City of Sacramento
City Council

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

Meeting Date: **1/31/2012** **Report Type:** Staff/Discussion

Title: FY2010/11 Comprehensive Annual Financial Report (CAFR)

Report ID: 2012-00030

Location: Citywide

Recommendation: Pass a Resolution accepting the FY2010/11 Comprehensive Annual Financial Report.

Contact: Dennis Kauffman, Accounting Manager, (916) 808-5843, Department of Finance

Presenter: Dennis Kauffman, Accounting Manager, (916) 808-5843, Department of Finance

Department: Finance
Division: Accounting Division
Dept ID: 06001311

Attachments:

1-Description/Analysis
2-Resolution
3-Exhibit A - Comprehensive Annual Financial Report

City Attorney Review
Approved as to Form
Marcos A. Kropf
1/26/2012 8:28:39 AM

City Treasurer Review
Reviewed for Impact on Cash and Debt
Russell Fehr
1/24/2012 6:04:08 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 1/25/2012 8:34:26 AM

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Description/Analysis

Issue: The City's Fiscal Year (FY) 2010/11 Comprehensive Annual Financial Report (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, 2011. An independent public accounting firm has audited the CAFR financial statements, as required by the City Charter.

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 FY2010/11 CAFR includes new fund balance classifications and terminology that reflect the constraints on resources reported in governmental funds, as required by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

- The CAFR is organized into the following sections:

  - An **Introductory Section** with a transmittal letter summarizing economic conditions, budget 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.

General Fund Fiscal Year 2010/11 Financial Results

- **Revenue**
  Total General Fund revenue was consistent with the FY2010/11 budget plan. Tax revenue was $4.0 million lower than the budget projections, while department operating revenue was $0.5 million higher than the final budget. Property taxes ended the year lower than projected by $6.5 million. Sales tax and utility user tax ended higher than projected by $3.2 million and $1.1 million, respectively. Other taxes, including the business operations tax and the real property transfer tax, ended lower than projections by $1.8 million.

- **Expenditures**
  General Fund departments ended FY2010/11 within their budgeted appropriations, except for the Parks and Recreation Department. Most departments with revenue shortfalls reduced expenditures to net positive budgetary results. Detail is included under Operating Department Results below.

- **Net Results**
  The following schedule summarizes the FY2010/11 budgetary results (in millions):

  Budget to actual results:

Tax revenue	$ (4.0)
Department operations	4.8
Other revenue/expenditure results	4.3
Total available for FY2011/12 Midyear	$ 5.1

- **Operating Department Results**
  Most General Fund departments realized positive budget results during FY2010/11 due to holding positions vacant and spending controls on discretionary expenditures.

  The information below provides additional detail on department results that varied from budget expectations:

  Community Development -- Positive results were primarily due to revenue in excess of budget associated with compliance activity in its housing and dangerous buildings division.

  Economic Development -- Negative results are due to a late billing cycle of the utility costs to tenants at the Sacramento Army Depot. The bill was collected in FY2011/12. The department had positive expenditure results.

  Finance -- Positive results reflect a one-time revenue transaction, a one-time reimbursement for prior year administrative costs, and expenditure savings in services and supplies.

  Fire -- Positive results reflect a combination of labor savings from vacant positions and service and supply savings from a delay in the radio replacement project.

  Parks and Recreation -- Negative results reflect a combination of unreimbursable staff costs in the Park Planning and Development Division, supplies and services cost escalation in the Park Maintenance Division, and write-offs for overspent grants in the Children's Services Division.

  Police -- Negative results are due to lower grant reimbursements and higher overtime and information technology support costs.

The following table summarizes the General Fund department FY2010/11 budgetary results:

Department Budgetary Results
(in thousands):

Mayor/City Council	$ 35
City Manager	108
City Attorney	343
City Clerk	81
City Treasurer	165
Finance	1,247
Information Technology	316
Human Resources	21
Police	(587)
Fire	2,638
General Services	422
Utilities	6
Transportation	171
Convention, Culture & Leisure	10
Economic Development	(231)
Parks and Recreation	(592)
Community Development	622
Total	**$ 4,775**

Policy Considerations: This report is required by the City Charter, federal and state grant requirements, and bond covenants, 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: Not Applicable

Commission/Committee Action: None

Rationale for Recommendation: It is in the best interest of the City to accept the FY 2010/11 CAFR 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 FY2010/11 financial statements and has rendered its unqualified opinion that the financial statements are fairly presented in accordance with generally accepted accounting principles.

Financial Considerations: The General Fund's budgetary results for the fiscal year ended June 30, 2011, provided $5.1 million in resources to address the City's budget requirements outlined in the FY2011/12 Midyear Report.

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

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RESOLUTION NO.

Adopted by the Sacramento City Council

FISCAL YEAR 2010/11 COMPREHENSIVE ANNUAL FINANCIAL REPORT

BACKGROUND

A. The City's Fiscal Year (FY) 2010/11 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, 2011. 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 2010/11 financial statements and rendered its unqualified opinion that the financial statements are fairly presented in accordance with generally accepted accounting principles.

C. The General Fund's budgetary results for the fiscal year ended June 30, 2011, provided $5.1 million in resources to address the City's budget requirements outlined in the FY2011/12 Midyear Report.

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

Section 1. The City Council accepts the FY2010/11 Comprehensive Annual Financial Report, attached hereto as Exhibit A.

Section 2. Exhibit A is part of this resolution.

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Exhibit A Comprehensive Annual Financial Report

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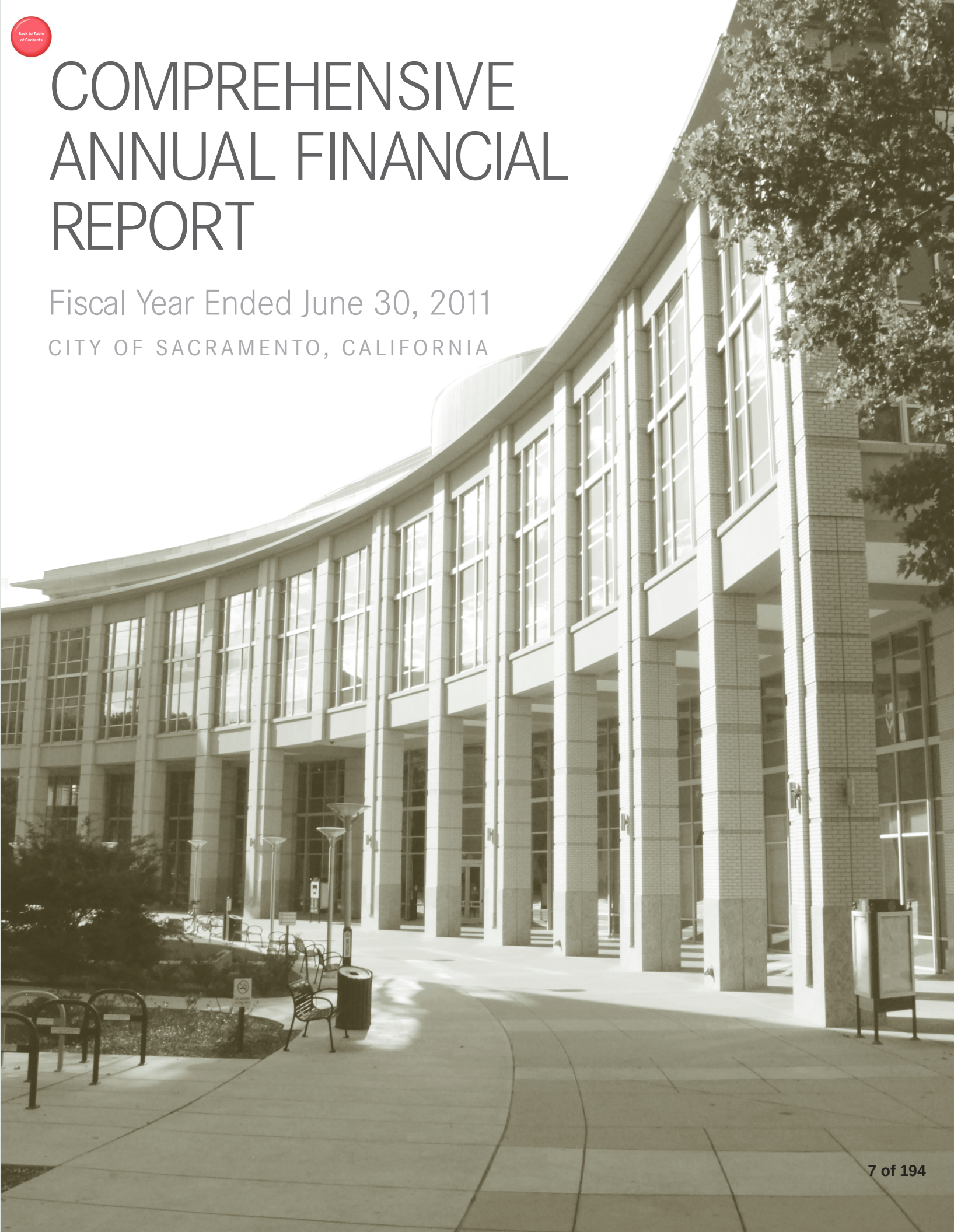
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2011

CITY OF SACRAMENTO, CALIFORNIA



City of Sacramento

California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

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, 2011

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CITY OF SACRAMENTO, CALIFORNIA

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
915 I STREET, 5TH FLOOR
SACRAMENTO, CA
95814-2604

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

December 27, 2011

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

We are pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the City of Sacramento (City) for the fiscal year ended June 30, 2011. Article IX of the City Charter, as well as federal and state law, requires that the City issue an annual report on its financial position and activity, and that the report be audited by an independent firm of certified public accountants. Macias Gini & O'Connell, LLP, a statewide certified public accounting firm, performed the audit for the fiscal year ended June 30, 2011. Their unqualified ("clean") opinion has been included as the first component of the financial section of the 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 complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

The City of Sacramento, capital of the State of California, was established in 1849. The sixth largest city in California based on population, Sacramento also serves as the seat of Sacramento County government. The State of California Department of Finance estimates the population on January 1, 2011 at 469,566 for the City and 1,428,355 for the County of Sacramento. Encompassing 99 square miles, Sacramento is located in the northern section of California's Central Valley at the confluence of the Sacramento and American rivers.

Sacramento is a charter city operating under a Council-Manager form of government. The City provides a full range of municipal services including police, fire, emergency medical response, water, wastewater, storm drainage, solid waste, construction and maintenance of streets and parks, community development, recreational and cultural activities, economic development, and administrative services.

Reporting Entity

This CAFR presents the financial status of the City and its three component units:

Sacramento City Employees' Retirement System (SCERS)
Sacramento City Financing Authority (SCFA)
Sacramento Regional Arts Facilities Financing Authority (SRAFFA)

Component units are separate legal entities included in this report due to significant operational or financial relationships with the City.

Two component units, SCERS and SCFA, 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. 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. The SCFA is an entity created to issue debt to finance City projects.

Discretely presented component units are legally separate from the City. SRAFFA is reported in a separate column in the government-wide financial statements to differentiate its financial position and operational results from those of the City. SRAFFA was created for the purpose of financing the expansion of the H Street Theater complex.

Budget Information

The 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, the annual budget serves as the foundation for the City's financial planning, control and reporting. Budgetary control is maintained at the department level, by fund. Budgetary control for multi-year projects is maintained at the individual project level by fund. Additional budgetary information can be found in Note 1 to the financial statements and at the City of Sacramento's website.

LOCAL ECONOMY

The Sacramento region has a diverse economy and is home to 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 to expand beyond state government to health care and other private industries.

Like most cities in the country, Sacramento is struggling to emerge from the severe national recession that many are calling the "Great Recession." As of June 2011, unemployment for the Sacramento metropolitan area and Sacramento County was 12.4% and 12.7%, respectively. According to the latest University of California, Los Angeles Economic Forecast, the state's economic recovery will be slow and unemployment will remain above 10% through the end of 2012. The high level of unemployment is constraining consumer confidence and, as a result, consumer spending. The sluggish housing market is also constraining consumer spending, and poses a significant hurdle to the state's overall economic recovery. The housing problem is compounded for the City by the building moratorium in the Natomas Basin area in the northern part of the city. The high level of unemployment and declining real estate values, and associated reductions in property and sales revenues, have placed financial constraints on the City that are expected to continue over the coming years.

Budget Initiatives and Long-term Financial Planning

Despite significant expenditure reductions in prior years, including the elimination of over 900 positions, consolidations, and renegotiated labor agreements, the City faces a significant budget gap between projected revenue and expenditures.

In light of these fiscal constraints, the City continues to face significant challenges in returning to a long-term structurally balanced General Fund budget. Addressing these challenges will continue to require difficult decisions relative to which programs and services are funded and at what level. We must continue to consider new ways of delivering programs and services and continue efforts to identify and implement operational efficiencies.

The City's challenge for FY2011/12 and subsequent years is to effectively implement a multi-year plan to close the gap between revenues and expenses in the General Fund and achieve a fiscally sustainable budget. The deficit will persist until additional ongoing corrective actions are taken. As discussed above, permanently closing the gap will require difficult decisions relative to program and service priorities and discipline to ensure that we are implementing long-term solutions to address the City's financial challenges.

Relevant Financial Policies

The City used a substantial portion of its General Fund Economic Uncertainty Reserve during the recession to provide the time necessary to implement long-term reduction strategies, and to mitigate even greater reductions in services. As directed by the City Council in the FY2011/12 budget hearing process, the City's goal for the General Fund

Economic Uncertainty Reserve is 10% of annual General Fund revenues. Resources to fund this reserve will be identified on an ongoing basis and can include positive year end results or other one-time resources. The Economic Uncertainty Reserve is reported in the CAFR as committed fund balance in the General Fund pursuant to new governmental accounting requirements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2010. This marks the 22nd 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.

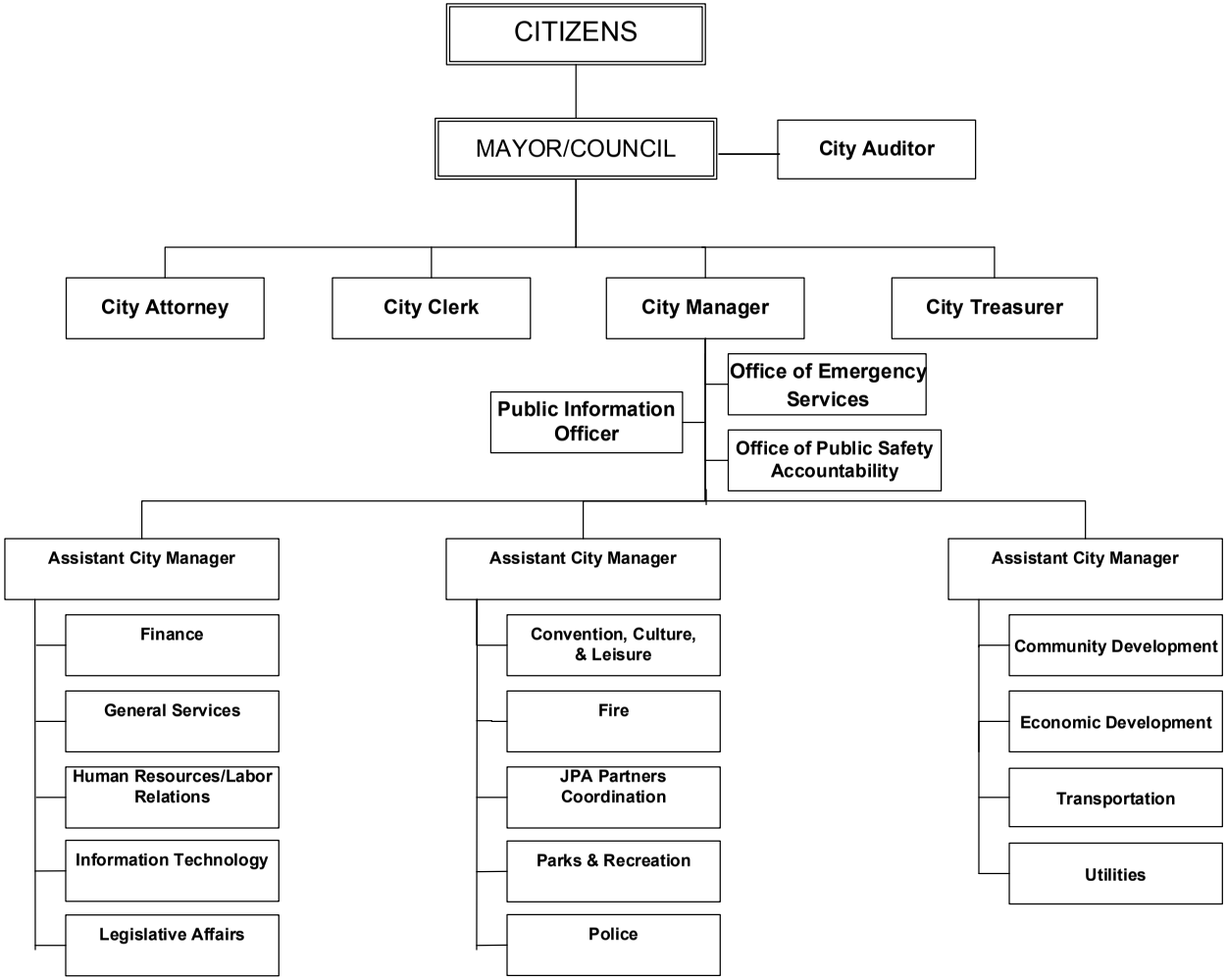
In order to receive this award, the City published an easily readable and efficiently organized CAFR. The report satisfied accounting principles generally accepted in the United States of America and applicable legal requirements. We believe this CAFR also meets the requirements of the program and we will be submitting it to the GFOA to determine its eligibility for the certificate.

The Department of Finance, in particular the Accounting Division, takes great pride in the preparation of the CAFR. The professionalism, commitment and effort of each employee of the Accounting Division have made this report possible. We also want to thank the other employees of the Department of Finance as well as those in other City departments who contributed to the preparation of this report. Finally, we thank the Mayor and City Council for their continuing interest and 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,

John F. Shirey City Manager	Leyne Milstein Director of Finance	Dennis W. Kauffman, Jr. Accounting Manager

City of Sacramento
Organization Chart
as of June 30, 2011



City of Sacramento
Directory of City Officials
June 30, 2011

Kevin Johnson
Mayor

Angelique Ashby
Councilmember, District 1

Sandy Sheedy
Councilmember, District 2

Steve Cohn
Councilmember, District 3

Robert King Fong
Councilmember, District 4

Jay Schenirer
Councilmember, District 5

Kevin McCarty
Councilmember, District 6

Darrell Fong
Councilmember, District 7

Bonnie J. Pannell
Vice Mayor, District 8

William H. Edgar
Interim City Manager

Betty Masuoka
Interim Deputy City Manager

Eileen Teichert
City Attorney

Shirley Concolino
City Clerk

Russell Fehr
City Treasurer

John Dangberg
Assistant City Manager

Patti Bisharat
Assistant City Manager

Cassandra Jennings
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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

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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 discretely presented component unit, 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, 2011, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, 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.

As described in Note 1 to the basic financial statements, effective July 1, 2010, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sacramento, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Macias Gini & O'Connell LLP

Sacramento, California
December 27, 2011

This section of the City's Comprehensive Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2011. City management recommends this information be read in conjunction with the transmittal letter located in the introductory section, and with the City's financial statements which follow this discussion.

FINANCIAL HIGHLIGHTS

- The City began construction on the Track Relocation project at the Downtown Sacramento Railyards in the spring of 2011. The track project is Phase 1 of the larger Intermodal Transportation Facilities project that will create a regional multimodal transportation hub. The Track Relocation project will straighten freight and passenger rail tracks and provide new passenger platforms at the existing Depot building. The project is expected to be completed by the end of December 2012. The total project costs are estimated at $67 million and are funded from a variety of federal, state and local transportation and other funding sources. Once the tracks are moved, roads will be constructed into the Railyards area to connect it to the surrounding Central Business District and River District.

- The City's General Fund reported expenditures in excess of revenues and net transfers of $2.2 million in fiscal year 2011. Fund balance reserves and other one-time resource allocations were used to close the budgetary gap between revenue and expenditures.

- The City's total government-wide net position, excluding the discretely presented component unit, decreased $15.8 million in 2011, a decrease of 0.6% from 2010. The net position of governmental activities decreased $37.8 million, or 2.2%, and the net position of business-type activities increased $22.0 million, or 2.7%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Comprehensive Annual Financial Report consists of four main components: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplementary information, and (4) combining fund financial statements. The basic financial statements include two kinds of statements that present different views of the City, the government-wide and the fund financial statements.

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status.

- 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 basic financial statements also include notes that provide additional information essential to understanding the data contained in the government-wide and fund financial statements. The statements and notes are followed by the Schedules of Funding Progress for the City's pension and other post employment benefit plans, which are required supplementary information. In

addition to these required elements, we have included combining statements and schedules that provide details about the City's 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 position includes all of the City's assets and liabilities, as well as any deferred outflows or inflows. The statement of activities includes all current year revenues and expenses regardless of when cash is received or paid. These government-wide statements report the City's net position and how the City's net position has changed during the fiscal year. Over time, increases or decreases in net position 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 police, fire, transportation, community development, 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 unit* - The City includes the Sacramento Regional Arts Facilities Financing Authority in its basic financial statements because, although legally separate, the City is financially accountable for it.

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 fund financial statements:

- *Governmental funds* - Governmental funds 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. 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 fund statements, like the government-wide statements, provide short-term and long-term financial information about the activities the City operates like businesses, such as utility services.

- *Fiduciary funds* - Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. For example, 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 position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these resources to finance its operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

This section provides analysis of the government-wide financial statements including long-term and short-term information about the City's overall financial condition. The following tables address the financial results of the City as a whole.

City of Sacramento
Summary of Net Position
As of June 30, 2011 and 2010
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent
	2011	2010	2011	2010	2011	2010	Change
Current and other assets	$ 607	$ 673	$ 240	$ 223	$ 847	$ 896	-5.5%
Capital assets	1,813	1,812	1,032	1,040	2,845	2,852	-0.2%
Total assets	2,420	2,485	1,272	1,263	3,692	3,748	-1.5%
Deferred outflow of resources	11	12	0	0	11	12	-8.3%
Long-term liabilities	696	711	398	410	1,094	1,121	-2.4%
Other liabilities	58	71	29	30	87	101	-13.9%
Total Liabilities	754	782	427	440	1,181	1,222	-3.4%
Net position							
Net investment in capital assets	1,451	1,412	701	691	2,152	2,103	2.3%
Restricted	210	226	30	26	240	252	-4.8%
Unrestricted	16	77	114	106	130	183	-29.0%
Total net position	$ 1,677	$ 1,715	$ 845	$ 823	$ 2,522	$ 2,538	-0.6%

Analysis of net position

Total net position of the primary government decreased 0.6% this year, down $16 million from 2010. Total assets declined by $56 million, down 1%, and total liabilities declined by $41 million, a 3% decrease from the prior year. The following analysis of governmental and business-type activities provides more detailed information for these changes.

Governmental activities:

Current and other assets declined $66 million due to a decrease in securities lending assets, the consumption of capital improvement bond proceeds and the reimbursement of development impact fee credits.

Deferred outflow of resources (and the corresponding liability) declined by $1 million due to an increase in the fair value of the City's hedging derivative instrument. See Note 7 for more information about the City's hedging derivative instrument.

Long-term liabilities decreased by $15 million mostly due to the retirement of existing capital-related debt, offset partially by the increase in the City's OPEB liability. More detailed information

about the City's long-term liabilities is located in the Debt Administration section of this MD&A and in Note 7 of the financial statements.

Other liabilities declined by $13 million mostly due to a decrease of $12 million in total securities lending obligations from the prior year. See Note 2 for more information about the City's securities lending transactions.

Net investments in capital assets increased $39 million mostly due to the retirement of capital-related debt. Current year additions to capital assets were offset by depreciation expense.

Restricted net position represents amounts that must be used in accordance with external restrictions, and decreased $16 million from the prior year primarily due to reimbursements of development impact fee credits.

Unrestricted net position declined by $61 million during the year due to the consumption of unrestricted resources in the General Fund, other governmental funds, and internal service funds, as well as the increase in the City's long-term liability for other post employment benefits.

Business-type activities:

Current and other assets of business-type activities increased $17 million due to an increase in restricted and unrestricted cash and investments for business-type activities.

Capital assets declined by $8 million due to current year depreciation of $37 million offset by capital asset additions and transfers of $29 million. More detailed capital asset information is located in the Capital Asset section of this MD&A and in Note 4 of the financial statements.

Long-term liabilities decreased $12 million mostly due to the retirement of existing debt. More detailed information about long-term liabilities can be found in the Debt Administration section of this MD&A and in Note 7 of the financial statements.

Net investments in capital assets increased $10 million mostly due to the retirement of capital-related debt.

Restricted net position, representing amounts that must be used in accordance with external restrictions, increased $4 million primarily due to development impact fee revenue collected for infrastructure improvements.

Unrestricted net position increased by $8 million during the year because of user fee increases in the Water Fund intended to address increasing operating costs and deteriorating infrastructure, and user fee increases in the Solid Waste Fund to address increasing operating costs and right-sizing the fund's financial position.

City of Sacramento
Changes in Net Position
For the Fiscal Years Ended June 30, 2011 and 2010
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent
	2011	2010	2011	2010	2011	2010	Change
Revenues							
Program revenues:							
Charges for services	$ 121,145	$ 115,097	$ 229,954	$ 216,789	$ 351,099	$ 331,886	5.8%
Operating grants & contributions	51,289	59,179	2,358	2,381	53,647	61,560	-12.9%
Capital grants & contributions	69,234	90,888	10,417	14,148	79,651	105,036	-24.2%
General revenues:							
Property taxes	118,801	123,681	-	-	118,801	123,681	-3.9%
Utility users tax	58,907	58,693	-	-	58,907	58,693	0.4%
Other taxes	18,327	18,591	15,403	14,233	33,730	32,824	2.8%
Unrestricted:							
Sales taxes shared state revenue	47,680	46,769	-	-	47,680	46,769	1.9%
State of California in-lieu sales tax	14,548	14,332	-	-	14,548	14,332	1.5%
Intergovernmental revenue	2,610	4,591	-	-	2,610	4,591	-43.1%
Investment earnings	6,260	11,508	3,449	4,964	9,709	16,472	-41.1%
Miscellaneous	12,464	12,743	-	-	12,464	12,743	-2.2%
Gain on disposition of capital assets	2,336	-	-	17	2,336	17	13641.2%
Total revenues	523,601	556,072	261,581	252,532	785,182	808,604	-2.9%
Expenses							
General Government	42,238	44,278	-	-	42,238	44,278	-4.6%
Police	159,908	152,922	-	-	159,908	152,922	4.6%
Fire	111,174	109,210	-	-	111,174	109,210	1.8%
General Services	25,679	29,175	-	-	25,679	29,175	-12.0%
Transportation	97,350	89,358	-	-	97,350	89,358	8.9%
Economic Development	10,467	9,815	-	-	10,467	9,815	6.6%
Convention, Culture & Leisure	21,348	18,064	-	-	21,348	18,064	18.2%
Parks & Recreation	56,162	53,089	-	-	56,162	53,089	5.8%
Community development	25,821	29,832	-	-	25,821	29,832	-13.4%
Library	14,635	16,827	-	-	14,635	16,827	-13.0%
Interest on long-term debt	24,903	29,658	-	-	24,903	29,658	-16.0%
Water	-	-	63,073	60,902	63,073	60,902	3.6%
Wastewater	-	-	18,990	17,389	18,990	17,389	9.2%
Storm Drainage	-	-	37,815	37,040	37,815	37,040	2.1%
Solid Waste	-	-	48,203	47,076	48,203	47,076	2.4%
Community Center	-	-	18,530	19,563	18,530	19,563	-5.3%
Parking	-	-	15,786	16,390	15,786	16,390	-3.7%
Child Development	-	-	6,274	6,797	6,274	6,797	-7.7%
Marina	-	-	2,662	1,625	2,662	1,625	63.8%
Total expenses	589,685	582,228	211,333	206,782	801,018	789,010	1.5%
Excess before transfers & contributions	(66,084)	(26,156)	50,248	45,750	(15,836)	19,594	-180.8%
Contributions to permanent funds	4	-	-	-	4	-	0.0%
Transfers	28,229	19,365	(28,229)	(19,365)	-	-	-
Change in net position	(37,851)	(6,791)	22,019	26,385	(15,832)	19,594	-180.8%
Net position, beginning of year	1,714,900	1,721,691	823,126	796,741	2,538,026	2,518,432	0.8%
Net position, end of year	$ 1,677,049	$ 1,714,900	$ 845,145	$ 823,126	$ 2,522,194	$ 2,538,026	-0.6%

Note: Certain amounts in fiscal year 2010 have been reclassified to reflect fiscal year 2011 governmental functions.

Analysis of the changes in net position:

Total government wide revenues of the primary government decreased $23 million, a 3% decrease from the prior year, and total expenses increased $12 million, a 1% increase. Reasons for this change in net position are discussed below.

Governmental activities:

Total revenues for governmental activities declined $32 million from the prior year, a 6% decrease. Total expenses increased $7 million, a 1% increase, while net transfers into governmental activities increased $9 million primarily the result of a $6 million transfer from the Parking Fund to the General Fund. The transfer from the Parking Fund was from the sale of a City garage and was used to fund police positions as well as to fund the delay of layoffs while labor negotiations continued during FY11. The following provides more specific information for governmental activities.

