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# **COUNTY SANITATION DISTRICT 1**

**County of Sacramento, California**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 1998**

**Prepared by :**

County of Sacramento  
Public Works Agency  
Department of Public Works Administration  
Accounting and Fiscal Services

Warren H. Harada, Administrator  
Public Works Agency

Jordan Ayers, Chief  
Accounting and Fiscal Services  
Department of Public Works Administration  
Public Works Agency

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# **INTRODUCTORY SECTION**



## COUNTY OF SACRAMENTO

### PUBLIC WORKS AGENCY

COUNTY ADMINISTRATION BUILDING      Phone: (916) 440-  
6581  
827 SEVENTH STREET, ROOM 304      Fax: (916) 440-  
7100  
SACRAMENTO, CA 95814

WARREN H. HARADA,  
Administrator  
ROBERT SHANKS, Director  
District Engineering  
CHERYL CRESON, Director  
County Engineering  
PATRICK GROFF, Director  
Public Works Administration

November 20, 1998

Honorable Board of Directors  
County Sanitation District 1

The Comprehensive Annual Financial Report (CAFR) of County Sanitation District 1 (District) for the fiscal year ended June 30, 1998 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is divided into three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a listing of the District's Board of Directors, a listing of officials, and an organizational chart. The financial section includes audited financial statements, as well as the independent auditor's report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The County of Sacramento (County) is required to undergo an annual single audit in accordance with the provisions of the Single Audit Act of 1984, as amended in 1996, and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The District is included in the scope of the County's single audit. Information related to the single audit, including the schedule of expenditures of federal awards, schedule of findings and recommendations, and the independent auditor's reports on internal control and compliance with applicable laws and regulations can be obtained by contacting the Sacramento County Department of Finance, Auditor-Controller Division.

**THE FINANCIAL REPORTING ENTITY:** The District is a political subdivision of the State of California and is a blended component unit of the County of Sacramento (the County). The District is also a contributing agency of the Sacramento Regional County Sanitation District (SRCSD) as it is included in SRCSD's territorial jurisdiction. The District was formed in 1978 by the consolidation of four sewer maintenance districts and six county sanitation districts which provided sewer service to portions of the cities of Sacramento and Folsom as well as the urban, unincorporated areas of Sacramento County. This reorganization provided for a common service rate structure for the customers in the affected areas, achieved savings and reduced administrative effort associated with only one sanitation district instead of ten. This reorganization also

provided more equitable representation of the former districts on the SRCSD and the District Board of Directors than was possible earlier. The District also serves the area now included within the incorporated City of Citrus Heights.

The District was formed for the purpose of planning, designing, constructing, and operating collection system services within its service area. The District also provides wastewater collection and treatment services for the communities of Courtland and Walnut Grove. This District is governed by a Board of Directors comprised of the Sacramento County Board of Supervisors, plus one representative each from the Sacramento, Folsom, and Citrus Heights City Councils.

The District is staffed by the Water Quality Division of Sacramento County's Department of District Engineering. Water Quality Division employees operate and maintain all District facilities included in its wastewater collection system, the collection systems and treatment plants in Walnut Grove and Courtland, SRCSD facilities, the unincorporated area's stormwater collection and disposal system, and potable water pumping and distribution systems for a number of public agencies. Oversight of the Water Quality Division is provided through the Board of Supervisors, the County Executive's Office and the Public Works Agency.

## **ECONOMIC OUTLOOK AND CONDITIONS**

The economic downturn of the early 1990's did not leave Sacramento untouched, but most indicators are that Sacramento fared better than other parts of the State. The District's sewer impact fees, a good indicator of economic activity in the area, fell from a high of \$3 million in fiscal year 1989-90 to \$1.6 million in fiscal year 1991-92 during the trough of the recession.

In fiscal year 1997-98, sewer impact fees were \$2 million. Less than one percent of the District's service charges are received from McClellan Air Force Base, which is the last federal military installation still operating in Sacramento. In 1995, McClellan was included on the federal base closure list and is expected to cease operations by 2001. While the loss of service charge revenue from the base will not be significant, related economic impacts on the surrounding community are not yet known. Significant activity is now underway to identify reuse opportunities for the base's many high technology facilities. Sacramento's success in reusing both the former Sacramento Army Depot and Mather Air Force Base reinforces the District's belief that the base's facilities will continue to contribute to Sacramento's economy.

Connections to the District's system are measured in units called Equivalent Single-Family Dwellings (ESDs). The following table reflects ESD growth in the District over the past five years:

## DISTRICT EQUIVALENT SINGLE-FAMILY DWELLINGS

Residential/Commercial Customers  
Fiscal Years 1993-94 through 1997-98

	1993-94	1994-95	1995-96	1996-97	1997-98
Total	302,550	305,833	310,025	312,478	316,018

A key component of Sacramento's plan for sustaining economic growth is a concerted effort by the community to attract and retain new business. During fiscal year 1995-96, an impact fee deferral program for commercial and industrial applicants for sewer connection permits was implemented which defers up to 80 percent of the impact fee for up to five years. During fiscal year 1996-97, a residential fee deferral pilot program was implemented which defers certain development impact fees for residential construction until the close of escrow or fifteen months, whichever occurs first.

A similar program to defer or waive trunk sewer connection fees for the construction of housing for low and very low-income households was also implemented during fiscal year 1996-97. Fee waivers cannot exceed the greater of 200 per year or 5% of the number of connections in the unincorporated area for the previous year. These programs were implemented to stimulate and encourage economic development that will create jobs and provide economic stimuli for the benefit of all the District's residents.

### MAJOR INITIATIVES

*ACCOMPLISHMENTS:* In recognition of the need to provide for community growth and to provide long-range planning for the District's wastewater facilities, the District and SRCSD completed the Sacramento Sewerage Expansion Study (the Study) in April 1993. This long-range study was prepared by Water Quality Division staff and James M. Montgomery Consulting Engineers, Inc. to identify capital projects that will be required through the year 2014. The Study developed recommendations for improvements and expansion to the trunk sewer system and was intended to serve as a detailed Master Plan for the next 20 years and beyond with periodic reviews and updates as necessary. In August 1994 the Study was updated to reflect the Sacramento County General Plan adopted in late 1993.

Projected capital costs of \$108 million over the next twenty years are envisioned in the Study (1994 dollars). The Study proposed 123 trunk sewer projects divided into five phases based on when the project was required to be operable. Future customers will pay capital costs in proportion to their respective benefit from the projects.

The Study made assumptions regarding community and industrial growth through the year 2014. Growth estimates for residential, commercial and industrial customers were conservatively estimated. Specific growth areas such as Laguna, Antelope, North Natomas, and Folsom will witness the majority of growth in the region.



A scheduled five-year update to the Study will be undertaken in 1998-99. The update will include revised projections for new connections to the system based on the General Plans of Sacramento County and the cities of Sacramento, Folsom, and Citrus Heights. It is anticipated that development in the North Natomas area will significantly add to District connections in the coming years. The updated Master Plan will also identify staffing and financial resources necessary to implement the Plan.

