.

Contributions from property owners decreased by \$37.2 million due to no new special assessment debt issued within FY 2023-24.

Miscellaneous revenues increased by \$12.2 million, of which the General Fund had an increase of \$9.0 million, while the other governmental funds had an increase of \$3.2 million. The General Fund increase is primarily made of up of a one time repayment of an interfund loan for \$8.3 million. The other governmental funds increase is primarily made of a \$2.2 million settlement agreement for environmental management.

Expenditures for governmental funds totaled \$3,954,337 in FY 2023-24, which represents an increase of \$158,223 or 4.2 percent from FY 2022-23.

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

Expenditures by Function	Expenditures by Function Governmental Funds (amounts expressed in thousands)					
	FY 2024		FY 2023		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$ 226,300	5.72 %	265,652	7.00 %	(39,352)	(14.81)%
Public assistance	823,922	20.84 %	842,654	22.20 %	(18,732)	(2.22)%
Public protection	1,261,983	31.90 %	1,166,694	30.74 %	95,289	8.17 %
Health and sanitation	1,073,048	27.14 %	965,090	25.42 %	107,958	11.19 %
Public ways and facilities	189,480	4.79 %	188,000	4.95 %	1,480	0.79 %
Recreation and culture	61,725	1.56 %	54,014	1.42 %	7,711	14.28 %
Education	1,830	0.05 %	1,617	0.04 %	213	13.17 %
Capital outlay	64,048	1.62 %	58,413	1.54 %	5,635	9.65 %
Debt service:						
Principal	199,946	5.06 %	193,231	5.09 %	6,715	3.48 %
Interest and fiscal charges	52,055	1.32 %	60,117	1.58 %	(8,062)	(13.41)%
Bond issuance costs			632	0.02 %	(632)	
Total	<u>\$ 3,954,337</u>	<u>100.00 %</u>	<u>3,796,114</u>	<u>100.00 %</u>	<u>158,223</u>	<u>4.17 %</u>

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

General Government decreased \$39.3 million with the majority of the decrease in the General Fund. The decrease in the General Fund is primarily due to a legal settlement of \$50 million that was accrued in FY 2022-23. This decrease is primarily offset with an increase in implementation cost of \$8.1 million for a new property tax reporting system. Other governmental funds had a \$3.0 million decrease due to less contributions to external agencies arising from programs funded by ARPA monies of \$8.3 million, which is primarily offset with an increase of \$4.3 million due to timing and completion

of road projects expenditures.

Public protection increased by \$95.3 million. The increase is comprised of an increase in the General Fund totaling \$89.9 million and an increase in other governmental funds totaling \$5.4 million. The increase in the General Fund is primarily due to: 1) \$63.7 million increase in salaries and benefits resulting from Cost of Living Adjustments (COLAs) and equity adjustments; 2) \$3.1 million increase in provider payments for correction health services; and 3) drugs and pharmacy supplies. The other governmental funds increase is primarily due to: 1) \$3.0 million increase in salaries and benefits resulting from COLAs and equity adjustments; and 2) \$1.8 million increase in inmate welfare cost due to increased commissary cost and personnel cost.

Public assistance decreased by \$18.7 million, with all of the decrease within the General Fund. The decrease is primarily due to reduction of \$44.5 million in expenditures relating to the emergency rental assistance program due to funds being fully expended. This decrease primarily offsets with increases to welfare assistance payments of \$21.2 million.

Health and sanitation increased by \$107.9 million. The General Fund increase totaled \$110.7 million and other governmental funds decreased \$2.8 million. The increase in the General Fund is primarily attributable to the following: 1) \$32.6 million increase in salaries and benefits resulting from COLAs and equity adjustments; 2) \$50.7 million increase in provider payments; 3) \$2.6 million increase in community outreach; and 4) \$13.5 million increase in contracted health services.

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

	FY 2024	FY 2023	Increase/(Decrease)	
			Amount	Percent
Transfers in	\$ 204,380	245,546	(41,166)	(16.77)%
Transfers out	(186,863)	(230,177)	43,314	18.82 %
Issuance of debt	57,133	56,962	171	0.30 %
Refunding debt issued		180,740	(180,740)	
Premiums on debt issued		445	(445)	
Payment to refunded bonds escrow agent		(180,371)	180,371	
Total other financing sources (uses)	<u>\$ 74,650</u>	<u>73,145</u>	<u>1,505</u>	<u>2.06 %</u>

Transfers in/out: Decrease in net transfers is primarily due to decreased debt service activity and capital projects.

Issuance of debt: Increase is due to the addition of new Leases/SBITAs, along with the issuance of a Teeter note due to the timing of property tax collections.

Premiums on debt issued/refunding debt issued: During FY 2023-24 there was no new debt issued with a premium, while in FY 2022-23 Carmichael Park District issued its 2023 COP which had a premium.

Payment to refunded bonds escrow agent: in FY 2023-24 no refunding debt was issued, while in FY 2022-23 proceeds from the 2023 POB direct placement were used to defease a portion of the 2008 POB.

**Enterprise funds.** The County's enterprise funds reported an increase in net position totaling \$159.5 million. The following provides an explanation of the operating and nonoperating activities that changed significantly over the prior year:

- Airport operating revenues increased from \$220.9 million to \$239.0 million due to all-time highs in passenger traffic increasing 2.4 percent over the

prior year along with increased airline billing rates. Concessions revenue increased \$1.8 million over the previous year from the year-over-year increase in passenger traffic. Airfield charges increased \$7.7 million from landing fees due to a rate increase of 15.5 percent. Building rents increased \$8.1 million from a rate increase of 14 percent. Operating expenses increased by \$19.1 million largely due to an increase in services and supplies of \$11.0 million in addition to an increase in payroll expenses of \$7.6 million. Services increased from increased maintenance for the baggage handling system and automated people mover. Additional increases in service and maintenance costs were related to environmental services, shuttle bus, internal services from other departments, and law enforcement. Additionally, the payroll increase was due to a 4 percent salary increase and an increase in staffing of 4.5 percent. Net nonoperating revenues increased by \$13.2 million primarily due to an increase of \$1.8 million in passenger facility charges related to the increase in passenger traffic and a \$7.4 million increase in customer facility charges due to a rate change at the end of the previous fiscal year.

- The Solid Waste operating revenues increased from \$133.6 million in FY 2022-23 to \$139.5 million in FY 2023-24, due to an increase of \$4.2 million in service charges as residential curbside rates increased 4.8 percent as part of multiyear series of rate increases approved by the Board of Supervisors starting with FY 2020-21 and extending through FY 2025-2026. Additionally, an increase in tipping fees of \$4.0 million due to an approximately 3.0 percent increase in per ton weighed disposal fees and a greater volume of customers choosing County sites for disposal. The drop in electricity sales revenue was expected given the historically high price of electricity experienced in FY 2022-2023. Operating expenses increased by \$16.4 million due to increases in payroll costs of \$4.7 million, equipment maintenance of \$2.0 million and \$4.5 million in depreciation can be attributed to the needs generated by SB 1383 compliance, requiring more staff and equipment. The \$3.5 million increase in landfill closure costs was due to a topographical study performed in FY 2022-2023 which showed more settlement activity, increasing overall capacity and therefore lowering landfill closure costs based on the GASB 18 prescribed liability calculation methodology. FY 2023-2024 landfill closure costs are more typical and in line with expectations. Net nonoperating revenues (expenses) were relatively flat, experiencing a decrease of \$0.1 million.
- The Water Agency had its operating income increase from \$7.1 million in FY 2022-23 to \$68.0 million in FY 2023-24. Operating revenues increased by \$66.2 million mainly due to reclassing \$65.7 million of capacity fees from nonoperating revenue to operating revenue starting in FY 2023-24. Additionally, the Water Agency water service accounts grew by 1,947 new customers and issued 2,770 building permits (compared to 1,120 permits issued in FY 2022-23), increasing operating revenues by an additional \$1.4 million compared to FY 2022-23. Operating expenses increased by \$5.2 million mainly due to an increase of \$2.4 million in payroll costs and an increase of \$2.8 million in services and supplies. Most of the increase in service and supplies was driven by purchasing and treating more surface water instead of ground water, as well as increased water rate charges imposed by the City of Sacramento for the Metro Air Park area of the County. Net nonoperating revenues (expenses) decreased \$39.6 million, largely a result of a \$40.1 million decrease in capacity fees as they were reclassified to operating revenues offset by an increase of \$4.9 million due to increased yields in fixed income investment markets which led to an increase in interest income.

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					
Enterprise Funds					
(amounts expressed in thousands)					
	Major Enterprise Funds			Nonmajor Enterprise Funds	
	Airports	Solid Waste	Water Agency	Parking Enterprise	County Transit
Operating revenues	\$ 238,952	139,479	130,017	2,665	102
Operating expenses	(219,972)	(128,703)	(61,977)	(2,478)	(2,631)
Operating income (loss)	18,980	10,776	68,040	187	(2,529)
Nonoperating revenues (expenses)	38,099	3,244	(1,487)	355	2,173
Income (loss) before capital contributions and transfers	57,079	14,020	66,553	542	(356)
Transfers in (out)	(2,929)	(2,005)	(1,101)	(22)	
Capital contributions	12,078		15,371		315
Changes in net position	\$ 66,228	12,015	80,823	520	(41)
					159,545

#### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final budget resulted in a \$194.1 million increase in expenditures. The increase is primarily due to additional capital investments, settlement cost, rising public assistance caseloads, increased investments in homeless response and behavioral health needs, and various other adjustments. Changes are briefly summarized as follows:

General Government: Increased by \$81.2 million due primarily to a lawsuit settlement and increased investment in capital projects.

Public Assistance: Increased by \$48.6 million primarily due to rising caseloads in various public assistance programs.

Public Protection: Increased by \$38.9 million primarily due to various equipment purchases in the Sheriff's budget, increased cost for inmate health needs, investments in youth detention services, and rebudgeting of unused prior year fund balances in various restricted revenue budgets.

Health and Sanitation: Increased by \$23.4 million primarily due to increases in Mental Health Services Act and Behavioral Health realignment eligible services costs and the addition of 48 positions in the In-Home Supportive Services programs.

Recreation and Culture: Increased by \$1.8 million primarily due to new capital investment in the Golf program and adjustments for a fire field reduction contract.

Actual revenues in the General Fund were \$208.2 million less than the final budgetary estimates. The undercollection of revenues is due primarily to a \$277.6 million decrease in intergovernmental revenue including under collections in Mental Health Services Act revenue resulting from lower than anticipated State tax revenue, Patient Care revenue resulting from slow program implementation at the state level, and a decrease in American Rescue Plan Act and other federal and state revenues, a decrease in ARPA and other federal and state revenues resulting from a reduction in eligible expenditures due to the timing of program implementations, and difficulty filling positions. There was also a \$2.0 million under-collection in taxes

resulting from less than anticipated and sales tax revenues. The under-collections were partially offset by a \$44.7 million over-collection in Uses of Money and Property revenues primarily due to higher than anticipated interest rates, a net \$23.5 million over-collection in charges for services and sales across several departments, and modest over-collections in other areas.

Actual expenditures were \$502.4 million less than final budgetary estimates. Expenditures less than budget were due to lower than anticipated program costs for general government (\$93.0 million), public assistance (\$62.1 million), public protection (\$92.5 million), and health and sanitation (\$247.8 million) resulting primarily from the timing of program and project implementations, and difficulties in filling positions.

#### 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, 2024, amounted to \$4,523,501, net of accumulated depreciation/amortization. This investment in capital assets includes land and easements, leases, SBITA, computer software and other intangibles, water facility rights, infrastructure, buildings and improvements, equipment, and construction in progress. The total increase in the County's investment in capital assets for the current year was 2.10 percent when compared to the prior year net investment in capital assets.

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

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Schedule of Capital Assets  
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) Percent of Change
	2024	2023	2024	2023	2024	2023	
Nondepreciable:							
Land	\$ 135,677	135,677	135,737	135,737	271,414	271,414	0.00 %
Construction in progress	59,720	48,120	231,739	155,958	291,459	204,078	42.82 %
Permanent easement	22,964	21,424	57	57	23,021	21,481	7.17 %
Water facility rights			200,692	200,692	200,692	200,692	0.00 %
Other intangibles			1,904	1,904	1,904	1,904	0.00 %
Intangible assets under project	66	66			66	66	0.00 %
Depreciable/amortizable:							
Buildings and improvements	323,253	338,175	1,545,615	1,515,633	1,868,868	1,853,808	0.81 %
Infrastructure	1,205,013	1,193,546	202,680	208,554	1,407,693	1,402,100	0.40 %
Equipment	110,407	110,171	51,897	54,656	162,304	164,827	(1.53)%
Computer software	2,502	1,881	244	78	2,746	1,959	40.17 %
Water facility rights			691	716	691	716	(3.49)%
Intangible right-to-use lease buildings	265,007	276,359	4,502	4,452	269,509	280,811	(4.02)%
Intangible right-to-use lease equipment	86	587	11,393	7,576	11,479	8,163	40.62 %
Intangible right-to-use subscription-based IT arrangements	11,155	16,686	500	710	11,655	17,396	(33.00)%
Total	<u>\$ 2,135,850</u>	<u>2,142,692</u>	<u>2,387,651</u>	<u>2,286,723</u>	<u>4,523,501</u>	<u>4,429,415</u>	2.12 %

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

- Buildings and improvements: Increased in total by approximately \$15.1 million. This is due to increases in completed projects in governmental funds of \$13.0 million, which included \$1.8 million for upgrading facility fencing, replacing the water boiler, and upgrading food port cell locks of the Rio Cosumnes Correctional Center for \$1.7 million, replacing the garment conveyor system and replacing clothes washing machines and dryers at the Sacramento County Main Jail, \$1.7 million improving Department of Technology's building central plant, \$1.6 million redesigning the ground level entries and lobby as well as installing a security kiosk at the New Administration Building, and \$6.3 million in other various projects throughout the County. Airports capitalized \$32.5 million in project costs; \$18.5 million for extending Elkhorn Boulevard access, \$3.7 million for expanding the East Vault Bus Lot, \$2.4 million for Escalator Rehabilitation in Terminal A, \$1.9 million improving Cy Homer Road for airfield operations, \$1.3 million in improvements for Aviation Drive, and \$4.7 million in various projects. Solid Waste completed \$15.4 million in project costs; \$12.0 million in improving the Keifer Landfill Liner and Leachate system, \$1.1 million in constructing a new Compressed Natural Gas station, and \$2.3 million in various projects. The Water Agency Enterprise Fund capitalized \$56.5 in construction projects; \$32.0 million in structural improvement projects, \$15.4 million in contributed capital from developers consisting of hydrants, gate valves, butterfly valves, pipes, and meters, \$5.6 in transmission main projects, and \$3.5 in other various projects. The increases were offset by depreciation of \$27.9 million in governmental funds, \$52.8 in Airports, \$5.5 million in Solid Waste, and \$16.1 million in the Water Agency Enterprise Fund.
- Infrastructure: Increased in total by approximately \$5.6 million. This is due to increases in completed projects for Road infrastructures of \$74.4 million and \$4.1 million in stormwater utility. The roadway costs incurred included the following community facility districts: Florin Vineyard, Vineyard Roadways, North Vineyard Station, and Metro Air Park. The Water Agency Enterprise Fund did not incur any completed project costs in

FY 2023-24. These increases were offset by depreciation of \$67.0 million in governmental activities and \$5.9 million in Water Agency Enterprise Fund.

- **Construction in progress:** Increased in total by approximately \$87.4 million. This is due to increases in construction projects totaling \$26.2 million for governmental activities, \$68.1 million for Airports, \$19.5 million for Solid Waste, and \$72.7 million for Water Agency Enterprise Fund. A combination of decreases in governmental fund projects being capitalized to building costs and infrastructure of \$14.6 million, as well as decreases in other projects being capitalized to building costs and infrastructure for Airports of \$28.7 million, \$11.3 million for Solid Waste, and \$44.4 million for the Water Agency Enterprise Fund. More details can be found in the section below related to construction of capital projects.
- **Equipment:** Decreased in total by approximately \$2.5 million. This is due to increases in governmental funds of \$7.8 million, which included \$0.5 million to replace vehicles and weapons for Sacramento County Probation Department, \$0.7 million enhancing District Attorney laboratory capabilities, \$5.1 million improving several Sacramento County Sheriff Divisions, and \$0.8 million in improved medical services provided at Sacramento County Main Jail and Rio Cosumnes Correctional Center and \$0.7 million in other various purchases. General Services additional fleet vehicles for \$17.3 million, Regional Radio Communications System for \$1.4 million in order to upgrade and maintain various systems and the Department of Technology for \$2.4 million to upgrade storage and server capacity. Additions in equipment to Airports for \$3.5 million, which included \$2.0 million in vehicle purchases and \$0.6 million in electric bus chargers, and \$0.9 million in other various purchases. Solid Waste for \$3.3 million, which included \$3.0 million in vehicle purchases and \$0.3 million for other various purchases. \$0.8 million for the Water Agency Enterprise Fund, which included \$0.3 million in vehicle purchases and \$0.5 million in other various purchases, and \$0.4 million for County Transit to purchase 3 new buses. Decreases due to depreciation were as follows: governmental activities for \$4.9 million, General Services for \$12.7 million, Regional Radio Communications System for \$2.2 million, Department of Technology for \$8.9 million, Airports for \$4.7 million, Solid Waste for \$5.4 million, Water Agency Fund for \$0.2 million, County Transit for \$0.3 million and Parking Enterprise for \$0.1 million.
- **Right-to-use lease assets:** Decreased in total by approximately \$7.9 million. This is due to increases in governmental funds of \$25.6 million, which include \$25.5 million for new building leases; \$15.0 million in leases for the Department of Child, Family, and Adult Services that increased Child Protection Services visitations, allowed for expanded employee work areas, slightly expanded warehousing facilities and maintaining other various services, a \$5.2 million lease entered into for Department of Finance to relocate existing services to a new location, \$3.0 million in leases for Sacramento County Probation Department to maintain current service levels, \$2.0 million for Department of Homeless Services and Housing entering into a lease for office space as a new County department in FY 2023-24, \$0.3 million in other various building leases and \$0.1 million for new equipment leases entered. Solid Waste increased by \$8.6 million for, which includes \$8.0 million in vehicle leases and \$0.6 million in building leases. The increases were offset by depreciation of \$37.3 million in governmental funds and \$4.8 million in Solid Waste.
- **Right-to-use subscription-based IT arrangements:** Decreased in total by \$5.7 million. This is due to a total increase in governmental fund SBITA arrangements of \$1.7 million, which include a \$0.8 million agreement to maintain electronic medical records and public health services for Department of Health Services, \$0.6 million to obtain digital vendor onboarding to provide a secure process for acquiring vendor information for Department of Finance, and \$0.3 million in other various arrangements offset by amortization of governmental activities for \$7.2 million, Water Agency Enterprise Fund for \$0.1 million and Parking Enterprise for \$0.1 million.

Additional information on the County's capital assets can be found in Note 5 on pages 89-91.

The County has entered into several agreements related to the construction of capital projects. The governmental funds had \$26.2 million in various improvement projects throughout the County. This included \$4.0 million in improvements to Grantland L. Johnson Center for Department of Health and

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Human Services to install a commercial grade weather cover and install additional infrastructure to support a sanctioned homeless encampment, \$3.7 million in improving Sacramento County Main Jail refrigeration systems, garment conveyor systems, and hot water hydronic heating system, \$3.4 million in improvements for Stormwater Utility Operations, \$1.8 million improving Rio Cosumnes Correctional Center, \$1.4 million redesigning the ground level and entries and lobby as well as installing a security kiosk, and \$12.0 million in other various projects throughout the County. The Water Agency Enterprise Fund had \$72.7 million in agreements related to the construction of capital projects. Of this amount, \$50.3 million were related to the Arden Service Area Distribution System Pipe Realignment and Meter Installation Project, \$5.9 million to the Poppy Ridge Phase 2 expansion, \$3.9 million to water system improvements in widening White Rock Road, and \$12.6 million for other various construction projects. Airport has \$68.1 million improvements, \$15.6 million for Elkhorn Boulevard expansion, \$7.6 million related to the extension of East Vault Bus Lot, \$7.2 million related to the Terminal B baggage handling system upgrades, \$6.7 million related to Terminal A restroom renovations, \$5.8 million related to constructing a pedestrian walkway from Terminal B to Concourse B, \$2.4 million to the development of a Grand Transportation Center and expanding Lindberg Dr, \$2.4 million related to Terminal A escalator rehabilitation, \$1.8 million to improving Terminal B parking garage, \$1.3 million to widening Cy Homer Road, and \$17.3 million in various projects for replacements and upgrades. Solid Waste had projects totaling \$19.5 million: \$10.6 million related to site improvements at North Area Recovery Station, \$8.3 million for Kiefer Landfill liner and ancillary features, and \$0.6 million in other various construction projects.

Construction contract commitments as of June 30, 2024 for governmental and business-type activities were \$59.7 million and \$554.2 million, respectively.

**Debt Administration.** At June 30, 2024, the County's governmental activities had long-term obligations totaling \$1.4 billion. Of this amount, \$98.3 million are certificates of participation, \$247.4 million are revenue bonds for the securitization of the tobacco settlement agreement and revenue bonds issued by the Public Financing Authority to finance redevelopment projects in designated redevelopment project areas in the City and County of Sacramento with associated accreted interest totaling \$12.5 million, and \$60.1 million as litigation liability. Other significant long-term obligations include \$28.0 million in loan agreements to fund the alternative method of distributing property taxes (Teeter Plan), \$180.3 million in direct placement bonds, and \$253.0 million in pension obligation bonds. As a result of a \$10.5 million payment during the fiscal year, \$0 in accreted interest associated to pension obligation bonds remain. In addition, compensated absences amounted to \$160.9 million, financing obligations were \$24.2 million, lease liabilities were \$279.0 million, SBITA liabilities were \$11.0 million and a net premium/discount of \$40.1 million on bonds issued. The remaining represents various other debt obligations.

Business-type activities had long-term obligations of approximately \$1.2 billion. This includes \$865.2 million of Airports and Water Agency revenue bonds; \$291.4 million relating to revenue bond premiums, Airports PFC and subordinate debt, and Sacramento County Water Agency reimbursement agreements and water rights, and \$34.4 million in loans agreements to fund a new building and improvements for Solid Waste. In addition, compensated absences amounted to \$10.6 million, financing obligations were \$8.3 million, lease liabilities were \$16.2 million, and a revolving line of credit agreement of \$20.0 million for Airports. The remaining represents various other debt obligations.

For the fiscal year ended June 30, 2024, the County's total long-term obligations had a net decrease of \$162.3 million. The net decrease is primarily a result of scheduled principal retirements of pension obligation bonds and associated accreted interest in the amount of \$117.4 million, a decrease of \$11.0 million in certificates of participation, a litigation liability payment of \$5.7 million, a net decrease in lease liability of \$3.9 million, a decrease in financed purchase obligations of \$9.5 million, a net decrease in unamortized amounts of \$12.4 million, a net decrease in revenue bonds and associated accreted interest in the amount of \$20.5 million, a reduction of PFC & subordinate revenue bonds of \$6.3 million, and SBITA liability decreasing by \$5.3 million. The decreases were offset by a \$18.9 million net increase related to a revolving line of credit agreement, a \$5.8 million increase in Teeter notes, and an increase in compensated absences of \$6.6 million.

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



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

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2024	2023	2024	2023	2024	2023	Amount	Percent
<b>Governmental activities:</b>								
Compensated absences	\$ 160,921	155,013	10,577	9,859	171,498	164,872	6,626	4.02 %
General obligation bonds	10,000	10,000			10,000	10,000		0.00 %
Certificates of participation	98,284	109,263			98,284	109,263	(10,979)	(10.05)%
Teeter notes	28,034	22,273			28,034	22,273	5,761	25.87 %
Pension obligation bonds	252,960	359,847			252,960	359,847	(106,887)	(29.70)%
Accreted interest		10,494				10,494	(10,494)	(100.00)%
Direct placement bonds	180,335	180,740			180,335	180,740	(405)	(0.22)%
Revenue bonds	247,351	258,984	865,245	876,650	1,112,596	1,135,634	(23,038)	(2.03)%
Accreted interest	12,491	9,953			12,491	9,953	2,538	25.50 %
Other long-term debt	2,358	2,738			2,358	2,738	(380)	(13.88)%
Litigation liability	60,093	65,836			60,093	65,836	(5,743)	(8.72)%
Financed purchase obligations	24,196	32,198	8,253	9,755	32,449	41,953	(9,504)	(22.65)%
Loan agreements			34,414	35,000	34,414	35,000	(586)	(1.67)%
Revolving line of credit agreement			20,026	1,080	20,026	1,080	18,946	1,754.26 %
Lease liability	278,979	286,854	16,224	12,218	295,203	299,072	(3,869)	(1.29)%
SBITA liability	10,970	16,011	425	720	11,395	16,731	(5,336)	(31.89)%
Unamortized amounts								
Issuance premiums	40,689	43,065	89,300	99,501	129,989	142,566	(12,577)	(8.82)%
Issuance discounts	(609)	(836)			(609)	(836)	227	(27.15)%
PFC and subordinate revenue bonds			202,110	208,400	202,110	208,400	(6,290)	(3.02)%
Reimbursement agreements			983	1,310	983	1,310	(327)	(24.96)%
	<u>\$ 1,407,052</u>	<u>1,562,433</u>	<u>1,247,557</u>	<u>1,254,493</u>	<u>2,654,609</u>	<u>2,816,926</u>	<u>(162,317)</u>	<u>(5.76)%</u>

Additional information regarding the County's long-term debt can be found in Note 8 starting on page 97.

On April 30, 2024 Moody's Investors Services upgraded the following:

- Certificates of Participation, Series 2018B rating from "A2" to "A1"
- Certificates of Participation, Series 2020 rating from "A2" to "A1"
- Pension Obligation bonds, Series 2008 rating from "A2" to "A1"
- Tax Allocation Revenue Bonds, Series 2008 rating from "A2" to A1"

On October 16, 2023 S&P Global Ratings upgraded the following::

- Tobacco Securitization Authority of Northern California Series 2021A Class 1 Senior Bonds from "A-" to "A"
- Tobacco Securitization Authority of Northern California Series 2021B Class 1 Senior Bonds from "BBB-" to "BBB+"

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

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

- Property tax revenue from all sources (secured, unsecured, delinquent, in lieu of Vehicle License Fee, supplemental), budgeted for FY 2024-25 in the amount of \$630,723, are projected to increase over the FY 2023-24 Adopted Budget by \$27,070 (4.5 percent). The FY 2024-25 projection is a \$31,447 (5.2 percent) increase over FY 2023-24 actual levels.
- Sales and use tax revenue budgeted for FY 2024-25 in the amount of \$143,224 is projected to decrease from the FY 2023-24 Adopted Budget by \$760 (0.5 percent). The FY 2024-25 projection is a \$3,694 (2.5 percent) decrease from the FY 2023-24 actual levels.
- Utility user tax revenue budgeted for FY 2024-25 in the amount of \$20,130 is projected to decrease from the FY 2023-24 Adopted Budget by \$1,925 (8.7 percent). The FY 2024-25 projection is a \$546 (2.8 percent) increase from the FY 2023-24 actual level.
- Proposition 172 revenue budgeted for FY 2024-25 in the amount of \$173,028 is projected to decrease from the FY 2023-24 Adopted Budget by \$4,171 (2.4 percent). The FY 2024-25 projection is a \$2,458 (1.4 percent) increase from the FY 2023-24 actual level.
- Non-CalWORKS Realignment revenue budgeted for FY 2024-25 in the amount of \$636,622 is projected to decrease from the FY 2023-24 Adopted Budget by \$6,077 (1.0 percent). The FY 2024-25 projection is a \$18,038 (2.8 percent) decrease from the FY 2023-24 actual level.

The County received \$300 million of ARPA funding across FY 2020-21 and FY 2021-22 with \$177.4 million having been expended as of June 30, 2024. The remaining ARPA funding will be expended on qualifying purposes in future years.

#### 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 County of Sacramento, Department of Finance, 700 H Street, Room 3650, Sacramento, CA 95814.

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



## FINANCIAL SECTION

### BASIC FINANCIAL STATEMENTS

#### COUNTY OF SACRAMENTO GOVERNMENT-WIDE STATEMENT OF NET POSITION JUNE 30, 2024 (amounts expressed in thousands)

Page 1 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission
Assets:				
Current assets:				
Cash and investments	\$ 1,943,826	534,876	2,478,702	20,504
Restricted cash and investments		59,176	59,176	
Receivables, net of allowance for uncollectibles:				
Billed	76,185	33,644	109,829	
Interest	39,997	17,685	57,682	
Intergovernmental	476,364	7,900	484,264	3,306
Leases	1,700	5,912	7,612	
Prepaid items	44,647	111	44,758	
Internal balances	(58,905)	58,905		
Inventories	5,544	871	6,415	
Total current assets	2,529,358	719,080	3,248,438	23,810
Noncurrent assets:				
Restricted assets		289,569	289,569	
Loan receivable from County Successor Agency	49,119		49,119	
Loan receivable from City Successor Agency	3,623		3,623	
Long-term receivables	72,423		72,423	
Long-term receivable, leases	22,084	26,169	48,253	
Prepaid items	13,325	300	13,625	
Capital assets:				
Land and other nondepreciable assets	218,427	570,129	788,556	
Buildings and improvements, infrastructure, equipment and intangibles, net	1,917,423	1,817,522	3,734,945	366
Total capital assets, net	2,135,850	2,387,651	4,523,501	366
Total noncurrent assets	2,296,424	2,703,689	5,000,113	366
Total assets	4,825,782	3,422,769	8,248,551	24,176
Deferred outflows of resources:				
Accumulated decrease in fair value of SWAP agreements	11,639	14,056	25,695	
Deferred amounts related to refunding	14,145	22,947	37,092	
Deferred outflows related to pensions	758,470	40,216	798,686	908
Deferred outflows related to OPEB	24,990	1,495	26,485	17
Total deferred outflows of resources	809,244	78,714	887,958	925
Total assets and deferred outflows of resources	5,635,026	3,501,483	9,136,509	25,101

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, 2024  
(amounts expressed in thousands)**

Page 2 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission
Liabilities:				
Current liabilities:				
Warrants payable	\$ 33,971	5,233	39,204	2,205
Accrued liabilities	221,693	80,874	302,567	
Intergovernmental payable	70,986	17	71,003	2,127
Accrued interest payable	9,844		9,844	
Current portion of insurance claims payable	47,319		47,319	
Current portion of long-term debt obligations	214,529	26,430	240,959	212
Current liabilities payable from restricted assets		17,925	17,925	
Unearned revenues	372,727	6,425	379,152	
Total current liabilities	971,069	136,904	1,107,973	4,544
Noncurrent liabilities:				
Insurance claims payable	229,432		229,432	
Long-term debt obligations	1,192,523	1,221,127	2,413,650	556
Derivative instrument liability	11,639	14,056	25,695	
Landfill closure and postclosure care		39,810	39,810	
Other long-term liabilities		4,289	4,289	
Net pension liability	1,702,067	77,949	1,780,016	1,788
Total OPEB liability	136,484	7,539	144,023	109
Total noncurrent liabilities	3,272,145	1,364,770	4,636,915	2,453
Total liabilities	4,243,214	1,501,674	5,744,888	6,997
Deferred inflows of resources:				
Deferred inflows related to refunding		3,114	3,114	
Deferred inflows related to pensions	135,350	6,438	141,788	163
Deferred inflows related to OPEB	57,561	3,425	60,986	61
Deferred inflows related to leases	22,674	31,074	53,748	
Total deferred inflows of resources	215,585	44,051	259,636	224
Total liabilities and deferred inflows of resources	4,458,799	1,545,725	6,004,524	7,221

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

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**COUNTY OF SACRAMENTO  
GOVERNMENT-WIDE  
STATEMENT OF NET POSITION  
JUNE 30, 2024  
(amounts expressed in thousands)**

Page 3 of 3

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission
Net position:				
Net investment in capital assets	\$ 1,573,696	1,283,253	2,856,949	
Restricted for:				
Bond reserves		46,881	46,881	
Landfill closure		11,402	11,402	
Kiefer Wetlands Preserve		1,254	1,254	
Debt service		1,648	1,648	
Passenger facility charges		62,986	62,986	
Customer facility charges		39,915	39,915	
Capital projects	227,115	1,942	229,057	
General government	19,438		19,438	
Public protection	198,802		198,802	
Public assistance	113,476		113,476	
Health and sanitation programs	180,523		180,523	
Transportation	244,315	1,594	245,909	
Lighting and landscape maintenance	5,866		5,866	
Economic development	44,969		44,969	
Other	23,120		23,120	
Endowments				
Expendable		326	326	
Nonexpendable		2,029	2,029	
Unrestricted	(1,455,093)	502,528	(952,565)	17,880
Total net position	\$ 1,176,227	1,955,758	3,131,985	17,880

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

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**COUNTY OF SACRAMENTO  
GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

Function/Programs	Primary Government						Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Governmental Activities	Revenues and Changes in Net Position Business-type Activities	
						Total	First 5 Commission
Primary government							
Governmental activities:							
General government	\$ 226,792	112,377	19,136		(95,279)	(95,279)	
Public assistance	818,072	228	855,453		37,609	37,609	
Public protection	1,236,837	188,685	169,558	3,310	(875,284)	(875,284)	
Health and sanitation	1,065,393	40,354	739,434	295	(285,310)	(285,310)	
Public ways and facilities	209,286	129,546	91,259	9,274	20,793	20,793	
Recreation and culture	63,519	13,246	2,339		(47,934)	(47,934)	
Education	2,225				(2,225)	(2,225)	
Interest and fiscal charges	40,809				(40,809)	(40,809)	
Total governmental activities	<u>3,662,933</u>	<u>484,436</u>	<u>1,877,179</u>	<u>12,879</u>	<u>(1,288,439)</u>	<u>(1,288,439)</u>	
Business-type activities:							
Airports	250,383	283,112	5,894	12,078		50,701	50,701
Solid waste	127,890	139,479	1,219			12,808	12,808
Water agency	75,844	130,017		15,371		69,544	69,544
Parking enterprise	2,370	2,665				295	295
County transit	<u>2,631</u>	<u>103</u>	<u>2,071</u>	<u>315</u>		<u>(142)</u>	<u>(142)</u>
Total business-type activities	<u>459,118</u>	<u>555,376</u>	<u>9,184</u>	<u>27,764</u>		<u>133,206</u>	<u>133,206</u>
Total primary government	<u>\$ 4,122,051</u>	<u>1,039,812</u>	<u>1,886,363</u>	<u>40,643</u>	<u>(1,288,439)</u>	<u>133,206</u>	<u>(1,155,233)</u>
Component unit							
First 5 Commission	<u>\$ 21,210</u>		<u>18,365</u>				<u>(2,845)</u>
General Revenues:							
Taxes:							
Property taxes					696,152	696,152	
Transient occupancy					6,018	6,018	
Sales/Use taxes					170,437	170,437	
Unrestricted investment earnings					103,151	35,961	1,000
Grants and contributions not restricted to specific programs					565,076	565,076	
Pledged tobacco settlement					12,954	12,954	
Miscellaneous					47,563	569	48,132
Transfers					<u>6,057</u>	<u>(6,057)</u>	
Total general revenues and transfers					<u>1,607,408</u>	<u>30,473</u>	<u>1,000</u>
Changes in net position					<u>318,969</u>	<u>163,679</u>	<u>482,648</u>
Net position, beginning of year					<u>857,258</u>	<u>1,792,079</u>	<u>2,649,337</u>
Net position, end of year					<u>\$ 1,176,227</u>	<u>1,955,758</u>	<u>3,131,985</u>
							<u>17,880</u>

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

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**COUNTY OF SACRAMENTO  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2024  
(amounts expressed in thousands)**

	General Fund	Nonmajor Governmental Funds	Total
Assets:			
Cash and investments	\$ 841,900	699,070	1,540,970
Receivables, net of allowance for uncollectibles:			
Billed	61,794	14,385	76,179
Interest	25,014	14,709	39,723
Intergovernmental	446,895	29,397	476,292
Leases	103	1,430	1,533
Prepaid items	40,033		40,033
Inventories	3,025		3,025
Loan receivable from County Successor Agency		49,119	49,119
Loan receivable from City Successor Agency		3,623	3,623
Long-term receivables, other	33,053	39,252	72,305
Long-term receivable, leases	5,193	16,619	21,812
Total assets	<u>\$ 1,457,010</u>	<u>867,604</u>	<u>2,324,614</u>
Liabilities, deferred inflows of resources, and fund balances:			
Liabilities:			
Warrants payable	\$ 22,603	4,057	26,660
Accrued liabilities	178,746	28,042	206,788
Intergovernmental payable	49,814	21,172	70,986
Unearned revenues	359,916	1,990	361,906
Total liabilities	<u>611,079</u>	<u>55,261</u>	<u>666,340</u>
Deferred inflows of resources:			
Deferred inflows relating to unavailable revenues	84,773	67,127	151,900
Deferred inflows related to leases	4,991	17,258	22,249
Total deferred inflows of resources	<u>89,764</u>	<u>84,385</u>	<u>174,149</u>
Fund balances:			
Nonspendable	54,467		54,467
Restricted	375,393	727,958	1,103,351
Assigned	161,282		161,282
Unassigned	<u>165,025</u>		<u>165,025</u>
Total fund balances	<u>756,167</u>	<u>727,958</u>	<u>1,484,125</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,457,010</u>	<u>867,604</u>	<u>2,324,614</u>

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

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**COUNTY OF SACRAMENTO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2024**  
**(amounts expressed in thousands)**

Fund balances - total governmental funds	\$ 1,484,125
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not current financial resources, and therefore, are not reported in the funds.	2,039,179
Accrued interest payable is not reported in the funds.	(9,844)
Prepaid bond insurance and prepaid expenditures relating to SBITA assets of the governmental activities are not current financial resources, and therefore, are not reported in the funds.	13,325
Long-term liabilities and related deferred outflows of resources including accumulated decrease in fair value of SWAP agreement and the deferred amounts related to refunding, are not due and payable in the current period nor represent current financial resources, and therefore, are not reported in the funds.	(1,350,169)
Total OPEB liability including related deferred outflows and deferred inflows of resources are not reported in the funds.	(158,503)
Net pension liability including related deferred outflows and deferred inflows of resources are not reported in the funds.	(1,028,983)
Other long-term assets are not available to pay for current period expenditures, therefore are reported as unavailable revenues in the funds.	151,900
Internal service funds are used by management to charge the costs of certain activities, related to general services, self-insurance, regional communications, and department of technology to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement net position.	35,197
Net position of governmental activities	<u>\$ 1,176,227</u>

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

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**COUNTY OF SACRAMENTO**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	General Fund	Nonmajor Governmental Funds	Total
Revenues:			
Taxes	\$ 804,075	68,532	872,607
Use of money and property	63,128	38,563	101,691
Licenses and permits	10,838	71,318	82,156
Intergovernmental	2,265,130	148,456	2,413,586
Charges for sales and services	141,432	221,880	363,312
Fines, forfeitures and penalties	22,163	16,609	38,772
Pledged tobacco settlement	13,790	13,790	27,580
Miscellaneous	37,301	10,000	47,301
Total revenues	<u>3,344,067</u>	<u>589,148</u>	<u>3,933,215</u>
Expenditures:			
Current:			
General government	159,627	66,673	226,300
Public assistance	823,922	823,922	1,647,844
Public protection	1,158,394	103,589	1,261,983
Health and sanitation	1,035,228	37,820	1,073,048
Public ways and facilities	189,480	189,480	378,960
Recreation and culture	35,739	25,986	61,725
Education	519	1,311	1,830
Capital outlay	64,048	64,048	128,096
Debt service:			
Principal	33,705	166,241	199,946
Interest and fiscal charges	3,450	48,605	52,055
Total expenditures	<u>3,250,584</u>	<u>703,753</u>	<u>3,954,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>93,483</u>	<u>(114,605)</u>	<u>(21,122)</u>
Other financing sources (uses):			
Transfers in	14,677	189,703	204,380
Transfers out	(146,657)	(40,206)	(186,863)
Issuance of long-term debt	27,125	30,008	57,133
Total other financing sources (uses)	<u>(104,855)</u>	<u>179,505</u>	<u>74,650</u>
Changes in fund balances	<u>(11,372)</u>	<u>64,900</u>	<u>53,528</u>
Fund balances - beginning	767,539	663,058	1,430,597
Fund balances - ending	<u>\$ 756,167</u>	<u>727,958</u>	<u>1,484,125</u>

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

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**COUNTY OF SACRAMENTO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

Changes in fund balances - total governmental funds	\$ 53,528
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 are allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlay in the current period.	1,824
Change in accrued interest payable.	2,343
Change in prepaid items.	9,896
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 premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. Also included is the change in compensated absences, which does not require the use of current financial resources. This amount is the net effect of these differences in the treatment.	138,194
Pension related expenses, including changes in deferred inflows and outflows of resources, reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	47,663
OPEB related expenses, including changes in deferred inflows and outflows of resources, reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	5,086
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.	41,170
The net revenues of certain activities of internal service funds is reported with governmental activities.	<u>19,265</u>
Change in net position of governmental activities	<u>\$ 318,969</u>

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

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**COUNTY OF SACRAMENTO**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

Page 1 of 2

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	\$ 807,248	806,026	804,075	(1,951)
Use of money and property	10,576	18,361	63,128	44,767
Licenses and permits	12,144	11,082	10,838	(244)
Intergovernmental	2,483,454	2,542,701	2,265,130	(277,571)
Charges for sales and services	115,206	117,958	141,432	23,474
Fines, forfeitures and penalties	18,550	20,475	22,163	1,688
Miscellaneous	40,078	35,627	37,301	1,674
Total revenues	<u>3,487,256</u>	<u>3,552,230</u>	<u>3,344,067</u>	<u>(208,163)</u>
Expenditures:				
Current:				
General government:				
Legislative and administrative	11,861	40,536	18,825	21,711
Finance	95,106	147,599	85,066	62,533
Counsel	6,186	6,186	5,810	376
Human resources	17,429	17,429	15,468	1,961
Elections	14,819	14,895	14,595	300
Other	25,996	25,996	19,863	6,133
Total general government	<u>171,397</u>	<u>252,641</u>	<u>159,627</u>	<u>93,014</u>
Public assistance:				
Administration	325,092	340,533	316,588	23,945
Aid programs	468,042	501,220	466,627	34,593
Other	44,220	44,220	40,707	3,513
Total public assistance	<u>837,354</u>	<u>885,973</u>	<u>823,922</u>	<u>62,051</u>

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

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**COUNTY OF SACRAMENTO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

Page 2 of 2

	Original Budget	Final Budget	Actual	Variance with Final Budget
Public protection:				
Judicial	\$ 195,189	199,452	186,682	12,770
Police protection	479,780	502,039	485,283	16,756
Detention and correction	463,703	470,603	417,128	53,475
Protection and inspection	5,648	5,648	5,206	442
Other	67,657	73,190	64,095	9,095
Total public protection	1,211,977	1,250,932	1,158,394	92,538
Health and sanitation	1,259,598	1,283,046	1,035,228	247,818
Recreation and culture	40,888	42,694	35,739	6,955
Education	548	548	519	29
Debt service:				
Principal	33,705	33,705	33,705	
Interest and fiscal charges	3,450	3,450	3,450	
Total expenditures	3,558,917	3,752,989	3,250,584	502,405
Excess (deficiency) of revenues over (under) expenditures	(71,661)	(200,759)	93,483	294,242
Other financing sources (uses):				
Transfers in	14,677	14,677	14,677	
Transfers out	(146,657)	(146,657)	(146,657)	
Issuance of long-term debt	27,125	27,125	27,125	
Total other financing sources (uses)	(104,855)	(104,855)	(104,855)	
Changes in fund balance	(176,516)	(305,614)	(11,372)	294,242
Fund balance - beginning	767,539	767,539	767,539	
Fund balance - ending	\$ 591,023	461,925	756,167	294,242

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

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**COUNTY OF SACRAMENTO  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2024  
(amounts expressed in thousands)**

Page 1 of 3

	Business-type Activities - Enterprise Funds				Governmental Activities-Internal Service Funds	
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total Enterprise Funds	
Assets:						
Current assets:						
Cash and investments	\$ 296,807	49,851	178,142	10,076	534,876	402,856
Restricted cash and investments	24,526	34,650			59,176	
Receivables, net of allowance for uncollectibles:						
Billed	7,916	19,589	5,770	369	33,644	6
Interest	10,108	3,505	3,826	246	17,685	274
Intergovernmental	5,572	622	303	1,403	7,900	72
Leases	5,657	198	57		5,912	167
Prepaid items	111				111	4,614
Inventories	809	62			871	2,519
Total current assets	351,506	108,477	188,098	12,094	660,175	410,508
Noncurrent assets:						
Restricted assets	193,520	22,968	73,081		289,569	
Prepaid items	300				300	
Long-term receivables, other						118
Long-term receivable, leases	17,476	1,874	6,819		26,169	272
Capital assets:						
Land and other nondepreciable assets	156,134	70,200	342,496	1,299	570,129	
Buildings and improvements, infrastructure, equipment and intangibles, net	1,056,029	133,432	626,979	1,082	1,817,522	96,671
Total capital assets	1,212,163	203,632	969,475	2,381	2,387,651	96,671
Total noncurrent assets	1,423,459	228,474	1,049,375	2,381	2,703,689	97,061
Total assets	1,774,965	336,951	1,237,473	14,475	3,363,864	507,569
Deferred outflows of resources:						
Accumulated decrease in fair value of SWAP agreement			14,056		14,056	
Deferred outflows related to refunding	22,649		298		22,947	
Deferred outflows related to pensions	17,800	14,582	7,713	121	40,216	40,606
Deferred outflows related to OPEB	626	605	257	7	1,495	1,393
Total deferred outflows of resources	41,075	15,187	22,324	128	78,714	41,999
Total assets and deferred outflows of resources	1,816,040	352,138	1,259,797	14,603	3,442,578	549,568

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

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**COUNTY OF SACRAMENTO  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2024  
(amounts expressed in thousands)**

Page 2 of 3

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total Enterprise Funds	
Liabilities:						
Current liabilities:						
Warrants payable	\$ 1,693	1,718	1,372	450	5,233	7,311
Accrued liabilities	49,005	12,812	19,036	21	80,874	14,905
Intergovernmental payable				17	17	
Current portion of insurance claims payable						47,319
Current portion of long-term debt obligations	6,779	7,084	12,495	72	26,430	13,151
Current liabilities payable from restricted assets	17,925				17,925	
Unearned revenues	6,425				6,425	10,821
Total current liabilities	81,827	21,614	32,903	560	136,904	93,507
Noncurrent liabilities:						
Insurance claims payable						229,432
Long-term debt obligations	820,475	55,157	345,386	109	1,221,127	29,587
Derivative instrument liability			14,056		14,056	
Landfill closure and postclosure care		39,810			39,810	
Other long-term liabilities			4,289		4,289	
Net pension liability	36,963	26,148	14,624	214	77,949	81,267
Total OPEB liability	3,256	2,928	1,310	45	7,539	8,031
Total noncurrent liabilities	860,694	124,043	379,665	368	1,364,770	348,317
Total liabilities	942,521	145,657	412,568	928	1,501,674	441,824
Deferred inflows of resources:						
Deferred inflows related to refunding	1,101		2,013		3,114	
Deferred inflows related to pensions	3,159	2,012	1,198	69	6,438	9,303
Deferred inflows related to OPEB	1,511	1,288	595	31	3,425	3,914
Deferred inflows related to leases	22,604	1,969	6,501		31,074	425
Total deferred inflows of resources	28,375	5,269	10,307	100	44,051	13,642
Total liabilities and deferred inflows of resources	970,896	150,926	422,875	1,028	1,545,725	455,466

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

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**COUNTY OF SACRAMENTO  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2024  
(amounts expressed in thousands)**

Page 3 of 3

	Business-type Activities - Enterprise Funds					Governmental Activities-Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total Enterprise Funds	
Net position:						
Net investment in capital assets	\$ 445,602	177,397	658,013	2,241	1,283,253	66,163
Restricted for:						
Bond reserves	46,881				46,881	
Landfill closure		11,402			11,402	
Kiefer Wetlands Preserve		1,254			1,254	
Debt service	1,648				1,648	
Capital projects				1,942	1,942	
Passenger facility charges	62,986				62,986	
Customer facility charges	39,915				39,915	
Transportation				1,594	1,594	
Endowments:						
Expendable	326				326	
Nonexpendable	2,029				2,029	
Unrestricted	245,757	11,159	178,909	7,798	443,623	27,939
Total net position	\$ 845,144	201,212	836,922	13,575	1,896,853	94,102
Adjustment to reflect internal service fund activities related to enterprise funds					58,905	
Net position of business-type activities					\$ 1,955,758	

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

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**COUNTY OF SACRAMENTO  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total Enterprise Funds	
Operating revenues:						
Charges for sales and services	\$ 238,946	137,277	127,631	2,767	506,621	410,977
Other	6	2,202	2,386		4,594	7,098
Total operating revenues	<u>238,952</u>	<u>139,479</u>	<u>130,017</u>	<u>2,767</u>	<u>511,215</u>	<u>418,075</u>
Operating expenses:						
Salaries and benefits	47,439	42,414	15,533	362	105,748	116,092
Services and supplies	113,676	67,778	19,552	2,054	203,060	141,067
Cost of sales and services	1,020			2,016	3,036	3,523
Depreciation and amortization	57,626	15,700	22,369	471	96,166	30,071
Claim payments and actuarial estimates						95,448
Landfill closure costs		2,811			2,811	
Other	211		4,523	206	4,940	1,498
Total operating expenses	<u>219,972</u>	<u>128,703</u>	<u>61,977</u>	<u>5,109</u>	<u>415,761</u>	<u>387,699</u>
Operating income (loss)	<u>18,980</u>	<u>10,776</u>	<u>68,040</u>	<u>(2,342)</u>	<u>95,454</u>	<u>30,376</u>
Nonoperating revenues (expenses):						
Use of money and property	19,378	3,319	12,804	460	35,961	1,460
Intergovernmental	5,894	1,219		2,071	9,184	
Passenger facility charges	27,757				27,757	
Customer facility charges	16,403				16,403	
Interest expense	(31,902)		(10,824)	(4)	(42,730)	(14)
Other revenues (expenses), net	569	(1,294)	(3,467)	1	(4,191)	3,037
Total nonoperating revenues (expenses), net	<u>38,099</u>	<u>3,244</u>	<u>(1,487)</u>	<u>2,528</u>	<u>42,384</u>	<u>4,483</u>
Income before transfers and capital contributions	<u>57,079</u>	<u>14,020</u>	<u>66,553</u>	<u>186</u>	<u>137,838</u>	<u>34,859</u>
Transfers in			46		46	
Transfers out	(2,929)	(2,005)	(1,147)	(22)	(6,103)	(11,460)
Capital contributions	<u>12,078</u>		<u>15,371</u>	<u>315</u>	<u>27,764</u>	
Changes in net position	<u>66,228</u>	<u>12,015</u>	<u>80,823</u>	<u>479</u>	<u>159,545</u>	<u>23,399</u>
Net position, beginning of year	<u>778,916</u>	<u>189,197</u>	<u>756,099</u>	<u>13,096</u>		<u>70,703</u>
Net position, end of year	<u>\$ 845,144</u>	<u>201,212</u>	<u>836,922</u>	<u>13,575</u>	<u>4,134</u>	<u>94,102</u>
Adjustment to reflect internal service fund activities related to enterprise funds						
Change in net position of business-type activities					<u>\$ 163,679</u>	

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

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**COUNTY OF SACRAMENTO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

Page 1 of 3

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 241,100	128,590	125,317	2,665	497,672	128,734
Receipts from interfund services provided						309,050
Receipts for other operating activities	485	10,011	2,386		12,882	5,817
Payments to suppliers	(112,896)	(74,022)	(19,000)	(4,179)	(210,097)	(237,088)
Payments to employees	(47,465)	(42,420)	(15,766)	(401)	(106,052)	(121,223)
Payments for other operating activities		(2,757)		(206)	(2,963)	(2,170)
Payments for interfund services used		(4,145)			(4,145)	(19,908)
Net cash provided by (used for) operating activities	<u>81,224</u>	<u>15,257</u>	<u>92,937</u>	<u>(2,121)</u>	<u>187,297</u>	<u>63,212</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from other funds			46		46	
Transfers to other funds	(2,929)	(2,005)	(1,147)	(22)	(6,103)	(11,462)
Intergovernmental revenue	5,833	2,433		2,814	11,080	
Other nonoperating expense						(1)
Net cash provided by (used for) noncapital financing activities	<u>2,904</u>	<u>428</u>	<u>(1,101)</u>	<u>2,792</u>	<u>5,023</u>	<u>(11,463)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Passenger facility charges	26,263				26,263	
Customer facility charges	15,473				15,473	
Capital contributions	10,187			320	10,507	
Acquisition and construction of capital assets	(61,417)	(26,919)	(66,930)	(423)	(155,689)	(21,867)
Principal paid on long-term obligations	(7,364)	(6,722)	(11,957)	(67)	(26,110)	(11,954)
Interest paid on long-term obligations	(36,054)	(250)	(15,317)	(4)	(51,625)	(385)
Proceeds from the sale of capital assets	395	60	2		457	3,506
Proceeds from revolving line of credit	20,000				20,000	
Net cash used for capital and related financing activities	<u>(32,517)</u>	<u>(33,831)</u>	<u>(94,202)</u>	<u>(174)</u>	<u>(160,724)</u>	<u>(30,700)</u>

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

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**COUNTY OF SACRAMENTO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

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	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from sale and maturities of investments	\$ 17,283	3,950	59,999	405	59,999
Interest received and fair value adjustment on cash and investments	17,283	3,950	11,701	405	33,339
Net cash provided by (used for) investing activities	68,894	(14,196)	69,334	902	124,934
Net increase (decrease) in cash and cash equivalents	438,984	121,665	159,193	9,174	729,016
Cash and cash equivalents, beginning of year					380,401
Cash and cash equivalents, end of year	\$ 507,878	107,469	228,527	10,076	853,950
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>					
Cash and investments	\$ 296,807	49,851	178,142	10,076	534,876
Restricted cash and investments	24,526	34,650			59,176
Restricted noncurrent assets	193,520	22,968	73,081		289,569
Less: Long-term investments and receivables included in restricted assets	(6,975)		(22,696)		(29,671)
Cash and cash equivalents	\$ 507,878	107,469	228,527	10,076	853,950

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

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**COUNTY OF SACRAMENTO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

Page 3 of 3

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Airports	Solid Waste	Water Agency	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 18,980	10,776	68,040	(2,342)	95,454
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	57,626	15,700	22,369	471	96,166
Provision for uncollectible accounts	13				13
Impact fee credits applied			(3,408)		(3,408)
Other nonoperating revenue	485				485
Other nonoperating expense		(2,338)			(2,338)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Receivables:					
Billed	1,168	(447)	742	(352)	1,111
Leases					30
Intergovernmental			352		352
Deposits with others	(1,096)				(1,096)
Prepaid items	(37)				(37)
Inventories	59				59
Warrants payable	493	(6,539)	(250)	152	(6,144)
Accrued liabilities	2,757	70	5,384		8,211
Intergovernmental payable				(10)	(10)
Unearned revenues	967				967
Landfill closure and postclosure care		(1,685)			(1,685)
Compensated absences	388	164	163	3	718
Insurance claims payable					
Net pension liability and related deferred outflows and inflows	(413)	(82)	(359)	(31)	(885)
Net leases liability and related deferred outflows and inflows		(217)			(217)
Total OPEB liability and related deferred outflows and inflows	(166)	(145)	(96)	(12)	(419)
Total adjustments	62,244	4,481	24,897	221	91,843
Net cash provided by (used for) operating activities	\$ 81,224	15,257	92,937	(2,121)	187,297
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>					
Contributed assets	\$		15,371		15,371
Amortization of bond premiums	6,209		3,992		10,201
Capital assets purchases using long-term debt	8	8,650			8,658
Capital grants receivable	4,246				4,246
Amortization of deferred outflows and inflows - bonds	2,215		473		2,688
Capital assets purchases included in accrued liabilities and warrants payable	23,171	150			23,321

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

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**COUNTY OF SACRAMENTO  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2024  
(amounts expressed in thousands)**

Page 1 of 2

			Successor Agency	Custodial	
	Pension Trust	Investment Trust	Private-Purpose Trust Fund	Non-Pooled Investments	Other Custodial
<b>Assets:</b>					
Cash and investments	\$ 6,407	4,924,271	6,605	855,118	318,330
Other cash and cash equivalents	20,463				
Short-term investments with fiscal agents	570,225				
Receivables, net of allowance for uncollectibles:					
Billed					1,487
Interest		103,642	157		121,976
Member and employer contributions	45,413				
Accrued investment income	33,629				
Investment sales and other	294,615				
Investments					
Equity	5,437,080				
Fixed income	2,429,821				
Real assets	1,280,633				
Real estate	867,436				
Absolute return	840,864				
Private credit	420,495				
Private equity	1,745,892				
Securities lending collateral	283,577				
Prepaid items					1,518
Other assets	1,840				
Long-term receivables, other					234
Buildings and improvements, equipment and intangibles, net	5,063				
<b>Total assets</b>	<b>14,283,453</b>	<b>5,027,913</b>	<b>6,762</b>	<b>855,118</b>	<b>443,545</b>

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

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**COUNTY OF SACRAMENTO  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2024  
(amounts expressed in thousands)**

Page 2 of 2

			Successor Agency	Custodial	
	Pension Trust	Investment Trust	Private-Purpose Trust Fund	Non-Pooled Investments	Other Custodial
<b>Liabilities:</b>					
Warrants payable	2,120				14,798
Accrued liabilities	6,347		2,387		7,362
Intergovernmental payable			1,707		
Current lease liability	538				
Long-term lease liability	4,259				
Investment purchases and other	684,397				
Securities lending obligation	276,160				
Other long-term liabilities			3,480		
Loan due to County Public Financing Authority					
Due within one year			2,440		
Due after one year			46,679		
<b>Total liabilities</b>	<b>973,821</b>		<b>56,693</b>		<b>22,160</b>
<b>Net position (deficit) restricted for:</b>					
Pension	13,309,632				
Pool participants		5,027,913			
Individuals, organizations and other governments			(49,931)	855,118	421,385
<b>Total net position (deficit)</b>	<b>\$ 13,309,632</b>	<b>5,027,913</b>	<b>(49,931)</b>	<b>855,118</b>	<b>421,385</b>

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

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**COUNTY OF SACRAMENTO  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

			Successor Agency Private-Purpose Trust Fund	Custodial	
	Pension Trust	Investment Trust		Non-Pooled Investments	Other Custodial
Additions:					
Property taxes	\$		6,442		3,263,378
Contributions on pooled investments		10,578,682			1,707,860
Contributions on non-pooled investments				4,852,164	
Member contributions	159,654				
Employer contributions	397,981				
Securities lending income, net	1,353				
Investment income (loss), net	1,103,159	277,455	326	39,675	33,736
Miscellaneous	2,389				
Total additions	1,664,536	10,856,137	6,768	4,891,839	5,004,974
Deductions:					
Distributions to taxing entities				4,898,706	3,268,119
Distributions from pooled investments		10,411,368			1,535,807
Benefits paid	698,773				
Withdrawal/refunds of contributions	6,967				
Administrative expenses	12,422				15,393
Services and supplies			750		
Interest expense			4,754		
Total deductions	718,162	10,411,368	5,504	4,898,706	4,819,319
Changes in net position	946,374	444,769	1,264	(6,867)	185,655
Net position (deficit), beginning of year	12,363,258	4,583,144	(51,195)	861,985	235,730
Net position (deficit), end of year	\$ 13,309,632	5,027,913	(49,931)	855,118	421,385

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

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT



### FINANCIAL SECTION

### NOTES TO BASIC FINANCIAL STATEMENTS

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

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

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

**Scope of Financial Reporting Entity**

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

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

For the special districts and agencies listed below, 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 Districts Special Revenue Fund:	Other Special Revenue Funds:
County Service Area Number One	Natomas Fire District
Sacramento County Landscape Maintenance District	County Service Area No. 10
	Water Agencies Special Revenue Fund
Park Districts and Park Service Areas Special Revenue Fund:	In-Home Support Services Authority
Del Norte Oaks Park Maintenance District	Sacramento County Groundwater Sustainability Agency
Mission Oaks Recreation and Park District	
Carmichael Recreation and Park District	Enterprise Fund:
Sunrise Recreation and Park District	Water Agency Water Supply
County Service Area Number Four	

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 Exercise of Powers Agreement effective July 15, 2001, between the County and the County of San Diego. The Authority was created for the purpose of empowering the Authority to finance the payments received by the County from the nation-wide Tobacco Settlement Agreement (Payments) for such purposes, but not limited to, issuance, sale, execution and delivery of all Bonds secured by those Payments or the lending of money based thereof, or to securitize, sell, purchase or otherwise dispose of some or all of such payments of the County. The Authority's board consists of two members of the County's Board of Supervisors and one member from San Diego County's Board of Supervisors, therefore the County has voting majority for the Authority.

The 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 GAAP as a blended component unit of the County because the Authority is providing services solely to the County. The Authority is accounted for in debt service and special revenue funds.

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

The *Sacramento County Public Financing Authority (PFA)* is a public entity created by a Joint Exercise of Powers Agreement effective as of November 25, 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 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, thus the County is in no 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 Board elected to become the Successor Agency for the former County redevelopment agency in accordance with the ABX1 26 as part of County resolution number 2012-0051. As such, the Agency obligations with the PFA were transferred to the County Redevelopment Successor Agency Private-Purpose Trust Fund.

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

The *Successor Agency Private-Purpose Trust Fund* was created in accordance with ABX1 26 to transfer all of the assets, liabilities, and obligations of the former redevelopment agency. The Board elected to be appointed as the Successor Agency to the former Redevelopment Agency (RDA) of the County. The Successor Agency to the RDA accounts for the payments due for enforceable obligations, performance of obligations, and disposal of all assets of the former redevelopment agency. The Successor Agency to the RDA activities are included in the Successor Agency Private-Purpose Trust Fund.

The *Sacramento County Employees' Retirement System (SCERS)* is a fiduciary component unit reported as a Pension Trust Fund. SCERS is a multiple-employer public retirement system organized under the 1937 Act. SCERS is governed by a nine-member retirement board that includes the County Director of Finance and four appointed members by the Board and four members elected by the SCERS membership. Although SCERS is legally separate from the County, it is reported as part of the County's reporting entity because the County has board control and there is a financial burden due to employer contributions.

The *Metro Air Park Enhanced Infrastructure Financing District* is a public entity legally separate and apart from the County, and is considered a blended component unit of the County. The Metro Air Park Enhanced Infrastructure Financing District (EIFD) Public Financing Authority was established by a Board Resolution on April 20, 2021, as authorized under the EIFD Law authorized pursuant to California Government Code Sections 53398.50 through 53398.88. The first year of financial activity for the EIFD is FY 2023-24 due to the statutorily required time for the EIFD to adopt the Infrastructure Financing Plan and received Tax Rate Area approval from the State Board of Equalization. The purpose of the EIFD is to facilitate economic growth throughout the Metro Air Park region and to the support the growth of economic activity within the EIFD by utilizing 50% of the County's incremental property tax revenue growth and incremental property tax in lieu of vehicle license fees growth to provide funding for a portion of the public facilities that will enable the Metro Air Park to fully develop and continue to attract new regional-serving business. The EIFD's Board of Directors is composed of three members from the County of Sacramento's Board of Supervisors and two members of the public as chosen by the County of Sacramento's Board of Supervisors. The activities of the EIFD are reported within the Metro Air Park EIFD Special Revenue Fund.

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**COUNTY OF SACRAMENTO**  
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The following *Community Facility Districts (CFD)* were established by a two-thirds affirmative vote by property owners within the CFD boundaries. These CFDs are blended component units of the County, in that Mello-Roos law dictates that these districts are legally separate entities, but are governed by the local agencies. It is the County's responsibility through the Board to set direct levy rates and adopt annual budgets within these funds. The County is not obligated in any manner for any debt associated with these districts therefore, none of the debt is recorded in these financial statements. However the construction and assets associated with the districts are the County's, thus they are accounted for in the capital projects funds. The County also acts as an agent for the property owners of these CFDs; whereby, the County collects and forwards the assessment fees to the bondholders. This activity is reported in other custodial funds.

North Vineyard Station No. 1	Florin Vineyard No. 1
North Vineyard Station No. 2	Metro Air Park CFD No. 1998-1
Laguna Stonelake CFD No. 1	Metro Air Park CFD No. 2000-1
Park Meadows CFD No. 1	Laguna Creek Ranch/Elliott Ranch CFD No. 1 Improvement Area No.1
McClellan Park CFD No. 2004-1	Laguna Creek Ranch/Elliott Ranch CFD No. 1 Improvement Area No.2

**Discretely Presented Component Unit:**

*First 5 Sacramento Commission (Commission)* is a discretely presented component unit. The Commission is administered by a governing board of seven members, who are appointed by the Board. Its purpose is to develop, adopt, promote and implement early childhood development programs in the County, funded by additional State taxes on tobacco products approved by California voters via Proposition 10 in November 1998. The Commission is reported as a discretely presented component unit of the County because, although the Board has no control over the revenues, budgets, staff, or funding decisions made by the Commission, the appointed Commission members serve at the will of the Board members who appoint them. A separate stand-alone annual financial report can be obtained by writing to the Commission, 2750 Gateway Oaks Drive, Suite 330, Sacramento CA 95833.

**Excluded from the Reporting Entity:**

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.

