

# COUNTY SANITATION DISTRICT 1

*A Component Unit of the County of Sacramento, California*

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended June 30, 1999*

**Prepared by:**

Warren H. Harada, Administrator  
*Public Works Agency*

Patrick L. Groff, Director  
*Department of Public Works Administration*

Jordan V. Ayers, Chief  
*Accounting and Fiscal Services*

Robert F. Shanks, Director  
*Department of District Engineering*

Marcia Maurer, Chief of Financial  
and Administrative Services  
*Water Quality Division*

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## COUNTY OF SACRAMENTO

### PUBLIC WORKS AGENCY

COUNTY ADMINISTRATION BUILDING  
827 SEVENTH STREET, ROOM 304  
SACRAMENTO, CA 95814  
[www.co.sacramento.ca.us/publicworks/index.html](http://www.co.sacramento.ca.us/publicworks/index.html)

Phone: (916) 874-6581  
Fax: (916) 874-7100

WARREN H. HARADA, Administrator  
CHERYL F. CRESON, Director  
County Engineering  
ROBERT SHANKS, Director  
District Engineering  
PATRICK L. GROFF, Director  
Public Works Administration  
JOHN NEWTON, Director  
General Services

December 9, 1999

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, 1999 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 (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**

Construction activity in Sacramento continues to be robust since the trough of the recession of the early 1990's. The District's sewer impact fees (i.e. connection fees), a good indicator of economic activity in the area, were \$2.8 million in fiscal year 1998-99. 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 it will 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. The facility will be conveyed to the County of Sacramento on October 1, 2000 and 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 1994-95 through 1998-99

	<b>1994-95</b>	<b>1995-96</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>
Total	305,833	310,025	312,478	316,018	321,058

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 connections 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 (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 was begun 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. It is anticipated this update will be substantially complete in fiscal year 1999-2000.

**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
- Grease impact evaluation study
- Installation of additional manholes to allow for maintenance access to rear easement collection lines
- Repair of previously identified rehabilitation projects

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 was completed in November 1999. The system permits 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 and costs for this project are being financed from a combination of sewer impact fees and contributions from other participating agencies.

**FUTURE ACTIVITIES:** Several other District projects will begin design and/or construction in 1999-00. Those projects, and total project costs, are:

- |   |              |
|---|--------------|
| • Rehabilitate Morse Avenue               | \$ 600,000   |
| • Rehabilitate South Natomas              | \$ 1,000,000 |
| • Courtland Wastewater Treatment Plant    | \$ 1,100,000 |
| • Walnut Grove Wastewater Treatment Plant | \$ 900,000   |
| • Mather AFB Rehabilitation               | \$ 2,100,000 |

These projects are being financed through existing sewer impact 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 judgments 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. The single audit for the year ended June 30, 1999 is underway and will be completed in 2000.

*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 1998-99 and indicates the percentages of increases and decreases in relation to prior year amounts.

## SUMMARY OF OPERATING REVENUES AND EXPENSES

Fiscal Year 1998-99

Operating Revenues	1998-99 Amount	Percentage Of Total	Increase From 1997-98	Percentage Increase
Sewer service fees	\$ 20,797,895	88%	\$ 777,653	4%
Sewer impact (connection) fees	2,820,180	12%	810,165	40%
<b>Total operating revenues</b>	<b>\$ 23,618,075</b>	<b>100%</b>	<b>\$ 1,587,818</b>	<b>7%</b>

Operating Expenses	1998-99 Amount	Percentage of Total	Increase/ (Decrease) From 1997-98	Percentage Increase/ (Decrease)
Labor force	\$ 14,404,094	55%	\$(1,042,827)	(7)%
Professional services	509,459	2%	(63,970)	(11)%
Utilities	219,630	1%	(6,390)	(3)%
Services and supplies	1,478,672	6%	(224,720)	(13)%
Chemicals	152,421	1%	(2,676)	(2)%
Mechanical/electronic	136,629	1%	36,221	36%
Equipment and supplies	40,255	0%	(17,495)	(30)%
Office expense	25,046	0%	10,960	78%
Insurance expense	2,442,079	9%	349,520	17%
Maintenance and supplies	117,729	0%	(4,988)	(4)%
Depreciation	6,647,244	25%	249,543	(1)%
<b>Total operating expenses</b>	<b>\$26,173,258</b>	<b>100%</b>	<b>\$(716,822)</b>	<b>(3)%</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. An additional rate increase of \$0.50 per month (per ESD) was approved on August 11, 1999 to be effective October 1, 1999. That increase will finance future rehabilitation program costs and, together with the earlier increase, debt service related to a planned bond issue in early 2000. 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 impact fee has been increased significantly over the past five years, from \$316 per home in 1993 to \$470 per home in 1999. Impact 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. Impact fees will finance those projects, either on a pay-as-you-go basis, or as debt service on long-term borrowing. Impact fee revenues increased nearly forty percent in 1998-99 (to \$2.8 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 and Elk Grove/Laguna areas.

Operating expenses decreased due to reduced labor costs. To continue this decrease for 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.