**CURRENT ACTIVITIES:** The District Rehabilitation – Capital Outlay Fund was created in 1997-98 to provide for the evaluation and rehabilitation of the collection and trunk sewer systems. The goal of this program is to maintain the serviceability of the sanitary sewer system and protect the community’s \$3 billion investment in this critical infrastructure. Implementing a cost-effective, system-wide program has been designed using a two-level approach. First are short-term activities intended to correct common, known defects quickly and inexpensively. Second are long-term activities including design and construction of larger and more comprehensive rehabilitation projects. The current program is financed through a \$0.50 per month per ESD rate increase that was effective October 1, 1997.

Current short-term projects are:

- Replacement of double wyes
- Installation of cleanouts
- Installation of additional manholes to allow for maintenance access to rear easement collection lines.

The major long-term project is the preparation of a Collection System Rehabilitation Program Master Plan, which will assess the current condition of the system and develop criteria and methods to identify and prioritize needed projects. This \$2 million project will be completed in mid-2000.

In addition, a Supervisory Control and Data Acquisition (SCADA) System is scheduled to be completed by February 1999. The system will permit remote monitoring and operation of 140 pump stations and other facilities. An existing telemetry system is obsolete and is being replaced by the SCADA system. The total cost of the project is over \$6 million of which approximately \$2 million was spent in 1997-98. Costs for this project are being financed from a combination of sewer connection fees and contributions from other participating agencies.

**FUTURE ACTIVITIES:** Several other District projects will begin design and/or construction in 1998-99. Those projects, and anticipated 1998-99 expenditures, are:

- |                                      |              |
|--------------------------------------|--------------|
| • Rehabilitate Central Trunk         | \$ 575,000   |
| • Rehabilitate South Natomas         | \$ 150,000   |
| • Army Depot                         | \$ 250,000   |
| • Mather Air Force Base              | \$ 230,000   |
| • North Area Rehabilitation Projects | \$ 401,000   |
| • Shadow Creek Trunk                 | \$ 1,200,000 |
| • Arden Gold Trunk                   | \$ 600,000   |

These projects are being financed through existing connection fees and service charges.

## FINANCIAL INFORMATION

Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide a reasonable, but not absolute, assurance that these objectives are met recognizing that: (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgements by management.

*SINGLE AUDIT:* The District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations. These internal controls are subject to periodic evaluation by management and the internal audit staff of the County.

As part of the County's single audit, tests are made to evaluate the effectiveness of certain internal controls to determine whether the District has complied with certain provisions of applicable laws, regulations, contracts and grants. The results of the County's single audit for the fiscal year ended June 30, 1998 noted no instances of material weaknesses in internal controls or significant violations of applicable laws, regulations, contracts and grants. A copy of the County's single audit reports may be obtained from the Auditor-Controller's Office.

*BUDGETARY CONTROLS:* The District prepares an annual budget to serve as an approved plan for operational control and performance evaluation. State law does not require the formal adoption of an appropriated budget for government enterprise activities.

Each year the District prepares operations and capital budgets that are presented to the Board of Directors for review and approval. Those budgets, as approved by the Board, provide the financial basis for the District's operations.

Department and County level controls that require the use of requisitions, purchase orders, contracts and specific approval and verification procedures verify expenses and ensure budgeted amounts are not exceeded. Monthly comparison of actual-to-budgeted revenues and expenses identify significant variances that may require the District to take corrective action.

*REVENUES AND EXPENSES:* The following schedule presents a summary of the District's operating revenues and expenses for fiscal year 1997-98 and indicates the percentages of increases and decreases in relation to prior year amounts.

**SUMMARY OF OPERATING REVENUES AND EXPENSES**  
Fiscal Year 1997-98

<b>Operating Revenues</b>	<b>1997-98 Amount</b>	<b>Percentage Of Total</b>	<b>Increase From 1996-97</b>	<b>Percentage Increase</b>
Sewer service charges	\$20,020,242	91%	\$1,373,853	7%
Sewer connection fees	2,010,015	9%	658,644	49%
<b>Total operating revenues</b>	<b>\$22,030,257</b>	<b>100%</b>	<b>\$2,032,497</b>	<b>10%</b>

<b>Operating Expenses</b>	<b>1997-98 Amount</b>	<b>Percentage of Total</b>	<b>Increase/ (Decrease) From 1996-97</b>	<b>Percentage Increase/ (Decrease)</b>
Labor force	\$15,446,922	57%	\$1,529,277	11%
Professional services	573,429	2%	(195,633)	(25)%
Utilities	226,020	1%	6,633	3%
Services and supplies	1,703,392	6%	480,772	39%
Chemicals	155,098	1%	(52,210)	(25)%
Mechanical/electronic	100,408	0%	(26,906)	(21)%
Equipment and supplies	57,750	0%	28,549	98%
Office expense	14,086	0%	(16,400)	(54)%
Insurance expense	2,092,559	8%	1,950,321	1,371%
Maintenance and supplies	122,715	1%	79,186	182%
Depreciation	6,397,701	24%	(13,104)	0%
<b>Total operating expenses</b>	<b>\$26,890,080</b>	<b>100%</b>	<b>\$3,770,485</b>	<b>16%</b>

In July 1997, the Board of Directors approved a \$0.50 per month (per ESD) sewer service charge increase that was in full effect on October 1, 1997. The increase finances the District's rehabilitation program by generating approximately \$2 million per year. The District is planning an additional rate increase to be effective October 1, 1999. That increase will finance increased operating expenses related to additional billing system costs and, together with the earlier increase, debt service related to a planned bond issue in 1999-00. Until then, added expenses will be financed from available retained earnings and by partial cancellation of the District's Expansion Reserve.

The District's sewer connection fee has been increased significantly over the past five years, from \$316 per home in 1993 to \$460 per home in 1998. Connection fees are a major financing component of the District's Master Plan. Sacramento is emerging as a destination community for economic growth and expansion. The Sacramento Sewerage Expansion Study has identified major trunk sewer projects that will be required to convey wastewater discharges from new customers. Connection fees will finance those projects, either on a pay-as-you-go basis, or as debt service on long-term borrowing. Connection fee revenues increased nearly forty-five percent in 1997-98 (to \$2 million), reflecting Sacramento's recovery from the recession of the early 1990's. Revenues are expected to continue their significant increase as development continues in the North Natomas area.

Operating expenses continue to increase due to District growth. A \$2 million cost to restore flooded homes and businesses in 1997-98 also impacted expenses. In order to reduce those costs in future years, a major collection system rehabilitation effort has been undertaken. In addition, a systematic re-evaluation of collection system maintenance priorities is underway. That includes a major benchmarking effort to compare the District's maintenance program to those of other successful agencies, and to adopt improved maintenance practices whenever possible.

The District has no outstanding long-term obligations at this time. It is anticipated that bonds will be issued to finance new trunk construction and rehabilitation of existing pipelines in early 2000. The amount of debt will be determined after completion of the District's Sewerage and Rehabilitation Program Master Plans.

*CASH MANAGEMENT:* The District's unrestricted cash and investments are maintained in the County's pooled cash fund. The County Treasurer is responsible for managing the investment of pooled cash fund resources. The County Pooled Investment Fund is rated AA Af/AAA for credit quality and aaa/V-1+ for market risk by Standard and Poor's and Fitch Investors Service, respectively.