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**Joint Power Authorities or Jointly Governed Organizations**

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

**AGENCY**

Sacramento Area Council of Governments  
Sacramento Employment and Training Agency  
Sacramento Area Flood Control Agency  
Sacramento Metropolitan Cable Television Commission  
Sacramento Housing and Redevelopment Agency  
Sacramento Transportation Agency  
Local Agency Formation Commission  
Sacramento/Placerville Transportation  
Sacramento Metropolitan Air Quality Management District  
Library Joint Powers Authority  
SacSewer  
Southeast Connector Joint Power Authority  
  
South Sacramento Conservation Agency  
River City Regional Stadium Financing Authority  
Sacramento Central Groundwater Authority  
Groundwater Sustainability Agency

**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  
Wastewater conveyance, treatment, and disposal along with Sewer service  
Planning and development of the Elk Grove-Rancho Cordova-El Dorado Connector Project  
Administration of South Sacramento Habitat Conservation Plan  
Finance the acquisition and construction of River Cats Stadium  
Regulate and manage groundwater within the Central Basin of Sacramento County  
Enhance local management of groundwater

The Sacramento County Director of Finance acts as the Auditor-Controller and as the Treasurer and depository for all the above agencies except for the Sacramento Housing and Redevelopment Agency, Library Joint Powers Authority, and Sacramento Metropolitan Air Quality Management District. Funding, if any, for each of these agencies from the County is based on annual appropriations. The County Board does not appoint a voting majority and cannot impose its will. Separate financial statements of the JPAs can be obtained by contacting the individual agencies or the County Department of Finance, Auditor-Controller Division.

**Joint Ventures**

The Sacramento County entered into a joint venture in 2002 with the East Bay Municipal Utility District establishing the Freeport Regional Water Authority (FRWA). The purpose of the FRWA 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 has no equity interest in the FRWA. As of June 30, 2024, this entity reported a net position of \$325.4 million. 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 primary 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.

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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. The County also includes certain indirect costs as part of the program expenses reported for various functional activities. 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 properly excluded from 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 nonmajor funds.

The County reports the following major governmental fund:

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

The County reports the following major enterprise funds:

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

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

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

The County also reports the following fund types:

Internal service funds are used to account for the financing of goods, services, or facilities provided by one department to other departments of the County, or to other governmental units, on a cost-reimbursement basis. Internal service funds include: General Services; Self-Insurance funds covering general liability and property damage; workers' compensation; Other which consists of Dental and Unemployment; Regional Radio Communications System for emergency communications services; and Department of Technology.

Pension Trust fund is a fiduciary component unit used by the County to report assets, liabilities and activities of SCERS.

Investment Trust fund accounts 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. These funds represent assets, primarily cash and investments, held by the County in trust for these participants.

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

Custodial funds account for the assets held by the County on behalf of various individuals, private organizations and other governmental agencies. These include Non-Pooled Investments, Law Enforcement, Unapportioned Tax Collection and others.

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Measurement Focus and Basis of Accounting

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

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 twenty days of the end of the accounting period, so as to be both measurable and available. Licenses, permits, fines, forfeitures and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are accrued when their receipt occurs within sixty days of the end of the accounting period. Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. Capital assets are reported as expenditures in governmental funds. Proceeds of long-term debt, leases, and SBITAs are reported as other financing sources.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 service 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; unemployment claims and dental claims; emergency communication functions; and telecommunication and data processing. Operating expenses for enterprise funds and internal service funds include cost of services, administrative expenses and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When an expenditure/expense is incurred for purposes which both restricted and unrestricted fund balance/net position components are available, the County will first apply restricted resources and then unrestricted resources.

Implementation of New Governmental Accounting Standards

GASB Statement No. 99, *Omnibus 2022*

Effective July 1, 2023, the County implemented Statement No. 99 paragraphs 4-10 (paragraphs 11-32 were implemented in prior fiscal years ended June 30, 2022 and June 30, 2023). The objectives of this statement and these paragraphs are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation of certain GASB Statements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB statement No. 53. These paragraphs of this statement had no material impact to the County's financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*

Effective July 1, 2023 the County implemented Statement No. 100. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing

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accountability. This statement had no material impact to the County's financial statements.

**Cash and Cash Equivalents**

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

**Property Taxes**

The County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within Sacramento County including the cities, school districts, and various special districts. Property taxes are payable in equal installments, November 1 and February 1. They become delinquent after December 10 and April 10, respectively. The assessment date for FY 2023-24 is July 1 and the lien date is January 1 (unsecured property taxes are due in one installment and become delinquent after August 31). The tax collections are recorded in the Unapportioned Tax Collection Agency fund prior to apportionment.

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

A description of the debt related to the Teeter Plan can be found in NOTE 8 - LONG-TERM OBLIGATIONS on page 100-101.

**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 assets that applies to a future period(s) and so will not be recognized as an expense until the future period(s).

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

The balance sheet of governmental funds also reports a separate section for deferred inflows of resources. Unavailable revenue reported consists primarily of revenues which have been earned but were not received. This separate financial statement element represents assets which are not yet available to finance expenditures of the current fiscal period and so will not be recognized as revenue until that time.

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**Intergovernmental Revenues**

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

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

**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 reported in the fund statements are classified as nonspendable fund balance in 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**

Inventories for governmental funds consist of pharmacy supplies and jail inventory which consists of clothing for inmates, and supplies for jails and jail staff. Inventories are valued at cost, using the first-in/first-out method. Governmental fund inventories are recorded as expenditures when consumed rather than when purchased. Inventories of supplies of proprietary funds are recorded at cost computed by the weighted average method. Proprietary fund inventories are comprised of materials and supplies held for consumption.

**Prepaid Items**

Payments made for services or future right-to-use assets in relation to SBITAs that will benefit future accounting periods are recorded as prepaid items. Prepaid items, as reported in the governmental funds balance sheet, are offset by a nonspendable fund balance account to indicate such amounts are not in spendable form. The cost of prepaid items is recorded as an expenditure/expense when consumed rather than when purchased.

**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.



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**Capital Assets**

Capital assets, which include land, easements, buildings and improvements, infrastructure, machinery and equipment, computer software, water facility rights, right-to-use assets and other intangible assets, are reported in the applicable governmental or business-type activities columns in the proprietary fund financial statements. Capital assets are defined as assets with an initial useful life in excess of one year and an individual cost of more than \$5 for equipment, \$25 for buildings, improvements, and infrastructure, and \$100 for computer software. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The County has not reported infrastructure acquired prior to 1980. Donated capital assets are recorded at acquisition value at the date of donation. Right-to-use assets are initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before lease/SBITA commencement date, plus certain initial direct costs. Capital outlay is recorded as expenditures of the general, special revenue, and capital projects funds and as assets in the proprietary funds and government-wide financial statements to the extent the County's capitalization threshold is met. Buildings and improvements, infrastructure, equipment, intangible assets are depreciated using the straight line method over the following estimated useful lives. Right-to-use lease and SBITA assets are amortized over the lesser of useful life or contract terms. If the County is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the asset.

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	4 to 50
Infrastructure	20 to 50
Machinery and Equipment	2 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. The County will pay certain employees a portion of their sick leave at retirement based on labor agreements.

The County accrues for compensated absences in the government-wide and proprietary fund statements which 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, proprietary fund and private-purpose trust fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund or private-purpose trust fund statement of net position. Issuance costs, are expensed in the year incurred, with the exception of prepaid insurance.

In the governmental funds financial statements, bond premiums, discounts, and issuance costs are recognized in the period issued. Bond proceeds are reported as other financing sources. In the government-wide, proprietary funds and private-purpose trust fund financial statements, bond premiums and discounts are amortized on a straight-line basis over the life of related debt.

**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.

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- Nonspendable fund balance – amounts that cannot be spent because they are either: a) not in spendable 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), 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 on an annual basis. The intent can be established at either the highest level of decision-making (Resolution from the Board), or by a body or an official designated by the Board for that purpose. The Board adopted an accounting policy whereby the authority to assign fund balance to specific purposes is delegated to the County Executive 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 includes amounts not contained in the other classifications. 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. The unassigned fund balance also includes \$90,640 of a service stabilization reserve that was established during the recommended budget adoption by County resolution. At this time there is no condition under which this stabilization may be spent; however, should the County deem it necessary to use these funds, the Board will need to adopt another resolution allowing the use. To increase the stabilization amount the Board would need to approve an appropriation adjustment request authorizing the increase.

**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, 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 during a subsequent period.

**Net Position**

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

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, intangible assets including leases and SBITAs, unspent proceeds for capital related debt, and deferred outflows of resources for capital related debt, into one component of net position. Accumulated depreciation/amortization, outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets, and deferred inflows of resources for capital related debt 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.

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- *Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose, or not related to the net investment in capital assets.

**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 and Workers' Compensation Internal Service Funds (ISF) Deficit Net Position**

As of June 30, 2024, the Liability and Workers' Compensation ISF have deficit net position of \$29,736 and \$63,673, respectively. These deficits in net position represent the County's actuarially determined claims liability for the liability/property and workers' compensation programs. The County is gradually collecting additional amounts from the departments to eliminate the deficit in net position.

**Investments/Fair Value**

The County categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

**Pension**

In the government-wide financial statements, retirement plans are required to be recognized and disclosed using the accrual basis of accounting (See NOTE 14 - RETIREMENT PLAN and the Required Supplementary Information (RSI) section immediately following the Notes to Basic Financial Statements), regardless of the amount recognized as pension expenditures in the governmental fund statements, which uses the modified accrual basis of accounting.

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

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

Projected earnings on pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings, changes in assumptions, and changes in proportions are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense over the expected average remaining service life.

**Other Postemployment Benefits (OPEB)**

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

**Classification**

In fiscal year 2023-24, the County has classified the Water Enterprise Fund development fees as operating revenue to better align the nature of the revenue. In previous years development fees were classified as nonoperating revenue.

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

Total fund balances of the County's governmental funds of \$1,484,125 differs from net position of governmental activities of \$1,176,227 because of the long-term economic focus in the statement of net position versus the current financial resources measurement focus in the governmental funds balance sheet. The effect of the differences is illustrated below:

Balance Sheet/Statement of Net Position

	Total Governmental Funds Balance Sheet	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Governmental Activities Statement of Net Position
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and investments	\$ 1,540,970		402,856		1,943,826
Receivables, net of allowance for uncollectibles:					
Billed	76,179		6		76,185
Interest	39,723		274		39,997
Intergovernmental	476,292		72		476,364
Leases	1,533		167		1,700
Prepaid items	40,033		4,614		44,647
Due from other funds/internal balances			(58,905)		(58,905)
Inventories	3,025		2,519		5,544
<b>Total current assets</b>	<b>2,177,755</b>		<b>351,603</b>		<b>2,529,358</b>
<b>Noncurrent assets:</b>					
Loan receivable from County Successor Agency	49,119				49,119
Loan receivable from City Successor Agency	3,623				3,623
Long-term receivables	72,305		118		72,423
Long-term receivable, leases	21,812		272		22,084
Prepaid items		13,325			13,325
Capital assets:					
Land and other nondepreciable assets		218,427			218,427
Buildings and improvements, infrastructure, equipment and intangibles, net		1,820,752	96,671		1,917,423
<b>Total capital assets</b>	<b>2,039,179</b>		<b>96,671</b>		<b>2,135,850</b>
<b>Total noncurrent assets</b>	<b>146,859</b>	<b>2,052,504</b>	<b>97,061</b>		<b>2,296,424</b>
<b>Total assets</b>	<b>2,324,614</b>	<b>2,052,504</b>	<b>448,664</b>		<b>4,825,782</b>
<b>Deferred outflows of resources:</b>					
Accumulated decrease in fair value of SWAP agreement		11,639			11,639
Deferred amounts related to refunding		14,145			14,145
Deferred outflows related to pensions		717,864	40,606		758,470
Deferred outflows related to OPEB		23,597	1,393		24,990
<b>Total deferred outflows of resources</b>		<b>767,245</b>	<b>41,999</b>		<b>809,244</b>
<b>Total assets and deferred outflows of resources</b>	<b>2,324,614</b>	<b>2,819,749</b>	<b>490,663</b>		<b>5,635,026</b>

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	Total Governmental Funds Balance Sheet	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Governmental Activities Statement of Net Position
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Warrants payable	\$ 26,660		7,311		33,971
Accrued liabilities	206,788		14,905		221,693
Intergovernmental payable	70,986				70,986
Accrued interest payable		9,844			9,844
Current portion of insurance claims payable			47,319		47,319
Current portion of long-term debt obligations		201,378	13,151		214,529
Unearned revenues	361,906		10,821		372,727
<b>Total current liabilities</b>	<b>666,340</b>	<b>211,222</b>	<b>93,507</b>		<b>971,069</b>
<b>Noncurrent liabilities:</b>					
Insurance claims payable			229,432		229,432
Long-term debt obligations		1,162,936	29,587		1,192,523
Derivative instrument liability		11,639			11,639
Net pension liability		1,620,800	81,267		1,702,067
Total OPEB liability		128,453	8,031		136,484
<b>Total noncurrent liabilities</b>		<b>2,923,828</b>	<b>348,317</b>		<b>3,272,145</b>
<b>Total liabilities</b>	<b>666,340</b>	<b>3,135,050</b>	<b>441,824</b>		<b>4,243,214</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenues	151,900	(151,900)			
Deferred inflows related to pensions		126,047	9,303		135,350
Deferred inflows related to OPEB		53,647	3,914		57,561
Deferred inflows related to leases	22,249		425		22,674
<b>Total deferred inflows of resources</b>	<b>174,149</b>	<b>27,794</b>	<b>13,642</b>		<b>215,585</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>840,489</b>	<b>3,162,844</b>	<b>455,466</b>		<b>4,458,799</b>
<b>Fund balances/net position:</b>					
Nonspendable	54,467			(54,467)	
Restricted	1,103,351			(1,103,351)	
Assigned	161,282			(161,282)	
Unassigned	165,025			(165,025)	
Net investment in capital assets		2,039,179	66,163	(531,646)	1,573,696
Restricted				1,057,624	1,057,624
Unrestricted		(2,382,274)	(30,966)	958,147	(1,455,093)
<b>Total fund balances / net position</b>	<b>\$ 1,484,125</b>	<b>(343,095)</b>	<b>35,197</b>		<b>1,176,227</b>

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(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, construction in progress, infrastructure, building, equipment, and intangibles) 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	\$ 4,950,519
Right-to-use assets	369,066
Accumulated depreciation/amortization	(3,280,406)
<b>Total</b>	<b>2,039,179</b>
Accrued interest payable	(9,844)
Prepaid items which consist of bond insurance costs and prepaid expense which related to future SBITA assets	13,325
Long-term liabilities and related deferred outflows of resources applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current, long-term and deferred outflows, are reported in the statement of net position.	
Compensated absences	(148,691)
Bonds, notes, COPs, leases, other payables	(1,143,039)
Derivative instrument liability	(11,639)
Accreted interest	(12,491)
Accumulated decrease in fair value of SWAP agreement	11,639
Deferred amounts related to refunding	14,145
Litigation liability	(60,093)
<b>Total</b>	<b>(1,350,169)</b>
Net Pension Liability:	
Deferred outflows related to pensions	717,864
Net pension liability	(1,620,800)
Deferred inflows related to pensions	(126,047)
<b>Total</b>	<b>(1,028,983)</b>
Total OPEB Liability:	
Deferred outflows related to OPEB	23,597
Total OPEB liability	(128,453)
Deferred inflows related to OPEB	(53,647)
<b>Total</b>	<b>(158,503)</b>

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

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

Unavailable revenues	\$ 151,900
Total	<u>\$ (343,095)</u>
(2) Internal service funds are used by management to charge the costs of certain activities, related to general services, self-insurance, regional communications and department of technology to individual funds. The assets and deferred outflows of resources, and liabilities and deferred inflows of resources, of certain internal service funds are included in governmental activities in the statement of net position.	<u>\$ 35,197</u>

The net change in fund balances for governmental funds of \$53,528 differs from the change in net position for governmental activities of \$318,969 reported in the statement of activities. The differences arise from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences are as follows:

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	\$ 696,152					696,152
Transient occupancy	6,018					6,018
Sales / use taxes	170,437					170,437
Use of money and property	101,691			1,460		103,151
Licenses and permits	82,156				(82,156)	
Intergovernmental	2,413,586		36,431		(2,450,017)	
Charges for sales and services	363,312		196		120,928	484,436
Operating grants and contributions					1,877,179	1,877,179
Capital grants and contributions					12,879	12,879
Grants and contributions not restricted to specific programs			5,117		559,959	565,076
Fines, forfeitures and penalties	38,772				(38,772)	
Pledged tobacco settlement	13,790		(836)			12,954
Miscellaneous	47,301		262			47,563
Total revenues	<u>3,933,215</u>		<u>41,170</u>	<u>1,460</u>		<u>3,975,845</u>

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(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	\$ 226,300	12,194	(8,770)	(2,932)		226,792
Public assistance	823,922	5,307	(6,199)	(4,958)		818,072
Public protection	1,261,983	15,531	(28,483)	(12,194)		1,236,837
Health and sanitation	1,073,048	4,154	(7,544)	(4,265)		1,065,393
Public ways and facilities	189,480	22,053	(768)	(1,479)		209,286
Recreation and culture	61,725	2,465	(398)	(273)		63,519
Education	1,830	520	16	(141)		2,225
Capital outlay	64,048	(64,048)				
Debt service:						
Principal	199,946		(199,946)			
Interest and fiscal charges	52,055		(8,223)	(3,023)		40,809
Total expenditures/expenses	<u>3,954,337</u>	<u>(1,824)</u>	<u>(260,315)</u>	<u>(29,265)</u>		<u>3,662,933</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>(21,122)</u>	<u>1,824</u>	<u>301,485</u>	<u>30,725</u>		<u>312,912</u>
Other financing sources (uses):						
Transfers in	204,380					204,380
Transfers out	(186,863)			(11,460)		(198,323)
Leases issued	25,612		(25,612)			
SBITA issued	1,645		(1,645)			
Issuance of long-term debt	29,876		(29,876)			
Total other financing sources (uses)	<u>74,650</u>		<u>(57,133)</u>	<u>(11,460)</u>		<u>6,057</u>
Changes in fund balances/net position	53,528	1,824	244,352	19,265		318,969
Fund balances/net position - beginning	1,430,597	2,037,355	(2,626,626)	15,932		857,258
Fund balances/net position - ending	<u>\$ 1,484,125</u>	<u>2,039,179</u>	<u>(2,382,274)</u>	<u>35,197</u>		<u>1,176,227</u>

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(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 activities 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/amortization expense. As a result, net position decreases by the amount of depreciation/amortization expense charged for the year. Donated assets result in an increase in net position.

Capital expenditures	\$ 113,803
Right-to-use assets	27,261
Depreciation/amortization expense	(138,688)
The net effect of various miscellaneous transactions involving capital assets (sales, trade-in, disposals)	(552)
Total	<u>\$ 1,824</u>

- (4) Bond issuance costs and prepaid SBITA assets 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. Prepaid SBITA assets will be amortized once the asset is placed into service.

\$ 9,896

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	10,979
Teeter notes	24,115
Revenue bonds	11,633
Pension obligation bonds	106,887
Direct placement bonds	405
Accreted interest	11,161
Financed purchase obligations	1,459
Lease liability	33,482
SBITA liability	1,284
Litigation liability	5,743
Other long-term debt	686
Total	<u>207,834</u>

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

- (4) Bond proceeds are reported as other 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	\$ (29,876)
Leases issued	(25,612)
SBITA issued	(1,645)
Total	<u>(57,133)</u>

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	(6,725)
Accreted interest	(3,205)
Current year other long-term debt	(306)
Amortization of deferred amount on refunded debt	(4,420)
Amortization of issuance premiums/discounts	2,149
Total	<u>(12,507)</u>

Net effect of long-term debt and related items 138,194

Changes in net pension liability and related deferred outflows/inflows 47,663

Changes in total other postemployment benefits (OPEB) liability and related deferred outflows/inflows 5,086

Some revenues will not be collected within the County's availability period, and therefore are reported as unavailable revenues in the governmental funds. Deferred inflows of resources decreased by this amount during the year. 41,170

Decrease in accrued interest payable 2,343

Total \$ 244,352

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

\$ 19,265

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**COUNTY OF SACRAMENTO  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(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 may, by resolution, extend on a permanent basis or for a limited period, the date from August 30 to October 2. The final budget for FY 2023-24 was adopted on September 26, 2023. Until the adoption of a final balanced budget, operations were governed by the proposed budget approved by the Board in June 2023. 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 (except for capital assets, which are controlled at the sub-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 present revenues at the source level and expenditures at the function level. Negative variances on these statements/schedules are possible and are not indicative of the County's legal level of control, as the budget authority and subsequent expenditures can span across differing functional types causing negative variances. For instance, within the general fund public assistance function, the budget unit can place the budget authority to one functional type such as public assistance - administration, but the subsequent expenditures can be recorded in differing functional types such as public assistance - aid programs. The budgetary control is at the budget unit level and not the functional level, as long as the expenditures don't exceed the budget unit level appropriations, there is no instance of non-compliance with the budget act. The Inmate Welfare Special Revenue Fund is not subject to the California Budget Act and does not have a formally adopted budget. The Tobacco Securitization Authority of Northern California Debt Service Fund, the Sacramento County Public Financing Authority Debt Service Fund, the Improvement Bond Act of 1911 Capital Projects Fund likewise do not have a formally adopted budget. Therefore, no budget and actual schedules are included for those funds in the Combining and Individual Fund Statement and Schedules.

During FY 2023-24 the County settled the Schneider/Hardesty et al. lawsuit which resulted in the County accruing \$53.5 million in expenditures within the General Fund Finance function in FY 2022-23. However, due to the timing of the settlement the appropriations were budgeted in FY2023-24.

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 "Governmental Fund Expenditure Status Report." Copies of this report may be obtained from the County of Sacramento, Department of Finance - Auditor Controller division website, located at <https://finance.saccounty.gov/AuditorController/Pages/default.aspx>. Significant amendments, appropriation transfers between departments or funds, and transfers from contingencies must be approved by the Board. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board.

During FY 2023-24, the original adopted budget was amended by the Board. The final budget data contained in the General Fund's budget and actual statement, as well as the budget and actual schedules for the nonmajor governmental funds reflects the effect of all approved budget amendments. During FY 2023-24, the appropriation limit for the FY 2023-24 budget year was reviewed and determined to be calculated in accordance with Article XIII B of the California Constitution.

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

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**COUNTY OF SACRAMENTO  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - CASH, INVESTMENTS, AND RESTRICTED ASSETS**

All investments are reported in the statement of net position/balance sheet at fair value, except for the investment agreement(s), teeter notes, and certain money market mutual funds, which are reported at net asset value. 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 custodial funds accrues to the benefit of the General Fund. The County, acting in a fiduciary capacity, invests bond proceeds in accordance with long-term obligation covenants. The Treasurer's Pool and funds managed in a fiduciary capacity are subject to oversight by the Treasury Oversight Committee. The value of pool shares that may be withdrawn is determined on an amortized cost basis, which differs from fair value. The County has not provided or obtained any legally binding guarantees during the fiscal year to support the value of pool shares. The County does not permit any voluntary participation in the Treasurer's Pool.

Separately issued reports of the County Treasurer's Internal and Non-Pooled investments are available at <https://finance.saccounty.gov/Investments/Pages/Reports.aspx>.

Cash, investments, and restricted assets as shown in the basic financial statements at June 30, 2024, are as follows:

Government-wide statement of net position:	
Cash and investments	\$ 2,478,702
Restricted cash and investments	59,176
Restricted assets, included in noncurrent assets	289,569
Fiduciary funds statement of net position:	
Pension Trust	6,407
Investment Trust	4,924,271
Successor Agency - Private-Purpose Trust Fund	6,605
Non-Pooled Investments	855,118
Other Custodial	318,330
Discretely presented component unit (First 5 Commission)	20,504
Total cash, investments, and restricted assets including receivables	8,958,682
Less receivables included in restricted assets	(11,005)
Total cash, investments, and restricted cash and investments	<u>\$ 8,947,677</u>

**Investments Authorized by Debt Agreements**

Cash and investments held by fiscal agents are restricted as to their 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, 2024, all cash and investments held by fiscal agents were covered by federal depository insurance, Securities Investor Protection Corporation Insurance, or the investments are held in the County's name.

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

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

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**COUNTY OF SACRAMENTO**  
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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 investments are noted below:

Government Code Section 53601 and the County Investment Policy lists the investments in which the Treasurer may invest. These include bonds issued by the County; United States Treasury notes, bonds, bills or certificates of indebtedness; registered state warrants, Washington supranational notes, treasury notes, or bonds of the State of California; registered treasury notes or bonds of any of the other 49 states in addition to California; bonds, notes, warrants or other forms of indebtedness of any local agency (Teeter Notes and Local Agency Investment Fund-LAIF) within California; obligations issued by banks for cooperatives, federal land banks, federal home loan banks, or other instruments of, or issued by, a federal agency or United States government sponsored enterprise; money market mutual funds (not to exceed 20 percent of the total portfolio); bankers acceptances (not over 180 days maturity, not to exceed 40 percent of the total portfolio); commercial paper (not to exceed 40 percent of the total portfolio) of "prime quality" (the highest ranking provided by either Moody's Investors Service (Moody's) or S&P Global Ratings (S&P)) 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 to 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 (not to exceed 20 percent of the portfolio); and 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 Board annually adopts an "Annual Investment Policy for the Pooled Investment Fund" (Investment Policy). The Investment Policy is maintained by the Department of Finance and is based on criteria cited in the Government Code. The Investment Policy adds further specificity to investments permitted, reducing concentration within most permitted investment types and reducing concentration of investments with any broker, dealer or issuer.

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

**Interest Rate Risk** – This is the risk that changes in interest rates will adversely affect the fair value of an investment. Under the County's Investment Policy the dollar-weighted average maturity on all securities shall be equal to or less than three years. As of June 30, 2024, of the County's \$8.8 billion in investments held by the Treasurer and \$55.7 million held by fiscal agents, 72.3 percent of the investments have a maturity of six months or less. The weighted average days to maturity for the entire portfolio was 269 days.

**Credit Risk** – This is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. The County is permitted to hold investments of issuers with a short-term rating of superior capacity and a minimum long-term rating of upper medium grade by the top two nationally recognized statistical rating organizations (rating agencies). For short-term ratings, the issuers' ratings must be A-1 and P-1, and the long-term ratings must be A and A2, respectively, by S&P's and

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**COUNTY OF SACRAMENTO**  
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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 schedule on page 67.

**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. The California Government Code and the County's Investment Policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following disclosures. As of June 30, 2024, the County has cash deposits with financial institutions in excess of the federal depository insurance limits of \$250 and remaining cash deposits were collateralized by the pledging institutions as required by California Government Code Section 53652.

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

	Reported Amount
Federal Home Loan Banks	\$ 2,095,332
Federal Farm Credit Bank	629,079
Inter - American Development Bank	512,842

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The following schedule indicates the credit and interest rate risk at June 30, 2024. For purposes of this schedule, NR is defined as not rated. The credit ratings listed are for Moody's and S&P, respectively. Guaranteed investment contracts are subject to the credit rating disclosure requirements but are normally unrated.

	Credit Ratings	Maturity					Amount
		Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 Years	
Imprest cash							\$ 514
Cash in banks							3,709
In custody of Treasurer:							
Cash and cash deposits:							
Cash on hand							14
Cash in banks							52,821
Total cash and cash deposits in custody of the Treasurer							52,835
Investments held by Treasurer:							
Treasury bills	Aaa/AA+	\$ 30,304	295,245	187,187			512,736
Federal Farm Credit Bank (FFCB)	Aaa/AA+		39,626		229,749		269,375
FFCB discount notes	Aaa/AA+	99,985	172,440	87,279			359,704
Federal Home Loan Banks (FHLB)	Aaa/AA+		59,556		93,565		153,121
FHLB discount notes	P-1/A-1+	867,919	688,215	386,077			1,942,211
Federal National Mortgage Association	Aaa/AA+			47,832	47,405		95,237
Federal National Mortgage Association Discount Notes	Aaa/AA+		97,791				97,791
Federal Home Loan Mortgage Corporation	Aaa/AA+			19,540	47,637		67,177
State and local government securities	Aaa/AA+	36,956			6,362		43,318
Commercial paper	P-1/A-1	641,657	1,198,459	198,394			2,038,510
Washington supranationals notes	Aaa/AAA			19,569	927,211		946,780
Washington supranationals discount notes	P-1/A-1+		125,570				125,570
Negotiable certificates of deposit	P-1/A-1	259,974	1,494,787	95,002			1,849,763
Non-Negotiable certificates of deposit	NR			20,000			20,000
Bank money market funds	NR	120,428					120,428
Other assets held by Treasurer (Teeter Plan notes)	NR		960		27,075		28,035
Local Agency Investment Fund	NR	75,000					75,000
Money market mutual funds	Aaa/AAAm	67,573					67,573
Guaranteed investment contracts	NR					22,595	22,595
Total investments held by Treasurer		2,199,796	4,172,649	1,060,880	1,379,004	22,595	8,834,924
Total in custody of Treasurer							8,887,759
Investments held by fiscal agents:							
Money market mutual funds	Aaa/AAAm	54,744					54,744
Negotiable certificates of deposit	A+				951		951
Total investments held by fiscal agents		54,744			951		55,695
Total investments		<u>\$ 2,254,540</u>	<u>4,172,649</u>	<u>1,060,880</u>	<u>1,379,955</u>	<u>22,595</u>	
Total cash and investments							<u>\$ 8,947,677</u>

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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 as of and for the year ended June 30, 2024:

Statement of Net Position	Non-Pooled		
	Treasurer's Pool	Funds	Total
Net position held for pool participants	<u>\$ 7,951,046</u>	<u>1,040,355</u>	<u>8,991,401</u>
Equity of internal pool participants	\$ 2,923,133	185,237	3,108,370
Equity of external pool participants	<u>5,027,913</u>	<u>855,118</u>	<u>5,883,031</u>
Total equity	<u>\$ 7,951,046</u>	<u>1,040,355</u>	<u>8,991,401</u>
Statement of changes in net position			
Net position at July 1, 2023	\$ 7,432,162	1,081,998	8,514,160
Net changes in investments by pool participants	518,884	(41,643)	477,241
Net position at June 30, 2024	<u>\$ 7,951,046</u>	<u>1,040,355</u>	<u>8,991,401</u>

A summary of the investments held by the Treasurer's Pool and Non-Pooled Funds at June 30, 2024, are as follows:

	Fair Value	Cost	Interest Rate Range (%)	Maturity Range
Governmental securities	\$ 3,540,670	3,522,678	0.320-5.270	7/24-4/29
Washington supranationals notes	1,072,350	1,103,842	0.500-5.240	9/24-3/29
Commercial paper	2,038,510	2,017,500	5.100-5.450	7/24-2/25
Negotiable/Non-Negotiable certificates of deposit	1,869,763	1,870,043	5.070-5.890	7/24-4/25
Other assets held by Treasurer (Teeter Plan notes)	28,035	28,035	4.839	8/24-8/28
Local Agency Investment Fund	75,000	75,000	4.480	N/A
Bank money markets funds	120,428	120,428	3.85-4.030	N/A
Money market mutual funds	67,573	67,573	0.609-4.833	N/A
Guaranteed investment contracts	22,595	22,595	5.301	5/31/39
Total investments held by Treasurer	<u>\$ 8,834,924</u>	<u>8,827,694</u>		

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Fair Value of Investments

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

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

The following is a description of the valuation methods and assumptions used by the County to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2024. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. County management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

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For investments classified within Level 2 of the fair value hierarchy, the County's custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

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

The valuation of 2a-7 Money Market Mutual Funds and Bank Money Market Funds held by the Treasurer is at one-dollar net asset value (NAV) per share. The total value of these investments at June 30, 2024 was \$188,001. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short-term U.S. Treasury and government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities).

The valuation of 2a-7 Money Market Mutual Funds held by Fiscal Agents is at one-dollar NAV per share. The total value of these investments at June 30, 2024, was \$54,744. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short-term U.S. Treasury, government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities), agency mortgage-backed securities, and short-term high quality municipal obligations that provide income exempt from federal and California state income tax and federal alternative minimum tax.

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At June 30, 2024, the County had the following recurring fair value measurements:

	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Treasury bills	\$ 512,736		512,736	
Federal Farm Credit Bank (FFCB)	269,375		269,375	
Federal Home Loan Banks (FHLB)	153,121		153,121	
Federal National Mortgage Association (FNMA)	95,237		95,237	
FFCB discount notes	359,704		359,704	
FHLB discount notes	1,942,211		1,942,211	
Federal Home Loan Mortgage Corporation (FHLMC)	67,177		67,177	
FNMA discount notes	97,791		97,791	
Washington supranationals	946,780		946,780	
Washington supranationals discount notes	125,570		125,570	
Commercial paper	2,038,510		2,038,510	
Negotiable/Non-Negotiable certificates of deposits	1,869,763		1,869,763	
Negotiable certificates of deposits held by Fiscal Agent	951		951	
State and local government securities	43,318		43,318	
Other assets held by Treasurer (Teeter Plan notes)	28,035			28,035
Total Investments by fair value level	<u>8,550,279</u>		<u>8,522,244</u>	<u>28,035</u>
Investments held by Treasurer not measured at fair value or subject to fair value hierarchy:				
Local Agency Investment Fund	75,000			
Guaranteed investment contracts	<u>22,595</u>			
Total Investments not measured at fair value or subject to fair value hierarchy	<u>97,595</u>			
Investments held by Treasurer measured at NAV:				
Bank money markets funds	120,428			
Money market mutual funds	<u>67,573</u>			
Total Investments measured at NAV	<u>188,001</u>			
Total Investments held by Treasurer	8,834,924			
Total Investments held by Fiscal Agents at NAV:				
Money market mutual funds	<u>54,744</u>			
Total Investments	<u>\$ 8,890,619</u>			

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**SCERS Pension Trust Fund Deposits and Investment Risk Disclosures**

**Investment Policies**

Article XVI, Section 17 of the Constitution of the State of California provides that "...notwithstanding any other provisions of law or this Constitution, the Retirement Board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of monies and administration of the system..." Article XVI, Section 17(a) further provides that "...the Retirement Board of a public pension or retirement system shall have sole and exclusive fiduciary responsibility over the assets..." The investment authority for SCERS rests primarily through the "prudent person rule," as set forth in Section 31595 of the 1937 Act, which establishes a standard for all fiduciaries, including anyone with investment authority on behalf of SCERS.

**Asset Allocation:**

SCERS maintains an overall investment policy designed to achieve a diversified investment portfolio. An integral part of the investment policy is the strategic asset allocation, which is designed to provide an optimal mix of asset classes with return expectations that correspond to expected liabilities. The strategic asset allocation also emphasizes maximum diversification of the portfolio to reduce the range of outcomes that the portfolio is subject, and to protect SCERS from the possibility that a particular asset class may experience poor investment performance in a given period. SCERS' adopted asset allocation policy as of June 30, 2024 is as follows:

Asset Class	Target Allocation
Equity	40.00 %
Fixed Income	18.00 %
Private Equity	11.00 %
Real Estate	9.00 %
Absolute Return	7.00 %
Real Assets	7.00 %
Private Credit	5.00 %
Cash	2.00 %
Liquid Real Return	<u>1.00 %</u>
	<u>100.00 %</u>

**Investment Summary**

Cash Invested with Sacramento County Treasurer:

SCERS invests cash held for benefit payments and general operations in the County Treasurer's pool. The County Treasury Oversight Committee is responsible for regulatory oversight of the pool. SCERS share of the County Treasurer's pool is separately accounted for, and interest earned, net of related expenses, is apportioned quarterly based on the proportion of SCERS average daily cash balance to the total of the pooled cash and investments.

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The value of SCERS pooled shares is determined on an amortized cost basis, which approximates fair value. The fair value of SCERS cash invested with the County Treasurer for both pension trust and custodial funds totaled \$8,766 at June 30, 2024. The pool was not rated, and the weighted-average maturity of the pool was 269 days at June 30, 2024.

Interest earned but not received from the County Treasurer at year end is reported as a component of accrued investment income on the Statement of Fiduciary Net Position. Cash and investments included within the County Treasurer's pool are described in the preceding section of this note.

Other Cash and Cash Equivalents:

At June 30, 2024, other cash and cash equivalents constituted balances in bank demand deposit accounts of \$20,463.

Short-Term Investments with Fiscal Agents:

Short-term investments, which include highly-liquid investments expected to be utilized by SCERS within 30-90 days, are reported at fair value. These investments may include securities that have a maturity in excess of 90 days but are readily marketable. At June 30, 2024, the fair value of SCERS short-term investments with fiscal agents was \$570,225. This total consisted of investments in the State Street Short-Term Investment Fund (STIF). The STIF is designed to provide qualified benefit plans with an investment vehicle that may be accessed on a daily basis. The STIF is limited to investing in securities that are rated A-1 by Moody's and P-1 by S&P at the time of issuance. As of June 30, 2024, the STIF is not rated by credit rating agencies. Most investments range in maturity from overnight to 90 days with 33 percent of the investment over 90 days. For the fiscal year ended June 30, 2024, the weighted-average maturity was 34 days.

Fair Value of Investments:

SCERS measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1 - Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities accessible on the measurement date.

Level 2 - Fair value is determined using quoted prices in inactive markets or significant observable inputs (including, but not limited to, quoted prices for similar investments, interest rates, foreign exchange rates, volatility and credit spreads), either directly or indirectly. These inputs may be derived principally from, or corroborated by, observable market data through correlation or by other means.

Level 3 - Fair value is determined using unobservable inputs, including situations where there is little market activity, if any, for the asset or liability.

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At June 30, 2024, SCERS had the following fair value measurements:

	Total	Fair Value Measurements by Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities				
Communication Services	\$ 289,743	289,743		
Consumer Discretionary	425,547	425,547		
Consumer Staples	208,263	208,263		
Energy	192,744	192,744		
Financials	560,089	560,089		
Health Care	502,965	502,965		
Industrials	616,751	616,751		
Information Technology	834,057	834,057		
Materials	140,412	140,412		
Private Placement	6,508	6,508		
Real Estate	63,627	63,627		
Utilities	58,914	58,914		
Total Equity Securities	<u>3,899,620</u>	<u>3,899,620</u>		
Fixed Income Securities				
Securitized Obligations Asset-Backed Securities	372,577		372,577	
Credit Obligations				
Corporate Bonds	256,894	240	256,654	
Municipals	6,774		6,774	
Yankees	30,532		30,532	
U.S. Government and Agency Obligations				
Agency Securities	129,125		129,125	
Treasury Bills	915,534		915,534	
International Government	4,595		4,595	
Collateralized Mortgage Obligations	127,289		127,289	
Mortgage Pass-Through				
Federal Home Loan Mortgage Corporation (FHLMC)	92,153		92,153	
Federal National Mortgage Association (FNMA)	357,795		357,795	
Government National Mortgage Association (GNMA)	124,340		124,340	
Total Fixed Income Securities	<u>2,417,608</u>	<u>240</u>	<u>2,417,368</u>	
Total Investments by Fair Value Level	<u>\$ 6,317,228</u>	<u>3,899,860</u>	<u>2,417,368</u>	

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Investments Measured at Net Asset Value (NAV):

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)*	Redemption Notice Period
Equity Commingled Funds	\$ 1,537,460		Daily and Monthly	1-60 days
Fixed Income Commingled Funds	12,213		Monthly and Quarterly	30-90 days
Real Assets	1,280,633	336,720	Quarterly and 3-Years	90 days
Real Estate	867,436	161,371	Monthly and Quarterly	30-90 days
Absolute Return	840,864		Monthly and Quarterly	30-90 days
Private Credit	420,495	200,100		
Private Equity	1,745,892	673,260		
Securities Lending Collateral	283,577			
Total Investments Measured at NAV	6,988,570			
Total Investments	\$ 13,305,798			

\*Not applicable for closed end real assets and real estate, private credit and private equity funds.

Note: In the event of significant asset outflows for a particular fund, the timing of redemption proceeds could extend beyond those disclosed.

Investments Derivative Instruments:

	Total	Fair Value Measurements by Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Forwards	\$ 384		384	
Options	10		10	
Swaps	98,107		98,107	
Liabilities				
Forwards	(248)		(248)	
Options	(91)		(91)	
Swaps	(97,518)		(97,518)	
Total Investment Derivative Instruments	\$ 644		644	

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Equity Securities:

The majority of SCERS domestic and international equity securities are actively traded on major stock exchanges or over-the-counter (OTC). Investments listed or traded on a securities exchange are valued at fair value as of the close of trading on the valuation day. Fair value is determined based on the last reported trade price on the exchange considered to be the primary market for such security. Listed investments that are not traded on a particular day are valued at the last known price which is deemed best to reflect their fair value. Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Fixed Income Securities:

Debt securities consist of investments in customized separate accounts and commingled funds which primarily invest in negotiable obligations of the U.S. Government and U.S. Government-sponsored agencies, U.S. and non-U.S. corporations, securitized offerings backed by residential and commercial mortgages, and non-dollar denominated sovereign states. Debt securities that are not actively traded are valued by pricing vendors, which use modeling techniques that include market observable inputs required to develop a fair value, and are classified in Level 2. Typical inputs include recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the asset type.

Equity and Fixed Income Commingled Funds:

Certain equity and fixed income investments are invested in a commingled fund to provide dedicated exposure to a specific segment of the market and are valued at NAV. An example would be an emerging market equity mandate invested through a commingled fund, or a core plus fixed income mandate where SCERS receives the high yield credit exposure through a commingled fund that is managed by the investment manager. The most significant input into the NAV of such an entity is the value of its investment holdings. These holdings are valued by the fund manager on a continuous basis and audited annually. The valuation assumptions are based upon both market and property specific inputs which are not observable and involve a certain degree of expert judgment.

Investments Measured at the Net Asset Value (NAV):

Investments valued using the NAV per share (or its equivalent) are investments in nongovernmental pooled investment vehicles (i.e., limited partner or non-managing member interest or LP/LLC interest). These alternative investments, unlike more traditional investments, generally do not have readily obtainable fair values and are generally valued at the most recent net asset value per unit or based on capital account information available from the general partners of such vehicles. If June 30 valuations are not available, the value is derived from the most recently available valuation taking into account subsequent cash flow activities.

Absolute Return:

Absolute return investments are made on a direct basis in limited partnerships, commingled funds, and separate accounts, and through externally managed customized separate accounts (CSA). Each CSA manager's investments consist of portfolio funds and co-investments as well as marketable securities held from time to time as a result of a distribution from a portfolio fund.

Absolute return investments include commingled funds that invest in domestic and international investment strategies including: (1) Market neutral strategies such as equity or fixed income market neutral, fixed income arbitrage, and convertible bond arbitrage; (2) Event driven strategies such as risk arbitrage, merger arbitrage, distressed debt, credit, and other event-driven strategies; (3) Equity and credit long/short strategies where there is a combination of long and short positions primarily in exchange traded securities, with a net market exposure less than 100% of that of the overall equity or fixed income market (strategies may be focused on U.S., non-U.S., and/or specialty mandates); (4) Global Macro strategies such as all market portfolios, opportunistic long-only, managed futures, currency, dedicated short selling strategies or other specialty strategies; and (5) Multi-strategies where absolute return managers invest using a combination of previously described strategies.

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Absolute return investments are generally less liquid as compared to equity and fixed income and more liquid as compared to private market investments, such as real assets, real estate, private credit, and private equity. Direct absolute return investments consist of securities traded on national security exchanges, as well as securities that do not have readily determinable fair values (illiquid securities). For CSAs, the fund manager's evaluation of the fair value of portfolio funds is based on the most recent available valuation information provided to them by the portfolio funds, adjusted for subsequent distributions from and capital contributions to such portfolio funds, if any.

Typically, the fair value of investments is determined by the fund manager in good faith and in compliance with the following guidelines:

- The value of illiquid investments is determined by the fund manager in good faith and in compliance with the definition of fair value under U.S. GAAP; however, in some circumstances certain illiquid investments may require reporting financial information and valuations in accordance with accounting standards other than U.S. GAAP, such as under International Financial Reporting Standards.
- Securities that are traded on a national securities exchange are valued at their last reported sales prices on the valuation date on the national securities exchange on which such securities are principally traded or on a consolidated tape which includes such exchange, or, if there are no sales on such date on such exchange or consolidated tape, securities are typically valued at the mean between the last "bid" and "asked" prices at the close of trading on such date on the largest national securities exchange on which such securities are traded.
- Securities not traded on a national securities exchange, but traded over-the-counter, are valued at the last reported sales price as reported by the Nasdaq National Market of the Nasdaq Stock Market, or if such prices are not reported by the Nasdaq Stock Market, as reported by the National Quotation Bureau, Inc., or if such prices are not reported by the National Quotation Bureau, the valuation of options or notional principal contracts not traded on a national securities exchange may be determined in good faith by a reliable source selected by the fund manager.
- Commodity interests traded on a United States or foreign exchange are valued at their last reported settlement price on the valuation date on the exchange on which such interests were purchased or sold. Commodity interests not traded on a United States or foreign exchange are valued at the mean between their last "bid" and "asked" prices on the date as of which the value is being determined, as reported by a reliable source selected in good faith by the fund manager.
- Short-term money market instruments and bank deposits are valued at cost plus accrued interest to the date of valuation.

Real Assets and Real Estate:

Real assets and real estate investments are held in limited partnerships. Limited partner interest is valued using the NAV of the partnership. Core and core plus real estate is held typically as a limited partner in a commingled fund and is valued at NAV. The most significant input into the NAV of such an entity is the value of its investment holdings. These holdings are valued by the general partners on a continuous basis, audited annually, and periodically appraised by an independent third party. The valuation assumptions are based upon both market and property specific inputs which are not observable and involve a certain degree of expert judgment. Real assets and real estate investments are held in open-ended and closed-ended commingled funds. Closed-ended commingled funds are long-term and illiquid in nature. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of limited partners to exit a partnership investment. These investments cannot be redeemed with the funds unless sold in a secondary market. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over 2 to 15 years.

Private Credit and Private Equity:

Private credit investments include direct limited partnerships, commingled funds, and separate accounts that invest in direct lending, and opportunistic lending strategies. Private equity investments include limited partnerships, commingled funds, and fund of funds (FoF) that invest in domestic and international private buyouts, venture capital, growth equity, and distressed debt. Private credit and private equity investments are made both on a direct basis in limited partnerships, commingled funds, separate accounts, and through externally managed FoF. Each FoF manager's investments consist of portfolio funds and co-investments as well as marketable securities held from time to time as a result of a distribution from a portfolio fund.

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These investments are long-term and illiquid in nature. As a result, limited partners are constrained in their ability to exit a partnership investment prior to its dissolution, other than selling their interest in a private equity secondary market. Distributions are received through cash flows and the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund would be liquidated over 8 to 15 years.

Limited partner interest in commingled funds is valued by using the NAV of the partnership. The most significant input into the NAV of such an entity is the value of its investment holdings. These holdings are valued by the general partners on a recurring basis, audited annually, and periodically appraised by an independent third party.

Typically, the fair value of all investments is determined by the fund manager in good faith and in compliance with the definition of fair value under U.S. GAAP. In some circumstances, partnership agreements require reporting financial information and valuations in accordance with accounting standards other than U.S. GAAP, such as under International Financial Reporting Standards. The measure of fair value by the fund manager is typically conducted on a quarterly basis. Marketable securities are valued according to the most recent public market price with appropriate discounts to reflect any contractual or regulatory restriction upon sale.

The fair value of each investment as reported does not necessarily represent the amount that may ultimately be realized, since such amounts depend upon future circumstances that cannot reasonably be determined until the position is actually liquidated. The evaluation of the fair value of portfolio funds is based on the most recent available valuation information provided by each fund, adjusted for subsequent distributions from and capital contributions to such portfolio funds, if any. The evaluation of the fair value of co-investments is based on the most recent information available at the time of valuation ascribed to such investments by the sponsor partnership. If the manager does not agree with this valuation, holds different securities than the sponsor partnership, is unable to obtain the sponsor partnership's valuation, or has information that results in a different valuation, the manager may use their own internal evaluation of fair value. The assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment.

Investment Derivative Instruments:

The fair values of derivative contracts can be affected by changes in interest rates, foreign exchange rates, commodity prices, credit spreads, market volatility, expected return, liquidity and other factors. The majority of SCERS derivative instruments are traded in the Over The Counter (OTC) derivative market and are classified within Level 2. OTC derivatives classified within Level 2 are valued using models that utilize actively quoted or observable market input values from external market data providers, third-party pricing vendors and/or recent trading activity. The fair values of OTC derivatives for swaps and forward contracts are determined using discounted cash flow models. The fair values of option contracts and warrants are determined using Black-Scholes option pricing models. These models' key inputs include the contractual terms of the respective contract along with significant observable inputs, including interest rates, currency rates, credit spreads, equity prices, index dividend yield, volatility, and other factors. The fair value of rights is calculated using the same parameters used for pricing options, including the rights' subscription price, prevailing interest rates, time to expiration, and the share price of the underlying stock, taking into consideration the level of its volatility. Futures positions are exchange traded and settle in cash on a daily basis and thus have no fair value.

Annual Money-Weighted Rate of Return:

The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. For the fiscal year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 8.87 percent.

Securities Lending

State statutes permit SCERS to participate in securities lending transactions and, pursuant to a Securities Lending Authorization Agreement, SCERS has authorized State Street Bank and Trust Company (State Street) to act as its agent in lending SCERS securities to broker-dealers and banks pursuant to an approved loan agreement.

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During the fiscal year ended June 30, 2024, on behalf of SCERS, State Street loaned securities held by State Street as custodian, including U.S. government and agency obligations, domestic corporate bonds, and domestic and international equities and received, as collateral, U.S. and foreign currency, U.S. government bonds, U.S. corporate bonds, U.S. equity, and international equity securities. SCERS does not have the ability to pledge or sell security collateral absent a borrower's defaults. Borrowers are required to deliver collateral for each loan equal to a minimum of 100% of the fair value of the loaned security.

During the fiscal year ended June 30, 2024, SCERS did not impose any restrictions on the amount of the loans that State Street made on its behalf and there were no failures to return loaned securities or pay distributions thereon by any borrowers. Moreover, there were no losses resulting from a default of the borrowers or State Street.

SCERS and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. Since the collateral received from the borrowers was greater than the amounts borrowed, SCERS had minimal credit risk exposure to the borrowers. Furthermore, the lending agreement with State Street requires the custodian to indemnify SCERS if the borrower fails to return the loaned securities.

Additional information regarding the cash collateral investment pool (collateral pool) follows:

Method for Determining Fair Value - The fair value of investments held by the collateral pool is based upon valuations provided by a recognized pricing service.

Policy for Utilizing Amortized Cost Method - Because the collateral pool does not meet the requirements of Rule 2a-7 of the Investment Company Act of 1940, State Street has valued the collateral pool investments at fair value for reporting purposes.

Regulatory Oversight - The collateral pool is not registered with the Securities and Exchange Commission. State Street, and consequently the investment vehicles it sponsors (including the collateral pool), are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of SCERS position in the collateral pool is the same as SCERS pro rata share of the collateral pool.

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Collateral and related securities on loan at June 30, 2024 is as follows:

Security Description	Fair Value of Reinvested Cash Collateral	Cash Collateral Value	Non-Cash Collateral Value	Fair Value of Securities on Loan
Fixed Income	\$ 210,107	204,906	72,878	277,559
Equity	73,470	71,253	23,667	95,380
Total	<u>\$ 283,577</u>	<u>276,159</u>	<u>96,545</u>	<u>372,939</u>

Securities Lending Collateral Credit Risk:

All of the cash collateral received for securities lending is invested in the State Street Compass Fund Liquidity Pool (Compass Fund), which is not rated by credit rating agencies. At the time of purchase, all securities with maturities of 13 months or less must be rated at least A1, P1 or F1 and all securities with maturities in excess of 13 months must be rated A- or A3 by any two of the nationally-recognized statistical rating organizations or, if unrated, be of comparable quality. The fund may invest in other State Street managed vehicles provided they conform to the guidelines.

Securities Lending Collateral Interest Rate Risk:

The Compass Fund's Investment Policy Guidelines provide that the lending agent shall maintain the dollar-weighted average maturity of the Compass Fund in a manner that the lending agent believes is appropriate to the objective of the Compass Fund, provided that (i) in no event shall any Eligible Security be acquired with a remaining legal final maturity of greater than 18 months, (ii) the lending agent shall maintain a dollar-weighted average maturity of the Compass Fund not to exceed 75 calendar days and (iii) the lending agent shall maintain a dollar-weighted average maturity to final of the Compass Fund not to exceed 180 calendar days. As of June 30, 2024, the weighted average maturity was 15.86 days.

Deposit and Investment Risks:

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the following schedules disclose SCERS investments subject to certain types of risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of ratings by nationally-recognized statistical rating organizations. The ratings used to determine the quality of the individual securities are the ratings provided by S&P. If there are no ratings provided by S&P, then the ratings provided by Moody's and Fitch Ratings are used, respectively.

SCERS utilizes external investment managers to manage its portfolios. SCERS' Investment Policy specifies that fixed income investments will include both active and passive index investments in U.S. Treasury and agency securities, corporate bonds, mortgage-backed and asset-backed securities and non-dollar denominated sovereign and corporate debt.

SCERS' portfolio is comprised of actively-managed investment strategies in which each strategy will have a minimum average credit quality rating by a Nationally Recognized Statistical Rating Organization (NRSRO). Portfolio diversification is constrained by investment guideline parameters for each individual strategy in order to minimize overall market and credit risk.

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The following table depicts the fixed income assets by credit ratings as of June 30, 2024:

Credit Rating	Total	Securitized Obligations	Credit Obligations	Commingled Funds	U.S. Government and Agency Obligations	International Government	Collateralized Mortgage Obligations	Mortgage Pass-Through		
								FHLMC	FNMA	GNMA
Aaa	\$ 300,510	111,573	1,528		103,418		83,991			
AA+	148,693	1,407	258		24,913		5,187	39,122	77,806	
AA-1	984	881					103			
AA	9,941	8,328	1,595				18			
AA-2	913	66	196				651			
AA-	7,448		6,279				1,169			
AA-3	2,087	719	241				1,127			
A+	16,876	411	16,142		323					
A-1	2,880	1,069	1,701				110			
A	31,322	2,308	28,982				32			
A-2	502									
A-3	3,869		2,118				1,751			
A-	53,628	640	52,002				986			
BBB+	51,003		49,464				1,539			
BAA-1	1,287		1,016				271			
BBB	59,287		56,680		199	1,825	583			
BAA-2	191									
BBB-	39,939	1,787	36,179			375	1,598			
BAA-3	2,011		577				1,434			
BB+	10,259	862	7,910			732	755			
BA-1	682		200				482			
BB	7,363	1,907	5,157				299			
BA-2	1,312	302				1,010				
BB-	6,926		5,839		183	515	389			
BA-3	131		131							
B+	5,844		5,726				118			
B-1	555	344	211							
B	6,375		5,147				1,228			
B-2	250		250							
B-	3,711		2,800				911			
CCC+	1,280		1,280							
CCC	601		347				254			
CCC-	43		43							
CC	877	513	137		89	138				

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Credit Rating	Total	Securitized Obligations	Credit Obligations	Commingled Funds	U.S. Government and Agency Obligations	International Government	Collateralized Mortgage Obligations	Mortgage Pass-Through		
								FHLMC	FNMA	GNMA
D	370	370								
NA	1,039,874				915,534					124,340
NR	609,997	238,588	3,873	12,213			22,303	53,031	279,989	
Total	\$ 2,429,821	372,577	294,200	12,213	1,044,659	4,595	127,289	92,153	357,795	124,340

NA represents securities explicitly guaranteed by the U.S. government, which are not subject to the GASB Statement No. 40 credit risk disclosure requirements.  
NR represents securities that are not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2024, SCERS had no single issuer that exceeds 5% of total investments per GASB Statement No. 40 disclosure requirements or any one issuer which represents 5% or more of total fiduciary net position in accordance with GASB Statement No. 67. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt from the disclosure requirements.

SCERS investment policy does not allow more than 5% of the total portfolio fair value to be invested in any one issuer, and as of June 30, 2024, SCERS had no issuer that exceeds 5% of total portfolio fair value. As noted in the previous discussion of credit risk, manager investment guidelines place limitations on the maximum holdings in any one issuer.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, SCERS would not be able to recover the value of its deposits, investments, or securities. As of June 30, 2024, the bank balance of cash and cash equivalents on deposit with SCERS' custodian bank and financial institutions totaled \$11,600, of which \$11,400 was not insured by the Federal Depository Insurance Corporation (FDIC) and were exposed to custodial credit risk. SCERS believes that the risk is not significant because the cash is held with major financial institutions.

As of June 30, 2024, deposits held in SCERS name for the margin accounts of \$9,000 was not insured or not collateralized, and these deposits were exposed to custodial credit risk.

As of June 30, 2024, 100% of SCERS investments held with the custodian were held in SCERS name, and SCERS is not exposed to custodial credit risk related to these investments. There are no general policies relating to custodial credit risk.

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**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Due to custodian report changes, SCERS has modified its methodology used in prior years from effective duration to weighted average maturity (WAM) beginning July 1, 2023. SCERS employs the WAM method to assess and disclose its interest rate risk. WAM measures the average time securities in the investment portfolio reach maturity, with each security's maturity date weighted by its market value. This approach helps to quantify the sensitivity of the portfolio to changes in interest rates. Securities with longer maturities typically exhibit greater price sensitivity to interest rate fluctuations.

The following tables depict the duration in years of the long-term fixed income portfolio vs. the benchmark as of June 30, 2024.

Types of Securities	Fair Value	Weighted Average Maturity (Years)
Securitized Obligations		
Asset-Backed Securities	\$ 372,577	1.07
Credit Obligations		
Corporate Bonds	256,894	1.08
Municipals	6,774	0.10
Yankees	30,532	0.08
U.S. Government and Agency Obligations		
Agency Securities	129,125	0.35
Treasury Bills	915,534	3.72
International Government	4,595	0.01
Collateralized Mortgage Obligations	127,289	1.29
Mortgage Pass-Through		
FHLMC	92,153	1.03
FNMA	357,795	4.06
GNMA	124,340	1.47
No Effective Duration		
Commingled Fund	12,213	0.01
Total Fair Value with Weighted Average	<u>\$ 2,429,821</u>	1.19

NA represents securities that have no effective duration.

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**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The following table represents cash and investments held in a foreign currency as of June 30, 2024:

Local Currency Name	Cash and Cash Equivalents	Equity	Fixed Income	Real Assets	Real Estate	Private Credit	Private Equity	Total
Australian Dollar	\$ 481	51,880						52,361
Canadian Dollar	1,676	98,240	66					99,982
Danish Krone	222	69,377						69,599
Euro Currency	1,382	469,445	20,496	10,612	175,467	29,073	117,693	824,168
Hong Kong Dollar	377	27,053						27,430
Japanese Yen	1,811	286,136			13,224			301,171
New Israeli Shekel		11,939						11,939
New Zealand Dollar	18	122						140
Norwegian Krone	67	12,202						12,269
Polish Zloty	51							51
Pound Sterling	4,027	198,304	2,458		284			205,073
Singapore Dollar	50	14,070						14,120
Swedish Krona	101	36,950						37,051
Swiss Franc		118,924						118,924
Yuan Renminbi	16							16
Total	<u>\$ 10,279</u>	<u>1,394,642</u>	<u>23,020</u>	<u>10,612</u>	<u>188,975</u>	<u>29,073</u>	<u>117,693</u>	<u>1,774,294</u>

Foreign currency is comprised of international investment proceeds and income to be repatriated into U.S. dollars and funds available to purchase international securities. SCERS does not have a foreign currency risk policy.



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Highly Sensitive Investments

As of June 30, 2024, SCERS' investments included Collateralized Mortgage Obligations and Mortgage Pass-Through securities totaling \$701,577. These securities are highly sensitive to interest rate fluctuations in that they are subject to early payment in a period of declining interest rates. The resulting reduction in expected total cash flows affects the fair value of these securities.

As of June 30, 2024, total commodities investments were \$24,900. The investments consist of commodity futures hedge fund-of-funds and exposure through a customized, diversified real assets strategy.

Spot commodity prices have historically been a poor investment and have declined in real terms. However, investment in collateralized commodity futures can provide higher returns. The futures market is an efficient way for producers to hedge price risk by forward-selling commodities at lower prices relative to spot prices to investors and speculators generating a roll yield (backwardation).

In general, commodities are volatile investments that are prone to large price spikes. By investing in commodity futures, investors get exposure to short-term price movement and risk, as well as long-term price trends. This price volatility and the need for producers to hedge their production provides the fundamental rationale for why investment managers pay the risk premium to speculators and long-only investors in the commodity markets.

Derivative Instruments

SCERS investment portfolios contain individual securities as well as investments in external investment pools. SCERS investment policy allows investment managers to use derivative instruments for certain purposes and within certain parameters. Such instruments include futures contracts, currency forward contracts, option contracts, swap agreements, and rights and warrants. SCERS uses derivative instruments to minimize the exposure of certain investments to adverse fluctuations in financial and currency markets, as an alternative to investments in the cash market in which the manager is permitted to invest, and as an additional yield curve and/or duration management strategy. SCERS does not use derivative instruments for speculative purposes or to create leverage, however, this does not apply to investments in external pools. As of June 30, 2024, the derivative instruments held by SCERS are considered investments and not hedges for accounting purposes. The gains and losses arising from this activity are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

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The table below presents the related net appreciation/(depreciation) in fair value, the fair value and the notional value of derivative instruments outstanding at June 30, 2024:

Investment Derivative Instruments	Investments	Financial Statement Classification	Fair Value	Notional
Forwards	\$ 678	Investment Sales and Other	136	77,438
Futures	(28,469)	Investment Sales and Other		609,609
Options	226	Investment Purchases and Other	(81)	(4,998)
Rights/Warrants	27	Investment Sales and Other		
Swaps	815	Investment Purchases and Other	589	98,020
Total Derivative Instruments	\$ (26,723)		644	

Futures contracts are financial instruments that derive their value from underlying indices or reference rates and are marked-to-market at the end of each trading day. Daily settlement of gains and losses occur on the following business day. As a result, the instruments themselves have no fair value at June 30, 2024, or at the end of any trading day. Daily settlement of gains and losses is a risk control measure to limit counterparty credit risk. Futures variation margin amounts are settled each trading day and recognized in the financial statements under Investment income, net as they are incurred.

Forward contracts are obligations to buy or sell a currency or other commodity at a specified exchange rate and quantity on a specific future date. The fair value of the foreign currency forwards is the unrealized gain or loss calculated based on the difference between the specified exchange rate and the closing exchange rate at June 30, 2024.

Counterparty Credit Risk:

The tables below presents the counterparty credit ratings of SCERS non-exchange traded investment derivative instruments outstanding and subject to loss at June 30, 2024:

S&P Rating	Forwards	Swaps	Total
A	\$ 3		3
A-	72		72
A+	213	128	341
AA-	94		94
BBB+		245	245
Investments in Asset Position	382	373	755
Investment in Liability Position	(246)	(82)	(328)
Total investments in Asset/(Liability) Position	\$ 136	291	427

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SCERS could be exposed to risk if the counterparties to derivative instruments are unable to meet the terms of the contracts. SCERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. SCERS anticipates that the counterparties will be able to satisfy their obligations under the contracts.

The aggregate fair value of investment derivative instruments in an asset position subject to counterparty risk at June 30, 2024, was \$760. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. SCERS did not have any master netting agreements with its counterparties at June 30, 2024, except that certain investment managers used netting arrangements at their discretion to minimize counterparty risks. The above schedules present exposure for similar instruments with the same counterparty on a net basis.

At June 30, 2024, SCERS did not have any significant exposure to counterparty credit risk with any single party.

Interest Rate Risk:

At June 30, 2024, SCERS is exposed to interest rate risk on its derivative instruments as presented in the following tables:

Investment Type	Total Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More than 10
Credit Default Swaps Bought	\$ (24)		(24)		
Credit Default Swaps Written	128		128		
Interest Rate Swaps	485	(41)	178	118	230
Total	<u>\$ 589</u>	<u>(41)</u>	<u>282</u>	<u>118</u>	<u>230</u>

Derivative Instruments Highly Sensitive to Interest Changes:

Investment Type	Reference Rate	Fair Value	Notional Value
Interest Rate Swaps	Receive Variable 12-month SONIA, Pay Fixed 1%	\$ 179	\$ 2,895
Interest Rate Swaps	Receive Variable 12-month SONIA, Pay Fixed 1.15%	76	423
Interest Rate Swaps	Receive Variable 12-month SONIA, Pay Fixed 1.2%	42	196
Interest Rate Swaps	Receive Variable 12-month SOFR, Pay Fixed 1.35%	230	550
Interest Rate Swaps	Receive Variable 12-month SOFR, Pay Fixed 4.80509%	15	8,330
Interest Rate Swaps	Receive Variable 12-month SOFR, Pay Fixed 4.699%	(9)	2,360
Interest Rate Swaps	Receive Variable 0-month SOFR, Pay Fixed 4.699%	(7)	10,545
Interest Rate Swaps	Pay Variable 0-month SOFR, Receive Fixed 4.94625%	(9)	4,028
Interest Rate Swaps	Pay Variable 0-month SOFR, Receive Fixed 5.11%	(5)	5,300
Interest Rate Swaps	Pay Variable 0-month SOFR, Receive Fixed 5.088%	(16)	13,206
Interest Rate Swaps	Pay Variable 12-month SOFR, Receive Fixed 5.38429%	(9)	26,765
Interest Rate Swaps	Pay Variable 0-month SOFR, Receive Fixed 5.113%	(2)	20,580
Total Interest Rate Swaps		<u>\$ 485</u>	<u>95,178</u>

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Foreign Currency Risk

At June 30, 2024, SCERS was exposed to foreign currency risk on its investments in forward contracts and swaps denominated in foreign currencies as presented in the following table:

Currency Name	Forward Contracts			Total Exposure
	Net Receivables	Net Payables	Swaps	
Brazilian Real	\$ (95)	7		(88)
Canadian Dollar	13	34		47
Chilean Peso	(3)	7		4
Colombian Peso	(25)			(25)
Czech Koruna	(16)	(29)		(45)
Euro Currency		110	(24)	86
Hungarian Forint	(6)	10		4
Indian Rupee	3			3
Indonesian Rupiah	(3)	(1)		(4)
Japanese Yen	(5)	6		1
Mexican Peso	14			14
New Taiwan Dollar	3	(1)		2
Peruvian Sol		5		5
Philippine Peso	1			1
Polish Zloty	(2)	7		5
Pound Sterling	9	16	298	323
Singapore Dollar		2		2
South African Rand	25	(3)		22
South Korean Won		(1)		(1)
Thailand Baht		(3)		(3)
Turkish Lira	39	(3)		36
Yuan Renminbi	(5)	26		21
Grand Total	<u>\$ (53)</u>	<u>189</u>	<u>274</u>	<u>410</u>

SCERS has investments in futures contracts. As indicated on the preceding pages, futures variation margin accounts are settled each trading day and recognized as realized gains/(losses) as they are incurred. As a result, the foreign futures contracts have no fair value at June 30, 2024.