*YEAR 2000:* The District, through its use of County of Sacramento financial management systems, has upgraded most systems to be fully Year 2000 compliant. A contract to upgrade the final component, the Utilities Billing System, was completed in July 1999. The Utilities Billing System generates and accounts for all customer service charge revenues. Impact (connection) fees are collected and accounted for through systems already upgraded to full Year 2000 compliance. Year 2000 compliance for Human Resources systems (payroll and cost accounting) was completed in December 1998. A complete review of wastewater systems compliance with Year 2000 requirements and a plan to implement needed changes has been completed and testing to date indicates that District wastewater systems will operate without foreseeable difficulty after December 31, 1999.

*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 AAf/AAA for credit quality and aa/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 1998-99 was 5.45 percent. The yield rate for a one-year U.S. Treasury bill during the same period was 5.03 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. The investment pool is subject to regulatory oversight by the Treasury Oversight Committee.

**RISK MANAGEMENT:** 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, 1999. The independent auditor's report on the financial statements is included in the financial section of this report.

**AWARDS:** The District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 1998, was awarded the *Certificate of Achievement for Excellence in Financial Reporting* by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our District continues to conform to the Certificate of Achievement program requirements and we will be submitting our Comprehensive Annual Financial Report for the current year to the GFOA to determine its eligibility for another certificate.

*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,

Marcia Maurer, Chief  
Administrative Section  
Water Quality Division  
Department of District Engineering and  
District Chief Financial Officer

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



# County Sanitation District 1

## Board of Directors

<b>Roger Dickinson</b>	Supervisor, First District
<b>Illa Collin</b>	Supervisor, Second District
<b>Muriel P. Johnson</b>	Supervisor, Third District
<b>Roger Niello</b>	Supervisor, Fourth District
<b>Don Nottoli</b>	Supervisor, Fifth District
<b>Jimmie R. Yee</b>	City of Sacramento
<b>Tom Aceituno</b>	City of Folsom
<b>James C. Shelby</b>	City of Citrus Heights

## Officials

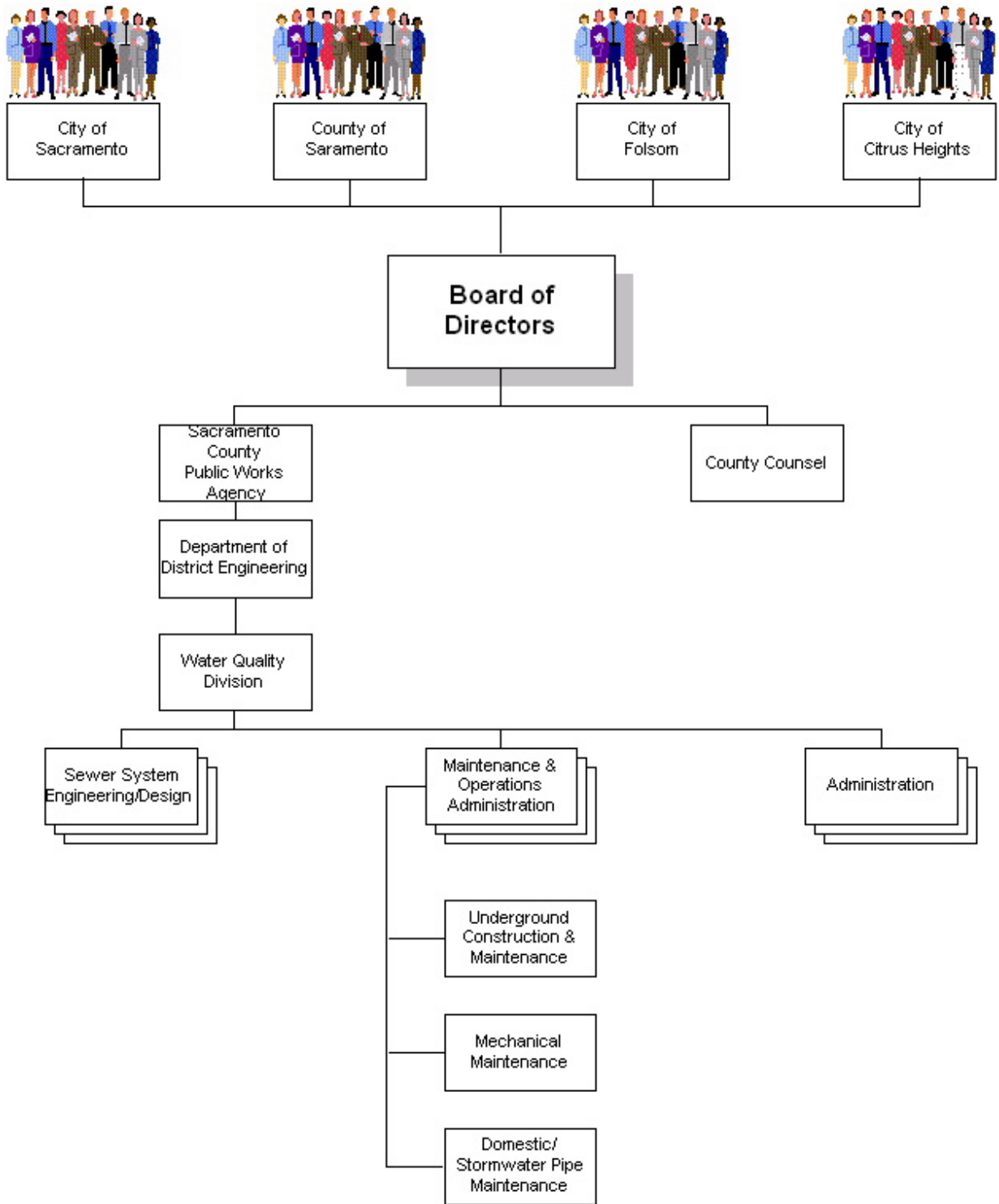
**Warren H. Harada**  
Administrator, Public Works Agency

