



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

7

Consent
February 23, 2010

Honorable Mayor and
Members of the City Council

Title: Fiscal Year 2008/09 Comprehensive Annual Financial Report

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** 1) accepting the June 30, 2009 Comprehensive Annual Financial Report (CAFR); 2) accepting the June 30, 2009 Auditor's Report to City Council, 3) authorizing the designation of \$10,847,000 in General Funds from Fiscal Year (FY) 2008/09 year end results, in addition to the \$492,000 remaining from FY2007/08 year end results, to close FY 2009/10; and 4) authorizing the release of the \$11,339,000 FY 2008/09 year end designation as needed to close FY2009/10.

Contact: Leyne Milstein, Director of Finance, 808-8491; Dennis Kauffman, Accounting Manager, 808-5843

Presenters: Not applicable

Department: Finance

Division: Accounting

Organization No: 06001311

Description/Analysis

Issues: The City's FY2008/09 CAFR has been prepared to present the City's financial condition and the results of its activities for the fiscal year that ended June 30, 2009. An independent public accounting firm has audited the CAFR financial statements, as required by the City Charter.

Policy Considerations: This report is required by the City Charter and federal grant requirements and is consistent with the City's fiscal transparency and accountability principles.

Environmental Considerations: Not Applicable

California Environmental Quality Act (CEQA): This recommendation does not constitute a “project” and is therefore exempt from the California Environmental Quality Act according to CEQA guidelines Section 15061 (b)(1) and 15378(b)(3).

Sustainability Considerations: There are no sustainability considerations associated with this report.

Commission/Committee Action: None

Rationale for Recommendation: It is in the best interest of the City to accept the June 30, 2009 Comprehensive Annual Financial Report and the auditor’s Report to City Council for the following reasons:

- The annual audit is required by the City Charter, federal and state grant requirements, and bond covenants.
- The public accounting firm of Macias, Gini & O’Connell, LLP has audited the City’s FY2008/09 financial statements and has rendered its unqualified opinion that the financial statements are fairly presented in accordance with generally accepted accounting principles.
- The auditor’s Report to City Council reflects no significant audit adjustments or disagreements with management in connection with this year’s audit. The Report to City Council includes the status of the four recommendations in the prior year report and documents that the City has implemented the recommendations.

Financial Considerations: The FY2008/09 year end results provided sufficient resources to fund the \$1.0 million General Fund beginning fund balance included in the FY2009/10 Approved Budget and \$10.847 million in resources to hold in reserve to close FY 2009/10.

Emerging Small Business Development (ESBD): No goods or services are being purchased under this report.

Respectfully Submitted by: Janet Mills
for Dennis Kauffman
Accounting Manager

Approved by: Leyne Milstein
Leyne Milstein
Director of Finance

Recommendation Approved:

for Ray Kerridge
Ray Kerridge
City Manager

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Attachment 1

BACKGROUND INFORMATION

OVERVIEW OF REPORT

- The City has prepared the CAFR to present financial information in a standard format prescribed by the Government Finance Officers Association.
- The CAFR is organized into the following sections:
 - An **Introductory Section** with a transmittal letter summarizing economic conditions, major initiatives, and other information.
 - A **Financial Section** which begins with Management's Discussion and Analysis (MD&A), a narrative overview, analysis of the financial statements, and comments on the City's financial outlook. The basic financial statements follow the MD&A and report the financial position and the results of the operations of the City as a whole and the financial performance of the City's major funds. Footnotes to the financial statements are included to provide additional information. Finally, combining fund financial statements are presented to provide additional financial details of the City's activities.
 - A **Statistical Section** with selected financial, demographic, and operating trend information.

FISCAL YEAR 2008/09 FINANCIAL RESULTS

General Fund

- Revenue

Tax revenue and revenue in many departments fell short of the FY2008/09 budget plan. Tax revenue was \$8.5 million lower than budget projections. The tax revenue shortfall is primarily attributable to the slowdown in the economy and the residential real estate market. Property, sales, real property transfer tax, and transient occupancy tax ended the year lower than projected.

- Expenditures

All General Fund departments ended FY2008/09 within their budgeted appropriations. Most departments with revenue shortfalls reduced expenditures to net positive budgetary results.

- Net Results

The following schedule reconciles the midyear estimate of the General Fund undesignated fund balance to the June 30, 2009 actual balance (in millions):

Ending Balance, 2009 Midyear projection	<u>\$ 1.0</u>
Budget to actual results:	
Tax revenue	(8.5)
Department results	13.7
Other revenue/expenditure results	5.6
Establish designation for FY 2009/10 results	<u>(10.8)</u>
Net increase in undesignated fund balance	<u>0.0</u>
Ending balance, June 30, 2009	<u>\$ 1.0</u>

Approval of the fund balance designation identified above will provide the \$1.0 million beginning fund balance included in the Approved FY2009/10 Budget.

- Operating Department Results

Most General Fund departments realized positive budget results during FY2008/09 due to holding positions vacant and spending controls on discretionary expenditures.

The Fire Department realized a surplus primarily as a result of improvements in the ambulance service billing and revenue recovery process. These improvements resulted in increased collections for prior year services delivered and a higher collection rate for current year services.

The Transportation Department surplus is the result of a combination of revenue and expenditure results in the street maintenance division and labor cost savings in the urban forest division.

The Economic Development Department negative results reflect the reduction in funding included in the Individual Project Agreement with the Sacramento Housing and Redevelopment Agency (SHRA) for calendar year 2009. As a result, the department collected less revenue than budgeted in FY2008/09 from SHRA.

The Code Enforcement Department realized a surplus due to revenue associated with increased compliance activity in its housing and dangerous buildings division.

The following table summarizes the General Fund department FY2008/09 budgetary results:

Departmental Budget Results

(in 000's):

Mayor/City Council	\$ 7
City Manager	64
City Attorney	399
City Clerk	124
City Treasurer	10
Finance	342
Information Technology	64
Human Resources	282
Labor Relations	28
Police	684
Fire	4,622
General Services	342
Transportation	2,109
Neighborhood Services	122
Convention, Culture & Leisure	548
Economic Development	(223)
Parks and Recreation	581
Code Enforcement	2,506
Development Services	591
Planning	492
Total	<u>\$13,694</u>

Report to City Council

See Separate Booklet - Attachment #2

Please see next page

CITY OF SACRAMENTO

Report to the City Council

For the Fiscal Year Ended June 30, 2009

CITY OF SACRAMENTO
Report to the City Council
For the Fiscal Year Ended June 30, 2009

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MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

SACRAMENTO
3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

Honorable Members of the
City Council of the City of Sacramento

We have audited the financial statements of the City of Sacramento, California (City), as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated January 22, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 10, 2009. Professional standards also require that we communicate to you information related to our audit as discussed in required communications section of this report.

In planning and performing our audit of the financial statements of the City for the fiscal year ended June 30, 2009, we considered the City's internal controls over financial reporting as a basis for designing audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no opinion on the effectiveness of the City's internal control.

We have followed up on last year's findings and recommendations in the Status of Prior Year Findings and Recommendations section of this report. We previously reported on the City's internal control in our report dated January 22, 2010. We did not audit the City's responses to the findings identified in our report, and accordingly, express no opinion on it

This letter does not affect our report dated January 22, 2010, on the financial statements of the City.

We would like to thank the City's management and staff for the courtesy and cooperation extended to us during the course of our engagement.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California
January 22, 2010

CITY OF SACRAMENTO

Report to the City Council
Required Communications
For the Fiscal Year Ended June 30, 2009

I. Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. Effective July 1, 2008, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* the cumulative effect of which has been reported in the Statement of Net Assets. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Depreciation expense estimates for capital assets
- Self-funded insurance liabilities
- Compensated absences liabilities
- Pension expense
- OPEB expense and unfunded OPEB obligation
- Landfill post-closure costs

Depreciation expense is based on management's estimate of the useful lives of the related capital assets. Management's estimate of the City's self funded insurance liabilities is actuarially determined based on the City's loss history. Management's estimate of the City's compensated absences liabilities is based on earned vacation and sick leave hours and hourly rate of each employee at year-end. The actuarial pension data contained in Note 8 to the financial statements and required supplementary information (unaudited) is based on actuarial calculations performed in accordance with the parameters set forth in GASB Statement No. 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and 27)* and GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

CITY OF SACRAMENTO

Report to the City Council
Required Communications (Continued)
For the Fiscal Year Ended June 30, 2009

I. Significant Audit Findings (Continued)

Management's estimate of the City's annual OPEB expense and unfunded OPEB obligation are based on the estimated costs of providing benefits to the City's current and retired employees and spouses using actuarial methods and assumptions prescribed by GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Management's estimate of its landfill post-closure costs is determined using methods and assumptions consistent with GASB Statement No 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to each opinion unit's financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 22, 2010.

CITY OF SACRAMENTO

Report to the City Council
Required Communications (Continued)
For the Fiscal Year Ended June 30, 2009

I. Significant Audit Findings (Continued)

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

CITY OF SACRAMENTO

Report to the City Council Status of Prior Year Findings and Recommendations For the Fiscal Year Ended June 30, 2009

I. AUDIT COMMITTEE

In an effort to enhance the quality of the City's financial reporting, we recommend the establishment of an audit committee. An audit committee assists the City Council (Council) in providing independent review and oversight to the City's financial reporting processes, internal controls, and independent auditors. The audit committee would be responsible for engaging the independent auditors, reviewing the overall audit plan, reviewing the audited financial statements and the related management letter, monitoring internal controls over financial reporting and compliance, and initiating, if necessary, investigations for the Council. An audit committee also provides a forum separate from management in which independent auditors and other interested parties may candidly discuss concerns.

Management's Response:

The City will consider this recommendation in the context of other evaluations currently in progress involving City governance and other organizational structure matters.

Status:

In progress. In October 2009, the City Council formed an audit committee consisting of four Council Members to provide oversight of the internal audit department. The role and responsibilities of the audit committee in relation to the City's financial reporting processes, internal controls, and oversight of independent auditors are topics for future discussion.

II. CONSTRUCTION IN PROGRESS

During our audit, we noted the City currently does not have a formal review and approval process for the determination of the classification of capital project costs at year-end. As part of the year-end closing process, Finance Department staff collaborates with various project managers to determine the proper classification of capital project costs included in construction-in-progress (CIP). Project costs are evaluated to determine amounts related to completed portions of projects requiring reclassification from CIP to land and land improvements or depreciable capital assets in accordance with generally accepted accounting principles. The process does not provide for documentation of the project manager's approval of the proper asset classification. To improve this process, we recommend the City establish year-end close processes and procedures requiring project managers to evaluate project costs and to complete and approve standardized documentation which details project costs by asset classification.

Management's Response:

The City agrees with the recommendation and will formalize its processes and procedures to determine the proper classification of capital projects costs for financial reporting.

CITY OF SACRAMENTO

Report to the City Council Status of Prior Year Findings and Recommendations (Continued) For the Fiscal Year Ended June 30, 2009

II. CONSTRUCTION IN PROGRESS (Continued)

Status:

Implemented. The City implemented new year-end close processes and procedures requiring project managers to evaluate project costs and to complete and approve standardized documentation which details project costs by asset classification.

III. PROCUREMENT

During our audit, we noted a purchase on a City provided credit card was split over three different transactions related to an invoice totaling \$6,837.43 effectively circumventing City required procurement procedures. According to the City of Sacramento Policy for Procurement of Supplies and Non-Professional Services, procurement activities necessary to acquire a purchase order must be performed for purchases above \$5,000. The condition resulted from the improper supervision, review and authorization of purchases using the City's credit card program. We recommend the City design and implement procedures to ensure that credit card purchases follow written City procurement policies.

Management's Response:

The City agrees with the recommendation and has implemented procedures to ensure that credit card purchases follow written City procurement policies.

Status:

Implemented. The City implemented procedures to ensure that credit card purchases follow written City procurement policies, including updating and distributing the City's Procurement Card Program Handbook.

IV. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

During our review of the City's SEFA, it was noted that the annual expenditures were misstated by an amount of approximately \$134,000 or less than 1% of total Federal Awards. The variance was a result of the City reporting federal program expenditures that were not fully reimbursed by the granting agency in accordance with program guidelines. We recommend that the City develop procedures to ensure that total Federal expenditures for each program are reconciled to the amounts reported to their granting agencies at the program level as part of the year-end SEFA preparation procedures.

Management's Response:

The City agrees with the recommendation and will develop processes and procedures to ensure that federal program expenditures reported on the SEFA are reconciled to amounts reported to granting agencies.

CITY OF SACRAMENTO

Report to the City Council
Status of Prior Year Findings and Recommendations (Continued)
For the Fiscal Year Ended June 30, 2009

IV. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA) (Continued)

Status:

Implemented. The City implemented new procedures to ensure that total Federal expenditures for each program are reconciled to the amounts reported to their granting agencies at the program level as part of the year-end SEFA preparation procedures.

Comprehensive Annual Financial Report

See Separate Booklet - Attachment #3

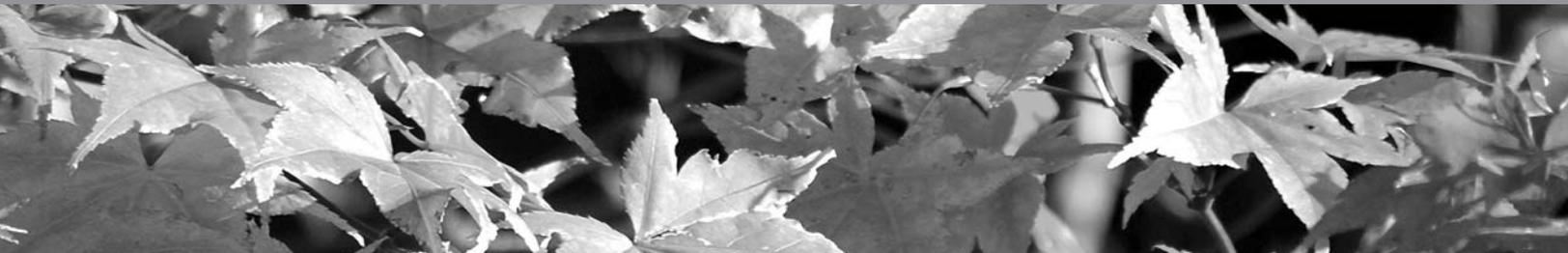
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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2009

City of Sacramento, California



City of Sacramento

California

**Comprehensive Annual
Financial Report**

Fiscal Year Ended June 30, 2009

**Prepared by the Department of Finance,
Accounting Division**

**Leyne Milstein, Director of Finance
Dennis Kauffman, Accounting Manager**

CITY OF SACRAMENTO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

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CITY OF SACRAMENTO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

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CITY OF SACRAMENTO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section



OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
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95814-2604

PH 916-808-5704
FAX 916-808-7618

January 29, 2010

Honorable Mayor, Members of the City Council
and Citizens of the City of Sacramento, California:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Sacramento (City) for the fiscal year ended June 30, 2009. The City Charter and state law require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Macias, Gini & O'Connell, LLP, a state-wide certified public accounting firm, performed the audit for the fiscal year ended June 30, 2009. Their unqualified ("clean") opinion has been included as the first component of the financial section of this CAFR.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because 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.

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. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

The City of Sacramento, established in 1849, is the capital for the State of California and is the center of state government. Sacramento also serves as the seat of Sacramento County government. Sacramento is the seventh largest populated city in California. The State of California Department of Finance estimates the population on January 1, 2009 at 481,097 for the City and 1,433,187 for the County of Sacramento.

Sacramento encompasses 99 square miles and is located in the northern section of California's Central Valley. Sacramento is a charter city and operates under a Council-Manager form of government.

The City provides a full range of municipal services including police, fire, water, sewer, storm drainage, solid waste, construction and maintenance of parks and streets, planning and development, recreation and cultural activities, and general administration.

This CAFR presents the financial status of the City and its four component units. Component units are separate legal entities included in this report due to significant operational or financial relationships with the City. Two component units are reported on a blended basis as part of the primary government because their boards are composed of all City Council members or they provide services entirely to the City:

Sacramento City Employees' Retirement System (SCERS)
Sacramento City Financing Authority (SCFA)

SCERS is a single employer closed pension plan for certain City employees and retirees. The SCERS pension plan was closed to new enrollment of employees in 1978. SCFA is an entity created to issue debt to finance City projects.

Discretely presented component units are legally separate from the City. They are reported in a separate column in the government-wide financial statements to differentiate their financial position and operational results from those of the City. The two organizations reported as discretely presented component units include:

Sacramento Hotel Corporation
Sacramento Regional Arts Facilities Financing Authority

The Sacramento Hotel Corporation provided for the operation of a convention center hotel, which was sold in May 2008, and was dissolved in 2009. The Sacramento Regional Arts Facilities Financing Authority was created for the purpose of financing the expansion of a theater complex.

The Sacramento City Charter requires that the City Manager submit a proposed budget to the City Council at least 60 days prior to the start of each fiscal year. Once approved by City Council, this annual budget serves as the foundation for the City of Sacramento's financial planning and control. Budgetary control is maintained at the department level, by fund. Budgetary control for capital improvement projects is maintained at the individual project level, by fund. Additional budgetary information can be found in Note 1 to the financial statements or at the City of Sacramento's web site, <http://www.cityofsacramento.org/finance/budget/>.

LOCAL ECONOMY

The Sacramento region has a diverse economy and is now home to many high-tech manufacturers, software development companies, biotechnology and medical research laboratories, food processors, and medical equipment manufacturers. The region is also a transportation hub served by air cargo airports, an international airport, a deep water shipping port, two major interstate freeways, freight and passenger rail lines, and an extensive regional commuter bus and light-rail system. These key industries interface with Sacramento's service, hospitality, and government employers. The regional economy and employment base continues in a long term transition away from a state government and defense industry to health care and other private industries.

Much like the rest of the nation, Sacramento has been hit hard by the economic recession and resulting decline in consumer confidence. By June 2009, unemployment for the Sacramento metropolitan area and Sacramento County rose to 11.7% and 11.9% respectively. Industries experiencing the most severe slowdowns are: construction; administrative and support and waste services; building finishing contractors; and food services. Job losses are expected to continue in the Sacramento region well into 2010, even after the local economic climate begins to stabilize.

The rise in unemployment, declining real estate values, reduced property, sales and utility users' tax revenues, and restricted availability to credit has placed fiscal constraints on the City that are expected to last several years. Despite the challenges faced with the economic recession, Sacramento is listed as one of the nation's best cities to live, work, and play.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sacramento for its CAFR for the fiscal year ended June 30, 2008. This marks the 20th consecutive year the City has received this award. 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 receive this award, the City published an easily readable and efficiently organized CAFR. The report satisfied accounting principles generally accepted in the United States of America and applicable legal requirements. The award is valid for a period of one year only. We believe this CAFR also meets the requirements of the program and we will be submitting it to the GFOA to determine its eligibility for the certificate.

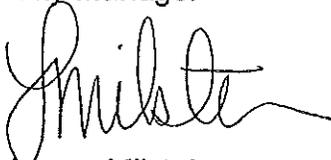
The City of Sacramento, the Department of Finance, and the Accounting Division take great pride in the preparation of this report. The professionalism, commitment and effort of each member of the Accounting Division have made this presentation possible. We

also want to thank the other members of the Department of Finance as well as those in other City departments who assisted and contributed to the preparation of this report. Finally, we thank the Mayor and City Council for their interest and continuing support in planning and conducting the City's financial operations in a responsible manner, consistent with the City's mission to protect, preserve and enhance the quality of life for present and future generations.

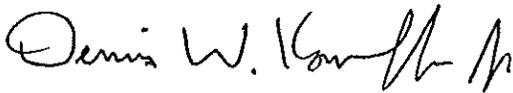
Respectfully submitted,



Ray Kerridge
City Manager



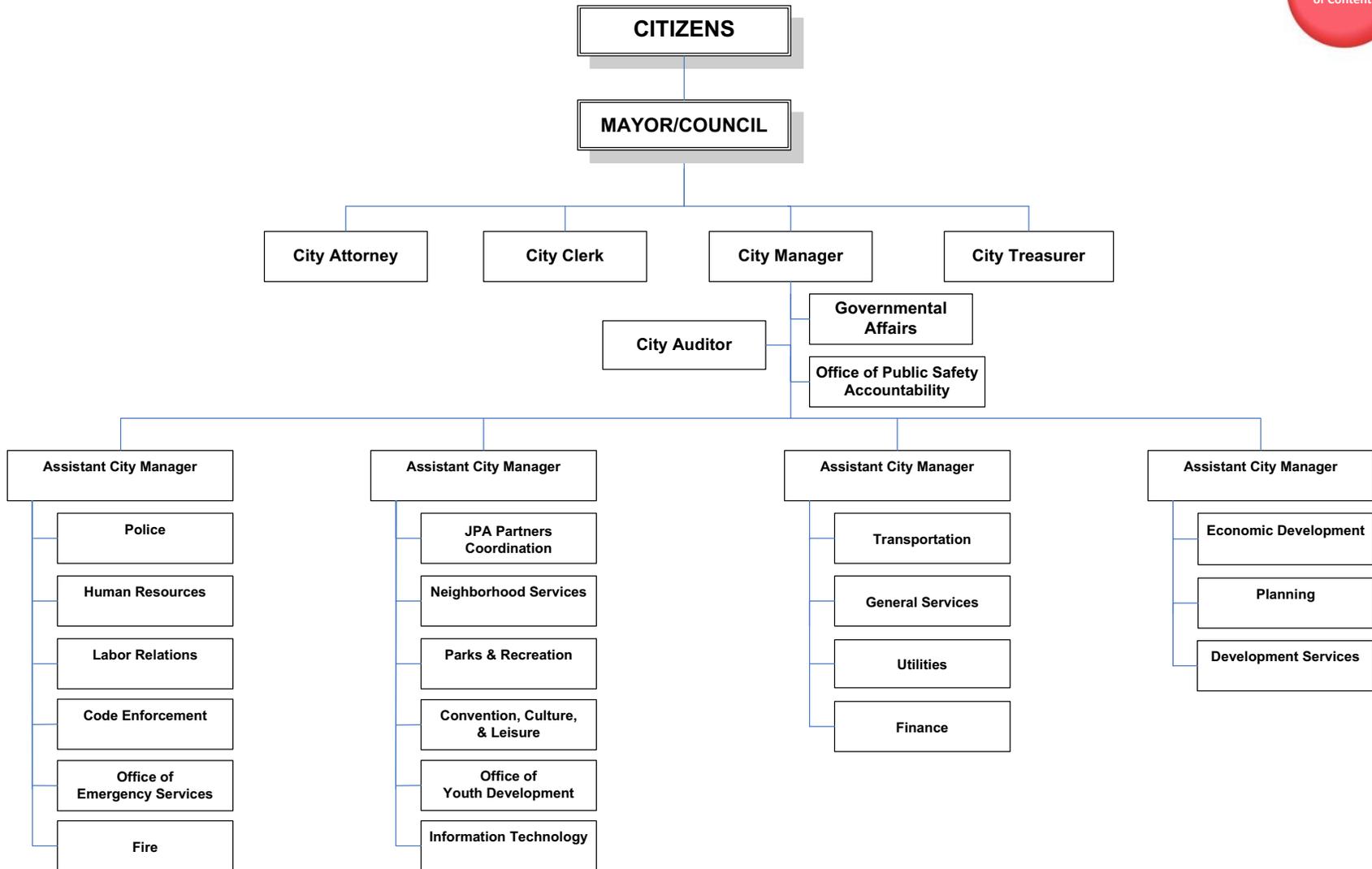
Leyne Milstein
Director of Finance



Dennis W. Kauffman, Jr.
Accounting Manager

City of Sacramento Organization Chart

as of June 30, 2009



City of Sacramento

Directory of City Officials

June 30, 2009



Kevin Johnson
Mayor

Raymond L. Tretheway, III
Councilmember, District 1

Lauren Hammond
Vice Mayor, District 5

Sandy Sheedy
Councilmember, District 2

Kevin McCarty
Councilmember, District 6

Steve Cohn
Councilmember, District 3

Robbie Waters
Councilmember, District 7

Robert King Fong
Councilmember, District 4

Bonnie J. Pannell
Councilmember, District 8

Eileen Teichert
City Attorney

Ray Kerridge
City Manager

Shirley Concolino
City Clerk

Russell Fehr
City Treasurer

John Dangberg
Assistant City Manager

Marty Hanneman
Assistant City Manager

Cassandra Jennings
Assistant City Manager

Gus Vina
Assistant City Manager

Certificate of Achievement for Excellence in Financial Reporting



Presented to

City of Sacramento
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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President

Executive Director

Financial Section



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

SACRAMENTO
3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN DIEGO



To the Honorable Mayor and
Members of the City Council
Sacramento, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sacramento, California (the City), as of and for the fiscal year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedules of Funding Progress as listed in the table of contents are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Maclean Hill & O'Connell LLP

Certified Public Accountants

Sacramento, California
January 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This is management's discussion and analysis of the financial performance of the City of Sacramento, California (City) for the fiscal year ended June 30, 2009. Please read this in conjunction with the transmittal letter, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The City is nearing completion of the \$85 million Crocker Art Museum expansion. Funding for the expansion comes from a variety of revenue sources, including the City's Community Reinvestment Capital Improvement Program (CRCIP) bonds, Crocker Art Museum Association (CAMA) contributions, and redevelopment agency funds. The expansion will triple the size of the museum and will include a new auditorium and educational center among many other new "state-of-the-art" facilities. Construction is expected to be completed in 2010.
- The General Fund, using the current financial resources basis, reported expenditures in excess of revenues, including other financing sources and uses, of \$26.9 million in fiscal year 2009. Fund balance reserves were used to help close the budgetary gap between ongoing revenue and expenditures. The City has and will continue to take appropriate actions over the next couple years to balance revenues and expenditures through the budgetary process.
- The City's total government-wide net assets, excluding discretely presented component units, increased \$41.1 million to \$2.5 billion in 2009, an increase of 1.7 percent over 2008. The net assets of governmental activities increased \$21.3 million, or 1.3 percent, and the net assets of business-type activities increased \$19.8 million, or 2.6 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - management's discussion and analysis (this portion), the basic financial statements, required supplementary information, and optional combining statements for other governmental funds, other enterprise funds, internal service funds and fiduciary funds. The basic financial statements include two kinds of statements that present different views of the City.

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status.
- Fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - ◇ Governmental fund statements tell how general government services such as police, fire and transportation were financed in the short-term as well as what remains for future spending.
 - ◇ Proprietary fund statements offer short-term and long-term financial information about the activities the City operates like businesses, such as utility services.
 - ◇ Fiduciary fund statements provide information about the financial relationships—like the closed retirement plan— in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by the Schedules of Funding Progress for the City's pension and OPEB plans, which are required supplementary

information. In addition to these required elements, we have included combining statements and schedules that provide details about our other governmental funds, other enterprise funds, internal service funds, investment trust funds, and agency funds, each of which is presented in a column in the basic financial statements.

Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the City's assets and liabilities. All current year revenues and expenses are reported in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed during the fiscal year. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial health of the City is improving or deteriorating.

The government-wide financial statements of the City are divided as follows:

- *Governmental activities* — Most of the City's basic services are included here, such as the police, fire, transportation, development services, parks and recreation, and general government. Taxes and state and federal grants finance most of these activities.
- *Business-type activities* — certain services provided by the City are funded by customer fees. Among these are the City's utility services, convention center, and off-street parking facilities.
- *Component units* — The City includes two other entities in its basic financial statements which, although legally separate, are important because the City is financially accountable for them. These component units are the Sacramento Hotel Corporation, which was dissolved in 2009, and the Sacramento Regional Arts Facilities Financing Authority.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the City's largest funds, not the City as a whole.

The City has three types of funds:

- *Governmental funds* — Most of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources, and (2) the remaining year-end balances available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between governmental funds and governmental activities follow the governmental funds statements.
- *Proprietary funds* — Services for which customer fees are intended to finance the costs of operations are generally reported in proprietary funds. Proprietary funds financial statements, like the government-wide statements, provide both long-term and short-term financial information.
 - ◇ Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.
 - ◇ Internal service funds report activities that provide services for the City's other programs and activities, such as the City's Fleet Fund and Risk Management Fund.

- *Fiduciary funds* — The City is the trustee, or *fiduciary*, for a closed pension plan. It is also responsible for other assets, reported in an investment trust fund, which because of trust agreements, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

City of Sacramento
Summary of Net Assets
 As of June 30, 2009 and 2008
 (in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<u>Total Percent Change</u>
	2009	2008	2009	2008	2009	2008	
Current and other assets	\$ 829	\$ 950	\$ 230	\$ 208	\$ 1,059	\$ 1,158	-8.55%
Capital assets	1,751	1,648	1,035	1,020	2,786	2,668	4.42%
Total assets	<u>2,580</u>	<u>2,598</u>	<u>1,265</u>	<u>1,228</u>	<u>3,845</u>	<u>3,826</u>	0.50%
Long-term liabilities	679	696	410	402	1,089	1,098	-0.82%
Other liabilities	180	202	58	49	238	251	-5.18%
Total liabilities	<u>859</u>	<u>898</u>	<u>468</u>	<u>451</u>	<u>1,327</u>	<u>1,349</u>	-1.63%
Net assets							
Invested in cap assets, net of related debt	1,378	1,297	687	657	2,065	1,954	5.68%
Restricted	259	279	17	0	276	279	-1.08%
Unrestricted	84	124	93	120	177	244	-27.46%
Total net assets	<u>\$ 1,721</u>	<u>\$ 1,700</u>	<u>\$ 797</u>	<u>\$ 777</u>	<u>\$ 2,518</u>	<u>\$ 2,477</u>	1.66%

Fiscal year 2008 amounts for governmental activities net assets invested in capital assets, net of related debt, and restricted net assets have been reclassified.

Current and other assets for governmental activities declined as a result of spending down General Fund reserves and capital improvement bond proceeds.

Net assets represent the difference between the City's resources and obligations. Over time, net assets may serve as an indication of a government's financial position. Combined net assets of the primary government increased 1.66% this year, up \$41 million from 2008. At June 30, 2009, the largest portion of the City's total net assets, approximately 82%, reflects investments in capital assets, less related debt outstanding used to acquire the capital assets. More detailed capital asset information can be found in the Capital Asset and Debt Administration section of this MD&A.

Restricted net assets represent amounts that must be used in accordance with external restrictions, and decreased approximately 1.08% primarily due to the expenditures of restricted cash for the planned capital improvements. Although total net assets of business-type activities increased \$20 million, to \$797 million, the City generally can only use the net assets to finance the continuing operations of the business-type activities.

City of Sacramento
Changes in Net Assets
For the Fiscal Years Ended June 30, 2009 and 2008
(in thousands)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>		<u>Primary Government</u>		
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>Percent</u>
							<u>Change</u>
Revenues							
Program revenues:							
Charges for services	\$ 125,734	\$ 112,232	\$ 204,790	\$ 205,701	\$ 330,524	\$ 317,933	4.0%
Operating grants & contributions	53,206	51,845	2,343	1,824	55,549	53,669	3.5%
Capital grants & contributions	119,689	141,919	38,094	11,945	157,783	153,864	2.5%
General revenues:							
Property taxes	135,806	137,782	-	-	135,806	137,782	-1.4%
Utility users tax	57,775	57,561	-	-	57,775	57,561	0.4%
Other taxes	20,358	23,865	15,852	17,538	36,210	41,403	-12.5%
Unrestricted:							
Sales taxes shared state revenue	48,905	54,821	-	-	48,905	54,821	-10.8%
State of California in-lieu sales tax	15,745	16,344	-	-	15,745	16,344	-3.7%
Intergovernmental revenue	4,224	2,836	-	-	4,224	2,836	48.9%
Investment earnings	14,896	31,507	5,746	6,898	20,642	38,405	-46.3%
Miscellaneous	10,368	12,149	-	353	10,368	12,502	-17.1%
Gain on disposition of capital assets	2,912	-	-	-	2,912	-	-
Total revenues	<u>609,618</u>	<u>642,861</u>	<u>266,825</u>	<u>244,259</u>	<u>876,443</u>	<u>887,120</u>	-1.2%
Expenses							
Governmental activities							
General Government	45,956	49,866	-	-	45,956	49,866	-7.8%
Police	153,874	159,207	-	-	153,874	159,207	-3.3%
Fire	107,119	104,149	-	-	107,119	104,149	2.9%
General Services	28,132	27,527	-	-	28,132	27,527	2.2%
Transportation	95,238	89,016	-	-	95,238	89,016	7.0%
Economic Development	10,055	10,048	-	-	10,055	10,048	0.1%
Convention, Culture & Leisure	18,573	21,518	-	-	18,573	21,518	-13.7%
Parks & Recreation	54,209	60,930	-	-	54,209	60,930	-11.0%
Code Enforcement	10,882	10,154	-	-	10,882	10,154	7.2%
Development Services	24,063	30,247	-	-	24,063	30,247	-20.4%
Planning	2,973	6,830	-	-	2,973	6,830	-56.5%
Neighborhood Services	1,370	1,667	-	-	1,370	1,667	-17.8%
Library	13,976	9,935	-	-	13,976	9,935	40.7%
Interest on long-term debt	29,284	31,157	-	-	29,284	31,157	-6.0%
Business-type activities							
Water	-	-	66,757	63,364	66,757	63,364	5.4%
Sewer	-	-	20,498	18,330	20,498	18,330	11.8%
Storm Drainage	-	-	38,483	38,570	38,483	38,570	-0.2%
Solid Waste	-	-	67,911	48,735	67,911	48,735	39.3%
Community Center	-	-	20,342	20,507	20,342	20,507	-0.8%
Parking	-	-	16,009	17,154	16,009	17,154	-6.7%
Child Development	-	-	7,617	6,604	7,617	6,604	15.3%
Marina	-	-	1,045	1,257	1,045	1,257	-16.9%
Total expenses	<u>595,704</u>	<u>612,251</u>	<u>238,662</u>	<u>214,521</u>	<u>834,366</u>	<u>826,772</u>	0.9%
Excess before transfers	13,914	30,610	28,163	29,738	42,077	60,348	-30.3%
Special Items - net	(929)	18,791	-	5,645	(929)	24,436	-103.8%
Transfers	8,348	12,898	(8,348)	(12,898)	-	-	-
Change in net assets	21,333	62,299	19,815	22,485	41,148	84,784	-51.5%
Net assets, beginning of year (restated)	<u>1,700,358</u>	<u>1,638,059</u>	<u>776,926</u>	<u>754,441</u>	<u>2,477,284</u>	<u>2,392,500</u>	3.5%
Net assets, end of year	<u>\$ 1,721,691</u>	<u>\$ 1,700,358</u>	<u>\$ 796,741</u>	<u>\$ 776,926</u>	<u>\$ 2,518,432</u>	<u>\$ 2,477,284</u>	1.7%

Revenue

Total City revenue for the year ended June 30, 2009 was \$876 million, down 1.2%, or \$11 million, from the previous fiscal year. Revenue decreases included governmental capital grants and

contributions, sales taxes, other taxes, and investment earnings. Governmental capital grants and contributions were higher in 2008 because of \$15 million of CAMA contributions for the Crocker Art Museum Expansion project and \$13 million of community facilities district bonds proceeds. The decline in sales tax revenue is attributable to the reduced retail and other economic activity. The decline in other taxes is primarily attributable to declines in real property transfer tax and transient occupancy tax. Investment earnings are lower in 2009 compared to 2008 as a result of lower investment return rates, 2.3% in 2009 compared with 4.3% in 2008, and lower cash balances as a result of spending down General Fund reserves and capital improvement bond proceeds.

The revenue decreases were partially offset by increased governmental charges for services and business-type capital grants and contributions. The increases in charges for services from governmental activities were primarily from the ambulance service and code enforcement fees for housing and dangerous buildings. The increase in business-type capital grants and contributions is attributable to developer infrastructure dedications.

Expenses

Total City expenses for the year ended June 30, 2009, before special items and transfers, was \$834 million, up 0.9%, or \$7 million from the previous year. Expenses were lower than 2008 in governmental activities as a result of General Fund budget reductions. Expenses were higher than 2008 in business-type activities due to expected labor and other cost increases, as well as an increase in the estimated liability for solid waste landfill closure and post-closure costs.

Governmental Activities

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs.

City of Sacramento
Net Cost of Governmental Activities
 For the Fiscal Years Ended June 30, 2009 and 2008
 (in millions)

	Total Cost of Services		Total Percent Change	Net (Costs) Benefit of Services		Total Percent Change
	2009	2008		2009	2008	
Police	\$ 154	\$ 159	-3.14%	\$ (135)	\$ (139)	-2.88%
Fire	107	104	2.88%	(80)	(84)	-4.76%
Transportation	95	89	6.74%	36	26	38.46%
Parks and Recreation	54	61	-11.48%	(16)	(19)	-15.79%
Development Services	24	30	-20.00%	(6)	(4)	50.00%
Other	171	178	-3.93%	(96)	(86)	11.63%
Total	\$ 605	\$ 621	-2.58%	\$ (297)	\$ (306)	-2.94%

The total cost for all governmental activities, including indirect expenses of \$10 million that are allocated to the business type activities, was \$605 million. The City's taxpayers paid for approximately 49 percent of these costs, or \$297 million. Fees and other charges for services,

grants, and contributions funded the balance of the costs of governmental activities. The net cost of services decreased 3% compared to 2008.

Police total and net costs of services decreased \$5 million and \$4 million, respectively, mostly due to General Fund budget reductions. Fire total costs of services increased due to the settlement of their labor contract, while the net costs of Fire services was reduced by additional ambulance service revenue earned in 2009. Transportation's net benefit increased \$10 million because of an increase in capital grants and contribution revenue. Parks and Recreation's total and net costs of services decreased primarily due to General Fund expenditure budget reductions. The change in Development Services resulted mainly from General Fund expenditure budget reductions and declining revenue related to the slowdown in real estate development.

Business-type Activities

Total revenue of the City's business-type activities totaled \$267 million. Expenses of business-type activities were \$239 million, including indirect expenses of \$10 million allocated from governmental activities. Capital grants and contributions in the water, sewer, and storm drainage activities provided \$38 million to finance capital improvements. The costs of capital improvements are reported as capital assets in the statement of net assets, rather than as expenses in the statement of activities. Business-type expenses increased approximately \$24 million primarily due to labor cost increases and a change in the estimated liability for solid waste landfill closure and post-closure costs.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to assure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported combined fund balances at June 30, 2009 of \$365 million, a decrease of \$100 million from the previous fiscal year. The General Fund's fund balance decreased by \$26.9 million, consistent with the City's plan to use accumulated reserves to soften the effects of five-year labor agreements. The General Fund Projects fund balance decreased \$51.9 million, primarily due to spending on Community Reinvestment Capital Improvement Program projects. The City's Capital Grants fund balance increased by \$8 million as a result of collecting more revenue from grantor agencies as reimbursement for current and prior year expenditures, compared to current year expenditures. The Crocker Art Museum Fund's fund balance decreased by \$5.9 million because of expenditures funded by contributions received from the Crocker Art Museum Association for the renovation project. The Transportation and Development fund balance decreased by \$7.0 million because operating and capital expenditures, including principal repayment of the note used to help finance the downtown railyards land purchase, exceeded current year revenue collected.

The City's proprietary funds provide the same type of information as the government-wide financial statements in greater detail. The City's proprietary funds reported combined net assets of \$797 million at June 30, 2009, an increase of \$19.8 million over 2008. The change in net assets was primarily due to overall net operating losses of \$14.6 million, and net non-operating revenues of \$4.7 million, in excess of expenses. Capital contributions and transfers provided an increase to net assets of approximately \$29.7 million.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City budget with three categories of adjustments:

- Midyear revenue and appropriation adjustments in response to the City's declining revenues.
- Changes made to appropriations for the use of designations of fund balance.
- Other revenue adjustments and appropriations approved after the original budget is adopted.