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**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2024, is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<b>Governmental activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 135,677			135,677
Construction in progress	48,120	26,192	(14,592)	59,720
Permanent easement	21,424	1,542	(2)	22,964
Intangible assets under development	66			66
Total capital assets not being depreciated	<u>205,287</u>	<u>27,734</u>	<u>(14,594)</u>	<u>218,427</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	997,625	13,289	(319)	1,010,595
Infrastructure	3,519,630	78,546		3,598,176
Machinery and equipment	346,993	29,388	(16,213)	360,168
Intangible - computer software	33,506	1,307	(282)	34,531
Intangible right-to-use lease buildings	349,263	25,485	(10,184)	364,564
Intangible right-to-use lease machinery and equipment	2,645	127	(2,633)	139
Intangible right-to-use SBITAs	22,089	1,649	(930)	22,808
Total capital assets being depreciated/amortized	<u>5,271,751</u>	<u>149,791</u>	<u>(30,561)</u>	<u>5,390,981</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(659,450)	(27,963)	71	(687,342)
Infrastructure	(2,326,084)	(67,079)		(2,393,163)
Machinery and equipment	(236,822)	(28,638)	15,699	(249,761)
Intangible - computer software	(31,625)	(686)	282	(32,029)
Intangible right-to-use lease buildings	(72,904)	(36,587)	9,934	(99,557)
Intangible right-to-use lease machinery and equipment	(2,058)	(626)	2,631	(53)
Intangible right-to-use SBITAs	(5,403)	(7,180)	930	(11,653)
Total accumulated depreciation/amortization	<u>(3,334,346)</u>	<u>(168,759)</u>	<u>29,547</u>	<u>(3,473,558)</u>
Total capital assets, being depreciated/amortized	<u>1,937,405</u>	<u>(18,968)</u>	<u>(1,014)</u>	<u>1,917,423</u>
Total governmental activities	<u>\$ 2,142,692</u>	<u>8,766</u>	<u>(15,608)</u>	<u>2,135,850</u>

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<b>Business-type activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 135,737			135,737
Construction in progress	155,958	195,284	(119,503)	231,739
Permanent easement	57			57
Water facility rights	200,692			200,692
Other intangible assets	1,904			1,904
Total capital assets not being depreciated/amortized	<u>494,348</u>	<u>195,284</u>	<u>(119,503)</u>	<u>570,129</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	2,590,732	104,737	(296)	2,695,173
Infrastructure	278,665	12		278,677
Machinery and equipment	137,488	8,068	(1,354)	144,202
Computer software	651	294		945
Water facility rights	1,273			1,273
Intangible right-to-use lease buildings	5,660	680		6,340
Intangible right-to-use lease machinery and equipment	15,351	7,970	(5,509)	17,812
Intangible right-to-use SBITAs	853	8		861
Total capital assets being depreciated/amortized	<u>3,030,673</u>	<u>121,769</u>	<u>(7,159)</u>	<u>3,145,283</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(1,075,099)	(74,466)	7	(1,149,558)
Infrastructure	(70,111)	(5,886)		(75,997)
Machinery and equipment	(82,832)	(10,660)	1,187	(92,305)
Computer software	(573)	(128)		(701)
Water facility rights	(557)	(25)		(582)
Intangible right-to-use lease buildings	(1,208)	(630)		(1,838)
Intangible right-to-use lease machinery and equipment	(7,775)	(4,153)	5,509	(6,419)
Intangible right-to-use SBITAs	(143)	(218)		(361)
Total accumulated depreciation/amortization	<u>(1,238,298)</u>	<u>(96,166)</u>	<u>6,703</u>	<u>(1,327,761)</u>
Total capital assets, being depreciated/amortized, net	<u>1,792,375</u>	<u>25,603</u>	<u>(456)</u>	<u>1,817,522</u>
Total business-type activities	<u>\$ 2,286,723</u>	<u>220,887</u>	<u>(119,959)</u>	<u>2,387,651</u>

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

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

	Depreciation/ Amortization Expense
<b>Governmental activities:</b>	
General government	\$ 20,255
Public assistance	16,211
Public protection	29,254
Health and sanitation	11,973
Public ways and facilities	55,915
Recreation and culture	4,299
Education	781
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>30,071</u>
Total depreciation expense - governmental activities	<u>\$ 168,759</u>
<b>Business-type activities:</b>	
Airport	\$ 57,626
Solid Waste	15,700
Water Agency	22,369
Parking Enterprise	181
County Transit	290
Total depreciation expense - business-type activities	<u>\$ 96,166</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

**NOTE 6 - INTERFUND TRANSACTIONS**

The following summarizes interfund receivables and payables, advances to / from other funds, and transfers as of and for the fiscal year ended June 30, 2024.

Transfers Out / In Other Funds for the fiscal year ended June 30, 2024, are as follows:

Transfer Out	Transfer In	Amount	Description
General	Nonmajor governmental	\$ 146,611	Transfer to cover debt service payments and to provide support for special revenue activities
Nonmajor governmental	General	13,584	Transfer to cover debt service payments and Teeter Property tax
Nonmajor governmental	Nonmajor governmental	26,622	Transfer to cover debt service payments and fund capital projects
Internal service	Nonmajor governmental	10,367	Transfer to cover Pension Obligation Bond and other debt service and payments
Enterprise - Water Agency	Nonmajor governmental	1,147	Transfer to cover Pension Obligation Bond debt service payments
Enterprise - Airports	Nonmajor governmental	2,929	Transfer to cover Pension Obligation Bond debt service payments
Enterprise - Solid Waste	Nonmajor governmental	2,005	Transfer to cover Pension Obligation Bond debt service payments
Nonmajor enterprise	Nonmajor governmental	22	Transfer to cover Pension Obligation Bond debt service payments
Internal service	General	1,093	Transfer of unused portion of County Administration Building security project funds
General	Enterprise - Water Agency	<u>46</u>	Transfer to cover debt service payments and fund capital projects
	Total	<u>\$ 204,426</u>	

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

**NOTE 7 - LEASES & SBITAS**

**Lease Income and Receivables**

The County leases out several of its buildings and land. Most leases have initial terms of up to 20 years, and contain one or more renewal provisions at the option of the County, generally for 3 or 5 year periods. The County has generally included these renewal periods in the lease term when it is reasonably certain that the renewal option(s) will be exercised. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases is not readily determinable, the County utilizes its incremental borrowing rates, ranging from 0.20 percent to 5.00 percent depending on lease maturity dates, to measure the present value of the lease payments expected to be received during the lease term period.

Although the County is exposed to changes in the residual value at the end of the current leases, the County typically enters into new leases and therefore will not immediately realize any reduction in residual value at the end of its leases.

Minimum lease payments receivable on leases of properties and equipment are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
For the Fiscal Year ending June 30, 2024				
2025	\$ 1,700	476	5,912	583
2026	1,610	439	5,542	488
2027	1,695	402	3,719	401
2028	1,750	362	3,383	326
2029	1,761	320	3,069	254
2030-2034	8,268	946	3,193	877
2035-2039	2,119	452	835	722
2040-2044	480	389	1,158	600
2045-2049	32	387	499	456
2050-2054	(101)	395	(3)	428
2055-2059	(62)	403	66	426
2060-2064	(11)	406	154	417
2065-2069	52	406	262	400
2070-2074	133	398	396	371
2075-2079	233	383	559	330
2080-2084	356	358	757	273
2085-2089	507	321	997	196
2090-2094	690	269	1,287	98
2095-2099	912	199	296	5
2100-2104	1,181	108		
2105-2108	479	12		
Total	\$ 23,784	7,831	32,081	7,651

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The total amount of revenue (inflows of resources) relating to leases recognized in the current fiscal year is as follows:

	Governmental Activities	Business-type Activities
For the Fiscal Year ended June 30, 2024		
Lease revenue	\$ 2,292	7,134
Interest revenue	349	696

The County's Airports Department has contracts which qualify to be treated as regulated leases in accordance with the requirements of GASB Statement No. 87. Regulated leases for airports are not subject to GASB Statement No. 87 financial reporting rules and are governed by the Federal Aviation Administration (FAA). Regulated leases include Airline Use and Lease Agreements (ULA), which address the rights, services, and privileges, including the lease of preferentially-assigned gates, which an airline has in connection with the use of the airport and its facilities. The Airports Department has 26 preferential and 6 common use gates. Of the 26 preferential gates, 15 are located in the Airport's Terminal B and 11 in Terminal A. There are 6 airlines with preferential gates. Other regulated leases include the lease of ground, terminal, hangar, and other premises. The Airports Department has not issued any debt for which the principal and interest payments are secured by lease payments.

The County recognized \$75,559 of total amount of inflows of resources during the current fiscal year related to these arrangements. The amount of inflows of resources recognized in the current fiscal year for variable payments is \$6,882.

As of June 30, the remaining amount of expected future payments under these contracts/arrangements amounts to \$301,401, which is expected to be received for each of the subsequent five years and in five-year increments thereafter, as stated below.

	Expected Future Minimum Payments
For the Fiscal Year ending June 30	
2025	\$ 87,270
2026	87,042
2027	87,012
2028	2,916
2029	2,859
2030-2034	11,716
2035-2039	6,463
2040-2044	4,810
2045-2049	3,549
2050-2054	3,549
2055-2059	3,469
2060-2064	638
2065	108
Total	\$ 301,401

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Lease Payable**

As a lessee, the County is obligated under leases covering buildings, land, and equipment that expire at various dates during the next 18 years.

The County entered into various contracts as lessee primarily for office space, land, heavy equipment, and office equipment. Most of the contracts have initial terms of up to 20 years, and some renewal options, generally for an additional one to five-year periods. The County included these renewal periods in the lease term when it is reasonably certain that the renewal option(s) will be exercised. The County's lease contracts generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes and insurance, which are expensed as incurred. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases is not readily determinable, the County utilizes its incremental borrowing rate to discount the lease payments, ranging from 0.28 percent to 3.43 percent depending on lease maturity dates, to measure the present value of the lease payments expected to be paid during the lease term period.

The future principal and interest lease payments as of June 30, 2024 are as follows:

For the Fiscal Year ending June 30	Governmental Activities		Business-type Activities		Component Unit First 5 Commission	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 33,123	4,217	4,735	327	103	3
2026	33,850	3,764	3,744	231	107	2
2027	33,017	3,282	2,934	140	110	2
2028	29,746	2,818	2,126	73	85	
2029	27,924	2,353	1,096	30		
2030-2034	106,045	5,556	1,589	30		
2035-2039	13,132	430				
2040-2042	2,142	43				
Total	\$ 278,979	22,463	16,224	831	405	7

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**SBITAs Payable**

The County entered into various Subscription-Based Information Technology Arrangements (SBITAs). Most of the contracts have initial three-year terms, and the remainder of the contracts contain terms which range from two to ten years. Some contracts contain renewal options, generally for an additional one to five-year periods. The County included these renewal periods in the SBITA term when it is reasonably certain that the renewal option(s) will be exercised. Many of the County's SBITA contracts also include options to extend contract terms upon mutual agreement with the vendor, and some contracts contain termination options where either party may terminate the contract at any time for any reason. Such period(s) are excluded from the subscription terms. Certain SBITAs require additional payments for infrastructure technology (IT) support, training, and maintenance fees, which are expensed as incurred. As the interest rate implicit in the County's SBITAs is not readily determinable, the County utilizes its incremental borrowing rate to discount the SBITA payments, ranging from 1.87 percent to 3.43 percent depending on SBITA maturity dates, to measure the present value of the SBITA payments expected to be paid during the lease term period.

The County entered into a SBITA contract with Grant Street Group in February 2023 to provide property tax processing software for a period of ten years. Currently, this SBITA is in the implementation stage and is expected to be placed into service by September 2025. The County recognized initial implementation costs as a prepaid SBITA asset in the amount of \$12,418 and will capitalize these costs as an addition to the subscription asset once it is placed into service. Total implementation costs are expected to be \$26,301.

The future principal and interest SBITA payments as of June 30, 2024 are as follows:

For the Fiscal Year ending June 30	Governmental Activities		Business-type Activities		Component Unit First 5 Commission	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 5,881	215	213	10	5	
2026	4,465	69	212	4		
2027	328	17				
2028	296	7				
Total	\$ 10,970	308	425	14	5	

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

**NOTE 8 - LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 155,013	132,666	(126,758)	160,921	12,072
General obligation bonds	10,000			10,000	690
Certificates of participation	109,263		(10,979)	98,284	11,533
Teeter notes	22,273	29,876	(24,115)	28,034	7,625
Pension obligation bonds	359,847		(106,887)	252,960	123,985
Accreted interest	10,494		(10,494)		
Direct placement bonds	180,740		(405)	180,335	680
Revenue bonds	258,984		(11,633)	247,351	6,424
Accreted interest	9,953	3,205	(667)	12,491	521
Other long-term debt	2,738	306	(686)	2,358	611
Litigation liability	65,836		(5,743)	60,093	5,915
Financed purchase obligations	32,198		(8,002)	24,196	7,655
Lease liability	286,854	25,612	(33,487)	278,979	33,123
SBITA liability	16,011	1,649	(6,690)	10,970	5,881
Unamortized amounts					
Issuance premiums	43,065		(2,376)	40,689	(2,377)
Issuance discounts	(836)		227	(609)	191
Total governmental activities - long-term obligations	<u>\$ 1,562,433</u>	<u>193,314</u>	<u>(348,695)</u>	<u>1,407,052</u>	<u>214,529</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 9,859	9,291	(8,573)	10,577	456
Revenue bonds	876,650		(11,405)	865,245	11,955
PFC and subordinate revenue bonds	208,400		(6,290)	202,110	6,600
Reimbursement agreements	1,310		(327)	983	328
Financed purchase obligations	9,755		(1,502)	8,253	1,531
Loan agreements	35,000		(586)	34,414	612
Revolving line of credit agreement	1,080	20,000	(1,054)	20,026	
Lease liability	12,218	8,650	(4,644)	16,224	4,735
SBITA liability	720	8	(303)	425	213
Unamortized amounts					
Issuance premiums	99,501		(10,201)	89,300	
Total business-type activities - long-term obligations	<u>\$ 1,254,493</u>	<u>37,949</u>	<u>(44,885)</u>	<u>1,247,557</u>	<u>26,430</u>

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
<b>Component Unit (First S Commission):</b>					
Compensated absences	\$ 385	129	(156)	358	104
Lease liability	488		(83)	405	103
SBITA liability	77	5	(77)	5	5
Total component unit	<u>\$ 950</u>	<u>134</u>	<u>(316)</u>	<u>768</u>	<u>212</u>

Internal service funds predominately serve governmental funds. Accordingly, long-term liabilities reported in these funds are included with governmental activities. At year-end, \$12,229 of the internal service funds compensated absences balance and \$21,155 of the internal service funds financed purchase obligations balance is included in governmental activities and \$9,354 in lease & SBITA obligations. Also, for the governmental activities, claims and judgments (if applicable) and compensated absences are liquidated by the General Fund and internal service funds.

**COUNTY OF SACRAMENTO**  
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Individual issues of bonds, notes and certificates of participation outstanding at June 30, 2024 are as follows:

**Governmental Activities:**

	Amount Outstanding at June 30, 2024
Certificates of Participation (COP):	
County of Sacramento 2003 Certificates of Participation (Juvenile Courthouse Project) issued June 19, 2003, in an aggregate principal amount of \$36,150. Principal payments are due December 1, 2024 through December 1, 2034, escalating from \$1,355 to \$2,160, with an interest rate at 5 percent. This issuance is collateralized by the base rental payments from the Juvenile Courthouse project. There is no accelerated payment schedule if payment goes into default.	\$ 18,870
County of Sacramento 2018 Certificates of Participation issued on November 28, 2018, in an aggregate principal payment of \$89,125. The County issued the 2018 bonds to refund and defease \$39,703 of outstanding debt for 1994/97 Refunding Certificates of Participation as Series 2018A and Series 2018B for the three Certificates of Participation; \$9,729 for 2003 Public Facilities Projects - ADA Improvements; \$16,355 for 2006 Public Facilities Project; \$34,198 for 2007 Certificates of Participation to pay costs of issuance, and debt service reserve of \$798. Principal payments are due October 1, 2024 through the October 1, 2033. Payments escalate from \$4,090 to \$4,755 for Series 2018A and \$465 to \$2,755 for Series 2018B, with an interest rate of 5 percent. This issuance is collateralized by the base rental payments from the Coroner/Crime Lab, Data Center, and a County-owned Fleet Facility. There is no accelerated payment schedule if payment goes into default.	55,375
County of Sacramento 2020 Certificates of Participation issued on October 22, 2020, in an aggregate principal payment amount of \$27,080. The County issued the 2020 bonds to refund and defease \$39,755 of outstanding debt for 2010 Certificates of Participation, and debt service reserve of \$3,231. Principal payments are due October 1, 2024 through October 1, 2029. Payments escalate from \$2,840 to \$3,645 with an interest rate of 5 percent. This issuance is collateralized by the base rental payments from the Sacramento Detention Facility, Cherry Island Golf Course, and a County-owned parking garage. There is no accelerated payment schedule if payment goes into default.	19,370
On November 19, 2020 the Sunrise Recreation & Park District (SRPD) Board approved the issuance of Certificates of Participation in an aggregate principal payment amount of \$5,421. SRPD issued the bonds to refund and defease \$5,485 of outstanding debt for SRPD's previous Certificates of Participation issued in June 2006. Principal payments are due September 1, 2024 through September 1, 2037, escalating from \$268 to \$408, with interest at 3.25 percent. There is no accelerated payment schedule if payment goes into default.	4,669
	<hr/>
Total certificates of participation	98,284
Add: Issuance premium	10,322
	<hr/>
	\$ 108,606

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	Amount Outstanding at June 30, 2024
General Obligation Bonds (GOB):	
The Carmichael Recreation and Park District (CRPD) has been authorized to issue \$31,900 of general obligation bonds to finance improvements and property of CRPD. On March 9, 2023, the CRPD Board issued \$5,360 Series 2023A-1 Bonds with an interest rate of 5.00 percent. Interest payments are due August 1, 2023 through August 1, 2052, with principal payments due August 1, 2044 through August 1, 2052 escalating from \$395 to \$830. On March 9, 2023, the CRPD Board also issued \$4,640 Series 2023A-2 Federally Taxable bonds with an interest rate escalating from 4.95 percent to 5.80 percent between August 1, 2023 to August 1, 2043. Principal payments are due August 1, 2024 through August 1, 2043, fluctuating from \$70 to \$690. At June 30, 2024, \$21,900 of authorized bonds remain unissued. There is no accelerated payment schedule if payment goes into default.	\$ 10,000
	<hr/>
Add: Issuance Premium	426
	<hr/>
	\$ 10,426
Teeter notes:	
County of Sacramento, 2019 Teeter Loan Agreement Note, dated November 19, 2019, to purchase the delinquent property taxes receivables as of June 30, 2019, of \$20,639. Annual payments of principal and interest are due August 1st of each year and ending in 2024. 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, 2024. Interest payments will be at a variable rate that averaged 4.703 percent in the FY 2023-24 and was 4.742 percent at June 30, 2024.	960
County of Sacramento, 2020 Teeter Loan Agreement Note, dated January 12, 2021, to purchase the delinquent property taxes receivables as of June 30, 2020, of \$25,131. Annual payments of principal and interest are due August 1st of each year and ending in 2025. 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, 2025. Interest payments will be at a variable rate that averaged 4.703 percent in the FY 2023-24 and was 4.742 percent at June 30, 2024.	1,781
County of Sacramento, 2021 Teeter Loan Agreement Note, dated November 16, 2021, to purchase the delinquent property taxes receivables as of June 30, 2021, of \$22,967. Annual payments of principal and interest are due August 1st of each year and ending in 2026. 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, 2026. Interest payments will be at a variable rate that averaged 4.703 percent in the FY 2023-24 and was 4.742 percent at June 30, 2024.	2,985
County of Sacramento, 2022 Teeter Loan Agreement Note, dated December 6, 2022, to purchase the delinquent property taxes receivables as of June 30, 2022, of \$23,416. Annual payments of principal and interest are due August 1st of each year and ending in 2027. 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, 2027. Interest payments will be at a variable rate that averaged 4.703 percent in the FY 2023-24 and was 4.742 percent at June 30, 2024.	6,349



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

	Amount Outstanding at June 30, 2024
County of Sacramento, 2023 Teeter Loan Agreement Note, dated December 12, 2023, to purchase the delinquent property taxes receivables as of June 30, 2023, of \$29,876. Annual payments of principal and interest are due August 1st of each year and ending in 2028. 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, 2028. Interest payments will be at a variable rate that averaged 4.765 percent in the FY 2023-24 and was 4.742 percent at June 30, 2024.	15,959
Total Teeter notes	<u>\$ 28,034</u>

Pension obligation bonds (POB):

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. The County entered into a swap agreement effective July 10, 2006, on the 2004 refunded series C-1 fixing the interest rate to 5.901 percent, which remains in effect for the 2008 Taxable Pension Refunding Bonds. See Note 9, Derivatives – Interest Rate Swaps. On June 2, 2023 the County refunded the 2030 Maturing Series of the 2008 POB by issuing the 2023 Synthetic Fixed Bond Series which refunded with a direct placement principal amount of \$179,315. See page 102 for Pension Obligation Bonds – Direct Placement. The 2026 Maturing Series remains outstanding with an \$87,325 principal balance. Principal payments on the remaining Series 2008 bonds are due July 10, 2024 through July 10, 2026, fluctuating from \$22,800 to \$26,675.

\$ 67,125

County of Sacramento Taxable Pension Obligation Bonds, Series 2011B issued on October 6, 2011, \$73,875 of Series 2011B Taxable Pension Funding Bonds. 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 \$1,665 costs of issuance of the Series 2011B Bonds. The 2011B bonds totaling \$73,875 are due on August 1, 2024 in full, at an interest rate of 6.625 percent.

73,875

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 of the fully accreted outstanding amount of its Taxable Pension Obligation Bonds, Series 2004 C-3 and to pay the costs of issuance of the Series 2013 Bonds. Principal payments on the Series 2013 Bonds are due commencing August 1, 2024, for \$27,310, and August 1, 2025, for \$84,650. The rate on Series 2013 bonds is 7.25 percent.

111,960

Total pension obligation bonds 252,960  
Less: Issuance discount (340)

\$ 252,620

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

	Amount Outstanding at June 30, 2024
Pension Obligation Bonds - Direct Placement:	
County of Sacramento Pension Obligation Bonds issued June 2, 2023, \$180,740 of Series 2023 Taxable Pension Refunding Bonds. The County issued the Series 2023 Bonds to refund and defease \$179,315 of the Series 2008 Taxable Pension Refunding Bonds and to pay for the costs of issuance of the Series 2023 Bonds. Principal payments on the Series 2023 Bonds are due July 10, 2024 through July 10, 2030, escalating from \$680 to \$47,695, with an interest rate of 6.375 percent attributable to \$166,950 current swap principal and an interest rate of 4.122 attributable to \$13,790 new swap principal. See Note 9, Derivatives - Interest Rate Swaps. The deferred outflows on refunding for the Series 2008 Taxable Pension Refunding Bonds amounted to \$2,176 attributable to the existing swap and \$155 to the new swap. These amounts will be amortized through July 10, 2030. The bonds contain a provision that if payment goes into default, the interest rate on the Bonds shall increase to the Default Rate until the event of default has been cured. The Default Rate is four percent plus a rate of interest per annum equal to the highest of (a) the Prime Rate plus one percent, (b) the Federal Funds Rate plus two percent and (c) seven percent.	\$ 180,335

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**COUNTY OF SACRAMENTO  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

Amount  
Outstanding at  
June 30, 2024

Revenue Bonds:

On February 18, 2021, the Tobacco Securitization Authority of Northern California issued \$230,706 of Series 2021 Refunding bonds. The Authority used the proceeds from the issuance of the Series 2021 Refunding Bonds, together with other available funds, to refund on a current basis \$264,391 of the Authority's outstanding Tobacco Settlement Asset-Backed Series 2005 Bonds through defeasance and redemption, and fund a deposit to the Senior Liquidity Reserve Account held under the Indenture and pay costs of issuance in connection with the issuance of the Series 2021 Bonds. The Series 2021 Refunding Bonds are payable solely from pledged Tobacco Settlement Revenues and interest earnings on amounts on deposit. The Authority issued \$124,625 of Series 2021A Senior Current Interest Bonds. The Series 2021A Serial Bonds are for \$87,120 with interest rates ranging from 3.0 percent to 5.0 percent and a final maturity date of June 1, 2040. The Series 2021A Term Bonds are for \$37,505 with an interest rate of 4.0 percent and a final due date of June 1, 2049. The Authority issued \$35,000 for the Series 2021B-1 Class 2 Current Interest Bonds. The first Series 2021B-1 turbo Term Bonds are for \$7,500 with an interest rate of 0.45 percent, with an expected final turbo redemption date of June 1, 2022, with a due date of June 1, 2030. The second Series 2021B-1 Turbo Term Bonds are for \$27,500 with an interest rate of 4.0 percent, with an expected final turbo redemption date of June 1, 2027, with a due date of June 1, 2030. The Authority issued \$71,081 for the Series 2021B-2 Class 2 Senior Capital Appreciation Bonds with an interest rate of 3.75 percent, with an expected final turbo redemption date of June 1, 2043, with a due date of June 1, 2060. The bonds contain a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if the Authority is unable to make payment.

\$ 190,806

The Sacramento County Public Financing Authority (PFA) issued three series of Revenue Bonds issued December 23, 2003 totaling \$54,921, for the purpose of allowing the PFA 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 distributions made by the County's Redevelopment Property Tax Trust Fund (RPTTF). Total principal and interest remaining on the bonds is \$29,150, payable through December 2033. For the current year, principal and interest paid and total incremental tax revenues were \$2,300 and \$997, respectively. The PFA issued \$33,696 of Series A Mather/McClellan and Del Paso Heights project areas improvements. The series includes \$13,940 in serial bonds, maturing from December 2004 to 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 to 2030. The PFA issued \$8,345 of Series B 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.

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**COUNTY OF SACRAMENTO  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

Amount  
Outstanding at  
June 30, 2024

Sacramento County Public Financing Authority (PFA) issued two series of Tax Allocation Revenue Bonds on March 5, 2008, totaling \$48,545, for the purpose of loaning the proceeds to the Sacramento Housing and Redevelopment 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. Total principal and interest remaining on the bonds is \$55,439, payable through December 2038. For the current year, principal and interest paid and total RPTTF distributions were \$1,025 and \$1,960, respectively. The PFA issued \$24,765 of Series A Mather/McClellan (Tax Exempt) Redevelopment Area improvements. The bonds were structured with one serial maturity in 2028 and three term bonds. The \$950 2028 serial bonds were priced with a 4.5 percent coupon to yield 4.66 percent. The \$4,930 2032 term bond was priced with a 4.625 percent coupon to yield 4.8 percent. The \$18,885 2038 term bond was split into two: \$5,000 was priced with a 5.0 percent coupon to yield 4.76 percent; the balance of \$13,885 was priced with a 4.625 percent coupon to yield 4.85 percent. The PFA issued \$23,780 of Series B Mather/McClellan (Taxable) Redevelopment Area and Housing Project. The bonds were structured with serial maturities in 2008 through 2014 and three term bonds - all sold as par bonds with coupon equal to yield. Yields on the \$4,500 serials ranged from 3.33 percent in 2008 to 4.52 percent in 2014. The \$2,815 2018 term bonds were priced to yield 5.317 percent; the \$9,795 2028 term bonds were priced to yield 6.227 percent; and the \$6,670 term bonds were priced to yield 6.577 percent. The bonds contain a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if the PFA is unable to make payment.

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

Amount  
Outstanding at  
June 30, 2024

Redevelopment agencies were dissolved as of January 31, 2012. See Note 22 – 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 tax-exempt Series A bonds maturing on or after December 1, 2019 are subject to redemption in whole, or in part among such maturities as designated by the PFA. 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 basis of the value of debt service otherwise due on the redeemed bonds discounted at the comparable Treasury yield plus 12.5 basis points.

56,545

Total revenue bonds	247,351
Add: Accreted interest	12,491
Add: Issuance Premium	29,941
Less: Issuance discount	(269)
	<u>\$ 289,514</u>

Other long-term debt:

Sacramento County Water Agency's reimbursement agreements with interest at the net County Treasury Pool Rate, is to be paid on the unpaid balance after County's acceptance of project completion, unless paid within 90 days of acceptance and maturities ranging from 18 months to 7 years to be repaid from drainage permit revenues in the Water Agency's Special Revenue Fund.

\$ 2,358

Financed purchase obligations:

The County entered into various financing arrangements for the acquisition of Information Technology equipment. Payment terms range from 4 to 10 years with annual payments due. The interest rates range from 2.5 percent to 6.6 percent.

\$ 24,196

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
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Litigation liability:

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

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

The County entered into a settlement agreement with UCD in November 2017, with the County agreeing to pay a net amount of \$93,620 plus interest over a 15 year period. Payments made in the first 11 fiscal years, which include principal and interest, range from \$7.7 million to \$8.2 million, with the first payment having commenced on July 1, 2018. The remaining principal balance after the 11th payment will be paid in 5 equal annual payments starting on July 1, 2029 at an interest rate equal to the 5-year Treasury bill rate plus 6 percent, with a cap of 9.5 percent. As of June 30, 2024, the outstanding balance is \$60,093. In the case of default, UCD will provide notice of any perceived default and breach within 15 days of such default. Unless default is cured within 45 days of notice, the parties also agree that, time being of the essence, the entire unpaid portion of the settlement amount plus all then accrued and deferred interest (the "default amount") shall become immediately due and payable to UCD, which day shall be the "acceleration date." Also, the prejudgment interest will immediately begin to accrue on the default amount from the acceleration date at the rate of 9.5 percent.

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

Long-term debt obligation maturities for 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, 2024.

Fiscal Year ending June 30	Certificates of Participation		General Obligation Bonds		Teeter Notes		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 11,533	4,496	690	521	7,625	1,328	123,985	13,295
2026	12,106	3,920	145	486	6,665	968	111,325	5,631
2027	12,706	3,316	160	479	5,774	652	17,650	1,101
2028	13,355	2,681	185	472	4,779	379		
2029	9,020	2,138	70	462	3,191	152		
2030 - 2034	35,847	4,992	580	2,244				
2035 - 2039	3,717	157	1,055	2,044				
2040 - 2044			1,755	1,665				
2045 - 2049			2,430	1,121				
2050 - 2054			2,930	382				
	<u>\$ 98,284</u>	<u>21,700</u>	<u>10,000</u>	<u>9,876</u>	<u>28,034</u>	<u>3,479</u>	<u>252,960</u>	<u>20,027</u>

Fiscal Year ending June 30	Pension Obligation Bonds - Direct Placement		Revenue Bonds		Other		Financed Purchase Obligations	
	Principal	Interest	Principal	Interest			Principal	Interest
2025	\$ 680	10,620	6,424	8,510	611	75	7,655	114
2026	705	10,583	6,673	8,193	516	58	6,541	43
2027	13,650	10,543	7,005	7,860	317	41	5,000	
2028	34,730	9,884	7,317	7,507	311	30	5,000	
2029	39,195	7,860	7,566	7,144	311	20		
2030 - 2034	91,375	6,023	40,340	28,180	292	12		
2035 - 2039			47,355	16,805				
2040 - 2044			22,350	8,847				
2045 - 2049			31,240	4,598				
2050 - 2054								
2055 - 2059								
2060			71,081	234,869				
	<u>\$ 180,335</u>	<u>55,513</u>	<u>247,351</u>	<u>332,513</u>	<u>2,358</u>	<u>236</u>	<u>24,196</u>	<u>157</u>

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**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

**Business-type Activities:**

**Revenue, Passenger Facility Charges (PFC) and Subordinate 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 rate on the 2007A bonds is 5.0 percent. The variable interest rates on the 2007B bonds range from 4.313 percent to 4.333 percent at June 30, 2024. 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 Water Agency's Water System and to advance refund the majority of the 2003 revenue bonds, which have been subsequently paid in full. Principal payments on the Series 2007B bonds are due June 1, 2024 through June 1, 2039 ranging from \$2,065 to \$21,675. The Water Agency entered into a swap agreement effective May 9, 2007 on the Series 2007B bonds fixing the interest rate between 4.193 percent to 4.221 percent. See Note 9, Derivatives - Interest Rate Swaps. Outstanding principal and related accrued interest shall become due and payable upon the occurrence of an event of default such as a debt service payment default or noncompliance with bond covenants pursuant to the Master Indenture.

Amount  
Outstanding at  
June 30, 2024

\$ 225,030

On October 31, 2019, the Sacramento County Water Financing Authority issued \$88,790 of Revenue Bonds for the Sacramento County Water Agency Zones 40 and 41 2019 Refunding Project Series. The Series 2019 Bonds were issued to refund and defease \$103,185 of outstanding debt for Sacramento County Water Agency Zones 40 and 41 2007A (Fixed Rate) Series Water System Project Revenue Bonds. Principal payments on the Series 2019 bonds are due June 1, 2024 through June 1, 2028 and range from \$7,115 to \$10,900, with an interest rate of 5 percent. Outstanding principal and related accrued interest shall become due and payable upon the occurrence of an event of default such as a debt service payment default or noncompliance with bond covenants pursuant to the Master Indenture.

38,290

On February 1, 2022, the Sacramento County Water Financing Authority issued \$81,215 of Water Agency Revenue Bonds, Series 2022A for the Sacramento County Water Agency Zones 40 and 41 Interim Financing. The proceeds of the Series 2022A Bonds are used to finance on an interim basis a portion of costs of the Arden Service Area Distribution System Pipe Realignment and Meter Installation Project, which will provide for improvements in the Arden Service Area. Interest payments on the Series 2022A are due on June 1 and December 1 of each year, commencing on June 1, 2022, with an interest rate of 4 percent and ending on November 1, 2025 with a final principal payment of \$81,215. The Agency and the Authority have entered into a Water Infrastructure Finance and Innovation (WIFIA) Credit Agreement with the United States Environmental Protection Agency on December 8, 2021. The Agency expects to draw on the WIFIA Credit Agreement to reimburse it for eligible project costs thereby providing funds to pay the principal of the Series 2022A Bonds at maturity or early redemption. In the event of default, the Authority or the Agency would likely need to issue bonds, notes or other obligations to pay the principal of the Series 2022A bonds. Debt service on such bonds, notes or other obligations could be materially higher than payments on the WIFIA Credit Agreement.

81,215

On May 1, 2008, the County issued \$496,195 of Department of Airports 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.

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

Amount  
Outstanding at  
June 30, 2024

On July 28, 2009, the Department of Airports issued additional bonds in the amount of \$480,050 to continue the financing of the Terminal Modernization Program, Department of Airports 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 Department of Airports 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. On August 25, 2010, the County issued additional Department of Airports 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 of 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. The bonds are issued under the terms of supplemental indentures adopted by the Board and are subject to call and redemption at the option of the Airport prior to their respective maturity dates.

On December 21, 2016, the County issued \$89,000 of Department of Airports Senior Revenue Refunding Bonds, Series 2016A and \$92,790 of Department of Airports Subordinate Revenue Refunding Bonds, Series 2016B. The Series 2016A Senior Bonds were issued to advance refund a portion of the outstanding County of Sacramento Department of Airports Senior Revenue Bonds, Series 2008A and all of the outstanding County of Sacramento Department of Airport Senior Revenue Bonds, Series 2009A. Principal payments are due July 1, 2035 through July 1, 2041. The Series 2016B Subordinate Bonds were issued to advance refund all of the outstanding County of Sacramento Department of Airports Subordinate and PFC/Grant Revenue Bonds, Series 2009C. The term of the 2016 Bond series is twenty-five years with an average coupon rate of 5 percent. The deferred outflows related to refunding amounted to \$18,228 and will be amortized through July 1, 2041.

On May 3, 2018, the County issued \$61,710 of Department of Airports Senior Revenue Refunding Bonds, Series 2018A, \$118,875 of Department of Airports Senior Revenue Refunding Bonds, Series 2018B, \$254,925 of Department of Airports Senior Revenue Refunding Bonds, Series 2018C, \$22,365 of Department of Airports Subordinate Revenue Refunding Bonds, Series 2018D, \$99,745 of Department of Airports Subordinate Revenue Refunding Bonds, Series 2018E and \$15,480 of Department of Airports Subordinate Revenue Refunding Bonds, Series 2018F. Principal payments are due July 1, 2022 through July 1, 2039. The Series 2018 Senior Bonds were issued to refund the outstanding Senior Series 2008A, 2008B and 2009B. The Series 2018 Subordinate Bonds were issued to refund the outstanding Subordinate Series 2008D, 2008E and 2009D. The deferred outflows related to refunding totaled \$10,962 and will be amortized through July 1, 2039.

On June 25, 2020, the County defeased the 2021 and 2022 maturities of the Series 2010 Department of Airport Senior Bonds and Series 2018 Department of Airports Senior Bonds for a total of \$33,100 to lower the debt service payments for FY 2020-21 and FY 2021-22, and consequently reduce the fees and charges related to the debt service payments. The Department of Airports has used its existing cash resources for the defeasance and subsequently submitted a reimbursement request to the Federal Aviation Administration to recover the defeasance cost which was an eligible expense under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act.

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

Amount  
Outstanding at  
June 30, 2024

On August 13, 2020, the County issued \$79,705 of Department of Airports Senior Revenue Refunding Bonds, Series 2020 to refund the outstanding Department of Airports Senior Revenue Bonds, Series 2010. The deferred amounts on refunding totaled \$1,474 and will be amortized through July 1, 2040. Principal payments are due July 1, 2023 through July 1, 2040. The Series 2020 Senior Refunding Bonds were issued pursuant to a Master Indenture of Trust, dated as of May 1, 2008, between the County and The Bank of New York Mellon Trust Company, N.A., as trustee as supplemented by a Tenth Supplemental Indenture of Trust, dated as of August 1, 2020, between the County and the Trustee. The Series 2020 Senior Refunding Bonds are secured by the Trust, subject to the application of the moneys included in the Trust Estate on the terms and conditions and for the purposes set forth in the Indenture. The primary component of the Trust Estate is the Net Revenues derived by the County from the operation of the Airport System. The Series 2020 Senior Bonds constitute Senior Obligations pursuant to the Indenture and are secured by the Trust Estate and payable from Net Revenues on a parity basis with Senior Obligations previously issued by the County.

On January 25, 2022, the County defeased the 2023 and 2024 maturities of the Series 2020 Airport System Senior Bonds and Series 2018 Airport System Senior Bonds in the amount of \$35,010 to lower the debt service payments for fiscal years 2023 and 2024, and consequently reduce the fees and charges related to the debt service payments. Airports used its existing cash resources for the defeasance and subsequently submitted a reimbursement request to the Federal Aviation Administration to recover the defeasance cost which was an eligible expense under the provisions of the American Rescue Plan Act (ARPA). Airports has placed an amount of \$18,267 with the escrow agent to provide for the debt service payments of the 2023 and 2024 maturities of the 2020 and 2018 Senior Bonds and their related interest obligations. The transaction resulted in a gain on defeasance of \$2.5 million. The prepaid insurance, bond premiums, and the deferred amounts on prior refunding transactions related to the defeased maturities have been written off. \$17,925 of the defeased debt remains outstanding as of June 30, 2024.

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**COUNTY OF SACRAMENTO  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	Amount Outstanding at June 30, 2024
The County has irrevocably pledged the net revenues of the Department of Airports for payment of these revenue bonds. As long as any senior obligation bonds remain outstanding, no event of default shall exist or may be declared with respect to any subordinate obligations or junior subordinate obligations. As long as any subordinate obligations remain outstanding, no event of default shall exist or may be declared with respect to any junior subordinate obligations. Senior obligations shall become due and payable upon the occurrence of an event of default such as a debt service payment default or noncompliance with bond covenants pursuant to the Master Indenture. The subordinate obligation is not subject to this acceleration if any senior obligations are then outstanding. Junior subordinate obligations are not subject to this acceleration if any subordinate or senior obligations are then outstanding.	<u>520,710</u>
Total Revenue Bonds	865,245
PFC and Subordinate Bonds	202,110
Add: Issuance premiums	<u>89,300</u>
	<u>\$ 1,156,655</u>

Reimbursement agreements:

Sacramento County Water Agency (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. These agreements are secured by the net revenues of the Water Agency.

\$ 983

Financed purchase obligations:

Sacramento County Solid Waste Enterprise fund entered into a financing arrangement on August 13, 2021 for the acquisition of 14 automatic side loading garbage collection trucks. Semi-annual payments are due from August 13, 2023 to August 23, 2028. The interest rate is 7.45 percent. Of the \$6.254 million debt issued, only \$5.840 million was used to purchase and finance the equipment.

\$ 4,076

Sacramento County Solid Waste Enterprise fund entered into a financing arrangement on March 8, 2023 for the acquisition of 9 automatic side loading garbage collection trucks. Semi-annual payments are due from September 8, 2023 to March 8, 2030. The interest rate is 3.14 percent.

4,177

Total Financed Purchase Obligations \$ 8,253

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

	Amount Outstanding at June 30, 2024
Loan agreements:	
Sacramento County Solid Waste Enterprise fund entered into a financing arrangement on January 17, 2023 for the improvement of the North Area Recovery Station and for the construction of a new Commercial Waste Transfer Building. The projects are funded by the IBank Loan for \$35,000 at an interest rate of 4.37 percent. Principal payments are due from August 1, 2024 through August 1, 2052, escalating from \$612 to \$2,027.	<u>\$ 34,414</u>
Revolving line of credit:	
On December 8, 2022, the County entered into a Revolving Credit Agreement with Wells Fargo Bank, N.A. to obtain interim financing, in aggregate not to exceed \$50,000, for the Department of Airports SMForward Projects. The principal of each Revolving Loan shall be repaid in full by the commitment expiration date of December 8, 2025. As of June 30, 2024, the outstanding loan balance was \$20,026. This has a variable interest rate which is based on the applicable spread ranging from 35 to 113 basis points (based on credit ratings) plus daily simple SOFR, with a maximum interest rate of 12 percent.	<u>\$ 20,026</u>

**COUNTY OF SACRAMENTO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Long-term debt obligation maturities for 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, 2024.

Fiscal Year ending June 30	Revenue Bonds and PFC Revenue Bonds		Reimbursement Agreements	
	Principal	Interest	Principal	Interest
2025	\$ 18,555	50,286	328	
2026	121,465	46,953	328	
2027	42,240	43,595	327	
2028	43,825	41,478		
2029	48,335	39,303		
2030 - 2034	278,955	159,409		
2035 - 2039	336,830	86,982		
2040 - 2043	177,150	13,388		
	<u>\$ 1,067,355</u>	<u>481,394</u>	<u>983</u>	

Fiscal Year ending June 30	Financed Purchase Obligations		Loans Agreements	
	Principal	Interest	Principal	Interest
2025	\$ 1,531	169	612	1,490
2026	1,562	139	639	1,463
2027	1,593	108	666	1,435
2028	1,625	76	696	1,405
2029	1,191	43	726	1,374
2030 - 2034	751	18	4,136	6,353
2035 - 2039			5,122	5,345
2040 - 2044			6,344	4,097
2045 - 2049			7,859	2,551
2050 - 2054			7,614	683
	<u>\$ 8,253</u>	<u>553</u>	<u>34,414</u>	<u>26,196</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 the fiscal year ended June 30, 2024.

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

Non-Exchange Financial Guarantees

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

The Board executed the board resolution in May 1999 authorizing the execution and delivery of a joint exercise of powers agreement of the River City Regional Stadium Financing Authority (the Authority). The County is a member of the Authority. 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 Sutter Health Park. If ticket receipt revenues are insufficient to pay the annual lease obligations, the County has agreed to pay up to 66 percent of these annual obligations. The stadium lease obligates the River City Companies to repay the County for any payments made by the County.

As of June 30, 2024, the principal amount of bonds outstanding was \$16,590 and 66 percent of the average annual lease obligation amount is \$2,340. The guarantee will be in effect until the bonds mature in 2029, or until all bonds are fully paid. Ticket receipts have been sufficient since the bonds were issued in 1999 to meet all lease obligations.

Conduit Debt Obligations

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 the Sacramento International Airport for Cessna. Although taking the legal form of a financing lease between the County and Cessna, the substance of these arrangements is that the Special Facility Bonds constitute a special obligation of the Airports payable from and secured by certain revenues under its lease with Cessna and certain proceeds pledged under the Indenture. The bonds do not constitute a debt, liability or general obligation of the County or a pledge of the faith and credit of the Airports. Airports will not be obligated to levy any taxes or expend any funds for the repayment of the bonds. As of June 30, 2024, the outstanding balance of the debt was \$8,800. The Special Facility Bonds mature on November 1, 2028.

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**NOTE 9 - DERIVATIVE INSTRUMENT - INTEREST RATE SWAPS**

All five of the County's interest rate swap agreements are considered to be effective hedging derivative instruments. The County used the consistent critical terms method to evaluate hedge effectiveness for the \$125,075 and \$99,955 Water Agency Revenue bonds, Series 2007B Swaps, and the regression analysis method for the \$67,125 Taxable Pension Bonds - 2008 C-1 Swap, and the \$166,950 and \$13,385 refunding 2023 POBs.

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

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2024, classified by type, and the changes in fair value of such derivative instruments, as reported for the fiscal year ended June 30, 2024 financial statements are as follows.

	Notional Amount	Changes in Fair Value		Fair Value - as of June 30, 2024	
		Classification	Amount	Classification	2024
<b>Governmental Activities:</b>					
<i>Cash Flow Hedges:</i>					
<b>Series 2008 C-1 Swap</b>					
Pay-fixed interest rate swap	\$ 67,125	Deferred outflow of resources	\$ 712	Debt	\$ (628)
<b>Series 2023 POB refunding</b>					
Pay-fixed interest rate swap	166,950	Deferred outflow of resources	4,139	Debt	(11,283)
<b>Series 2023 POB refunding</b>					
Pay-fixed interest rate swap	13,385	Deferred inflow of resources	47	Debt	272
		Total Governmental Activities	<u>\$ 4,898</u>		<u>\$ (11,639)</u>
<b>Business-Type Activities:</b>					
<i>Cash Flow Hedges:</i>					
<b>Series 2007 B Swap</b>					
Pay-fixed interest rate swap	\$ 125,075	Deferred outflow of resources	\$ 1,361	Debt	\$ (5,947)
<b>Series 2007 B Swap</b>					
Pay-fixed interest rate swap	99,955	Deferred outflow of resources	2,184	Debt	(8,109)
		Total Business-Type activities	<u>\$ 3,545</u>		<u>\$ (14,056)</u>

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**Objective and Terms of Hedging Derivative Instruments:**

The following table displays the objective and terms of the County's hedging derivative instruments outstanding at June 30, 2024, along with the credit rating of the associated counterparty:

<b>Governmental Activities:</b>						
Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
<b>Series 2008 C-1 Swap</b>	Hedge of changes in cash flows on the 2008 C-1 bonds	\$ 67,125	6/10/2023	7/10/2026	County pays 5.901% fixed; receives 1M LIBOR - Fallback adjusted monthly; 5.453%	Aa1 Moody's A+ S&P AA- Fitch
<b>Series 2023 POB refunding</b>	Hedge of changes in cash flows on 2023 bonds	166,950	6/10/2023	7/10/2030	County pays 6.375% fixed; receives SOFR + 0.56448%; 5.889 %	Aa1 Moody's A+ S&P AA- Fitch
<b>Series 2023 POB refunding</b>	Hedge of changes in cash flows on 2023 bonds	13,385	6/2/2023	7/10/2030	County pays 4.122% fixed; receives SOFR + 0.56448%; 5.889%	Aa1 Moody's A+ S&P AA- Fitch
<b>Business-Type Activities:</b>						
Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
<b>Series 2007 B Swap</b>	Hedge of changes in cash flows on the 2007 Series B bonds	\$ 125,075	5/9/2007	6/1/2034	Water Agency pays fixed 4.193%; receives lesser of 67% of the 3-Month Fallback Rate (SOFR) + 55 bps or 12% = 4.31275%	Aa2 Moody's A+ S&P AA Fitch
<b>Series 2007 B Swap</b>	Hedge of changes in cash flows on the 2007 Series B Bonds	99,955	5/9/2007	6/1/2039	Water Agency pays fixed 4.221%; receives lesser of 67% of the 3-Month Fallback Rate (SOFR) + 57 bps or 12% = 4.33275%	Aa2 Moody's A+ S&P AA Fitch

**Taxable Pension Funding Bonds Refunding 2008 C-1 Swap and 2023 Refunding POBs:**

Credit Risk:

2008 Pension Obligation Refunding Bonds: Other than the risk of the County being required to make a termination payment described below, the County is not exposed to credit risk resulting from a failure of the counterparty to perform because the swaps have an aggregate negative fair value. However, should interest rates change and the fair value of the swaps become positive, the County would be exposed to the credit risk of the counterparty in the amount of the derivative's fair value.

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*2023 Pension Obligation Refunding Bonds:* The Bonds are subject to a rate increase based on ratings assigned to the County's Certificates of Participation (COPs) bonds. The Bonds are currently calculated at the interest rate of Daily SOFR Index Rate + 45 basis points (0.45%) (Tier 1), and are subject to an Applicable Spread based on the following ratings of the COPs:

Tier	Credit Ratings(Moody's/S&P/Fitch)	Applicable Spread
I	A2/A/A and above	.45
II	A3/A-/A-	.55
III	Baa1/BBB+/BBB+	.70
IV	Baa2/BBB/BBB	.90

In the event the County maintains two or more ratings, and in the case of a split rating or differing ratings among the Rating Agencies, the rating corresponding to the highest numbered tier identified above shall apply for determining the Applicable Spread. At least one outstanding issue of COPs, rated by at least two of the following three nationally recognized ratings agencies, must maintain ratings at or above the following levels: Baa2 (or equivalent) by Moody's, BBB (or equivalent) by S&P, or BBB (or equivalent) by Fitch. Should the County not maintain these ratings, the interest rate on the Bonds shall increase to the Trigger Rate, which represents a rate of interest per annum equal to the highest of (a) the Prime Rate plus one percent (1.00%), (b) the Federal Funds Rate plus two percent (2.00%), or (c) seven percent (7.00%).

**Interest Rate Risk:**

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

**Basis Risk:**

The basis risk is the difference between the rate paid on the variable-rate bonds and the floating amount received from the interest rate swap of the 1-Month LIBOR. Since the 2008 bond refunding the 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, however, both the indices for the Bonds and the swap payments are now tied to the 1-month Fallback Rate (SOFR) with a 5-day London banking day lookback. There is no basis risk associated with the 2023 Pension Obligation Refunding Bonds as both the bond and the associated swaps are tied to SOFR plus 0.56448 percent.

**Contingencies:**

Should the County be downgraded below Baa2 by Moody's or BBB by S&P and Fitch and an insurer event has occurred, then the counterparty has the option to terminate the swap.

**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 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 swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the swap's fair value, which as of June 30, 2024 was \$11,639.

**Water Agency Revenue Bonds, Series 2007B Swaps:**

**Credit Risk:**

Other than the risk of the Sacramento County Water Agency (Water Agency) being required to make a termination payment described below, the Water Agency is not exposed to credit risk resulting from a failure of the counterparty to perform because the swap has a negative fair value. However, if the swap had a positive fair value greater than \$10 million, the Water Agency would be exposed to credit risk from the counterparty. The swap counterparty was rated Aa2 by Moody's Investors Service,

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A+ by S&P Global Ratings and AA by Fitch.

**Interest Rate Risk:**

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

**Basis Risk:**

The Water Agency's variable rate bonds are based on 3-month CME Term SOFR while the Water Agency's variable rate swap payments are based on 3-month Fallback Rate (SOFR); a computation of the compounded SOFR. This mis-match exposes the Water Agency to potential basis risk which was introduced after June 30, 2023 with the broader LIBOR transition. To the extent 3-month CME term SOFR rests higher than 3-month Fallback Rate (SOFR), the Water Agency may experience higher interest cost than originally expected.

**Contingencies:**

The Water Agency's swap assignment agreement includes provisions relating to the posting of collateral for the swap counterparty and the Water Agency. The swap Credit Support Annex (CSA), which is part of the swap agreement, is a one-way CSA where the counterparty has the obligation to post collateral depending on the valuation thresholds. Conversely, the Water Agency does not have to post collateral unless 1) a rating event occurs if the Water 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 Water Agency chooses the option to post collateral. The two other options available to the Water Agency are to provide a letter of credit or to assign the agreement to another entity.

Should the Water 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.

**Termination Risk:**

The 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 have a negative fair value, the Water Agency would be liable to the counterparty for a payment equal to the swaps fair value, subject to netting arrangements.

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**Derivative Instrument Payments and Hedged Debt:**

Using the rates as of June 30, 2024, debt service requirements for 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:

Fiscal Year ending June 30	Pension Refunding Bonds			
	Series 2008 & 2023 Variable-Rate			Net Cash Flows
	Principal	Interest	Interest Rate Swaps, Net	
2025	\$ 23,480	14,341	875	38,696
2026	27,380	13,146	793	41,319
2027	31,300	11,644	687	43,631
2028	34,730	9,884	578	45,192
2029	39,195	7,860	455	47,510
2030 - 2031	91,375	6,023	345	97,743
	<u>\$ 247,460</u>	<u>62,898</u>	<u>3,733</u>	<u>314,091</u>

Business-Type Activities:

Fiscal Year ending June 30	Sacramento County Water Agency Enterprise Fund			
	Series 2007 B Revenue Bonds			Net Cash Flows
	Principal	Interest	Interest Rate Swaps, Net	
2025	\$ 2,065	9,565	(259)	11,371
2026	2,150	9,474	(257)	11,367
2027	2,245	9,378	(254)	11,369
2028	6,675	9,108	(247)	15,536
2029	16,795	8,426	(228)	24,993
2030 - 2034	95,145	30,294	(807)	124,632
2035 - 2039	99,955	9,305	(242)	109,018
	<u>\$ 225,030</u>	<u>85,550</u>	<u>(2,294)</u>	<u>308,286</u>

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

At June 30, 2024, special assessment improvement bonds outstanding for all assessment districts totaled \$188,855. 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 is 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 other custodial 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 the original aggregate principal amount of \$13,025 are the only bonds that have been issued under such authorization. At June 30, 2024, \$6,975 of authorized bonds remains unissued. The outstanding balance at June 30, 2024 was \$1,355.

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 percent to 6.25 percent. On December 8, 2011, the District issued \$10,395 Series 2011 Special Tax Bonds with interest rates ranging from 2.25 percent to 6.00 percent. On December 14, 2017, the District issued \$29,470 of Series 2017 Special Tax Bonds with interest rates ranging from 2.00 to 5.00 percent, a portion of the proceeds were used to defease the outstanding 2004 bonds and the outstanding 2011 bonds. The remaining proceeds were used to pay the costs of acquiring and constructing certain public facilities. The 2017 bonds constitute the entire bonded indebtedness as of June 30, 2024. At June 30, 2024, \$57,235 of authorized bonds remain unissued. The outstanding balance at June 30, 2024 for the Series 2017 bonds was \$26,040.

The Metro Air Park Community Facilities District No. 2000-1 (District) has been authorized to issue \$200,000 of Special Tax Bonds. On April 8, 2004, the District issued \$63,460 Series 2004A Special Tax Bonds with an interest rate of 7.00 percent. On December 14, 2007, the District issued \$40,200 Series 2007B Special Tax Bonds with an interest rate of 7.00 percent. On September 15, 2022, the District issued \$121,710 of Series 2022 Special Tax Bonds with an interest rate of 5.00 percent. Bond proceeds were used to refund the outstanding 2004A Bonds and 2007B Bonds, pay (or reimburse the County for) the costs of acquiring and constructing certain public facilities, fund a deposit to the Bond Reserve fund, and pay costs of issuance of the 2022 Bonds. The 2022 Special Tax Bonds constitute the entire bonded indebtedness. The outstanding balance as of June 30, 2024 for the 2022 Special Tax Bonds was \$117,310.

The County of Sacramento Community Facilities District No. 2005-2 (North Vineyard Station No. 1) (District) has been authorized to issue \$30,000 of Special Tax Bonds. On September 6, 2007, the District issued \$14,415 of Special Tax Bonds with interest rates ranging from 4.40 percent to 6.00 percent. On June 8, 2016, the District issued \$23,155 of Special Tax Bonds 2016 Series, of which the proceeds were used to defease the outstanding 2007 bonds and to fund certain public facility construction projects. The interest rates relating to these bonds range from 2.00 percent to 5.00 percent. The 2016 Special Tax Bonds constitute the entire bonded indebtedness. As of June 30, 2024, \$6,845 of authorized bonds remains unissued. The outstanding balance as of June 30, 2024, for the 2016 Special Tax Bonds was \$20,295.

The County of Sacramento Community Facilities District No 2014-2 (North Vineyard Station No. 2) (District) has been authorized to issue \$50,000 of Special Tax Bonds. On June 8, 2016, the District issued \$14,225 of Special Tax Bonds with interest rates ranging from 2.00 percent to 5.00 percent. On June 30, 2021, the District issued \$3,895 of Special Tax Bonds with an interest rate of 4.00 percent to provide funds to pay cost of acquisition and construction, deposit to a Bond Reserve fund, and pay certain cost of issuing. The Series 2016 and the Series 2021 Bonds, constitute the entire bonded indebtedness of the District. As of June 30, 2024, \$31,880 of authorized bonds remains unissued. The outstanding balance as of June 30, 2024 for the 2016 Special Tax Bonds was \$13,400 and for the 2021 Special Tax Bonds was \$3,770.

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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, 2024, \$78 of authorized bonds remains unissued. The outstanding balance as of June 30, 2024 was \$335.

The County of Sacramento Community Facilities District No. 2016-2 (Florin Vineyard District No. 1) (District) has been authorized to issue \$15,000 of Special Tax Bonds. On August 16, 2018, the District issued \$6,610 of Series 2018 Special Tax Bonds with interest rates ranging from 3.00 percent to 5.00 percent. The Series 2018 Special Tax Bonds constitute the entire bonded indebtedness of the District. As of June 30, 2024, \$8,390 of authorized bonds remains unissued. The outstanding balance as of June 30, 2024 was \$6,350.

**NOTE 11 - PLEDGED REVENUES**

The County has pledged a portion of delinquent property tax revenues to repay \$28,034 in Teeter notes in accordance with the alternative method of distribution of property tax levies and assessments. The notes were issued on November 19, 2019, January 12, 2021, November 16, 2021, December 6, 2022 and December 21, 2023. 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 \$28,034 and interest of \$3,479 remain on the notes and are payable through August 1, 2028. For the current year, net revenues pledged were equal to the total principal and interest paid of \$24,115 and \$1,085, respectively.

The County has pledged certain future revenues, net of specified operating expenses, to repay its outstanding debt. Bonds are payable from the net revenues of the Department of Airports through fiscal year 2041. The total principal and interest remaining to be paid on senior bonds is \$795,467. Principal and interest paid in the current fiscal year was \$25,746 and the total net revenues were \$99,404. Additionally, the outstanding debt from the Revolving Credit Agreement is \$20,026 and the principal and interest paid in the current fiscal year was \$1,164. Net revenues, as defined by the Master Indenture, represent the revenues available for debt service minus operating expenses excluding the depreciation of capital assets.

Total principal and interest remaining to be paid on the subordinate bonds is \$306,968. Principal and interest paid for the current year was \$16,553 and the Passenger Facility Charges (PFC) cash generated in FY 2023-24 was \$25,115. Although PFC revenues are not pledged pursuant to the Master Indenture, the County intends to continue using PFCs to pay subordinate lien debt service, which will decrease significantly as a result of the refunding savings.

The County has pledged certain future revenues, net of specified operating expenses, to repay its outstanding debt. Bonds are payable from the net revenues of the Water Agency through fiscal year 2039. The total principal and interest remaining to be paid on the bonds is \$446,314. Principal and interest paid in the current fiscal year was \$26,992 and the total net revenues were \$99,682. Net revenues, as defined by the Master Indenture, represent the revenues available for debt service minus operating expenses excluding depreciation of capital assets.

**NOTE 12 - COMMITMENTS**

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

Governmental Funds – The County's governmental funds had approximately \$59,747 in outstanding construction contract commitments at June 30, 2024.

Airports Enterprise Fund – The Airports had approximately \$404,487 in outstanding construction contract commitments at June 30, 2024.

Solid Waste Enterprise Fund – Solid Waste had approximately \$57,640 in outstanding construction contract commitments at June 30, 2024.

Water Agency Enterprise Fund – The Water Agency had approximately \$91,100 outstanding construction contract commitments at June 30, 2024.

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Nonmajor Enterprise Funds - The nonmajor enterprise funds had \$951 in outstanding construction contract commitments at June 30, 2024.

**NOTE 13 - CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations that place specific requirements on the Solid Waste Fund (Fund) regarding closure and postclosure maintenance and monitoring for the Fund 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 Funds 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, 2024, were \$19,183. The Fund will recognize costs of \$37,798 as the remaining cost in the Kiefer Landfill is used in future years. At June 30, 2024 the capacity of the Kiefer Landfill used to date was 34 percent and the estimated remaining landfill life is 50 years. As required by applicable laws, management has established a fund for the postclosure Kiefer Landfill, in which \$11,402 is considered restricted at June 30, 2024. The Board of Supervisors has approved pledges of revenues to provide financial assurance for the postclosure maintenance costs of the Kiefer Landfill. Management expects that any increase to future closure and postclosure costs (due to changes in technology or applicable laws or regulations, for example), will be paid from charges to future users.

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

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

Sections of Title 27 of the California Code of Regulations, Chapter 6, Subchapter 2, Article 2, require the operator of a disposal facility to demonstrate financial responsibility to the California Department of Resources Recycling and Recovery (CalRecycle) for maintenance. The Elk Grove and Grand Island Landfills are exempt from requiring a fund to demonstrate financial responsibility 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.

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 Solid Waste revenues to provide financial assurance for the postclosure maintenance costs of the Elk Grove and Grand Island Landfills.

The Elk Grove Landfill postclosure care liabilities were fully paid as of June 30, 2024, with all future maintenance costs expensed in the period incurred.

The Fund reported Grand Island Landfill postclosure care liabilities at June 30, 2024, of \$134. The landfill is 100 percent full and the postclosure 30-year liability period runs through June 2029. At June 30, 2024, the reported liabilities represent postclosure costs for the remaining 5 years. The portion of the postclosure costs expected to be paid during the next year is \$33.

Future closure and postclosure costs are based on what it would cost to perform all closure and postclosure care in 2024. Actual costs may be different due to inflation,

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changes in technology, changes in permitted capacity and/or changes in regulations.

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

Based on the percentage used of the total capacity available with the open and active area of the Kiefer Landfill, the partial final cover liability as of June 30, 2024, is estimated to be \$20,526.

Changes in accrued landfill closure and postclosure care liability for the fiscal year ended June 30, 2024 were as follows:

	July 1, 2023 Beginning	Expense/change in estimate	Payments	June 30, 2024 Ending	Due within One Year
Kiefer	\$ 17,398	1,785		19,183	
Grand Island	161	6	(33)	134	33
Kiefer Final Cover	23,968	1,020	(4,462)	20,526	
	<u>\$ 41,527</u>	<u>2,811</u>	<u>(4,495)</u>	<u>39,843</u>	<u>33</u>

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**NOTE 14 - RETIREMENT PLAN**

**General Information about the Pension Plan**

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

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

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

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

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

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

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

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

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Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

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

For members with membership dates before January 1, 2013, the maximum monthly retirement allowance is 100 percent of final compensation. For members with membership dates on or after January 1, 2013, the maximum monthly retirement allowance is 100 percent of final PEPPA compensation, not to exceed the PEPPA Compensation limit.

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

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

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

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

All members are required to make contributions to SCERS regardless of the retirement plan or tier in which they are included.