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

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

**Marcia Maurer**  
Chief, Administrative Section  
Water Quality Division and  
District Chief Financial Officer

# County Sanitation District 1 Organizational Chart





COUNTY SANITATION DISTRICT 1  
CERTIFICATE OF ACHIEVEMENT FOR  
EXCELLENCE IN FINANCIAL REPORTING

For a copy of this document, please contact Marcia  
Maurer, Chief Financial Officer for  
County Sanitation District 1, at (916) 875-6728.

# INDEPENDENT AUDITOR'S REPORT

For a copy of this document, please contact Marcia Maurer, Chief Financial Officer for County Sanitation District 1, at (916) 875-6728.

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# **COUNTY SANITATION DISTRICT 1**

*A Component Unit of the County of Sacramento, California*

## **Financial Statements**

For the Fiscal Years Ended June 30, 1999 and 1998

**COUNTY SANITATION DISTRICT 1**

**COMPARATIVE BALANCE SHEETS  
JUNE 30, 1999 AND 1998**

<b>ASSETS</b>	<u>1999</u>	<u>1998</u>
<b>CURRENT ASSETS:</b>		
Cash & investments	\$ 30,744,539	\$ 31,876,394
Receivables:		
Sewer service fees, net of allowance	3,243,699	2,879,053
Interest receivables	1,082,192	683,455
Due from County funds	<u>645,921</u>	<u>273,849</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>35,716,351</b></u>	<u><b>35,712,751</b></u>
<b>OTHER ASSETS:</b>		
Deposits with others	250,000	300,000
Long term receivables	<u>1,482,433</u>	<u>1,490,922</u>
<b>Total other assets</b>	<u><b>1,732,433</b></u>	<u><b>1,790,922</b></u>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Land	1,033,263	1,033,263
Buildings & improvements	286,459,001	268,375,526
Equipment	2,999,227	3,693,631
Construction in progress	<u>15,663,284</u>	<u>10,914,414</u>
<b>Total property, plant and equipment</b>	<u><b>306,154,775</b></u>	<u><b>284,016,834</b></u>
Less accumulated depreciation	<u>(118,255,424)</u>	<u>(111,616,287)</u>
<b>Net property, plant and equipment</b>	<u><b>187,899,351</b></u>	<u><b>172,400,547</b></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 225,348,135</b></u>	<u><b>\$ 209,904,220</b></u>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Warrants payable	\$ 101,019	\$ 52,274
Accounts payable & retentions	1,606,634	750,277
Due to County funds	5,160,911	4,609,460
Claims liabilities	<u>750,000</u>	<u>        </u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>7,618,564</b></u>	<u><b>5,412,011</b></u>
<b>NONCURRENT LIABILITIES:</b>		
Deferred revenue	36,085	44,574
Estimated insurance liabilities	<u>88,191</u>	<u>88,191</u>
<b>Total noncurrent liabilities</b>	<u><b>124,276</b></u>	<u><b>132,765</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>7,742,840</b></u>	<u><b>5,544,776</b></u>
<b>EQUITY:</b>		
Contributed capital	<u>134,634,719</u>	<u>126,480,773</u>
Retained earnings:		
Reserved for future construction and acquisition of assets	17,495,270	15,732,020
Reserved for collection system rehabilitation	1,087,847	1,238,611
Unreserved	<u>64,387,459</u>	<u>60,908,040</u>
<b>Total retained earnings</b>	<u><b>82,970,576</b></u>	<u><b>77,878,671</b></u>
<b>TOTAL EQUITY</b>	<u><b>217,605,295</b></u>	<u><b>204,359,444</b></u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><b>\$ 225,348,135</b></u>	<u><b>\$ 209,904,220</b></u>

