

**Meeting Date:** 5/27/2014

**Report Type:** Staff/Discussion

**Report ID:** 2014-00406

**Title:** Measure U Citizens Oversight Committee Fiscal Year (FY) 2012/13 Report

**Location:** Citywide

**Recommendation:** Receive and file.

**Contact:** Mark Prestwich, Special Projects Manager, (916) 808-5380, Office of the City Manager

**Presenter:** Jamie A. Matthews and Chris Shipman, Members of Measure U Citizens Oversight Committee

**Department:** City Manager

**Division:** Executive Office

**Dept ID:** 02001011

**Attachments:**

1-Description/Analysis

2-Measure U Committee Report

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**City Attorney Review**

Approved as to Form

Gerald Hicks

5/20/2014 5:01:45 PM

**Approvals/Acknowledgements**

Department Director or Designee: Howard Chan - 5/19/2014 6:54:20 PM

## Description/Analysis

**Issue Detail:** On November 12, 2012, City of Sacramento voters approved a one-half cent general transaction and use tax (Measure U). Pursuant to the requirements of Measure U, the City Council adopted Resolution 2012-344 which established a five-member Citizens Oversight Committee to review the revenue and expenditure of funds from the tax. The purpose of this report is to transmit the Committee's Fiscal Year 2012/13 Measure U Citizens Oversight Committee Report to the City Council (attached).

As stated In Resolution 2012-344, Committee responsibilities include:

1. Review the City's annual independent audit report.
2. Prepare and submit a written report to be presented to the City Council at a public meeting and made available to the public recording:
  - The amount of revenue generated by Measure U.
  - The allocation of revenue reflecting the services and programs funded by proceeds of Measure U.
  - The results of the Committee's review of the City's annual independent audit report as it pertains to use of Measure U proceeds.

**Policy Considerations:** The transmittal of the Fiscal Year 2012/13 Measure U Citizens Oversight Committee Report fulfills the Committee's annual responsibility prescribed by the City Council.

**Economic Impacts:** None.

**Environmental Considerations:** Not applicable.

**Sustainability:** Not applicable.

**Commission/Committee Action:** The Measure U Citizens Oversight Committee met on March 5, 2014 and May 7 to review Measure U revenues received and expenditures made between April 1, 2013 and June 30, 2013.

**Rationale for Recommendation:** This is a receive and file report.

**Financial Considerations:** Not applicable.

**Local Business Enterprise (LBE):** Not applicable.

# MEASURE U OVERSIGHT COMMITTEE FY2012/13 ANNUAL REPORT

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**Jamie Matthews**

**Chris Shipman**

**5/7/2014**

City of Sacramento Essential Services Protection Measure U “To restore and protect essential public safety services, including 9-11 response, and other essential services including park maintenance, youth/senior services, and libraries, shall the City enact a one-half cent sales tax for six years with all revenue legally required to stay in the City’s General Fund, none for the State, with independent annual financial audits and citizen oversight.”

**MEASURE U**  
**CITIZEN OVERSIGHT COMMITTEE**

**Cecily Hastings, Chair**

**Carlos Anguiano**

**Jamie Matthews**

**Chris Shipman**

**Michelle Brattmiller**

## Message from the Chair

Mayor Kevin Johnson and Members of the Sacramento City Council:

On behalf of Measure U Oversight Committee (the Committee), we are pleased to present this report to the Sacramento City Council (City Council). The City of Sacramento (the City) Essential Services Protection Measure (Measure U) was approved by voters in November 2012 and authorized the additional one-half cent transaction and use tax effective April 1, 2013. The one-half cent tax will continue for 6 years and expire on March 31, 2019.

The sales tax is targeted to restore and protect essential public safety services, including 9-11 response, and other essential services including park maintenance, youth/senior services, and library services. Additionally, Measure U provides for an independent audit annually and the establishment of an Oversight Committee to review the revenues and expenditures from the fund.

This report represents for first report of the Committee and identifies:

1. The amount of revenue generated by Measure U
2. The allocation of revenue reflecting the services and programs funded by proceeds of Measure U
3. The results of the Committee's review of the City's annual independent audit report as it pertains to use of Measure U proceeds

This report also establishes a process for FY13/14 Audit and future Measure U reports.

Finally, the report includes the Committee recommendations, and we look forward to ensuring that Measure U goals are continually realized.

Sincerely,

Cecily Hastings, Chair

# INDEX

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|  |   |
|--|---|
| Background   | 1 |
| Summary of Findings/Recommendation Related to the Committee Responsibilities   | 2 |
| Schedule of Prior Year Findings/Recommendations Related to the Committee Responsibilities  | 9 |
| Attachment A - Establishing the Composition of the Citizens Oversight Committee Related to Measure “U” and Defining the Scope of Responsibilities of the Committee       |   |
| Attachment B - Approving the FY2013/14 Budget Development Principles, Principles for the use of Measure U Resources, and the FY2012/13 Allocation of Measure U Resources |   |
| Attachment C - FY2012/13 Independent audit report  |   |
| Attachment D - Approving the FY2012/13 Allocation of Measure U Resources   |   |

## BACKGROUND

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On November 12, 2012, Sacramento City Voters (the Voters) approved Measure U that imposed an additional one-half ( $\frac{1}{2}$ ) cent sales tax to restore and protect essential public safety services, including 9-11 response, and other essential services including park maintenance, youth/senior services, and libraries. This  $\frac{1}{2}$  cent sales tax is in addition to the existing combined local and state tax of 7.75%, thus bringing the tax to 8.25%. This is a temporary tax for six years that was effective April 1, 2013 and will expire on March 31, 2019.

Measure U also established a Measure U Oversight Committee (the Committee). Resolution No. 2012-344, (*Attachment A*) "Establishing the Composition of the Citizens Oversight Committee Related to Measure "U" and Defining the Scope of Responsibilities of the Committee", adopted by the City Council on October 2, 2012, establishes the responsibilities for each year in which the Measure U  $\frac{1}{2}$  cent transaction and sales tax is collected for the five member Committee as follows:

1. Review the City's annual independent audit report.
2. Prepare and submit a written report to the City Council at a public meeting and made available to the public recording:
  - A. The amount of revenue generated by Measure U.
  - B. The allocation of revenue reflecting the services and programs funded by proceeds of Measure U.
  - C. The results of the Committee's review of the City's annual independent audit report as it pertains to use of Measure U proceeds.

In preparing this report, the Committee reviewed the Committee's roles and responsibilities and received training on the Brown Act by Supervising Deputy City Attorney, Jerry Hicks.

While the report covers the activities for FY2012/13, it also outlines the process for review of FY2013/2014 and other future reports.

In accordance with the guidelines, the Committee also reviewed Resolution 2013-0045, (*Attachment B*) "Approving the FY2013/14 Budget Development Principles, Principles for the use of Measure U Resources, and the FY2012/13 Allocation of Measure U Resources", adopted by the City Council on February 12, 2013. Moreover, the Committee reviewed City Council's direction to staff to amend the proposed allocations, projected City sales tax forecasts, and other miscellaneous reports and analysis related to fiscal issues of the City of Sacramento.

# SUMMARY OF FINDINGS/RECOMMENDATIONS RELATED TO THE COMMITTEE RESPONSIBILITIES

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## Review of the City's Annual Independent Audit Report

In accordance with guidelines, the Committee reviewed the FY2012/13 Independent audit report (*Attachment C*).

## Revenue Generated by Measure U

Based on our review of the City's annual independent audit report, the revenue generated by Measure U for FY2012/13 (April 1, 2013–June 30, 2013) was \$4,820,000.

The City's financial department represented to the Committee that there is confusion over the applicability of the sales tax rate by non-city businesses. The City's sales tax consultant, MuniServices, is working with the California State Board of Equalization to reconcile the over/under payments received by the City. To date, the potential over/under payments received by the City for FY2012/13 is unknown.

### COMMITTEE RECOMMENDATIONS:

- The Committee recommends that the City remain prudent in budgeting and forecasting for potential loss of revenue based on the results of the MuniServices and the State Board of Equalization's reconciliation of revenue generated by Measure U.
- The Committee encourages the City to plan ahead and develop a strategy to address the potential shortfalls once Measure U funding is no longer available.

## SUMMARY OF FINDINGS/RECOMMENDATIONS RELATED TO THE COMMITTEE RESPONSIBILITIES

### Allocation of Revenue Reflecting the Services and Programs Funded by Proceeds of Measure U

#### BUDGET

The Measure U sales tax revenue for FY2012/13 was budgeted for \$5,000,000 from April 1, 2013-June 30, 2013.

*SOURCE:* Resolution No. 2013-0081 (*Attachment D*) "Approving the FY2012/13 Allocation of Measure U Resources", adopted by the City Council on March 12, 2013, details the approved budget for FY2012/13 allocation of Measure U resources as follows:

| Measure U Restorations for FY2012/13  | FTE*         | Recommended Adjustment |
|---|--------------|------------------------|
| <b>Fire:</b> SAFER Grant Buyback  |              | \$ 358,000             |
| <b>Fire:</b> January 2013 Brown Out Restoration (12 firefighters (\$690,000) and recruit academy costs (\$285,000 for equipment, recruit salaries and uniforms) | 12.00        | 975,000                |
| <b>Fire:</b> April 2013 Restoration (6 firefighters, 3 engineers, and 3 captains)   | 12.00        | 435,000                |
| <b>Police:</b> Field & Operations (FY13 recruits & one-time costs)  |              | 1,500,000              |
| <b>Parks and Recreation:</b> Aquatics (funding for 6 pools and 5 wading pools through 6/30/13)  |              | 250,000                |
| <b>Parks and Recreation:</b> Aquatics (funding for Southside, Tahoe, and Glenn Hall pools through 6/30/13 and 1.0 FTE plant operator)                           | 1.0          | 124,000                |
| <b>Parks and Recreation:</b> Aquatics (funding for half-time operations of Mangan and Oki pools through 6/30/13)  |              | 32,000                 |
| <b>Parks and Recreation:</b> Maintenance and Capital Investment (fountains, picnic tables, irrigation)  |              | 600,000                |
| <b>Sacramento Public Library Authority:</b> Restoration to Maintenance of Effort  |              | 506,000                |
| <b>FY2012/13 Expenditures and FTE</b>   | <b>25.00</b> | <b>\$ 4,780,000</b>    |
| Measure U Reserve   |              | 220,000                |
| <b>FY2012/13 Measure U Revenues</b>   |              | <b>\$ 5,000,000</b>    |

\*FTE restorations reflect the addition of full-time equivalent (FTE) positions; however, funding has been prorated to reflect anticipated costs in current fiscal year (FY2012/13)

It should be noted that although the positions for the FY2012/13 amounts to 25 FTE, with corresponding Measure U budget expenses of \$4,780,000, there is also the budgeted reserve of \$220,000.

## SUMMARY OF FINDINGS/RECOMMENDATIONS RELATED TO THE COMMITTEE RESPONSIBILITIES

### BUDGET TO ACTUAL COMPARISON

*SOURCE:* FY2012/13 Independent audit report provides the “Measure U Fund Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual” (*in thousands*) as follows:

|                            | <u>Budgeted Amounts</u> |              | <u>Actual Amounts</u> | <u>Variance with Final Budget-Positive (negative)</u> |
|----------------------------|-------------------------|--------------|-----------------------|---|
|                            | <u>Original</u>         | <u>Final</u> |                       |   |
| Revenues:                  |                         |              |                       |   |
| Taxes                      | \$ -                    | \$ 5,000     | \$ 4,820              | \$ (180)  |
| Expenditures:              |                         |              |                       |   |
| Current:                   |                         |              |                       |   |
| Police                     | -                       | 1,500        | 274                   | 1,226   |
| Fire                       | -                       | 1,768        | 1,082                 | 686   |
| Parks and Recreation       | -                       | 406          | 326                   | 80  |
| Library                    | -                       | 506          | 506                   | -   |
| Capital outlay             | -                       | 600          | -                     | 600   |
| Total expenditure          | -                       | 4,780        | 2,188                 | 2,592   |
| Net change in fund balance | \$ -                    | \$ 220       | \$ 2,632              | \$ 2,412  |

### FINANCIAL STATEMENTS

*SOURCE:* FY2012/13 Independent audit report provides the Measure U Fund as a major governmental fund – Special Revenue Fund. The Balance Sheet for the Measure U Fund as of June 30, 2013 included in the FY2012/13 Independent audit report (*in thousands*) is as follows:

|  | Measure U<br>Fund |
|--|-------------------|
| <b><u>ASSETS</u></b>                       |                   |
| Receivables, net:                          |                   |
| Taxes                                      | \$ 7,867          |
| Total assets                               | \$ 7,867          |
| <b><u>LIABILITIES AND FUND BALANCE</u></b> |                   |
| Liabilities:                               |                   |
| Accounts payable                           | \$ 11             |
| Due to other funds                         | 721               |
| Deferred revenue                           | 4,503             |
| Total liabilities                          | 5,235             |
| Fund Balances:                             |                   |
| Committed:                                 |                   |
| Capital projects                           | 600               |
| Other programs                             | 2,032             |
| Total fund balances                        | 2,632             |
| Total liabilities and fund balance         | \$ 7,867          |

## SUMMARY OF FINDINGS/RECOMMENDATIONS RELATED TO THE COMMITTEE RESPONSIBILITIES

*SOURCE:* FY2012/13 Independent audit report provides the Measure U Fund as a major governmental fund – Special Revenue Fund. The Statement of Revenues, Expenditures and Changes in Fund Balance for the fiscal year ended June 30, 2013 included in the FY2012-13 Independent audit report (*in thousands*) is as follows:

|                                      | Measure U<br>Fund |
|--------------------------------------|-------------------|
| Revenues:                            |                   |
| Taxes                                | \$ 4,820          |
| Total revenues                       | 4,820             |
| Expenditures:                        |                   |
| Current:                             |                   |
| Police                               | 274               |
| Fire                                 | 1,082             |
| Parks and recreation                 | 326               |
| Library                              | 506               |
| Total expenditures                   | 2,188             |
| Excess of revenues over expenditures | 2,632             |
| Net changes in fund balances         | 2,632             |
| Fund balances, beginning of year     | -                 |
| Fund balances, end of year           | \$ 2,632          |

### NARRATIVE OF ACTUAL RESULTS AND ACCOMPLISHMENTS

*SOURCE:* City staff provided additional information in the report titled: “Adoption of the FY2013/14 Operating and Capital Improvement Program (CIP) Budgets.” In this report, there is discussion of the 231.95 FTE recommended in FY2013/14, 25 FTE positions for FY2012/13 (1.0 in Parks-Aquatics and 24.0 in Fire) and 41 proposed FTE in future years (27.0 in Fire and 14.0 in Police.) Also, the allocation and spending of Measure U resources was summarized in a memorandum from the City’s Operations Manager dated February 28, 2014.

#### Fire

The Fire Department was allocated \$1,125,000 to restore two companies, \$285,000 for a fire recruit academy and \$358,000 to backfill the loss of the Staffing for Adequate Fire and Emergency Response (SAFER) grant that was scheduled to expire in May 2013.

Restore two companies - The Fire Department restored two companies for \$1,004,000 through June 30, 2013. One was restored in January and the other in April 2013.

Fire recruit academy - The first recruit academy started in April 2013 and graduated in September 2013. The cost incurred through June 30, 2013 was \$78,000.

SAFER grant - The Fire Department received an extension on the use of SAFER grant funds and as such, did not use the \$358,000 allocated for this purpose. These funds were returned to the unallocated Measure U fund balance.

# SUMMARY OF FINDINGS/RECOMMENDATIONS RELATED TO THE COMMITTEE RESPONSIBILITIES

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## Police Department

The Police department was allocated \$1.5 million to prepare for the hiring of additional police officers. These funds were intended for background investigations, police cadet salaries and equipment and vehicles for the new officers.