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

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Employee and employer contribution rates for the fiscal year ended June 30, 2024, from the June 30, 2023 actuarial valuation, are as follows:

	County - Miscellaneous Cost Pool - Contribution Rates					Recreation and Park Districts - Miscellaneous Cost Pool - Contribution Rates		
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 1	Tier 3	Tier 5
Employee	10.54%	7.74%	11.32%	10.94%	9.90%	0.00%	5.99%	9.90%
Employer	23.95%	20.55%	24.13%	23.75%	22.71%	0.00%	37.05%	30.50%

	County - Safety Cost Pool - Contribution Rates			
	Tier 1	Tier 2	Tier 3	Tier 4
Employee	21.70%	21.12%	20.92%	15.07%
Employer	69.13%	58.48%	58.20%	52.27%

For the fiscal year ended June 30, 2024, the employer contributions to SCERS were equal to the actuarially determined required employer contributions as follows:

Employer Contributions	Governmental Activities		Business-type Activities		Total	Component Unit First 5 Commission
	Activities	Activities	Activities	Activities		
County - Miscellaneous Tier	\$ 174,749		14,210		188,959	366
County - Safety Tier	144,828		1,997		146,825	
Carmichael Recreation and Park District - Miscellaneous		516			516	
Mission Oaks Recreation and Park District - Miscellaneous		466			466	
Sunrise Recreation and Park District - Miscellaneous		1,161			1,161	
Total employer contributions	\$ 321,720		16,207		337,927	366

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

As of June 30, 2024, the County and its component unit reported net pension liabilities for its proportionate share of the net pension liability of the Retirement Plan as follows:

	Governmental Activities		Business-type Activities		Total	Component Unit First 5 Commission
	Activities	Activities	Activities	Activities		
County - Miscellaneous Tier	\$ 800,830		66,491		867,321	1,788
County - Safety Tier	890,577		11,458		902,035	
Carmichael Recreation and Park District - Miscellaneous		2,400			2,400	
Mission Oaks Recreation and Park District - Miscellaneous		2,326			2,326	
Sunrise Recreation and Park District - Miscellaneous		5,934			5,934	
Total Net Pension Liability	\$ 1,702,067		77,949		1,780,016	1,788

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The County's net pension liability for the Retirement Plan is measured as the proportionate share of the net pension liability. The net pension liability (NPL) for the plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The total pension liability for each membership class was calculated based on the participants and benefits provided for the respective membership class; and the Retirement Plan's fiduciary net position was determined in proportion to the valuation of the value of assets for each membership class. The County is the sole active employer in the Safety membership class as of the measurement date June 30, 2023 that made contributions in FY 2023-24; therefore 100 percent of pension amounts for the Safety membership class are allocated to the County. For the Miscellaneous membership class, actual contributions for Miscellaneous employers for the fiscal year ended June 30, 2023, are used as the basis for determining each Miscellaneous employer's proportion of pension amounts. The County's proportionate share of the net pension liability measured as of June 30, 2022 and 2023, was as follows:

	County	Carmichael	Mission Oaks	Sunrise	Component Unit-First 5 Commission
Proportion - June 30, 2022	89.089 %	0.118 %	0.116 %	0.247 %	0.090 %
Proportion - June 30, 2023	88.663 %	0.120 %	0.117 %	0.297 %	0.090 %
Change - Increase (Decrease)	(0.426)%	0.002 %	0.001 %	0.050 %	%

For the fiscal year ended June 30, 2024, the County and the First 5 Commission recognized pension expense of \$282,997 and \$308, respectively. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources							
	Governmental Activities					Business-type Activities	Total Primary Government	Component Unit First 5 Commission
	County	Carmichael	Mission Oaks	Sunrise	Total			
Differences between actual and expected experience	\$ 253,392	378	367	935	255,072	12,119	267,191	282
Net difference between projected and actual earnings on plan investments	133,557	203	197	503	134,460	6,481	140,941	152
Changes in assumptions	31,451	80	78	198	31,807	2,280	34,087	60
Changes in proportions	14,465		148	798	15,411	3,129	18,540	48
Pension contributions made subsequent to measurement date	319,577	516	466	1,161	321,720	16,207	337,927	366
Total deferred outflows related to pensions	\$ 752,442	1,177	1,256	3,595	758,470	40,216	798,686	908

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	Deferred Inflows of Resources							
	Governmental Activities					Business-type Activities	Total Primary Government	Component Unit First 5 Commission
	County	Carmichael	Mission Oaks	Sunrise	Total			
Changes in assumptions	\$ 121,919	175	169	432	122,695	5,658	128,353	130
Changes in proportions	11,812	132	209	502	12,655	780	13,435	33
Total deferred inflows related to pensions	\$ 133,731	307	378	934	135,350	6,438	141,788	163

The \$337,927 and \$366 reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year ending June 30	County	Carmichael	Mission Oaks	Sunrise	Total	Component Unit First 5 Commission
2025	\$ 84,229	94	109	399	84,831	101
2026	84,229	94	109	399	84,831	101
2027	84,229	94	109	399	84,831	101
2028	64,018	72	85	303	64,478	76
	\$ 316,705	354	412	1,500	318,971	379

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Actuarial Assumptions - The total pension liability in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

	County and Special District Miscellaneous	Safety
Valuation Date	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:		
Discount Rate	6.75%	6.75%
Inflation	2.50%	2.50%
Real across-the-board salary increase	0.25%	0.25%
Projected Salary Increase*	4.25% to 9.75%	4.25% to 9.75%
Assumed post-retirement benefit increase	0% to 2.75%	2% to 2.75%
Post-Retirement Mortality		
a) Service	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (Separate tables for males and females) with rates increased by 10% for males and 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021	Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (Separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021
b) Disabled	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (Separate tables for males and females), with rates unadjusted for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021	Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (Separate tables for males and females), with rates increased by 5% for males and unadjusted for females, projected generationally with the two-dimensional mortality improvement scale MP-2021
c) Member Contributions	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males and 5% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 40% male and 60% female	Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 75% male and 25% female
Pre-Retirement Mortality	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021	Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021

\*Includes inflation at 2.50 percent plus real across-the-board salary increase of 0.25 percent plus merit and longevity increases.

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Discount Rate - The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made based on the current contribution rate and that employer contributions will be made at the end of each pay period based on the actuarially determined contribution rates. For this purpose, only the employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2023 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40.0 %	7.1 %
Private Equity	11.0 %	10.1 %
Public Credit - High Yield	1.0 %	4.6 %
Public Credit - Leveraged Loan	1.0 %	4.1 %
Private Credit	5.0 %	6.7 %
Fixed Income - Core	12.0 %	2.0 %
Fixed Income - U.S. Treasury	4.0 %	1.3 %
Core Real Estate	6.0 %	3.9 %
Value Added Real Estate	1.5 %	6.7 %
Opportunistic Real Estate	1.5 %	8.6 %
Absolute Return	7.0 %	3.0 %
Real Assets	7.0 %	7.3 %
Liquid Real Return	2.0 %	4.4 %
Cash	1.0 %	0.6 %
<b>Total Portfolio</b>	<b>100.0 %</b>	

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Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County, Carmichael, Mission Oaks, Sunrise, and First 5 Commission's proportionate share of the net pension liability, calculated using the discount rate for each, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Net Pension Liability	County	Carmichael	Mission Oaks	Sunrise	Total	Component Unit First 5 Commission
1% Decrease (5.75%)	\$3,480,654	4,722	4,577	11,674	3,501,627	3,518
Current Discount Rate (6.75%)	1,769,356	2,400	2,326	5,934	1,780,016	1,788
1% increase (7.75%)	364,130	494	479	1,221	366,324	368

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

For the measurement date of June 30, 2024, the County is expecting a modest decrease in its NPL due to the expected favorable investment returns.

**Defined Contribution Plans**

The County also provides a defined contribution retirement benefit through the County's 401(a) Plan (the 401(a) Plan). The County is the Plan Administrator and the 401(a) Plan assets are held with an external trustee - Fidelity. The 401(a) Plan is offered to Eligible Employees (management union 032, attorneys union 033, and unrepresented employees only) that contribute at least 1% of their gross pay into the 457(b) Plan to receive the 3 percent County match in the 401(a) Plan. Investment decisions are made by the 401(a) Plan participants based on a variety of investment options under the plan. For the fiscal year ended June 30, 2024, the County contributed \$7,040 to the 401(a) Plan with an outstanding liability of \$260 at June 30, 2024.

The County also provides a defined contribution retirement benefit through the County's 457(b) Plan (the 457(b) Plan) for temporary employees only. The County is the Plan Administrator and the 457(b) Plan assets are held with an external trustee - Fidelity. The 457(b) Plan requires all temporary employees to contribute 7.5% of their gross pay into the 457(b) Plan, while the County provides an equal match of 7.5 percent, making the total contribution to the 457(b) Plan 15 percent. Investment decisions are made by the 457(b) Plan participants based on a variety of investment options under the Plan. For the fiscal year ended June 30, 2024, the County contributed \$785 to the 457(b) Plan with an outstanding liability of \$34 at June 30, 2024.

**NOTE 15 - POSTEMPLOYMENT HEALTH CARE BENEFITS**

Plan Description: The County administers a single-employer Retiree Healthcare Plan (HC Plan), which does not issue a publicly available report. In September 2022 and August 2023, respectively, the Board approved the Retiree Medical and Dental Insurance Program Administrative Policy for calendar years 2023 and 2024, respectively. The County provides access to group medical insurance and dental insurance, medical and dental offset payments to a specific group of eligible retirees as a result of a settlement. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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

The County pays a medical and/or dental subsidy/offset to eligible annuitants who retired on or after May 31, 2007 from bargaining unit 003-Law Enforcement, Non-Supervisory, as a result of a settlement. The amount the medical and/or dental subsidy/offset payments made available to this group of eligible annuitants is calculated

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based upon the annuitant's SCERS service credit. Neither SCERS nor the County guarantees that a subsidy/offset payment will be made available to annuitants for the purchase of County-sponsored medical and/or dental insurance beyond the current term of the contract between the County and Bargaining Unit 003-Law Enforcement, Non-Supervisory which expires June 30, 2027. Subsidy/offset payments are not a vested benefit of County employment or SCERS membership and will remain in place until eliminated through the collective bargaining process. The amount of the subsidy/offset payment, if any, payable on account of enrollment in a County sponsored retiree medical and/or dental insurance plan will also remain in place until modified or eliminated through the bargaining process. Annuitants from bargaining unit 003-Law Enforcement, Non-Supervisory are eligible for a medical premium subsidy according to the schedule below:

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

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

The total benefits provided in FY 2023-24 totaled \$6,579 for the County and \$5 for the First 5 Commission.

At June 30, 2023, the most recent measurement date, the following current and former employees (actual counts) were covered by the benefit terms under the HC Plan:

Active employees	11,770
Inactive employees receiving benefits	6,155
Inactive employees entitled to but not yet receiving	8,357
Total	<u>26,282</u>

**OPEB Liability:**

The County's total OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023. Update procedures were used to roll forward the total OPEB liability from the valuation date to the measurement date. A summary of principal assumptions and methods used to determine the total OPEB liability is on the following pages.

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Actuarial Assumptions - The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Assumption	June 30, 2023 Measurement Date
Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.65% using the Bond Buyer 20-Bond GO Index
Inflation	2.5% annually
Mortality Rate	Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076

Changes in the total OPEB liability for the HC Plan measured as of June 30, 2023 are as follows:

	Governmental Activities					Business-Type Activities	Total Primary Government	Component Unit-First 5 Commission
	County	Carmichael	Mission Oaks	Sunrise	Total			
Balance at June 30, 2023	\$ 128,825	84	97	151	129,157	7,080	136,237	105
Changes recognized for the measurement period								
Service cost	7,519	8	8	24	7,559	469	8,028	7
Actual vs. expected experience	(5,735)	(33)	(21)	(38)	(5,827)	(351)	(6,178)	(5)
Interest on the total OPEB liability	4,731	3	3	6	4,743	259	259	4
Changes of assumptions	6,569	8	3	(3)	6,577	500	7,077	7
Changes in proportion	298				298	(67)	231	(4)
Benefit payments	(6,003)	(3)	(8)	(9)	(6,023)	(351)	(6,374)	(5)
Net changes	7,379	(17)	(15)	(20)	7,327	459	7,786	4
Balance at June 30, 2024	\$ 136,204	67	82	131	136,484	7,539	144,023	109

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Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the County and First 5 Commission if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

Total OPEB Liability	County	Carmichael	Mission Oaks	Sunrise	Total	Component Unit-First 5 Commission
1% decrease (2.65%)	\$ 157,368	73	90	142	157,673	118
Current discount rate (3.65%)	143,743	67	82	131	144,023	109
1% increase (4.65%)	131,726	62	76	123	131,987	101

Sensitivity of the total OPEB liability to changes in the health care cost trend rate – The following presents the total OPEB liability of the County and First 5 Commission, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	County	Carmichael	Mission Oaks	Sunrise	Total	Component Unit-First 5 Commission
1% decrease (7.5% decreasing to 2.45% in 2076)	\$ 132,114	58	72	115	132,359	98
Current rate (8.5% decreasing to 3.45% in 2076)	143,743	67	82	131	144,023	109
1% increase (9.5% decreasing to 4.45% in 2076)	157,243	77	96	153	157,569	122

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

For the fiscal year ended June 30, 2024, the County and the First 5 Commission recognized OPEB expense of \$(644) and \$(1), respectively. As of June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources							
Governmental Activities					Business-type Activities	Total Primary Government	Component Unit-First 5 Commission
County	Carmichael	Mission Oaks	Sunrise	Total			
Difference between expected and actual experience	\$ 608			608		608	
Changes of assumptions	14,609	12	7	14,635	812	15,447	12
Changes in proportion	3,524			3,524	327	3,851	
Benefits provided subsequent to the measurement date	6,207	1	7	6,223	356	6,579	5
Total	<u>\$ 24,948</u>	<u>13</u>	<u>14</u>	<u>24,990</u>	<u>1,495</u>	<u>26,485</u>	<u>17</u>

Deferred Inflows of Resources							
Governmental Activities					Business-type Activities	Total Primary Government	Component Unit-First 5 Commission
County	Carmichael	Mission Oaks	Sunrise	Total			
Difference between expected and actual experience	\$ 22,172	48	30	22,336	1,508	23,844	21
Changes of assumptions	31,773	29	15	31,853	1,776	33,629	26
Changes in proportion	3,372			3,372	141	3,513	14
Total	<u>\$ 57,317</u>	<u>77</u>	<u>45</u>	<u>57,561</u>	<u>3,425</u>	<u>60,986</u>	<u>61</u>

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The \$6,579 and \$5 reported as deferred outflows of resources related to benefits paid subsequent to measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	County	Carmichael	Mission Oaks	Sunrise	Total	Component Unit First 5 Commission
2025	\$ (12,372)	(15)	(9)	(24)	(12,420)	(13)
2026	(12,372)	(15)	(9)	(24)	(12,420)	(13)
2027	(12,372)	(15)	(6)	(24)	(12,417)	(13)
2028	(12,372)	(8)	(4)	(14)	(12,398)	(13)
2029	(12,372)	(7)	(4)	(15)	(12,398)	(13)
2030- 2031	20,998	(5)	(6)	(14)	20,973	16
Total	<u>\$ (40,862)</u>	<u>(65)</u>	<u>(38)</u>	<u>(115)</u>	<u>(41,080)</u>	<u>(49)</u>

**Defined Contribution Plans**

The County also provides a defined contribution other postemployment benefit through the County Retiree Health Plan (RHP). The RHP is administered by a County delegate and assets are held by a trustee - Mission Square. The Retiree Health Plan (RHP) was established to reimburse eligible participants, their spouses and dependents for eligible medical and dental expenses. The County contributes \$25 for 24 of the 26 pay periods to all eligible active employees. The investment decisions are made by the RHP participants based on a variety of investment options under the RHP. For the fiscal year ended June 30, 2024, the County contributed \$5,688 to the RHP with an outstanding liability of \$212 at June 30, 2024.

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**NOTE 16 - SELF-INSURANCE**

The County self-insures for general liability/property, workers' compensation, dental, 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. 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 recognize an 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 determined 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 years, there were two instances of settlements payments that exceeded insurance coverage. Both of these instances were reported in FY 2022-23 financial statements.

Reconciliation of Claims Liabilities

	Liability/Property		Workers' Compensation		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Unpaid claims and claim adjustment expenses at beginning of the fiscal year								
Current portion	\$ 16,971	16,018	27,598	28,379	441	688	45,010	45,085
Noncurrent	45,749	43,746	176,565	175,457			222,314	219,203
Total beginning balance, July 1	62,720	59,764	204,163	203,836	441	688	267,324	264,288
Incurrd claims and claim adjustment expenses:								
Provision for insured events for current year	16,249	13,647	23,342	24,171	17,119	15,762	56,710	53,580
Increase (decrease) in provision for insured events of prior fiscal years	36,548	23,132	2,190	4,453			38,738	27,585
Total incurred claims and claim adjustment expenses	52,797	36,779	25,532	28,624	17,119	15,762	95,448	81,165
Less Payments:								
Claims and claim adjustment expenses attributable to insured events of current fiscal year	466	515	2,713	2,552	16,597	15,321	19,776	18,388
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	40,003	33,308	25,801	25,745		688	65,804	59,741
Total payments	40,469	33,823	28,514	28,297	16,597	16,009	85,580	78,129
Total unpaid claims and claim adjustment expenses at end of the fiscal year, June 30	\$ 75,048	62,720	201,181	204,163	522	441	276,751	267,324
Current portion of unpaid claims and claim adjustments	\$ 19,936	16,971	26,861	27,598	522	441	47,319	45,010
Noncurrent portion of unpaid claims and claim adjustments	55,112	45,749	174,320	176,565			229,432	222,314
Total current and noncurrent unpaid and claim adjustment expenses at end of the fiscal year	\$ 75,048	62,720	201,181	204,163	522	441	276,751	267,324

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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 & Hanger keepers	\$ 500,000 *	\$ 10	Each occurrence
Property Program:			
Property Insurance (All Risk)	1,500,000 *	50	Each occurrence
Flood	900,000 *	25 (100 max if in Zone A)	Each occurrence
Earthquake (EQ)	25,000 *	2 percent / 100 minimum	Per building / Each occurrence
Sheriff Vehicle Physical Damage	13,000	15	Each occurrence
Boiler/Machinery	100,000	5 (25 at Water Treatment Plant locations)	Each occurrence
Crime:			
Faithful Performance	20,000	25	Each occurrence
Employee Dishonesty	20,000	25	Each occurrence
Forgery/Money/Computer Fraud	20,000	25	Each occurrence
Sheriff's Helicopters/Airplanes			
Liability	50,000	None	Not applicable
Hull (Physical Damage)	7,136	None	Not applicable
Cyber Liability	16,000 *	250	Each occurrence
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
Employer's Liability	5,000 *	3,000	Self-insured retention

\* Airport Liability and Hanger keepers - Effective June 30, 2015, War Risk is included at \$500 million and Terrorism is included at \$500 million. Both are per occurrence and annual aggregate. Property - County property covered for Terrorism Coverage subject to a \$750 million occurrence and annual aggregate limit. Effective March 31, 2008, Earthquake (EQ) capped at \$25 million. Effective March 31, 2021, All Risk total is at \$1.5 billion (total of Towers I, II, IV and V primary and excess on an actual at risk and tower-capped basis). Effective March 31, 2021, Flood total is at \$900 million (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, Employer's Liability (Excess) is at \$5 million. Cyber - \$16 million total primary and excess policy aggregate limit for all coverages, coverage subject to sublimits.

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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.

Net position restricted by enabling legislation are comprised of \$62,986 (FAA approved passenger facility charges), \$39,915 (Customer Facility Charges) and \$5,866 (lighting and landscape maintenance) in the Statement of Net Position at June 30, 2024.

Restricted Net Position includes:

- *Bond reserves* - funds that are restricted due to being held to meet bond reserve requirements for the Airport.
- *Landfill closure* - resources legally restricted to finance postclosure care costs in the future.
- *Kiefer Wetlands Preserves* - funding for the preservation of vernal pools at the Kiefer Landfill.
- *Debt service* - finance payment of interest and principal on bonds or other long-term borrowing in accordance with bond indentures.
- *Capital projects* - financial resources used in the acquisition or construction of major capital facilities in accordance with bond indentures.
- *Passenger facilities charges* - fees collected from airline passengers which are required to be used to finance Airport projects.
- *Customer facility charges* - fees collected from rental car customers which are required to be used to finance the following Airport projects: 1) rental car facilities; 2) Transportation Systems at the Airport.
- *General government* - 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.
- *Public protection* - public protection programs are comprised of the following:
  - *Probation* - funds that are restricted for the Probation Department.
  - *Police protection* - funds that are restricted for the Sheriff's Department.
  - *Clerk-Recorder* - funds that are restricted for the County Clerk-Recorder.
  - *Dispute resolution* - funds that are restricted for dispute resolution.
  - *Community development* - funds that are restricted for Community Development activities.
  - *Protection and inspection* - funds that are restricted for the Agricultural Commissioner.
  - *Fire protection* - funds that are restricted for Natomas Fire Protection, a dependent special district.
- *Public assistance* - public assistance consist of state funding for realignment program.

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- *Health and sanitation programs* - health programs are comprised of the following:
  - *Water Agencies* - drainage fees and assessments used to protect the community from flood hazards.
  - *Environmental management* - provide mandated regulatory services that protect public health and the environment and funded through user fees, revenue from contracts, and other outside revenue sources.
  - *Tobacco* - proceeds from the tobacco litigation settlement to be used for the operation of health, youth, and tobacco prevention programs.
  - *In-Home Support Services* - state funding for services to aged, blind and disabled persons who are unable to remain in their homes without assistance.
  - *Mental Health Services* - state funding from 1% income tax on personal income in excess of \$1 million.
  - *Alcohol and Drug programs* - state funding for alcohol and drug programs.
  - *Realignment* - state funding for realignment programs.
- *Transportation* - funds from developer fees and transportation sales tax used to finance construction, improvements and maintenance of the County road system.
- *Lighting and landscape maintenance* - funds from special assessments used to maintain landscaped corridors, medians and natural open space.
- *Economic development* - primary programs revolve around the reuse programs and the Business Environment Resource Center (BERC) program.
- *Other* - includes programs related to recreation and culture, and education.
- *Endowments* - donor restricted funds to be used to support the Airport public art in perpetuity.

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**NOTE 18 - FUND BALANCES**

Fund balances are presented in the following categories: nonspendable, restricted, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances as of June 30, 2024 is as follows:

	Major	Nonmajor Governmental Funds			
	General Fund	Special Revenue	Debt Service	Capital Projects	Total
<b>Nonspendable:</b>					
Inventories	\$ 3,025				3,025
Long-term receivables	1,416				1,416
Prepaid items	40,033				40,033
Reserves for Taxes					
Teeter Plan delinquencies	662				662
Teeter Plan tax loss	9,331				9,331
<b>Total nonspendable</b>	<b>54,467</b>				<b>54,467</b>
<b>Restricted for:</b>					
General government:					
Stormwater utility		19,438			19,438
Public protection:					
Law Enforcement	68,865	14,481			83,346
Clerk Recorder	28,234				28,234
Community Development		2,419			2,419
Protection and Inspection	66,358	18,356			84,714
Fire Protection		68			68
Health and sanitation:					
Mental Health Services	81,090				81,090
Realignment	17,255				17,255
Solid Waste Authority		8,724			8,724
Tobacco Securitization Authority		456			456
Water Agencies		51,759			51,759
In-Home Support Services		1,066			1,066
Environmental management		12,781			12,781
Public assistance	113,476				113,476
Public ways and facilities		235,212		5,294	240,506
Recreation and culture		22,828			22,828
Education		94			94
Capital projects		2		224,148	224,150
Economic development		44,969			44,969
Lighting and landscape		5,866			5,866
Debt service	115		59,997		60,112
<b>Total restricted</b>	<b>375,393</b>	<b>438,519</b>	<b>59,997</b>	<b>229,442</b>	<b>1,103,351</b>
<b>Assigned for:</b>					
Technology upgrades	26,387				26,387
Projected budgetary deficit	110,017				110,017
Other purposes	24,878				24,878
<b>Total assigned</b>	<b>161,282</b>				<b>161,282</b>
<b>Unassigned</b>	<b>165,025</b>				<b>165,025</b>
<b>Total</b>	<b>\$ 756,167</b>	<b>438,519</b>	<b>59,997</b>	<b>229,442</b>	<b>1,484,125</b>

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**NOTE 19 - CONTINGENCIES**

The County is a defendant in various lawsuits related to self-insurance programs and for other claims, including construction, property tax assessments and claims arising from audits of federal and state-funded programs. Some claims may not be covered under the County's excess liability insurance policy; however, management is of the opinion that the potential liability would not have a significant adverse effect on the County's financial position.

**Lorenzo Mays, et al. v. County of Sacramento**

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

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

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

Subsequent to the issuance of that report and two County-retained mental health expert reports that were also critical of the County, the County entered into a tolling agreement with DRC and PLO. The County and the advocates continued negotiations, though no agreement was achieved. Litigation was ultimately filed in the U.S. District Court, Eastern District. Negotiations on these matters continued throughout the remainder of 2018 and into the spring of 2019. The negotiations culminated in the parties reaching agreement on all outstanding issues. The Board of Supervisors approved this settlement. The consent decree was approved in January 2020. The financial exposure to the County will include increases in operating costs due to staffing increases for the Sheriff's department which could exceed \$40 million annually, as well as increases in capital costs, which may include the construction of a new jail facility which could cost \$925 million.

**Leonardo Galdamez, et al. v. County of Sacramento et al.**

On October 2021, the County received correspondence from the law firm Kuzyk Law LLP on behalf of Leonardo and Samantha Galdamez demanding the County refund the Sacramento County Transportation Development Fee (SCDTF). Following the receipt of the demand letter, the County entered into a tolling agreement due to one-year statute of limitations, this allowed sufficient time for the County to analyze the claim. That tolling agreement expired on June 2, 2022.

On May 27, 2022, the Galdamez filed suit against the County reiterating their argument from the demand letter seeking a refund of the SCDTF.

At this time, a trial date has not been set. Should the County decide to pursue settlement discussions, a settlement agreement amount may be recommended following completion of discovery.

**County Jail Contracts**

In the Spring of 2023, Sacramento County, along with nine other defendant counties were used by individual plaintiffs challenging the commission and fees generated by telephone rates and commissary sales in each county jail. Plaintiffs allege that jail commission and fees are an unlawful tax under Article XIII C of the California Constitution.

The Article XIII C cases were consolidated by the Judicial Council as a putative class action, with the venue in Los Angeles County. Defendant Counties filed a join

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demurrer on various ground, including that Plaintiffs lacked standing to sue, pursuant to County Inmate Telephone Service Cases (2020) 48 Cal.App.5th 354 (County Inmate). The Trial Court denied the defendant counties demurrer because it could not square the standing analysis in County Inmate and certified its order for immediate appellate review, finding that the demurrer (1) involves a controlling question of law, (2) as to which there are substantial grounds for difference of opinion, and (3) appellate resolution of this question may materially advance the conclusion of the litigation.

In October 2024, defendant counties filed a joint petition for writ of mandamus to the Second District Court of Appeal challenging the denial of the demurrer.

**NOTE 20 - TAX ABATEMENTS**

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

**Local Conservation Act Program**

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

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

**Mills Act Program**

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

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

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**Urban Agriculture Program**

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

Tax Abatement Program	Amount of Taxes	
	Abated During FY 2023-24	
Land Conservation Act (Williamson Act)	\$	1,128
Mills Act		50

**NOTE 21 - FUTURE GASB PRONOUNCEMENTS**

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The County has not determined the effect, if any, on the financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024. The objective of this Statement is to provide user of government financial statement with essential information about risk related to government's vulnerabilities due to certain concentration or constraints. The County has not determined the effect, if any, on the financial statements.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The County has not determined the effect, if any, on the financial statements.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for fiscal years beginning after June 15, 2025. The objective of this statement is to provide user of government financial statements with essential information about certain types of capital assets. The County has not determined the effect, if any, on the financial statements.

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

In accordance with Assembly Bill (AB) 1X 26 and AB 1434, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. The County of Sacramento elected to be appointed as Redevelopment Agency Successor Agency (RASA) for the redevelopment project areas for the purpose of winding down the affairs of the RASA. 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 which 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

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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 RDA's redevelopment project areas. Once the ROPS is approved by the State Department of Finance, and provided sufficient tax revenues are available, the County Auditor-Controller's Office distributes property taxes to the RASA from the County's Redevelopment Property Tax Trust Fund (RPTTF) 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 a "Finding of Completion" from the State Department of Finance, which allows for: 1) loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was made for legitimate redevelopment purposes per Health and Sanitation Code (HSC) Section 34191.4(b)(1); and 2) utilizing derived proceeds from bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants per HSC Section 34191.5(b), within six months from the date of the letter. The County Redevelopment Successor Agency Long Range Property Management Plan was approved by the oversight board on October 21, 2013.

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

As of June 30, 2024, the RASA owes the Sacramento County Public Financing Authority \$49,119, with payments made semi-annually on June and December first of each fiscal year.

**NOTE 23 - SUBSEQUENT EVENTS**

**Dry Period Financing**

Article 16, Section 6, of the State Constitution, permits dry period financing. It states that the County Treasurer (Director of Finance) may make temporary transfers of funds as necessary to meet the obligations 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 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 FY 2024-25 the County General Fund may utilize up to 85 percent of its anticipated (estimated) revenues during the 'dry period' to meet any obligations incurred. The money is essentially loaned by the County Treasurer's Investment Pool (Treasury Pool), and accordingly, any funds loaned and interest costs incurred must be repaid by the General Fund. Dry period financing in the months of July through September was based on the General Fund's \$2.169 billion in estimated revenues approved in the County's FY 2024-25 Preliminary Budget. The County's final FY 2024-25 Budget was approved in September 2024 and the dry period financing amount was adjusted to reflect the final General Fund estimated revenues of \$2.187 billion. In addition, on a monthly basis, as revenue is received the dry period financing amount is decreased accordingly.

**Sacramento Area Sewer District Separation**

On January 1, 2024 the Sacramento Area Sewer District and the Sacramento Regional County Sanitation District merged into one legal entity now called The Sacramento Area Sewer District (District). Under this merger the District is separating from the County of Sacramento with an effective date of December 15, 2024. From this separation the District will have its own employees, rather than contracting with the County. Also, with the separation, the District will be withdrawing its funds held in the Treasury Pool over an agreed upon schedule. As of June 30, 2024, the District's book value in the Pool is approximately \$339.7 million.

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**COUNTY OF SACRAMENTO  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
LAST TEN YEARS<sup>A</sup>  
(amounts expressed in thousands)**

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

County	2024	2023	2022	2021 <sup>C</sup>	2020
Proportion of the net pension liability	88.663 %	89.089 %	95.587 %	87.480 %	88.319 %
Proportionate share of the net pension liability	\$ 1,769,356	\$ 1,557,835	\$ 402,784	\$ 2,374,448	\$ 1,831,576
Covered payroll <sup>A</sup>	\$ 1,015,886	\$ 931,320	\$ 916,618	\$ 908,171	\$ 874,552
Proportionate share of the net pension liability as a percentage of its covered payroll	189.07 %	167.27 %	43.94 %	261.45 %	209.43 %
Plan fiduciary net position as a percentage of the total pension liability	86.10 %	87.12 %	96.76 %	78.62 %	82.57 %
<b>Carmichael</b>					
Proportion of the net pension liability	0.120 %	0.118 %	0.047 %	0.140 %	0.135 %
Proportionate share of the net pension liability	\$ 2,400	\$ 2,062	\$ 199	\$ 3,790	\$ 2,807
Covered payroll <sup>A</sup>	\$ 1,360	\$ 1,228	\$ 1,156	\$ 1,250	\$ 1,239
Proportionate share of the net pension liability as a percentage of its covered payroll	176.49 %	167.84 %	17.21 %	303.20 %	226.55 %
Plan fiduciary net position as a percentage of the total pension liability	86.10 %	87.12 %	96.76 %	78.62 %	82.57 %
<b>Mission Oaks</b>					
Proportion of the net pension liability	0.117 %	0.116 %	0.040 %	0.131 %	0.127 %
Proportionate share of the net pension liability	\$ 2,326	\$ 2,024	\$ 170	\$ 3,560	\$ 2,635
Covered payroll <sup>A</sup>	\$ 1,329	\$ 1,219	\$ 974	\$ 1,120	\$ 1,101
Proportionate share of the net pension liability as a percentage of its covered payroll	175.09 %	165.96 %	17.45 %	317.86 %	239.33 %
Plan fiduciary net position as a percentage of the total pension liability	86.10 %	87.12 %	96.76 %	78.62 %	82.57 %
<b>Sunrise</b>					
Proportion of the net pension liability	0.297 %	0.247 %	0.089 %	0.294 %	0.305 %
Proportionate share of the net pension liability	\$ 5,934	\$ 4,325	\$ 377	\$ 7,982	\$ 6,315
Covered payroll <sup>A</sup>	\$ 3,587	\$ 2,690	\$ 2,299	\$ 2,754	\$ 2,839
Proportionate share of the net pension liability as a percentage of its covered payroll	165.46 %	160.82 %	16.39 %	289.83 %	222.44 %
Plan fiduciary net position as a percentage of the total pension liability	86.10 %	87.12 %	96.76 %	78.62 %	82.57 %
<b>Component Unit First 5 Commission</b>					
Proportion of the net pension liability	0.090 %	0.090 %	0.034 %	0.093 %	0.083 %
Proportionate share of the net pension liability	\$ 1,788	\$ 1,576	\$ 145	\$ 2,532	\$ 1,725
Covered payroll <sup>A</sup>	\$ 1,396	\$ 1,427	\$ 1,375	\$ 1,352	\$ 1,245
Proportionate share of the net pension liability as a percentage of its covered payroll	128.13 %	110.39 %	10.54 %	187.28 %	138.55 %
Plan fiduciary net position as a percentage of the total pension liability	86.10 %	87.12 %	96.76 %	78.62 %	82.57 %
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019

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**COUNTY OF SACRAMENTO**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**LAST TEN YEARS<sup>A</sup>**  
**(amounts expressed in thousands)**

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County	2019	2018 <sup>B</sup>	2017	2016	2015
Proportion of the net pension liability	87.788 %	86.316 %	86.792 %	89.005 %	89.000 %
Proportionate share of the net pension liability	\$ 1,721,818	\$ 1,838,027	\$ 1,538,375	\$ 1,023,390	\$ 692,793
Covered payroll <sup>A</sup>	\$ 843,336	\$ 816,112	\$ 780,978	\$ 745,978	\$ 731,874
Proportionate share of the net pension liability as a percentage of its covered payroll	204.17 %	223.50 %	196.98 %	137.19 %	94.00 %
Plan fiduciary net position as a percentage of the total pension liability	82.51 %	80.37 %	81.40 %	87.26 %	91.02 %
<b>Carmichael</b>					
Proportion of the net pension liability	0.139 %	0.128 %	0.140 %	0.119 %	0.102 %
Proportionate share of the net pension liability	\$ 2,718	\$ 2,687	\$ 2,457	\$ 1,373	\$ 787
Covered payroll <sup>A</sup>	\$ 1,143	\$ 1,178	\$ 1,138	\$ 1,096	\$ 1,040
Proportionate share of the net pension liability as a percentage of its covered payroll	237.81 %	258.59 %	215.94 %	125.27 %	75.67 %
Plan fiduciary net position as a percentage of the total pension liability	82.51 %	80.37 %	81.40 %	87.26 %	91.02 %
<b>Mission Oaks</b>					
Proportion of the net pension liability	0.147 %	0.154 %	0.100 %	0.095 %	0.083 %
Proportionate share of the net pension liability	\$ 2,893	\$ 3,224	\$ 1,752	\$ 1,090	\$ 643
Covered payroll <sup>A</sup>	\$ 1,148	\$ 1,037	\$ 782	\$ 851	\$ 826
Proportionate share of the net pension liability as a percentage of its covered payroll	252.07 %	28.90 %	224.02 %	77.86 %	95.79 %
Plan fiduciary net position as a percentage of the total pension liability	82.51 %	80.37 %	81.40 %	87.26 %	91.02 %
<b>Sunrise</b>					
Proportion of the net pension liability	0.307 %	0.278 %	0.189 %	0.169 %	0.142 %
Proportionate share of the net pension liability	\$ 6,015	\$ 5,833	\$ 3,321	\$ 1,939	\$ 1,046
Covered payroll <sup>A</sup>	\$ 2,558	\$ 1,911	\$ 1,495	\$ 1,521	\$ 1,092
Proportionate share of the net pension liability as a percentage of its covered payroll	235.12 %	256.04 %	222.17 %	127.48 %	95.79 %
Plan fiduciary net position as a percentage of the total pension liability	82.51 %	80.37 %	81.40 %	87.26 %	91.02 %
<b>Component Unit First 5 Commission</b>					
Proportion of the net pension liability	0.093 %	0.115 %	0.114 %	0.099 %	0.10 %
Proportionate share of the net pension liability	\$ 1,821	\$ 2,226	\$ 1,846	\$ 1,059	\$ 693
Covered payroll <sup>A</sup>	\$ 1,316	\$ 1,423	\$ 1,313	\$ 1,177	\$ 1,262
Proportionate share of the net pension liability as a percentage of its covered payroll	138.38 %	173.40 %	140.59 %	89.97 %	54.92 %
Plan fiduciary net position as a percentage of the total pension liability	82.51 %	80.37 %	81.40 %	87.26 %	91.02 %
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Notes to Schedule:

- A) Covered payroll represents pensionable compensation for the fiscal year of the measurement period.  
B) In FY 2017-18, there was a reduction in the discount rate from 7.5% to 7.0%.  
C) In FY 2020-21, there was a reduction in the discount rate from 7.0% to 6.75%.

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**COUNTY OF SACRAMENTO**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**LAST TEN YEARS<sup>A</sup>**  
**(amounts expressed in thousands)**

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**Retirement Plan - Schedule of Contributions**

County	2024	2023	2022	2021	2020
Contractually required contribution	\$ 335,784	\$ 317,400	\$ 285,039	\$ 264,487	\$ 238,546
Contributions in relation to the contractually required contribution	\$ (335,784)	\$ (317,400)	\$ (285,039)	\$ (264,487)	\$ (238,546)
Covered payroll <sup>A</sup>	\$ 1,107,226	\$ 1,015,886	\$ 931,320	\$ 916,618	\$ 908,171
Contributions as a percentage of covered payroll	30.33 %	31.24 %	30.61 %	28.85 %	26.27 %
<b>Carmichael</b>					
Contractually required contribution	\$ 516	\$ 487	\$ 430	\$ 390	\$ 396
Contributions in relation to the contractually required contribution	\$ (516)	\$ (487)	\$ (430)	\$ (390)	\$ (396)
Covered payroll <sup>A</sup>	\$ 1,514	\$ 1,360	\$ 1,228	\$ 1,156	\$ 1,250
Contributions as a percentage of covered payroll	34.08 %	35.81 %	35.02 %	33.74 %	31.68 %
<b>Mission Oaks</b>					
Contractually required contribution	\$ 466	\$ 472	\$ 421	\$ 333	\$ 372
Contributions in relation to the contractually required contribution	\$ (466)	\$ (472)	\$ (421)	\$ (333)	\$ (372)
Covered payroll <sup>A</sup>	\$ 1,375	\$ 1,329	\$ 1,219	\$ 974	\$ 1,120
Contributions as a percentage of covered payroll	33.89 %	35.52 %	34.54 %	34.19 %	33.21 %
<b>Sunrise</b>					
Contractually required contribution	\$ 1,161	\$ 1,204	\$ 902	\$ 740	\$ 834
Contributions in relation to the contractually required contribution	\$ (1,161)	\$ (1,204)	\$ (902)	\$ (740)	\$ (834)
Covered payroll <sup>A</sup>	\$ 3,586	\$ 3,587	\$ 2,690	\$ 2,299	\$ 2,754
Contributions as a percentage of covered payroll	32.38 %	33.57 %	33.53 %	32.19 %	30.28 %
<b>Component Unit First 5 Commission</b>					
Contractually required contribution	\$ 366	\$ 366	\$ 330	\$ 294	\$ 264
Contributions in relation to the contractually required contribution	\$ (366)	\$ (366)	\$ (330)	\$ (294)	\$ (264)
Covered payroll <sup>A</sup>	\$ 1,582	\$ 1,396	\$ 1,427	\$ 1,375	\$ 1,352
Contributions as a percentage of covered payroll	23.14 %	26.22 %	23.13 %	21.38 %	19.53 %

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**COUNTY OF SACRAMENTO  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
LAST TEN YEARS<sup>A</sup>  
(amounts expressed in thousands)**

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**Retirement Plan - Schedule of Contributions**

County	2019	2018	2017	2016	2015
Contractually required contribution	\$ 209,613	\$ 172,257	\$ 174,767	\$ 180,678	\$ 191,907
Contributions in relation to the contractually required contribution	\$ (209,613)	\$ (172,257)	\$ (174,767)	\$ (180,678)	\$ (191,907)
Covered payroll <sup>A</sup>	\$ 874,552	\$ 843,336	\$ 816,112	\$ 780,978	\$ 745,978
Contributions as a percentage of covered payroll	23.97 %	20.43 %	21.41 %	23.13 %	25.73 %
<b>Carmichael</b>					
Contractually required contribution	\$ 360	\$ 296	\$ 274	\$ 309	\$ 325
Contributions in relation to the contractually required contribution	\$ (360)	\$ (296)	\$ (274)	\$ (309)	\$ (325)
Covered payroll <sup>A</sup>	\$ 1,239	\$ 1,143	\$ 1,178	\$ 1,138	\$ 1,096
Contributions as a percentage of covered payroll	29.06 %	25.90 %	23.26 %	27.15 %	29.00 %
<b>Mission Oaks</b>					
Contractually required contribution	\$ 338	\$ 315	\$ 1,007	\$ 221	\$ 258
Contributions in relation to the contractually required contribution	\$ (338)	\$ (315)	\$ (1,007)	\$ (221)	\$ (258)
Covered payroll <sup>A</sup>	\$ 1,101	\$ 1,148	\$ 1,037	\$ 782	\$ 851
Contributions as a percentage of covered payroll	30.70 %	27.44 %	97.11 %	28.26 %	30.00 %
<b>Sunrise</b>					
Contractually required contribution	\$ 810	\$ 655	\$ 597	\$ 419	\$ 459
Contributions in relation to the contractually required contribution	\$ (810)	\$ (655)	\$ (597)	\$ (419)	\$ (459)
Covered payroll <sup>A</sup>	\$ 2,839	\$ 2,558	\$ 1,911	\$ 1,495	\$ 1,521
Contributions as a percentage of covered payroll	28.53 %	25.61 %	31.24 %	28.03 %	30.00 %
<b>Component Unit First S Commission</b>					
Contractually required contribution	\$ 222	\$ 198	\$ 228	\$ 233	\$ 251
Contributions in relation to the contractually required contribution	\$ (222)	\$ (198)	\$ (228)	\$ (233)	\$ (251)
Covered payroll <sup>A</sup>	\$ 1,245	\$ 1,316	\$ 1,423	\$ 1,313	\$ 1,177
Contributions as a percentage of covered payroll	17.83 %	15.05 %	16.02 %	17.75 %	21.00 %

Notes to Schedule:

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

10 year schedules of annual money-weighted rate of return on pension plan investments can be found in the Schedule of Annual Money-Weighted Rate of Return tables in SCERS separately issued Annual Comprehensive Financial Report (ACFR).

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**COUNTY OF SACRAMENTO  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
LAST TEN YEARS<sup>A,B</sup>  
(amounts expressed in thousands)**

Page 1 of 2

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

County	2024 <sup>C</sup>	2023	2022	2021	2020	2019	2018 <sup>A</sup>
Service cost	\$ 7,988	\$ 9,833	\$ 12,090	\$ 9,431	\$ 11,949	\$ 12,187	\$ 12,977
Actual vs. expected experience	(6,086)		(25,182)		(6,957)		
Interest on the total OPEB liability	4,990	3,324	3,784	4,957	7,183	6,378	5,122
Changes in assumptions	7,069	(18,427)	132	18,062	(47,435)	(4,510)	(13,042)
Changes in proportion	231	166	181	(47)	104	263	
Benefit payments	(6,354)	(5,861)	(6,085)	(5,395)	(6,883)	(6,050)	(6,051)
Net change in total OPEB liability	7,838	(10,965)	(15,080)	27,008	(42,039)	8,268	(994)
Total OPEB liability - beginning	135,905	146,870	161,950	134,942	176,981	168,713	169,707
Total OPEB liability - ending	\$ 143,743	\$ 135,905	\$ 146,870	\$ 161,950	\$ 134,942	\$ 176,981	\$ 168,713
Covered-employee payroll	\$ 1,089,417	\$ 914,895	\$ 893,647	\$ 883,579	\$ 845,535	\$ 765,327	\$ 818,852
Total OPEB liability as a percentage of covered-employee payroll	13 %	15 %	16 %	18 %	16 %	23 %	21 %
<b>Carmichael</b>							
Service cost	\$ 8	\$ 10	\$ 11	\$ 9	\$ 10	\$ 11	\$ 12
Actual vs. expected experience	(33)		(12)		(29)		
Interest on the total OPEB liability	3	2	2	4	7	6	4
Changes in assumptions	8	(15)	(1)	8	(39)	(3)	(8)
Benefit payments	(3)	(10)	(12)	(14)	(10)	(7)	(5)
Net change in total OPEB liability	(17)	(13)	(12)	7	(61)	7	3
Total OPEB liability - beginning	84	97	109	102	163	156	153
Total OPEB liability - ending	\$ 67	\$ 84	\$ 97	\$ 109	\$ 102	\$ 163	\$ 156
Covered-employee payroll	\$ 1,367	\$ 993	\$ 1,009	\$ 1,017	\$ 923	\$ 1,050	\$ 1,039
Total OPEB liability as a percentage of covered-employee payroll	5 %	8 %	10 %	11 %	11 %	16 %	15 %

Notes to Schedule:

A) FY 2017-18 was first year of implementation

B) The County has no assets accumulated in a trust that meets the criteria identified in paragraph 4 of GASB Statement 75.

C) FY 2023-24 there was a change in methodology for determining the amounts reported on the Covered-employee payroll line.

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**COUNTY OF SACRAMENTO**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**LAST TEN YEARS<sup>A,B</sup>**  
**(amounts expressed in thousands)**

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Mission Oaks	2024	2023	2022	2021	2020	2019	2018 <sup>A</sup>
Service cost	\$ 8	10	13	12	11	11	12
Actual vs. expected experience	(21)		(7)		(20)		
Interest on the total OPEB liability	3	2	2	3	4	4	3
Changes in assumptions	3	(9)	3	6	(25)	(1)	(6)
Benefit payments	(8)	(6)	(4)	(2)	(3)	(9)	(7)
Net change in total OPEB liability	(15)	(3)	7	19	(33)	5	2
Total OPEB liability - beginning	97	100	93	74	107	102	100
Total OPEB liability - ending	<u>\$ 82</u>	<u>97</u>	<u>100</u>	<u>93</u>	<u>74</u>	<u>107</u>	<u>102</u>
Covered-employee payroll	\$ 1,216	1,052	827	949	871	845	1,116
Total OPEB liability as a percentage of covered-employee payroll	7 %	9 %	12 %	10 %	8 %	13 %	9 %
Sunrise	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 24	27	42	36	28	28	29
Actual vs. expected experience	(38)		(58)		(42)		
Interest on the total OPEB liability	6	4	4	6	8	6	4
Changes in assumptions	(3)		(15)	13	(38)	(3)	(2)
Benefit payments	(9)	(6)	(6)	(2)	(8)	(3)	(7)
Net change in total OPEB liability	(20)	25	(33)	53	(52)	28	24
Total OPEB liability - beginning	151	139	172	119	171	143	119
Total OPEB liability - ending	<u>\$ 131</u>	<u>164</u>	<u>139</u>	<u>172</u>	<u>119</u>	<u>171</u>	<u>143</u>
Covered-employee payroll	\$ 1,906	1,460	1,274	1,409	1,720	1,580	2,278
Total OPEB liability as a percentage of covered-employee payroll	7 %	10 %	11 %	12 %	7 %	11 %	6 %
Component Unit First 5 Commission	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 7	8	13	10	14	13	15
Actual vs. expected experience	(5)		(29)		7		
Interest on the total OPEB liability	4	3	3	4	(7)	7	5
Changes in assumptions	7	(11)		13	(52)	(4)	(12)
Change in proportion	(4)	(12)	(3)	1	(15)	(5)	
Benefit payments	(5)	(5)	(6)	(5)	(8)	(7)	(6)
Net change in total OPEB liability	4	(17)	(22)	23	(61)	4	2
Total OPEB liability - beginning	105	122	144	121	182	178	176
Total OPEB liability - ending	<u>\$ 109</u>	<u>105</u>	<u>122</u>	<u>144</u>	<u>121</u>	<u>182</u>	<u>178</u>
Covered-employee payroll	\$ 1,047	911	987	998	948	933	1,284
	10 %	12 %	12 %	14 %	13 %	20 %	14 %

Notes to Schedule:

A) FY 2017-18 was first year of implementation

B) The County has no assets accumulated in a trust that meets the criteria identified in paragraph 4 of GASB Statement 75.

C) FY 2023-24 there was a change in methodology for determining the amounts reported on the Covered-employee payroll line.

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# ANNUAL COMPREHENSIVE FINANCIAL REPORT



## NONMAJOR GOVERNMENTAL FUNDS SECTION

**COUNTY OF SACRAMENTO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2024  
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Assets:				
Cash and investments	\$ 437,321	31,348	230,401	699,070
Receivables, net of allowance for uncollectibles:				
Billed	14,190		195	14,385
Interest	9,237	635	4,837	14,709
Intergovernmental	27,882		1,515	29,397
Leases	1,430			1,430
Loan receivable from County Successor Agency		49,119		49,119
Loan receivable from City Successor Agency		3,623		3,623
Long-term receivables, other	8,252	28,035	2,965	39,252
Long-term receivable, leases	16,619			16,619
Total assets	<u>\$ 514,931</u>	<u>112,760</u>	<u>239,913</u>	<u>867,604</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Warrants payable	\$ 3,771		286	4,057
Accrued liabilities	24,857	21	3,164	28,042
Intergovernmental payable	17,116		4,056	21,172
Unearned revenues	1,990			1,990
Total liabilities	<u>47,734</u>	<u>21</u>	<u>7,506</u>	<u>55,261</u>
Deferred inflows of resources:				
Deferred inflows relating to unavailable revenues	11,420	52,742	2,965	67,127
Deferred inflows related to leases	17,258			17,258
Total deferred inflows of resources	<u>28,678</u>	<u>52,742</u>	<u>2,965</u>	<u>84,385</u>
Fund balances:				
Restricted	438,519	59,997	229,442	727,958
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 514,931</u>	<u>112,760</u>	<u>239,913</u>	<u>867,604</u>

**COUNTY OF SACRAMENTO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Taxes	\$ 64,895		3,637	68,532
Use of money and property	24,463	2,894	11,206	38,563
Licenses and permits	71,318			71,318
Intergovernmental	110,129	18,543	19,784	148,456
Charges for sales and services	181,560		40,320	221,880
Fines, forfeitures and penalties	457	14,157	1,995	16,609
Pledged tobacco settlement	13,790			13,790
Miscellaneous	9,810	6	184	10,000
Total revenues	476,422	35,600	77,126	589,148
Expenditures:				
Current:				
General government	66,673			66,673
Public protection	103,589			103,589
Health and sanitation	37,820			37,820
Public ways and facilities	184,720		4,760	189,480
Recreation and culture	25,986			25,986
Education	1,311			1,311
Capital outlay	275		63,773	64,048
Debt service:				
Principal	1,321	164,920		166,241
Interest and fiscal charges	301	48,304		48,605
Total expenditures	421,996	213,224	68,533	703,753
Excess (deficiency) of revenues over (under) expenditures	54,426	(177,624)	8,593	(114,605)
Other financing sources (uses):				
Transfers in	17,920	165,026	6,757	189,703
Transfers out	(26,809)	(13,041)	(356)	(40,206)
Issuance of long-term debt	132	29,876		30,008
Total other financing sources (uses)	(8,757)	181,861	6,401	179,505
Changes in fund balances	45,669	4,237	14,994	64,900
Fund balances - beginning	392,850	55,760	214,448	663,058
Fund balances - ending	\$ 438,519	59,997	229,442	727,958

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT



### NONMAJOR GOVERNMENTAL FUNDS SECTION

#### SPECIAL REVENUE FUNDS

## SPECIAL REVENUE FUNDS

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

**Solid Waste Commercial Program** - Accounts for the regulation of commercial solid waste and recycling collection by franchised haulers within the incorporated areas of the County of Sacramento based on ordinances approved by the County Board of Supervisors and funded by commercial franchise fees.

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

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

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

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

**Lighting and Landscape Maintenance Districts** - As a blended component unit of the County, provides funding to plan, design, construct and maintain street and highway safety lighting facilities along streets and intersections in the unincorporated area of the County and provides funding for the maintenance of approximately 2 million square feet of landscaped corridors, medians and open spaces that exist throughout the County and is financed by service charges through direct levy subject to Proposition 218 requirements.

**Park Districts and Park Service Areas** - As a blended component unit of the County, accounts for the operation of three Board of Supervisors-governed park districts and for administrative and program assistance provided by the Department of Parks and Recreation to County Service Area Four and County Service Area No. 10.

**Water Agencies** - As a blended component unit of the County, consists of various zones created to provide specialized services within specific geographic areas and is subject to Proposition 218 requirements.

**Stormwater Utility Program** - Accounts for revenues and expenditures relating to collection and discharge of stormwater runoff in the region subject to Proposition 218 requirements.

**Inmate Welfare** - Accounts for revenues and expenditures used for the benefit, education and welfare of inmates.

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## SPECIAL REVENUE FUNDS

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

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

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

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

**Jail Industry** - Used for the operation or expansion of the jail industry program or to cover operating of county detention facilities.

**Sacramento County Groundwater Sustainability Agency (SCGSA)** - Fee revenues from SCGSA are used to support the JPA Groundwater Sustainability Agency's (GSA) groundwater sustainability program, administration costs, implementation of Groundwater Sustainability Plan, projects and management actions.

**Metro Air Park Enhanced Infrastructure Financing District Public Financing Authority (Metro Airpark EIFD)** - As a blended component unit of the County, accounts for revenues and expenditures with the EIFD to facilitate economic growth throughout the Metro Air Park region and to support the growth of economic activity within the Metro Airpark EIFD.

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

**Fish and Game Propagation** - Accounts 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 accordance with the state mandate established in WIC 12301.6 which requires assistance to recipients in finding in-home supportive services personnel through the establishment of a registry, investigation of potential personnel, establishes a referral system, provides training for providers and recipients and performs any other functions related to the delivery of in-home supportive services, funded by State Realignment and Federal reimbursements.

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

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

**Gold River Station #7 Landscape Community Facilities District (CFD)** - Provides landscape maintenance services for public landscape corridors within the district, funded by direct levy service charges.

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

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2024**  
**(amounts expressed in thousands)**

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	Road	Solid Waste Commercial Program	County Library	Transportation Sales Tax	Building Inspection
<b>Assets:</b>					
Cash and investments	\$ 149,439	8,604	89	8,987	19,866
Receivables, net of allowance for uncollectibles:					
Billed	5,003				2,381
Interest	3,266	216	5	177	494
Intergovernmental	16,331			4,801	13
Leases					
Long-term receivables, other					
Long-term receivable, leases					
<b>Total assets</b>	<b>\$ 174,039</b>	<b>8,820</b>	<b>94</b>	<b>13,965</b>	<b>22,754</b>
<b>Liabilities, deferred inflows of resources and fund balances:</b>					
<b>Liabilities:</b>					
Warrants payable	\$ 1,532	44		626	122
Accrued liabilities	10,945	44		601	1,530
Intergovernmental payable	465	8		6,596	2,308
Unearned revenues	963				417
<b>Total liabilities</b>	<b>13,905</b>	<b>96</b>		<b>7,823</b>	<b>4,377</b>
<b>Deferred inflows of resources:</b>					
Deferred inflows relating to unavailable revenues	2,490			190	21
Deferred inflows related to leases					
<b>Total deferred inflows of resources</b>	<b>2,490</b>			<b>190</b>	<b>21</b>
<b>Fund balances:</b>					
Restricted	157,644	8,724	94	5,406	18,356
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 174,039</b>	<b>8,820</b>	<b>94</b>	<b>13,419</b>	<b>22,754</b>

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2024**  
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	Fixed Asset Revolving	Lighting and Landscape Maintenance Districts	Park Districts and Park Service Areas	Water Agencies	Stormwater Utility Program
<b>Assets:</b>					
Cash and investments	\$	5,047	26,859	50,930	18,586
Receivables, net of allowance for uncollectibles:					
Billed		27	724		2,417
Interest		105	321	1,189	399
Intergovernmental			397		15
Leases			1,402		
Long-term receivables, other			89	139	
Long-term receivable, leases			16,619		
<b>Total assets</b>	<b>\$</b>	<b>5,179</b>	<b>46,411</b>	<b>52,258</b>	<b>21,417</b>
<b>Liabilities, deferred inflows of resources and fund balances:</b>					
<b>Liabilities:</b>					
Warrants payable	\$	17	313	103	166
Accrued liabilities		17	586	257	1,762
Intergovernmental payable			4,663		51
Unearned revenues			610		
<b>Total liabilities</b>		<b>34</b>	<b>6,172</b>	<b>360</b>	<b>1,979</b>
<b>Deferred inflows of resources:</b>					
Deferred inflows relating to unavailable revenues			198	139	
Deferred inflows related to leases			17,230		
<b>Total deferred inflows of resources</b>			<b>17,428</b>	<b>139</b>	
<b>Fund balances:</b>					
Restricted		5,145	22,811	51,759	19,438
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$</b>	<b>5,179</b>	<b>46,411</b>	<b>52,258</b>	<b>21,417</b>

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2024**  
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	Inmate Welfare	Economic Development	Roadways	Tobacco Securitization Authority of Northern California	Environmental Management
Assets:					
Cash and investments	\$ 16,796	46,565	65,265	500	12,187
Receivables, net of allowance for uncollectibles:					
Billed	273	1,787	132		1,445
Interest	415	698	1,517		265
Intergovernmental		23	5,232		512
Leases		28			
Long-term receivables, other			1,129	6,895	
Long-term receivable, leases					
Total assets	<u>\$ 17,484</u>	<u>49,101</u>	<u>73,275</u>	<u>7,395</u>	<u>14,409</u>
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Warrants payable	\$ 16	201			379
Accrued liabilities	1,171	3,245	1,538	44	787
Intergovernmental payable	2,154	658			104
Unearned revenues					
Total liabilities	<u>3,341</u>	<u>4,104</u>	<u>1,538</u>	<u>44</u>	<u>1,270</u>
Deferred inflows of resources:					
Deferred inflows relating to unavailable revenues			1,129	6,895	358
Deferred inflows related to leases		28			
Total deferred inflows of resources		<u>28</u>	<u>1,129</u>	<u>6,895</u>	
Fund balances:					
Restricted	14,143	44,969	70,608	456	12,781
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,484</u>	<u>49,101</u>	<u>73,275</u>	<u>7,395</u>	<u>14,409</u>

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2024**  
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	Jail Industry	Sacramento County Groundwater Sustainability Agency	Metro Air Park EIFD	Other	Total
Assets:					
Cash and investments	\$ 369	21	1,856	5,355	437,321
Receivables, net of allowance for uncollectibles:					
Billed				1	14,190
Interest	8		17	145	9,237
Intergovernmental				558	27,882
Leases					1,430
Long-term receivables, other					8,252
Long-term receivable, leases					16,619
Total assets	<u>\$ 377</u>	<u>21</u>	<u>1,873</u>	<u>6,059</u>	<u>514,931</u>
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Warrants payable	\$ 24	19		209	3,771
Accrued liabilities	15		1,700	615	24,857
Intergovernmental payable				109	17,116
Unearned revenues					1,990
Total liabilities	<u>39</u>	<u>19</u>	<u>1,700</u>	<u>933</u>	<u>47,734</u>
Deferred inflows of resources:					
Deferred inflows relating to unavailable revenues					11,420
Deferred inflows related to leases					17,258
Total deferred inflows of resources					<u>28,678</u>
Fund balances:					
Restricted	338	2	173	5,126	437,973
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 377</u>	<u>21</u>	<u>1,873</u>	<u>6,059</u>	<u>514,385</u>

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

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	Road	Solid Waste Commercial Program	County Library	Transportation Sales Tax	Building Inspection
<b>Revenues:</b>					
Taxes	\$ 1,398			33,795	
Use of money and property	6,585	421	6	443	477
Licenses and permits	1,568	4,757			22,220
Intergovernmental	80,877		1,285	3,714	53
Charges for sales and services	65,694				59,971
Fines, forfeitures and penalties	166	187			91
Pledged tobacco settlement					
Miscellaneous	752	1,034			391
Total revenues	157,040	6,399	1,291	37,952	83,203
<b>Expenditures:</b>					
Current:					
General government					
Public protection					82,792
Health and sanitation		4,210			
Public ways and facilities	138,173			39,172	
Recreation and culture					
Education			1,311		
Capital outlay					
Debt service:					
Principal		45			262
Interest and fiscal charges		1			
Total expenditures	138,173	4,256	1,311	39,172	83,054
Excess (deficiency) of revenues over (under) expenditures	18,867	2,143	(20)	(1,220)	149
<b>Other financing sources (uses):</b>					
Transfers in	15,815				197
Transfers out	(2,498)	(526)			(2,170)
Issuance of long-term debt					
Total other financing sources (uses)	13,317	(526)			(1,973)
Changes in fund balances	32,184	1,617	(20)	(1,220)	(1,824)
Fund balances - beginning	125,460	7,107	114	7,172	20,180
Fund balances - ending	\$ 157,644	8,724	94	5,952	18,356

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

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	Fixed Asset Revolving	Lighting and Landscape Maintenance Districts	Park Districts and Park Service Areas	Water Agencies	Stormwater Utility Program
<b>Revenues:</b>					
Taxes	\$	795	14,032		8,693
Use of money and property		213	5,535	2,418	865
Licenses and permits				6,670	
Intergovernmental		6	2,789	269	1,650
Charges for sales and services	3,831	2,780	2,535	4,535	26,895
Fines, forfeitures and penalties			1		2
Pledged tobacco settlement					
Miscellaneous		5	2,015		25
Total revenues	3,831	3,799	26,907	13,892	38,130
<b>Expenditures:</b>					
Current:					
General government		3,987			39,821
Public protection					
Health and sanitation				9,374	
Public ways and facilities					
Recreation and culture			25,976		
Education					
Capital outlay					
Debt service:					
Principal			311		
Interest and fiscal charges			156		
Total expenditures		3,987	26,443	9,374	39,821
Excess (deficiency) of revenues over (under) expenditures	3,831	(188)	464	4,518	(1,691)
<b>Other financing sources (uses):</b>					
Transfers in		554		355	300
Transfers out	(3,831)				(1,325)
Issuance of long-term debt			132		
Total other financing sources (uses)	(3,831)	554	132	355	(1,025)
Changes in fund balances		366	596	4,873	(2,716)
Fund balances - beginning		4,779	22,215	46,886	22,154
Fund balances - ending	\$	5,145	22,811	51,759	19,438

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

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	Inmate Welfare	Economic Development	Roadways	Tobacco Securitization Authority of Northern California	Environmental Management
<b>Revenues:</b>					
Taxes	\$				
Use of money and property	1,616	1,947	3,037	31	539
Licenses and permits		164	15,978		14,200
Intergovernmental		12,291	3		4,825
Charges for sales and services	8,919	4,936			966
Fines, forfeitures and penalties				13,790	
Pledged tobacco settlement					
Miscellaneous					
Total revenues	179	595	1,102		2,771
	10,714	19,933	20,120	13,821	23,301
<b>Expenditures:</b>					
Current:					
General government		22,628			
Public protection	12,623				
Health and sanitation				221	20,788
Public ways and facilities			7,366		
Recreation and culture					
Education					
Capital outlay					
Debt service:					
Principal		20			683
Interest and fiscal charges					144
Total expenditures	12,623	22,648	7,366	221	21,615
Excess (deficiency) of revenues over (under) expenditures	(1,909)	(2,715)	12,754	13,600	1,686
<b>Other financing sources (uses):</b>					
Transfers in		383			316
Transfers out		(358)		(13,678)	(935)
Issuance of long-term debt					
Total other financing sources (uses)		25		(13,678)	(619)
Changes in fund balances	(1,909)	(2,690)	12,754	(78)	1,067
Fund balances - beginning	16,052	47,659	57,854	534	11,714
Fund balances - ending	\$ 14,143	44,969	70,608	456	12,781

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

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	Jail Industry	Sacramento County Groundwater Sustainability Agency	Metro Air Park EIFD	Other	Total
<b>Revenues:</b>					
Taxes	\$ 16		1,847	4,319	64,895
Use of money and property	16		24	289	24,463
Licenses and permits		1		5,761	71,318
Intergovernmental			5	2,362	110,129
Charges for sales and services	225	55		218	181,560
Fines, forfeitures and penalties				10	457
Pledged tobacco settlement					13,790
Miscellaneous				941	9,810
Total revenues	257	56	1,876	13,900	476,422
<b>Expenditures:</b>					
Current:					
General government				237	66,673
Public protection	248			7,926	103,589
Health and sanitation				3,227	37,820
Public ways and facilities				9	184,720
Recreation and culture				10	25,986
Education					1,311
Capital outlay		60	215		275
Debt service:					
Principal					1,321
Interest and fiscal charges					301
Total expenditures	248	60	215	11,409	421,996
Excess (deficiency) of revenues over (under) expenditures	9	(4)	1,661	2,491	54,426
<b>Other financing sources (uses):</b>					
Transfers in					17,920
Transfers out			(1,488)		(26,809)
Issuance of long-term debt					132
Total other financing sources (uses)					(8,757)
Changes in fund balances	9	(4)	173	2,491	45,669
Fund balances - beginning	329	6		2,635	392,850
Fund balances - ending	\$ 338	2	173	5,126	438,519

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**COUNTY OF SACRAMENTO  
ROAD SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 1,195	1,357	1,398	41
Use of money and property	616	616	6,585	5,969
Licenses and permits	1,637	1,637	1,568	(69)
Intergovernmental	97,485	97,520	80,877	(16,643)
Charges for sales and services	67,408	64,920	65,694	774
Fines, forfeitures and penalties	12	12	166	154
Miscellaneous	663	878	752	(126)
Total revenues	<u>169,016</u>	<u>166,940</u>	<u>157,040</u>	<u>(9,900)</u>
Expenditures:				
Current:				
Public ways and facilities	265,888	293,455	138,173	155,282
Excess (deficiency) of revenues over (under) expenditures	<u>(96,872)</u>	<u>(126,515)</u>	<u>18,867</u>	<u>145,382</u>
Other financing sources (uses):				
Transfers in	15,815	15,815	15,815	
Transfers out	(2,498)	(2,498)	(2,498)	
Total other financing sources (uses)	<u>13,317</u>	<u>13,317</u>	<u>13,317</u>	
Changes in fund balance	(83,555)	(113,198)	32,184	145,382
Fund balance - beginning	125,460	125,460	125,460	
Fund balance - ending	<u>\$ 41,905</u>	<u>12,262</u>	<u>157,644</u>	<u>145,382</u>