After taking into account these adjustments, actual expenditures were \$45.4 million lower than final budget amounts. Capital outlay expenditures and multi-year operating project expenditures were less than budgeted amounts by \$25.5 million and \$2.1 million, respectively, because of the carryover of prior-year unencumbered project budgets for multi-year projects and unspent current year appropriations. All General Fund departments reported favorable operating expenditure budget variances as a result of holding positions vacant and other discretionary spending constraints.

Revenues were \$5.3 million lower than the final budgeted amount, primarily because of a shortfall in general tax revenues. On a year to year basis there were reductions in the sales tax, real property transfer tax, and other tax revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2009, the City had invested \$2.8 billion in a broad range of capital assets, including police and fire equipment, buildings, parks and park improvements, roads, bridges, water, sewer and storm drainage transmission and distribution systems. The current year capital assets additions of \$241 million were offset by current year depreciation expense of \$122 million for a net increase in capital assets of \$118 million.

City of Sacramento
Capital Assets
 As of June 30, 2009 and 2008
 (net of depreciation, in millions)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Capital assets not being depreciated						
Land and improvements	\$ 160	\$ 158	\$ 52	\$ 46	\$ 212	\$ 204
Construction in progress	227	198	29	58	256	256
Depreciable capital assets:						
Buildings and improvements	370	376	178	174	548	550
Equipment	31	10	31	27	62	37
Vehicles	45	44	-	-	45	44
Transmission and distribution systems	3	4	745	715	748	719
Road network	707	684	-	-	707	684
Street light network	112	111	-	-	112	111
Park and park improvements	96	63	-	-	96	63
Total	<u>\$ 1,751</u>	<u>\$ 1,648</u>	<u>\$ 1,035</u>	<u>\$ 1,020</u>	<u>\$ 2,786</u>	<u>\$ 2,668</u>

This year's major capital asset additions included:

- The Crocker Art Museum expansion project contributed an additional \$33 million to construction in progress in governmental funds. The \$85 million expansion will triple the size of the museum and will include a new auditorium and educational center among many other new "state of the art" facilities. Construction is expected to be completed in 2010.
- Roadway infrastructure and streetlights in the North Natomas area were dedicated to the City by developers at an estimated fair market value of \$12 million.
- Storm drainage transmission and distribution systems infrastructure financed primarily by the North Natomas Finance Plan development impact fees and developer dedications, with current year additions of approximately \$18 million.
- Other capital projects in progress include the Valley Hi - North Laguna Library, George Sim Community Center, Robbie Waters Pocket - Greenhaven Library, Consumnes River Boulevard Extension and Interchange at Interstate 5, West El Camino Bridge Replacement, and the North Natomas Library projects. Several projects were completed in the current fiscal year and transferred from construction in progress to the appropriate capital asset category.

More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

Long-term Debt

At June 30, 2009 and 2008, total City debt outstanding was \$890 and \$943 million, respectively, a decrease of \$53 million from June 30, 2008 (not including \$15 million of discretely presented component unit long-term debt outstanding).

Governmental debt decreased a net \$45 million due to principal payments of \$18 million on existing bonds, \$25 million on notes, and about \$2 million on capital leases. The note payable to Bank of America for downtown railyards land acquisition was the most significant principal reduction in the current fiscal year. Business-type debt decreased a net \$8 million due to principal payments of \$11 million on existing bonds, \$5 million on notes, and \$1 million on capital leases, offset by an increase of almost \$9 million in notes and capital leases payable to finance the Marina South Basin Improvements and purchase new refuse trucks for the City's solid waste services.

**City of Sacramento
Outstanding Debt**
As of June 30, 2009 and 2008
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue and other bonds, net	\$ 514	\$ 532	\$ 313	\$ 323	\$ 827	\$ 855
Notes payable	1	26	49	50	50	76
Capital lease obligations	7	9	6	3	13	12
Total outstanding debt	\$ 522	\$ 567	\$ 368	\$ 376	\$ 890	\$ 943

The City continues to maintain good underlying credit ratings on all of its debt issues. The following are the City's underlying debt ratings at June 30, 2009 as determined by Moody's Investors Service, Inc. (Moody's) and Standard & Poor's (S & P).

	<u>Moody's</u>	<u>S & P</u>
Insured issues:		
• 1993 Refunded Lease Revenue Bonds, Series A	Ba3	BBB
• 1996 Lighting and Landscaping Bonds	Baa1	A
• 1997 Lease Revenue Bonds	Baa1	A
• 1999 Capital Improvement Revenue Bonds	Ba3	A
• 2003 Capital Improvement Revenue Bonds	Aa3	A
• 2005 Refunding Revenue Bonds	A1	A
• 2006 Capital Improvement Revenue Bonds, Series A and B	Aa3	A
• 2006 Capital Improvement Revenue Bonds, Series C, D and E	Aa3	A
Uninsured issues:		
• 1993 Refunded Lease Revenue Bonds, Series B	A1	A+
• 2002 Refunding Revenue Bonds	A1	AA-

Subsequent to June 30, 2009, Moody's and S & P downgraded the City's debt ratings. Moody's downgraded the City's issuer credit rating one step, from Aa2 to Aa3, and placed the City on a negative outlook. Moody's downgraded the 2006 Series A, B, C, D, and E bonds, as well as the 2003 bonds, from Aa3 to A1. Additionally, the 2002, 2005 and 1993 Series B bonds were downgraded from A1 to A2. These downgrades are driven by the continuing weakness of the local economy and the City's use of reserves in recent years. S & P downgraded the City's issuer credit rating two steps but put the City on stable outlook.

More detailed information about the City's total long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

The City faces a number of serious challenges in the current fiscal year and in its financial outlook over the next several years. The housing crisis and significant downturn of the real estate market and its associated industries have resulted in significant impacts on the City's property and sales tax revenues, the two largest sources of discretionary revenue. The decline in revenues the City is experiencing is not limited to the City of Sacramento, as many local governments in this region and across the State, the State of California, and the national economy, are also experiencing similar challenges. As a result, revenue estimates are based on the reality that overall revenues will continue to be significantly lower than in recent years and there will be no growth over the next three to four years.

Next Year's Budget

The General Fund budget for FY2009/10 appropriates \$386 million, a decrease of 9.2 percent compared to the prior year. General Fund revenue in the approved FY2009/10 budget is estimated to be \$381 million, \$16 million below the amount in the FY2008/09 approved budget. The budgetary gap in the General Fund between ongoing revenues and expenditures was bridged in FY2009/10 using a combination of spending cuts, increased revenues and reimbursements, and use of the City's reserves. Use of fund balance reserves is not sustainable, and the ongoing funding gap must be addressed in the FY2010/11 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances, and to demonstrate the City's accountability for the money it receives. If you have questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact the City of Sacramento Department of Finance, Accounting Division, 915 I Street, Fourth Floor, Sacramento, CA, 95814, or visit the City's web page at www.cityofsacramento.org.

Government-wide Financial Statements

City of Sacramento

Statement of Net Assets

June 30, 2009

(in thousands)



	Primary Government			Sacramento Regional Arts Facilities Financing Authority
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and investments	\$ 382,977	\$ 114,741	\$ 497,718	\$ -
Securities lending assets	79,867	28,459	108,326	-
Receivables, net	242,069	63,467	305,536	13,594
Internal balances	17,617	(17,617)	-	-
Inventories	1,651	3,139	4,790	-
Prepaid items	351	15	366	-
Restricted cash and investments	99,948	33,634	133,582	1,108
Deferred charges	4,894	4,354	9,248	572
Land and other capital assets not being depreciated	387,198	81,086	468,284	-
Other capital assets, net of depreciation	1,364,076	953,922	2,317,998	-
Total assets	2,580,648	1,265,200	3,845,848	15,274
<u>LIABILITIES</u>				
Securities lending obligations	82,767	29,498	112,265	-
Payables	77,389	26,748	104,137	174
Unearned revenue	19,892	2,299	22,191	-
Long-term liabilities:				
Due within one year	38,053	16,501	54,554	360
Due in more than one year	640,856	393,413	1,034,269	14,401
Total liabilities	858,957	468,459	1,327,416	14,935
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	1,378,249	687,417	2,065,666	-
Restricted for:				
Capital projects	221,594	16,866	238,460	-
Debt service	544	-	544	339
Trust and endowments:				
Expendable	4,442	-	4,442	-
Nonexpendable	1,934	-	1,934	-
Other	30,836	-	30,836	-
Unrestricted	84,092	92,458	176,550	-
Total net assets	\$ 1,721,691	\$ 796,741	\$ 2,518,432	\$ 339

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



City of Sacramento

Statement of Activities

For the Fiscal Year Ended June 30, 2009
(in thousands)

Functions/Programs	Program Revenues					
	Operating Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government:						
Governmental activities:						
General government	\$ 53,212	\$ (7,256)	\$ 5,290	\$ 1,242	\$ -	\$ (39,424)
Police	153,874	-	4,819	14,044	-	(135,011)
Fire	107,119	-	24,448	2,482	294	(79,895)
General services	30,419	(2,287)	10,878	-	4,983	(12,271)
Transportation	95,238	-	26,391	15,637	89,341	36,131
Economic development	10,055	-	8,345	24	758	(928)
Convention, culture and leisure	18,573	-	11,026	1,352	6,377	182
Parks and recreation	54,209	-	10,187	13,809	13,748	(16,465)
Code enforcement	10,882	-	7,932	191	-	(2,759)
Development services	24,063	-	16,115	-	1,818	(6,130)
Planning	2,973	-	108	24	2,331	(510)
Neighborhood services	1,370	-	195	-	-	(1,175)
Library	13,976	-	-	4,401	39	(9,536)
Interest on long-term debt	29,284	-	-	-	-	(29,284)
Total governmental activities	605,247	(9,543)	125,734	53,206	119,689	(297,075)
Business-type activities:						
Water	64,046	2,711	62,619	-	16,993	12,855
Sewer	19,597	901	19,775	-	1,479	756
Storm drainage	36,927	1,556	32,747	599	19,598	14,461
Solid waste	65,024	2,887	55,949	589	24	(11,349)
Community center	19,523	819	7,651	-	-	(12,691)
Parking	15,448	561	18,661	-	-	2,652
Child development	7,617	-	5,640	1,155	-	(822)
Marina	937	108	1,748	-	-	703
Total business-type activities	229,119	9,543	204,790	2,343	38,094	6,565
Total primary government	\$ 834,366	\$ -	\$ 330,524	\$ 55,549	\$ 157,783	\$ (290,510)
Component units:						
Sacramento Hotel Corporation	\$ 12,862	\$ -	\$ 13,364	\$ -	\$ -	\$ 502
Sacramento Regional Arts Facilities Financing Authority	727	-	-	-	-	(727)
Total component units	\$ 13,589	\$ -	\$ 13,364	\$ -	\$ -	\$ (225)

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

City of Sacramento

Statement of Activities

For the Fiscal Year Ended June 30, 2009
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net assets:				
Net (expense) revenue	\$ (297,075)	\$ 6,565	\$ (290,510)	\$ (225)
General revenues:				
Taxes:				
Property taxes	135,806	-	135,806	-
Utility user taxes	57,775	-	57,775	-
Other taxes	20,358	15,852	36,210	-
Unrestricted sales taxes shared state revenue	48,905	-	48,905	-
Unrestricted in lieu sales tax	15,745	-	15,745	-
Unrestricted intergovernmental revenue	4,224	-	4,224	-
Unrestricted investment earnings	14,896	5,746	20,642	1,103
Unrestricted miscellaneous	10,368	-	10,368	-
Gain on disposition of capital assets	2,912	-	2,912	-
Special item - distribution from component unit	1,419	-	1,419	-
Special item - payment from redevelopment agency	5,000	-	5,000	-
Special item - payment to redevelopment agency	(7,348)	-	(7,348)	-
Special item - gain from discontinued operations	-	-	-	35,667
Special item - distribution to primary government	-	-	-	(29,599)
Transfers	8,348	(8,348)	-	-
Total general revenues, special items, and transfers	318,408	13,250	331,658	7,171
Change in net assets	21,333	19,815	41,148	6,946
Net assets (deficit), beginning of year, as restated (note 1)	1,700,358	776,926	2,477,284	(6,607)
Net assets end of year	\$ 1,721,691	\$ 796,741	\$ 2,518,432	\$ 339

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

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Fund Financial Statements

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City of Sacramento
Governmental Funds
Balance Sheet

June 30, 2009
(in thousands)



	<u>General Fund</u>	<u>General Fund Projects Fund</u>	<u>Capital Grants Fund</u>	<u>Crocker Art Museum Fund</u>	<u>Financing Plans Fund</u>
<u>ASSETS</u>					
Cash and investments held by City	\$ 77,467	\$ 119	\$ -	\$ -	\$ 119,989
Cash and investments held by fiscal agent	-	-	-	-	-
Securities lending assets	17,854	7,310	-	8,490	25,207
Receivables, net:					
Taxes	21,988	-	-	-	-
Accounts	12,162	-	-	-	5,499
Loans	862	-	-	-	-
Intergovernmental	-	-	35,226	-	-
Interest	365	150	-	175	518
Due from other funds	9	-	-	-	-
Prepaid items	316	-	-	-	-
Restricted assets:					
Cash and investments held by City	-	51,499	26	28,376	8
Cash and investments held by fiscal agent	-	-	-	-	-
Advances to other funds	400	-	-	-	-
Total assets	<u>\$ 131,423</u>	<u>\$ 59,078</u>	<u>\$ 35,252</u>	<u>\$ 37,041</u>	<u>\$ 151,221</u>

City of Sacramento
Governmental Funds
Balance Sheet

June 30, 2009
(in thousands)

	<u>1997 Lease Revenue Bond Fund</u>	<u>Transportation and Development Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and investments held by City	\$ 2,097	\$ 73,304	\$ 78,375	\$ 351,351
Cash and investments held by fiscal agent	-	-	3,817	3,817
Securities lending assets	-	9,676	7,689	76,226
Receivables, net:				
Taxes	-	-	-	21,988
Accounts	-	1,515	3,353	22,529
Loans	69,870	-	748	71,480
Intergovernmental	-	20,560	67,574	123,360
Interest	807	199	280	2,494
Due from other funds	-	-	-	9
Prepaid items	-	-	35	351
Restricted assets:				
Cash and investments held by City	-	-	810	80,719
Cash and investments held by fiscal agent	-	-	19,229	19,229
Advances to other funds	-	-	-	400
Total assets	<u>\$ 72,774</u>	<u>\$ 105,254</u>	<u>\$ 181,910</u>	<u>\$ 773,953</u>

City of Sacramento
Governmental Funds
Balance Sheet

June 30, 2009
(in thousands)

	General Fund	General Fund Projects Fund	Capital Grants Fund	Crocker Art Museum Fund	Financing Plans Fund
Liabilities:					
Securities lending obligations	\$ 18,507	\$ 7,576	\$ -	\$ 8,800	\$ 26,128
Accounts payable	31,445	3,982	4,217	5,632	971
Investment purchases payable	2,176	889	-	1,033	3,066
Accrued compensated absences	357	-	-	-	-
Due to other funds	-	-	24,663	-	-
Matured bonds and interest payable	-	-	-	-	-
Accrued claims and judgments	-	860	-	-	-
Deposits	161	-	651	-	-
Deferred revenue	6,299	-	30,784	-	6,765
Advances from other funds	390	-	-	-	-
	<u>59,335</u>	<u>13,307</u>	<u>60,315</u>	<u>15,465</u>	<u>36,930</u>
Total liabilities					
Fund balances:					
Reserved:					
For noncurrent assets	969	-	-	-	-
For encumbrances	5,189	13,600	18,912	32,876	2,015
For debt service	-	544	-	-	-
For prepaid items	316	-	-	-	-
For trust obligations	-	-	-	-	-
Unreserved:					
Designated for economic uncertainty	10,540	-	-	-	-
Designated for capital projects	25,925	24,299	-	-	41,526
Designated for Voluntary Separation Program	785	-	-	-	-
Designated for fiscal year 2010 results	11,339	-	-	-	-
Designated for subsequent years' expenditures	16,150	290	-	-	1,423
Undesignated	875	7,038	(43,975)	(11,300)	69,327
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
	<u>72,088</u>	<u>45,771</u>	<u>(25,063)</u>	<u>21,576</u>	<u>114,291</u>
Total fund balances (deficit)					
Total liabilities and fund balances	<u>\$ 131,423</u>	<u>\$ 59,078</u>	<u>\$ 35,252</u>	<u>\$ 37,041</u>	<u>\$ 151,221</u>

(continued)

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

City of Sacramento
Governmental Funds
Balance Sheet

June 30, 2009
(in thousands)

	1997 Lease Revenue Bond Fund	Transportation and Development Fund	Other Governmental Funds	Total Governmental Funds
Liabilities:				
Securities lending obligations	\$ -	\$ 10,029	\$ 7,954	\$ 78,994
Accounts payable	-	3,818	4,919	54,984
Investment purchases payable	-	895	743	8,802
Accrued compensated absences	-	-	-	357
Due to other funds	-	18,869	1,158	44,690
Matured bonds and interest payable	-	-	3,101	3,101
Accrued claims and judgments	-	-	9	869
Deposits	-	633	585	2,030
Deferred revenue	70,677	22,003	71,141	207,669
Advances from other funds	-	-	7,472	7,862
	<u>-</u>	<u>-</u>	<u>7,472</u>	<u>7,862</u>
Total liabilities	<u>70,677</u>	<u>56,247</u>	<u>97,082</u>	<u>409,358</u>
Fund balances:				
Reserved:				
For noncurrent assets	-	-	746	1,715
For encumbrances	-	7,655	3,332	83,579
For debt service	-	-	19,973	20,517
For prepaid items	-	-	35	351
For trust obligations	-	-	1,934	1,934
Unreserved:				
Designated for economic uncertainty	-	-	-	10,540
Designated for capital projects	-	31,062	-	122,812
Designated for Voluntary Separation Program	-	-	-	785
Designated for fiscal year 2010 results	-	-	-	11,339
Designated for subsequent years' expenditures	-	10,290	-	28,153
Undesignated	2,097	-	-	24,062
Unreserved, reported in:				
Special revenue funds	-	-	32,274	32,274
Debt service funds	-	-	7,771	7,771
Capital projects funds	-	-	16,196	16,196
Permanent funds	-	-	2,567	2,567
	<u>-</u>	<u>-</u>	<u>2,567</u>	<u>2,567</u>
Total fund balances (deficit)	<u>2,097</u>	<u>49,007</u>	<u>84,828</u>	<u>364,595</u>
Total liabilities and fund balances	<u>\$ 72,774</u>	<u>\$ 105,254</u>	<u>\$ 181,910</u>	<u>\$ 773,953</u>

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



City of Sacramento
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2009
(in thousands)

Fund balances - total governmental funds		\$ 364,595
Amounts reported for governmental activities in the statement of net assets are different because:		
Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds.		188,277
Deferred charges represent costs associated with the issuance of long-term debt which are deferred and amortized over the period which the debt is outstanding. The costs are reported as expenditures of the current period in the governmental funds.		4,855
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Governmental capital assets	\$ 2,668,805	
Less: accumulated depreciation	<u>(966,202)</u>	
		1,702,603
Certain current liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of the following:		
Interest payable		(2,643)
Termination payments liability		(409)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued compensated absences	(31,171)	
Financing plan fee credits	(36,954)	
Pollution remediation obligations	(1,004)	
Revenue and other bonds payable, net	(507,344)	
Capital lease obligations payable	(7,354)	
Notes payable	(812)	
OPEB liability	<u>(34,641)</u>	
		(619,280)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		<u>83,693</u>
Net assets of governmental activities		<u><u>\$ 1,721,691</u></u>

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City of Sacramento

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2009

(in thousands)

	General Fund	General Fund Projects Fund	Capital Grants Fund	Crocker Art Museum Fund	Financing Plans Fund
Revenues:					
Taxes	\$ 275,726	\$ -	\$ -	\$ -	\$ -
Intergovernmental	16,833	-	50,106	-	83
Charges for services	59,416	-	-	-	49
Fines, forfeits and penalties	10,999	-	-	-	-
Interest, rents, and concessions	861	2,329	-	1,215	4,231
Community service fees	-	-	-	-	9,289
Assessment levies	-	-	-	-	-
Contributions and donations	-	-	-	3,440	407
Miscellaneous	180	-	-	-	-
Total revenues	364,015	2,329	50,106	4,655	14,059
Expenditures:					
Current:					
General government	29,014	-	-	-	-
Police	131,377	-	-	-	-
Fire	98,276	-	-	-	-
General services	14,419	-	-	-	-
Transportation	8,360	-	-	-	-
Neighborhood services	1,284	-	-	-	-
Convention, culture and leisure	5,133	1,125	-	-	-
Economic development	4,736	-	-	-	-
Parks and recreation	22,969	-	-	-	164
Code enforcement	10,414	-	-	-	-
Development services	16,189	-	-	-	628
Planning	2,386	-	-	-	-
Library	9,005	-	-	-	-
Utilities	67	-	-	-	-
Nondepartmental	25,336	-	-	-	-
Capital outlay	9,005	52,348	42,094	10,477	22,257
Debt service:					
Principal	6,113	-	-	-	1,746
Interest and fiscal charges	3,633	134	-	86	377
Total expenditures	397,716	53,607	42,094	10,563	25,172
Excess (deficiency) of revenues over (under) expenditures	(33,701)	(51,278)	8,012	(5,908)	(11,113)
Other financing sources (uses):					
Transfers in	33,540	-	-	-	-
Transfers out	(28,776)	(626)	-	-	(2,567)
Issuance of long-term debt	-	-	-	-	10,981
Proceeds from sale of property	2,992	-	-	-	-
Total other financing sources (uses)	7,756	(626)	-	-	8,414
Special items:					
Special item - distribution from component unit	1,419	-	-	-	-
Special item - payment to redevelopment agency	(7,348)	-	-	-	-
Special item - payment from redevelopment agency	5,000	-	-	-	-
Total special items	(929)	-	-	-	-
Net change in fund balances	(26,874)	(51,904)	8,012	(5,908)	(2,699)
Fund balances (deficit), beginning of year	98,962	97,675	(33,075)	27,484	116,990
Fund balances (deficit), end of year	\$ 72,088	\$ 45,771	\$ (25,063)	\$ 21,576	\$ 114,291

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

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

For the Fiscal Year Ended June 30, 2009

(in thousands)

	1997 Lease Revenue Bond Fund	Transportation and Development Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ -	\$ 1,644	\$ -	\$ 277,370
Intergovernmental	-	48,092	46,304	161,418
Charges for services	-	4,958	5,980	70,403
Fines, forfeits and penalties	-	1,214	-	12,213
Interest, rents, and concessions	59	2,135	4,584	15,414
Community service fees	-	707	3,301	13,297
Assessment levies	-	-	33,204	33,204
Contributions and donations	4,214	-	71	8,132
Miscellaneous	-	-	32	212
Total revenues	4,273	58,750	93,476	591,663
Expenditures:				
Current:				
General government	-	-	2,924	31,938
Police	-	-	13,771	145,148
Fire	-	-	1,337	99,613
General services	-	-	8,977	23,396
Transportation	-	13,886	10,656	32,902
Neighborhood services	-	-	79	1,363
Convention, culture and leisure	-	-	8,858	15,116
Economic development	-	-	4,736	9,472
Parks and recreation	-	-	22,712	45,845
Code enforcement	-	-	191	10,605
Development services	-	5,064	-	21,881
Planning	-	-	323	2,709
Library	-	-	4,401	13,406
Utilities	-	-	-	67
Nondepartmental	-	-	692	26,028
Capital outlay	-	26,841	17,103	180,125
Debt service:				
Principal	1,060	20,320	16,550	45,789
Interest and fiscal charges	3,925	64	22,249	30,468
Total expenditures	4,985	66,175	135,559	735,871
Excess (deficiency) of revenues over (under) expenditures	(712)	(7,425)	(42,083)	(144,208)
Other financing sources (uses):				
Transfers in	-	721	30,815	65,076
Transfers out	-	(298)	(1,428)	(33,695)
Issuance of long-term debt	-	-	-	10,981
Proceeds from sale of property	-	-	-	2,992
Total other financing sources (uses)	-	423	29,387	45,354
Special items:				
Special item - distribution from component unit	-	-	-	1,419
Special item - payment to redevelopment agency	-	-	-	(7,348)
Special item - payment from redevelopment agency	-	-	-	5,000
Total special items	-	-	-	(929)
Net change in fund balances	(712)	(7,002)	(12,696)	(99,783)
Fund balances (deficit), beginning of year	2,809	56,009	97,524	464,378
Fund balances (deficit), end of year	\$ 2,097	\$ 49,007	\$ 84,828	\$ 364,595

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



City of Sacramento

Governmental Funds

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

For the Fiscal Year Ended June 30, 2009

(in thousands)

Net change in fund balances - total governmental funds \$ (99,783)

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

Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 174,134	
Depreciation expense	<u>(78,118)</u>	
		96,016

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds - infrastructure dedications. 17,126

In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds, proceeds from sales increase financial resources. (80)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Issuance of long-term debt	(10,981)	
Principal repayments on long-term debt	<u>45,789</u>	
		34,808

Earned deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in governmental funds. Revenue in the statement of activities is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in revenues - unavailable revenues at the end of the year were less than beginning unavailable revenues by this amount. (4,652)

City of Sacramento

Governmental Funds

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

For the Fiscal Year Ended June 30, 2009

(in thousands)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	1,957	
Other post-employment benefits	(17,436)	
Pollution remediation	197	
Termination payments	2,680	
Accrued interest	1,208	
Amortization of issuance costs	(272)	
Amortization of bond discount	(8)	
Amortization of bond premium	1,064	
Amortization of gain/loss on refunding	<u>(808)</u>	
		(11,418)

Capital assets transferred from governmental activities to business-type activities are reported as transfers in the statement of activities. The transfers are not reported in the governmental funds as the amount did not involve the transfer of financial resources. (10,323)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet, to individual funds. The net expense of the internal service funds is reported with the governmental activities. (361)

Change in net assets of governmental activities \$ 21,333

City of Sacramento
General Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
with Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2009

(in thousands)



	Budgeted Amounts		Actual	Variance with	Budget	Actual
	Original	Final	Amounts - Budgetary Basis	Final Budget - Positive (Negative)	to GAAP Reconciliation	Amounts - GAAP Basis
Revenues:						
Taxes	\$288,851	\$284,188	\$275,726	\$ (8,462)	\$ -	\$ 275,726
Intergovernmental	15,725	15,740	16,833	1,093	-	16,833
Charges for services	55,653	57,229	59,416	2,187	-	59,416
Fines, forfeits and penalties	8,689	9,352	10,999	1,647	-	10,999
Interest, rents, and concessions	5,648	2,610	861	(1,749)	-	861
Miscellaneous	491	214	180	(34)	-	180
Total revenues	375,057	369,333	364,015	(5,318)	-	364,015
Expenditures:						
Current:						
Charter offices	12,382	13,793	13,017	776	293	13,310
Finance	5,952	6,137	5,467	670	(67)	5,400
Information technology	6,738	6,907	6,752	155	(51)	6,701
Human resources	3,062	3,144	2,816	328	(42)	2,774
Labor relations	767	861	840	21	(11)	829
Subtotal - General government	28,901	30,842	28,892	1,950	122	29,014
Police	131,571	131,466	131,235	231	142	131,377
Fire	96,946	98,220	98,162	58	114	98,276
General services	15,035	15,020	14,368	652	51	14,419
Transportation	10,113	10,240	8,319	1,921	41	8,360
Neighborhood services	1,335	1,398	1,275	123	9	1,284
Convention, culture and leisure	5,785	5,664	4,940	724	193	5,133
Economic development	5,297	5,391	4,801	590	(65)	4,736
Parks and recreation	23,860	23,875	22,911	964	58	22,969
Code enforcement	10,356	10,469	10,454	15	(40)	10,414
Development services	22,330	22,612	16,186	6,426	3	16,189
Planning	2,562	2,718	2,355	363	31	2,386
Library	9,005	9,005	9,005	-	-	9,005
Utilities	67	67	67	-	-	67
Nondepartmental	28,167	31,065	25,138	5,927	198	25,336
Capital outlay	31,964	35,563	10,033	25,530	(1,028)	9,005
Debt service:						
Principal	1,411	6,091	6,091	-	22	6,113
Interest and fiscal charges	322	3,633	3,633	-	-	3,633
Total expenditures	425,027	443,339	397,865	45,474	(149)	397,716
Excess (deficiency) of revenues over (under) expenditures	(49,970)	(74,006)	(33,850)	40,156	149	(33,701)
Other financing sources (uses):						
Transfers in	24,326	33,233	33,540	307	-	33,540
Transfers out	(28,974)	(28,575)	(28,776)	(201)	-	(28,776)
Proceeds from sale of property	-	2,992	2,992	-	-	2,992
Total other financing sources (uses)	(4,648)	7,650	7,756	106	-	7,756
Special items:						
Special item - distribution from component unit	-	-	1,419	1,419	-	1,419
Special item - payment to redevelopment agency	-	(6,458)	(7,348)	(890)	-	(7,348)
Special item - payment from redevelopment agency	-	5,000	5,000	-	-	5,000
Total special items	-	(1,458)	(929)	529	-	(929)
Net change in fund balance	<u>\$(54,618)</u>	<u>\$(67,814)</u>	<u>\$(27,023)</u>	<u>\$ 40,791</u>	<u>\$ 149</u>	<u>\$(26,874)</u>

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



City of Sacramento
Transportation and Development Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
- Budget and Actual

For the Fiscal Year Ended June 30, 2009
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 17,848	\$ 17,848	\$ 16,544	\$ (1,304)
Fines, forfeits and penalties	1,295	1,295	1,214	(81)
Interest, rents, and concessions	924	924	403	(521)
Total revenues	20,067	20,067	18,161	(1,906)
Expenditures:				
Current:				
Transportation	16,083	16,083	13,539	2,544
Capital Outlay	17,503	16,257	7,451	8,806
Total expenditures	33,586	32,340	20,990	11,350
Excess (deficiency) of revenues over (under) expenditures	(13,519)	(12,273)	(2,829)	9,444
Other financing sources (uses):				
Transfers in	-	-	126	126
Transfers out	(108)	(108)	-	(108)
Net change in fund balances for budgeted activities	\$ (13,627)	\$ (12,381)	(2,703)	\$ 9,462
Net change in fund balances for Transportation and Development Special Revenue Fund activities for which annual budgets are not adopted.			(4,299)	
Net change in fund balance			\$ (7,002)	



City of Sacramento
Proprietary Funds
Statement of Net Assets
 June 30, 2009
 (in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Storm Drainage Fund	Solid Waste Fund
ASSETS				
Current assets:				
Cash and investments held by City	\$ 31,842	\$ 15,993	\$ 16,180	\$ -
Cash and investments held by fiscal agent	-	-	16	-
Securities lending assets	10,871	3,493	3,926	-
Receivables, net:				
Taxes	-	-	-	-
Accounts	9,614	9,797	7,168	12,164
Loans	1,633	232	694	53
Intergovernmental	953	439	32	595
Interest	298	108	194	-
Due from other funds	-	-	-	-
Inventories	2,413	89	637	-
Prepaid items	-	-	-	-
Total current assets	<u>57,624</u>	<u>30,151</u>	<u>28,847</u>	<u>12,812</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	16,419	-	1,107	2,429
Cash and investments held by fiscal agent	-	-	765	-
Advances to other funds	-	-	-	-
Loans receivable	10,396	1,407	4,221	-
Deferred charges	2,096	-	48	320
Capital assets:				
Land	645	1,138	17,040	1,133
Buildings and improvements	37,383	14,906	8,223	31,191
Machinery and equipment	14,541	4,139	15,305	8,363
Vehicles	-	-	-	-
Transmission and distribution system	511,014	127,081	357,524	-
Construction in progress	12,676	5,858	6,520	-
Less: accumulated depreciation	<u>(139,811)</u>	<u>(46,603)</u>	<u>(94,784)</u>	<u>(15,285)</u>
Total noncurrent assets	<u>465,359</u>	<u>107,926</u>	<u>315,969</u>	<u>28,151</u>
Total assets	<u>522,983</u>	<u>138,077</u>	<u>344,816</u>	<u>40,963</u>

City of Sacramento
Proprietary Funds
Statement of Net Assets
June 30, 2009
(in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Community Center Fund	Parking Fund	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and investments held by City	\$ 13,448	\$ 32,751	\$ 2,005	\$ 112,219	\$ 27,617
Cash and investments held by fiscal agent	2,468	38	-	2,522	192
Securities lending assets	2,791	7,378	-	28,459	3,641
Receivables, net:					
Taxes	1,879	-	-	1,879	-
Accounts	138	608	179	39,668	143
Loans	-	-	2	2,614	-
Intergovernmental	-	-	-	2,019	-
Interest	146	165	-	911	75
Due from other funds	-	-	-	-	53,177
Inventories	-	-	-	3,139	1,651
Prepaid items	-	7	8	15	-
Total current assets	20,870	40,947	2,194	193,445	86,496
Noncurrent assets:					
Restricted assets:					
Cash and investments held by City	108	321	890	21,274	-
Cash and investments held by fiscal agent	9,804	1,791	-	12,360	-
Advances to other funds	-	200	-	200	16,583
Loans receivable	52	300	-	16,376	-
Deferred charges	1,268	416	206	4,354	39
Capital assets:					
Land	21,739	6,795	3,821	52,311	-
Buildings and improvements	111,201	59,652	19,697	282,253	6,610
Machinery and equipment	3,643	4,168	184	50,343	1,434
Vehicles	-	-	-	-	111,914
Transmission and distribution system	-	-	-	995,619	-
Construction in progress	325	3,396	-	28,775	770
Less: accumulated depreciation	(45,723)	(24,719)	(7,368)	(374,293)	(72,057)
Total noncurrent assets	102,417	52,320	17,430	1,089,572	65,293
Total assets	123,287	93,267	19,624	1,283,017	151,789

City of Sacramento
Proprietary Funds
Statement of Net Assets
 June 30, 2009
 (in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Storm Drainage Fund	Solid Waste Fund
<u>LIABILITIES</u>				
Current liabilities:				
Securities lending obligations	11,268	3,621	4,069	-
Accounts payable and accrued expenses	5,547	7,744	1,809	1,843
Accrued compensated absences	185	37	148	90
Accrued claims and judgments	-	-	11	-
Investment purchases payable	1,323	425	478	-
Due to other funds	329	108	221	7,649
Interest payable	680	96	352	179
Liability for landfill closure	-	-	-	895
Deposits	-	-	-	-
Unearned revenue	-	-	63	-
Capital leases payable, current portion	-	-	-	897
Revenue and other bonds payable, net, current portion	3,315	-	399	686
Notes payable, current portion	-	656	1,969	-
Utility district payable, current portion	305	-	-	-
Total current liabilities	22,952	12,687	9,519	12,239
Noncurrent liabilities:				
Accrued compensated absences	1,991	590	1,944	1,254
Advances from other funds	657	215	441	491
Water fee credits	1,686	-	-	-
OPEB liability	1,877	803	873	2,512
Accrued claims and judgments	-	-	-	-
Liability for landfill closure	-	-	-	23,976
Capital leases payable	-	-	-	4,180
Revenue and other bonds payable, net	164,545	-	6,681	24,069
Notes payable	-	8,096	24,288	-
Utility district payable	305	-	-	-
Total noncurrent liabilities	171,061	9,704	34,227	56,482
Total liabilities	194,013	22,391	43,746	68,721
<u>NET ASSETS (DEFICIT)</u>				
Invested in capital assets, net of related debt	268,588	97,767	278,363	2,729
Restricted for:				
Capital projects	16,419	-	-	-
Unrestricted	43,963	17,919	22,707	(30,487)
Total net assets (deficit)	\$ 328,970	\$ 115,686	\$ 301,070	\$ (27,758)

(continued)

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

City of Sacramento
Proprietary Funds
Statement of Net Assets
June 30, 2009
(in thousands)

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Community Center Fund	Parking Fund	Other Enterprise Funds		
LIABILITIES					
Current liabilities:					
Securities lending obligations	2,893	7,647	-	29,498	3,773
Accounts payable and accrued expenses	1,243	1,376	860	20,422	6,900
Accrued compensated absences	55	20	18	553	88
Accrued claims and judgments	96	25	-	132	15,195
Investment purchases payable	340	898	-	3,464	443
Due to other funds	100	89	-	8,496	-
Interest payable	837	232	239	2,615	13
Liability for landfill closure	-	-	-	895	-
Deposits	-	-	115	115	-
Unearned revenue	1,018	187	1,031	2,299	500
Capital leases payable, current portion	-	-	79	976	-
Revenue and other bonds payable, net, current portion	5,454	1,049	-	10,903	287
Notes payable, current portion	-	-	244	2,869	-
Utility district payable, current portion	-	-	-	305	-
Total current liabilities	12,036	11,523	2,586	83,542	27,199
Noncurrent liabilities:					
Accrued compensated absences	556	262	326	6,923	958
Advances from other funds	7,338	179	-	9,321	-
Water fee credits	-	-	-	1,686	-
OPEB liability	209	357	83	6,714	901
Accrued claims and judgments	-	-	-	-	35,043
Liability for landfill closure	-	-	-	23,976	-
Capital leases payable	-	-	1,331	5,511	-
Revenue and other bonds payable, net	70,629	36,140	-	302,064	3,995
Notes payable	-	-	13,850	46,234	-
Utility district payable	-	-	-	305	-
Total noncurrent liabilities	78,732	36,938	15,590	402,734	40,897
Total liabilities	90,768	48,461	18,176	486,276	68,096
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt	24,906	14,215	849	687,417	44,376
Restricted for:					
Capital projects	447	-	-	16,866	-
Unrestricted	7,166	30,591	599	92,458	39,317
Total net assets (deficit)	\$ 32,519	\$ 44,806	\$ 1,448	\$ 796,741	\$ 83,693

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

City of Sacramento
Proprietary Funds
Statement of Revenues, Expenses
and Changes in Fund Net Assets

For the Fiscal Year Ended June 30, 2009
(in thousands)



	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Storm Drainage Fund	Solid Waste Fund
Operating revenues:				
Charges for services:				
User fees and charges	\$ 61,415	\$ 18,995	\$ 32,689	\$ 55,792
Rents and concessions	-	-	-	-
Charge to Regional Sanitation District for operating and maintaining treatment plant	-	760	-	-
Miscellaneous	1,204	20	58	157
Total operating revenues	<u>62,619</u>	<u>19,775</u>	<u>32,747</u>	<u>55,949</u>
Operating expenses:				
Employee services	23,952	7,908	22,484	17,539
Services and supplies	21,084	8,648	4,002	46,809
Depreciation	13,473	3,686	10,759	1,982
Insurance premiums	-	-	-	-
Claims and judgments	-	-	11	-
Total operating expenses	<u>58,509</u>	<u>20,242</u>	<u>37,256</u>	<u>66,330</u>
Operating income (loss)	<u>4,110</u>	<u>(467)</u>	<u>(4,509)</u>	<u>(10,381)</u>
Nonoperating revenues (expenses):				
Interest and investment revenue	2,294	593	718	(128)
Transient occupancy taxes	-	-	-	-
Revenue from other agencies	-	-	599	589
Interest expense	(8,129)	(256)	(1,222)	(1,554)
Amortization of deferred charges	(119)	-	(5)	(27)
Loss on disposition of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	<u>(5,954)</u>	<u>337</u>	<u>90</u>	<u>(1,120)</u>
Income (loss) before contributions and transfers	(1,844)	(130)	(4,419)	(11,501)
Capital contributions	17,204	1,943	29,246	24
Transfers in	914	492	842	805
Transfers out	(7,052)	(2,080)	(3,731)	(5,708)
Changes in net assets	9,222	225	21,938	(16,380)
Total net assets (deficit), beginning of year	<u>319,748</u>	<u>115,461</u>	<u>279,132</u>	<u>(11,378)</u>
Total net assets (deficit), end of year	<u>\$ 328,970</u>	<u>\$ 115,686</u>	<u>\$ 301,070</u>	<u>\$ (27,758)</u>