The Police Department conducted expedited background investigations for potential police officer candidates for a cost of \$274,000 through June 30, 2013. This resulted in 32 cadets entering in the July 2013 academy and the graduation of 23 police officers from the academy in December 2013.

## Parks and Recreation Department

The Parks and Recreation department was allocated \$406,000 to open six swimming pools and 5 wading pools through June 30, 2013.

The Parks and Recreation department opened and was operating 11 pools through June 30, 2013 for a cost of \$326,000 through June 30, 2013.

## Library

\$506,000 was also allocated to the Sacramento library to help restore the City's Parcel Tax Maintenance Effort (MOE) level.

The City Council allocated \$506,000 to the Sacramento Public Library to restore the MOE level.

## Parks and Recreation Department - Capital Outlay

\$600,000 one-time capital outlay funding was allocated for a water infrastructure renovation project.

Planning was performed in FY2012/13, but implementation will occur during FY2013/14.

## Youth/Senior

*Youth* - 1.0 FTE is noted to provide administrative and fiscal support for gang violence prevention programs.

No surveys or outcomes were identified for this time period.

*Senior* - 1.0 FTE was added to restore services that support the safety and independence of older adults in the community.

No outcomes were identified for this position.

# SUMMARY OF FINDINGS/RECOMMENDATIONS RELATED TO THE COMMITTEE RESPONSIBILITIES

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## COMMITTEE RECOMMENDATIONS:

- Highlight the projects funded by Measure U and confirm the information is easily available on the City's website.
- Identify events made available by the voters for Measure U and ensure this fact is emphasized in publications flyers of parks/maintenance, library, youth and senior events,
- Make certain that outcome measures provided for Measure U services are published to show the community the accomplishments.

## **Results of the Committee's Review of the City's Annual Independent Audit Report as it Pertains to Use of Measure U Proceeds**

Included in the Chapter 3.26 in the Sacramento City Code "Transaction and Use Tax" is Chapter 3.26.140, which states that "The proceeds resulting from this this transaction and use tax shall be deposited into the City's general fund and become subject to the same independent annual audit requirements as other general fund revenue. The independent auditor's report, which shall include an accounting of the revenue received and expenditures made from the transaction and use tax, will be presented annually to the city council and made available for public review." This is also outlined in the Measure U ballot measure approved by the voters on November 12, 2012.

Based on the Committee's review of the independent auditor's report, it appears to be in accordance with the Sacramento City Code Chapter 3.26.140.

The annual independent audit report presents Measure U Fund as a major governmental fund – Special Revenue Fund.

The "Independent Auditor's Report" included in the annual independent audit report expressed an unmodified opinion (clean opinion) on the financial statements and the budgetary comparisons (including Measure U) in accordance with accounting principles generally accepted in the United States of America.

Although the annual independent audit report provides assurance that the account balances in the Measure U Fund are fairly stated in accordance with accounting principles generally accepted in the United States of America, it does not provide assurance that the Measure U proceeds were spent in conformance with the provisions listed in the Measure U ballot language. As a result, the Committee's evaluation of the actual spending of Measure U proceeds within each department is limited to the representations from City Management.

# SUMMARY OF FINDINGS/RECOMMENDATIONS RELATED TO THE COMMITTEE RESPONSIBILITIES

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## COMMITTEE RECOMMENDATIONS

The Committee recommends that the City Council consider engaging independent auditors to conduct a performance audit for the period of April 1, 2013 through June 30, 2014 to ensure the City used the Measure U proceeds in conformance with the provisions listed in the Measure U ballot language. Government Auditing Standards defines performance audits as an “objective analysis for management and those charged with governance and oversight to use to improve program performance and operations, reduce costs, facilitate decision making by parities with responsibility to oversee or initiate corrective action, and contribute to public accountability”. The Committee believes that a performance audit will provide added transparency and public accountability regarding the use of Measure U proceeds.

## SCHEDULE OF PRIOR YEAR FINDINGS/RECOMMENDATIONS RELATED TO THE COMMITTEE RESPONSIBILITIES

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Finding: None

Since this represents the first fiscal year (FY) of Measure U funding, for the period of April 1, 2013–June 30, 2013, there is no prior year schedule of findings.

Corrective Action: Not Applicable

## **Attachment A**

**Establishing the Composition of the Citizens Oversight Committee Related  
to Measure “U” and Defining the Scope of Responsibilities of the  
Committee**

# **RESOLUTION NO. 2012-344**

Adopted by the Sacramento City Council

October 2, 2012

## **ESTABLISHING THE COMPOSITION OF THE CITIZENS OVERSIGHT COMMITTEE RELATED TO MEASURE "U" AND DEFINING THE SCOPE OF RESPONSIBILITY OF THE COMMITTEE**

### **BACKGROUND**

- A. On July 24, 2012, the City Council unanimously approved Ordinance 2012-026, a proposal to temporarily increase the City's sales tax rate by ½ cent for six years to restore and protect City services.
- B. The County of Sacramento has designated this proposal Measure "U" on the November 6, 2012 ballot.
- C. Ordinance 2012-026 requires the City Council establish a Citizens Oversight Committee to review the revenues received and expenditure of funds from the tax.

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

Section 1: The City Council establishes a Measure U Citizens Oversight Committee as described in Exhibit A to this resolution.

Section 2: This resolution shall take effect only upon voter approval of Measure U on the November 6, 2012 ballot.

### **Table of Contents:**

Exhibit A City of Sacramento Measure U Citizens Oversight Committee

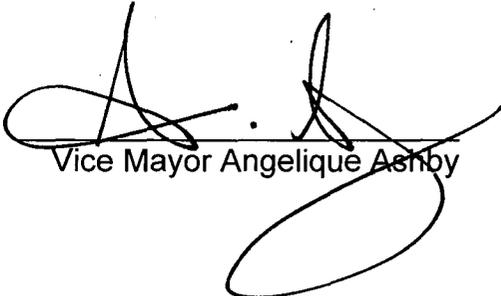
Adopted by the City of Sacramento City Council on October 2, 2012 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.

Noes: None.

Abstain: None.

Absent: None.



Vice Mayor Angelique Ashby

Attest:



Shirley Concolino  
Shirley Concolino, City Clerk

City of Sacramento  
Measure U Citizens Oversight Committee

1. **Purpose.** The purpose of the Measure U Citizens Oversight Committee is to review the revenue and expenditure of funds received from the half-cent transactions and use tax on the November 6, 2012 ballot (Measure U).
2. **Committee Composition.**
  - 2.1 The Committee shall consist of five members and shall include the following:
    - 2.1.1 One member shall be a certified public accountant with audit experience.
    - 2.1.2 One member shall be a representative of business interests.
    - 2.1.3 One member shall be a representative from a neighborhood organization.
    - 2.1.4 One member shall be a representative of a bona-fide taxpayer organization.
    - 2.1.5 One member of the community at-large.
  - 2.2 All members shall be at least 18 years of age and reside within the City of Sacramento.
  - 2.3 Committee members may not be current City of Sacramento employees, City of Sacramento Council Members, or any vendor, contractor, or consultant with active contracts or agreements with the City of Sacramento.
  - 2.4 The City Council shall solicit members of the Citizens Oversight Committee through an open application process.
3. **Appointment.** Measure U Citizens Oversight Committee members shall be appointed as follows:
  - 3.1 The City's Personnel and Public Employee Committee (P&PE) shall solicit and interview prospective Measure U Citizens Oversight Committee members.
  - 3.2 The City's P&PE Committee shall recommend Measure U Citizens Oversight Committee members to the Mayor for appointment at a subsequent City Council meeting.
  - 3.3 At the subsequent City Council Meeting, the Mayor shall appoint Measure U Citizens Oversight Committee members, subject to confirmation by the City Council.
4. **Committee Responsibilities.** The Citizens Oversight Committee shall have the following responsibilities for each fiscal year in which the Measure U half-cent transactions and use tax is collected:

- 4.1 Review the City's annual independent audit report.
- 4.2 Prepare and submit a written report to be presented to the City Council at a public meeting and made available to the public recording:
  - 4.2.1 The amount of revenue generated by Measure U.
  - 4.2.2 The allocation of revenue reflecting the services and programs funded by proceeds of Measure U.
  - 4.2.3 The results of the Committee's review of the City's annual independent audit report as it pertains to use of Measure U proceeds.

**5. Committee Member Terms of Office.**

5.1 Except as otherwise provided herein, each member shall serve a term of two years, commencing on July 1, 2013. Members shall be eligible to serve multiple terms. Terms shall be staggered. Of the initial appointee, two members shall serve for an initial one-year term and the remaining members for an initial two-year term. Staggering shall be determined by the Office of the City Clerk using approved procedures.

**6. Committee Operations.** Except as otherwise provided in this resolution, Chapter 2.40 of the Sacramento City Code shall apply to the Committee and its members. The Committee shall:

6.1 Elect a Chair and Vice Chair at the first meeting of the Committee. Thereafter, the Committee shall annually elect a Chair and a Vice Chair, who shall act as Chair only when the Chair is absent. In the event the Chair seat or Vice Chair seat becomes vacant, the Committee shall elect a replacement Chair or Vice Chair at the next available meeting.

6.2 Operate in accordance with the Ralph M. Brown Act.

6.3 Meet up to twice annually or as necessary to review the Annual Audit.

6.4 Receive no compensation for service on the Committee.

6.5 Receive reasonable administrative or technical assistance from the City Manager or designee, and other City offices, to fulfill its responsibilities.

**7. Vacancies.**

7.1 Committee members may be removed from the Committee only by the City Council for repeated absences at committee meetings, malfeasance, failure to meet the qualifications set forth in this resolution, or for inability or unwillingness to fulfill the duties of a Committee member.

7.2 In the event of removal, resignation, or death of a Committee member, an appointment shall be made consistent with Section 3.

**8. Committee Lifespan.** The Measure "U" Citizens Oversight Committee shall sunset June 30, 2020.

## **Attachment B**

**Approving the FY2013/14 Budget Development Principles, Principles for  
the use of Measure U Resources, and the FY2012-13 Allocation of  
Measure U Resources**

## **RESOLUTION NO. 2013-XXXX**

Adopted by the Sacramento City Council

### **APPROVING THE FY2013/14 BUDGET DEVELOPMENT PRINCIPLES, PRINCIPLES FOR THE USE OF MEASURE U RESOURCES, AND THE FY2012/13 ALLOCATION OF MEASURE U RESOURCES**

#### **BACKGROUND**

- A. Budget Development principles have been adopted by the Council at the beginning of the annual budget process in order to establish the framework for developing and discussing the City's proposed budget for next fiscal year.
- B. Voter approval of the Essential Services Protection Measure (Measure U) in November 2012 authorized the implementation of an additional one-half cent transaction and use tax effective April 1, 2013, and the establishment of an Oversight Committee. In FY2012/13 Measure U revenues are estimated at approximately \$5 million based on existing transaction volume and Board of Equalization sourcing rules. Annual revenues beginning in FY2013/14 are estimated to be approximately \$27 million
- C. On January 15, 2013, draft principles for the use of Measure U resources were presented to City Council. The principles have been modified to reflect Council direction.
- D. Measure U resources are to be used for the restoration and protection of essential public safety and other essential City services.

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

- Section 1     The FY2013/14 Budget Development Principles as reflected below are approved:
- Focus reductions on achieving permanent savings in order to reduce future year deficits
  - FY2013/14 actions need to be considered within a multi-year context
  - New revenues will not be counted as revenues until realized
  - One-time resources for one-time needs
    - Invest to increase efficiency, yield future year savings, and/or address the City's deferred maintenance backlog

- The Economic Uncertainty Reserve should be increased gradually to achieve the Council's goal of having a reserve equal to 10 percent of the General Fund revenue budget

Section 2 The Measure U Principles as reflected below are approved:

1. Resources will be allocated to the protection and restoration of City programs/services specifically enumerated in the Measure U ballot question as follows:
  - a. essential public safety services including:
    - i. 9-1-1 response
    - ii. police officers
    - iii. gang/youth violence prevention
    - iv. fire protection/emergency medical response
  - b. other essential services including:
    - i. park maintenance
    - ii. youth/senior services
    - iii. libraries
2. Resources will not be allocated for new programs/services/facilities.
3. Restorations may not look/operate in the same manner as those that were eliminated in order to take advantage of effective and efficient means of program/service delivery wherever possible.
4. Resources will not be used to balance the base General Fund budget, except where funds would provide for the protection of programs/services specifically included in the Measure U ballot question as identified above.
5. Resources will not be used to increase employee compensation.
6. Resources will be set aside annually to be used for the following:
  - a. Contingency funding should revenues fall short of estimates
  - b. One-time funding for one-time expenses related to the delivery of the restored programs/services
  - c. Funding to transition programs and services in FY2019/20 when Measure U resources will no longer be available
7. The City Manager will prepare a transition plan to scale back the use of Measure U resources over time or identify alternate sources of funding for critical programs and services.
8. Resources will be accounted for and reported separately in order to facilitate review by the Council and the Oversight Committee established by the ballot measure.

Section 3 The Director of Finance is authorized to establish a separate fund to account for Measure U resources.

Section 4 The Director of Finance is authorized to amend the FY2012/13 Approved Budget to include the following Measure U allocations for the restoration of programs and services:

| <b>Proposed Measure U Restorations for FY2012/13</b>   | <b>Recommended Adjustments</b> |
|--|--------------------------------|
| Fire: SAFER Grant Buyback  | 358,000                        |
| Fire: January 2013 Brown Out Restoration   | 975,000                        |
| Police: Field & Operations <i>(FY13 recruits &amp; one-time costs)</i>                                 | 1,500,000                      |
| Parks and Recreation: Aquatics <i>(funding for 6 pools and 5 wading pools through 6/30/13)</i>         | 250,000                        |
| Parks and Recreation: Maintenance and Capital Investment <i>(fountains, picnic tables, irrigation)</i> | 850,000                        |
| General Services: Animal Control Officer <i>(1.0 FTE)</i>  | 30,000                         |
| Sacramento Public Library Authority: Restoration to Maintenance of Effort                              | 506,000                        |
| <b>FY2012/13 Expenditures</b>  | <b>4,469,000</b>               |
| Measure U Reserve  | 531,000                        |
| <b>FY2012/13 Measure U Revenues</b>  | <b>5,000,000</b>               |

Section 5 The Director of Human Resources is authorized to add 1.0 FTE Animal Control Officer to the Department of General Services.