Revenue

Capital grants and contributions revenue declined $22 million mostly due to a decrease in capital grants for Parks and Recreation of $9 million, a $5 million decrease in capital grants in Economic Development, and an $8 million decrease in contribution revenue in Convention, Culture, & Leisure due to non-recurring revenue received in 2010 for the Crocker Art Museum Expansion. Property tax revenue is down $5 million due to declining assessed property values resulting from the depressed Sacramento area housing market. There was a $2 million gain on disposition of governmental capital assets due to the sale of 5.1 acres of land on Fulton Avenue to the Chrysler Group.

Expenses

Six governmental functions, including Police and Fire, experienced higher expenses in 2011 compared to the prior year. Although General Fund expenditures for these departments declined by a combined $17 million due to budget reductions, these reductions were more than offset with increases to these functions as a result of depreciation expense and the internal service fund look-back adjustment required for government-wide reporting. The look-back adjustment allocates the results of the internal service fund operations back to the functions that support them.

The other governmental functions experienced lower expenses in 2011 due to budget reductions. Library expenses were higher in 2010 due to $2 million in purchases of books and computer equipment for the new library branches. Interest expense was $5 million higher in 2010 primarily due to a higher North Natomas Finance Plan fee credit inflation adjustment.

Business-type activities:

Total revenues for business-type activities increased $9 million from the prior year, a 3% increase. Total expenses increased $5 million, a 2% increase, while net transfers out increased $9 million. The following provides more specific information for business-type activities.

Revenue

Charges for services increased $13 million due to rate increases of 15%, 5%, and 9%, in Water, Wastewater, and Solid Waste, respectively. Capital grants and contribution revenue declined by $4 million resulting from a decline in infrastructure dedications by developers of $1.5 million in Water and $2.5 million in Storm Drainage. Other tax revenue, consisting of the transient occupancy tax dedicated to pay debt service on the City's convention center, increased by $1 million due to increases in Sacramento hotel occupancy and room rates.

Expenses

Water expenses increased $2 million due to a 5% increase in electricity rates, increases for water billing and payment services, preliminary fluoridation system cost studies and depreciation. Wastewater expenses increased $2 million mostly due to an increase in contributions to the Fleet Fund for vehicle purchases and consulting costs related to the Wastewater delivery system.

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 City government, reporting City's operations in more detail than the government-wide statements.

Governmental Funds:

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. Total fund balance for governmental funds declined by $51 million. For the fiscal year ended June 30, 2011, as compared with the fiscal year ended June 30, 2010, total revenues for governmental funds declined by $53 million, or 9.3%, total expenditures for governmental funds declined by $55 million, or 8.4%, and net other financing sources decreased by $6.2 million. Reasons for these changes are discussed in more detail below.

General Fund

Total General Fund revenues declined a net $4.1 million in the current year mostly due to declining tax revenue ($6.2 million) and charges for services ($2.1 million), combined with an increase in contributions and donations ($2.7 million). Property taxes were down $6.9 million attributable to reduced assessed values on property tax rolls. Real property transfer taxes were down $1.2 million because the volume and value of real property sales continue to decline. Sales taxes increased $2 million due to an increase in consumer confidence related to an improving economy. Contributions and donation revenue increased due to the closure of the Railyards escrow this year.

Total General Fund expenditures declined by $14.2 million this year primarily due to reductions in employee services costs as positions were eliminated or held vacant. Expenditure decreases occurred in Police ($6.4 million), Fire ($4.8 million), Transportation ($3.1 million), Parks and Recreation ($1.7 million), and Community Development ($2.6 million). The City's General Fund

SCERS contribution increased by $5.3 million due to a threefold increase in SCERS annual pension costs resulting from a decrease in the value of plan assets. Capital outlay increased $1.1 million due to expenditures for the Pocket Library, Sutter's Landing Park and the Greyhound relocation.

General Fund transfers in increased by $8 million mostly due to a $6.0 million transfer from the Parking fund from the sale of a City garage and an increase in general taxes from the utility funds of approximately $1.0 million. Transfers out of the General Fund decreased by $1.3 million due to a reduction in transfers to debt service funds.

General Fund Budgetary Highlights - The City Council revised the City budget throughout the fiscal year with midyear revenue and appropriation adjustments, changes made to appropriations for the use of committed fund balance, and other revenue adjustments and appropriations approved after the original budget was adopted.

After taking into account these adjustments, actual expenditures were $29 million lower than final budget amounts. Capital outlay expenditures were less than budgeted amounts by $18 million because of the multi-year nature of most capital projects. Unspent multi-year project budgets are carried over to the subsequent fiscal year. All General Fund departments, except for Parks and Recreation, reported favorable operating expenditure budget variances as a result of holding positions vacant and other discretionary spending constraints.

General Fund revenues were $2.9 million lower than final budgeted amounts. Property tax and real property transfer tax revenue came in under budget by $6.5 million and $1.6 million, respectively. Sales tax and utility users tax revenue came in over budget by $3.2 million and $1.1 million, respectively. Unfavorable tax revenue results were partially offset by revenue from a motor vehicle license fee adjustment and the settlement payment received for the arbitrated land purchase in the Downtown Sacramento Railyards.

Capital Grant Fund

Capital Grant Fund revenue was $13.9 million higher in fiscal year 2010 as a result of collections on prior year grant receivables. Capital grant expenditures are $2.2 million higher this year due to an increase in capital outlay for several capital improvement projects, including the Track Relocation, 6th Street Bridges project, and the Greyhound Bus Depot relocation.

1997 Lease Revenue Bond Fund

The lease receivable, and associated contribution revenue from the Sacramento Kings ownership group for debt service, decreased slightly this year in line with the scheduled bond payments.

Enterprise Funds:

The City's enterprise funds provide the same type of information as the government-wide financial statements but in greater detail. Total operating revenues increased $13.2 million, or 6.1%, and operating expenses increased $5.8 million, a 3.1% increase. Net non-operating revenues increased $0.9 million, capital contributions declined $5.2 million, and transfers out increased $7.7 million for the fiscal year ended June 30, 2011. Reasons for these changes are discussed in more detail below.

Water Fund

Water Fund operating revenue increased $8.9 million due to a 15% rate increase in fiscal year 2011. Water fund operating expenses increased $3.0 million in the current year due to increases in service and supply costs and depreciation expense.

Wastewater Fund

There was a 5% rate increase in the Wastewater Fund in fiscal year 2011 resulting in a $1.1 million increase in operating revenue. Operating expenses increased $1.7 million, mostly attributable to services and supplies costs including contributions to the Fleet Fund for purchases of new vehicles.

Storm Drainage Fund

The Storm Drainage Fund operating revenue did not change from the prior fiscal year due to restrictions on the City's ability to raise user rates as a result of Proposition 218. Total operating expenses increased $1.0 million mostly due to increases in contributions to the Fleet Fund for purchases of new vehicles and increases in consulting costs. Capital contributions decreased $2.7 million this year due to a decline in infrastructure dedications by developers.

Solid Waste Fund

Solid Waste Fund operating revenue increased $4.0 million due to a 9% rate increase in fiscal year 2011. Total operating expenses increased $1.3 million as a result of a variety of factors. Increases in purchases of machinery and contributions to the Fleet Fund for purchases of new vehicles were partially offset by decreases in repair and maintenance costs.

Community Center Fund

Operating revenue decreased $0.2 million in the current year mostly because of a decline in events at the Community Center related to the sluggish economy. Total operating expenses decreased $0.6 million due to staff reductions and furloughs, and deferral of discretionary costs such as facility repairs and maintenance. Transient occupancy revenue increased $1.2 million due to an increase in hotel room occupancy and rates.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, 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, and water, sewer and storm drainage transmission and distribution systems. The current year capital asset additions of $122 million were offset by current year depreciation expense of $129 million for a net decrease in capital assets of $7 million.

City of Sacramento
Capital Assets
As of June 30, 2011 and 2010
(net of depreciation, in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Capital assets not being depreciated						
Land and improvements	$ 187	$ 181	$ 54	$ 54	$ 241	$ 235
Easements	1	-	-	-	1	-
Construction in progress	113	198	11	31	124	229
Depreciable capital assets:						
Buildings and improvements	499	419	164	171	663	590
Equipment	32	32	30	32	62	64
Software	3	3	1	1	4	4
Vehicles	45	38	-	-	45	38
Transmission and distribution systems	3	3	772	751	775	754
Road network	690	710	-	-	690	710
Street light network	117	115	-	-	117	115
Park and park improvements	123	113	-	-	123	113
Total	$ 1,813	$ 1,812	$ 1,032	$ 1,040	$ 2,845	$ 2,852

This year's major capital asset additions included:

- The Track Relocation project at the Downtown Sacramento Railyards is phase 1 of the large intermodal transportation facilities project that will create a regional multimodal transportation hub. The total project costs are estimated at $67 million. The project contributed $3.6 million to construction in progress in governmental funds.

- Land and infrastructure in the North Natomas area were dedicated to the City by developers at an estimated fair market value of $7 million.

- Other capital projects in progress included the 5th Street Extension, 6th Street Bridges, Fire Station 43, Greyhound Bus Terminal, Interstate 80 @ West Canal Bike Bridge, Del Paso Road and Interstate 5 Signalization, and Redding Avenue Bike/Pedestrian Improvements. Several projects, most notably the $84 million Crocker Art Museum Expansion, were completed in the current fiscal year and transferred from construction in progress to the appropriate capital asset categories.

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

Long-term Debt

The following table summarizes the City's outstanding debt at June 30, 2011 and 2010:

City of Sacramento
Outstanding Debt
As of June 30, 2011 and 2010
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Revenue and other bonds, net	$ 477	$ 497	$ 290	$ 302	$ 767	$ 799
Notes payable	1	1	56	56	57	57
Capital lease obligations	10	11	7	8	17	19
Total outstanding debt	$ 488	$ 509	$ 353	$ 366	$ 841	$ 875

Total City debt outstanding as of June 30, 2011 and 2010 was $841 and $875 million, respectively, a decrease of $34 million (not including $14 million of outstanding long-term debt for the City's discretely presented component unit).

Total outstanding long-term debt for governmental activities decreased $21 million due to the retirement of existing obligations. There were no significant new debt additions during the year related to governmental activities.

Total outstanding long-term debt for business-type activities decreased $13 million due to the retirement of $16 million of existing obligations offset in part by the addition of $3 million in new debt. These new obligations include an increase of $2 million in loans from the Department of Public Health for the installation of water meters, and an increase of $1 million in loans from the State Department of Boating and Waterways for the Marina South Basin Renovation.

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

Credit rating

The following table summarizes the City's bonded debt ratings at June 30, 2011 as determined by Moody's Investors Service, Inc. (Moody's) and Standard & Poor's (S & P):

	Moody's	S & P
Insured bond issues:		
• 1993 Refunded Lease Revenue Bonds, Series A	A1	A
• 1996 Lighting and Landscaping Bonds	Baa1	BBB
• 1997 Lease Revenue Bonds	Baa1	BBB
• 1999 Capital Improvement Revenue Bonds	NR	NR
• 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 bond issues:		
• 1993 Refunded Lease Revenue Bonds, Series B	A1	A
• 2002 Refunding Revenue Bonds	A1	AA-

The City's issuer credit ratings of A+ with a stable outlook from S & P, and Aa2 with a stable outlook from Moody's, remain unchanged from 2010.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

The City continues to face a number of serious challenges in the current fiscal year and in its financial outlook over the next couple of years. According to the latest economic forecasts, California's economic recovery will be slow and unemployment will remain above 10% through the end of 2012. The high level of unemployment is constraining consumer confidence and, as a result, consumer spending. The housing crisis and significant downturn of the real estate market and its associated industries have resulted in significant reductions in the City's property and sales tax revenues, two of the largest sources of discretionary income, over the past few years. Although these revenues are finally stabilizing, albeit at reduced levels, prior commitments for labor contracts, increasing retirement contributions associated with prior year market losses, and a legal settlement related to utility rates charged to General Fund departments by the City's utility enterprise funds, will continue to add significant costs to the City's General Fund budget over the next several fiscal years.

Next Year's Budget

The General Fund budget appropriations for fiscal year 2012 are $360 million, a decrease of 1% compared to the prior year approved budget. General Fund budgeted revenue in the approved fiscal year 2012 budget is $360 million, $3 million less than the fiscal year 2011 approved budget. The General Fund gap between projected revenues and expenditures was bridged in fiscal year 2012 with a combination of significant spending cuts, fee increases, and use of one-time funding sources. Spending of fund balance reserves and other one-time resources is unsustainable and the ongoing budget gap will continue to be addressed over the next couple fiscal years with a mix of expenditure reductions and revenue increases.

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/cafr.

City of Sacramento

Statement of Net Position

June 30, 2011
(in thousands)

	Primary Government			Sacramento Regional Arts Facilities Financing Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	$ 348,394	$ 119,758	$ 468,152	$ -
Securities lending assets	615	301	916	-
Receivables, net	209,950	78,079	288,029	13,195
Internal balances	7,889	(7,889)	-	-
Inventories	1,213	5,040	6,253	-
Prepaid items	93	15	108	-
Restricted cash and investments	34,734	40,735	75,469	1,095
Deferred charges	4,366	3,722	8,088	539
Land and other capital assets not being depreciated	300,673	65,366	366,039	-
Other capital assets, net of depreciation	1,511,748	966,868	2,478,616	-
Total assets	2,419,675	1,271,995	3,691,670	14,829
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivative	11,389	-	11,389	-
LIABILITIES				
Securities lending obligations	3,242	1,243	4,485	-
Payables	50,216	20,631	70,847	166
Unearned revenue	4,753	6,596	11,349	-
Long-term liabilities:				
Due within one year	40,594	18,220	58,814	390
Due in more than one year	655,210	380,160	1,035,370	13,641
Total liabilities	754,015	426,850	1,180,865	14,197
NET POSITION				
Net investment in capital assets	1,451,059	701,157	2,152,216	-
Restricted for:				
Capital projects	156,157	30,184	186,341	-
Debt service	1,105	-	1,105	632
Transportation programs	21,484	-	21,484	-
Police programs	6,952	-	6,952	-
Other programs	16,592	-	16,592	-
Trust and endowments:				
Expendable	5,659	-	5,659	-
Nonexpendable	1,934	-	1,934	-
Unrestricted	16,107	113,804	129,911	-
Total net position	$ 1,677,049	$ 845,145	$ 2,522,194	$ 632

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, 2011
(in thousands)

Functions/Programs	Operating Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government:						
Governmental activities:						
General government	$ 50,101	$ (7,863)	$ 5,827	$ 2,506	$ -	$ (33,905)
Police	159,908	-	10,316	13,864	264	(135,464)
Fire	111,174	-	21,998	1,963	382	(86,831)
General services	27,430	(1,751)	10,442	615	221	(14,401)
Transportation	97,350	-	28,614	14,119	53,993	(624)
Economic development	10,467	-	9,136	717	-	(614)
Convention, culture and leisure	21,348	-	9,364	1,014	6,532	(4,438)
Parks and recreation	56,162	-	10,039	11,558	5,500	(29,065)
Community development	25,821	-	15,409	457	1,321	(8,634)
Library	14,635	-	-	4,476	1,021	(9,138)
Interest on long-term debt	24,903	-	-	-	-	(24,903)
Total governmental activities	599,299	(9,614)	121,145	51,289	69,234	(348,017)
Business-type activities:						
Water	59,962	3,111	79,315	-	8,440	24,682
Wastewater	18,105	885	21,360	-	611	2,981
Storm drainage	36,062	1,753	34,160	985	1,366	(1,304)
Solid waste	45,928	2,275	62,906	476	-	15,179
Community center	17,643	887	6,780	-	-	(11,750)
Child development	6,274	-	5,309	897	-	(68)
Marina	2,547	115	1,464	-	-	(1,198)
Parking	15,198	588	18,660	-	-	2,874
Total business-type activities	201,719	9,614	229,954	2,358	10,417	31,396
Total primary government	$ 801,018	$ -	$ 351,099	$ 53,647	$ 79,651	$ (316,621)
Component unit:						
Sacramento Regional Arts Facilities Financing Authority	$ 698	$ -	$ -	$ -	$ -	$ (698)

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, 2011
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Sacramento Regional Arts Facilities Financing Authority
Change in net position:				
Net (expense) revenue	$ (348,017)	$ 31,396	$ (316,621)	$ (698)
General revenues:				
Taxes:				
Property taxes	118,801	-	118,801	-
Utility user taxes	58,907	-	58,907	-
Other taxes	18,327	15,403	33,730	-
Unrestricted sales taxes shared state revenue	47,680	-	47,680	-
Unrestricted in lieu sales tax	14,548	-	14,548	-
Grants and other intergovernmental revenue not restricted to specific programs	2,610	-	2,610	-
Unrestricted investment earnings	6,260	3,449	9,709	975
Unrestricted miscellaneous	12,464	-	12,464	-
Contributions to permanent funds	4	-	4	-
Gain on disposition of capital assets	2,336	-	2,336	-
Transfers	28,229	(28,229)	-	-
Total general revenues and transfers	310,166	(9,377)	300,789	975
Change in net position	(37,851)	22,019	(15,832)	277
Net position, beginning of year	1,714,900	823,126	2,538,026	355
Net position, end of year	$ 1,677,049	$ 845,145	$ 2,522,194	$ 632

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

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City of Sacramento
Governmental Funds
Balance Sheet
June 30, 2011
(in thousands)

	General Fund	Capital Grants Fund	1997 Lease Revenue Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments held by City	$ 50,267	$ -	$ 2,127	$ 206,122	$ 258,516
Cash and investments held by fiscal agent	-	-	-	3,616	3,616
Securities lending assets	120	-	-	322	442
Receivables, net:					
Taxes	19,906	-	-	-	19,906
Accounts	9,280	192	-	3,558	13,030
Loans	305	-	67,355	18,761	86,421
Intergovernmental	-	23,131	-	65,268	88,399
Interest	253	-	736	784	1,773
Prepaid items	63	-	-	30	93
Restricted assets:					
Cash and investments held by City	-	27	-	15,588	15,615
Cash and investments held by fiscal agent	-	-	-	19,119	19,119
Total assets	$ 80,194	$ 23,350	$ 70,218	$ 333,168	$ 506,930

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

City of Sacramento
Governmental Funds
Balance Sheet
June 30, 2011
(in thousands)

	General Fund	Capital Grants Fund	1997 Lease Revenue Bond Fund	Other Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES					
Liabilities:					
Securities lending obligations	$ 711	$ -	$ -	$ 2,238	$ 2,949
Accounts payable	7,874	8,019	-	8,237	24,130
Accrued payroll	12,588	-	-	21	12,609
Investment purchases payable	493	-	-	1,181	1,674
Accrued claims and judgments	-	-	-	1,601	1,601
Accrued compensated absences	847	-	-	29	876
Due to other funds	-	11,450	-	1,030	12,480
Matured bonds and interest payable	-	-	-	3,248	3,248
Deposits	54	-	-	1,095	1,149
Deferred revenue	4,703	18,577	68,092	80,856	172,228
Advances from other funds	-	-	-	7,500	7,500
Total liabilities	27,270	38,046	68,092	107,036	240,444
Fund balances:					
Nonspendable:					
Prepaid items	63	-	-	30	93
Noncurrent assets	245	-	-	1,577	1,822
Permanent fund principal	-	-	-	1,934	1,934
Restricted:					
Capital projects	-	1,390	-	159,975	161,365
Debt service	-	-	-	20,870	20,870
Other programs	86	-	-	50,264	50,350
Committed:					
Economic uncertainty	14,340	-	-	-	14,340
Capital projects	19,612	-	-	606	20,218
Debt service	-	-	-	2,278	2,278
Other programs	12,468	-	-	646	13,114
Assigned:					
Debt service	-	-	-	2,878	2,878
Unrealized investment gains	972	-	-	120	1,092
Next year's budget	5,138	-	-	-	5,138
Other programs	-	-	2,126	155	2,281
Unassigned	-	(16,086)	-	(15,201)	(31,287)
Total fund balances (deficit)	52,924	(14,696)	2,126	226,132	266,486
Total liabilities and fund balances	$ 80,194	$ 23,350	$ 70,218	$ 333,168	$ 506,930

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 Position

June 30, 2011
(in thousands)

Fund balances - total governmental funds		$ 266,486
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds.		167,998
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.		4,334
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Governmental capital assets	2,855,067	
Less: accumulated depreciation	(1,091,102)	
		1,763,965
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		(2,498)
Termination payments liability		(75)
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	(29,651)	
Financing plan fee credits	(41,809)	
Pollution remediation obligations	(900)	
Revenue and other bonds payable, net	(470,800)	
Capital lease obligations payable	(9,694)	
Notes payable	(677)	
OPEB liability	(66,248)	
		(619,779)
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.		96,618
Net position of governmental activities		$ 1,677,049

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, 2011

(in thousands)

	General Fund	Capital Grants Fund	1997 Lease Revenue Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 254,127	$ -	$ -	$ 578	$ 254,705
Intergovernmental	15,516	39,576	-	70,666	125,758
Charges for services	52,342	-	-	15,489	67,831
Fines, forfeits and penalties	10,134	-	-	959	11,093
Interest, rents, and concessions	1,927	45	40	7,615	9,627
Community service fees	-	-	-	3,647	3,647
Assessment levies	33	-	-	33,449	33,482
Contributions and donations	2,693	-	5,084	1,663	9,440
Miscellaneous	411	-	-	-	411
Total revenues	337,183	39,621	5,124	134,066	515,994
Expenditures:					
Current:					
General government	22,453	-	-	3,596	26,049
Police	122,914	-	-	21,167	144,081
Fire	96,070	-	-	1,503	97,573
General services	10,595	-	-	8,758	19,353
Transportation	4,472	2	-	25,234	29,708
Convention, culture and leisure	5,363	-	-	7,928	13,291
Economic development	3,789	-	-	6,030	9,819
Parks and recreation	14,757	-	-	21,893	36,650
Community development	19,668	31	-	3,608	23,307
Library	7,922	-	-	4,476	12,398
Utilities	137	-	-	-	137
Nondepartmental	32,247	-	-	1,160	33,407
Capital outlay	6,068	42,350	-	43,484	91,902
Debt service:					
Principal	1,325	-	1,300	41,564	44,189
Interest and fiscal charges	645	-	3,788	20,776	25,209
Total expenditures	348,425	42,383	5,088	211,177	607,073
Excess (deficiency) of revenues over (under) expenditures	(11,242)	(2,762)	36	(77,111)	(91,079)
Other financing sources (uses):					
Transfers in	31,937	-	-	26,069	58,006
Transfers out	(22,878)	(45)	-	(4,102)	(27,025)
Proceeds from sale of capital assets	-	-	-	2,336	2,336
Issuance of long-term debt	-	-	-	6,808	6,808
Total other financing sources (uses)	9,059	(45)	-	31,111	40,125
Net change in fund balances	(2,183)	(2,807)	36	(46,000)	(50,954)
Fund balances (deficit), beginning of year	55,107	(11,889)	2,090	272,132	317,440
Fund balances (deficit), end of year	$ 52,924	$ (14,696)	$ 2,126	$ 226,132	$ 266,486

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, 2011
(in thousands)

Net change in fund balances - total governmental funds		$ (50,954)
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	75,946	
Depreciation expense	(83,172)	
		(7,226)
Losses on retirement of capital assets in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(271)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds - infrastructure dedications.		3,708
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	(6,808)	
Principal repayments on long-term debt	44,189	
		37,381
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.		(600)

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, 2011

(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	753	
Other post-employment benefits	(16,303)	
Pollution remediation	250	
Termination payments	709	
Accrued interest	97	
Amortization of issuance costs	(272)	
Amortization of bond discount	(8)	
Amortization of bond premium	1,044	
Amortization of gain/loss on refunding	(696)	
		(14,426)
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.		(2,706)
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.		(2,757)
Change in net position of governmental activities		$ (37,851)

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

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, 2011

(in thousands)

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budget to GAAP Reconciliation	Actual Amounts - GAAP Basis
	Original	Final				
Revenues:						
Taxes	$258,142	$258,142	$254,127	$ (4,015)	$ -	$ 254,127
Intergovernmental	12,239	12,295	15,516	3,221	-	15,516
Charges for services	53,295	53,960	52,342	(1,618)	-	52,342
Fines, forfeits and penalties	10,950	11,953	10,134	(1,819)	-	10,134
Interest, rents, and concessions	3,392	3,512	1,927	(1,585)	-	1,927
Assessment levies	53	52	33	(19)	-	33
Contributions and donations	-	-	2,693	2,693	-	2,693
Miscellaneous	124	124	411	287	-	411
Total revenues	338,195	340,038	337,183	(2,855)	-	337,183
Expenditures:						
Current:						
Mayor/Council	2,706	2,753	2,718	35	16	2,734
City Manager	2,119	1,975	1,868	107	23	1,891
City Attorney	4,013	3,723	2,952	771	67	3,019
City Clerk	1,083	1,240	824	416	337	1,161
City Treasurer	1,782	1,927	1,835	92	(108)	1,727
Finance	5,232	5,154	4,095	1,059	(68)	4,027
Information technology	6,134	5,630	5,314	316	44	5,358
Human resources	2,677	2,626	2,578	48	(42)	2,536
Subtotal - General government	25,746	25,028	22,184	2,844	269	22,453
Police	123,252	122,846	122,784	62	130	122,914
Fire	97,760	98,182	96,106	2,076	(36)	96,070
General services	11,443	11,053	10,622	431	(27)	10,595
Transportation	6,894	6,507	4,484	2,023	(12)	4,472
Convention, culture and leisure	5,083	5,551	5,384	167	(21)	5,363
Economic development	3,958	4,122	3,856	266	(67)	3,789
Parks and recreation	12,938	14,200	14,751	(551)	6	14,757
Community development	20,251	20,218	19,671	547	(3)	19,668
Library	7,922	7,922	7,922	-	-	7,922
Utilities	122	142	136	6	1	137
Nondepartmental	26,780	36,599	32,843	3,756	(596)	32,247
Capital outlay	24,064	24,489	6,792	17,697	(724)	6,068
Debt service:						
Principal	1,325	1,325	1,325	-	-	1,325
Interest and fiscal charges	433	433	645	(212)	-	645
Total expenditures	367,971	378,617	349,505	29,112	(1,080)	348,425
Excess (deficiency) of revenues over (under) expenditures	(29,776)	(38,579)	(12,322)	26,257	1,080	(11,242)
Other financing sources (uses):						
Transfers in	27,258	30,744	31,937	1,193	-	31,937
Transfers out	(23,705)	(23,738)	(22,878)	860	-	(22,878)
Total other financing sources (uses)	3,553	7,006	9,059	2,053	-	9,059
Net change in fund balance	$ (26,223)	$ (31,573)	$ (3,263)	$ 28,310	$ 1,080	$ (2,183)

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

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City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2011
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
ASSETS				
Current assets:				
Cash and investments held by City	$ 33,398	$ 15,244	$ 20,253	$ 6,597
Cash and investments held by fiscal agent	-	-	58	-
Securities lending assets	124	44	58	-
Receivables, net:				
Taxes	-	-	-	-
Accounts	15,981	9,376	6,631	13,171
Loans	1,122	120	354	15
Intergovernmental	9,599	510	2,638	810
Interest	367	108	170	-
Due from other funds	-	-	-	-
Inventories	4,464	81	495	-
Prepaid items	-	-	-	-
Total current assets	65,055	25,483	30,657	20,593
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	17,714	3,367	4,194	2,000
Cash and investments held by fiscal agent	-	-	751	-
Advances to other funds	-	-	-	-
Loans receivable	8,219	1,175	3,527	-
Intergovernmental receivables	-	-	191	-
Deferred charges	1,858	-	39	266
Capital assets:				
Land	645	1,138	18,724	1,133
Buildings and improvements	37,468	14,906	8,223	31,191
Machinery and equipment	15,392	4,362	15,525	11,417
Vehicles	-	-	-	-
Transmission and distribution system	564,259	142,507	366,856	-
Construction in progress	5,249	2,206	1,873	-
Software	201	296	584	-
Easements	-	-	157	-
Less: accumulated depreciation/amortization	(169,561)	(54,463)	(116,857)	(18,882)
Total noncurrent assets	481,444	115,494	303,787	27,125
Total assets	546,499	140,977	334,444	47,718

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

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2011
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
ASSETS				
Current assets:				
Cash and investments held by City	$ 9,008	$ 32,169	$ 116,669	$ 86,076
Cash and investments held by fiscal agent	2,896	135	3,089	186
Securities lending assets	-	75	301	173
Receivables, net:				
Taxes	1,785	-	1,785	-
Accounts	144	876	46,179	48
Loans	28	416	2,055	-
Intergovernmental	-	21	13,578	-
Interest	50	171	866	368
Due from other funds	-	-	-	13,722
Inventories	-	-	5,040	1,213
Prepaid items	-	15	15	-
Total current assets	13,911	33,878	189,577	101,786
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	731	559	28,565	-
Cash and investments held by fiscal agent	9,660	1,759	12,170	-
Advances to other funds	-	-	-	14,147
Loans receivable	177	327	13,425	5
Intergovernmental receivables	-	-	191	-
Deferred charges	1,003	556	3,722	32
Capital assets:				
Land	21,739	10,616	53,995	-
Buildings and improvements	111,201	79,437	282,426	7,402
Machinery and equipment	3,900	6,092	56,688	360
Vehicles	-	-	-	116,113
Transmission and distribution system	-	-	1,073,622	-
Construction in progress	1,364	522	11,214	-
Software	-	-	1,081	177
Easements	-	-	157	-
Less: accumulated depreciation/amortization	(50,741)	(36,445)	(446,949)	(75,596)
Total noncurrent assets	99,034	63,423	1,090,307	62,640
Total assets	112,945	97,301	1,279,884	164,426

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

(continued)