Cash temporarily idle during the year was invested in negotiable certificates of deposit, time certificates, commercial paper, municipal notes, U.S. Treasury and Agency investments. The average yield on investments during fiscal year 1997-98 was 5.73 percent. The yield rate for a one-year U.S. Treasury bill during the same period was 5.42 percent.

The County Pooled Investment Fund Policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. All categorized collateral on deposits was held either by the County, its agent, or a financial institution's trust department in the County's name. All the categorized investments held by the County during the fiscal year ended June 30, 1998, were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

**RISK MANAGEMENT:** The County maintains all-risk blanket property insurance coverage that provides limits of liability of \$200 million per occurrence annually. This policy covers real and personal property of the District and contains boiler and machinery coverage. The County also maintains a general liability insurance policy that provides limits of liability of \$20 million that covers all liability that the County becomes legally obligated to pay by reason of liability imposed by law or assumed under contract.

The District participates in the County's self-insurance program for property damage and liability. Annual premiums are based primarily on claims experience. Current premiums are charged to expense in the year incurred. Estimated insurance liabilities are actuarially determined and the District's portion is accrued at year-end.

## **OTHER INFORMATION**

**INDEPENDENT AUDIT:** The financial statements of the District are audited each year by an independent auditor. The firm of Macias, Gini & Company LLP was selected to perform the independent audit for the fiscal year ended June 30, 1998. The independent auditor's report on the financial statements is included in the financial section of this report.

**ACKNOWLEDGMENTS:** The preparation of this CAFR on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Accounting and Fiscal Services (AFS) Section of Sacramento County's Department of Public Works Administration. Each member of AFS has our sincere appreciation for the contributions made in the preparation of this report.

In closing, we wish to thank the Board of Directors for their leadership and support which made possible the preparation of this report.

Respectfully submitted,

Jordan Ayers, Chief  
Accounting and Fiscal Services  
Department of Administration  
Public Works Agency

John W. Newton, Chief  
Administrative Section  
Water Quality Division  
Department of District Engineering and  
District Chief Financial Officer

# County Sanitation District 1

## Board of Directors

<b>Roger Dickinson</b>	Supervisor, First District
<b>Illa Collin</b>	Supervisor, Second District
<b>Muriel Johnson</b>	Supervisor, Third District
<b>Dave Cox</b>	Supervisor, Fourth District
<b>Don Nottoli</b>	Supervisor, Fifth District
<b>Rob Kerth</b>	City of Sacramento
<b>Tom Aceituno</b>	City of Folsom
<b>Roberta MacGlashan</b>	City of Citrus Heights

## Officials

**Warren H. Harada**  
Administrator, Public Works Agency

**Robert F. Shanks**  
Director, Department of District Engineering  
Public Works Agency and  
District Engineer

**Wendell F. Kido**  
Chief, Water Quality Division and  
District Manager

**John W. Newton**  
Chief, Administrative Section  
Water Quality Division  
Department of District Engineering  
Public Works Agency and  
District Chief Financial Officer

**County Sanitation District No. 1**  
**Organizational Chart**

# **FINANCIAL SECTION**



Report of Independent Auditors

See "Sanitation #1 Opinion", pages 1 & 2

# **County Sanitation District 1**

County of Sacramento, California

## Financial Statements

For the Fiscal Years Ended June 30, 1998 and 1997

**COUNTY SANITATION DISTRICT 1  
BALANCE SHEETS  
JUNE 30, 1998 AND 1997**

<b>ASSETS</b>	<u>1998</u>	<u>1997</u>
Current assets:		
Cash and investments	\$ 31,876,394	\$ 33,549,099
Receivables:		
Sewer service fees, net of allowance	2,879,053	2,739,128
Due from County funds:		
Interest receivable	683,455	1,902,944
Other	<u>273,849</u>	<u>169,101</u>
Total current assets	<u>35,712,751</u>	<u>38,360,272</u>
Other assets:		
Deposits with others	300,000	53,608
Long-term receivables	<u>1,490,922</u>	<u>1,499,412</u>
Total other assets	<u>1,790,922</u>	<u>1,553,020</u>
Property, plant and equipment:		
Land	1,033,263	1,033,263
Buildings and improvements	252,049,907	253,713,981
Equipment	3,693,631	2,551,047
Construction in progress	<u>10,914,414</u>	<u>5,179,244</u>
Total property, plant and equipment	267,691,215	262,477,535
Less accumulated depreciation	(111,616,287)	(105,239,127)
Net property, plant and equipment	<u>156,074,928</u>	<u>157,238,408</u>
Total assets	\$ <u>193,578,601</u>	\$ <u>197,151,700</u>

	<u>1998</u>	<u>1997</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Current liabilities:		
Warrants payable	\$ 52,274	\$ 49,759
Accounts payable and retentions	750,277	428,333
Due to County funds	<u>4,609,460</u>	<u>2,257,900</u>
Total current liabilities	5,412,011	2,735,992
Deferred revenue	44,574	53,064
Estimated insurance liabilities	<u>88,191</u>	<u>88,191</u>
Total liabilities	<u>5,544,776</u>	<u>2,877,247</u>
Equity:		
Contributed capital	<u>109,358,674</u>	<u>116,953,719</u>
Retained earnings:		
Reserved for future construction and acquisition of assets	15,732,020	18,718,955
Reserved for collection system rehabilitation	1,238,611	
Unreserved	<u>61,704,520</u>	<u>58,601,779</u>
Total retained earnings	<u>78,675,151</u>	<u>77,320,734</u>
Total equity	<u>188,033,825</u>	<u>194,274,453</u>
Total liabilities and equity	<u>\$193,578,601</u>	<u>\$197,151,700</u>

See accompanying notes to the financial statements

**COUNTY SANITATION DISTRICT 1  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Sewage service fees	\$20,020,242	\$18,646,389
Sewer connection fees	<u>2,010,015</u>	<u>1,351,371</u>
Total operating revenues	<u>22,030,257</u>	<u>19,997,760</u>
Operating expenses:		
Labor force	15,446,922	13,917,645
Professional services	573,429	769,062
Utilities	226,020	219,387
Services and supplies	1,703,392	1,222,620
Chemicals	155,098	207,308
Mechanical and electronic	100,408	127,314
Equipment and supplies	57,750	29,201
Office expense	14,086	30,486
Insurance claims and expense	2,092,559	142,238
Maintenance and supplies	122,715	43,529
Depreciation	<u>6,397,701</u>	<u>6,410,805</u>
Total operating expenses	<u>26,890,080</u>	<u>23,119,595</u>
Operating loss	<u>(4,859,823)</u>	<u>(3,121,835)</u>
Nonoperating revenues (expenses):		
Interest income	1,714,237	1,904,322
Other revenue	953,299	1,038,414
Intergovernmental expense	(72,055)	(225,481)
Other expenses	<u>(417,837)</u>	<u>(557,940)</u>
Total nonoperating revenues (expenses)	<u>2,177,644</u>	<u>2,159,315</u>
Net loss	<u>(2,682,179)</u>	<u>(962,520)</u>
Add: Depreciation on assets acquired from contributed capital	<u>4,036,596</u>	<u>5,013,627</u>
Increase in retained earnings	1,354,417	4,051,107
Retained earnings, beginning of year	<u>77,320,734</u>	<u>73,269,627</u>
Retained earnings, end of year	<u>\$78,675,151</u>	<u>\$77,320,734</u>