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**COUNTY OF SACRAMENTO  
SOLID WASTE COMMERCIAL PROGRAM SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$		421	421
Licenses and permits	4,600	4,600	4,757	157
Fines, forfeitures and penalties	41	41	187	146
Miscellaneous	175	175	1,034	859
Total revenues	<u>4,816</u>	<u>4,816</u>	<u>6,399</u>	<u>1,583</u>
Expenditures:				
Current:				
Health and sanitation	5,313	5,313	4,210	1,103
Debt service				
Principal	45	45	45	
Interest and fiscal charges	1	1	1	
Total expenditures	<u>5,359</u>	<u>5,359</u>	<u>4,256</u>	<u>1,103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(543)</u>	<u>(543)</u>	<u>2,143</u>	<u>2,686</u>
Other financing uses:				
Transfers out	(526)	(526)	(526)	
Changes in fund balance	(1,069)	(1,069)	1,617	2,686
Fund balance - beginning	7,107	7,107	7,107	
Fund balance - ending	<u>\$ 6,038</u>	<u>6,038</u>	<u>8,724</u>	<u>2,686</u>

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**COUNTY OF SACRAMENTO**  
**COUNTY LIBRARY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 2	2	6	4
Intergovernmental	1,285	1,285	1,285	
Total revenues	<u>1,287</u>	<u>1,287</u>	<u>1,291</u>	<u>4</u>
Expenditures:				
Current:				
Education	<u>1,338</u>	<u>1,399</u>	<u>1,311</u>	<u>88</u>
Changes in fund balance	(51)	(112)	(20)	92
Fund balance - beginning	<u>114</u>	<u>114</u>	<u>114</u>	
Fund balance - ending	<u>\$ 63</u>	<u>2</u>	<u>94</u>	<u>92</u>

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**COUNTY OF SACRAMENTO**  
**TRANSPORTATION SALES TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 39,859	39,978	33,795	(6,183)
Use of money and property	53	799	443	(356)
Intergovernmental	10,716	12,068	3,714	(8,354)
Total revenues	<u>50,628</u>	<u>52,845</u>	<u>37,952</u>	<u>(14,893)</u>
Expenditures:				
Current:				
Public ways and facilities	<u>52,392</u>	<u>54,951</u>	<u>39,172</u>	<u>15,779</u>
Changes in fund balance	(1,764)	(2,106)	(1,220)	886
Fund balance - beginning	<u>7,172</u>	<u>7,172</u>	<u>7,172</u>	
Fund balance - ending	<u>\$ 5,408</u>	<u>5,066</u>	<u>5,952</u>	<u>886</u>

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**COUNTY OF SACRAMENTO**  
**BUILDING INSPECTION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 31	31	477	446
Licenses and permits	20,188	21,144	22,220	1,076
Intergovernmental	50	50	53	3
Charges for sales and services	72,757	72,580	59,971	(12,609)
Fines, forfeitures and penalties	53	53	91	38
Miscellaneous	396	396	391	(5)
Total revenues	<u>93,475</u>	<u>94,254</u>	<u>83,203</u>	<u>(11,051)</u>
Expenditures:				
Current:				
Public protection	98,707	99,080	82,792	16,288
Debt service:				
Principal	<u>262</u>	<u>262</u>	<u>262</u>	
Total expenditures	<u>98,969</u>	<u>99,342</u>	<u>83,054</u>	<u>16,288</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,494)</u>	<u>(5,088)</u>	<u>149</u>	<u>5,237</u>
Other financing sources (uses):				
Transfers in	197	197	197	
Transfers out	<u>(2,170)</u>	<u>(2,170)</u>	<u>(2,170)</u>	
Total other financing sources (uses)	<u>(1,973)</u>	<u>(1,973)</u>	<u>(1,973)</u>	
Changes in fund balance	(7,467)	(7,061)	(1,824)	5,237
Fund balance - beginning	20,180	20,180	20,180	
Fund balance - ending	<u>\$ 12,713</u>	<u>13,119</u>	<u>18,356</u>	<u>5,237</u>

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**COUNTY OF SACRAMENTO**  
**FIXED ASSET REVOLVING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Charges for sales and services	\$ 3,831	3,831	3,831	
Expenditures:				
Excess of revenues over expenditures	<u>3,831</u>	<u>3,831</u>	<u>3,831</u>	
Other financing uses:				
Transfers out	<u>(3,831)</u>	<u>(3,831)</u>	<u>(3,831)</u>	
Changes in fund balance				
Fund balance - beginning				
Fund balance - ending	<u>\$</u>	<u></u>	<u></u>	<u></u>

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**COUNTY OF SACRAMENTO**  
**LIGHTING AND LANDSCAPE MAINTENANCE DISTRICTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 607	607	795	188
Use of money and property	22	22	213	191
Intergovernmental	5	5	6	1
Charges for sales and services	2,743	2,743	2,780	37
Miscellaneous	<u>2</u>	<u>2</u>	<u>5</u>	<u>3</u>
Total revenues	<u>3,379</u>	<u>3,379</u>	<u>3,799</u>	<u>420</u>
Expenditures:				
Current:				
General government	<u>4,565</u>	<u>4,694</u>	<u>3,987</u>	<u>707</u>
Deficiency of revenues under expenditures	<u>(1,186)</u>	<u>(1,315)</u>	<u>(188)</u>	<u>1,127</u>
Other financing sources:				
Transfers in	<u>554</u>	<u>554</u>	<u>554</u>	
Changes in fund balance	(632)	(761)	366	1,127
Fund balance - beginning	<u>4,779</u>	<u>4,779</u>	<u>4,779</u>	
Fund balance - ending	<u>\$ 4,147</u>	<u>4,018</u>	<u>5,145</u>	<u>1,127</u>

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**COUNTY OF SACRAMENTO**  
**PARK DISTRICTS AND PARK SERVICE AREAS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 13,721	13,802	14,032	230
Use of money and property	2,355	2,448	5,535	3,087
Intergovernmental	2,456	4,139	2,789	(1,350)
Charges for sales and services	5,852	5,714	2,535	(3,179)
Fines, forfeitures and penalties	1	1	1	
Miscellaneous	<u>1,178</u>	<u>1,329</u>	<u>2,015</u>	<u>686</u>
Total revenues	<u>25,563</u>	<u>27,433</u>	<u>26,907</u>	<u>(526)</u>
Expenditures:				
Current:				
Recreation and culture	39,279	43,697	25,976	17,721
Debt Service:				
Principal	311	311	311	
Interest and fiscal charges	<u>156</u>	<u>156</u>	<u>156</u>	
Total expenditures	<u>39,746</u>	<u>44,164</u>	<u>26,443</u>	<u>17,721</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,183)</u>	<u>(16,731)</u>	<u>464</u>	<u>17,195</u>
Other financing sources:				
Issuance of long-term debt	<u>132</u>	<u>132</u>	<u>132</u>	
Changes in fund balance	(14,051)	(16,599)	596	17,195
Fund balance - beginning	<u>22,215</u>	<u>22,215</u>	<u>22,215</u>	
Fund balance - ending	<u>\$ 8,164</u>	<u>5,616</u>	<u>22,811</u>	<u>17,195</u>

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**COUNTY OF SACRAMENTO**  
**WATER AGENCIES SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 263	263	2,418	2,155
Licenses and permits	4,889	4,889	6,670	1,781
Intergovernmental	344	227	269	42
Charges for sales and services	8,888	11,301	4,535	(6,766)
Total revenues	<u>14,384</u>	<u>16,680</u>	<u>13,892</u>	<u>(2,788)</u>
Expenditures:				
Current:				
Health and sanitation	22,866	28,614	9,374	19,240
Excess (deficiency) of revenues over (under) expenditures	<u>(8,482)</u>	<u>(11,934)</u>	<u>4,518</u>	<u>16,452</u>
Other financing sources:				
Transfers in	<u>355</u>	<u>355</u>	<u>355</u>	
Changes in fund balance	(8,127)	(11,579)	4,873	16,452
Fund balance - beginning	46,886	46,886	46,886	
Fund balance - ending	<u>\$ 38,759</u>	<u>35,307</u>	<u>51,759</u>	<u>16,452</u>

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**COUNTY OF SACRAMENTO**  
**STORMWATER UTILITY PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 7,973	7,973	8,693	720
Use of money and property	80	80	865	785
Intergovernmental	2,532	2,099	1,650	(449)
Charges for sales and services	27,914	27,814	26,895	(919)
Fines, forfeitures and penalties	2	2	2	
Miscellaneous	5	5	25	20
Total revenues	<u>38,506</u>	<u>37,973</u>	<u>38,130</u>	<u>157</u>
Expenditures:				
Current:				
General government	45,295	49,415	39,821	9,594
Deficiency of revenues under expenditures	<u>(6,789)</u>	<u>(11,442)</u>	<u>(1,691)</u>	<u>9,751</u>
Other financing sources (uses):				
Transfers in	300	300	300	
Transfers out	<u>(1,325)</u>	<u>(1,325)</u>	<u>(1,325)</u>	
Total other financing sources (uses)	<u>(1,025)</u>	<u>(1,025)</u>	<u>(1,025)</u>	
Changes in fund balance	(7,814)	(12,467)	(2,716)	9,751
Fund balance - beginning	22,154	22,154	22,154	
Fund balance - ending	<u>\$ 14,340</u>	<u>9,687</u>	<u>19,438</u>	<u>9,751</u>

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**COUNTY OF SACRAMENTO**  
**ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 715	715	1,947	1,232
Licenses and permits	33	33	164	131
Intergovernmental	12,188	20,934	12,291	(8,643)
Charges for sales and services	3,985	3,985	4,936	951
Miscellaneous	<u>700</u>	<u>700</u>	<u>595</u>	<u>(105)</u>
Total revenues	<u>17,621</u>	<u>26,367</u>	<u>19,933</u>	<u>(6,434)</u>
Expenditures:				
Current:				
General government	58,542	68,442	22,628	45,814
Debt service:				
Principal	<u>20</u>	<u>20</u>	<u>20</u>	
Total expenditures	<u>58,562</u>	<u>68,462</u>	<u>22,648</u>	<u>45,814</u>
Deficiency of revenues under expenditures	<u>(40,941)</u>	<u>(42,095)</u>	<u>(2,715)</u>	<u>39,380</u>
Other financing sources (uses):				
Transfers in	383	383	383	
Transfers out	<u>(358)</u>	<u>(358)</u>	<u>(358)</u>	
Total other financing sources (uses)	<u>25</u>	<u>25</u>	<u>25</u>	
Changes in fund balance	(40,916)	(42,070)	(2,690)	39,380
Fund balance - beginning	<u>47,659</u>	<u>47,659</u>	<u>47,659</u>	
Fund balance - ending	<u>\$ 6,743</u>	<u>\$ 5,589</u>	<u>44,969</u>	<u>39,380</u>

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**COUNTY OF SACRAMENTO**  
**ROADWAYS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 277	277	3,037	2,760
Licenses and permits	13,341	13,341	15,978	2,637
Intergovernmental	49	49	3	(46)
Miscellaneous	<u>400</u>	<u>400</u>	<u>1,102</u>	<u>702</u>
Total revenues	<u>14,067</u>	<u>14,067</u>	<u>20,120</u>	<u>6,053</u>
Expenditures:				
Current:				
Public ways and facilities	<u>14,873</u>	<u>14,931</u>	<u>7,366</u>	<u>7,565</u>
Changes in fund balance	(806)	(864)	12,754	13,618
Fund balance - beginning	<u>57,854</u>	<u>57,854</u>	<u>57,854</u>	
Fund balance - ending	<u>\$ 57,048</u>	<u>56,990</u>	<u>70,608</u>	<u>13,618</u>

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**COUNTY OF SACRAMENTO**  
**TOBACCO SECURITIZATION AUTHORITY OF NORTHERN CALIFORNIA SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$		31	31
Pledged tobacco settlement			13,790	13,790
Total revenues			<u>13,821</u>	<u>13,821</u>
Expenditures:				
Current:				
Health and sanitation	228	228	221	7
Excess (deficiency) of revenues over (under) expenditures	<u>(228)</u>	<u>(228)</u>	<u>13,600</u>	<u>13,828</u>
Other financing uses:				
Transfers out			(13,678)	(13,678)
Changes in fund balance	(228)	(228)	(78)	150
Fund balance - beginning	534	534	534	
Fund balance - ending	<u>\$ 306</u>	<u>306</u>	<u>456</u>	<u>150</u>

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**COUNTY OF SACRAMENTO**  
**ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 44	44	539	495
Licenses and permits	13,294	13,294	14,200	906
Intergovernmental	5,579	5,580	4,825	(755)
Charges for sales and services	785	785	966	181
Miscellaneous	1,077	1,077	2,771	1,694
Total revenues	<u>20,779</u>	<u>20,780</u>	<u>23,301</u>	<u>2,521</u>
Expenditures:				
Current:				
Health and sanitation	22,440	22,451	20,788	1,663
Debt service:				
Principal	683	683	683	
Interest and fiscal charges	144	144	144	
Total expenditures	<u>23,267</u>	<u>23,278</u>	<u>21,615</u>	<u>1,663</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,488)</u>	<u>(2,498)</u>	<u>1,686</u>	<u>4,184</u>
Other financing sources (uses):				
Transfers in	316	316	316	
Transfers out	(935)	(935)	(935)	
Total other financing sources (uses)	<u>(619)</u>	<u>(619)</u>	<u>(619)</u>	
Changes in fund balance	(3,107)	(3,117)	1,067	4,184
Fund balance - beginning	11,714	11,714	11,714	
Fund balance - ending	<u>\$ 8,607</u>	<u>8,597</u>	<u>12,781</u>	<u>4,184</u>

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**COUNTY OF SACRAMENTO**  
**JAIL INDUSTRY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 4	4	16	12
Use of money and property	1	1	16	15
Charges for sales and services	<u>428</u>	<u>214</u>	<u>225</u>	<u>11</u>
Total revenues	<u>433</u>	<u>219</u>	<u>257</u>	<u>38</u>
Expenditures:				
Current:				
Public protection	<u>300</u>	<u>312</u>	<u>248</u>	<u>64</u>
Changes in fund balance	133	(93)	9	102
Fund balance - beginning	<u>329</u>	<u>329</u>	<u>329</u>	
Fund balance - ending	<u>\$ 462</u>	<u>236</u>	<u>338</u>	<u>102</u>

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**COUNTY OF SACRAMENTO**  
**SACRAMENTO COUNTY GROUNDWATER SUSTAINABILITY AGENCY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 69	64	1	1
Charges for sales and services	<u>69</u>	<u>64</u>	<u>55</u>	<u>(9)</u>
Total revenues	<u>69</u>	<u>64</u>	<u>56</u>	<u>(8)</u>
Expenditures:				
Capital outlay	<u>70</u>	<u>70</u>	<u>60</u>	<u>10</u>
Changes in fund balance	(1)	(6)	(4)	2
Fund balance - beginning	<u>6</u>	<u>6</u>	<u>6</u>	
Fund balance - ending	<u>\$ 5</u>	<u></u>	<u>2</u>	<u>2</u>

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**COUNTY OF SACRAMENTO  
METRO AIR PARK ENHANCED INFRASTRUCTURE  
FINANCING DISTRICT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$	1,800	1,847	47
Use of money and property			24	24
Intergovernmental			5	5
Total revenues		<u>1,800</u>	<u>1,876</u>	<u>76</u>
Expenditures:				
Capital outlay		312	215	97
Excess of revenues over expenditures		<u>1,488</u>	<u>1,661</u>	<u>173</u>
Other financing uses:				
Transfers out		<u>(1,488)</u>	<u>(1,488)</u>	
Net change in fund balances			173	173
Fund balance - beginning				
Fund balance - ending	\$		<u>173</u>	<u>173</u>

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**COUNTY OF SACRAMENTO  
OTHER SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 3,919	3,919	4,319	400
Use of money and property	15	15	289	274
Licenses and permits	3,500	3,422	5,761	2,339
Intergovernmental	2,291	2,492	2,362	(130)
Charges for sales and services	62	62	218	156
Fines, forfeitures and penalties	9	9	10	1
Miscellaneous	875	1,100	941	(159)
Total revenues	<u>10,671</u>	<u>11,019</u>	<u>13,900</u>	<u>2,881</u>
Expenditures:				
Current:				
General government	588	594	237	357
Public protection	7,499	7,954	7,926	28
Health and sanitation	3,346	3,715	3,227	488
Public ways and facilities	772	806	9	797
Recreation and culture	9	15	10	5
Total expenditures	<u>12,214</u>	<u>13,084</u>	<u>11,409</u>	<u>1,675</u>
Changes in fund balance	(1,543)	(2,065)	2,491	4,556
Fund balance - beginning	<u>2,635</u>	<u>2,635</u>	<u>2,635</u>	
Fund balance - ending	\$ <u>1,092</u>	<u>570</u>	<u>5,126</u>	<u>4,556</u>

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT



### NONMAJOR GOVERNMENTAL FUNDS SECTION

#### DEBT SERVICE FUNDS

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#### DEBT SERVICE FUNDS

**Public Facilities Financing Corporation** - Services the debt associated with the Public Facilities Financing Corporation's Juvenile Courthouse, the 2018 and 2020 Public Facilities Financing funds.

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

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

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

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

**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2024**  
**(amounts expressed in thousands)**

	Public Facilities Financing Corporation					Tobacco	Sacramento	
	Juvenile	2018 Public	2020 Public	Pension		Securitization	County	
	Courthouse	Facilities Refunding	Facilities Refunding	Obligation Bonds	Teeter Plan	Authority of Northern California	Public Financing Authority	Total
Assets:								
Cash and investments	\$ 2,566	483	3,053	2,268	3,537	12,896	6,545	31,348
Receivables:								
Interest	85	65	25	445	15			635
Loan receivable from County Successor Agency							49,119	49,119
Loan receivable from City Successor Agency							3,623	3,623
Long-term receivables, other					28,035			28,035
Total assets	<u>\$ 2,651</u>	<u>548</u>	<u>3,078</u>	<u>2,713</u>	<u>31,587</u>	<u>12,896</u>	<u>59,287</u>	<u>112,760</u>
Liabilities, deferred inflows of resources and fund balances:								
Liabilities:								
Accrued liabilities	\$			21				21
Deferred inflows of resources:								
Deferred inflows relating to unavailable revenues							52,742	52,742
Fund balances:								
Restricted	2,651	548	3,078	2,692	31,587	12,896	6,545	59,997
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,651</u>	<u>548</u>	<u>3,078</u>	<u>2,713</u>	<u>31,587</u>	<u>12,896</u>	<u>59,287</u>	<u>112,760</u>

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	Public Facilities Financing Corporations					Tobacco	Sacramento	
	Juvenile	2018 Public	2020 Public	Pension		Securitization	County	
	Courthouse	Facilities Refunding	Facilities Refunding	Obligation Bonds	Teeter Plan	Authority of Northern California	Public Financing Authority	Total
Revenues:								
Use of money and property	\$ 180	164	197	1,620	47	686		2,894
Intergovernmental				12,280			6,263	18,543
Fines, forfeitures and penalties					14,157			14,157
Miscellaneous				6				6
Total revenues	<u>180</u>	<u>164</u>	<u>197</u>	<u>13,906</u>	<u>14,204</u>	<u>686</u>	<u>6,263</u>	<u>35,600</u>
Expenditures:								
Debt service:								
Principal	1,295	6,725	2,700	117,785	24,115	8,975	3,325	164,920
Interest and fiscal charges	1,022	3,164	1,279	33,233	1,085	5,564	2,957	48,304
Total expenditures	<u>2,317</u>	<u>9,889</u>	<u>3,979</u>	<u>151,018</u>	<u>25,200</u>	<u>14,539</u>	<u>6,282</u>	<u>213,224</u>
Deficiency of revenues under expenditures	<u>(2,137)</u>	<u>(9,725)</u>	<u>(3,782)</u>	<u>(137,112)</u>	<u>(10,996)</u>	<u>(13,853)</u>	<u>(19)</u>	<u>(177,624)</u>
Other financing sources (uses):								
Transfers in	2,250	9,802	3,831	135,465		13,678		165,026
Transfers out					(13,041)			(13,041)
Issuance of long-term debt					29,876			29,876
Total other financing sources (uses)	<u>2,250</u>	<u>9,802</u>	<u>3,831</u>	<u>135,465</u>	<u>16,835</u>	<u>13,678</u>		<u>181,861</u>
Changes in fund balances	113	77	49	(1,647)	5,839	(175)	(19)	4,237
Fund balances - beginning	2,538	471	3,029	4,339	25,748	13,071	6,564	55,760
Fund balances - ending	<u>\$ 2,651</u>	<u>548</u>	<u>3,078</u>	<u>2,692</u>	<u>31,587</u>	<u>12,896</u>	<u>6,545</u>	<u>59,997</u>

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**COUNTY OF SACRAMENTO  
PUBLIC FACILITIES FINANCING CORPORATION  
JUVENILE COURTHOUSE DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$		180	180
Expenditures:				
Debt service:				
Principal	1,295	1,295	1,295	
Interest and fiscal charges	1,171	1,235	1,022	213
Total expenditures	<u>2,466</u>	<u>2,530</u>	<u>2,317</u>	<u>213</u>
Deficiency of revenues under expenditures	<u>(2,466)</u>	<u>(2,530)</u>	<u>(2,137)</u>	<u>393</u>
Other financing sources:				
Transfers in	<u>2,250</u>	<u>2,250</u>	<u>2,250</u>	
Changes in fund balance	(216)	(280)	113	393
Fund balance - beginning	<u>2,538</u>	<u>2,538</u>	<u>2,538</u>	
Fund balance - ending	<u>\$ 2,322</u>	<u>2,258</u>	<u>2,651</u>	<u>393</u>

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**COUNTY OF SACRAMENTO  
PUBLIC FACILITIES FINANCING CORPORATION  
2018 PUBLIC FACILITIES REFUNDING DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$		164	164
Expenditures:				
Debt service:				
Principal	6,725	6,725	6,725	
Interest and fiscal charges	3,433	3,548	3,164	384
Total expenditures	<u>10,158</u>	<u>10,273</u>	<u>9,889</u>	<u>384</u>
Deficiency of revenues under expenditures	<u>(10,158)</u>	<u>(10,273)</u>	<u>(9,725)</u>	<u>548</u>
Other financing sources:				
Transfers in	<u>9,802</u>	<u>9,802</u>	<u>9,802</u>	
Changes in fund balance	(356)	(471)	77	548
Fund balance - beginning	<u>471</u>	<u>471</u>	<u>471</u>	
Fund balance - ending	<u>\$ 115</u>	<u></u>	<u>548</u>	<u>548</u>

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**COUNTY OF SACRAMENTO  
PUBLIC FACILITIES FINANCING CORPORATION  
2020 PUBLIC FACILITIES REFUNDING DEBT SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$		197	197
Expenditures:				
Debt Service				
Principal	2,700	2,700	2,700	
Interest and fiscal charges	1,345	1,453	1,279	174
Total expenditures	<u>4,045</u>	<u>4,153</u>	<u>3,979</u>	<u>174</u>
Deficiency of revenues under expenditures	<u>(4,045)</u>	<u>(4,153)</u>	<u>(3,782)</u>	<u>371</u>
Other financing sources:				
Transfers in	<u>3,831</u>	<u>3,831</u>	<u>3,831</u>	
Changes in fund balance	(214)	(322)	49	371
Fund balance - beginning	<u>3,029</u>	<u>3,029</u>	<u>3,029</u>	
Fund balance - ending	<u>\$ 2,815</u>	<u>2,707</u>	<u>3,078</u>	<u>371</u>

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**COUNTY OF SACRAMENTO  
PENSION OBLIGATION BONDS DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 16,340	13,675	1,620	(12,055)
Intergovernmental			12,280	12,280
Miscellaneous			6	6
Total revenues	<u>16,340</u>	<u>13,675</u>	<u>13,906</u>	<u>231</u>
Expenditures:				
Debt service:				
Principal	117,380	117,785	117,785	
Interest and fiscal charges	36,693	35,694	33,233	2,461
Total expenditures	<u>154,073</u>	<u>153,479</u>	<u>151,018</u>	<u>2,461</u>
Deficiency of revenues under expenditures	<u>(137,733)</u>	<u>(139,804)</u>	<u>(137,112)</u>	<u>2,692</u>
Other financing sources:				
Transfers in	<u>135,465</u>	<u>135,465</u>	<u>135,465</u>	
Changes in fund balance	(2,268)	(4,339)	(1,647)	2,692
Fund balance - beginning	<u>4,339</u>	<u>4,339</u>	<u>4,339</u>	
Fund balance - ending	<u>\$ 2,071</u>	<u>2,692</u>	<u>2,692</u>	<u>2,692</u>

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COUNTY OF SACRAMENTO  
TEETER PLAN DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$		47	47
Fines, forfeitures and penalties			14,157	14,157
Miscellaneous	<u>34,525</u>	<u>40,116</u>	<u></u>	<u>(40,116)</u>
Total revenues	<u>34,525</u>	<u>40,116</u>	<u>14,204</u>	<u>(25,912)</u>
Expenditures:				
Debt service:				
Principal	24,117	29,156	24,115	5,041
Interest and fiscal charges	<u>1,341</u>	<u>1,408</u>	<u>1,085</u>	<u>323</u>
Total expenditures	<u>25,458</u>	<u>30,564</u>	<u>25,200</u>	<u>5,364</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,067</u>	<u>9,552</u>	<u>(10,996)</u>	<u>(20,548)</u>
Other financing sources (uses):				
Transfers out	(13,041)	(13,041)	(13,041)	
Issuance of long-term debt			29,876	29,876
Total other financing sources (uses)	<u>(13,041)</u>	<u>(13,041)</u>	<u>16,835</u>	<u>29,876</u>
Changes in fund balance	(3,974)	(3,489)	5,839	9,328
Fund balance - beginning	<u>25,748</u>	<u>25,748</u>	<u>25,748</u>	<u></u>
Fund balance - ending	<u>\$ 21,774</u>	<u>22,259</u>	<u>31,587</u>	<u>9,328</u>

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT



### NONMAJOR GOVERNMENTAL FUNDS SECTION

#### CAPITAL PROJECT FUNDS

## CAPITAL PROJECTS 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 under the 1915 Improvement Bond Act from special assessment district property owners.

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

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

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

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

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

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

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

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

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

Metro Air Park Services Tax - Accounts for landscape maintenance activity within the Metro Air Park CFD.

## CAPITAL PROJECTS FUNDS

Florin Vineyard Community Facilities District (CFD) No. 1 - Accounts for public road improvements in the Florin Vineyard area of the County that are funded by development impact fees.

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

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



**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2024**  
**(amounts expressed in thousands)**

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	Improvement Bond Act of 1911	Improvement Bond Act of 1915	Metro Air Park CFD	Laguna Stonelake CFD	Park Meadows CFD	Laguna CFD	Laguna Creek Ranch/Elliott Ranch CFD
<b>Assets:</b>							
Cash and investments	\$ 250	3,545	37,755	264	131	289	5,749
Receivables, net of allowance for uncollectibles:							
Billed							
Interest	7	86	262	7	5	8	213
Intergovernmental			1,494				
Long-term receivables, other							
Total assets	<u>\$ 257</u>	<u>3,631</u>	<u>39,511</u>	<u>271</u>	<u>136</u>	<u>297</u>	<u>5,962</u>
<b>Liabilities, deferred inflows of resources, and fund balances:</b>							
<b>Liabilities:</b>							
Warrants payable	\$						
Accrued liabilities			6				965
Intergovernmental payable	51	17	8				
Total liabilities	<u>51</u>	<u>17</u>	<u>14</u>				<u>965</u>
<b>Deferred inflows of resources:</b>							
Deferred inflows relating to unavailable revenues							
<b>Fund balances:</b>							
Restricted	206	3,614	39,497	271	136	297	4,997
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 257</u>	<u>3,631</u>	<u>39,511</u>	<u>271</u>	<u>136</u>	<u>297</u>	<u>5,962</u>

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2024**  
**(amounts expressed in thousands)**

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	Accumulated Capital Outlay	Community Fee Districts	McClellan Park CFD No. 2004-1	Sacramento County Landscape Maintenance CFD No. 2004-2
<b>Assets:</b>				
Cash and investments	\$ 95,469	34,431	701	476
Receivables, net of allowance for uncollectibles:				
Billed	189			6
Interest	2,244	766	18	9
Intergovernmental		21		
Long-term receivables, other		576		
Total assets	<u>\$ 97,902</u>	<u>35,794</u>	<u>719</u>	<u>491</u>
<b>Liabilities, deferred inflows of resources, and fund balances:</b>				
<b>Liabilities:</b>				
Warrants payable	\$ 280	4		2
Accrued liabilities	2,189			
Intergovernmental payable		1,559		
Total liabilities	<u>2,469</u>	<u>1,563</u>		<u>2</u>
<b>Deferred inflows of resources:</b>				
Deferred inflows relating to unavailable revenues		576		
<b>Fund balances:</b>				
Restricted	95,433	33,655	719	489
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 97,902</u>	<u>35,794</u>	<u>719</u>	<u>491</u>

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2024**  
**(amounts expressed in thousands)**

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	Metro Air Park Services Tax	Florin Vineyard CFD No. 1	North Vineyard Station CFD	County Parks CFD No. 2006-1	Total
<b>Assets:</b>					
Cash and investments	\$ 39,594	666	11,027	54	230,401
Receivables, net of allowance for uncollectibles:					
Billed					195
Interest	957	16	237	2	4,837
Intergovernmental					1,515
Long-term receivables, other	2,389				2,965
Total assets	<u>\$ 42,940</u>	<u>682</u>	<u>11,264</u>	<u>56</u>	<u>239,913</u>
<b>Liabilities, deferred inflows of resources, and fund balances:</b>					
<b>Liabilities:</b>					
Warrants payable	\$				286
Accrued liabilities			4		3,164
Intergovernmental payable			2,410	11	4,056
Total liabilities			<u>2,414</u>	<u>11</u>	<u>7,506</u>
<b>Deferred inflows of resources:</b>					
Deferred inflows relating to unavailable revenues	2,389				2,965
<b>Fund balances:</b>					
Restricted	40,551	682	8,850	45	229,442
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,940</u>	<u>682</u>	<u>11,264</u>	<u>56</u>	<u>239,913</u>

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

Page 1 of 3

	Improvement Bond Act of 1911	Improvement Bond Act of 1915	Metro Air Park CFD	Laguna Stonelake CFD	Park Meadows CFD	Laguna CFD	Laguna Creek Ranch/Elliott Ranch CFD
<b>Revenues:</b>							
Taxes	\$		2,035	126	70		
Use of money and property	7	176	2,256	14	11	16	454
Intergovernmental							
Charges for sales and services							
Fines, forfeitures and penalties							
Miscellaneous							
Total revenues	<u>7</u>	<u>176</u>	<u>4,291</u>	<u>140</u>	<u>81</u>	<u>16</u>	<u>454</u>
<b>Expenditures:</b>							
Current:							
Public ways and facilities						24	4,721
Capital outlay		1	14,354	123	66		
Total expenditures		<u>1</u>	<u>14,354</u>	<u>123</u>	<u>66</u>	<u>24</u>	<u>4,721</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7</u>	<u>175</u>	<u>(10,063)</u>	<u>17</u>	<u>15</u>	<u>(8)</u>	<u>(4,267)</u>
<b>Other financing sources (uses):</b>							
Transfers in			1,488				
Transfers out							
Total other financing sources (uses)			<u>1,488</u>				
Changes in fund balances	7	175	(8,575)	17	15	(8)	(4,267)
Fund balances - beginning	199	3,439	48,072	254	121	305	9,264
Fund balances - ending	<u>\$ 206</u>	<u>3,614</u>	<u>39,497</u>	<u>271</u>	<u>136</u>	<u>297</u>	<u>4,997</u>

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

Page 2 of 3

	Accumulated Capital Outlay	Community Fee Districts	McClellan Park CFD No. 2004-1	Sacramento County Landscape Maintenance CFD No. 2004-2
<b>Revenues:</b>				
Taxes	\$		158	
Use of money and property	4,535	1,556	11	19
Intergovernmental	19,784			
Charges for sales and services	25,999	10,885		410
Fines, forfeitures and penalties	1,995			
Miscellaneous	184			
Total revenues	<u>52,497</u>	<u>12,441</u>	<u>169</u>	<u>429</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities				
Capital outlay	45,279	1,503	113	343
Total expenditures	<u>45,279</u>	<u>1,503</u>	<u>113</u>	<u>343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,218</u>	<u>10,938</u>	<u>56</u>	<u>86</u>
<b>Other financing sources (uses):</b>				
Transfers in	5,269			
Transfers out	(279)			(17)
Total other financing sources (uses)	<u>4,990</u>			<u>(17)</u>
Changes in fund balances	12,208	10,938	56	69
Fund balances - beginning	83,225	22,717	663	420
Fund balances - ending	<u>\$ 95,433</u>	<u>33,655</u>	<u>719</u>	<u>489</u>

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**COUNTY OF SACRAMENTO**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

Page 3 of 3

	Metro Air Park Services Tax	Florin Vineyard CFD No. 1	North Vineyard Station CFD	County Parks CFD No. 2006-1	Total
<b>Revenues:</b>					
Taxes	\$ 206	78	964		3,637
Use of money and property	1,956	36	155	4	11,206
Intergovernmental					19,784
Charges for sales and services	3,005			21	40,320
Fines, forfeitures and penalties					1,995
Miscellaneous					184
Total revenues	<u>5,167</u>	<u>114</u>	<u>1,119</u>	<u>25</u>	<u>77,126</u>
<b>Expenditures:</b>					
Current:					
Public ways and facilities				15	4,760
Capital outlay	1,737	38	216		63,773
Total expenditures	<u>1,737</u>	<u>38</u>	<u>216</u>	<u>15</u>	<u>68,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,430</u>	<u>76</u>	<u>903</u>	<u>10</u>	<u>8,593</u>
<b>Other financing sources (uses):</b>					
Transfers in					6,757
Transfers out				(60)	(356)
Total other financing sources (uses)				<u>(60)</u>	<u>6,401</u>
Changes in fund balances	3,430	76	903	(50)	14,994
Fund balances - beginning	37,121	606	7,947	95	214,448
Fund balances - ending	<u>\$ 40,551</u>	<u>682</u>	<u>8,850</u>	<u>45</u>	<u>229,442</u>

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**COUNTY OF SACRAMENTO**  
**IMPROVEMENT BOND ACT OF 1915 CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 67	65	176	111
Charges for sales and services	2,737	2,650		(2,650)
Miscellaneous	<u>5</u>	<u>4</u>		<u>(4)</u>
Total revenues	<u>2,809</u>	<u>2,719</u>	<u>176</u>	<u>(2,543)</u>
Expenditures:				
Capital outlay	<u>3,476</u>	<u>3,429</u>	<u>1</u>	<u>3,428</u>
Changes in fund balance	(667)	(710)	175	885
Fund balance - beginning	<u>3,439</u>	<u>3,439</u>	<u>3,439</u>	
Fund balance - ending	<u>\$ 2,772</u>	<u>2,729</u>	<u>3,614</u>	<u>885</u>

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**COUNTY OF SACRAMENTO**  
**METRO AIR PARK CFD CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 2,828	2,828	2,035	(793)
Use of money and property	50	50	2,256	2,206
Charges for sales and services	<u>3</u>	<u>3</u>		<u>(3)</u>
Total revenues	<u>2,881</u>	<u>2,881</u>	<u>4,291</u>	<u>1,410</u>
Expenditures:				
Capital outlay	<u>49,506</u>	<u>49,747</u>	<u>14,354</u>	<u>35,393</u>
Deficiency of revenues under expenditures	<u>(46,625)</u>	<u>(46,866)</u>	<u>(10,063)</u>	<u>36,803</u>
Other financing sources:				
Transfers in	<u>1,488</u>	<u>1,488</u>	<u>1,488</u>	
Changes in fund balance	(46,625)	(46,866)	(8,575)	36,803
Fund balance - beginning	<u>48,072</u>	<u>48,072</u>	<u>48,072</u>	
Fund balance - ending	<u>\$ 1,447</u>	<u>1,206</u>	<u>39,497</u>	<u>38,291</u>

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**COUNTY OF SACRAMENTO**  
**LAGUNA STONELAKE CFD CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 120	120	126	6
Use of money and property	5	5	14	9
Total revenues	<u>125</u>	<u>125</u>	<u>140</u>	<u>15</u>
Expenditures:				
Capital outlay	<u>372</u>	<u>373</u>	<u>123</u>	<u>250</u>
Changes in fund balance	(247)	(248)	17	265
Fund balance - beginning	<u>254</u>	<u>254</u>	<u>254</u>	
Fund balance - ending	<u>\$ 7</u>	<u>6</u>	<u>271</u>	<u>265</u>

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**COUNTY OF SACRAMENTO**  
**PARK MEADOWS CFD CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 70	70	70	
Use of money and property	2	2	11	9
Total revenues	<u>72</u>	<u>72</u>	<u>81</u>	<u>9</u>
Expenditures:				
Capital outlay	<u>187</u>	<u>188</u>	<u>66</u>	<u>122</u>
Changes in fund balance	(115)	(116)	15	131
Fund balance - beginning	<u>121</u>	<u>121</u>	<u>121</u>	
Fund balance - ending	<u>\$ 6</u>	<u>5</u>	<u>136</u>	<u>131</u>

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**COUNTY OF SACRAMENTO**  
**LAGUNA CFD CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	<u>\$ 3</u>	<u>3</u>	<u>16</u>	<u>13</u>
Expenditures:				
Current:				
Public ways and facilities	<u>302</u>	<u>308</u>	<u>24</u>	<u>284</u>
Changes in fund balance	<u>(299)</u>	<u>(305)</u>	<u>(8)</u>	<u>297</u>
Fund balance - beginning	<u>305</u>	<u>305</u>	<u>305</u>	
Fund balance - ending	<u>\$ 6</u>	<u></u>	<u>297</u>	<u>297</u>

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**COUNTY OF SACRAMENTO**  
**LAGUNA CREEK RANCH/ELLIOTT RANCH CFD CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	<u>\$ 18</u>	<u>18</u>	<u>454</u>	<u>436</u>
Expenditures:				
Current:				
Public ways and facilities	<u>5,612</u>	<u>9,115</u>	<u>4,721</u>	<u>4,394</u>
Changes in fund balance	<u>(5,594)</u>	<u>(9,097)</u>	<u>(4,267)</u>	<u>4,830</u>
Fund balance - beginning	<u>9,264</u>	<u>9,264</u>	<u>9,264</u>	
Fund balance - ending	<u>\$ 3,670</u>	<u>167</u>	<u>4,997</u>	<u>4,830</u>

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**COUNTY OF SACRAMENTO**  
**ACCUMULATED CAPITAL OUTLAY CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 192	192	4,535	4,343
Intergovernmental	14,612	37,706	19,784	(17,922)
Charges for sales and services	50,128	51,285	25,999	(25,286)
Fines, forfeitures and penalties	1,500	1,500	1,995	495
Miscellaneous			184	184
Total revenues	<u>66,432</u>	<u>90,683</u>	<u>52,497</u>	<u>(38,186)</u>
Expenditures:				
Capital outlay	<u>134,305</u>	<u>178,898</u>	<u>45,279</u>	<u>133,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(67,873)</u>	<u>(88,215)</u>	<u>7,218</u>	<u>95,433</u>
Other financing sources (uses):				
Transfers in	5,269	5,269	5,269	
Transfers out	<u>(279)</u>	<u>(279)</u>	<u>(279)</u>	
Total other financing sources (uses)	<u>4,990</u>	<u>4,990</u>	<u>4,990</u>	
Changes in fund balance	(62,883)	(83,225)	12,208	95,433
Fund balance - beginning	<u>83,225</u>	<u>83,225</u>	<u>83,225</u>	
Fund balance - ending	<u>\$ 20,342</u>	<u></u>	<u>95,433</u>	<u>95,433</u>

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**COUNTY OF SACRAMENTO**  
**COMMUNITY FEE DISTRICTS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 138	138	1,556	1,418
Intergovernmental	5,471	5,638		(5,638)
Charges for sales and services	653	1,423	10,885	9,462
Total revenues	<u>6,262</u>	<u>7,199</u>	<u>12,441</u>	<u>5,242</u>
Expenditures:				
Capital outlay	<u>25,988</u>	<u>29,916</u>	<u>1,503</u>	<u>28,413</u>
Changes in fund balance	(19,726)	(22,717)	10,938	33,655
Fund balance - beginning	<u>22,717</u>	<u>22,717</u>	<u>22,717</u>	
Fund balance - ending	<u>\$ 2,991</u>	<u></u>	<u>33,655</u>	<u>33,655</u>

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**COUNTY OF SACRAMENTO**  
**MCCLELLAN PARK CFD NO. 2004-1 CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 148	148	158	10
Use of money and property	15	15	11	(4)
Total revenues	<u>163</u>	<u>163</u>	<u>169</u>	<u>6</u>
Expenditures:				
Capital outlay	<u>826</u>	<u>826</u>	<u>113</u>	<u>713</u>
Changes in fund balance	(663)	(663)	56	719
Fund balance - beginning	<u>663</u>	<u>663</u>	<u>663</u>	
Fund balance - ending	<u>\$ 719</u>	<u>719</u>	<u>719</u>	<u>719</u>

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**COUNTY OF SACRAMENTO**  
**SACRAMENTO COUNTY LANDSCAPE MAINTENANCE CFD NO. 2004-2**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$ 2	2	19	17
Charges for sales and services	345	345	410	65
Total revenues	<u>347</u>	<u>347</u>	<u>429</u>	<u>82</u>
Expenditures:				
Capital outlay	<u>438</u>	<u>438</u>	<u>343</u>	<u>95</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(91)</u>	<u>(91)</u>	<u>86</u>	<u>177</u>
Other financing uses:				
Transfers out	<u>(17)</u>	<u>(17)</u>	<u>(17)</u>	
Changes in fund balance	(108)	(108)	69	177
Fund balance - beginning	<u>420</u>	<u>420</u>	<u>420</u>	
Fund balance - ending	<u>\$ 312</u>	<u>312</u>	<u>489</u>	<u>177</u>

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**COUNTY OF SACRAMENTO**  
**METRO AIR PARK SERVICES TAX CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 206	182	206	24
Use of money and property	209	209	1,956	1,747
Charges for sales and services	<u>5,200</u>	<u>5,200</u>	<u>3,005</u>	<u>(2,195)</u>
Total revenues	<u>5,615</u>	<u>5,591</u>	<u>5,167</u>	<u>(424)</u>
Expenditures:				
Capital outlay	<u>36,157</u>	<u>42,712</u>	<u>1,737</u>	<u>40,975</u>
Changes in fund balance	(30,542)	(37,121)	3,430	40,551
Fund balance - beginning	<u>37,121</u>	<u>37,121</u>	<u>37,121</u>	
Fund balance - ending	<u>\$ 6,579</u>	<u></u>	<u>40,551</u>	<u>40,551</u>

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**COUNTY OF SACRAMENTO**  
**FLORIN VINEYARD CFD NO. 1 CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 80	80	78	(2)
Use of money and property	<u>5</u>	<u>5</u>	<u>36</u>	<u>31</u>
Total revenues	<u>85</u>	<u>85</u>	<u>114</u>	<u>29</u>
Expenditures:				
Capital outlay	<u>671</u>	<u>675</u>	<u>38</u>	<u>637</u>
Changes in fund balance	(586)	(590)	76	666
Fund balance - beginning	<u>606</u>	<u>606</u>	<u>606</u>	
Fund balance - ending	<u>\$ 20</u>	<u>16</u>	<u>682</u>	<u>666</u>

**COUNTY OF SACRAMENTO**  
**NORTH VINEYARD STATION CFD CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 814	928	964	36
Use of money and property	105	105	155	50
Total revenues	<u>919</u>	<u>1,033</u>	<u>1,119</u>	<u>86</u>
Expenditures:				
Capital outlay	<u>5,463</u>	<u>5,400</u>	<u>216</u>	<u>5,184</u>
Changes in fund balance	(4,544)	(4,367)	903	5,270
Fund balance - beginning	<u>7,947</u>	<u>7,947</u>	<u>7,947</u>	
Fund balance - ending	<u>\$ 3,403</u>	<u>3,580</u>	<u>8,850</u>	<u>5,270</u>

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**COUNTY OF SACRAMENTO**  
**COUNTY PARKS CFD NO. 2006-1 CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
**(amounts expressed in thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of money and property	\$		4	4
Charges for services	22	22	21	(1)
Total revenues	<u>22</u>	<u>22</u>	<u>25</u>	<u>3</u>
Expenditures:				
Public ways and facilities	<u>15</u>	<u>15</u>	<u>15</u>	
Excess of revenues over expenditures	<u>7</u>	<u>7</u>	<u>10</u>	<u>3</u>
Other financing uses:				
Transfers out		(60)	(60)	
Changes in fund balance	7	(53)	(50)	3
Fund balance - beginning	<u>95</u>	<u>95</u>	<u>95</u>	
Fund balance - ending	<u>\$ 102</u>	<u>42</u>	<u>45</u>	<u>3</u>

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT



### NONMAJOR ENTERPRISE FUNDS SECTION

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#### NONMAJOR ENTERPRISE FUNDS

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

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

**COUNTY OF SACRAMENTO  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2024  
(amounts expressed in thousands)**

Page 1 of 2

	Parking Enterprise	County Transit	Total
Assets:			
Current assets:			
Cash and investments	\$ 7,913	2,163	10,076
Receivables, net of allowance for uncollectibles:			
Billed		369	369
Interest	192	54	246
Intergovernmental		1,403	1,403
Total current assets	8,105	3,989	12,094
Noncurrent assets:			
Capital assets:			
Land and other nondepreciable assets	1,299		1,299
Buildings and improvements, infrastructure, equipment and intangibles, net	492	590	1,082
Total capital assets	1,791	590	2,381
Total assets	9,896	4,579	14,475
Deferred outflows of resources:			
Deferred outflows related to pensions	121		121
Deferred outflows related to OPEB	7		7
Total deferred outflows of resources	128		128
Total assets and deferred outflows of resources	10,024	4,579	14,603

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**COUNTY OF SACRAMENTO  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2024  
(amounts expressed in thousands)**

Page 2 of 2

	Parking Enterprise	County Transit	Total
Liabilities:			
Current liabilities:			
Warrants payable	\$	450	450
Accrued liabilities	21		21
Intergovernmental payable	14	3	17
Current portion of long-term debt obligations	72		72
Total current liabilities	107	453	560
Noncurrent liabilities:			
Long-term debt obligations	109		109
Net pension liability	214		214
Total OPEB liability	45		45
Total noncurrent liabilities	368		368
Total liabilities	475	453	928
Deferred inflows of resources:			
Deferred inflows related to pensions	69		69
Deferred inflows related to OPEB	31		31
Total deferred inflows of resources	100		100
Total liabilities and deferred inflows of resources	575	453	1,028
Net position:			
Net investment in capital assets	1,651	590	2,241
Restricted for:			
Capital projects		1,942	1,942
Transportation		1,594	1,594
Unrestricted	7,798		7,798
Total net position	\$ 9,449	4,126	13,575

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**COUNTY OF SACRAMENTO  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	Parking Enterprise	County Transit	Total
Operating revenues:			
Charges for sales and services	\$ 2,665	102	2,767
Operating expenses:			
Salaries and benefits	362		362
Services and supplies	1,729	325	2,054
Cost of sales and services		2,016	2,016
Depreciation and amortization	181	290	471
Other	206		206
Total operating expenses	2,478	2,631	5,109
Operating income (loss)	187	(2,529)	(2,342)
Nonoperating revenues (expense):			
Use of money and property	359	101	460
Intergovernmental		2,071	2,071
Interest expense	(4)		(4)
Other		1	1
Total nonoperating revenues (expense)	355	2,173	2,528
Income (loss) before transfers and contributions	542	(356)	186
Transfers out	(22)		(22)
Capital contributions		315	315
Changes in net position	520	(41)	479
Net position, beginning of year	8,929	4,167	13,096
Net position, end of year	\$ 9,449	4,126	13,575

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**COUNTY OF SACRAMENTO  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

Page 1 of 2

	Parking Enterprise	County Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 2,665		2,665
Payments to suppliers	(1,732)	(2,447)	(4,179)
Payments to employees	(401)		(401)
Payments for other operating activities	(206)		(206)
Net cash provided by (used for) operating activities	326	(2,447)	(2,121)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(22)		(22)
Intergovernmental revenue		2,814	2,814
Net cash provided by (used for) noncapital financing activities	(22)	2,814	2,792
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions		320	320
Acquisition and construction of capital assets		(423)	(423)
Principal paid on long-term obligations	(67)		(67)
Interest paid on long-term obligations	(4)		(4)
Net cash used for capital and related financing activities	(71)	(103)	(174)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received and fair value adjustment on cash and investments	327	78	405
Net increase in cash and cash equivalents	560	342	902
Cash and cash equivalents, beginning of year	7,353	1,821	9,174
Cash and cash equivalents, end of year	\$ 7,913	2,163	10,076

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**COUNTY OF SACRAMENTO  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

Page 2 of 2

	Parking Enterprise	County Transit	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 187	(2,529)	(2,342)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	181	290	471
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
Billed receivable		(352)	(352)
Warrants payable	(2)	154	152
Intergovernmental payable		(10)	(10)
Compensated Absences	3		3
Net pension liability and related deferred outflows and inflows	(31)		(31)
Total OPEB liability and related deferred outflows and inflows	(12)		(12)
Total adjustments	139	82	221
Net cash provided by (used for) operating activities	\$ 326	(2,447)	(2,121)

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT



## INTERNAL SERVICE FUNDS

## INTERNAL SERVICE FUNDS

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

**Liability Self-Insurance** - Accounts for the County's program of self-insurance for liability claims.

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

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

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

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

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### COUNTY OF SACRAMENTO INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2024 (amounts expressed in thousands)

Page 1 of 2

	General Services	Self-Insurance			Regional Radio Communications System	Department of Technology	Total
		Liability	Workers' Compensation	Other			
Assets:							
Current assets:							
Cash and investments	\$ 138,647	48,447	138,376	19,794	9,394	48,198	402,856
Receivables, net of allowance for uncollectibles:							
Billed	6						6
Interest	31				243		274
Intergovernmental	72						72
Leases	136				31		167
Prepaid items					333	4,281	4,614
Inventories	2,519						2,519
Total current assets	141,411	48,447	138,376	19,794	10,001	52,479	410,508
Noncurrent assets:							
Long-term receivables, other			118				118
Long-term receivable, leases	45				227		272
Capital assets:							
Buildings and improvements, infrastructure, equipment and intangibles, net	42,904				14,250	39,517	96,671
Total noncurrent assets	42,949		118		14,477	39,517	97,061
Total assets	184,360	48,447	138,494	19,794	24,478	91,996	507,569
Deferred outflows of resources:							
Deferred outflows related to pensions	18,150				461	21,995	40,606
Deferred outflows related to OPEB	726				47	620	1,393
Total deferred outflows of resources	18,876				508	22,615	41,999
Total assets and deferred outflows of resources	203,236	48,447	138,494	19,794	24,986	114,611	549,568

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**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2024  
(amounts expressed in thousands)**

Page 2 of 2

	Self-Insurance				Regional Radio	Department of	
	General	Liability	Workers'	Other	Communications	Technology	Total
	Services		Compensation		System		
Liabilities:							
Current liabilities:							
Warrants payable	\$ 4,886	735	862		16	812	7,311
Accrued liabilities	7,571	2,400	2		163	4,769	14,905
Current portion of insurance claims payable		19,936	26,861	522			47,319
Current portion of long-term debt obligations	728				1,157	11,266	13,151
Unearned revenues			122		1,777	8,922	10,821
Total current liabilities	13,185	23,071	27,847	522	3,113	25,769	93,507
Noncurrent liabilities:							
Insurance claims payable		55,112	174,320				229,432
Long-term debt obligations	3,506				160	25,921	29,587
Net pension liability	36,569				926	43,772	81,267
Total OPEB liability	4,147				82	3,802	8,031
Total noncurrent liabilities	44,222	55,112	174,320		1,168	73,495	348,317
Total liabilities	57,407	78,183	202,167	522	4,281	99,264	441,824
Deferred inflows of resources:							
Deferred inflows related to pensions	3,899				171	5,233	9,303
Deferred inflows related to OPEB	2,168				39	1,707	3,914
Deferred inflows related to leases	165				260		425
Total deferred inflows of resources	6,232				470	6,940	13,642
Total liabilities and deferred inflows of resources	63,639	78,183	202,167	522	4,751	106,204	455,466
Net position:							
Net investment in capital assets	42,904				13,096	10,163	66,163
Unrestricted	96,693	(29,736)	(63,673)	19,272	7,139	(1,756)	27,939
Total net position (deficit)	\$ 139,597	(29,736)	(63,673)	19,272	20,235	8,407	94,102

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**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	Self-Insurance				Regional Radio	Department of	
	General	Liability	Workers'	Other	Communications	Technology	Total
	Services		Compensation		System		
Operating revenues:							
Charges for sales and services	\$ 184,178	39,199	37,332	17,799	6,155	126,314	410,977
Other	2,424	4,173	118		382	1	7,098
Total operating revenues	186,602	43,372	37,450	17,799	6,537	126,315	418,075
Operating expenses:							
Salaries and benefits	54,896				1,289	59,907	116,092
Services and supplies	98,615				1,529	40,923	141,067
Cost of sales and services	3,523						3,523
Depreciation and amortization	12,915		4		2,179	14,973	30,071
Claim payments and actuarial estimates		52,797	25,532	17,119			95,448
Other	1,016	94	365	23			1,498
Total operating expenses	170,965	52,891	25,901	17,142	4,997	115,803	387,699
Operating income (loss)	15,637	(9,519)	11,549	657	1,540	10,512	30,376
Nonoperating revenues (expenses):							
Use of money and property		182	522	77	498	181	1,460
Interest expense	(1)				(13)		(14)
Other revenues	2,531					506	3,037
Total nonoperating revenues (expenses)	2,530	182	522	77	485	687	4,483
Income (loss) before transfers	18,167	(9,337)	12,071	734	2,025	11,199	34,859
Transfers out	(4,971)				(75)	(6,414)	(11,460)
Changes in net position	13,196	(9,337)	12,071	734	1,950	4,785	23,399
Net position (deficit), beginning of year	126,401	(20,399)	(75,744)	18,538	18,285	3,622	70,703
Net position (deficit), end of year	\$ 139,597	(29,736)	(63,673)	19,272	20,235	8,407	94,102

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**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

Page 1 of 2

	Self-Insurance				Regional Radio Communications System	Department of Technology	Total
	General Services	Liability	Workers' Compensation	Other			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from customers and users	\$ 2,423					126,311	128,734
Receipts from interfund services provided	184,212	64,199	37,332	17,799	5,508		309,050
Receipts for other operating activities		4,173	118		1,526		5,817
Payments to suppliers	(94,383)	(62,246)	(23,406)	(16,689)	(1,173)	(39,191)	(237,088)
Payments to employees	(57,829)			(4)	(1,314)	(62,076)	(121,223)
Payments for other operating activities	(1,016)					(1,154)	(2,170)
Payments for interfund services used	(8,136)	(3,256)	(5,852)	(368)	(347)	(1,949)	(19,908)
Net cash flows provided by operating activities	25,271	2,870	8,192	738	4,200	21,941	63,212
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfers to other funds	(4,971)				(75)	(6,416)	(11,462)
Other nonoperating expense	(1)						(1)
Net cash used for noncapital financing activities	(4,972)				(75)	(6,416)	(11,463)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Acquisition and construction of capital assets	(17,097)				(1,409)	(3,361)	(21,867)
Principal paid on long-term obligations	(212)				(1,482)	(10,260)	(11,954)
Interest paid on long-term obligations					(83)	(302)	(385)
Proceeds from the sale of capital assets	2,571					935	3,506
Net cash used for capital and related financing activities	(14,738)				(2,974)	(12,988)	(30,700)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest received and fair value adjustment on cash and investments	(4)	182	522	77	446	183	1,406
Net increase in cash and cash equivalents	5,557	3,052	8,714	815	1,597	2,720	22,455
Cash and cash equivalents, beginning of year	133,090	45,395	129,662	18,979	7,797	45,478	380,401
Cash and cash equivalents, end of year	<u>\$ 138,647</u>	<u>48,447</u>	<u>138,376</u>	<u>19,794</u>	<u>9,394</u>	<u>48,198</u>	<u>402,856</u>

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**COUNTY OF SACRAMENTO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

Page 2 of 2

	Self-Insurance				Regional Radio Communications System	Department of Technology	Total
	General Services	Liability	Workers' Compensation	Other			
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ 15,637	(9,519)	11,549	657	1,540	10,512	30,376
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation and amortization	12,915		4		2,179	14,973	30,071
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:							
Receivables:							
Billed	(1)	25,000					24,999
Leases					30		30
Intergovernmental	34						34
Prepaid items	41				1,115	(885)	271
Inventories	(179)						(179)
Warrants payable	(738)	368	(380)		1	131	(618)
Accrued liabilities	396	(25,307)			37	(618)	(25,492)
Intergovernmental payable	(5)		2				(3)
Unearned revenues					(647)	(5)	(652)
Compensated absences	(375)				18	(460)	(817)
Insurance claims payable		12,328	(2,983)	81			9,426
Net pension liability and related deferred outflows and inflows	(2,211)				(55)	(1,552)	(3,818)
Net lease liability and related deferred outflows and inflows					(29)		(29)
Total OPEB liability and related deferred outflows and inflows	(243)				11	(155)	(387)
Total adjustments	9,634	12,389	(3,357)	81	2,660	11,429	32,836
Net cash provided by operating activities	<u>\$ 25,271</u>	<u>2,870</u>	<u>8,192</u>	<u>738</u>	<u>4,200</u>	<u>21,941</u>	<u>63,212</u>
Capital assets purchases using long-term debt	\$					4	4

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT



### CUSTODIAL FUNDS

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#### CUSTODIAL FUNDS

**Law Enforcement** - Accounts for law enforcement revenues collected pending disbursement, reimbursement or apportionment to the appropriate external law enforcement and policing agencies.

**Unapportioned Tax Collection** - Accounts for property taxes received but not yet apportioned by the County to other taxing agencies.

**Other** - Accounts for other custodial funds where the County holds money in a custodial capacity.

**Public Guardian** used to account for monies that belong to individuals who are unable to care for themselves.

**Community Facility Districts (CFD) debt service funds** used to account for funds received from property owners within the CFD and pay debt service.

**Park Dedication fee funds** used to account for the collection of park dedication fees for independent park districts.

**School District General Obligation Bond funds** used to account for collection of payment of monies to fund the debt service of general obligations bond for various school districts.

**Other** - Various funds held in fiduciary capacity for other entities.

**COUNTY OF SACRAMENTO  
CUSTODIAL FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2024  
(amounts expressed in thousands)**

	Law Enforcement	Unapportioned Tax Collection	Other	Total
Assets:				
Cash and investments	\$ 22,216	15,336	280,778	318,330
Receivables, net of allowance for uncollectibles:				
Billed	125		1,362	1,487
Interest	188	11,667	110,121	121,976
Prepaid items			1,518	1,518
Long-term receivables, other			234	234
Total assets	<u>22,529</u>	<u>27,003</u>	<u>394,013</u>	<u>443,545</u>
Liabilities:				
Warrants payable	312	10,197	4,289	14,798
Accrued liabilities	1,194	296	5,872	7,362
Total liabilities	<u>1,506</u>	<u>10,493</u>	<u>10,161</u>	<u>22,160</u>
Net position				
Restricted for individuals, organizations and other governments	<u>\$ 21,023</u>	<u>16,510</u>	<u>383,852</u>	<u>421,385</u>

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**COUNTY OF SACRAMENTO  
CUSTODIAL FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(amounts expressed in thousands)**

	Law Enforcement	Unapportioned Tax Collection	Other	Total
Additions:				
Property taxes	\$	3,263,378		3,263,378
Contributions to pooled investments	146,382		1,561,478	1,707,860
Investment income, net	421	21,527	11,788	33,736
Total additions	<u>146,803</u>	<u>3,284,905</u>	<u>1,573,266</u>	<u>5,004,974</u>
Deductions:				
Distributions to taxing entities		3,268,119		3,268,119
Distributions from pooled investments	143,911		1,391,896	1,535,807
Administrative expenses	107	9,731	5,555	15,393
Total deductions	<u>144,018</u>	<u>3,277,850</u>	<u>1,397,451</u>	<u>4,819,319</u>
Changes in net position	<u>2,785</u>	<u>7,055</u>	<u>175,815</u>	<u>185,655</u>
Net position, beginning of year	<u>18,238</u>	<u>9,455</u>	<u>208,037</u>	<u>235,730</u>
Net position, end of year	<u>\$ 21,023</u>	<u>16,510</u>	<u>383,852</u>	<u>421,385</u>

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT



**STATISTICAL  
SECTION**

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## STATISTICAL SECTION

This part of the Sacramento County's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information conveys about the County'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 has 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 operations 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 annual comprehensive financial reports for the relevant year(s).