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2011
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
LIABILITIES				
Current liabilities:				
Securities lending obligations	483	160	188	-
Accounts payable	2,176	7,016	863	1,179
Accrued payroll	748	226	757	454
Investment purchases payable	512	181	240	-
Accrued compensated absences	121	20	67	52
Due to other funds	328	108	221	246
Interest payable	659	82	345	169
Liability for landfill closure	-	-	-	895
Deposits	27	-	100	10
Unearned revenue	3,808	13	1	22
Accrued claims and judgements	-	-	-	-
Capital leases payable	-	-	-	1,023
Revenue and other bonds payable, net	3,546	-	488	751
Notes payable	-	687	2,142	-
Utility district payable	76	-	-	-
Total current liabilities	12,484	8,493	5,412	4,801
Noncurrent liabilities:				
Accrued compensated absences	2,002	529	2,210	1,163
Advances from other funds	-	-	-	-
Water fee credits	1,702	-	-	-
OPEB liability	3,509	1,418	1,655	4,557
Accrued claims and judgments	-	-	-	-
Liability for landfill closure	-	-	-	22,564
Capital leases payable	-	-	-	4,794
Revenue and other bonds payable, net	157,575	-	5,728	22,602
Loans payable	9,474	-	-	-
Notes payable	-	6,737	22,576	-
Total noncurrent liabilities	174,262	8,684	32,169	55,680
Total liabilities	186,746	17,177	37,581	60,481
NET POSITION (DEFICIT)				
Net investment in capital assets	283,058	103,528	269,096	1,303
Restricted for:				
Capital projects	27,114	2,351	-	-
Unrestricted	49,581	17,921	27,767	(14,066)
Total net position (deficit)	$ 359,753	$ 123,800	$ 296,863	$ (12,763)

(continued)

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

City of Sacramento

Proprietary Funds

Statement of Net Position

June 30, 2011
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
LIABILITIES				
Current liabilities:				
Securities lending obligations	93	319	1,243	293
Accounts payable	1,463	1,409	14,106	5,243
Accrued payroll	189	333	2,707	354
Investment purchases payable	-	311	1,244	712
Accrued compensated absences	27	51	338	70
Due to other funds	250	89	1,242	-
Interest payable	661	434	2,350	11
Liability for landfill closure	-	-	895	-
Deposits	-	87	224	2
Unearned revenue	1,939	813	6,596	523
Accrued claims and judgements	-	-	-	16,082
Capital leases payable	-	86	1,109	21
Revenue and other bonds payable, net	6,144	1,781	12,710	312
Notes payable	-	263	3,092	-
Utility district payable	-	-	76	-
Total current liabilities	10,766	5,976	47,932	23,623
Noncurrent liabilities:				
Accrued compensated absences	579	593	7,076	1,118
Advances from other funds	6,647	-	6,647	-
Water fee credits	-	-	1,702	-
OPEB liability	397	789	12,325	1,630
Accrued claims and judgments	-	-	-	37,856
Liability for landfill closure	-	-	22,564	-
Capital leases payable	-	1,163	5,957	195
Revenue and other bonds payable, net	58,676	32,660	277,241	3,386
Loans payable	-	-	9,474	-
Notes payable	-	14,508	43,821	-
Total noncurrent liabilities	66,299	49,713	386,807	44,185
Total liabilities	77,065	55,689	434,739	67,808
NET POSITION (DEFICIT)				
Net investment in capital assets	32,303	11,869	701,157	44,542
Restricted for:				
Capital projects	719	-	30,184	-
Unrestricted	2,858	29,743	113,804	52,076
Total net position (deficit)	$ 35,880	$ 41,612	$ 845,145	$ 96,618

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 Position

For the Fiscal Year Ended June 30, 2011
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
Operating revenues:				
Charges for services:				
User fees and charges	$ 78,845	$ 20,169	$ 34,129	$ 62,762
Rents and concessions	-	-	-	88
Charge to Regional Sanitation District for operating and maintaining treatment plant	-	1,191	-	-
Miscellaneous	470	-	31	56
Total operating revenues	79,315	21,360	34,160	62,906
Operating expenses:				
Employee services	23,360	6,457	21,083	16,357
Services and supplies	16,943	8,407	4,637	28,494
Depreciation/amortization	15,534	4,007	11,092	1,810
Insurance premiums	-	-	-	-
Claims and judgments	-	-	-	-
Total operating expenses	55,837	18,871	36,812	46,661
Operating income (loss)	23,478	2,489	(2,652)	16,245
Nonoperating revenues (expenses):				
Interest and investment revenue	1,306	337	679	50
Transient occupancy taxes	-	-	-	-
Revenue from other agencies	-	-	985	476
Interest expense	(7,117)	(119)	(999)	(1,515)
Amortization of deferred charges	(119)	-	(4)	(27)
Loan forgiveness	-	-	-	-
Gain or (loss) on disposition of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	(5,930)	218	661	(1,016)
Income (loss) before contributions and transfers	17,548	2,707	(1,991)	15,229
Capital contributions	8,660	2,449	2,014	-
Transfers in	10	19	60	163
Transfers out	(8,828)	(2,180)	(3,760)	(6,763)
Changes in net position	17,390	2,995	(3,677)	8,629
Total net position (deficit), beginning of year	342,363	120,805	300,540	(21,392)
Total net position (deficit), end of year	$ 359,753	$ 123,800	$ 296,863	$ (12,763)

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 Position

For the Fiscal Year Ended June 30, 2011
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
Operating revenues:				
Charges for services:				
User fees and charges	$ 2,520	$ 24,388	$ 222,813	$ 62,346
Rents and concessions	4,222	1,033	5,343	-
Charge to Regional Sanitation District		-		-
for operating and maintaining treatment plant	-	-	1,191	-
Miscellaneous	38	12	607	-
Total operating revenues	6,780	25,433	229,954	62,346
Operating expenses:				
Employee services	5,893	9,746	82,896	11,672
Services and supplies	5,527	9,118	73,126	26,163
Depreciation/amortization	2,463	2,501	37,407	7,862
Insurance premiums	-	-	-	2,218
Claims and judgments	-	-	-	19,142
Total operating expenses	13,883	21,365	193,429	67,057
Operating income (loss)	(7,103)	4,068	36,525	(4,711)
Nonoperating revenues (expenses):				
Interest and investment revenue	419	658	3,449	2,167
Transient occupancy taxes	15,403	-	15,403	-
Revenue from other agencies	-	897	2,358	-
Interest expense	(4,512)	(3,331)	(17,593)	(134)
Amortization of deferred charges	(132)	(25)	(307)	(3)
Loan forgiveness	(3)	-	(3)	-
Gain or (loss) on disposition of capital assets	-	(1)	(1)	(30)
Total nonoperating revenues (expenses)	11,175	(1,802)	3,306	2,000
Income (loss) before contributions and transfers	4,072	2,266	39,831	(2,711)
Capital contributions	-	-	13,123	-
Transfers in	-	240	492	422
Transfers out	(1,674)	(8,222)	(31,427)	(468)
Changes in net position	2,398	(5,716)	22,019	(2,757)
Total net position (deficit), beginning of year	33,482	47,328	823,126	99,375
Total net position (deficit), end of year	$ 35,880	$ 41,612	$ 845,145	$ 96,618

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, 2011
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
Cash flows from operating activities:				
Receipts from customers and users	$ 78,569	$ 21,753	$ 34,048	$ 62,881
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(18,630)	(7,946)	(4,616)	(29,045)
Payments to employees	(22,423)	(6,136)	(20,500)	(15,279)
Claims and judgments paid	-	-	-	-
Net cash provided by (used for) operating activities	37,516	7,671	8,932	18,557
Cash flows from noncapital financing activities:				
Transient occupancy taxes	-	-	-	-
Transfers in from other funds	10	19	60	163
Transfers out to other funds	(8,828)	(2,180)	(3,760)	(6,763)
Collections on interfund loans	-	-	-	-
Loans made to other funds	-	-	-	-
Interfund loan repayments	-	-	-	(2,322)
Interest payments on interfund borrowings	-	-	-	-
Intergovernmental revenue received	-	-	1,791	476
Payments for flood control agency	-	-	(1,762)	-
Net cash provided by (used for) noncapital financing activities	(8,818)	(2,161)	(3,671)	(8,446)
Cash flows from capital and related financing activities:				
Interfund loan repayments	(330)	(107)	(220)	(246)
Interest payment on interfund loan repayments	(12)	(4)	(8)	(9)
Acquisition and construction of capital assets	(17,951)	(5,386)	(1,350)	(357)
Proceeds from sale of capital assets	-	-	244	-
Proceeds from issuance of debt	3,689	-	-	-
Principal payments on capital debt	(3,206)	(672)	(2,568)	(1,926)
Interest payments on capital debt	(8,006)	(187)	(1,025)	(1,454)
Transfers in from other funds	-	-	-	-
Capital contributions received	9,287	367	199	-
Loan repayments received	1,071	115	351	-
Net cash provided by (used for) capital and related financing activities	(15,458)	(5,874)	(4,377)	(3,992)
Cash flows from investing activities:				
Collection of interest and investment revenue	1,269	354	693	50
Investments received with settlement after year end	512	181	240	-
Loans made	-	-	-	-
Loan repayments received	25	9	3	29
Net cash provided by (used for) investing activities	1,806	544	936	79
Net increase (decrease) in cash and cash equivalents	15,046	180	1,820	6,198
Cash and cash equivalents, beginning of year	36,066	18,431	23,436	2,399
Cash and cash equivalents, end of year	$ 51,112	$ 18,611	$ 25,256	$ 8,597
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments held by City	$ 33,398	$ 15,244	$ 20,253	$ 6,597
Cash and investments held by fiscal agent	-	-	58	-
Restricted cash and investments held by City	17,714	3,367	4,194	2,000
Restricted cash and investments held by fiscal agent	-	-	751	-
Total cash and cash equivalents, end of year	$ 51,112	$ 18,611	$ 25,256	$ 8,597

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, 2011
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
Cash flows from operating activities:				
Receipts from customers and users	$ 7,576	$ 25,775	$ 230,602	$ -
Receipts from interfund services provided	-	-	-	117,962
Payments to suppliers	(5,104)	(9,048)	(74,389)	(81,707)
Payments to employees	(5,750)	(9,508)	(79,596)	(11,315)
Claims and judgments paid	-	-	-	(12,266)
Net cash provided by (used for) operating activities	(3,278)	7,219	76,617	12,674
Cash flows from noncapital financing activities:				
Transient occupancy taxes	15,820	-	15,820	-
Transfers in from other funds	-	240	492	2
Transfers out to other funds	(1,674)	(8,222)	(31,427)	(468)
Collections on interfund loans	-	-	-	11,532
Loans made to other funds	-	-	-	(12,480)
Interfund loan repayments	(100)	(90)	(2,512)	-
Interest payments on interfund borrowings	-	(3)	(3)	-
Intergovernmental revenue received	-	72	2,339	-
Payments for flood control agency	-	-	(1,762)	-
Net cash provided by (used for) noncapital financing activities	14,046	(8,003)	(17,053)	(1,414)
Cash flows from capital and related financing activities:				
Interfund loan repayments	-	-	(903)	-
Interest payment on interfund loan repayments	-	-	(33)	-
Acquisition and construction of capital assets	(1,079)	(254)	(26,377)	(9,135)
Proceeds from sale of capital assets	-	-	244	502
Proceeds from issuance of debt	-	-	3,689	-
Principal payments on capital debt	(6,622)	(2,104)	(17,098)	(307)
Interest payments on capital debt	(3,698)	(2,116)	(16,486)	(145)
Transfers in from other funds	-	-	-	420
Capital contributions received	-	-	9,853	-
Loan repayments received	-	-	1,537	-
Net cash provided by (used for) capital and related financing activities	(11,399)	(4,474)	(45,574)	(8,665)
Cash flows from investing activities:				
Collection of interest and investment revenue	464	679	3,509	2,094
Investments received with settlement after year end	-	311	1,244	712
Loans made	-	(200)	(200)	-
Loan repayments received	13	2	81	-
Net cash provided by (used for) investing activities	477	792	4,634	2,806
Net increase (decrease) in cash and cash equivalents	(154)	(4,466)	18,624	5,401
Cash and cash equivalents, beginning of year	22,449	39,088	141,869	80,861
Cash and cash equivalents, end of year	$ 22,295	$ 34,622	$ 160,493	$ 86,262
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments held by City	$ 9,008	$ 32,169	$ 116,669	$ 86,076
Cash and investments held by fiscal agent	2,896	135	3,089	186
Restricted cash and investments held by City	731	559	28,565	-
Restricted cash and investments held by fiscal agent	9,660	1,759	12,170	-
Total cash and cash equivalents, end of year	$ 22,295	$ 34,622	$ 160,493	$ 86,262

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, 2011
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 23,478	$ 2,489	$ (2,652)	$ 16,245
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	15,534	4,007	11,092	1,810
Changes in assets and liabilities:				
Accounts receivable, net	(4,687)	346	157	61
Intergovernmental receivables	133	34	(199)	(108)
Inventories	561	3	4	-
Prepaid items	-	-	-	1
Deferred charges	-	-	-	-
Accrued claims and judgments	-	-	-	-
Accounts payable	(2,046)	286	(44)	294
Accrued payroll	110	226	121	75
Accrued compensated absences	8	(42)	62	(23)
OPEB liabilities	819	309	400	1,026
Notes payable (utility district payable)	(229)	-	-	-
Accrued claims	-	-	-	-
Liability for landfill closure	-	-	-	(856)
Deposits	27	-	61	10
Unearned revenue	3,808	13	(70)	22
Net cash provided by (used for) operating activities	$ 37,516	$ 7,671	$ 8,932	$ 18,557
Noncash investing, capital and financing activities:				
Contributions of capital assets	$ 921	$ 244	$ 1,167	$ -
Transfer of capital assets from governmental funds, net of depreciation	220	1,838	648	-
Capitalized interest	674	65	17	-
Amortization of bond premium, discount, and loss on refunding	217	-	(10)	(64)
Amortization of deferred charges	(119)	-	(4)	(27)
Accrual of interest on interfund advance	-	-	-	-
Change in securities lending assets	(1,555)	(807)	(980)	-
Change in securities lending obligations	(1,557)	(807)	(981)	-
Decrease in prepaid items for capital assets	-	-	-	-
Loan forgiveness	-	-	-	-
Water fee credits inflation adjustment	(3)	-	-	-
Change in Intergovernmental receivable due for	-	-		-
compensated absence liability	-	-	(24)	-
Intergovernmental receivable due for loans payable	4,461	-	-	-
Interest accrual on loans receivable	-	-	-	-
Accrued interest added to Marina Phase V loan	-	-	-	-

(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, 2011
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (7,103)	$ 4,068	$ 36,525	$ (4,711)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	2,463	2,501	37,407	7,862
Changes in assets and liabilities:				
Accounts receivable, net	(76)	170	(4,029)	(18)
Intergovernmental receivables	-	-	(140)	-
Inventories	-	-	568	252
Prepaid items	1	2	4	-
Deferred charges	-	8	8	-
Accrued claims and judgments	-	-	-	-
Accounts payable	422	60	(1,028)	2,053
Accrued payroll	25	(2)	555	2
Accrued compensated absences	21	66	92	(19)
OPEB liabilities	97	174	2,825	374
Notes payable (utility district payable)	-	-	(229)	-
Accrued claims	-	-	-	6,876
Liability for landfill closure	-	-	(856)	-
Deposits	-	4	102	(5)
Unearned revenue	872	168	4,813	8
Net cash provided by (used for) operating activities	$ (3,278)	$ 7,219	$ 76,617	$ 12,674
Noncash investing, capital and financing activities:				
Contributions of capital assets	$ -	$ -	$ 2,332	$ -
Transfer of capital assets from governmental funds, net of depreciation	-	-	2,706	-
Capitalized interest	35	11	802	-
Amortization of bond premium, discount, and loss on refunding	(813)	(68)	(738)	(10)
Amortization of deferred charges	(132)	(25)	(307)	3
Accrual of interest on interfund advance	(127)	-	(127)	-
Change in securities lending assets	-	(1,525)	(4,867)	(3,010)
Change in securities lending obligations	-	(1,526)	(4,871)	(3,013)
Decrease in prepaid items for capital assets	-	-	-	5,844
Loan forgiveness	(3)	-	(3)	-
Water fee credits inflation adjustment	-	-	(3)	-
Change in Intergovernmental receivable due for	-	-	-	-
compensated absence liability	-	-	(24)	-
Intergovernmental receivable due for loans payable	-	-	4,461	-
Interest accrual on loans receivable	-	(28)	(28)	-
Accrued interest added to Marina Phase V loan	-	1,175	1,175	-

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

City of Sacramento
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2011
(in thousands)

	Pension Trust Fund	Investment Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	$ 13,540	$ 278,748	$ 28,372
Cash and investments held by fiscal agent	-	-	18,734
Securities lending assets	54,209	212	-
Receivables, net:			
Taxes	-	-	377
Accounts	-	-	23
Interest	2,241	1,339	96
Investments, at fair value:			
U.S. government obligations	8,599	-	-
Corporate bonds	77,907	-	-
Equity securities	105,793	-	-
Exchange traded funds	49,292	-	-
Municipal bonds	42,231	-	-
Mortgage loans	7,766	-	-
Total investments	291,588	-	-
Total assets	361,578	280,299	47,602
LIABILITIES			
Securities lending obligations	54,889	1,502	-
Payable for investments purchased	136	487	-
Accounts payable	16	-	-
Benefits payable	2,536	-	-
Due to bondholders	-	-	47,602
Total liabilities	57,577	1,989	$ 47,602
NET POSITION			
Held in trust for pension benefits and other purposes	$ 304,001	$ 278,310	

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

City of Sacramento

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2011
(in thousands)

	Pension Trust Fund	Investment Trust Funds
Additions:		
Contributions:		
Employer	$ 10,547	$ -
Employees	342	-
Total contributions	10,889	-
Investment income:		
From investment activities:		
Net appreciation in fair value of investments	34,829	43
Interest	8,356	6,637
Dividends	4,204	63
Total investment income	47,389	6,743
Investment expenses:		
Banking, interest, and fiscal agent expenses	63	156
Professional services	1,139	-
Total investment expenses	1,202	156
Net income from investing	46,187	6,587
From securities lending activities:		
Net appreciation in fair value of investments	(4)	4
Interest	-	2
Securities lending income	242	-
Total securities lending income	238	6
Securities lending expenses:		
Borrower rebates	-	2
Management fees	60	-
Total securities lending expenses	60	2
Net income (loss) from securities lending activities	178	4
Total net investment income	46,365	6,591
Deposits	-	188,941
Total additions	57,254	195,532
Deductions:		
Benefits	32,388	-
Withdrawals	615	199,296
Total deductions	33,003	199,296
Change in net position	24,251	(3,764)
Net position, beginning of year	279,750	282,074
Net position, end of year	$ 304,001	$ 278,310

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

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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, wastewater, 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 Unit

The Sacramento Regional Arts Facilities Financing Authority (SRAFFA) is reported in a separate column in the government-wide financial statements to emphasize its legal separation from the City. The SRAFFA is 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.

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 Governmental Accounting Standards Board (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.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

New Pronouncements

Effective July 1, 2010, the City implemented GASB 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 initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balance associated with inventories. 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.

Effective July 1, 2010, the City also implemented GASB Statement No. 59, *Financial Instruments Omnibus.* This Statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools.

Effective July 1, 2010, the City also implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

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

In November, 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements.* The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. 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, 2013.

In November, 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34.* The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. 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, 2013.

In December, 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement.* 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, 2013.

In June, 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53.* The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. 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, 2012.

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 position 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, sales taxes, utility users taxes, 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.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (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 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 1997 Lease Revenue Bond Fund accounts for the loan receivable, debt service activities and related transactions concerning the acquisition and lease back of Power Balance Pavilion (formerly known as Arco Arena).

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 Wastewater Fund (formerly 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.

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 business-type activities 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.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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. When expenditures are incurred with unrestricted resources, the City's policy is to first use committed fund balance, then assigned fund balance, and lastly unassigned fund balance amounts.

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.

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 Metropolitan 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 Operating 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 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 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, 2011. Unencumbered annual budget appropriations lapse at fiscal year-end. The City honors contracts represented by year-end encumbrances and the appropriations carried over provide authority to complete these transactions in future years. Multi-year project 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.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Elements (Continued)

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 taxes, sales taxes, 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 position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available.

Long-term loans receivable reported in the governmental fund statements are recorded with offsetting deferred revenue or nonspendable fund balance for noncurrent assets because the resources cannot be spent. 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 nonspendable fund balance for noncurrent assets in governmental funds to indicate that they cannot be spent.

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.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Elements (Continued)

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 position and balance sheets because their use is limited by applicable bond covenants. Unspent developer impact fee are classified as restricted assets on the statements of net position for the Water and Wastewater enterprise funds.

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:

Building 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
Software	Primarily 5 to 20 years
Roadway network	Primarily 20 to 70 years
Street light network	Primarily 40 to 50 years
Parks and park improvements	Primarily 15 to 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, unless a federal funding source is utilized. The City also capitalizes all intangible capital assets, primarily easements and software, except assets costing less than $100, unless a federal funding source is utilized. All capital assets in excess of $5 financed by a federal funding source are capitalized. Costs of capital assets sold or retired (and related amounts of accumulated depreciation/amortization) 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 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. When the asset constructed is financed by a specific bond issue, the interest included is net of interest earned on the invested bond proceeds over the same period.

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 - Benefit qualified employees accrue vacation, sick, and holiday benefits. A full time employee may accumulate up to sixty days of vacation. Sick leave 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 calendar 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 CalPERS service credit hours, or receiving a cash payment of one-third of the accumulated sick leave. Employees who leave the City and are not retiring forfeit any remaining sick leave.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Employees receive 14 holidays per calendar year. Employees accrue all or a portion of these 14 days during the year depending on their job classification. Classifications that accrue all 14 days get paid in cash throughout the year whenever their holiday leave balances exceed the 14 day total. All other employees accrue two days of "floating" holiday time throughout the year in conjunction with their remaining twelve holidays. Employees who accrue "floating" holiday time get paid annually in January for any calendar year-end balance greater than eight hours.

All hourly employees have the option of being compensated for their overtime pay with compensatory time off (CTO). Depending on the employee's CTO plan, the employee may accrue a maximum of 80, 120 or 160 hours of CTO. The employee's applicable labor agreement or the City Council's resolution for unrepresented employees determines the maximum accruable number of CTO hours.

All compensated absences are accrued when earned in the government-wide and proprietary 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 / Unearned Revenue - Deferred revenue in governmental funds arise when potential revenue does not meet the "available" criteria for recognition in the current period. Deferred revenue (unearned revenue in accrual based statements) 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 position. 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.

Fund Balance - In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Amounts that are restricted to specific purposes, either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation, are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through a resolution are classified as committed fund balances. Amounts that are constrained by the City Council's intent to be used for specific purposes through a resolution, but are neither restricted nor committed, are classified as assigned fund balances. Negative fund balance in governmental funds, after determining the fund balance classifications described above, is reported as unassigned fund balance.

The City's Economic Uncertainty Reserve (Reserve) is a stabilization arrangement in the General Fund reported as committed fund balance. The City Council reaffirmed its policy goal for the Reserve in its resolution number 2011-391 adopted with the fiscal year 2011/12 annual budget. Additions and releases from the Reserve must be approved by City Council by resolution. The City Manager may recommend a release from the Reserve when the gap between projected revenue and expenditures is greater than $1,000 in the proposed budget.

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Elements (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.

NOTE 2 – **CASH AND INVESTMENTS**

The following is a summary of cash and investments at June 30, 2011:

	Government-wide Statement of Net Position			
	Primary Government	Component Units	Fiduciary Funds Statement of Net Position	Total
Cash and investments	$ 468,152	$ -	$ 630,982	$ 1,099,134
Securities lending assets	916	-	54,421	55,337
Restricted cash and investments	75,469	1,095	-	76,564
Total	$ 544,537	$ 1,095	$ 685,403	$ 1,231,035

Under the authority of the Sacramento City Charter, the Sacramento City Council, by Resolution 2010-494, 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 August 17, 2010. 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.

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.

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
U.S. Treasury obligations	5 years	None	None	None
U.S. agency securities	5 years	None	None	None
Bankers acceptance	180 days	40%	30%	None
Commerical 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 (bank notes and corporate bonds)	5 years N/A	30%	None	A
Mutual funds	N/A	20%	10%	None
Money market mutual funds	5 years	20%	10%	None
Collateralized bank deposits		None	None	None
Mortgage pass-through securities	5 years	20%	None	AA
Time deposits	5 years	None	None	None
Joint Powers Authority pool	N/A	None	None	None
County pooled investment	N/A	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None	None

The table above does not address investments of debt proceeds held by bond trustees 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 trustees) 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, pension and other trust funds, or by bond trustees pursuant to debt agreements.

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

Interest Rate Risk (Continued)

The City's cash and investments by maturities as of June 30, 2011 are as follows:

		Remaining Maturity in Years			
Investment Type	No Maturity	Under 1	1-5	Over 5	Fair Value
Certificates of deposit	$ -	$ 46,000	$ 750	$ -	$ 46,750
Commercial paper	-	157,000	-	-	157,000
Corporate bonds	-	34,402	173,229	55,005	262,636
Deposits	5,271	-	-	-	5,271
Equities	109,519	-	-	-	109,519
Exchange traded funds	53,312	-	-	-	53,312
Investment Trust of California (CalTRUST)	-	13,473	73,971	-	87,444
Local Agency Investment Fund (LAIF)	-	99,000	-	-	99,000
Mortgage loans	-	-	5,047	2,719	7,766
Municipal bonds	-	4,520	87,997	35,377	127,894
Mutual funds	-	13,715	-	-	13,715
Repurchase agreements	-	57,023	-	-	57,023
U.S. agencies	-	67,000	120,200	8,821	196,021
U.S. Treasury bills	-	5,000	-	-	5,000
U.S. Treasury notes	-	-	1,589	-	1,589
	$ 168,102	$ 497,133	$ 462,783	$ 101,922	1,229,940
Component Unit - SRAFFA					
Mutual funds	$ -	$ 45	$ -	$ -	45
U.S. Treasury notes	-	-	1,050	-	1,050
Total component unit	$ -	$ 45	$ 1,050	$ -	1,095
Total Cash and Investments					$ 1,231,035

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.

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

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

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

	Fair Value
Bank of America securities that have a maturity of 11/15/2015 and are callable monthly from 7/15/2011 to 10/15/2015.	$ 2,004
Federal Farm Credit Bank securities that have a maturity of 9/29/2015 and are callable continuously beginning 12/29/2010.	7,503
Federal Home Loan Bank securities that have a maturity of 9/16/2013 and are callable monthly beginning 9/16/2011.	5,004
Federal National Mortgage Association securities that have a maturity of 11/14/2013 and are callable on 11/14/2011.	3,015
Federal National Mortgage Association securities that have a maturity of 2/11/2016 and are callable quarterly from 8/11/2011 to 11/15/2015.	2,006
Harvard President and Fellow securities that have a maturity of 10/01/2037 and are callable continously beginning 4/01/2016.	2,188
Housing Urban Development (HUD) securities that have a maturity of 8/01/2015 and are callable semi-annually from 8/01/2011 to 2/01/2015.	23
Houston Texas Airport Revenue securities that have a maturity of 1/01/2028 and are callable annually from 1/01/2011 to 1/01/2021.	5,008
Riverside County Redevelopment Agency Tax Allocation securities that have a maturity date of 10/01/2037 and are callable annually from 10/01/2020 to 10/01/2036.	3,002
Sacramento City Financing Authority securities that have a maturity of 12/01/2016 and are callable on 12/01/2015.	709
Sacramento City Financing Authority securities that have a maturity of 12/01/2020 and are callable annually from 12/01/2015 to 12/01/2019.	3,778
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.	1,636

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, 2011, the City's deposits and investments, and corresponding credit ratings, are as follows:

Investment Type	S & P	Moody's	Fair Value
Certificates of deposit	A	P1	$ 24,000
	not rated	not rated	22,750
Commercial paper	A	P1	157,000
Corporate bonds	A	A	100,184
	A	Aa	24,620
	A	P1	1,800
	A	N/A	3,007
Corporate bonds	AA	A	24,109
	AA	Aa	80,008
	AAA	Aaa	5,359
	B	Ba	5,350
	BBB	A	17,480
	BBB	Baa	66
	D	WR	653
Deposits	not rated	not rated	5,271
Equities (exempt from disclosure)	N/A	N/A	109,519
Exchange traded funds (exempt from disclosure)	N/A	N/A	53,312
Investment Trust of California (CalTRUST)	not rated	not rated	87,444
Local Agency Investment Fund (LAIF)	not rated	not rated	99,000
Mortgage loans	not rated	not rated	7,766
Municipal bonds	A	A	88,349
	A	Aa	4,238
	A	Baa	2,345
	A	WR	5,040
	AA	Aa	11,756
	AA	Aaa	2,490
	BBB	A	760
	BBB	Baa	1,754
	SP1	not rated	4,962
	not rated	not rated	6,200
Mutual funds	AAA	Aaa	8,972
	not rated	not rated	4,743
Repurchase agreements	AAA	Aaa	57,023
U.S. agencies	AAA	Aaa	191,997
	not rated	not rated	23
	N/A	N/A	4,001
U.S. Treasury bills (exempt from disclosure)	N/A	N/A	5,000
U.S. Treasury notes (exempt from disclosure)	N/A	N/A	1,589
Total primary government			1,229,940

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

Credit Risk (Continued)

Investment Type	S & P	Moody's	Fair Value
Component Unit - SRAFFA			
Mutual funds	AAA	Aaa	45
U.S. Treasury notes (exempt from disclosure)	N/A	N/A	1,050
			1,095
Total Cash and Investments			$ 1,231,035

In August 2011, Standard & Poor's lowered its long-term credit rating from AAA to AA+ on debt of the U.S. government, U.S. government-sponsored enterprises, and public debt issues that have credit enhancement guarantees by U.S. government sponsored enterprises. These credit downgrades relate to the credit risk associated with the City of Sacramento investments in the U.S. Treasury and U.S Agency securities.

