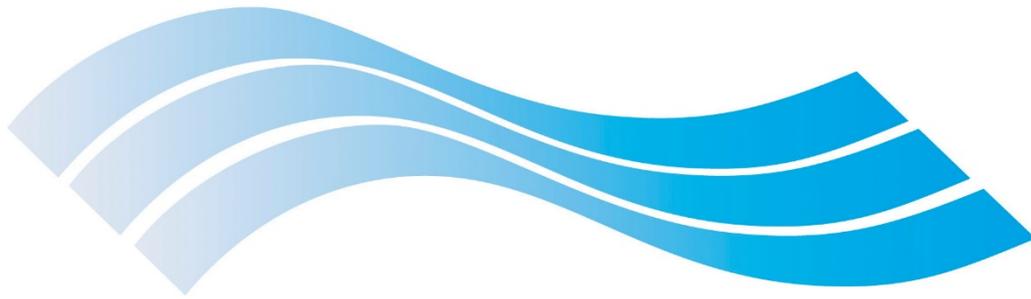


SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT

Comprehensive Annual Financial Report

For the Fiscal Year Ended 2016

SACRAMENTO METROPOLITAN
AIR QUALITY MANAGEMENT DISTRICT

Comprehensive Annual
Financial Report

For the Fiscal Year Ended 2016

Prepared by the Administrative Services Division

Jamille Moens, Administration Division Manager

SACRAMENTO, CALIFORNIA

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

January 12, 2017

Chairman, Governing Board and Citizens
of the Sacramento Metropolitan Air Quality Management District

State law requires local governments to publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the Sacramento Metropolitan Air Quality Management District (District), Sacramento, California. Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive internal control framework that was established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by James Marta & Company LLP, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016 are free of material misstatement. The independent auditors concluded, based upon the audit, there was a reasonable basis for rendering an unmodified (clean) opinion that the District financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is located at the front of the financial section of this report.

The District's independent financial statement audit was part of a broader, federally mandated "Single Audit" designed to meet the Federal grantor agencies special needs. The standards governing Single Audit engagements require the independent auditor to report not only on the financial statements fair presentation, but also on the audited government's internal controls and compliance with legal requirements, plus special emphasis on internal controls and legal requirements involving the Federal awards administration. The information required by the Single Audit that is outside the scope of the financial statements is available in a separately issued report on the District's website.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The transmittal letter should be read in conjunction with the MD&A.

Profile of the Sacramento Metropolitan Air Quality Management District

The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District was created under Health and Safety Code Sections 40960 et. seq. to monitor, promote and improve air quality in the County of Sacramento.

It is one of 35 local or regional air quality districts in California. It has been designated by the Environmental Protection Agency (EPA) as part of the Sacramento Federal Ozone Nonattainment Area (SFNA), which is comprised of all of Sacramento and Yolo Counties, the eastern portion of Solano County, the southern portion of Sutter County and the western slopes of El Dorado and Placer Counties up to the Sierra crest and includes four other local air districts. Roughly 63% of the SFNA’s population falls within the District’s boundaries.

Population in Sacramento Federal Ozone Nonattainment Area

COUNTY	POPULATION ¹			
	SFNA portion of the County	County	SFNA / County	County / Total SFNA
El Dorado	150,515	181,058	83%	7%
Placer	338,613	348,432	97%	15%
Sacramento	1,418,788	1,418,788	100%	63%
Solano	129,377	413,344	31%	6%
Sutter	3,433	94,737	3.6%	<1%
Yolo	200,849	200,849	100%	9%
Total	2,241,575	---	---	100%

¹ Based on 2010 Census

The District Governing Board is composed of 14 members, including all five Sacramento County Supervisors, four members of the Sacramento City Council, one member each from the Cities of Citrus Heights, Elk Grove, Folsom and Rancho Cordova, and one member representing the cities of Galt and Isleton. The Board appoints the agency’s Executive Officer and District Counsel.

In spite of a significant increase in population over the last two decades, the Sacramento region’s air quality has continued to improve. Although the District is still home to some of the worst air quality in the nation, progress has been made even as standards have tightened. Air quality in the SFNA is currently designated non-attainment for ozone and PM_{2.5} as well as the more stringent California standards for ozone and particulate matter (PM₁₀ and PM_{2.5}).

A combination of poor atmospheric ventilation, a capping temperature inversion, bordering mountains and sunny days act to enhance smog formation and effectively trap pollutants in the Basin. The Sacramento region has relatively few “smokestack” industries compared to the Bay Area and Southern California. Even if the District were to eliminate these stationary sources it’s unlikely that the District could meet air quality standards, particularly the tougher state standards because mobile sources are a significant contributor to air pollution.

Mobile sources include motor vehicles, airplanes, locomotives, and other engines and portable equipment. It also includes “off-road” sources, such as construction, mining, and agricultural equipment. Currently, these mobile sources contribute about 40% of our Volatile Organic Compounds (VOC) and 84% of our Oxides of Nitrogen (NOx) emissions, while stationary (industrial) sources contribute about 22% of our VOC emissions and 10% of our NOx emissions. State and federal regulations will help to reduce the impact of motor vehicle fuel and engine emissions on our air quality in the future, but as growth in our region brings more vehicles in, mobile sources will continue to be a major factor in our air quality problem.

The District is responsible for monitoring air pollution within the Sacramento region and for developing and administering programs to reduce air pollution levels below the health-based standards established by the state and federal governments.

The annual budget serves as the foundation for the District's financial planning and control. The Governing Board is required to adopt an annual budget by July 1 of each fiscal year. Budgets are adopted on a budgetary basis that includes encumbrances and expenditures. All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered. Amendments to increase the budget must be approved by the Governing Board.

The District maintains budgetary controls through both signature authority and automated budget verification. The objective of these controls is to ensure compliance with the annual appropriated budget approved by the Governing Board. The District maintains an accounting system of purchase requests and contracts at the fund level as a means to accomplishing budgetary control.

Open requests and contracts are reported as a reservation of fund balance at the end of the fiscal year. Purchase requests and contracts are reviewed to ensure that funds are available and that requests are properly authorized prior to being released or executed.

As reflected in the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Factors Affecting Financial Condition

The District's General Fund receives revenue from a variety of sources. Approximately 42% of its funding is derived from fees paid by stationary sources that emit air pollution; 28% from auto registration fees collected by the Department of Motor Vehicles (DMV) and distributed to air districts throughout the state in support of motor vehicle emission reduction programs; 21% from federal, local government and state subventions; and 9% from sales tax and other earnings. The General Fund does not receive property tax support.

To meet its program commitments, despite increased workload complexity, the District has successfully streamlined many of its operations, reducing the cost of its programs. While the District does not fully recover its activity costs from fees, support in the form of state subvention, federal grants, and other revenues mentioned above offset much of the shortfall.

In fiscal year 2015-16, the employer contribution rates to the Districts pension system increased slightly due primarily to a smoothing of losses and gains introduced by CalPERS. In December 2016 CalPERS reduced its investment return forecast. This may result in graduated pension costs increases to the District in future years.

Major Initiatives

Attainment goals - During fiscal year 2015-16 the District continued to work toward meeting non-attainment goals for ozone. Since mid-2012, the EPA has recognized that Sacramento has met three federal air quality standards, the federal 1 hour ozone standard (October 2012), PM_{2.5} (July 2013), and PM₁₀ (September 2013). In December 2013, historically dry weather conditions caused Sacramento to be just above the 2006 federal PM_{2.5} standard. The District returned to attainment in 2014, and is in the process of re-attainment. Sacramento must continue to make progress and look for additional opportunities to meet the 2008 ozone health standard. Reducing ozone pollution will remain an important and core program of the District and region for many years.

Federal and State Programs - The District was actively engaged in the California Air Pollution Control Officers Association (CAPCOA), which is a critical state association for air pollution industry matters. In addition, the District was involved with the National Association of Clean Air Agencies (NACAA), which serves as a key agency for District work with EPA and other agencies at the national level, and for representing local air district issues in Washington DC. Participation in these and other agencies allowed the District to closely track, monitor and weigh-in on important programs and legislative matters affecting the District and its mission.

Capital Improvements – During fiscal year 2015-16 the District completed construction of a new, federally-required near-road monitoring site and began work on a refresh of the office building. The capital improvements initiative will be ongoing, including rehabilitation of two existing air monitoring trailers over the next two fiscal years.

Partnerships - The District has numerous regional, state and federal partnerships that assist the District in achieving its mission. The District continued leveraging these partnerships as a key method in meeting regional air quality goals as many of the reduction strategies are in areas outside of traditional stationary source regulation. This initiative is exemplified in the District's active and ongoing response with local partners (cities, counties) including the Sacramento Area Council of Governments (SACOG) to changes in climatic conditions as an issue, within the context of regulatory and legislative responsibilities.

Looking forward to fiscal year 2016-17, the District is underway on the next steps of each of the key initiatives identified above.

Long-term Financial Planning

Management annually reviews a five-year financial projection that evaluates the potential internal, external and programmatic changes that can be implemented over the next fiscal year and beyond. This five year plan is reviewed and updated annually.

Notable projections related to revenues are as follows: as of November 2016 (most current monthly data available) the unemployment rate in Sacramento County is 4.90%, down from nearly 13% during 2010-2012; as business activity and employment increases, revenues from permits and fees are expected to increase slightly; the Sacramento Transportation Authority anticipates sales tax revenues from Measure A to increase 5% annually in upcoming years; and DMV (AB923) and Moyer funding would have sunset in 2015, but with the passage of Assembly Bill 8 these funding sources are reauthorized until 2024.

As part of the fiscal year 2013-14 budget process, the District Board approved a multi-year fee increase. Increases were applied to applicable fees in the fiscal years 2014-15, 2015-16 and 2016-17 approved budgets. District staff will again closely evaluate the need to increase fees during the fiscal year 2017-18 budget process, the final period approved by the Board. In future years, permit fees may be adjusted for the consumer price index (CPI) to help keep pace with rising costs.

Federal funding is increasing for Ambient Air Monitoring and is otherwise expected to remain consistent through fiscal year 2016-17; transportation reauthorization is a high priority. This is important to ensure that the Congestion Mitigation and Air Quality (CMAQ) program remains and continues to be authorized for the Sacramento Emergency Clean Air & Transportation (SECAT) the District's truck and engine clean replacement incentive and the Spare the Air programs.

Expenditures for the General Fund are expected to gradually increase to address major improvements, most notably, non-recurring capital expenditures to improve the District's technology resources and for rehabilitation and replacement of several aging air monitoring stations. The District's revenues are projected to be sufficient to meet these expenditures.

The Covell Building Fund is expected to be fairly stable over the next five years. As the primary asset in the Fund, the District's headquarters building is relatively new, therefore annual maintenance is anticipated to be consistently low during this period. Moving forward, major rehabilitation and replacement projects will be identified along with expected funding sources. The main funding source for capital expenditures in the Covell Fund is rental income.

There are no capital expenditures associated with the Emission Technology Fund, rather it serves as a pass-through for various emission technology incentive grants. While the next couple of years are expected to be stable with respect to grant funding, there is growing uncertainty into the future as some of the grants are scheduled to sunset, and may not be extended. The District continues to research other funding options.

Currently, the District has a multi-year capital replacements and improvements planning process in which it budgets annually for identified projects. The District is developing a long-term Asset Management Program and exploring financial software applications capable of budgeting multiyear projects to allow for improved financial planning for its larger assets.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. The District believes the current report continues to meet the Certificate of Achievement program requirements, and is submitting it to GFOA to determine its eligibility for continued certification.

The preparation of the CAFR was made possible by the dedicated services of the accounting and management staff of the District's Administrative Services Division. These members have our sincere appreciation for the contribution made in the preparation of this report.

Recognition is also given to the Governing Board for their leadership and support and to all employees of the District who continue to encourage technology and improve operations to accomplish the District's mission of protecting public health from air pollution with sensitivity to the impacts of its actions on the community and its businesses.

Respectfully submitted,



Larry Greene
Executive Director



Jamille Moens
Manager, Administrative Services Division

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Sacramento Metropolitan
Air Quality Management District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive style.