### COUNTY OF SACRAMENTO NET POSITION BY COMPONENT FISCAL YEARS 2014-15 THROUGH 2023-24 (amounts expressed in thousands)

	Fiscal Year									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Governmental activities										
Net investment in capital assets	\$ 1,362,707	1,370,462	1,383,387	1,416,649	1,415,121	1,429,186	1,473,398	1,513,277	1,536,121	1,573,696
Restricted	179,628	496,622	639,813	677,982	679,546	609,131	662,416	826,031	995,823	1,057,624
Unrestricted	(1,945,922)	(2,164,382)	(2,351,925)	(2,531,677)	(2,579,412)	(2,485,842)	(2,454,016)	(1,979,787)	(1,674,686)	(1,455,093)
Total governmental activities net position	<u>\$ (403,587)</u>	<u>(297,298)</u>	<u>(328,725)</u>	<u>(437,046)</u>	<u>(484,745)</u>	<u>(447,525)</u>	<u>(318,202)</u>	<u>359,521</u>	<u>857,258</u>	<u>1,176,227</u>
Business-type activities										
Net investment in capital assets	\$ 893,262	916,597	943,226	957,979	1,001,266	1,123,159	1,149,300	1,177,876	1,220,490	1,283,253
Restricted	117,472	116,658	116,219	106,816	130,601	95,800	98,434	107,360	129,314	169,977
Unrestricted	223,719	240,042	246,510	272,450	277,200	261,720	252,374	363,159	442,275	502,528
Total business-type activities net position	<u>\$ 1,234,453</u>	<u>1,273,297</u>	<u>1,305,955</u>	<u>1,337,245</u>	<u>1,409,067</u>	<u>1,480,679</u>	<u>1,500,108</u>	<u>1,648,395</u>	<u>1,792,079</u>	<u>1,955,758</u>
Primary government										
Net investment in capital assets	\$ 2,255,969	2,287,059	2,326,613	2,374,628	2,416,387	2,552,345	2,622,698	2,691,153	2,756,611	2,856,949
Restricted	297,100	613,280	756,032	784,798	810,147	704,931	760,850	933,391	1,125,137	1,227,601
Unrestricted	(1,722,203)	(1,924,340)	(2,105,415)	(2,259,227)	(2,302,212)	(2,224,122)	(2,201,642)	(1,616,628)	(1,232,411)	(952,565)
Total primary government net position	<u>\$ 830,866</u>	<u>975,999</u>	<u>977,230</u>	<u>900,199</u>	<u>924,322</u>	<u>1,033,154</u>	<u>1,181,906</u>	<u>2,007,916</u>	<u>2,649,337</u>	<u>3,131,985</u>

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

**COUNTY OF SACRAMENTO  
CHANGES IN NET POSITION  
FISCAL YEARS 2014-15 THROUGH 2023-24  
(amounts expressed in thousands)**

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	Fiscal Year									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Expenses</b>										
Governmental activities:										
General government	\$ 169,604	179,608	161,937	174,713	201,781	193,085	195,548	174,831	255,607	226,792
Public assistance	639,831	655,225	677,572	690,787	692,159	688,348	709,042	733,858	821,921	818,072
Public protection	725,108	781,244	862,968	953,258	1,006,545	1,084,967	1,145,784	889,632	1,062,181	1,236,837
Health and sanitation	502,535	554,731	712,033	677,587	714,167	801,401	903,661	810,739	936,391	1,065,393
Public ways and facilities	152,186	172,931	161,596	165,056	173,551	171,290	137,447	176,375	197,513	209,286
Recreation and culture	34,771	38,951	37,050	45,305	41,833	49,902	41,593	42,941	52,201	63,519
Education	1,820	1,729	1,658	1,535	1,561	1,638	1,116	1,904	2,085	2,225
Interest and fiscal charges	125,603	109,019	106,431	102,065	104,203	94,672	78,271	67,058	58,808	40,809
Total governmental activities	<u>2,351,458</u>	<u>2,493,438</u>	<u>2,721,245</u>	<u>2,810,306</u>	<u>2,935,800</u>	<u>3,085,303</u>	<u>3,212,462</u>	<u>2,897,338</u>	<u>3,386,707</u>	<u>3,662,933</u>
Business-type activities:										
Airport	188,132	187,985	193,233	199,349	195,411	209,392	204,996	208,680	231,997	250,383
Solid Waste	59,774	60,357	67,078	75,770	78,402	93,532	96,778	95,808	109,285	127,890
Water Agency	55,923	55,824	60,695	61,270	62,005	59,902	64,997	61,935	67,312	75,844
Parking Enterprise	2,463	1,893	3,238	3,781	2,067	2,649	2,279	1,708	1,801	2,370
County Transit	2,204	2,124	2,406	2,212	2,425	2,677	2,545	2,808	2,885	2,631
Total business-type activities	<u>308,496</u>	<u>308,183</u>	<u>326,650</u>	<u>342,382</u>	<u>340,310</u>	<u>368,152</u>	<u>371,595</u>	<u>370,939</u>	<u>413,280</u>	<u>459,118</u>
Total primary government	<u>\$ 2,659,954</u>	<u>2,801,621</u>	<u>3,047,895</u>	<u>3,152,688</u>	<u>3,276,110</u>	<u>3,453,455</u>	<u>3,584,057</u>	<u>3,268,277</u>	<u>3,799,987</u>	<u>4,122,051</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 169,287	152,760	122,521	96,765	99,530	97,762	114,780	107,292	106,393	112,377
Public assistance		11							267	228
Public protection	106,089	136,582	131,287	163,474	154,328	153,350	176,185	171,689	177,501	188,685
Health and sanitation	35,503	34,244	34,184	38,572	37,415	36,954	36,783	38,679	34,566	40,354
Public ways and facilities	57,397	56,088	55,997	68,807	75,339	83,813	102,909	110,482	123,014	129,546
Recreation and culture	12,808	21,799	18,169	12,114	12,080	14,178	13,727	14,246	11,799	13,246
Operating grants and contributions	1,223,283	1,214,579	1,366,484	1,402,804	1,416,772	1,531,492	1,511,575	1,601,501	1,828,897	1,877,179
Capital grants and contributions	18,210	42,248	21,461	42,584	29,327	33,580	30,828	29,901	55,303	12,879
Total governmental activities	<u>\$ 1,622,577</u>	<u>1,658,311</u>	<u>1,750,103</u>	<u>1,825,120</u>	<u>1,824,791</u>	<u>1,951,129</u>	<u>1,986,787</u>	<u>2,073,790</u>	<u>2,337,740</u>	<u>2,374,494</u>

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**COUNTY OF SACRAMENTO  
CHANGES IN NET POSITION  
FISCAL YEARS 2014-15 THROUGH 2023-24  
(amounts expressed in thousands)**

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	Fiscal Year									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Business-type activities:										
Charges for services:										
Airport	\$ 177,244	187,829	196,086	204,638	212,783	195,773	171,773	232,166	255,834	283,112
Solid Waste	69,636	70,492	76,093	77,943	82,104	84,431	96,211	119,319	133,615	139,479
Water Agency	63,649	67,233	64,495	80,432	84,736	85,330	93,597	65,086	63,850	130,017
Parking Enterprise	3,001	2,909	3,014	2,830	3,028	2,628	2,232	2,241	2,440	2,665
County Transit	227	243	252	260	281	236	66	69	101	103
Operating grants and contributions	878	2,415	2,350	3,159	2,541	37,927	19,706	53,913	14,377	9,184
Capital grants and contributions	19,119	15,383	16,833	8,636	19,039	27,431	11,128	55,947	68,857	27,764
Total business-type activities	<u>333,754</u>	<u>346,504</u>	<u>359,123</u>	<u>377,898</u>	<u>404,512</u>	<u>433,756</u>	<u>394,713</u>	<u>528,741</u>	<u>539,074</u>	<u>592,324</u>
Total primary government	<u>\$ 1,956,331</u>	<u>2,004,815</u>	<u>2,109,226</u>	<u>2,203,018</u>	<u>2,229,303</u>	<u>2,384,885</u>	<u>2,381,500</u>	<u>2,602,531</u>	<u>2,876,814</u>	<u>2,966,818</u>
Net (expense)/revenue										
Governmental activities	\$ (728,881)	(835,127)	(971,142)	(985,186)	(1,111,009)	(1,134,174)	(1,225,675)	(823,548)	(1,048,967)	(1,288,439)
Business-type activities	25,258	38,321	32,473	35,516	64,202	65,604	23,118	157,802	125,794	133,206
Total primary government net expense	<u>\$ (703,623)</u>	<u>(796,806)</u>	<u>(938,669)</u>	<u>(949,670)</u>	<u>(1,046,807)</u>	<u>(1,068,570)</u>	<u>(1,202,557)</u>	<u>(665,746)</u>	<u>(923,173)</u>	<u>(1,155,233)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property	\$ 425,477	447,437	463,975	490,856	525,232	535,799	574,282	618,235	661,728	696,152
Sales/Use taxes	74,171	82,762	82,453	86,146	96,730	114,323	121,066	180,102	171,604	170,437
Transient occupancy	4,534	4,335	5,845	6,583	6,699	5,055	5,240	6,660	5,748	6,018
Unrestricted investment earnings	13,857	18,291	17,024	10,678	30,907	28,394	15,151	(371)	64,178	103,151
Grants and contrib. not restricted to specific programs	287,041	285,041	257,252	251,839	264,231	351,657	474,453	636,048	588,307	565,076
Pledged tobacco settlement	12,368	12,229	12,577	15,016	14,555	20,931	16,650	17,690	14,672	12,954
Miscellaneous	51,966	86,600	95,586	113,475	118,482	108,527	141,114	35,640	34,301	47,563
Transfers	5,178	4,721	5,003	6,506	6,474	6,708	7,042	7,267	6,166	6,057
Total general revenues and transfers	<u>\$ 874,592</u>	<u>941,416</u>	<u>939,715</u>	<u>981,099</u>	<u>1,063,310</u>	<u>1,171,394</u>	<u>1,354,998</u>	<u>1,501,271</u>	<u>1,546,704</u>	<u>1,607,408</u>

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**COUNTY OF SACRAMENTO  
CHANGES IN NET POSITION  
FISCAL YEARS 2014-15 THROUGH 2023-24  
(amounts expressed in thousands)**

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	Fiscal Year									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Business-type activities:										
Sales/Use taxes	\$ 687	1,412	561	802						
Unrestricted investment earnings			4,627	6,082	14,094	12,716	3,353	(2,248)	24,056	35,961
Grants and contrib. not restricted to specific programs	1,473	3,832								
Miscellaneous										569
Transfers	(5,178)	(4,721)	(5,003)	(6,506)	(6,474)	(6,708)	(7,042)	(7,267)	(6,166)	(6,057)
Total general revenues and transfers	(3,018)	523	185	378	7,620	6,008	(3,689)	(9,515)	17,890	30,473
Total primary government	\$ 871,574	941,939	939,900	981,477	1,070,930	1,177,402	1,351,309	1,491,756	1,564,594	1,637,881
Changes in net position										
Governmental activities	\$ 145,711	106,289	(31,427)	(4,087)	(47,699)	37,220	129,323	677,723	497,737	318,969
Business-type activities	22,240	38,844	32,658	35,894	71,822	71,612	19,429	148,287	143,684	163,679
Total primary government	\$ 167,951	145,133	1,231	31,807	24,123	108,832	148,752	826,010	641,421	482,648

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**COUNTY OF SACRAMENTO  
FUND BALANCES OF GOVERNMENTAL FUNDS  
FISCAL YEARS 2014-15 THROUGH 2023-24  
(amounts expressed in thousands)**

	Fiscal Year									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
General fund										
Nonspendable	\$ 30,837	27,857	51,167	36,478	18,319	15,936	24,329	41,852	50,821	54,467
Restricted	232,455	212,353	244,324	255,118	261,069	233,500	249,171	347,262	370,465	375,393
Assigned		9,780		75,303	123,259	204,828	170,730	236,882	161,282	
Unassigned	(13,462)	24,931	37,267	76,162		62,205	54,923	164,719	109,371	165,025
Total general fund	\$ 249,830	274,921	332,758	367,758	354,691	434,900	533,251	724,563	767,539	756,167
All other governmental funds										
Special revenue funds										
Nonspendable	\$ 902	691								
Restricted	198,744	210,529	213,732	237,582	244,041	259,031	289,024	339,457	392,850	438,519
Debt service funds										
Restricted	101,784	89,851	87,466	87,913	70,601	67,945	57,667	54,780	55,760	59,997
Capital projects funds										
Restricted	44,207	74,799	94,291	97,369	103,835	109,602	114,542	127,045	214,448	229,442
Total all other governmental funds	\$ 345,637	375,870	395,489	422,864	418,477	436,578	461,233	521,282	663,058	727,958

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**COUNTY OF SACRAMENTO**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2014-15 THROUGH 2023-24**  
**(amounts expressed in thousands)**

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	Fiscal Year									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Revenues</b>										
Taxes	\$ 504,182	534,534	552,273	583,585	628,661	655,177	700,588	804,997	839,080	872,607
Use of money and property	13,843	18,212	16,970	10,937	29,960	25,523	15,394	2,564	62,866	101,691
Licenses and permits	56,766	61,423	66,241	71,853	63,338	65,511	86,176	76,472	72,026	82,156
Intergovernmental	1,546,630	1,601,586	1,654,188	1,685,673	1,684,433	1,925,701	1,977,677	2,256,029	2,464,300	2,413,586
Charges for sales and services	244,887	269,695	257,641	269,158	274,573	288,442	313,193	327,276	346,149	363,312
Fines, forfeitures, and penalties	43,041	37,600	38,276	38,721	40,781	32,104	43,625	38,571	35,500	38,772
Pledged tobacco settlement	12,368	12,229	12,577	15,016	14,555	13,954	15,751	17,044	15,463	13,790
Contributions and donations		24,167	7,025	12,626	6,037		4,007		37,239	
Miscellaneous	86,346	81,427	95,586	113,475	115,218	108,527	140,753	35,485	35,098	47,301
Total revenues	<u>2,508,063</u>	<u>2,640,873</u>	<u>2,700,777</u>	<u>2,801,044</u>	<u>2,857,556</u>	<u>3,114,939</u>	<u>3,297,164</u>	<u>3,558,438</u>	<u>3,907,721</u>	<u>3,933,215</u>
<b>Expenditures</b>										
General government	151,271	165,999	151,713	154,698	190,191	176,569	180,464	190,843	265,652	226,300
Public assistance	656,873	663,373	671,766	673,167	675,857	671,279	685,610	754,437	842,654	823,922
Public protection	753,721	797,866	817,939	860,247	918,419	971,533	1,007,918	1,050,490	1,166,694	1,261,983
Health and sanitation	522,894	559,977	610,859	655,842	693,869	778,957	871,488	841,339	965,090	1,073,048
Public ways and facilities	137,724	135,948	137,106	143,330	138,291	152,750	157,358	174,714	188,000	189,480
Recreation and culture	35,368	34,869	35,641	40,990	39,132	41,667	38,617	44,216	54,014	61,725
Education	1,604	1,286	1,422	1,487	1,367	1,553	1,518	1,618	1,617	1,830
Capital outlay	35,754	59,080	36,974	51,992	37,196	55,380	53,407	47,119	58,413	64,048
Debt service:										
Principal	69,242	67,346	55,263	60,668	111,160	117,773	132,148	177,913	193,231	199,946
Bond issuance cost					275		2,692		632	
Interest and fiscal charges	137,656	135,661	138,928	141,405	93,778	86,930	74,200	68,373	60,117	52,055
Total expenditures	<u>2,502,107</u>	<u>2,621,405</u>	<u>2,657,611</u>	<u>2,783,826</u>	<u>2,899,535</u>	<u>3,054,391</u>	<u>3,205,420</u>	<u>3,351,062</u>	<u>3,796,114</u>	<u>3,954,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,956</u>	<u>19,468</u>	<u>43,166</u>	<u>17,218</u>	<u>(41,979)</u>	<u>60,548</u>	<u>91,744</u>	<u>207,376</u>	<u>111,607</u>	<u>(21,122)</u>

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**COUNTY OF SACRAMENTO**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2014-15 THROUGH 2023-24**  
**(amounts expressed in thousands)**

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	Fiscal Year									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Other financing sources (uses)</b>										
Transfers in	\$ 184,765	174,485	169,793	186,135	181,761	182,066	199,160	230,428	245,346	204,380
Transfers out	(167,637)	(158,151)	(152,894)	(159,219)	(164,981)	(164,943)	(181,740)	(212,613)	(230,177)	(186,863)
Issuance of long-term debt	20,996	19,522	17,391	18,241	20,372	20,639	25,131	26,170	56,962	57,133
Refunding of debt issued					89,125		263,207		180,740	
Premiums on debt issued					11,659		38,224		445	
Payment to refunded bonds escrow agent					(113,411)		(312,720)		(180,371)	
Total other financing sources (uses)	<u>38,124</u>	<u>35,856</u>	<u>34,290</u>	<u>45,157</u>	<u>24,525</u>	<u>37,762</u>	<u>31,262</u>	<u>43,985</u>	<u>73,145</u>	<u>74,650</u>
Changes in fund balances	<u>\$ 44,080</u>	<u>55,324</u>	<u>77,456</u>	<u>62,375</u>	<u>(17,454)</u>	<u>98,310</u>	<u>229,820</u>	<u>251,361</u>	<u>184,752</u>	<u>53,528</u>
Debt service as a percentage of noncapital expenditures	9.16 %	8.60 %	7.63 %	7.52 %	7.26 %	6.94 %	6.75 %	7.65 %	6.92 %	6.61 %

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**COUNTY OF SACRAMENTO**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**FISCAL YEARS 2014-15 THROUGH 2023-24**  
**(full accrual basis)**  
**(amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales/Use Tax</u>	<u>Transient Occupancy Tax</u>	<u>Total</u>
2014-15	\$ 425,477	74,171	4,534	504,182
2015-16	447,437	82,762	4,335	534,534
2016-17	463,975	82,453	5,845	552,273
2017-18	490,856	86,146	6,583	583,585
2018-19	525,232	96,730	6,699	628,661
2019-20	535,799	114,323	5,055	655,177
2020-21	574,282	121,066	5,240	700,588
2021-22	618,235	180,102	6,660	804,997
2022-23	661,728	171,604	5,748	839,080
2023-24	696,152	170,437	6,018	872,607

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**COUNTY OF SACRAMENTO**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**FISCAL YEARS 2014-15 THROUGH 2023-24**  
**(amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Secured<sup>A</sup></u>	<u>Unsecured<sup>B</sup></u>	<u>Unitary<sup>C</sup></u>	<u>Exemptions - Welfare-Other<sup>D</sup></u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate<sup>E</sup></u>
2014-15	\$ 128,286,361	6,429,967	1,483,454	(5,925,469)	130,274,313	1.000
2015-16	134,494,438	6,488,685	1,527,359	(6,387,204)	136,123,278	1.000
2016-17	141,945,673	6,213,686	1,540,805	(6,331,237)	143,368,927	1.000
2017-18	151,164,155	6,450,239	1,605,246	(6,829,284)	152,390,356	1.000
2018-19	161,252,864	6,909,322	1,508,979	(7,040,350)	162,630,815	1.000
2019-20	171,771,317	7,456,729	1,544,478	(7,575,239)	173,197,285	1.000
2020-21	182,060,623	7,870,485	1,559,767	(8,083,004)	183,407,871	1.000
2021-22	191,976,450	7,783,171	1,628,844	(8,384,119)	193,004,346	1.000
2022-23	207,135,834	8,592,387	1,836,685	(8,982,942)	208,581,964	1.000
2023-24	222,439,994	9,225,840	2,042,309	(10,090,739)	223,617,404	1.000

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

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

Source: Equalized Rolls Valuation reports

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**COUNTY OF SACRAMENTO**  
**AVERAGE PROPERTY TAX RATES - ALL**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**FISCAL YEARS 2014-15 THROUGH 2023-24**  
**(rate per \$100 of assessed value)**

Fiscal Year	Basic Tax Rate	Overlapping General Obligation Bonds Rates			Total County Average Tax Rate
		Countywide <sup>A</sup>	Cities <sup>B</sup>	Special Districts <sup>C</sup>	
2014-15	1.000	0.0019		0.0497	1.0516
2015-16	1.000	0.0018		0.0473	1.0491
2016-17	1.000	0.0010		0.0531	1.0541
2017-18	1.000			0.0552	1.0552
2018-19	1.000			0.0589	1.0589
2019-20	1.000		0.0128	0.0615	1.0743
2020-21	1.000		0.0193	0.0581	1.0774
2021-22	1.000		0.0138	0.0580	1.0718
2022-23	1.000		0.0171	0.0567	1.0738
2023-24	1.000		0.0164	0.0540	1.0704

A) In June 1978 California voters approved Proposition 13, which restricted property taxes to a County-wide rate of 1 percent per \$100 of assessed value plus voter approved indebtedness. The distribution of County-wide basic tax rate of 1 percent is based on the County's AB 8 Apportionment factors.

B) Rate represents a weighted average of seven incorporated cities within the County.

C) Rate represents a weighted average of the various special districts with general obligation bond rates.

D) Rate represents a weighted average of the various school districts with general obligation bond rates.

Source: County's internal financial documents

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**COUNTY OF SACRAMENTO**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**JUNE 30, 2024 AND JUNE 30, 2015**  
**(amounts expressed in thousands)**

	June 30, 2024				June 30, 2015			
	Tax Levy <sup>A</sup>	Rank	Percentage of Total Tax Levy	%	Tax Levy <sup>B</sup>	Rank	Percentage of Total Tax Levy	%
<b><u>Taxpayer</u></b>								
Pacific Gas & Electric Co.	\$ 25,387	1	1.18		\$ 7,292	1	0.63	
PW Fund	9,814	2	0.46					
Intel Corporation	8,120	3	0.38		6,005	3	0.52	
NP Sacramento	7,902	4	0.37					
Oakmont Properties	7,862	5	0.37					
MP Holdings LLC	7,537	6	0.35		5,395	5	0.47	
AT&T Communications	6,970	7	0.32		7,247	2	0.62	
BRE Delta Industrial Sacramento	6,701	8	0.31					
Conrad Ethan	5,619	9	0.26					
KB Home Sacramento	4,784	10	0.22					
Hines Interests, LP					5,837	4	0.50	
Cummings Trust					4,724	6	0.41	
Walmart					4,435	7	0.38	
Westcore Delta, LLC					4,371	8	0.38	
Donahue Schriber Realty Group					3,898	9	0.34	
Surewest					2,978	10	0.26	

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

(B) FY 2014-15 County Annual Comprehensive Financial Report

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**COUNTY OF SACRAMENTO  
COUNTY-WIDE 1 PERCENT - SECURED AND UNITARY  
PROPERTY TAX LEVIES AND COLLECTIONS  
FISCAL YEARS 2014-15 THROUGH 2023-24  
(amounts expressed in thousands)**

Fiscal Year	Taxes Levied <sup>A, E</sup>	Collections Within the Fiscal Year <sup>B, E</sup>		Collections in Subsequent Years <sup>C</sup>	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy <sup>D</sup>
2014-15	\$1,233,891	\$ 1,221,411	98.99	\$ 12,452	\$ 1,233,863	100.00
2015-16	1,288,948	1,278,225	99.17	10,679	1,288,904	100.00
2016-17	1,359,759	1,349,089	99.22	10,591	1,359,680	99.99
2017-18	1,453,162	1,441,490	99.20	11,513	1,453,003	99.99
2018-19	1,550,474	1,538,104	99.20	12,047	1,550,151	99.98
2019-20	1,651,294	1,635,289	99.03	15,177	1,650,466	99.95
2020-21	1,750,891	1,736,895	99.20	12,678	1,749,573	99.92
2021-22	1,847,955	1,835,060	99.30	9,757	1,844,817	99.83
2022-23	1,996,826	1,979,782	99.15	8,403	1,988,185	99.57
2023-24	2,145,727	2,124,128	98.99		2,124,128	98.99

A) County-wide 1 percent - Secured and Unitary Tax Rolls - Adjusted levy amount as of June 30; Levied Amounts for the County General Fund, School Districts, Cities, and Special Districts.

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

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

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

E) Columns (A) and (B) have been revised for FY 2020-21, as unitary bond debt amounts were erroneously included.

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

Estimates updated for FY 2023-24, include revised estimates for FY 2014-15 and FY 2020-21 (may not be consistent with prior reported figures)

Source: County's internal financial documents

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**COUNTY OF SACRAMENTO  
RATIOS OF OUTSTANDING DEBT BY TYPE  
FISCAL YEARS 2014-15 THROUGH 2023-24  
(amounts expressed in thousands, except per capita amount)**

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Fiscal Year	Governmental Activities								
	Certificates of Participation	General Obligation Bonds <sup>A</sup>	Teeter Notes	Pension Obligation Bonds <sup>B</sup>	Revenue Bonds	Financed Purchase Obligations <sup>C</sup>	Lease Liability <sup>D</sup>	SBTA Liability <sup>E</sup>	Other Debt
2014-15	\$ 249,206		29,732	1,159,636	342,871	4,123			3,522
2015-16	233,261		25,494	1,114,323	332,104	3,479			4,606
2016-17	216,441		22,849	1,059,751	332,841	2,974			647
2017-18	198,681		21,618	995,112	331,024	2,227			581
2018-19	169,721		21,460	925,917	329,421	780			493
2019-20	160,992		21,131	847,507	328,401	23,652			691
2020-21	144,570		22,523	759,097	321,059	22,503			2,838
2021-22	133,097		22,151	659,798	309,805	17,600	297,937		2,393
2022-23	131,554		22,273	550,534	299,422	32,198	286,854	16,011	2,738
2023-24	108,606	10,426	28,034	432,955	289,514	24,196	278,979	10,970	2,358

Notes:

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

A) First year reporting General Obligation Bonds beginning FY 2023-24.

B) Includes Pension Obligation Bonds - Direct Placement Bonds beginning FY 2022-23.

C) Revised header name in FY 2021-22 due to GASB 87 implementation, in prior years this was labeled Capital Leases.

D) First year reporting Lease Liability in FY 2021-22 due to GASB Statement No. 87, Leases.

E) First year reporting SBTA Liability in FY 2022-23 due to GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBTA)*.

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**COUNTY OF SACRAMENTO**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**FISCAL YEARS 2014-15 THROUGH 2023-24**  
(amounts expressed in thousands, except per capita amount)

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Fiscal Year	Business-Type Activities						Total Primary Government	Percentage of Personal Income <sup>e</sup>	Per Capita <sup>f</sup>
	Revenue Bonds	PFC and Subordinate Revenue Bonds	Certificates of Participation	Lease Liability <sup>d</sup>	SBITA Liability <sup>e</sup>	Other Debt <sup>f, g, h</sup>			
2014-15	\$ 1,147,042	302,011	13,746			9,803	4,421,328	4.89 %	2,207
2015-16	1,123,317	288,848				7,310	3,132,742	4.38 %	2,094
2016-17	1,103,799	273,959				5,080	3,018,341	4.08 %	1,995
2017-18	1,068,687	259,699				6,110	2,883,739	3.75 %	1,884
2018-19	1,051,100	257,780				6,342	2,763,014	3.41 %	1,793
2019-20	976,833	251,057				4,504	2,614,768	3.05 %	1,685
2020-21	943,334	243,658				2,369	2,461,951	2.71 %	1,578
2021-22	975,582	236,035		11,460		7,461	2,673,319	2.72 %	1,682
2022-23	956,424	228,127		12,218	720	47,145	2,586,218	2.64 %	1,629
2023-24	936,736	219,919		16,224	425	63,676	2,423,018	2.35 %	1,530

Notes:

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

D) First year reporting Lease Liability in FY 2021-22 due to GASB Statement No. 87, Leases.

E) First year reporting SBITA Liability in FY 2022-23 due to GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*.

F) Revised FY 2014-15 through FY 2015-16 to include SMUD Water Rights.

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

H) First year reporting Loan Agreements and Revolving Line of Credit in FY 2022-23.

I) Revised estimates for FY 2014-15 through FY 2015-16 for Personal Income and Population based on the Demographic of Economic Statistics.

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**COUNTY OF SACRAMENTO**  
**LEGAL DEBT MARGIN INFORMATION**  
**FISCAL YEARS 2014-15 THROUGH 2023-24**  
(amounts expressed in thousands)

	Fiscal Year									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Assessed Value of Property	\$130,274,313	136,123,278	143,368,927	152,390,356	162,630,815	173,197,285	183,407,871	193,004,346	208,581,964	223,617,404
Debt Limit, 1.25% of Assessed Value (Statutory Limitation)	1,628,429	1,701,541	1,792,112	1,904,879	2,032,885	2,164,966	2,292,598	2,412,554	2,607,275	2,795,218
Amount of Debt Applicable to Limit: General Obligations Bonds Less: Resources Restricted to Paying Principal										
Total net debt applicable to limit										
Legal debt margin <sup>2</sup>	<u>\$ 1,628,429</u>	<u>1,701,541</u>	<u>1,792,112</u>	<u>1,904,879</u>	<u>2,032,885</u>	<u>2,164,966</u>	<u>2,292,598</u>	<u>2,412,554</u>	<u>2,607,275</u>	<u>2,795,218</u>
Total net debt applicable to the limit as a percentage of the limit <sup>3</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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.

3) Total net debt applicable to the limit as a percentage of the limit was changed from 100 to N/A for FY 2014-15 through FY 2021-22 as we do not have any debt applicable to the limit.

Source: County's internal documents and financial statements

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**COUNTY OF SACRAMENTO  
PLEDGED-REVENUE COVERAGE  
FISCAL YEARS 2014-15 THROUGH 2023-24  
(amounts expressed in thousands)**

Airport Revenue Bond Coverage						
Fiscal Year	Gross Revenue <sup>A</sup>	Less: Operating Expenses <sup>B</sup>	Net Revenue	Debt Service Requirements		Coverage
				Principal	Interest	
2014-15	\$ 158,928	82,412	76,516	14,220	39,345	1.43
2015-16	171,151	88,096	83,055	14,820	38,743	1.55
2016-17	178,108	91,317	86,791	15,450	37,905	1.63
2017-18	187,410	101,128	86,282	2,865	36,338	2.20
2018-19	193,835	106,474	87,361	12,420	31,469	1.99
2019-20	209,665	121,588	88,077	15,760	31,099	1.88
2020-21	170,588	119,402	51,186		27,581	1.86
2021-22	252,524	124,908	127,616		26,621	4.79
2022-23	245,894	146,734	99,160		25,746	3.85
2023-24	264,679	165,275	99,404		25,746	3.86

Water Agency Revenue Bond Coverage <sup>D</sup>						
Fiscal Year	Gross Revenue <sup>E</sup>	Less: Operating Expenses	Net Revenue	Debt Service Requirements <sup>C</sup>		Coverage
				Principal	Interest	
2014-15	\$ 63,798	23,090	40,708	8,650	15,803	1.66
2015-16	67,351	22,882	44,469	9,070	15,399	1.82
2016-17	65,159	27,813	37,346	9,505	14,960	1.53
2017-18	81,172	27,169	54,003	9,955	14,538	2.20
2018-19	86,220	27,521	58,699	10,435	14,073	2.40
2019-20	88,012	29,156	58,856	11,890	11,268	2.54
2020-21	94,068	32,456	61,612	9,870	12,225	2.79
2021-22	108,622	34,159	74,463	10,350	16,321	2.79
2022-23	108,916	38,743	70,173	10,875	15,875	2.62
2023-24	140,963	41,281	99,682	11,405	15,587	3.69

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 including transfers out, but excluding depreciation and amortization.

C) Includes principal and interest of revenue bonds only.

D) Water Agency revenue bonds were issued May 9, 2007, October 31, 2019, and February 1, 2022.

E) Gross revenue reflects the adjusted annual revenues on the Water Agency Enterprise Fund pledged revenue stream. Fiscal years 2021-22 and 2022-23 have been revised to reflect that the Annual Adjusted Debt Service for the 2022A bonds is calculated based on a thirty-year amortization of the principal and interest at a rate equal to the Bond Buyer - Revenue Bond Index.

Source: County's internal financial documents

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**COUNTY OF SACRAMENTO  
PRIVATE SECTOR PRINCIPAL EMPLOYERS  
JUNE 30, 2024 AND 2015**

Employer	June 30, 2024			June 30, 2015		
	Employees <sup>(A)</sup>	Rank	Percentage of Total County Employment	Employees <sup>(B)</sup>	Rank	Percentage of Total County Employment
UC Davis Health System	16,075	1	2.29 %	9,905	1	1.57 %
Kaiser Permanente	11,856	2	1.69	5,421	5	0.86
Sutter / California Health Services	10,129	3	1.44	7,352	2	1.16
Dignity / Mercy Healthcare	7,353	4	1.05	6,212	3	0.98
Intel Corporation	4,300	5	0.61	6,000	4	0.95
Raley's Inc./Bel Air	2,624	6	0.37	3,289	6	0.52
Siemens Mobility Inc.	2,500	7	0.36			
Safeway	1,874	8	0.27			
Golden 1 Credit Union	1,679	9	0.24			
Pacific Gas and Electric Co.	1,370	10	0.19			
Apple Inc.				2,500	7	0.40
VSP Global				2,382	8	0.38
Health Net of California				2,299	9	0.36
Wells Fargo & Co.				2,198	10	0.35
Total	<u>59,760</u>		<u>8.51 %</u>	<u>47,558</u>		<u>7.53 %</u>

Note:

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

(B) Source: FY 2015 Sacramento County Annual Comprehensive Financial Report

**COUNTY OF SACRAMENTO**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**FISCAL YEARS 2014-15 THROUGH 2023-24**  
(amounts expressed in thousands except per capita amount)

Fiscal Year	Population <sup>A</sup>	Personal Income	Per Capita Personal Income <sup>B</sup>	School Enrollment	Unemployment Rate <sup>C</sup>
2014-15	1,478	\$ 65,486,553	\$ 44,303	241	7.3 %
2015-16	1,497	70,110,138	46,845	243	6.0 %
2016-17	1,514	72,878,458	48,122	244	5.4 %
2017-18	1,531	76,832,120	50,197	246	4.6 %
2018-19	1,541	80,969,087	52,544	247	3.8 %
2019-20	1,552	85,775,621	55,266	250	3.7 %
2020-21	1,559	90,908,707	58,307	246	9.3 %
2021-22	1,589	98,241,828	61,829	243	7.0 %
2022-23	1,588	98,105,641	61,775	248	3.9 %
2023-24	1,584	103,143,749	65,104	253	4.4 %

Note:

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

Estimates updated November 16, 2023, include new estimates for FY 2021-22 and revised estimates for FY 2014-15 through FY 2020-21, which may not be consistent with prior reported figures.

A) Census Bureau mid-year population estimates. Estimates for FY 2014-15 through FY 2022-23 reflect County population estimates available as of March 2023.

B) Per capita personal income was computed using Census Bureau mid-year population estimates. Estimates for FY 2015-2023 reflect County population estimates available as of March 2024.

C) Unemployment rate reflects the March 2024 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.

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**COUNTY OF SACRAMENTO**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**  
**FISCAL YEARS 2014-15 THROUGH 2023-24**

Function	Full-Time Equivalent Employees as of June 30th									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
General Government	894	895	912	905	853	846	832	792	841	855
Public Assistance	2,179	2,239	2,259	2,224	2,103	2,018	2,005	2,026	2,114	2,112
Public Protection	3,806	3,948	3,960	3,952	4,280	4,231	4,223	4,268	4,448	4,651
Health and Sanitation	1,952	2,057	2,181	2,156	2,230	2,178	2,187	2,195	2,328	2,561
Recreation and Culture	138	154	134	157	164	140	125	130	143	175
Education	1									
Public Ways and Facilities	271	277	257	246	244	246	239	235	242	256
Non-Governmental				11	12	12	12	12	12	15
Total	<u>9,241</u>	<u>9,570</u>	<u>9,703</u>	<u>9,651</u>	<u>9,886</u>	<u>9,671</u>	<u>9,623</u>	<u>9,658</u>	<u>10,128</u>	<u>10,625</u>

Source: County of Sacramento Department Records - Governmental Type Employees Only (Excludes Business Type and Dependent Special District Employees)

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**COUNTY OF SACRAMENTO  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 2014-15 THROUGH 2023-24**

Page 1 of 2

Function	Fiscal Year									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>General Government</b>										
Assessor:										
Number of parcels assessed	503,717	505,436	505,076	508,941	504,653	509,959	514,745	517,407	522,902	529,271
Gross total of secured roll (in thousands)	128,067,747	134,202,599	141,838,766	151,097,866	161,271,858	171,708,882	181,977,314	191,921,172	207,080,796	222,472,911
Gross total of unsecured roll (in thousands)	6,430,072	6,488,685	6,220,235	6,450,239	6,909,322	7,456,729	7,870,485	7,783,171	8,592,387	9,225,840
Clerk Recorder:										
Number of recorded documents	355,598	362,930	383,763	369,638	336,384	393,676	520,007	411,200	251,679	238,045
<b>Public Assistance</b>										
Human Assistance total caseload	293,840	330,167	328,585	318,056	314,269	333,993	361,402	411,022	432,273	444,181
Percent served of children in poverty	66	61	61	62	62	58	56	52	52	51
Housing services provided <sup>A</sup>	2,203	2,069	1,812	2,319	2,349	1,855	2,923	2,807	2,615	3,454
Employee non-exempt recipients CalWORKs	47	52	67	59	61	61	49	54	50	1
<b>Public Protection</b>										
District Attorney:										
Filed felonies	8,496	8,854	8,641	9,077	8,294	8,027	9,292	8,760	8,228	7,150
Filed misdemeanors	14,553	15,164	14,397	13,342	14,514	13,036	11,780	12,130	10,861	13,148
Filed probation violations	1,785	1,517	1,785	1,884	1,856	1,112	304	318	220	97
Probation:										
Cases supervised <sup>B</sup>	27,939	28,246	28,383	27,701	26,688	24,261	23,172	20,484	17,379	18,280
Institutional care for minors (days) <sup>C</sup>	69,696	62,776	50,237	46,760	43,535	41,023	36,616	42,992	57,372	61,995
Juvenile referrals processed	6,605	5,519	4,520	3,693	3,086	2,794	2,105	2,161	2,692	3,315
Prepared adult sentencing reports <sup>B, D, E, F</sup>	9,081	9,604	11,255	13,999	18,227	20,599	30,950	32,607	17,745	30,669
Public Defender:										
Felony Unit jury trials	159	161	199	133	141	81	56	45	102	105
Sheriff:										
Emergency calls for service:										
Priority 1	4,095	4,070	4,450	4,311	4,319	4,345	4,766	4,583	4,500	4,380
Emergency response time (minutes):										
Priority 1	12	13	12	11	11	11	12	15	15	14
Processed and booked adult offenders	20,292	20,538	15,824	21,616	19,107	10,627	8,181	6,832	5,977	5,510
Physical arrests	23,733	24,441	18,785	24,928	21,659	12,611	10,654	8,522	8,484	7,093
Total miles patrolled by Sheriffs	813	813	813	813	813	813	813	813	813	813

- A) Housing services provided includes only the programs by DHA, including emergency shelters, and the data does not include the programs DHA does not administer.  
B) Due to restructuring, the County now has the capacity to report on data and critical workload that previously was unable to be captured and quantified.  
C) California Department of Rehabilitation Division of Juvenile Justice (DJJ) released youth back to local jurisdictions 9/30/2021, full closure 6/30/2023. Institutional care days increase due to commitments.  
D) Beginning in FY 2016-17, Restitution Determination and Recommendation reports for Adult Sentencing replaced LSCMI assessments which are no longer conducted at Adult Court.  
E) Beginning 1/1/2018 Firearm Possession and relinquishment reports are captured.  
F) Pretrial Release Unit reports are captured beginning FY 2019-20.

Source: County of Sacramento Department Records

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**COUNTY OF SACRAMENTO  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 2014-15 THROUGH 2023-24**

Page 2 of 2

Function	Fiscal Year									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Health and Sanitation</b>										
Patient treatments at Public Health clinics	20,751	19,700	23,613	29,791	30,532	43,170	35,808	59,501	49,127	55,569
Training:										
Programs in compliance (by inspection) <sup>G, H, I</sup>	95	100	100	100	100	95	Unknown	80	100	99
<b>Public Ways and Facilities</b>										
Number of traffic signs resent and replaced	14,909	13,910	16,129	8,635	7,099	6,914	10,204	7,810	5,665	5,175
Square feet of graffiti removed or abated	185,195	205,084	131,490	129,600	200,587	152,281	287,881	237,079	212,085	237,690
<b>Recreation and Culture</b>										
Number of individuals who use Parks' golf services	163,722	157,095	131,248	147,029	142,048	168,110	204,230	186,610	158,259	172,919
<b>Education</b>										
Library:										
Total circulation <sup>J</sup>	7,339,735	7,480,731	7,064,066	7,573,185	8,112,087	7,000,665	5,464,352	7,266,036	7,732,460	8,654,365
Library cards issued	66,835	63,384	60,535	107,733	142,678	69,715	22,796	69,256	102,405	177,250
Total library cards in use	656,423	651,636	692,508	706,452	771,503	766,505	692,074	699,101	720,073	858,125
Library visits	4,183,751	4,252,802	3,625,829	3,667,015	3,712,147	2,653,910	369,551	1,148,709	1,927,032	2,010,888
<b>Airport</b>										
Number of commercial airlines	11	10	10	11	16	16	16	17	14	14
Number of flights	46,621	48,627	50,551	55,879	60,082	57,541	43,076	58,735	62,868	56,315
Number of enplaned passengers	4,628,597	4,943,185	5,198,184	5,761,586	6,298,447	4,941,040	3,210,164	5,793,732	6,444,324	6,597,093
<b>Solid Waste</b>										
Percent of diversion/recycled waste	74	73	70	68	63	66	68	68	70	69
Tons disposed	623,824	657,247	747,704	796,946	890,301	946,063	943,258	920,989	845,995	529,198
<b>Water Agency</b>										
Water supply:										
Number of water connections	52,400	53,439	54,464	55,178	56,137	57,541	58,890	60,004	61,348	63,295
Water delivered (acre feet)	35,112	31,174	35,079	39,750	39,750	43,842	48,555	43,874	43,490	41,598
<b>Storm Water Utilities</b>										
Drainage:										
Mainline and lateral pipes cleaned (miles)	66	119	84	107	133	84	58	47	6	48
<b>Parking Enterprise</b>										
Daily public parking (count)	136,440	151,629	149,112	135,932	116,094	92,848	36,714	54,755	77,313	80,362
Monthly parking passes issued to County employees (count)	17,652	17,640	18,216	21,180	20,676	17,683	17,839	16,673	16,819	17,349
Outside agency usage	8,995	7,792	4,555	4,551	4,040	3,201	746	2,185	2,588	2,788
<b>County Transit</b>										
Total passengers	105,587	111,016	107,217	103,992	105,479	82,582	29,622	35,807	47,989	50,328
Total days	250	252	251	251	249	249	253	254	251	252
Average daily passengers	422	441	427	414	424	332	117	141	191	200

- G) Non Mandated inspections suspended due to budget/staff reductions. Program rebuilding measures are underway.  
H) COVID-19 interrupted inspections. Note relates to programs in compliance (by inspection) FY 2020-21.  
I) Three (of fifteen) ALS providers are non-compliant and on monthly check-in. Note relates to programs in compliance (by inspection) FY 2021-22.  
J) Books loaned and audio visual media loaned statistics are combined.  
K) Employed Non-Exempt CalWORKs Recipients number is significantly decreased in FY 2023-24 due to DHA transition from CalWIN to CalSAWs software. New software reports data differently.

Source: County of Sacramento Department Records

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**COUNTY OF SACRAMENTO  
CAPITAL ASSET STATISTICS BY FUNCTION  
FISCAL YEARS 2014-15 THROUGH 2023-24**

Page 1 of 2

Function	Fiscal Year									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Public Protection										
Sheriff:										
Administrations buildings	1	1	1	1	1	1	1	1	1	1
Aircrafts										
Operational	5	5	5	5	5	5	5	5	4	4
Non-Operational									1	1
Fixed Wing										
Sheriff								1	1	2
CAL-MMET	2	2	2	2	2	2	2	1	1	1
Community service centers	6	7	8	8	8	9	8	7	6	6
Jail and detention facilities	2	2	2	2	2	2	2	2	2	2
Patrol Units	328	386	385	409	397	410	411	397	401	380
Stations	3	3	3	3	3	3	3	3	3	3
Health and Sanitation										
Clinics	1	1	1	1	1	1	1	1	1	1
Mental Health Treatment										
Clinics	1	1	1	1	1	1	1	5	5	5
Public Ways and Facilities										
Centerline miles of roads maintained	2,202	2,200	2,203	2,202	2,208	2,208	2,209	2,214	2,215	2,215
Traffic signals	461	466	473	476	505	508	511	512	515	515
Recreation and Culture										
Number of golf courses	4	4	4	4	4	4	4	4	3	3
Number of developed parks	38	38	38	38	38	38	38	38	38	38
Developed parks acreage	15,189	15,189	15,189	15,189	15,189	15,189	15,189	15,189	15,189	15,189
Education										
Number of libraries <sup>A</sup>	11	11	11	11	11	11	11	11	11	11

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

Source: County of Sacramento Department Records

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**COUNTY OF SACRAMENTO  
CAPITAL ASSET STATISTICS BY FUNCTION  
FISCAL YEARS 2014-15 THROUGH 2023-24**

Page 2 of 2

Function	Fiscal Year									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Airport										
Airports	4	4	4	4	4	4	4	4	4	4
Licensed vehicles:										
Cars and light trucks	168	205	201	189	182	183	188	189	190	205
Busses	32	51	42	28	33	33	31	35	41	40
Solid Waste										
Number of collection trucks	108	100	100	100	100	100	106	116	137	134
Number of landfills	3	3	3	3	3	3	3	3	3	3
Water Agency										
Water Supply:										
Water mains (miles)	797	805	812	829	851	880	864	889	909	940
Storage capacity (thousands of gallons)	61,900	61,900	61,900	61,600	61,600	61,600	61,700	61,700	61,700	61,700
Drainage:										
Drainage inlets	38,841	38,651	38,425	37,262	37,145	37,947	38,155	37,957	38,184	36,773
Drainage manholes	23,544	23,573	23,589	23,127	23,302	23,808	24,173	24,189	24,353	24,649
Drainage pipes (miles)	1,359	1,353	1,341	1,293	1,293	1,313	1,326	1,308	1,327	1,324
Parking Enterprise										
Structures	2	2	2	2	2	2	2	2	2	2
County Transit										
Number of buses	16	17	18	18	18	18	19	19	19	19

Source: County of Sacramento Department Records

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT



### BOND DISCLOSURES

COUNTY OF SACRAMENTO  
DEPARTMENT OF AIRPORTS  
WATER AGENCY ENTERPRISE FUND

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COUNTY OF SACRAMENTO  
ANNUAL CONTINUING DISCLOSURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

This is the County of Sacramento Annual Continuing Disclosure filing for December 31, 2024, in compliance with the County's Continuing Disclosure Agreements. The information herein speaks only as of the issuance date of this Annual Comprehensive Financial Report and is subject to change without notice, and shall not, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. The presentation of information is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

This Section contains three separate Annual Continuing Disclosure filings for the following:

1. Certificates of Participation; Pension Obligation Bonds; and River City Regional Stadium Financing Authority Lease Revenue Bonds
2. Airport System Revenue Bonds
3. Water Financing Authority Revenue Bonds

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

**REQUIRED TABLES**

**Sacramento County Investment Pool**  
**(Quarter Ended on September 30, 2024)**

Average Daily Balance	\$6,930,848,333
Period-End Balance	\$6,938,683,319
Yield	4.624%
Weighted Average Maturity	353 Days
Duration in Years	0.893 Years
Historical Cost	\$6,939,441,480
Fair Value	\$6,978,284,238
Percent of Fair Value to Cost	100.56%

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

**REQUIRED TABLES**

**General Fund Adopted Budget<sup>(1)</sup>**  
**(amounts expressed in thousands)**

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 <sup>2</sup>
<b>APPROPRIATIONS</b>				
Reserve Increase	\$ 150,510	221,174	126,553	22,424
General Government	502,890	129,348	91,082	208,919
Public Protection	1,371,438	1,528,718	1,612,710	1,215,788
Health and Sanitation	664,813	746,909	934,215	1,442,704
Public Assistance	620,587	1,003,141	1,037,167	938,746
Education, Cultural and Recreation	32,448	40,336	43,306	31,182
Contingencies	17,146	42,499	52,903	14,492
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 3,359,832</b>	<b>3,712,125</b>	<b>3,897,936</b>	<b>3,874,255</b>
<b>AVAILABLE FUNDS</b>				
Beginning Appropriated Fund Balance/Carryover	\$ 365,134	394,256	316,664	127,195
Equity Transfer In	100	377	50	204
Reserve Cancellation	5,050	3,374	45,840	5,246
Taxes	698,594	778,899	821,867	842,435
Licenses and Permits	11,315	11,632	11,081	11,968
Fines, Forfeitures and Penalties	21,406	20,746	19,461	17,424
Realignment 1991	699,206	794,979	781,493	411,629
Realignment 2011				441,346
Other Interfund Reimbursements				104,063
Proposition 172	146,537	174,267	177,199	173,062
Patient Care Revenue				278,001
Mental Health Services	87,944	115,768	207,264	146,348
Clerk/Recorder Fees	3,009	3,009	2,564	
Use of Money and Property	6,744	7,647	16,821	15,718
Aid from Other Government Agencies (state and federal)	1,135,788	1,223,724	1,319,925	1,126,357
Charges for Current Services	123,072	138,198	140,776	142,581
Other Revenues	55,933	45,249	36,931	30,678
<b>TOTAL AVAILABLE FUNDS</b>	<b>\$ 3,359,832</b>	<b>3,712,125</b>	<b>3,897,936</b>	<b>3,874,255</b>

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

<sup>(2)</sup> Fiscal Year 2024-25 prior years incorporated some appropriations and revenues that were not part of 001A. FY 2024-25 and on will be reflective of appropriations and revenues for Fund 001A as presented in prior official statements. Clerk/Recorder fees are now included in charges for current services.

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

Fiscal Year	Total Gross Assessed Valuation	Secured/Unsecured Roll Growth	
2015-16	\$ 140,691,284	4.60	%
2016-17	148,052,405	5.23	%
2017-18	157,548,105	6.41	%
2018-19	168,181,180	6.75	%
2019-20	179,165,611	6.53	%
2020-21	189,847,799	5.96	%
2021-22	199,704,342	5.19	%
2022-23	215,673,183	8.00	%
2023-24	231,698,751	7.43	%
2024-25	243,701,475	5.18	%

**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	
2015-16	\$ 1,273,652	10,723	0.84	%	1,262,929	99.16	%
2016-17	1,344,330	10,670	0.79	%	1,333,660	99.21	%
2017-18	1,437,087	11,672	0.80	%	1,425,415	99.20	%
2018-19	1,535,361	12,370	0.80	%	1,522,911	99.20	%
2019-20	1,651,294	16,005	0.97	%	1,635,289	99.03	%
2020-21	1,750,891	13,996	0.80	%	1,736,895	99.20	%
2021-22	1,847,955	12,894	0.69	%	1,835,060	99.31	%
2022-23	1,996,826	17,044	0.86	%	1,929,782	99.15	%
2023-24	2,145,727	21,599	1.01	%	2,124,128	98.99	%

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

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**COUNTY OF SACRAMENTO**  
**Largest Secured Taxpayers FY 2024-25**  
(includes levies for bond debt service and special assessments)

Taxpayer	Amount
Pacific Gas & Electric Co.	\$ 25,387,002
PW Fund	9,814,127
Intel Corporation	8,199,816
NP Sacramento	7,902,299
Oakmont Properties	7,861,655
MP Holdings, LLC	7,537,482
AT&T Communications	6,969,784
BRE Delta Industrial Sacramento	6,701,184
Conrad Ethan	5,618,652
KB Home Sacramento	4,783,578
Total (represents 3.01 percent secured tax roll levy):	<u>\$ 90,775,579</u>

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**COUNTY OF SACRAMENTO**  
**Total General Fund Revenues, Expenditures and Changes in Fund Balance FY 2019-20 through FY 2023-24**  
(amounts expressed in thousands)

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Beginning Fund Balance	\$ 354,691	434,900	533,251	724,563	767,539
<b>Revenues</b>					
Taxes	611,245	657,123	744,507	770,676	804,075
Use of money and property	10,470	9,959	2,178	34,419	63,128
Licenses and permits	11,161	11,529	12,630	11,849	10,838
Intergovernmental	1,817,146	1,862,804	2,108,837	2,297,752	2,265,130
Charges for sales and services	131,450	151,125	133,171	131,897	141,432
Fines, forfeitures and penalties	21,999	26,119	21,829	21,699	22,163
Miscellaneous	55,170	92,439	29,282	28,257	37,301
Total Revenues	2,658,641	2,811,098	3,052,434	3,296,549	3,344,067
Transfers in	9,432	16,257	19,269	12,748	14,677
Issuance of long-term debt			3,203	23,504	27,125
Total Revenues and Transfers	2,668,073	2,827,355	3,074,906	3,332,801	3,385,869
<b>Expenditures</b>					
General government	126,161	132,413	137,717	195,979	159,627
Public assistance	671,279	668,157	754,437	842,654	823,922
Public protection	899,142	935,849	971,907	1,068,499	1,158,394
Health and sanitation	743,011	829,250	797,834	924,451	1,035,228
Recreation and culture	22,671	22,619	25,105	29,755	35,739
Education	422	433	436	451	519
Debt Service:					
Principal			30,008	33,811	33,705
Interest and fiscal charges			3,623	3,318	3,450
Total Expenditures	2,462,686	2,588,721	2,721,067	3,098,918	3,250,584
Transfers out	125,178	132,532	162,527	190,907	146,657
Total Expenditures and Transfers	2,587,864	2,721,253	2,883,594	3,289,825	3,397,241
Net change in fund balance	80,209	106,102	191,312	42,976	(11,372)
Ending Fund Balance	\$ 434,900	541,002	724,563	767,539	756,167

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**COUNTY OF SACRAMENTO**  
**Financing Obligations**

As of July 1, 2024

Series	Project(s)	Amount Issued	Principal Amount Outstanding	Fiscal Year Final Maturity	County Liability
2003 Certificates of Participation; dated 06/19/03	Juvenile Courthouse	\$ 36,150,000	\$ 18,870,000	2035	100%
1999 River City Regional Stadium Financing Authority, Taxable Lease Revenue Bonds	River Cats Stadium	39,990,000	16,590,000	2030	66% (if ticket receipts insufficient)
2018 COP Refunding	Coroner/Crime Lab; Data Center; Fleet Maintenance Building	89,125,000	55,375,000	2034	100%
2020 COP Refunding	Rio Cosumnes Correctional Center	27,080,000	19,370,000	2030	100%
2015 Motorola Radio System Lease	Motorola Systems Equipment Lease	13,662,797	3,041,306	2026	100%
2020 Motorola Microwave	Motorola Systems Equipment Lease	3,463,701	1,154,332	2025	100%
2023 DTECH Cisco	CoSwan Network	21,999,968	17,102,434	2028	100%

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**COUNTY OF SACRAMENTO  
Pension Obligation Bonds**

**As of July 1, 2024**

Series	Purpose	Amount Issued	Principal Amount Outstanding	Fiscal Year Final Maturity	Anticipated General Fund Payment Percent
County of Sacramento Taxable Pension Funding Bonds, Refunding Series 2008	Refund Series 2004C-1	\$ 359,165,000	\$ 67,125,000	2027	75%
County of Sacramento Taxable Pension Bonds, Series 2011B	Refund Series 2009	73,875,000	73,875,000	2025	75%
County of Sacramento Taxable Pension Bonds, Series 2013	Refund Series 2004C-3	111,960,000	111,960,000	2026	75%
County of Sacramento Taxable Pension Bonds - Direct Placement, Series 2023	Refund Series 2008 (2030 Maturity Only)	180,740,000	180,335,000	2031	75%

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**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 resets 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, 2024  
(amounts expressed in thousands)**

Description	Original Loan Amount	Principal Amount Outstanding	Final Maturity
Sacramento County (Teeter Plan)	\$ 20,639	960	08/01/2024
Sacramento County (Teeter Plan)	25,131	1,781	08/01/2025
Sacramento County (Teeter Plan)	22,967	2,985	08/01/2026
Sacramento County (Teeter Plan)	23,416	6,349	08/01/2027
Sacramento County (Teeter Plan)	29,876	15,959	08/01/2028

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**COUNTY OF SACRAMENTO**  
**County of Sacramento Aggregate Debt Service**  
**Current Outstanding Debt-Certificates of Participation Only**  
**(includes principal and interest)**  
**As of July 1, 2024**

Period Ending June 30	Series 2003 Juvenile Court COPs	Series 2018A Refunding COPs	Series 2018B Refunding COPs	Series 2020 Refunding COPs	County's Portion of Series 1999 Lease Revenue Bonds <sup>(1)</sup>	Fiscal Year Total
2025	\$ 2,214,281	4,871,000	4,791,000	3,737,500	2,337,278	17,951,059
2026	2,215,419	4,871,250	4,793,125	3,732,000	2,334,002	17,945,796
2027	2,214,006	4,870,750	4,787,500	3,734,125	2,327,147	17,933,528
2028	2,214,938	4,873,875	4,793,625	3,738,250	2,322,568	17,943,256
2029	2,213,106		4,791,000	3,739,000	2,315,989	13,059,095
2030	2,212,000		4,789,375	3,736,125	2,309,799	13,047,299
2031	2,215,750		4,788,250			7,004,000
2032	2,215,000		4,796,875			7,011,875
2033	2,214,625		4,789,875			7,004,500
2034	2,214,375		4,791,875			7,006,250
2035	2,214,000					2,214,000
Total	<u>\$ 24,357,500</u>	<u>19,486,875</u>	<u>47,912,500</u>	<u>22,417,000</u>	<u>13,946,783</u>	<u>128,120,658</u>

<sup>(1)</sup> County required to pay **only** if ticket receipts are insufficient. The County has never been required to make any debt service payments.

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**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, 2024**

Period Ending June 30	Series 2008 Refunding POBs	Series 2011B Refunding POBs	Series 2013 Refunding POBs	Series 2023 Refunding POBs - Direct Placement <sup>(1)</sup>	FY POBs Total	FY COPs Total	FY Financed Purchase Obligations Total <sup>(2)</sup>	FY POBs, COPs, & Financing Obligations Combined
2025	\$26,128,662	76,322,109	34,437,113	11,849,099	148,736,983	17,951,059	7,767,721	174,455,763
2026	28,106,049		87,718,563	11,845,124	127,669,736	17,945,796	6,584,530	152,200,062
2027	17,755,915			24,024,107	41,780,022	17,933,528	4,999,992	64,713,542
2028				43,045,531	43,045,531	17,943,256	4,999,992	65,988,779
2029				45,088,189	45,088,189	13,059,095		58,147,284
2030				46,874,763	46,874,763	13,047,299		59,922,062
2031				47,942,334	47,942,334	7,004,000		54,946,334
2032						7,011,875		7,011,875
2033						7,004,500		7,004,500
2034						7,006,250		7,006,250
2035						2,214,000		2,214,000
Total	<u>\$71,990,626</u>	<u>76,322,109</u>	<u>122,155,676</u>	<u>230,669,147</u>	<u>501,137,558</u>	<u>128,120,658</u>	<u>24,352,235</u>	<u>653,610,451</u>

<sup>(1)</sup> Assumed swap rate of 5.901% for the 2026 Term Bond; 6.375% for \$166,950,000 of the 2030 Term Bond; 4.122% for \$13,385,000 of the 2030 Term Bond. True interest rates will be based on the Secured Overnight Financing Rate (SOFR) plus 0.11% for the Index Adjustment, plus 0.45% for the Credit Spread.

<sup>(2)</sup> Does not include leases with a pledge of net revenues of an enterprise fund

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

Issue	2008 Refunding POBs (2004C-1)
Type of Underlying Obligation	Floating Rate Notes 1-mo USD-LIBOR-BBA*
Bond Amount Outstanding as of July 1, 2024	\$67,125,000
Insurer	FSA
Swap Counterparty	Bank of America, N.A.
Swap Notional Amount	\$67,125,000
Payment Terms	County pays 5.901% fixed; Counterparty pays 1-month fallback LIBOR provision rate: 5.45292%
Est. Valuation (includes accrued interest)	Negative (\$646,798)
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)
Footnote	*This swap will follow the federal guidance fallback provisions in Fiscal Year 2024 to transition from LIBOR to SOFR.
Issue	2023 Refunding POB (portion of)
Type of Underlying Obligation	Floating Rate Notes - USD SOFR +0.56448%
Bond Amount Outstanding as of July 1, 2024	\$166,950,000
Insurer	N/A
Swap Counterparty	Bank of America, N/A
Swap Notional Amount	\$166,950,000
Payment Terms	County pays 6.375% fixed; Counterparty pays SOFR+ 0.56448%; 5.88948%
Est. Valuation (includes accrued interest)	Negative (\$11,556,113)

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

Issue	2023 Refunding POB (portion of)
County Credit Rating Risk (threshold for termination event for swap agreement)	The interest rate is dependent upon the County's credit ratings and is calculated as the Daily SOFR Index Rate + applicable spread. The applicable spread is set as follows based on ratings by Moody's/S&P/Fitch: Tier I = 0.45% (A2/A/A and above) Tier II = 0.55 % (A3/A-/A-) Tier III = 0.70% (Baa1/BBB+/BBB+) Tier IV = 0.90% (Baa2/BBB/BBB) The 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). Should the County not maintain these ratings, the interest rate on the Bonds shall increase to the Trigger Rate, which represents a rate of interest per annum equal to the highest of (a) the Prime Rate plus one percent (1.00%), (b) the Federal Funds Rate plus two percent (2.00%), or (c) seven percent (7.00%).
Issue	2023 Refunding POB (portion of)
Type of Underlying Obligation	Floating Rate Notes - USD SOFR + 0.56448%
Bond Amount Outstanding as of July 1, 2024	\$13,385,000
Insurer	N/A
Swap Counterparty	Bank of America, N.A.
Swap Notional Amount	\$13,385,000
Payment Terms	County pays 4.122% fixed; Counterparty pays SOFR+ 0.56448%; 5.88948%
Est. Valuation (includes accrued interest)	Positive \$289,093
County Credit Rating Risk (threshold for termination event for swap agreement)	The interest rate is dependent upon the County's credit ratings and is calculated as the Daily SOFR Index Rate + applicable spread. The applicable spread is set as follows based on ratings by Moody's/S&P/Fitch: Tier I = 0.45% (A2/A/A and above) Tier II = 0.55 % (A3/A-/A-)

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

Issue	2023 Refunding POB (portion of)
	Tier III = 0.70% (Baa1/BBB+/BBB+)
	Tier IV = 0.90% (Baa2/BBB/BBB)
	The 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). Should the County not maintain these ratings, the interest rate on the Bonds shall increase to the Trigger Rate, which represents a rate of interest per annum equal to the highest of (a) the Prime Rate plus one percent (1.00%), (b) the Federal Funds Rate plus two percent (2.00%), or (c) seven percent (7.00%).

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**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 and 2009, the Airport System Senior Revenue Refunding Bonds, Series 2016A, 2018A, 2018B, 2018C, and 2020, the Airport System Subordinate and PFC/Grant Revenue Bonds, Series 2008 and 2009 and the Airport System Subordinate Revenue Refunding Bonds, Series 2016B, 2018D, 2018E, and 2018F, (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 Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2007-2008, and each ACFR thereafter, the Bond Disclosure Section provides the required information consistent with Section 4 of the Certificate. The ACFR 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.
- (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 MATERIAL EVENTS**

In connection with the issuance of the County's not to exceed \$50,000,000 County of Sacramento Airport System Subordinate Revenue Notes, Series 2022 Subseries A (AMT) and Subseries B (Taxable) (the "2022 Notes"), the County entered into a Revolving Credit Agreement, dated as of December 8, 2022 (the "Revolving Credit Agreement"), with Wells Fargo Bank, National Association, as lender.

The above events were disclosed as material events when announced. No additional material events, as identified in Section 5 of the Certificate, have occurred for any of the outstanding bonds issued by Sacramento County and there is no knowledge on the part of the County of any impending material events that would require disclosure under the provisions of the Certificate.

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

Enplanements	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Major and other airlines <sup>1</sup>	4,306,807	4,483,792	4,713,231	5,175,936	5,701,245	4,496,776	3,003,922	5,324,255	6,002,584	6,086,875
Regional airlines	321,790	459,393	484,953	585,650	597,202	444,264	206,242	469,477	441,740	510,218
Total	<u>4,628,597</u>	<u>4,943,185</u>	<u>5,198,184</u>	<u>5,761,586</u>	<u>6,298,447</u>	<u>4,941,040</u>	<u>3,210,164</u>	<u>5,793,732</u>	<u>6,444,324</u>	<u>6,597,093</u>
Percent change from prior year	5.77 %	6.80 %	5.16 %	10.84 %	9.32 %	(21.55)%	(35.03)%	80.48 %	11.23 %	2.37 %

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.

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**COUNTY OF SACRAMENTO**  
**Historical Aircraft Landed Weight - Last 10 Years**  
**Fiscal Years Ended June 30**  
**Exhibit 2**  
**(in 1,000 lb. units)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Passenger airlines										
Major and other airlines <sup>1</sup>	4,782,686	4,890,000	5,182,816	5,731,091	6,243,996	5,503,729	4,097,086	5,999,400	6,837,816	6,766,924
Regional airlines	350,506	508,376	570,233	674,706	689,413	576,404	332,231	573,402	518,627	614,154
Subtotal	<u>5,133,192</u>	<u>5,398,376</u>	<u>5,753,049</u>	<u>6,405,797</u>	<u>6,933,409</u>	<u>6,080,133</u>	<u>4,429,317</u>	<u>6,572,802</u>	<u>7,356,443</u>	<u>7,381,078</u>
All cargo airlines	651,887	687,612	728,575	1,038,232	1,276,124	1,286,887	1,434,370	1,252,780	1,080,048	1,061,482
Total	<u>5,785,079</u>	<u>6,085,988</u>	<u>6,481,624</u>	<u>7,444,029</u>	<u>8,209,533</u>	<u>7,367,020</u>	<u>5,863,687</u>	<u>7,825,582</u>	<u>8,436,491</u>	<u>8,442,560</u>
Percent change from prior year	(3.78)%	5.20 %	6.50 %	14.85 %	10.28 %	(10.26)%	(20.41)%	33.46 %	7.81 %	0.07 %

Source: Department of Airports records.