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. Fixed income investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) which represent 5% or more of total investments at June 30, 2011:

U.S. agency securities	
Federal Home Loan Bank	$ 68,846
Federal National Mortgage Association	$ 84,036
Municipal Bonds	
California State General Obligation Bonds	$ 68,932

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 do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments; however, it is the practice of the City Treasurer that all investments are insured, registered or held by the Treasurer's custodial agent in the City's name.

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

Custodial Credit Risk (Continued)

As of June 30, 2011, investments were held by the same broker-dealer (counterparty) that was used by the City to purchase the securities:

$55,337	Investments purchased with cash collateral from securities lending transactions

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, 2011, 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, 2011, the weighted average maturity of the securities on loan was 123 days and the weighted average maturity of the investments purchased with cash collateral was 1 day. 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 received cash collateral of $60,876 and security collateral of $770. The City does not have the ability to pledge or sell collateral securities delivered absent a borrower default. The following table provides information concerning the fair value of securities lent and investments purchased with the cash collateral as of June 30, 2011:

Type of Investment Lent		
Equities	$	18,317
Exchange traded funds		26,196
Corporate bonds		10,944
U.S. Treasury bills		4,229
Total securities lent	$	59,686
Type of Investment Purchased with Cash Collateral		
Repurchase agreements	$	55,337

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. Monthly, the City Treasurer reports investment activity to the Council for review.

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 12.05% of pool participation.

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, 2011:

Statement of Net Assets:		
Investments of fair value	$	616,156
Interest receivables		2,098
Payable for investments purchased		(4,061)
Securities lending obligations		(4,658)
Net Assets	$	609,535
Equity of internal pool participants	$	536,073
Equity of external pool participants		73,462
Total equity	$	609,535
Statement of Changes in Net Assets:		
Net assets at July 1, 2010	$	634,086
Net change in investments by pool participants		(24,551)
Net assets at June 30, 2011	$	609,535

A summary of the investment classifications as of June 30, 2011 is as follows:

	Fair Value	Adjusted Cost	Interest Rates	Maturity Dates
Certificates of deposit	$ 46,750	$ 46,763	0.25-2.23%	10/11-02/13
Commercial paper	141,000	140,902	0.20-0.42%	07/11-12/11
Corporate bonds	129,952	124,156	0.40-7.30%	09/11-01/16
Deposits	4,285	4,285	N/A	N/A
Investment Trust of California (CalTRUST)	68,622	68,622	0.11-1.36%	N/A
Municipal bonds	57,206	55,090	2.00-5.65%	06/12-04/39*
Mutual funds	4,662	4,662	0.01%	N/A
Repurchase agreements	2,671	2,671	0.05-0.09%	07/11
State of California Treasurer's Local Agency Investment Fund	50,000	50,000	N/A	N/A
U.S. government and agency securities	111,008	111,007	0.03-2.25%	07/11-06/16
Total cash and investments in City sponsored investment pool	$ 616,156	$ 608,158		

*The municipal bond with a maturity date of April 1, 2039, has a mandatory put date of April 1, 2013.

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, 2011, the City's investment in LAIF is $99,000. The total amount invested by all public agencies in LAIF at that date is $23,983,772. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2011 had a balance of $66,489,271. Of that amount, 94.99% is invested in non-derivative financial products, and 5.01% is invested in derivative financial products.

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

Participation in External Investment Pools (Continued)

The City is also a voluntary participant in the Investment Trust of California (CalTRUST) which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST, and selects and supervises the activities of the Investment Manager and other agents. As of June 30, 2011, the City's investment in CalTRUST is $87,444, of which $13,473 was invested in the Money Market Fund, $41,047 in the Short-term pool and $32,924 in the Medium-term pool. Amounts that may be withdrawn from the Money Market Fund are based upon the fund's assets valued using the amortized cost method. Amounts that may be withdrawn from the Short-term and Medium-term pools are based on the net asset value per share and the number of shares held by participants in each pool.

NOTE 3 – **RECEIVABLES**

Receivables as of June 30, 2011, were as follows:

	Taxes	Accounts	Loans	Inter-govern-mental	Interest	Total
Governmental activities						
General Fund	$ 19,906	$ 9,280	$ 305	$ -	$ 253	$ 29,744
Capital Grants Fund	-	192	-	23,131	-	23,323
1997 Lease Revenue Bond Fund	-	-	67,355	-	736	68,091
Other governmental funds	-	3,558	18,761	65,268	784	88,371
Internal service funds	-	48	5	-	368	421
	$ 19,906	$ 13,078	$ 86,426	$ 88,399	$ 2,141	$ 209,950
Amounts not scheduled for collection during the subsequent year	$ -	$ -	$ 82,964	$ 48,668	$ -	$ 131,632
Business-type activities						
Water Fund	$ -	$ 15,981	$ 9,341	$ 9,599	$ 367	$ 35,288
Wastewater Fund	-	9,376	1,295	510	108	11,289
Storm Drainage Fund	-	6,631	3,881	2,829	170	13,511
Solid Waste Fund	-	13,171	15	810	-	13,996
Community Center Fund	1,785	144	205	-	50	2,184
Other enterprise funds	-	876	743	21	171	1,811
	$ 1,785	$ 46,179	$ 15,480	$ 13,769	$ 866	$ 78,079
Component Unit						
Sacramento Regional Arts Facilities Financing Authority	$ -	$ -	$ 13,195	$ -	$ -	$ 13,195

Included in the Accounts Receivable amounts above are allowances for doubtful accounts of $10,036.

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.

NOTE 4 **– CAPITAL ASSETS**

Summary

The following is a summary of capital assets as of June 30, 2011:

	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated/amortized			
Land and improvements	$ 187,003	$ 53,995	$ 240,998
Easements	416	157	573
Construction in progress	113,254	11,214	124,468
	300,673	65,366	366,039
Depreciable/amortizable capital assets			
Buildings and improvements	686,205	282,426	968,631
Equipment	68,624	56,688	125,312
Software	2,847	1,081	3,928
Vehicles	116,113	-	116,113
Transmission and distribution system	3,622	1,073,622	1,077,244
Roadway network	1,485,463	-	1,485,463
Streetlight network	173,021	-	173,021
Park improvements	142,551	-	142,551
	2,678,446	1,413,817	4,092,263
Less accumulated depreciation/amortization for:			
Buildings and improvements	(187,491)	(118,394)	(305,885)
Equipment	(36,736)	(26,424)	(63,160)
Software	(269)	(133)	(402)
Vehicles	(71,187)	-	(71,187)
Transmission and distribution system	(526)	(301,998)	(302,524)
Roadway network	(794,922)	-	(794,922)
Street light network	(55,777)	-	(55,777)
Park improvements	(19,790)	-	(19,790)
	(1,166,698)	(446,949)	(1,613,647)
Depreciable/amortizable captial assets,net	1,511,748	966,868	2,478,616
Total capital assets, net	$ 1,812,421	$ 1,032,234	$ 2,844,655

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

Governmental Activities

Governmental capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated/amortized					
Land and improvements	$ 181,184	$ 5,368	$ -	$ 451	$ 187,003
Easements	221	-	-	195	416
Construction in progress	197,535	65,225	-	(149,506)	113,254
	378,940	70,593	-	(148,860)	300,673
Depreciable/amortizable capital assets					
Buildings and improvements	591,838	-	(1,362)	95,729	686,205
Equipment	66,833	697	(1,135)	2,229	68,624
Software	2,623	34	-	190	2,847
Vehicles	107,599	14,874	(6,360)	-	116,113
Transmission and distribution system	3,622	-	-	-	3,622
Roadway network	1,464,849	8,096	(15,043)	27,561	1,485,463
Streetlight network	166,636	339	-	6,046	173,021
Park improvements	128,152	-	-	14,399	142,551
	2,532,152	24,040	(23,900)	146,154	2,678,446
Less accumulated depreciation/amortization for:					
Buildings and improvements	(172,785)	(15,797)	1,091	-	(187,491)
Equipment	(34,450)	(3,424)	1,138	-	(36,736)
Software	(87)	(182)	-	-	(269)
Vehicles	(69,390)	(7,632)	5,835	-	(71,187)
Transmission and distribution system	(478)	(48)	-	-	(526)
Roadway network	(754,619)	(55,344)	15,041	-	(794,922)
Streetlight network	(52,085)	(3,692)	-	-	(55,777)
Park improvements	(14,875)	(4,915)	-	-	(19,790)
	(1,098,769)	(91,034)	23,105	-	(1,166,698)
Depreciable/amortizable capital assets, net	1,433,383	(66,994)	(795)	146,154	1,511,748
Governmental activities capital assets, net	$ 1,812,323	$ 3,599	$ (795)	$ (2,706)	$ 1,812,421

Depreciation/amortization expense was charged to functions as follows:

General government	$ 4,966
Police	1,840
Fire	1,011
General services	3,517
Transportation	58,469
Economic development	104
Convention, culture and leisure	3,746
Parks and recreation	7,921
Community development	297
Library	1,301
Capital assets held by the City's internal service funds are charged to the functions based on their usage of assets	7,862
Total governmental activities depreciation/amortization expense	$ 91,034

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

Business-type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated/amortized					
Land and improvements	$ 54,239	$ -	$ (244)	$ -	$ 53,995
Easements	-	-	-	157	157
Construction in progress	30,820	24,975	-	(44,581)	11,214
	85,059	24,975	(244)	(44,424)	65,366
Depreciable/amortizable capital assets					
Buildings and improvements	282,886	-	(601)	141	282,426
Equipment	55,057	357	(272)	1,546	56,688
Software	1,082	-	(1)	-	1,081
Transmission and distribution system	1,025,848	2,331	-	45,443	1,073,622
	1,364,873	2,688	(874)	47,130	1,413,817
Less accumulated depreciation/amortization for:					
Buildings and improvements	(111,899)	(7,095)	600	-	(118,394)
Equipment	(23,163)	(3,535)	274	-	(26,424)
Software	(44)	(89)	-	-	(133)
Transmission and distribution system	(275,310)	(26,688)	-	-	(301,998)
	(410,416)	(37,407)	874	-	(446,949)
Depreciable/amortizable capital assets, net	954,457	(34,719)	-	47,130	966,868
Business-type activities capital assets, net	$ 1,039,516	$ (9,744)	$ (244)	$ 2,706	$ 1,032,234

Depreciation/amortization expense was charged to functions as follows:

Water	$ 15,534
Wastwater	4,007
Storm drainage	11,092
Solid waste	1,810
Community center	2,463
Child development	77
Marina	277
Parking	2,147
Total business-type activities depreciation/amortization expense	$ 37,407

NOTE 5 – **PAYABLES**

Payables as of June 30, 2011, were as follows:

	Vendors	Employees	Investment Purchases	Interest	Deposits	Accrued Claims and Judgments	Total
Governmental activities							
General Fund	$ 7,874	$ 12,663	$ 493	$ -	$ 54	$ -	$ 21,084
Capital Grants Fund	8,019	-	-	-	-	-	8,019
Other governmental funds	8,237	21	1,181	2,656	1,095	1,601	14,791
Internal service funds	5,243	354	712	11	2	-	6,322
Total governmental activities	$ 29,373	$ 13,038	$ 2,386	$ 2,667	$ 1,151	$ 1,601	$ 50,216
Business-type activities							
Water Fund	$ 2,176	$ 748	$ 512	$ 659	$ 27	$ -	$ 4,122
Wastewater Fund	7,016	226	181	82	-	-	7,505
Storm Drainage Fund	863	757	240	345	100	-	2,305
Solid Waste Fund	1,179	454	-	169	10	-	1,812
Community Center Fund	1,463	189	-	661	-	-	2,313
Other enterprise funds	1,409	333	311	434	87	-	2,574
Total business-type activities	$ 14,106	$ 2,707	$ 1,244	$ 2,350	$ 224	$ -	$ 20,631
Component untis							
Sacramento Regional Arts Facilities Financing Authority	$ -	$ -	$ -	$ 166	$ -	$ -	$ 166

Included in the amounts due to employees above is $300 payable for the City's Voluntary Separation Program (VSP). Out of $300 payable, $75 is a reconciling item between the General Fund Balance Sheet and the Government-wide Statement of Net Position. The City is providing cash benefit payments to 41 employees approved during fiscal year 2011 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 per employee. The total cost of the VSP program in fiscal year 2011 was $1,463.

NOTE 6 – **OPERATING LEASES**

City as Lessor

The City leases an office building in downtown Sacramento under a cancellable operating lease agreement. The building's original cost is $153,226. The carrying value and accumulated depreciation for the building at June 30, 2011 is $121,352 and $31,874, 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, 2011, were $2,417.

Sublease rental income for the fiscal year ended June 30, 2011 was $138. The total amount of minimum rentals to be received in the future under noncancelable subleases is $996.

Future minimum lease payments required by non-cancellable lease agreements that have initial lease terms in excess of one year are as follows:

Fiscal Year Ending June 30,	Payments
2012	$ 1,185
2013	1,166
2014	393
2015	248
2016	180
2017-2021	598
2022-2026	240
2027-2031	239
2032-2036	177
2037-2041	162
2042-2046	27
Total future minimum lease payments	$ 4,615

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.

GOVERNMENTAL ACTIVITIES:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue and other bonds:					
1993 Refunded Revenue Bonds, Series A	$ 14,841	$ -	$ (1,024)	$ 13,817	$ 1,079
1993 Refunded Revenue Bonds, Series B	24,983	-	(1,749)	23,234	1,835
1996 Lighting and Landscaping Bonds	3,390	-	(410)	2,980	435
1997 Lease Revenue Bonds	68,655	-	(1,300)	67,355	1,575
1999 CFD No. 2 Revenue Bonds, Series A	2,320	-	(95)	2,225	105
1999 Capital Improvement Revenue Bonds	945	-	(455)	490	490
2002 Capital Improvement Revenue Bonds	22,465	-	(4,725)	17,740	4,910
2002 Refunding Revenue Bonds	9,274	-	(2,942)	6,332	3,090
2003 Capital Improvement Revenue Bonds	26,500	-	(1,185)	25,315	1,225
2005 Refunding Revenue Bonds	61,002	-	(603)	60,399	627
2006 Capital Improvement Revenue Bonds, Ser. A	88,240	-	(2,765)	85,475	2,870
2006 Capital Improvement Revenue Bonds, Ser. B	52,945	-	(855)	52,090	900
2006 Capital Improvement Revenue Bonds, Ser. C	27,310	-	(545)	26,765	570
2006 Capital Improvement Revenue Bonds, Ser. D	2,430	-	-	2,430	-
2006 Capital Improvement Revenue Bonds, Ser. E	80,905	-	(50)	80,855	52
Subtotal, revenue and other bonds	486,205	-	(18,703)	467,502	19,763
Notes Payable:					
1997 State Department of Boating & Waterways	746	-	(69)	677	72
Subtotal, notes payable	$ 746	$ -	$ (69)	$ 677	$ 72

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Activity (Continued)

GOVERNMENTAL ACTIVITIES (Continued):	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital Lease Obligations:					
Golf equipment	$ 21	$ -	$ (21)	$ -	$ -
Golf equipment- Lease #2	-	78	(5)	73	14
Fire trucks and equipment #1	4,391	-	(558)	3,833	580
Fire trucks and equipment #2	381	-	(44)	337	46
Fire trucks and equipment #3	4,551	-	(371)	4,180	387
Liquid nitrate gas (LNG) - refueling trailer	237	-	(20)	217	21
Parking pay and display meters #1	500	-	(118)	382	123
Parking pay and display meters #2	1,122	-	(234)	888	242
Subtotal, capital lease obligations	11,203	78	(1,371)	9,910	1,413
Plus deferred amounts:					
For issuance discounts	(167)	-	8	(159)	(8)
For issuance premiums	19,351	-	(1,062)	18,289	1,063
Net loss on refundings	(8,748)	-	704	(8,044)	(553)
Subtotal deferred amounts	10,436	-	(350)	10,086	502
Subtotal, debt governmental activities	508,590	78	(20,493)	488,175	21,750
Other Long-term Liabilities:					
Accrued claims and judgements	47,062	19,142	(12,266)	53,938	16,082
Compensated absences	31,612	32,479	(32,376)	31,715	2,270
OPEB liability	51,200	26,845	(10,167)	67,878	-
Pollution remediation obligations	1,150	42	(292)	900	116
Derivative instrument - interest rate swap	12,330	-	(941)	11,389	-
Financing plan fee credits:					
North Natomas	53,809	6,730	(23,657)	36,882	376
Jacinto Creek	845	-	(3)	842	-
Park Development	4,630	-	(545)	4,085	-
Subtotal, other long-term liabilities	202,638	85,238	(80,247)	207,629	18,844
Total, governmental activities	$ 711,228	$ 85,316	$ (100,740)	$ 695,804	$ 40,594

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Activity (Continued)

BUSINESS-TYPE ACTIVITIES:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue and other bonds:					
1993 Refunded Revenue Bonds, Series A	$ 61,280	$ -	$ (4,230)	$ 57,050	$ 4,456
1993 Refunded Revenue Bonds, Series B	27,288	-	(1,912)	25,376	2,005
1999 Capital Improvement Revenue Bonds	1,360	-	(665)	695	695
2002 Refunding Revenue Bonds	6,481	-	(2,063)	4,418	2,155
2005 Refunding Reveneu Bonds	105,748	-	(1,013)	104,735	1,054
2006 Capital Improvement Revenue Bonds, Ser. E	98,329	-	(2,969)	95,360	3,082
Subtotal, revenue and other bonds	300,486	-	(12,852)	287,634	13,447
Notes Payable:					
1985 Marina Phase I	1,627	-	(34)	1,593	36
1985 Marina Phase II	2,466	-	(46)	2,420	48
1985 Marina Phase III	909	-	(84)	825	88
1985 Marina Phase IV	607	-	(49)	558	51
2008 Sacramento Marina South Basin	8,099	1,175	-	9,274	-
State Water Resources Control Board	1,182	-	(135)	1,047	138
State Water Resources Control Board	22,903	-	(1,863)	21,040	1,905
State Water Resources Control Board	2,979	-	(265)	2,714	271
State Water Resources Control Board	3,758	-	(299)	3,459	307
State Water Resources Control Board	1,563	-	(124)	1,439	128
California Department of Education	140	-	(40)	100	40
American Recovery and Reinvestment Act	7,551	1,923	-	9,474	-
California Infrastructure and Economic Development Bank (I-Bank)	2,523	-	(78)	2,445	80
Subtotal, notes payable	56,307	3,098	(3,017)	56,388	3,092
Capital Lease Obligations:					
Refuse Trucks	4,018	-	(405)	3,613	421
Recycle Containers #3	81	-	(81)	-	-
Recycle Containers #4	81	-	(81)	-	-
Recycle Containers #5	2,784	-	(580)	2,204	601
Bank of America - Marina South Basin	1,331	-	(82)	1,249	87
Subtotal, capital lease obligations	8,295	-	(1,229)	7,066	1,109
Less deferred amounts:					
For issuance discounts	(611)	-	63	(548)	(62)
For issuance premiums	20,495	-	(1,126)	19,369	1,126
Net loss on refunding	(18,306)	-	1,801	(16,505)	(1,801)
Subtotal, deferred amounts	1,578	-	738	2,316	(737)
Subtotal, debt, business type activities	$ 366,666	$ 3,098	$ (16,360)	$ 353,404	$ 16,911

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Activity (Continued)

BUSINESS-TYPE ACTIVITIES (Continued):	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Other Long-term Liabilities:					
Compensated absences	$ 7,346	$ 6,742	$ (6,674)	$ 7,414	$ 338
OPEB liability	9,500	4,549	(1,724)	12,325	-
Utility district payable	305	-	(229)	76	76
Water fee credits	1,699	3	-	1,702	-
Liability for landfill closure	24,315	-	(856)	23,459	895
Subtotal, other long-term liabilties	43,165	11,294	(9,483)	44,976	1,309
Total business-type activities	409,831	14,392	(25,843)	398,380	18,220
COMPONENT UNIT					
Certificates of Participation					
Sacramento Regional Arts Facilities, 2002 Series COPS	14,515	-	(375)	14,140	395
Less deferred amounts:					
For issuance discounts	(114)	-	5	(109)	(5)
Total component unit	14,401	-	(370)	14,031	390
Total, long-term liabilities	$ 1,135,460	$ 99,708	$ (126,953)	$ 1,108,215	$ 59,204

The following is a list of long-term debt issues outstanding at June 30, 2011, including the amount of original debt issuance, a description of the debt issue, and disclosure of pledged revenue.

Revenue and Other Bonds

$130,425 1993 Refunded Revenue Bonds, Series A
Authorized and issued September 1993, due in annual installments of $2,186 to $8,875 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 1993 Refunded Revenue Bonds, Series B
Authorized and issued September 1993, due in annual installments of $1,634 to $6,070 through November 2020, bearing interest rates of 4.5% to 5.13%, for the purpose of refunding the 1989 Public Facilities Certificates of Participation.

$7,290 1996 Lighting and Landscaping Bonds
Authorized and issued October 1996, due in annual installments of $235 to $565 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 $3,497. Current year principal and interest paid was $585 and special assessment revenue in the Citywide Lighting and Landscaping District was $14,029.

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Revenue and Other Bonds (Continued)

$73,725 1997 Lease Revenue Bonds
Authorized and issued July 1997, due in annual installments of $1,060 to $2,665 through July 2017, at which time there will be a mandatory remarketing. The bonds were issued to finance the acquisition and lease back of Power Balance Pavilion. The bonds were issued as variable rate bonds for which a ten-year interest rate hedge was purchased to mitigate risk of interest rate fluctuations to a fixed rate of 5.607%. The debt service on the bonds is paid from lease revenue from Power Balance Pavilion. 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 $106,641 will be paid using 100% of future lease revenue. Current year principal and interest paid was $5,084 and lease revenue was $5,084.

$2,910 1999 Community Facilities District No. 2 Revenue Bonds, Series A
Authorized and issued January 1999, due in annual installments of $35 to $255 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.

$71,180 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 of the bonds were defeased through the issuance of the 2005 Refunding Revenue bonds, and the balance is due in annual installments of $155 to $1,185 through December 2011, bearing interest rates of 4.4% to 5.1%.

$160,475 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 of the bonds were defeased through the issuance of the 2005 Refunding Revenue bonds, and in December 2006, $51,285 of the bonds were defeased through the issuance of the 2006 Series E Refunding Revenue bonds. The balance is due in annual installments of $250 to $5,310 through December 2017, bearing interest rates of 4.0% to 5.38%.

$46,265 2002 Refunding Revenue Bonds
Authorized and issued October 31, 2002, with principal and interest due in annual installments of $5,780 to $5,800 through July 1, 2012, bearing interest at rates of 2.75% to 5.0%. Net proceeds of $47,988 were utilized for the purpose of establishing an irrevocable escrow to refund $27,950 principal amount of the City's 1991 Refunding Certificates of Participation (1987 Public Facilities Projects) and $20,430 principal amount of the City's 1991 Refunding Certificates of Participation (Light Rail Transit Project).

$68,470 2003 Capital Improvement Revenue Bonds
Authorized and issued September 30, 2003, with the net proceeds of $67,841 utilized for financing construction of the 911 Call Center and certain other capital projects within the City of Sacramento. In December 2006, $35,805 of the bonds were defeased through the issuance of the 2006 Series E Refunding Revenue bonds. The balance was due in annual installments of $150 to $3,360 through December 2033, bearing interest rates of 2.25% to 5.0%.

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Revenue and Other Bonds (Continued)

$167,860 2005 Refunding Revenue Bonds
Authorized and issued July 12, 2005, due in annual installments of $360 to $15,315 through December 1, 2029, bearing interest rates of 4.0% to 5.0%. Net proceeds of $187,563 were utilized for the purpose of establishing an irrevocable escrow to refund $173,440 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 defeased and the liabilities have been removed from the governmental and business-type activities columns of the statement of net assets.

$95,900 2006 Capital Improvement Revenue Bonds Series A (Tax Exempt)
Authorized and issued June 15, 2006, due in annual installments of $2,060 to $5,070 through December 1, 2036, bearing interest rates of 3.75% to 5.0%. Net proceeds of $89,808 are being 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 2006 Capital Improvement Revenue Bonds Series B (Taxable)
Authorized and issued June 15, 2006, due in annual installments of $720 to $3,760 through December 1, 2036, bearing interest rates of 5.4% to 5.80%. Net proceeds of $50,692 are being 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.

$28,825 2006 Capital Improvement Revenue Bonds Series C (Tax Exempt)
Authorized and issued December 12, 2006, due in annual installments of $245 to $1,955 through December 1, 2036, bearing interest rates of 4.0% to 5.0%. Net proceeds of $30,500 were 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 2006 Capital Improvement Revenue Bonds Series D (Taxable)
Authorized and issued December 12, 2006, due in annual installments of $475 to $685 through December 1, 2016, bearing an interest rate of 5.16%. Net proceeds of $2,400 were 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 2006 Capital Improvement Revenue Bonds Series E (Refunding)
Authorized and issued December 12, 2006, due in annual installments of $402 to $8,570 through December 1, 2033, bearing interest rates of 4.0% to 5.25%. Net proceeds of $216,661 plus cash of $13,441 have been utilized for the purpose of establishing an irrevocable escrow to defease $218,000 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 associated liabilities have been removed from the governmental and business-type activities columns of the statement of net assets.

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Certificates of Participation

$16,580 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 to $1,063 through September 2032, bearing interest rates of 2.0% to 5.0%. Net proceeds of $16,428 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 $22,991 will be paid using 100% of future lease revenue. Current year principal and interest paid was $1,049 and lease payments received were $966.

Notes Payable

$2,220 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 to $82 through August 2030, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.

$3,229 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 $27 to $150 through August 2037, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.

$1,829 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 $50 to $120 through August 2018, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.

$1,117 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 to $73 through August 2019, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.

$9,275 2008 Sacramento Marina Note Payable, South Basin
Authorized February 2005, the City has made loan draws of $8,100 plus accrued interest of $1,175 through June 30, 2011, 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 the August 1 immediately following the final draw in thirty annual payments including interest at 4.5%. In July, 2011, the City received the remaining draw amount of $900.

$1,380 1997 State Department of Boating and Waterways Note Payable
Authorized January 1997, issued May 1999, due in annual installments of $89 to $98 through 2018, for the purpose of financing a visitor dock at Old Sacramento.

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Notes Payable (Continued)

$2,619 State Water Resources Control Board Note Payable
Authorized July 1998, issued September 1998, due in annual installments of $166 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 wastewater and storm drainage fee revenue to repay the note. The note is payable solely from the wastewater and storm drainage fee revenue through March, 2018. Total principal and interest remaining to be paid on the note is $1,160. Current year principal and interest paid was $166 and wastewater and storm drain fee revenue was $54,298.

$37,016 State Water Resources Control Board Note Payable
Authorized March 1999, issued beginning July 1999, due in annual installments of $2,373 through November 2020, bearing an interest rate of 2.2%, for the purpose of financing various wastewater projects. The City pledged future wastewater and storm drainage fee revenue to repay the note. The note is payable solely from the wastewater and storm drainage fee revenue through November, 2020. Total principal and interest remaining to be paid on the note is $23,671. Current year principal and interest paid was $2,367 and wastewater and storm drain fee revenue was $54,298.

$5,177 State Water Resources Control Board Note Payable
Authorized March 2001, issued July 2001, due in annual installments of $342 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 wastewater and storm drainage fee revenue to repay the note. The note is payable solely from the wastewater and storm drainage fee revenue through September, 2019. Total principal and interest remaining to be paid on the note is $3,078. Current year principal and interest paid was $342 and wastewater and storm drain fee revenue was $54,298.

$2,603 State Water Resources Control Board Note Payable
Authorized June 2001, issued beginning May 2002, due in annual installments of $149 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 $250. The City pledged future wastewater and storm drainage fee revenue to repay the note. The note is payable solely from the wastewater and storm drainage fee revenue through May, 2021. Total principal and interest remaining to be paid on the note is $1,650. Current year principal and interest paid was $165 and wastewater and storm drain fee revenue was $54,298.

$5,672 State Water Resources Control Board Note Payable
Authorized February 2002, issued beginning February 2002, due in annual installments of $397 through February 2021, bearing an interest rate of 2.6%, for the purpose of financing the replacement of sewer lines. The City pledged future wastewater and storm drainage fee revenue to repay the note. The note is payable solely from the wastewater and storm drainage fee revenue through February, 2021. Total principal and interest remaining to be paid on the note is $3,971. Current year principal and interest paid was $397 and wastewater and storm drain fee revenue was $54,298.

$400 California Department of Education Note Payable
To finance the construction of temporary classrooms at Two Rivers School and Sequoia School with maturities of $40 per year through 2014. The note bears no interest.

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Notes Payable (Continued)

$10,000 California Department of Public Health
Authorized September 2009, the City has made loan draws of $9,474 through June 30, 2011, from the California Department of Public Health, for the installation of approximately 13,000 water meters. The note, with a 2.5% interest rate, will be repaid over 20 years with annual principal and interest payments of approximately $639 beginning after project completion. The City pledged future water enterprise fund revenue to repay the note. The note is payable solely from water enterprise fund revenue through 2033.

$3,500 California Infrastructure and Economic Development Bank (I-Bank)
Authorized in December 2007, the City has made loan draws of $2,598 through June 30, 2011. Due in annual principal and interest installments from $187 to $196 through August of 2032, bearing an interest rate of 3.17%, for the purpose of financing the purchase and construction of the Basin 31 Detention Basin. The City pledged future storm drainage fee revenue to repay the note. The note is payable solely from the storm drainage fee revenue through August of 2032. Total principal and interest remaining to be paid on the note is $4,141. Current year principal and interest paid was $195 and storm drainage fee revenue was $34,129.