Executive Director/CEO

GOVERNING BOARD

BOARD OF DIRECTORS

Steve Hansen, Chair
Council Member, City of Sacramento

Donald Terry, Vice Chair
Council Member, City of Rancho Cordova

Patrick Kennedy
Sacramento County Board of Supervisors

Roberta MacGlashan
Sacramento County Board of Supervisors

Don Nottoli
Sacramento County Board of Supervisors

Susan Peters
Sacramento County Board of Supervisors

Phil Serna
Sacramento County Board of Supervisors

Larry Carr
Council Member, City of Sacramento

Mark Crews
Council Member, City of Galt

Sue Frost
Council Member, City of Citrus Heights

Eric Guerra
Council Member, City of Sacramento

Jeff Harris
Council Member, City of Sacramento

Steve Ly
Council Member, City of Elk Grove

Jeff Starsky
Council Member, City of Folsom

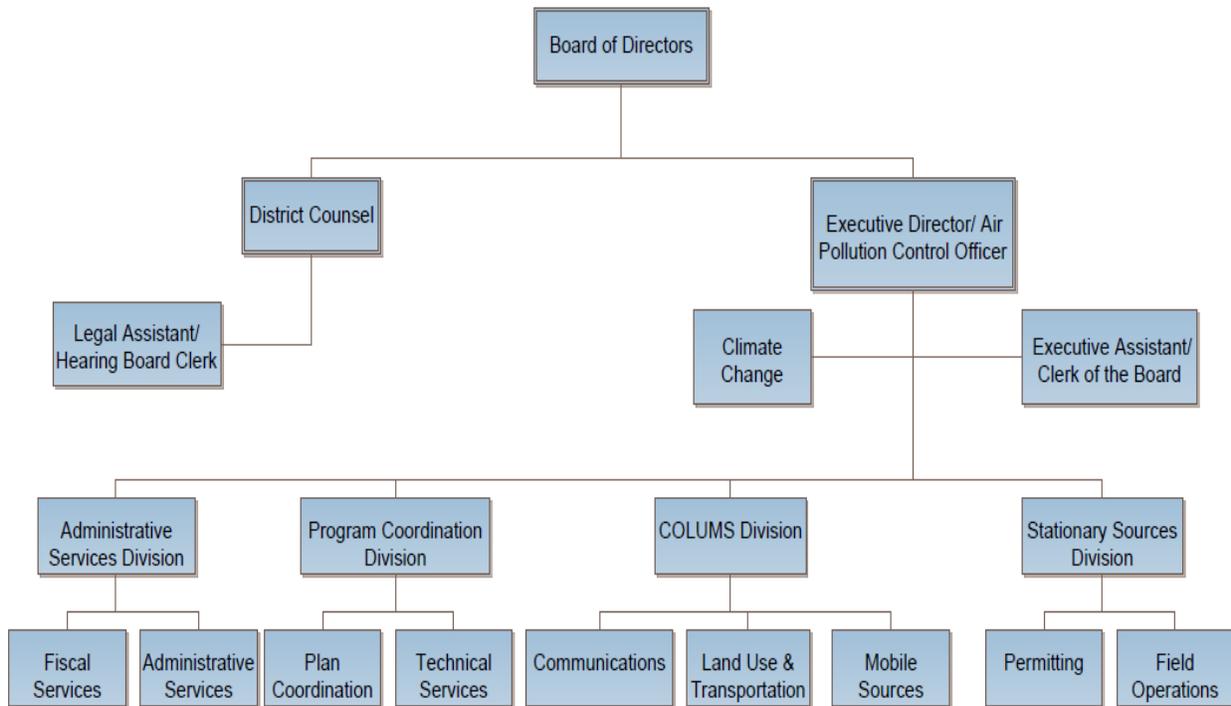
Executive Director / Air Pollution Control Officer

Larry Greene

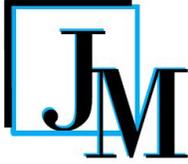
District Counsel

Kathrine Pittard

ORGANIZATIONAL CHART



FINANCIAL SECTION



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sacramento Metropolitan Air Quality Management District
Sacramento, California 95814

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sacramento Metropolitan Air Quality Management District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sacramento Metropolitan Air Quality Management District as of June 30, 2016, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (pages 4-10), the Budget to Actual Comparisons (pages 40-41), the Schedule of Funding Progress for OPEB (page 42), the Schedule of Proportionate Share of the Net Pension Liability (page 43) and the Schedule of Pension Contributions (page 44) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the District. The accompanying "Schedule of Expenditures of Federal Awards" is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Sacramento Metropolitan Air Quality Management District.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Expenditures of Federal Awards has not been subjected to the audit procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2017 on our consideration of Sacramento Metropolitan Air Quality Management District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
January 12, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the District's Comprehensive Annual Financial Report provides a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2016. Please read this document in conjunction with the transmittal letter located in the introductory section, and the District's financial statements which follow this discussion.

Financial Highlights

The following are the highlights for the fiscal year ended June 30, 2016:

- The District's total net position was \$22,549,375 as of June 30, 2016.
- The District's total net position increased \$5,969,203 due to cumulative effect of increase in Moyer salvage auction funding, and a change in the recognition principle in special revenue funds.
- As of June 30, 2016 the District's governmental funds reported an ending fund balance of \$26,272,133, an increase of \$4,563,919 from the prior year. Approximately 6.85% of this amount or \$1,798,521 is available for spending at the government's discretion (unassigned fund balance). Of this amount, 100% is available in the general fund.
- The District's total outstanding long-term debt decreased by \$226,146, and the District did not incur any additional debt during fiscal year 2015-16.

Overview of Financial Statements

The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also includes supplementary information to furnish additional detail to support the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements provide readers with the overall financial position and activities of the District. These financial statements include the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* reports all assets held, liabilities owed and deferred inflows/outflows of resources by the District. Over time, increases or decreases in net position may serve as an indicator of whether the District's financial position is improving or deteriorating.

The *Statement of Activities* includes all current year revenues and expenses regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as earned but unused vacation leave.

Both of the District's Statement of Net Position and Statement of Activities distinguish the District's functions that are principally supported by taxes, grants and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The

District's governmental activities include air pollution rule development, permitting and enforcement, public outreach, incentive programs, and various other air quality management activities. The District's business-type activities include management and leasing of a building the District owns and occupies.

The government-wide financial statements can be found on pages 11-12.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the governmental funds focus on near-term financing requirements, it is useful to compare the governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-16.

Proprietary funds. The District uses the Covell Building Fund, to account for the operation and maintenance of the District's building. Proprietary fund financial statements provide information for the building operations and maintenance presented in the same format as the government-wide financial statements. The District's Proprietary Fund Financial Statements for the District's building and rental activities can be found on pages 17-19.

Notes to the Basic Financial Statements

The notes provide additional information to the reader for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20-39.

Other Information

In addition to the basic financial statements and accompanying notes, the District also presents certain required supplementary information concerning the District's final budget to actual comparison. Required supplementary information can be found starting on page 40. Furthermore, the District presents a Schedule of Expenditures of Federal Awards on page 46 as other supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the District's case, assets exceeded liabilities by \$22,549,375 at the close of fiscal year 2015-16. The schedule below presents a condensed Statement of Net Position as of June 30, 2016 compared with the prior fiscal year.

Condensed Statement Of Net Position						
(in thousands)						
	<u>Governmental</u>		<u>Business – Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
<u>Assets and Deferred Outflows of Resources</u>						
Current and other assets	\$ 30,681	\$ 28,245	\$ 1,782	\$ 1,513	\$ 32,463	\$ 29,758
Capital assets	793	1,112	4,268	4,786	5,061	5,897
Deferred outflows of resources	1,190	1,494	-	-	1,190	1,494
Total Assets and Deferred Outflows of Resources	<u>32,664</u>	<u>30,850</u>	<u>6,050</u>	<u>6,299</u>	<u>38,714</u>	<u>37,149</u>
<u>Liabilities and Deferred Inflows of Resources</u>						
Current liabilities	9,795	2,801	294	594	10,089	3,395
Non-current liabilities	6,592	6,655	3,774	3,433	10,366	10,088
Deferred inflows of resources	1,679	1,065	-	51	1,679	1,116
Total Liabilities and Deferred Inflows of Resources	<u>18,066</u>	<u>10,521</u>	<u>4,068</u>	<u>4,078</u>	<u>22,134</u>	<u>14,600</u>
<u>Net Position</u>						
Net investment in capital assets	793	1,112	233	613	1,026	1,725
Restricted	14,706	19,374	416	416	15,122	19,791
Unrestricted	(901)	(157)	1,333	1,191	432	1,034
Total Net Position	<u>\$ 14,598</u>	<u>\$ 20,329</u>	<u>\$ 1,982</u>	<u>\$ 2,220</u>	<u>\$ 16,580</u>	<u>\$ 22,549</u>

87.54% of the District's net position consists of resources subject to external restrictions on how they may be used. 7.65% of the District's net position reflects its net investment in capital assets (e.g. land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding.

Governmental net position increased by \$5,731,275 during the current fiscal year for an ending balance of \$20,328,893.

The following schedule shows revenues by major source, expenses by function and Changes in Net Position for the fiscal years ended June 30, 2015 and June 30, 2016.

Condensed Statement of Activities
 (in thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Revenues						
Program Revenues:						
Charges for services	\$ 6,953	\$ 7,177	\$ 888	\$ 944	\$ 7,841	\$ 8,121
Operating grants and contributions	15,997	17,158	-	-	15,997	17,158
General Revenues:						
Grants/subventions	6,808	7,088	-	-	6,808	7,088
Interest	25	5	8	9	33	14
Gain on sale	16	-	-	-	16	-
Penalties/settlements	570	623	-	-	570	623
Total Revenues	30,369	32,051	896	953	31,265	33,004
Expenses						
Stationary source activities	5,918	6,162	-	-	5,918	6,162
Mobile source activities	14,884	11,207	-	-	14,884	11,207
Program coordination activities	3,884	4,360	-	-	3,884	4,360
Strategic planning activities	3,878	4,381	-	-	3,878	4,381
Building operations and obligations	-	-	698	715	698	715
Depreciation	211	210	-	-	211	210
Total Expenses	28,775	26,320	698	715	29,473	27,035
Increase (Decrease) in Net Position	1,594	5,731	198	238	1,792	5,969
Beginning Net Position, as previously reported	20,291	14,598	1,784	1,982	22,075	16,580
Prior period adjustment	(7,287)	-	-	-	(7,287)	-
Beginning Net Position, as adjusted	13,004	14,598	1,784	1,982	14,788	16,580
Ending Net Position	\$ 14,598	\$ 20,329	\$ 1,982	\$ 2,220	\$ 16,580	\$ 22,549

Governmental Activities

Governmental activities increased the District's net position by \$5,731,275. Mainly in the Emission incentive grants, revenue decreased approximately \$4.3 million and decrease of \$3.7 million in expenditures due to closure of EPA Ag pumps, Locomotives, and DERA Refuse Truck grants, final stage of the Goods Movement Emission Reduction Program (GMERP) phase 4 grant completion, plus a slight increase in permits, grants, and subvention revenues.

Business-type Activities

Business-type activities increased the District's net position by \$237,929. Key elements of this increase are as follows:

- Operating revenues from the building were \$943,892. There was a \$55,300 increase from the prior year revenue due to increase in tenant rent. Operating Expenses for the building totaled \$715,126 for the year, an increase of \$17,322 over the prior year due predominantly to an increase in parking lot operation, repair and maintenance costs.
- A principal payment of \$275,000 was paid in fiscal year 2015-16 for the Certificate of Participation (COP). The principal payment for next year will be \$285,000.

Financial Analysis of the Governmental Funds

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

Governmental Funds

The District has two governmental funds, the General and Emission Technology Fund. Governmental funds provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use. They represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District.

The General fund is District's chief operating fund. At the end of the fiscal year 2015-16, unassigned fund balance of the general fund was \$ 1,850,560, an increase of \$454,682 over the prior year. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 9.71% of total general fund expenditures, while total fund balance represents approximately 58.14% of that same amount.

The Emission Technology Fund accounts for the resources accumulated and payments made for mobile source incentive awards. There are no operating expenditures in this fund and 100% of the fund balance is restricted for mobile source incentive awards.