See accompanying notes to financial statements

**COUNTY SANITATION DISTRICT 1**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES:		
Sewer service fees	\$ 20,797,895	\$ 20,020,242
Sewer connection fees	<u>2,820,180</u>	<u>2,010,015</u>
Total operating revenues	<u>23,618,075</u>	<u>22,030,257</u>
 OPERATING EXPENSES:		
Labor force	14,404,094	15,446,922
Professional services	509,459	573,429
Utilities	219,630	226,020
Services and supplies	1,478,672	1,703,392
Chemicals	152,421	155,098
Mechanical and electronic	136,629	100,408
Equipment and supplies	40,255	57,750
Office expense	25,046	14,086
Insurance claims and expense	2,442,079	2,092,559
Maintenance and supplies	117,729	122,715
Depreciation	<u>6,647,244</u>	<u>6,397,701</u>
Total operating expenses	<u>26,173,258</u>	<u>26,890,080</u>
 Operating loss	<u>(2,555,183)</u>	<u>(4,859,823)</u>
 NONOPERATING REVENUES (EXPENSES):		
Interest income	1,576,009	1,714,237
Other revenue	3,493,237	953,299
Intergovernmental expense	(1,695,160)	(72,055)
Other expenses	<u>(1,332,932)</u>	<u>(417,837)</u>
Total nonoperating revenues (expenses)	<u>2,041,154</u>	<u>2,177,644</u>
 Net income (loss)	<u>(514,029)</u>	<u>(2,682,179)</u>
 Add: Depreciation on assets acquired from contributed capital	<u>5,605,934</u>	<u>4,036,596</u>
Increase in retained earnings	<u>5,091,905</u>	<u>1,354,417</u>
 Retained earnings, beginning of year	<u>77,878,671</u>	<u>77,320,734</u>
Prior period adjustment		<u>(796,480)</u>
Retained earnings, beginning of year (as restated)	<u>77,878,671</u>	<u>76,524,254</u>
 Retained earnings, end of year	<u>\$ 82,970,576</u>	<u>\$ 77,878,671</u>

See accompanying notes to financial statements

**COUNTY SANITATION DISTRICT 1**

**COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30,1999 AND 1998**

	<u>1999</u>	<u>1998</u>
<b>Cash flows from operating activities:</b>		
Operating loss	\$ (2,555,183)	\$ (4,859,823)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	6,647,244	6,397,701
Nonoperating revenue	597,006	953,299
Nonoperating expense	(489,665)	(417,837)
Change in operating assets & liabilities:		
Sewer service fees receivable	(364,647)	(139,925)
Due from County funds	(372,074)	(104,748)
Deposits with others	50,001	(246,392)
Warrants payable	48,745	2,515
Accounts payable and retentions	856,357	321,944
Due to County Funds	551,451	2,351,560
Claims liabilities	750,000	
Total adjustments	<u>8,274,418</u>	<u>9,118,117</u>
Net cash provided by operating activities	<u>5,719,235</u>	<u>4,258,294</u>
<b>Cash flows from non-capital financing activities:</b>		
Contributions to other agencies and funds	<u>(1,695,160)</u>	<u>(72,055)</u>
Net cash provided by non-capital financing activities	<u>(1,695,160)</u>	<u>(72,055)</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(8,386,166)	(8,792,673)
Contributions from other agencies and funds	2,896,231	
Reimbursement agreements	<u>(843,267)</u>	
Net cash used by capital and related financing activities	<u>(6,333,202)</u>	<u>(8,792,673)</u>
<b>Cash flows from investing activities:</b>		
Interest on cash and investments	<u>1,177,272</u>	<u>2,933,729</u>
Net cash provided by investing activities	<u>1,177,272</u>	<u>2,933,729</u>
<b>Reconciliation of cash and cash equivalents to the comparative balance sheets:</b>		
Net decrease in cash and cash equivalents	\$ (1,131,855)	\$ (1,672,705)
Cash and cash equivalents at beginning of year	<u>31,876,394</u>	<u>33,549,099</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 30,744,539</u></u>	<u><u>\$ 31,876,394</u></u>
<b>Schedule of noncash investing, capital and financing activities:</b>		
Retirement of capital assets	\$ (39,340)	\$ (21,888)
Contributed assets	13,849,688	13,618,581
Adjustment to contributed capital for abandoned pipe	\$ (89,808)	\$ (8,985)

See accompanying notes to financial statements

**COUNTY OF SACRAMENTO  
COUNTY SANITATION DISTRICT 1**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

**1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the County Sanitation District 1 (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 OF SACRAMENTO  
COUNTY SANITATION DISTRICT 1**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

The Department of District Engineering and Water Quality Division, of the County's Public Works Agency, 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, which 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 an economic resources based cost of service or capital maintenance concept. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

**CASH AND INVESTMENTS**

For purposes of the statements of cash flows, the District considers all short-term highly liquid investments with maturities of 90 days or less, including amounts held in the County's investment pool, to be cash and cash equivalents. Account balances in the County's investment pool are available on demand; thus, are considered cash equivalents.

**COUNTY OF SACRAMENTO  
COUNTY SANITATION DISTRICT 1**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

**PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at historical costs. When assets are retired or otherwise disposed of, the net book value, which is the difference between historical costs and related accumulated depreciation, is removed from the financial statements. Any gain or loss from the retirement or disposal of an asset is reflected in net income for the period. Depreciation is provided on each asset 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

Maintenance and repairs are charged to expense as incurred. Significant additions or improvements are capitalized and depreciated over the revised 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 in the appropriate asset account.

**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 OF SACRAMENTO  
COUNTY SANITATION DISTRICT 1**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

	<b>County - All Funds (in thousands)</b>	
	<b>Liability/ Property</b>	
	<u>1999</u>	<u>1998</u>
Unpaid claims and claim adjustment expenses, July 1:		
Current portion	\$ 3,525	\$ 4,510
Noncurrent	9,000	9,000
Total beginning balance	<u>12,525</u>	<u>13,510</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events for current year	8,460	6,450
Increase (decrease) in provision for insured events of prior fiscal years	<u>1,058</u>	<u>2,287</u>
Total incurred claims and claim adjustment expenses	<u>9,518</u>	<u>8,737</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	1,032	677
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	<u>8,486</u>	<u>9,045</u>
Total payments	<u>9,518</u>	<u>9,722</u>
Total unpaid claims and claim adjustment expenses, June 30	<u>\$ 12,525</u>	<u>\$ 12,525</u>

The District's share of total unpaid claims and claim adjustment expenses for the fiscal years ended June 30, 1999 and 1998 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 represented abandoned pipe.