See accompanying notes to the financial statements

**COUNTY SANITATION DISTRICT 1  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

	<u>1998</u>	<u>1997</u>
<b>Cash flows from operating activities:</b>		
Operating loss	\$(4,859,823)	\$(3,121,835)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	6,397,701	6,410,805
Nonoperating revenue	953,299	1,038,414
Nonoperating expense	(417,837)	(557,940)
Change in operating assets and liabilities:		
Sewer service fees receivable	(139,925)	192,492
Due from County funds	(104,748)	(163,595)
Deposits with others	(246,392)	(3,607)
Warrants payable	2,515	-
Accounts payable and retentions	321,944	103,844
Due to County funds	<u>2,351,560</u>	<u>(1,475,781)</u>
Total adjustments	<u>9,118,117</u>	<u>5,544,632</u>
Net cash provided by operating activities	<u>4,258,294</u>	<u>2,422,797</u>
<b>Cash flows from noncapital financing activities:</b>		
Intergovernmental expense	<u>(72,055)</u>	<u>(225,481)</u>
Net cash used by noncapital financing activities	<u>(72,055)</u>	<u>(225,481)</u>

*Continued on following page*

**COUNTY SANITATION DISTRICT 1  
STATEMENTS OF CASH FLOWS (continued)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

	<b>1998</b>	<b>1997</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	<u>(8,792,673)</u>	<u>(6,784,942)</u>
Net cash used by capital and related financing activities	<u>(8,792,673)</u>	<u>(6,784,942)</u>
<b>Cash flows from investing activities:</b>		
Interest on cash and investments	<u>2,933,729</u>	<u>1,840,566</u>
Net cash provided by investing activities	<u>2,933,729</u>	<u>1,840,566</u>
Net decrease in cash and cash equivalents	<b>(1,672,705)</b>	(2,747,060)
Cash and cash equivalents at beginning of year	<u>33,549,099</u>	<u>36,296,159</u>
Cash and cash equivalents at end of year	<u>\$31,876,394</u>	<u>\$33,549,099</u>
<b>Schedule of noncash investing, capital and financing activities:</b>		
Retirement of capital assets	\$ (21,888)	\$ (909,257)
Contributed assets	<b>13,336,028</b>	9,024,385
Adjustment to contributed capital due to abandoned pipe and electronic database conversion	<b>(16,872,592)</b>	-
Capital outlays	-	(8,115,128)
Write-off of receivable	<b>(8,490)</b>	-

See accompanying notes to the financial statements

**COUNTY SANITATION DISTRICT 1  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the County Sanitation District 1 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under GASB Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District has elected not to apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989. The more significant of the District's accounting policies are described below.

**Reporting Entity**

The District is a political subdivision of the State of California and is a blended component unit of the County of Sacramento (the County). The District is also a contributing agency of the Sacramento Regional County Sanitation District (SRCSD) as it is included in SRCSD's territorial jurisdiction. The District was formed in 1978 by the consolidation of four sewer maintenance districts and six County sanitation districts which provided sewer service to portions of the Cities of Sacramento and Folsom as well as the urban, unincorporated areas of Sacramento county. This reorganization provided for a common service rate structure for the customers in the areas affected. This reorganization also achieved savings and reduced administrative effort associated with operating one sanitation district instead of ten and it provided a more equitable representation on the SRCSD Board of Directors than would have been possible for the former districts under previous law. The District also serves the area now included within the incorporated City of Citrus Heights.

The District was formed for the purpose of planning, designing, constructing, and operating collection system services for the County's urban, unincorporated area as well as the City of Citrus Heights and portions of the Cities of Sacramento and Folsom, and wastewater treatment for the communities of Courtland and Walnut Grove. This District is governed by a Board of Directors comprised of the Sacramento County Board of Supervisors, plus one representative each from the Sacramento, Folsom and Citrus Heights City Councils.

On October 1, 1993, the District entered into a Joint Exercise of Powers Agreement with SRCSD to form the Sacramento County Sanitation Districts 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 District and SRCSD. The Board of Directors of SRCSD serves as the Authority's governing board.



**COUNTY SANITATION DISTRICT 1**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

The County's Public Works Agency, Department of District Engineering, Water Quality Division, staffs the District. The Water Quality Division operates and maintains all of the Regional facilities, as well as a large wastewater collection system in the County's unincorporated area operated by the District, and potable water pumping and distribution systems for a number of public agencies.

The District meets the criteria set forth in GAAP for inclusion as a blended component unit of the County because the governing body is substantially the same as the County. Under GAAP, the District has no component units.

**Budgetary Process**

The District prepares an annual operating and capital budget that is approved and adopted by the Board of Directors. The budget serves as an approved plan to facilitate financial control and operational evaluation. California State law does not require formal adoption of appropriated budgets for enterprise funds.

**Measurement Focus and Basis of Accounting**

The District uses the accounting principles applicable to enterprise funds. The District uses the cost of service or capital maintenance concept. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

**Cash and Investments**

As described in Note 2, the District's cash and investments are held with the Treasurer of the County of Sacramento and pooled with other County funds. Investments are stated at fair value. The County Treasurer's investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by Section 27134 of the California Government Code.

During the year ended June 30, 1998, the County changed its method of reporting investments from amortized cost to fair value in accordance with Governmental Accounting Standards Board (GASB) 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The carrying value of the County's investments approximated fair value, therefore, no adjustment is reflected in these financial statements. The County's general-purpose financial statements, containing all applicable provisions of GASB 31, can be obtained from the County Auditor-Controller's office. The fair value of the District's investments is equal to the value of its pool shares.

**COUNTY SANITATION DISTRICT 1**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

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

California Government Code authorizes the Treasurer of the County to invest excess funds in the following list of eligible securities:

- a) Obligations of the County or any local agency and instrumentality in or of the State of California.
- b) Obligations of the U.S. Treasury, agencies and instrumentalities.
- c) Bankers' acceptances eligible for purchase by the Federal Reserve System.
- d) Commercial paper with an A-1 rating by Moody's Investors Service or a P-1 rating by Standard & Poor's Corporation.
- e) Repurchase agreements or reverse repurchase agreements.
- f) Medium-term notes with a five-year maximum maturity of corporations operating within the United States and rated in the top three rating categories by Moody's Investors Service and Standard & Poor's Corporation.
- g) Shares of beneficial interest issued by diversified management companies (money market funds) investing in securities and obligations as outlined in a) through f). Certain security rankings and/or organizational requirements apply to this type of investment.