Proprietary Fund

The Covell Building Fund is used to account for activity related to the District's headquarters building. The District's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The proprietary fund's unrestricted net position as of June 30, 2016 was \$1,190,967. The total increase in net position was \$237,929.

General Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year, an amendment was made to the original budgets for General fund (570A) and Emission Technology Fund (570C):

General Fund (570A)

Account	Original Budget	Amended Budget	Difference
Professional Services	\$ 5,398,044	\$ 4,941,724	\$ (456,320)
Capital Expenditures	768,332	798,332	30,000

The amendment in General fund (570A) decreased professional services by \$456,320; of this, the Community Air Toxics program professional services reduction in the amount of \$276,320 was reallocated to the FY2017 budget, and in the System Integration project \$180,000 was

reclassified from professional services to capital expenditures. In addition, capital expenditures for the North Highlands Air Monitoring station project in the amount of \$150,000 was reallocated to the FY2017 budget, with a net impact of \$30,000.

Special Revenue Fund Budgetary Highlights

Emission Technology Fund (570C)

<u>Account</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Difference</u>
Professional Services	\$ 22,994,947	\$ 13,212,102	\$ (9,782,845)

Original budget compared to final budget. The amendment in Emission Technology (570C) decreased professional services by \$9,782,485; Goods Movement Emission Reduction Program (GMERP) grant funding in the amount of \$10.5 million was delayed until FY2017 and new grant funding was received for EPA DERA On-Road in the amount of \$277,875 and Car Share in the amount of \$439,580 for a total of \$717,155.

During fiscal year 2015-16, the District made a change in presentation of revenue in the special revenue fund. In prior years, the contracts were recorded as deferred revenue until the expenses related to them were recognized. For fiscal year 2015-16 and future accounting periods, encumbered contracts are recorded as revenue once the contracts are signed. With this change, the state subvention revenues in fiscal year 2015-16 increased by \$5,484,357.

Expenditures were \$2,280,414 less than budgeted. The District contracts with various outside entities to perform work outside the expertise of District staff. The majority of the difference from actual to budget is a result of savings in these contracts and ongoing savings measures implemented by management that resulted in savings of \$1,573,532. There were additional savings of \$437,552 in salaries and benefits from unfilled budgeted positions and capital assets savings of \$269,330.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2016 the District's net investment in capital assets for its governmental activities and business-type activities was \$1,724,921 (net of accumulated depreciation). This investment in capital assets includes land, building, office equipment, laboratory equipment, and air monitoring stations. The total investment in capital assets for the current fiscal year was \$529,002.

The investment in the capital assets includes upgrades to the District's air monitoring stations, IT systems, and building. The District did not issue any additional debt to purchase capital assets. Additional information on capital assets can be found in the Notes to the Financial Statements on page 30.

Long-term Debt

At the end of fiscal year 2015-16, the District had outstanding bonds secured by the District's office building. Total debt outstanding as of June 30, 2016 was \$3,756,119. Additional

information on the District's long-term debt can be found in the Notes to the Financial Statements on pages 30-31.

Economic Factors and Next Year's Budgets and Rates

The fiscal year 2016-17 General Fund budget showed an increase of \$1,620,372 compared to the amended fiscal year 2015-16 budget. Salaries and benefits increased \$501,931 with the increase of group insurance, retirement cost, and 2.1% cost of living increase. Services and supplies increased \$169,773, Capital expenditures increased \$ 948,668 due primarily to new enterprise resource planning software, a new application to manage the District's major lines of business, and several air monitoring station upgrades and replacements. In addition, the District headquarters building is undergoing a "refresh" with new flooring, painting and minor repairs. These upgrades and replacements have been on hold since the economic downturn as a result of the District's conservative fiscal practices and efforts to keep costs in check.

Budgeted Emission technology revenues increased \$10,422,288 and expenditures increased \$12,085,346 with an increase in the use of fund balance. The majority of these funds is provided through the State of California and is for incentive programs to reduce emissions from heavy-duty vehicles.

As of June 30, 2016, there are several foreseeable economic or political conditions that may have an effect on the financial position of the District. The potential repeal of the Affordable Care Act and a 0.5% decrease in the CalPERS discount rate may affect the District's financial position. The effects, if any, of this event and potential event are not calculable at this time. The sales tax monies received are 9.35% of the general fund budget.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for readers of the financial statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Sacramento Metropolitan Air Quality Management District
777 12th Street, 3rd Floor, Sacramento CA 95814

BASIC FINANCIAL STATEMENTS

Sacramento Metropolitan Air Quality Management District
Government-wide Financial Statements
Statement of Net Position
June 30, 2016

Government-wide Financial Statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 21,302,231	\$ 1,503,798	\$ 22,806,029
Receivables	6,770,688	7,508	6,778,196
Prepays	171,675	1,854	173,529
Total current assets:	<u>28,244,594</u>	<u>1,513,160</u>	<u>29,757,754</u>
Non-current assets:			
Deposits with others - certificate of participation reserve	-	416,382	416,382
Capital assets			
Land and other non-depreciable assets	-	1,086,652	1,086,652
Other capital assets - net of depreciation	1,111,788	3,282,600	4,394,388
Total non-current assets:	<u>1,111,788</u>	<u>4,785,634</u>	<u>5,897,422</u>
Total assets:	<u>29,356,382</u>	<u>6,298,794</u>	<u>35,655,176</u>
Deferred Outflow of Resources			
Deferred outflow on pensions	1,493,967	-	1,493,967
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	1,626,487	307,688	1,934,175
Accrued wages and benefits payable	189,190	-	189,190
Unearned revenue	156,784	1,395	158,179
Compensated absences - due within one year	828,253	-	828,253
Certificates of participation - due within one year	-	285,000	285,000
Total current liabilities:	<u>2,800,714</u>	<u>594,083</u>	<u>3,394,797</u>
Non-current liabilities			
Deposits from others	-	13,110	13,110
Compensated absences - due in more than one year	122,226	-	122,226
Certificates of participation - due in more than one year	-	3,420,000	3,420,000
Pension liability, net	6,533,140	-	6,533,140
Total noncurrent liabilities:	<u>6,655,366</u>	<u>3,433,110</u>	<u>10,088,476</u>
Total liabilities:	<u>9,456,080</u>	<u>4,027,193</u>	<u>13,483,273</u>
Deferred Inflow of Resources			
Deferred inflow on pensions	1,065,376	-	1,065,376
Deferred inflow on certificate of participation premium (Note7)	-	51,119	51,119
Total Deferred inflow of resources:	<u>1,065,376</u>	<u>51,119</u>	<u>1,116,495</u>
Net Position			
Net investment in capital assets	1,111,788	613,133	1,724,921
Restricted			
Emission technology incentives	15,185,241	-	15,185,241
Land use mitigation	747,174	-	747,174
Mobile source/air monitoring	3,441,978	-	3,441,978
Debt service	-	416,382	416,382
Unrestricted	(157,287)	1,190,967	1,033,680
Total net position:	<u>\$ 20,328,893</u>	<u>\$ 2,220,482</u>	<u>\$ 22,549,375</u>

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

Sacramento Metropolitan Air Quality Management District
Government-wide Financial Statements
Statement of Activities
for the Year Ended June 30, 2016

Statement of Activities

Functions	Exp Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net position		
		Rev Charges for Services	Rev Operating Grants and Contributions	Change change Governmental Activities	Business Type Activities	Total
Primary government:						
Governmental activities:						
Stationary Source activities	\$ 6,162,041	\$ 6,692,235	\$ -	\$ 530,194	\$ -	\$ 530,194
Mobile Source activities	11,207,276	153,178	15,076,802	4,022,704	-	4,022,704
Program Coordination activities	4,359,691	89,163	1,438,170	(2,832,359)	-	(2,832,359)
Strategic Planning activities	4,380,829	242,084	643,422	(3,495,323)	-	(3,495,323)
Depreciation expense - unallocated	209,891	-	-	(209,891)	-	(209,891)
Total governmental activities	26,319,728	7,176,660	17,158,394	(1,984,674)	-	(1,984,674)
Business-type activities:						
Building operations and obligations	715,125	943,891	-	-	228,766	228,766
Total primary government	<u>\$ 27,034,853</u>	<u>\$ 8,120,551</u>	<u>\$ 17,158,394</u>	<u>(1,984,674)</u>	<u>228,766</u>	<u>(1,755,908)</u>
General revenues:						
DMV fees				4,851,347	-	4,851,347
Sales Tax				1,604,995	-	1,604,995
Grants - not restricted to specific activities				631,300	-	631,300
Interest				5,438	9,163	14,601
Penalties/settlements				622,868	-	622,868
Total general revenue				<u>7,715,948</u>	<u>9,163</u>	<u>7,725,111</u>
Change in Net Position				<u>5,731,274</u>	<u>237,929</u>	<u>5,969,203</u>
Net Position - beginning balance				<u>14,597,619</u>	<u>1,982,553</u>	<u>16,580,172</u>
Net Position - ending balance				<u>\$ 20,328,893</u>	<u>\$ 2,220,482</u>	<u>\$ 22,549,375</u>

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

Sacramento Metropolitan Air Quality Management District
Fund Financial Statements
Balance Sheet – Governmental Funds
June 30, 2016

Balance Sheet – Governmental Funds

ASSETS	General	Emission Technology	Total Governmental
ASSETS			
Assets			
Cash and equivalents	\$ 10,000,212	\$ 11,302,019	\$ 21,302,231
Accounts receivables	2,245,238	4,525,450	6,770,688
Prepays	171,675	-	171,675
Total assets	<u>\$ 12,417,125</u>	<u>\$ 15,827,469</u>	<u>\$ 28,244,594</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 984,259	\$ 642,228	\$ 1,626,487
Accrued wages and benefits payable	189,190	-	189,190
Unearned revenue	156,784	-	156,784
Total liabilities	<u>1,330,233</u>	<u>642,228</u>	<u>1,972,461</u>
Fund balance			
Nonspendable	171,675	-	171,675
Restricted for:			
Emission Technology incentives	-	15,185,241	15,185,241
Land Use Mitigation	747,174	-	747,174
Mobile Source/Air Monitoring	7,674,994	-	7,674,994
Air Toxics	5,460	-	5,460
Stationary Source Permitting	369,067	-	369,067
Assigned			
Contingency	320,000	-	320,000
Unassigned	1,798,521	-	1,798,521
Total Fund Balances	<u>11,086,892</u>	<u>15,185,241</u>	<u>26,272,133</u>
Total liabilities and fund balances	<u>\$ 12,417,125</u>	<u>\$ 15,827,469</u>	<u>\$ 28,244,594</u>

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Fund balances - total governmental fund \$ 26,272,133

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost:	\$ 3,481,263	
Accumulated depreciation:	<u>(2,369,475)</u>	
		1,111,788

Long-term liabilities: In governmental funds, Only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Net pension liability	(6,533,140)	
Compensated absences payable	<u>(950,479)</u>	
		(7,483,619)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	1,493,967	
Deferred inflows of resources relating to pensions	<u>(1,065,376)</u>	
		<u>428,591</u>

Net position of governmental activities: \$ 20,328,893

Sacramento Metropolitan Air Quality Management District
Fund Financial Statements
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
for the Year Ended June 30, 2016

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

	General	Emission Technology	Total Governmental
<u>Revenues:</u>			
DMV surcharge	\$ 5,004,434	\$ 2,381,273	\$ 7,385,707
Sales/use tax	1,604,995	-	1,604,995
Permits and fees	7,646,441	-	7,646,441
Local government aid	586,463	-	586,463
State subvention	738,241	11,637,255	12,375,496
Federal grants	2,414,819	68,269	2,483,088
Interest	5,438	(36,626)	(31,188)
Total revenues	<u>18,000,831</u>	<u>14,050,171</u>	<u>32,051,002</u>
<u>Expenditures:</u>			
Stationary source activities	6,501,338	-	6,501,338
Mobile source activities	2,952,874	8,414,882	11,367,756
Program coordination activities	4,571,752	-	4,571,752
Strategic planning activities	4,517,235	-	4,517,235
Capital outlay	529,002	-	529,002
Total expenditures	<u>19,072,201</u>	<u>8,414,882</u>	<u>27,487,083</u>
<u>Other Financing Sources (Uses)</u>			
Net change in fund balances	(1,071,370)	5,635,289	4,563,919
Fund balances, July 1, 2015	<u>12,158,262</u>	<u>9,549,952</u>	<u>21,708,214</u>
Fund balances, June 30, 2016	<u>\$ 11,086,892</u>	<u>\$ 15,185,241</u>	<u>\$ 26,272,133</u>