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

City of Sacramento
Proprietary Funds
Statement of Revenues, Expenses
and Changes in Fund Net Assets

For the Fiscal Year Ended June 30, 2009
(in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Community Center Fund	Parking Fund	Other Enterprise Funds	Total	
Operating revenues:					
Charges for services:					
User fees and charges	\$ 2,674	\$ 17,295	\$ 7,287	\$ 196,147	\$ 67,540
Rents and concessions	4,827	1,366	1	6,194	-
Charge to Regional Sanitation District for operating and maintaining treatment plant	-	-	-	760	-
Miscellaneous	150	-	100	1,689	330
Total operating revenues	<u>7,651</u>	<u>18,661</u>	<u>7,388</u>	<u>204,790</u>	<u>67,870</u>
Operating expenses:					
Employee services	6,450	4,136	6,635	89,104	11,913
Services and supplies	5,641	7,216	1,641	95,041	23,941
Depreciation	2,642	2,298	304	35,144	8,686
Insurance premiums	-	-	-	-	2,110
Claims and judgments	96	25	-	132	11,181
Total operating expenses	<u>14,829</u>	<u>13,675</u>	<u>8,580</u>	<u>219,421</u>	<u>57,831</u>
Operating income (loss)	<u>(7,178)</u>	<u>4,986</u>	<u>(1,192)</u>	<u>(14,631)</u>	<u>10,039</u>
Nonoperating revenues (expenses):					
Interest and investment revenue	993	1,259	17	5,746	2,569
Transient occupancy taxes	15,852	-	-	15,852	-
Revenue from other agencies	-	-	1,155	2,343	-
Interest expense	(5,381)	(2,309)	(82)	(18,933)	(185)
Amortization of deferred charges	(132)	(25)	-	(308)	(3)
Loss on disposition of capital assets	-	-	-	-	(71)
Total nonoperating (expenses) revenues	<u>11,332</u>	<u>(1,075)</u>	<u>1,090</u>	<u>4,700</u>	<u>2,310</u>
Income (loss) before contributions and transfers	4,154	3,911	(102)	(9,931)	12,349
Capital contributions	-	-	-	48,417	-
Transfers in	169	117	42	3,381	836
Transfers out	(1,421)	(1,887)	(173)	(22,052)	(13,546)
Changes in net assets	<u>2,902</u>	<u>2,141</u>	<u>(233)</u>	<u>19,815</u>	<u>(361)</u>
Total net assets (deficit), beginning of year	<u>29,617</u>	<u>42,665</u>	<u>1,681</u>	<u>776,926</u>	<u>84,054</u>
Total net assets (deficit), end of year	<u>\$ 32,519</u>	<u>\$ 44,806</u>	<u>\$ 1,448</u>	<u>\$ 796,741</u>	<u>\$ 83,693</u>

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



City of Sacramento

Proprietary Funds

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2009
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Storm Drainage Fund	Solid Waste Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 63,348	\$ 20,023	\$ 33,574	\$ 55,383
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(19,724)	(9,537)	(5,460)	(34,892)
Payments to employees	(23,225)	(7,626)	(22,113)	(16,620)
Claims and judgments paid	-	-	-	-
Net cash provided by (used for) operating activities	20,399	2,860	6,001	3,871
Cash flows from noncapital financing activities:				
Transient occupancy taxes	-	-	-	-
Proceeds from issuance of debt	-	-	-	4,596
Transfers in from other funds	914	492	842	805
Transfers out to other funds	(7,052)	(2,080)	(3,731)	(5,708)
Proceeds from interfund borrowing	-	-	1	-
Collections on interfund loans	-	-	214	-
Loans to other funds	-	-	-	-
Interfund loan repayments	-	-	-	(1,313)
Intergovernmental revenue received	-	-	599	589
Net cash provided by (used for) noncapital financing activities	(6,138)	(1,588)	(2,075)	(1,031)
Cash flows from capital and related financing activities:				
Proceeds from issuance of debt	-	-	-	-
Interfund loan repayments	(329)	(107)	(221)	(246)
Interest on interfund loan repayments	(31)	(10)	(20)	(23)
Acquisition and construction of capital assets	(5,588)	(3,484)	(2,584)	-
Water fee credits issued	88	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Principal payments on capital debt	(2,999)	(642)	(4,279)	(1,432)
Interest payments on capital debt	(8,220)	(218)	(1,074)	(1,395)
Transfers in from other funds	-	-	-	-
Capital contributions received	1,125	458	1,166	24
Loan repayments received	1,079	-	-	-
Net cash provided by (used for) capital and related financing activities	(14,875)	(4,003)	(7,012)	(3,072)
Cash flows from investing activities:				
Collection of interest and investment revenue	2,697	595	686	(128)
Investments sold in prior year with current year settlement	1,172	-	-	-
Investments purchased with settlement after year end	1,323	425	478	-
Loans made	(29)	(8)	(19)	(48)
Loan repayments	24	6	34	37
Net cash provided by (used for) investing activities	5,187	1,018	1,179	(139)
Net increase (decrease) in cash and cash equivalents	4,573	(1,713)	(1,907)	(371)
Cash and cash equivalents, beginning of year	43,688	17,706	19,975	2,800
Cash and cash equivalents, end of year	\$ 48,261	\$ 15,993	\$ 18,068	\$ 2,429
Reconciliation of cash and cash equivalents to the Statement of Net Assets:				
Cash and investments held by City	\$ 31,842	\$ 15,993	\$ 16,180	\$ -
Cash and investments held by fiscal agent	-	-	16	-
Restricted cash and investments held by City	16,419	-	1,107	2,429
Restricted cash and investments held by fiscal agent	-	-	765	-
Total cash and cash equivalents, end of year	\$ 48,261	\$ 15,993	\$ 18,068	\$ 2,429

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

City of Sacramento

Proprietary Funds

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2009

(in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Community Center Fund	Parking Fund	Other Enterprise Funds	Total	
Cash flows from operating activities:					
Receipts from customers and users	\$ 7,317	\$ 18,602	\$ 7,499	\$ 205,746	\$ -
Receipts from interfund services provided	-	-	-	-	119,253
Payments to suppliers	(6,216)	(7,477)	(1,515)	(84,821)	(78,551)
Payments to employees	(6,447)	(4,064)	(6,715)	(86,810)	(11,745)
Claims and judgments paid	-	-	-	-	(10,625)
Net cash provided by (used for) operating activities	(5,346)	7,061	(731)	34,115	18,332
Cash flows from noncapital financing activities:					
Transient occupancy taxes	16,426	-	-	16,426	-
Proceeds from issuance of debt	-	-	-	4,596	-
Transfers in from other funds	169	117	42	3,381	417
Transfers out to other funds	(1,421)	(1,887)	(173)	(22,052)	(13,546)
Proceeds from interfund borrowing	-	-	-	1	-
Collections on interfund loans	-	-	-	214	-
Loans to other funds	-	-	-	-	(10,695)
Interfund loan repayments	(1,000)	-	-	(2,313)	-
Intergovernmental revenue received	-	-	1,155	2,343	-
Net cash provided by (used for) noncapital financing activities	14,174	(1,770)	1,024	2,596	(23,824)
Cash flows from capital and related financing activities:					
Proceeds from issuance of debt	-	-	3,874	3,874	-
Interfund loan repayments	-	(89)	-	(992)	-
Interest on interfund loan repayments	-	(8)	-	(92)	-
Acquisition and construction of capital assets	(199)	(769)	(3,174)	(15,798)	(10,024)
Water fee credits issued	-	-	-	88	-
Proceeds from sale of capital assets	-	-	-	-	436
Principal payments on capital debt	(6,012)	(1,011)	(331)	(16,706)	(260)
Interest payments on capital debt	(4,340)	(1,934)	(333)	(17,514)	(158)
Transfers in from other funds	-	-	-	-	419
Capital contributions received	-	-	-	2,773	-
Loan repayments received	-	-	-	1,079	-
Net cash provided by (used for) capital and related financing activities	(10,551)	(3,811)	36	(43,288)	(9,587)
Cash flows from investing activities:					
Collection of interest and investment revenue	1,034	1,567	17	6,468	2,791
Investments sold in prior year with current year settlement	-	809	-	1,981	628
Investments purchased with settlement after year end	340	898	-	3,464	443
Loans made	(16)	(300)	(2)	(422)	-
Loan repayments	3	-	-	104	-
Net cash provided by (used for) investing activities	1,361	2,974	15	11,595	3,862
Net increase (decrease) in cash and cash equivalents	(362)	4,454	344	5,018	(11,217)
Cash and cash equivalents, beginning of year	26,190	30,447	2,551	143,357	39,026
Cash and cash equivalents, end of year	\$ 25,828	\$ 34,901	\$ 2,895	\$ 148,375	\$ 27,809
Reconciliation of cash and cash equivalents to the Statement of Net Assets:					
Cash and investments held by City	\$ 13,448	\$ 32,751	\$ 2,005	\$ 112,219	\$ 27,617
Cash and investments held by fiscal agent	2,468	38	-	2,522	192
Restricted cash and investments held by City	108	321	890	21,274	-
Restricted cash and investments held by fiscal agent	9,804	1,791	-	12,360	-
Total cash and cash equivalents, end of year	\$ 25,828	\$ 34,901	\$ 2,895	\$ 148,375	\$ 27,809

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

(continued)

City of Sacramento
Proprietary Funds
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2009
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Storm Drainage Fund	Solid Waste Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 4,110	\$ (467)	\$ (4,509)	\$ (10,381)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	13,473	3,686	10,759	1,982
Changes in assets and liabilities:				
Accounts receivable, net	992	230	597	(589)
Construction in progress	-	-	-	99
Intergovernmental receivables	(263)	18	168	23
Inventories	631	(1)	(567)	-
Prepaid items	-	-	1	-
Deferred charges	-	-	-	-
Accrued claims and judgments	-	-	11	-
Accounts payable and accrued expenses	767	(940)	(1,040)	(523)
Accrued compensated absences	58	(61)	79	63
OPEB liabilities	937	395	440	1,237
Liability for landfill closure	-	-	-	11,960
Deposits	-	-	-	-
Utility district payable	(306)	-	-	-
Unearned revenue	-	-	62	-
Net cash provided by (used for) operating activities	<u>\$ 20,399</u>	<u>\$ 2,860</u>	<u>\$ 6,001</u>	<u>\$ 3,871</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ 5,907	\$ 1,021	\$ 18,432	\$ -
Capitalized interest	-	-	-	-
Capital asset acquisitions on accounts payable	-	-	-	-
Capital lease for acquisition of Fleet Fund vehicles	-	-	-	4,596
Transfer of capital assets from governmental funds, net of depreciation	211	464	9,648	-
Amortization of bond premium, discount, and loss on refunding	218	-	(113)	(64)
Amortization of deferred charges	(119)	-	(5)	(27)
Accrual of interest on interfund advance	-	-	-	-
Disposal of capital assets on accounts receivable	-	-	-	-
Issuance of notes receivable for capital contributions	9,570	-	-	-
Change in securities lending assets	(486)	3,493	3,926	-
Change in securities lending obligations	(89)	3,621	4,069	-
Water fee credits inflation adjustment	2	-	-	-
Water fee credits redeemed	(392)	-	-	-

(continued)

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

City of Sacramento
Proprietary Funds
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2009
(in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Community Center Fund	Parking Fund	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (7,178)	\$ 4,986	\$ (1,192)	\$ (14,631)	\$ 10,039
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	2,642	2,298	304	35,144	8,686
Changes in assets and liabilities:					
Accounts receivable, net	(6)	(45)	83	1,262	(4)
Construction in progress	-	-	-	99	-
Intergovernmental receivables	-	-	-	(54)	-
Inventories	-	-	-	63	85
Prepaid items	1	(7)	-	(5)	-
Deferred charges	-	-	8	8	-
Accrued claims and judgments	96	25	-	132	556
Accounts payable and accrued expenses	(695)	(343)	(19)	(2,793)	(1,480)
Accrued compensated absences	15	(19)	17	152	(33)
OPEB liabilities	107	180	40	3,336	455
Liability for landfill closure	-	-	-	11,960	-
Deposits	-	-	(26)	(26)	-
Utility district payable	-	-	-	(306)	-
Unearned revenue	(328)	(14)	54	(226)	28
Net cash provided by (used for) operating activities	<u>\$ (5,346)</u>	<u>\$ 7,061</u>	<u>\$ (731)</u>	<u>\$ 34,115</u>	<u>\$ 18,332</u>
Noncash investing, capital and financing activities:					
Contributions of capital assets	\$ -	\$ -	\$ -	\$ 25,360	\$ -
Capitalized interest	-	-	243	243	-
Capital asset acquisitions on accounts payable	-	168	-	168	-
Capital lease for acquisition of Fleet Fund vehicles	-	-	-	4,596	-
Transfer of capital assets from governmental funds, net of depreciation	-	-	-	10,323	-
Amortization of bond premium, discount, and loss on refunding	(883)	(300)	-	(1,142)	(10)
Amortization of deferred charges	(132)	(25)	-	(308)	(3)
Accrual of interest on interfund advance	(205)	-	-	(205)	-
Disposal of capital assets on accounts receivable	-	-	-	-	111
Issuance of notes receivable for capital contributions	-	-	-	9,570	-
Change in securities lending assets	2,791	(455)	-	9,269	(2,440)
Change in securities lending obligations	2,893	(186)	-	10,308	(2,308)
Water fee credits inflation adjustment	-	-	-	2	-
Water fee credits redeemed	-	-	-	(392)	-

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

City of Sacramento
Fiduciary Funds
Statement of Fiduciary Net Assets

June 30, 2009
(in thousands)



	Pension Trust Fund	Investment Trust Funds	Agency Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 19,593	\$ 320,146	\$ 27,738
Cash and investments held by fiscal agent	-	-	24,297
Securities lending assets	53,083	43,956	-
Receivables, net:			
Interest	2,003	1,216	176
Investments, at fair value:			
U.S. government obligations	33,152	-	-
Corporate bonds	67,587	-	-
Equity securities	95,452	-	-
Exchange traded funds	28,025	-	-
Municipal bonds	22,871	-	-
Mortgage loans	8,322	-	-
Total investments	<u>255,409</u>	<u>-</u>	<u>-</u>
Total assets	<u>330,088</u>	<u>365,318</u>	<u>\$ 52,211</u>
<u>LIABILITIES</u>			
Securities lending obligations	54,260	45,397	\$ -
Accounts payable	14	-	-
Benefits payable	2,404	-	-
Investment purchases payable	515	5,479	-
Due to bondholders	-	-	52,211
Total liabilities	<u>57,193</u>	<u>50,876</u>	<u>\$ 52,211</u>
<u>NET ASSETS</u>			
Held in trust for pension benefits and other purposes	<u>\$ 272,895</u>	<u>\$ 314,442</u>	

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

City of Sacramento
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2009
(in thousands)



	Pension Trust Fund	Investment Trust Funds
Additions:		
Contributions:		
Employer	\$ 3,159	\$ -
Employees	607	-
Total contributions	<u>3,766</u>	<u>-</u>
Investment income:		
From investment activities:		
Net appreciation (depreciation) in fair value of investments	(67,339)	1,640
Interest	10,021	9,828
Dividends	3,859	77
Total investment income	<u>(53,459)</u>	<u>11,545</u>
Investment expenses:		
Banking, interest, and fiscal agent expenses	73	139
Professional services	1,058	-
Total investment expense	<u>1,131</u>	<u>139</u>
Net income from investing	<u>(54,590)</u>	<u>11,406</u>
From securities lending activities:		
Net appreciation (depreciation) in fair value of investments	(1,037)	(150)
Securities lending income	830	(890)
Total securities lending income	<u>(207)</u>	<u>(1,040)</u>
Securities lending expenses:		
Borrower rebates	424	350
Management fees	147	93
Total securities lending expenses	<u>571</u>	<u>443</u>
Net loss from securities lending activities	<u>(778)</u>	<u>(1,483)</u>
Total net investment income (loss)	<u>(55,368)</u>	<u>9,923</u>
Deposits	<u>-</u>	<u>1,709,271</u>
Total additions	<u>(51,602)</u>	<u>1,719,194</u>
Deductions:		
Benefits	30,609	-
Refunds of employee contributions	98	-
Withdrawals	-	1,761,543
Total deductions	<u>30,707</u>	<u>1,761,543</u>
Change in net assets	(82,309)	(42,349)
Net assets, beginning of year	<u>355,204</u>	<u>356,791</u>
Net assets, end of year	<u>\$ 272,895</u>	<u>\$ 314,442</u>

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

City of Sacramento
Component Units
Combining Statement of Activities
For the Fiscal Year Ended June 30, 2009
(in thousands)



<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Sacramento Hotel Corporation					
Hotel operations	\$ 12,862	\$ 13,364	\$ -	\$ -	\$ 502
Sacramento Regional Arts Facilities Financing Authority					
Arts facilities financing	<u>727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(727)</u>
Total component units	<u>\$ 13,589</u>	<u>\$ 13,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (225)</u>

City of Sacramento
Component Units
Combining Statement of Activities
For the Fiscal Year Ended June 30, 2009
(in thousands)

	<u>Sacramento Hotel Corporation</u>	<u>Sacramento Regional Arts Facilities Financing Authority</u>	<u>Total Component Units</u>
Change in net assets:			
Net revenue (expense)	\$ 502	\$ (727)	\$ (225)
General revenues:			
Investment earnings	346	757	1,103
Special Item - gain from discontinued operations	35,667	-	35,667
Special Item - distribution to primary government	<u>(29,599)</u>	<u>-</u>	<u>(29,599)</u>
Change in net assets	6,916	30	6,946
Net assets (deficit), beginning of year	<u>(6,916)</u>	<u>309</u>	<u>(6,607)</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 339</u>

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

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Notes to the Financial Statements



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DEFINITION OF REPORTING ENTITY

The City of Sacramento (City) was incorporated in 1849 under the laws of the State of California. Sacramento is a charter city and operates under a City Council – City Manager form of government. The City provides a full range of municipal services including police, fire, water, sewer, storm drainage, solid waste, construction and maintenance of streets, planning and zoning, code enforcement, parks, recreation programs, and cultural activities.

These basic financial statements present the financial status of the City and its component units, which are included in the City’s reporting entity because of the significance of their operational or financial relationships with the City. Component unit financial statements may be obtained from the City’s Department of Finance.

Blended component units

Although the following component units are legally separate from the City, they are reported on a blended basis as part of the primary government because their boards are comprised of all City Council members or they provide services exclusively to the City.

Sacramento City Employees’ Retirement System (SCERS) - a single employer pension plan sponsored and administered by the City for City employees, except public safety employees, hired before January 29, 1977 and public safety employees who retired with SCERS benefits before December 30, 1989. Under provisions of the City Charter, SCERS is managed by the Administration, Investment and Fiscal Management Board (the Board), consisting of the City Manager, City Director of Finance, City Treasurer and two residents of the City appointed by the City Council. Duties of the Board include the adoption of investment standards for SCERS, the establishment of contribution rates, the administration and investment of funds, the selection of investment advisors, the crediting of interest and any action relating to the fiscal management of SCERS.

Sacramento City Financing Authority (SCFA) - a joint exercise of powers entity created by the City and the Sacramento City Redevelopment Agency for the purpose of acting as a nominal lessor for City financing. The SCFA is administered by a governing board consisting of the members of the City Council.

Discretely presented component units

The following component units are reported in a separate column in the government-wide financial statements to emphasize their legal separation from the City.

Sacramento Hotel Corporation (Hotel) – a nonprofit public benefit corporation established to facilitate the financing, development, construction, and operation of a full-service hotel in downtown Sacramento to support business expansion of the City’s Convention Center. City Council appoints the board of directors, approves the annual budget, and approves amendments to the articles of incorporation and bylaws. During fiscal year 2009, the Hotel was officially dissolved and its remaining assets reverted to the City. The Hotel is presented as a business-type activity in the component units column of the government-wide statements.

Sacramento Regional Arts Facilities Financing Authority (SRAFFA) - a joint powers agency between the City and County of Sacramento (County) created for the purpose of financing the expansion of the theater complex located on H Street. The authority is governed by a board of five directors whose members are three designees of the City Council and two designees of the County Board of Supervisors. The members of the board serve at the pleasure of their respective legislative bodies and may be removed at will. Upon future dissolution, any remaining assets revert to the City and County of Sacramento in such manner as determined by the board. The SRAFFA is presented as a business-type activity in the component units column of the government-wide statements.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

New Pronouncements

Effective July 1, 2008, the City implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which established accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the statement excludes pollution prevention or control obligations with respect to current operations and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care. As a result of implementing this standard, the City recorded a liability for pollution remediation obligations of \$1,201,000 as of July 1, 2008.

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following GASB Statements.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 establishes standards for accounting and financial reporting for intangible assets. This Statement requires that an intangible asset be recognized in the Statement of Net Assets only if it is identifiable. Additionally, this Statement establishes a specific-conditions approach to recognizing intangible assets that are internally generated. This Statement also provides guidance on recognizing internally generated software as an intangible asset. This Statement also establishes guidance specific to intangible assets related to amortization. This Statement provides guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. The provisions of this Statement generally are required to be applied retroactively for intangible assets acquired in fiscal years ending after June 30, 1980. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2010.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 establishes standards for accounting and financial reporting for derivative instruments. This Statement addresses the recognition, measurement and disclosure of information regarding derivative instruments entered into by state and local governments. A key provision in this Statement is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive are reported at fair value. Much of this Statement describes the methods of evaluating effectiveness. The disclosures required by Technical Bulletin No. 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*, have been incorporated into this Statement. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2010.

In March, 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The Statement also clarifies the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund types. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2011.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are allocated to expenses and capital assets of governmental and business-type activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been removed from the government-wide financial statements. Internal service fund activity has been eliminated from the statement of activities. The effect of interfund services provided and used between functions, such as the sale of water from the Water Fund to the General Fund, has not been eliminated in the statement of activities. The City's payments in lieu of taxes from its enterprise funds to the General Fund are reported as interfund transfers.

The accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary trust fund financial statements. Agency funds, included in the fiduciary fund financial statements, are also reported using the accrual basis of accounting, however they are not reported using a measurement focus because only assets and liabilities are presented. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental revenue, special assessments, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The General Fund Projects Fund accounts for the City's Community Reinvestment Capital Improvement Program (CRCIP) and other General Fund bond funded capital projects.

The Capital Grants Fund is used to account for capital improvement program projects that are funded by parties outside of the City including the State and Federal governments.

The Crocker Art Museum Fund is used to account for contributions from the Crocker Art Museum Association (CAMA) and related expenditures for the museum expansion project. Other funding sources for the museum expansion project are accounted for within the General Fund Projects Fund and the Capital Grants Fund. Actual project costs to date and outstanding encumbrances were allocated based on the estimated project costs. Final project costs will be allocated pursuant to the City's agreement with CAMA.

The Financing Plans Fund is used to account for the construction of public infrastructure funded by fee districts and finance plans. The Financing Plans Fund projects include the North Natomas Financing Plan, the Richards/Railyards/Downtown Development District, the Jacinto Creek Planning Area and the City-wide Park Development Impact Fee program.

The 1997 Lease Revenue Bond Fund accounts for the loan receivable, debt service activities and related transactions concerning the acquisition and lease back of Arco Arena.

The Transportation and Development Fund accounts for the receipts and disbursements of taxes, fees and fines which are used to construct and maintain streets, bridges, bikeways, traffic safety and community development.

The City reports the following major enterprise funds:

The Water Fund accounts for the operation and maintenance of the City's water treatment and water transmission and distribution systems.

The Sewer Fund accounts for the operation and maintenance of the City's sewer system.

The Storm Drainage Fund accounts for the operation and maintenance of the City's surface drainage system.

The Solid Waste Fund accounts for the collection and disposal of refuse throughout the City and for landfill closure.

The Community Center Fund accounts for the operation and maintenance of the City's Community Center, including the theater and exhibit halls.

The Parking Fund accounts for the operation and maintenance of the City's parking garages.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the City reports the following fund types:

Internal service funds account for the financing of fleet and risk management services to other departments on a cost reimbursement basis.

The Pension Trust Fund accounts for the assets held on behalf of the Sacramento City Employees' Retirement System (SCERS) for pension benefit payments to qualified employees.

Investment trust funds account for the net assets held on behalf of investors, in the City's investment pool and individual accounts, who are not part of the City's financial reporting entity.

Agency funds account for assets held by the City as an agent for bonded assessment and community facilities districts.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, including fees, fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Program revenues also include earnings on investments that are legally restricted for a specific program. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Data

The City Manager submits a proposed budget to the City Council no later than 60 days prior to the commencement of the fiscal year. The City Council holds public hearings, modifies the City Manager's recommendations, and adopts a final budget in June. The budget adoption resolution specifies that budgets will be controlled at the department level (e.g., police, fire, transportation, etc.) by fund.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Annual budgets are adopted for the General Fund, certain activities within the Transportation and Development Fund, the Culture and Leisure Fund, the Parks and Recreation Fund, the Special Districts Fund, the City/County Office of Municipal Water Planning (CCOMWP) Fund, and the Cal EPA Fund. Annual budgets are also adopted for the enterprise and internal service funds, although they are not legally required. Multi-year project budgets are adopted for the General Fund, capital projects funds, and the Grants special revenue fund where appropriations remain authorized for each project until closed, irrespective of fiscal year. Expenditures are appropriated on a modified accrual basis, except that commitments related to purchase orders and executory contracts are treated as expenditures in the year of commitment. Budgets are modified throughout the year when the tax base changes, fees are modified, new revenue sources are identified, or programs are changed. The City Manager is authorized to administratively amend the budget during the year for transactions up to \$100,000 without City Council approval. All other appropriation adjustments during the year require City Council approval. Significant appropriation adjustments were not required during the year ended June 30, 2009. Unencumbered annual budget appropriations lapse at fiscal year-end. Multi-year budget appropriations are automatically carried over into the next fiscal year.

Financial Statement Elements

Investments - City investments are recorded at fair value, except real estate mortgages, which are recorded at cost. The estimated fair value of all investments is the quoted market price. Certain bond covenants require that interest earned on assessment district construction proceeds, which are reported in other governmental funds, be credited to reserve accounts, which are reported in Agency funds. Interest earned on all other cash and investments is credited to the fund which holds the investment.

Property Taxes - Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transactions taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

Property taxes are levied annually by the Sacramento County Assessor on July 1 and become a lien on property on the preceding January 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively.

The City participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan". The State Revenue and Taxation Code allow counties to distribute secured real property, assessment and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and related penalties and interest during a fiscal year will revert to Sacramento County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is included in property tax revenue. Under the Teeter Plan code, 5% of the delinquency must remain with the County as a reserve for Teeter Plan funding.

Receivables and payables - Property, sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end.

Federal and State grants are considered receivable and accrued as revenue when all eligibility requirements have been met under the accrual basis of accounting in the government-wide statement of net assets. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term loans receivable reported in the governmental fund statements are recorded with offsetting deferred revenue or reservation of fund balance because the resources are not available for appropriation. Long-term loans receivable reported in the proprietary fund statements, as well as long-term loans reported in the government-wide statements, are not offset by deferred revenue. Unbilled utility revenue earned is recognized as revenue and accounts receivable in the enterprise funds.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances to other funds, as reported in the fund financial statements, are offset by a reservation of fund balance for noncurrent assets in governmental funds to indicate that they do not constitute resources available for appropriation.

Inventories and prepaid items - Inventories in the proprietary funds are stated at the lower of average cost or market and consist of expendable materials and supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories and prepaid items, as reported in the fund financial statements, are offset by a reservation of fund balance in governmental funds to indicate that they do not constitute resources available for appropriation.

Restricted Assets - Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statements of net assets and balance sheets because their use is limited by applicable bond covenants.

Capital Assets - Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded at the lower of actual historical cost or fair value (as of the date donated for contributed assets) although for certain older assets estimated historical costs are used.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	Primarily 15 to 70 years
Transmission and distribution systems	Primarily 15 to 100 years
Machinery, vehicles and equipment	Primarily 5 to 30 years
Roadway network	Primarily 20 to 70 years
Street light network	Primarily 40 to 50 years
Parks and park improvements	Primarily 30 years

It is the policy of the City to capitalize all land, buildings and improvements, equipment and infrastructure assets, except assets costing less than \$20,000, unless a federal funding source was utilized. All capital assets in excess of \$5,000 financed by a federal funding source are capitalized. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related proprietary fund, governmental activities, and business-type activities. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

City of Sacramento

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Crocker Art Museum's collection of works of art, held in trust by the City, has not been reported in these financial statements. The City has elected not to report the collection because it meets the three criteria for waiving capitalization: the collection is held for reasons other than financial gain; the collection is protected, kept unencumbered, cared for, and preserved; and the collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for the collection.

Compensated Absences - Employees accrue vacation, sick, holiday and compensatory time off benefits. An employee may accumulate vacation time equal to the amount which can be earned in a two-year period. Sick pay vests and may be accumulated until retirement. An employee with sixty or more days of accumulated sick leave at the end of a calendar year may elect to receive a 25% payment of any unused sick leave earned in the previous year. The amount of sick leave paid is deducted from the employee's total accumulation. Upon retirement, employees with a minimum of 20 years of City service, excluding SCERS employees, have the option of converting their sick leave accumulation into PERS service credit hours, or receiving a cash payment of one-third of the vested accumulated sick leave. Employees who leave the City and are not retiring forfeit any remaining sick leave.

All compensated absences are accrued when earned in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Revenue - Deferred revenue in governmental funds arise when potential revenue does not meet the "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the City before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

Long-term Obligations - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses on debt refunding are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt using the straight-line method. Bonds payable are reported net of bond premium or discount and net of gains and losses on debt refunding. Bond issuance costs are reported as deferred charges and amortized over the life of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Encumbrances - Encumbrance accounting is used during the year for budgetary control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, but rather, a reservation of fund balance. The City honors contracts represented by year-end encumbrances and the appropriations carried over provide authority to complete these transactions in future years.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans by City management for future use of financial resources.

Fiscal Years - The fiscal year of the City begins on July 1 and ends on June 30. The fiscal year of the Hotel begins on January 1 and ends on December 31. The December 31, 2008 financial statements of the Hotel are included in this report.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Cash Flows - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Restatements and Reclassifications – The beginning fund balances of the Culture and Leisure Fund and the CCOMWP Fund, and the beginning net assets of the Investment Pool Fund, have been reclassified to remove the Sacramento Sports Commission fund balance of \$77,000 and the CCOMWP fund balance of \$1,099,000 out of the Investment Pool Fund. The reclassification of the cash balances out of the Investment Pool Fund totaled \$1,324,000. The Sports Commission was reclassified into the Culture and Leisure Fund and the CCOMWP activity was reclassified to the CCOMWP Fund.

Net assets reported in the government-wide statements of June 30, 2008, have been restated as follows (in thousands):

	<u>Governmental Activities</u>
Net assets, as of June 30, 2008, as originally reported	<u>\$ 1,700,383</u>
Fund reclassifications	1,176
Pollution remediation obligations restatement	<u>(1,201)</u>
Total reclassifications and restatements	<u>(25)</u>
Net assets, as of June 30, 2008, as restated	<u><u>\$ 1,700,358</u></u>

Fund balances of other governmental funds, as of June 30, 2008, have been restated as follows (in thousands):

	<u>Other Governmental Funds</u>
Fund balances, as of June 30, 2008, as originally reported	\$ 96,348
Fund reclassifications	<u>1,176</u>
Fund balances, as of June 30, 2008, as restated	<u><u>\$ 97,524</u></u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets of fiduciary funds, as of June 30, 2008, have been restated as follows (in thousands):

	Investment Pool Fund
Net assets, as of June 30, 2008, as originally reported	\$ 358,115
Fund reclassifications	<u>(1,324)</u>
Net assets, as of June 30, 2008, as restated	<u>\$ 356,791</u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 – CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2009 (in thousands):

	Government-wide Statement of Net Assets		Fiduciary Funds Statement of Net Assets	Total
	Primary Government	Component Units		
Cash and investments	\$ 497,718	\$ -	\$ 647,183	\$ 1,144,901
Securities lending assets	108,326	-	97,039	205,365
Restricted Cash and investments	<u>133,582</u>	<u>1,108</u>	<u>-</u>	<u>134,690</u>
Total	<u>\$ 739,626</u>	<u>\$ 1,108</u>	<u>\$ 744,222</u>	<u>\$ 1,484,956</u>

Under the authority of the Sacramento City Charter, the Sacramento City Council, by Resolution 2008-751, has delegated its investment authority to the City Treasurer. The City Treasurer manages the City's investments in accordance with the City's Investment Policy, which was last reaffirmed by the City Council on November 18, 2008. The City's investment policy requires compliance with the California Government Code for investments of public funds. The City's investment policy also provides limits on rate anticipation, arbitrage and other swap investments.

At June 30, 2009, the City sponsored investment pool held investments purchased with cash collateral from securities lending transactions totaling \$49.6 million which were not in compliance with the City's investment policy. These investments were not in compliance with the California Government Code for investments of public fund because their maximum maturity dates were in excess of 92 days.

SCERS pension trust fund investments are managed pursuant to investment standards adopted by the SCERS Administration, Investment and Fiscal Management Board. Investment standards adopted by the SCERS Board authorize the City Treasurer to invest in debt securities, equity securities, promissory notes, real estate mortgages or other securities and investments deemed to be prudent by the Board. Other securities and investments cannot exceed 25% of the total assets (cost basis). In addition, promissory notes (cost basis) cannot exceed 25% of the investment portfolio, while real estate mortgages (cost basis) cannot exceed 10% of total assets of SCERS. Investments of other trust funds are managed pursuant to City Council ordinances and authority granted by various boards and commissions.

City of Sacramento
Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

Note 2 – CASH AND INVESTMENTS (Continued)

The table below identifies the investment types that are authorized for public funds of the City by the California Government Code. The 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	Minimum Rating
Local Agency Bonds	5 years	None	None	None
US Treasury Obligations	5 years	None	None	None
US Agency Securities	5 years	None	None	None
Bankers Acceptance	180 days	40%	30%	None
Commercial Paper	270 days	25%	10%	A1/P1
Negotiable Certificates of Deposit	5 years	30%	None	None
Repurchase Agreements	1 year	None	None	None
Reverse Repurchase and Securities Lending agreements	92 days	20% of base value	None	None
Medium Term Notes	5 years	30%	None	A
Mutual Funds	N/A	20%	10%	None
Money Market Mutual Funds	N/A	20%	10%	None
Collateralized Bank Deposits	5 years	None	None	None
Mortgage Pass-through Securities	5 years	20%	None	AA
Time Deposits	5 years	None	None	None
County Pooled Investment	N/A	None	None	None
Local Agency Investment Fund	N/A	None	None	None

The table above does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, or investments held by the SCERS pension trust fund or other trust funds.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy limits interest rate risk by requiring compliance with the California Government Code for investments of public funds, as described in detail above. One of the ways that the City of Sacramento manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. The remaining maturity of the City's investments included in the table below is based on the stated maturity dates of the individual investments. Investments in equities, or in debt securities with remaining maturities longer than five years, are held by the SCERS pension trust fund, other trust funds, or by bond trustees pursuant to debt agreements.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – CASH AND INVESTMENTS (Continued)

The City's cash and investments by maturities as of June 30, 2009 are as follows (in thousands):

Investment Type	No Maturity	Remaining Maturity in Years			Fair Value
		Under 1	1-5	Over 5	
Asset backed securities	\$ -	\$ 9,367	\$ 355	\$ 144	\$ 9,866
Bank notes	-	6,962	7,898	-	14,860
Certificates of deposit	-	39,659	-	-	39,659
Commercial paper	-	29,162	-	-	29,162
Corporate bonds	-	80,512	195,631	58,693	334,836
Deposits	(3,234)	-	-	-	(3,234)
Equities	99,948	-	-	-	99,948
Exchange traded funds	28,859	-	-	-	28,859
Local Agency Investment Fund (LAIF)	-	80,000	-	-	80,000
Mortgage loans	-	-	5,350	2,972	8,322
Municipal bonds	-	5,107	8,187	18,619	31,913
Mutual funds	-	29,969	-	-	29,969
Repurchase agreements	-	119,980	-	-	119,980
U.S. agencies	-	231,863	67,293	45,080	344,236
U.S. Treasury securities – State and local government series	-	-	5,574	-	5,574
U.S. Treasury bills	-	251,786	-	-	251,786
U.S. Treasury bonds	-	-	-	263	263
U.S. Treasury notes	-	9,791	48,058	-	57,849
	<u>\$ 125,573</u>	<u>\$ 894,158</u>	<u>\$ 338,346</u>	<u>\$ 125,771</u>	<u>1,483,848</u>
Component Unit - SRAFFA					
Mutual Funds	\$ -	\$ 22	\$ -	\$ -	22
U.S. Treasury notes	-	-	1,086	-	1,086
	<u>-</u>	<u>\$ 22</u>	<u>\$ 1,086</u>	<u>\$ -</u>	<u>1,108</u>
Total Cash and Investments					<u>\$ 1,484,956</u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – **CASH AND INVESTMENTS (Continued)**

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

Investments in variable rate securities are investments with terms that provide for the adjustment of interest rates on specified dates (such as the last day of a month or calendar quarter) based on predefined mathematical formulas using benchmark indices (such as CPI or LIBOR). The fair value of such investments can reasonably be expected to be affected at each interest rate reset date.

Investments in callable bonds are investments that, although having clearly defined maturities, allow for the issuer to redeem or call such bonds earlier than their respective maturity dates. The investor must then replace the called bonds with investments that may have lower yield than the original bonds. As a result, the fair value of the callable bonds is highly sensitive to changes in interest rates.