**Property, Plant and Equipment**

Property, plant and equipment is stated at cost, except as described below. When assets are retired or otherwise disposed of, the cost and related depreciation is removed from the accounts and any resulting gain or loss is reflected in net income for the period. Depreciation is provided using the straight-line method over the following estimated useful lives:

Vehicles	3 to 5 years
Machinery and equipment	7 to 10 years
Buildings and infrastructure	30 to 40 years
Sanitation treatment plant and related equipment	30 to 40 years

**COUNTY SANITATION DISTRICT 1**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

Maintenance and repairs are charged to expense as incurred. Significant renewals or betterments are capitalized and depreciated over their estimated useful lives. Costs incurred for major improvements or construction of assets are carried in construction in progress until the project is completed at which time costs related to the project are capitalized as treatment plant and equipment.

**Estimated Insurance Liabilities**

The County maintains all-risk blanket property insurance coverage that provides limits of liability of \$200 million per occurrence annually. This policy covers real and personal property of the District and contains boiler and machinery coverage.

The District participates in the County's self-insurance program for property damage and liability. Annual premiums are based primarily on claims experience. Current premiums are charged to expense in the year incurred. Estimated insurance liabilities are actuarially determined and the District's portion is accrued at year-end.

The estimated claim liabilities are actuarially based and include claims incurred but not reported. The estimated liabilities include provisions for allocated claims adjustment expenses, including administrative, attorney, and other associated expenses. Proceeds received for salvage and subrogation are recognized as revenue in the year of receipt, and therefore are not included in the estimated liabilities. The amounts following are expressed in thousands.

**COUNTY SANITATION DISTRICT 1  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

**RECONCILIATION OF CLAIMS LIABILITIES**

	<b>County - All Funds</b>	
	<b>Liability/ Property</b>	
	<u><b>1998</b></u>	<u><b>1997</b></u>
Unpaid claims and claim adjustment expenses, July 1		
Current portion	\$ 4,510	\$ 5,450
Noncurrent	<u>9,000</u>	<u>9,000</u>
Total beginning balance	<u>13,510</u>	<u>14,450</u>
 Incurred claims and claim adjustment expenses		
Provision for insured events for current year	6,450	6,430
Increase in provision for insured events of prior fiscal years	<u>2,287</u>	<u>568</u>
Total incurred claims and claim adjustment expenses	<u>8,737</u>	<u>6,998</u>
 Payments:		
Claims and claim adjustment expenses attributable To insured events of current fiscal year	677	675
Claims and claim adjustment expenses attributable to Insured events of prior fiscal year	<u>9,045</u>	<u>7,263</u>
Total payments	<u>9,722</u>	<u>7,938</u>
 Total unpaid claims and claim adjustment expenses at June 30	 <u>\$12,525</u>	 <u>\$13,510</u>

The District's share of total unpaid claims and claim adjustment expenses for the fiscal years ended June 30, 1998 and 1997 is approximately 1.2% for both years. No insurance settlements have exceeded insurance coverage during the past three fiscal years.

**Contributed Capital**

Contributed capital of the District consists of infrastructure, which is generally pipe contributed by developers and property owners. Decreases in the inventory of the pipe at year-end represents abandoned pipe and errors discovered while converting the pipe records to an electronic database.

**COUNTY SANITATION DISTRICT 1  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

**Receivables**

At June 30, 1998 and 1997, there is approximately \$114,000 of allowance for doubtful accounts on the sewer service fees. The sewer service fees receivable balance is approximately 4% of sewer service fees outstanding at June 30, 1998 and 1997.

**Reclassifications**

Certain amounts in the 1997 financial statements have been reclassified to conform to the 1998 financial statements presentation.

**2. CASH AND INVESTMENTS**

The District's cash and investments are held with the Treasurer of the County of Sacramento and pooled with other County funds. The District's share of the investment pool is separately accounted for and interest earned, net of related expenses, is apportioned quarterly and at the end of the year based upon the relationship of its daily cash balance to the total of the pooled account.

**Cash and Cash Equivalents**

California Government Code Section 53648 et. seq. authorizes the County to deposit cash in prescribed financial institutions (depositories). The carrying amount of the County's deposits held by the County Treasurer was \$4,036,000 and \$5,353,000 and the bank balance was \$10,818,000 and \$5,353,000 at June 30, 1998 and 1997, respectively. Of the bank balance, \$100,000 was covered by federal depository insurance and the collateral held in the pledging depository's trust department in the County's name covered the remainder for each year. Collateral held by the depository's trust departments is pledged against all public deposits held by that depository. The County has an undivided security interest in the depository's pooled securities in the proportion that the amount of its deposits bears to the total amount of deposits secured by the pooled securities. Eligible securities for pool purposes collateralizing County deposits at June 30, 1998 include eligible Government Securities that had market values of at least 110 percent of the total amount of all deposits of the depository secured by the pooled securities.

**COUNTY SANITATION DISTRICT 1  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

**Investments**

The County's investments are categorized under generally accepted accounting principles which defines three levels of custodial credit risk for securities:

- 1) Securities that are insured or registered, or for which the securities are held by the County or its agent in the County's name.
- 2) Securities that are uninsured and unregistered and are held by the counterparty's trust department or agent in the County's name.
- 3) Securities that are uninsured and unregistered and held by the counterparty, or by its trust department or agent, but not in the County's name.

At June 30, 1998 and 1997, all County categorized investments totaling \$1,391,647,000 and \$1,954,749,000, respectively, were in category (1). In addition, all categorized investment transactions were in category (1) above with respect to defined levels of custodial credit risks. Noncategorized investments are not evidenced by securities that exist in physical or book entry form.

**Derivative Investments**

Although the County did not participate in any securities lending transactions or enter into any reverse repurchase agreements during 1997-98, the County's investment with the State's LAIF is \$45,605,000. A total of \$31,275,129 is invested by public agencies in the LAIF. The State Treasurer manages the LAIF, and 4.37 percent of the total investments are invested in derivative financial products. The Local Investment Advisory Board has oversight responsibility for LAIF.

**COUNTY SANITATION DISTRICT 1  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

The following is a summary of the County's cash deposits and investments at June 30, 1998 (in thousands):

	<b>Fair value of pool as reported by County</b>	<b>District's share</b>
	<u>          </u>	<u>          </u>
Cash and cash equivalents:		
Cash on hand	\$      12	
Cash in banks	<u>      4,036</u>	\$ <u>      85</u>
Total cash and cash equivalents	<u>      4,048</u>	<u>      85</u>
 Categorized investments:		
Government securities	713,076	13,272
Commercial paper	296,066	3,650
Negotiable certificates of deposit	285,505	5,983
Repurchase agreement	<u>      97,000</u>	<u>      2,033</u>
Total categorized investments	<u>1,391,647</u>	<u>24,938</u>
 Non-categorized investments:		
Other assets held by Treasurer	22,177	465
Local agency investment fund (LAIF)	45,605	537
Mutual Funds	11,948	76
Guaranteed investment contracts	<u>488,483</u>	<u>5,775</u>
Total non-categorized investments	<u>568,213</u>	<u>6,853</u>
 Total cash and investments	 <u>\$1,963,908</u>	 <u>\$ 31,876</u>
	 <b><u>Cash</u></b>	 <b><u>Percent</u></b>
	<b><u>balance</u></b>	<b><u>of pool</u></b>
 District share of pooled cash	 <u>\$ 31,876</u>	 <u>2.10%</u>

**COUNTY SANITATION DISTRICT 1  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

**3. ADVANCES FROM CONTRIBUTING AGENCY**

During fiscal year 1986-87, SRCSD transferred land with a book value of \$19,347 (estimated value of \$3,550,000) to the District as a partial repayment of outstanding advances to them. Under the agreement, SRCSD guaranteed to the District that the resale value of the land would equal the estimated value of \$3,550,000. In the event a lesser amount is realized upon sale, SRCSD will reimburse the District for the difference. As a result, the District is carrying the land at book value and the long-term receivable of \$3,550,000 has been reduced by this amount.