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

Net change in fund balances - total governmental funds \$ 4,563,919

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay recorded in the current period. 529,002

Depreciation expense on capital assets is reported in the Government-wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. (209,891)

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 874,067

Changes in long-term compensated absences are reported in the Government-wide Statement of Activities, but they do not require the use of current financial resources. Therefore they are not reported as expenditures in governmental funds. (25,822)

Changes in net position of governmental activities: \$ 5,731,275

Statement of Net Position – Proprietary Fund

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,503,798
Receivables	7,508
Prepaid	<u>1,854</u>
Total current assets:	<u>1,513,160</u>
Non-current assets:	
Deposits with others - certificate of participation reserve	416,382
Capital assets:	
Land and other non-depreciable assets	1,086,652
Other capital assets - net of depreciation	<u>3,282,600</u>
Total non-current assets:	<u>4,785,634</u>
Total assets:	<u>6,298,794</u>

LIABILITIES

Current liabilities:	
Accounts payable	307,688
Unearned revenue	1,395
Certificates of participation - due within one year	<u>285,000</u>
Total current Liabilities:	<u>594,083</u>
Non-current liabilities	
Deposits from others	13,110
Certificate of participation, due in more than one year	<u>3,471,119</u>
Total noncurrent liabilities:	<u>3,484,229</u>
Total Liabilities:	<u>4,078,312</u>

NET POSITION

Net investment in capital assets	613,133
Restricted for Debt Service	416,382
Unrestricted	<u>1,190,967</u>
Total net position:	<u>\$ 2,220,482</u>

Sacramento Metropolitan Air Quality Management District
Fund Financial Statements
[Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund](#)
for the Year Ended June 30, 2016

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund

Operating revenues:

Rental income	\$ 882,894
Parking income	60,998
Total operating revenue	<u>943,892</u>

Operating expenses:

Repairs and maintenance costs	184,670
Utilities, security and communications	92,369
Management fees	34,321
Parking lot operations	115,620
Depreciation expense	155,539
Other expense	1,976
Total operating expenses	<u>584,495</u>

Operating income	<u>359,397</u>
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Non-operating revenues and expenses:

Interest income	9,163
Interest expense	(130,631)
Net non-operating revenues (expenses)	<u>(121,468)</u>

Changes in net position	237,929
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Net Position, July 1, 2015	<u>1,982,553</u>
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Net Position, June 30, 2016	<u><u>\$ 2,220,482</u></u>
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Statement of Cash Flows – Proprietary Fund

<u>Cash flows from operating activities:</u>	
Cash received from rental activities	\$ 940,674
Cash paid for goods and services	(139,307)
Net cash provided by operating activities	<u>801,367</u>
 <u>Cash flows from capital and related financing activities:</u>	
Principal paid on capital debt	(275,000)
Purchases of Capital assets	(255,964)
Interest paid on long-term debt	(130,631)
Net cash used for capital and related financing activities	<u>(661,595)</u>
 <u>Cash flows from investing activities:</u>	
Interest and dividends received	5,208
Net cash provided by investing activities	<u>5,208</u>
 Net increase in cash and cash equivalents	 144,980
 Beginning cash balance July 1, 2015	 1,358,818
Ending cash balance June 30, 2016	<u><u>\$ 1,503,798</u></u>

<u>Reconciliation of operating income to net cash provided</u>	
<u>by operating activities:</u>	
Operating income	\$ 359,397
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	155,539
Effects of changes in :	
Accounts receivable	(2,833)
Accounts payable	289,497
Unearned Revenue	115
Prepays	152
Deposits from others	(500)
Net cash provided by operating activities	<u><u>\$ 801,367</u></u>

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING POLICIES

The Sacramento Metropolitan Air Quality Management District (District) accounts for its financial transactions in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. REPORTING ENTITY

The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996 the Sacramento Metropolitan Air Quality Management District (SMAQMD) was created under Health and Safety Code Sections 40960 ET. seq. to monitor, promote and improve air quality in the County of Sacramento. The District functions under the oversight of its elected fourteen-member Board of Directors. The District has no component units.

C. BASIS OF PRESENTATION

Government-wide financial statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, represented by activity type (e.g. governmental, business).

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, reconciliations, containing brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds, are included.

The government-wide statement of net position records all of the District's assets and liabilities including capital assets, long-term liabilities, deferred inflows and deferred outflows.

The government-wide statement of activities presents a comparison between total expenses and program revenues for each function or program of the District's governmental activities. Total expenses are those that are associated with or allocated to a service, program, or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District.

Fund financial statements

The focus of governmental fund financial statements is on major funds rather than reporting funds by activity type. The District has three major funds for reporting purposes, called the general fund, emission technology fund and the proprietary fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are the balance sheet, which includes current assets and liabilities, and the statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. The purchase of capital assets and long-term debt proceeds and payments are reflected as revenues and expenditures on these statements.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end. District exchange transactions are Proprietary Fund building rents and parking revenues, interest revenue, Rule Book sales and Planet Polluto CD sales.

Imposed non-exchange transaction revenues result from assessments imposed on nongovernmental entities, including individuals (other than assessments imposed on exchange transactions) and the revenues are recognized in the period when use of the resources is required or first permitted. Unearned revenues are recognized when resources are received or recognized as receivable before the time requirements are met. District imposed non-exchange transactions are the DMV surcharge, planning service charges, Stationary Source Permit fees and renewals, Land Use Mitigation Permits, SEED program fees, Title V Permits, Agricultural Burning Fees, Asbestos Plan Check Fees, State Toxic Emission Fees, Variances, and Settlements.

Government-mandated none-exchange transactions result from one level of government providing resources to another level of government and requiring the recipient to use the resources for a specific purpose. Voluntary none-exchange transactions result from agreements entered into voluntarily by the parties thereto. Both types of none-exchange transaction revenues are treated in the same manner. Revenues are recognized when all applicable eligibility requirements are met. Unearned revenues are recognized when the recipient is required to use the resources in the following year thus resources provided before that period should be recognized as unearned. District transactions of both types include the Moyer program, State Subvention and Enforcement Grants, Goods Movement emission Reduction (GMERP), Lower Emission School Bus Program (LESBP), Measure A Sales Tax $\frac{1}{2}\%$, Environmental Protection Agency Section 103 and 105 grants, Congestion Mitigation in Air Quality (CMAQ) grants, State Implementation Plan (Spare the Air) and various agreements with Yolo/Solano Counties, El Dorado County and Placer County.

Expenses/Expenditures

The government-wide financial statements are presented using the accrual basis of accounting, where expenses are recognized at the time they are incurred. The focus of governmental fund accounting is short-term. Therefore, expenditures are recorded when paid. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first. Then, unrestricted resources are used as needed.

E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or net position, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into three funds:

The **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Emission Technology Fund** accounts for the resources accumulated and payments made for mobile source incentive awards. It is budgeted as a special revenue fund.

The **Proprietary Fund** reports the ownership and operational revenues and expenses of the District's building along with the long-term debt obligations.

F. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets, as required by state statutes, are adopted on a basis of accounting consistent with generally accepted accounting principles for the general fund.

On or before the last day in February of each year, all divisions of the District submit budget packages to the administrative services manager so that a budget may be prepared. At the May Board of Directors' meeting, the proposed budget is presented to the Board for review. As required by air pollution control laws, noticing is done 30 days prior to the public hearing. The Board holds public hearings and a final budget must be prepared and adopted no later than the June meeting.

The appropriated budget is prepared by fund, function and division. The District's division managers may make transfers of appropriations within an object (e.g. salaries and benefits, services and supplies, capital outlay and inter-fund charges). Transfers of appropriations between objects require the approval of the Board. The legal level of budgetary control is the object level.

G. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

H. CAPITAL ASSETS

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and a useful life of greater than one year. They are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Machinery and equipment	2-20
Buildings	39

I. COMPENSATED ABSENCES

Accumulated unpaid employee vacation benefits and compensated time-off for certain employees in lieu of overtime compensation and/or working on holidays per bargaining agreements are recognized as liabilities of the District on the government-wide financial statements. Compensated absences are liquidated by the General Fund.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable; however, a portion of sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

J. DEFERRED INFLOW/OUTFLOW OF RESOURCES

In addition to assets, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the District's pension plan(s) after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net position liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension expense and net position liability include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the Districts contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods.

K. PENSIONS LIABILITY

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

L. FUND BALANCE

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund type Definitions*", the District is required to report fund balances in the following categories: Non-spendable, Restricted, Committed, Assigned and/or Unassigned.

Non-spendable Fund Balance reflects assets not in spendable form, either because they will never convert to cash (e.g. prepaid expense) or must remain intact pursuant to legal or contractual requirements.

Restricted Fund Balance reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Directors. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned Fund Balance reflects amounts intended to be used only for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Directors is authorized to assign amounts for specific purposes.

Unassigned Fund Balance represents the residual classification for the government's general fund and includes all spendable amounts not contained in other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

M. LONG-TERM LIABILITIES

The District reports long-term liabilities of governmental funds at face value in the government-wide financial statements, and long-term liabilities payable from proprietary funds are reported in the proprietary fund financial statements and government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method.

In the governmental fund financial statements, debt premiums, discounts, and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

N. UNEARNED REVENUE

Under both the accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. Revenue that is classified as unearned has been received but is unearned at June 30, 2016. The makeup of unearned revenue is

<u>Program</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Land Use	\$ 156,784	\$ -
Miscellaneous	-	1,395
Total	<u>\$ 156,784</u>	<u>\$ 1,395</u>

O. REVENUE FROM BUILDING LEASES

Lease revenues reported in the proprietary fund are recorded on a straight-line basis where the sums of all the rents payable over the life of a tenant lease are reported pro-ratably over the life of the lease.

P. ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide statements, some amounts reported as inter-fund activity and balances in the fund financial statements, were eliminated or reclassified. Inter-fund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the government activities column.

Q. USE OF ESTIMATES

Management is called upon to use estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

R. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year balances to conform to the current year presentation.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Investments

Cash and investments as of June 30, 2016 consist of the following:

	Governmental Accounts	Proprietary Accounts	Total
Deposits:			
Balance per Bank	\$ 609,952	\$ 275,691	\$ 885,643
Pooled funds:			
Cash in County Treasury	21,068,593	1,228,107	22,296,700
Less: Outstanding Checks	376,314	-	376,314
Total Cash and Equivalents	<u>21,302,231</u>	<u>1,503,798</u>	<u>22,806,029</u>
Certificate of Participation Reserves	-	416,382	416,382
Total Cash and Investments	<u><u>\$ 21,302,231</u></u>	<u><u>\$ 1,920,180</u></u>	<u><u>\$ 23,222,411</u></u>

Cash in Bank

The carrying amount of the District's cash is covered by federal depository insurance up to \$250,000. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the form of government-backed securities.

Cash in County Treasury

In accordance with Board of Directors resolution AQM-96-0040, the District maintains substantially all of its cash in the Sacramento County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants. The fiscal year net earnings rate for this fund was approximately 0.60%. The pool is currently not rated by a nationally recognized statistical rating organization. The monies held in pooled investment funds are not subject to categorization by credit risk category.

The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53601 et seq., section 53635 et seq., and the Sacramento County annual investment policy of the pooled investment fund. The funds maintained by the Treasury are authorized investments established by the California Government Code sections 53601 et seq. and 53635 et seq.

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

Description	Level 1	Level 2	Level 3	Total
United States Treasury Notes	\$ 7,214,671	\$ -	\$ -	\$ 7,214,671
Supranational Debentures	1,508,776	-	-	1,508,776
CD's and YCD's	-	6,394,518	-	6,394,518
Commercial Paper	-	6,763,468	-	6,763,468
LAIF	245,083	170,184	-	415,267
Total	<u>\$ 8,968,530</u>	<u>\$ 13,328,170</u>	<u>\$ -</u>	<u>\$22,296,700</u>

Interest Rate Risk

The Counties investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are generally limited to five years or less. At the end of June 30, 2016, Treasury's investments are in accordance with the Counties investment policy. The Treasury's investment has an average days-to-maturity of 253 days and yields 0.783% as of June 30, 2016.