The City's investments, including those held by bond trustees, that are highly sensitive to interest rate fluctuations are as follows (in thousands):

	<u>Fair Value</u>
Bank of America securities that have a maturity of 11/15/2015 and are callable monthly from 7/15/2009 to 10/15/2015.	\$ 1,902
Caterpillar Finance Corporation securities that have a maturity of 11/15/2015 and are callable semi-annually from 11/15/2009 to 5/15/2015.	1,999
Federal Home Loan Bank securities that have a maturity of 6/17/2011 and are callable quarterly from 9/17/2009 to 3/17/2011.	8,995
Federal Home Loan Mortgage Company securities that have a maturity of 3/03/2014 and are callable on 3/03/2010.	6,956
Federal Home Loan Mortgage Company securities that have a maturity of 6/30/2014 and are callable quarterly from 12/30/2009 to 3/30/2014.	2,592
Federal National Mortgage Association securities that have a maturity of 3/02/2011 and are callable on 3/02/2010.	5,036
Federal National Mortgage Association securities that have a maturity of 6/30/2011 and are callable on 9/30/2009.	10,006
Federal National Mortgage Association securities that have a maturity of 6/01/2010 and are callable quarterly from 10/01/2009 to 4/01/2011.	2,588
Federal National Mortgage Association securities that have a maturity of 7/01/2011 and are callable quarterly from 10/1/2009 to 4/01/2011.	5,013

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – **CASH AND INVESTMENTS (Continued)**

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations (Continued)

	<u>Fair Value</u>
Federal National Mortgage Association securities that have a maturity of 8/26/2011 and are callable on 8/26/2009.	\$ 5,027
Federal National Mortgage Association securities that have a maturity of 12/02/2010 and are callable on 12/02/2009.	4,997
Federal National Mortgage Association securities that have a maturity of 7/07/2014 and are callable quarterly from 1/07/2010 to 7/07/2010.	8,972
General Electric Capital Corporation securities that have a maturity of 11/15/2011 and are callable semi-annually from 11/15/2009 to 5/15/2011.	8,019
Harvard President and Fellow securities that have a maturity of 10/01/2037 and are callable continuously beginning 4/01/2016.	2,040
Housing Urban Development (HUD) securities that have a maturity of 8/01/2015 and are callable semi-annually from 8/01/2009 to 2/01/2015.	773
Oakland California Revenue Bond securities that have a maturity of 1/01/2029 and are callable continuously beginning 1/01/2010.	5,891
Sacramento City Financing Authority securities that have a maturity of 12/01/2016 and are callable on 12/01/2015.	721
Sacramento City Financing Authority securities that have a maturity of 12/01/2025 and are callable annually from 12/01/2015 to 12/01/2024.	1,394

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – CASH AND INVESTMENTS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy limits credit risk by requiring compliance with the California Government Code for investments of public funds, as described in detail above. At June 30, 2009, the City's deposits and investments (in thousands), and corresponding credit ratings are as follows:

Investment Type	S & P	Moody's	Fair Value
Asset backed securities	AAA	Aa	\$ 803
	AAA	Aaa	8,564
	AAA	Ba	355
	CCC	Caa	144
Bank notes	A1	P1	6,962
	AA	Aa	7,898
Certificates of deposit	A	Aa	3,000
	A1	P1	4,002
	A2	Aa	1,933
	A2	P1	7,734
	AA	Aa	7,991
	not rated	not rated	14,999
Commercial paper	A1	P1	29,162
Corporate bonds	A	A	99,945
	A	Aa	7,331
	A1	P1	40,688
	A2	P1	1,992
	AA	A	34,257
	AA	Aa	85,267
	AAA	Aa	7,473
	AAA	Aaa	12,435
	BBB	A	34,038
	BBB	Baa	7,915
	CCC	Caa	3,126
D	WR	369	
Deposits	not rated	not rated	(3,234)
Equities (exempt from disclosure)	N/A	N/A	99,948
Exchange traded funds (exempt from disclosure)	N/A	N/A	28,859
Local Agency Investment Fund (LAIF)	not rated	not rated	80,000
Mortgage loans	not rated	not rated	8,322
Municipal bonds	A	A	22,253
	A	Baa	2,573
	A	WR	1,196
	BBB	Baa	5,891
Mutual funds	AAA	Aaa	27,205
	not rated	not rated	2,764
Repurchase agreements	AAA	Aaa	119,980
U.S. agencies	AAA	Aaa	333,666
	N/A	N/A	10,570

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – CASH AND INVESTMENTS (Continued)

Investment Type	S & P	Moody's	Fair Value
U.S. Treasury securities - state and local government series (exempt from disclosure)	N/A	N/A	5,574
U.S. Treasury bills (exempt from disclosure)	N/A	N/A	251,786
U.S. Treasury bonds (exempt from disclosure)	N/A	N/A	263
U.S. Treasury notes (exempt from disclosure)	N/A	N/A	57,849
Total primary government			1,483,848
Component Unit - SRAFFA			
Mutual funds	AAA	Aaa	22
U.S. Treasury notes (exempt from disclosure)	N/A	N/A	1,086
Total component units			1,108
Total Cash and Investments			\$ 1,484,956

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments at June 30, 2009 (in thousands):

U.S. agency securities

Federal Home Loan Bank	\$ 154,107
Federal Home Loan Mortgage Corporation	\$ 79,029
Federal National Mortgage Association	\$ 94,680

Repurchase agreements

Pershing LLC	\$ 82,619
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City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – **CASH AND INVESTMENTS (Continued)**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code has provisions for financial institutions that limit custodial credit risk for deposits. Financial institutions are required to secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's financial institutions also have insurance through the Federal Depository Insurance Corporation (FDIC). The City's investment policy has no additional provisions for limiting custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy have provisions that limit custodial credit risk for investments. .

As of June 30, 2009, investments were held by the same broker-dealer (counterparty) that was used by the City to purchase the securities (in thousands):

\$205,365	Investments purchased with cash collateral from securities lending transactions
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Securities Lending

The City engages in securities lending transactions, whereby the City has authorized its custodial bank to loan its securities to approved counterparties for collateral (cash or securities) with a simultaneous agreement to return the collateral for the same securities in the future. Such loans are short-term and the City retains the right to sell, without penalty, the original securities in which it has invested. The City's arrangement with the bank requires the bank to indemnify the City for failure of any counterparty to return the securities loaned. The City's investment policy permits securities loans up to 20% of the fair value of the City's portfolio.

Cash collateral received as of June 30, 2009, was equal to 102% of the market value of the loaned securities. The custodial bank uses the cash collateral to purchase investments. As of June 30, 2009, the weighted average maturity of the securities on loan was 374 days and the weighted average maturity of the investments purchased with cash collateral was 107 days. At year end, the City has no credit risk exposure to borrowers because the amounts the City owes the borrowers exceed the amounts the borrowers owe the City.

The City recognized a \$5 million loss during the fiscal year ended June 30, 2009 as a result of the default of a Lehman Brother's bond that was purchased with cash collateral. Lehman Brothers filed for Chapter 11 bankruptcy protection on September 15, 2008. Although the bond had a fair value of \$737,500 as of June 30, 2009, the City recorded a loss on the full value of the bond, because the amount of any future recovery from a bankruptcy settlement is unknown.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – **CASH AND INVESTMENTS (Continued)**

Securities Lending (continued)

The City received cash collateral of \$211,922,000. The following table provides information concerning the fair value of securities lent and investments purchased with the cash collateral as of June 30, 2009 (in thousands):

Type of Investment Lent

Equities	\$	49,952
Corporate bonds		28,490
U.S. agencies		15,342
U.S. bills		103,455
U.S. notes		11,381
Total securities lent	<u>\$</u>	<u>208,620</u>

Type of Investment Purchased with Cash Collateral

Asset backed securities	\$	9,866
Bank notes		14,860
Certificates of deposit		9,668
Repurchase agreements		118,511
Corporate bonds		52,460
Total securities lending investment	<u>\$</u>	<u>205,365</u>

City Sponsored Investment Pool

As part of the City's total cash and investments portfolio, the City Treasurer manages an investment pool, which includes both internal and external investors. The pool is not registered with the Securities and Exchange Commission as an investment company. The City Treasurer is granted authority for managing the pool by City Charter Section 73 and City Council ordinances and resolutions. Quarterly, the City Treasurer reports investment activity and submits the investment policy to the Council for review and approval.

The fair value of investments is determined monthly. Participants' shares sold and redeemed are determined by the daily cash balance deposited in the pool (the value of its pool shares). The value of the pool shares is based upon amortized cost in day to day operations but is adjusted to the fair value at year-end. The investments are reported at fair value. The value of the shares is supported by the value of the underlying investments. External participants, including various joint powers agencies, comprise 9.72% of pool participation.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – CASH AND INVESTMENTS (Continued)

City Sponsored Investment Pool (Continued)

The following represents a condensed statement of net assets and changes in net assets for the City Sponsored Investment Pool as of June 30, 2009 (in thousands):

Statement of Net Assets:

Net assets held in trust for all pool participants	<u>\$ 687,126</u>
Equity of internal pool participants	\$ 620,350
Equity of external pool participants	<u>66,776</u>
Total equity	<u>\$ 687,126</u>

Statement of Changes in Net Assets:

Net assets at July 1, 2008	\$ 851,571
Net change in investments by pool participants	<u>(164,445)</u>
Net assets at June 30, 2009	<u>\$ 687,126</u>

A summary of the investment classifications as of June 30, 2009 is as follows (in thousands):

	Fair Value	Adjusted Cost	Interest Rates	Maturity Dates
U.S. government and agency securities	\$ 448,133	\$ 447,602	0.08-4.50%	07/09-10/09
Commercial paper	26,387	26,380	0.18-1.02%	7/09-11/09
Corporate bonds	189,593	185,063	0.00-7.30%	08/09-03/14
Certificates of deposit	24,075	24,140	0.35-1.05%	07/09-01/10
Repurchase agreements	80,934	80,934	0.05-0.20%	07/09
Bank notes	7,764	7,858	1.15-1.21%	10/09-07/10
Asset backed securities	5,589	5,720	0.35-0.77%	08/09-04/10
State of California Treasurer's Local Agency Investment Fund	40,000	40,000	0.75%	7/09-6/10
Mutual funds	2,566	2,566	0.01%	N/A
Municipal bonds	6,303	6,187	5.11-6.50%	05/10-12/13
Deposits	<u>(4,522)</u>	<u>(4,522)</u>	N/A	N/A
Total cash and investments in City sponsored investment pool	<u>\$ 826,822</u>	<u>\$ 821,928</u>		

Participation in External Investment Pools

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute. The balance available for withdrawal is based on the accounting records maintained by the LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the City's position in the LAIF pool. As of June 30, 2009, the City's investment in LAIF is \$80 million. The total amount invested by all public agencies in LAIF at that date is \$25.1 billion. LAIF is part of the California Pooled Investment Account (PMIA), which at June 30, 2009 had a balance of \$50.7 billion. Of that amount, 85.29% is invested in non-derivative financial products, and 14.71% is invested in derivative financial products.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2009, were as follows (in thousands):

	<u>Taxes</u>	<u>Accounts</u>	<u>Loans</u>	<u>Inter- govern- mental</u>	<u>Interest</u>	<u>Total</u>
Governmental activities						
General Fund	\$ 21,988	\$ 12,162	\$ 862	\$ -	\$ 365	\$ 35,377
General Fund Projects Fund	-	-	-	-	150	150
Capital Grants Fund	-	-	-	35,226	-	35,226
Crocker Art Museum Fund	-	-	-	-	175	175
Financing Plans Fund	-	5,499	-	-	518	6,017
1997 Lease Revenue Bond Fund	-	-	69,870	-	807	70,677
Transportation and Development Fund	-	1,515	-	20,560	199	22,274
Other governmental funds	-	3,353	748	67,574	280	71,955
Internal service funds	-	143	-	-	75	218
	<u>\$ 21,988</u>	<u>\$ 22,672</u>	<u>\$ 71,480</u>	<u>\$ 123,360</u>	<u>\$ 2,569</u>	<u>\$ 242,069</u>
Amounts not scheduled for collection during the subsequent year						
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,655</u>	<u>\$ 54,328</u>	<u>\$ -</u>	<u>\$ 122,983</u>
Business-type activities						
Water Fund	\$ -	\$ 9,614	\$ 12,029	\$ 953	\$ 298	\$ 22,894
Sewer Fund	-	9,797	1,639	439	108	11,983
Storm Drainage Fund	-	7,168	4,915	32	194	12,309
Solid Waste Fund	-	12,164	53	595	-	12,812
Community Center Fund	1,879	138	52	-	146	2,215
Parking Fund	-	608	300	-	165	1,073
Other enterprise funds	-	179	2	-	-	181
	<u>\$ 1,879</u>	<u>\$ 39,668</u>	<u>\$ 18,990</u>	<u>\$ 2,019</u>	<u>\$ 911</u>	<u>\$ 63,467</u>
Component Units						
Sacramento Regional Arts Facilities Financing Authority	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,594</u>

Included in the Accounts Receivable amounts above are allowances for doubtful accounts of \$7.6 million.

Under the terms of a SRAFFA facility lease agreement, California Music Theater is obligated to make base rental payments in an amount equal to the debt service requirements of the certificates of participation.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 4 – CAPITAL ASSETS

Summary

The following is a summary of capital assets as of June 30, 2009 (in thousands):

	Governmental Activities	Business- Type Activities	Total
Capital assets not being depreciated			
Land and land improvements	\$ 160,385	\$ 52,311	\$ 212,696
Construction in progress	226,813	28,775	255,588
	<u>387,198</u>	<u>81,086</u>	<u>468,284</u>
Depreciable capital assets			
Buildings and improvements	528,370	282,253	810,623
Equipment	68,586	50,343	118,929
Vehicles	111,914	-	111,914
Transmission and distribution system	3,622	995,619	999,241
Roadway network	1,422,395	-	1,422,395
Streetlight network	160,492	-	160,492
Park improvements	106,956	-	106,956
	<u>2,402,335</u>	<u>1,328,215</u>	<u>3,730,550</u>
Less accumulated depreciation for:			
Buildings and improvements	(158,605)	(104,473)	(263,078)
Equipment	(37,095)	(19,652)	(56,747)
Vehicles	(66,959)	-	(66,959)
Transmission and distribution system	(430)	(250,168)	(250,598)
Roadway network	(715,763)	-	(715,763)
Street light network	(48,581)	-	(48,581)
Park improvements	(10,826)	-	(10,826)
	<u>(1,038,259)</u>	<u>(374,293)</u>	<u>(1,412,552)</u>
Depreciable capital assets, net	<u>1,364,076</u>	<u>953,922</u>	<u>2,317,998</u>
Total capital assets, net	<u>\$ 1,751,274</u>	<u>\$ 1,035,008</u>	<u>\$ 2,786,282</u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 4 – CAPITAL ASSETS (Continued)

Governmental Activities

Governmental capital asset activity for the year ended June 30, 2009 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated					
Land and land improvements	\$ 158,382	\$ -	\$ (80)	\$ 2,083	\$ 160,385
Construction in progress	198,211	170,904	-	(142,302)	226,813
	<u>356,593</u>	<u>170,904</u>	<u>(80)</u>	<u>(140,219)</u>	<u>387,198</u>
Depreciable capital assets					
Buildings and improvements	521,257	-	(46)	7,159	528,370
Equipment	44,360	664	-	23,562	68,586
Vehicles	109,506	10,168	(7,760)	-	111,914
Transmission and distribution	3,622	-	-	-	3,622
Roadway network	1,374,229	18,991	(29,507)	58,682	1,422,395
Streetlight network	155,902	556	-	4,034	160,492
Park improvements	70,497	-	-	36,459	106,956
	<u>2,279,373</u>	<u>30,379</u>	<u>(37,313)</u>	<u>129,896</u>	<u>2,402,335</u>
Less accumulated depreciation for:					
Buildings and improvements	(145,038)	(13,613)	46	-	(158,605)
Equipment	(34,103)	(2,992)	-	-	(37,095)
Vehicles	(65,641)	(8,460)	7,142	-	(66,959)
Transmission and distribution	(382)	(48)	-	-	(430)
Roadway network	(689,839)	(55,431)	29,507	-	(715,763)
Streetlight network	(45,279)	(3,302)	-	-	(48,581)
Park improvements	(7,868)	(2,958)	-	-	(10,826)
	<u>(988,150)</u>	<u>(86,804)</u>	<u>36,695</u>	<u>-</u>	<u>(1,038,259)</u>
Depreciable capital assets, net	<u>1,291,223</u>	<u>(56,425)</u>	<u>(618)</u>	<u>129,896</u>	<u>1,364,076</u>
	<u>\$ 1,647,816</u>	<u>\$ 114,479</u>	<u>\$ (698)</u>	<u>\$ (10,323)</u>	<u>\$ 1,751,274</u>

Governmental activities:

General government	\$ 4,280
Police	1,894
Fire	986
General services	3,532
Transportation	58,525
Economic development	102
Convention, culture and leisure	2,532
Parks and recreation	5,348
Development services	349
Library	570
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>8,686</u>

Total governmental activities depreciation expense \$ 86,804

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 4 – CAPITAL ASSETS (Continued)

Business-type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2009 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated					
Land and land improvements	\$ 45,421	\$ -	\$ -	\$ 6,890	\$ 52,311
Construction in progress	58,345	14,601	-	(44,171)	28,775
	<u>103,766</u>	<u>14,601</u>	<u>-</u>	<u>(37,281)</u>	<u>81,086</u>
Depreciable capital assets					
Buildings and improvements	271,212	-	-	11,041	282,253
Equipment	42,699	50	-	7,594	50,343
Transmission and distribution system	941,052	25,598	-	28,969	995,619
	<u>1,254,963</u>	<u>25,648</u>	<u>-</u>	<u>47,604</u>	<u>1,328,215</u>
Less accumulated depreciation for:					
Buildings and improvements	(96,960)	(7,513)	-	-	(104,473)
Equipment	(16,065)	(3,587)	-	-	(19,652)
Transmission and distribution system	(226,124)	(24,044)	-	-	(250,168)
	<u>(339,149)</u>	<u>(35,144)</u>	<u>-</u>	<u>-</u>	<u>(374,293)</u>
Depreciable capital assets, net	<u>915,814</u>	<u>(9,496)</u>	<u>-</u>	<u>47,604</u>	<u>953,922</u>
Business-type activities capital assets, net	<u>\$ 1,019,580</u>	<u>\$ 5,105</u>	<u>\$ -</u>	<u>\$ 10,323</u>	<u>\$ 1,035,008</u>

Depreciation expense was charged to functions as follows

Business-type activities:	
Water	\$ 13,473
Sewer	3,686
Storm Drainage	10,759
Solid Waste	1,982
Community Center	2,642
Parking	2,298
Child Development	77
Marina	<u>227</u>
Total business-type activities depreciation expense	<u>\$ 35,144</u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 4 – **CAPITAL ASSETS (Continued)**

Component Units

Component unit capital asset activity for the year ended December 31, 2008 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and land improvements	\$ 4,954	\$ -	\$ (4,954)	\$ -
Depreciable capital assets				
Buildings and improvements	72,133	-	(72,133)	-
Equipment	11,828	-	(11,828)	-
	<u>83,961</u>	<u>-</u>	<u>(83,961)</u>	<u>-</u>
Less accumulated depreciation for:				
Buildings and improvements	(16,217)	(811)	17,028	-
Equipment	(7,581)	(395)	7,976	-
	<u>(23,798)</u>	<u>(1,206)</u>	<u>25,004</u>	<u>-</u>
Depreciable capital assets, net	<u>60,163</u>	<u>(1,206)</u>	<u>(58,957)</u>	<u>-</u>
Component unit activities capital assets, net	<u>\$ 65,117</u>	<u>\$ (1,206)</u>	<u>\$ (63,911)</u>	<u>\$ -</u>

Depreciation expense was charged to functions as follows (in thousands):

Component Unit:

Sacramento Hotel Corporation	<u>\$ 1,206</u>
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City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 5 – PAYABLES

Payables as of June 30, 2009, were as follows (in thousands):

	<u>Vendors</u>	<u>Employees</u>	<u>Invest- ment Securities Purchased</u>	<u>Interest</u>	<u>Deposits</u>	<u>Accrued Claims and Judgments</u>	<u>Total</u>
Governmental activities							
General Fund	\$ 11,804	\$ 20,050	\$ 2,176	\$ -	\$ 161	\$ -	\$ 34,191
General Fund Projects Fund	3,982	-	889	-	-	860	5,731
Capital Grants Fund	4,217	-	-	-	651	-	4,868
Crocker Art Museum Fund	5,632	-	1,033	-	-	-	6,665
Financing Plans Fund	971	-	3,066	-	-	-	4,037
Transportation and Development Fund	3,818	-	895	-	633	-	5,346
Other governmental funds	4,697	222	743	2,939	585	9	9,195
Internal service funds	6,574	326	443	13	-	-	7,356
Total governmental activities	<u>\$ 41,695</u>	<u>\$ 20,598</u>	<u>\$ 9,245</u>	<u>\$ 2,952</u>	<u>\$ 2,030</u>	<u>\$ 869</u>	<u>\$ 77,389</u>
Business-type activities							
Water Fund	\$ 4,383	\$ 1,164	\$ 1,323	\$ 680	\$ -	\$ -	\$ 7,550
Sewer Fund	7,263	481	425	96	-	-	8,265
Storm Drainage Fund	704	1,105	478	352	-	11	2,650
Solid Waste Fund	1,187	656	-	179	-	-	2,022
Community Center Fund	946	297	340	837	-	96	2,516
Parking Fund	1,203	173	898	232	-	25	2,531
Other enterprise funds	534	326	-	239	115	-	1,214
Total business-type activities	<u>\$ 16,220</u>	<u>\$ 4,202</u>	<u>\$ 3,464</u>	<u>\$ 2,615</u>	<u>\$ 115</u>	<u>\$ 132</u>	<u>\$ 26,748</u>
Component units							
Sacramento Regional Arts Facilities Financing Authority	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174</u>

Included in the amounts due to employees above is \$1.9 million payable for the City's Voluntary Separation Program (VSP). The City is providing cash benefit payments to 96 employees approved during fiscal year 2009 to separate from the City. The benefit is determined by multiplying the number of years of continuous service by the employee's weekly salary, and is capped at \$50,000 per employee. The total cost of the VSP program in fiscal year 2009 was \$3.2 million.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 6 – OPERATING LEASES

City as Lessor

The City is leasing an office building in downtown Sacramento under a cancellable operating lease agreement until 2023. Future minimum lease payments include annual base lease payments ranging from \$4.5 million to \$14.3 million, plus additional lease amounts to cover building operating expenses. The building’s original cost is \$153.2 million. The carrying value and accumulated depreciation for the building at June 30, 2009 are \$127.5 million and \$25.7 million, respectively.

City as Lessee

The City is obligated under various operating leases for the use of land, buildings, office space, and equipment. Lease expenditures, primarily for governmental funds, for the fiscal year ended June 30, 2009, were \$1.5 million. Future minimum lease payments required by non-cancellable lease agreements that have initial lease terms in excess of one year are as follows (in thousands):

<u>Fiscal Year Ending June 30,</u>	<u>Balance</u>
2010	\$ 787
2011	578
2012	394
2013	312
2014	198
2015-2019	195
2020-2024	87
2025-2029	91
2030-2032	<u>56</u>
Total future minimum lease payments	<u>\$ 2,698</u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES

Activity

The following is a summary of changes in long-term liabilities. Certain long-term liabilities provide financing to both governmental and business-type activities. Balances and activity are reported for the City's fiscal year ended June 30, 2009 and the Hotel component unit's year ended December 31, 2008 (in thousands):

GOVERNMENTAL ACTIVITIES	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Revenue and other bonds:					
1993 Refunded Revenue Bonds, Series A	\$ 16,737	\$ -	\$ (924)	\$ 15,813	\$ 972
1993 Refunded Revenue Bonds, Series B	28,231	-	(1,582)	26,649	1,666
1995 Gas Tax Revenue Bonds, Series A	1,475	-	(1,475)	-	-
1996 Lighting and Landscaping Bonds	4,150	-	(370)	3,780	390
1997 Lease Revenue Bonds	70,930	-	(1,060)	69,870	1,215
1999 CFD No. 2 Revenue Bonds, Series A	2,485	-	(80)	2,405	85
1999 Capital Improvement Revenue Bonds	1,460	-	(75)	1,385	440
2002 Capital Improvement Revenue Bonds	31,405	-	(4,395)	27,010	4,545
2002 Refunding Revenue Bonds	14,771	-	(2,692)	12,079	2,805
2003 Capital Improvement Revenue Bonds	28,780	-	(1,125)	27,655	1,155
2005 Refunding Revenue Bonds	61,266	-	(25)	61,241	239
2006 Capital Improvement Revenue Bonds, Ser. A	93,445	-	(2,555)	90,890	2,650
2006 Capital Improvement Revenue Bonds, Ser. B	54,515	-	(765)	53,750	805
2006 Capital Improvement Revenue Bonds, Ser. C	28,340	-	(505)	27,835	525
2006 Capital Improvement Revenue Bonds, Ser. D	2,430	-	-	2,430	-
2006 Capital Improvement Revenue Bonds, Ser. E	81,001	-	(47)	80,954	49
Subtotal, revenue and other bonds	<u>521,421</u>	<u>-</u>	<u>(17,675)</u>	<u>503,746</u>	<u>17,541</u>
Notes payable:					
1997 State Department of Boating & Waterways	875	-	(63)	812	66
Bank of America, N.A. - Railyards Land Acquisition	25,000	-	(25,000)	-	-
Subtotal, notes payable	<u>\$ 25,875</u>	<u>\$ -</u>	<u>\$ (25,063)</u>	<u>\$ 812</u>	<u>\$ 66</u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Activity (Continued)

GOVERNMENTAL ACTIVITIES (Continued)	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Capital lease obligations:					
Plaza building	\$ 241	\$ -	\$ (241)	\$ -	\$ -
IBM equipment	287	-	(287)	-	-
Parking meters	21	-	(21)	-	-
Golf equipment	60	-	(19)	41	20
Fire trucks and equipment #1	5,444	-	(516)	4,928	537
Fire trucks and equipment #2	465	-	(41)	424	43
Parking pay and display meters #1	724	-	(110)	614	114
Parking pay and display meters #2	1,564	-	(217)	1,347	225
Subtotal, capital lease obligations	8,806	-	(1,452)	7,354	939
Less deferred amounts:					
For issuance discounts	(183)	-	8	(175)	(8)
For issuance premiums	21,479	-	(1,064)	20,415	1,063
Gain/loss on refunding	(10,363)	-	808	(9,555)	(808)
Subtotal deferred amounts	10,933	-	(248)	10,685	247
Subtotal, debt governmental activities	567,035	-	(44,438)	522,597	18,793
Other long-term liabilities:					
Accrued claims and judgments	49,682	11,181	(10,625)	50,238	15,195
Compensated absences	34,218	25,884	(27,528)	32,574	3,240
OPEB liability	17,650	27,484	(9,592)	35,542	-
Pollution remediation obligations	1,201	-	(197)	1,004	249
Financing plan fee credits:					
North Natomas	26,295	6,414	(1,182)	31,527	-
Jacinto Creek	788	4	-	792	368
Park Development	636	4,563	(564)	4,635	208
Subtotal, other long-term liabilities	130,470	75,530	(49,688)	156,312	19,260
Total, governmental activities	\$ 697,505	\$ 75,530	\$ (94,126)	\$ 678,909	\$ 38,053

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Activity (Continued)

BUSINESS-TYPE ACTIVITIES	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Revenue and other bonds:					
1993 Refunded Revenue Bonds, Series A	\$ 69,109	\$ -	\$ (3,816)	\$ 65,293	\$ 4,013
1993 Refunded Revenue Bonds, Series B	30,835	-	(1,728)	29,107	1,819
1999 Capital Improvement Revenue Bonds	2,600	-	(605)	1,995	635
2002 Refunding Revenue Bonds	10,349	-	(1,898)	8,451	1,970
2005 Refunding Revenue Bonds	106,594	-	(335)	106,259	511
2006 Capital Improvement Revenue Bonds, Ser. E	103,948	-	(2,758)	101,190	2,861
Subtotal, revenue and other bonds	<u>323,435</u>	<u>-</u>	<u>(11,140)</u>	<u>312,295</u>	<u>11,809</u>
Notes payable:					
1985 Marina Phase I	1,691	-	(31)	1,660	33
1985 Marina Phase II	2,552	-	(42)	2,510	44
1985 Marina Phase III	1,067	-	(77)	990	81
1985 Marina Phase IV	699	-	(45)	654	47
2008 Sacramento Marina South Basin	4,225	3,874	-	8,099	-
State Water Resources Control Board	1,441	-	(128)	1,313	131
State Water Resources Control Board	26,511	-	(1,785)	24,726	1,823
State Water Resources Control Board	3,488	-	(251)	3,237	258
State Water Resources Control Board	1,802	-	(118)	1,684	121
State Water Resources Control Board	4,335	-	(285)	4,050	292
California Department of Education	240	-	(60)	180	40
Redevelopment Agency Loan – Basin 31	1,925	-	(1,925)	-	-
Subtotal, notes payable	<u>49,976</u>	<u>3,874</u>	<u>(4,747)</u>	<u>49,103</u>	<u>2,870</u>
Capital lease obligations:					
Refuse Trucks	-	4,596	(189)	4,407	389
Recycle Containers #1	183	-	(122)	61	62
Recycle Containers #2	260	-	(128)	132	132
Recycle Containers #3	390	-	(152)	238	157
Recycle Containers #4	391	-	(152)	239	158
Bank of America – Marina South Basin	1,486	-	(76)	1,410	79
Subtotal, capital lease obligations	<u>2,710</u>	<u>4,596</u>	<u>(819)</u>	<u>6,487</u>	<u>977</u>
Less deferred amounts:					
For issuance discounts	(736)	-	62	(674)	(63)
For issuance premiums	22,747	-	(1,126)	21,621	1,126
Gain/loss on refunding	(22,481)	-	2,206	(20,275)	(1,970)
Subtotal, deferred amounts	<u>(470)</u>	<u>-</u>	<u>1,142</u>	<u>672</u>	<u>(907)</u>
Subtotal, debt business-type activities	<u>\$ 375,651</u>	<u>\$ 8,470</u>	<u>\$ (15,564)</u>	<u>\$ 368,557</u>	<u>\$ 14,749</u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Activity (Continued)

BUSINESS-TYPE ACTIVITIES	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Other long-term liabilities:					
Compensated absences	\$ 7,324	\$ 6,222	\$ (6,070)	\$ 7,476	\$ 553
OPEB liability	3,378	5,121	(1,785)	6,714	-
Utility district payable	916	-	(306)	610	305
Water fee credits	1,988	90	(392)	1,686	-
Liability for landfill closure	12,911	12,760	(800)	24,871	894
Subtotal, other long-term liabilities	<u>26,517</u>	<u>24,193</u>	<u>(9,353)</u>	<u>41,357</u>	<u>1,752</u>
Total business-type activities	<u>\$ 402,168</u>	<u>\$ 32,663</u>	<u>\$ (24,917)</u>	<u>\$ 409,914</u>	<u>\$ 16,501</u>
COMPONENT UNITS					
Revenue bonds					
1999 Hotel Senior Revenue Bonds, Series A	\$ 92,200	\$ -	\$ (92,200)	\$ -	\$ -
1999 Hotel Subordinate Revenue Bonds, Series B	10,645	-	(10,645)	-	-
Subtotal, revenue bonds	<u>102,845</u>	<u>-</u>	<u>(102,845)</u>	<u>-</u>	<u>-</u>
Certificates of Participation					
Sacramento Regional Arts Facilities, 2002 Series COPS	15,235	-	(355)	14,880	365
Less Deferred Amounts					
Discounts	(788)	-	669	(119)	(5)
Unaccreted Interest	(1,025)	-	1,025	-	-
Subtotal, component unit deferred amounts	<u>(1,813)</u>	<u>-</u>	<u>1,694</u>	<u>(119)</u>	<u>(5)</u>
Total component units	<u>116,267</u>	<u>-</u>	<u>(101,506)</u>	<u>14,761</u>	<u>360</u>
Total, long-term liabilities	<u>\$ 1,215,940</u>	<u>\$ 108,193</u>	<u>\$ (220,549)</u>	<u>\$ 1,103,584</u>	<u>\$ 54,914</u>

The June 30, 2008 beginning balance of the governmental activities pollution remediation obligations was restated because of the implementation of GASB Statement No. 49 (note 1).

The following is a list of long-term debt issues outstanding at June 30, 2009, including the amount of original debt issuance, a description of the debt issue, and disclosure of pledged revenue.

Revenue and Other Bonds

\$130,425,000 1993 Refunded Revenue Bonds, Series A
Authorized and issued September 1993, due in annual installments of \$2,186,000 to \$8,875,000 through November 2020, bearing interest rates of 4.5% to 5.13%, for the purpose of refunding the 1986 Public Facilities Certificates of Participation and a portion of the 1991 Marks-Roos Revenue Bonds.

\$95,480,000 1993 Refunded Revenue Bonds, Series B
Authorized and issued September 1993, due in annual installments of \$1,634,000 to \$6,070,000 through November 2020, bearing interest rates of 4.5% to 5.13%, for the purpose of refunding the 1989 Public Facilities Certificates of Participation.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Revenue and Other Bonds (Continued)

- \$14,165,000 1995 Gas Tax Revenue Bonds, Series A
Authorized and issued May 1995, due in annual installments of \$890,000 to \$1,475,000 through December 2008, bearing interest rates of 4.7% to 6.75%, for the purpose of financing the acquisition and construction of the 1995 Street Improvement Project. The City pledged future gas tax revenues to repay the bonds. The bonds were paid solely from gas tax revenue through December, 2008. For the current year, principal and interest paid was \$1,524,000 and gas tax revenue was \$7,816,000.
- \$7,290,000 1996 Lighting and Landscaping Bonds
Authorized and issued October 1996, due in annual installments of \$235,000 to \$565,000 through fiscal year 2017, bearing interest rates of 4.5% to 5.50%, for the purpose of financing park and lighting maintenance and capital improvements. The debt service on the bonds is payable from special assessments to be levied and collected from property owners. The City pledged future Citywide lighting and landscaping special assessment revenues to repay the bonds. The bonds are payable solely from special assessment revenue through September, 2016. Total principal and interest remaining to be paid on the bonds is \$4,669,000. For the current year, principal and interest paid was \$587,000 and special assessment revenue in the Citywide Lighting and Landscaping District was \$13,558,000.
- \$73,725,000 1997 Lease Revenue Bonds
Authorized and issued July 1997, due in annual installments of \$1,060,000 to \$2,665,000 through July 2027, at which there will be a mandatory refunding. The bonds were issued to finance the acquisition and lease back of Arco Arena. The bonds were issued as variable rate bonds and a ten-year interest rate hedge has been purchased to mitigate the risk of interest rate fluctuations to a fixed rate of 5.607%. The debt service on the bonds is funded from lease revenue on Arco Arena. The City pledged future lease revenues to repay the bonds. The bonds are payable solely from lease revenue through July, 2027. Total remaining principal and interest of \$116,871,000 will be paid using 100% of future lease revenue. For the current year, principal and interest paid was \$4,982,000 and lease revenue was \$4,214,000.
- \$2,910,000 1999 Community Facilities District No. 2 Revenue Bonds, Series A
Authorized and issued January 1999, due in annual installments of \$35,000 to \$255,000 through September 2023, bearing interest rates of 4.8% to 6.25%, for the purpose of financing capital improvements of the North Natomas CFD of benefit to City property.
- \$92,800,000 1999 Hotel Senior Revenue Bonds, Series A
Authorized and issued April 1999, due in annual installments of \$200,000 to \$13,300,000 through January 1, 2030, bearing interest rate of 6.25%, to finance the construction of a convention center hotel. These bonds were defeased in the Sacramento Hotel Corporation's December 31, 2008 fiscal year-end.
- \$4,097,827 1999 Hotel Subordinate Revenue Bonds, Series B
Authorized and issued April 1999, due in annual installments of \$1,770,000 to \$1,800,000 commencing January 1, 2006 through January 1, 2011, with an accretion rate of 11%, to finance the construction of a convention center hotel. These bonds were defeased in the Sacramento Hotel Corporation's December 31, 2008 fiscal year-end.
- \$71,180,000 1999 Capital Improvement Revenue Bonds
Authorized and issued December 1999, for the purpose of financing the construction of a south area corporation yard and to make a loan to the Redevelopment Agency of Sacramento for certain projects within the Del Paso Heights, Oak Park, North Sacramento, and Richard's Boulevard redevelopment areas. In July 2005, \$41,645,000 of the bonds were defeased through the issuance of the 2005 Refunding Revenue bonds, and the balance of \$4,930,000 is due in annual installments of \$155,000 to \$1,185,000 through December 2011, bearing interest rates of 4.4% to 5.1%.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Revenue and Other Bonds (Continued)

- \$160,475,000 2002 Capital Improvement Revenue Bonds
Authorized and issued July 2, 2002, for the purpose of financing certain capital projects within the City of Sacramento and to make a loan to the Redevelopment Agency of Sacramento for certain redevelopment projects within the City of Sacramento. In July 2005, \$32,935,000 of the bonds were defeased through the issuance of the 2005 Refunding Revenue bonds, and in December 2006, \$51,285,000 of the bonds were defeased through the issuance of the 2006 Series E Refunding Revenue bonds. The balance of \$35,410,000 is due in annual installments of \$250,000 to \$5,310,000 through December 2017, bearing interest rates of 4.0% to 5.38%.
- \$46,265,000 2002 Refunding Revenue Bonds
Authorized and issued October 31, 2002, with principal and interest due in annual installments of \$5,779,850 to \$5,800,381 through July 1, 2012, bearing interest at rates of 2.75% to 5.0%. Net proceeds of \$47,987,823 were utilized for the purpose of establishing an irrevocable escrow to refund \$27,950,000 principal amount of the City's 1991 Refunding Certificates of Participation (1987 Public Facilities Projects) and \$20,430,000 principal amount of the City's 1991 Refunding Certificates of Participation (Light Rail Transit Project).
- \$68,470,000 2003 Capital Improvement Revenue Bonds
Authorized and issued September 30, 2003, with the net proceeds of \$67,840,527 utilized for financing construction of the 911 Call Center and certain other capital projects within the City of Sacramento. In December 2006, \$35,805,000 of the bonds were defeased through the issuance of the 2006 Series E Refunding Revenue bonds. The balance of \$29,880,000 is due in annual installments of \$150,000 to \$3,360,000 through December 2033, bearing interest rates of 2.25% to 5.0%.
- \$167,860,000 2005 Refunding Revenue Bonds
Authorized and issued July 12, 2005, due in annual installments of \$360,000 to \$15,315,000 through December 1, 2029, bearing interest rates of 4.0% to 5.0%. Net proceeds of \$187,563,390 were utilized for the purpose of establishing an irrevocable escrow to refund \$173,440,000 principal amount of the outstanding 2000 Capital Improvement Revenue Bonds and a portion of the outstanding 1999, 2001 and 2002 Capital Improvement Revenue Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental and business-type activities columns of the statement of net assets.
- \$95,900,000 2006 Capital Improvement Revenue Bonds Series A (Tax Exempt)
Authorized and issued June 15, 2006, due in annual installments of \$2,060,000 to \$5,070,000 through December 1, 2036, bearing interest rates of 3.75% to 5.0%. Net proceeds of \$89,807,860 will be utilized for the purpose of financing certain public capital improvements and redevelopment projects including the expansion of the Crocker Art Museum, the new Valley Hi–North Laguna Library and other capital projects within the City of Sacramento.
- \$55,235,000 2006 Capital Improvement Revenue Bonds Series B (Taxable)
Authorized and issued June 15, 2006, due in annual installments of \$720,000 to \$3,760,000 through December 1, 2036, bearing interest rates of 5.4% to 5.80%. Net proceeds of \$50,691,557 will be utilized for the purpose of financing certain public capital improvements and redevelopment projects including an arts rehearsal building, Pocket Area Library and other capital projects within the City of Sacramento.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Revenue and Other Bonds (Continued)

- \$28,825,000 2006 Capital Improvement Revenue Bonds Series C (Tax Exempt)
Authorized and issued December 12, 2006, due in annual installments of \$245,000 to \$1,955,000 through December 1, 2036, bearing interest rates of 4.0% to 5.0%. Net proceeds of \$30,500,000 will be utilized for the purpose of financing the acquisition and improvements of the 300 Richards Boulevard land and building in the City of Sacramento.
- \$2,430,000 2006 Capital Improvement Revenue Bonds Series D (Taxable)
Authorized and issued December 12, 2006, due in annual installments of \$475,000 to \$685,000 through December 1, 2016, bearing an interest rate of 5.16%. Net proceeds of \$2,400,000 will be utilized for the purpose of financing the acquisition and improvements of the 300 Richards Boulevard land and building in the City of Sacramento.
- \$186,950,000 2006 Capital Improvement Revenue Bonds Series E (Refunding)
Authorized and issued December 12, 2006, due in annual installments of \$402,500 to \$8,570,000 through December 1, 2033, bearing interest rates of 4.0% to 5.25%. Net proceeds of \$216,661,339 plus cash of \$13,441,425 have been utilized for the purpose of establishing an irrevocable escrow to defease \$218,000,000 principal amount of the outstanding 2001 Capital Improvement Revenue Bonds and a portion of the outstanding 2002 and 2003 Capital Improvement Revenue Bonds, and the liability has been removed from the governmental and business-type activities columns of the statement of net assets.