Capital Lease Obligations

The City has entered into several long-term leases to finance the acquisition of building improvements 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, 2011, future minimum lease payments to be made by the City's General, Solid Waste and Marina Funds are as follows:

Fiscal Year Ending June 30,	Governmental Activities	Business-Type Activities	Total
2012	$ 1,806	$ 1,378	$ 3,184
2013	1,807	1,378	3,185
2014	1,807	1,378	3,185
2015	1,535	1,040	2,575
2016	1,392	703	2,095
2017-2021	3,192	2,103	5,295
2022-2026	-	208	208
Total minimum lease payments	11,539	8,188	19,727
Less amounts representing interest	(1,629)	(1,122)	(2,751)
Net present value of minimum lease payments	$ 9,910	$ 7,066	$ 16,976

The following is a schedule of property under capital leases by major classes at June 30, 2011:

	Governmental Activities	Business-Type Activities	Total
Builidings and improvements	$ -	$ 1,523	$ 1,523
Equipment	13,768	7,650	21,418
Less: accumulated depreciation	(2,202)	(2,058)	(4,260)
Total	$ 11,566	$ 7,115	$ 18,681

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 – Estimated amounts due to employees for earned, but unused, compensated absence accounts, including leave balances for vacation, sick, holiday and compensated time off. Compensated absences are generally liquidated by the City's General Fund, internal service funds and enterprise funds.

OPEB liability (other post employment benefits) – Actuarially determined obligation for retiree medical benefits. The City established its OPEB liability at zero as of June 30, 2007. This liability reflects four years of contributing less than the annual required contribution. 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.

Derivative instrument - interest rate swap – Amount represents the fair value of the interest rate swap associated with the 1997 Lease Revenue bonds. See additional disclosures regarding interest rate swap below.

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 other development impact fee programs. Credits are redeemable from or against future impact fees assessed within the geographic boundaries of the plan.

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.

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 following tables disclose the annual debt service requirements for the City and the Sacramento Regional Arts Facilities Financing Authority component unit long-term debt outstanding as of June 30, 2011.

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Annual debt service requirements of governmental activities to maturity are as follows:

Fiscal Year Ending June 30,	Revenue Bonds Principal	Revenue Bonds Interest
2012	$ 19,763	$ 23,407
2013	20,794	22,481
2014	18,448	21,648
2015	20,536	20,715
2016	21,831	19,719
2017 - 2021	104,843	81,988
2022 - 2026	89,969	57,496
2027 - 2031	92,903	32,051
2032 - 2036	67,629	10,741
2037	10,786	288
Subtotals	467,502	290,534
Less: Issuance discounts	(159)	-
Plus: Issuance premiums	18,289	-
Less: Net loss on refundings	(8,044)	-
Totals	$ 477,588	$ 290,534

Fiscal Year Ending June 30,	Notes Payable Principal	Notes Payable Interest
2012	$ 72	$ 30
2013	75	27
2014	79	24
2015	82	20
2016	86	17
2017 - 2019	283	26
Totals	$ 677	$ 144

Annual debt service requirements of business-type activities to maturity are as follows:

Fiscal Year Ending June 30,	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest
2012	$ 13,447	$ 14,333	$ 3,092	$ 1,073
2013	15,331	13,614	3,319	1,422
2014	13,837	12,924	3,776	1,583
2015	14,549	12,195	3,854	1,485
2016	15,299	11,423	3,955	1,384
2017 - 2021	89,068	44,196	20,200	5,325
2022 - 2026	48,466	26,311	5,058	3,430
2027 - 2031	56,792	12,778	5,988	2,490
2032 - 2036	20,845	1,108	4,378	1,423
2037 - 2041	-	-	2,295	549
2042	-	-	473	28
Subtotals	287,634	148,882	56,388	20,192
Less: Issuance discounts	(548)	-	-	-
Plus: Issuance premiums	19,369	-	-	-
Less: Net loss on refundings	(16,505)	-	-	-
Totals	$ 289,950	$ 148,882	$ 56,388	$ 20,192

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Future Debt Service Requirements (Continued)

Annual debt service requirements of component unit activities to maturity are as follows:

Fiscal Year Ending June 30,	Certificates of Participation	
	Principal	Interest
2012	$ 395	$ 657
2013	410	643
2014	425	627
2015	440	610
2016	460	591
2017 - 2021	2,610	2,637
2022 - 2026	3,270	1,954
2027 - 2031	4,160	1,033
2032 - 2033	1,970	100
Subtotals	14,140	8,852
Less: Issuance Discounts	(109)	-
Totals	$ 14,031	$ 8,852

Derivative Instrument - 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 1997 Lease Revenue Bonds (Power Balance Pavilion 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, 2011 the amount of outstanding Bonds was $67,355. 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, 2011 of $67,355. 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 $11,389 as of June 30, 2011, 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.

The swap meets the requirements of a hedging derivative instrument and as such, hedge accounting is applied. Under hedge accounting, the fair value of the swap is reported in governmental activities on the statement of net position as deferred outflow for interest rate swap, an asset, and a corresponding long term liability. See other long term governmental liabilities in this footnote for changes in the swap liability.

NOTE 7 – **LONG-TERM LIABILITIES (Continued)**

Derivative Instrument - Interest Rate Swap (Continued)

Credit risk. As of June 30, 2011, 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, "A1" by Moody's Investors Service, and "A" by Standard & Poor's as of June 30, 2011.

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 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.

Rollover Risk. The Authority is exposed to rollover risk on the interest rate swap because the maturity date of the derivative instrument is July 2017, and the hedged debt matures in July 2027.

Swap payments and associated debt. Using rates in effect as of June 30, 2011, 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, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2012	$ 1,575	$ 349	$ 3,341	$ 5,265
2013	1,775	339	3,265	5,379
2014	1,990	328	3,167	5,485
2015	2,225	317	3,057	5,599
2016	2,475	310	2,983	5,768
2017	2,665	290	2,803	5,758
2018	54,650	68	698	55,416
TOTAL	$ 67,355	$ 2,001	$ 19,314	$ 88,670

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

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 zero at June 30, 2011.

Special Assessment Debt

Total matured and unmatured bonds outstanding related to special assessment and special tax districts are $179,260 at June 30, 2011. 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 Facilities Districts Agency Funds.

Conduit Debt

Outstanding obligations related to special facility and redevelopment agency revenue bonds total $323,166 at June 30, 2011. 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, 2011, $147,325 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 (CalPERS) and the Sacramento City Employees' Retirement System (SCERS). CalPERS is an agent multiple-employer public employee defined benefit pension plan. SCERS is a single-employer defined benefit pension plan.

CalPERS

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 CalPERS. CalPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. CalPERS 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 CalPERS' annual financial report may be obtained from the CalPERS Executive Office at 400 Q Street, Sacramento, CA 95814. A separate report for the City's plan within CalPERS is not available.

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

Participants are required to contribute a percentage of their annual covered salary, as follows:

CalPERS	- Miscellaneous	7%
CalPERS	- 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):

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

The City is required to contribute at actuarially determined rates. Rates for the fiscal year ended June 30, 2011 were as follows (percent of annual covered payroll):

CalPERS	- Miscellaneous	11.727%
CalPERS	- Safety	23.187
SCERS		213.100

NOTE 8 – **EMPLOYEE RETIREMENT PLANS (Continued)**

Annual Pension Cost

CalPERS

For the fiscal year ended June 30, 2011, the City's annual CalPERS pension cost of $44,275 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008, 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 CalPERS 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, 2008 are being amortized, using the level percentage of payroll method, over a closed period that depends on the plan's date of entry into CalPERS. The remaining amortization period at June 30, 2008 was 30 years for the safety employees' plan and 26 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, 2011, the City's annual SCERS pension cost of $10,547 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2009 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 an open 15 year period, as a level dollar amount of projected payrolls.

Three-Year Trend Information

CalPERS – Miscellaneous

Fiscal Year	Annual Pension Cost (APC) (in millions)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	$22.9	100%	$ -
June 30, 2010	20.6	100	-
June 30, 2011	18.7	100	-

CalPERS – Safety

Fiscal Year	Annual Pension Cost (APC) (in millions)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	$18.8	100%	$ -
June 30, 2010	24.0	100	-
June 30, 2011	25.6	100	-

NOTE 8 – **EMPLOYEE RETIREMENT PLANS (Continued)**

Three-Year Trend Information (Continued)

SCERS

Fiscal Year	Annual Pension Cost (APC) (in millions)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	$ 3.2	100%	$ -
June 30, 2010	3.4	100	-
June 30, 2011	10.5	100	-

Funded Status

The funded status of the plans as of the most recent actuarial valuation dates is as follows (dollars 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)
CalPERS - Miscellaneous						
6/30/10	$607	$751	$144	81%	$171	84%
CalPERS - Safety						
6/30/10	987	1183	196	83%	111	178%
SCERS						
6/30/11	297	397	100	75%	4	2,420%

The actuarial assumptions for the most recent CalPERS valuations are the same as those used to determine the annual required contributions for the fiscal year ended June 30, 2011. For SCERS, the only change in calculating the actuarial assumptions was to the mortality tables. The 1997–2007 mortality tables have replaced the 1994 mortality tables used in prior years.

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 the 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, 2011, employees contributed $2,425 and the City contributed $1,970 to the Plan.

NOTE 9 – **POST-EMPLOYMENT HEALTH AND DENTAL CARE BENEFITS**

Plan Description

The City provides contributions for post-employment medical, dental and vision 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 a minimum of twenty years of service are eligible for 100% of the maximum benefit. Participants with more than fifteen years but less than twenty years of service are eligible for 75% of the maximum benefit. Participants with more than ten years but less than fifteen years of service are eligible for 50% of the maximum benefit. The post-retirement health care and dental care employer contributions range from $365 and $694 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, dental and vision 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 11.7 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.

Annual required contribution (ARC)	$ 33,335
Interest on beginning OPEB liability	2,596
Adjustment to the ARC	(4,537)
Annual OPEB cost	31,394
Contributions made	(11,891)
Increase in net OPEB obligation	19,503
Net OPEB obligation - Beginning of year	60,700
Net OPEB obligation - End of year	$ 80,203
Covered payroll (active plan members)	$ 284,198
UAAL as a percentage of covered payroll	132.4%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current fiscal year and the two preceding years were as follows:

Fiscal year ended	Annual OPEB Cost	Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	$ 32,605	$ 11,377	35%	$ 42,256
6/30/2010	29,508	11,064	38%	60,700
6/30/2011	31,394	11,891	38%	80,203

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

Funding Status and Progress

As of June 30, 2009, the most recent actuarial valuation date of the plan was 0% funded. The actuarial accrued liability was $376,417 and the actuarial value of assets was $0 resulting in an unfunded actuarial accrued liability (UAAL) of $376,417. The annual covered payroll was $275,252 and the ratio of the unfunded actuarial accrued liability to the annual covered payroll was 136.7%. 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.

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, 2009, 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 8.85% for fiscal year 2011, reduced by decrements of 0.75% 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, 2009 was 28 years.

NOTE 10 **– FUND EQUITY AND EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

At June 30, 2011, the government-wide statement of net position reported restricted net position of $209,883 in governmental activities. Of this amount, $20,196 is restricted by enabling legislation.

The Culture and Leisure Fund, a special revenue fund, had a deficit fund balance of $4,544 as of June 30, 2011. The Golf program within this fund has a deficit balance of $5,608. It is anticipated that this deficit will be funded by future operating surpluses and subsidies.

The Operating Grants Fund, a special revenue fund, had a deficit fund balance of $443 as of June 30, 2011. 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 Marina Fund, an enterprise fund, had a deficit net position of $917 as of June 30, 2011. The deficit is the result of declining revenues due to the economic conditions. It is anticipated that this deficit will be funded by future operating surpluses.

For the fiscal year ended June 30, 2011, expenditures exceeded appropriations in the Parks and Recreation and Cal EPA special revenue funds by $357 and $20 respectively. This overspending was funded by revenue collected in excess of budgeted amounts.

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, 2011:

	Description	Transfers In	Transfers Out	Net Transfers
Governmental Activities:				
General Fund	Debt Service	$ 538	$ (21,787)	$ (21,249)
General Fund	In-lieu transfers	24,877	-	24,877
General Fund	Program Support	6,522	(1,091)	5,431
Capital Grants Fund	Program Support	-	(45)	(45)
Other Governmental Funds	Debt Service	23,930	(3,101)	20,829
Other Governmental Funds	Program Support	2,139	(1,001)	1,138
Internal Service Funds	Debt Service	420	-	420
Internal Service Funds	Program Support	2	(468)	(466)
Adjustment for transfer of capital assets from governmental funds to enterprise funds	Transfer of capital assets	-	(2,706)	(2,706)
Total governmental activities		58,428	(30,199)	28,229
Business-type Activities:				
Water Fund	In-lieu transfers	-	(8,378)	(8,378)
Water Fund	Program Support	10	(450)	(440)
Wastewater Fund	In-lieu transfers	-	(2,180)	(2,180)
Wastewater Fund	Program Support	19	-	19
Storm Drainage Fund	In-lieu transfers	-	(3,760)	(3,760)
Storm Drainage Fund	Program Support	60	-	60
Solid Waste Fund	In-lieu transfers	-	(6,763)	(6,763)
Solid Waste Fund	Program Support	163	-	163
Community Center Fund	In-lieu transfers	-	(1,574)	(1,574)
Community Center Fund	Program Support	-	(100)	(100)
Other Enterprise Funds	In-lieu transfers	-	(2,222)	(2,222)
Other Enterprise Funds	Program Support	240	(6,000)	(5,760)
Adjustment for transfer of capital assets from governmental funds to enterprise funds	Transfer of capital assets	2,706	-	2,706
Total business-type activities		3,198	(31,427)	(28,229)
Total government-wide statements		$ 61,626	$ (61,626)	$ -

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, 2011:

	Receivables	Payables	Interfund Balances
Capital Grants Fund	$ -	$ (11,450)	$ (11,450)
Other Governmental Funds	-	(8,530)	(8,530)
Internal Service Funds	27,869	-	27,869
Total governmental activities	27,869	(19,980)	7,889
Water Fund	-	(328)	(328)
Wastewater Fund	-	(108)	(108)
Storm Drainage Fund	-	(221)	(221)
Solid Waste Fund	-	(246)	(246)
Community Center Fund	-	(6,897)	(6,897)
Other Enterprise Funds	-	(89)	(89)
Total business-type activities	-	(7,889)	(7,889)
Total	$ 27,869	$ (27,869)	$ -

$27,869 was loaned by the City's internal service funds to cover short-term operating deficits (approximately $12,480), to assist in development of community resources (approximately $14,397) and for short-term financing of technology (approximately $992).

$11,450 was borrowed by the Capital Grants Fund for short term loans.

$8,530 was borrowed by various other governmental funds for short term loans (approximately $1,030), and development of community resources (approximately $7,500).

$6,897 was borrowed by the Community Center Fund for development of community resources.

$992 was borrowed by the enterprise funds for short-term financing of technology.

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 $2,000 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 $30,000 in coverage for claims over the City's $2,000 self-insured retention. Excess worker's compensation insurance is purchased through the California State Association of Counties' Excess Insurance Authority and it provides statutory coverage over the City's $2,000 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 the present value of the liability. For the fiscal year ended June 30, 2011, the expected rate of return was 3 percent, down from the 4 percent assumption used in the prior fiscal year. 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, 2011.

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, 2011, the Risk Management Internal Service Fund had a net position of $47,675.

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:

	2011	2010
Accrued claims and judgements, July 1	$ 47,062	$ 50,238
Incurred claims and adjustment expenses	19,142	7,250
Claim payments	(12,266)	(10,426)
Accrued claims and judgements, June 30	$ 53,938	$ 47,062

NOTE 13 – **COMMITMENTS AND CONTINGENCIES**

Commitment of Enterprise Fund Revenues

Revenues of the Wastewater and Storm Drainage Enterprise Funds are pledged to the payment of principal and interest on the State Water Resources Control Board Notes Payable. Revenue of the Water Enterprise Fund is pledged to the payment of principal and interest on the California Department of Public Health Notes Payable. See note 7 for more information.

Construction and Other Commitments

The City has commitments of $107,884 for contracts awarded but not completed as of June 30, 2011. The following table shows the distribution of those commitments among major and nonmajor funds.

Governmental Activities:		**Business-type Activities:**	
General Fund	$ 2,850	Water Fund	$ 13,246
Capital Grants Fund	72,187	Wastewater Fund	923
Other governmental funds	13,836	Storm Drainage Fund	966
Internal service funds	3,018	Solid Waste Fund	6
		Community Center Fund	471
		Other enterprise funds	381
Total governmental activities	$ 91,891	Total business-type activities	$ 15,993

The major contracts outstanding are $53,695 to relocate train tracks in the Railyards development, $9,101 for various Water Fund projects, including planning and design of upgrades to the City's water treatment plants; and $21,279 for construction of roads and bridges at Norwood Avenue, R Street, 7th Street, City College, Interstate 80 and West Canal and Interstate 5.

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.

Closure and Postclosure Care Cost

The City has several landfill sites which have stopped accepting waste, have been covered, and are closed. State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at these sites after closure. $23,459 has been reported as the City's estimate of postclosure costs at June 30, 2011. The estimate is based on current cost and may change due to inflation or deflation, technology, or applicable laws and regulations. The City received approval from state regulators to fund the postclosure costs, along with cost increases due to inflation, with user charges for solid waste disposal.

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 obligations 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 $1,151 at June 30, 2010 and $900 at June 30, 2011. Pollution remediation outlays totaled approximately $292 for the fiscal year ended June 30, 2011. 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 $132.

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 and the cities of Citrus Heights, Elk Grove, Galt, Isleton and Rancho Cordova in the Sacramento Public Library Authority (Library), a joint powers agency created to provide library services to the residents of the participating municipalities. The Library is governed by a board made up of five County appointees and various numbers of appointees from each city, depending upon population. As of June 30, 2011, five of fifteen members of the Library board were appointed by the City. The current joint powers agreement was effective beginning July 1, 2007. After June 30, 2010, any party may withdraw from the Authority upon no less than one year's written notice. Upon withdrawal a party shall retain ownership of those capital facilities to which it holds title. The City is committed to fund annual contributions to operate library branches in the City. The City's General Fund contributions for the fiscal year ended June 30, 2011, were $7,922, which were sufficient to fund Library operations for the year. The City also contributed the use of its library facilities to the Library. In order to provide funding for additional services and hours in City libraries, the City also levies and passes through to the Library a parcel tax which totaled $4,475 for the fiscal year ended June 30, 2011. Financial statements may be obtained from the Sacramento Public Library Authority, 828 I Street, Sacramento, California, 95814.

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 (SAFCA), 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, 2011, included $2,484 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, 2011, including $13,793 in the Transportation and Development Fund from the Sacramento Transportation Authority, $3,698 of cable television revenues in the General Fund from the Sacramento Metropolitan Cable Television Commission, and $1,147 of revenue in the General Fund from the Sacramento Regional County Solid Waste Authority. In addition, the City received $1,762 from SAFCA to reimburse for the SAFCA's payroll which is processed by the City.

The City administers customer billing and collections on behalf of the Sacramento Regional County Sanitation District. As of June 30, 2011 the City had a liability due to Sacramento Regional County Sanitation District of $6,275 for customer accounts recorded in the Wastewater Fund. During the year ended June 30, 2011, the Wastewater Fund received financial support of $582 from the Sacramento Regional County Sanitation District to pay for operating and maintaining the treatment plant.

NOTE 15 – **SHORT-TERM DEBT**

The City issued $39,665 of Tax and Revenue Anticipation Notes (TRANs) on July 15, 2010, and redeemed them on June 30, 2011. The notes were issued to supplement City General Fund cash flows until taxes and other revenues were collected. Short-term activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Tax and Revenue Anticipation Notes	$ -	$ 39,665	$ (39,665)	$ -

NOTE 16 – **SUBSEQUENT EVENT**

On July 20, 2011, the City issued $32,675 of Tax and Revenue Anticipation Notes (TRANs), bearing interest at a rate of 2% per annum, maturing on June 29, 2012. The notes were issued to supplement City General Fund cash flows until taxes and other revenues are collected.

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)
CalPERS – Miscellaneous						
6/30/08	$ 510	$ 617	$ 107	83%	178	60%
6/30/09	556	696	140	80	175	80
6/30/10	607	751	144	81	171	84
CalPERS – Safety						
6/30/08	908	1048	140	87	110	127
6/30/09	946	1135	189	83	110	172
6/30/10	987	1183	196	83	111	178
SCERS						
6/30/09	314	398	84	79	6	1,406
6/30/10	297	395	98	75	5	1,848
6/30/11	297	397	100	75	4	2,420

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%
6/30/2009	-	376	376	0.00%	275	136.7%

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.

City of Sacramento
Other Governmental Funds
Combining Balance Sheet
June 30, 2011
(in thousands)

	Special Revenue Funds	Other Debt Service Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS					
Cash and investments held by City	$ 113,186	$ 5,118	$ 82,357	$ 5,461	$ 206,122
Cash and investments held by fiscal agent	56	3,560	-	-	3,616
Securities lending assets	123	-	165	34	322
Receivables, net:					
Accounts	2,597	-	961	-	3,558
Loans	900	8,076	9,785	-	18,761
Intergovernmental	13,705	51,563	-	-	65,268
Interest	186	29	556	13	784
Prepaid items	30	-	-	-	30
Restricted assets:					
Cash and investments held by City	600	42	14,946	-	15,588
Cash and investments held by fiscal agent	719	18,400	-	-	19,119
Total assets	$ 132,102	$ 86,788	$ 108,770	$ 5,508	$ 333,168
LIABILITIES AND FUND BALANCES					
Liabilities:					
Securities lending obligations	$ 575	$ -	$ 1,599	$ 64	$ 2,238
Accounts payable	5,803	-	2,434	-	8,237
Accrued payroll	21	-	-	-	21
Investment purchase payable	499	-	682	-	1,181
Accrued claims and judgements	1,601	-	-	-	1,601
Accrued compensated absences	29	-	-	-	29
Due to other funds	1,030	-	-	-	1,030
Matured bonds and interest payable	-	3,248	-	-	3,248
Deposits	1,095	-	-	-	1,095
Deferred revenue	10,756	58,971	11,129	-	80,856
Advances from other funds	7,500	-	-	-	7,500
Total liabilities	28,909	62,219	15,844	64	107,036
Fund balances:					
Nonspendable:					
Prepaid items	30	-	-	-	30
Noncurrent assets	900	677	-	-	1,577
Permanent fund principal	-	-	-	1,934	1,934
Restricted:					
Capital projects	68,327	-	91,648	-	159,975
Debt service	1,906	18,461	503	-	20,870
Other programs	45,979	-	775	3,510	50,264
Committed:					
Capital projects	606	-	-	-	606
Debt service	-	2,278	-	-	2,278
Other programs	646	-	-	-	646
Assigned:					
Debt service	-	2,878	-	-	2,878
Unrealized investment gains	-	120	-	-	120
Other programs	-	155	-	-	155
Unassigned	(15,201)	-	-	-	(15,201)
Total fund balances	103,193	24,569	92,926	5,444	226,132
Total liabilities and fund balances	$ 132,102	$ 86,788	$ 108,770	$ 5,508	$ 333,168

City of Sacramento

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

For the Fiscal Year Ended June 30, 2011
(in thousands)

	Special Revenue Funds	Other Debt Service Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:					
Taxes	$ 578	$ -	$ -	$ -	$ 578
Intergovernmental	65,291	5,375	-	-	70,666
Charges for services	15,489	-	-	-	15,489
Fines, forfeits and penalties	959	-	-	-	959
Interest, rents, and concessions	4,951	494	1,323	847	7,615
Community service fees	3,006	-	641	-	3,647
Assessment levies	31,199	-	2,250	-	33,449
Contributions and donations	76	1,583	-	4	1,663
Total revenues	121,549	7,452	4,214	851	134,066
Expenditures:					
Current:					
General government	3,151	-	322	123	3,596
Police	21,167	-	-	-	21,167
Fire	1,503	-	-	-	1,503
General services	8,700	58	-	-	8,758
Transportation	25,234	-	-	-	25,234
Convention, culture and leisure	7,695	-	217	16	7,928
Economic development	6,030	-	-	-	6,030
Parks and recreation	21,893	-	-	-	21,893
Community development	3,608	-	-	-	3,608
Library	4,476	-	-	-	4,476
Nondepartmental	216	-	944	-	1,160
Capital outlay	20,353	-	23,131	-	43,484
Debt service:					
Principal	907	16,452	24,205	-	41,564
Interest and fiscal charges	981	19,798	(3)	-	20,776
Total expenditures	125,914	36,308	48,816	139	211,177
Excess (deficiency) of revenues over (under) expenditures	(4,365)	(28,856)	(44,602)	712	(77,111)
Other financing sources (uses):					
Transfers in	2,139	23,930	-	-	26,069
Transfers out	(1,000)	-	(3,102)	-	(4,102)
Proceeds from sale of capital assets	-	2,336	-	-	2,336
Issuance of long term debt	78	-	6,730	-	6,808
Total other financing sources (uses)	1,217	26,266	3,628	-	31,111
Net change in fund balances	(3,148)	(2,590)	(40,974)	712	(46,000)
Fund balances, beginning of year	106,341	27,159	133,900	4,732	272,132
Fund balances, end of year	$ 103,193	$ 24,569	$ 92,926	$ 5,444	$ 226,132

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City of Sacramento
Special Revenue Funds
Combining Balance Sheet
June 30, 2011
(in thousands)

	Transportation and Development Fund	Culture and Leisure Fund	Parks and Recreation Fund	Operating Grants Fund
ASSETS				
Cash and investments held by City	$ 66,893	$ 1,714	$ 20,729	$ -
Cash and investments held by fiscal agent	-	56		-
Securities lending assets	38	-	85	-
Receivables, net:				
Accounts	454	603	322	-
Loans	900	-	-	-
Intergovernmental	1,713	-	223	11,733
Interest	98	4	84	-
Prepaid items	-	-	-	27
Restricted assets:				
Cash and investments held by City	-	-	-	-
Cash and investments held by fiscal agent	-	719	-	-
Total assets	$ 70,096	$ 3,096	$ 21,443	$ 11,760
LIABILITIES AND FUND BALANCES				
Liabilities:				
Securities lending obligations	$ 358	$ -	$ 217	$ -
Accounts payable	1,506	91	258	1,891
Accrued payroll	-	-	-	-
Investment purchase payable	155	-	344	-
Accrued claims and judgments	1,601	-	-	-
Accured compensated absences	-	-	29	-
Due to other funds	-	-	-	1,030
Deposits	661	5	189	240
Deferred revenue	966	44	540	9,042
Advances from other funds	-	7,500	-	-
Total liabilities	5,247	7,640	1,577	12,203
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	27
Noncurrent assets	900	-	-	-
Restricted:				
Capital projects	47,842	336	15,632	-
Debt service	-	719	-	-
Other programs	16,256	206	3,586	8,005
Committed:				
Capital projects	375	229	2	-
Other programs	-	-	646	-
Assigned:				
Other programs	-	-	-	-
Unassigned	(524)	(6,034)	-	(8,475)
Total fund balances (deficit)	64,849	(4,544)	19,866	(443)
Total liabilities and fund balances (deficit)	$ 70,096	$ 3,096	$ 21,443	$ 11,760

City of Sacramento
Special Revenue Funds
Combining Balance Sheet
June 30, 2011
(in thousands)

	CCOMWP Fund	Special Districts Special Revenue Fund	Cal EPA Fund	Total Special Revenue Funds
ASSETS				
Cash and investments held by City	$ 1,846	$ 19,090	$ 2,914	$ 113,186
Cash and investments held by fiscal agent	-	-	-	56
Securities lending assets	-	-	-	123
Receivables, net:				
Accounts	275	943	-	2,597
Loans	-	-	-	900
Intergovernmental	-	-	36	13,705
Interest	-	-	-	186
Prepaid items	3	-	-	30
Restricted assets:				
Cash and investments held by City	-	600	-	600
Cash and investments held by fiscal agent	-	-	-	719
Total assets	$ 2,124	$ 20,633	$ 2,950	$ 132,102
LIABILITIES AND FUND BALANCES				
Liabilities:				
Securities lending obligations	$ -	$ -	$ -	$ 575
Accounts payable	217	1,840	-	5,803
Accrued payroll	21	-	-	21
Investment purchase payable	-	-	-	499
Accrued claims and judgments	-	-	-	1,601
Accured compensated absences	-	-	-	29
Due to other funds	-	-	-	1,030
Deposits	-	-	-	1,095
Deferred revenue	164	-	-	10,756
Advances from other funds	-	-	-	7,500
Total liabilities	402	1,840	-	28,909
Fund balances:				
Nonspendable:				
Prepaid items	3	-	-	30
Noncurrent assets	-	-	-	900
Restricted:				
Capital projects	-	4,517	-	68,327
Debt service	-	1,187	-	1,906
Other programs	1,883	13,093	2,950	45,979
Committed:				
Capital projects	-	-	-	606
Other programs	-		-	646
Assigned:				
Other programs	-	-	-	-
Unassigned	(164)	(4)	-	(15,201)
Total fund balances (deficit)	1,722	18,793	2,950	103,193
Total liabilities and fund balances (deficit)	$ 2,124	$ 20,633	$ 2,950	$ 132,102

City of Sacramento

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2011

(in thousands)