Credit Risk

Except for municipal obligations and Community Reinvestment Act (CRA) bank deposits and certificates of deposit, the issuer's short-term credit ratings shall be at or above A-1 by Standard & Poor's, P-1 by Moody's and, if available, F 1 by Fitch, and the issuer's long-term credit ratings shall be at or above A by Standard & Poor's and A 2 by Moody's, and, if available, A by Fitch. Municipal obligations shall be at or above a short-term rating of SP-1 by Standard & Poor's, MIGI by Moody's, and, if available, F1 by Fitch. In addition, domestic banks are limited to those with a Fitch Individual bank rating of A or better, without regard to modifiers.

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the District by the California Government Code Section 53601. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Notes & Agency Obligations	5 years	100%	N/A
Washington Supranational Obligations	5 years	30%	10%
Municipal Notes	5 years	80%	10%
Registered State Warrants	5 years	80%	10%
Bankers Acceptances	180 days	40%	10%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	180 days	30%	10%
CRA Bank Deposit/Certificates of Deposit	1 year	30%	10%
Repurchase Agreements	1 year	30%	10%
Reverse Repurchase Agreements	92 days	20%	10%
Medium-Term Corporate Notes	180 days	30%	10%
Collateralized Mortgage Obligations	180 days	20%	10%
Local Agency Investment Fund (LAIF)	N/A	\$50 million	10%

3. INVESTMENTS AUTHORIZED BY DEBT AGREEMENTS

Investments of debt proceeds held by the bond trustee, Certificate of Participation (COP) Reserve in the amount of \$416,382 are included in Business-type Activities as deposits with others. These moneys are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

Moneys in the COP Reserve will at all times be in the amount of the Reserve Requirement. The Reserve Requirement is defined as the lesser of (i) 10% of the original principal amount, (ii) an amount equal to the maximum annual Lease payment payable in a Certificate Year by the District, or (iii) 125% of the average annual lease payment.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2016:

Governmental Funds:

Interest	\$ 124,443
DMV Surcharge	1,347,303
Federal and State Grants	686,663
Mutual Settlement/Fines	-
Permits and Fees	89,580
Local Government Aid	141,446
Moyer	4,372,881
Miscellaneous	8,372
Total receivables	<u>\$ 6,770,688</u>

Proprietary Fund:

Miscellaneous	<u>\$ 7,508</u>
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5. OPERATING LEASES

The District leases an air monitoring site under an operating lease. Total cost for the lease was \$3,276 for the year ended June 30, 2016. The future minimum lease payments for this lease are as follows:

Year ending June 30:

2017	\$3,276
2018	3,276
2019	3,276
2020	3,276
2021	3,276
2022-2024	9,828
Total	<u>\$26,208</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Governmental Activities				
Capital assets, not being depreciated				
Work in Process	\$ 148,839	\$ 130,834	\$ 148,839	\$ 130,834
Total capital assets, not being depreciated	<u>148,839</u>	<u>130,834</u>	<u>148,839</u>	<u>130,834</u>
Capital assets, being depreciated				
Equipment	2,803,422	547,007	-	3,350,429
Less: Accumulated Depreciation	<u>2,159,584</u>	<u>209,891</u>	<u>-</u>	<u>2,369,475</u>
Total capital assets, being depreciated, net	<u>643,838</u>	<u>337,116</u>	<u>-</u>	<u>980,954</u>
Governmental Activities capital assets, net	<u>\$ 792,677</u>	<u>\$ 467,950</u>	<u>\$ 148,839</u>	<u>\$ 1,111,788</u>
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 1,086,652	\$ -	\$ -	\$ 1,086,652
Total capital assets, not being depreciated	<u>1,086,652</u>	<u>-</u>	<u>-</u>	<u>1,086,652</u>
Capital assets, being depreciated				
Building	4,954,208	255,964	-	5,210,172
Less: Accumulated Depreciation	<u>1,772,033</u>	<u>155,539</u>	<u>-</u>	<u>1,927,572</u>
Total capital assets, being depreciated, net	<u>3,182,175</u>	<u>100,425</u>	<u>-</u>	<u>3,282,600</u>
Business-Type activities capital assets, net	<u>\$ 4,268,827</u>	<u>\$ 100,425</u>	<u>\$ -</u>	<u>\$ 4,369,252</u>

Depreciation expense for governmental activities of \$209,891 was unallocated. Depreciation expense for business-type activities of \$155,539 was allocated to building operations and obligations.

7. LONG-TERM LIABILITIES

Certificates of Participation

In March 2012, the District refunded the 2002 certificates with 2012 certificates in the amount of \$4,350,000, with interest rates ranging from 2.75% to 4.00%. As of June 30, 2016, the principal balance outstanding was \$3,705,000. Proceeds included a bond premium of \$72,382, which will be amortized over the life of the COPs.

The certificates mature as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 285,000	\$ 121,543	\$ 406,543
2018	295,000	112,844	407,844
2019	305,000	103,844	408,844
2020	315,000	94,544	409,544
2021	325,000	85,350	410,350
2022-2026	1,785,000	256,722	2,041,722
2027	395,000	7,900	402,900
	<u>3,705,000</u>	<u>782,747</u>	<u>4,487,747</u>
Unamortized Premium	51,119	-	51,119
Totals	<u>\$ 3,756,119</u>	<u>\$ 782,747</u>	<u>\$ 4,538,866</u>

For the year ended June 30, 2016 total interest expense for the COPs was \$130,631, and principal paid on the COPs was \$275,000.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities					
Certificates of Participation	<u>\$3,980,000</u>	<u>\$ -</u>	<u>\$ 275,000</u>	<u>\$3,705,000</u>	<u>\$ 285,000</u>
Governmental Activities					
Compensated Absences	<u>\$ 924,656</u>	<u>\$ 888,953</u>	<u>\$ 863,130</u>	<u>\$ 950,479</u>	<u>\$ 828,253</u>
Pension Liability	<u>\$6,489,889</u>	<u>\$ 43,251</u>	<u>\$ -</u>	<u>\$6,533,140</u>	<u>\$ -</u>

8. RISK MANAGEMENT/CLAIMS LIABILITIES

The District is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District is covered by commercial insurance purchased from independent third parties. There have been no significant changes in insurance coverage and no settlements or claims have been made in the last four years.

During the fiscal year ended June 30, 2016, the District insured with the Special District Risk Management Authority (SDRMA) for general liability, errors and omissions, workers' compensation, and a variety of comprehensive coverage (See Note 9). The District also provides a selection of health insurance coverage and elective options for additional health related insurance coverage.

9. JOINT VENTURES (Joint Powers Agreement)

The District is a member of the Special District Risk Management Authority (SDRMA), through a Joint Power Agreement (JPA). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

SDRMA arranges for and provides property, liability, error and omissions, auto liability, crime and fidelity, workers' comp and boiler and machinery insurance to its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SDRMA.

Condensed audited financial information of SDRMA for the year ended June 30, 2016 is as follows:

Total Assets	\$ 110,682,834
Deferred Outflow of Resources	332,954
Total Liabilities	58,754,717
Deferred Inflow of Resources	117,687
Net Position	<u>\$ 52,143,384</u>
Total Revenues	\$ 64,475,979
Total Expenses	61,022,721
Net Income (Loss)	<u>\$ 3,453,258</u>

Complete audited financial statements for the JPA can be obtained by contacting SDRMA, 1112 I Street, Suite 300, Sacramento, CA 95814.

Nature of Participation

<u>Program</u>	<u>Deductible per Occurrence</u>	<u>Annual Coverage Limit</u>
General Liability	\$500	\$10,000,000 Per Occurrence
Public Officials and Employees Errors and Omissions	\$0	\$10,000,000 Per Occurrence/Annual Aggregate
Elected Officials Personal Liability	\$500	\$500,000 Per Occurrence/Annual Aggregate per each elected /appointed Board Member/Director
Employment Practices Liability	\$0	\$10,000,000 Per Occurrence/General Aggregate
Employee Benefits Liability	\$0	\$10,000,000 Per Occurrence/General Aggregate

Employee and Public Officials Dishonesty Coverage	\$0	\$1,000,000 Per Occurrence
Auto Liability	\$1,000	\$10,000,000 Per Occurrence
Uninsured/Underinsured Motorist	\$1,000	\$1,000,000 Each Accident
Property Coverage	\$0	\$1,000,000,000 Each Occurrence
Boiler and Machinery Coverage	\$1,000	\$100,000,000 Each Occurrence
Statutory Workers' Comp	\$0	Statutory Per Occurrence

10. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

11. EMPLOYEE RETIREMENT SYSTEMS

SCERS

On June 30, 1996, the District ceased participation in the Sacramento County Employees' Retirement System (SCERS). Vested participants were given the option of withdrawing their account balances or leaving their balances within SCERS. The District retained liability for its share of the County's bonded pension liability. The most recent actuarial valuation on June 30, 2013 determined that the District had a Net Pension Asset of \$160,167.

CalPERS

Plan Description

Effective July 1, 1996, all qualified permanent and probationary employees began participating in the California Public Employee Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan administered by CalPERS. Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento CA 95814.

Benefits Provided

The benefits for public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. All permanent part-time and full-time employees of the District are required to participate in CalPERS. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with 5 years of total service are eligible to retire at age 50 or 52 (depending on the Plan) with statutorily reduced benefits.

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-63 or older	52-67 or older
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.0%	6.25%
Required employer contribution rates	12.022%	6.25%
Final Compensation	36 months	36 months

Funding Policy

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1st following the notice of a change in rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30th by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan were \$874,067.

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

As of June 30, 2016, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan in the amount of \$6,533,140.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014 (the measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected

contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of 2015 was as follows:

Proportion – June 30, 2015 0.25478%

For the year ended June 30, 2016, the District recognized pension expense of \$1,246,939. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 675,597	\$ -
Changes in assumptions	-	(709,630)
Differences between expected and actual experiences	75,006	-
Change in employer's proportion and differences between proportionate share of contributions	743,364	-
Net differences between projected and actual earnings on plan investments	-	(355,746)
Total	\$ 1,493,967	\$ (1,065,376)

\$675,597 reported as deferred outflows of resources related to contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	
2016	\$ (65,002)
2017	(65,002)
2018	(65,002)
2019	(52,001)
2020	-
Thereafter	-

Actuarial assumptions

For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. Both the June 30, 2014 total pension liability and the June 30, 2015 total pension liability were based on the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Olan Investment and Administrative Expenses; includes inflation
Mortality rate Table ¹	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance applies

¹The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plan that would most likely in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress results are presented in a detailed report called "GASB Crossover Testing report" that can be obtained from the CalPERS website under GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least fiscal year 2017-18. CalPERS will continue to check the materiality of the difference in the calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and assets allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 _a	Real Return Years 11+ _b
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forest Land	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

a) An expected inflation of 2.5% used for this period

b) An expected inflation of 3.0% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate:

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability	\$10,956,954	\$6,533,348	\$2,881,186

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The District participates in a single-employer defined benefit medical plan administered by the California Public Employees' Retirement System (CalPERS). The plan provides postemployment healthcare benefits to eligible retirees by contributing the minimum employer contributions (MEC) \$125 in calendar year 2016. An additional \$150 is contributed towards retiree health care costs based upon a Board approved employee contract. This coverage is available for employees who retire with the District on reaching normal retirement age. At June 30, 2016 the District had 15 retirees participating in the plan.

The District has established an irrevocable trust to pre-fund the OPEB Annual Required Contribution (ARC) with the California Employers' Retiree Benefit Trust (CERBT).

Funding Policy

The Districts MEC is set by Government Code Section 22892. Effective January 1, the CalPERS Board adjusts the rate to reflect any change in the medical care component of the Consumer Price Index (CPI).

The District is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, which was initially implemented prospectively by the District. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

For the year ended June 30, 2016 the District funded \$111,836 into the CERBT. The current ARC rate is 1.2% of annual covered payroll.