Certificates of Participation

- \$16,580,000 Sacramento Regional Arts Facilities 2002 Series Certificates of Participation (COPs)
Authorized and issued in August 2002, due in annual principal and interest installments of \$754,484 to \$1,062,600 through September 2032, bearing interest rates of 2.0% to 5.0%. Net proceeds of \$16,427,972 were utilized for the purpose of financing and refinancing the acquisition, renovation and construction of the H Street Theatre facilities. The City pledged future lease revenues to repay the COPs. The COPs are payable solely from lease revenue through September, 2032. Total remaining principal and interest of \$25,093,000 will be paid using 100% of future lease revenue. For the current year, principal and interest paid was \$1,055,000 and lease payments received were \$1,046,000.

Notes Payable

- \$2,220,465 1985 Sacramento Marina Note Payable, Phase I
Authorized July 1985, issued November 1985, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of \$20,104 to \$82,228 through August 2030, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.
- \$3,229,441 1985 Sacramento Marina Note Payable, Phase II
Authorized July 1985, issued September 1987, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of \$26,914 to \$149,713 through August 2037, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.
- \$1,828,769 1985 Sacramento Marina Note Payable, Phase III
Authorized July 1985, issued March 1988, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of \$49,622 to \$119,643 through August 2018, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Notes Payable (Continued)

- \$1,116,859 1985 Sacramento Marina Note Payable, Phase IV
Authorized July 1985, issued February 1989, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of \$29,036 to \$73,152 through August 2019, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.
- \$9,000,000 2008 Sacramento Marina South Basin
Authorized February 2005, the City has made loan draws of \$8,099,000 through June 30, 2009, from the California Department of Boating and Waterways, for the purpose of constructing the South Basin Improvements at the Sacramento Marina. Repayment of principal and interest will begin on August 1 immediately following the final draw in thirty annual payments including interest at 4.5%. Construction of the South Basin Improvements will be complete by the Summer of 2009.
- \$1,380,000 1997 State Department of Boating and Waterways Note Payable
Authorized January 1997, issued May 1999, due in annual installments of \$88,809 to \$98,168 through 2018, for the purpose of financing a visitor dock at Old Sacramento.
- \$2,619,435 State Water Resources Control Board Note Payable
Authorized July 1998, issued September 1998, due in annual installments of \$165,652 through March 2018, bearing an interest rate of 2.6%, for the purpose of financing the City's reservoir rehabilitation project. The City pledged future sewer and storm drainage fee revenue to repay the note. The note is payable solely from the sewer and storm drainage fee revenue through March, 2018. Total principal and interest remaining to be paid on the note is \$1,491,000. For the current year, principal and interest paid was \$166,000 and sewer and storm drain fee revenue was \$51,684,000.
- \$37,015,548 State Water Resources Control Board Note Payable
Authorized March 1999, issued beginning July 1999, due in annual installments of \$2,372,652 through November 2020, bearing an interest rate of 2.2%, for the purpose of financing various wastewater projects. The City pledged future sewer and storm drainage fee revenue to repay the note. The note is payable solely from the sewer and storm drainage fee revenue through November, 2020. Total principal and interest remaining to be paid on the note is \$28,405,000. For the current year, principal and interest paid was \$2,367,000 and sewer and storm drain fee revenue was \$51,684,000.
- \$5,177,477 State Water Resources Control Board Note Payable
Authorized March 2001, issued July 2001, due in annual installments of \$342,051 through September 2019, bearing an interest rate of 2.6%, for the purpose of financing the construction of underground storage and pumping facilities. The City pledged future sewer and storm drainage fee revenue to repay the note. The note is payable solely from the sewer and storm drainage fee revenue through September, 2019. Total principal and interest remaining to be paid on the note is \$3,763,000. For the current year, principal and interest paid was \$342,000 and sewer and storm drain fee revenue was \$51,684,000.
- \$2,603,365 State Water Resources Control Board Note Payable
Authorized June 2001, issued beginning May 2002, due in annual installments of \$148,569 through May 2021, bearing an interest rate of 2.6%, for the purpose of financing the replacement of sewer lines. In fiscal year 2003 there was an additional draw of \$249,716. The City pledged future sewer and storm drainage fee revenue to repay the note. The note is payable solely from the sewer and storm drainage fee revenue through May, 2021. Total principal and interest remaining to be paid on the note is \$1,980,000. For the current year, principal and interest paid was \$165,000 and sewer and storm drain fee revenue was \$51,684,000.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Notes Payable (Continued)

- \$5,672,013 State Water Resources Control Board Note Payable
Authorized February 2002, issued beginning February 2002, due in annual installments of \$397,125 through February 2021, bearing an interest rate of 2.6%, for the purpose of financing the replacement of sewer lines. The City pledged future sewer and storm drainage fee revenue to repay the note. The note is payable solely from the sewer and storm drainage fee revenue through February, 2021. Total principal and interest remaining to be paid on the note is \$4,765,000. For the current year, principal and interest paid was \$397,000 and sewer and storm drain fee revenue was \$51,684,000.
- \$400,000 California Department of Education Note Payable
To finance the construction of temporary classrooms at Two Rivers School and Sequoia School with maturities of \$40,000 per year through 2014. The note bears no interest.
- \$25,000,000 Bank of America, N.A. Note Payable
Issued December 26, 2006, in the face amount of \$25,000,000 to purchase two parcels of land within the Downtown Sacramento Railyards project area. The principal and accrued interest at the Bank of America prime rate was paid on December 13, 2008.
- \$1,925,000 Redevelopment Agency Loan Payable – Basin 31
This loan from the Sacramento Housing and Redevelopment Agency provides interim financing for the acquisition of two parcels of land for construction of the 65th Street and Broadway Detention Basin. Repayment of \$1,925,000 is to be made no later than July 2009 and bears no interest. The note was paid during the fiscal year ended June 30, 2009.

Capital Lease Obligations

The City has entered into several long-term leases to finance the acquisition of real estate and equipment. The leases qualify as capital leases for accounting purposes as defined under the Financial Accounting Standards Board Statement No. 13, *Accounting for Leases*, and have been recorded at the present value of the future minimum lease payments. As of June 30, 2009, future minimum lease payments to be made by the City's General, Solid Waste and Marina Funds are as follows (in thousands):

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2010	\$ 1,212	\$ 1,229	\$ 2,441
2011	1,210	867	2,077
2012	1,191	702	1,893
2013	1,190	702	1,892
2014	1,190	702	1,892
2015 – 2019	2,511	3,230	5,741
2020 – 2024	-	485	485
	<hr/>	<hr/>	<hr/>
Total minimum lease payments	8,504	7,917	16,421
Less amounts representing interest	(1,150)	(1,430)	(2,580)
	<hr/>	<hr/>	<hr/>
Net present value of minimum lease payments	<u>\$ 7,354</u>	<u>\$ 6,487</u>	<u>\$ 13,841</u>

The following is a schedule of property under capital leases by major classes at June 30, 2009 (in thousands):

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 335	\$ -	\$ 335
Building	2,270	1,523	3,793
Equipment	10,999	7,292	18,291
Less: accumulated depreciation	(4,774)	(2,452)	(7,226)
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 8,830</u>	<u>\$ 6,363</u>	<u>\$ 15,193</u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Other long-term liabilities

Accrued claims and judgments – Estimated liabilities of the City’s workers’ compensation, auto, and general liability self-insurance programs administered through the Risk Management Internal Service Fund.

Compensated absences – Due to employees for earned but unused compensated absence accounts, including leave balances for vacation, sick, and compensated time off. Compensated absences are generally liquidated by the City’s General Fund, internal service funds and enterprise funds in each fiscal year.

Other post employment benefits (OPEB) liability – Actuarially determined obligation for retiree medical benefits. The City established its OPEB liability at zero as of June 30, 2007. This liability reflects the first two years of amortization of the unfunded actuarial liability. See note 9 for more information.

Pollution remediation obligations – Estimated liabilities to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities.

Utility district payable – An amount due to the Sacramento Municipal Utility District for charges due to malfunctioning meters at one of the City’s water treatment plants.

Financing plan fee credits – Issued to developers as consideration for infrastructure and other capital improvements constructed on behalf of the City within the scope of the North Natomas, Jacinto Creek and Park development financing plans. Credits are redeemable from or against future financing plan impact fees assessed within the geographic boundaries of the plan.

Water fee credits – Issued to developers as consideration for infrastructure constructed on behalf of the City. Credits are redeemable from or against future water development impact fees.

Liability for landfill closure – Estimated post-closure maintenance and monitoring costs for the City’s 28th Street landfill site.

Future Debt Service Requirements

The annual debt service requirements for City long-term debt outstanding as of June 30, 2009, and the Sacramento Regional Arts Facilities Financing Authority component unit long-term debt outstanding as of June 30, 2009, are as follows:

Annual debt service requirements of governmental activities to maturity are as follows (in thousands):

Fiscal Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2010	\$ 17,541	\$ 25,182
2011	18,703	24,295
2012	19,763	23,407
2013	20,794	22,481
2014	18,448	21,648
2015 – 2019	107,565	92,727
2020 – 2024	90,948	67,107
2025 – 2029	98,578	42,093
2030 – 2034	80,669	18,553
2035 – 2037	30,737	2,519
Subtotals	503,746	340,012
Less: Issuance discounts	(175)	-
Plus: Issuance premiums	20,415	-
Less: Net loss on refunding	(9,555)	-
Totals	<u>\$ 514,431</u>	<u>\$ 340,012</u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Future Debt Service Requirements (Continued)

Fiscal Year Ending June 30,	Notes Payable	
	Principal	Interest
2010	\$ 66	\$ 37
2011	69	34
2012	72	30
2013	75	27
2014	79	24
2015 – 2019	451	63
Totals	<u>\$ 812</u>	<u>\$ 215</u>

Annual debt service requirements of business-type activities to maturity are as follows (in thousands):

Fiscal Year Ending June 30,	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2010	\$ 11,809	\$ 15,561	\$ 2,870	\$ 1,073
2011	12,852	14,969	3,073	1,367
2012	13,447	14,333	3,151	1,289
2013	15,331	13,614	3,231	1,209
2014	13,837	12,924	3,293	1,127
2015 – 2019	80,640	52,854	17,519	4,316
2020 – 2024	66,437	32,209	7,800	2,284
2025 – 2029	54,762	18,562	2,154	1,652
2030 – 2034	43,180	4,386	2,685	1,122
2035 – 2039	-	-	2,852	476
2040 – 2044	-	-	475	21
Subtotals	312,295	179,412	49,103	15,936
Less: Issuance discounts	(674)	-	-	-
Plus: Issuance premiums	21,621	-	-	-
Less: Net loss on refunding	(20,275)	-	-	-
Totals	<u>\$ 312,967</u>	<u>\$ 179,412</u>	<u>\$ 49,103</u>	<u>\$ 15,936</u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Future Debt Service Requirements (Continued)

Annual debt service requirements of component unit activities to maturity are as follows (in thousands):

Fiscal Year Ending June 30,	Certificates of Participation	
	Principal	Interest
2010	\$ 365	\$ 689
2011	375	674
2012	395	657
2013	410	643
2014	425	627
2015 – 2019	2,400	2,853
2020 – 2024	2,975	2,255
2025 – 2029	3,780	1,429
2030 – 2033	3,755	387
Subtotals	14,880	10,214
Less: Issuance discounts	(119)	-
Totals	\$ 14,761	\$ 10,214

Interest rate swap

Objective of the interest rate swap. As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in July 2007, the Sacramento City Financing Authority (the “Authority”) entered into an interest rate swap in connection with its \$73,725,000 1997 Lease Revenue (Arco Arena Acquisition) variable interest rate bonds (the “Bonds”). The intention of the swap was to effectively change the Authority’s variable interest rate on the bonds to a synthetic fixed rate of 5.607% through the end of the swap agreement’s term. As of June 30, 2009, the amount of outstanding Bonds was \$69,870,000. The interest and principal payments on the Bonds are insured by a third party bond insurer.

Terms. The Bonds mature on July 15, 2027 and are subject to remarketing on July 19, 2017. The Bonds carry an interest rate equal to 3-month London Interbank Offered Rate (“LIBOR”) plus 0.25% (total rate not to exceed 14%), payable quarterly, until July 19, 2017. The swap agreement terminates on July 19, 2017, and has a notional amount as of June 30, 2009 of \$69,870,000. The notional amount of the swap and the par amount of the Bonds each decline according to the same schedule through 2017. The swap was entered at the same time the Bonds were remarketed (July 2007). Under the swap, the Authority pays the counterparty a fixed payment of 5.607% and receives a variable payment computed as LIBOR plus 0.25% (total rate not to exceed 14%). The Authority’s payments to the counterparty under the swap agreement are insured by the third party bond insurer.

Fair value. Because interest rates have declined since the execution of the swap, the swap had a negative fair value of \$9,095,000 as of June 30, 2009, as provided by the swap counterparty. Because the coupons on the Bonds adjust as LIBOR adjusts, the Bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Interest rate swap (Continued)

Credit risk. As of June 30, 2009, the Authority was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Authority would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated "A+" by Fitch Ratings, "Aa3" by Moody's Investors Service, and "A" by Standard & Poor's as of June 30, 2009. To mitigate the potential for credit risk, if the counterparty's credit quality falls below "A3" by Moody's Investors Service or "A-" by Standard & Poor's, the swap agreement provides that the counterparty, the Authority, the bond insurer for the Bonds, and a third-party collateral agent are to execute a collateral agreement establishing the type of collateral, the amount of collateral, the collateral agent, and the terms of the collateral agreement within 30 days of such a downgrade.

Basis risk. The swap agreement provides that the payment received by the Authority shall be at LIBOR plus 0.25% (total rate not to exceed 14%), the equivalent of the interest rate on the Bonds. This arrangement mitigates the Authority's exposure to basis risk.

Termination risk. The Authority may terminate the swap if the counterparty fails to perform under the terms of the contract. The Authority also may terminate the swap if the counterparty fails to execute a collateral agreement satisfactory to the Authority and the bond insurer within 30 days of the counterparty's ratings falling below "A3" by Moody's Investors Service or "A-" by Standard & Poor's. The counterparty may terminate the swap if the Authority fails to perform under the terms of the contract, and the bond insurer fails to perform under the terms of the contract. The counterparty also may terminate the swap upon the occurrence of the following events: 1) the bond insurer falls below "A3" by Moody's Investors Service or "A-" by Standard & Poor's, and; 2) the Authority falls below "Baa3" by Moody's Investors Service or "BBB-" by Standard & Poor's. If the swap is terminated, the variable rate Bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt. Using rates in effect as of June 30, 2009, debt service requirements of the variable rate Bonds and net swap payments, assuming current interest rates remain the same through the July 2017 termination date of the swap and tender date on the Bonds, were as follows (in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swaps, Net</u>	<u>Total</u>
2010	\$ 1,215	\$ 645	\$ 3,285	\$ 5,145
2011	1,300	517	3,267	5,084
2012	1,575	505	3,185	5,265
2013	1,775	491	3,112	5,378
2014	1,990	476	3,019	5,485
2015	2,225	459	2,915	5,599
2016	2,475	449	2,844	5,768
2017	2,665	420	2,673	5,758
2018	54,650	99	667	55,416
TOTAL	\$ 69,870	\$ 4,061	\$ 24,967	\$ 98,898

Beyond the termination date of the swap and mandatory tender date on the bonds in July 2017, the interest rates on the bonds will vary.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the U.S. Department of Treasury at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and determined the liability to be \$201,707 at June 30, 2009.

Special Assessment Debt

Total matured and unmatured bonds outstanding related to special assessment and special tax districts are \$183 million at June 30, 2009. The City acts as an agent for the property owners in collecting special assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, when appropriate. The City is not liable for repayment of the special district bonds, and accordingly, they are not reflected in the accompanying basic financial statements. Cash held on deposit and corresponding amounts payable for the districts are reported in the Assessment Districts and Community Facility District Act Agency Funds.

Conduit Debt

Outstanding obligations related to special facility and redevelopment agency revenue bonds total \$349 million at June 30, 2009. Special facility revenue bonds were issued to provide administrative and service facilities for four non-profit organizations and for offices leased to the State of California Department of General Services (State). The bonds issued are special limited obligations of the City, payable solely from and secured by a pledge of revenue to be received from loan or lease agreements between the City and the non-profit organizations or the State. The redevelopment agency bonds were issued by the Sacramento City Financing Authority to finance redevelopment activities and to refund certain other obligations of the redevelopment agency. The City is not liable for repayment of these bonds, and accordingly, they are not reflected in the accompanying basic financial statements.

Prior year Defeasance of Debt

In prior years, the City defeased certain revenue and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2009, \$404 million of such bonds outstanding are considered defeased.

NOTE 8 – EMPLOYEE RETIREMENT PLANS

Defined Benefit Plan Descriptions

The City of Sacramento provides defined benefit retirement benefits through the California Public Employees' Retirement System (PERS) and the Sacramento City Employees' Retirement System (SCERS). PERS is an agent multiple-employer public employee defined benefit pension plan. SCERS is a single-employer defined benefit pension plan.

PERS

All full-time and certain part-time City employees hired after January 28, 1977 and City safety employees, regardless of date of hire, are eligible to participate in PERS. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from the PERS Executive Office at 400 Q Street, Sacramento, CA 95814. A separate report for the City's plan within PERS is not available.

City of Sacramento
Notes to the Financial Statements
 For the Fiscal Year Ended June 30, 2009

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

SCERS

All full-time, non-safety employees hired before January 29, 1977, are eligible to participate in SCERS. SCERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

The City reports SCERS as a pension trust fund. SCERS issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing the City of Sacramento Department of Finance, 915 I Street, 4th Floor, Sacramento, CA 95814. The following is a summary of significant accounting policies:

Basis of Accounting – SCERS’ financial statements are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value, except mortgage loans which are recorded at amortized cost. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Funding Policy

The City Council established and may amend the obligations of the plan members and the City to contribute to the plan. Participants are required to contribute a percentage of their annual covered salary, as follows:

PERS - Miscellaneous	7%
PERS - Safety	9
SCERS - (varies with entry age)	3 – 10

The City makes the following participant contributions on their behalf and for their account (percent of annual covered payroll):

PERS - Certain miscellaneous employees	3 - 5%
PERS - Safety	9

The City is required to contribute at actuarially determined rates. Rates for the fiscal year ended June 30, 2009 were as follows (percent of annual covered payroll):

PERS - Miscellaneous	11.222%
PERS - Safety	22.584
SCERS	1.200

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Annual Pension Cost

PERS

For the fiscal year ended June 30, 2009, the City's annual PERS pension cost of \$41.7 million was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation, using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.25% to 14.45%. Both (a) and (b) included an inflation component of 3.0% and an annual production growth of .25%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15 year period. Unfunded actuarial accrued liabilities and excess assets as of June 30, 2006 are being amortized, using the level percentage of payroll method, over a closed period that depends on the plan's date of entry into PERS. The remaining amortization period at June 30, 2006 was 30 years for the safety employees' plan and 27 years for the miscellaneous employees' plan. Subsequent plan amendments are amortized as a level percentage of projected payrolls over a closed 20-year period. Annual gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year.

SCERS

For the fiscal year ended June 30, 2009, the City's annual SCERS pension cost of \$3.2 million was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 6.50% investment rate of return (net of administrative expenses), (b) 3% projected annual salary increases, (c) an inflation component of 3%, and (d) 3.25% per year social security wage base adjustments. The actuarial value of the assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. Unfunded liabilities are being amortized over a 15 year rolling period, as a level dollar amount of projected payrolls.

Three-Year Trend Information

PERS – City Miscellaneous

Fiscal Year	Annual Pension Cost (APC) (in millions)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2007	\$18.7	100%	\$ -
June 30, 2008	16.4	100	-
June 30, 2009	22.9	100	-

PERS – City Safety

Fiscal Year	Annual Pension Cost (APC) (in millions)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2007	\$22.5	100%	\$ -
June 30, 2008	19.8	100	-
June 30, 2009	18.8	100	-

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Three-Year Trend Information (Continued)

SCERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC) (in millions)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2007	\$ -	100%	\$ -
June 30, 2008	3.5	100	-
June 30, 2009	3.2	100	-

Funded Status

The funded status of the plans as of the most recent actuarial valuation dates is as follows (in millions):

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>(Overfunded) Unfunded AAL (b) – (a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>(Overfunded) Unfunded AAL as a % of Covered Payroll {(b)-(a)}/(c)</u>
<u>PERS – City Miscellaneous</u>						
6/30/08	\$ 510	\$ 617	\$ 107	83%	\$ 178	60%
<u>PERS – City Safety</u>						
6/30/08	908	1,048	140	87	110	127
<u>SCERS</u>						
6/30/09	314	398	84	79	6	1,461

The actuarial assumptions for the most recent valuations are the same as those used to determine the annual required contributions for the fiscal year ended June 30, 2009.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of assets are increasing or decreasing over time relative to AALs for benefits.

Defined Contribution Plan

The City also provides defined contribution retirement benefits through the City of Sacramento 401(a) Money Purchase Plan (the Plan). The Plan is administered by the International City Management Association Retirement Corporation. Plan provisions and contribution requirements are established and may be amended by City Council. Unrepresented exempt and certain represented employees may elect to participate. Participating employees of the aforementioned groups are required to contribute 5% and 2%, and the City contributes 4% and 2%, respectively, of covered salary. For the year ended June 30, 2009, employees contributed \$2,798,000 and the City contributed \$2,264,000 to the Plan.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 9 – POST-EMPLOYMENT HEALTH AND DENTAL CARE BENEFITS

Plan Description

The City provides contributions for post-employment medical and dental benefits to employees who retire directly from the City and their dependents through a single-employer defined benefit OPEB plan (the plan). Participants have the choice of enrolling in one of several health plans and one of two dental plans. To be eligible for the City paid benefits, the employee must retire with a minimum of ten full years of active service and be 55 or 50 years of age for miscellaneous and safety employees, respectively. Participants with less than twenty years of service are eligible for 50% of the maximum benefit. Those participants with a minimum of twenty years of service are eligible for 100% of the maximum benefit. The post-retirement health care and dental care employer contributions range from \$365 and \$542 per month per participant, which covers between 16% and 100% of the benefit cost, depending on the choice of plan and number of dependents. The post employment health and dental care contributions are defined by labor agreements and resolutions approved by the City Council. The City does not issue a separate stand-alone financial report for its OPEB plan.

Funding Policy

The City is currently funding the OPEB plan on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The current ARC rate is 11.8 percent of annual covered payroll. The following table shows the components of the City’s annual OPEB cost for the year, the amount contributed to the plan, and the changes in the City’s net OPEB obligation (in thousands).

Annual required contribution (ARC)	\$ 32,549
Interest on beginning OPEB liability	894
Adjustment to the ARC	<u>(838)</u>
Annual OPEB cost	32,605
Contributions made	<u>(11,377)</u>
Increase in net OPEB obligation	21,228
Net OPEB obligation - Beginning of year	<u>21,028</u>
Net OPEB obligation - End of year	<u>\$ 42,256</u>
Covered payroll (active plan members)	\$ 266,181
UAAL as a percentage of covered payroll	142.9%

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2008 and 2009 were as follows (in thousands):

Fiscal year ended	Annual OPEB Cost	Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$ 31,525	\$ 10,497	33%	\$ 21,028
6/30/2009	32,605	11,377	35%	42,256

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 9 – POST-EMPLOYMENT HEALTH AND DENTAL CARE BENEFITS (Continued)

Funding Status and Progress

As of June 30, 2007, the most recent actuarial valuation date of the plan was 0% funded. The actuarial accrued liability was \$380,373,000 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$380,373,000. The annual covered payroll was \$266 million and the ratio of the unfunded actuarial accrued liability to the annual covered payroll was 142.9%. The Schedule of Funding Progress is presented as RSI following the notes to the financial statements.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into future. Examples of these estimates and assumptions include future employment trends, mortality and the health care cost trend. Amounts are determined regarding the funded status of the plan, and the annual required contribution of the employer are subject to the continual revision as actual results are compared with past expectations and new estimates are made about the future. Because this is the first valuation under GASB 45, there is no historical information provided in the Schedule of Funding Progress. The schedule will, in subsequent fiscal years, present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

In the June 30, 2007, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions utilized a 4.25% discount rate and a medical trend rate of 11% for fiscal year 2007-2008, reduced by decrements of 0.7% each year to an ultimate rate of 4.5%. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2007 was 30 years.

Note 10 – FUND EQUITY AND EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2009, the government-wide statement of net assets reported restricted net assets of \$259 million in governmental activities. Of these amounts, \$21 million of net assets of governmental activities are restricted by enabling legislation.

The Grants Fund, a special revenue fund, had a deficit fund balance of \$4.9 million as of June 30, 2009. The deficit represents grant expenditures unreimbursed by granting agencies within the 60 day period of availability for which corresponding revenues have not been recorded. The deficit will be recovered upon receipt of grantor reimbursements.

The Culture and Leisure Fund, a special revenue fund, had a deficit fund balance of \$4.3 million as of June 30, 2009. The Zoo and Golf programs within the fund have deficit balances of \$27,000 and \$5.2 million respectively. It is anticipated that these deficits will be funded by future operating surpluses and subsidies.

For the fiscal year ended June 30, 2009, expenditures exceeded appropriations in the Special Districts special revenue fund by \$348,000 primarily attributable to a change in the accounting for the City's parcel tax for additional library services, which was not budgeted in fiscal year 2009. This overspending was funded by the parcel tax revenue which also was not budgeted in fiscal year 2009.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 11 – INTERFUND TRANSACTIONS

Interfund Transfers

Interfund transfers report the nonreciprocal contribution of resources from one fund to another. The following is a summary of transfers for the fiscal year ended June 30, 2009 (in thousands):

	<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Activities:				
General Fund	In-lieu transfers	\$ 21,616	\$ -	\$ 21,616
General Fund	Debt Service	1,836	(27,470)	(25,634)
General Fund	Program Support	10,088	(1,306)	8,782
General Fund Projects Fund	Debt Service	-	(626)	(626)
Financing Plans Fund	Debt Service	-	(2,567)	(2,567)
Transportation and Development Fund	Debt Service	126	-	126
Transportation and Development Fund	Program Support	595	(298)	297
Other Governmental Funds	Debt Service	29,624	(1,342)	28,282
Other Governmental Funds	Program Support	1,191	(86)	1,105
Internal Service Funds	Debt Service	419	-	419
Internal Service Funds	Program Support	417	(13,546)	(13,129)
Adjustment for transfer of capital assets from governmental funds to enterprise funds	Transfer of capital assets	-	(10,323)	(10,323)
	Total governmental activities	<u>65,912</u>	<u>(57,564)</u>	<u>8,348</u>
Business-type Activities:				
Water Fund	In-lieu transfers	-	(6,616)	(6,616)
Water Fund	Program Support	914	(436)	478
Sewer Fund	In-lieu transfers	-	(2,080)	(2,080)
Sewer Fund	Program Support	492	-	492
Storm Drainage Fund	In-lieu transfers	-	(3,731)	(3,731)
Storm Drainage Fund	Program Support	842	-	842
Solid Waste Fund	In-lieu transfers	-	(5,708)	(5,708)
Solid Waste Fund	Program Support	805	-	805
Community Center Fund	In-lieu transfers	-	(1,421)	(1,421)
Community Center Fund	Program Support	169	-	169
Parking Fund	In-lieu transfers	-	(1,887)	(1,887)
Parking Fund	Program Support	117	-	117
Other Enterprise Funds	In-lieu transfers	-	(173)	(173)
Other Enterprise Funds	Program Support	42	-	42
Adjustment for transfer of capital assets from governmental funds to enterprise funds	Transfer of capital assets	10,323	-	10,323
	Total business-type activities	<u>13,704</u>	<u>(22,052)</u>	<u>(8,348)</u>
Total government-wide statements		<u>\$ 79,616</u>	<u>\$ (79,616)</u>	<u>\$ -</u>

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 11 – INTERFUND TRANSACTIONS (Continued)

Interfund Balances

Interfund balances report lending transactions between funds. The following is a summary of interfund balances as of June 30, 2009 (in thousands):

	<u>Receivables</u>	<u>Payables</u>	<u>Interfund Balances</u>
General Fund	\$ 409	\$ (390)	\$ 19
Capital Grants Fund	-	(24,663)	(24,663)
Transportation and Development Fund	-	(18,869)	(18,869)
Other Governmental Funds	-	(8,630)	(8,630)
Internal Service Funds	69,760	-	69,760
Governmental Activities Total	<u>70,169</u>	<u>(52,552)</u>	<u>17,617</u>
Water Fund	-	(986)	(986)
Sewer Fund	-	(323)	(323)
Storm Drainage Fund	-	(662)	(662)
Solid Waste Fund	-	(8,140)	(8,140)
Community Center Fund	-	(7,438)	(7,438)
Parking Fund	200	(268)	(68)
Business-type Activities Total	<u>200</u>	<u>(17,817)</u>	<u>(17,617)</u>
Total	<u>\$ 70,369</u>	<u>\$ (70,369)</u>	<u>\$ -</u>

\$69.8 million was loaned by the City's internal service funds to cover short-term operating deficits (approximately \$52.1 million), to assist in development of community resources (approximately \$14.7 million) and for short-term financing of technology (\$3.0 million)

\$8.6 million was borrowed by various other governmental funds for short term loans (approximately \$1.1 million), and development of community resources (approximately \$7.5 million which is not expected to be repaid within one year).

\$24.7 million was borrowed by the Capital Grants fund for short term loans.

\$18.9 million was borrowed by the Transportation and Development fund for short term loans.

\$6.8 million was borrowed by the Community Center fund for development of community resources, of which \$6.7 million is not expected to be repaid within one year.

\$7.4 million was borrowed by the Solid Waste fund to cover operating deficits and is not expected to be repaid within one year.

\$3.0 million was borrowed by various enterprise funds for short-term financing of technology.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of loss related to workers' compensation, torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City self insures and/or carries commercial insurance. Earthquake damage is not included in the property insurance coverage carried by the City.

The Risk Management Internal Service Fund self-insures the first \$2 million of each workers' compensation and general and auto liability claim plus claim costs that exceed commercial insurance coverage. Commercial insurance for general and automobile liability claims provides \$30 million in coverage for claims over the City's \$2 million self-insured retention. Excess worker's compensation insurance is purchased through California State Association of Counties Excess Insurance Authority and it provides statutory coverage over the City's \$2 million self insured retention to the program members. Liabilities are estimated based on recommendations from an independent actuarial evaluation. Liabilities are based on estimated ultimate cost of settling claims, including effects of inflation and other social and economic factors. Estimated liability is then discounted by the City's expected rate of return and anticipated timing of cash outlays to determine present value of the liability. For the fiscal year ended June 30, 2009, the expected rate of return was 4 percent. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There were no changes in insurance coverage during the fiscal year ended June 30, 2009.

All funds of the City participate in the program and make payments to the Risk Management Internal Service Fund based on estimates of the amounts needed to pay operating costs, insurance premiums, and prior and current year claims. At June 30, 2009, the Fund had net assets of \$37.7 million.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, economic and social factors, and trends in damage awards. Accordingly, claims are reevaluated periodically to consider the effects of these factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

Changes in the Risk Management Internal Service Fund's claims liability for the past two fiscal years are summarized as follows (in thousands):

	2009	2008
Accrued claims and judgments, July 1	\$ 49,682	\$ 57,711
Incurred claims and adjustment expenses	11,181	5,553
Claim payments	(10,625)	(13,582)
Accrued claims and judgments, June 30	<u>\$ 50,238</u>	<u>\$ 49,682</u>

City of Sacramento

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Commitment of Enterprise Fund Revenues

Revenues of the Sewer and Storm Drainage Enterprise Funds are pledged to the payment of principal and interest on the State Water Resources Control Board Notes Payable. See note 7 for more information.

Construction and Other Commitments

The City has commitments of \$91.4 million for contracts awarded but not completed as of June 30, 2009. This amount consists of \$32.9 million in the Crocker Art Museum Fund, \$18.9 million in the Capital Grants Fund, \$13.6 million in the General Fund Projects Fund and \$6.5 million in proprietary funds. The major contracts outstanding are Crocker Art Museum Expansion, construction of the Pocket Library, redesign and renovation of the streetscape on K Street and construction of an interchange at Interstate 5 and Cosumnes River Boulevard.

Contingent Liabilities

The City participates in a number of federal, state and local grant programs, the principal of which is the Highway Planning and Construction program. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City does not expect such amounts, if any, to materially affect the financial statements of the City. Receipt of these grant revenues is not assured in the future.

Litigation

Various claims and lawsuits are pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, management, after consultation with legal counsel, is of the opinion that these matters will not have a material adverse effect on the financial condition of the City.

On January 7, 2010, the Howard Jarvis Taxpayer's Association held a press conference threatening to file litigation against the City, taking the position that potentially millions of dollars in utilities revenue have been diverted to the General Fund in violation of the state constitution. Management and legal counsel have not evaluated a complaint and have no basis to assess either liability or the amount of any potential award.

Real Estate Purchase

In fiscal year 2007, the City purchased Parcel A, within the downtown Sacramento Railyards, from S. Thomas Enterprises of Sacramento, LLC with a deposit of \$55 million, which included a \$25 million note payable to Bank of America. The note was repaid in December 2008. Parcel A includes the historic Depot, which is designated to be a key component of the City's future Intermodal Transportation Facility. The final purchase price of Parcel A and an option to purchase Parcel B for the Intermodal project is subject to the federal property acquisition process that is anticipated to be completed in calendar year 2010.

Closure and Postclosure Care Cost

State and federal laws and regulations required the City to place a final cover on its 28th Street landfill site, after it stopped accepting waste in 1997, and to perform certain maintenance and monitoring functions at the site after closure. In accordance with governmental accounting standards, the City accrued a liability based on total current estimated costs. In fiscal year 2009 the City began efforts to address settling of a portion of the landfill and accrued \$4.6 million in additional estimated costs. The City also reevaluated the cost estimate for postclosure care and adjusted the original estimate to address changes in costs and postclosure activities. The reevaluation added approximately \$8.1 million to the previously reported estimate. The \$24.9 million reported as liability for landfill closure at June 30, 2009, represents the City's estimate of these costs over the next eighteen to thirty years. Actual costs may change because of inflation or deflation, changes in technology, or changes in laws or regulations. The City has received state approval to fund this liability, along with cost increases due to inflation, with future Solid Waste Fund user charges.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

Pollution Remediation Obligations

A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. The City is responsible for pollution remediation activities at several sites that have soil contaminated with petroleum, hydrocarbons, and/or metals. Regulatory agencies providing oversight of the City's pollution remediation obligation and activities include the State of California Regional Water Quality Control Board, the State of California Department of Toxic Substance Control, and the Sacramento County Department of Environmental Management. The estimated obligation was \$1,201,000 at June 30, 2008 and \$1,004,000 at June 30, 2009. Pollution remediation outlays totaled \$197,000 for the year ended June 30, 2009. Pollution remediation obligations are measured based on outlays expected to be incurred to settle all estimable remediation efforts. Pollution remediation obligations are measured at the current value of reasonable and supportable assumptions about future events that may affect the eventual settlement of the obligations. Pollution remediation obligations are measured using the expected cash flow technique, which measures the obligation as the sum of probability-weighted amounts in a range of possible cash flows. Estimates are based on all currently available information, as well as the facts and circumstances of each situation, but may change due to price changes, changes in laws or regulations, changes in remediation technologies, or as additional information become available. Estimated recoveries from other parties that are included in the calculation of the City's pollution remediation obligations total \$172,000.

NOTE 14 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS

Sacramento Housing and Redevelopment Agency

The City is a participant with the County of Sacramento in the Sacramento Housing and Redevelopment Agency (SHRA). SHRA consists of the housing authorities of the City and County and the redevelopment agencies of the City and County. SHRA is a stand-alone agency, governed by the County Board of Supervisors over County housing and redevelopment activities, and the City Council over City housing and redevelopment activities. Although the City does not have an equity interest in SHRA, it does have an ongoing financial interest. Based upon the approval process for Sacramento Housing Authority and Sacramento Redevelopment Agency activities, the City has the ability to directly influence SHRA to undertake projects for the citizenry of the City. Because the City's primary government does not have an equity interest in SHRA, SHRA's financial information is not included in these financial statements. Separately issued financial statements may be obtained from the Sacramento Housing and Redevelopment Agency, 801 12th Street, Sacramento, California, 95814.

Sacramento Public Library Authority

The City is a participant with the County of Sacramento in the Sacramento Public Library Authority (Library), a joint powers agency created to provide library services to the residents of the City and the County. The Library is governed by a nine-member board made up of five County appointees and four City appointees. It is a component unit of the County. The joint powers agreement dated August 31, 1993 remains in effect unless terminated by mutual agreement of the City and County, or at the end of a fiscal year after a one-year notice is given by either the City or County. Upon termination, the City would receive equipment and resources proportionate to its contribution to the Library. The City and County are committed to fund annual contributions to operate library branches in their respective jurisdictions. City contributions for the fiscal year ended June 30, 2009, were \$9 million, which were sufficient to fund Library operations for the year. During the year, the City also contributed the use of its library facilities to the Library. Financial statements may be obtained from the Sacramento Public Library Authority, 828 I Street, Sacramento, California, 95814.

City of Sacramento
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 14 – JOINTLY GOVERNED AND RELATED ORGANIZATIONS (Continued)

Related Organizations

The City's officials are responsible for appointing members to the boards of other organizations, but the City's accountability for these organizations do not extend beyond making the appointments. The City Council confirms board appointments made by the Mayor to: the Local Agency Formation Commission, Regional Transit, the Sacramento Area Council of Governments, the Sacramento Area Commerce & Trade Organization, the Sacramento Area Flood Control Agency, the Sacramento Employment and Training Agency, the Sacramento Metropolitan Air Quality Management District, the Sacramento Metropolitan Cable Television Commission, the Sacramento Regional County Sanitation District, the Sacramento Regional County Solid Waste Authority, the Sacramento Regional Fire/EMS Communication Center, the Sacramento Transportation Authority, the Water Advisory Commission, and the Regional Fire and Rescue Training Authority.

The City's financial support to these organizations during the year ended June 30, 2009, included \$650,000 to support handicapped transit service through the Sacramento Area Council of Governments, and \$2.6 million for operations and facility support to the Sacramento Regional Fire/EMS Communication Center.

The City also received financial support from these related organizations during the year ended June 30, 2009, including \$21.8 million in the Transportation and Development Fund from the Sacramento Transportation Authority, \$2.5 million of cable television revenues in the General Fund from the Sacramento Metropolitan Cable Television Commission, and \$1.5 million of revenue in the General Fund from the Sacramento Regional County Solid Waste Authority.

In addition, the City administers customer billing and collections on behalf of the Sacramento Regional County Sanitation District. As of June 30, 2009 the City had a liability due to Sacramento Regional County Sanitation District of \$7.0 million for customer accounts recorded in the City's Sewer Enterprise Fund.

NOTE 15 – SPECIAL ITEMS AND DISCONTINUED OPERATIONS

The Sacramento Hotel Corporation sold the Sheraton Grand Hotel in May 2008 and, as a result of the sale, the Hotel defeased all of its 1999 Revenue Bonds. Subsequent to the sale, the Hotel recognized a \$35.7 million gain from discontinued operations and distributed \$29.6 million to the City, including \$1.4 million of distributions in fiscal year 2009.

The City paid \$23.5 million and \$7.3 million to the Sacramento Housing and Redevelopment Agency in fiscal year 2008 and 2009, respectively, under the terms of the sales agreement for reinvestment into projects in the downtown redevelopment area. Of these amounts, the City paid \$16.6 million from the Sacramento Hotel Corporation distribution and \$14.2 million from the City's fiscal year 2008 sale of its Lot E Garage.

During fiscal year 2009, the City Council, acting as the governing body over the City's downtown redevelopment area, transferred \$5.0 million from the Sacramento Housing and Redevelopment Agency to the City from a sale of redevelopment property.