	Transportation and Development Fund	Culture and Leisure Fund	Parks and Recreation Fund	Operating Grants Fund
Revenues:				
Taxes	$ 578	$ -	$ -	$ -
Intergovernmental	26,987	100	8,617	20,049
Charges for services	3,030	4,333	6	8,120
Fines, forfeits and penalties	959	-	-	-
Interest, rents, and concessions	1,278	1,821	1,449	73
Community service fees	137	-	2,869	-
Assessment levies	49	-	-	-
Contributions and donations	-	49	27	-
Total revenues	33,018	6,303	12,968	28,242
Expenditures:				
Current:				
General government	-	-	-	153
Police	-	-	-	21,167
Fire	-	-	-	1,503
General services	-	-	-	615
Transportation	13,944	206	-	-
Convention, culture and leisure	-	5,220	-	205
Economic development	-	-	-	98
Parks and recreation	-	-	14,421	3,374
Community development	2,828	-	-	373
Library	-	-	-	-
Nondepartmental	-	216	-	-
Capital outlay	17,056	76	1,105	1,581
Debt service:				
Principal	-	497	-	-
Interest and fiscal charges	3	705	98	-
Total expenditures	33,831	6,920	15,624	29,069
Excess (deficiency) of revenues over (under) expenditures	(813)	(617)	(2,656)	(827)
Other financing sources (uses):				
Transfers in	963	173	553	-
Transfers out	(229)	-	(274)	(497)
Issuance of long term debt	-	78	-	-
Total other financing sources (uses)	734	251	279	(497)
Net change in fund balances	(79)	(366)	(2,377)	(1,324)
Fund balances (deficit), beginning of year	64,928	(4,178)	22,243	881
Fund balances (deficit), end of year	$ 64,849	$ (4,544)	$ 19,866	$ (443)

City of Sacramento

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2011

(in thousands)

	CCOMWP Fund	Special Districts Special Revenue Fund	Cal EPA Fund	Total Special Revenue Funds
Revenues:				
Taxes	$ -	$ -	$ -	$ 578
Intergovernmental	1,612	-	7,926	65,291
Charges for services	-	-	-	15,489
Fines, forfeits and penalties	-	-	-	959
Interest, rents, and concessions	27	251	52	4,951
Community service fees	-	-	-	3,006
Assessment levies	-	31,150	-	31,199
Contributions and donations	-	-	-	76
Total revenues	1,639	31,401	7,978	121,549
Expenditures:				
Current:				
General government	1,798	1,200	-	3,151
Police	-	-	-	21,167
Fire	-	-	-	1,503
General services	-	363	7,722	8,700
Transportation	-	11,084	-	25,234
Convention, culture and leisure	-	2,270	-	7,695
Economic development	-	5,932	-	6,030
Parks and recreation	-	4,098	-	21,893
Community development	-	407	-	3,608
Library	-	4,476	-	4,476
Nondepartmental	-	-	-	216
Capital outlay	-	535	-	20,353
Debt service:				
Principal	-	410	-	907
Interest and fiscal charges	-	175	-	981
Total expenditures	1,798	30,950	7,722	125,914
Excess (deficiency) of revenues over (under) expenditures	(159)	451	256	(4,365)
Other financing sources (uses):				
Transfers in	450	-	-	2,139
Transfers out	-	-	-	(1,000)
Issuance of long term debt	-	-	-	78
Total other financing sources (uses)	450	-	-	1,217
Net change in fund balances	291	451	256	(3,148)
Fund balances (deficit), beginning of year	1,431	18,342	2,694	106,341
Fund balances (deficit), end of year	$ 1,722	$ 18,793	$ 2,950	$ 103,193

City of Sacramento

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

For the Fiscal Year Ended June 30, 2011
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 14,707	$ 14,685	$ 20,177	$ 5,492
Fines, forfeits and penalties	984	984	959	(25)
Interest, rents, and concessions	255	255	333	78
Total revenues	15,946	15,924	21,469	5,545
Expenditures:				
Current:				
Transportation	15,849	14,849	12,639	2,210
Capital Outlay	3,388	4,371	1,797	2,574
Debt Service:				
Interest and fiscal charges	-	-	3	(3)
Total expenditures	19,237	19,220	14,439	4,781
Net change in fund balance for budgeted activities	$ (3,291)	$ (3,296)	7,030	$ 10,326
Net change in fund balance for Transportation and Development Special Revenue Fund activities for which annual budgets are not adopted.			(7,109)	
Net change in fund balance			$ (79)	

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, 2011
(in thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Intergovernmental	$ 130	$ 130	$ 100	$ (30)
Charges for services	5,946	5,946	4,125	(1,821)
Interest, rents and concessions	1,292	1,292	1,809	517
Donations	45	45	49	4
Total revenues	7,413	7,413	6,083	(1,330)
Expenditures:				
Current:				
Convention, culture and leisure	6,037	6,087	5,220	867
Capital Outlay	130	130	216	(86)
Debt Service:	224	220	31	189
Principal	549	549	497	52
Interest and fiscal charges	619	619	705	(86)
Total expenditures	7,559	7,605	6,669	936
Excess (deficiency) of revenues over (under) expenditures	(146)	(192)	(586)	(394)
Other financing sources (uses):				
Transfers in	-	-	173	173
Issuance of long-term debt	-	-	78	78
Total other financing sources (uses)	-	-	251	251
Net change in fund balance for budgeted activities	$ (146)	$ (192)	(335)	$ (143)
Net change in fund balance for Culture and Leisure Special Revenue Fund activities for which annual budgets are not adopted.			(31)	
Net change in fund balance			$ (366)	

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, 2011
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 6,900	$ 8,039	$ 8,617	$ 578
Charges for services	-	-	6	6
Interest, rents and concessions	830	868	1,175	307
Community service fees	2,565	2,565	2,785	220
Donations	81	81	27	(54)
Total revenues	10,376	11,553	12,610	1,057
Expenditures:				
Current:				
Parks and recreation	12,640	14,064	14,421	(357)
Deficiency of revenues under expenditures	(2,264)	(2,511)	(1,811)	700
Other financing sources (uses):				
Transfers in	553	553	553	-
Transfers out	-	(239)	(274)	(35)
Total other financing sources (uses)	553	314	279	(35)
Net change in fund balance for budgeted activities	$ (1,711)	$ (2,197)	(1,532)	$ 665
Net change in fund balance for Parks and Recreation Special Revenue Fund activities for which annual budgets are not adopted.			(845)	
Net change in fund balance			$ (2,377)	

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, 2011
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 1,061	$ 1,682	$ 1,612	$ (70)
Interest, rents and concessions	-	-	27	27
Total revenues	1,061	1,682	1,639	(43)
Expenditures:				
Current:				
General government	2,203	2,825	1,798	1,027
Deficiency of revenues under expenditures	(1,142)	(1,143)	(159)	984
Other financing sources				
Operating transfers in	450	450	450	-
Total other financing sources	450	450	450	-
Net change in fund balance	$ (692)	$ (693)	$ 291	$ 984

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, 2011
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Interest, rents, and concessions	$ -	$ -	$ 251	$ 251
Assessment levies	29,595	30,069	31,150	1,081
Total revenues	29,595	30,069	31,401	1,332
Expenditures:				
Current:				
General government	943	926	1,200	(274)
General services	919	368	363	5
Transportation	10,614	11,527	11,084	443
Convention, culture and leisure	2,171	2,172	2,270	(98)
Economic development	5,061	6,017	5,932	85
Parks and recreation	4,219	4,118	4,098	20
Community development	157	407	407	-
Library	4,400	4,400	4,476	(76)
Capital outlay	5,148	4,898	535	4,363
Debt Service:				
Principal	410	410	410	-
Interest and fiscal charges	175	175	175	-
Total expenditures	34,217	35,418	30,950	4,468
Net change in fund balance	$ (4,622)	$ (5,349)	$ 451	$ 5,800

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, 2011
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 7,874	$ 7,874	$ 7,926	$ 52
Interest, rents, and concessions	-	-	52	52
Total revenues	7,874	7,874	7,978	104
Expenditures:				
Current:				
General services	7,702	7,702	7,722	(20)
Net change in fund balance	$ 172	$ 172	$ 256	$ 84

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City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2011
(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 Projects Fund
ASSETS				
Cash and investments held by City	$ 657	$ 700	$ 270	$ 51
Cash and investments held by fiscal agent	91	249	-	2,302
Receivables, net:				
Loans	-	-	-	-
Intergovernmental	-	-	6,210	-
Interest	8	21	-	-
Restricted assets:				
Cash and investments held by City	-	-	-	-
Cash and investments held by fiscal agent	1,190	3,255	-	1,949
Total assets	$ 1,946	$ 4,225	$ 6,480	$ 4,302
LIABILITIES AND FUND BALANCES				
Liabilities:				
Matured bonds and interest payable	$ -	$ -	$ -	$ 2,339
Deferred revenue	2	7	6,210	-
Total liabilities	2	7	6,210	2,339
Fund balances:				
Nonspendable:				
Noncurrent assets	-	-	-	-
Restricted:				
Debt service	1,190	3,255	-	1,949
Committed:				
Debt service	-	-	-	-
Assigned:				
Debt service	710	843	159	14
Other programs	44	-	111	-
Unrealized investment gains	-	120	-	-
Total fund balances	1,944	4,218	270	1,963
Total liabilities and fund balances	$ 1,946	$ 4,225	$ 6,480	$ 4,302

(continued)

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2011
(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
ASSETS				
Cash and investments held by City	$ 55	$ -	$ 586	$ 2,679
Cash and investments held by fiscal agent	888	-	-	30
Receivables, net:				
Loans	-	-	7,399	-
Intergovernmental	-	20,970	8,282	13,621
Interest	-	-	-	-
Restricted assets:				
Cash and investments held by City	-	-	-	-
Cash and investments held by fiscal agent	821	-	6,912	4,002
Total assets	$ 1,764	$ 20,970	$ 23,179	$ 20,332
LIABILITIES AND FUND BALANCES				
Liabilities:				
Matured bonds and interest payable	$ 909	$ -	$ -	$ -
Deferred revenue	-	20,970	15,681	13,621
Total liabilities	909	20,970	15,681	13,621
Fund balances:				
Nonspendable:				
Noncurrent assets	-	-	-	-
Restricted:				
Debt service	821	-	6,927	4,002
Committed:				
Debt service	-	-	-	2,278
Assigned:				
Debt service	34	-	571	431
Other programs	-	-	-	-
Unrealized investment gains	-	-	-	-
Total fund balances	855	-	7,498	6,711
Total liabilities and fund balances	$ 1,764	$ 20,970	$ 23,179	$ 20,332

(continued)

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2011
(in thousands)

	2006 Series D Revenue Bond Fund	2006 Series E Revenue Bond Fund	Other City Debt Fund	Total Other Debt Service Funds
ASSETS				
Cash and investments held by City	$ 4	$ -	$ 116	$ 5,118
Cash and investments held by fiscal agent	-	-	-	3,560
Receivables, net:				
Loans	-	-	677	8,076
Intergovernmental	-	1,990	490	51,563
Interest	-	-	-	29
Restricted assets:				
Cash and investments held by City	-	42	-	42
Cash and investments held by fiscal agent	-	-	271	18,400
Total assets	$ 4	$ 2,032	$ 1,554	$ 86,788
LIABILITIES AND FUND BALANCES				
Liabilities:				
Matured bonds and interest payable	$ -	$ -	$ -	$ 3,248
Deferred revenue	-	1,990	490	58,971
	-	-		
Total liabilities	-	1,990	490	62,219
Fund balances:				
Nonspendable:				
Noncurrent assets	-	-	677	677
Restricted:				
Debt service	4	42	271	18,461
Committed:				
Debt service	-	-	-	2,278
Assigned:				
Debt service	-	-	116	2,878
Other programs	-	-	-	155
Unrealized investment gains	-	-	-	120
Total fund balances	4	42	1,064	24,569
Total liabilities and fund balances	$ 4	$ 2,032	$ 1,554	$ 86,788

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011
(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 Projects Fund
Revenues:				
Intergovernmental	$ -	$ -	$ 2,097	$ -
Interest, rents, and concessions	54	129	5	30
Contributions from property owners	-	-	-	-
Total revenues	54	129	2,102	30
Expenditures:				
Current:				
General services	-	-	-	-
Debt service:				
Principal	606	1,749	4,445	2,225
Interest and fiscal charges	458	1,268	767	229
Total expenditures	1,064	3,017	5,212	2,454
Excess (deficiency) of revenues over (under) expenditures	(1,010)	(2,888)	(3,110)	(2,424)
Other financing sources:				
Transfers in	664	1,416	3,114	953
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources	664	1,416	3,114	953
Net change in fund balances	(346)	(1,472)	4	(1,471)
Fund balances, beginning of year	2,290	5,690	266	3,434
Fund balances, end of year	$ 1,944	$ 4,218	$ 270	$ 1,963

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011
(in thousands)

	2002 Refunding Revenue Bond Public Facilities Projects Fund	2003 Capital Improvement Revenue Bond Fund	2005 Refunding Revenue Bond Fund
Revenues:			
Intergovernmental	$ -	$ -	$ 1,108
Interest, rents, and concessions	14	-	-
Contributions from property owners	-	-	-
Total revenues	14	-	1,108
Expenditures:			
Current:			
General services	-	-	-
Debt service:			
Principal	865	1,185	593
Interest and fiscal charges	90	1,107	2,853
Total expenditures	955	2,292	3,446
Excess (deficiency) of revenues over (under) expenditures	(941)	(2,292)	(2,338)
Other financing sources:			
Transfers in	253	2,292	2,338
Proceeds from sale of capital assets	-	-	-
Total other financing sources	253	2,292	2,338
Net change in fund balances	(688)	-	-
Fund balances, beginning of year	1,543	-	-
Fund balances, end of year	$ 855	$ -	$ -

(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, 2011
(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	$ 532	$ 1,043	$ -	$ -
Interest, rents, and concessions	141	84	-	-
Contributions from property owners	1,583	-	-	-
Total revenues	2,256	1,127	-	-
Expenditures:				
Current:				
General services	-	58	-	-
Debt service:				
Principal	2,765	855	545	-
Interest and fiscal charges	4,106	3,116	1,336	126
Total expenditures	6,871	4,029	1,881	126
Excess (deficiency) of revenues over (under) expenditures	(4,615)	(2,902)	(1,881)	(126)
Other financing sources:				
Transfers in	3,926	2,705	1,881	125
Proceeds from sale of capital assets	-	2,336	-	-
Total other financing sources	3,926	5,041	1,881	125
Net change in fund balances	(689)	2,139	-	(1)
Fund balances, beginning of year	8,187	4,572	-	5
Fund balances, end of year	$ 7,498	$ 6,711	$ -	$ 4

(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, 2011
(in thousands)

	2006 Series E Revenue Bond Fund	Other City Debt Fund	Total Other Debt Service Funds
Revenues:			
Intergovernmental	$ 104	$ 491	$ 5,375
Interest, rents, and concessions	1	36	494
Contributions from property owners	-	-	1,583
Total revenues	105	527	7,452
Expenditures:			
Current:			
General services	-	-	58
Debt service:			
Principal	-	619	16,452
Interest and fiscal charges	4,130	212	19,798
Total expenditures	4,130	831	36,308
Excess (deficiency) of revenues over (under) expenditures	(4,025)	(304)	(28,856)
Other financing sources:			
Transfers in	4,026	237	23,930
Proceeds from sale of capital assets	-	-	2,336
Total other financing sources	4,026	237	26,266
Net change in fund balances	1	(67)	(2,590)
Fund balances, beginning of year	41	1,131	27,159
Fund balances, end of year	$ 42	$ 1,064	$ 24,569

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City of Sacramento
Other Capital Projects Funds
Combining Balance Sheet
June 30, 2011
(in thousands)

	General Fund Capital Projects Fund	Crocker Art Museum Expansion Fund	Financing Plans Fund	Special Districts Capital Projects Fund	Total Other Capital Projects Funds
ASSETS					
Cash and investments held by City	$ 318	$ 281	$ 73,041	$ 8,717	$ 82,357
Securities lending assets	-	-	165	-	165
Receivables, net:					
Accounts	-	-	938	23	961
Loans	-	9,785	-	-	9,785
Interest	-	203	353	-	556
Restricted assets:					
Cash and investments held by City	14,916	30	-	-	14,946
Total assets	$ 15,234	$ 10,299	$ 74,497	$ 8,740	$ 108,770
LIABILITIES AND FUND BALANCES					
Liabilities:					
Securities lending obligations	241	281	999	78	1,599
Accounts payable	402	-	2,032	-	2,434
Investment purchases payable	-	-	682	-	682
Deferred revenue	-	9,988	1,141	-	11,129
Total liabilities	643	10,269	4,854	78	15,844
Fund balances:					
Restricted:					
Capital projects	14,088	30	68,868	8,662	91,648
Debt service	503	-	-	-	503
Other programs	-	-	775	-	775
Total fund balances	14,591	30	69,643	8,662	92,926
Total liabilities and fund balances	$ 15,234	$ 10,299	$ 74,497	$ 8,740	$ 108,770

City of Sacramento

Other Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2011
(in thousands)

	General Fund Capital Projects Fund	Crocker Art Museum Expansion Fund	Financing Plans Fund	Special Districts Capital Projects Fund	Total Other Capital Projects Funds
Revenues:					
Interest, rents, and concessions	$ 315	$ 6	$ 839	$ 163	$ 1,323
Community service fees	-	-	641	-	641
Assessment levies	-	-	-	2,250	2,250
Total revenues	315	6	1,480	2,413	4,214
Expenditures:					
Current:					
General government	5	-	294	23	322
Parks and recreation	-	-	217	-	217
Nondepartment	-	-	-	944	944
Capital outlay	5,479	-	15,721	1,931	23,131
Debt service:					
Principal	-	-	24,205	-	24,205
Interest and fiscal charges	-	-	(3)	-	(3)
Total expenditures	5,484	-	40,434	2,898	48,816
(Deficiency) excess of revenues (under) over expenditures	(5,169)	6	(38,954)	(485)	(44,602)
Other financing sources (uses):					
Transfers out	(538)	-	(2,564)	-	(3,102)
Issuance of long-term debt	-	-	6,730	-	6,730
Total other financing sources (uses)	(538)	-	4,166	-	3,628
Net change in fund balances	(5,707)	6	(34,788)	(485)	(40,974)
Fund balances, beginning of year	20,298	24	104,431	9,147	133,900
Fund balances, end of year	$ 14,591	$ 30	$ 69,643	$ 8,662	$ 92,926

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City of Sacramento
Permanent Funds
Combining Balance Sheet
June 30, 2011
(in thousands)

	Ann Land Fund	Bertha Henschel Fund	George Clark Scholarship Fund	Winchester G. & Mary Alice Felt Fund
ASSETS				
Cash and investments held by City	$ 775	$ 2,319	$ 757	$ 1,241
Securities lending assets	5	16	13	-
Receivables, net:				
Interest	3	8	2	-
Total assets	$ 783	$ 2,343	$ 772	$ 1,241
LIABILITIES AND FUND BALANCES				
Liabilities:				
Securities lending obligations	$ 12	$ 36	$ 16	$ -
Fund balances:				
Nonspendable:				
Permanent fund principal	272	278	25	1,056
Restricted:				
Other programs	499	2,029	731	185
Total fund balances	771	2,307	756	1,241
Total liabilities and fund balances	$ 783	$ 2,343	$ 772	$ 1,241

City of Sacramento

Permanent Funds
Combining Balance Sheet

June 30, 2011
(in thousands)

	Alice Miller Fund	Sacramento History Museum Fund	Total Permanent Funds
ASSETS			
Cash and investments held by City	$ 48	$ 321	$ 5,461
Securities lending assets	-	-	34
Receivables, net:			
Interest	-	-	13
Total assets	$ 48	$ 321	$ 5,508
LIABILITIES AND FUND BALANCES			
Liabilities:			
Securities lending obligations	$ -	$ -	$ 64
Fund balances:			
Nonspendable:			
Permanent fund principal	3	300	1,934
Restricted:			
Other programs	45	21	3,510
Total fund balances	48	321	5,444
Total liabilities and fund balances	$ 48	$ 321	$ 5,508

City of Sacramento

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2011
(in thousands)

	Ann Land Fund	Bertha Henschel Fund	George Clark Scholarship Fund	Winchester G. & Mary Alice Felt Fund
Revenues:				
Interest, rents, and concessions	$ 158	$ 475	$ 184	$ 23
Donations	1	3	-	-
Total revenues	159	478	184	23
Expenditures:				
Current:				
General government	25	75	23	-
Convention, culture and leisure	-	-	-	16
Total expenditures	25	75	23	16
Excess (deficiency) of revenues over (under) expenditures	134	403	161	7
Fund balances, beginning of year	637	1,904	595	1,234
Fund balances, end of year	$ 771	$ 2,307	$ 756	$ 1,241

City of Sacramento

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2011
(in thousands)

	Alice Miller Fund	Sacramento History Museum Fund	Total Permanent Funds
Revenues:			
Interest, rents, and concessions	$ 1	$ 6	$ 847
Donations	-	-	4
Total revenues	1	6	851
Expenditures:			
Current:			
General government	-	-	123
Convention, culture and leisure	-	-	16
Total expenditures	-	-	139
Excess (deficiency) of revenues over (under) expenditures	1	6	712
Fund balances, beginning of year	47	315	4,732
Fund balances, end of year	$ 48	$ 321	$ 5,444

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City of Sacramento

Other Enterprise Funds

Combining Statement of Net Position

June 30, 2011
(in thousands)

	4th R Fund	Marina Fund	Parking Fund	Total Other Enterprise Funds
ASSETS				
Current assets:				
Cash and investments held by City	$ 157	$ 661	$ 31,351	$ 32,169
Cash and investments held by fiscal agent	-	-	135	135
Securities lending assets	-	-	75	75
Receivables, net:				
Accounts	40	30	806	876
Loans	-	-	416	416
Intergovernmental	21	-	-	21
Interest	-	-	171	171
Prepaid items	8	-	7	15
Total current assets	226	691	32,961	33,878
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	210	42	307	559
Cash and investments held by fiscal agent	-	-	1,759	1,759
Loans receivable	-	-	327	327
Deferred charges	190	-	366	556
Capital assets:				
Land	-	3,821	6,795	10,616
Buildings and improvements	1,546	17,679	60,212	79,437
Machinery and equipment	-	208	5,884	6,092
Construction in progress	-	-	522	522
Less: accumulated depreciation/amortization	(562)	(6,970)	(28,913)	(36,445)
Total noncurrent assets	1,384	14,780	47,259	63,423
Total assets	1,610	15,471	80,220	97,301

City of Sacramento

Other Enterprise Funds

Combining Statement of Net Position

June 30, 2011
(in thousands)

	4th R Fund	Marina Fund	Parking Fund	Total Other Enterprise Funds
LIABILITIES				
Current liabilities:				
Securities lending obligations	-	-	319	319
Accounts payable	256	12	1,141	1,409
Accrued payroll	187	14	132	333
Investment purchase payable	-	-	311	311
Accrued compensated absences	38	1	12	51
Due to other funds	-	-	89	89
Interest payable	-	222	212	434
Deposits	-	87	-	87
Unearned revenue	61	38	714	813
Capital leases payable	-	86	-	86
Revenue and other bonds payable, net	-	-	1,781	1,781
Notes payable	40	223	-	263
Total current liabilities	582	683	4,711	5,976
Noncurrent liabilities:				
Accrued compensated absences	292	31	270	593
OPEB liability	89	63	637	789
Capital leases payable	-	1,163	-	1,163
Revenue and other bonds payable, net	-	-	32,660	32,660
Notes payable	60	14,448	-	14,508
Total noncurrent liabilities	441	15,705	33,567	49,713
Total liabilities	1,023	16,388	38,278	55,689
NET POSITION				
Net investment in capital assets	884	(1,140)	12,125	11,869
Unrestricted	(297)	223	29,817	29,743
Total net position (deficit)	$ 587	$ (917)	$ 41,942	$ 41,612

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City of Sacramento

Other Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position

For the Fiscal Year Ended June 30, 2011
(in thousands)

	4th R Fund	Marina Fund	Parking Fund	Total Other Enterprise Funds
Operating revenues:				
Charges for services:				
User fees and charges	$ 5,305	$ 1,455	$ 17,628	$ 24,388
Rents and concessions	-	1	1,032	1,033
Miscellaneous	4	8	-	12
Total operating revenues	5,309	1,464	18,660	25,433
Operating expenses:				
Employee services	5,412	425	3,909	9,746
Services and supplies	785	484	7,849	9,118
Depreciation/amortization	77	277	2,147	2,501
Total operating expenses	6,274	1,186	13,905	21,365
Operating income (loss)	(965)	278	4,755	4,068
Nonoperating revenues (expenses):				
Interest and investment revenue	4	12	642	658
Revenue from other agencies	897	-	-	897
Interest expense	-	(1,475)	(1,856)	(3,331)
Amortization of deferred charges	-	-	(25)	(25)
Gain or (loss) on disposition of capital assets	-	(1)	-	(1)
Total nonoperating revenues (expenses)	901	(1,464)	(1,239)	(1,802)
Income (loss) before transfers	(64)	(1,186)	3,516	2,266
Transfers in	-	-	240	240
Transfers out	-	(193)	(8,029)	(8,222)
Changes in net position	(64)	(1,379)	(4,273)	(5,716)
Total net position (deficit), beginning of year,	651	462	46,215	47,328
Total net position (deficit), end of year	$ 587	$ (917)	$ 41,942	$ 41,612

City of Sacramento
Other Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011
(in thousands)

	4th R Fund	Marina Fund	Parking Fund	Total Other Enterprise Funds
Cash flows from operating activities:				
Receipts from customers and users	$ 5,308	$ 1,457	$ 19,010	$ 25,775
Payments to suppliers	(1,156)	(490)	(7,402)	(9,048)
Payments to employees	(5,373)	(405)	(3,730)	(9,508)
Net cash provided by (used for) operating activities	(1,221)	562	7,878	7,219
Cash flows from noncapital financing activities:				
Transfers in from other funds	-		240	240
Transfers out to other funds	-	(193)	(8,029)	(8,222)
Interfund loan repayments	-	-	(90)	(90)
Interest payments on interfund borrowings	-	-	(3)	(3)
Intergovernmental revenue received	72	-	-	72
Net cash provided by (used for) noncapital financing activities	72	(193)	(7,882)	(8,003)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(34)	(220)	(254)
Principal payments on capital debt	(40)	(296)	(1,768)	(2,104)
Interest payments on capital debt	-	(308)	(1,808)	(2,116)
Net cash provided by (used for) capital and related financing activities	(40)	(638)	(3,796)	(4,474)
Cash flows from investing activities:				
Collection of interest and investment revenue	4	12	663	679
Investments received with settlement after year end	-	-	311	311
Loans made	-	-	(200)	(200)
Loan repayments received	-	2	-	2
Net cash provided by investing activities	4	14	774	792
Net increase (decrease) in cash and cash equivalents	(1,185)	(255)	(3,026)	(4,466)
Cash and cash equivalents, beginning of year	1,552	958	36,578	39,088
Cash and cash equivalents, end of year	$ 367	$ 703	$ 33,552	$ 34,622
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments held by City	$ 157	$ 661	$ 31,351	$ 32,169
Cash and investments held by fiscal agent	-	-	135	135
Restricted cash and investments held by City	210	42	307	559
Restricted cash and investments held by fiscal agent	-	-	1,759	1,759
Total cash and cash equivalents, end of year	$ 367	$ 703	$ 33,552	$ 34,622

City of Sacramento
Other Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011
(in thousands)

	4th R Fund	Marina Fund	Parking Fund	Total Other Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (965)	$ 278	$ 4,755	$ 4,068
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	77	277	2,147	2,501
Changes in assets and liabilities:				
Accounts receivable, net	(1)	(6)	177	170
Prepaid items	-	-	2	2
Deferred charges	8	-	-	8
Accounts payable and accrued expenses	(379)	(6)	445	60
Accrued payroll liabilities	(16)	2	12	(2)
Accrued compensated absences	33	4	29	66
OPEB liabilities	22	14	138	174
Deposits	-	4	-	4
Unearned revenue	-	(5)	173	168
Net cash provided by (used for) operating activities	$ (1,221)	$ 562	$ 7,878	$ 7,219
Noncash investing, capital and financing activities:				
Capitalized interest	$ -	$ -	$ 11	$ 11
Amortization of bond premium, discount, and loss on refunding	-	-	(68)	(68)
Amortization of deferred charges	-	-	(25)	(25)
Change in securities lending assets	-	-	(1,525)	(1,525)
Change in securities lending obligations	-	-	(1,526)	(1,526)
Interest accrual on loans receivable	-	-	(28)	(28)
Accrual interest added to Marina Phase V loan	-	1,175	-	1,175

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City of Sacramento

Internal Service Funds

Combining Statement of Net Position

June 30, 2011
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments held by City	$ 8,183	$ 77,893	$ 86,076
Cash and investments held by fiscal agent	-	186	186
Securities lending assets	-	173	173
Receivables, net:			
Accounts	38	10	48
Interest	-	368	368
Due from other funds	-	13,722	13,722
Inventories	1,213	-	1,213
Total current assets	9,434	92,352	101,786
Noncurrent assets:			
Advances to other funds	-	14,147	14,147
Loans receivable	5	-	5
Deferred charges	32	-	32
Capital assets:			
Buildings and improvements	7,402	-	7,402
Machinery and equipment	360	-	360
Vehicles	116,113	-	116,113
Software	177	-	177
Less: accumulated depreciation/amortization	(75,596)	-	(75,596)
Total noncurrent assets	48,493	14,147	62,640
Total assets	57,927	106,499	164,426

City of Sacramento

Internal Service Funds

Combining Statement of Net Position

June 30, 2011
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
LIABILITIES			
Current liabilities:			
Securities lending obligations	-	293	293
Accounts payable	2,584	2,659	5,243
Accrued payroll	237	117	354
Investment purchases payable	-	712	712
Accrued compensated absences	54	16	70
Interest Payable	11	-	11
Deposits	-	2	2
Unearned revenue	-	523	523
Accrued claims	-	16,082	16,082
Capital leases payable	21	-	21
Revenue and other bonds payable, net	312	-	312
Total current liabilities	3,219	20,404	23,623
Noncurrent liabilities:			
Accrued compensated absences	756	362	1,118
OPEB liability	1,428	202	1,630
Accrued claims and judgments	-	37,856	37,856
Capital leases payable	195	-	195
Revenue and other bonds payable, net	3,386	-	3,386
Total noncurrent liabilities	5,765	38,420	44,185
Total liabilities	8,984	58,824	67,808
NET POSITION			
Net investment in capital assets	44,542	-	44,542
Unrestricted	4,401	47,675	52,076
Total net position	$ 48,943	$ 47,675	$ 96,618