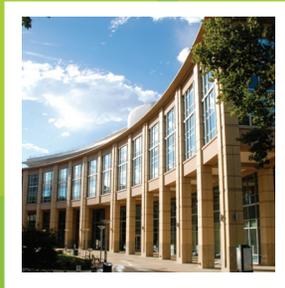
## Attachment C

FY2012/13 Independent audit report

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2013

CITY OF SACRAMENTO, CALIFORNIA



**City of Sacramento**

**California**

# **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2013**

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

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

# CITY OF SACRAMENTO, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

### TABLE OF CONTENTS

#### **INTRODUCTORY SECTION**

**PAGE**

|                                   |     |
|-----------------------------------|-----|
| Letter of Transmittal .....       | i   |
| Organization Chart .....          | v   |
| Directory of City Officials ..... | vi  |
| GFOA Certificate .....            | vii |

#### **FINANCIAL SECTION**

|   |   |
|---|---|
| Independent Auditor's Report .....  | 1 |
| Management's Discussion and Analysis (Required Supplementary Information) ..... | 3 |

#### **BASIC FINANCIAL STATEMENTS**

|   |    |
|---|----|
| Government-wide Financial Statements:   |    |
| Statement of Net Position .....   | 19 |
| Statement of Activities .....   | 20 |
| Fund Financial Statements:  |    |
| Balance Sheet - Governmental Funds .....  | 24 |
| Reconciliation of the Balance Sheet to the Statement of Net Position –<br>Governmental Funds .....  | 26 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....   | 28 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes<br>in Fund Balances to the Statement of Activities - Governmental Funds .....                         | 30 |
| Statement of Revenues, Expenditures and Change in Fund Balance –<br>Budget and Actual (Non-GAAP Budgetary Basis) with Budget to GAAP Reconciliation –<br>General Fund ..... | 32 |
| Statement of Revenues, Expenditures and Change in Fund Balance –<br>Budget to Actual – Measure U Fund .....   | 33 |
| Statement of Net Position – Proprietary Funds .....   | 34 |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....   | 38 |
| Statement of Cash Flows – Proprietary Funds .....   | 40 |
| Statement of Fiduciary Net Position – Fiduciary Funds .....   | 44 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....  | 45 |
| Notes to the Financial Statements .....   | 47 |

#### **REQUIRED SUPPLEMENTARY INFORMATION**

|   |     |
|---|-----|
| Schedule of Funding Progress – Pension Plans .....                  | 101 |
| Schedule of Funding Progress – Other Post Employment Benefits ..... | 102 |

# CITY OF SACRAMENTO, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

### TABLE OF CONTENTS, Continued

| <i>COMBINING FUND FINANCIAL STATEMENTS</i>  | <b>PAGE</b> |
|---|-------------|
| Other Governmental Funds  |             |
| Combining Balance Sheet – Other Governmental Funds .....  | 103         |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Other Governmental Funds .....                                  | 104         |
| Special Revenue Funds:  |             |
| Combining Balance Sheet .....   | 106         |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....  | 108         |
| Schedule of Revenues, Expenditures and Change in Fund Balance –<br>Budget and Actual, Transportation and Development Special Revenue Fund ..... | 110         |
| Schedule of Revenues, Expenditures and Change in Fund Balance –<br>Budget and Actual, Culture and Leisure Special Revenue Fund .....            | 111         |
| Schedule of Revenues, Expenditures and Change in Fund Balance –<br>Budget and Actual, Parks and Recreation Special Revenue Fund .....           | 112         |
| Schedule of Revenues, Expenditures and Change in Fund Balance –<br>Budget and Actual, CCOMWP Special Revenue Fund .....                         | 113         |
| Schedule of Revenues, Expenditures and Change in Fund Balance –<br>Budget and Actual, Special Districts Special Revenue Fund .....              | 114         |
| Schedule of Revenues, Expenditures and Change in Fund Balance –<br>Budget and Actual, CAL EPA Special Revenue Fund .....                        | 115         |
| Other Debt Service Funds:   |             |
| Combining Balance Sheet .....   | 117         |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....  | 120         |
| Other Capital Projects Funds:   |             |
| Combining Balance Sheet .....   | 125         |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....  | 126         |
| Permanent Funds:  |             |
| Combining Balance Sheet .....   | 128         |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....  | 130         |
| Other Proprietary Funds   |             |
| Other Enterprise Funds:   |             |
| Combining Statement of Net Position .....   | 134         |
| Combining Statement of Revenues, Expenses and Changes in Net Position .....   | 137         |
| Combining Statement of Cash Flows .....   | 138         |

# CITY OF SACRAMENTO, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

### TABLE OF CONTENTS, Continued

|   | PAGE |
|---|------|
| Other Proprietary Funds   |      |
| Water Fund:   |      |
| Combining Schedule of Net Position.....                                     | 142  |
| Combining Schedule of Revenues, Expenses and Changes in Net Position .....  | 145  |
| Combining Schedule of Cash Flows .....                                      | 146  |
| Wastewater Fund:  |      |
| Combining Schedule of Net Position.....                                     | 150  |
| Combining Schedule of Revenues, Expenses and Changes in Net Position .....  | 153  |
| Combining Schedule of Cash Flows .....                                      | 154  |
| Internal Service Funds:   |      |
| Combining Statement of Net Position .....                                   | 158  |
| Combining Statement of Revenues, Expenses and Changes in Net Position ..... | 161  |
| Combining Statement of Cash Flows.....                                      | 162  |
| Fiduciary Funds   |      |
| Investment Trust Funds:   |      |
| Combining Statement of Fiduciary Net Position .....                         | 165  |
| Combining Statement of Changes in Fiduciary Net Position .....              | 166  |
| Agency Funds:   |      |
| Combining Statement of Changes in Fiduciary Assets and Liabilities.....     | 167  |

### **STATISTICAL SECTION (Unaudited)**

|   |     |
|---|-----|
| Net Position by Component - Last Ten Fiscal Years .....                                     | 170 |
| Changes in Net Position - Last Ten Fiscal Years.....  | 172 |
| Fund Balances, Governmental Funds - Last Ten Fiscal Years .....                             | 178 |
| Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years .....                  | 180 |
| Tax Revenues by Source, Governmental Funds - Last Ten Fiscal Years .....                    | 182 |
| Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years ..... | 183 |
| Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years.....                      | 184 |
| Principal Property Taxpayers - Current Fiscal Year and Nine Years Ago.....                  | 185 |
| Property Tax Levies and Collections - Last Ten Fiscal Years .....                           | 187 |
| Ratios of Outstanding Debt by Type - Last Ten Fiscal Years.....                             | 188 |
| Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years .....                 | 190 |
| Direct and Overlapping Governmental Activities Debt - As of June 30, 2013.....              | 191 |
| Legal Debt Margin - Last Ten Fiscal Years .....   | 192 |
| Demographic and Economic Statistics - Last Ten Calendar Years.....                          | 193 |
| Principal Employers - Current Fiscal Year and Nine Years Ago .....                          | 194 |

# CITY OF SACRAMENTO, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

### TABLE OF CONTENTS, Continued

| <b>STATISTICAL SECTION (Unaudited)</b>  | <b>PAGE</b> |
|---|-------------|
| Successor Agency Trust Fund – Assessed Value of Taxable Property -<br>Last Ten Fiscal Years .....                               | 196         |
| Successor Agency Trust Fund – Top 10 Parcels Appealing Assessed Valuation -<br>At Risk of Reduction - As of June 30, 2013 ..... | 200         |
| Successor Agency Trust Fund – Principal Property Taxpayers -<br>Current Fiscal Year and Nine Years Ago .....                    | 211         |
| Successor Agency Trust Fund – Debt Coverage Analysis -<br>Last Nine Fiscal Years .....  | 222         |
| Full-time Equivalent Employees by Function/Program - Last Ten Fiscal Years .....  | 227         |
| Operating Indicators by Function/Program - Last Ten Fiscal Years .....  | 228         |
| Capital Asset Statistics by Function/Program - Last Ten Fiscal Years .....  | 229         |
| Miscellaneous Statistics - Current Fiscal Year and Nine Years Ago .....   | 230         |

# Introductory Section

*John F. Shirey*  
City Manager

*City Hall*  
915 I Street, Fifth Floor  
Sacramento, CA 95814-2604  
916-808-5704

January 22, 2014

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

We are pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the City of Sacramento (City) for the fiscal year ended June 30, 2013. 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, 2013. 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. The 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, 2013 at 473,509 for the City and 1,445,806 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 four component units:

- Sacramento City Financing Authority (SCFA)
- Sacramento City Employees' Retirement System (SCERS)
- Successor Agency to the Redevelopment Agency of the City of Sacramento (RASA)
- 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.

SCFA is an entity created to issue debt to finance City projects. SCFA is reported on a blended basis as part of the primary government because its board is composed of all of the City Council members.

SCERS, a single employer pension plan for certain City employees and retirees, is reported as a fiduciary-type component unit. The SCERS pension plan was closed to new enrollment of employees in 1978.

RASA was created to serve as a custodian for the assets and to wind down the affairs of the former Redevelopment Agency of the City of Sacramento. RASA is reported as a fiduciary-type component unit.

SRAFFA was created for the purpose of financing the expansion of the H Street Theater complex and is a discretely presented component unit. Discretely presented component units are legally separate and do not function as an integral part of the primary government. As such, 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.

## **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 on the City of Sacramento's website.

## **LOCAL ECONOMY**

The regional economy and employment base continues its long-term transition from a state government concentration to a diverse economic base including health care providers, 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.

Like most cities in the country, Sacramento is slowly emerging from the severe national recession. As of June 2013, unemployment for the Sacramento metropolitan area and

Sacramento County was 8.4% and 8.7%, respectively, compared to 10.8% and 11.0%, respectively, as of June 30, 2012. According to the latest University of California, Los Angeles Economic Forecast, recovery in California is expected to continue in 2014.

While there is anticipation of economic recovery and growth, recent economic data indicate that economic growth in the Sacramento region will be slow, and will generally lag behind national trends and other areas of California. It is encouraging that the latest edition of the Brookings Institution MetroMonitor (September 2013) showed growth in employment in the first two quarters of 2013; however, unemployment rates remain high, consumer spending is sluggish, and home values are just recently beginning to rise.

## **BUDGET INITIATIVES AND LONG-TERM FINANCIAL PLANNING**

Despite significant progress in realigning its revenues and expenditures, the City's financial position is not secure and more difficult decisions will need to be made. In light of continuing fiscal constraints, the voters in the City passed a six-year, one-half cent sales tax in November 2012 to provide resources to protect and restore vital City programs and services. However, given the temporary nature of these resources, we must continue to reevaluate not only how we deliver services and meet citizen needs, but also which programs and services the City can afford to deliver if expenditure growth continues to outpace that of revenue. The City's management team continues to look for ways to build a stronger, more sustainable fiscal framework and to provide the leadership and discipline needed to ensure that we are implementing long-term solutions to address the City's financial challenges.

## **RELEVANT FINANCIAL POLICIES**

The City maintains a General Fund Economic Uncertainty Reserve (EUR) for the purpose of bridging a gap between projected revenue and expenditures during periods of significant revenue declines and/or expenditure growth and to ensure the City has adequate resources in case of an emergency or unforeseen events. The City Council's stated goal is to gradually achieve a reserve balance equal to 10% of annual General Fund revenue. The Council also directed that unbudgeted one-time general revenue received in a fiscal year, not required to balance the budget as part of the midyear review or year-end close for that fiscal year, be added to the EUR. The City Council added \$4.2 million to the EUR in the midyear budget review in January 2013, and \$3.3 million of unbudgeted one-time general revenue was added to the EUR during the fiscal year 2012/13 year-end close, to bring the balance in the (EUR) to \$27.7 million, approximately 7.5% of estimated FY2013/14 General Fund revenues. Additional 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 EUR is reported in the CAFR as committed fund balance in the General Fund.

The City Council established the Economic Development Fund in June 2013 to be funded with property tax revenues received as a result of the dissolution of redevelopment. Staff will be returning to City Council in FY2013/14 to establish policies, principles, and a process to allocate the resources when revenues are received. The available fund balance in this new fund as of June 30, 2013 was \$1.6 million.

## **AWARDS AND ACKNOWLEDGEMENTS**

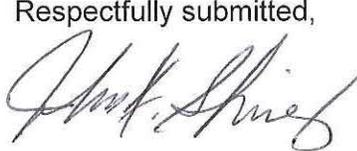
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2012. This marks the 24th consecutive year the City has received this award. The Certificate 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

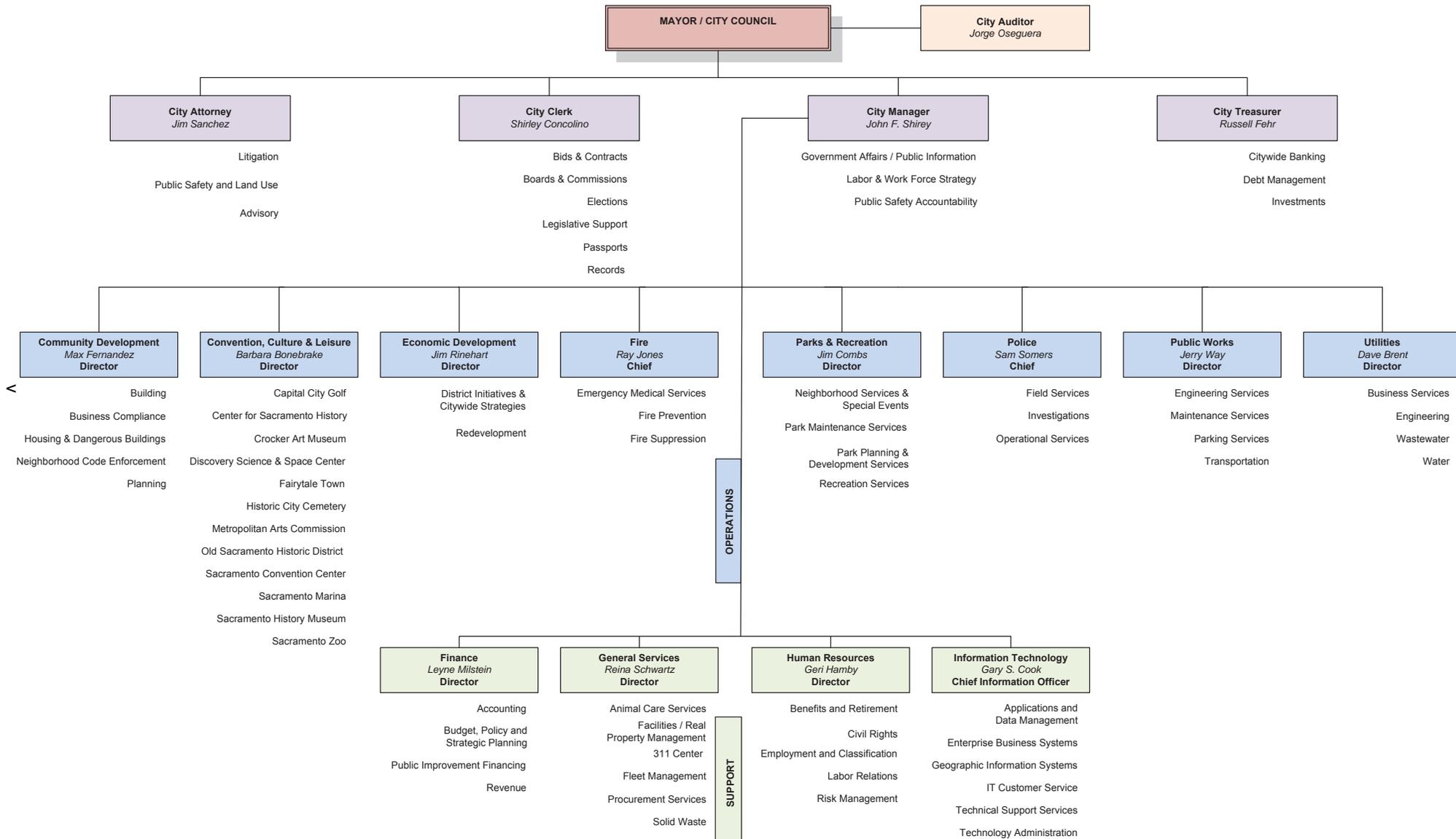


Leyne Milstein  
Director of Finance



Dennis W. Kauffman, Jr.  
Finance Operations Manager

# City of Sacramento Organization Chart As of June 30, 2013



# City of Sacramento

## Directory of City Officials

June 30, 2013

---

**Kevin Johnson**  
Mayor

**Angelique Ashby**  
Vice Mayor, District 1

**Jay Schenirer**  
Councilmember, District 5

**Allen Warren**  
Councilmember, District 2

**Kevin McCarty**  
Councilmember, District 6

**Steve Cohn**  
Councilmember, District 3

**Darrell Fong**  
Councilmember, District 7

**Steve Hansen**  
Councilmember, District 4

**Bonnie J. Pannell**  
Councilmember, District 8

---

**John F. Shirey**  
City Manager

**James Sanchez**  
City Attorney

**Shirley Concolino**  
City Clerk

**Russell Fehr**  
City Treasurer

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Government Finance Officers Association

**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, 2012**

Executive Director/CEO

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# Financial Section

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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 year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### *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 of Sacramento, California, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and Measure U special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of funding progress for the pension plan and other post employment benefits plan 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Macie Mei & O'Connell LLP*