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

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**COUNTY OF SACRAMENTO**  
**Airlines' Market Shares of Enplaned Passengers - Last 10 Years**  
**Fiscal Years Ended June 30**  
**Exhibit 3**

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Percentage of Total Enplanements</b>										
<b>Major Airlines <sup>1</sup></b>										
Southwest Airlines	53.1 %	51.8 %	51.5 %	53.2 %	53.3 %	51.8 %	49.9 %	51.5 %	56.1 %	55.3 %
United Airlines	7.6	10.1	9.9	9.9	10.7	9.1	9.8	10.4	9.0	9.4
Delta Air Lines	6.3	11.1	10.6	10.6	10.2	10.7	11.6	10.5	9.8	9.8
Alaska Airlines	6.2	8.4	8.1	8.1	7.9	6.3	3.8	6.0	5.4	3.8
US Airways	5.8									
American Airlines	5.3	12.2	13.0	12.0	10.7	10.1	11.9	9.4	8.6	9.7
Jet Blue Airlines	2.9	2.8	2.9	2.8	2.4	2.2	0.5	1.0	1.2	1.1
Horizon Airlines	2.3					1.8	3.0	1.6	0.9	1.6
Hawaiian Airlines	1.8	1.7	1.7	1.5	1.5	1.8	1.9	2.4	2.3	2.2
Frontier Airlines					0.8	1.2	2.3	1.9	0.9	0.5
Aeromexico	1.0	1.1	1.3	1.0	0.9	0.9	1.2	0.9	0.7	1.2
Air Canada					0.3	0.3			0.3	0.5
Spirit					0.1	2.0	2.1	2.8	3.1	3.1
Sun Country					0.1	0.3				
Contour					0.1	0.3				
Volaris Airlines	0.8	0.8	1.0	0.9	1.0	1.2	2.0	1.6	1.7	1.8
<b>Regional Airlines <sup>2</sup></b>										
Skywest	6.1									
Mesa/Delta Connection	0.80									
<b>Subtotal</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

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

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**COUNTY OF SACRAMENTO**  
**Airlines' Market Shares of Enplaned Passengers - Last 10 Years**  
**Fiscal Years Ended June 30**  
**Exhibit 3**

Page 2 of 2

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Ranking</b>										
<b>Major Airlines <sup>1</sup></b>										
Southwest Airlines	1	1	1	1	1	1	1	1	1	1
American Airlines	7	2	2	2	2	3	2	4	4	3
Delta Air Lines	3	3	3	3	4	2	3	2	2	2
United Airlines	2	4	4	4	3	4	4	3	3	4
Alaska Airlines	4	5	5	5	5	5	5	5	5	5
US Airways	6									
Jet Blue Airlines	8	6	6	6	6	6	12	11	9	11
Horizon Airlines	9					8	6	9	11	9
Hawaiian Airlines	10	7	7	7	7	9	10	7	7	7
Frontier Airlines					10	10	7	8	10	12
Aeromexico	11	8	8	8	9	12	11	12	12	10
Air Canada					11	14		13	13	13
Spirit					12	7	8	6	6	6
Sun Country					13	13	13			14
Contour					14	15				
Boutique					15	16	14	14		
Volaris Airlines	12	9	9	9	8	11	9	10	8	8
Swift Air							15	15		
Seaport	13									
<b>Regional Airlines <sup>2</sup></b>										
Skywest	5									
Mesa/Delta Connection	12									

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

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**COUNTY OF SACRAMENTO**  
**Statement of Revenues, Expenses and Changes in Net Position - Last 10 Years**  
**Fiscal Years Ended June 30**  
**Exhibit 4**

Page 1 of 2

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating revenue:										
Concessions	\$ 73,880,574	78,775,227	82,409,252	90,323,536	99,038,728	80,277,417	56,012,009	93,641,280	106,392,621	108,109,309
Building rents	61,887,092	65,012,503	66,066,673	60,059,320	58,504,461	69,725,164	57,906,467	64,390,549	71,732,556	79,825,987
Airfield charges	19,102,672	21,043,860	23,671,438	27,172,330	27,879,071	25,519,182	31,005,490	31,170,310	31,555,006	39,260,032
Ground leases	1,910,052	2,034,604	2,107,408	3,046,387	3,524,845	3,951,171	4,209,371	10,692,383	9,834,059	9,974,543
Sale of fuel	664,423	604,640	461,300	554,321	747,844	418,914	544,327	464,859	922,763	1,094,736
Airport services	798,098	1,000,679	949,129	498,253	380,200	617,198	403,387	919,883	427,692	680,886
Other	196,451	72,246	84,267	6,391	(4,148,559)	3,414	24,029	14,553	3,633	6,409
Total operating revenue	<u>158,439,362</u>	<u>168,543,759</u>	<u>175,749,467</u>	<u>181,660,538</u>	<u>185,926,590</u>	<u>180,512,460</u>	<u>150,105,080</u>	<u>201,293,817</u>	<u>220,868,330</u>	<u>238,951,902</u>
Operating expense:										
Salaries and benefits	27,021,772	26,842,856	30,372,684	33,422,424	34,463,798	40,599,630	44,608,558	35,393,935	39,869,392	47,439,430
Services and supplies	51,885,789	58,110,395	57,602,169	64,470,461	68,725,697	77,594,078	71,175,541	85,264,445	102,617,535	113,675,772
Cost of sales and services	509,938	431,554	361,608	499,671	680,942	558,780	493,926	861,995	860,635	1,019,957
Depreciation and amortization	53,531,817	50,565,547	52,011,580	52,013,372	52,647,894	52,842,238	54,892,487	55,649,935	57,091,392	57,626,332
Other	229,703	480,259	574,703	218,429	51,266	10,984,101	310,098	484,516	433,684	211,356
Total operating expense	<u>133,179,019</u>	<u>136,430,611</u>	<u>140,922,744</u>	<u>150,624,357</u>	<u>156,569,597</u>	<u>182,578,827</u>	<u>171,480,610</u>	<u>177,654,826</u>	<u>200,872,638</u>	<u>219,972,847</u>
Operating income (loss):	<u>25,260,343</u>	<u>32,113,148</u>	<u>34,826,723</u>	<u>31,036,181</u>	<u>29,356,993</u>	<u>(2,066,367)</u>	<u>(21,375,530)</u>	<u>23,638,991</u>	<u>19,995,692</u>	<u>18,979,055</u>
Nonoperating revenue (expense):										
Investment income (loss)	(54,853)	2,000,910	1,915,111	3,222,805	8,479,767	5,981,289	936,698	(2,474,652)	13,297,492	19,377,899
Passenger facility charges revenue	18,514,213	19,285,187	20,544,539	22,782,880	25,587,275	19,191,446	13,680,710	22,865,394	25,950,108	27,757,169
Customer facility charges revenue					1,269,420	5,840,576	3,233,524	5,066,535	9,014,790	16,403,279
Intergovernmental revenue	467,561	867,632	404,582	1,695,305	595,695	35,484,822	16,327,555	50,451,763	9,955,581	5,894,031
Gain (loss) on disposal of assets	141,167	(29,493)	260,372	369,892	(212,510)	(893,634)	67,175	105,558	(1,450,990)	107,066
Other nonoperating revenue (expense)	208,536	299,019	149,481	139,045	153,682	1,843,812	4,710,955	2,857,024	280,400	484,620
Amortization of bond issuance cost <sup>1,3</sup>	(405,146)	(405,146)	(388,175)	(313,653)	(25,902)	(25,902)	(24,220)	(23,337)	(22,100)	(22,100)
Interest expense	<u>(57,381,887)</u>	<u>(56,140,352)</u>	<u>(53,042,527)</u>	<u>(49,551,243)</u>	<u>(39,402,511)</u>	<u>(38,910,448)</u>	<u>(34,480,405)</u>	<u>(33,427,662)</u>	<u>(32,137,012)</u>	<u>(31,902,021)</u>
Net nonoperating revenue (expense)	<u>(38,510,409)</u>	<u>(34,122,243)</u>	<u>(30,156,617)</u>	<u>(21,654,969)</u>	<u>(3,555,084)</u>	<u>28,511,961</u>	<u>4,451,992</u>	<u>45,420,623</u>	<u>24,888,269</u>	<u>38,099,943</u>

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**COUNTY OF SACRAMENTO**  
**Statement of Revenues, Expenses and Changes in Net Position - Last 10 Years**  
**Fiscal Years Ended June 30**  
**Exhibit 4**

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Income (loss) before capital contributions and transfers	(13,250,066)	(2,009,095)	4,670,106	9,381,212	25,801,909	26,445,594	(16,923,538)	69,059,614	44,883,961	57,078,998
Capital contributions	11,456,573	11,368,943	15,534,748	3,279,101	11,421,118	20,520,520	5,668,571	7,552,491	16,343,566	12,077,993
Transfer out	<u>(2,765,151)</u>	<u>(2,231,084)</u>	<u>(2,406,265)</u>	<u>(2,484,035)</u>	<u>(2,552,322)</u>	<u>(2,546,362)</u>	<u>(2,814,183)</u>	<u>(2,902,410)</u>	<u>(2,953,104)</u>	<u>(2,928,828)</u>
Changes in net position	(4,558,644)	7,128,764	17,798,589	10,176,278	34,670,705	44,419,752	(14,069,150)	73,709,695	58,274,423	66,228,163
Total net position, beginning of year <sup>2</sup>	<u>553,291,895</u>	<u>548,733,251</u>	<u>555,862,015</u>	<u>571,733,735</u>	<u>581,910,013</u>	<u>616,580,718</u>	<u>661,000,470</u>	<u>646,931,320</u>	<u>720,641,015</u>	<u>778,915,438</u>
Total net position, end of year	<u><u>\$ 548,733,251</u></u>	<u><u>555,862,015</u></u>	<u><u>573,660,604</u></u>	<u><u>581,910,013</u></u>	<u><u>616,580,718</u></u>	<u><u>661,000,470</u></u>	<u><u>646,931,320</u></u>	<u><u>720,641,015</u></u>	<u><u>778,915,438</u></u>	<u><u>845,143,601</u></u>

<sup>1</sup> The amortization of bond issuance cost includes only the amortized bond prepaid insurance.

<sup>2</sup> The beginning net positions for FY 2015 and 2018 have been restated to reflect the implementation of GASB Statement No. 68 and GASB Statement No. 75, respectively.

<sup>3</sup> Amortization of bond issuance cost includes a rounding adjustment for FY 2022 as the Total Net Position at end of the year was misstated.

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

Page 1 of 2

	2018 <sup>2</sup>	2019 <sup>2</sup>	2020	2021	2022	2023	2024
<b>Airline Revenue</b>							
Terminal building rents and fees	\$ 44,431,455	52,452,234	60,813,934	46,698,567	52,804,244	58,695,698	63,805,854
Aircraft parking fees	2,479,673	2,374,015	2,767,919	3,476,740	4,558,768	5,051,747	5,475,727
Loading bridge fees	1,673,891	1,580,825	1,595,724	1,394,900	2,105,216	2,182,908	4,568,096
Landing fees	26,790,520	26,843,659	27,388,248	30,911,283	31,069,803	31,440,323	39,137,964
Airlines revenue sharing	(4,163,064)	(10,660,522)					
Total Airline Revenue	<u>71,212,475</u>	<u>72,590,211</u>	<u>92,565,825</u>	<u>82,481,490</u>	<u>90,538,031</u>	<u>97,370,676</u>	<u>112,987,641</u>
Less cargo revenues	<u>4,321,249</u>	<u>5,263,448</u>	<u>6,123,700</u>	<u>9,031,621</u>	<u>5,821,439</u>	<u>5,087,026</u>	<u>5,692,240</u>
Passenger airline operating revenues	<u>\$ 66,891,226</u>	<u>67,326,763</u>	<u>86,442,125</u>	<u>73,449,869</u>	<u>84,716,592</u>	<u>92,283,650</u>	<u>107,295,401</u>
Enplaned passengers	5,761,586	6,298,447	4,941,040	3,210,164	5,793,732	6,444,324	6,597,093
Cost per Enplaned Passenger (CPE)	\$ 11.61	10.69	17.49	22.88	14.62	14.32	16.26
<b>Nonairline Revenue</b>							
<b>Airfield area</b>							
Fuel sales	<u>1,060,702</u>	<u>1,489,918</u>	<u>1,475,151</u>	<u>1,552,406</u>	<u>1,898,107</u>	<u>1,694,531</u>	<u>1,773,653</u>
Subtotal	<u>1,060,702</u>	<u>1,489,918</u>	<u>1,475,151</u>	<u>1,552,406</u>	<u>1,898,107</u>	<u>1,694,531</u>	<u>1,773,653</u>
<b>Terminal building</b>							
Food/beverage	4,873,267	5,655,423	4,842,511	3,430,125	3,878,105	5,992,690	3,858,818
Merchandise	2,372,005	2,483,578	2,317,653	2,182,660	1,755,446	2,202,142	473,979
Advertising	724,537	724,409	767,367	705,914	166,701	380,474	549,785
Telephones	409,439	404,196	428,162	439,319	30,251	29,703	30,425
Vending	434,162	327,444	377,124	375,411	291,434	328,256	210,012
Other terminal rents	<u>2,016,294</u>	<u>1,759,039</u>	<u>1,798,162</u>	<u>1,590,343</u>	<u>1,796,290</u>	<u>2,148,745</u>	<u>2,401,503</u>
Subtotal	<u>10,829,704</u>	<u>11,354,089</u>	<u>10,530,979</u>	<u>8,723,772</u>	<u>7,918,227</u>	<u>11,082,010</u>	<u>7,524,522</u>
<b>Parking</b>	<u>61,446,320</u>	<u>66,700,985</u>	<u>51,510,237</u>	<u>32,638,657</u>	<u>65,445,614</u>	<u>73,446,876</u>	<u>77,553,149</u>

Source: Airports financial statements.

<sup>1</sup> As defined in the Bond Indenture.

<sup>2</sup> Airline Revenues for FY 2018 and FY 2019 reflect Airline Year-end Settlement and revenue sharing calculations recorded in subsequent years. FY 2020 includes prior year and current Year-end Settlement calculations. FY 2021 Revenue includes current year settlement.

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

Page 2 of 2

	2018 <sup>2</sup>	2019 <sup>2</sup>	2020	2021	2022	2023	2024
<b>Other areas</b>							
Autorentals	\$ 12,882,207	14,161,083	11,927,386	9,760,797	15,052,041	14,945,707	15,262,199
Autorental shuttle bus fees	4,420,013	4,667,613	4,990,880	5,166,015	4,413,678	5,465,795	5,733,878
Taxi/TNC	2,364,656	3,491,081	2,797,975	1,072,975	2,191,504	3,024,296	3,798,904
Tiedown and hangars	716,462	746,577	737,232	729,161	754,699	764,095	789,528
FBO rentals	92,334	92,334	95,860	75,988	94,486	94,557	108,130
Aviation ground leases	2,540,006	2,782,772	3,093,218	3,201,291	2,442,127	2,025,972	2,111,213
Other rentals/miscellaneous	<u>3,931,754</u>	<u>4,186,758</u>	<u>4,259,218</u>	<u>4,216,467</u>	<u>10,001,953</u>	<u>10,446,722</u>	<u>10,547,484</u>
Subtotal	<u>26,947,432</u>	<u>30,128,218</u>	<u>27,901,769</u>	<u>24,222,694</u>	<u>34,950,488</u>	<u>36,767,144</u>	<u>38,351,336</u>
<b>Other revenue</b>							
Service fees	498,253	380,200	418,914	403,387	464,859	427,692	680,886
Miscellaneous revenue	<u>1,728,539</u>	<u>829,399</u>	<u>36,087,202</u>	<u>20,975,539</u>	<u>50,730,646</u>	<u>7,984,426</u>	<u>6,459,367</u>
Subtotal	<u>2,226,792</u>	<u>1,209,599</u>	<u>36,506,116</u>	<u>21,378,926</u>	<u>51,195,505</u>	<u>8,412,118</u>	<u>7,140,253</u>
Total Non Airline Revenue	<u>102,510,950</u>	<u>110,882,809</u>	<u>127,924,252</u>	<u>88,516,455</u>	<u>161,407,941</u>	<u>131,402,679</u>	<u>132,342,913</u>
Interest income <sup>1</sup>	<u>3,882,123</u>	<u>7,159,293</u>	<u>3,823,472</u>	<u>(555,647)</u>	<u>469,389</u>	<u>14,789,822</u>	<u>19,348,711</u>
Total Non Airline Revenue	<u>\$ 106,393,073</u>	<u>118,042,102</u>	<u>131,747,724</u>	<u>87,960,808</u>	<u>161,877,330</u>	<u>146,192,501</u>	<u>151,691,624</u>

Source: Airports financial statements.

<sup>1</sup> As defined in the Bond Indenture.

<sup>2</sup> Airline Revenues for FY 2018 and FY 2019 reflect Airline Year-end Settlement and revenue sharing calculations recorded in subsequent years. FY 2020 includes prior year and current Year-end Settlement calculations. FY 2021 Revenue includes current year settlement.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Rate Covenant per Section 6.04 (b)(i)</b>										
Revenues <sup>1</sup>	\$ 158,928,261	171,150,791	178,108,554	187,410,070	193,835,260	209,664,618	170,587,943	252,523,996	245,894,132	264,679,265
Operating expenses <sup>2</sup>	(82,412,353)	(88,096,148)	(91,317,429)	(101,128,080)	(106,474,025)	(121,588,396)	(119,402,306)	(124,907,302)	(146,734,349)	(165,275,343)
Net revenues	76,515,908	83,054,643	86,791,125	86,281,990	87,361,235	88,076,222	51,185,637	127,616,694	99,159,783	99,403,922
Transfer (limited to 25%)	13,391,226	13,390,638	13,338,831	9,800,819	10,972,283	11,714,793	6,895,236	6,655,225	6,436,413	6,436,413
Net revenues + Transfers	\$ 89,907,134	96,445,281	100,129,956	96,082,809	98,333,518	99,791,015	58,080,873	134,271,919	105,596,196	105,840,335
Accrued debt service on senior obligations <sup>3</sup>	\$ 53,564,902	53,562,551	53,355,325	39,203,276	43,889,132	46,859,170	27,580,945	26,620,900	25,745,650	25,745,650
Debt service coverage (>1.25)	1.68	1.80	1.88	2.45	2.24	2.13	2.11	5.04	4.10	4.11
<b>Rate Covenant per Section 6.04 (b)(ii)</b>										
Net revenues	\$ 76,515,908	83,054,643	86,791,125	86,281,990	87,361,235	88,076,222	51,185,637	127,616,694	99,159,783	99,403,922
Transfer (limited to 10%)	5,356,490	5,356,255	5,335,533	3,920,328	4,388,913	4,685,917	2,758,095	2,662,090	2,574,565	2,574,565
Net revenues + Transfers	\$ 81,872,398	88,410,898	92,126,658	90,202,318	91,750,148	92,762,139	53,943,732	130,278,784	101,734,348	101,978,487
Accrued debt service on senior obligations	\$ 53,564,902	53,562,551	53,355,325	39,203,276	43,889,132	46,859,170	27,580,945	26,620,900	25,745,650	25,745,650
Debt service on subordinate obligations	30,271,621	21,944,846	20,832,404	13,494,431	16,145,064	16,703,950	16,709,750	16,709,750	16,710,000	16,705,500
Less: PFC Revenues	(21,942,737)	(21,944,846)	(20,832,404)	(13,494,431)	(16,145,064)	(16,703,950)	(16,709,750)	(16,709,750)	(16,710,000)	(16,705,500)
Less: Available Grant Revenues	(8,328,884)									
Accrued debt service on senior & subordinate obligations	\$ 53,564,902	53,562,551	53,355,325	39,203,276	43,889,132	46,859,170	27,580,945	26,620,900	25,745,650	25,745,650
Debt Service Coverage (>1.10)	1.53	1.65	1.73	2.30	2.09	1.98	1.96	4.89	3.95	3.96

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 and interest due on July 1st of the following fiscal year.

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**Annual Report for the Sacramento County**  
**Water Agency Enterprise Fund**  
**For the Fiscal Years Ended June 30, 2020 through 2024**

On April 8, 2003, the Sacramento County Water Agency (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 a blended component unit of the Sacramento County Water Agency. The Sacramento County Water Agency includes the Agency's Enterprise Fund, however, it includes more than one fund. All balances and transactions of the Authority are presented in the financial statements of the Agency Enterprise Fund.

This section is provided in accordance with the requirements of the Continuing Disclosure Certificate (the Certificate) for the Sacramento County Water Financing Authority Revenue Bonds Series 2007A and Series 2007B, the Sacramento County Water Financing Authority Revenue Bonds Series 2019, and the Sacramento County Water Financing Authority Revenue Bonds Series 2022A. The material provided under the Certificate is intended to meet or exceed the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5) (the Rule). The data tables provided herein apply to the 2007B, 2019, and 2022A issues.

This Bond Disclosure Section included within the Sacramento County's Annual Comprehensive Financial Report (ACFR) provides the information required by the Continuing Disclosure Certificate. The ACFR, 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**

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

- (A) The audited financial statements of the Agency for the prior 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; provided, that if the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (B) The Annual Report shall include an annual updating, to reflect results of the most recently completed fiscal year, of information of the type contained in the following tables contained in the Official Statement for the Series 2007B, Series 2019, and Series 2022A Bonds dated April 26, 2007, October 16, 2019, and February 1, 2022 respectively (the "Official Statement"). Projections do not have to be updated.
  1. Approximate number of connections to which the Agency delivered water - Exhibit 1
  2. Historical and Projected Monthly Service Fees - Exhibit 2
  3. Historical and Projected Impact & Connection Fees - Exhibit 3
  4. Annual Water Production Summary - Exhibit 4
  5. Water Service Accounts by Service Areas - Exhibit 5
  6. Zone 40 and 41 Service Areas Top Ten Customers - Exhibit 6
  7. Historical Operating Results - Exhibit 7

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**Annual Report for the Sacramento County  
Water Agency Enterprise Fund  
For the Fiscal Years Ended June 30, 2020 through 2024**

**REPORTING OF SIGNIFICANT EVENTS**

As of June 30, 2024, 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:

**Exhibit 1 - A table indicating the approximate number of connections to which the Agency delivered water.**

Fiscal Year:	2019-20	2020-21	2021-22	2022-23	2023-24
Number of connections	57,541	58,890	60,004	61,348	63,295
Annual Percent Increase	2.5 %	2.3 %	1.9 %	2.2 %	3.2 %

**Exhibit 2 - Historical and Projected Monthly Service Fees  
Zone 40 Monthly Service Fee generally imposed on customers.**

Fiscal Year:	2019-20	2020-21	2021-22	2022-23	2023-24
Monthly Rate:	\$ 28.80	28.80	28.80	28.80	28.80

**Exhibit 2 - Historical and Projected Monthly Service Fees  
Zone 41 Monthly Service Fee generally imposed on customers.**

Fiscal Year:	2019-20	2020-21	2021-22	2022-23	2023-24
Monthly Rate:	\$ 47.90	49.57	49.57	49.57	49.57

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**Exhibit 3 - Historical and Projected Impact & Connection Fees  
Zone 40 Impact Fees.**

Effective Date (Month-Yr)	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Development Fee (per EDU) (Domestic, Commercial, Other Service)	\$ 17,601	17,985	19,535	20,857	21,399
Annual increase	4 %	2 %	9 %	7 %	3 %
Commercial Service (per acre)	\$ 10,027	10,245	11,128	11,881	11,881
Annual increase	4 %	2 %	9 %	7 %	0 %
Other Service (per acre)	\$ 1,942	1,984	2,155	2,301	2,301
Annual increase	4 %	2 %	9 %	7 %	0 %

**Exhibit 3 - Historical and Projected Impact & Connection Fees  
Zone 41 Connection Fees.**

Effective Date (Month-Yr)	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Connection Fee (per EDU)	\$ 376	376	376	376	376

**Exhibit 4 - Annual Water Production Summary**

Water Supply Production (In Acre Feet)	2020	2021	2022	2023	2024
Ground Water	22,299	29,212	24,649	26,974	16,259
Surface Water	20,119	17,832	18,116	15,580	24,423
Recycled Water	977	987	686	585	555
<b>Total Production</b>	<b>43,395</b>	<b>48,031</b>	<b>43,451</b>	<b>43,139</b>	<b>41,237</b>
<b>Percentage Breakdown</b>					
Ground Water	52 %	61 %	57 %	63 %	40 %
Surface Water	46 %	37 %	41 %	36 %	59 %
Recycled Water	2 %	2 %	2 %	1 %	1 %

**Exhibit 5 - Water Service Accounts by Service Area**

	2020	2021	2022	2023	2024
Zone 40 and Zone 41	53,933	55,262	56,364	57,675	59,597
Zone 40 but not within Zone 41	4,772	4,913	4,927	4,970	5,064
Zone 41 but not within Zone 40	3,608	3,628	3,640	3,673	3,638
<b>Total</b>	<b>62,313</b>	<b>63,803</b>	<b>64,931</b>	<b>66,318</b>	<b>68,299</b>

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**Exhibit 6 - Zone 40 and 41 Service Areas Top Ten Customers**

Customer	Annual Water use	% of Total
	Acre Feet (AF)	Water use
Elk Grove Unified School District	265	0.6 %
Sacramento Regional County Sanitation District	201	0.5 %
Aramark Uniform Services Inc.	134	0.3 %
Bre Delta Industrial Sacramento Ltd Partnership	106	0.3 %
Federal Government	103	0.2 %
USA in Trust for Wilton Rancheria	98	0.2 %
Cosumnes Community Services District	72	0.2 %
DS Properties 18 LP	41	0.1 %
Hester State Limited Partnership	32	0.1 %
Three Oaks Properties L (QQ Operating Holding Co)	31	0.1 %
<b>Total</b>	<b>1,083</b>	<b>2.6 %</b>

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**Exhibit 7 - Historical Operating Results**

Table continues on page 282.

(amounts expressed in thousands)

	2019-20	2020-21	2021-22	2022-23	2023-24
Revenues:					
Operating revenues					
Water service charges	\$ 54,570	58,126	58,647	56,803	57,467
Charges for services	2,325	2,179	2,486	3,292	3,162
Capacity fees (1)	26,141	30,840	42,890	38,396	65,695
Connection fees	507	483	633	456	1,182
Other	1,787	1,969	3,314	3,241	2,386
Total net operating revenues	85,330	93,597	107,970	102,188	129,892
Nonoperating revenues					
Total interest income	3,873	1,669	1,864	7,927	12,270
Less: interest earnings on reserves	(1,191)	(1,198)	(1,212)	(1,199)	(1,201)
Net interest income	2,682	471	652	6,728	11,069
Gain on Sale of Fixed Asset					2
Total nonoperating revenues	2,682	471	652	6,728	11,071
Total revenues	88,012	94,068	108,622	108,916	140,963
Adjusted annual revenues (2)	88,012	94,068	108,622	108,916	140,963

(1) For FYs 2021-22 and 2022-23, Zone 40 Development fees have been reclassified from nonoperating revenues to operating revenues, which are now called Capacity fees.

(2) Calculated in accordance with the Master Installment Purchase Contract, including the calculation of the 2022A Bonds as equal payments over 30 years with interest calculated at the RBI-based rate.

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	2019-20	2020-21	2021-22	2022-23	2023-24
Maintenance & operating expenses (excludes depreciation and includes non-bond related interest expense)	29,156	32,456	34,159	38,743	41,281
Net revenues (2)	58,856	61,612	74,463	70,173	99,682
Impact fee credits	(2,396)	(2,467)	(1,720)	(951)	(3,408)
Net revenue less impact fee credits	56,460	59,145	72,743	69,222	96,274
Debt service					
Debt service on 2007 Bonds	9,578	9,627	9,627	11,525	11,601
Debt service on 2019 bonds	14,771	13,666	13,656	11,767	11,766
Debt service on 2022 bonds (3, 4)			4,595	4,657	4,823
Less interest earnings on reserve	(1,191)	(1,198)	(1,207)	(1,199)	(1,198)
Adjusted annual debt service	23,158	22,095	26,671	26,750	26,992
Debt service coverage (2, 4)	2.54	2.79	2.79	2.62	3.69
Pay-as-you-go capital	20,742	25,542	29,296	35,879	27,502
Net cash flow of year's operations (5)	<u>\$ 12,560</u>	<u>11,508</u>	<u>16,776</u>	<u>6,593</u>	<u>41,780</u>
Reserves end of year	\$ 64,986	71,318	52,506	134,040	178,909
Bond reserve account end of year	<u>\$ 22,892</u>	<u>22,892</u>	<u>22,892</u>	<u>22,892</u>	<u>22,892</u>

- (2) Calculated in accordance with the Master Installment Purchase Contract, including the calculation of the 2022A Bonds as equal payments over 30 years with interest calculated at the RBI-based rate.
- (3) The Annual Adjusted Debt Service for the 2022A bonds is calculated based on thirty-year amortization of the principal and interest at a rate equal to the Bond Buyer - Revenue Bond Index.
- (4) The debt service and debt service coverage related to the 2022A bonds has been revised from FY2022 and FY2023.
- (5) The net cash flow of year's operations has been updated for FY2022 and FY2023

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**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
For The Fiscal Year Ended June 30, 2024**





## APPENDIX B

### CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION CONCERNING THE SERVICE AREA OF SACRAMENTO COUNTY WATER AGENCY

The following Appendix contains certain economic and demographic information concerning the County of Sacramento (the “County”), and is intended to provide limited information concerning the region in which the service area of Sacramento County Water Agency is located.

#### ECONOMIC AND DEMOGRAPHIC INFORMATION

##### Population

Sacramento County currently has seven incorporated cities: Citrus Heights, Elk Grove, Folsom, Galt, Isleton, Rancho Cordova, and Sacramento, with 33% of the County’s population living in the City of Sacramento.

Area	2000	2010	2020	2022	2023	2024
<b>Cities:</b>						
Citrus Heights	85,071	83,267	87,583	87,721	87,207	86,071
Elk Grove	---	152,925	176,124	176,349	176,644	176,469
Folsom	51,884	72,201	80,454	82,908	83,076	84,365
Galt	19,472	23,641	25,383	25,469	25,295	25,162
Isleton	828	804	844	795	786	778
Rancho Cordova	---	64,413	79,332	79,144	79,669	80,378
Sacramento	407,018	466,279	524,943	520,252	518,067	516,529
<b>Unincorporated Area:</b>	659,226	553,529	610,392	602,502	599,989	597,614
<b>Total:</b>	1,223,499	1,417,059	1,585,055	1,572,254	1,576,639	1,578,938
<b>% Increase over prior period:</b>	<b>17.50%</b>	<b>15.82%</b>	<b>11.85%</b>	<b>-1%</b>	<b>.3%</b>	<b>.15%</b>
<b>State Population:</b>	34,095,209	37,223,900	39,538,223	39,114,785	39,061,058	39,128,162
<b>% Increase over prior period:</b>	<b>14.30%</b>	<b>9.17%</b>	<b>6.22%</b>	<b>-1.1%</b>	<b>-.2%</b>	<b>.17%</b>

Source: State of California Department of Finance

## Major Employers

The table below shows the major private and public sector employers in the Sacramento County, with their type of business and number of full-time equivalent (“FTE”) employees as of June 30, 2024.

### Top 10 Private Employers

Company	Type of Business	2024 Number of FTE Employees
Kaiser Permanente	Health Care	11,856
Sutter/California Services	Health Health Care	10,129
Dignity Healthcare	Health Care	7,353 <sup>1</sup>
Intel Corporation	Semiconductor Manufacturer	4,300
Raley’s Inc/Bel Air	Grocery Store Chain	2,624
Siemens Mobility Inc.	Street Car Manufacturer	2,500
Safeway	Grocery Store Chain	1,874 <sup>1</sup>
Golden 1 Credit Union	Banking and Financial Services	1,679
Pacific Gas and Electric Co.	Utilities	1,370 <sup>1</sup>
Eskaton	Health Care/Independent Living	776
<b>Total:</b>		<b>44,461</b>

<sup>1</sup> 2023 data

Source: Sacramento Business Journal Annual Book of Lists Current Year

### Top 8 Public Sector Employers<sup>1</sup>

Company	Type of Business	2024 Number of FTE Employees
State of California	Government	113,610 <sup>1</sup>
UC Davis Health System	Health Care	16,075 <sup>2</sup>
Sacramento County	Government	13,611
U.S. Government	Government	10,699 <sup>1</sup>
San Juan Unified School District	Public Education	5,346
Los Rios Community College District	Two-Year Community College District	3,366
California State University Sacramento	Public Education	2,925
Sacramento Municipal Utility District	Electric Utility	2,343
<b>Total:</b>		<b>167,975</b>

<sup>1</sup> According to the U.S. Bureau of Labor Statistics quarterly report of September 2023

<sup>2</sup> 2023 data

Source: Sacramento Business Journal Annual Book of Lists Current Year

Note: City of Sacramento is not reported in the current years’ list, however, their FY 24-25 Budget shows approximately 5,030 approved FTEs.

## Housing Market

The following tables show recent construction activity in the County.

**SACRAMENTO COUNTY**  
**Building Permit Activity**  
**Calendar Year 2016 through 2023**  
(Amounts Expressed in Thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Reported Units:</b>					
Single Family	3,897	3,442	3,941	3,635	4,011
Multi-Family	1,691	2,487	1,935	1,377	2,770
<b>Total:</b>	<b>5,588</b>	<b>5,292</b>	<b>5,876</b>	<b>5,012</b>	<b>6,781</b>

Source: United States Census Bureau

**SACRAMENTO COUNTY**  
**Building Permit Valuations**  
**Calendar Year 2016 through 2023**  
(Amounts Expressed in Thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Valuation:</b>					
Single Family	\$1,070,245	\$931,238	\$1,147,442	\$1,029,016	\$1,233,621
Multi-Family	\$258,087	\$468,515	\$300,311	\$273,762	\$537,289
<b>Total:</b>	<b>\$1,328,332</b>	<b>\$1,399,753</b>	<b>\$1,447,753</b>	<b>\$1,302,778</b>	<b>\$1,770,910</b>

Source: United States Census Bureau

Historical Gross Assessed Valuation are reflected in the table below.

**SACRAMENTO COUNTY**  
**History of Gross Assessed Valuations**  
(Amounts Expressed in Thousands)

<b>Fiscal Year</b>	<b>Gross Roll Values</b>	<b>% Change</b>
2014-15	\$134,497,818	+6.48%
2015-16	140,691,284	+4.60%
2016-17	148,052,405	+5.23%
2017-18	157,548,105	+6.41%
2018-19	168,181,180	+6.75%
2019-20	179,165,611	+6.53%
2020-21	189,847,799	+5.96%
2021-22	199,704,342	+5.19%
2022-23	215,673,183	+8.00%
2023-24	231,698,751	+7.43%

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Source: Sacramento County Auditor Controller

## APPENDIX C

### SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Master Installment Purchase Contract, the Sixth Supplemental Installment Purchase Contract, the Master Indenture and the Third Supplemental Indenture which are not described elsewhere in this Official Statement. These summaries do not purport to be complete or definitive and are qualified in their entirety by reference to the full terms of the Master Installment Purchase Contract, the Sixth Supplemental Installment Purchase Contract, the Master Indenture and the Third Supplemental Indenture.

### DEFINITIONS

The following are definitions of certain terms used in this Summary of Principal Legal Documents or elsewhere in this Official Statement.

**“Accountant’s Report”** means a report signed by an Independent Certified Public Accountant.

**“Acquisition and Construction Fund”** means the Sacramento County Water Agency Zones 40 and 41 Water System Projects Acquisition and Construction Fund established under the Master Contract.

**“Act”** means Chapter 5 of Division 7 of Title 1 of the Government Code of the State, and all laws amendatory thereof or supplemental thereto.

**“Adjusted Annual Debt Service”** means, for any Fiscal Year or twelve (12) calendar month period, as the case may be, the Annual Debt Service for such Fiscal Year or twelve (12) calendar month period minus the amount of such Annual Debt Service paid from the proceeds of all Parity Obligations and paid from interest earnings on amounts on deposit in all Reserve Funds and Reserve Accounts established in connection with such Parity Obligations.

**“Adjusted Annual Net Revenues”** means, for any Fiscal Year or twelve (12) calendar month period, as the case may be, the Adjusted Annual Revenues during such Fiscal Year or twelve (12) calendar month period minus the Maintenance and Operation Costs during such Fiscal Year or twelve (12) calendar month period.

**“Adjusted Annual Revenues”** means, for any Fiscal Year or twelve (12) calendar month period, as the case may be, the Revenues during such Fiscal Year or twelve (12) calendar month period plus the deposits into the Water Fund from the Rate Stabilization Fund during or allocable to such Fiscal Year or twelve (12) calendar month period minus the deposits into the Rate Stabilization Fund from the Water Fund during or allocable to such Fiscal Year or twelve (12) calendar month period.

**“Agency”** means the Sacramento County Water Agency, a body corporate and politic and a special district of the State duly organized and existing under the laws of the State.

**“Annual Debt Service”** means, for any Fiscal Year or twelve (12) calendar month period, as the case may be, the sum of all Parity Payments required to be made under all Supplemental Contracts in such Fiscal Year or twelve (12) calendar month period.

**“Authority”** means the Sacramento County Water Financing Authority, a joint exercise of powers authority duly organized and existing under the Act.

**“Balloon Contract”** means any Supplemental Contract designated as a Balloon Contract in such Supplemental Contract.

**“Board of Directors”** means the Board of Directors of the Agency.

**“Bonds; Serial Bonds; Term Bonds”** means all revenue bonds of the Authority authorized, issued and delivered under the Master Indenture in accordance therewith that are at any time Outstanding under and pursuant to the terms of the Master Indenture and of all Supplemental Indentures. **“Serial Bonds”** means Bonds for which no Sinking Fund Account Payments are established. **“Term Bonds”** means Bonds which are redeemable or payable on or before their specified maturity date from Sinking Fund Account Payments established for the purpose of redeeming or paying such Bonds on or before their specified maturity date.

**“Business Day”** means any day (other than a Saturday, a Sunday or a legal holiday) on which the Trustee is open for business at its Corporate Trust Office and on which the Federal Reserve System is open for business.

**“Certificate of the Agency”** means an instrument in writing signed by the Chair of the Board of Directors, the Director of Finance or the Chief Financial Officer of the Agency (or by any other officer of the Agency duly authorized by the Board of Directors for such purpose) and attested and sealed by the Secretary of the Board of Directors.

**“Certificate of the Authority”** means an instrument in writing signed by the Chair or by the Treasurer/Controller of the Authority or by the Chief Fiscal Officer of the County (acting on behalf of the Authority) (or by any other officer of the Authority duly authorized by the Board of Directors of the Authority for such purpose) and attested by the Secretary of the Authority.

**“Chair”** means the Chair of the Authority.

**“Code”** means the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

**“Common Reserve Bonds”** means any Series of Bonds secured by the Common Reserve Subaccount as provided in the Supplemental Indenture providing for the issuance of each such Series of Bonds.

**“Common Reserve Subaccount”** means the account of that name established in the Reserve Account pursuant to the Master Indenture to secure the Common Reserve Bonds.

**“Contract”** or **“Contracts”** means the Master Installment Purchase Contract, dated as of June 1, 2003, by and between the Agency and the Authority, as originally executed and as from time to time be amended or supplemented in accordance with the respective terms thereof.

**“Contract Resource Obligation”** means any obligation of the Agency designated as a Contract Resource Obligation entered into under the Master Contract that requires the Agency to make payments for any service (including, without limitation, a separate utility system created pursuant to the Master Contract), the payments under which obligation (but for the application of the Master Contract)

would not be treated as Maintenance and Operation Costs in accordance with Generally Accepted Accounting Principles.

“**Corporate Trust Office**” means the principal corporate trust office of the Trustee in San Francisco, California; provided, that with respect to the presentation of any Bonds under the Master Indenture for registration, payment, transfer or exchange, such term shall mean for such purposes the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be designated in writing from time to time to the Authority and the Agency by the Trustee.

“**County**” means the County of Sacramento, a political subdivision of the State duly organized and existing under the Constitution and laws of the State.

“**Coverage Requirement**” means, for each Fiscal Year or twelve (12) calendar month period, as the case may be, the requirement that the charges, fees and rates for the Water Service be set at levels such that the estimated amount of the Adjusted Annual Net Revenues for such Fiscal Year or twelve (12) calendar month period is equal in each case to at least (i) one hundred twenty-five percent (125%) of the Adjusted Annual Debt Service for such Fiscal Year or twelve (12) calendar month period and (ii) one hundred percent (100%) of all obligations of the Agency payable in such Fiscal Year or twelve (12) calendar month period; provided, that for purposes of determining compliance with the Coverage Requirement, the following provisions shall apply:

(A) Generally. Except as otherwise provided by subparagraph (B) of this proviso with respect to Variable Interest Rate Contracts and by subparagraph (C) of this proviso with respect to Obligations with respect to which a Payment Agreement is in force, interest on any Obligation shall be calculated based on the actual amount of interest that is payable under such Obligation;

(B) Interest on Variable Interest Rate Contracts. Interest payable on any Variable Interest Rate Contract for periods when the actual interest rate can be determined shall be the actual Variable Interest Rate, and for periods when the actual interest rate cannot yet be determined shall be calculated on the assumption that the interest rate on such Variable Interest Rate Contract is equal to the rate (the “assumed RBI-based rate”) that is ninety percent (90%) of the average RBI during the twelve (12) calendar month period immediately preceding the date on which such calculation is made;

(C) Interest on Obligations with respect to which a Payment Agreement is in force. Interest payable on any Obligation with respect to which a Payment Agreement is in force shall be based on the net economic effect to the Agency expected to be produced by the terms of such Obligation and such Payment Agreement, including, but not limited to, the effects that (i) such Obligation would, but for such Payment Agreement, be treated as an obligation bearing interest at a Variable Interest Rate instead shall be treated as an obligation bearing interest at a fixed interest rate, and (ii) such Obligation would, but for such Payment Agreement, be treated as an obligation bearing interest at a fixed interest rate instead shall be treated as an obligation bearing interest at a Variable Interest Rate; and accordingly, the amount of interest deemed to be payable on any Obligation with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest payable at the rate or rates stated in such Obligation plus the Payment Agreement Payments minus the Payment Agreement Receipts; and for the purpose of calculating as nearly as practicable the Payment Agreement Receipts and the Payment Agreement Payments under such Obligation, the following assumptions shall be made:

(1) Agency Obligated to Pay Net Variable Payments. If a Payment Agreement has been entered into by the Agency with respect to an Obligation resulting in the payment of a net variable interest rate with respect to such Obligation and Payment Agreement by the Agency, the

interest rate on such Obligation for future periods when the actual interest rate cannot yet be determined shall be assumed (but only during the period the Payment Agreement is in effect) to be equal to the sum of (i) the fixed rate or rates stated in such Obligation, minus (ii) the fixed rate paid by the Qualified Counterparty to the Agency, plus (iii) the lesser of (A) the interest rate cap, if any, provided by a Qualified Counterparty with respect to such Payment Agreement (but only during the period that such interest rate cap is in effect) and (B) the assumed RBI-based rate; and

(2) Agency Obligated to Pay Net Fixed Payments. If a Payment Agreement has been entered into by the Agency with respect to an Obligation resulting in the payment of a net fixed interest rate with respect to such Obligation and Payment Agreement by the Agency, the interest on such Obligation shall be included in the calculation of the Coverage Requirement (but only during the period the Payment Agreement is in effect) by including for each Fiscal Year or twelve (12) calendar month period an amount equal to the amount of interest payable at the fixed interest rate under such Payment Agreement; and

(D) Interest on Balloon Contracts. For purposes of calculating the Annual Debt Service or the Subordinate Annual Debt Service on any Balloon Contract, it shall be assumed that the principal of such Balloon Contract, together with interest thereon at a rate equal to the assumed RBI-based rate, will be amortized in equal annual installments over a term of thirty (30) years.

**“Credit Facility”** means any one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or any one or more lines of credit or letters of credit issued by a bank if the obligations insured by such insurer or issued by such bank, as the case may be, have ratings at the time of issuance of such policy or surety bond or line or letter of credit at least equal to the ratings on the Bonds then assigned by the Rating Agencies and that maintain at all times ratings at least equal to the ratings on the Bonds assigned by the Rating Agencies, or other credit source deposited with the Trustee pursuant to the Master Indenture.

**“Date of Operation”** means, with respect to any uncompleted Project, the estimated date by which such Project will have been completed and, in the opinion of an Independent Engineer, will be ready for continuous and reliable operation by the Agency.

**“Defeasance Securities”** means any of the following obligations to the extent then permitted by law:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation);
- (2) Direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America; and
- (3) Senior debt obligations of other government sponsored agencies approved by the Bond Insurers (as defined in the Contract).

**“Depository”** means the securities depository acting as Depository pursuant to the Master Indenture.

**“Director of Finance”** means the Director of Finance of the County, as Treasurer of the Agency and as Treasurer/Controller of the Authority.

**“Engineer’s Report”** means a report signed by an Independent Engineer.



**“Event of Default”** means an event defined as such in the Master Contract or the Master Indenture, as the case may be.

**“Fiscal Year”** means the twelve-month period terminating on June 30 of each year, or any other annual accounting period selected and designated by the Authority or the Agency, as applicable, as its Fiscal Year in accordance with applicable law.

**“Fitch”** means Fitch, Inc., or its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then “Fitch” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority.

**“Generally Accepted Accounting Principles”** means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

**“Holder”** means any person who shall be the registered owner of any Outstanding Bond, as shown on the bond registration books maintained by the Trustee under the Master Indenture.

**“Independent Certified Public Accountant”** means any individual or firm of certified public accountants duly licensed and entitled to practice and practicing as such under the laws of the State, appointed and paid by the Authority or the Agency, as applicable, and whom or each of whom --

(1) is in fact independent and not under the domination of the Authority or the Agency, as applicable;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the Agency, as applicable; and

(3) is not connected with the Authority or the Agency, as applicable, as a member, officer or employee, but which individual or firm may be regularly retained to audit the accounting records of and make reports thereon to the Authority or the Agency.

**“Independent Engineer”** means any registered engineer or firm of registered engineers of national reputation generally recognized to be well qualified in engineering matters relating to water supply and distribution systems, appointed and paid by the Agency, and who or each of whom --

(1) is in fact independent and not under the domination of the Agency;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Agency; and

(3) is not connected with the Agency as a director, officer or employee of the Agency, but may be regularly retained to make engineering reports to the Agency.

**“Interest Account”** means the account within the Revenue Fund by that name established pursuant to Master Indenture.

**“Interest Payment Date”** means a date on which interest is due on any Bonds.

**“Issuing Document”** means the Master Indenture and all Supplemental Indentures, and any indenture, trust agreement, resolution or other document the obligations issued or delivered under which are secured by Payments under the Contracts; provided, that the trustee under each such Issuing Document shall be the Trustee.

**“Law”** means the Sacramento County Water Agency Act (being West’s Ann. Cal. Water Code App. §66), and all laws amendatory thereof or supplemental thereto.

**“Maintenance and Operation Costs”** means all reasonable and necessary costs paid or incurred by the Agency for maintaining and operating the Water System, determined in accordance with Generally Accepted Accounting Principles, including all expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including all administrative costs of the Agency that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any), surcharges mandated by the State, costs of permits and licenses to operate the Water System and insurance premiums, and including all fees due to the City of Sacramento, and including all other reasonable and necessary costs of the Agency or charges required to be paid by it to comply with the terms of the Master Contract or of any Supplemental Contract, such as compensation, reimbursement and indemnification of the Trustee and fees and expenses of Independent Certified Public Accountants and Independent Engineers and the Director of Finance, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

**“Master Contract”** means the Master Installment Purchase Contract dated as of June 1, 2003, by and between the Agency and the Authority, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance with the terms thereof.

**“Master Indenture”** means the Master Indenture, dated as of October 1, 2019, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms thereof.

**“Moody’s”** means Moody’s Investors Service, or its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then “Moody’s” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority and satisfactory to and approved by the Trustee.

**“Net Proceeds”** means, when used with respect to any condemnation award or any insurance proceeds received with respect to the Water System, the amount of such condemnation award or insurance proceeds remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such award or proceeds.

**“Net Revenues”** means, for any Fiscal Year or twelve (12) calendar month period, as the case may be, the Revenues during such Fiscal Year or twelve (12) calendar month period less the Maintenance and Operation Costs during such Fiscal Year or twelve (12) calendar month period.

**“Obligations”** means all Parity Obligations and all Subordinate Obligations.

**“Opinion of Counsel”** means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, retained by the Authority or the Agency, as

applicable, and satisfactory to and approved by the Trustee (who shall be under no liability by reason of such approval).

**“Outstanding,”** when used as of any particular time with reference to Payments, means all Payments which have not been paid or otherwise discharged as provided in the Master Contract, and with reference to Supplemental Contracts, means all Supplemental Contracts the Payments under which have not been paid or otherwise discharged as provided in the Master Contract, and when used as of any particular time with reference to Bonds, means (subject to the provisions of the Master Indenture) all Bonds except --

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation under the Master Indenture;

(2) Bonds paid or deemed to have been paid under the Master Indenture; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority under the Master Indenture.

**“Parity Obligation Payment Fund”** means the Sacramento County Water Agency Zones 40 and 41 Water System Projects Parity Obligation Payment Fund established under the Master Contract.

**“Parity Obligations”** means all Supplemental Contracts or State Loans or Payment Agreements, the Parity Payments under which (other than Termination Payments) are secured by the senior lien on the Net Revenues created under the Master Contract and are payable therefrom on a parity.

**“Parity Payment Agreement”** means a Payment Agreement which is a Parity Obligation.

**“Parity Payments”** means all payments scheduled to be paid by the Agency under all Parity Obligations.

**“Payment Agreement”** means a written agreement for the purpose of managing or reducing the Agency’s exposure to fluctuations in interest rates, or for any other interest rate, investment, asset or liability managing purposes, entered into either on a current or forward basis by the Agency and a Qualified Counterparty as authorized under any applicable laws of the State in connection with, or incidental to, the entering into of any Supplemental Contract that provides for an exchange of payments based on interest rates, ceilings or floors on such payments, options on such payments or any combination thereof, or any similar device.

**“Payment Agreement Payments”** means all amounts required to be paid by the Agency to all Qualified Counterparties under all Payment Agreements.

**“Payment Agreement Receipts”** means all amounts required to be paid by all Qualified Counterparties to the Agency under all Payment Agreements.

**“Payment Date”** means any date on which Payments are scheduled to be paid by the Agency.

**“Payments”** means all Parity Payments and all Subordinate Payments scheduled to be paid by the Agency under all Supplemental Contracts.

**“Permitted Investments”** means any of the following investments as authorized by applicable law at the time of making such investment, namely:

(1) Defeasance Securities;

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” or “A-1+” by S&P and maturing not more than three hundred sixty (360) calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank):

(5) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than two hundred seventy (270) calendar days after the date of purchase;

(6) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, excluding those with a floating net asset value, including funds for which the Trustee or an affiliate provides investment advice or other services;

(7) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s and S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) of the definition of Defeasance Securities, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in such irrevocable instructions, as appropriate;

(8) Municipal obligations rated “Aaa/AAA” or general obligations of states with a rating of at least “A2/A” or higher by both Moody’s and S&P;

(9) Investments in the County of Sacramento Pooled Investment Fund;

(10) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States;

(11) Local Agency Investment Fund of the State of California (LAIF); and

(12) Investment agreements (supported by appropriate opinions of counsel).

**“Principal Payment Date”** means a date on which principal is due on any Bonds, whether at maturity or upon prior redemption.

**“Principal Subaccount”** means the subaccount within the Redemption Account by that name established pursuant to the Master Indenture.

**“Project”** means any additions, betterments and improvements to the Water System designated by the Board of Directors in a Supplemental Contract as a designated Project, the Purchase Price of which will be paid by the Agency under such Supplemental Contract as provided therein and in the Master Indenture.

**“Project Account”** means a separate account established and maintained in the Acquisition and Construction Fund (as that term is defined in and as provided under the Master Contract) under a Supplemental Contract to finance the acquisition and construction of a Project.

**“Project Accounts”** means collectively all the accounts established in the Acquisition and Construction Fund by all the Supplemental Contracts to finance the acquisition and construction of all the Projects.

**“Purchase Price”** means the amount owed by the Agency to the Authority for the purchase by the Agency from the Authority of any Project under the terms of the Master Contract, as provided therein.

**“Qualified Counterparty”** means a party (other than the Agency or a party related to the Agency) who is the other party to a Payment Agreement and (1) (a) who is rated, at the time of execution of a Payment Agreement, by S&P, Moody’s and Fitch (if such party is then rated by Fitch) at least equal to the ratings assigned by such Rating Agencies to the obligations secured by the Parity Payments (without regard to any gradations within a rating category), (b) whose senior debt obligations are rated, at the time of execution of a Payment Agreement, by S&P, Moody’s and Fitch (if such party is then rated by Fitch) at least equal to the ratings assigned by such Rating Agencies to the obligations secured by the Parity Payments (without regard to any gradations within a rating category), or guaranteed by an entity so rated, (c) whose obligations under the Payment Agreement are guaranteed for the entire term of the Payment Agreement by a bond insurer or other institution which has been assigned a credit rating by S&P, Moody’s and Fitch (if such party is then rated by Fitch), at the time of execution of a Payment Agreement, at least equal to the ratings assigned by each of such Rating Agencies to the obligations secured by the Parity Payments, or (d) whose obligations under the Payment Agreement are collateralized in such a manner as to obtain a rating, at the time of execution of a Payment Agreement, by S&P, Moody’s and Fitch (if such party is then rated by Fitch) at least equal to the ratings assigned by such Rating Agencies to the obligations secured by the Parity Payments; and (2) who is otherwise qualified to act as the other party to a Payment Agreement under all applicable laws of the State.

**“Rate Stabilization Fund”** means the Sacramento County Water Agency Zones 40 and 41 Water System Projects Rate Stabilization Fund established under the Master Contract.

**“Rating Agencies”** means collectively Fitch, Moody’s and S&P, but in each case only to the extent that such municipal securities rating agency is then maintaining a rating on the Bonds.

**“RBI”** means the Bond Buyer Revenue Bond Index or comparable index, or, if no comparable index can be obtained, ninety per cent (90%) of the interest rate on actively traded ten (10) year United States Treasury Notes, except that if no such United States Treasury Notes are then being actively traded, it means ninety per cent (90%) of the interest rate on actively traded United States Treasury obligations or other obligations generally recognized to constitute “Benchmark Securities” in the municipal bond industry.

**“Rebate Fund”** means the Sacramento County Water Financing Authority Revenue Bonds (Sacramento County Water Agency Zones 40 and 41) Rebate Fund established under the Master Indenture, to be maintained by the Director of Finance.

**“Record Date”** means, with respect to any Interest Payment Date or Principal Payment Date, the day of the month that is the fifteenth (15th) day of the month prior to such Interest Payment Date or Principal Payment Date, as the case may be.

**“Redemption Account”** means the account within the Revenue Fund by that name established pursuant to the Master Indenture.

**“Request of the Agency”** means an instrument in writing signed by the Chair of the Board of Directors, the Director of Finance or the Chief Financial Officer of the Agency (or by any officer of the Agency duly authorized by the Board of Directors for that purpose).

**“Reserve Account”** means the account within the Revenue Fund by that name established pursuant to the Master Indenture.

**“Reserve Fund Credit Facility Costs”** means the repayment of draws, expenses and accrued interest or other similar costs payable in connection with a line of credit, letter of credit,

insurance policy, surety bond or other credit source deposited with the Trustee for the credit of a Reserve Fund or Reserve Account.

**“Reserve Requirement”** means (1) with respect to Common Reserve Bonds, as of any date of determination, the least of (a) ten percent (10%) of the original principal amount of the Bonds, or (b) the maximum annual interest and principal payments on the Bonds payable in the current or in any future one-year period ending on June 1 thereunder, or (c) one hundred twenty-five percent (125%) of the average annual interest and principal payments on the Bonds payable in the current and in all future one-year periods ending on June 1 thereunder, all as computed by the Authority under the Code and specified in writing to the Trustee; provided, that such requirement (or any portion thereof) may be provided by a Credit Facility; and provided further, that for purposes of calculating the Reserve Requirement for Bonds bearing interest at variable rates, such Bonds shall be assumed to bear interest at the fixed rates specified in one or more Payment Agreements (as that term is defined in the Master Installment Purchase Contract, dated as of June 1, 2003, between the Agency and the Authority, and herein, each a “Payment Agreement”) if a Payment Agreement is entered into in connection with such Bonds, and if a Payment Agreement is not entered into in connection with such Bonds, such Bonds shall be assumed to bear interest at the rate or rates at which such Bonds would bear interest if such Bonds were then issued as Bonds bearing interest at a fixed rate based upon a Certificate of the Authority which may be based upon a certificate of an investment banking firm, and (2) with respect to any Series of Bonds that are not Common Reserve Bonds, such amount, if any, as shall be specified in the Supplemental Indenture authorizing the issuance of such Series of Bonds; provided, however, that in no event shall any Reserve Requirement exceed an amount permitted by the Code.

**“Reserve Subaccount”** means either the Common Reserve Subaccount or any other reserve subaccount established pursuant to the Master Indenture, which account may secure one or more Series of Bonds as provided in the Supplemental Indenture providing for the establishment thereof.

**“Revenue Fund”** means the Sacramento County Water Financing Authority Revenue Bonds (Sacramento County Water Agency Zones 40 and 41) Revenue Fund established under the Master Indenture, to be maintained by the Trustee.

**“Revenues,”** with respect to the Agency, means, all gross income and revenue received or receivable by the Agency from the ownership or operation of the Water System, determined in accordance with Generally Accepted Accounting Principles, including all charges, fees and rates received by the Agency for the services of the Water System and including all Zone 40 Impact Fees and all Zone 41 Capital Inclusion Fees, as well as all income and revenue received from the sale of water delivered or made available by the Water System, all earnings and income derived from the investment of all of such money and derived from the investment of all money in the Water Fund and all other income and revenue howsoever derived by the Agency from the ownership or operation of the Water System or arising from the Water System, but excluding all ad valorem assessments and property taxes received by the Agency and all customer deposits made to establish credit which are subject to refund until such deposits have been earned by the Agency, and with respect to the Authority, means all Payments and all other payments required to be paid by the Agency to the Authority under any Supplemental Contract relating to such Payments, together with all income from any investment pursuant to the Master Indenture of any money in any account or fund established under the Master Indenture.

**“Series of Bonds”** means any series of the Bonds authorized, executed and authenticated pursuant to the Master Indenture and pursuant to one or more Supplemental Indentures that constitute a single series of the Bonds and that are delivered on initial issuance in a simultaneous transaction pursuant

to the Master Indenture, and any Bonds thereafter executed, authenticated and delivered in lieu thereof or in substitution therefore pursuant to the Master Indenture.

**“Series 2025 Bonds”** means the Sacramento County Water Financing Authority Revenue Bonds (Sacramento County Water Agency Zones 40 and 41 Financing), Series 2025.

**“Sinking Fund Account Payments”** means the payments required by all Supplemental Indentures to be deposited in the Sinking Fund Subaccount for the payment of the Term Bonds.

**“Sinking Fund Payment Date”** means a date on which any Sinking Fund Account Payment is due for any of the Bonds

**“Sinking Fund Subaccount”** means the subaccount by that name within the Redemption Account established pursuant to the Master Indenture.

**“Sixth Supplemental Contract”** means the Sixth Supplemental Installment Purchase Contract, dated as of March 1, 2025, between the Agency and the Authority supplemental to the Master Contract, as originally entered into and as it may from time to time be amended or supplemented in accordance with the terms thereof.

**“S&P”** means S&P Global Ratings, or its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then “S&P” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority.

**“State”** means the State of California.

**“State Loan”** means any loan agreement entered into between the Agency and the State (or any agency, board of department thereof) to finance any additions, betterments or improvements to the Water System which, by its terms, is payable from Net Revenues on a parity basis with the payment of all other Parity Obligations.

**“Subordinate Annual Debt Service”** means, for any Fiscal Year or twelve (12) calendar month period, as the case may be, all Subordinate Payments required to be made under all Supplemental Contracts in such Fiscal Year or twelve (12) calendar month period.

**“Subordinate Obligations”** means all Supplemental Contracts or Payment Agreements the Subordinate Payments under which, as determined by the Agency (other than Termination Payments related to Subordinate Payment Agreements) are secured by the subordinate lien on the Net Revenues created under the Master Contract and are payable on a parity therefrom.

**“Subordinate Payment Agreements”** means a Payment Agreement which is a Subordinate Obligation.

**“Subordinate Payments”** means all payments scheduled to be paid by the Agency under all Subordinate Obligations.

**“Supplemental Contracts”** means all installment purchase contracts relating to a Series of Bonds (determined by the Agency to constitute Supplemental Contracts) supplementing the Master Installment Purchase Contract executed and entered into as of June 1, 2003, by and between the Agency



and the Authority, executed and entered into by and between such parties in connection with any Supplemental Indenture.

**“Supplemental Indenture”** means any indenture then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory thereof or supplemental thereto; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Master Indenture.

**“Tax Certificates”** means collectively all the Tax Certificates delivered by the Authority at the time of the original execution and delivery of each Series of the Bonds, as the same may be amended or supplemented in accordance with their respective terms.

**“Termination Payments”** means any payments due and payable to a Qualified Counterparty in connection with the termination of a Payment Agreement.

**“Third Supplemental Indenture”** means the Third Supplemental Indenture, dated as of March 1, 2025, between the Authority and the Trustee, supplemental to the Master Indenture, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms thereof.

**“Treasurer/Controller”** means the Director of Finance of the County, as Treasurer/Controller of the Authority.

**“Trustee”** means U.S. Bank Trust Company, National Association, as successor in interest to MUFG Union Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, or any other banking corporation that may at any time be substituted in its place as provided in the Master Indenture.

**“2025 Payments”** means the Payments designated as such and scheduled to be paid by the Agency under the Sixth Supplemental Contract.

**“Variable Interest Rate”** means any variable interest rate or rates to be paid under any Supplemental Contract, the method of computing which variable interest rate shall be as specified in such Supplemental Contract, which Supplemental Contract shall also specify either (i) the payment period or periods or time or manner of determining such period or periods or time for which each value of such variable interest rate shall remain in effect, and (ii) the time or times based upon which any change in such variable interest rate shall become effective, and which variable interest rate may, without limitation, be based on the interest rate on certain bonds or may be based on interest rate, currency, commodity or other indices.

**“Variable Interest Rate Contract”** means, for any period of time, any Supplemental Contract that bears a Variable Interest Rate during such period, except that no Supplemental Contract shall be treated as a Variable Interest Rate Contract if the net economic effect of interest rates on any particular Payments or such Supplemental Contract and interest rates on any other Payments of the same Supplemental Contract, as set forth in such Supplemental Contract, or the net economic effect of a Payment Agreement with respect to any particular Payments, in either case is to produce obligations that bear interest at a fixed interest rate, and any Supplemental Contract with respect to which a Payment

Agreement is in force shall be treated as a Variable Interest Rate Contract if the net economic effect of the Payment Agreement is to produce obligations that bear interest at a Variable Interest Rate.

**“Water Fund”** means the Sacramento County Water Agency Zones 40 and 41 Water System Projects Water Fund, being collectively the pooled Sacramento County Water Agency (Zone 40) Water Fund and the Sacramento County Water Agency (Zone 41) Water Fund, both of which were established under applicable law and are now existing in the treasury of the Agency and are maintained under applicable law, and any successor fund to either of such two funds.

**“Water Service”** means the water service provided or made available by the Water System to residents and water users in Zones 40 and 41.

**“Water System”** means all facilities of the Agency used or useful for providing retail and wholesale water service to residents and water users in Zones 40 and 41, and all general plant facilities related thereto now owned by the Agency, and all other equipment, facilities, properties, structures or works for the delivery of retail and wholesale water service to residents and water users in Zones 40 and 41 acquired under the Master Contract and constructed by the Agency and designated by the Agency to be a part of the Water System, together with all improvements to all such equipment, facilities, properties, structures or works or any part thereof acquired or constructed by or for the Agency.

**“Written Request of the Authority”** means a request in writing signed by the Chair or by the Treasurer/Controller of the Authority or by the Chief Fiscal Officer of the County (acting on behalf of the Authority) (or by any other officer of the Authority duly authorized by the Board of Directors of the Authority for such purpose).

**“Zones 40 and 41”** means collectively the currently existing Zones 40 and 41 of the Agency.

**“Zone 40 Impact Fees”** means the so-called “Impact Fees” required to be paid for connecting to the Water System in Zone 40, as established by ordinance enacted by the Board of Directors.

**“Zone 41 Capital Inclusion Fees”** means the so-called “Water Development Fees” required to be paid for connecting to the Water System in Zone 41, as established by ordinance enacted by the Board of Directors.

## **CERTAIN PROVISIONS OF THE MASTER INSTALLMENT PURCHASE CONTRACT**

Under the Master Contract, the Authority agrees to finance and refinance the costs of the acquisition and construction of the Projects for and to sell the Projects to the Agency and appoints the Agency as its agent for the purpose of such acquisition and construction. Certain provisions of the Master Contract are summarized below. *THIS SUMMARY DOES NOT PURPORT TO BE COMPLETE OR DEFINITIVE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TERMS OF THE MASTER CONTRACT.*

### **Acquisition, Construction and Sale of Projects**

The Authority agrees to finance and refinance the acquisition and construction of the Projects for and to sell the Projects to the Agency, and the Agency agrees to purchase the Projects from the Authority and to pay the Purchase Price of the Projects to the Authority; and in order to implement

this provision, the Authority agrees to deposit funds with the Director of Finance to be used to finance the acquisition and construction of the Projects, and the Authority appoints the Agency as its agent for the purpose of acquiring and constructing the Projects, and the Agency agrees to enter into such engineering, design and construction contracts and purchase orders as may be necessary, as agent for the Authority, to provide for the complete acquisition and construction of the Projects, and the Agency agrees that as such agent it will cause the acquisition and construction of the Projects to be diligently completed after the deposit of funds in the Acquisition and Construction Fund for such purpose, and that it will use its best efforts to cause the acquisition and construction of the Projects to be completed in a timely and expeditious fashion. Notwithstanding the foregoing, it is expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any costs or expenses incurred by the Agency for the acquisition and construction of the Projects and that all such costs and expenses shall be paid by the Agency, regardless of whether the funds deposited in the Acquisition and Construction Fund are sufficient to cover all such costs and expenses. Upon the acquisition or construction of each discrete and separate portion of each Project, all right, title and interest therein shall automatically vest in the Agency, which such automatic vesting shall occur without further action by the Authority, except that the Authority shall, if requested by the Agency or if necessary to assure the vesting of such interests or title, deliver any and all documents required to assure such vesting.

In the event the Authority fails to observe or perform any agreement, condition, covenant or term contained in the Master Contract required to be observed or performed by it, the Agency may institute such action or proceeding against the Authority as the Agency may deem necessary to compel the observance or performance of such agreement, condition, covenant or term, or to recover damages for the nonobservance or nonperformance thereof. The Agency may, at its own cost and expense and in its own name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the Agency deems reasonably necessary in order to protect or secure its rights under the Master Contract, and in such event the Authority agrees to cooperate fully with the Agency and to take all action necessary to effect the substitution of the Agency for the Authority in any action or proceeding if the Agency shall so request.

### **Acquisition and Construction Fund**

There is established under the Master Contract the "Sacramento County Water Agency Zones 40 and 41 Water System Projects Acquisition and Construction Fund," which fund the Director of Finance agrees to hold and maintain until the completion of the acquisition and construction of all Projects to be financed from the Project Accounts established in such fund as provided in all Supplemental Contracts; and all money in the Acquisition and Construction Fund (and all interest earnings thereon) shall be used and withdrawn by the Director of Finance solely to pay the costs of the acquisition and construction of the Projects (or to reimburse the Agency for such costs paid by it) upon receipt of a Request of the Agency filed with the Director of Finance in substantially the form attached to the Master Contract as Exhibit A thereof, each of which shall be sequentially numbered and shall state the person or entity to whom payment is to be made, the amount of money to be paid, the purpose for which the obligation to be paid was incurred and that such payment is a proper charge against the related Project Account in the Acquisition and Construction Fund and has not been the subject of a previous Request of the Agency. After the completion of the acquisition and construction of each Project to be financed from the related Project Account in the Acquisition and Construction Fund, any remaining balance of money in such Project Account shall be transferred to the Agency for any lawful purpose of the Agency (subject to the provisions of any Tax Certificate).

## **Rate Stabilization Fund**

There is established under the Master Contract the “Sacramento County Water Agency Zones 40 and 41 Water System Projects Rate Stabilization Fund,” which fund the Director of Finance agrees to hold and maintain as directed by the Agency so long as any Payments due under the Master Contract shall be Outstanding. The Agency may at any time deposit in the Rate Stabilization Fund any Net Revenues available to be deposited therein (as provided in the Master Contract), and the Agency may at any time withdraw from the Rate Stabilization Fund any money therein for deposit in the Water Fund; provided, that the Agency shall withdraw from the Rate Stabilization Fund any money therein for deposit in the Water Fund in the event there are insufficient amounts in the Water Fund to make the deposits and transfers required by the Master Contract; and provided further, that any such deposits or withdrawals may be made up to and including the date that is one hundred eighty (180) days after the end of the Fiscal Year or twelve (12) calendar month period, as the case may be, for which such deposit or withdrawal will be taken into account in determining the Adjusted Annual Revenues; and provided further, that no deposit of Net Revenues shall be made in the Rate Stabilization Fund to the extent that such deposit would prevent the Agency from meeting the Coverage Requirement in any Fiscal Year or twelve (12) calendar month period, as the case may be.

## **Water Fund**

There is established the “Sacramento County Water Agency Zones 40 and 41 Water System Projects Water Fund,” which fund the Director of Finance agrees to hold and maintain so long as any Payments due under the Master Contract shall be Outstanding. The Agency irrevocably grants and pledges the Net Revenues first, to secure all Parity Obligations and second, to secure all Subordinate Obligations, and such lien and pledge shall constitute a first lien on the Net Revenues, which grant and pledge shall become effective upon the execution thereof without any further action on the part of the Agency or the Authority; provided, that out of the Net Revenues there may be apportioned such sums for such purposes as are expressly permitted by this section. All Parity Obligations shall be of equal rank without preference, priority or distinction of any Parity Obligations over any other Parity Obligations, and all Subordinate Obligations shall be of equal rank without preference, priority or distinction of any Subordinate Obligations over any other Subordinate Obligations. In order to carry out and effectuate the obligation of the Agency contained in the Master Contract and in all Supplemental Contracts and Payment Agreements to make the Payments, the Agency agrees and covenants that all Revenues received by it shall be deposited when and as received in the Water Fund, and all money on deposit in the Water Fund shall be applied and used only in the following order as provided in the Master Contract:

(A) The Agency shall pay all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs the payment of which is not then immediately required) from the Water Fund as they become due and payable and shall make such deposits in the Rate Stabilization Fund as it may determine from time to time in accordance with the Master Contract; and

(B) On or before the last Business Day of each month, the Director of Finance shall, from the remaining money then on deposit in the Water Fund, deposit in the “Sacramento County Water Agency Zones 40 and 41 Water System Projects Parity Obligation Payment Fund,” which fund is created and which fund the Director of Finance agrees to hold and maintain so long as any Parity Payments due hereunder shall be Outstanding, the following amounts in the following order of priority:

(1) a sum equal to (a) the interest and principal payments becoming due and payable under all Supplemental Contracts that are Parity Obligations, plus (b) the net payments becoming due and payable on all Parity Payment Agreements (except any Termination Payments), plus (c) any other amounts with respect to Parity Obligations (including any letter of credit and remarketing fees), in each case, during the next succeeding month; plus

(2) all amounts due to make up any deficiency in the Reserve Funds and Reserve Accounts for the Parity Obligations in accordance with the provisions of the applicable Issuing Document, including all Reserve Fund Credit Facility Costs.