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City of Sacramento

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position

For the Fiscal Year Ended June 30, 2011
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Operating revenues:			
Charges for services:			
User fees and charges	$ 35,857	$ 26,489	$ 62,346
Total operating revenues	35,857	26,489	62,346
Operating expenses:			
Employee services	8,183	3,489	11,672
Services and supplies	19,910	6,253	26,163
Depreciation	7,862	-	7,862
Insurance premiums	-	2,218	2,218
Claims and judgements	-	19,142	19,142
Total operating expenses	35,955	31,102	67,057
Operating income (loss)	(98)	(4,613)	(4,711)
Nonoperating revenues (expenses):			
Interest and investment revenue	113	2,054	2,167
Interest expense	(134)	-	(134)
Amortization of deferred charges	(3)	-	(3)
Gain (loss) on disposition of fixed assets	(30)	-	(30)
Total nonoperating revenues (expenses)	(54)	2,054	2,000
Income (loss) before contributions and transfers	(152)	(2,559)	(2,711)
Transfers in	420	2	422
Transfers out	(468)	-	(468)
Changes in net position	(200)	(2,557)	(2,757)
Total net position, beginning of year	49,143	50,232	99,375
Total net position, end of year	$ 48,943	$ 47,675	$ 96,618

City of Sacramento
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	$ 35,838	$ 82,124	$ 117,962
Payments to suppliers	(18,826)	(62,881)	(81,707)
Payments to employees	(7,897)	(3,418)	(11,315)
Claims and judgments paid	-	(12,266)	(12,266)
Net cash provided by operating activities	9,115	3,559	12,674
Cash flows from noncapital financing activities:			
Transfers in from other funds	-	2	2
Transfers out to other funds	(468)	-	(468)
Collections on interfund loans	-	11,532	11,532
Loans made to other funds	-	(12,480)	(12,480)
Net cash provided by (used for) noncapital financing activities	(468)	(946)	(1,414)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(9,135)	-	(9,135)
Proceeds from sale of capital assets	502	-	502
Principal payments on capital debt	(307)	-	(307)
Interest payments on capital debt	(145)	-	(145)
Transfers in from other funds	420	-	420
Net cash used for capital and related financing activities	(8,665)	-	(8,665)
Cash flows from investing activities:			
Collection of interest and investment revenue	113	1,981	2,094
Investment purchased with settlement after year end	-	712	712
Net cash provided by investing activities	113	2,693	2,806
Net increase in cash and cash equivalents	95	5,306	5,401
Cash and cash equivalents, beginning of year	8,088	72,773	80,861
Cash and cash equivalents, end of year	$ 8,183	$ 78,079	$ 86,262
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Cash and investments held by City	$ 8,183	$ 77,893	$ 86,076
Cash and investments held by fiscal agent	-	186	186
Total cash and cash equivalents, end of year	$ 8,183	$ 78,079	$ 86,262

City of Sacramento
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011
(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 (loss)	$ (98)	$ (4,613)	$ (4,711)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation/amortization expense	7,862	-	7,862
Changes in assets and liabilities:			
Accounts receivable, net	(19)	1	(18)
Inventories	252	-	252
Accounts payable and accrued expenses	832	1,221	2,053
Accrued payroll liabilities	(13)	15	2
Accrued compensated absences	(29)	10	(19)
OPEB liabilities	328	46	374
Accrued claims	-	6,876	6,876
Deposit	-	(5)	(5)
Unearned revenue	-	8	8
Net cash provided by operating activities	$ 9,115	$ 3,559	$ 12,674
Noncash investing, capital and financing activities:			
Amortization of bond premium, discount, and loss on refunding	$ (10)	$ -	$ (10)
Amortization of deferred charges	3	-	3
Change in securities lending assets	-	(3,010)	(3,010)
Change in securities lending obligations	-	(3,013)	(3,013)
Decrease in prepaid items for capital assets	5,844	-	5,844

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City of Sacramento

Investment Trust Funds
Combining Statement of Fiduciary Net Position

June 30, 2011
(in thousands)

	Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
ASSETS			
Cash and investments held by City	$ 73,697	$ 205,051	$ 278,748
Securities lending assets	119	93	212
Receivables, net:			
Interest	251	1,088	1,339
Total assets	74,067	206,232	280,299
LIABILITIES			
Securities lending obligations	118	1,384	1,502
Payable for investment securities purchased	487	-	487
Total liabilities	605	1,384	1,989
NET POSITION			
Held in trust	$ 73,462	$ 204,848	$ 278,310

City of Sacramento

Investment Trust Funds

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2011
(in thousands)

	Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions:			
From investment activities:			
Net appreciation in fair value of investments	$ (87)	$ 130	$ 43
Interest	1,502	5,135	6,637
Dividends	-	63	63
Total investment earnings	1,415	5,328	6,743
Less investment expenses:			
Banking, interest, and fiscal agent expenses	143	13	156
Net income from investing activities	1,272	5,315	6,587
From securities lending activities:			
Net appreciation in fair value of investments	1	3	4
Interest	1	1	2
Total securities lending income	2	4	6
Securities lending expenses:			
Borrower rebates	1	1	2
Total securities lending expenses	1	1	2
Net income from securities lending activities	1	3	4
Net investment income	1,273	5,318	6,591
Deposits	98,035	90,906	188,941
Total additions	99,308	96,224	195,532
Deductions:			
Withdrawals	88,773	110,523	199,296
Change in net position	10,535	(14,299)	(3,764)
Net position, beginning of year	62,927	219,147	282,074
Net position, end of year	$ 73,462	$ 204,848	$ 278,310

City of Sacramento

Agency Funds

Combining Statement of Fiduciary Assets and Liabilities

June 30, 2011

(in thousands)

	Assessment Districts Fund	Community Facilities Districts Fund	Total Agency Funds
ASSETS			
Cash and investments held by City	$ 11,662	$ 16,710	$ 28,372
Cash and investments held by fiscal agent	2,447	16,287	18,734
Receivables, net:			
Taxes	-	377	377
Accounts	23	-	23
Interest	24	72	96
Total assets	$ 14,156	$ 33,446	$ 47,602
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Due to bondholders	14,156	33,446	47,602
Total liabilities	$ 14,156	$ 33,446	$ 47,602

City of Sacramento

Agency Funds

Combining Statement of Changes in Fiduciary Assets and Liabilities

For the Fiscal Year Ended June 30, 2011

(in thousands)

ASSESSMENT DISTRICTS FUND

	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 10,948	$ 3,726	$ 3,012	$ 11,662
Cash and investments held by fiscal agent	2,295	228	76	2,447
Receivables, net:				
Accounts	33	23	33	23
Interest	24	24	24	24
Total assets	$ 13,300	$ 4,001	$ 3,145	$ 14,156
LIABILITIES				
Accounts payable and accrued expenses	$ 2	$ 32	$ 34	$ -
Due to bondholders	13,298	3,827	2,969	14,156
Total liabilities	$ 13,300	$ 3,859	$ 3,003	$ 14,156

City of Sacramento

Agency Funds

Combining Statement of Changes in Fiduciary Assets and Liabilities

For the Fiscal Year Ended June 30, 2011

(in thousands)

COMMUNITY FACILITIES DISTRICTS FUND

	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 17,727	$ 14,563	$ 15,580	$ 16,710
Cash and investments held by fiscal agent	16,974	1,006	1,693	16,287
Receivables, net:				
Taxes	439	377	439	377
Interest	100	65	93	72
Total assets	$ 35,240	$ 16,011	$ 17,805	$ 33,446
LIABILITIES				
Accounts payable and accrued expenses	$ 3	$ 92	$ 95	$ -
Due to bondholders	35,237	14,751	16,542	33,446
Total liabilities	$ 35,240	$ 14,843	$ 16,637	$ 33,446

(continued)

City of Sacramento

Agency Funds

Combining Statement of Changes in Fiduciary Assets and Liabilities

For the Fiscal Year Ended June 30, 2011

(in thousands)

TOTAL - ALL AGENCY FUNDS

	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 28,675	$ 18,289	$ 18,592	$ 28,372
Cash and investments held by fiscal agent	19,269	1,234	1,769	18,734
Receivables, net:				
Taxes	439	377	439	377
Accounts	33	23	33	23
Interest	124	89	117	96
Total assets	$ 48,540	$ 20,012	$ 20,950	$ 47,602
LIABILITIES				
Accounts payable and accrued expenses	$ 5	$ 124	$ 129	$ -
Due to bondholders	48,535	18,578	19,511	47,602
Total liabilities	$ 48,540	$ 18,702	$ 19,640	$ 47,602

(continued)

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 Position by Component [(1) (2) (3)]
Last Ten Fiscal Years
(accrual basis accounting, in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities					
Net investment in capital assets	$ 959,697	$ 1,042,608	$ 1,135,271	$ 1,223,934	$ 1,155,619
Restricted for:					
Capital projects	78,236	94,682	110,794	52,773	149,982
Debt service	5,290	9,949	11,508	9,882	797
Transportation programs	-	-	-	-	-
Police programs	-	-	-	-	-
Other programs	17,186	13,177	21,394	24,801	28,634
Housing and redevelopment	169,143	184,269	273,473	274,130	-
Trust and endowments:					
Expendable	2,366	4,519	4,962	1,927	5,368
Nonexpendable	878	1,803	1,927	2,920	1,927
Unrestricted	5,210	(28,060)	(111,552)	(71,536)	155,072
Total governmental activities net position	$ 1,238,006	$ 1,322,947	$ 1,447,777	$ 1,497,399	$ 1,497,399
Business-type activities					
Net investment in capital assets	$ 681,031	$ 726,196	$ 782,620	$ 839,889	$ 623,208
Restricted for:					
Capital projects	-	-	-	-	425
Housing and redevelopment	2,916	2,808	3,421	1,776	-
Other	538	438	-	1,038	-
Unrestricted	122,708	124,505	113,957	93,751	115,223
Total business-type activities net position	$ 807,193	$ 853,947	$ 899,998	$ 936,454	$ 738,856
Primary government					
Net investment in capital assets	$ 1,640,728	$ 1,768,804	$ 1,917,891	$ 2,063,823	$ 1,778,827
Restricted for:					
Capital projects	78,236	94,682	110,794	52,773	150,407
Debt service	5,290	9,949	11,508	9,882	797
Transportation programs	-	-	-	-	-
Police programs	-	-	-	-	-
Other programs	17,724	13,615	21,394	25,839	28,634
Housing and redevelopment	172,059	187,077	276,894	275,906	-
Trust and endowments:					
Expendable	2,366	4,519	4,962	1,927	5,368
Nonexpendable	878	1,803	1,927	2,920	1,927
Unrestricted	127,918	96,445	2,405	22,215	270,295
Total primary government net position	$ 2,045,199	$ 2,176,894	$ 2,347,775	$ 2,455,285	$ 2,236,255

Notes: (1) 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.
(2) 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.
(3) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Net Position by Component [1] [2] [3]
Last Ten Fiscal Years
(accrual basis accounting, in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental activities					
Net investment in capital assets	$ 1,296,115	$ 1,296,978	$ 1,378,249	$ 1,411,767	$ 1,451,059
Restricted for:					
Capital projects	155,596	239,377	221,594	186,619	156,157
Debt service	509	531	544	494	1,105
Transportation programs	-	-	-	-	21,484
Police programs	-	-	-	-	6,952
Other programs	31,649	30,996	30,836	32,443	16,592
Housing and redevelopment	-	-	-	-	-
Trust and endowments					
Expendable	6,513	6,159	4,442	4,690	5,659
Nonexpendable	1,927	1,934	1,934	1,934	1,934
Unrestricted	145,750	124,408	84,092	76,953	16,107
Total governmental activities net position	$ 1,638,059	$ 1,700,383	$ 1,721,691	$ 1,714,900	$ 1,677,049
Business-type activities					
Net investment in capital assets	$ 634,966	$ 656,951	$ 687,417	$ 691,197	$ 701,157
Restricted for:					
Capital projects	425	-	16,866	25,781	30,184
Housing and redevelopment	-	-	-	-	-
Other	-	-	-	-	-
Unrestricted	119,050	119,975	92,458	106,148	113,804
Total business-type activities net assets	$ 754,441	$ 776,926	$ 796,741	$ 823,126	$ 845,145
Primary government					
Net investment in capital assets	$ 1,931,081	$ 1,953,929	$ 2,065,666	$ 2,102,964	$ 2,152,216
Restricted for:					
Capital projects	156,021	239,377	238,460	212,400	186,341
Debt service	509	531	544	494	1,105
Transportation programs	-	-	-	-	21,484
Police programs	-	-	-	-	6,952
Other programs	31,649	30,996	30,836	32,443	16,592
Housing and redevelopment	-	-	-	-	-
Trust and endowments					
Expendable	6,513	6,159	4,442	4,690	5,659
Nonexpendable	1,927	1,934	1,934	1,934	1,934
Unrestricted	264,800	244,383	176,550	183,101	129,911
Total primary government net position	$ 2,392,500	$ 2,477,309	$ 2,518,432	$ 2,538,026	$ 2,522,194

Notes: (1) 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.
(2) 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.
(3) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position [1] [2]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses [3]					
Governmental Activities					
General government	$ 27,025	$ 27,548	$ 26,739	$ 28,759	$ 38,804
Police	100,438	106,177	106,676	124,204	134,213
Fire	52,760	55,408	57,799	74,606	87,844
Public works	91,842	93,777	108,413	-	-
General services	-	-	-	21,502	18,853
Transportation	-	-	-	71,871	88,749
Economic development	3,142	3,688	4,283	-	8,212
Convention, culture & leisure	9,080	11,132	6,823	6,824	17,825
Parks and recreation	36,542	38,435	41,486	44,534	49,341
Code enforcement	-	-	-	-	7,184
Community development	-	-	-	-	-
Neighborhood services	5,543	5,893	6,883	7,880	2,560
Planning and development	12,681	15,071	18,780	-	-
Development services	-	-	-	67,852	36,739
Planning	-	-	-	-	-
Housing and redevelopment	57,132	72,227	46,774	64,018	-
Library	8,386	8,187	8,185	8,505	9,147
Nondepartmental	25,261	28,274	32,473	36,492	-
Interest on long-term debt	14,047	17,900	29,306	31,752	22,693
Total governmental activities expenses	443,879	483,717	494,620	588,799	522,164
Business type activities					
Water	30,553	31,312	47,843	51,950	55,896
Wastewater	12,453	12,247	12,734	13,447	14,685
Storm drainage	24,128	27,721	27,010	34,988	34,544
Solid waste	36,178	35,058	36,102	39,260	40,329
Community center	19,103	18,281	18,310	19,066	19,333
Child development	4,284	4,689	4,492	5,092	5,666
Marina	1,759	1,701	1,656	1,684	1,437
Parking	12,122	13,092	13,580	14,115	14,056
Advanced life support	7,331	7,265	7,823	-	-
Golf	6,618	6,758	6,846	6,719	-
Housing and redevelopment	72,941	87,817	123,892	135,282	-
Total business-type activities	227,470	245,941	300,288	321,603	185,946
Total primary government expenses	$ 671,349	$ 729,658	$ 794,908	$ 910,402	$ 708,110

Notes: (1) 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.

(2) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".

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

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position [1] [2]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses [3]					
Governmental Activities					
General government	$ 41,536	$ 49,841	$ 45,956	$ 44,278	$ 42,238
Police	148,586	159,207	153,874	152,922	159,908
Fire	97,044	104,149	107,119	109,210	111,174
Public works	-	-	-	-	-
General services	17,502	27,527	28,132	29,175	25,679
Transportation	89,063	89,016	95,238	89,358	97,350
Economic development	8,538	10,048	10,055	9,815	10,467
Convention, culture & leisure	19,602	21,518	18,573	18,064	21,348
Parks and recreation	55,661	60,930	54,209	51,984	56,162
Code enforcement	9,946	10,154	10,882	10,984	-
Community development	-	-	-	18,848	25,821
Neighborhood services	2,505	1,667	1,370	1,105	-
Planning and development	-	-	-	-	-
Development services	27,851	30,247	24,063	-	-
Planning	8,158	6,830	2,973	-	-
Housing and redevelopment	-	-	-	-	-
Library	9,433	9,935	13,976	16,827	14,635
Nondepartmental	-	-	-	-	-
Interest on long-term debt	31,067	31,157	29,284	29,658	24,903
Total governmental activities expenses	566,492	612,226	595,704	582,228	589,685
Business type activities					
Water	58,890	63,364	66,757	60,902	63,073
Wastewater	17,171	18,330	20,498	17,389	18,990
Storm drainage	36,473	38,570	38,483	37,040	37,815
Solid waste	45,050	48,735	67,911	47,076	48,203
Community center	19,704	20,507	20,342	19,563	18,530
Child development	5,868	6,604	7,617	6,797	6,274
Marina	1,384	1,257	1,045	1,625	2,662
Parking	16,375	17,154	16,009	16,390	15,786
Advanced life support	-	-	-	-	-
Golf	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-
Total business-type activities	200,915	214,521	238,662	206,782	211,333
Total primary government expenses	$ 767,407	$ 826,747	$ 834,366	$ 789,010	$ 801,018

Notes: (1) 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.

(2) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".

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

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position [(1) (2)]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Program Revenues					
Governmental activities					
Charge for services					
General government	$ 4,267	$ 4,613	$ 4,766	$ 4,768	$ 4,902
Police	3,190	3,272	3,126	3,456	3,986
Fire	4,438	4,421	5,022	16,854	18,721
Public works	35,330	42,034	39,942	-	-
General services	-	-	-	7,600	9,636
Transportation	-	-	-	12,097	15,058
Economic development	1,193	1,843	212	-	5,235
Convention, culture & leisure	3,946	4,391	4,526	1,970	8,995
Parks and recreation	3,771	3,679	4,193	4,794	15,907
Code enforcement	-	-	-	-	1
Community development	-	-	-	-	-
Neighborhood services	1,514	1,723	2,755	2,714	2,969
Planning and development	14,074	16,924	17,600	-	-
Development services	-	-	-	43,941	27,834
Planning	-	-	-	-	-
Housing and redevelopment	1,182	1,940	1,389	1,311	-
Nondepartmental	-	4,163	376	494	-
Total charge for services	72,905	89,003	83,907	99,999	113,244
Operating grants and contributions	67,931	68,199	59,821	77,052	59,348
Capital grants and contributions	126,872	137,307	204,955	147,034	122,010
Total governmental activities program revenues	267,708	294,509	348,683	324,085	294,602
Business - type activities					
Charge for services					
Water	40,097	42,616	45,994	49,009	53,480
Wastewater	13,773	14,593	15,304	16,332	17,285
Storm drainage	28,358	29,299	30,086	31,336	31,400
Solid waste	32,620	35,431	38,423	42,241	42,984
Community center	5,649	5,742	5,843	6,391	6,743
Child development	4,053	4,298	4,361	4,766	5,086
Marina	1,441	1,587	1,711	1,745	1,889
Parking	15,883	15,897	16,210	16,422	17,342
Advanced life support	9,386	10,107	11,035	-	-
Golf	6,041	6,254	6,329	6,408	-
Housing and redevelopment	8,173	10497	10,899	13,720	-
Total charge for services	165,474	176,321	186,195	188,370	176,209
Operating grants and contributions	59,571	71,799	99,582	112,326	1,230
Capital grants and contributions	29,751	21,446	18,592	35,318	31,638
Total business - type activities program revenues	254,796	269,566	304,369	336,014	209,077
Total primary government program revenues	$ 522,504	$ 564,075	$ 653,052	$ 660,099	$ 503,679
Net (Expense) Revenue					
Governmental activities	$ (176,171)	$ (189,208)	$ (145,937)	$ 324,085	$ (227,562)
Business - type activities	27,326	23,625	4,081	336,014	23,131
Total primary government net expenses	$ (148,845)	$ (165,583)	$ (141,856)	$ 660,099	$ (204,431)

Notes: (1) 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.

(2) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".

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

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position [1] [2]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
Program Revenues					
Governmental activities					
Charge for services					
General government	$ 5,333	$ 5,233	$ 5,290	$ 6,614	$ 5,827
Police	3,959	4,203	4,819	4,098	10,316
Fire	17,579	17,936	24,448	22,711	21,998
Public works	-	-	-	-	-
General services	10,327	10,471	10,878	9,964	10,442
Transportation	14,261	19,574	26,391	28,857	28,614
Economic development	5,905	8,143	8,345	8,497	9,136
Convention, culture & leisure	9,759	9,425	11,026	9,689	9,364
Parks and recreation	17,142	13,343	10,187	10,122	10,039
Code enforcement	2,417	3,800	7,932	5,627	-
Community development	-	-	-	8,752	15,409
Neighborhood services	1,085	123	195	166	-
Planning and development	-	-	-	-	-
Development services	25,261	19,867	16,115	-	-
Planning	4	114	108	-	-
Housing and redevelopment	-	-	-	-	-
Nondepartmental	-	-	-	-	-
Total charge for services	113,032	112,232	125,734	115,097	121,145
Operating grants and contributions	52,805	51,845	53,206	59,179	51,289
Capital grants and contributions	189,710	141,919	119,689	90,888	69,234
Total governmental activities program revenues	355,547	305,996	298,629	265,164	241,668
Business - type activities					
Charge for services					
Water	58,363	65,411	62,619	70,463	79,315
Wastewater	18,609	20,704	19,775	20,284	21,360
Storm drainage	31,981	33,289	32,747	34,082	34,160
Solid waste	46,351	52,434	55,949	58,901	62,906
Community center	7,348	7,556	7,651	7,020	6,780
Child development	5,377	5,587	5,640	5,473	5,309
Marina	1,827	1,378	1,748	1,782	1,464
Parking	18,706	19,626	18,661	18,784	18,660
Advanced life support	-	-	-	-	-
Golf	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-
Total charge for services	188,562	205,985	204,790	216,789	229,954
Operating grants and contributions	1,422	1,824	2,343	2,381	2,358
Capital grants and contributions	14,728	11,661	38,094	14,148	10,417
Total business - type activities program revenues	204,712	219,470	245,227	233,318	242,729
Total primary government program revenues	$ 560,259	$ 525,466	$ 543,856	$ 498,482	$ 484,397
Net (Expense) Revenue					
Governmental activities	$ (210,945)	$ (306,230)	$ (297,075)	$ (317,064)	$ (348,017)
Business - type activities	3,797	4,949	6,565	26,536	31,396
Total primary government net expenses	$ (207,148)	$ (301,281)	$ (290,510)	$ (290,528)	$ (316,621)

Notes: (1) 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.

(2) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".

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

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position [1] [2]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	$ 53,146	$ 57,898	$ 63,877	$ 70,456	$ 112,234
Redevelopment tax increment	27,751	29,300	35,314	40,676	-
Utility user taxes	48,609	48,675	52,538	53,893	56,243
Other taxes	17,796	20,098	25,984	30,668	32,002
Sales taxes shared state revenue	55,676	57,984	61,822	55,342	59,118
In-lieu sales tax	-	-	-	15,284	13,956
In-lieu motor vehicle tax	24,555	25,809	27,179	26,393	-
Grants and other intergovernmental revenue not restricted to specific programs	2,847	3,841	4,137	-	-
Investment earnings	25,871	26,274	18,290	24,751	21,741
Miscellaneous	14,921	9,545	6,966	10,267	7,516
Contributions to permanent fund	-	-	124	-	1
Gain (loss) on disposition of capital assets	1,865	118	-	3,437	-
Special items, net	-	-	-	-	-
Transfers	(17,027)	(5,393)	(25,546)	(9,800)	8,159
Total Governmental activities	256,010	274,149	270,685	321,367	310,970
Business-type activities					
Taxes:					
Other taxes	13,164	13,567	13,436	14,398	15,419
Investment earnings	11,239	4,163	2,437	4,342	5,231
Miscellaneous	2,051	-	676	1,015	3
Gain (loss) on disposition of capital assets	-	6	-	6,891	722
Transfers	17,027	5,393	25,546	9,800	(8,159)
Total business-type activities	43,481	23,129	42,095	36,446	13,216
Total primary government	$ 299,491	$ 297,278	$ 312,780	$ 357,813	$ 324,186
Change in Net Position					
Governmental activities	$ 79,839	$ 84,941	$ 124,748	$ 645,452	$ 83,408
Business-type activities	70,807	46,754	46,176	372,460	36,347
Total primary government	$ 150,646	$ 131,695	$ 170,924	$ 1,017,912	$ 119,755

Notes: (1) 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.

(2) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".

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

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position [1] [2]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	$ 127,454	$ 137,782	$ 135,806	$ 123,681	$ 118,801
Redevelopment tax increment	-	-	-	-	-
Utility user taxes	55,619	57,561	57,775	58,693	58,907
Other taxes	28,379	23,865	20,358	18,591	18,327
Sales taxes shared state revenue	55,846	54,821	48,905	46,769	47,680
In-lieu sales tax	18,197	16,344	15,745	14,332	14,548
In-lieu motor vehicle tax	-	-	-	-	-
Grants and other intergovernmental revenue not restricted to specific programs	-	-	4,224	4,591	2,610
Investment earnings	39,867	34,343	14,896	11,508	6,260
Miscellaneous	12,544	12,142	10,368	12,743	12,464
Contributions to permanent fund	1	7	-	-	4
Gain (loss) on disposition of capital assets	-	-	2,912	-	2,336
Special items, net	-	18,791	(929)	-	-
Transfers	13,698	12,898	8,348	19,365	28,229
Total Governmental activities	351,605	368,554	318,408	310,273	310,166
Business-type activities					
Taxes:					
Other taxes	17,258	17,538	15,852	14,233	15,403
Investment earnings	8,227	6,898	5,746	4,964	3,449
Miscellaneous	1	353	-	-	-
Gain (loss) on disposition of capital assets	-	5,645	-	17	-
Transfers	(13,698)	(12,898)	(8,348)	(19,365)	(28,229)
Total business-type activities	11,788	17,536	13,250	(151)	(9,377)
Total primary government	$ 363,393	$ 386,090	$ 331,658	$ 310,122	$ 300,789
Change in Net Position					
Governmental activities	$ 140,660	$ 62,324	$ 21,333	$ (6,791)	$ (37,851)
Business-type activities	15,585	22,485	19,815	26,385	22,019
Total primary government	$ 156,245	$ 84,809	$ 41,148	$ 19,594	$ (15,832)

Notes: (1) 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.

(2) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".

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

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Fund Balances, Governmental Funds [1] [2]
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved for:					
Noncurrent assets	$ 1,179	$ 1,742	$ 1,200	$ 1,305	$ 1,074
Encumbrances	13,400	7,864	12,410	10,790	14,089
Inventories and prepaids	-	-	-	-	-
Unreserved	87,489	104,253	109,868	141,331	133,573
Nonspendable:					
Prepaid items	-	-	-	-	-
Noncurrent assets	-	-	-	-	-
Restricted:					
Other programs	-	-	-	-	-
Committed:					
Economic uncertainty	-	-	-	-	-
Capital projects	-	-	-	-	-
Other programs	-	-	-	-	-
Assigned:					
Unrealized investment gains	-	-	-	-	-
Next year's budget	-	-	-	-	-
Total general fund	$ 102,068	$ 113,859	$ 123,478	$ 153,426	$ 148,736
All Other Governmental Funds					
Reserved for:					
Noncurrent assets	$ 65,899	$ 58,669	$ 68,152	$ 70,511	$ 993
Encumbrances	42,755	97,073	70,611	67,585	32,087
Debt service	17,233	19,489	23,485	24,721	23,138
Inventories and prepaids	-	-	-	-	-
Housing/redevelopment	154	225	1,410	106,624	-
Trust obligations	878	1,803	1,927	1,927	1,927
Capital projects	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	75,150	75,305	76,971	75,224	80,115
Capital projects funds	49,436	141,444	214,811	58,302	192,768
Debt service funds	4,215	4,077	6,558	13,959	7,615
Permanent funds	2,366	2,361	2,706	2,920	3,131
Nonspendable:					
Prepaid items	-	-	-	-	-
Noncurrent assets	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted:					
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Other programs	-	-	-	-	-
Committed:					
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Other programs	-	-	-	-	-
Assigned:					
Debt service	-	-	-	-	-
Unrealized investment gains	-	-	-	-	-
Other programs	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	$ 258,086	$ 400,446	$ 466,631	$ 421,773	$ 341,774

Notes: (1) 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.