Attempts to sell the land at the estimated value of \$3,550,000 and at a reduced value of \$2,215,000 have been unsuccessful. However, in January 1992, SRCSD sold .38 acres of the 10.708 acres held for sale. SRCSD sold this parcel for \$85,000 and as a result, the District has reduced the long-term receivable by the net gain on the sale of \$84,306.

In October 1994, SRCSD repaid \$2,000,000 to the District and a remaining balance of \$1,446,348 exists at June 30, 1998 and 1997. This balance represents the majority of the long-term receivables balance at June 30, 1998 and 1997 and is expected to be repaid when the land is sold or when SRCSD has excess operating funds.

**4. CONTRIBUTED CAPITAL**

A summary of changes in contributed capital for the fiscal years ended June 30, 1997 and 1998 are as follows:

Balance at June 30, 1996	\$119,330,823
Add: Capital contributions	6,175,495
Less: Abandoned pipe and database conversion errors	(3,538,972)
Less: Depreciation of assets acquired by capital contributions	<u>(5,013,627)</u>
Balance at June 30, 1997	116,953,719
Add: Capital contributions	13,336,028
Less: Abandoned pipe and database conversion errors	(16,894,477)
Less: Depreciation of assets acquired by capital contributions	<u>(4,036,596)</u>
Balance at June 30, 1998	<u>\$109,358,674</u>



**COUNTY SANITATION DISTRICT 1  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

**5. RELATED PARTY TRANSACTIONS**

For the year ended June 30, 1998, the County of Sacramento, a related party, owed the District \$683,455 for interest earned on Treasury deposits. In addition, the District's employees are employees of the County and the District uses other County departments for other services, such as risk management, engineering, accounting, utility billing, etc. Expenditures paid to the County during the year were \$11,688,859.

**6. COMMITMENTS AND CONTINGENCIES**

The District has entered into contracts for the construction of certain projects. At June 30, 1998 and 1997, the unexpended balance of the contract commitments was approximately \$1,400,000 and \$5,500,000, respectively.

The District is a defendant in various matters of litigation. Of these matters, management and District's legal counsel do not anticipate any material effect on the June 30, 1998 financial statements.

**7. YEAR 2000 ISSUE (Unaudited)**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The District relies on the County for its computer systems needs. The County has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting County operations and has identified such systems as being financial reporting and tax collection systems, as well as other embedded chip system risks.

- ♣ The County has financial reporting and tax collection systems. The County is currently working on developing a new financial system which incorporates a human resources, payroll, and purchasing system. The County successfully implemented a new financial and purchasing system on July 1, 1998, with the remainder of human resources and payroll scheduled to go live on December 20, 1998. Certain subsystems, such as utility billing, are mainly in the remediation phase and scheduled for completion by May 1999. The utility billing system generates and accounts for customer service charges which represent a majority of District service charge revenues. Impact (connection) fees are collected and accounted for through systems already upgraded to full year 2000 compliance. A complete review of wastewater systems compliance with year 2000 requirements and a plan to implement needed changes is in progress, but testing to date indicates that District wastewater systems will operate without foreseeable difficulty after December 31, 1999. The County currently has contracted with a vendor who is performing remediation work on the tax collection system. Testing and validation have yet to be completed for the tax collection system.
  
- ♣ Embedded chip system risks reside in County facilities and equipment. The County Public Works Agency has responsibility for operating and maintaining most of the County-owned facilities and much of the electronically controlled equipment within the County. The County

**COUNTY SANITATION DISTRICT 1  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997**

Public Works Agency, working in conjunction with several departments, has completed all inventories and most assessments of the County's embedded system. Additionally, the County has formed an internal embedded chip forum where representatives from interested departments can meet to exchange information and share ideas and techniques concerning their efforts at testing and addressing embedded chip issues. While very few problems have been uncovered, all issues are being handled in an expeditious manner.

There are no contracted amounts committed by the District to this project as of June 30, 1998.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District and the County is or will be year 2000 ready, that the District's or the County's remediation efforts will be successful in whole or in part, or that parties with whom the District or the County does business will be year 2000 ready.

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# **STATISTICAL SECTION**

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# COUNTY SANITATION DISTRICT 1

## Total Annual Revenues Fiscal Years 1988-89 through 1997-98

	<b>1988-89</b>	<b>1989-90</b>	<b>1991-91</b>	<b>1991-92</b>
Operating revenues:				
Sewer service fees	\$9,998,746	\$11,049,459	\$12,204,028	\$13,414,911
Sewer connection fees	<u>2,616,587</u>	<u>3,064,697</u>	<u>1,636,272</u>	<u>1,545,717</u>
Total operating revenues	12,615,333	14,114,156	13,840,300	14,960,628
Nonoperating revenues:				
Interest income	1,771,344	1,926,050	2,092,021	1,844,925
Other revenues	<u>408,474</u>	<u>352,343</u>	<u>385,748</u>	<u>194,987</u>
Total revenues	<u>\$14,795,151</u>	<u>\$16,392,549</u>	<u>\$16,318,069</u>	<u>\$17,000,540</u>

Source: Audited Financial Statements for Fiscal Years 1988-89 through 1997-98

# COUNTY SANITATION DISTRICT 1

## Total Annual Revenues Fiscal Years 1988-89 through 1997-98

<b>1992-93</b>	<b>1993-94</b>	<b>1994-95</b>	<b>1995-96</b>	<b>1996-97</b>	<b>1997-98</b>
\$14,534,567	\$15,378,728	\$16,991,170	\$18,154,386	\$18,646,389	\$20,020,242
<u>2,274,675</u>	<u>1,636,881</u>	<u>1,522,654</u>	<u>1,274,837</u>	<u>1,351,371</u>	<u>2,010,015</u>
16,809,242	17,015,609	18,513,824	19,429,223	19,997,760	22,030,257
2,077,795	1,708,267	1,673,291	1,841,980	1,904,322	1,714,237
<u>152,231</u>	<u>608,893</u>	<u>207,956</u>	<u>192,863</u>	<u>1,038,414</u>	<u>953,299</u>
<u>\$19,039,268</u>	<u>\$19,332,769</u>	<u>\$20,395,071</u>	<u>\$21,464,066</u>	<u>\$22,940,496</u>	<u>\$24,697,793</u>