Required Supplementary Information

City of Sacramento
Required Supplementary Information
Schedule of Funding Progress (Unaudited)
Pension Plans
(in millions)



Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	(Overfunded) Unfunded AAL (b) – (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	(Overfunded) Unfunded AAL as a % of Covered Payroll {(b)-(a)}/(c)
<u>PERS – City Miscellaneous</u>						
6/30/06	\$ 398	\$ 487	\$ 89	82%	\$ 153	58%
6/30/07	457	549	92	83	173	53
6/30/08	510	617	107	83	178	60
<u>PERS – City Safety</u>						
6/30/06	787	908	121	87	92	131
6/30/07	853	971	118	88	100	118
6/30/08	908	1,048	140	87	110	127
<u>SCERS</u>						
6/30/07	365	395	30	92	10	313
6/30/08	360	392	32	92	9	356
6/30/09	314	398	84	79	6	1,461

City of Sacramento
Required Supplementary Information
Schedule of Funding Progress (Unaudited)
Other Post Employment Benefits
(in millions)



Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Valued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2007	\$ -	\$ 380	\$ 380	0.00%	\$ 266	142.9%

Notes to the Required Supplementary Information

1. This information is intended to help users assess the OPEB funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.
2. Because this is the first valuation under GASB 45, there is no historical information provided. In the future, information from the three most recent valuations will be presented.

OTHER GOVERNMENTAL FUNDS

Other governmental funds are nonmajor funds reported in the other governmental funds column of the governmental funds financial statements and include:

OTHER SPECIAL REVENUE FUNDS are used to account for assets, liabilities, revenues and expenditures related to activities supported by specific taxes or other designated revenue sources. These funds are generally required by statute, charter or ordinance to finance specific government functions. The individual funds are listed in the other special revenue funds section of the CAFR.

OTHER DEBT SERVICE FUNDS are used to account for the accumulation of resources and payments of long-term debt principal and interest for the governmental funds. The individual funds are listed in the other debt service funds section of the CAFR.

THE ASSESSMENT DISTRICT CAPITAL PROJECTS FUND is used to account for the proceeds of special assessment bond issues which are used in the construction of street lighting, curbs, gutters, sidewalks and drainage infrastructure.

PERMANENT FUNDS are used to account for resources that are held by the City which are legally restricted to the extent that only earnings may be used for purposes that support City programs. The individual funds are listed in the permanent funds section of the CAFR.



City of Sacramento
Other Governmental Funds
Combining Balance Sheet
 June 30, 2009
 (in thousands)

	Other Special Revenue Funds	Other Debt Service Funds	Assessment District Capital Projects Fund	Permanent Funds	Total Other Governmental Funds
ASSETS					
Cash and investments held by City	\$ 50,528	\$ 6,992	\$ 16,329	\$ 4,526	\$ 78,375
Cash and investments held by fiscal agent	15	3,802	-	-	3,817
Securities lending assets	4,367	-	2,336	986	7,689
Receivables, net:					
Accounts	3,231	-	122	-	3,353
Loans	2	746	-	-	748
Intergovernmental	10,621	56,953	-	-	67,574
Interest	88	135	48	9	280
Prepaid items	35	-	-	-	35
Restricted assets:					
Cash and investments held by City	600	144	66	-	810
Cash and investments held by fiscal agent	732	18,497	-	-	19,229
Total assets	\$ 70,219	\$ 87,269	\$ 18,901	\$ 5,521	\$ 181,910
LIABILITIES AND FUND BALANCES					
Liabilities:					
Securities lending obligations	\$ 4,513	\$ -	\$ 2,421	\$ 1,020	\$ 7,954
Accounts payable	4,919	-	-	-	4,919
Investment purchases payable	459	-	284	-	743
Due to other funds	1,158	-	-	-	1,158
Matured bonds and interest payable	-	3,101	-	-	3,101
Accrued claims and judgments	9	-	-	-	9
Deposits	585	-	-	-	585
Deferred revenue	14,131	57,010	-	-	71,141
Advances from other funds	7,472	-	-	-	7,472
Total liabilities	33,246	60,111	2,705	1,020	97,082
Fund balances:					
Reserved:					
For noncurrent assets	-	746	-	-	746
For encumbrances	3,332	-	-	-	3,332
For debt service	1,332	18,641	-	-	19,973
For prepaid items	35	-	-	-	35
For trust obligations	-	-	-	1,934	1,934
Unreserved:					
Designated for capital projects	12,711	-	10,794	-	23,505
Designated for subsequent years' expenditures	797	121	93	-	1,011
Undesignated	18,766	7,650	5,309	2,567	34,292
Total fund balances	36,973	27,158	16,196	4,501	84,828
Total liabilities and fund balances	\$ 70,219	\$ 87,269	\$ 18,901	\$ 5,521	\$ 181,910



City of Sacramento
Other Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2009
(in thousands)

	Other Special Revenue Funds	Other Debt Service Funds	Assessment District Capital Project Fund	Permanent Funds	Total Other Governmental Funds
Revenues:					
Intergovernmental	\$ 39,987	\$ 6,317	\$ -	\$ -	\$ 46,304
Charges for services	5,980	-	-	-	5,980
Interest, rents, and concessions	3,634	1,373	556	(979)	4,584
Community service fees	3,301	-	-	-	3,301
Assessment levies	30,883	-	2,321	-	33,204
Contributions and donations	23	47	-	1	71
Miscellaneous	32	-	-	-	32
Total revenues	83,840	7,737	2,877	(978)	93,476
Expenditures:					
Current:					
General government	2,923	-	1	-	2,924
Police	13,771	-	-	-	13,771
Fire	1,337	-	-	-	1,337
General services	8,977	-	-	-	8,977
Transportation	10,656	-	-	-	10,656
Neighborhood services	79	-	-	-	79
Convention, culture and leisure	8,858	-	-	-	8,858
Economic development	4,736	-	-	-	4,736
Parks and recreation	22,712	-	-	-	22,712
Code enforcement	191	-	-	-	191
Planning	323	-	-	-	323
Library	4,401	-	-	-	4,401
Nondepartmental	386	-	160	146	692
Capital outlay	6,799	-	10,304	-	17,103
Debt service:					
Principal	817	15,733	-	-	16,550
Interest and fiscal charges	1,051	21,165	24	9	22,249
Total expenditures	88,017	36,898	10,489	155	135,559
Excess (deficiency) of revenues over (under) expenditures	(4,177)	(29,161)	(7,612)	(1,133)	(42,083)
Other financing sources (uses):					
Transfers in	1,191	29,624	-	-	30,815
Transfers out	(86)	(1,342)	-	-	(1,428)
Total other financing sources (uses)	1,105	28,282	-	-	29,387
Net change in fund balances	(3,072)	(879)	(7,612)	(1,133)	(12,696)
Fund balances, beginning of year	40,045	28,037	23,808	5,634	97,524
Fund balances, end of year	\$ 36,973	\$ 27,158	\$ 16,196	\$ 4,501	\$ 84,828

OTHER SPECIAL REVENUE FUNDS

Special revenue funds are used to account for assets, liabilities, revenues and expenditures related to activities supported by specific taxes or other designated revenue sources. These funds are generally required by statute, charter or ordinance to finance specific government functions. The following special revenue funds have been classified as nonmajor funds:

THE CULTURE AND LEISURE FUND is used to account for a variety of cultural arts and leisure activities. Programs in the Culture and Leisure Fund include the Sacramento Zoo, Fairytale Town, Art in Public Places, Old Sacramento Market, H Street Theatre, Golf, the Sacramento Sports Commission, and the Crocker Master Trust.

THE PARKS AND RECREATION FUND is used to account for a variety of parks programs and recreation activities. Programs in the Parks and Recreation Fund include START, Quimby, Special Recreation, Land Park, Sutter Parks, the Special Program Donations and the Ethel MacLeod Hart Trust.

THE GRANTS FUND is used to account for federal, state and other agency grants received for various specific purposes.

THE CCOMWP FUND is used to account for the revenue and expenditures associated with the City/County Office of Municipal Water Planning. The CCOMWP was formed to develop the Water Forum Agreement with objectives to provide a reliable water supply for planned development to the year 2030, and to preserve the region's Lower American River.

THE SPECIAL DISTRICTS FUND is used to account for a variety of programs that provide maintenance, infrastructure, facilities and administration for specific areas of the City. The Special Districts Fund includes the Downtown Sacramento Management District Program, the Landscaping and Lighting Districts Program, the Maintenance Benefit Area Program, the Assessment District Maintenance Program, several Business Improvement Districts and the Special District Administration Program.

THE CAL EPA FUND is used to account for the expenditures associated with the maintenance of the Joe Serna, Jr. California EPA Headquarters Building.

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City of Sacramento
Other Special Revenue Funds
Combining Balance Sheet

June 30, 2009

(in thousands)

	<u>Culture and Leisure Fund</u>	<u>Parks and Recreation Fund</u>	<u>Grants Fund</u>	<u>CCOMWP Fund</u>
<u>ASSETS</u>				
Cash and investments held by City	\$ 1,930	\$ 25,472	\$ 1,275	\$ 769
Cash and investments held by fiscal agent	15		-	-
Securities lending assets	-	4,367	-	-
Receivables, net:				
Accounts	1,146	180	-	759
Loans	2		-	-
Intergovernmental	-	1,362	9,226	-
Interest	6	82	-	-
Prepaid items	-	5	25	5
Restricted assets:				
Cash and investments held by City	-	-	-	-
Cash and investments held by fiscal agent	732	-	-	-
Total assets	<u>\$ 3,831</u>	<u>\$ 31,468</u>	<u>\$ 10,526</u>	<u>\$ 1,533</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Securities lending obligations	\$ -	\$ 4,513	\$ -	\$ -
Accounts payable	113	561	2,316	180
Investment purchases payable	-	459	-	-
Due to other funds	253	-	748	-
Accrued claims and judgments	9	-	-	-
Deposits	5	149	431	-
Deferred revenue	245	1,435	11,892	526
Advances from other funds	7,472	-	-	-
Total liabilities	<u>8,097</u>	<u>7,117</u>	<u>15,387</u>	<u>706</u>
Fund balances (deficit):				
Reserved:				
For encumbrances	17	701	2,451	58
For debt service	732	-	-	-
For prepaid items	-	5	25	5
Unreserved:				
Designated for capital projects	-	8,478	-	-
Designated for subsequent years' expenditures	-	210	-	-
Undesignated	(5,015)	14,957	(7,337)	764
Total fund balances (deficit)	<u>(4,266)</u>	<u>24,351</u>	<u>(4,861)</u>	<u>827</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,831</u>	<u>\$ 31,468</u>	<u>\$ 10,526</u>	<u>\$ 1,533</u>

City of Sacramento
Other Special Revenue Funds
Combining Balance Sheet

June 30, 2009

(in thousands)

	Special Districts Fund	Cal EPA Fund	Total Other Special Revenue Funds
<u>ASSETS</u>			
Cash and investments held by City	\$ 18,595	\$ 2,487	\$ 50,528
Cash and investments held by fiscal agent	-	-	15
Securities lending assets	-	-	4,367
Receivables, net:			
Accounts	1,146	-	3,231
Loans	-	-	2
Intergovernmental	-	33	10,621
Interest	-	-	88
Prepaid items	-	-	35
Restricted assets:			
Cash and investments held by City	600	-	600
Cash and investments held by fiscal agent	-	-	732
Total assets	\$ 20,341	\$ 2,520	\$ 70,219
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Securities lending obligations	\$ -	\$ -	\$ 4,513
Accounts payable	1,749	-	4,919
Investment purchases payable	-	-	459
Due to other funds	157	-	1,158
Accrued claims and judgments	-	-	9
Deposits	-	-	585
Deferred revenue	-	33	14,131
Advances from other funds	-	-	7,472
Total liabilities	1,906	33	33,246
Fund balances (deficit):			
Reserved:			
For encumbrances	105	-	3,332
For debt service	600	-	1,332
For prepaid items	-	-	35
Unreserved:			
Designated for capital projects	4,233	-	12,711
Designated for subsequent years' expenditures	587	-	797
Undesignated	12,910	2,487	18,766
Total fund balances (deficit)	18,435	2,487	36,973
Total liabilities and fund balances (deficit)	\$ 20,341	\$ 2,520	\$ 70,219

City of Sacramento
Other Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2009
(in thousands)

	Culture and Leisure Fund	Parks and Recreation Fund	Grants Fund	CCOMWP Fund
Revenues:				
Intergovernmental	\$ 373	\$ 9,080	\$ 21,503	\$ 1,242
Charges for services	5,980	-	-	-
Interest, rents, and concessions	1,979	1,197	38	20
Community service fees	-	3,301	-	-
Assessment levies	-	-	-	-
Contributions and donations	-	23	-	-
Miscellaneous	21	11	-	-
Total revenues	8,353	13,612	21,541	1,262
Expenditures:				
Current:				
General government	-	-	75	1,969
Police	-	-	13,771	-
Fire	-	-	1,337	-
General services	-	-	-	-
Transportation	215	-	-	-
Neighborhood services	-	-	-	-
Convention, culture and leisure	6,486	-	315	-
Economic development	-	-	24	-
Parks and recreation	-	14,516	4,783	-
Code enforcement	-	-	191	-
Planning	-	-	24	-
Library	-	-	-	-
Nondepartmental	386	-	-	-
Capital outlay	102	4,538	1,271	-
Debt service:				
Principal	447	-	-	-
Interest and fiscal charges	790	44	-	-
Total expenditures	8,426	19,098	21,791	1,969
Excess (deficiency) of revenues over (under) expenditures	(73)	(5,486)	(250)	(707)
Other financing sources (uses):				
Transfers in	26	730	-	435
Transfers out	-	(48)	(38)	-
Total other financing sources (uses)	26	682	(38)	435
Net change in fund balances	(47)	(4,804)	(288)	(272)
Fund balances (deficit), beginning of year	(4,219)	29,155	(4,573)	1,099
Fund balances (deficit), end of year	\$ (4,266)	\$ 24,351	\$ (4,861)	\$ 827

City of Sacramento
Other Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2009

(in thousands)

	Special Districts Fund	Cal EPA Fund	Total Other Special Revenue Funds
Revenues:			
Intergovernmental	\$ -	\$ 7,789	\$ 39,987
Charges for services	-	-	5,980
Interest, rents, and concessions	342	58	3,634
Community service fees	-	-	3,301
Assessment levies	30,883	-	30,883
Contributions and donations	-	-	23
Miscellaneous	-	-	32
	<hr/>	<hr/>	<hr/>
Total revenues	31,225	7,847	83,840
Expenditures:			
Current:			
General government	879	-	2,923
Police	-	-	13,771
Fire	-	-	1,337
General services	1,335	7,642	8,977
Transportation	10,441	-	10,656
Neighborhood services	79	-	79
Convention, culture and leisure	2,057	-	8,858
Economic development	4,712	-	4,736
Parks and recreation	3,413	-	22,712
Code enforcement	-	-	191
Planning	299	-	323
Library	4,401	-	4,401
Nondepartmental	-	-	386
Capital outlay	888	-	6,799
Debt service:			
Principal	370	-	817
Interest and fiscal charges	217	-	1,051
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Total expenditures	29,091	7,642	88,017
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	2,134	205	(4,177)
Other financing sources (uses):			
Transfers in	-	-	1,191
Transfers out	-	-	(86)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	1,105
Net change in fund balances	2,134	205	(3,072)
Fund balances (deficit), beginning of year	<hr/>	<hr/>	<hr/>
	16,301	2,282	40,045
Fund balances (deficit), end of year	<hr/>	<hr/>	<hr/>
	\$ 18,435	\$ 2,487	\$ 36,973

City of Sacramento

Culture and Leisure Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

- Budget and Actual

For the Fiscal Year Ended June 30, 2009

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 7,716	\$ 7,716	\$ 5,765	\$ (1,951)
Interest, rents and concessions	145	145	1,963	1,818
Donations	45	45	-	(45)
Miscellaneous	65	65	21	(44)
Total revenues	7,971	7,971	7,749	(222)
Expenditures:				
Current:				
Convention, culture and leisure	6,532	6,532	6,435	97
Capital Outlay	232	215	102	113
Debt Service:				
Principal	496	496	447	49
Interest and fiscal charges	673	673	790	(117)
Total expenditures	7,933	7,916	7,774	142
Excess (deficiency) of revenues over (under) expenditures	38	55	(25)	(80)
Other financing sources (uses):				
Transfers in	-	-	26	26
Total other financing sources (uses)	-	-	26	26
Net change in fund balance	\$ 38	\$ 55	1	\$ (54)
Net change in fund balance for Culture and Leisure Special Revenue Fund activities for which annual budgets are not adopted.			(48)	
Net change in fund balance			\$ (47)	

City of Sacramento

Parks and Recreation Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

- Budget and Actual

For the Fiscal Year Ended June 30, 2009

(in thousands)



	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 7,270	\$ 7,270	\$ 9,080	\$ 1,810
Interest, rents and concessions	145	145	1,197	1,052
Community service fees	3,236	3,316	3,301	(15)
Donations	-	-	23	23
Miscellaneous	108	108	11	(97)
Total revenues	10,759	10,839	13,612	2,773
Expenditures:				
Current:				
Parks and recreation	11,285	12,810	14,516	(1,706)
Capital outlay	9,904	8,685	4,538	4,147
Debt Service				
Interest and fiscal charges	-	-	44	(44)
Total expenditures	21,189	21,495	19,098	2,397
Deficiency of revenues under expenditures	(10,430)	(10,656)	(5,486)	5,170
Other financing sources (uses):				
Transfers in	791	830	730	100
Transfers out	-	-	(48)	(48)
Total other financing sources (uses)	791	830	682	52
Net change in fund balance	\$ (9,639)	\$ (9,826)	\$ (4,804)	\$ 5,222



City of Sacramento

CCOMWP Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

- Budget and Actual

For the Fiscal Year Ended June 30, 2009
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,013	\$ 1,176	\$ 1,242	66
Interest, rents and concessions	-	20	20	-
Total revenues	1,013	1,196	1,262	66
Expenditures:				
Current:				
General government	2,118	2,118	1,969	149
Deficiency of revenues under expenditures	(1,105)	(922)	(707)	(83)
Other financing sources				
Operating transfers in	435	435	435	-
Net change in fund balance	<u>\$ (670)</u>	<u>\$ (487)</u>	<u>\$ (272)</u>	<u>\$ (83)</u>

City of Sacramento
Special Districts Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
- Budget and Actual



For the Fiscal Year Ended June 30, 2009
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest, rents, and concessions	\$ -	\$ -	\$ 342	\$ 342
Assessment levies	23,683	25,570	30,883	5,313
Total revenues	<u>23,683</u>	<u>25,570</u>	<u>31,225</u>	<u>5,655</u>
Expenditures:				
Current:				
General government	522	550	879	(329)
General services	1,090	1,298	1,335	(37)
Transportation	9,521	10,348	10,441	(93)
Neighborhood services	251	288	79	209
Convention, culture and leisure	2,105	2,105	2,057	48
Economic development	4,470	4,682	4,712	(30)
Parks and recreation	2,962	3,491	3,413	78
Planning	388	365	299	66
Library	-	-	4,401	(4,401)
Capital outlay	5,021	5,029	888	4,141
Debt Service:				
Principal	370	370	370	-
Interest and fiscal charges	217	217	217	-
Total expenditures	<u>26,917</u>	<u>28,743</u>	<u>29,091</u>	<u>(348)</u>
Net change in fund balance	<u>\$ (3,234)</u>	<u>\$ (3,173)</u>	<u>\$ 2,134</u>	<u>\$ 5,307</u>

City of Sacramento
Cal EPA Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
- Budget and Actual



For the Fiscal Year Ended June 30, 2009
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 7,874	\$ 7,874	\$ 7,789	(85)
Interest, rents, and concessions	-	-	58	58
Total revenues	7,874	7,874	7,847	(27)
Expenditures:				
Current:				
General services	7,874	7,874	7,642	232
Excess of revenues over expenditures	-	-	205	205
Net change in fund balance	\$ -	\$ -	\$ 205	\$ 205

OTHER DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources and payments of long-term debt principal and interest for the governmental funds. The following debt service funds have been classified as nonmajor funds:

THE 1993 SERIES A REVENUE BOND FUND is used to account for refunded debt service activities related to the City of Sacramento's 1986 COP issue, for the debt service activity related to the partial refunding of the City of Sacramento's 1991 Marks-Roos Revenue Bond issuance, and to pay costs of issuance of the bonds.

THE 1993 SERIES B REVENUE BOND FUND is used to account for refunded debt service activities related to the City of Sacramento's 1989 COP issuance and to pay costs of issuance of the bonds.

THE 1995 SERIES A GAS TAX REVENUE BOND FUND is used to account for debt service activities related to financing the acquisition and construction of street improvements in the City.

THE 2002 CAPITAL IMPROVEMENT REVENUE BOND FUND is used to account for debt service activities related to financing various capital improvements and redevelopment projects including the new Civic Center, I-5 Arena Interchange and certain fire trucks and fire stations. These bonds were partially refunded with the 2005 Refunding Revenue Bonds, and with the 2006 Series E Refunding Revenue Bonds.

THE 2002 REFUNDING REVENUE BOND LIGHT RAIL PROJECTS FUND is used to account for refunded debt service activities related to the City of Sacramento's 1991 Refunded Certificates of Participation (Light Rail Transit Projects).

THE 2002 REFUNDING REVENUE BOND PUBLIC FACILITIES PROJECTS FUND is used to account for refunded debt service activities related to the City of Sacramento's 1991 Refunded Certificates of Participation (1987 Public Facilities Projects).

THE 2003 CAPITAL IMPROVEMENT REVENUE BOND FUND is used to account for debt service activities related to financing the acquisition and construction of the 911 Dispatch and Training Facility, a regional park, a corporation yard, a library, fire stations and other municipal projects. These bonds were partially refunded by the 2006 Series E Refunding Revenue Bonds.

THE 2005 REFUNDING REVENUE BOND FUND is used to account for refunded debt service related to refinancing all of the 2000 Capital Improvement Revenue Bonds and a portion of the 1999, 2001 and 2002 Capital Improvement Revenue Bonds, and to pay the costs of issuance.

OTHER DEBT SERVICE FUNDS (continued)

THE 2006 SERIES A REVENUE BOND FUND is used to account for debt service activities related to financing the expansion of the Crocker Art Museum and other public capital improvements and redevelopment projects.

THE 2006 SERIES B REVENUE BOND FUND is used to account for debt service activities related to financing an arts rehearsal facility and other public capital improvements and redevelopment projects.

THE 2006 SERIES C REVENUE BOND FUND is used to account for debt service activities related to financing the City's new Richards Boulevard building and improvements.

THE 2006 SERIES D REVENUE BOND FUND is used to account for debt service activities related to financing the City's new Richards Boulevard building and improvements.

THE 2006 SERIES E REVENUE BOND FUND is used to account for refunding debt service related to refinancing all of the 2001 Capital Improvement Revenue Bonds and a portion of the 2002 and 2003 Capital Improvement Revenue Bonds, and to pay the costs of issuance.

THE OTHER CITY DEBT FUND is used to account for debt service activities related to financing equipment for street lighting and other programs of the City.

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet

June 30, 2009

(in thousands)

	1993 Series A Revenue Bond Fund	1993 Series B Revenue Bond Fund	2002 Capital Improvement Revenue Bond Fund	2002 Refunding Revenue Bond Light Rail Bond Fund
<u>ASSETS</u>				
Cash and investments held by City	\$ 1,059	\$ 2,460	\$ 261	\$ 1,325
Cash and investments held by fiscal agent	25	69	-	2,358
Receivables, net:				
Loans	-	-	-	-
Intergovernmental	-	-	9,750	-
Interest	9	25	-	31
Restricted assets:				
Cash and investments held by City	-	-	-	-
Cash and investments held by fiscal agent	1,212	3,315	-	1,949
Total assets	<u>\$ 2,305</u>	<u>\$ 5,869</u>	<u>\$ 10,011</u>	<u>\$ 5,663</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Matured bonds and interest payable	\$ -	\$ -	\$ -	\$ 2,228
Deferred revenue	-	-	9,750	-
Total liabilities	<u>-</u>	<u>-</u>	<u>9,750</u>	<u>2,228</u>
Fund balances:				
Reserved:				
For noncurrent assets	-	-	-	-
For debt service	1,212	3,315	-	1,949
Unreserved:				
Designated for subsequent years' expenditures	-	-	111	-
Undesignated	1,093	2,554	150	1,486
Total fund balances	<u>2,305</u>	<u>5,869</u>	<u>261</u>	<u>3,435</u>
Total liabilities and fund balances	<u>\$ 2,305</u>	<u>\$ 5,869</u>	<u>\$ 10,011</u>	<u>\$ 5,663</u>

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet

June 30, 2009

(in thousands)

	2002 Refunding Revenue Bond Public Facilities Projects Fund	2005 Refunding Revenue Bond Fund	2006 Series A Revenue Bond Fund	2006 Series B Revenue Bond Fund
<u>ASSETS</u>				
Cash and investments held by City	\$ 657	\$ -	\$ 791	\$ 327
Cash and investments held by fiscal agent	924	-	264	152
Receivables, net:				
Loans	-	-	-	-
Intergovernmental	-	21,105	8,637	14,086
Interest	13	-	36	21
Restricted assets:				
Cash and investments held by City	-	-	-	-
Cash and investments held by fiscal agent	821	-	6,927	4,002
Total assets	<u>\$ 2,415</u>	<u>\$ 21,105</u>	<u>\$ 16,655</u>	<u>\$ 18,588</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Matured bonds and interest payable	\$ 873	\$ -	\$ -	\$ -
Deferred revenue	-	21,105	8,673	14,107
Total liabilities	<u>873</u>	<u>21,105</u>	<u>8,673</u>	<u>14,107</u>
Fund balances:				
Reserved:				
For noncurrent assets	-	-	-	-
For debt service	821	-	6,927	4,002
Unreserved:				
Designated for subsequent years' expenditures	-	-	-	-
Undesignated	721	-	1,055	479
Total fund balances	<u>1,542</u>	<u>-</u>	<u>7,982</u>	<u>4,481</u>
Total liabilities and fund balances	<u>\$ 2,415</u>	<u>\$ 21,105</u>	<u>\$ 16,655</u>	<u>\$ 18,588</u>

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet

June 30, 2009

(in thousands)

	2006 Series D Revenue Bond Fund	2006 Series E Revenue Bond Fund	Other City Debt Fund	Total Other Debt Service Funds
<u>ASSETS</u>				
Cash and investments held by City	\$ 6	\$ -	\$ 106	\$ 6,992
Cash and investments held by fiscal agent	-	-	10	3,802
Receivables, net:				
Loans	-	-	746	746
Intergovernmental	-	1,990	1,385	56,953
Interest	-	-	-	135
Restricted assets:				
Cash and investments held by City	-	41	103	144
Cash and investments held by fiscal agent	-	-	271	18,497
Total assets	<u>\$ 6</u>	<u>\$ 2,031</u>	<u>\$ 2,621</u>	<u>\$ 87,269</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Matured bonds and interest payable	\$ -	\$ -	\$ -	\$ 3,101
Deferred revenue	-	1,990	1,385	57,010
Total liabilities	<u>-</u>	<u>1,990</u>	<u>1,385</u>	<u>60,111</u>
Fund balances:				
Reserved:				
For noncurrent assets	-	-	746	746
For debt service	-	41	374	18,641
Unreserved:				
Designated for subsequent years' expenditures	-	-	10	121
Undesignated	6	-	106	7,650
Total fund balances	<u>6</u>	<u>41</u>	<u>1,236</u>	<u>27,158</u>
Total liabilities and fund balances	<u>\$ 6</u>	<u>\$ 2,031</u>	<u>\$ 2,621</u>	<u>\$ 87,269</u>



City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2009

(in thousands)

	1993 Series A Revenue Bond Fund	1993 Series B Revenue Bond Fund	1995 Series A Gas Tax Revenue Bond Fund	2002 Capital Improvement Revenue Bond Fund
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,101
Interest, rents, and concessions	98	260	10	8
Contributions and donations	-	-	47	-
Total revenues	98	260	57	2,109
Expenditures:				
Debt service:				
Principal	547	1,582	1,475	4,135
Interest and fiscal charges	519	1,436	50	1,093
Total expenditures	1,066	3,018	1,525	5,228
Deficiency of revenues under expenditures	(968)	(2,758)	(1,468)	(3,119)
Other financing sources (uses):				
Transfers in	965	2,617	-	3,125
Transfers out	-	-	(126)	-
Total other financing sources (uses)	965	2,617	(126)	3,125
Net change in fund balances	(3)	(141)	(1,594)	6
Fund balances, beginning of year	2,308	6,010	1,594	255
Fund balances, end of year	<u>\$ 2,305</u>	<u>\$ 5,869</u>	<u>\$ -</u>	<u>\$ 261</u>

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2009

(in thousands)

	2002 Refunding Revenue Bond Light Rail Projects Fund	2002 Refunding Revenue Bond Public Facilities Projects Fund	2003 Capital Improvement Revenue Bond Fund	2005 Refunding Revenue Bond Fund
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,042
Interest, rents, and concessions	179	78	-	-
Contributions and donations	-	-	-	-
Total revenues	<u>179</u>	<u>78</u>	<u>-</u>	<u>1,042</u>
Expenditures:				
Debt service:				
Principal	2,015	790	1,125	21
Interest and fiscal charges	428	167	1,174	2,871
Total expenditures	<u>2,443</u>	<u>957</u>	<u>2,299</u>	<u>2,892</u>
Deficiency of revenues under expenditures	<u>(2,264)</u>	<u>(879)</u>	<u>(2,299)</u>	<u>(1,850)</u>
Other financing sources (uses):				
Transfers in	2,440	956	2,299	1,850
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>2,440</u>	<u>956</u>	<u>2,299</u>	<u>1,850</u>
Net change in fund balances	176	77	-	-
Fund balances, beginning of year	<u>3,259</u>	<u>1,465</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,435</u>	<u>\$ 1,542</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2009

(in thousands)

	2006 Series A Revenue Bond Fund	2006 Series B Revenue Bond Fund	2006 Series C Revenue Bond Fund	2006 Series D Revenue Bond Fund
Revenues:				
Intergovernmental	\$ 1,820	\$ 1,104	\$ -	\$ -
Interest, rents, and concessions	430	230	-	-
Contributions and donations	-	-	-	-
Total revenues	<u>2,250</u>	<u>1,334</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt service:				
Principal	2,555	765	505	-
Interest and fiscal charges	4,322	3,208	1,378	126
Total expenditures	<u>6,877</u>	<u>3,973</u>	<u>1,883</u>	<u>126</u>
Deficiency of revenues under expenditures	<u>(4,627)</u>	<u>(2,639)</u>	<u>(1,883)</u>	<u>(126)</u>
Other financing sources (uses):				
Transfers in	6,255	2,843	1,883	132
Transfers out	(1,216)	-	-	-
Total other financing sources (uses)	<u>5,039</u>	<u>2,843</u>	<u>1,883</u>	<u>132</u>
Net change in fund balances	412	204	-	6
Fund balances, beginning of year	<u>7,570</u>	<u>4,277</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,982</u>	<u>\$ 4,481</u>	<u>\$ -</u>	<u>\$ 6</u>

(continued)

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2009
(in thousands)

	2006 Series E Revenue Bond Fund	Other City Debt Fund	Total Other Debt Service Funds
Revenues:			
Intergovernmental	\$ 104	\$ 146	\$ 6,317
Interest, rents, and concessions	1	79	1,373
Contributions and donations	-	-	47
	<u>105</u>	<u>225</u>	<u>7,737</u>
Total revenues			
Expenditures:			
Debt service:			
Principal	-	218	15,733
Interest and fiscal charges	4,130	263	21,165
	<u>4,130</u>	<u>481</u>	<u>36,898</u>
Total expenditures			
Deficiency of revenues under expenditures	<u>(4,025)</u>	<u>(256)</u>	<u>(29,161)</u>
Other financing sources (uses):			
Transfers in	4,026	233	29,624
Transfers out	-	-	(1,342)
	<u>4,026</u>	<u>233</u>	<u>28,282</u>
Total other financing sources (uses)			
Net change in fund balances	1	(23)	(879)
Fund balances, beginning of year	<u>40</u>	<u>1,259</u>	<u>28,037</u>
Fund balances, end of year	<u>\$ 41</u>	<u>\$ 1,236</u>	<u>\$ 27,158</u>

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PERMANENT FUNDS

Permanent funds are used to account for resources that are held by the City which are legally restricted to the extent that only earnings may be used for purposes that support City programs. The resources must be spent as provided in legal trust agreements and related state laws. The following permanent funds have been classified as nonmajor funds:

THE ANN LAND FUND is used to account for gifts to the City. The investment income is available to aid destitute persons in the City.

THE BERTHA HENSCHEL FUND is used to account for gifts to the City. The investment income is available to aid destitute persons in the City.

THE GEORGE CLARK SCHOLARSHIP FUND is used to account for an endowment established by George Clark, Mayor of Sacramento in 1900. The investment income is available to provide college scholarships for Sacramento high school seniors.

THE WINCHESTER G. AND MARY ALICE FELT FUND is used to account for an endowment established by Mary Alice Felt. The investment income is available to the Sacramento Archives and Museum Collection Center for expenses related to collection, development and preservation.

THE ALICE MILLER FUND is used to account for gifts to the City. The investment income is available to care for a specific area of the Old City Cemetery.

THE SACRAMENTO HISTORY MUSEUM FUND is used to account for gifts to the Museum. The investment income is available to help pay the operating expenses of the Museum.

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City of Sacramento
Permanent Funds
Combining Balance Sheet
 June 30, 2009
 (in thousands)

	<u>Ann Land Fund</u>	<u>Bertha Henschel Fund</u>	<u>George Clark Scholarship Fund</u>	<u>Winchester G. & Mary Alice Felt Fund</u>
<u>ASSETS</u>				
Cash and investments held by City	\$ 586	\$ 1,751	\$ 560	\$ 1,274
Securities lending assets	207	622	157	-
Receivables, net:				
Interest	<u>2</u>	<u>6</u>	<u>1</u>	<u>-</u>
Total assets	<u>\$ 795</u>	<u>\$ 2,379</u>	<u>\$ 718</u>	<u>\$ 1,274</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Securities lending obligations	<u>\$ 215</u>	<u>\$ 645</u>	<u>\$ 160</u>	<u>\$ -</u>
Fund balances:				
Reserved:				
For trust obligations	272	278	25	1,056
Unreserved:				
Undesignated	<u>308</u>	<u>1,456</u>	<u>533</u>	<u>218</u>
Total fund balances	<u>580</u>	<u>1,734</u>	<u>558</u>	<u>1,274</u>
Total liabilities and fund balances	<u>\$ 795</u>	<u>\$ 2,379</u>	<u>\$ 718</u>	<u>\$ 1,274</u>

City of Sacramento
Permanent Funds
Combining Balance Sheet
 June 30, 2009
 (in thousands)

	<u>Alice Miller Fund</u>	<u>Sacramento History Museum Fund</u>	<u>Total Permanent Funds</u>
<u>ASSETS</u>			
Cash and investments held by City	\$ 46	\$ 309	\$ 4,526
Securities lending assets	-	-	986
Receivables, net:			
Interest	-	-	9
Total assets	<u>\$ 46</u>	<u>\$ 309</u>	<u>\$ 5,521</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Securities lending obligations	\$ -	\$ -	\$ 1,020
Fund balances:			
Reserved:			
For trust obligations	3	300	1,934
Unreserved:			
Undesignated	43	9	2,567
Total fund balances	<u>46</u>	<u>309</u>	<u>4,501</u>
Total liabilities and fund balances	<u>\$ 46</u>	<u>\$ 309</u>	<u>\$ 5,521</u>



City of Sacramento
Permanent Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2009
(in thousands)

	<u>Ann Land Fund</u>	<u>Bertha Henschel Fund</u>	<u>George Clark Scholarship Fund</u>	<u>Winchester G. & Mary Alice Felt Fund</u>
Revenues:				
Interest, rents, and concessions	\$ (208)	\$ (624)	\$ (186)	\$ 31
Contributions and donations	-	1	-	-
Total revenues	<u>(208)</u>	<u>(623)</u>	<u>(186)</u>	<u>31</u>
Expenditures:				
Current:				
Nondepartmental	31	91	24	-
Debt service:				
Interest and fiscal charges	<u>2</u>	<u>6</u>	<u>1</u>	<u>-</u>
Total expenditures	<u>33</u>	<u>97</u>	<u>25</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(241)	(720)	(211)	31
Fund balances, beginning of year	<u>821</u>	<u>2,454</u>	<u>769</u>	<u>1,243</u>
Fund balances, end of year	<u>\$ 580</u>	<u>\$ 1,734</u>	<u>\$ 558</u>	<u>\$ 1,274</u>

City of Sacramento
Permanent Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2009
(in thousands)

	<u>Alice Miller Fund</u>	<u>Sacramento History Museum Fund</u>	<u>Total Permanent Funds</u>
Revenues:			
Interest, rents, and concessions	\$ 1	\$ 7	\$ (979)
Contributions and donations	-	-	1
Total revenues	<u>1</u>	<u>7</u>	<u>(978)</u>
Expenditures:			
Current:			
Nondepartmental	-	-	146
Debt service:			
Interest and fiscal charges	-	-	9
Total expenditures	<u>-</u>	<u>-</u>	<u>155</u>
Excess (deficiency) of revenues over (under) expenditures	1	7	(1,133)
Fund balances, beginning of year	<u>45</u>	<u>302</u>	<u>5,634</u>
Fund balances, end of year	<u>\$ 46</u>	<u>\$ 309</u>	<u>\$ 4,501</u>

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OTHER ENTERPRISE FUNDS

Enterprise funds are used to account for self-supporting City programs that provide services on a user-fee basis to the general public. The following enterprise funds have been classified as nonmajor funds:

THE 4th R FUND is used to account for a program that provides school age child care services at various locations throughout the City.

THE MARINA FUND is used to account for the operation and maintenance of the City's Marina located on the Sacramento River at Miller Park.