**RECEIVABLES**

At June 30, 1999, there is approximately \$231,075 of allowance for doubtful accounts on the sewer service fees. The allowance for doubtful accounts is approximately 7 percent of sewer service fees outstanding at June 30, 1999.

**RECLASSIFICATIONS**

Certain other amounts in the 1998 financial statements have been reclassified to conform to the 1999 financial statements presentation.

**COUNTY OF SACRAMENTO  
COUNTY SANITATION DISTRICT 1**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

**2. CASH AND INVESTMENTS**

The District maintains specific cash deposits and investments with the County and involuntarily participates in the external investment pool of the County. At June 30, 1999 and 1998, the carrying amount of the District's cash held by the County as part of the external investment pool were \$30,774,539 and \$31,876,394, respectively. California Government Code authorizes the Treasurer of the County to invest excess funds in the following list of eligible securities:

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

Also, the County Treasurer's investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by California Government Code Section 27134. At June 30, 1999 and 1998, the Division's investments are presented at fair value in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Division's position in the pool.

**3. ADVANCES TO 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.

**COUNTY OF SACRAMENTO  
COUNTY SANITATION DISTRICT 1**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

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, 1999 and 1998. This balance represents the majority of the long-term receivables balance at June 30, 1999 and 1998 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, 1998 and 1999 are as follows:

Balance at June 30, 1997, as restated (Note 6)	\$117,750,199
Add: Capital contributions	13,618,581
Less: Abandoned local pipe	(842,426)
Less: Abandoned contributed pipe	(8,985)
Less: Depreciation of assets acquired by capital contributions	<u>(4,036,596)</u>
Balance at June 30, 1998 as restated (Note 7)	126,480,773
Add: Capital contributions	13,849,688
Less: Abandoned contributed pipe	(89,808)
Less: Depreciation of assets acquired by capital contributions	<u>(5,605,934)</u>
Balance at June 30, 1999	<u><u>\$134,634,719</u></u>

**5.RELATED PARTY TRANSACTIONS**

For the year ended June 30, 1999, the County of Sacramento, a related party, owed the District \$1,082,192 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 \$12,239,119.

**COUNTY OF SACRAMENTO  
COUNTY SANITATION DISTRICT 1**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

**6. PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment of \$796,480 was made to the financial statements. This adjustment reflects depreciation closed to retained earnings in prior years which should have been closed to contributed capital.

**7. RESTATEMENT OF ACCOUNT BALANCES**

In 1998, the District began converting infrastructure records from handwritten maps to an electronic database. Management expects to complete the conversion during the 1999-2000 fiscal year. In 1998, fixed assets and contributed capital were reduced to reflect abandoned pipe and record-keeping errors discovered during the initial stages of this conversion. Management subsequently determined that the ultimate effect of these abandonments and errors cannot be determined until the conversion is complete; therefore, fixed assets and contributed capital at June 30, 1998 have been restated to reverse the effects of prior adjustments which lowered the value of infrastructure assets. The buildings and improvements and contributed capital accounts at June 30, 1998 increased by \$16,894,477 from the amounts previously reported.

**8. COMMITMENTS AND CONTINGENCIES**

The District has entered into contracts for the construction of certain projects. At June 30, 1999 and 1998, the unexpended balance of the contract commitments was approximately \$1,900,000 and \$1,400,000, respectively.

The District is a defendant in various matters of litigation. Of these matters, management and the District's legal counsel do not anticipate any material effect on the June 30, 1999 financial statements. Provisions have been made for anticipated probable losses which have been reflected in the financial statements.

**COUNTY OF SACRAMENTO  
COUNTY SANITATION DISTRICT 1**

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

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.

County Sanitation District 1 (District) and Sacramento County (County) have 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 and District operations. The County has identified the following significant systems requiring Year 2000 remediation:

- The County has financial reporting and tax collection systems. The County has 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 human resources and payroll component successfully implemented on December 20, 1998. The County is currently performing Year 2000 remediation work on the secured and redemption tax collection systems. The secured tax component with the exception of the redemption has been installed into production. Testing and validation is currently in progress on the redemption component of the tax collection system. The unsecured property tax system has been replaced by a Year 2000 compliant system.

Other systems have been implemented such as: utility billing (Public Works) July 1999, the family support (District Attorney) November 1999, and the building permit plan (Public Works) November 1999.

- Embedded 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 Agency has established an agency-wide oversight committee to monitor and coordinate Year 2000 issues throughout the organization. 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. The County Public Works Agency, working in conjunction with several departments, has completed all inventories and most assessments of the County's embedded system. All Year 2000 non-compliant equipment was replaced, upgraded or bypassed.

**COUNTY OF SACRAMENTO  
COUNTY SANITATION DISTRICT 1**

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

- Due diligence – This is the County’s process of documenting its planning, methodology, progress result, and present status of the Year 2000 remediation project. This is being done through various means, both electronically and on paper.