Sacramento, California

January 22, 2014

**City of Sacramento**  
**Management's Discussion and Analysis**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

---

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, 2013. 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 completed construction of the Track Relocation project at the Downtown Sacramento Railyards (Railyards) in early fiscal year 2013. The track project, which straightened the freight and passenger rail tracks and provided new passenger platforms, was Phase 1 of the larger Intermodal Transportation Facilities project that will create a regional multimodal transportation hub. Also in fiscal year 2013, the City received a federal grant for Phase 2 of the Intermodal project, the rehabilitation of Sacramento's Historic Train Depot. Design is underway with construction anticipated to begin in the spring of 2014. The City received \$15 million in federal funds and will provide a match of \$15 million from local transportation funds. The construction of 6<sup>th</sup> Street in the Railyards also began in 2013 with completion expected in the spring of 2014.
- In April 2013, the City began construction of the Cosumnes River Boulevard Extension and Interstate 5 Interchange Project. The project will provide arterial east-west connectivity between Highway 99, Interstate 5 and Freeport Boulevard by extending Cosumnes River Boulevard west from Franklin Boulevard for 3.2 miles to the Sacramento River. The project will include four to six traffic lanes, on-street bike lanes, and access to two future Regional Transit light rail stations for Cosumnes River College. The estimated cost of \$96 million is funded through a public-private partnership including use of Measure A, federal, and state funding, as well as funds from the private developer for the Delta Shores development. Upon completion by the fall of 2015, this project will provide access for the 800-acre Delta Shores development. At build-out, the Delta Shores development will support 5,000 homes and 1.3 million square feet of retail space.
- The City's General Fund revenue, other financing sources (uses), and special items, exceeded expenditures by \$18.9 million in fiscal year 2013. This result is primarily attributable to expenditure savings from vacant positions, \$8.5 million of surplus assessment district redemption fund balances reported as a special item, and \$2.8 million of proceeds from a capital lease for fleet vehicle replacement.
- The City's total government-wide net position, excluding the discretely presented component unit, increased \$38.6 million in 2013, an increase of 1.6% from 2012. The net position of governmental activities increased \$5.3 million, or 0.3%, and the net position of business-type activities increased \$33.3 million, or 3.9%.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

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**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, the Water enterprise fund, the Wastewater enterprise fund, 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, public works, 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.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

---

- *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 public works 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. 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 elected to serve as the successor agency for its former redevelopment agency which was dissolved by state law. The successor agency activity is accounted for in a private purpose trust fund.

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.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

**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, 2013 and 2012  
(in millions)

|                               | <b>Governmental Activities</b> |                 | <b>Business-type Activities</b> |               | <b>Total Primary Government</b> |                 | <b>Total Percent Change</b> |
|-------------------------------|--------------------------------|-----------------|---------------------------------|---------------|---------------------------------|-----------------|-----------------------------|
|                               | <b>2013</b>                    | <b>2012</b>     | <b>2013</b>                     | <b>2012</b>   | <b>2013</b>                     | <b>2012</b>     |                             |
| Current and other assets      | \$ 624                         | \$ 606          | \$ 556                          | \$ 263        | \$ 1,180                        | \$ 869          | 35.8%                       |
| Capital assets                | 1,723                          | 1,728           | 1,028                           | 1,023         | 2,751                           | 2,751           | 0.0%                        |
| Total assets                  | <u>2,347</u>                   | <u>2,334</u>    | <u>1,584</u>                    | <u>1,286</u>  | <u>3,931</u>                    | <u>3,620</u>    | 8.6%                        |
| Deferred outflow of resources | 10                             | 13              | 0                               | 0             | 10                              | 13              | -23.1%                      |
| Long-term liabilities         | 705                            | 703             | 653                             | 392           | 1,358                           | 1,095           | 24.0%                       |
| Other liabilities             | 64                             | 61              | 35                              | 31            | 99                              | 92              | 7.6%                        |
| Total Liabilities             | <u>769</u>                     | <u>764</u>      | <u>688</u>                      | <u>423</u>    | <u>1,457</u>                    | <u>1,187</u>    | 22.7%                       |
| Deferred inflow of resources  | 9                              | 10              | 0                               | 0             | 9                               | 10              | -10.0%                      |
| Net position                  |                                |                 |                                 |               |                                 |                 |                             |
| Net investment in             |                                |                 |                                 |               |                                 |                 |                             |
| capital assets                | 1,372                          | 1,368           | 717                             | 706           | 2,089                           | 2,074           | 0.7%                        |
| Restricted                    | 202                            | 199             | 34                              | 34            | 236                             | 233             | 1.3%                        |
| Unrestricted                  | 5                              | 6               | 145                             | 123           | 150                             | 129             | 16.3%                       |
| Total net position            | <u>\$ 1,579</u>                | <u>\$ 1,573</u> | <u>\$ 896</u>                   | <u>\$ 863</u> | <u>\$ 2,475</u>                 | <u>\$ 2,436</u> | 1.6%                        |

Fiscal year 2012 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19 to the financial statements. Also, fiscal year 2012 net position amounts have been reclassified.

**Analysis of net position**

Total net position of the primary government increased \$39 million this year. Total assets increased \$311 million and total liabilities increased \$270 million. The following analysis of governmental and business-type activities provides more detailed information for these changes.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

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**Governmental activities:**

Current and other assets increased \$18 million primarily due to the special items described in Note 17 to the financial statements.

Deferred outflows of resources (and the corresponding liability) decreased by \$3 million due to the change in the fair value of the City's hedging derivative instrument. For more information about the City's hedging derivative instrument, see Note 7 to the financial statements.

Long-term liabilities increased by \$2 million due to the increase in the City's other post-employment benefits (OPEB) and capital leases, partially offset by the retirement of existing debt. More detailed information about the City's long-term liabilities is located in the Capital Asset and Debt Administration section of this MD&A and in Note 7 to the financial statements.

Deferred inflows of resources decreased \$1 million due to one year of revenue recognition for the City's golf service concession arrangement. For more information about the City's service concession arrangement, see Note 18 to the financial statements.

Restricted net position, representing amounts that must be used in accordance with external restrictions, increased a total of \$3 million primarily due to the receipt of cash from fiduciary funds as described in Note 17 to the financial statements, partially offset by spending development impact fees and bond proceeds.

**Business-type activities:**

Current and other assets of business-type activities increased \$293 million primarily due to the cash proceeds received from the issuance of the 2013 Water and Wastewater revenue bonds.

Capital assets increased \$5 million due to capital asset additions and transfers of \$43 million, partially offset by current year depreciation of \$38 million. More detailed capital asset information is located in the Capital Asset and Debt Administration section of this MD&A and in Note 4 to the financial statements.

Long-term liabilities increased \$261 million due to the issuance of the 2013 Water and Wastewater revenue bonds, partially offset by retirement of existing debt. More detailed information about long-term liabilities can be found in the Capital Asset and Debt Administration section of this MD&A and in Note 7 to the financial statements.

Net investments in capital assets increased \$11 million due to capital asset additions and retirement of capital-related debt, partially offset by depreciation expense.

Unrestricted net position increased by \$22 million during the year because of the user fee rate increase in the Water Fund to address increasing operating costs and deteriorating infrastructure and because the user fee in the Solid Waste Fund is set to address increasing operating costs and right-sizing the fund's financial position.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

| <b>City of Sacramento</b>                         |                     |                     |                      |                   |                      |                     |               |
|---|---------------------|---------------------|----------------------|-------------------|----------------------|---------------------|---------------|
| <b>Changes in Net Position</b>                    |                     |                     |                      |                   |                      |                     |               |
| For the Fiscal Years Ended June 30, 2013 and 2012 |                     |                     |                      |                   |                      |                     |               |
| (in thousands)                                    |                     |                     |                      |                   |                      |                     |               |
|   | <b>Governmental</b> |                     | <b>Business-type</b> |                   | <b>Total Primary</b> |                     | <b>Total</b>  |
|   | <b>Activities</b>   |                     | <b>Activities</b>    |                   | <b>Government</b>    |                     |               |
|   | <b>2013</b>         | <b>2012</b>         | <b>2013</b>          | <b>2012</b>       | <b>2013</b>          | <b>2012</b>         | <b>Change</b> |
| Revenues  |                     |                     |                      |                   |                      |                     |               |
| Program revenues:                                 |                     |                     |                      |                   |                      |                     |               |
| Charges for services                              | \$ 114,815          | \$ 112,115          | \$ 242,392           | \$ 232,803        | \$ 357,207           | \$ 344,918          | 3.6%          |
| Operating grants & contributions                  | 81,822              | 54,287              | 1,095                | 3,744             | 82,917               | 58,031              | 42.9%         |
| Capital grants & contributions                    | 69,323              | 112,486             | 7,480                | 5,289             | 76,803               | 117,775             | -34.8%        |
| General revenues:                                 |                     |                     |                      |                   |                      |                     |               |
| Property taxes                                    | 114,451             | 114,874             | -                    | -                 | 114,451              | 114,874             | -0.4%         |
| Utility users tax                                 | 59,066              | 58,787              | -                    | -                 | 59,066               | 58,787              | 0.5%          |
| Other taxes                                       | 27,943              | 17,403              | 16,555               | 15,781            | 44,498               | 33,184              | 34.1%         |
| Unrestricted:                                     |                     |                     |                      |                   |                      |                     |               |
| Sales taxes shared state revenue                  | 52,300              | 50,683              | -                    | -                 | 52,300               | 50,683              | 3.2%          |
| State of California in-lieu sales tax             | 16,113              | 14,081              | -                    | -                 | 16,113               | 14,081              | 14.4%         |
| Investment earnings                               | 10,089              | 10,953              | 1,311                | 2,957             | 11,400               | 13,910              | -18.0%        |
| Miscellaneous                                     | 9,749               | 11,005              | -                    | -                 | 9,749                | 11,005              | -11.4%        |
| Gain on disposition of capital assets             | -                   | -                   | -                    | 7                 | -                    | 7                   | -100.0%       |
| <b>Total revenues</b>                             | <b>555,671</b>      | <b>556,674</b>      | <b>268,833</b>       | <b>260,581</b>    | <b>824,504</b>       | <b>817,255</b>      | <b>0.9%</b>   |
| Expenses  |                     |                     |                      |                   |                      |                     |               |
| General government                                | 36,870              | 40,846              | -                    | -                 | 36,870               | 40,846              | -9.7%         |
| Police  | 157,432             | 153,392             | -                    | -                 | 157,432              | 153,392             | 2.6%          |
| Fire  | 117,451             | 116,418             | -                    | -                 | 117,451              | 116,418             | 0.9%          |
| General services                                  | 15,343              | 15,117              | -                    | -                 | 15,343               | 15,117              | 1.5%          |
| Public works                                      | 126,636             | 98,384              | -                    | -                 | 126,636              | 98,384              | 28.7%         |
| Economic development                              | 10,468              | 9,704               | -                    | -                 | 10,468               | 9,704               | 7.9%          |
| Convention, culture & leisure                     | 17,684              | 19,857              | -                    | -                 | 17,684               | 19,857              | -10.9%        |
| Parks & recreation                                | 48,457              | 45,448              | -                    | -                 | 48,457               | 45,448              | 6.6%          |
| Community development                             | 29,253              | 24,525              | -                    | -                 | 29,253               | 24,525              | 19.3%         |
| Library   | 13,753              | 13,301              | -                    | -                 | 13,753               | 13,301              | 3.4%          |
| Interest on long-term debt                        | 22,420              | 23,583              | -                    | -                 | 22,420               | 23,583              | -4.9%         |
| Water   | -                   | -                   | 66,756               | 67,335            | 66,756               | 67,335              | -0.9%         |
| Wastewater  | -                   | -                   | 22,283               | 20,491            | 22,283               | 20,491              | 8.7%          |
| Storm drainage                                    | -                   | -                   | 36,759               | 37,692            | 36,759               | 37,692              | -2.5%         |
| Solid waste                                       | -                   | -                   | 49,803               | 53,205            | 49,803               | 53,205              | -6.4%         |
| Community center                                  | -                   | -                   | 17,358               | 18,125            | 17,358               | 18,125              | -4.2%         |
| Parking   | -                   | -                   | 15,376               | 15,732            | 15,376               | 15,732              | -2.3%         |
| Child development                                 | -                   | -                   | 6,116                | 5,885             | 6,116                | 5,885               | 3.9%          |
| Marina  | -                   | -                   | 1,853                | 2,008             | 1,853                | 2,008               | -7.7%         |
| <b>Total expenses</b>                             | <b>595,767</b>      | <b>560,575</b>      | <b>216,304</b>       | <b>220,473</b>    | <b>812,071</b>       | <b>781,048</b>      | <b>4.0%</b>   |
| Revenue over (under) expenses                     | (40,096)            | (3,901)             | 52,529               | 40,108            | 12,433               | 36,207              | -65.7%        |
| Contributions to permanent funds                  | 1                   | 1                   | -                    | -                 | 1                    | 1                   | 0.0%          |
| Special items                                     | 26,208              | -                   | -                    | -                 | 26,208               | -                   | -             |
| Transfers   | 19,172              | 22,722              | (19,172)             | (22,722)          | -                    | -                   | -             |
| <b>Change in net position</b>                     | <b>5,285</b>        | <b>18,822</b>       | <b>33,357</b>        | <b>17,386</b>     | <b>38,642</b>        | <b>36,208</b>       | <b>6.7%</b>   |
| Net position, beginning of year                   | 1,573,798           | 1,554,976           | 862,531              | 845,145           | 2,436,329            | 2,400,121           | 1.5%          |
| <b>Net position, end of year</b>                  | <b>\$ 1,579,083</b> | <b>\$ 1,573,798</b> | <b>\$ 895,888</b>    | <b>\$ 862,531</b> | <b>\$ 2,474,971</b>  | <b>\$ 2,436,329</b> | <b>1.6%</b>   |

Fiscal year 2012 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19 to the financial statements. Also, certain fiscal year 2012 amounts have been reclassified to reflect the City's governmental functions.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

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**Analysis of the changes in net position:**

Total government-wide revenues of the primary government increased \$7.2 million, a 0.9% increase from the prior year, and total expenses increased \$31 million, a 4% increase. These changes are discussed in more detail below.

**Governmental activities:**

Total revenues for governmental activities decreased \$1 million from the prior year. Total expenses increased \$35.2 million, a 6.3% increase, and net transfers from business-type activities decreased \$3.6 million, a 15.6% decrease from the prior year. Transfers primarily consist of in lieu taxes paid by the business-type activities to the General Fund and capital assets transferred from governmental activities to business-type activities. Net transfers were lower than 2012 primarily because of an increase in transferred capital assets.

**Revenue**

Capital grants and contributions revenue declined \$43.2 million from the prior year largely due to decreased capital grant revenue from the Track Relocation project, combined with non-recurring capital contribution revenue in 2012 related to capital asset dedications and community facilities districts. Operating grants and contributions increased \$27.5 million compared to the prior year due to operating grant revenue funding for components of the Track Relocation and Township 9 infrastructure projects for which the assets are owned by the railroad company and the development company, respectively.

Property tax revenue was down \$0.4 million compared to 2012 due to the time lag in reassessing property values resulting from the slowly recovering Sacramento area housing market, partially offset by receipt of residual property tax revenue from former redevelopment areas. Sales tax revenue increased \$1.6 million, and in-lieu sales tax revenue increased \$2 million from the prior year, reflecting a slowly improving economy. Other tax revenues increased \$10.5 million primarily due to the new voter-approved Measure U one-half cent sales tax, as well as increases in utility user tax, business operations tax, real property transfer tax, and transient occupancy tax.