Annual OPEB Cost

For the year ended June 30, 2016, the District's OPEB cost (expense) was \$111,836 which included the ARC and the Net OPEB Obligation at the beginning of the year.

The District's annual OPEB costs, the annual OPEB cost contributed to the plan, and the net obligation for the fiscal year ended June 30, 2016 and the two preceding fiscal years were as follows:

Annual OPEB Cost	\$ 111,836
Contributions Made	111,836
Change in Net OPEB Obligation	-
Net OPEB Obligation (Asset) - Beginning	-
Net OPEB Obligation (Asset) - Ending	-

Funded status and funding progress

As of June 30, 2015, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 2,275,719
Actuarial value of plan assets	1,455,178
Unfunded (overfunded) actuarial accrued liability (UAAL)	<u>\$ 820,541</u>
Funded ratio (actuarial value of plan assets/AAL)	63.94%
Covered payroll (annual payroll of active employees by the plan)	\$ 9,386,000
UAAL as a percentage of covered payroll	8.7%

Actuarial Methods and Assumptions

The ARC for the plan was determined as part of the June 30, 2015 actuarial valuation using the following methods and assumptions.

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period	15 year rolling
Inflation rate	2.80%
Asset valuation method	Market value
Investment return	6.12%
Projected salary increases	3.00%
Healthcare cost trend rate	5.00% – 7.00%

12. DEFERRED COMPENSATION PLAN

The District offers its employees an elective deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits a portion of the employees' salary to be deferred into future years. These funds are not available to employees until termination, retirement, death or unforeseen emergency.

The deferred compensation plan contributions are invested in various investment funds selected by the participating employees. The available investment options include a fixed return fund, stock fund, bond fund and a money market fund. All amounts of compensation deferred under the plan and all income attributed to those amounts are held in trust for the exclusive benefit and use of plan participants and their beneficiaries per federal legislation dated January 1, 1999.

13. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2016 through January 12, 2017, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Sacramento Metropolitan Air Quality Management District
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 General Fund – Budget and Actual
 for the Year Ended June 30, 2016

Schedule of Revenues, Expenditures and Changes in Fund Balances General Fund - Budget and Actual

Annual budgets, as required by state statutes, are adopted on a basis of accounting consistent with generally accepted accounting principles for the general fund.

	Original	Amended	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
DMV surcharge	\$ 4,750,914	\$ 4,750,914	\$ 5,004,434	\$ 253,520
Sales/use tax	1,636,524	1,636,524	1,604,995	(31,529)
Permits and fees	7,232,273	7,232,273	7,646,441	414,168
Local government aid	745,000	745,000	586,463	(158,537)
State Subvention	1,188,038	738,718	738,241	(477)
Federal grants	2,636,686	2,402,567	2,414,819	12,252
Interest	5,000	5,000	5,438	438
Total revenues	<u>18,194,435</u>	<u>17,510,996</u>	<u>18,000,831</u>	<u>489,835</u>
Expenditures:				
Salaries and benefits	13,396,624	13,396,624	12,959,072	437,552
Services and supplies	7,614,391	7,157,659	5,584,127	1,573,532
Capital expenditures	768,332	798,332	529,002	269,330
Total expenditures	<u>21,779,347</u>	<u>21,352,615</u>	<u>19,072,201</u>	<u>2,280,414</u>
Excess (deficiency) of revenues over(under) expenditures	<u>\$ (3,584,912)</u>	<u>\$ (3,841,619)</u>	<u>\$ (1,071,370)</u>	<u>\$ 2,770,249</u>

Sacramento Metropolitan Air Quality Management District
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Emissions Technology Fund – Budget and Actual
 For the Year Ended June 30, 2016

Schedule of Revenues, Expenditures and Changes in Fund balances Emissions Technology Fund - Budget and Actual

Annual budgets, as required by state statutes, are adopted on a basis of accounting consistent with generally accepted accounting principles for the emission technology fund.

	Original	Amended	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
DMV surcharge	\$ 2,244,811	\$ 2,244,811	\$ 2,381,273	\$ 136,462
State Subvention	14,600,000	4,539,280	11,637,256	7,097,976
Federal grants	86,664	364,539	68,269	(296,270)
Interest	-	-	(36,626)	(36,626)
Total revenues	<u>16,931,475</u>	<u>7,148,630</u>	<u>14,050,172</u>	<u>6,901,542</u>
Expenditures:				
Services and supplies	<u>22,994,947</u>	<u>13,212,102</u>	<u>8,414,882</u>	<u>4,797,220</u>
Total expenditures	<u>22,994,947</u>	<u>13,212,102</u>	<u>8,414,882</u>	<u>4,797,220</u>
Excess (deficiency) of revenues over(under) expenditures	<u>\$ (6,063,472)</u>	<u>\$ (6,063,472)</u>	<u>\$ 5,635,290</u>	<u>\$ 11,698,762</u>

Sacramento Metropolitan Air Quality Management District
 Schedule of Funding Progress for Other Postemployment Benefits
 For the Year Ended June 30, 2016

Schedule of Funding Progress for Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Accrued Liability	Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	UAAL as % of Payroll
6/30/2011	\$ 1,039,114	\$ 1,097,022	\$ (57,908)	105.57%	\$ 8,685,414	-0.67%
6/30/2013	\$ 1,180,932	\$ 1,247,158	\$ (66,226)	105.61%	\$ 9,294,000	-0.71%
6/30/2015	\$ 2,275,719	\$ 1,455,178	\$ 820,541	63.94%	\$ 9,386,000	8.74%

Schedule of Proportionate Share of the Net Pension Liability

CalPERS Miscellaneous 2% @ 55	June 30, 2014⁽¹⁾	June 30, 2015⁽¹⁾
Proportion of the net pension liability	0.104300%	0.25478%
Proportionate share of the net pension liability (asset)	\$ 6,489,889	\$ 6,533,370
Covered-employee payroll ⁽²⁾	\$ 8,908,245	\$ 10,332,821
Proportionate Share of the net pension liability as percentage of covered-employee payroll	72.85000%	63.22930%
Plans fiduciary net position as a percentage of the total pension liability	79.90%	79.89%
Proportionate share of aggregate employer contributions ^(3,4)	\$ 697,733	\$ 762,567
CalPERS Miscellaneous 2% @ 62	June 30, 2014⁽¹⁾	June 30, 2015⁽¹⁾
Proportion of the net pension liability	0.00000%	0.00008%
Proportionate share of the net pension liability (asset)	\$ -	\$ (230)
Covered-employee payroll ⁽²⁾	\$ -	\$ -
Proportionate Share of the net pension liability as percentage of covered-employee payroll	0.00000%	0.00000%
Plans fiduciary net position as a percentage of the total pension liability	0.00% ⁽⁵⁾	79.89%
Proportionate share of aggregate employer contributions ^(3,4)	\$ -	\$ 297

- (1) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (2) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculated the required payroll-related ratios.
- (3) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.
- (4) This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Plan's pension expense.
- (5) Information for the 2% @ 62 plan not readily available to the entity. Figure presented here at June 30, 2014 is for the Miscellaneous Risk Pool as a whole.

Schedule of Pension Contributions

CalPERS Miscellaneous 2% @ 55	Fiscal Year 2013-2014⁽¹⁾	Fiscal Year 2014-2015⁽¹⁾
Actuarially Determined Contribution ⁽²⁾	\$ 1,066,362	\$ 1,190,341
Contributions in relation to the actuarially determined contributions	1,068,331	(1,190,341)
Contribution deficiency (excess)	<u>\$ (1,969)</u>	<u>\$ -</u>
Covered-employee payroll ⁽³⁾	\$ 8,908,246	\$ 10,332,821
Contributions as a percentage of covered-employee payroll ⁽³⁾	11.990%	11.520%
CalPERS Miscellaneous 2% @ 62	Fiscal Year 2013-2014⁽¹⁾	Fiscal Year 2014-2015⁽¹⁾
Actuarially Determined Contribution ⁽²⁾	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ⁽³⁾	\$ -	\$ -
Contributions as a percentage of covered-employee payroll ⁽³⁾	0.000%	6.250%

- (1) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (2) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.
- (3) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Required Supplementary Information

1. Budgetary Comparison Schedule

District employs budget control by object level coded and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Expenditures cannot legally exceed appropriations by major object code. Expenditures cannot legally exceed appropriations by major object code.

2. Schedule of Funding Progress for Other Postemployment Benefits

This schedule represents funding progress for retiree health benefits (OPEB).

3. Schedule of Proportionate Share of Net Pension Liability

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

4. Schedule of Contributions

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

OTHER SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards

	<u>Grant #</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
<u>U.S Environmental Protection Agency</u>			
Air Pollution Control	A 00903115	66.001	\$ 238,926
Air Pollution Control for 10/1/15 - 9/30/16	A 00903116		1,121,366
Surveys, Studies, Investigations, etc. 4/1/2016 - 03/31/2017	PM 00T61201	66.034	49,912
Community Scale Air Toxics Ambient Monitoring	XA 99T33401	66.034	113,914
CAA- Special Purpose Activities - Nitrogen Dioxide Near Roadway Monitoring	XA 00T81301	66.034	9,701
National Clean Diesel Program - On Road and Non-Road Fleet Modernization Program (10/01/2015 - 09/30/2017	DE 99T36201	66.039	19,812
National Clean Diesel Program - Refuse Trucks (10/01/2013 - 09/30/2015)	DE 99T06901	66.039	71,313
<u>U.S. Highway Planning and Construction</u>			
Passed through the California Department of Transportation	CML -6236	20.205	
Spare The Air Year 8	(011)	20.205	56,266
Spare The Air Year 9	(012)	20.205	591,147
Spare The Air Year 10	(014)	20.205	210,731
Total revenues & expenditures related to grants			<u>858,144</u>
Total			<u>\$ 2,483,088</u>

Note: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sacramento Metropolitan Air Quality Management District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

STATISTICAL SECTION

STATISTICAL SECTION OVERVIEW

This part of the comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends

The following schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time:

SCHEDULE 1 – Net Position by Component – Last Ten Fiscal Years

SCHEDULE 2 – Changes in Net Position – Last Ten Fiscal Years

SCHEDULE 3 – Fund Balances of Government Funds – Last Ten Fiscal Years

SCHEDULE 4 – Changes in Fund Balances of Government Funds – Last Ten Fiscal Years

SCHEDULE 5 – General Government Expenditures by Major Object – Last Ten Fiscal Years

SCHEDULE 6 – General Government Expenditures by Functions – Last Ten Fiscal Years

Revenue Capacity

The following schedules present information to help the reader assess the District's own source revenue, permits and fees:

SCHEDULE 7 – General Government Revenues by Source – Last Ten Fiscal Years

SCHEDULE 8 – Own Source Government Revenue – Last Ten Fiscal Years

Operating Information

The following schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs:

SCHEDULE 9 – Demographic Information – Last Ten Years

SCHEDULE 10 – DMV Registrations (Autos & Trucks) – Last Ten Years

SCHEDULE 11 – Principal Employers – Current Year and Ten Years Ago

SCHEDULE 12 – District Staff Position List – Last Ten Fiscal Years

SCHEDULE 13 – Ratios of Outstanding Debt by Type – Last Ten Fiscal Years

SCHEDULE 14 – Capital Assets by Function/Program – Last Seven Fiscal Years

Sacramento Metropolitan Air Quality Management District
Schedule 1 – Net Position by Component – Last Ten Fiscal Years
(accrual basis of accounting)
June 30, 2016