All money on deposit in the Parity Obligation Payment Fund shall be transferred by the Director of Finance to the Trustee or other third party payee thereof to make and satisfy the Parity Payments due on the next applicable Payment Dates.

After the payments contemplated by the foregoing subparagraphs (A) and (B) shall have been made, any amounts thereafter remaining in the Water Fund shall from time to time be used for the payment of the interest and the principal payments becoming due and payable under all Supplemental Contracts that are Subordinate Obligations and the net payments becoming due and payable on all Subordinate Payment Agreements (except any Termination Payments) and any other amounts becoming due and payable with respect to Subordinate Obligations (including any letter of credit and remarketing fees and any other amounts becoming due and payable to make up any deficiency in the Reserve Funds and the Reserve Accounts for Subordinate Obligations, including all Reserve Fund Credit Facility Costs) and any Termination Payments on all Parity Payment Agreements; so long as the following conditions are met:

(1) all Maintenance and Operations Costs are being and have been paid and are then current; and

(2) all deposits and payments contemplated by the foregoing subparagraphs (A) and (B) shall have been made in full and no deficiency in any Reserve Fund or Reserve Account for Parity Obligations shall exist and no Reserve Fund Credit Facility Costs shall be due and payable, and there shall have been paid, or segregated within the Water Fund, the amounts currently payable pursuant to subparagraphs (A) and (B) above.

After all the deposits required by this section have been made, any amounts thereafter remaining in the Water Fund may be used for any lawful purpose of the Agency, including (but not limited to) the payment of any Termination Payments.

#### **Conditions for the Execution of Parity Obligations**

The Agency may at any time execute any Parity Obligations payable as provided in the Contract; provided:

(a) There shall be on file with the Agency either:

(1) A Certificate of the Agency demonstrating that, during the last audited Fiscal Year or twelve (12) consecutive calendar month period during the immediately preceding eighteen (18) consecutive calendar month period, the Adjusted Annual Net Revenues were at

least equal to the Coverage Requirement (with the term Adjusted Annual Debt Service in the definition of Coverage Requirement meaning the greater of (x) the sum of the Adjusted Annual Debt Service on all Outstanding Supplemental Contracts that are Parity Obligations plus the Parity Payments becoming due in the first full Fiscal Year after the end of the period during which interest on the Parity Obligation proposed to be executed is capitalized or, if no interest is capitalized, the first full Fiscal Year in which the Parity Obligation proposed to be executed is executed or (y) the average Adjusted Annual Debt Service as computed for all Outstanding Supplemental Contracts that are Parity Obligations, including the Parity Obligation proposed to be executed); and for the purpose of providing the Certificate, the Agency may adjust such Adjusted Annual Net Revenues to reflect:

(i) An allowance for Net Revenues that would have been derived from each new connection to the Water System that was made prior to the execution of any Outstanding Supplemental Contract but which, during all or any part of such Fiscal Year or twelve (12) calendar month period, was not in existence, in an amount equal to ninety-five per cent (95%) of the estimated additional Net Revenues that would have been derived from each such connection if it had been made prior to the beginning of such Fiscal Year or twelve (12) calendar month period, and

(ii) An allowance for Net Revenues that would have been derived from any increase in the rates, fees and charges fixed and prescribed for Water Service which became effective prior to the execution of such Outstanding Supplemental Contract but which, during all or any part of such Fiscal Year or twelve (12) calendar month period, was not in effect, in an amount equal to ninety-five per cent (95%) of the estimated additional Net Revenues that would have been derived from such increase in rates, fees and charges if it had been in effect prior to the beginning of such Fiscal Year or twelve (12) calendar month period; or

(2) An Engineer's Report or a Certificate of the Agency evidencing that the estimated Adjusted Annual Net Revenues for each of the five (5) Fiscal Years next following the earlier of (i) the end of the period during which interest on the Parity Obligation proposed to be executed is to be capitalized or, if no interest is capitalized, the Fiscal Year in which the Parity Obligation proposed to be executed is executed, or (ii) the date on which substantially all Projects financed with the Parity Obligation proposed to be executed plus all Projects financed with all existing Supplemental Contracts are expected to commence operations, will be at least equal to the Coverage Requirement for such period; and for the purpose of providing the foregoing Engineer's Report or Certificate of the Agency, the Independent Engineer or the Agency, as the case may be, may adjust the foregoing estimated Adjusted Annual Net Revenues to reflect:

(i) An allowance for Net Revenues that are estimated to be derived from any increase in the rates, fees and charges for Water Service in effect and being charged or from any increase in the rates, fees and charges for Water Service that are expected to be charged; and

(ii) An allowance for Net Revenues that are estimated to be derived from new customers of the Water System anticipated to be served by the additions, betterments or improvements to the Water System to be financed by the Parity Obligation proposed to be executed together with any additional Supplemental Contracts expected to be executed and entered into during such five (5)-year period; and

(b) There shall be on file with the Agency a Certificate of the Agency that the Project to be acquired and constructed with the proceeds of such Parity Obligation is technically feasible and the estimated cost of the acquisition and construction thereof is reasonable, and (after giving effect to the completion of all uncompleted Projects) the rates, fees and charges estimated to be fixed and prescribed for the Water Service for each Fiscal Year from the Fiscal Year in which such Parity Obligation is executed to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Project are economically feasible and reasonably considered necessary based on projected operations for such period.

Notwithstanding the foregoing provisions, there shall be no limitations on the ability of the Agency to execute any Parity Obligation at any time to refund any outstanding Obligation.

### **Conditions for the Execution of Subordinate Obligations**

The Agency may at any time execute any Subordinate Obligations payable as provided in the Master Contract; provided that no Event of Default has occurred and is then continuing; and nothing contained in the Master Contract shall limit the ability of the Agency to execute obligations payable from a lien on Net Revenues that is subordinate to the lien of Net Revenues contained in the Master Contract.

### **Procedure for the Execution of Supplemental Contracts**

Before the execution of any Supplemental Contract, there shall first be delivered to the Director of Finance the following documents or money or securities:

- (1) An executed counterpart of the Supplemental Contract;
- (2) A Request of the Agency as to the delivery of such Supplemental Contract;
- (3) An Opinion of Counsel to the effect that the Supplemental Contract has been duly and lawfully executed and delivered by the Agency in accordance with the Law and herewith, is in full force and effect and is valid and binding upon the Agency and enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, the application of equitable principles, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against the Agency in the State);
- (4) A Certificate of the Agency containing such statements as may be reasonably necessary to show compliance with the requirements of the Master Contract; and
- (5) Such further documents, money and securities as are required by the provisions of the Master Contract and the resolution, indenture, contract or other obligation providing for the issuance of the Obligation.

### **Compliance with Master Contract**

The Agency will punctually pay the Payments in strict conformity with the terms of the Master Contract, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Master Contract required to be observed and performed by it, and will not terminate any Contract for any cause whatsoever, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage

to any portion of the Water System, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either of them or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained in the Master Contract required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority, the Trustee or any force majeure, including Acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

### **Use of Proceeds**

The Authority and the Agency agree that the proceeds of all Supplemental Contracts will be used by the Agency, as agent for the Authority, to pay the costs of financing or refinancing the acquisition and construction of the Projects and to pay the incidental costs and expenses related thereto as provided in the Master Contract.

### **Against Encumbrances**

The Agency will pay or cause to be paid when due all sums of money that may become due for any labor, services, materials, supplies or equipment furnished, or alleged to have been furnished, to or for the Agency in, upon, about or relating to the Water System and will keep the Water System free of any and all liens against any portion of the Water System. In the event any such lien attaches to or is filed against any portion of the Water System, the Agency will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the Agency desires to contest any such lien it may do so; provided, that if any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the Agency will forthwith pay or cause to be paid and discharged such judgment. The Agency will, to the maximum extent permitted by law, indemnify and hold the Authority harmless from, and defend it against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against any portion of the Water System.

### **Sale or Other Disposition of the Water System**

The Agency will only sell, transfer or otherwise dispose of any of the facilities of the Water System or any real or personal property comprising a part of the Water System consistent with one or more of the following limitations:

(1) The Agency in its discretion may carry out such a sale, transfer or other disposition (each, as used in this section, a "transfer") if the facilities or property of the Water System transferred are not material to the operation of the Water System, or shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the Water System, or are no longer necessary, material or useful to the operation of the Water System;

(2) The Agency in its discretion may carry out such a transfer if the aggregate depreciated cost value of the facilities or property of the Water System transferred in any one Fiscal Year comprises no more than ten per cent (10%) of the total assets of the Water System in such Fiscal Year; or



(3) The Agency in its discretion may carry out such a transfer if the Agency receives from the transferee an amount equal to the fair market value of the facilities or property of the Water System transferred (as used in this subparagraph, “fair market value” means the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, with a willing buyer and a willing seller each acting prudently and knowledgeably and assuming that the price is not affected by coercion or undue stimulus) and if the proceeds of such transfer are used (i) to promptly prepay, or irrevocably set aside for the prepayment of, first the Parity Payments and, thereafter, the Subordinate Payments, and/or (ii) to provide for the cost of additions, betterments or improvements to the Water System; provided, that before any such transfer is made under this subparagraph, (A) the Agency shall obtain an Engineer’s Report that upon such transfer and the use of the proceeds thereof as proposed by the Agency, the remaining facilities or property of the Water System will retain their operational integrity and the estimated Adjusted Annual Net Revenues during each of the five (5) Fiscal Years next following the Fiscal Year in which the transfer is to occur will be at least equal to the estimated Coverage Requirement in each of such Fiscal Years, taking into account (w) the estimated reduction in Net Revenues resulting from such transfer, (x) the use of the proceeds of such transfer for the prepayment of first, the Parity Payments and thereafter, the Subordinate Payments, (y) the estimated additional Revenues from customers anticipated to be served by any additions, betterments or improvements to the Water System financed by the portion of the proceeds received from such transfer, and (z) any other adjustment permitted in the preparation of an Engineer’s Report under the Master Contract, or (B) the Agency shall obtain confirmation from the Rating Agencies to the effect that the ratings then in effect will not be reduced or withdrawn upon such transfer.

### **Against Competitive Facilities**

The Agency will not, to the extent permitted by law, acquire, purchase, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public agency, corporation, district or political subdivision or any person whomsoever to acquire, purchase, maintain or operate within the Agency any water system competitive with the Water System unless the operation of any such water system will not have a material adverse impact on the Net Revenues pledged under the Master Contract.

### **Tax Covenants**

The Agency and the Authority will at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest paid on the Payments will not be included in the gross income of the owners of the Obligations for federal income tax purposes under the Code and will take no action that would result in such interest being so included; and without limiting the foregoing, the Agency and the Authority will at all times comply with the requirements of each Tax Certificate executed in connection with each Project by the Agency and the Authority. This covenant shall survive any prepayment of the Payments or any defeasance or discharge of the Payments under the Master Contract.

### **Maintenance and Operation of the Water System; Budgets**

The Agency will maintain and preserve the Water System in good repair and working order at all times and in accordance with sound engineering practices and will operate the Water System in an efficient and economical manner and will pay all Maintenance and Operation Costs as they become due and payable. The Agency will adopt and file with the Authority and the Trustee, not later than October 1 of each year, a budget approved by the Board of Directors setting forth the estimated Revenues and Maintenance and Operation Costs for the then current Fiscal Year; provided, that any such budget

may be amended at any time during any Fiscal Year and such amended budget shall be filed by the Agency with the Authority and the Trustee.

### **Compliance with Contracts for Use of the Water System**

The Agency will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts for the use of the Water System and all other contracts affecting or involving the Water System to the extent that the Agency is a party thereto.

### **Payment of Claims**

The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or any part thereof or which might impair the security of the Payments.

### **Insurance**

The Agency will procure and maintain such insurance relating to the Water System which it shall deem advisable or necessary to protect its interests and the interests of the Authority and the Trustee, which insurance shall afford protection in such amounts and against such risks as are usually covered in the State in connection with water systems comparable to the Water System; provided, that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with water systems in the State comparable to the Water System and is, in the opinion of an accredited actuary, actuarially sound. All policies of insurance required to be maintained in the Master Contract shall provide that the Authority and the Trustee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

### **Accounting Records; Financial Statements and Other Reports**

The Agency will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Water System and the Revenues and the Maintenance and Operation Costs, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

The Agency will prepare and file with the Authority and the Trustee annually within two hundred ten (210) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2003) audited financial statements of the Agency for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon and (i) to the extent permitted by the professional standards for certified public accountants and certified public accounting firms established by the American Institute of Certified Public Accountants, a special report prepared by the Independent Certified Public Accountant who audited such financial statements substantially to the effect that nothing came to their attention in connection with such audit that caused them to believe that the Agency was not in compliance with any of the financial agreements or covenants contained in the Master Contract, insofar as they relate to accounting matters, and (ii) a Certificate of the Agency stating that no event which constitutes an Event of Default or which, with the giving of notice or the passage of time or both, would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Agency to cure such default.

### **Protection of Security and Rights of the Authority**

The Agency will preserve and protect the security of the Master Contract and the rights of the Authority to the Payments under the Master Contract and will warrant and defend such rights against all claims and demands of all persons.

### **Payment of Taxes and Compliance with Governmental Regulations**

The Agency will pay and discharge all taxes, assessments and other governmental charges which may under the Master Contract be lawfully imposed upon the Water System or any part thereof when the same shall become due; and the Agency will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Water System or any part thereof, but the Agency shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

### **Amount of Rates, Fees and Charges**

The Agency will at all times fix, prescribe and collect rates, fees and charges for the Water Service during each Fiscal Year which are reasonably fair and nondiscriminatory and which are estimated to yield Adjusted Annual Net Revenues for such Fiscal Year equal to at least the Coverage Requirement for such Fiscal Year. The Agency may make adjustments from time to time in such rates, fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Adjusted Annual Net Revenues from such reduced rates, fees and charges are estimated to be sufficient to meet the requirements of this section.

### **Collection of Rates, Fees and Charges**

The Agency will have in effect at all times rules and regulations requiring each consumer or customer located on any premises connected with the Water System to pay the rates, fees and charges applicable to the Water Service to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill. The Agency will not permit any part of the Water System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State and any city, county, district, political subdivision, public corporation or agency of any thereof) if such use will jeopardize the ability of the Agency to satisfy the Coverage Requirement.

### **Damage, Destruction and Condemnation; Use of Net Proceeds**

If any portion of the Water System is damaged or is destroyed by fire or other casualty, or title to, or the temporary use of, the Water System or any portion thereof shall be condemned by any governmental body or by any person or firm or corporation acting under governmental authority, then the Agency will cause the Net Proceeds of any insurance payment or any condemnation award to be applied to the prompt repair, restoration, modification, improvement or replacement of such damaged, destroyed or condemned portion of the Water System; provided, that if the Agency first obtains an Engineer's Report stating that, notwithstanding such damage, destruction or condemnation, in the opinion of the Independent Engineer preparing such report the Water System can still generate sufficient Revenues to satisfy the Coverage Requirement, then such Net Proceeds may be applied by the Agency to the prepayment of any Outstanding Payments.

## **Separate Utility Systems**

The Agency may at any time create, acquire, construct, finance, own and operate one or more additional utility systems for Water Service, and the revenues of such separate utility system shall not be included in the Revenues and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand such separate utility system; provided, that neither the Revenues nor the Net Revenues shall be pledged by the Agency to the payment of any obligations of a separate utility system except (1) as a Contract Resource Obligation upon compliance with the Master Contract, or (2) with respect to the Net Revenues, on a basis subordinate to the lien of the Parity Obligations and the Subordinate Obligations on the Net Revenues.

## **Contract Resource Obligations**

The Agency may at any time enter into one or more Contract Resource Obligations for the acquisition of water for the Water System and may determine that, and may agree under such Contract Resource Obligation to provide that, all payments under such Contract Resource Obligation (including payments prior to the time that such water service is being provided, or during a suspension or after the termination of such water service) shall be Maintenance and Operation Costs if the following requirements are met at the time such Contract Resource Obligation is entered into:

(a) No Event of Default as defined in the Master Contract shall have occurred and shall be then continuing;

(b) There shall be on file with the Agency an Engineer's Report stating that (i) the payments to be made by the Agency under the Contract Resource Obligation are reasonable for the water service to be provided thereunder; (ii) the source of any new capacity for such water service, and any facilities to be constructed to provide such capacity, are sound from a water planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide water service no later than a date set forth in such Engineer's Report; and (iii) the Adjusted Annual Net Revenues (further adjusted by the Independent Engineer's estimate of the payments to be made in accordance with the Contract Resource Obligation) for the five (5) Fiscal Years following the year in which the Contract Resource Obligation is incurred, as such Adjusted Annual Net Revenues are estimated by the Independent Engineer in accordance with the provisions of and adjustments permitted in the Master Contract, will cause the Coverage Requirement to be met; and

(c) The Payments required to be made under such Contract Resource Obligation shall not be subject to acceleration.

Nothing in this section shall be deemed to prevent the Agency from entering into other agreements for the acquisition of water service from existing facilities and from treating those payments as Maintenance and Operation Costs; and nothing in this section shall be deemed to prevent the Agency from entering into other agreements for the acquisition of water or other service from facilities to be constructed and from agreeing to make payments with respect thereto as long as such payments constitute a lien and charge on Net Revenues subordinate to that of the Contracts.

## **Further Assurances**

The Agency will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Master Contract and for the better assuring and confirming unto the

Authority of the rights and benefits provided to it in the Master Contract; provided, that the Agency agrees that it will not decrease the size of either Zone 40 or Zone 41 so long as any Payments shall be Outstanding.

### **Events of Default and Acceleration of Principal**

If one or more of the following Events of Default shall happen, that is to say –

(1) if default shall be made in the due and punctual payment of any Payment under any Supplemental Contract when and as the same shall become due and payable;

(2) if default shall be made by the Agency in the performance of any of the agreements or covenants contained in the Master Contract or in any Supplemental Contract required to be performed by it, and such default shall have continued for a period of sixty (60) days after the Agency shall have been given notice in writing of such default by the Authority or the Trustee; or

(3) if the Agency shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Agency seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property;

then and in each and every such case during the continuance of such Event of Default specified in clause (1) above, the Authority shall, and for any other such Event of Default the Authority may, by notice in writing to the Agency given not later than three (3) Business Days after it receives notice of such Event of Default or direction to proceed under such Event of Default, declare an Event of Default under the Master Contract; provided, that if at any time after such Event of Default has been declared and before any judgment or decree for the payment of the money due shall have been obtained or entered the Agency shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Payments due and payable prior to such declaration and the accrued interest thereon, with interest on such overdue installments at the rate or rates applicable to such unpaid principal installments of the Payments if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the Agency, may rescind and annul such declaration of an Event of Default and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon; and provided further, that the payment of principal and interest installments on the Payments shall not be accelerated upon the declaration of an Event of Default under the Master Contract.

### **Application of Net Revenues upon Acceleration**

All Net Revenues upon the date of the declaration of an Event of Default by the Authority as provided in the Master Contract and all Net Revenues thereafter received shall be applied in the following order –

First, to the payment of the costs and expenses of the Authority, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, accountants and counsel and including any indemnification expenses;

Second, to the payment of the interest then due and payable on the principal amount of the unpaid Parity Payments (except any Termination Payments), and, if the amount available shall not be sufficient to pay in full all such interest then due and payable, then to the payment thereof ratably, according to the amounts due thereon without any discrimination or preference;

Third, to the payment of the unpaid principal amount of the Parity Payments (except any Termination Payments) then due and payable, with interest on the overdue principal and interest installments of the unpaid Parity Payments at the rate or rates of interest then applicable to such Parity Payments if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Parity Payments on any date, together with such interest, then to the payment thereof ratably, according to the principal amounts of the Parity Payments due on such date, without any discrimination or preference;

Fourth, to the payment of any other amounts becoming due and payable with respect to Parity Obligations (including any letter of credit and remarketing fees, but excluding any Termination Payments);

Fifth, to the payment of the Subordinate Payments (except any Termination Payments) then due and payable and any other amounts becoming due and payable with respect to Subordinate Obligations (including any letter of credit and remarketing fees) and any Termination Payments on all Parity Payment Agreements; and

Sixth, to the payment of all other amounts due and payable by the Agency, including, but not limited to the payment of any Termination Payments on all Subordinate Payment Agreements.

### **Other Remedies**

The Authority shall have the right –

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Agency or any director, officer or employee thereof, and to compel the Agency or any such director, officer or employee to perform and carry out its or his duties under the Law and the agreements and covenants required to be performed by it or him contained in the Master Contract;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit in equity upon the happening of an Event of Default to require the Agency and its directors, officers and employees to account as the trustee of an express trust.

### **Non-Waiver**

Nothing in this article or in any other provision of the Master Contract shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from Net Revenues, first the Parity Payments and second, the Subordinate Payments at the respective due dates or upon

prepayment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Master Contract.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by the Law or any other applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the Agency and the Authority shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

### **Remedies Not Exclusive**

No remedy in the Master Contract conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Master Contract or now or thereunder existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

### **Discharge of Obligations**

(a) If the Agency shall pay or cause to be paid all the Payments at the times and in the manner provided in the Master Contract, all right, title and interest of the Authority therein and the obligations of the Agency thereunder and under all Supplemental Contracts shall cease, terminate, become void and be completely discharged and satisfied.

(b) All or any portion of the Payments shall, prior to their scheduled payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) above if the Agency makes payment of such Payment and the prepayment premium, if applicable, in the manner provided in the applicable Issuing Document, or if not so provided therein, in the manner provided in Master Contract.

(c) All or any portion of the Payments shall, prior to their scheduled payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) above (except that the Agency shall remain liable for such Payments, but only out of such money or securities deposited with the Authority for such payment) if (i) notice is provided by the Agency to the Authority and the Trustee, (ii) there shall have been deposited with the Authority either money in an amount which shall be sufficient or Defeasance Securities which are not subject to redemption prior to maturity except by the holder thereof (including any such Defeasance Securities issued or held in book-entry form) the interest on and the principal of which when paid will provide money which, together with the money, if any, deposited with the Authority at the same time, shall be sufficient, as stated in a report of a nationally recognized Independent Certified Public Accountant (or such other entity as may be approved by each Rating Agency) addressed to the Agency and the Authority and the Trustee verifying such sufficiency in full to pay all such Payments or such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment

premiums, if any, applicable thereto, and an Opinion of Counsel addressed to the Agency and the Authority and the Trustee is filed to the effect that the action taken under this subsection will not cause the interest paid under the Obligations to be includable in gross income under the Code for federal income tax purposes, and (iii) all fees and expenses with respect to the Obligations shall have been paid.

(d) After the payment of all Payments and prepayment premiums, if any, as provided in this section, and the payment in full of all fees and expenses of the Authority, the Authority, upon receipt of a Request of the Agency, shall cause an accounting for such period or periods as may be requested by the Agency to be prepared and filed with the Agency and the Authority and shall execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such total discharge and satisfaction of the Master Contract, and the Authority shall pay over and deliver to the Agency, as an overpayment of Payments, all such money or investments held by it pursuant thereto other than such money and such investments as are required for the payment or prepayment of the Payments, which money and investments shall continue to be held in trust for the payment of the Payments.

### **Liability of Agency Limited to Net Revenues**

Notwithstanding anything contained in the Master Contract, the Agency shall not be required to advance any money derived from any source of income other than the Net Revenues for the payment of first, the Parity Payments and second, the Subordinate Payments, or for the performance of any agreements or covenants required to be performed by it contained therein; provided, that the Agency may advance money for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Agency for such purpose.

The obligation of the Agency to make the Parity Payments and the Subordinate Payments is a special obligation of the Agency payable solely from the Net Revenues as provided in the Master Contract, and such obligations do not constitute a debt of the Agency or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

### **Amendments to Master Contract**

The Agency and the Authority shall not supplement, amend, modify or terminate any of the terms of the Master Contract, or consent to any such supplement, amendment, modification or termination thereof, without the prior written consent of the Trustee, which such consent shall be given only if (a) such supplement, amendment, modification or termination will not materially adversely affect the interests of the holders of Obligations or result in any material impairment of the security given for the payment of the Obligations under the Master Contract, or (b) the Trustee first obtains the written consent of a majority in aggregate principal amount of the Parity Obligations then Outstanding to such supplement, amendment, modification or termination, and, if the supplement, amendment, modification or termination affects the provisions of the Master Contract described above under the captions "Water Fund," "Conditions for the Execution of Parity Obligations," "Sale or Other Disposition of the Water System" or "Protection of Security and Rights of the Authority," the Trustee shall also first obtain the written consent of a majority in aggregate principal amount of Subordinate Obligations then Outstanding; provided, that any supplement that complies with the provisions of the Master Contract described above under the captions "Conditions for the Execution of Parity Obligations," "Conditions for the Execution of Subordinate Obligations" and "Procedure for the Execution of Supplemental Contracts" shall not be deemed to materially adversely affect the interests of the holders of Obligations or result in any material impairment of the security given for the payment of the Obligations under the Master Contract; and provided further, that no such supplement, amendment, modification or termination shall reduce the amount of Payments to be made to the Authority or the Trustee by the Agency pursuant to the Master



Contract, or extend the time for making such Payments, or permit the creation of any lien prior to or on a parity with the lien created hereby on the Payments without the written consent of all of the holders of all Obligations then Outstanding.

#### **CERTAIN PROVISIONS OF THE SIXTH SUPPLEMENTAL CONTRACT**

Certain provisions of the Sixth Supplemental Contract are summarized below. *THIS SUMMARY DOES NOT PURPORT TO BE COMPLETE OR DEFINITIVE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TERMS OF THE SIXTH SUPPLEMENTAL CONTRACT.*

##### **Compliance with Master Contract**

The Agency shall pay the 2025 Payments and observe and perform all of the agreements, conditions, covenants and terms contained in the Master Contract (except as otherwise supplemented by the Sixth Supplemental Contract) in accordance with the provisions of the Master Contract. Except as otherwise expressly provided in the Sixth Supplemental Contract, every condition and term contained in the Master Contract shall apply to the Sixth Supplemental Contract with the same force and effect as if the same were set forth therein at length with such omissions, variations and modifications thereof as may be appropriate to make the same conform to the Sixth Supplemental Contract.

#### **CERTAIN PROVISIONS OF THE MASTER INDENTURE**

The Master Indenture sets forth the terms of the Bonds, the nature and extent of the security therefor, various rights of the Holders, rights and duties and immunities of the Trustee and rights and obligations of the Authority. Certain provisions of the Master Indenture are summarized below. *THIS SUMMARY DOES NOT PURPORT TO BE COMPLETE OR DEFINITIVE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TERMS OF THE MASTER INDENTURE.*

##### **Equal Security**

In consideration of the acceptance of the Bonds by the Holders thereof, the Master Indenture shall be deemed to be and shall constitute a contract by and among the Authority, the Trustee and the Holders from time to time of all Bonds authorized, executed, authenticated and delivered under the Master Indenture and then Outstanding to secure the full and final payment of the interest on and the principal of and the redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, authenticated and delivered thereunder, subject to the agreements, conditions, covenants and terms contained in the Master Indenture; and all agreements and covenants set forth in the Master Indenture to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Holders of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, authentication or delivery thereof or for any cause whatsoever, except as expressly provided therein or in the Master Indenture.

##### **Assignment and Pledge of Revenues**

Subject only to the provisions of the Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Authority pledges and assigns to the Trustee for the benefit of the Holders of the Bonds all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Master Indenture (except the Rebate Fund) to secure the payment of the principal of, redemption premiums, if any, and interest on the Bonds in accordance with their terms and the provisions of the Master Indenture.

The Revenues and such other amounts shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, that out of the Revenues there may be applied such sums for such purposes as are permitted thereunder. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act.

### **Receipt and Deposit of Revenues in the Revenue Fund**

In order to carry out and effectuate the pledge, charge and lien contained in the Master Indenture, the Authority agrees and covenants that all Revenues when and as received by it will be forthwith transferred by it to the Trustee for deposit in the "Sacramento County Water Financing Authority Revenue Bonds (Sacramento County Water Agency Zones 40 and 41 Water System Projects) Revenue Fund," which fund is established under the Master Indenture and shall be maintained by the Trustee so long as any Bonds are Outstanding under the Master Indenture. All money in the Revenue Fund shall be accounted for through and held in trust in the Revenue Fund by the Trustee, and the Authority shall have no beneficial right or interest in any money in the Revenue Fund except only as provided in the Master Indenture. All Revenues, whether received by the Authority or deposited with the Trustee as therein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

### **Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund**

All money in the Revenue Fund shall be set aside by the Trustee in the following respective special accounts within the Revenue Fund (each of which is created and each of which the Trustee covenants and agrees to cause to be maintained so long as any Bonds are Outstanding under the Master Indenture) in the following order of priority:

- (a) Interest Account,
- (b) Redemption Account (including the Principal Subaccount and the Sinking Fund Subaccount therein), and
- (c) Reserve Account (including the Common Reserve Subaccount and all other Reserve Subaccounts therein).

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized by the Master Indenture.

Notwithstanding anything to the contrary set forth in the Master Indenture, any subaccounts of the Redemption Account and the Reserve Account shall only be established by the Trustee only if and when needed and the Trustee is thereby authorized to establish such subaccounts at such times.

(a) Interest Account. On the last Business Day preceding each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date; provided, that no such deposit need be made in the Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased for cancellation or redeemed prior to maturity).

(b) Redemption Account. On the last Business Day preceding each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Principal Subaccount in the Redemption Account (which subaccount is created (except as set forth above) and which the Trustee covenants and agrees to cause to be maintained so long as any Serial Bonds shall be Outstanding) an amount of money equal to the aggregate principal amount of all Outstanding Serial Bonds maturing on such Principal Payment Date, and on the last Business Day preceding each Sinking Fund Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Sinking Fund Subaccount in the Redemption Account (which subaccount is created (except as set forth above) and which the Trustee covenants and agrees to cause to be maintained so long as any Term Bonds shall be Outstanding) an amount of money equal to the aggregate Sinking Fund Account Payments required to be deposited therein on such Sinking Fund Payment Date for all Outstanding Term Bonds; provided, that the aforesaid payments into the Redemption Account shall be made without priority of any one payment over any other payment, and in the event that the money in the Revenue Fund on any Principal Payment Date or Sinking Fund Payment Date is not equal to the aggregate principal amount of all Outstanding Serial Bonds maturing on such Principal Payment Date plus the aggregate Sinking Fund Account Payments required to be deposited in the Sinking Fund Subaccount on such Sinking Fund Payment Date, then such money shall be applied pro rata in the proportion that such principal and Sinking Fund Account Payments bear to each other; and provided further, that no such deposit need be made in the Redemption Account if the amount contained in the Principal Subaccount therein is at least equal to the aggregate principal amount of all Outstanding Serial Bonds maturing on such Principal Payment Date and the amount contained in the Sinking Fund Subaccount therein is at least equal to the aggregate Sinking Fund Account Payments required to be deposited therein on such Sinking Fund Payment Date for all Outstanding Term Bonds.

All money in the Principal Subaccount in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds as they shall become due and payable, whether at maturity or on prior redemption upon the notice and in the manner provided in the Master Indenture, and all money in the Sinking Fund Subaccount in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming the Term Bonds, and with respect to the Sinking Fund Subaccount, on each Sinking Fund Payment Date the Trustee shall apply the Sinking Fund Account Payment required to be made on such date to the redemption of the Term Bonds upon the notice and in the manner provided in Master Indenture or for the payment at maturity of the Term Bonds; provided, that at any time prior to selection of Term Bonds for such redemption the Trustee shall, upon receipt of a Written Request of the Authority, apply any money in the Sinking Fund Subaccount to the purchase for cancellation of Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as directed in such Written Request of the Authority, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for the Term Bonds upon redemption by application of such Sinking Fund Account Payment, and if during the twelve-month period immediately preceding any Sinking Fund Payment Date the Trustee has purchased for cancellation any Term Bonds with money in the Sinking Fund Subaccount, the principal amount of such Term Bonds so purchased for cancellation shall be applied to the extent of the full principal amount thereof to reduce the Sinking Fund Account Payment due on such Sinking Fund Payment Date.

(c) Reserve Account. On the last Business Day preceding each Interest Payment Date, the Trustee shall set aside from the remaining money in the Revenue Fund and deposit in the Common Reserve Subaccount or other Reserve Subaccounts in the Reserve Account an amount of money

equal to the amount, if any, necessary to restore the amount on deposit in such Reserve Subaccounts to the applicable Reserve Requirement; provided, that no deposit need be made in any Reserve Subaccount if the amount contained therein is at least equal to the applicable Reserve Requirement; and provided further, that if at any time the amount on deposit in any Reserve Subaccount is in excess of the Reserve Requirement, such excess shall be withdrawn from the Reserve Subaccount and deposited in the Revenue Fund.

All money in any Reserve Subaccount shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on and the principal of the Bonds secured by such Reserve Subaccount as such interest and principal shall become due and payable in the event the money in the Interest Account and the Redemption Account is at any time insufficient for such purpose, or for the retirement of all Bonds secured by such Reserve Subaccount then Outstanding.

On any date on which Bonds of a Series are defeased in accordance with the Master Indenture and upon request of the Authority, the Trustee shall apply any moneys in the related Reserve Subaccount in excess of the applicable Reserve Requirement resulting from such defeasance to such defeasance.

Moneys, if any, on deposit in a Reserve Subaccount shall be withdrawn and applied by the Trustee for the final payments of the principal and interest on the Series of Bonds secured by such Reserve Subaccount.

Notwithstanding anything in the Master Indenture to the contrary, at the option of the Authority, amounts required to be held in any Reserve Subaccount may be withdrawn, in whole or in part, upon the deposit of a Credit Facility with the Trustee, in a stated amount equal to the amounts so withdrawn; provided, that at the time of such deposit the unsecured obligations of the provider of the Credit Facility are rated not lower than Aa/AA by Moody's and S&P and that prior to the deposit of such Credit Facility, each of the Rating Agencies shall be notified of such proposed withdrawal and the deposit of such Credit Facility shall not result in a withdrawal or downgrading of any rating on the Bonds secured by such Reserve Subaccount then in effect by each of the Rating Agencies. Any such money withdrawn from any Reserve Subaccount shall be transferred, at the option of the Authority, to any Project Account, to the Redemption Account, to a special account to be established for the payment of any fees in connection with obtaining such Credit Facility or to the Sacramento County Water Agency Zones 40 and 41 Water System Projects Water Fund (established under the Contract), subject to the requirements of any applicable Tax Certificate.

### **Punctual Payment and Performance**

The Authority will punctually pay the interest on and the principal of and the redemption premium, if any, due on each Bond issued under the Master Indenture from the Revenues in strict conformity with the terms of the Master Indenture and of the Bonds, and will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed or performed by it contained in the Master Indenture and in the Bonds.

### **Against Encumbrances**

The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided in the Master Indenture, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Bonds.

## **Tax Covenants; Rebate Fund**

The Authority shall not use or permit the use of any proceeds of the Bonds or any funds of the Authority, directly or indirectly, to acquire any securities or obligations and shall not take or permit to be taken any other action or actions which would cause any Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, “private activity bonds” within the meaning of Section 141(a) of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and any applicable requirements promulgated from time to time thereunder and under Section 103(c) of the Code; and the Authority shall not use or permit the use of any proceeds of the Bonds or any funds of the Authority, directly or indirectly, in any manner and shall not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code; and the Authority shall comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the Bonds; provided, that notwithstanding any provisions of this section, if the Authority shall provide to the Director of Finance an Opinion of Counsel that any specified action required under this section is no longer required, or that some further or different action is required, to maintain the exclusion from federal income tax of interest with respect to the Bonds, the Director of Finance and the Authority may conclusively rely on such opinion in complying with the requirements of this section, and the covenants under the Master Indenture shall be deemed to be modified to that extent; and provided further, that in the event that at any time the Authority is of the opinion that for purposes of this section it is necessary to restrict or limit the yield on the investment of an money held by the Director of Finance thereunder, the Authority shall so instruct the Director of Finance in writing and the Director of Finance shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the Authority will pay from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such regulations are, at the time, applicable and in effect, which obligation shall survive payment in full or defeasance of the Bonds; and to that end, the Authority agrees and covenants to establish and maintain with the Director of Finance a fund separate from any other fund or account established and maintained under the Master Indenture designated the “Sacramento County Water Financing Authority Revenue Bonds (Sacramento County Water Agency Zones 40 and 41) Rebate Fund,” and there shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificates. The Authority covenants to comply with all provisions and procedures of the Tax Certificates with respect to making deposits in the Rebate Fund, and all money held in the Rebate Fund is pledged to provide payments to the United States of America as provided in the Master Indenture and in the Tax Certificates, and no other person shall have claim to such money except as provided in the Tax Certificates; provided, that notwithstanding anything to the contrary contained therein or in the Tax Certificates, the Director of Finance (i) shall be deemed conclusively to have complied with the provisions thereof if it follows all Written Requests of the Authority, (ii) shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificates, (iii) may rely conclusively on the Authority’s calculations and determinations and certifications relating to rebate matters, and (iv) shall have no responsibility to independently make any calculations or determinations or to review or examine the Authority’s calculations or determinations or other information required by the Tax Certificates to be made or kept by the Authority.

## **Accounting Records and Reports**

The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by any

Holder and by the Trustee at reasonable hours and under reasonable conditions. Not more than two hundred ten (210) days after the close of each Fiscal Year, the Authority will furnish or cause to be furnished to the Trustee audited financial statements for such Fiscal Year prepared by an Independent Certified Public Accountant.

### **Prosecution and Defense of Suits**

The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations under the Master Indenture; provided, that the Trustee or any Holder at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of any such failure by the Authority, and will indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions under the Master Indenture, except for any loss, cost, damage or expense resulting from the active or passive negligence, willful misconduct or breach of duty by the Trustee.

### **Further Assurances**

Whenever and so often as reasonably requested to do so by the Trustee or any Holder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Holders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them.

### **The Trustee**

The Trustee has been appointed as the Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee under the Master Indenture and for the purpose of allocating, applying and using such money as provided in the Master Indenture and for the purpose of paying the interest on and the principal of and the redemption premiums, if any, on all Bonds presented for payment at its Corporate Trust Office, and for the purpose of canceling all paid or redeemed Bonds and returning such cancelled Bonds to the Authority, with the rights and obligations provided in the Master Indenture, and the Trustee has accepted such appointment and agrees that it will at all times maintain a Corporate Trust Office in Los Angeles or in San Francisco, California.

The Authority may at any time, unless there exists any Event of Default, remove the Trustee and may appoint a successor Trustee thereto by an instrument in writing; provided, that any such successor Trustee shall be a national or state bank or trust company doing business and having a Corporate Trust Office in San Francisco, California, and having a reported capital (exclusive of borrowed capital) and surplus of at least one hundred million dollars (\$100,000,000) and being subject to supervision or examination by federal or state authority; and provided further, that if such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any Trustee may at any time resign by giving written notice of such resignation to the Authority and by mailing to the Holders notice of such resignation, and upon receiving such notice of resignation, the Authority shall promptly appoint a

successor Trustee by an instrument in writing; provided, that notwithstanding any other provision of the Master Indenture, no removal or resignation of any Trustee and appointment of a successor Trustee shall become effective until a successor Trustee shall be appointed and such successor Trustee shall have accepted such appointment. If, within thirty (30) days after notice of the removal or resignation of the Trustee, no successor Trustee shall have been appointed by the Authority and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required.

The Trustee is authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Authority to the Trustee and shall destroy all such cancelled Bonds, and upon such destruction shall deliver a certificate of destruction to the Authority. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred, perform such duties and obligations and only such duties and obligations as are specifically set forth in the Master Indenture, and no implied duties or obligations of the Trustee shall be read therein. The Trustee shall, during the existence of any Event of Default (that has not been cured or waived), exercise such of the rights and powers vested in it, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

### **Liability of the Trustee**

The recitals of facts, agreements and covenants in the Master Indenture and in the Bonds shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity of the Master Indenture or of the Bonds, and shall not incur any responsibility in respect thereof other than in connection with the duties and obligations assigned to or imposed upon it therein, in the Bonds or in law or equity, and the Trustee shall have no responsibility, opinion or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds. The Trustee shall not be liable in connection with the performance of its duties and obligations under the Master Indenture except for its own negligence, willful misconduct or breach of duty, and shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and such Holder's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Master Indenture.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it at the request, order or direction of any of the Holders pursuant to the provisions of the Master Indenture unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Holders for the payment of the interest on or the principal of or the redemption premiums, if any, on the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties and obligations under the Master Indenture.

The Trustee shall not be deemed to have knowledge of any Event of Default under the Master Indenture or under the Contract or any Supplemental Contract unless and until an officer at the Trustee's Corporate Trust Office responsible for the administration of the Trustee's duties and obligations under the Master Indenture shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its Corporate Trust Office, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the agreements, conditions, covenants or terms in the Master Indenture or of any of the documents executed in connection with the Bonds, or as to the existence of a default or event of default thereunder.

The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty under the Master Indenture, but the Trustee shall not be answerable for the professional malpractice of any attorney-at-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of the Master Indenture if such attorney-at-law or certified public accountant was selected by the Trustee with due care.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any money which shall be withdrawn and transferred to the Authority in accordance with the provisions of the Master Indenture.

Whether or not therein expressly so provided, every provision of the Master Indenture or of the Master Contract or any Supplemental Contract or any related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this article.

The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Agency of any Project, and in no event shall the Trustee be liable for incidental, indirect, punitive, special or consequential damages in connection with or arising from the Contract or any Supplemental Contract or herefrom for the existence, furnishing or use of any Project.

The Trustee shall be protected in acting upon any bond, certificate (including any Certificate of the Authority), consent, electronic mail, facsimile transmission, notice, opinion, order, report, request (including any Written Request of the Authority), requisition, resolution or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, of its own selection, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Master Indenture in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations under the Master Indenture the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or



suffering any action thereunder, such matter (unless other evidence in respect thereof be specifically prescribed in the Master Indenture) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Master Indenture upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

No provision of the Master Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties under the Master Indenture, or in the exercise of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it thereunder at its prime rate plus two per cent (2%), but not greater than twelve per cent (12%) per annum.

All immunities, indemnifications and releases from liability granted in the Master Indenture to the Trustee shall extend to the directors, employees, officers and agents thereof.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, so long as such company shall meet the requirements set forth in the Master Indenture, shall be the successor to the Trustee and shall be vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything in the Master Indenture to the contrary notwithstanding.

### **Procedure for Amendment of or Supplement to the Master Indenture**

Amendment or Supplement With Consent of Holders. The Master Indenture and the rights and obligations of the Authority and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the Authority and the Trustee, which Supplemental Indenture shall become binding when the written consents of the Holders of at least a majority or more in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Master Indenture, shall have been filed with the Trustee (except that so long as any policy of municipal bond insurance on any Series of Bonds is in effect, only the consent of the issuer of such policy shall be required for any such amendment or supplement which affects such Series of Bonds); provided, that before executing any such Supplemental Indenture the Trustee shall first obtain at the Authority's expense an Opinion of Counsel that such Supplemental Indenture complies with the provisions of the Master Indenture, on which opinion the Trustee may conclusively rely. No such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or the amount of the interest on or the principal of or any Sinking Fund Payment for or the redemption premium, if any, on any Bond without the express written consent of the Holder of such Bond, or (2) except as provided in the Master Indenture, permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided in the Master Indenture superior to or on a parity with the pledge, charge and lien created for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee or the Authority without their prior written assent thereto, respectively.

Amendment or Supplement Without Consent of Holders. The Master Indenture and the rights and obligations of the Authority and of the Holders thereunder may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the Authority and

the Trustee, which Supplemental Indenture shall become binding upon execution without the prior written consent of any Holders (except that so long as any policy of municipal bond insurance on any Series of Bonds is in effect, the consent of the issuer of such policy shall be required for any such amendment or supplement which affects such Series of Bonds, which consent shall not be unreasonably withheld), but only to the extent permitted by law, for any purpose that will not materially adversely affect the interests of the Holders, including (without limitation) for any one or more of the following purposes; provided, that before executing any such Supplemental Indenture the Trustee shall first obtain at the Authority's expense an Opinion of Counsel that such Supplemental Indenture complies with the provisions of the Master Indenture, on which opinion the Trustee may conclusively rely --

(i) to add to the agreements and covenants required in the Master Indenture to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority which shall not (in the opinion of the Authority) adversely affect the interests of the Holders, or to surrender any right or power reserved therein to or conferred therein on the Authority which shall not (in the opinion of the Authority) adversely affect the interests of the Holders;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Master Indenture or in regard to questions arising under the Master Indenture which the Authority may deem desirable or necessary and not inconsistent herewith and which shall not (in the opinion of the Authority) adversely affect the interests of the Holders;

(iii) to authorize the issuance under the Master Indenture of a Series of Bonds and to provide the conditions and terms under which such Series of Bonds may be issued;

(iv) to add to the agreements and covenants required in the Master Indenture, such agreements and covenants as may be necessary to qualify the Master Indenture under the Trust Indenture Act of 1939;

(v) to make such additions, deletions or modifications as may be necessary or appropriate to insure compliance with Section 148(f) of the Internal Revenue Code of 1986, as amended, relating to the required rebate of excess investment earnings to the United States of America, or otherwise as may be necessary to insure the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds or the exemption of such interest from State personal income taxes;

(vi) to make such additions, deletions or modifications as may be necessary or appropriate to maintain any then current ratings on the Bonds;

(vii) to add to the rights of the Trustee; or

(viii) to make any other addition, deletions or modifications which shall not materially adversely affect the interests of the Holders.

Notice of any such amendment or supplement shall be sent by the Authority to each Rating Agency promptly after the execution thereof.

### **Amendment by Mutual Consent**

The provisions of the Master Indenture shall not prevent any Holder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

### **Events of Default and Acceleration of Maturities**

If one or more of the following events (defined in the Master Indenture to constitute “Events of Default”) shall happen, that is to say:

(a) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the Authority in the due and punctual payment of the principal of or the redemption premium, if any, on or the deposit of any Sinking Fund Account Payment for any Bond when and as the same shall become due and payable, whether at maturity or by proceedings for redemption;

(c) if default shall be made by the Authority in the performance of any of the agreements or covenants contained in the Master Indenture required to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee;

(d) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or

(e) if an Event of Default (as that term is defined in the Contract) has occurred under the Contract;

then and in each and every such case during the continuance of such Event of Default the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall, without further action, become due and payable, anything contained in the Master Indenture or in the Bonds to the contrary notwithstanding; provided, that this provision is subject to the condition that if at any time after the principal of the Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all the principal of the Bonds that matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and all reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of the interest on and the principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Holders of not

less than a majority in aggregate principal amount of Bonds then Outstanding may, by written notice to the Authority and to the Trustee, on behalf of the Holders of all the Bonds then Outstanding, rescind and annul such declaration and its consequences; and provided further, that no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

### **Application of Funds Upon Acceleration**

All money in the accounts and funds provided in the Master Indenture upon the date of the declaration of acceleration by the Trustee as provided in the Master Indenture and all Revenues thereafter received by the Authority under the Master Indenture shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including any outstanding fees and expenses of the Trustee and including reasonable compensation to its accountants and counsel, and thereafter to the payment of the costs and expenses of the Holders in providing for the declaration of such Event of Default, including reasonable compensation to their accountants and counsel; and

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for the interest on and the principal of such Bonds, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

### **Institution of Legal Proceedings by the Trustee**

If one or more of the Events of Default shall happen and be continuing, the Trustee may, and upon the written request of the Holders of a majority in principal amount of the Bonds then Outstanding, and in each case so long as the Trustee is indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Master Indenture by a suit in equity or action at law, either for the specific performance of any agreement or covenant contained in the Master Indenture, or in aid of the execution of any power therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy that the Trustee shall deem appropriate in support of any of its rights and duties under the Master Indenture.

### **Non-Waiver**

Nothing in this article or in any other provision of the Master Indenture or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and the principal of and the redemption premiums, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon prior redemption as provided in the Master Indenture from the Revenues and the funds held in the accounts and funds as provided therein pledged for such payment, or shall affect or impair the right of such Holders, which is also absolute and

unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Master Indenture and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Holder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein. Every right or remedy conferred upon the Holders by the Act or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

#### **Actions by the Trustee as Attorney-in-Fact**

Any action, proceeding or suit which any Holder shall have the right to bring to enforce any right or remedy under the Master Indenture may be brought by the Trustee for the equal benefit and protection of all Holders, whether or not the Trustee is a Holder, and the Trustee is thereby appointed (and the successive Holders, by taking and holding the Bonds issued thereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Holders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Holders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

#### **Remedies Not Exclusive**

No remedy in the Master Indenture conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Master Indenture or now or thereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

#### **Limitation on Bondholders' Right to Sue**

No Holder of any Bond issued under the Master Indenture shall have the right to institute any suit, action or proceeding, at law or equity, for any remedy thereunder unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Master Indenture or to institute such suit, action or proceeding in its own name; (c) such Holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and such tender of indemnity shall have been made to, the Trustee.

Each such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Master Indenture; it being understood and intended that no one or more Holders shall have any right in any manner whatever by his or their action to enforce any right thereunder except in the manner provided in the Master Indenture, and that all proceedings at law or in equity to enforce any provision thereof shall be instituted and maintained in the manner provided in the Master Indenture and for the equal benefit of the Holders of all Outstanding Bonds.

### **Discharge of Bonds**

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon as and when they respectively become due and payable in accordance with their terms or upon redemption proceedings as provided in the Master Indenture, or otherwise, and the whole amount of the principal and the interest and the redemption premiums, if any, so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same as provided therein, together with all other sums payable by the Authority thereunder, including all fees and expenses of the Trustee, then and in that case the Master Indenture and the lien created shall be completely discharged and satisfied and the Authority shall be released from the agreements, conditions, covenants and other obligations of the Authority contained therein, and the Trustee shall assign and transfer to or upon the order of the Authority all property, money or securities (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances and the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction.

(b) Any Outstanding Bonds shall prior to the maturity dates or redemption dates thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) above if there shall be on deposit with the Trustee money which is sufficient to pay the interest on and the principal of and the redemption premiums, if any, on such Bonds due on and prior to the maturity dates or redemption dates thereof, as the case may be.

(c) Any Outstanding Bonds shall prior to the maturity dates or redemption dates thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) above (except that the Authority shall remain liable for the payment of such Bonds, but only out of the money or securities deposited with the Trustee or an escrow agent as described in the Master Indenture) if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice of such redemption in accordance with the Master Indenture, (2) there shall have been deposited with the Trustee or an appropriate escrow agent either (A) money in an amount which shall be sufficient or (B) Defeasance Securities which are not subject to redemption prior to maturity (including any such Defeasance Securities issued or held in book-entry form on the books of the Treasury of the United States of America), the interest on and the principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee or such escrow agent at the same time, will be sufficient, to pay when due the interest to become due on such Bonds on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and the redemption premiums, if any, to become due on such Bonds on such maturity dates or redemption dates, as the case may be, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable a notice to the Holders of such Bonds and to the Depository and to the Information Services that the deposit required by clause (2) above has been made with the Trustee or such escrow agent and

that such Bonds are deemed to have been paid in accordance with this section, and stating the maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the interest on and the principal of and the redemption premiums, if any, on such Bonds.

(d) After the payment of the interest on and the principal of and the redemption premiums, if any, due on the Bonds as provided in this section and after the payment of all amounts due the Trustee under the Master Indenture, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence the discharge and satisfaction thereof, and the Trustee shall pay over or deliver to the Authority all money or deposits or investments held by it pursuant thereto which are not required for the payment of the interest on and the principal of and the redemption premiums, if any, on the Bonds.

### **Unclaimed Money**

Anything contained in the Master Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on or the principal of or the redemption premiums, if any, on any of the Bonds which remains unclaimed for two (2) years after the date when the interest on or the principal of or the redemption premiums, if any, on such Bonds shall have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest on or the principal of or the redemption premiums, if any, on such Bonds shall have become due and payable, shall be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders shall not look to the Trustee for the payment of the interest on or the principal of or the redemption premiums, if any, on such Bonds; provided, that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, cause to be mailed to all Holders and to the Depository and to the Information Services a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of each such notice, the balance of such money then unclaimed will be returned to the Authority.

### **Liability of the Authority Limited to Revenues**

Notwithstanding anything contained in the Master Indenture, the Authority shall not be required to advance any money derived from any source other than the Revenues and the funds held in the accounts and funds provided in the Master Indenture for the payment of the interest on or the principal of or the redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants therein contained; provided, that the Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring an indebtedness.

The Bonds are limited obligations of the Authority and are payable, as to the interest thereon, the principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues and the funds held in the accounts and funds provided in the Master Indenture, and the Authority is not obligated to pay the interest on or the principal of or the redemption premiums, if any, on the Bonds except from the Revenues and such funds. All the Bonds are equally and ratably secured by a pledge of and charge and lien upon the Revenues and such funds, and the Revenues and such funds constitute a trust fund for the security and payment of the interest on and the principal of and the redemption premiums, if any, on the Bonds as provided in the Master Indenture. The full faith and credit of the Authority is not pledged for the payment of the interest on or the principal of or the redemption

premiums, if any, on the Bonds, and no tax shall ever be levied or collected to pay the interest on or the principal of or the redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues and such funds, and neither the payment of the interest on or the principal of or the redemption premiums, if any, on the Bonds is a debt, liability or general obligation of the Authority.

### **Deposit or Investment of Money in Accounts and Funds**

All money held by the Trustee in any of the accounts or funds established pursuant to the Master Indenture shall (subject to the provisions thereof) be deposited in bank deposits that are at all times insured by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in subdivision (1) of the definition of Permitted Investments or shall be invested in those Permitted Investments described in a Written Request of the Authority filed with the Trustee at least two (2) Business Days prior to the making of any such investment, which such Permitted Investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Master Indenture, and the Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance herewith; provided, that if no such Written Request is received by the Trustee, the Trustee shall invest such money in those Permitted Investments described in subdivision (6) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request from the Authority specifying a specific money market fund and, if no such Written Request is so received, the Trustee shall hold such moneys uninvested. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Master Indenture.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law.

All interest received on any such money so deposited or invested which exceeds the requirements of the fund from which such money was deposited or invested shall (subject to the requirements of the Master Indenture) be deposited in the Revenue Fund, and all losses on any such money so deposited or invested shall be borne by the fund from which the deposit or investment was made.

The Trustee or any of its affiliates may act as principal or agent in connection with the acquisition or disposition of any investment made by the Trustee under the Master Indenture, and shall be entitled to its customary fee therefor.

For purposes of determining the amount of deposit in any fund or account held under the Master Indenture, all investments credited to such fund or account shall be valued at the lesser of market value or the cost thereof. Such valuation by the Trustee may be made through the accounting system maintained by the Trustee with respect to the Bonds utilized by the Trustee. The Trustee shall furnish the Authority periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Authority. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Authority waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the



Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee shall not be liable for any investments or disposition of investments made by it in accordance with the Master Indenture. The Trustee shall semiannually, on or about June 1 and December 1 of each year, and at such times as the Authority shall deem appropriate, value the investments in the funds and accounts thereunder on the basis of the lesser of market value or the cost thereof.

### **Accounts and Funds**

Any account or fund required in the Master Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with sound industry practice and with due regard for the protection of the security of the Bonds and the rights of the Holders.

### **Business Days**

Any action required to occur under the Master Indenture on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

### **CUSIP Numbers**

Neither the Authority nor the Trustee shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice relating thereto, and the Trustee may, in its discretion, include in any redemption notice relating to any of the Bonds a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Holders and that neither the Authority nor the Trustee shall be liable for any defects or inaccuracies in such numbers. The Authority will promptly notify the Trustee in writing of any change in the “CUISP” numbers.

## **CERTAIN PROVISIONS OF THE THIRD SUPPLEMENTAL INDENTURE**

Certain provisions of the Third Supplemental Indenture are summarized below. *THIS SUMMARY DOES NOT PURPORT TO BE COMPLETE OR DEFINITIVE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TERMS OF THE THIRD SUPPLEMENTAL INDENTURE.*

### **Terms of Series 2025 Bonds Subject to the Master Indenture**

Except as in the Third Supplemental Indenture expressly provided, every agreement, condition, covenant and term contained in the Master Indenture shall apply to the Third Supplemental Indenture and to the Series 2025 Bonds with the same force and effect as if the same were set forth at length in the Third Supplemental Indenture, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to the Third Supplemental Indenture.

### **Assignment of Sixth Supplemental Contract**

In order to secure the pledge of the 2025 Payments which constitute Revenues under the Master Indenture, the Authority transfers, conveys and assigns to the Trustee, for the benefit of the Holders of the Series 2025 Bonds, all of the Authority's rights under the Sixth Supplemental Contract

(excepting its right to indemnification thereunder), including the right to receive the 2025 Payments from the Agency and the right to exercise any remedies provided in the Sixth Supplemental Contract in the event of a default by the Agency thereunder, and the Trustee accepts said assignment for the benefit of the Holders of the Series 2025 Bonds subject to the provisions of the Master Indenture.

**APPENDIX D**

**FORM OF AGENCY CONTINUING DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Sacramento County Water Agency (the “Agency”) in connection with the issuance of \$\_\_\_\_\_ Sacramento County Water Financing Authority Revenue Bonds (Sacramento County Water Agency Zones 40 and 41 Financing) Series 2025A (the “Series 2025 Bonds”). The Series 2025 Bonds are being issued pursuant to a Master Indenture, dated as of October 1, 2019 (the “Master Indenture”), between the Authority and U.S. Bank Trust Company, National Association as successor trustee (the “Trustee”), as supplemented by a Third Supplemental Indenture, dated as of March 1, 2025 (the “Third Supplemental Indenture,” and, together with the Master Indenture, the “Indenture”). In connection therewith the Agency covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Series 2025 Bonds and in order to assist the Participating Underwriters (as defined herein) in complying with SEC (as defined herein) Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this section, the following capitalized terms shall have the following meanings.

“Annual Report” shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries).

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities (as defined in the Rule) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Event” shall mean any of the events listed in Sections 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Obligated Person” shall mean the Agency.

“Participating Underwriter” shall mean the original underwriter of the Series 2025 Bonds listed on the cover page of the Official Statement (as defined herein) required to comply with the Rule in connection with offering of the Series 2025 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of California.

### SECTION 3. Provision of Annual Reports.

(a) The Agency shall, not later than February 1st of each year, commencing with the report for the 2024-25 Fiscal Year, provide to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date in accordance with Section 4(a). If the Agency’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) If the Agency is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Agency shall send to the MSRB a notice in substantially the form attached hereto as Exhibit A.

SECTION 4. Content of Annual Reports. The Agency’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Agency (which may be consolidated with the Sacramento County Comprehensive Annual Financial Report) for the prior 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; provided, that if the Agency’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the Agency under Section 4(a), the Annual Report shall include an annual updating, to reflect results of the most recently completed fiscal year, of information of the type contained in the following tables contained in the Official Statement for the Series 2025 Bonds, dated March \_\_, 2025 (the “Official Statement”). Projections do not have to be updated.

1. Table 2 - Annual Water Production Summary
2. Table 3 - Historical and Projected Monthly Service Fees (projections for future years need not be updated)

3. Table 4 - Historical and Projected Impact Fees and Connection Fees (projections for future years need not be updated)

4. Table 6 - Water Service Accounts by Service Areas

5. Table 7 - Zone 40 and 41 Service Areas Top Ten Customers

6. Table 10 - Historical Operating Results

Any or all of the items listed above may be included by specific reference to other documents, including the audited financial statements of the Agency, official statements of debt issues of the Agency relating to the Agency, which have been submitted to the MSRB through the EMMA System; provided, that the Agency shall clearly identify each such other document so included by reference.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025 Bonds in a timely manner not more than 10 business days after the occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions or issuance by the Internal Revenue Service (the "IRS") of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(6) Tender offers;

(7) Defeasances;

(8) Rating changes;

(9) Bankruptcy, insolvency, receivership or similar event of the Agency; or

(10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

Note: For the purposes of the event identified in Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed

by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

(b) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025 Bonds, if material:

(1) Unless described in Section 5(a)(5), other notices or determinations by the IRS with respect to the tax status of the Series 2025 Bonds or other events affecting the tax status of the Series 2025 Bonds;

(2) Modifications to rights of holders of the Series 2025 Bonds;

(3) Optional, unscheduled or contingent Series 2025 Bond calls;

(4) Release, substitution, or sale of property securing repayment of the Series 2025 Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) Appointment of a successor or additional trustee or the change of name of a trustee; or

(8) Incurrence of a Financial Obligation of the Obligated Person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect holders of the Series 2025 Bonds.

(c) Whenever the Agency obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Agency shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Agency determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Agency shall file a notice of such occurrence with EMMA in a timely manner not more than 10 business days after the occurrence of the event.

**SECTION 6. Termination of Reporting Obligation.** The Agency's obligations under this Disclosure Certificate shall terminate (a) upon the legal defeasance, prior redemption or payment in full of all of the Series 2025 Bonds, or (b) if, in the opinion of nationally recognized bond counsel, the Agency ceases to be an "obligated person" (within the meaning of the Rule) with respect to the Series 2025 Bonds or the Series 2025 Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of the Series 2025 Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).



SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived; provided, that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an Obligated Person with respect to the Series 2025 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2025 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally-recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2025 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a) or 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate, the Participating Underwriters or any Holder or Beneficial Owner of the Series 2025 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance hereunder.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Participating Underwriters and the Holders and Beneficial Owners from time to time of the Series 2025 Bonds, and shall create no rights in any other person or entity.

Date: March 1, 2025.

SACRAMENTO COUNTY WATER AGENCY

By: \_\_\_\_\_  
Authorized Representative

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: SACRAMENTO COUNTY WATER AGENCY

Name of Issue: \$\_\_\_\_\_ SACRAMENTO COUNTY WATER FINANCING AUTHORITY  
REVENUE BONDS (Sacramento County Water Agency Zones 40 and 41 Financing)  
Series 2025

Date of Issuance: March \_\_, 2025

NOTICE IS HEREBY GIVEN that the Sacramento County Water Agency (the “Agency”) has not provided an Annual Report with respect to the above-named Series 2025A Bonds as required by the Master Indenture, dated as of October 1, 2019 (the “Master Indenture”), between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as supplemented by a Third Supplemental Indenture, dated as of March 1, 2025 (the “Third Supplemental Indenture,” and, together with the Master Indenture, the “Indenture”). The Agency anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

SACRAMENTO COUNTY WATER AGENCY

By\_\_\_\_\_

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**APPENDIX E**

**PROPOSED FORM OF BOND COUNSEL OPINION**

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March [ ], 2025

Sacramento County Water Financing Authority  
Sacramento, California

Sacramento County Water Financing Authority  
Revenue Bonds  
(Sacramento County Water Agency Zones 40 and 41 Financing)  
Series 2025  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sacramento County Water Financing Authority (the “Authority”) in connection with the issuance of \$[PAR] aggregate principal amount of Sacramento County Water Financing Authority Revenue Bonds (Sacramento County Water Agency Zones 40 and 41 Financing), Series 2025 (the “Bonds”), issued pursuant to a Master Indenture, dated as of October 1, 2019 (the “Master Indenture”), as supplemented by a First Supplemental Indenture, dated as of October 1, 2019 (the “First Supplemental Indenture”), as supplemented by the Second Supplemental Indenture, dated as of February 1, 2022 (the “Second Supplemental Indenture”) and as supplemented by the Third Supplemental Indenture, dated as of March 1, 2025 (the “Third Supplemental Indenture” and together with the Master Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, the “Indenture”), each between the Authority and U.S. Bank Trust Company, National Association, as successor in interest to MUFG Union Bank, N.A., as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture; the Master Installment Purchase Contract, dated as of June 1, 2003 (as previously supplemented and amended, the “Master Contract”), as supplemented and amended by the Sixth Supplemental Installment Purchase Contract, dated as of March 1, 2025 (the “Sixth Supplemental Contract,” and together with the Master Contract, the “Contract”), each between the Sacramento County Water Agency (the “Agency”) and the Authority; the Tax Certificate and Agreement, dated the date hereof (the “Tax Certificate”), between the Authority and the Agency; opinions of counsel to the Authority, the Agency and the Trustee; certificates of the Authority, the Agency, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such

opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the Authority and the Agency and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Contract and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Contract and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority and the Agency in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Indenture or the Contract or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated March [ ], 2025, or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and the other assets pledged therefor under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.



3. The Contract has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Authority and the Agency, respectively.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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## APPENDIX F

### BOOK-ENTRY ONLY SYSTEM

The information in this section regarding DTC and its book-entry system has been obtained from DTC's website, for use in securities offering documents, and the Agency and the Purchaser take no responsibility for the accuracy or completeness thereof or for the absence of material changes in such information after the date hereof.

The Depository Trust Company ("**DTC**"), New York, New York, acts as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for the Series 2025 Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each of the Series 2025 Bonds ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all of the Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records

reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2025 Bond documents. For example, Beneficial Owners of the Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Series 2025 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2025 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2025 Bonds are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2025 Bonds will be printed and delivered to DTC.

The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that the Agency and the Purchaser believe to be reliable, but the Agency and the Purchaser do not take any responsibility for the accuracy thereof.