**Expenses**

Most governmental functions experienced 2013 expense increases, except for general government and convention, culture, and leisure which experienced decreases of \$4.0 million and \$2.2 million, respectively. The functions with the largest increases, public works with \$28.3 million and community development with \$4.7 million, incurred significant grant-funded expenses associated with components of the Railyards Track Relocation and Township 9 infrastructure projects for which the assets are owned by the railroad company and the development company, respectively.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

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The general government function experienced a decrease of \$4 million due to a combination of reduced General Fund expenses attributable largely to salary savings from vacant positions and a decrease in expensed capital outlay costs for maintenance and other small projects. The convention, culture and leisure function experienced a decrease in expenses, as well as related charges for services revenue, attributable to the golf service concession arrangement. See Note 19 to the financial statements for additional information.

**Business-type activities:**

Total revenues for business-type activities increased \$8.3 million from the prior year, a 3.2% increase. Total expenses decreased \$4.2 million, a 1.9% decrease, and net transfers to governmental activities decreased \$3.6 million.

**Revenue**

Charges for services increased \$9.6 million, or 4.1% primarily due to water and wastewater rate increases in the current fiscal year of 10% and 16%, respectively. These rate increases were partially offset by the elimination of commercial garbage and recycling services.

Operating grants and contributions revenue declined \$2.6 million due to lower operating grant and other reimbursements in the Water, Storm Drainage, Solid Waste and Parking funds.

Capital grants and contribution revenue increased by \$2.2 million mostly due to an increase in storm drainage infrastructure dedications by developers.

**Expenses**

Wastewater expenses increased \$1.8 million mostly due to increased charges from the Fleet internal service fund for the purchase of sewer trucks and higher employee service expenses related to positions filled during 2013.

Storm Drainage expenses decreased \$0.9 million primarily due to the elimination of 8 full time positions in FY13.

Solid Waste expenses decreased \$3.4 million due to lower charges from the Fleet internal service fund for refuse truck replacements.

The other business-type functions experienced a combined decrease of \$1.7 million due to planned budgetary cost savings efforts.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

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**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 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 increased by \$46 million during fiscal year 2013. For the fiscal year ended June 30, 2013, as compared with the fiscal year ended June 30, 2012, total revenues for governmental funds increased by \$23 million, total expenditures for governmental funds declined by \$11 million and net other financing sources increased by \$2.6 million. In addition, governmental funds recognized special items totaling \$31 million. Reasons for these changes are discussed in more detail below.

**General Fund**

Total General Fund revenues increased \$10.7 million in the current year mostly due to increases in charges for services revenues of \$10 million, tax revenue increases of \$2.2 million, and miscellaneous revenue increases of \$1.3 million, combined with decreases in fines, forfeits and penalties of \$1.9 million and intergovernmental revenue of \$0.9 million. The increase in charges for services was primarily attributable to police contracted services which were accounted for in the nonmajor Operating Grants special revenue fund in the prior year. Tax revenue increases were mainly due to increases in sales and use tax of \$0.8 million, real property transfer tax of \$1.6 million, offset by declines in property taxes of \$1.0 million and other taxes of \$0.5 million. The miscellaneous revenue increase resulted primarily from a one-time settlement payment received from the County of Sacramento related to a property tax administration dispute.

Total General Fund expenditures increased by \$11.7 million this year. There were expenditure increases in the Police Department and capital outlay of \$8.1 million and \$3.6 million, respectively. The \$8.1 million increase in Police expenditures was primarily attributable to police contracted services which were accounted for in the nonmajor Operating Grants special revenue fund in the prior year. The \$3.6 million increase in capital outlay was due to spending in a variety of projects and programs, the largest of which included \$1.7 million for ambulance defibrillators, \$0.5 million for street light copper wire repair, \$0.5 million for an energy efficiency lighting retrofit project, and \$0.3 million for the McKinley park playground rebuild project.

General Fund net other financing sources and uses increased \$3.2 million for the fiscal year ended June 30, 2013, as compared with the fiscal year ended June 30, 2012, mainly due to the issuance of \$2.8 million in long term debt related to a vehicle capital lease and a \$0.4 million decrease in net interfund transfers.

The General Fund received \$8.5 million as a special item in the fiscal year ended June 30, 2013 from surplus assessment district redemption fund balances. The City Council committed these resources for renovation of the Community Center Theater.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

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General Fund Budgetary Highlights - The City Council revised the 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 and appropriation adjustments after the original budget was adopted.

After taking into account these adjustments, actual expenditures were \$35 million lower than final budget amounts. Capital outlay expenditures were less than budgeted amounts by \$19 million because of the multi-year nature of most capital projects. Unspent multi-year project budgets, as well as other unspent Council-approved program budgets, are carried over to the subsequent fiscal year. All General Fund departments reported favorable operating expenditure budget variances primarily as a result of salary savings from vacant positions.

General Fund revenues were \$1.1 million lower than final budgeted amounts. Property tax and business operations tax were under budget by \$1.1 million and \$0.6 million, respectively, while sales and use tax and real property transfer tax collections exceeded the budgeted amounts by \$0.8 million and \$1.6 million, respectively. Utility user tax and transient occupancy tax were also slightly higher than the budgeted amounts. Unfavorable revenue variances in charges for services and fines, forfeits, and penalties were partially offset by revenue from the \$1.9 million settlement of the property tax administration dispute with the County of Sacramento and \$1.3 million of revenue from escheating unclaimed property.

**Measure U Fund**

In November 2012, City voters approved the City Council's proposal to increase the City's sales tax rate by one-half cent for six years effective April 1, 2013. The resources are to be used for the restoration and protection of essential public safety and other City services, including park maintenance, youth/senior services, and libraries. Revenue recognized in the Measure U Fund for the fiscal year ended June 30, 2013, totaled \$4.8 million, compared to the revenue budget of \$5 million. Current fiscal year expenditures, totaling \$2.2 million, were for restoring fire station brown outs, retaining public safety positions, reopening swimming and wading pools, and restoring library services.

**Capital Grants Fund**

Capital Grant Fund revenue increased \$15 million while expenditures decreased \$10.7 million. This pattern is caused by the timing of grant reimbursement collections. The increase in revenue was due to changes in the following projects:

- Township 9 project - \$25 million increase,
- Access Improvement at Richards Boulevard and I-5 project - \$3.8 million increase,
- Del Paso Boulevard Improvement project - \$2.3 million increase,
- Track Relocation project -\$4.7 million decrease,
- Norwood Avenue Bridge project - \$4.2 million decrease,
- 6<sup>th</sup> Street Overcrossing Roadway project - \$4.2 million decrease, and
- Remaining projects – combined net \$3 million decrease

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

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The decrease in expenditures was due to changes in the following projects:

- Track Relocation project - \$30 million decrease,
- Norwood Avenue Bridge project - \$6.7 million decrease,
- Access Improvement at Richards Boulevard and I-5 project - \$5.3 million decrease,
- Township 9 project - \$25 million increase,
- 6<sup>th</sup> Street Overcrossing Roadway project - \$5 million increase, and
- Cosumnes River Boulevard Extension and I-5 interchange project - \$4.5 million increase.
- Remaining projects – combined net \$3.2 million decrease

**1997 Lease Revenue Bond Fund**

The lease receivable and associated revenue, from the Sacramento Kings ownership group, for debt service on the bonds, decreased in accordance with the bond payment schedule, as described in Note 7 to the financial statements.

**Other Governmental Funds**

Total other governmental funds revenue did not change significantly from the prior year. Total other governmental funds expenditures decreased \$2.8 million largely due to the following fluctuations:

- Contracted police services previously reported in other governmental funds reported this year in the General Fund - \$9 million decrease
- Reduction in the number of school sites served by the START program - \$1.4 million decrease
- Reduction in debt service expenditures from bond retirements - \$3.4 million decrease
- Roadway and transit improvements in New Measure A transportation special revenue funds - \$4 million increase
- The Sacramento Tourism Marketing District (STMD) was implemented July 1, 2012, replacing the Sacramento Tourism Business Improvement District (STBID). The STMD was established to provide additional funding to increase the level of sales and marketing activity by the Sacramento Convention & Visitors Bureau as it relates to Sacramento as a tourism, marketing and event destination - \$2 million increase
- New construction and infrastructure improvements in special districts and financing plan funds - \$3 million increase

A special item of \$22.7 million was recognized in the new Economic Development special revenue fund for the Master Owner Participation Agreement (MOPA) balance, transferred from the private purpose trust fund, related to the sale of the Sacramento Sheraton Grand Hotel.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

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**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 \$9.6 million, and operating expenses decreased \$3.2 million. Net non-operating revenues decreased \$2.4 million, and capital contributions increased \$5.8 million for the fiscal year ended June 30, 2013. Reasons for these changes are discussed in more detail below.

**Water Fund**

Water Fund operating revenue increased \$8.9 million compared to the prior year because of a 10% rate increase. Operating expenses in the current year did not change significantly compared to the previous year.

**Wastewater Fund**

Wastewater Fund operating revenue increased \$3.6 million compared to the prior year because of a 16% rate increase. Operating expenses increased \$1.8 million mostly due to increased charges from the Fleet internal service fund to purchase sewer trucks and higher employee service expenses related to positions filled during 2013.

**Storm Drainage Fund**

Storm Drainage Fund operating revenue increased \$1.1 million compared to the prior year. Operating expenses decreased by \$0.9 million due to the elimination of 8 full time positions.

**Solid Waste Fund**

Solid Waste Fund operating revenue decreased by \$3.8 million compared to the prior year due to the City's elimination of commercial garbage and recycling services and the one-time rate stabilization payment received in the prior year. Total operating expenses decreased \$3.3 million, primarily due to lower charges from the Fleet internal service fund for refuse truck replacement.

**Community Center Fund**

Community Center Fund operating revenue and expenses did not change significantly from the prior year. Transient occupancy tax revenue increased \$0.8 million due to a continuing upward trend in Sacramento area hotel room occupancy and room rates.

**Other Enterprise Funds**

There were no significant changes in operating revenues for the City's other enterprise funds. However, the Parking Fund experienced a \$1.2 million decrease in operating expenses due to the completion of operating projects for garage lighting and maintenance in the prior year.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2013, 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 \$131 million were offset by current year depreciation expense of \$130 million and retirements of \$2 million for a net decrease in capital assets of \$1 million.

**City of Sacramento**  
**Capital Assets**  
**As of June 30, 2013 and 2012**  
**(net of depreciation, in millions)**

|                                       | <b>Governmental Activities</b> |                 | <b>Business-Type Activities</b> |                 | <b>Total Primary Government</b> |                 |
|---------------------------------------|--------------------------------|-----------------|---------------------------------|-----------------|---------------------------------|-----------------|
|                                       | <b>2013</b>                    | <b>2012</b>     | <b>2013</b>                     | <b>2012</b>     | <b>2013</b>                     | <b>2012</b>     |
| Capital assets not being depreciated  |                                |                 |                                 |                 |                                 |                 |
| Land and improvements                 | \$ 187                         | \$ 186          | \$ 54                           | \$ 54           | \$ 241                          | \$ 240          |
| Easements                             | 1                              | 1               | -                               | -               | 1                               | 1               |
| Construction in progress              | 96                             | 130             | 36                              | 25              | 132                             | 155             |
| Depreciable capital assets:           |                                |                 |                                 |                 |                                 |                 |
| Buildings and improvements            | 416                            | 380             | 151                             | 157             | 567                             | 537             |
| Equipment                             | 32                             | 33              | 26                              | 29              | 58                              | 62              |
| Software                              | 4                              | 2               | 1                               | 1               | 5                               | 3               |
| Vehicles                              | 53                             | 51              | -                               | -               | 53                              | 51              |
| Transmission and distribution systems | 3                              | 3               | 760                             | 757             | 763                             | 760             |
| Road network                          | 675                            | 690             | -                               | -               | 675                             | 690             |
| Street light network                  | 132                            | 128             | -                               | -               | 132                             | 128             |
| Park and park improvements            | 124                            | 125             | -                               | -               | 124                             | 125             |
| <b>Total</b>                          | <b>\$ 1,723</b>                | <b>\$ 1,729</b> | <b>\$ 1,028</b>                 | <b>\$ 1,023</b> | <b>\$ 2,751</b>                 | <b>\$ 2,752</b> |

This year's major capital asset additions included:

- The Track Relocation project at the Downtown Sacramento Railyards, phase 1 of the intermodal transportation facilities project, was completed and placed into service.
- The City began construction of the Cosumnes River Boulevard Extension and Interstate 5 Interchange Project, spending \$7.4 million on the project in fiscal year 2013.
- Other capital projects in progress include Railyards and Township 9 infrastructure projects, as well as the Intermodal Depot Retrofit and 6<sup>th</sup> Street Overcrossing Roadway projects at the Sacramento Railyards. Many smaller capital projects were completed during fiscal year 2013 and transferred from construction in progress to the appropriate capital asset categories.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

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, 2013 and 2012:

| <b>City of Sacramento</b>     |                     |               |                      |               |                      |               |
|-------------------------------|---------------------|---------------|----------------------|---------------|----------------------|---------------|
| <b>Outstanding Debt</b>       |                     |               |                      |               |                      |               |
| As of June 30, 2013 and 2012  |                     |               |                      |               |                      |               |
| (in millions)                 |                     |               |                      |               |                      |               |
|                               | <b>Governmental</b> |               | <b>Business-Type</b> |               | <b>Total Primary</b> |               |
|                               | <b>Activities</b>   |               | <b>Activities</b>    |               | <b>Government</b>    |               |
|                               | <b>2013</b>         | <b>2012</b>   | <b>2013</b>          | <b>2012</b>   | <b>2013</b>          | <b>2012</b>   |
| Revenue and other bonds, net  | \$ 436              | \$ 457        | \$ 542               | \$ 277        | \$ 978               | \$ 734        |
| Notes payable                 | 1                   | 1             | 53                   | 55            | 54                   | 56            |
| Capital lease obligations     | 9                   | 8             | 9                    | 12            | 18                   | 20            |
| <b>Total outstanding debt</b> | <b>\$ 446</b>       | <b>\$ 466</b> | <b>\$ 604</b>        | <b>\$ 344</b> | <b>\$ 1,050</b>      | <b>\$ 810</b> |

Total primary government debt outstanding as of June 30, 2013 and 2012 was \$1,050 and \$810 million, respectively, an increase of \$240 million.

Total outstanding long-term debt for governmental activities decreased \$20 million primarily due to principal payments on new and existing obligations offset slightly by a new \$3 million capital lease.

Total outstanding long-term debt for business-type activities increased \$260 million due to the issuance of the Water and Wastewater revenue bonds, partially offset by principal payments on existing obligations.

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

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

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**Credit rating**

The following table summarizes the City's bonded debt ratings at June 30, 2013, as determined by Standard & Poor's (S & P), Moody's Investors Service, Inc. (Moody's), and Fitch Ratings (Fitch):

| Bond issues:  | <u>S &amp; P</u> | <u>Moody's</u> |
|---|------------------|----------------|
| • 1993 Refunded Lease Revenue Bonds, Series A               | A                | A2             |
| • 1993 Refunded Lease Revenue Bonds, Series B               | A                | A2             |
| • 1996 Lighting and Landscaping Bonds                       | A                | Baa1           |
| • 1997 Lease Revenue Bonds                                  | A                | A2             |
| • 2003 Capital Improvement Revenue Bonds                    | A                | A2             |
| • 2005 Refunding Revenue Bonds                              | A                | A2             |
| • 2006 Capital Improvement Revenue Bonds, Series A and B    | A                | A2             |
| • 2006 Capital Improvement Revenue Bonds, Series C, D and E | A                | A2             |

| Bond issues:                            | <u>S &amp; P</u> | <u>Fitch</u> |
|---|------------------|--------------|
| • Water Revenue Bonds, Series 2013      | AA-              | AA-          |
| • Wastewater Revenue Bonds, Series 2013 | AA-              | 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, remains unchanged from 2012.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**Economic Factors**

Sacramento's economy has begun a slow recovery. Unemployment in the Sacramento metropolitan area has fallen from 10.8% at the end of fiscal year 2012 to 8.4% at the end of fiscal year 2013. The housing market is improving, but slowed somewhat in the first quarter of fiscal year 2014. Although revenues are stabilizing, prior commitments for labor contracts, increasing retirement contributions and rising costs for utilities have added significant costs to the City's General Fund budget.