SCHEDULE 1 – Net Position by Component – Last Ten Fiscal Years (accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Investment in capital assets, net of related debt	\$ 535,979	\$ 624,503	\$ 594,518	\$ 447,263	\$ 327,593	\$ 507,625	\$ 653,680	\$ 764,943	\$ 792,677	\$ 1,111,788
Restricted	17,846,829	18,471,262	16,840,972	20,451,561	20,834,838	20,864,065	19,018,128	18,732,929	14,705,749	19,374,392
Unrestricted	3,422,783	3,150,700	1,142,535	946,120	-	-	-	792,734	(900,807)	(157,287)
Total governmental activities net position	\$ 21,805,591	\$ 22,246,465	\$ 18,578,025	\$ 21,844,944	\$ 21,162,431	\$ 21,371,690	\$ 19,671,808	\$ 20,290,606	\$ 14,597,619	\$ 20,328,893
Business-type Activities										
Investment in capital assets, net of related debt	\$ 313,325	\$ 335,681	\$ 85,216	\$ 142,689	\$ 438,929	\$ 403,041	\$ 113,259	\$ 93,109	\$ 232,801	\$ 613,133
Restricted	-	-	431,776	427,031	433,754	424,243	416,252	416,293	418,340	416,382
Unrestricted	287,763	323,454	802,936	990,954	762,937	909,129	1,094,081	1,274,390	1,331,412	1,190,967
Total business-type activities net position	\$ 601,088	\$ 659,135	\$ 1,319,928	\$ 1,560,674	\$ 1,635,620	\$ 1,736,413	\$ 1,623,592	\$ 1,783,792	\$ 1,982,553	\$ 2,220,482
Primary government										
Net investment in capital assets	\$ 849,304	\$ 960,184	\$ 679,734	\$ 589,952	\$ 766,522	\$ 910,666	\$ 766,939	\$ 858,052	\$ 1,025,478	\$ 1,724,921
Restricted	17,846,829	18,471,262	17,272,748	20,878,592	21,268,592	21,288,308	19,434,380	19,149,222	15,124,089	19,790,774
Unrestricted	3,710,546	3,474,154	1,945,471	1,937,074	762,937	909,129	1,094,081	2,067,124	430,605	1,033,680
Total primary government net position	\$ 22,406,679	\$ 22,905,600	\$ 19,897,953	\$ 23,405,618	\$ 22,798,051	\$ 23,108,103	\$ 21,295,400	\$ 22,074,398	\$ 16,580,172	\$ 22,549,375

Sacramento Metropolitan Air Quality Management District
 Schedule 2 – Changes in Net Position – Last Ten Fiscal Years
 (accrual basis of accounting)
 June 30, 2016

SCHEDULE 2 - Changes in Net Position – Last Ten Fiscal Years (accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Stationary source activities	\$ 5,091,593	\$ 5,192,799	\$ 8,954,634	\$ 6,132,920	\$ 5,823,570	\$ 5,864,304	\$ 5,739,977	\$ 5,747,748	\$ 5,918,050	\$ 6,016,085
Mobile source activities	11,450,669	11,310,141	11,652,160	13,096,491	12,207,979	34,715,045	28,384,959	11,478,921	14,884,085	11,138,244
Program coordination activities	3,883,940	3,519,465	4,581,824	4,346,725	4,286,273	3,973,143	3,768,674	3,836,739	3,883,548	4,268,469
Strategic planning activities	3,593,197	3,715,156	3,909,988	4,048,968	3,548,148	3,650,376	3,677,908	3,772,415	3,877,953	4,322,151
Depreciation expense-unallocated	112,904	138,142	149,067	165,753	140,459	125,386	144,940	148,389	211,551	209,891
Total governmental activities	\$ 24,132,303	\$ 23,875,703	\$ 29,247,673	\$ 27,790,857	\$ 26,006,429	\$ 48,328,254	\$ 41,716,458	\$ 24,984,212	\$ 28,775,187	\$ 25,954,840
Business-type activities										
Building operations and obligations	\$ 740,111	\$ 811,392	\$ 779,943	\$ 739,766	\$ 760,079	\$ 959,018	\$ 650,968	\$ 641,654	\$ 697,804	\$ 715,125
Total primary government expenses	\$ 24,872,414	\$ 24,687,095	\$ 30,027,616	\$ 28,530,623	\$ 26,766,508	\$ 49,287,272	\$ 42,367,426	\$ 25,625,866	\$ 29,472,991	\$ 26,669,965
Program Revenues										
Governmental Activities										
Charges for services										
Stationary source activities	\$ 6,163,810	\$ 4,617,658	\$ 4,868,387	\$ 4,857,740	\$ 5,297,300	\$ 4,912,279	\$ 5,431,158	\$ 5,867,492	\$ 6,440,801	\$ 6,692,235
Mobile source activities	-	-	-	561,345	532,447	703,135	824,850	996,018	106,376	153,178
Program coordination activities	(111,894)	41,879	136,336	136,552	84,794	84,408	96,170	68,314	265,185	89,163
Strategic planning activities	-	-	-	40,207	567,305	470,716	40,839	408,808	140,712	242,084
Operating grants and contributions										
Stationary source activities	1,365,145	298,000	3,875,126	764,839	336,324	519,136	401,685	-	-	-
Mobile source activities	13,831,821	7,796,251	10,721,789	15,088,024	10,355,463	32,815,391	24,933,316	9,141,087	13,910,787	15,076,802
Program coordination activities	867,950	2,382,599	1,538,889	1,985,190	1,086,075	1,274,400	926,954	1,446,883	1,442,936	1,438,170
Strategic planning activities	379,326	554,018	964,812	969,308	607,520	625,227	794,100	643,422	643,422	643,422
Total governmental activities	\$ 22,496,158	\$ 15,690,405	\$ 22,105,339	\$ 24,403,205	\$ 18,867,228	\$ 41,404,692	\$ 33,449,072	\$ 18,572,024	\$ 22,950,219	\$ 24,335,054
Business-type activities										
Building operations and obligations	\$ 974,720	\$ 837,381	\$ 943,695	\$ 948,942	\$ 807,106	\$ 884,688	\$ 748,642	\$ 795,771	\$ 888,592	\$ 943,891
Total primary government program revenues	\$ 23,470,878	\$ 16,527,786	\$ 23,049,034	\$ 25,352,147	\$ 19,674,334	\$ 42,289,380	\$ 34,197,714	\$ 19,367,795	\$ 23,838,811	\$ 25,278,945
Net (Expense) Revenue										
Governmental activities	\$ (1,636,145)	\$ (8,185,298)	\$ (7,142,334)	\$ (3,387,652)	\$ (7,139,201)	\$ (6,923,562)	\$ (8,267,386)	\$ (6,412,188)	\$ (5,824,968)	\$ (1,619,786)
Business-type activities	234,609	25,989	163,752	209,176	47,027	(74,330)	97,674	154,117	190,788	228,766
Total primary government net (expenses) revenue	\$ (1,401,536)	\$ (8,159,309)	\$ (6,978,582)	\$ (3,178,476)	\$ (7,092,174)	\$ (6,997,892)	\$ (8,169,712)	\$ (6,258,071)	\$ (5,634,180)	\$ (1,391,020)
General revenues										
Governmental activities										
Grants and subventions	\$ 6,090,320	\$ 6,884,648	\$ 8,324,288	\$ 5,684,433	\$ 5,696,646	\$ 6,216,082	\$ 6,056,461	\$ 6,614,984	\$ 6,808,183	\$ 7,087,643
Interest	991,786	1,086,702	515,419	268,262	230,368	204,424	64,378	18,965	25,241	5,438
Gain on sale of capital assets	-	-	-	-	-	-	-	-	16,270	-
Penalties/Settlements	1,090,612	654,822	977,533	701,876	529,674	712,315	446,663	397,037	569,708	622,868
Transfers	(456,966)	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 8,172,718	\$ 8,626,172	\$ 9,360,274	\$ 6,654,571	\$ 6,456,688	\$ 7,132,821	\$ 6,567,502	\$ 7,030,986	\$ 7,419,402	\$ 7,715,949
Business-type activities										
Interest	\$ 28,485	\$ 32,058	\$ 40,075	\$ 31,570	\$ 27,919	\$ 175,123	\$ 10,268	\$ 6,083	\$ 7,973	\$ 9,163
Transfers	-	-	456,966	-	-	-	-	-	-	-
Total business-type activities	28,485	32,058	497,041	31,570	27,919	175,123	10,268	6,083	7,973	9,163
Total Primary government revenue	\$ 8,201,203	\$ 8,658,230	\$ 9,857,315	\$ 6,686,141	\$ 6,484,607	\$ 7,307,944	\$ 6,577,770	\$ 7,037,069	\$ 7,427,375	\$ 7,725,112
Change in net position										
Government activities	\$ 6,536,573	\$ 440,874	\$ 2,217,940	\$ 3,266,919	\$ (682,513)	\$ 209,259	\$ (1,699,884)	\$ 618,798	\$ 1,594,434	\$ 6,096,163
Business-type activities	263,094	58,047	660,793	240,746	74,946	100,793	107,942	160,200	198,761	237,929
Total Primary government	\$ 6,799,667	\$ 498,921	\$ 2,878,733	\$ 3,507,665	\$ (607,567)	\$ 310,052	\$ (1,591,942)	\$ 778,998	\$ 1,793,195	\$ 6,334,092

Sacramento Metropolitan Air Quality Management District
 Schedule 3 – Fund Balances of Governmental Funds – Last Ten Fiscal Years
 (modified accrual basis of accounting)
 June 30, 2016

SCHEDULE 3 – Fund Balances of Government Funds – Last Ten Fiscal Years (modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Unspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,110	\$ 171,675
Restricted	13,238,198	16,317,844	9,789,530	2,858,052	12,144,152	12,169,654	11,350,172	10,998,388	10,287,274	8,796,696
Assigned	320,000	320,000	320,000	2,407,273	320,000	320,000	320,000	320,000	320,000	320,000
Unrestricted	8,295,221	5,751,365	8,666,336	7,906,636	-	-	-	792,734	1,395,878	1,798,521
Total General Fund	<u>\$ 21,853,419</u>	<u>\$ 22,389,209</u>	<u>\$ 18,775,866</u>	<u>\$ 13,171,961</u>	<u>\$ 12,464,152</u>	<u>\$ 12,489,654</u>	<u>\$ 11,670,172</u>	<u>\$ 12,111,122</u>	<u>\$ 12,158,262</u>	<u>\$ 11,086,892</u>
Emission Technology Fund										
Restricted	\$ -	\$ -	\$ -	\$ 9,064,562	\$ 9,211,835	\$ 9,267,343	\$ 8,194,251	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241
Total Emission Technology fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,064,562</u>	<u>\$ 9,211,835</u>	<u>\$ 9,267,343</u>	<u>\$ 8,194,251</u>	<u>\$ 8,277,548</u>	<u>\$ 9,549,952</u>	<u>\$ 15,185,241</u>

Sacramento Metropolitan Air Quality Management District
 Schedule 4 – Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years
 (modified accrual basis of accounting)
 June 30, 2016

SCHEDULE 4 – Changes in Fund Balances of Government Funds – Last Ten Fiscal Years (modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes	\$ 8,272,593	\$ 9,069,286	\$ 9,471,327	\$ 8,025,308	\$ 7,451,650	\$ 8,071,327	\$ 7,929,307	\$ 8,334,914	\$ 8,533,576	\$ 8,990,702
Intergovernmental	14,617,951	7,754,619	13,564,665	16,058,522	11,162,826	34,081,710	25,879,092	10,507,331	14,342,930	15,445,047
Licenses/Permits	6,786,546	6,405,970	8,371,169	6,705,683	6,479,071	6,180,051	6,015,064	6,741,800	7,416,470	7,646,441
Use of Money/Property	991,786	1,086,702	515,419	268,262	230,368	204,424	193,112	18,965	60,372	(31,188)
Total Revenue	<u>30,668,876</u>	<u>24,316,577</u>	<u>31,922,580</u>	<u>31,057,775</u>	<u>25,323,915</u>	<u>48,537,512</u>	<u>40,016,575</u>	<u>25,603,010</u>	<u>30,353,348</u>	<u>32,051,002</u>
EXPENDITURES										
Current:										
Stationary Sources	5,065,949	5,122,449	8,944,106	6,114,436	5,822,646	5,843,577	5,758,644	5,741,059	6,016,226	6,501,339
Mobile Source	11,432,875	11,261,327	11,647,191	13,088,034	12,207,527	34,704,891	28,394,103	11,475,645	14,932,141	11,367,756
Program coordination	3,867,636	3,474,737	4,575,926	4,334,342	4,285,664	3,959,488	3,780,971	3,832,332	3,943,621	4,571,752
Strategic Planning	3,586,072	3,695,608	3,906,272	4,041,810	3,547,825	3,643,128	3,684,435	3,770,076	3,918,802	4,517,235
Capital Outlay	126,554	226,666	119,082	18,498	20,789	305,418	290,995	259,652	239,283	529,002
Total Expenditures	<u>24,079,086</u>	<u>23,780,787</u>	<u>29,192,577</u>	<u>27,597,120</u>	<u>25,884,451</u>	<u>48,456,502</u>	<u>41,909,148</u>	<u>25,078,764</u>	<u>29,050,073</u>	<u>27,487,084</u>
Excess (Deficiency) of Revenue over Expenditures	6,589,790	535,790	2,730,003	3,460,655	(560,536)	81,010	(1,892,573)	524,246	1,303,275	4,563,918
OTHER FINANCING SOURCES (USES)										
Transfer Out	-	-	456,966	-	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	-	-	-	16,270	-
Net change in fund balances	<u>\$ 6,589,790</u>	<u>\$ 535,790</u>	<u>\$ 2,273,037</u>	<u>\$ 3,460,655</u>	<u>\$ (560,536)</u>	<u>\$ 81,010</u>	<u>\$ (1,892,573)</u>	<u>\$ 524,246</u>	<u>\$ 1,319,545</u>	<u>\$ 4,563,918</u>