The County established a Year 2000 Steering Committee to review progress and resolve issues on a monthly basis. Every six months the Committee presents a report of current Year 2000 Risk Assessment to the Board of Supervisors detailing the status and progress of all County departments. The County has currently allocated a budget of more than \$56 million to address Year 2000 issues.

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



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**COUNTY OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**TOTAL ANNUAL REVENUES**  
 Fiscal Years 1989-90 through 1998-99

	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
Operating revenues:				
Sewer service fees	\$11,049,459	\$12,204,028	\$13,414,911	\$14,534,567
Sewer connection fees	<u>3,064,697</u>	<u>1,636,272</u>	<u>1,545,717</u>	<u>2,274,675</u>
Total operating revenues	<u>14,114,156</u>	<u>13,840,300</u>	<u>14,960,628</u>	<u>16,809,242</u>
Non operating revenues:				
Interest income	1,926,050	2,092,021	1,844,925	2,077,795
Other revenues	<u>352,343</u>	<u>385,748</u>	<u>194,987</u>	<u>152,231</u>
Total non operating revenues	<u>2,278,393</u>	<u>2,477,769</u>	<u>2,039,912</u>	<u>2,230,026</u>
 Total revenues	 <u>\$ 16,392,549</u>	 <u>\$ 16,318,069</u>	 <u>\$ 17,000,540</u>	 <u>\$ 19,039,268</u>

*Source: Audited Financial Statements for Fiscal Years 1989-90 through 1998-99*

**COUNTY OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**TOTAL ANNUAL REVENUES**  
 Fiscal Years 1989-90 through 1998-99 (continued)

<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
\$15,378,728	\$16,991,170	\$18,154,386	\$18,646,389	\$20,020,242	\$20,797,895
<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>	<u>2,820,180</u>
<u>17,015,609</u>	<u>18,513,824</u>	<u>19,429,223</u>	<u>19,997,760</u>	<u>22,030,257</u>	<u>23,618,075</u>
1,708,267	1,673,291	1,841,980	1,904,322	1,714,237	1,576,009
<u>608,893</u>	<u>207,956</u>	<u>192,863</u>	<u>1,038,414</u>	<u>953,299</u>	<u>3,493,237</u>
<u>2,317,160</u>	<u>1,881,247</u>	<u>2,034,843</u>	<u>2,942,736</u>	<u>2,667,536</u>	<u>5,069,246</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>	<u>\$ 28,687,321</u>

**COUNTY OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**TOTAL ANNUAL EXPENSES**  
Fiscal Years 1989-90 through 1998-99

	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
Operating expenses:				
Labor force	\$ 9,033,400	\$ 9,758,354	\$ 11,312,086	\$ 12,427,779
Professional services	54,880	92,662	88,312	76,194
Utilities	214,383	225,160	230,252	231,927
Services and supplies	254,129	279,338	795,671	413,426
Insurance	177,179	112,957	144,773	76,102
Chemicals	143,564	144,627	135,305	46,452
Mechanical and electronic	117,629	131,637	144,143	73,599
Equipment and supplies	4,788	43,126	45,725	30,804
Office expense	51,374	17,700	18,576	18,577
Maintenance and supplies	36,440	16,959	128,856	12,884
Depreciation and amortization	<u>4,189,757</u>	<u>4,802,768</u>	<u>5,158,121</u>	<u>5,437,490</u>
Total operating expenses	14,277,523	15,625,288	18,201,820	18,845,234
Nonoperating expenses:				
Intergovernmental expense	15,010	1,909	232,495	35,927
Other expenses	<u>303,791</u>	<u>104,575</u>	<u>63,810</u>	<u>194,357</u>
Total expenses	<u>\$ 14,596,324</u>	<u>\$ 15,731,772</u>	<u>\$ 18,498,125</u>	<u>\$ 19,075,518</u>

Source: Audited Financial Statements for Fiscal Years 1988-89 through 1998-99

**COUNTY OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**TOTAL ANNUAL EXPENSES**  
 Fiscal Years 1989-90 through 1998-99 (continued)

<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
\$ 12,728,619	\$ 12,294,414	\$ 13,951,115	\$ 13,917,645	\$ 15,446,922	\$ 14,404,094
97,681	41,618	405,883	769,062	573,429	509,459
211,721	232,057	224,151	219,387	226,020	219,630
630,930	474,257	1,025,509	1,222,620	1,703,392	1,478,672
72,319	118,895	125,957	142,238	2,092,559	2,442,079
801		24,982	207,308	155,098	152,421
86,105	83,223	87,967	127,314	100,408	136,629
43,628	149,022	43,364	29,201	57,750	40,255
17,722	32,336	24,881	30,486	14,086	25,046
34,840	37,541	28,058	43,529	122,715	117,729
<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>	<u>6,647,244</u>
19,534,230	19,087,163	22,232,782	23,119,595	26,890,080	26,173,258
15,810	4,263	90,639	225,481	72,055	1,695,160
<u>105,623</u>	<u>411,828</u>	<u>345,232</u>	<u>557,940</u>	<u>417,837</u>	<u>1,332,932</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>	<u>\$ 29,201,350</u>