**Next Year's Budget**

General Fund budget appropriations for fiscal year 2014 are \$373 million, an increase of 1.4% compared to the fiscal year 2013 approved budget. An \$8.9 million budget gap was closed through a combination of workforce reductions and the utilization of \$4.2 million in Measure U resources to retain grant-funded police officer and firefighter positions that would have been eliminated when the grant funding expired.

**City of Sacramento**  
**Management's Discussion and Analysis (Continued)**  
**(Required Supplementary Information - Unaudited)**  
For the Fiscal Year Ended June 30, 2013

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**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 <http://www.cityofsacramento.org>.

# Government-wide Financial Statements

# City of Sacramento

## Statement of Net Position

June 30, 2013  
(in thousands)

|  | Primary Government         |                             |              | Sacramento<br>Regional<br>Arts Facilities<br>Financing<br>Authority |
|--|----------------------------|-----------------------------|--------------|---|
|  | Governmental<br>Activities | Business-type<br>Activities | Total        |   |
| <b>ASSETS</b>  |                            |                             |              |   |
| Cash and investments   | \$ 360,037                 | \$ 160,415                  | \$ 520,452   | \$ -  |
| Securities lending assets  | 28                         | 42                          | 70           | -   |
| Receivables, net   | 223,748                    | 71,882                      | 295,630      | 12,383  |
| Internal balances  | 6,632                      | (6,632)                     | -            | -   |
| Inventories  | -                          | 3,343                       | 3,343        | -   |
| Prepaid items  | 187                        | 25                          | 212          | -   |
| Restricted cash and investments  | 28,881                     | 321,399                     | 350,280      | 1,110   |
| Deferred charges   | 3,851                      | 5,589                       | 9,440        | 475   |
| Land and other capital assets not being depreciated                    | 283,501                    | 90,373                      | 373,874      | -   |
| Other capital assets, net of depreciation                              | 1,440,046                  | 937,441                     | 2,377,487    | -   |
| Total assets   | 2,346,911                  | 1,583,877                   | 3,930,788    | 13,968  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                  |                            |                             |              |   |
| Accumulated decrease in fair value of hedging<br>derivative instrument | 10,426                     | -                           | 10,426       | -   |
| <b>LIABILITIES</b>   |                            |                             |              |   |
| Securities lending obligations   | 2,001                      | 696                         | 2,697        | -   |
| Payables   | 59,857                     | 28,249                      | 88,106       | 159   |
| Unearned revenue   | 2,009                      | 5,699                       | 7,708        | -   |
| Long-term liabilities:   |                            |                             |              |   |
| Due within one year  | 39,798                     | 22,737                      | 62,535       | 420   |
| Due in more than one year  | 665,550                    | 630,608                     | 1,296,158    | 12,816  |
| Total liabilities  | 769,215                    | 687,989                     | 1,457,204    | 13,395  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                            |                             |              |   |
| Deferred service concession arrangement revenue                        | 9,039                      | -                           | 9,039        | -   |
| <b>NET POSITION</b>  |                            |                             |              |   |
| Net investment in capital assets                                       | 1,371,964                  | 717,452                     | 2,089,416    | -   |
| Restricted for:  |                            |                             |              |   |
| Capital projects   | 131,822                    | 33,168                      | 164,990      | -   |
| Debt service   | 641                        | -                           | 641          | 573   |
| Public works programs  | 16,756                     | -                           | 16,756       | -   |
| Economic development programs  | 23,979                     | -                           | 23,979       | -   |
| Other programs   | 21,087                     | 349                         | 21,436       | -   |
| Trust and endowments:  |                            |                             |              |   |
| Expendable   | 7,225                      | -                           | 7,225        | -   |
| Nonexpendable  | 878                        | -                           | 878          | -   |
| Unrestricted   | 4,731                      | 144,919                     | 149,650      | -   |
| Total net position   | \$ 1,579,083               | \$ 895,888                  | \$ 2,474,971 | \$ 573  |

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, 2013

(in thousands)

| Functions/Programs                                      | Operating Expenses | Indirect Expenses Allocation | Program Revenues     |                                    |                                  | Net (Expense) Revenue |
|---|--------------------|------------------------------|----------------------|------------------------------------|----------------------------------|-----------------------|
|   |                    |                              | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |                       |
| <b>Primary government:</b>                              |                    |                              |                      |                                    |                                  |                       |
| Governmental activities:                                |                    |                              |                      |                                    |                                  |                       |
| General government                                      | \$ 44,662          | \$ (7,792)                   | \$ 6,924             | \$ 2,179                           | \$ 69                            | \$ (27,698)           |
| Police  | 157,432            | -                            | 9,693                | 15,399                             | 2,067                            | (130,273)             |
| Fire  | 117,451            | -                            | 24,288               | 4,999                              | -                                | (88,164)              |
| General services  | 17,587             | (2,244)                      | 3,175                | 891                                | -                                | (11,277)              |
| Public works  | 126,636            | -                            | 28,321               | 40,292                             | 58,171                           | 148                   |
| Economic development                                    | 10,468             | -                            | 8,685                | 112                                | -                                | (1,671)               |
| Convention, culture and leisure                         | 17,684             | -                            | 7,669                | 444                                | 11                               | (9,560)               |
| Parks and recreation                                    | 48,457             | -                            | 10,604               | 7,039                              | 6,870                            | (23,944)              |
| Community development                                   | 29,253             | -                            | 15,423               | 5,741                              | 2,135                            | (5,954)               |
| Library   | 13,753             | -                            | 33                   | 4,726                              | -                                | (8,994)               |
| Interest on long-term debt                              | 22,420             | -                            | -                    | -                                  | -                                | (22,420)              |
| <b>Total governmental activities</b>                    | <b>605,803</b>     | <b>(10,036)</b>              | <b>114,815</b>       | <b>81,822</b>                      | <b>69,323</b>                    | <b>(329,807)</b>      |
| Business-type activities:                               |                    |                              |                      |                                    |                                  |                       |
| Water   | 63,404             | 3,352                        | 88,754               | 282                                | 2,499                            | 24,779                |
| Wastewater  | 21,404             | 879                          | 25,134               | 5                                  | 485                              | 3,341                 |
| Storm drainage  | 34,991             | 1,768                        | 35,682               | 8                                  | 4,496                            | 3,427                 |
| Solid waste   | 47,585             | 2,218                        | 60,295               | 221                                | -                                | 10,713                |
| Community center  | 16,407             | 951                          | 7,130                | -                                  | -                                | (10,228)              |
| Parking   | 14,591             | 785                          | 18,823               | 3                                  | -                                | 3,450                 |
| Child development                                       | 6,116              | -                            | 5,426                | 576                                | -                                | (114)                 |
| Marina  | 1,770              | 83                           | 1,148                | -                                  | -                                | (705)                 |
| <b>Total business-type activities</b>                   | <b>206,268</b>     | <b>10,036</b>                | <b>242,392</b>       | <b>1,095</b>                       | <b>7,480</b>                     | <b>34,663</b>         |
| <b>Total primary government</b>                         | <b>\$ 812,071</b>  | <b>\$ -</b>                  | <b>\$ 357,207</b>    | <b>\$ 82,917</b>                   | <b>\$ 76,803</b>                 | <b>\$ (295,144)</b>   |
| <b>Component unit:</b>                                  |                    |                              |                      |                                    |                                  |                       |
| Sacramento Regional Arts Facilities Financing Authority | \$ 668             | \$ -                         | \$ -                 | \$ -                               | \$ -                             | \$ (668)              |

# City of Sacramento

## Statement of Activities

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | Primary Government         |                             |              | Sacramento<br>Regional Arts<br>Facilities<br>Financing<br>Authority |
|--|----------------------------|-----------------------------|--------------|---|
|  | Governmental<br>Activities | Business-type<br>Activities | Total        |   |
| Change in net position:                              |                            |                             |              |   |
| Net (expense) revenue                                | \$ (329,807)               | \$ 34,663                   | \$ (295,144) | \$ (668)  |
| General revenues:                                    |                            |                             |              |   |
| Taxes:   |                            |                             |              |   |
| Property taxes                                       | 114,451                    | -                           | 114,451      | -   |
| Utility user taxes                                   | 59,066                     | -                           | 59,066       | -   |
| Other taxes  | 27,943                     | 16,555                      | 44,498       | -   |
| Unrestricted sales taxes shared state revenue        | 52,300                     | -                           | 52,300       | -   |
| Unrestricted in lieu sales tax                       | 16,113                     | -                           | 16,113       | -   |
| Unrestricted investment earnings                     | 10,089                     | 1,311                       | 11,400       | 638   |
| Unrestricted miscellaneous                           | 9,749                      | -                           | 9,749        | -   |
| Contributions to permanent funds                     | 1                          | -                           | 1            | -   |
| Special items  | 26,208                     | -                           | 26,208       | -   |
| Transfers  | 19,172                     | (19,172)                    | -            | -   |
| Total general revenues, special items, and transfers | 335,092                    | (1,306)                     | 333,786      | 638   |
| Change in net position                               | 5,285                      | 33,357                      | 38,642       | (30)  |
| Net position, beginning of year                      | 1,692,787                  | 862,531                     | 2,555,318    | 603   |
| Prior period adjustments                             | (118,989)                  | -                           | (118,989)    | -   |
| Net position, beginning of year, as restated         | 1,573,798                  | 862,531                     | 2,436,329    | 603   |
| Net position, end of year                            | \$ 1,579,083               | \$ 895,888                  | \$ 2,474,971 | \$ 573  |

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

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# Fund Financial Statements

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**City of Sacramento**  
**Governmental Funds**  
**Balance Sheet**

June 30, 2013  
(in thousands)

|  | <u>General<br/>Fund</u> | <u>Measure U<br/>Fund</u> | <u>Capital<br/>Grants<br/>Fund</u> |
|--|-------------------------|---------------------------|------------------------------------|
| <b>ASSETS</b>                              |                         |                           |                                    |
| Cash and investments held by City          | \$ 70,746               | \$ -                      | \$ -                               |
| Cash and investments held by fiscal agent  | -                       | -                         | -                                  |
| Securities lending assets                  | 6                       | -                         | -                                  |
| Receivables, net:                          |                         |                           |                                    |
| Taxes                                      | 20,253                  | 7,867                     | -                                  |
| Accounts                                   | 10,457                  | -                         | 2,246                              |
| Loans                                      | 32                      | -                         | -                                  |
| Intergovernmental                          | 1,940                   | -                         | 26,627                             |
| Interest                                   | 260                     | -                         | -                                  |
| Prepaid items                              | 24                      | -                         | -                                  |
| Restricted assets:                         |                         |                           |                                    |
| Cash and investments held by City          | -                       | -                         | 28                                 |
| Cash and investments held by fiscal agent  | 2,371                   | -                         | -                                  |
| <b>Total assets</b>                        | <b>\$ 106,089</b>       | <b>\$ 7,867</b>           | <b>\$ 28,901</b>                   |
| <b>LIABILITIES AND FUND BALANCES</b>       |                         |                           |                                    |
| Liabilities:                               |                         |                           |                                    |
| Securities lending obligations             | \$ 417                  | \$ -                      | \$ -                               |
| Accounts payable                           | 9,554                   | 11                        | 18,437                             |
| Accrued payroll                            | 12,058                  | -                         | -                                  |
| Accrued claims and judgements              | -                       | -                         | -                                  |
| Due to other funds                         | -                       | 721                       | 6,058                              |
| Deposits                                   | 53                      | -                         | -                                  |
| Deferred revenue                           | 4,048                   | 4,503                     | 18,118                             |
| Advances from other funds                  | -                       | -                         | -                                  |
| <b>Total liabilities</b>                   | <b>26,130</b>           | <b>5,235</b>              | <b>42,613</b>                      |
| Fund balances:                             |                         |                           |                                    |
| Nonspendable:                              |                         |                           |                                    |
| Prepaid items                              | 24                      | -                         | -                                  |
| Noncurrent assets                          | 48                      | -                         | -                                  |
| Permanent fund principal                   | -                       | -                         | -                                  |
| Restricted:                                |                         |                           |                                    |
| Capital projects                           | -                       | -                         | 4,307                              |
| Debt service                               | -                       | -                         | -                                  |
| Public works programs                      | -                       | -                         | -                                  |
| Economic development programs              | -                       | -                         | -                                  |
| Other programs                             | 40                      | -                         | -                                  |
| Committed:                                 |                         |                           |                                    |
| Economic uncertainty                       | 27,765                  | -                         | -                                  |
| Capital projects                           | 21,789                  | 600                       | -                                  |
| Debt service                               | -                       | -                         | -                                  |
| Community center theater renovation        | 8,500                   | -                         | -                                  |
| OPEB trust fund                            | 2,000                   | -                         | -                                  |
| Other programs                             | 9,347                   | 2,032                     | -                                  |
| Assigned:                                  |                         |                           |                                    |
| Debt service                               | -                       | -                         | -                                  |
| Unrealized investment gains                | -                       | -                         | -                                  |
| Next year's budget                         | 10,446                  | -                         | -                                  |
| Other programs                             | -                       | -                         | -                                  |
| Unassigned                                 | -                       | -                         | (18,019)                           |
| <b>Total fund balances (deficit)</b>       | <b>79,959</b>           | <b>2,632</b>              | <b>(13,712)</b>                    |
| <b>Total liabilities and fund balances</b> | <b>\$ 106,089</b>       | <b>\$ 7,867</b>           | <b>\$ 28,901</b>                   |

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

**City of Sacramento**  
**Governmental Funds**  
**Balance Sheet**

June 30, 2013  
(in thousands)

|  | <u>1997 Lease<br/>Revenue<br/>Bond Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---|---|---|
| <b>ASSETS</b>                              |   |   |   |
| Cash and investments held by City          | \$ 2,195                                    | \$ 203,100                              | \$ 276,041                              |
| Cash and investments held by fiscal agent  | -   | 302                                     | 302                                     |
| Securities lending assets                  | -   | 16                                      | 22                                      |
| Receivables, net:                          |   |   |   |
| Taxes                                      | -   | 1,658                                   | 29,778                                  |
| Accounts                                   | -   | 4,139                                   | 16,842                                  |
| Loans                                      | 64,005                                      | 11,695                                  | 75,732                                  |
| Intergovernmental                          | -   | 61,823                                  | 90,390                                  |
| Interest                                   | 730   | 370                                     | 1,360                                   |
| Prepaid items                              | -   | 44                                      | 68                                      |
| Restricted assets:                         |   |   |   |
| Cash and investments held by City          | -   | 10,142                                  | 10,170                                  |
| Cash and investments held by fiscal agent  | -   | 16,340                                  | 18,711                                  |
| <b>Total assets</b>                        | <b>\$ 66,930</b>                            | <b>\$ 309,629</b>                       | <b>\$ 519,416</b>                       |
| <b>LIABILITIES AND FUND BALANCES</b>       |   |   |   |
| Liabilities:                               |   |   |   |
| Securities lending obligations             | \$ -  | \$ 1,494                                | \$ 1,911                                |
| Accounts payable                           | -   | 12,087                                  | 40,089                                  |
| Accrued payroll                            | -   | 131                                     | 12,189                                  |
| Accrued claims and judgements              | -   | 1,601                                   | 1,601                                   |
| Due to other funds                         | -   | 3,044                                   | 9,823                                   |
| Deposits                                   | -   | 2,210                                   | 2,263                                   |
| Deferred revenue                           | 64,735                                      | 62,875                                  | 154,279                                 |
| Advances from other funds                  | -   | 7,332                                   | 7,332                                   |
| <b>Total liabilities</b>                   | <b>64,735</b>                               | <b>90,774</b>                           | <b>229,487</b>                          |
| Fund balances:                             |   |   |   |
| Nonspendable:                              |   |   |   |
| Prepaid items                              | -   | 44                                      | 68                                      |
| Noncurrent assets                          | -   | 530                                     | 578                                     |
| Permanent fund principal                   | -   | 878                                     | 878                                     |
| Restricted:                                |   |   |   |
| Capital projects                           | -   | 130,762                                 | 135,069                                 |
| Debt service                               | -   | 17,472                                  | 17,472                                  |
| Public works programs                      | -   | 13,781                                  | 13,781                                  |
| Economic development programs              | -   | 23,970                                  | 23,970                                  |
| Other programs                             | -   | 31,115                                  | 31,155                                  |
| Committed:                                 |   |   |   |
| Economic uncertainty                       | -   | -                                       | 27,765                                  |
| Capital projects                           | -   | 3,066                                   | 25,455                                  |
| Debt service                               | -   | 2,278                                   | 2,278                                   |
| Community center theater renovation        | -   | -                                       | 8,500                                   |
| OPEB trust fund                            | -   | -                                       | 2,000                                   |
| Other programs                             | -   | 4,234                                   | 15,613                                  |
| Assigned:                                  |   |   |   |
| Debt service                               | -   | 1,805                                   | 1,805                                   |
| Unrealized investment gains                | -   | 100                                     | 100                                     |
| Next year's budget                         | -   | -                                       | 10,446                                  |
| Other programs                             | 2,195                                       | 1,563                                   | 3,758                                   |
| Unassigned                                 | -   | (12,743)                                | (30,762)                                |
| <b>Total fund balances (deficit)</b>       | <b>2,195</b>                                | <b>218,855</b>                          | <b>289,929</b>                          |
| <b>Total liabilities and fund balances</b> | <b>\$ 66,930</b>                            | <b>\$ 309,629</b>                       | <b>\$ 519,416</b>                       |