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City of Sacramento
Other Enterprise Funds
Combining Statement of Net Assets
 June 30, 2009
 (in thousands)

	<u>4th R Fund</u>	<u>Marina Fund</u>	<u>Total Other Enterprise Funds</u>
<u>ASSETS</u>			
Current assets:			
Cash and investments held by City	\$ 968	\$ 1,037	\$ 2,005
Receivables, net:			
Accounts	166	13	179
Loans	-	2	2
Prepaid items	<u>8</u>	<u>-</u>	<u>8</u>
Total current assets	<u>1,142</u>	<u>1,052</u>	<u>2,194</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments held by City	870	20	890
Deferred charges	206	-	206
Capital assets:			
Land	-	3,821	3,821
Buildings and improvements	1,546	18,151	19,697
Machinery and equipment	-	184	184
Less: accumulated depreciation	<u>(407)</u>	<u>(6,961)</u>	<u>(7,368)</u>
Total noncurrent assets	<u>2,215</u>	<u>15,215</u>	<u>17,430</u>
Total assets	<u>3,357</u>	<u>16,267</u>	<u>19,624</u>

City of Sacramento
Other Enterprise Funds
Combining Statement of Net Assets

June 30, 2009
(in thousands)

	<u>4th R Fund</u>	<u>Marina Fund</u>	<u>Total Other Enterprise Funds</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued expenses	819	41	860
Accrued compensated absences	16	2	18
Interest payable	-	239	239
Deposits	-	115	115
Unearned revenue	1,022	9	1,031
Capital leases payable, current portion	-	79	79
Notes payable, current portion	40	204	244
	<u>1,897</u>	<u>689</u>	<u>2,586</u>
Total current liabilities			
Noncurrent liabilities:			
Accrued compensated absences	296	30	326
OPEB liability	48	35	83
Capital leases payable	-	1,331	1,331
Notes payable	140	13,710	13,850
	<u>484</u>	<u>15,106</u>	<u>15,590</u>
Total noncurrent liabilities			
Total liabilities	<u>2,381</u>	<u>15,795</u>	<u>18,176</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	958	(109)	849
Unrestricted	18	581	599
	<u>\$ 976</u>	<u>\$ 472</u>	<u>\$ 1,448</u>
Total net assets			

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City of Sacramento
Other Enterprise Funds
Combining Statement of Revenues,
Expenses and Changes in Fund Net Assets

For the Fiscal Year Ended June 30, 2009
(in thousands)

	4th R Fund	Marina Fund	Total Other Enterprise Funds
Operating revenues:			
Charges for services:			
User fees and charges	\$ 5,556	\$ 1,731	\$ 7,287
Rents and concessions	-	1	1
Miscellaneous	84	16	100
Total operating revenues	<u>5,640</u>	<u>1,748</u>	<u>7,388</u>
Operating expenses:			
Employee services	6,224	411	6,635
Services and supplies	1,316	325	1,641
Depreciation	77	227	304
Total operating expenses	<u>7,617</u>	<u>963</u>	<u>8,580</u>
Operating income (loss)	<u>(1,977)</u>	<u>785</u>	<u>(1,192)</u>
Nonoperating revenues (expenses):			
Interest and investment revenue	18	(1)	17
Revenue from other agencies	1,155	-	1,155
Interest expense	-	(82)	(82)
Total nonoperating revenues (expenses)	<u>1,173</u>	<u>(83)</u>	<u>1,090</u>
Income before transfers	(804)	702	(102)
Transfers in	31	11	42
Transfers out	-	(173)	(173)
Changes in net assets	(773)	540	(233)
Total net assets (deficit), beginning of year	<u>1,749</u>	<u>(68)</u>	<u>1,681</u>
Total net assets, end of year	<u>\$ 976</u>	<u>\$ 472</u>	<u>\$ 1,448</u>



City of Sacramento
Other Enterprise Funds
Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2009
(in thousands)

	4th R Fund	Marina Fund	Total Other Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,791	\$ 1,708	\$ 7,499
Payments to suppliers	(1,148)	(367)	(1,515)
Payments to employees	(6,316)	(399)	(6,715)
Net cash provided by (used for) operating activities	(1,673)	942	(731)
Cash flows from noncapital financing activities:			
Transfers in from other funds	31	11	42
Transfers out to other funds	-	(173)	(173)
Intergovernmental revenue received	1,155	-	1,155
Net cash provided by (used for) noncapital financing activities	1,186	(162)	1,024
Cash flows from capital and related financing activities:			
Proceeds from issuance of debt	-	3,874	3,874
Acquisition and construction of capital assets	-	(3,174)	(3,174)
Principal payments on capital debt	(60)	(271)	(331)
Interest payments on capital debt	-	(333)	(333)
Net cash provided by (used for) capital and related financing activities	(60)	96	36
Cash flows from investing activities:			
Collection of interest and investment revenue	18	(1)	17
Loans made	-	(2)	(2)
Net cash provided by investing activities	18	(3)	15
Net increase (decrease) in cash and cash equivalents	(529)	873	344
Cash and cash equivalents, beginning of year	2,367	184	2,551
Cash and cash equivalents, end of year	<u>\$ 1,838</u>	<u>\$ 1,057</u>	<u>\$ 2,895</u>
Reconciliation of cash and cash equivalents to the Statement of Net Assets:			
Cash and investments held by City	\$ 968	\$ 1,037	\$ 2,005
Restricted cash and investments held by City	870	20	890
Total cash and cash equivalents, end of year	<u>\$ 1,838</u>	<u>\$ 1,057</u>	<u>\$ 2,895</u>

City of Sacramento
Other Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009
(in thousands)

	<u>4th R Fund</u>	<u>Marina Fund</u>	<u>Total Other Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (1,977)	\$ 785	\$ (1,192)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	77	227	304
Changes in assets and liabilities:			
Accounts receivable, net	86	(3)	83
Deferred charges	8	-	8
Accounts payable and accrued expenses	31	(50)	(19)
Accrued compensated absences	14	3	17
OPEB liabilities	23	17	40
Deposits	-	(26)	(26)
Unearned revenue	65	(11)	54
Net cash provided by (used for) operating activities	<u>\$ (1,673)</u>	<u>\$ 942</u>	<u>\$ (731)</u>
Noncash investing, capital and financing activities:			
Capitalized interest	\$ -	\$ 243	\$ 243

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INTERNAL SERVICE FUNDS

Internal service funds are established to account for goods or services provided by one department within the City to other departments on a cost reimbursement basis. The following are internal service funds:

THE FLEET MANAGEMENT FUND is used to account for the operation, maintenance and replacement of the City's fleet of vehicles that serve the transportation needs of all City departments and divisions.

THE RISK MANAGEMENT FUND is used to account for the City's risk management and insurance programs.

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City of Sacramento
Internal Service Funds
Combining Statement of Net Assets
 June 30, 2009
 (in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
<u>ASSETS</u>			
Current assets:			
Cash and investments held by City	\$ 2,885	\$ 24,732	\$ 27,617
Cash and investments held by fiscal agent	-	192	192
Securities lending assets	-	3,641	3,641
Receivables, net:			
Accounts	136	7	143
Interest	-	75	75
Due from other funds	-	53,177	53,177
Inventories	1,651	-	1,651
Total current assets	4,672	81,824	86,496
Noncurrent assets:			
Advances to other funds	-	16,583	16,583
Deferred charges	39	-	39
Capital assets:			
Buildings and improvements	6,610	-	6,610
Machinery and equipment	1,434	-	1,434
Vehicles	111,914	-	111,914
Construction in progress	770	-	770
Less: accumulated depreciation	(72,057)	-	(72,057)
Total noncurrent assets	48,710	16,583	65,293
Total assets	53,382	98,407	151,789

City of Sacramento
Internal Service Funds
Combining Statement of Net Assets
June 30, 2009
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
<u>LIABILITIES</u>			
Current liabilities:			
Securities lending obligations	-	3,773	3,773
Accounts payable and accrued expenses	1,533	5,367	6,900
Accrued compensated absences	57	31	88
Accrued claims and judgments	-	15,195	15,195
Investment purchases payable	-	443	443
Interest payable	13	-	13
Unearned revenue	-	500	500
Revenue and other bonds payable, net, current portion	287	-	287
Total current liabilities	1,890	25,309	27,199
Noncurrent liabilities:			
Accrued compensated absences	684	274	958
Accrued claims and judgments	-	35,043	35,043
OPEB liability	792	109	901
Revenue and other bonds payable, net	3,995	-	3,995
Total noncurrent liabilities	5,471	35,426	40,897
Total liabilities	7,361	60,735	68,096
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	44,376	-	44,376
Unrestricted	1,645	37,672	39,317
Total net assets	\$ 46,021	\$ 37,672	\$ 83,693

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City of Sacramento
Internal Service Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets

For the Fiscal Year Ended June 30, 2009
(in thousands)



	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Operating revenues:			
Charges for services:			
User fees and charges	\$ 34,402	\$ 33,138	\$ 67,540
Miscellaneous	2	328	330
Total operating revenues	<u>34,404</u>	<u>33,466</u>	<u>67,870</u>
Operating expenses:			
Employee services	8,582	3,331	11,913
Services and supplies	18,848	5,093	23,941
Depreciation	8,686	-	8,686
Insurance premiums	-	2,110	2,110
Claims and judgements	-	11,181	11,181
Total operating expenses	<u>36,116</u>	<u>21,715</u>	<u>57,831</u>
Operating income (loss)	<u>(1,712)</u>	<u>11,751</u>	<u>10,039</u>
Nonoperating revenues (expenses):			
Interest and investment revenue	30	2,539	2,569
Interest expense	(148)	(37)	(185)
Amortization of deferred charges	(3)	-	(3)
Loss on disposition of capital assets	(71)	-	(71)
Total nonoperating revenues (expenses)	<u>(192)</u>	<u>2,502</u>	<u>2,310</u>
Income before transfers	(1,904)	14,253	12,349
Transfers in	835	1	836
Transfers out	(546)	(13,000)	(13,546)
Changes in net assets	(1,615)	1,254	(361)
Total net assets, beginning of year	<u>47,636</u>	<u>36,418</u>	<u>84,054</u>
Total net assets, end of year	<u>\$ 46,021</u>	<u>\$ 37,672</u>	<u>\$ 83,693</u>

City of Sacramento
Internal Service Funds
Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2009
 (in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 34,382	\$ 84,871	\$ 119,253
Payments to suppliers	(20,253)	(58,298)	(78,551)
Payments to employees	(8,483)	(3,262)	(11,745)
Claims and judgments paid	-	(10,625)	(10,625)
Net cash provided by operating activities	<u>5,646</u>	<u>12,686</u>	<u>18,332</u>
Cash flows from noncapital financing activities:			
Transfers in from other funds	416	1	417
Transfers out to other funds	(546)	(13,000)	(13,546)
Loans to other funds	-	(10,695)	(10,695)
Net cash used for noncapital financing activities	<u>(130)</u>	<u>(23,694)</u>	<u>(23,824)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(10,024)	-	(10,024)
Proceeds from sale of capital assets	436	-	436
Principal payments on capital debt	(260)	-	(260)
Interest payments on capital debt	(158)	-	(158)
Transfers in from other funds	419	-	419
Net cash used for capital and related financing activities	<u>(9,587)</u>	<u>-</u>	<u>(9,587)</u>
Cash flows from investing activities:			
Collection of interest and investment revenue	30	2,761	2,791
Investments sold in prior year with current year settlement	-	628	628
Investments purchased with settlement after year end	-	443	443
Net cash provided by investing activities	<u>30</u>	<u>3,832</u>	<u>3,862</u>
Net decrease in cash and cash equivalents	(4,041)	(7,176)	(11,217)
Cash and cash equivalents, beginning of year	6,926	32,100	39,026
Cash and cash equivalents, end of year	<u>\$ 2,885</u>	<u>\$ 24,924</u>	<u>\$ 27,809</u>
Reconciliation of cash and cash equivalents to the Statement of Net Assets:			
Cash and investments held by City	\$ 2,885	\$ 24,732	\$ 27,617
Cash and investments held by fiscal agent	-	192	192
Total cash and cash equivalents, end of year	<u>\$ 2,885</u>	<u>\$ 24,924</u>	<u>\$ 27,809</u>

City of Sacramento
Internal Service Funds
Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2009
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income	\$ (1,712)	\$ 11,751	\$ 10,039
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	8,686	-	8,686
Changes in assets and liabilities:			
Accounts receivable, net	(4)	-	(4)
Inventories	85	-	85
Accrued claims and judgments	-	556	556
Accounts payable and accrued expenses	(1,762)	282	(1,480)
Accrued compensated absences	(46)	13	(33)
OPEB liabilities	399	56	455
Unearned revenue	-	28	28
Net cash provided by (used for) operating activities	<u>\$ 5,646</u>	<u>\$ 12,686</u>	<u>\$ 18,332</u>
Noncash investing, capital and financing activities:			
Amortization of bond premium, discount, and loss on refunding	\$ (10)	\$ -	\$ (10)
Amortization of deferred charges	(3)	-	(3)
Disposal of capital assets on accounts receivable	111	-	111
Change in securities lending assets	-	(2,440)	(2,440)
Change in securities lending obligations	-	(2,308)	(2,308)

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INVESTMENT TRUST FUNDS

Investment trust funds account for assets and related liabilities of legally separate entities for which the City provides investment services.

Investment Pool is used to account for assets and liabilities held for external participants in the City Sponsored Investment Pool.

Individual Investment Accounts are used to account for assets and liabilities, held for entities external to the City, which are not invested in the City Sponsored Investment Pool.



City of Sacramento

Investment Trust Funds

Combining Statement of Fiduciary Net Assets

June 30, 2009
(in thousands)

	<u>Investment Pool</u>	<u>Individual Investment Accounts</u>	<u>Total Investment Trust Funds</u>
<u>ASSETS</u>			
Cash and investments held by City	\$ 68,049	\$ 252,097	\$ 320,146
Securities lending assets	12,167	31,789	43,956
Receivables, net:			
Interest	250	966	1,216
Total assets	<u>80,466</u>	<u>284,852</u>	<u>365,318</u>
<u>LIABILITIES</u>			
Securities lending obligations	12,209	33,188	45,397
Investment purchases payable	1,481	3,998	5,479
Total liabilities	<u>13,690</u>	<u>37,186</u>	<u>50,876</u>
<u>NET ASSETS</u>			
Held in trust	<u>\$ 66,776</u>	<u>\$ 247,666</u>	<u>\$ 314,442</u>

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

City of Sacramento

Investment Trust Funds

Combining Statement of Changes in Fiduciary Net Assets

For the Fiscal Year Ended June 30, 2009

(in thousands)

	<u>Investment Pool</u>	<u>Individual Investment Accounts</u>	<u>Total Investment Trust Funds</u>
Additions:			
From investment activities:			
Net appreciation in			
fair value of investments	\$ 570	\$ 1,070	\$ 1,640
Interest	1,932	7,896	9,828
Dividends	-	77	77
Total investment earnings	2,502	9,043	11,545
Less investment expenses:			
Banking, interest, and fiscal agent expenses	127	12	139
Net income from investing activities	2,375	9,031	11,406
From securities lending activities:			
Net appreciation(depreciation) in fair value			
of investments	(41)	(109)	(150)
Interest	(121)	(769)	(890)
Total securities lending income	(162)	(878)	(1,040)
Securities lending expenses:			
Borrower rebates	97	253	350
Management fees	26	67	93
Total securities lending expenses	123	320	443
Net income from securities lending activities	(285)	(1,198)	(1,483)
Net investment income	2,090	7,833	9,923
Deposits	585,662	1,123,609	1,709,271
Total additions	587,752	1,131,442	1,719,194
Deductions:			
Withdrawals	589,881	1,171,662	1,761,543
Change in net assets	(2,129)	(40,220)	(42,349)
Net assets, beginning of year	68,905	287,886	356,791
Net assets, end of year	<u>\$ 66,776</u>	<u>\$ 247,666</u>	<u>\$ 314,442</u>

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

AGENCY FUNDS

Agency funds account for assets held for other organizations, governments or private individuals and include:

THE ASSESSMENT DISTRICTS FUND is used to account for monies collected from parcel assessments to service debt issued for improvements in 1911 and 1915 Act districts in the City.

THE COMMUNITY FACILITY DISTRICT ACT FUND is used to account for monies collected from special tax assessments to service debt issued for improvements and to pay other costs of Mello-Roos districts in the City.

City of Sacramento

Agency Funds

Combining Statement of Fiduciary Assets and Liabilities

June 30, 2009

(in thousands)

	Assessment Districts Fund	Community Facility District Act Fund	Total Agency Funds
<u>ASSETS</u>			
Cash and investments held by City	\$ 10,685	\$ 17,053	\$ 27,738
Cash and investments held by fiscal agent	2,075	22,222	24,297
Receivables, net:			
Interest	16	160	176
Total assets	<u>\$ 12,776</u>	<u>\$ 39,435</u>	<u>\$ 52,211</u>
<u>LIABILITIES</u>			
Due to bondholders	<u>\$ 12,776</u>	<u>\$ 39,435</u>	<u>\$ 52,211</u>
Total liabilities	<u>\$ 12,776</u>	<u>\$ 39,435</u>	<u>\$ 52,211</u>



City of Sacramento
Agency Funds
Combining Statement of Changes in Fiduciary Assets and Liabilities
 For the Fiscal Year Ended June 30, 2009
 (in thousands)

ASSESSMENT DISTRICTS FUND

	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
<u>ASSETS</u>				
Cash and investments held by City	\$ 10,442	\$ 5,518	\$ 5,275	\$ 10,685
Cash and investments held by fiscal agent	2,130	42	97	2,075
Receivables, net:				
Interest	-	16	-	16
Total assets	<u>\$ 12,572</u>	<u>\$ 5,576</u>	<u>\$ 5,372</u>	<u>\$ 12,776</u>
<u>LIABILITIES</u>				
Due to bondholders	<u>\$ 12,572</u>	<u>\$ 5,576</u>	<u>\$ 5,372</u>	<u>\$ 12,776</u>
Total liabilities	<u>\$ 12,572</u>	<u>\$ 5,576</u>	<u>\$ 5,372</u>	<u>\$ 12,776</u>



City of Sacramento
Agency Funds
Combining Statement of Changes in Fiduciary Assets and Liabilities
 For the Fiscal Year Ended June 30, 2009
 (in thousands)

COMMUNITY FACILITY DISTRICT ACT FUND

	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
<u>ASSETS</u>				
Cash and investments held by City	\$ 15,091	\$ 16,483	\$ 14,521	\$ 17,053
Cash and investments held by fiscal agent	22,735	3,749	4,262	22,222
Receivables, net:				
Interest	80	153	73	160
Total assets	<u>\$ 37,906</u>	<u>\$ 20,385</u>	<u>\$ 18,856</u>	<u>\$ 39,435</u>
<u>LIABILITIES</u>				
Due to bondholders	<u>\$ 37,906</u>	<u>\$ 20,312</u>	<u>\$ 18,783</u>	<u>\$ 39,435</u>
Total liabilities	<u>\$ 37,906</u>	<u>\$ 20,312</u>	<u>\$ 18,783</u>	<u>\$ 39,435</u>

(continued)

City of Sacramento
Agency Funds
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the Fiscal Year Ended June 30, 2009
(in thousands)

TOTAL - ALL AGENCY FUNDS

	<u>Balance Beginning of Fiscal Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Fiscal Year</u>
<u>ASSETS</u>				
Cash and investments held by City	\$ 25,533	\$ 22,001	\$ 19,796	\$ 27,738
Cash and investments held by fiscal agent	24,865	3,791	4,359	24,297
Receivables, net:				
Interest	<u>80</u>	<u>169</u>	<u>73</u>	<u>176</u>
Total assets	<u>\$ 50,478</u>	<u>\$ 25,961</u>	<u>\$ 24,228</u>	<u>\$ 52,211</u>
<u>LIABILITIES</u>				
Due to bondholders	<u>\$ 50,478</u>	<u>\$ 25,888</u>	<u>\$ 24,155</u>	<u>\$ 52,211</u>
Total liabilities	<u>\$ 50,478</u>	<u>\$ 25,888</u>	<u>\$ 24,155</u>	<u>\$ 52,211</u>

(continued)

Statistical Section

Statistical Section

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends Information

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain trend information to help the reader understand the City's most significant local revenue source, property taxes.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Sacramento
Net Assets by Component ^{(1) (2) (3)}
Last Nine Fiscal Years

(accrual basis accounting, in thousands)

	Fiscal Year				
	2001	2002	2003	2004	2005
Governmental activities					
Invested in capital assets, net of related debt	\$ 1,074,793	\$ 959,697	\$ 1,042,608	\$ 1,135,271	\$ 1,223,934
Restricted for:					
Capital projects	79,305	78,236	94,682	110,794	52,773
Debt service	13,022	5,290	9,949	11,508	9,882
Housing and redevelopment	113,091	169,143	184,269	273,473	274,130
Trust and endowments:					
Expendable	-	2,366	4,519	4,962	1,927
Nonexpendable	-	878	1,803	1,927	2,920
Other	17,230	17,186	13,177	21,394	24,801
Unrestricted	(5,487)	5,210	(28,060)	(111,552)	(71,536)
Total governmental activities net assets	<u>\$ 1,291,954</u>	<u>\$ 1,238,006</u>	<u>\$ 1,322,947</u>	<u>\$ 1,447,777</u>	<u>\$ 1,497,399</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 458,699	\$ 681,031	\$ 726,196	\$ 782,620	\$ 839,889
Restricted for:					
Capital projects	-	-	-	-	-
Housing and redevelopment	700	2,916	2,808	3,421	1,776
Other	-	538	438	-	1,038
Unrestricted	93,791	122,708	124,505	113,957	93,751
Total business-type activities net assets	<u>\$ 553,190</u>	<u>\$ 807,193</u>	<u>\$ 853,947</u>	<u>\$ 899,998</u>	<u>\$ 936,454</u>
Primary government					
Invested in capital assets, net of related debt	\$ 1,533,492	\$ 1,640,728	\$ 1,768,804	\$ 1,917,891	\$ 2,063,823
Restricted for:					
Capital projects	79,305	78,236	94,682	110,794	52,773
Debt service	13,022	5,290	9,949	11,508	9,882
Housing and redevelopment	113,791	172,059	187,077	276,894	275,906
Trust and endowments:					
Expendable	-	2,366	4,519	4,962	1,927
Nonexpendable	-	878	1,803	1,927	2,920
Other	17,230	17,724	13,615	21,394	25,839
Unrestricted	88,304	127,918	96,445	2,405	22,215
Total primary government net assets	<u>\$ 1,845,144</u>	<u>\$ 2,045,199</u>	<u>\$ 2,176,894</u>	<u>\$ 2,347,775</u>	<u>\$ 2,455,285</u>

- Notes: (1) The City of Sacramento implemented GASB 34 for the period ended June 30, 2001. Information prior to the implementation is not available.
- (2) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.
- (3) The fiscal year 2008 amounts for governmental activities net assets invested in capital assets, net of related debt, and restricted net assets have been reclassified.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Net Assets by Component ^{(1) (2) (3)}
Last Nine Fiscal Years

(accrual basis accounting, in thousands)

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Invested in capital assets, net of related debt	\$ 1,155,619	\$ 1,296,115	\$ 1,296,978	\$ 1,378,249
Restricted for:				
Capital projects	149,982	155,596	239,377	221,594
Debt service	797	509	531	544
Housing and redevelopment	-	-	-	-
Trust and endowments				
Expendable	5,368	6,513	6,159	4,442
Nonexpendable	1,927	1,927	1,934	1,934
Other	28,634	31,649	30,996	30,836
Unrestricted	155,072	145,750	124,408	84,092
Total governmental activities net assets	<u>\$ 1,497,399</u>	<u>\$ 1,638,059</u>	<u>\$ 1,700,383</u>	<u>\$ 1,721,691</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 623,208	\$ 634,966	\$ 656,951	\$ 687,417
Restricted for:				
Capital projects	425	425	-	16,866
Housing and redevelopment	-	-	-	-
Other	-	-	-	-
Unrestricted	115,223	119,050	119,975	92,458
Total business-type activities net assets	<u>\$ 738,856</u>	<u>\$ 754,441</u>	<u>\$ 776,926</u>	<u>\$ 796,741</u>
Primary government				
Invested in capital assets, net of related debt	\$ 1,778,827	\$ 1,931,081	\$ 1,953,929	\$ 2,065,666
Restricted for:				
Capital projects	150,407	156,021	239,377	238,460
Debt service	797	509	531	544
Housing and redevelopment	-	-	-	-
Trust and endowments				
Expendable	5,368	6,513	6,159	4,442
Nonexpendable	1,927	1,927	1,934	1,934
Other	28,634	31,649	30,996	30,836
Unrestricted	270,295	264,800	244,383	176,550
Total primary government net assets	<u>\$ 2,236,255</u>	<u>\$ 2,392,500</u>	<u>\$ 2,477,309</u>	<u>\$ 2,518,432</u>

- Notes: (1) The City of Sacramento implemented GASB 34 for the period ended June 30, 2001. Information prior to the implementation is not available.
- (2) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.
- (3) The fiscal year 2008 amounts for governmental activities net assets invested in capital assets, net of related debt, and restricted net assets have been reclassified.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Assets ^{(1) (2)}
Last Nine Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2001	2002	2003	2004	2005
Expenses ⁽³⁾					
<i>Governmental Activities</i>					
General government	\$ 23,839	\$ 27,025	\$ 27,548	\$ 26,739	\$ 28,759
Police	88,513	100,438	106,177	106,676	124,204
Fire	48,846	52,760	55,408	57,799	74,606
Public works	89,704	91,842	93,777	108,413	-
General services	-	-	-	-	21,502
Transportation	-	-	-	-	71,871
Economic development	2,918	3,142	3,688	4,283	-
Convention, culture & leisure	7,323	9,080	11,132	6,823	6,824
Parks and recreation	30,980	36,542	38,435	41,486	44,534
Code enforcement	-	-	-	-	-
Planning and development	9,763	12,681	15,071	18,780	-
Development services	-	-	-	-	67,852
Planning	-	-	-	-	-
Neighborhood services	5,346	5,543	5,893	6,883	7,880
Housing and redevelopment	112,463	57,132	72,227	46,774	64,018
Library	7,392	8,386	8,187	8,185	8,505
Nondepartmental	23,336	25,261	28,274	32,473	36,492
Interest on long-term debt	25,133	14,047	17,900	29,306	31,752
Total governmental activities expenses	475,556	443,879	483,717	494,620	588,799
<i>Business type activities</i>					
Water	28,006	30,553	31,312	47,843	51,950
Sewer	11,436	12,453	12,247	12,734	13,447
Storm drainage	21,061	24,128	27,721	27,010	34,988
Solid waste	31,503	36,178	35,058	36,102	39,260
Community center	18,695	19,103	18,281	18,310	19,066
Parking	11,368	12,122	13,092	13,580	14,115
Advanced life support	6,117	7,331	7,265	7,823	-
Golf	5,442	6,618	6,758	6,846	6,719
Child development	3,811	4,284	4,689	4,492	5,092
Marina	1,680	1,759	1,701	1,656	1,684
Housing and redevelopment	5,161	72,941	87,817	123,892	135,282
Total business-type activities	144,280	227,470	245,941	300,288	321,603
Total primary government expenses	\$ 619,836	\$ 671,349	\$ 729,658	\$ 794,908	\$ 910,402

Notes: (1) The City of Sacramento implemented GASB 34 for the period ended June 30, 2001. Information prior to the implementation is not available.

(2) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

City of Sacramento

Changes in Net Assets ^{(1) (2)}

Last Nine Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year			
	2006	2007	2008	2009
Expenses ⁽³⁾				
<i>Governmental Activities</i>				
General government	\$ 38,804	\$ 41,536	\$ 49,841	\$ 45,956
Police	134,213	148,586	159,207	153,874
Fire	87,844	97,044	104,149	107,119
Public works	-	-	-	-
General services	18,853	17,502	27,527	28,132
Transportation	88,749	89,063	89,016	95,238
Economic development	8,212	8,538	10,048	10,055
Convention, culture & leisure	17,825	19,602	21,518	18,573
Parks and recreation	49,341	55,661	60,930	54,209
Code enforcement	7,184	9,946	10,154	10,882
Planning and development	-	-	-	-
Development services	36,739	27,851	30,247	24,063
Planning	-	8,158	6,830	2,973
Neighborhood services	2,560	2,505	1,667	1,370
Housing and redevelopment	-	-	-	-
Library	9,147	9,433	9,935	13,976
Nondepartmental	-	-	-	-
Interest on long-term debt	22,693	31,067	31,157	29,284
Total governmental activities expenses	<u>522,164</u>	<u>566,492</u>	<u>612,226</u>	<u>595,704</u>
<i>Business type activities</i>				
Water	55,896	58,890	63,364	66,757
Sewer	14,685	17,171	18,330	20,498
Storm drainage	34,544	36,473	38,570	38,483
Solid waste	40,329	45,050	48,735	67,911
Community center	19,333	19,704	20,507	20,342
Parking	14,056	16,375	17,154	16,009
Advanced life support	-	-	-	-
Golf	-	-	-	-
Child development	5,666	5,868	6,604	7,617
Marina	1,437	1,384	1,257	1,045
Housing and redevelopment	-	-	-	-
Total business-type activities	<u>185,946</u>	<u>200,915</u>	<u>214,521</u>	<u>238,662</u>
Total primary government expenses	<u>\$ 708,110</u>	<u>\$ 767,407</u>	<u>\$ 826,747</u>	<u>\$ 834,366</u>

Notes: (1) The City of Sacramento implemented GASB 34 for the period ended June 30, 2001. Information prior to the implementation is not available.

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(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

City of Sacramento

Changes in Net Assets ^{(1) (2)}

Last Nine Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2001	2002	2003	2004	2005
Program Revenues					
<i>Governmental activities</i>					
Charge for services					
General government	\$ 4,201	\$ 4,267	\$ 4,613	\$ 4,766	\$ 4,768
Police	3,212	3,190	3,272	3,126	3,456
Fire	4,295	4,438	4,421	5,022	16,854
Public works	31,278	35,330	42,034	39,942	-
General services	-	-	-	-	7,600
Transportation	-	-	-	-	12,097
Economic development	336	1,193	1,843	212	-
Convention, culture & leisure	3,374	3,946	4,391	4,526	1,970
Parks and recreation	3,356	3,771	3,679	4,193	4,794
Planning and development	13,774	14,074	16,924	17,600	-
Code enforcement	-	-	-	-	-
Development services	-	-	-	-	43,941
Planning	-	-	-	-	-
Neighborhood services	245	1,514	1,723	2,755	2,714
Housing and redevelopment	7,043	1,182	1,940	1,389	1,311
Nondepartmental	627	-	4,163	376	494
Total charge for services	71,741	72,905	89,003	83,907	99,999
Operating grants and contributions	87,309	67,931	68,199	59,821	77,052
Capital grants and contributions	189,754	126,872	137,307	204,955	147,034
Total governmental activities program revenues	<u>348,804</u>	<u>267,708</u>	<u>294,509</u>	<u>348,683</u>	<u>324,085</u>
<i>Business - type activities</i>					
Charge for services					
Water	36,802	40,097	42,616	45,994	49,009
Sewer	13,098	13,773	14,593	15,304	16,332
Storm drainage	27,636	28,358	29,299	30,086	31,336
Solid waste	30,558	32,620	35,431	38,423	42,241
Community center	5,027	5,649	5,742	5,843	6,391
Parking	13,703	15,883	15,897	16,210	16,422
Advanced life support	9,411	9,386	10,107	11,035	-
Golf	4,956	6,041	6,254	6,329	6,408
Child development	3,559	4,053	4,298	4,361	4,766
Marina	1,440	1,441	1,587	1,711	1,745
Housing and redevelopment	2,665	8,173	10,497	10,899	13,720
Total charge for services	148,855	165,474	176,321	186,195	188,370
Operating grants and contributions	1,067	59,571	71,799	99,582	112,326
Capital grants and contributions	24,156	29,751	21,446	18,592	35,318
Total business - type activities program revenues	<u>174,078</u>	<u>254,796</u>	<u>269,566</u>	<u>304,369</u>	<u>336,014</u>
Total primary government program revenues	<u>\$ 522,882</u>	<u>\$ 522,504</u>	<u>\$ 564,075</u>	<u>\$ 653,052</u>	<u>\$ 660,099</u>
Net (Expense) Revenue					
Governmental activities	\$ (126,752)	\$ (176,171)	\$ (189,208)	\$ (145,937)	\$ 324,085
Business - type activities	29,798	27,326	23,625	4,081	336,014
Total primary government net expenses	<u>\$ (96,954)</u>	<u>\$ (148,845)</u>	<u>\$ (165,583)</u>	<u>\$ (141,856)</u>	<u>\$ 660,099</u>

Notes: (1) The City of Sacramento implemented GASB 34 for the period ended June 30, 2001. Information prior to the implementation is not available.

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(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

City of Sacramento

Changes in Net Assets ^{(1) (2)}

Last Nine Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year			
	2006	2007	2008	2009
Program Revenues				
<i>Governmental activities</i>				
Charge for services				
General government	\$ 4,902	\$ 5,333	\$ 5,233	\$ 5,290
Police	3,986	3,959	4,203	4,819
Fire	18,721	17,579	17,936	24,448
Public works	-	-	-	-
General services	9,636	10,327	10,471	10,878
Transportation	15,058	14,261	19,574	26,391
Economic development	5,235	5,905	8,143	8,345
Convention, culture & leisure	8,995	9,759	9,425	11,026
Parks and recreation	15,907	17,142	13,343	10,187
Planning and development	-	-	-	-
Code enforcement	1	2,417	3,800	7,932
Development services	27,834	25,261	19,867	16,115
Planning	-	4	114	108
Neighborhood services	2,969	1,085	123	195
Housing and redevelopment	-	-	-	-
Nondepartmental	-	-	-	-
Total charge for services	113,244	113,032	112,232	125,734
Operating grants and contributions	59,348	52,805	51,845	53,206
Capital grants and contributions	122,010	189,710	141,919	119,689
Total governmental activities program revenues	294,602	355,547	305,996	298,629
<i>Business - type activities</i>				
Charge for services				
Water	53,480	58,363	65,411	62,619
Sewer	17,285	18,609	20,704	19,775
Storm drainage	31,400	31,981	33,289	32,747
Solid waste	42,984	46,351	52,434	55,949
Community center	6,743	7,348	7,556	7,651
Parking	17,342	18,706	19,626	18,661
Advanced life support	-	-	-	-
Golf	-	-	-	-
Child development	5,086	5,377	5,587	5,640
Marina	1,889	1,827	1,378	1,748
Housing and redevelopment	-	-	-	-
Total charge for services	176,209	188,562	205,985	204,790
Operating grants and contributions	1,230	1,422	1,824	2,343
Capital grants and contributions	31,638	14,728	11,661	38,094
Total business - type activities program revenues	209,077	204,712	219,470	245,227
Total primary government program revenues	\$ 503,679	\$ 560,259	\$ 525,466	\$ 543,856
Net (Expense) Revenue				
Governmental activities	\$ (227,562)	\$ (210,945)	\$ (306,230)	\$ (297,075)
Business - type activities	23,131	3,797	4,949	6,565
Total primary government net expenses	\$ (204,431)	\$ (207,148)	\$ (301,281)	\$ (290,510)

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(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

City of Sacramento
Changes in Net Assets ^{(1) (2)}
Last Nine Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2001	2002	2003	2004	2005
General Revenues and Other					
Changes in Net Assets					
<i>Governmental activities</i>					
Taxes:					
Property taxes	\$ 48,837	\$ 53,146	\$ 57,898	\$ 63,877	\$ 70,456
Redevelopment tax increment	22,537	27,751	29,300	35,314	40,676
Utility user taxes	49,969	48,609	48,675	52,538	53,893
Other taxes	39,420	17,796	20,098	25,984	30,668
Sales taxes shared state revenue	58,590	55,676	57,984	61,822	55,342
In-lieu sales tax	-	-	-	-	15,284
In-lieu motor vehicle tax	-	24,555	25,809	27,179	26,393
Grants and other intergovernmental revenue not restricted to specific programs	4,391	2,847	3,841	4,137	-
Investment earnings	37,351	25,871	26,274	18,290	24,751
Contributions to permanent fund	-	-	-	124	-
Miscellaneous	12,782	14,921	9,545	6,966	10,267
Gain (loss) on disposition of capital assets	(801)	1,865	118	-	3,437
Transfers	(10,290)	(17,027)	(5,393)	(25,546)	(9,800)
Total Governmental activities	262,786	256,010	274,149	270,685	321,367
<i>Business-type activities</i>					
Taxes:					
Other taxes	13,187	13,164	13,567	13,436	14,398
Investment earnings	15,378	11,239	4,163	2,437	4,342
Miscellaneous	1,678	2,051	-	676	1,015
Gain (loss) on disposition of capital assets	(434)	-	6	-	6,891
Transfers	10,290	17,027	5,393	25,546	9,800
Total business-type activities	40,099	43,481	23,129	42,095	36,446
Total primary government	\$ 302,885	\$ 299,491	\$ 297,278	\$ 312,780	\$ 357,813
Change in Net Assets					
Governmental activities	136,034	79,839	84,941	124,748	645,452
Business-type activities	69,897	70,807	46,754	46,176	372,460
Total primary government	\$ 205,931	\$ 150,646	\$ 131,695	\$ 170,924	\$ 1,017,912

Notes: (1) The City of Sacramento implemented GASB 34 for the period ended June 30, 2001. Information prior to the implementation is not available.