## COUNTY SANITATION DISTRICT 1

### Total Annual Expenses Fiscal Years 1988-89 through 1997-98

	<b>1988-89</b>	<b>1989-90</b>	<b>1999-91</b>	<b>1991-92</b>
Operating expenses:				
Labor force	\$ 8,183,585	\$ 9,033,400	\$ 9,758,354	\$ 11,312,086
Professional services	25,616	54,880	92,662	88,312
Utilities	189,175	214,383	225,160	230,252
Services and supplies	283,883	254,129	279,338	795,671
Insurance	151,120	177,179	112,957	144,773
Chemicals	158,830	143,564	144,627	135,305
Mechanical and electronic	115,021	117,629	131,637	144,143
Equipment and supplies	16,624	4,788	43,126	45,725
Office expense	16,439	51,374	17,700	18,576
Maintenance and supplies	27,333	36,440	16,959	128,856
Depreciation	<u>4,202,236</u>	<u>4,189,757</u>	<u>4,802,768</u>	<u>5,158,121</u>
Total operating expenses	13,369,862	14,277,523	15,625,288	18,201,820
Nonoperating expenses:				
Intergovernmental expense	25,051	15,010	1,909	232,495
Other expenses	<u>106,482</u>	<u>303,791</u>	<u>104,575</u>	<u>63,810</u>
Total expenses	<u>\$13,501,395</u>	<u>\$14,596,324</u>	<u>\$15,731,772</u>	<u>\$18,498,125</u>

Source: Audited Financial Statements for Fiscal Years 1988-89 through 1997-98



**COUNTY SANITATION DISTRICT 1**

**Total Annual Expenses**  
Fiscal Years 1987-88 through 1997-98

<b>1992-93</b>	<b>1993-94</b>	<b>1994-95</b>	<b>1995-96</b>	<b>1996-97</b>	<b>1997-98</b>
\$ 12,427,779	\$12,728,619	\$ 12,294,414	\$ 13,951,115	\$ 13,917,645	\$ 15,446,922
76,194	97,681	41,618	405,883	769,062	573,429
231,927	211,721	232,057	224,151	219,387	226,020
413,426	630,930	474,257	1,025,509	1,222,620	1,703,392
76,102	72,319	118,895	125,957	142,238	2,092,559
46,452	801		24,982	207,308	155,098
73,599	86,105	83,223	87,967	127,314	100,408
30,804	43,628	149,022	43,364	29,201	57,750
18,577	17,722	32,336	24,881	30,486	14,086
12,884					
	34,840	37,541	28,058	43,529	122,715
<u>5,437,490</u>	<u>5,609,864</u>	<u>5,623,800</u>	<u>6,290,915</u>	<u>6,410,805</u>	<u>6,397,701</u>
18,845,234	19,534,230	19,087,163	22,232,782	23,119,595	26,890,080
35,927	15,810	4,263	90,639	225,481	72,055
<u>194,357</u>	<u>105,623</u>	<u>411,828</u>	<u>345,232</u>	<u>557,940</u>	<u>417,837</u>
<u>\$19,075,518</u>	<u>\$19,655,663</u>	<u>\$19,503,254</u>	<u>\$22,668,653</u>	<u>\$23,903,016</u>	<u>\$27,379,972</u>

**COUNTY SANITATION DISTRICT 1**

**COUNTY OF SACRAMENTO  
Property Tax Levies and Collections  
Fiscal Years 1988-89 through 1997-98  
(amounts expressed in thousands)**

	<b>Total Assessed Valuation<sup>a</sup></b>	<b>Secured Tax Levies<sup>b</sup></b>	<b>Secured Tax Delinquent at June 30</b>		<b>Current Secured Tax Collections</b>	
			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
1988-89	\$34,746,185	\$297,373	\$11,708	3.9	\$297,545 <sup>c</sup>	100.06
1989-90	38,101,305	329,593	12,891	3.9	324,242 <sup>c</sup>	98.38
1990-91	42,760,788	388,000	16,249	4.2	386,155 <sup>c</sup>	99.52
1991-92	47,786,635	436,227	19,211	4.4	429,342 <sup>c</sup>	98.42
1992-93	51,015,388	462,192	18,662	4.0	443,530 <sup>d</sup>	95.96
1993-94	52,332,679	475,862	17,020	3.6	458,842 <sup>d</sup>	96.42
1994-95	53,355,817	485,265	13,853	2.8	471,412 <sup>d</sup>	97.15
1995-96	54,056,086	491,167	11,599	2.4	479,568 <sup>d</sup>	97.64
1996-97	54,158,275	492,473	10,145	2.1	482,328 <sup>d</sup>	97.94
1997-98	54,810,113	500,035	9,404	1.9	490,631 <sup>d</sup>	98.12

<sup>a</sup> Main roll value -- Includes secured, unsecured, utility roll and State-reimbursed exemptions

<sup>b</sup> Adjusted levy amount as of June 30 -- Secured Countywide 1% and Utility 1%

<sup>c</sup> Includes secured, prior years' redemption, penalties and interest

<sup>d</sup> Collection amount of June 30 -- Secured Countywide 1% and Utility 1%

Source: County of Sacramento, California, Department of Finance

# COUNTY SANITATION DISTRICT 1

## COUNTY OF SACRAMENTO Assessed Value of Property Fiscal Years 1988-89 through 1997-98 (amounts expressed in thousands)

	<b>Secured Main Roll Value</b>	<b>Unsecured Main Roll Value</b>	<b>Total Assessed Value<sup>a</sup></b>
1988-89	\$32,506,075	\$2,240,110	\$34,746,185
1989-90	35,707,762	2,393,543	38,101,305
1990-91	40,197,245	2,563,543	42,760,788
1991-92	44,959,249	2,827,386	47,786,635
1992-93	47,955,263	3,060,125	51,015,388
1993-94	49,193,985	3,138,694	52,332,679
1994-95	50,182,807	3,173,010	53,355,817
1995-96	50,790,844	3,265,242	54,056,086
1996-97	50,977,283	3,180,992	54,158,275
1997-98	51,541,123	3,268,990	54,810,113

<sup>a</sup> Property if assessed at 100% of market value.

Source: County of Sacramento, California, Department of Finance

**COUNTY SANITATION DISTRICT 1**

**COUNTY OF SACRAMENTO**  
**Average County Property Tax Rates**  
 All Direct and Overlapping Governments  
 (Per \$100 of Assessed Value)  
 Fiscal Years 1988-89 through 1997-98

	Total 1% Countywide Rate			County Wide Average Bond Rate <sup>a</sup>	Total County Average Tax Rate
	General Fund	Other Agencies	Schools <sup>b</sup>		
1988-89	.3705	.6295		.0554	1.0554
1989-90	.3700	.6300		.0455	1.0455
1990-91	.3702	.6298		.0370	1.0370
1991-92	.3692	.3498	.2810	.0304	1.0304
1992-93	.3331	.3238	.3431	.0699	1.0081
1993-94	.1823	.3070	.5107	.0501	1.0501
1994-95	.1816	.3078	.5106	.0735	1.0735
1995-96	.1816	.3077	.5107	.1473	1.1473
1996-97	.1821	.3067	.5112	.1090	1.1090
1997-98	.1777	.3132	.5091	.1575	1.1576

<sup>a</sup>The average bond rate is the average of the County bond rate and the highest bond rate plus the SRCSD bond rate.