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, 2013  
(in thousands)

|  |                    |                                   |
|--|--------------------|-----------------------------------|
| <b>Fund balances - total governmental funds</b>  |                    | <b>\$ 289,929</b>                 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p>  |                    |                                   |
| <p>Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds.</p>  |                    | 152,782                           |
| <p>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.</p>                       |                    | 3,826                             |
| <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:</p>   |                    |                                   |
| <p>Governmental capital assets</p>   | 2,852,321          |                                   |
| <p>Less: accumulated depreciation</p>  | <u>(1,185,230)</u> |                                   |
|  |                    | 1,667,091                         |
| <p>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:</p>  |                    |                                   |
| <p>Interest payable</p>  |                    | (2,317)                           |
| <p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>  |                    |                                   |
| <p>Accrued compensated absences</p>  | (31,228)           |                                   |
| <p>Accrued claims and judgements</p>   | (1,198)            |                                   |
| <p>Financing plan fee credits</p>  | (41,050)           |                                   |
| <p>Pollution remediation obligations</p>   | (603)              |                                   |
| <p>Revenue and other bonds payable, net</p>  | (432,899)          |                                   |
| <p>Capital lease obligations payable</p>   | (9,273)            |                                   |
| <p>Notes payable</p>   | (530)              |                                   |
| <p>OPEB liability</p>  | <u>(109,551)</u>   |                                   |
|  |                    | (626,332)                         |
| <p>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 position.</p> |                    | <u>94,104</u>                     |
| <b>Net position of governmental activities</b>   |                    | <b><u><u>\$ 1,579,083</u></u></b> |

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

For the Fiscal Year Ended June 30, 2013

(in thousands)

|  | General<br>Fund  | Measure U<br>Fund | Capital<br>Grants<br>Fund |
|--|------------------|-------------------|---------------------------|
| Revenues:  |                  |                   |                           |
| Taxes  | \$ 258,370       | \$ 4,820          | \$ -                      |
| Intergovernmental  | 11,108           | -                 | 73,423                    |
| Charges for services   | 60,036           | -                 | -                         |
| Fines, forfeits and penalties                                | 9,165            | -                 | -                         |
| Interest, rents, and concessions                             | 1,788            | -                 | 48                        |
| Community service fees                                       | -                | -                 | -                         |
| Assessment levies  | 33               | -                 | -                         |
| Contributions and donations                                  | 11               | -                 | 10,450                    |
| Miscellaneous  | 3,440            | -                 | -                         |
| Total revenues   | <u>343,951</u>   | <u>4,820</u>      | <u>83,921</u>             |
| Expenditures:  |                  |                   |                           |
| Current:   |                  |                   |                           |
| General government   | 19,073           | -                 | -                         |
| Police   | 122,576          | 274               | -                         |
| Fire   | 94,184           | 1,082             | -                         |
| General services   | 9,500            | -                 | -                         |
| Public works   | 6,701            | -                 | -                         |
| Convention, culture and leisure                              | 4,780            | -                 | -                         |
| Economic development   | 2,398            | -                 | -                         |
| Parks and recreation   | 14,265           | 326               | -                         |
| Community development  | 19,777           | -                 | -                         |
| Library  | 7,130            | 506               | -                         |
| Utilities  | 152              | -                 | -                         |
| Citywide and community support                               | 32,945           | -                 | -                         |
| Capital outlay   | 5,755            | -                 | 70,521                    |
| Debt service:  |                  |                   |                           |
| Principal  | 1,822            | -                 | -                         |
| Interest and fiscal charges                                  | 365              | -                 | -                         |
| Total expenditures   | <u>341,423</u>   | <u>2,188</u>      | <u>70,521</u>             |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>2,528</u>     | <u>2,632</u>      | <u>13,400</u>             |
| Other financing sources (uses):                              |                  |                   |                           |
| Transfers in   | 28,541           | -                 | -                         |
| Transfers out  | (23,530)         | -                 | (48)                      |
| Issuance of long-term debt                                   | 2,818            | -                 | -                         |
| Total other financing sources (uses)                         | <u>7,829</u>     | <u>-</u>          | <u>(48)</u>               |
| Special items  | <u>8,534</u>     | <u>-</u>          | <u>-</u>                  |
| Net change in fund balances                                  | 18,891           | 2,632             | 13,352                    |
| Fund balances (deficit), beginning of year, as restated      | <u>61,068</u>    | <u>-</u>          | <u>(27,064)</u>           |
| Fund balances (deficit), end of year                         | <u>\$ 79,959</u> | <u>\$ 2,632</u>   | <u>\$ (13,712)</u>        |

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, 2013

(in thousands)

|  | 1997 Lease<br>Revenue<br>Bond Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|------------------------------------|--------------------------------|--------------------------------|
| Revenues:  |                                    |                                |                                |
| Taxes  | \$ -                               | \$ 2,415                       | \$ 265,605                     |
| Intergovernmental  | -                                  | 70,025                         | 154,556                        |
| Charges for services   | -                                  | 5,208                          | 65,244                         |
| Fines, forfeits and penalties                                | -                                  | 727                            | 9,892                          |
| Interest, rents, and concessions                             | 3,631                              | 8,442                          | 13,909                         |
| Community service fees                                       | -                                  | 7,136                          | 7,136                          |
| Assessment levies  | -                                  | 37,588                         | 37,621                         |
| Contributions and donations                                  | 1,731                              | 2,077                          | 14,269                         |
| Miscellaneous  | -                                  | 1                              | 3,441                          |
|  | <u>5,362</u>                       | <u>133,619</u>                 | <u>571,673</u>                 |
| Total revenues   |                                    |                                |                                |
| Expenditures:  |                                    |                                |                                |
| Current:   |                                    |                                |                                |
| General government   | -                                  | 3,639                          | 22,712                         |
| Police   | -                                  | 15,929                         | 138,779                        |
| Fire   | -                                  | 4,364                          | 99,630                         |
| General services   | -                                  | 806                            | 10,306                         |
| Public works   | -                                  | 28,294                         | 34,995                         |
| Convention, culture and leisure                              | -                                  | 5,024                          | 9,804                          |
| Economic development   | -                                  | 7,823                          | 10,221                         |
| Parks and recreation   | -                                  | 17,666                         | 32,257                         |
| Community development  | -                                  | 3,791                          | 23,568                         |
| Library  | -                                  | 4,726                          | 12,362                         |
| Utilities  | -                                  | 827                            | 979                            |
| Citywide and community support                               | -                                  | 160                            | 33,105                         |
| Capital outlay   | -                                  | 40,429                         | 116,705                        |
| Debt service:  |                                    |                                |                                |
| Principal  | 1,775                              | 15,873                         | 19,470                         |
| Interest and fiscal charges                                  | 3,607                              | 18,977                         | 22,949                         |
|  | <u>5,382</u>                       | <u>168,328</u>                 | <u>587,842</u>                 |
| Total expenditures   |                                    |                                |                                |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(20)</u>                        | <u>(34,709)</u>                | <u>(16,169)</u>                |
| Other financing sources (uses):                              |                                    |                                |                                |
| Transfers in   | -                                  | 26,625                         | 55,166                         |
| Transfers out  | -                                  | (3,872)                        | (27,450)                       |
| Issuance of long-term debt                                   | -                                  | 19                             | 2,837                          |
|  | <u>-</u>                           | <u>22,772</u>                  | <u>30,553</u>                  |
| Total other financing sources (uses)                         |                                    |                                |                                |
| Special items  | <u>-</u>                           | <u>22,674</u>                  | <u>31,208</u>                  |
| Net change in fund balances                                  | (20)                               | 10,737                         | 45,592                         |
| Fund balances (deficit), beginning of year, as restated      | <u>2,215</u>                       | <u>208,118</u>                 | <u>244,337</u>                 |
| Fund balances (deficit), end of year                         | <u>\$ 2,195</u>                    | <u>\$ 218,855</u>              | <u>\$ 289,929</u>              |

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, 2013

(in thousands)

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**Net change in fund balances - total governmental funds** **\$ 45,592**

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       | 79,944          |       |
| Depreciation expense | <u>(80,758)</u> | (814) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

|                             |                |         |
|-----------------------------|----------------|---------|
| Infrastructure dedications  | 2,229          |         |
| Loan receivable forgiveness | <u>(5,000)</u> | (2,771) |

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. 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 position.

|  |               |        |
|--|---------------|--------|
| Issuance of long-term debt             | (2,837)       |        |
| Principal repayments on long-term debt | <u>19,470</u> | 16,633 |

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.

(19,564)

**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, 2013

(in thousands)

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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                   | 34           |          |
| Accrued claims and judgements          | (11)         |          |
| Other post-employment benefits         | (22,356)     |          |
| Pollution remediation                  | 77           |          |
| Accrued interest                       | 62           |          |
| Amortization of issuance costs         | (236)        |          |
| Amortization of bond discount          | (8)          |          |
| Amortization of bond premium           | 957          |          |
| Amortization of gain/loss on refunding | <u>(383)</u> | (21,864) |

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. (8,448)

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. (3,479)

**Change in net position of governmental activities** \$ 5,285

# City of Sacramento

## General Fund

### Statement of Revenues, Expenditures and Change in Fund Balance

#### - Budget and Actual (Non-GAAP Budgetary Basis)

#### with Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2013

(in thousands)

|  | Budgeted Amounts   |                    | Actual<br>Amounts -<br>Budgetary<br>Basis | Variance with<br>Final Budget -<br>Positive<br>(Negative) | Budget<br>to GAAP<br>Reconciliation | Actual<br>Amounts -<br>GAAP<br>Basis |
|--|--------------------|--------------------|---|---|-------------------------------------|--------------------------------------|
|  | Original           | Final              |   |   |                                     |                                      |
| <b>Revenues:</b>   |                    |                    |   |   |                                     |                                      |
| Taxes  | \$ 257,420         | \$ 257,420         | \$ 258,370                                | \$ 950  | \$ -                                | \$ 258,370                           |
| Intergovernmental  | 10,958             | 11,556             | 11,108                                    | (448)   | -                                   | 11,108                               |
| Charges for services   | 58,136             | 61,227             | 60,036                                    | (1,191)   | -                                   | 60,036                               |
| Fines, forfeits and penalties                                | 12,982             | 12,181             | 9,165                                     | (3,016)   | -                                   | 9,165                                |
| Interest, rents, and concessions                             | 2,360              | 2,469              | 1,788                                     | (681)   | -                                   | 1,788                                |
| Assessment levies  | 53                 | 53                 | 33  | (20)  | -                                   | 33                                   |
| Contributions and donations                                  | -                  | 11                 | 11  | -   | -                                   | 11                                   |
| Miscellaneous  | 124                | 164                | 3,440                                     | 3,276   | -                                   | 3,440                                |
| <b>Total revenues</b>  | <b>342,033</b>     | <b>345,081</b>     | <b>343,951</b>                            | <b>(1,130)</b>  | <b>-</b>                            | <b>343,951</b>                       |
| <b>Expenditures:</b>   |                    |                    |   |   |                                     |                                      |
| <b>Current:</b>  |                    |                    |   |   |                                     |                                      |
| Mayor/Council  | 2,448              | 3,062              | 2,686                                     | 376   | -                                   | 2,686                                |
| City Manager   | 1,520              | 2,177              | 1,428                                     | 749   | (56)                                | 1,372                                |
| City Attorney  | 4,149              | 4,237              | 3,302                                     | 935   | (10)                                | 3,292                                |
| City Clerk   | 1,096              | 1,498              | 1,439                                     | 59  | (2)                                 | 1,437                                |
| City Treasurer   | 1,792              | 1,791              | 1,650                                     | 141   | (61)                                | 1,589                                |
| Finance  | 4,415              | 4,332              | 3,416                                     | 916   | (67)                                | 3,349                                |
| Information technology                                       | 3,613              | 3,890              | 3,419                                     | 471   | 41                                  | 3,460                                |
| Human resources  | 2,225              | 2,232              | 1,887                                     | 345   | 1                                   | 1,888                                |
| Subtotal - General government                                | 21,258             | 23,219             | 19,227                                    | 3,992   | (154)                               | 19,073                               |
| Police   | 124,632            | 127,025            | 123,007                                   | 4,018   | (431)                               | 122,576                              |
| Fire   | 90,725             | 94,992             | 94,185                                    | 807   | (1)                                 | 94,184                               |
| General services   | 9,324              | 9,541              | 9,486                                     | 55  | 14                                  | 9,500                                |
| Public works   | 6,779              | 7,537              | 6,719                                     | 818   | (18)                                | 6,701                                |
| Convention, culture and leisure                              | 4,734              | 4,892              | 4,783                                     | 109   | (3)                                 | 4,780                                |
| Economic development   | 2,993              | 3,201              | 2,381                                     | 820   | 17                                  | 2,398                                |
| Parks and recreation   | 13,370             | 14,387             | 14,272                                    | 115   | (7)                                 | 14,265                               |
| Community development  | 19,947             | 20,777             | 19,946                                    | 831   | (169)                               | 19,777                               |
| Library  | 7,130              | 7,130              | 7,130                                     | -   | -                                   | 7,130                                |
| Utilities  | 1,254              | 1,253              | 152                                       | 1,101   | -                                   | 152                                  |
| Citywide and community support                               | 38,487             | 36,764             | 32,990                                    | 3,774   | (45)                                | 32,945                               |
| Capital outlay   | 23,912             | 25,889             | 6,989                                     | 18,900  | (1,234)                             | 5,755                                |
| <b>Debt service:</b>   |                    |                    |   |   |                                     |                                      |
| Principal  | 1,790              | 1,790              | 1,822                                     | (32)  | -                                   | 1,822                                |
| Interest and fiscal charges                                  | 424                | 424                | 365                                       | 59  | -                                   | 365                                  |
| <b>Total expenditures</b>                                    | <b>366,759</b>     | <b>378,821</b>     | <b>343,454</b>                            | <b>35,367</b>   | <b>(2,031)</b>                      | <b>341,423</b>                       |
| Excess (deficiency) of revenues over<br>(under) expenditures | (24,726)           | (33,740)           | 497                                       | 34,237  | 2,031                               | 2,528                                |
| <b>Other financing sources (uses):</b>                       |                    |                    |   |   |                                     |                                      |
| Transfers in   | 26,918             | 26,918             | 28,541                                    | 1,623   | -                                   | 28,541                               |
| Transfers out  | (23,452)           | (23,550)           | (23,530)                                  | 20  | -                                   | (23,530)                             |
| Issuance of long-term debt                                   | -                  | 2,818              | 2,818                                     | -   | -                                   | 2,818                                |
| <b>Total other financing sources (uses)</b>                  | <b>3,466</b>       | <b>6,186</b>       | <b>7,829</b>                              | <b>1,643</b>  | <b>-</b>                            | <b>7,829</b>                         |
| Special item   | -                  | -                  | 8,534                                     | 8,534   | -                                   | 8,534                                |
| <b>Net change in fund balance</b>                            | <b>\$ (21,260)</b> | <b>\$ (27,554)</b> | <b>\$ 16,860</b>                          | <b>\$ 44,414</b>  | <b>\$ 2,031</b>                     | <b>\$ 18,891</b>                     |