(2) The City of Sacramento implemented GASB 54 for the period ended June 30, 2011. GASB 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.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Fund Balances, Governmental Funds [1] [2]
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
General Fund					
Reserved for:					
Noncurrent assets	$ 987	$ 1,604	$ 969	$ 514	$ -
Encumbrances	17,070	8,947	5,189	6,301	-
Inventories and prepaids	-	449	316	304	-
Unreserved	113,421	87,962	65,614	47,988	-
Nonspendable:					
Prepaid items	-	-	-	-	63
Noncurrent assets	-	-	-	-	245
Restricted:					
Other programs	-	-	-	-	86
Committed:					
Economic uncertainty	-	-	-	-	14,340
Capital projects	-	-	-	-	19,612
Other programs	-	-	-	-	12,468
Assigned:					
Unrealized investment gains	-	-	-	-	972
Next year's budget	-	-	-	-	5,138
Total general fund	$ 131,478	$ 98,962	$ 72,088	$ 55,107	$ 52,924
All Other Governmental Funds					
Reserved for:					
Noncurrent assets	$ 935	$ 875	$ 746	$ 1,149	$ -
Encumbrances	33,855	113,669	78,390	30,000	-
Debt service	22,568	22,634	20,517	20,269	-
Inventories and prepaids	-	1,344	35	35	-
Housing/redevelopment	-	-	-	-	-
Trust obligations	1,927	1,934	1,934	1,934	-
Capital projects	-	-	-	2,210	-
Unreserved, reported in:					
Special revenue funds	34,125	79,289	73,626	93,583	-
Capital projects funds	276,582	131,595	104,824	100,308	-
Debt service funds	7,651	9,200	9,868	10,047	-
Permanent funds	3,855	3,700	2,567	2,798	-
Nonspendable:					
Prepaid items	-	-	-	-	30
Noncurrent assets	-	-	-	-	1,577
Permanent fund principal	-	-	-	-	1,934
Restricted:					
Capital projects	-	-	-	-	161,365
Debt service	-	-	-	-	20,870
Other programs	-	-	-	-	50,264
Committed:					
Capital projects	-	-	-	-	606
Debt service	-	-	-	-	2,278
Other programs	-	-	-	-	646
Assigned:					
Debt service	-	-	-	-	2,878
Unrealized investment gains	-	-	-	-	120
Other programs	-	-	-	-	2,281
Unassigned	-	-	-	-	(31,287)
Total all other governmental funds	$ 381,498	$ 364,240	$ 292,507	$ 262,333	$ 213,562

Notes: (1) 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.

(2) The City of Sacramento implemented GASB 54 for the period ended June 30, 2011. GASB 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.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Fund Balances, Governmental Funds [1]
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
Taxes	$ 210,652	$ 224,051	$ 249,050	$ 269,695	$ 273,010
Intergovernmental	178,020	179,058	137,234	167,448	134,905
Charges for services	36,698	39,320	45,226	58,836	64,063
Fines and penalties	6,719	6,276	7,223	7,804	8,065
Interest, rents, and concessions	19,616	21,442	13,998	17,278	18,195
Community service fees	22,023	40,508	45,936	40,315	64,360
Assessment levies	15,429	16,112	17,387	18,443	19,374
Contributions from property owners	7,039	11,996	54,936	46,343	3,942
Donations	619	947	215	63	94
Miscellaneous	5,952	8,083	3,098	3,670	1,463
Total revenues	502,767	547,793	574,303	629,895	587,471
Expenditures					
General Government	20,655	22,108	24,503	25,886	30,456
Police	99,394	101,707	105,089	121,548	137,391
Fire	52,540	53,555	56,986	73,360	87,648
General Services	-	-	-	16,325	14,925
Transportation	-	-	-	22,038	34,691
Neighborhood Services	5,543	5,893	6,883	7,880	1,917
Convention, Culture & Leisure	7,245	7,127	4,829	4,847	13,060
Economic Development	2,339	2,544	2,361	-	5,461
Parks and Recreation	33,961	34,262	37,167	38,898	43,477
Code enforcement	-	-	-	-	7,184
Community Development	-	-	-	-	-
Library	7,449	7,636	7,636	7,997	8,587
Utilities	274	274	274	219	109
Nondepartmental	20,902	21,805	26,336	32,284	24,811
Public Works	40,709	46,289	48,466	-	-
Development Services	-	-	-	66,785	35,802
Planning	-	-	-	-	-
Housing and Redevelopment	50,829	53,650	47,231	58,399	-
Planning and Building	12,676	15,115	17,560	-	-
Capital Outlay					
City	88,705	135,657	143,414	127,157	95,683
SHRA	7,747	14,334	12,678	10,229	-
Subtotal - capital outlay	96,452	149,991	156,092	137,386	95,683
Debt Service					
City					
Principal	13,379	18,896	26,449	21,260	21,213
Interest and fiscal charges	13,948	18,297	20,163	19,415	21,973
Bond issuance costs	-	-	-	-	2,600
Advance refunding escrow	-	4,382	-	-	1,154
SHRA					
Principal	8,460	9,862	11,445	12,978	-
Interest and fiscal charges	10,932	13,177	14,782	16,382	-
Subtotal - debt service	46,719	64,614	72,839	70,035	46,940
Total Expenditures	497,687	586,570	614,252	683,887	588,142
Excess (deficiency) of revenues over (under) expenditures	5,080	(38,777)	(39,949)	(53,992)	(671)
Other Financing Sources (uses)					
Transfers in	48,003	66,732	90,952	57,544	52,864
Transfers out	(64,525)	(57,862)	(114,577)	(53,208)	(38,609)
Operating transfers to component unit	-	-	-	-	-
Issuance of long-term debt	10,773	197,176	137,436	14,983	212,339
Premium on long term debt	-	-	-	-	7,447
Proceeds from sale of property	1,865	5,100	6,427	5,286	-
Payments to participating governments	-	-	-	-	(25,500)
Payments to refunded bond escrow	-	(25,038)	(2,712)	-	(63,560)
Donation of capital assets	-	6,820	-	-	-
Discount on long-term debt	-	-	(1,245)	-	-
Special items, net	-	-	-	-	-
Total other financing sources (uses)	(3,884)	192,928	116,281	24,605	144,981
Net change in fund balances	$ 1,196	$ 154,151	$ 76,332	$ (29,387)	$ 144,310
Debt services as a percentage of noncapital expenditures	11.64%	14.80%	15.90%	12.82%	9.53%

Note: (1) 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.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Fund Balances, Governmental Funds [1]
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
Revenues					
Taxes	$ 287,254	$ 286,498	$ 277,370	$ 260,749	$ 254,705
Intergovernmental	148,521	137,341	161,418	174,214	125,758
Charges for services	64,902	63,285	70,403	62,962	67,831
Fines and penalties	8,285	9,916	12,213	12,118	11,093
Interest, rents, and concessions	34,398	28,430	15,414	10,928	9,627
Community service fees	40,386	16,831	13,297	7,875	3,647
Assessment levies	21,424	25,894	33,204	31,970	33,482
Contributions from property owners	44,099	31,753	8,132	7,972	9,440
Donations	-	-	-	-	-
Miscellaneous	395	296	212	196	411
Total revenues	649,664	600,244	591,663	568,984	515,994
Expenditures					
General Government	31,172	33,778	31,938	27,471	26,049
Police	149,159	148,392	145,148	147,059	144,081
Fire	91,965	94,284	99,613	102,430	97,573
General Services	14,348	23,198	23,396	21,025	19,353
Transportation	37,598	30,235	32,902	31,023	29,708
Neighborhood Services	1,815	1,547	1,363	1,007	-
Convention, Culture & Leisure	15,074	16,080	15,116	13,196	13,291
Economic Development	5,882	8,035	9,472	9,136	9,819
Parks and Recreation	47,884	53,499	45,845	40,312	36,650
Code enforcement	9,713	9,595	10,605	10,279	-
Community Development	-	-	-	15,873	23,307
Library	8,868	9,366	13,406	12,366	12,398
Utilities	109	83	67	67	137
Nondepartmental	18,526	27,373	26,028	26,818	33,407
Public Works	-	-	-	-	-
Development Services	32,600	28,261	21,881	-	-
Planning	8,079	5,626	2,709	-	-
Housing and Redevelopment	-	-	-	-	-
Planning and Building	-	-	-	-	-
Capital Outlay					
City	193,954	153,507	180,125	156,146	91,902
SHRA	-	-	-	-	-
Subtotal - capital outlay	193,954	153,507	180,125	156,146	91,902
Debt Service					
City					
Principal	17,253	19,529	45,789	18,577	44,189
Interest and fiscal charges	30,216	30,689	30,468	29,697	25,209
Bond issuance costs	1,519	607	-	-	-
Advance refunding escrow	213	-	-	-	-
SHRA					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Subtotal - debt service	49,201	50,825	76,257	48,274	69,398
Total Expenditures	715,947	693,684	735,871	662,482	607,073
Excess (deficiency) of revenues over (under) expenditures	(66,283)	(93,440)	(144,208)	(93,498)	(91,079)
Other Financing Sources (uses)					
Transfers in	56,203	58,989	65,076	53,621	58,006
Transfers out	(37,441)	(39,780)	(33,695)	(30,241)	(27,025)
Operating transfers to component unit	-	-	-	-	-
Issuance of long-term debt	147,281	5,666	10,981	22,963	6,808
Premium on long term debt	14,857	-	-	-	-
Proceeds from sale of property	-	-	2,992	-	2,336
Payments to participating governments	-	-	-	-	-
Payments to refunded bond escrow	(92,151)	-	-	-	-
Donation of capital assets	-	-	-	-	-
Discount on long-term debt	-	-	-	-	-
Special items, net	-	18,791	(929)	-	-
Total other financing sources (uses)	88,749	43,666	44,425	46,343	40,125
Net change in fund balances	$ 22,466	$ (49,774)	$ (99,783)	$ (47,155)	$ (50,954)
Debt services as a percentage of noncapital expenditures	9.43%	9.41%	13.72%	9.35%	13.06%

Note: (1) 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.

Source: City of Sacramento Comprehensive Annual Financial Reports

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
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
2010	140,013	-	45,670	58,700	16,366	260,749
2011	133,099	-	47,680	58,887	15,039	254,705

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: (A) City of Sacramento Comprehensive Annual Financial Reports
(B) 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			
2002	$ 19,718,191	$ 1,171,368	$ 57,292	$ 20,946,851	$ 455,886	$ 20,490,965	1.0000
2003	21,855,519	1,157,123	66,428	23,079,070	478,334	22,600,736	1.0000
2004	23,859,347	1,168,917	60,909	25,089,173	489,478	24,599,695	1.0000
2005 [2]	27,010,976	1,343,104	57,800	28,411,880	500,620	27,911,260	1.0000
2006	31,112,448	1,374,566	56,950	32,543,964	506,813	32,037,151	1.0000
2007	35,687,712	1,441,042	54,611	37,183,365	509,257	36,674,108	1.0000
2008	39,286,839	1,548,914	15,371 [3]	40,851,124	505,519	40,345,605	1.0000
2009	40,360,550	1,691,096	11,948	42,063,594	503,159	41,560,435	1.0000
2010	37,446,222	1,819,726	11,937	39,277,885	499,878	38,778,007	1.0000
2011	36,388,660	1,742,824	11,977	38,143,461	496,459	37,647,002	1.0000

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 that 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 be 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.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Direct and Overlapping Property Tax Rates [1]
Per $100 of Assessed Value
Last Ten Fiscal Years

Fiscal Year End June 30	Basic County, City, and School Levy	County of Sacramento	Schools	Special Districts	Total
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
2010	1.0000	__	0.1035	__	1.1035
2011	1.0000	__	0.1069	__	1.1069

Note : (1) Data is stated at full value as required under Article XIII-A of the Constitution of the State of California.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

(in thousands)

	2011			2002		
Taxpayer	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Hines Sacramento Wells Fargo	$ 593,478	1	1.55 %			%
CIM & 980 9th St Sacramento	322,978	2	0.85			
Buzz Oates LLC	157,570	3	0.41			
Arden Fair Associates	130,636	4	0.34	112,539	4	0.55
Downtown Plaza LLC	130,533	5	0.34			
Sutter Community Hospitals	127,661	6	0.33	106,897	6	0.52
Verizon	118,144	7	0.31			
621 Capitol Mall LLC	114,166	8	0.30			
Comcast Cable	108,769	9	0.28			
1415 Meridian Plaza LLC	87,592	10	0.23			
400 Capital Mall Venture				130,766	1	0.64
Downtown Plaza LLC				124,180	2	0.61
Kasier Foundation Hospitals				113,969	3	0.56
Shriners Hospital				108,095	5	0.53
980 9th Street				85,525	7	0.42
Prentiss Properties Natomas LP				80,103	8	0.39
VV USA City LP				79,861	9	0.39
Spieker Properties LP				79,718	10	0.39
	1,891,527		4.95	1,021,653		5.00
All other taxpayers	36,303,878		95.05	19,469,312		95.00
Total	$ 38,195,405		100.00 %	$ 20,490,965		100.00 %

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)

Fiscal Year End June 30	Current Tax Collections	Delinquent Taxes Collected	Total Tax Collections
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
2010	136,313	3,700	140,013
2011	130,711	2,388	133,099

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.

Source: City of Sacramento, Finance Department

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

(in thousands, except Population and Per Capita)

	Governmental Activites				
Fiscal Year	Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Notes Payable	Capital Leases
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
2010	496,641	-	-	746	11,203
2011	477,588	-	-	677	9,910

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 of $55 million.
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 unit.
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 2007, 2008, 2009, 2010 and 2011.

Source: City of Sacramento Comprehensive Annual Financial Reports

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

(in thousands, except Population and Per Capita)

	Business-Type Activities							
Fiscal Year	Revenue Bonds	Certificates of Participation	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Population	Per Capita
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	7	452,959	2,336
2006 (5)(6)	353,065	-	49,210	2,279	937,189	6	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
2010	302,064	-	56,307	8,295	875,256	NA	486,189	1,800
2011	289,950	-	56,388	7,066	841,579	NA	469,566	1,792

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 of $55 million.
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 unit.
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 2007, 2008, 2009, 2010 and 2011.

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
2002	$ -	$ -	$ -	$ 20,490,965	0.00%	426,013	-
2003	-	-	-	22,600,736	0.00%	433,355	-
2004	-	-	-	24,599,695	0.00%	440,976	-
2005	-	-	-	27,911,260	0.00%	452,959	-
2006	-	-	-	32,037,151	0.00%	457,514	-
2007	-	-	-	36,674,108	0.00%	467,343	-
2008	-	-	-	40,345,605	0.00%	475,743	-
2009	-	-	-	41,560,435	0.00%	481,097	-
2010	-	-	-	38,778,007	0.00%	486,189	-
2011	-	-	-	37,647,002	0.00%	469,566	-

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

City of Sacramento
Direct and Overlapping Governmental Activities Debt [1]
As of June 30, 2011
(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	$ 322,910	24.253 %	$ 78,315
Natomas Unified School District	186,282	87.960	163,854
Sacramento Unified School District	350,083	80.603	282,177
San Juan Unified School District	304,098	3.034	9,226
Twin Rivers Unified School District (former elementary school district bonds)	92,937	45.337	42,135
Twin Rivers Unified School District (former Grant Joint Union High School District bonds)	189,822	46.810	88,856
Robla School District	16,746	59.998	10,047
City of Sacramento Community Facilities Districts	166,890	100.000	166,890
Elk Grove Unified School District Community Facilities District No. 1	149,041	11.643	17,353
Sacramento City Unified School District Community Facilities District No. 1	1,830	100.000	1,830
City of Sacramento 1915 Act Bonds	16,280	100.000	16,280
Sacramento Area Flood Control Agency, A.D. No.2	165,120	64.768	106,945
Sacramento Area Flood Control Agency Operation and Maintenance AD	2,690	40.354	1,086
Subtotal - Overlapping Tax and Assessment debt			984,994
Direct and Overlapping General Fund Debt:			
Sacramento County General Fund Obligations	355,019	29.031	103,066
Sacramento County Pension Obligations	916,168	29.031	265,973
Sacramento County Board of Education Certificates of Participation	9,950	29.031	2,889
Los Rios Community College District Certificates of Participation	6,310	24.253	1,530
Natomas Unified School District Certificates of Participation	62,395	87.960	54,882
Sacramento Unified School District Certificates of Participation	80,465	80.603	64,857
Sacramento Unified School District Pension Obligations	3,200	80.603	2,579
San Juan Unified School District Certificates of Participation	1,733	3.034	53
Twin Rivers Unified School District Certificates of Participation	129,825	46.810	60,771
Fulton-El Camino Recreation and Park District Certificates of Participation	270	18.540	50
Subtotal - Lease Obligation Debt			556,650
Total Overlapping Debt			1,541,644
City of Sacramento Direct Debt			467,502
Total Direct and Overlapping Debt			$ 2,009,146

Note: (1) 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)

	Debt Limit		Debt Applicable to Limit				
Fiscal Year	Net Assessed Value	Debt Limit - 15% of Assessed Value	General Obligation Bonds	Amount set aside for repayment of general obligation debt	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2002	$ 20,490,965	$ 3,073,645	$ -	$ -	$ -	$ 3,073,645	0.00%
2003	22,600,736	3,390,110	-	-	-	3,390,110	0.00%
2004	24,599,695	3,689,954	-	-	-	3,689,954	0.00%
2005	27,911,260	4,186,689	-	-	-	4,186,689	0.00%
2006	32,037,151	4,805,573	-	-	-	4,805,573	0.00%
2007	36,674,108	5,501,116	-	-	-	5,501,116	0.00%
2008	40,345,605	6,051,841	-	-	-	6,051,841	0.00%
2009	41,560,435	6,234,065	-	-	-	6,234,065	0.00%
2010	38,778,007	5,816,701	-	-	-	5,816,701	0.00%
2011	37,647,002	5,647,050	-	-	-	5,647,050	0.00%

Sources: (A) City of Sacramento Comprehensive Annual Financial Reports.
(B) 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)*	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment (B)	Unemployment Rate (C)
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	N/A	239,026	4.8
2007	1,406,804	N/A	N/A	N/A	N/A	238,233	5.3
2008	1,424,415	N/A	N/A	N/A	N/A	238,522	7.0
2009	1,433,187	N/A	N/A	N/A	N/A	237,722	11.9
2010	1,445,327	N/A	N/A	N/A	N/A	237,916	12.6
2011	1,428,355	N/A	N/A	N/A	N/A	237,567	12.7

Sources: (A) http://www.dof.ca.gov/research/demographic/reports/estimates/e-1/2010-11/ (Population estimates are as of January 1, 2011)
(B) California Department of Education, report on Sacramento County: http://dq.cde.ca.gov/dataquest/ (Year 2010-11)
(C) California Employment Development Department, Report 400 M - Monthly Labor Force Data for California Counties and Metropolitan Statistical Areas: http://www.labormarketinfo.edd.ca.gov/ (June 2011 - Revised)

City of Sacramento
Principal Employers
Current Fiscal Year and Nine Years Ago [1]

Employer (A)	Employee (A)	Percentage of Total Employment (B) [2]
State of California	72,120 [3]	12.30 %
Sacramento County	11,300	1.93
University of California, Davis Health System	8,580	1.46
Sutter Health Sacramento Sierra Region	6,958	1.19
Mercy/Catholic Healthcare West	6,942	1.18
Intel Corporation	6,515	1.11
Kaiser Permanente	6,367	1.09
Elk Grove Unified School District	5,619	0.96
San Juan Unified School District	4,600	0.78
Sacramento City Unified School District	4,500	0.77
City of Sacramento	4,000	0.68

Notes:

(1) Data is not available from nine years ago. (2006 was the first fiscal year this data was presented).

(2) Percentage of total employment is calculated based on Sacramento County's total employment force of 586,500 (per Employment Development Department website) in August 2011.

(3) Includes full-time, intermittent and part-time employees.

Sources: (A) Sacramento Business Journal, September 30, 2011. List of largest employers in Sacramento County.
(B) Employment Development Department, State of California.

City of Sacramento
Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30									
Function/Program	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Code Enforcement	-	-	-	-	82	94	92	107	90	-
Community Development	-	-	-	-	-	-	-	-	107	170
Convention, Culture & Leisure	262	263	263	204	204	208	213	214	206	196
Development Services	-	-	190	252	259	243	246	222	-	-
Economic Development	17	17	17	-	17	17	24	27	22	18
Fire	571	571	588	609	623	651	651	655	582	611
General Government	376	387	390	393	374	408	419	400	329	319
General Services	-	-	754	457	260	264	287	307	257	247
Neighborhood Services	79	80	243	86	16	16	15	15	9	-
Nondepartmental	1	1	-	-	-	-	-	-	-	-
Parks and Recreation	815	828	677	841	896	930	925	872	680	648
Planning	-	-	-	-	-	38	33	34	-	-
Planning and Building	164	176	-	-	-	-	-	-	-	-
Police	1,111	1,111	1,116	1,189	1,207	1,265	1,272	1,271	1,091	1,060
Public Works	734	749	-	-	-	-	-	-	-	-
Transportation	-	-	-	333	340	350	356	437	424	409
Utilities	480	490	492	497	727	732	741	741	752	698
Total	4,609	4,672	4,729	4,860	5,003	5,213	5,273	5,300	4,549	4,374

Source: City of Sacramento Approved Operating Budgets

City of Sacramento
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/program	Fiscal Year 2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Adult arrests	19,088	23,015	23,046	25,623	27,314	24,703	22,783	21,230	20,555	19,885
Citizen initiated calls for service with officer responses	198,652	202,671	269,815	194,969	187,731	181,793	181,873	173,045	176,157	166,207
Fire (1)										
Number of incidents	36,437	43,018	43,108	63,242	65,714	66,284	70,609	64,525	59,608 (2)	71,111
Number of structure fires	2,665	2,751	3,915	835	1,189	500	414	401	359 (2)	606
Number of construction inspection/reviews	2,792	3,037	4,596	5,181	N/A	N/A	N/A	N/A	2,790	N/A
General Services										
Number of animal licenses issued	8,739	8,316	8,256	9,446	12,815	14,944	18,812	18,732	17,094	17,132
Number of animal outplacements	3,830	3,612	2,852	4,267	4,323	4,352	4,252	4,025	3,300	2,901
Transportation										
Number of traffic investigations completed	970	1,185	1,114	927	922	1,123	1,019	1,028	903	712 (4)
Number of parking citations issued	204,413	203,364	211,128	199,428	201,196	194,193	233,901	236,103	240,248	184,215 (5)
Convention, Culture & Leisure										
Number of events	644	609	591	607	600	664	568	528	453	417
Event attendance	1,200,000	1,016,787	981,766	929,425	833,428	849,000	863,759	863,770	779,388	873,577
Number of Zoo attendance	445,000	495,000	480,000	485,000	485,000	529,734	482,072	467,446	481,452	498,518
Parks and Recreation										
Number of students enrolled in START	7,600	7,700	8,000	7,149	7,913	8,845	8,364	8,695	8,563	7,437
Number of students enrolled in 4th R	2,500	2,500	2,510	2,695	2,885	3,000	3,500	2,675	2,600	2,142
Number of lunches served through food programs	292,700	216,100	210,000	195,000	192,500	160,900	156,916	197,020	120,726 (3)	133,687
Development Services										
Number of building permits issued	14,647	17,389	18,089	17,869	18,261	16,930	14,349	13,182	11,786	11,474
Building permit valuation (in million of dollars)	713	1,060	1,001	883	817	1,005	862	557	543	387
Code Enforcement										
Vehicles abated by City	3,954	4,958	4,814	4,660	3,747	2,572	1,538	898	694	429
Notice and orders issued on housing and dangerous buildings	337	340	278	279	293	445	378	360	305	250
Water										
Number of accounts	125,780	129,852	131,745	136,347	151,459	151,459	135,665	137,029	136,600	136,812
Amount distributed/pumped (million of gallons)	45,049	44,165	46,852	44,177	45,180	49,463	N/A	42,726	38,453	37,393
Wastewater										
Number of accounts	77,613	77,940	78,177	78,596	78,541	79,620	76,253	76,802	76,385	76,394
Amount distributed/pumped (million of gallons)	17,877	16,454	16,339	18,054	19,185	19,185	N/A	15,889	14,302	18,086
Storm Drainage										
Number of accounts	120,940	123,324	127,216	130,426	128,427	132,376	131,801	132,727	132,556	133,188
Amount distributed/pumped (million of gallons)	31,944	28,420	30,506	41,608	53,444	53,444	N/A	27,936	27,288	36,088
Solid Waste										
Residential garbage disposed (in Tons)	124,371	124,623	129,838	129,499	127,120	128,802	128,060	104,542	112,203	110,103
Commercial garbage collected (in Tons)	16,059	16,207	20,390	23,159	22,469	N/A	24,804	18,937	17,688	12,918 (6)

Notes: (1) The threshold for investigation of a fire was raised from $10,000 or $30,000 in fiscal year 2005.
(2) Due to a system problem in October 2009, only 11 months of data are available.
(3) In FY2010, the decrease in number of lunches served through food programs was due to decrease in number of sites in operation from 112 to 43. The sites were scaled back to better manage the program and reduce waste.
(4) In FY2011, the reason for the significant drop in the number of traffic investigations completed was due to the decrease in calls from the General Public. In addition, FY2011 onwards, Maintenance Calls were excluded.
(5) In FY2011, the reasons for the significant drop in the number of citations writtens were due to a) the depressed economy; (b) there were 4 fewer parking enforcement officers; and 3) the staff were furloughed.
(6) In FY2011, the reason for the significant drop in the commercial garbage collected was primarily due to loss of two major accounts, i.e. Sacramento City Unified School District to Atlas Disposal and California State University, Sacramento to Allied Waste.

Source: Various City of Sacramento Departments

City of Sacramento
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/program	Fiscal Year 2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Number of stations [1]	2	2	2	2	2	2	4	4	4	4
Number of patrol units [2]	243	241	239	238	229	210	210	210	242	242
Number of aircraft	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	3	3
Number of watercraft	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2	2
Fire										
Number of stations	22	22	22	23	23	23	23	23	23	23
Number of fire protection vehicles	126	152	150	167	169	170	151	150	160	160
Transportation										
Miles of streets	2,780	2,922	2,936	2,960	3,025	3,034	3,045	3,044	3,063	3,108
Number of street lights	35,000	35,896	36,852	38,450	39,277	39,964	40,578	41,131	41,252	41,301
Number of City parking spaces [3]	8,519	8,580	8,580	8,488	8,518	8,795	8,798	8,484	8,484	8,484
Miles of off-street bikeways	61	50	53	58	62	67	76	78	78	82
Parks and recreation										
Number of parks	212	197	196	204	205	205	206	208	212	213
Park acreage [4]	3,296	2,998	3,627	3,122	3,124	3,125	3,126	3,167	3,171	3,171
Number of community centers [5]	16	17	17	17	17	17	16	13	13	13
Number of swimming pools (including wading pools)	20	22	23	23	23	23	23	26	26	26
Water										
Miles of water mains and distribution lines [6] [7]	1,422	1,434	1,467	1,708	1,873	1,873	1,859	1,720	1,724	1,596
Sewers and storm drainage										
Miles of sanitary sewers and storm drainage [8]	2,005	2,054	2,103	2,081	2,081	2,024	1,859	1,693	1,950	1,954
Off-street parking										
Number of City garages and open parking lots	12	12	12	11	11	12	12	10	10	10
Golf										
Number of golf courses	7	6	6	6	6	6	6	6	6	6
Marina										
Number of boat harbor slips	558	563	563	563	563	547	475 [9]	475	475	475

Note: (1) From FY2008 onwards, police stations refer to stations plus police headquarters.
(2) From FY2010 onwards, patrol units include cars and motorcycles.
(3) From FY2009 onwards, City parking spaces is defined as only those which are City-owned.
(4) Golf course acreage is not included from FY 2005 onwards.
(5) Does not include neighborhood centers.
(6) Water mains are pipes over 12" in size. Pipes 12" or less are considered Distribution Lines. Reporting categories have been changed to show this distinction FY2011 onwards. In addition, FY2011 onwards, Service Mains and Hydrant Mains are excluded.
(7) From FY2009 onwards, does not include miles for private mains and mains owned by other agencies .
(8) Non-pipe elements may have been included in years prior to FY2009.
(9) In FY2008, the marina boat slips were made larger thereby decreasing their total number.

Source: Various City of Sacramento Departments

City of Sacramento
Miscellaneous Statistics
Current Fiscal Year and Nine Years Ago

Date of incorporation	1849
Date of charter	1921
Date City became State Capitol	1854
Form of government	Council/Manager

	2011	2002
Number of budgeted positions	4,374	4,057
Area in square miles	99	98
Altitude in feet	20	20
City of Sacramento facilities and services:		
Police		
Number of stations	4	2
Number of police personnel sworn / civilian (actual)	701/307	702/406
Number of patrol units	242	243
Fire		
Number of stations	23	22
Number of fire personnel sworn / unsworn	550/39	524/47
Number of fire protection vehicles	160	126
Utilities		
Miles of water mains and distribution lines (1)	1,596	1,422
Annual water production in gallons	37.6 billion	45 billion
Miles of sanitary sewers and storm drainage (2)	1,954	2,005
Transportation		
Miles of streets	3,108	2,780
Number of street lights	41,301	35,000
Number of City managed parking lots / spaces	21/10,465	12/8,519
Miles of off-street bikeways	82	61
Convention, Culture and Leisure		
Golf courses	6	7
Boat harbor slips (3)	475	558
Zoo animals (4)	501	360
Fairytale town attendance for year	245,007	171,779
Crocker Art Gallery attendance for year	250,493	145,896
Community Convention Center attendance for year	917,771	1,200,000
Parks and Recreation		
Parks	213	212
Park acreage (5)	3,171	3,296
Camp Sacramento attendance for year	2,285	3,200
Community centers	13	15
Neighborhood centers	5	N/A
Swimming pools	12	20
Baseball fields (6)	99	126
Soccer fields	129	56
Ball courts (7)	174	109
Library		
Library branches	12	11
Library books and audiovisual recordings in circulation	792,610	821,599

Notes: (1) Water mains are pipes over 12" in size. Pipes 12" or less are considered Distribution Lines. Reporting categories have been changed to show this distinction FY2011 onwards. In addition, FY2011 onwards, Service Mains and Hydrant Mains are excluded.

(2) Non-pipe elements may have been included in years prior to FY2009.

(3) In FY2008, the marina boat slips were made larger thereby decreasing their total number.

(4) Zoo animals number is comprised of animals on-site (either owned by zoo or owned by other entity).

(5) Golf course acreage is not included from FY 2005 onwards.

(6) This includes softball, little league and adult baseball from FY2011 onwards.

(7) This includes basketball, tennis, and volleyball courts from FY2009 onwards. The number for 2002 were only for tennis courts.

Source: Various City of Sacramento Departments and Publications

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 469,566

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