**COUNTY OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**PROPERTY TAX LEVIES AND COLLECTIONS**

Fiscal Years 1989-90 through 1998-99  
(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>
1989-90	\$38,101,305	\$329,593	\$12,891	3.9	\$ 324,242 <sup>c</sup>	98.4
1990-91	42,760,788	388,000	16,249	4.2	386,155 <sup>c</sup>	99.5
1991-92	47,786,635	436,227	19,211	4.4	429,342 <sup>c</sup>	98.4
1992-93	51,015,388	462,192	18,662	4.0	443,530 <sup>d</sup>	96.0
1993-94	52,332,679	475,862	17,020	3.6	458,842 <sup>d</sup>	96.4
1994-95	53,355,817	485,265	13,853	2.8	471,412 <sup>d</sup>	97.2
1995-96	54,056,086	491,167	11,599	2.4	479,568 <sup>d</sup>	97.6
1996-97	54,158,275	492,473	10,145	2.1	482,328 <sup>d</sup>	97.9
1997-98	54,810,113	500,035	9,404	1.9	490,631 <sup>d</sup>	98.1
1998-99	57,181,929	523,535	8,846	1.7	514,689 <sup>d</sup>	98.3

<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 OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**ASSESSED VALUE OF PROPERTY**  
Fiscal Years 1989-90 through 1998-99

	<b>Secured Main Roll Value</b>	<b>Unsecured Main Roll Value</b>	<b>Total Assessed Value<sup>a</sup></b>
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
1998-99	53,778,895	3,403,034	57,181,929

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

Source: County of Sacramento, California, Department of Finance



**COUNTY OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**AVERAGE COUNTY PROPERTY TAX RATES**

All Direct and Overlapping Governments  
(Per \$100 of Assessed Value)  
Fiscal Years 1989-90 through 1998-99

	Total 1% Countrywide Rate			County Wide Average Bond Rate <sup>a</sup>	Total County Average Tax Rate
	General Fund	Other Agencies	Schools <sup>b</sup>		
1989-90	0.3700 %	0.6300 %		0.0455 %	1.0455 %
1990-91	0.3702	0.6298		0.0370	1.0370
1991-92	0.3692	0.3498	0.2810 %	0.0304	1.0304
1992-93	0.3331	0.3238	0.3431	0.0699	1.0699
1993-94	0.1823	0.3070	0.5107	0.0501	1.0501
1994-95	0.1816	0.3078	0.5106	0.0735	1.0735
1995-96	0.1816	0.3077	0.5107	0.1473	1.1473
1996-97	0.1821	0.3067	0.5112	0.1090	1.1090
1997-98	0.1777	0.3132	0.5091	0.1576	1.1576
1998-99	0.1784	0.3157	0.5059	0.1075	1.1075

<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 OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**NEW BUILDING PERMITS AND NEW CONSTRUCTION VALUATIONS**

Fiscal Years 1989-90 through 1998-99  
(Construction valuations expressed in thousands)

	<b>Residential</b>		<b>Commercial</b>		<b>Total</b>	
	<b><u>Permits</u></b>	<b><u>Valuation</u></b>	<b><u>Permits</u></b>	<b><u>Valuation</u></b>	<b><u>Permits</u></b>	<b><u>Valuation</u></b>
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
1998-99	3,686	648,538	369	189,038	4,055	837,576

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

**COUNTY OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**SACRAMENTO COUNTY TAXABLE TRANSACTIONS**

Calendar Years 1989 through 1998

(Amounts expressed in thousands)

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Apparel stores	\$ 269,855	\$ 309,565	\$ 328,445	\$ 326,893
General merchandise	1,266,658	1,385,278	1,365,460	1,416,982
Specialty stores	858,873	978,103	986,374	1,012,763
Food stores	551,340	597,130	675,849	721,828
Packaged liquor stores	54,765	56,296	56,852	56,007
Eating and drinking places	737,884	785,731	809,167	809,996
Home furnishing and appliances	429,048	468,269	458,642	441,439
Building materials and farm implements	683,363	742,868	645,121	570,654
Service stations	449,825	527,433	507,906	540,400
Automotive, boat, motorcycle, and plane dealers and parts outlets	<u>1,290,039</u>	<u>1,352,206</u>	<u>1,166,987</u>	<u>1,164,073</u>
Total retail outlets	6,591,650	7,202,879	7,000,803	7,061,035
Business and personal services	363,571	418,997	424,395	421,395
All other outlets	<u>2,522,769</u>	<u>2,802,423</u>	<u>2,703,704</u>	<u>2,697,663</u>
Total all outlets	<u>\$ 9,477,990</u>	<u>\$ 10,424,299</u>	<u>\$ 10,128,902</u>	<u>\$ 10,180,093</u>

Source: California Board of Equalization

**COUNTY OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**SACRAMENTO COUNTY TAXABLE TRANSACTIONS**

Calendar Years 1989 through 1998 (continued)

(Amounts expressed in thousands)