<sup>b</sup> Beginning in 1992-93, a significant portion of property tax revenue previously received by the County was permanently shifted by the State to schools.

Source: County of Sacramento, California, Department of Finance

## COUNTY SANITATION DISTRICT 1

### Sacramento County Taxable Transactions Calendar Years 1988 through 1997 (amounts expressed in thousands)

	1988	1989	1990
Apparel stores	\$ 245,066	\$ 269,855	\$ 309,565
General merchandise	1,166,107	1,266,658	1,385,278
Specialty stores	766,772	858,873	978,103
Food stores	525,918	551,340	597,130
Packaged liquor stores	51,973	54,765	56,296
Eating and drinking places	689,544	737,884	785,731
Home furnishings and appliances	388,847	429,048	468,269
Building materials and farm implements	560,508	683,363	742,868
Automotive, boat, motorcycle, and plane dealers and parts outlets	<u>1,600,278</u>	<u>1,739,864</u>	<u>1,879,639</u>
Total retail outlets	5,995,013	6,591,650	7,202,879
Business and personal services	357,292	363,571	418,997
All other outlets	<u>2,353,579</u>	<u>2,522,769</u>	<u>2,802,423</u>
Total all outlets	<u>\$8,705,884</u>	<u>\$9,477,990</u>	<u>\$10,424,299</u>

Source: California State Board of Equalization

**COUNTY SANITATION DISTRICT 1**

**Sacramento County Taxable Transactions**  
 Calendar Years 1988 through 1997  
 (amounts expressed in thousands)

<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
\$ 328,445	\$ 326,893	\$ 321,314	\$ 336,561	\$ 325,766	\$ 337,455	\$ 351,076
1,365,460	1,416,982	1,394,930	1,437,405	1,429,394	1,443,568	1,536,577
986,374	1,012,763	1,020,170	1,165,029	1,249,240	1,294,671	1,335,040
675,849	721,828	615,246	606,536	604,318	630,408	644,514
56,852	56,007	47,285	46,352	47,337	49,274	55,851
809,167	809,996	815,211	852,135	887,305	907,290	949,013
458,642	441,439	443,891	500,686	550,332	557,687	480,584
645,121	570,654	544,579	568,751	577,845	629,926	703,511
<u>1,674,893</u>	<u>1,704,473</u>	<u>1,748,380</u>	<u>1,886,605</u>	<u>1,913,211</u>	<u>2,096,933</u>	<u>2,170,976</u>
7,000,803	7,061,035	6,951,006	7,400,060	7,584,748	7,947,212	8,227,142
424,395	421,395	426,196	449,786	479,781	500,914	552,663
<u>2,703,704</u>	<u>2,697,663</u>	<u>2,836,734</u>	<u>3,118,608</u>	<u>3,368,795</u>	<u>3,532,149</u>	<u>3,754,362</u>
<u>\$10,128,902</u>	<u>\$10,180,093</u>	<u>\$10,213,936</u>	<u>\$10,968,454</u>	<u>\$11,433,324</u>	<u>\$11,980,275</u>	<u>\$12,534,169</u>

## COUNTY SANITATION DISTRICT 1

### New Building Permits and New Construction Valuations Fiscal Years 1988-89 through 1997-98 (Construction valuations expressed in thousands)

	Residential		Commercial		Total	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
1988-89	6,536	722,769	1,337	286,529	7,873	1,009,298
1989-90	7,794	927,301	688	132,560	8,482	1,059,861
1990-91	3,043	362,972	668	163,203	3,711	526,175
1991-92	3,226	360,878	573	120,061	3,799	480,939
1992-93	2,596	302,550	542	92,231	3,138	394,781
1993-94	3,372	398,081	523	71,603	3,895	469,684
1994-95	2,518	322,851	390	62,376	2,908	385,227
1995-96	2,667	343,408	513	80,718	3,180	424,126
1996-97	2,325	306,718	386	98,392	2,711	405,110
1997-98	2,820	410,482	486	139,972	3,306	550,454

Source: County of Sacramento, California, Public Works Agency, Department of County Engineering,  
Building Inspection Division

**COUNTY SANITATION DISTRICT 1**

**Population**

Years Ending January 1, 1989 through 1998

As of 1/1	Cities of:					Unincorporated	County Total
	Citrus Heights	Folsom	Galt	Isleton	Sacramento		
1989		25,800	7,900	850	359,300	602,600	996,450
1990		29,700	8,775	850	366,500	625,700	1,031,525
1991		33,450	9,525	850	375,400	650,300	1,069,525
1992		36,500	11,050	850	385,200	666,000	1,099,600
1993		38,500	12,950	870	391,100	667,800	1,111,220
1994		39,850	13,900	860	393,500	682,290	1,130,400
1995		40,850	15,250	850	396,000	696,250	1,149,200
1996		41,450	15,400	830	384,800	680,920	1,123,400
1997	82,290 <sup>a</sup>	43,300	15,950	840	388,700	609,520	1,058,310
1998	87,200 <sup>a</sup>	45,600	16,700	840	392,800	616,660	1,072,600

<sup>a</sup>Citrus Heights population has been included in the unincorporated totals for prior years

Source: California Department of Finance



## COUNTY SANITATION DISTRICT 1

### Connected Equivalent Single Family Dwellings and Monthly Sewer Rates

Fiscal Years 1988-89 through 1997-98

	<b>City of Sacramento</b>	<b>CSD No. 1</b>	<b>City of Folsom</b>	<b>Placer County/ Roseville</b>	<b>Total</b>	<b>Monthly Rate</b>
1988-89	106,500	273,038	10,000		389,538	7.35
1989-90	108,181	275,954	11,100		395,235	7.40
1990-91	110,704	287,000	12,200		409,904	7.45
1991-92	111,752	292,748	13,472	542	418,514	8.15
1992-93	112,000	298,216	14,100	542	424,858	8.15
1993-94	110,520	302,550	13,001	542	426,613	9.40
1994-95	111,685	305,833	13,516	542	431,576	9.65
1995-96	111,840	310,025	14,270	542	436,677	10.70
1996-97	113,463	312,478	14,856	482	441,279	11.75
1997-98	114,948	316,018	15,871	542	447,379	11.80

Source: SRCSD

# COUNTY SANITATION DISTRICT 1

## Top Industrial Users Largest Industrial Customers of the District For the Fiscal Year Ended June 30, 1998

<b>Industrial Customer</b>	<b>Revenues Received</b>
Campbell Soup Company	\$59,857
Procter & Gamble Manufacturing	14,674
Chinet	7,104
Mission Industries	3,761
Aerojet Propulsion Division	1,464
Pepsi-Cola	1,106
Sacramento Power Authority	885
Ameripride Uniform Services	882
Dean Foods	693
L & N Uniform Services	590

Source: CSDI

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## **ACKNOWLEDGMENTS**

This **COMPREHENSIVE ANNUAL FINANCIAL REPORT** was prepared by the  
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### Special Thanks To:

### **John W. Newton, Chief of Financial and Administrative Services**

Water Quality Division  
Department of District Engineering  
Public Works Agency  
and  
Chief Financial Officer  
Sacramento Regional County Sanitation District

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