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(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

City of Sacramento
Changes in Net Assets ^{(1) (2)}
Last Nine Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year			
	2006	2007	2008	2009
General Revenues and Other				
Changes in Net Assets				
<i>Governmental activities</i>				
Taxes:				
Property taxes	\$ 112,234	\$ 127,454	\$ 137,782	\$ 135,806
Redevelopment tax increment	-	-	-	-
Utility user taxes	56,243	55,619	57,561	57,775
Other taxes	32,002	28,379	23,865	20,358
Sales taxes shared state revenue	59,118	55,846	54,821	48,905
In-lieu sales tax	13,956	18,197	16,344	15,745
In-lieu motor vehicle tax	-	-	-	-
Grants and other intergovernmental revenue not restricted to specific programs	-	-	-	4,224
Investment earnings	21,741	39,867	34,343	14,896
Contributions to permanent fund	1	1	7	-
Miscellaneous	7,516	12,544	12,142	10,368
Gain (loss) on disposition of capital assets	-	-	-	2,912
Special items, net	-	-	18,791	(929)
Transfers	8,159	13,698	12,898	8,348
Total Governmental activities	310,970	351,605	368,554	318,408
<i>Business-type activities</i>				
Taxes:				
Other taxes	15,419	17,258	17,538	15,852
Investment earnings	5,231	8,227	6,898	5,746
Miscellaneous	3	1	353	-
Gain (loss) on disposition of capital assets	722	-	5,645	-
Transfers	(8,159)	(13,698)	(12,898)	(8,348)
Total business-type activities	13,216	11,788	17,536	13,250
Total primary government	\$ 324,186	\$ 363,393	\$ 386,090	\$ 331,658
Change in Net Assets				
Governmental activities	83,408	140,660	62,324	21,333
Business-type activities	36,347	15,585	22,485	19,815
Total primary government	\$ 119,755	\$ 156,245	\$ 84,809	\$ 41,148

Notes: (1) The City of Sacramento implemented GASB 34 for the period ended June 30, 2001. Information prior to the implementation is not available.
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(3) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

City of Sacramento
Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2000	2001	2002	2003	2004
General Fund					
Reserved for:					
Noncurrent assets	\$ 1,958	\$ 1,373	\$ 1,179	\$ 1,742	\$ 1,200
Encumbrances	8,241	9,296	13,400	7,864	12,410
Inventories and prepaids	-	-	-	-	-
Unreserved	53,509	84,154	87,489	104,253	109,868
Total general fund	<u>\$ 63,708</u>	<u>\$ 94,823</u>	<u>\$ 102,068</u>	<u>\$ 113,859</u>	<u>\$ 123,478</u>
All Other Governmental Funds					
Reserved for:					
Noncurrent assets	\$ 43,603	\$ 50,373	\$ 65,899	\$ 58,669	\$ 68,152
Encumbrances	18,106	23,541	42,755	97,073	70,611
Debt service	16,700	18,120	17,233	19,489	23,485
Inventories and prepaids	-	-	-	-	-
Housing/redevelopment	74,665	61,401	154	225	1,410
Trust obligations	-	878	878	1,803	1,927
Unreserved, reported in:					
Special revenue funds	50,170	71,758	75,150	75,305	76,971
Capital projects funds	45,500	40,411	49,436	141,444	214,811
Debt service funds	3,383	4,035	4,215	4,077	6,558
Permanent funds	-	2,764	2,366	2,361	2,706
Total all other governmental funds	<u>\$ 252,127</u>	<u>\$ 273,281</u>	<u>\$ 258,086</u>	<u>\$ 400,446</u>	<u>\$ 466,631</u>

Note: The Sacramento Housing and Redevelopment Agency, reported as a blended component until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

City of Sacramento
Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved for:					
Noncurrent assets	\$ 1,305	\$ 1,074	\$ 987	\$ 1,604	\$ 969
Encumbrances	10,790	14,089	17,070	8,947	5,189
Inventories and prepaids	-	-	-	449	316
Unreserved	141,331	133,573	113,421	87,962	65,614
Total general fund	<u>\$ 153,426</u>	<u>\$ 148,736</u>	<u>\$ 131,478</u>	<u>\$ 98,962</u>	<u>\$ 72,088</u>
All Other Governmental Funds					
Reserved for:					
Noncurrent assets	\$ 70,511	\$ 993	\$ 935	\$ 875	\$ 746
Encumbrances	67,585	32,087	33,855	113,669	78,390
Debt service	24,721	23,138	22,568	22,634	20,517
Inventories and prepaids	-	-	-	1,344	35
Housing/redevelopment	106,624	-	-	-	-
Trust obligations	1,927	1,927	1,927	1,934	1,934
Unreserved, reported in:					
Special revenue funds	75,224	80,115	34,125	79,289	73,626
Capital projects funds	58,302	192,768	276,582	131,595	104,824
Debt service funds	13,959	7,615	7,651	9,200	9,868
Permanent funds	2,920	3,131	3,855	3,700	2,567
Total all other governmental funds	<u>\$ 421,773</u>	<u>\$ 341,774</u>	<u>\$ 381,498</u>	<u>\$ 364,240</u>	<u>\$ 292,507</u>

Note: The Sacramento Housing and Redevelopment Agency, reported as a blended component until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

City of Sacramento Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2000	2001	2002	2003	2004
Revenues					
Taxes	\$ 196,889	\$ 205,003	\$ 210,652	\$ 224,051	\$ 249,050
Licenses, fees and permits	11,152	-	-	-	-
Intergovernmental	250,029	222,488	178,020	179,058	137,234
Charges for services	35,980	36,240	36,698	39,320	45,226
Fines and penalties	6,435	7,736	6,719	6,276	7,223
Interest, rents, and concessions	14,969	27,375	19,616	21,442	13,998
Community service fees	25,226	23,263	22,023	40,508	45,936
Assessment levies	10,675	13,378	15,429	16,112	17,387
Contributions from property owners	17,044	37,238	7,039	11,996	54,936
Donations	484	1,414	619	947	215
Miscellaneous	26,103	14,337	5,952	8,083	3,098
Total revenues	<u>594,986</u>	<u>588,472</u>	<u>502,767</u>	<u>547,793</u>	<u>574,303</u>
Expenditures					
General Government	15,878	19,246	20,655	22,108	24,503
Public Safety	138,996	-	-	-	-
Police	-	87,368	99,394	101,707	105,089
Fire	-	48,338	52,540	53,555	56,986
Public Works	27,837	44,641	40,709	46,289	48,466
General Services	-	-	-	-	-
Utilities	-	-	274	274	274
Transportation	-	-	-	-	-
Convention, Culture & Leisure	-	5,279	7,245	7,127	4,829
Economic Development	-	2,918	2,339	2,544	2,361
Parks and Recreation	-	29,157	33,961	34,262	37,167
Code enforcement	-	-	-	-	-
Development Services	-	-	-	-	-
Planning	-	-	-	-	-
Neighborhood Services	-	5,346	5,543	5,893	6,883
Library	-	6,915	7,449	7,636	7,636
Housing and Redevelopment	76,893	82,109	50,829	53,650	47,231
Planning and Building	-	9,759	12,676	15,115	17,560
Neighborhood Development	59,109	-	-	-	-
Nondepartmental	15,977	17,737	20,902	21,805	26,336
Capital Outlay					
City	178,336	98,057	88,705	135,657	143,414
SHRA	37,611	36,564	7,747	14,334	12,678
Subtotal - capital outlay	<u>215,947</u>	<u>134,621</u>	<u>96,452</u>	<u>149,991</u>	<u>156,092</u>
Debt Service					
City					
Principal	18,724	15,532	13,379	18,896	26,449
Interest and fiscal charges	13,830	14,675	13,948	18,297	20,163
Bond issuance costs	-	-	-	-	-
Advance refunding escrow	-	-	-	4,382	-
SHRA					
Principal	11,393	9,252	8,460	9,862	11,445
Interest and fiscal charges	14,140	9,572	10,932	13,177	14,782
Subtotal - debt service	<u>58,087</u>	<u>49,031</u>	<u>46,719</u>	<u>64,614</u>	<u>72,839</u>
Total Expenditures	<u>608,724</u>	<u>542,465</u>	<u>497,687</u>	<u>586,570</u>	<u>614,252</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,738)</u>	<u>46,007</u>	<u>5,080</u>	<u>(38,777)</u>	<u>(39,949)</u>
Other Financing Sources (uses)					
Transfers in	79,394	45,714	48,003	66,732	90,952
Transfers out	(80,416)	(56,004)	(64,525)	(57,862)	(114,577)
Operating transfers to component unit	(658)	44,359	-	-	-
Issuance of long-term debt	75,319	114	10,773	197,176	137,436
Premium on long term debt	-	-	-	-	-
Proceeds from sale of property	1,663	-	1,865	5,100	6,427
Payments to participating governments	-	-	-	-	-
Payments to refunded bond escrow	(6,261)	(21,839)	-	(25,038)	(2,712)
Donation of capital assets	-	-	-	6,820.00	-
Discount on long-term debt	-	-	-	-	(1,245)
Special items, net	-	-	-	-	-
Total other financing sources (uses)	<u>69,041</u>	<u>12,344</u>	<u>(3,884)</u>	<u>192,928</u>	<u>116,281</u>
Net change in fund balances	<u>\$ 55,303</u>	<u>\$ 58,351</u>	<u>\$ 1,196</u>	<u>\$ 154,151</u>	<u>\$ 76,332</u>
Debt services as a percentage of noncapital expenditures	14.79%	12.02%	11.64%	14.80%	15.90%

Note: The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

City of Sacramento
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	\$ 269,695	\$ 273,010	\$ 287,254	\$ 286,498	\$ 277,370
Licenses, fees and permits	-	-	-	-	-
Intergovernmental	167,448	134,905	148,521	137,341	161,418
Charges for services	58,836	64,063	64,902	63,285	70,403
Fines and penalties	7,804	8,065	8,285	9,916	12,213
Interest, rents, and concessions	17,278	18,195	34,398	28,430	15,414
Community service fees	40,315	64,360	40,386	16,831	13,297
Assessment levies	18,443	19,374	21,424	25,894	33,204
Contributions from property owners	46,343	3,942	44,099	31,753	8,132
Donations	63	94	-	-	-
Miscellaneous	3,670	1,463	395	296	212
Total revenues	629,895	587,471	649,664	600,244	591,663
Expenditures					
General Government	25,886	30,456	31,172	33,778	31,938
Public Safety	-	-	-	-	-
Police	121,548	137,391	149,159	148,392	145,148
Fire	73,360	87,648	91,965	94,284	99,613
Public Works	-	-	-	-	-
General Services	16,325	14,925	14,348	23,198	23,396
Utilities	219	109	109	83	67
Transportation	22,038	34,691	37,598	30,235	32,902
Convention, Culture & Leisure	4,847	13,060	15,074	16,080	15,116
Economic Development	-	5,461	5,882	8,035	9,472
Parks and Recreation	38,898	43,477	47,884	53,499	45,845
Code enforcement	-	7,184	9,713	9,595	10,605
Development Services	66,785	35,802	32,600	28,261	21,881
Planning	-	-	8,079	5,626	2,709
Neighborhood Services	7,880	1,917	1,815	1,547	1,363
Library	7,997	8,587	8,868	9,366	13,406
Housing and Redevelopment	58,399	-	-	-	-
Planning and Building	-	-	-	-	-
Neighborhood Development	-	-	-	-	-
Nondepartmental	32,284	24,811	18,526	27,373	26,028
Capital Outlay					
City	127,157	95,683	193,954	153,507	180,125
SHRA	10,229	-	-	-	-
Subtotal - capital outlay	137,386	95,683	193,954	153,507	180,125
Debt Service					
City					
Principal	21,260	21,213	17,253	19,529	45,789
Interest and fiscal charges	19,415	21,973	30,216	30,689	30,468
Bond issuance costs	-	2,600	1,519	607	-
Advance refunding escrow	-	1,154	213	-	-
SHRA					
Principal	12,978	-	-	-	-
Interest and fiscal charges	16,382	-	-	-	-
Subtotal - debt service	70,035	46,940	49,201	50,825	76,257
Total Expenditures	683,887	588,142	715,947	693,684	735,871
Excess (deficiency) of revenues over (under) expenditures	(53,992)	(671)	(66,283)	(93,440)	(144,208)
Other Financing Sources (uses)					
Transfers in	57,544	52,864	56,203	58,989	65,076
Transfers out	(53,208)	(38,609)	(37,441)	(39,780)	(33,695)
Operating transfers to component unit	-	-	-	-	-
Issuance of long-term debt	14,983	212,339	147,281	5,666	10,981
Premium on long term debt	-	7,447	14,857	-	-
Proceeds from sale of property	5,286	-	-	-	2,992
Payments to participating governments	-	(25,500)	-	-	-
Payments to refunded bond escrow	-	(63,560)	(92,151)	-	-
Donation of capital assets	-	-	-	-	-
Discount on long-term debt	-	-	-	-	-
Special items, net	-	-	-	18,791	(929)
Total other financing sources (uses)	24,605	144,981	88,749	43,666	44,425
Net change in fund balances	\$ (29,387)	\$ 144,310	\$ 22,466	\$ (49,774)	\$ (99,783)
Debt services as a percentage of noncapital expenditures		9.53%	9.43%	9.41%	13.72%

Note: The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

City of Sacramento
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

Fiscal Year	Property	Tax Increment	Sales & Use	Utility Users	Others	Total
2000	\$ 46,596	\$ 19,679	\$ 59,482	\$ 42,650	\$ 28,482	\$ 196,889
2001	48,916	22,537	62,588	49,969	20,993	205,003
2002	52,757	27,751	59,515	48,609	22,020	210,652
2003	57,772	29,300	62,018	48,675	26,286	224,051
2004	64,377	35,314	66,234	52,538	30,587	249,050
2005	70,405	40,676	70,627	53,893	34,094	269,695
2006 ⁽²⁾	112,144 ⁽¹⁾	-	72,479	56,243	32,144	273,010
2007	145,376 ⁽³⁾	-	56,441	55,618	29,819	287,254
2008	150,901	-	54,821	57,561	23,215	286,498
2009	151,551	-	48,905	57,775	19,139	277,370

Notes: (1) Property taxes in fiscal year 2006 include approximately \$30 million of in-lieu vehicle license fee revenue reported as intergovernmental revenues in fiscal year 2005.

(2) The Sacramento Housing and Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

(3) In lieu sales tax was reported as intergovernmental revenue in fiscal year 2006.

This revenue is reported as property tax in fiscal year 2007 and subsequent fiscal years.

Sources: 1. City of Sacramento Comprehensive Annual Financial Reports
2. Finance Department, City of Sacramento

City of Sacramento

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

(in thousands)

Fiscal Year End June 30	Gross Assessed Value ⁽¹⁾				Exemptions	Net Assessed Taxable Value	Total Direct Tax Rate
	Real Property	Personal Property	Public Utility	Total			
2000	17,289,515	1,246,831	58,000	18,594,346	458,042	18,136,304	1.00
2001	18,369,903	1,231,639	54,668	19,656,210	458,973	19,197,237	1.00
2002	19,718,191	1,171,368	57,292	20,946,851	455,886	20,490,965	1.00
2003	21,855,519	1,157,123	66,428	23,079,070	478,334	22,600,736	1.00
2004	23,859,347	1,168,917	60,909	25,089,173	489,478	24,599,695	1.00
2005 ⁽²⁾	27,010,976	1,343,104	57,800	28,411,880	500,620	27,911,260	1.00
2006	31,112,448	1,374,566	56,950	32,543,964	506,813	32,037,151	1.00
2007	35,687,712	1,441,042	54,611	37,183,365	509,257	36,674,108	1.00
2008	39,286,839	1,548,914	15,371 ⁽³⁾	40,851,124	505,519	40,345,605	1.00
2009	40,360,550	1,691,096	11,948	42,063,594	503,159	41,560,435	1.00

Notes: (1) Article XIII A, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. Therefore, full cash value can be increased to reflect:

- a) annual inflation up to 2%
- b) current market value at time of ownership change;
- c) market value for new construction.

Estimated actual value of taxable property cannot easily determined as the property in the City is not reassessed annually. Reassessment normally occurs when ownership changes

(2) The Sacramento Housing Redevelopment Agency, reported as a blended component unit until fiscal year 2005, has been eliminated from the City's subsequent financial statements.

(3) The decrease in public utility assessed value is primarily due to the transfer of the downtown railyards from a railroad company to a private developer and the City.

City of Sacramento
Direct and Overlapping Property Tax Rates
Per \$100 of Assessed Value
Last Ten Fiscal Years

Fiscal Year End June 30	Basic County and City School Levy	City of Sacramento	County of Sacramento	Schools	Special Districts	Total
2000	1.0000	0.0015	—	0.0003	0.0116	1.0134
2001	1.0000	0.0018	0.0364	—	0.0101	1.0483
2002	1.0000	—	0.0554	—	0.0077	1.0631
2003	1.0000	—	—	0.0815	0.0082	1.0897
2004	1.0000	—	—	0.1058	0.0070	1.1128
2005	1.0000	—	—	0.0647	0.0067	1.0714
2006	1.0000	—	—	0.1163	0.0055	1.1218
2007	1.0000	—	—	0.0922	—	1.0922
2008	1.0000	—	—	0.0956	—	1.0956
2009	1.0000	—	—	0.1012	—	1.1012

Note : Data is stated at full value as required under Article XIII-A of the Constitution of the State of California. Assessed values exclude property subject to redevelopment tax increments.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2009 and Nine Years Ago

(in thousands)

Taxpayer	2009			2000		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Hines VAF II Sacramento	\$ 404,301,130	1	0.97 %	\$ -	-	- %
Teachers Ins. Annuity	165,423,600	2	0.40	-	-	-
300 Capitol Assoc NF LP	132,810,200	3	0.32	-	-	-
Downtown Plaza LLC	128,785,517	4	0.31	107,705,835	2	0.59
Arden Fair Assoc	128,744,692	5	0.31	-	-	-
CLPF Promenade LP	123,025,098	6	0.30	-	-	-
Sutter Community Hospitals	120,197,168	7	0.29	-	-	-
MH Realty Partners VI LP	106,121,085	8	0.26	-	-	-
Deutsche Bank Nat'l Trust	102,263,681	9	0.25	-	-	-
CIM J Street Hotel Sac	92,525,034	10	0.22	-	-	-
Spieker Properties LP	-	-	-	107,869,113	1	0.60
Capitol Mall Executive Center	-	-	-	105,515,769	3	0.58
Shriners Hospital	-	-	-	94,504,221	4	0.52
980 9th Street	-	-	-	87,961,555	5	0.49
McClatchy Newspapers	-	-	-	86,942,244	6	0.48
Prentiss Properties Natomas	-	-	-	80,043,258	7	0.44
Kaiser Foundation Hospitals	-	-	-	71,537,518	8	0.39
Sutter Community Hospitals	-	-	-	71,355,700	9	0.39
Proctor Gamble Manufacturing	-	-	-	61,545,161	10	0.34
	<u>1,504,197,205</u>		<u>3.62</u>	<u>874,980,374</u>		<u>4.82</u>
All other taxpayers	<u>40,056,238,239</u>		<u>96.38</u>	<u>17,261,323,626</u>		<u>95.18</u>
Total	<u>\$ 41,560,435,444</u>		<u>100.00 %</u>	<u>\$ 18,136,304,000</u>		<u>100.00 %</u>

Source: County of Sacramento, Office of Auditor/Controller

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City of Sacramento
Property Tax Levies and Collections ^{(1) (2)}
Last Ten Fiscal Years
(in thousands)

<u>Fiscal Year End June 30</u>	<u>Current Tax Collections</u>	<u>Delinquent Taxes Collected</u>	<u>Total Tax Collections</u>
2000	\$ 46,202	\$ 76	\$ 46,278
2001	48,465	44	48,509
2002	52,581	176	52,757
2003	57,067	705	57,772
2004	63,748	629	64,377
2005	70,343	62	70,405
2006	112,052	92	112,144
2007	142,771 ⁽³⁾	2,605	145,376
2008	146,828	4,073	150,901
2009	147,780	4,839	152,619

- Notes: (1) Includes City tax collections only; does not include SHRA, a component unit until fiscal year 2005.
(2) The City cannot provide Property Tax levy information because property tax levies by jurisdiction are not provided by the County of Sacramento.
(3) Property taxes in 2007 and subsequent years include revenue reported in 2006 as in lieu sales tax.

City of Sacramento
Ratios of Outstanding Debt by Type
Last Nine Fiscal Years

(in thousands, except Population and Per Capita)

Fiscal Year	Governmental Activities				
	Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Notes Payable	Capital Leases
2001	\$ 208,965	\$ 108,685	\$ 38,384	\$ 19,206	\$ 1,565
2002	203,974	102,872	34,140	14,145	1,421
2003 ⁽¹⁾⁽²⁾	385,180	96,971	1,765	13,952	1,264
2004 ⁽³⁾⁽⁴⁾	440,550	144,047	820	15,504	2,456
2005	427,590	137,454	324	16,440	2,549
2006 ⁽⁵⁾⁽⁶⁾	529,598	-	104	993	1,940
2007 ⁽⁷⁾	548,175	-	-	25,935	8,062
2008	532,354	-	-	25,875	8,806
2009	514,431	-	-	812	7,354

Notes:

- 1) New revenue bonds of \$160 million and refunding bonds of \$47 million were issued.
 - 2) The decrease in 2003 results from refunding a majority of the certificates of participation in the
 - 3) Tax allocation bonds were issued in 2004 by the City's redevelopment agency.
 - 4) \$68 million in revenue bonds were issued in 2004.
 - 5) \$151 million in revenue bonds and \$168 million in refunding revenue bonds were issued in 2006.
 - 6) In 2006, the Sacramento Housing and Redevelopment Agency was eliminated as a blended
 - 7) In 2007, \$31 million of revenue bonds, \$187 million of refunding bonds and a \$25 million note payable were issued.
- NA) Personal income data was not available in 2005, 2006, 2007, 2008 and 2009.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Ratios of Outstanding Debt by Type
Last Nine Fiscal Years

(in thousands, except Population and Per Capita)

Fiscal Year	Business-Type Activities				Total Primary Government	Percentage of Personal Income	Population	Per Capita
	Revenue Bonds	Certificates of Participation	Notes Payable	Capital Leases				
2001	\$ 384,167	\$ 22,115	\$ 53,070	\$ -	\$ 836,157	7 %		\$ 1,997
2002	380,525	20,842	59,729	-	817,648	6	426,013	1,919
2003 (1)(2)	389,898	69	63,691	-	952,790	7	433,355	2,199
2004 (3)(4)	381,085	43	67,310	-	1,051,815	7	440,976	2,385
2005	397,441	15	74,943	1,146	1,057,902	NA	452,959	2,336
2006 (5)(6)	353,065	-	49,210	2,279	937,189	NA	457,514	2,048
2007 (7)	331,024	-	46,540	1,760	961,496	NA	467,343	2,057
2008	322,965	-	49,977	2,710	942,687	NA	475,743	1,982
2009	312,967	-	49,103	6,487	891,154	NA	481,097	1,852

Notes:

- 1) New revenue bonds of \$160 million and refunding bonds of \$47 million were issued.
 - 2) The decrease in 2003 results from refunding a majority of the certificates of participation in the amount
 - 3) Tax allocation bonds were issued in 2004 by the City's redevelopment agency.
 - 4) \$68 million in revenue bonds were issued in 2004.
 - 5) \$151 million in revenue bonds and \$168 million in refunding revenue bonds were issued in 2006.
 - 6) In 2006, the Sacramento Housing and Redevelopment Agency was eliminated as a blended component
 - 7) In 2007, \$31 million of revenue bonds, \$187 million of refunding bonds and a \$25 million note payable were issued.
- NA) Personal income data was not available in 2005, 2006, 2007, 2008 and 2009.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

(in thousands, except Population and Per Capita)

Fiscal Year	Total Gross General Obligation Bonds	Amounts Restricted for Principal Repayments	Total Net General Obligation Bonds	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Population	Net Bonded Debt Per Capita
2000	\$ 310	\$ 27	\$ 283	\$ 18,136,304	0.00%	405,963	\$ 0.70
2001	-	-	-	19,197,237	-	418,711	-
2002	-	-	-	20,490,965	-	426,013	-
2003	-	-	-	22,600,736	-	433,355	-
2004	-	-	-	24,599,695	-	440,976	-
2005	-	-	-	27,911,260	-	452,959	-
2006	-	-	-	32,037,151	-	457,514	-
2007	-	-	-	36,674,108	-	467,343	-
2008	-	-	-	40,345,605	-	475,743	-
2009	-	-	-	41,560,435	-	481,097	-

Source: City of Sacramento Comprehensive Annual Financial Reports and the County of Sacramento.

City of Sacramento
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

(in thousands)

Governmental Unit	Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
Los Rios Community College District	\$ 149,310	24.4	\$ 36,402
Natomas Unified School District	196,482	88.8	174,478
Sacramento Unified School District	373,163	79.8	297,777
San Juan Unified School District	273,716	2.9	7,872
Twin Rivers Unified School District	29,092	46.5	13,526
Grant Joint Union High School District	164,944	48.3	79,693
North Sacramento School District	34,755	100.0	34,755
Rio Linda Union School District	63,115	19.1	12,063
Robla School District	17,646	65.8	11,618
City of Sacramento Community Facilities Districts	182,155	100.0	182,155
Elk Grove Unified School District Community Facilities District No. 1	159,735	11.5	18,417
Sacramento City Unified School District Community Facilities District No. 1	2,940	100.0	2,940
City of Sacramento 1915 Act Bonds	20,072	100.0	20,072
Sacramento Area Flood Control Agency, A.D. No.2	170,830	65.6	112,017
Sacramento Area Flood Control Agency Operation and Maintenance AD	4,165	40.6	1,691
Subtotal - Overlapping Tax and Assessment debt			<u>1,005,476</u>
Direct and Overlapping General Fund Debt:			
Sacramento County General Fund Obligations	359,110	29.0	104,099
Sacramento County Pension Obligations	934,025	29.0	270,755
Sacramento County Board of Education Certificates of Participation	11,150	29.0	3,232
Los Rios Community College District Certificates of Participation	6,695	24.4	1,632
Natomas Unified School District Certificates of Participation	65,030	88.8	57,747
Sacramento Unified School District Certificates of Participation	85,600	79.8	68,307
Sacramento Unified School District Pension Obligations	4,035	79.8	3,220
San Juan Unified School District Certificates of Participation	3,120	2.9	90
Grant Joint Union High School District Certificates of Participation	182,550	48.3	88,199
Arcade Creek and Fulton-El Camino Recreation and Park District Certificates of Participation	791	various	141
Subtotal - Lease Obligation Debt			<u>597,422</u>
Total Overlapping Debt			<u>1,602,898</u>
City of Sacramento Direct Debt			<u>503,746</u>
Total Direct and Overlapping Debt			<u>\$ 2,106,644</u>

Notes: Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the City of Sacramento. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: Data regarding overlapping debt is obtained from California Municipal Statistics, Inc.

City of Sacramento
Legal Debt Margin
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Debt Limit		General Obligation Bonds ⁽¹⁾	Debt Applicable to Limit		Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
	Net Assessed Value	Debt Limit - 15% of Assessed Value		Amount set aside for repayment of general obligation debt	Total net debt applicable to limit		
2000	\$ 18,136,304	\$ 2,720,446	\$ 310	\$ 27	\$ 283	\$ 2,720,163	0.01%
2001	19,197,237	2,879,586	-	-	-	2,879,586	-
2002	20,490,965	3,073,645	-	-	-	3,073,645	-
2003	22,600,736	3,390,110	-	-	-	3,390,110	-
2004	24,599,695	3,689,954	-	-	-	3,689,954	-
2005	27,911,260	4,186,689	-	-	-	4,186,689	-
2006	32,037,151	4,805,573	-	-	-	4,805,573	-
2007	36,674,108	5,501,116	-	-	-	5,501,116	-
2008	40,345,605	6,051,841	-	-	-	6,051,841	-
2009	41,560,435	6,234,065	-	-	-	6,234,065	-

Note: (1) The City paid off the outstanding balance of its general obligation bonds in 2001.

Sources: (1) City of Sacramento Comprehensive Annual Financial Reports and the County of Sacramento.
(2) County of Sacramento, Office of Auditor/Controller.

City of Sacramento
Demographic and Economic Statistics for Sacramento County
Last Ten Calendar Years

(in thousands)

Year	Population (A)	Personal Income (in millions of dollars) (A)	Per Capita Personal Income (A)	Median Age (B)	Education Level in Years of Schooling (B)	School Enrollment (C)	Unemployment Rate % (D)
2000	1,230,264	\$ 35,017	\$ 28,463	33.6	14.1	232,074	4.2 %
2001	1,266,243	37,225	29,398	33.1	14.0	236,037	4.2
2002	1,301,391	38,650	29,699	33.2	14.1	242,502	5.0
2003	1,330,375	40,627	30,538	33.8	14.3	232,612	5.6
2004	1,351,455	43,229	31,987	33.7	14.2	235,369	5.7
2005	1,369,855	46,375	34,014	33.7	14.2	238,385	5.1
2006	1,385,607	48,313	35,197	34.1	NA	239,026	4.8
2007	1,406,804	NA	NA	NA	NA	238,233	5.3
2008	1,424,415	NA	NA	NA	NA	238,522	7.0
2009	1,433,187	NA	NA	NA	NA	237,722	11.9

Sources: (A) Bureau of Economic Analysis, U.S. Department of Commerce

(B) U.S. Census Bureau

(C) California Department of Education, report on Sacramento County: <http://dq.cde.ca.gov/dataquest/>

(D) California Employment Development Department, report on Sacramento County: <http://www.labormarketinfo.edd.ca.gov/>

**City of Sacramento
Principal Employers ⁽¹⁾
For the Current Fiscal Year**

Employer (A) ⁽²⁾	Employee (A) ⁽²⁾	Percentage of Total Employment (B) ⁽³⁾
State of California	73,273	11.96 %
Sacramento County	13,304	2.17
University of California, Davis Health System	8,496	1.39
Kaiser Permanente	7,979	1.30
Sutter Health Sacramento Sierra Region	7,314	1.19
Sacramento City Unified School District	6,500	1.06
Elk Grove Unified School District	6,391	1.04
Intel Corporation	6,000	0.98
Mercy/Catholic Healthcare West	5,922	0.97
San Juan Unified School District	5,190	0.85
City of Sacramento	4,556	0.74

Notes: (1) Data pertaining to principal employers for nine years ago is not readily available.

(2) Principal employers located within the City limits; however, the number of employees includes employees located in offices throughout the County of Sacramento.

(3) Percentage of total employment is calculated based on Sacramento County's total employment force in 2009.

Sources: (A) Sacramento Business Journal, September 26, 2008. List of largest employers in Sacramento County.
(B) Employment Development Department, State of California.

City of Sacramento
Full-time Equivalent Employees by Function/Program ⁽¹⁾
Last Nine Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Code Enforcement	-	-	-	-	-	82	94	92	107
Convention, Culture & Leisure	251	262	263	263	204	204	208	213	214
Development Services	-	-	-	190	252	259	243	246	222
Economic Development	15	17	17	17	-	17	17	24	27
Fire	553	571	571	588	609	623	651	651	655
General Government	338	376	387	390	393	374	408	419	400
General Services	-	-	-	754	457	260	264	287	307
Neighborhood Services	70	79	80	243	86	16	16	15	15
Nondepartmental	-	1	1	-	-	-	-	-	-
Parks and Recreation	722	815	828	677	841	896	930	925	872
Planning	-	-	-	-	-	-	38	33	34
Planning and Building	115	164	176	-	-	-	-	-	-
Police	1,058	1,111	1,111	1,116	1,189	1,207	1,265	1,272	1,271
Public Works	675	734	749	-	-	-	-	-	-
Transportation	-	-	-	-	333	340	350	356	437
Utilities	445	480	490	492	497	727	732	741	741
Total	<u>4,242</u>	<u>4,609</u>	<u>4,672</u>	<u>4,729</u>	<u>4,860</u>	<u>5,003</u>	<u>5,213</u>	<u>5,273</u>	<u>5,300</u>

Note: (1) As certain data required by GASB 44 was not readily available prior to 2001, the City of Sacramento elected to report nine years of data in this schedule.

Source: City of Sacramento Approved Operating Budgets

City of Sacramento
Operating Indicators by Function/Program ⁽¹⁾⁽²⁾
Last Nine Fiscal Years

Function/program	Fiscal Year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police									
Adult arrests	20,904	19,088	23,015	23,046	25,623	27,314	24,703	22,783	21,230
Citizen initiated calls for service with officer responses ⁽³⁾	N/A	198,652	202,671	269,815	194,969	187,731	181,793	181,873	173,045
Fire									
Number of incidents	34,769	36,437	43,018	43,108	63,242	65,714	66,284	70,609	64,525
Number of structure fires	1,481	2,665	2,751	3,915	835	1,189	500	414	401
Number of construction inspection/reviews	2,334	2,792	3,037	4,596	5,181	N/A	N/A	N/A	N/A
General Services									
Number of animal licenses issued	8,441	8,739	8,316	8,256	9,446	12,815	14,944	18,812	18,732
Number of animal outplacements	3,203	3,830	3,612	2,852	4,267	4,323	4,352	4,252	4,025
Transportation									
Number of traffic investigations completed	1,121	970	1,185	1,114	927	922	1,123	1,019	1,028
Number of parking citations issued	205,891	204,413	203,364	211,128	199,428	201,196	194,193	233,901	236,103
Convention, Culture & Leisure									
Number of events	N/A	644	609	591	607	600	664	568	528
Event attendance	990,124	1,200,000	1,016,787	981,766	929,425	833,428	849,000	863,759	863,770
Number of Zoo attendance	N/A	445,000	495,000	480,000	485,000	485,000	529,734	482,072	467,446
Parks and Recreation									
Number of students enrolled in START	N/A	7,600	7,700	8,000	7,149	7,913	8,845	8,364	8,695
Number of students enrolled in 4th R	N/A	2,500	2,500	2,510	2,695	2,885	3,000	3,500	2,675
Number of lunches served through food program	N/A	292,700	216,100	210,000	195,000	192,500	160,900	156,916	197,020
Development Services									
Number of building permits issued	14,391	14,647	17,389	18,089	17,869	18,261	16,930	14,349	13,182
Building permit valuation (in million of dollars)	761	713	1,060	1,001	883	817	1,005	862	557
Code Enforcement									
Vehicles abated by City	4,639	3,954	4,958	4,814	4,660	3,747	2,572	1,538	898
Notice and orders issued on housing and dangerous buildings	311	337	340	278	279	293	445	378	360
Water									
Number of accounts	122,553	125,780	129,852	131,745	136,347	151,459	151,459	135,665	137,029
Amount distributed/pumped (million of gallons)	44,886	45,049	44,165	46,852	44,177	45,180	49,463	N/A	42,726
Sewer									
Number of accounts	77,171	77,613	77,940	78,177	78,596	78,541	79,620	76,253	76,802
Amount distributed/pumped (million of gallons)	20,092	17,877	16,454	16,339	18,054	19,185	19,185	N/A	24,802
Storm Drainage									
Number of accounts	117,940	120,940	123,324	127,216	130,426	128,427	132,376	131,801	132,727
Amount distributed/pumped (million of gallons)	23,239	31,944	28,420	30,506	41,608	53,444	53,444	N/A	27,936
Solid Waste									
Tons of residential garbage disposed	N/A	124,371	124,623	129,838	129,499	127,120	128,802	128,060	104,542
Tons of commercial garbage collected	N/A	16,059	16,207	20,390	23,159	22,469	N/A	24,804	18,937

Notes (1) As certain data required by GASB 44 was not readily available prior to 2001, the City of Sacramento elected to show nine years of data in this schedule.

(2) The threshold for investigation of a fire was raised from \$10,000 or \$30,000 in fiscal year 2005.

(3) The number reported in 2008 was overstated, the number has been revised so that it reflects only calls for service in which officers responded.

City of Sacramento
Capital Asset Statistics by Function/Program ⁽¹⁾
Last Nine Fiscal Years

Function/program	Fiscal Year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police									
Number of stations ⁽²⁾	2	2	2	2	2	2	2	4	4
Number of patrol units ⁽³⁾	241	243	241	239	238	229	210	210	210
Number of aircraft	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3
Number of watercraft	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
Fire									
Number of stations	22	22	22	22	23	23	23	23	23
Number of fire protection vehicles	123	126	152	150	167	169	170	151	150
Transportation									
Miles of streets	2,521	2,780	2,922	2,936	2,960	3,025	3,034	3,045	3,044
Number of street lights	33,439	35,000	35,896	36,852	38,450	39,277	39,964	40,578	41,131
Number of City parking spaces ⁽⁴⁾	8,824	8,519	8,580	8,580	8,488	8,518	8,795	8,798	8,484
Parks and recreation									
Number of parks ⁽⁶⁾	187	212	197	196	204	205	205	206	208
Park acreage ⁽⁶⁾	3,169	3,296	2,998	3,627	3,122	3,124	3,125	3,126	3,167
Miles of off-street bikeways	42	61	50	53	58	62	67	76	78.4
Number of community centers	15	16	17	17	17	17	17	16	13 ⁽⁵⁾
Number of swimming pools (including wading pools)	19	20	22	23	23	23	23	23	26
Water									
Miles of water mains	1,401	1,422	1,434	1,467	1,708	1,873	1,873	1,859	1720 ⁽⁷⁾
Sewers and storm drainage									
Miles of sanitary sewers and storm drainage	1,915	2,005	2,054	2,103	2,081	2,081	2,024	1,859	1,693 ⁽⁸⁾
Off-street parking									
Number of City garages and open parking lots	13	12	12	12	11	11	12	12	10
Golf									
Number of golf courses	7	7	6	6	6	6	6	6	6
Marina									
Number of boat harbor slips	554	558	563	563	563	563	547	475 ⁽⁹⁾	475

Note: (1) As certain data required by GASB 44 was not readily available prior to 2001, the City of Sacramento elected to show seven years of data in this schedule.

(2) Police stations for 2008 and 2009 refer to three stations plus Police Headquarters.

(3) For FY2009, patrol units include cars and motorcycles.

(4) For FY2009, City parking spaces is defined as only those which are City-owned.

(5) Does not include 8 neighborhood centers.

(6) The number of parks and total acreage were clarified with the *Parks and Recreation Master Plan Technical Update* in 2009; numbers reported for 2005-2009 were revised in accordance with the aforementioned document and the *Parks and Recreation Master Plan 2005-2010*. Golf course acreage is not included from 2005 forward.

(7) This does not include miles for private mains and mains owned by other agencies (191.1 miles).

(8) Non-pipe elements may have been included in years prior to 2009.

(9) In 2008, the marina boat slips were remade larger thereby decreasing their total number.

Source: Various City of Sacramento Departments and publications

City of Sacramento

Miscellaneous Statistics

For Fiscal Years Ended June 30, 2009 and Nine Years Ago

Date of incorporation	1849	
Date of charter	1921	
Date City became State Capitol	1854	
Form of government	Council/Manager	
	2009	2000
Number of budgeted positions	5,300	3,523
Area in square miles	97	98
Altitude in feet	20	17
City of Sacramento facilities and services:		
Police		
Number of stations	4	2
Number of police personnel sworn / civilian (actual)	804/440	666/392
Number of patrol units	210	281
Fire		
Number of stations	23	23
Number of fire personnel sworn / unsworn	591/43	502/36
Number of fire protection vehicles	150	115
Utilities		
Miles of water mains	1,720	1,413
Annual water production in gallons	42.8 billion	44.6 billion
Miles of storm drainage and sanitary sewers	1,693 ⁽¹⁾	2,679
Transportation		
Miles of streets	3,044	2,750
Number of street lights	41,131	33,500
Number of City parking lots / spaces	19/10,280	15/8,001
Convention, Culture and Leisure		
Golf courses	6	7
Boat harbor slips	475 ⁽²⁾	554
Zoo animals	500	415
Fairytale town attendance for year	232,738	146,384
Camp Sacramento attendance for year	2,593	2,476
Crocker Art Gallery attendance for year	132,271	107,763
Community Convention Center attendance for year	862,000	1,012,664
Parks and Recreation		
Parks	208	187
Park acreage ⁽³⁾	3,167	3,386
Miles of off-street bikeways	78	34.2
Community centers	13	25
Neighborhood centers	8	N/A
Swimming pools	12	15
Baseball fields	47	107
Soccer fields	132	106
Ball courts ⁽⁴⁾	161	91
Library		
Library branches	27	9
Library books and audiovisual recordings in circulation	1,622,262	718,708

Note: (1) Non-pipe elements may have been included in years prior to 2009.

(2) In 2008, the marina boat slips were remade larger thereby decreasing their total number.

(3) The number of parks and total acreage were clarified with the *Parks and Recreation Master Plan Technical Update* in 2009; numbers reported previously may have included golf course acreage which is not included in 2009.

(4) This includes basketball, tennis, and volleyball courts in 2009. The number for 2000 were only for tennis courts.

Sources: City of Sacramento, miscellaneous data information systems.

City of Sacramento Facts

- The City of Sacramento was founded in 1849 and is the oldest incorporated city in California.
- In 1920, city voters adopted a Charter (municipal constitution) and a City Council/City Manager form of government.
- The City is divided into eight districts.
- Elected members of the City Council serve a four-year term.
- The Mayor is elected by all voters in the City. In 2002, voters approved a measure for the Mayor to serve full-time. All other Councilmembers are elected by district and serve part-time.
- The Mayor and other Councilmembers have an equal vote in all matters.
- The City of Sacramento currently encompasses approximately 99 square miles.
- The current estimated population is 481,097.



Instructions on Locating the Attachments Online

Attachment #4

To review the **Report to City Council** please go to:

www.cityofsacramento.org

Click on Departments

Under Finance Department, click on Accounting Division

Under Accounting Division, look for the section titled Financial Reporting and see the 2009 Report to Council

To review the **Comprehensive Annual Financial Report**, please go to:

www.cityofsacramento.org

Click on Departments

Under Finance Department, click on Accounting Division

Under Accounting Division, look for the section titled Financial Reporting

RESOLUTION NO.

Adopted by the Sacramento City Council

FISCAL YEAR 2008/09 COMPREHENSIVE ANNUAL FINANCIAL REPORT

BACKGROUND

- A. The City's Fiscal Year (FY) 2008/09 Comprehensive Annual Financial Report (CAFR) was prepared to present the City's financial condition and the results of its activities for the fiscal year ended June 30, 2009. The CAFR financial statements were audited, as required by the City Charter, by an independent public accounting firm.
- B. The public accounting firm of Macias, Gini & O'Connell, LLP audited the City's FY 2008/09 financial statements and rendered its unqualified opinion that the financial statements are fairly presented in accordance with generally accepted accounting principles.
- C. The auditors' Report to City Council reflects no significant audit adjustments or disagreements with management in connection with this year's audit. The Report to City Council includes the status of the four prior year recommendations in the prior year report and documents that the City has implemented the recommendations.
- D. During the budget workshop conducted on February 11, 2010, staff presented revised revenue estimates for FY2009/10 and projected a current year budget shortfall. This report recommends that \$11.339 million in resources identified through the FY2008/09 year end close be set aside and used to address this shortfall.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Council accepts the June 30, 2009 Comprehensive Annual Financial Report.
- Section 2. The City Council accepts the June 30, 2009 Report to City Council.
- Section 3. The City Council authorizes the designation of \$10,847,000 in General Fund resources from FY2008/09 year end results, in addition to the \$492,000 remaining from FY2007/08 year end results, to close FY2009/10.
- Section 4. The City Council authorizes the release of the \$11,339,000 FY2008/09 year end designation as needed to close FY2009/10.

Table of Contents:

Exhibit A	Comprehensive Annual Financial Report
Exhibit B	Report to City Council