<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
\$ 321,314	\$ 336,561	\$ 325,766	\$ 337,455	\$ 351,076	\$ 364,544
1,394,930	1,437,405	1,429,394	1,443,568	1,536,577	1,663,856
1,020,170	1,165,029	1,249,240	1,294,671	1,335,040	1,449,835
615,246	606,536	604,318	630,408	644,514	641,284
47,285	46,352	47,337	49,274	55,851	60,809
815,211	852,135	887,305	907,290	949,013	1,008,886
443,891	500,686	550,338	557,687	480,584	489,935
544,579	568,751	577,845	629,926	703,511	766,340
526,681	546,975	516,520	594,514	586,279	517,785
<u>1,221,699</u>	<u>1,339,630</u>	<u>1,396,685</u>	<u>1,502,419</u>	<u>1,584,697</u>	<u>1,752,127</u>
6,951,006	7,400,060	7,584,748	7,947,212	8,227,142	8,715,401
426,196	449,786	479,781	500,914	552,663	619,589
<u>2,836,734</u>	<u>3,118,608</u>	<u>3,368,795</u>	<u>3,532,149</u>	<u>3,754,364</u>	<u>3,993,656</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>	<u>\$ 13,328,646</u>

**COUNTY OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**POPULATION**  
Years Ending January 1, 1990 through 1999

<b>As of January 1st</b>	<b>Cities of:</b>						<b>County Total</b>
	<b>Citrus Heights<sup>a</sup></b>	<b>Folsom</b>	<b>Galt</b>	<b>Isleton</b>	<b>Sacramento</b>	<b>Unincorporated</b>	
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	86,400	43,250	15,950	830	388,100	604,970	1,139,500
1998	87,200	45,600	16,700	840	392,800	616,660	1,159,800
1999	88,300	48,250	17,200	850	396,200	627,100	1,177,900

*Source: California Department of Finance (1990 to 1996) and Sacramento Area Council of Governments (1997 and 1999)*

<sup>a</sup> In January 1997, the City of Citrus Heights was incorporated. Prior to 1997, the City's population was included in the unincorporated totals.

**COUNTY OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**CONNECTED EQUIVALENT SINGLE FAMILY DWELLINGS**  
**AND MONTHLY SEWER RATES**

Fiscal Years 1989-90 through 1998-99

	<u>City of Sacramento</u>	<u>CSD No. 1</u>	<u>City of Folsom</u>	<u>Placer County/ Roseville</u>	<u>Total</u>	<u>Monthly Rate</u>
1989-90	108,181	275,954	11,100		395,235	\$ 3.15
1990-91	110,704	287,000	12,200		409,904	3.35
1991-92	111,752	292,743	13,472	542	418,509	3.60
1992-93	112,000	298,216	14,100	542	424,858	3.80
1993-94	110,520	302,550	13,001	542	426,613	3.95
1994-95	111,685	305,833	13,516	542	431,576	4.20
1995-96	111,840	310,025	14,270	542	436,677	4.50
1996-97	113,463	312,478	14,856	482	441,279	4.50
1997-98	114,948	316,018	15,871	542	447,379	5.00
1998-99	115,127	321,058	17,524	697	454,406	5.00

Source: CSD1

**COUNTY OF SACRAMENTO**  
**COUNTY SANITATION DISTRICT 1**

**TOP INDUSTRIAL USERS**  
**Largest Industrial Customers of the District**  
As of June 30, 1999

	<b>Revenues Received</b>
Campbell Soup Company	\$ 50,257
Procter & Gamble Manufacturing	15,362
Chinet	5,693
Mission Industries	4,039
Aerojet Propulsion Division	1,697
Sacramento Power Authority	1,641
Pepsi-Cola	1,137
Ameripride Uniform Services	936
Dean Foods	834
L & N Uniform Services	675

*Source: CSD1*

**COUNTY SANITATION DISTRICT 1**

**SCHEDULE OF INFORMATION FOR CALIFORNIA SENATE BILL 1760**

For Fiscal Year Ending June 30, 1999

During 1998-99, the California Senate adopted Bill No. 1760 which requires the District to present the following information regarding its operations:

Description of capacity charges:

The District receives capacity charges from developers. These charges are comprised of inclusion fees and participation fees. Inclusion fees consist of revenue received from charges to residential developments to connect into an existing sewerage system and includes a share of the initial cost of the basic sewerage system. Participation fees consist of revenue which provide funds for the construction of the basic sewerage system, including trunk lines, treatment plant, pumping or lift stations, etc.

Description of public improvement projects:

The District is involved in various on-going capital improvement projects that have been discussed in depth in the Introductory Section of this report. One major long-term project centers around the preparation of a Collection System Rehabilitation Program master plan, which will assess the current condition of the system, then identify and prioritize the needed projects. Other projects include design and/or construction for various rehabilitation projects and treatment plants. There were no interfund loans between the District and other County funds which involved capacity charges. The capital costs spent during the fiscal year of \$5,102,110 were funded out of interest earnings, other revenues and fund equity.

Financial Information:

Net equity provided from capacity charges - Beginning of Year	\$	15,732,021
Net equity provided from capacity charges - End of Year		17,526,733
Interest revenues on capacity charges		771,261
Capacity charges collected during the year		2,734,822



## **ACKNOWLEDGMENTS**

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

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

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

**Karen Stoyanowski, Senior Accounting Manager**  
Accounting and Fiscal Services  
Department of Public Works Administration  
Public Works Agency

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Chief Financial Officer  
County Sanitation District 1