Sacramento Metropolitan Air Quality Management District
 Schedule 5 – General Government Expenditures by Major Object – Last Ten Fiscal Years
 (budgetary basis)
 June 30, 2016

SCHEDULE 5 – General Government Expenditures by Major Object – Last Ten Fiscal Years (budgetary basis of accounting)

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/Fixed Assets	Interfund Charges	Contingency	Total
07-08	\$ 10,959,562	\$ 22,329,068	\$ 360,400	\$ 840,000	\$ 450,000	\$ 34,939,030
08-09	\$ 12,183,771	\$ 13,507,796	\$ 110,400	\$ 5,142,528	\$ 450,000	\$ 31,394,495
09-10	\$ 12,199,760	\$ 8,128,192	\$ 38,000	\$ 3,851,831	\$ -	\$ 24,217,783
10-11	\$ 11,584,777	\$ 6,425,969	\$ 43,500	\$ 1,407,642	\$ -	\$ 19,461,888
11-12	\$ 11,946,558	\$ 6,619,728	\$ 317,000	\$ 704,652	\$ -	\$ 19,587,938
12-13	\$ 11,997,789	\$ 5,552,842	\$ 397,000	\$ 679,789	\$ -	\$ 18,627,420
13-14	\$ 12,472,301	\$ 5,132,405	\$ 180,532	\$ 806,871	\$ -	\$ 18,592,109
14-15	\$ 13,018,613	\$ 5,670,628	\$ 564,532	\$ 1,071,655	\$ -	\$ 20,325,428
15-16	\$ 13,396,624	\$ 6,807,818	\$ 768,332	\$ 806,573	\$ -	\$ 21,779,347
16-17	\$ 13,898,555	\$ 32,577,351	\$ 2,145,000	\$ 806,573	\$ -	\$ 49,427,479

The budgeted expenditures represent the adopted budget adjusted for Board approved modifications based on new or modified expenditures.

SCHEDULE 6 – General Government Expenditures by Function – Last Ten Fiscal Years

Fiscal Year	Salaries & Benefits	Services & Supplies	Payments to Governments	Interfund Charges	Capital Outlay	Total
06-07	8,933,557	15,018,975	-	-	126,554	24,079,086
07-08	9,993,878	13,560,243	-	-	226,666	23,780,787
08-09	11,328,021	17,671,068	-	456,966	119,082	29,575,137
09-10	11,619,250	16,383,724	-	(424,353)	18,498	27,597,119
10-11	11,456,352	14,506,789	-	783,157	20,789	26,767,087
11-12	11,527,097	36,623,987	-	-	305,418	48,456,502
12-13	11,817,905	29,800,249	-	-	290,995	41,909,149
13-14	12,011,320	12,807,792	-	-	259,652	25,078,764
14-15	12,112,938	16,697,852	-	-	239,283	29,050,073
15-16	12,959,077	13,999,009	-	-	529,002	27,487,088

SCHEDULE 7 – General Government Revenues by Source – Last Ten Fiscal Years

Fiscal Year	Taxes	Intergovernmental	Licenses/ Permits	Use of Money & Property	Increase in Fair Value of Investments	Misc	Total
06-07	8,272,593	14,617,951	6,786,546	991,786	-	-	30,668,876
07-08	9,069,286	7,754,619	6,405,970	1,086,702	-	-	24,316,577
08-09	9,471,327	13,564,665	8,371,169	515,419	-	-	31,922,580
09-10	5,810,923	3,653,527	6,705,683	116,135	-	-	16,286,268
10-11	5,498,449	3,998,568	6,479,071	59,403	-	-	16,035,491
11-12	5,940,636	4,289,423	6,180,051	44,337	-	-	16,454,447
12-13	5,862,442	3,637,602	6,015,064	64,380	-	-	15,579,488
13-14	6,095,314	4,082,326	6,741,800	9,934	-	-	16,929,374
14-15	6,283,412	3,516,824	7,416,470	25,241	-	-	17,241,947
15-16	6,609,429	3,739,523	7,779,365	5,438	-	-	18,133,755

SCHEDULE 8 – Own Source Government Revenue – Last Ten Fiscal Years

<u>Year</u>	<u>Active Permits**</u>	<u>Actual Revenue***</u>
2007	4,006	2,656,920
2008	4,060	2,381,639
2009	4,183	3,345,143
2010	4,242	3,501,857
2011	4,238	4,366,411
2012	4,247	4,224,561
2013	4,269	4,419,326
2014	4,331	4,754,372
2015	4,346	4,767,562
2016	4,182	5,136,508

SCHEDULE 9 – Demographic Information – Last Ten Years

Year	County Population (January 1)	County Total Personal Income	County Per Capita Income	County Unemployment Rate
2007	1,381,161	53,769,563	38,931	5.40%
2008	1,394,438	55,206,829	39,591	6.90%
2009	1,408,601	54,434,987	38,647	12.00%
2010	1,422,316	55,176,682	38,794	12.70%
2011	1,436,262	57,996,392	40,380	12.60%
2012	1,450,121	60,668,975	41,837	10.90%
2013	1,462,338	61,654,190	42,162	8.90%
2014	1,481,474	65,391,250	44,139	7.30%
2015	1,501,335	69,870,482	46,539	6.00%
2016	(1)	(1)	(1)	(1)

Sources: California Department of Finance, California Employment Development Department, E-5 population and housing estimates, annual average employment by industry data, and long-term socio-economic forecasts by county

(1) Data not available

SCHEDULE 10 – DMV Registrations – Last Ten Years

<u>Year</u>	<u>Vehicles Registered (As of December 31)</u>
2007	1,165,993
2008	1,157,002
2009	1,159,910
2010	1,157,341
2011	1,141,979
2012	1,142,212
2013	1,179,656
2014	1,208,025
2015	(1)
2016	(1)

Source: California Department of Motor Vehicles

(1) Data not available

SCHEDULE 11 – Principal Employers – Current Year and Ten Years Ago

Employer	2007			2016		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Private Industry	689,900	1	74%	705,200	1	74%
State Government	110,700	2	12%	118,200	2	12%
Local Government	115,700	3	12%	108,600	3	11%
Federal Government	12,400	4	1%	14,000	4	1%
Farm	9,000	5	1%	10,500	5	1%
Total All Industries	937,700		100%	956,500		100%

Source: California Employment Development Department

Sacramento Metropolitan Air Quality Management District
 Schedule 12 – District Staff Position List – Last Ten Fiscal Years
 June 30, 2016

SCHEDULE 12 – District Staff Position List – Last Ten Fiscal Years

	Full-Time Equivalent Employees as of June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Classification:										
Accountant I/II	1	1	1	1	-	-	-	-	-	-
Administrative Assistant I/II	2	2	2	2	2	2	2	2	2	2
Administrative/Legal Analyst	1	1	1	-	-	-	-	-	-	-
Executive Director/Air Pollution Control Officer	1	1	1	1	1	1	1	1	1	1
Air Quality Engineer	21.5	21.5	21.5	21.5	20.5	19.5	19.5	19.5	20.5	20.50
Air Quality Instrument Specialist I/II	3	3	3	3	3	3	3	3	3	3
Air Quality Planner/Analyst	10.5	11	12	11	10	10	10	10	11	11
Air Quality Specialist	22.5	21.5	20.6	18.6	18.6	18.6	18.6	18.6	18.6	18.60
Communications & Marketing Specialist	2.85	2.85	2.85	1.85	1.85	1.85	1.85	1.90	1.9	1.90
Clerical Services Supervisor	1	1	1	1	1	1	1	1	1	1
District Accountant/Controller	1	1	1	1	1	1	1	1	1	1
District Counsel	1	1	1	1	1	1	1	1	1	1
District Counsel Legal Assistant	1	1	1	1	1	1	1	1	1	1
Division Manager	4	4	4	4	3	3	3	4	4	4
Executive Assistant/Clerk to the Board	1	1	1	1	1	1	1	1	1	1
Financial Analyst	-	-	-	-	1	1	1	1	1	1
Fiscal Assistant I/II	1	1	1	1	1	1	1	1	1	1
Human Resources Officer	1	1	1	1	1	1	1	1	1	1
Information Systems Administrator	1	1	1	1	1	1	1	1	1	-
Information Systems Analyst	2	2	2	2	2	2	2	2	2	2
Information Systems Manager	-	-	-	-	-	-	-	-	-	1
Office Assistant I/II	3	3	3	3	2	2	2	2	2	2
Human Resource Assistant I/II	2	2	2	2	2	2	2	2	2	2
Program Coordinator	13	13	13	13	12	12	12	12	12	12
Program Supervisor	5	5	5	5	5	5	5	5	5	5
Senior Accountant	1	1	1	1	1	1	1	1	1	1
Statistician	1	1	1	1	1	1	1	1	1	1
Total Funded Positions	104.35	103.85	103.95	98.95	93.95	92.95	92.95	94.00	96.00	96.00
Positions Unfunded										
Administrative/Legal Analyst	-	-	-	1	1	1	1	1	1	1
Air Quality Planner/Analyst	-	-	-	-	1	1	1	1	-	-
Air Quality Specialist	-	-	1	2	2	2	2	2	2	2
Air Quality Engineer	-	-	-	-	1	2	2	2	1	1
Division Manager	-	-	-	-	1	1	1	-	-	-
Office Assistant I/II	-	-	-	-	1	1	1	1	1	1
Program Coordinator	-	-	-	-	1	1	1	1	1	1
Total Positions Unfunded	-	-	1	3	8	9	9	8	6	6
Total Funded + Unfunded	104.35	103.85	104.95	101.95	101.95	101.95	101.95	102.00	102.00	102.00

Note: Funded positions may vary from budget due to changes in staffing during the fiscal year.

SCHEDULE 13 – Ratios of Outstanding Debt by Type – Last Ten Fiscal Years

Fiscal Year	Certificate of Participation	Bond Premium	Total Primary Government	Total Debt as a Percentage of Sacramento County Personal Income (1)	Total Debt Per Capita for Sacramento County (1)
2007	\$ 5,110,000	\$ 47,810	\$ 5,157,810	10%	\$ 4
2008	4,955,000	45,285	5,000,285	10%	4
2009	4,790,000	42,760	4,832,760	9%	3
2010	4,620,000	40,235	4,660,235	8%	3
2011	4,445,000	37,941	4,482,941	8%	3
2012	4,350,000	70,747	4,420,747	7%	3
2013	4,350,000	65,840	4,415,840	7%	3
2014	4,250,000	60,933	4,310,933	7%	3
2015	3,980,000	56,026	4,036,026	(2)	(2)
2016	3,705,000	51,119	3,756,119	(2)	(2)

(1) See Schedule 9 (Demographic Information – Last Ten Years) for personal income and population data
 (2) Data not available

SCHEDULE 14 – Capital Assets by Function/Program – Last Seven Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016
Monitoring Air Quality							
Number of air monitoring stations	10	10	10	10	11	11	11
Number of air monitoring instruments installed in the air monitoring stations to measure air quality	74	76	75	77	89	89	88
Vehicles	-	-	-	19	19	19	23