# City of Sacramento

## Measure U Fund

### Statement of Revenues, Expenditures and Change in Fund Balance

#### - Budget and Actual

For the Fiscal Year Ended June 30, 2013

(in thousands)

|                            | Budgeted Amounts |          | Actual<br>Amounts | Variance with<br>Final Budget-<br>Positive<br>(Negative) |
|----------------------------|------------------|----------|-------------------|--|
|                            | Original         | Final    |                   |  |
| Revenues:                  |                  |          |                   |  |
| Taxes                      | \$ -             | \$ 5,000 | \$ 4,820          | \$ (180)   |
| Expenditures:              |                  |          |                   |  |
| Current:                   |                  |          |                   |  |
| Police                     | -                | 1,500    | 274               | 1,226  |
| Fire                       | -                | 1,768    | 1,082             | 686  |
| Parks and recreation       | -                | 406      | 326               | 80   |
| Library                    | -                | 506      | 506               | -  |
| Capital outlay             | -                | 600      | -                 | 600  |
| Total expenditures         | -                | 4,780    | 2,188             | 2,592  |
| Net change in fund balance | \$ -             | \$ 220   | \$ 2,632          | \$ 2,412   |

**City of Sacramento**  
**Proprietary Funds**  
**Statement of Net Position**

June 30, 2013  
(in thousands)

|   | <b>Business-type Activities - Enterprise Funds</b> |                            |                                    |                             |
|---|--|----------------------------|------------------------------------|-----------------------------|
|   | <b>Water<br/>Fund</b>                              | <b>Wastewater<br/>Fund</b> | <b>Storm<br/>Drainage<br/>Fund</b> | <b>Solid Waste<br/>Fund</b> |
| <b>ASSETS</b>                               |  |                            |                                    |                             |
| Current assets:                             |  |                            |                                    |                             |
| Cash and investments held by City           | \$ 52,214  | \$ 17,978                  | \$ 26,063                          | \$ 19,396                   |
| Cash and investments held by fiscal agent   | -  | -                          | 30                                 | -                           |
| Securities lending assets                   | 29   | 5                          | 3                                  | 2                           |
| Receivables, net:                           |  |                            |                                    |                             |
| Taxes                                       | -  | -                          | -                                  | -                           |
| Accounts                                    | 19,113   | 11,134                     | 6,353                              | 12,413                      |
| Loans                                       | 1,186  | 242                        | 760                                | 2                           |
| Intergovernmental                           | 1,245  | 108                        | 1,171                              | 837                         |
| Interest                                    | 1,356  | 247                        | 236                                | 92                          |
| Due from other funds                        | -  | -                          | -                                  | -                           |
| Inventories                                 | 2,778  | 83                         | 482                                | -                           |
| Prepaid items                               | -  | -                          | -                                  | -                           |
|   | <u>77,921</u>                                      | <u>29,797</u>              | <u>35,098</u>                      | <u>32,742</u>               |
| Total current assets                        |  |                            |                                    |                             |
| Noncurrent assets:                          |  |                            |                                    |                             |
| Restricted assets:                          |  |                            |                                    |                             |
| Cash and investments held by City           | 259,813  | 33,125                     | 3,415                              | 3,433                       |
| Cash and investments held by fiscal agent   | 7,056  | 2,061                      | 765                                | -                           |
| Advances to other funds                     | -  | -                          | -                                  | -                           |
| Loans receivable                            | 5,892  | 933                        | 4,102                              | -                           |
| Deferred charges                            | 3,575  | 493                        | 31                                 | 236                         |
| Capital assets:                             |  |                            |                                    |                             |
| Land  | 1,815  | 1,138                      | 18,724                             | 1,133                       |
| Buildings and improvements                  | 37,469   | 15,130                     | 8,223                              | 31,191                      |
| Machinery and equipment                     | 16,006   | 4,866                      | 16,054                             | 11,408                      |
| Vehicles                                    | -  | -                          | -                                  | -                           |
| Transmission and distribution system        | 582,341  | 150,322                    | 384,808                            | -                           |
| Construction in progress                    | 29,164   | 2,602                      | 1,047                              | -                           |
| Software                                    | 414  | 315                        | 615                                | 109                         |
| Easements                                   | -  | -                          | 157                                | -                           |
| Less: accumulated depreciation/amortization | <u>(202,561)</u>                                   | <u>(62,702)</u>            | <u>(139,315)</u>                   | <u>(22,549)</u>             |
|   | <u>740,984</u>                                     | <u>148,283</u>             | <u>298,626</u>                     | <u>24,961</u>               |
| Total noncurrent assets                     |  |                            |                                    |                             |
| Total assets                                | <u>818,905</u>                                     | <u>178,080</u>             | <u>333,724</u>                     | <u>57,703</u>               |

**City of Sacramento**  
**Proprietary Funds**  
**Statement of Net Position**

June 30, 2013  
(in thousands)

|   | <b>Business-type Activities - Enterprise Funds</b> |                                       |                  | <b>Governmental</b>                                    |
|---|--|---------------------------------------|------------------|--|
|   | <b>Community<br/>Center<br/>Fund</b>               | <b>Other<br/>Enterprise<br/>Funds</b> | <b>Total</b>     | <b>Activities -<br/>Internal<br/>Service<br/>Funds</b> |
| <b>ASSETS</b>                               |  |                                       |                  |  |
| Current assets:                             |  |                                       |                  |  |
| Cash and investments held by City           | \$ 10,521  | \$ 33,829                             | \$ 160,001       | \$ 83,474  |
| Cash and investments held by fiscal agent   | 313  | 71                                    | 414              | 220  |
| Securities lending assets                   | -  | 3                                     | 42               | 6  |
| Receivables, net:                           |  |                                       |                  |  |
| Taxes                                       | 2,224  | -                                     | 2,224            | -  |
| Accounts                                    | 281  | 1,003                                 | 50,297           | 329  |
| Loans                                       | 24   | 85                                    | 2,299            | -  |
| Intergovernmental                           | -  | -                                     | 3,361            | -  |
| Interest                                    | 17   | 138                                   | 2,086            | 278  |
| Due from other funds                        | -  | -                                     | -                | 10,073   |
| Inventories                                 | -  | -                                     | 3,343            | -  |
| Prepaid items                               | -  | 25                                    | 25               | 119  |
| <b>Total current assets</b>                 | <b>13,380</b>                                      | <b>35,154</b>                         | <b>224,092</b>   | <b>94,499</b>  |
| Noncurrent assets:                          |  |                                       |                  |  |
| Restricted assets:                          |  |                                       |                  |  |
| Cash and investments held by City           | 1,901  | 95                                    | 301,782          | -  |
| Cash and investments held by fiscal agent   | 7,945  | 1,790                                 | 19,617           | -  |
| Advances to other funds                     | -  | -                                     | -                | 13,714   |
| Loans receivable                            | 128  | 560                                   | 11,615           | -  |
| Deferred charges                            | 764  | 490                                   | 5,589            | 25   |
| Capital assets:                             |  |                                       |                  |  |
| Land  | 21,740   | 9,646                                 | 54,196           | -  |
| Buildings and improvements                  | 111,201  | 79,496                                | 282,710          | 7,402  |
| Machinery and equipment                     | 3,900  | 7,664                                 | 59,898           | 457  |
| Vehicles                                    | -  | -                                     | -                | 123,502  |
| Transmission and distribution system        | -  | -                                     | 1,117,471        | -  |
| Construction in progress                    | 3,203  | 4                                     | 36,020           | -  |
| Software                                    | 31   | 3                                     | 1,487            | 177  |
| Easements                                   | -  | -                                     | 157              | -  |
| Less: accumulated depreciation/amortization | (55,568)   | (41,430)                              | (524,125)        | (75,082)   |
| <b>Total noncurrent assets</b>              | <b>95,245</b>                                      | <b>58,318</b>                         | <b>1,366,417</b> | <b>70,195</b>  |
| <b>Total assets</b>                         | <b>108,625</b>                                     | <b>93,472</b>                         | <b>1,590,509</b> | <b>164,694</b>   |

**City of Sacramento**  
**Proprietary Funds**  
**Statement of Net Position**

June 30, 2013  
(in thousands)

|                                      | <b>Business-type Activities - Enterprise Funds</b> |                            |                                    |                             |
|--------------------------------------|--|----------------------------|------------------------------------|-----------------------------|
|                                      | <b>Water<br/>Fund</b>                              | <b>Wastewater<br/>Fund</b> | <b>Storm<br/>Drainage<br/>Fund</b> | <b>Solid Waste<br/>Fund</b> |
| <b><u>LIABILITIES</u></b>            |  |                            |                                    |                             |
| Current liabilities:                 |  |                            |                                    |                             |
| Securities lending obligations       | 279  | 85                         | 93                                 | 2                           |
| Accounts payable                     | 6,142  | 8,787                      | 1,442                              | 1,685                       |
| Accrued payroll                      | 691  | 236                        | 638                                | 365                         |
| Accrued compensated absences         | 112  | 22                         | 57                                 | 70                          |
| Due to other funds                   | -  | -                          | -                                  | -                           |
| Interest payable                     | 3,404  | 77                         | 288                                | 143                         |
| Liability for landfill closure       | -  | -                          | -                                  | 800                         |
| Deposits                             | -  | -                          | -                                  | 10                          |
| Unearned revenue                     | 1,559  | -                          | 723                                | -                           |
| Accrued claims and judgements        | 107  | 52                         | 71                                 | 75                          |
| Capital leases payable               | -  | 137                        | -                                  | 2,158                       |
| Revenue and other bonds payable, net | 6,356  | 57                         | 539                                | 839                         |
| Notes payable                        | 396  | 720                        | 2,230                              | -                           |
| <b>Total current liabilities</b>     | <b>19,046</b>                                      | <b>10,173</b>              | <b>6,081</b>                       | <b>6,147</b>                |
| Noncurrent liabilities:              |  |                            |                                    |                             |
| Accrued compensated absences         | 1,812  | 614                        | 2,034                              | 1,093                       |
| Advances from other funds            | -  | -                          | -                                  | -                           |
| Water fee credits                    | 1,702  | -                          | -                                  | -                           |
| OPEB liability                       | 5,605  | 2,188                      | 2,744                              | 7,117                       |
| Accrued claims and judgements        | -  | -                          | -                                  | -                           |
| Liability for landfill closure       | -  | -                          | -                                  | 19,606                      |
| Capital leases payable               | -  | 438                        | -                                  | 5,660                       |
| Revenue and other bonds payable, net | 394,260  | 32,477                     | 4,676                              | 20,968                      |
| Notes payable                        | 9,410  | 5,314                      | 18,544                             | -                           |
| <b>Total noncurrent liabilities</b>  | <b>412,789</b>                                     | <b>41,031</b>              | <b>27,998</b>                      | <b>54,444</b>               |
| <b>Total liabilities</b>             | <b>431,835</b>                                     | <b>51,204</b>              | <b>34,079</b>                      | <b>60,591</b>               |
| <b><u>NET POSITION (DEFICIT)</u></b> |  |                            |                                    |                             |
| Net investment in capital assets     | 296,938  | 104,403                    | 265,089                            | 507                         |
| Restricted for:                      |  |                            |                                    |                             |
| Capital projects                     | 28,603   | 2,664                      | -                                  | -                           |
| Other programs                       | -  | -                          | -                                  | 349                         |
| Unrestricted                         | 61,529   | 19,809                     | 34,556                             | (3,744)                     |
| <b>Total net position (deficit)</b>  | <b>\$ 387,070</b>                                  | <b>\$ 126,876</b>          | <b>\$ 299,645</b>                  | <b>\$ (2,888)</b>           |

(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, 2013  
(in thousands)

|                                      | <b>Business-type Activities - Enterprise Funds</b> |                                       |                   | <b>Governmental</b>                                    |
|--------------------------------------|--|---------------------------------------|-------------------|--|
|                                      | <b>Community<br/>Center<br/>Fund</b>               | <b>Other<br/>Enterprise<br/>Funds</b> | <b>Total</b>      | <b>Activities -<br/>Internal<br/>Service<br/>Funds</b> |
| <b><u>LIABILITIES</u></b>            |  |                                       |                   |  |
| Current liabilities:                 |  |                                       |                   |  |
| Securities lending obligations       | 64   | 173                                   | 696               | 90   |
| Accounts payable                     | 1,013  | 1,444                                 | 20,513            | 2,668  |
| Accrued payroll                      | 185  | 309                                   | 2,424             | 306  |
| Accrued compensated absences         | 25   | 24                                    | 310               | 76   |
| Due to other funds                   | 250  | -                                     | 250               | -  |
| Interest payable                     | 463  | 840                                   | 5,215             | 8  |
| Liability for landfill closure       | -  | -                                     | 800               | -  |
| Deposits                             | -  | 87                                    | 97                | 17   |
| Unearned revenue                     | 2,843  | 574                                   | 5,699             | 512  |
| Accrued claims and judgements        | 25   | 27                                    | 357               | 13,340   |
| Capital leases payable               | -  | 94                                    | 2,389             | 23   |
| Revenue and other bonds payable, net | 5,302  | 1,964                                 | 15,057            | 332  |
| Notes payable                        | -  | 478                                   | 3,824             | -  |
| <b>Total current liabilities</b>     | <b>10,170</b>                                      | <b>6,014</b>                          | <b>57,631</b>     | <b>17,372</b>  |
| Noncurrent liabilities:              |  |                                       |                   |  |
| Accrued compensated absences         | 523  | 565                                   | 6,641             | 1,162  |
| Advances from other funds            | 6,382  | -                                     | 6,382             | -  |
| Water fee credits                    | -  | -                                     | 1,702             | -  |
| OPEB liability                       | 671  | 1,255                                 | 19,580            | 2,608  |
| Accrued claims and judgements        | -  | -                                     | -                 | 46,567   |
| Liability for landfill closure       | -  | -                                     | 19,606            | -  |
| Capital leases payable               | -  | 979                                   | 7,077             | 149  |
| Revenue and other bonds payable, net | 46,081   | 28,828                                | 527,290           | 2,732  |
| Notes payable                        | -  | 15,444                                | 48,712            | -  |
| <b>Total noncurrent liabilities</b>  | <b>53,657</b>                                      | <b>47,071</b>                         | <b>636,990</b>    | <b>53,218</b>  |
| <b>Total liabilities</b>             | <b>63,827</b>                                      | <b>53,085</b>                         | <b>694,621</b>    | <b>70,590</b>  |
| <b><u>NET POSITION (DEFICIT)</u></b> |  |                                       |                   |  |
| Net investment in capital assets     | 41,069   | 9,446                                 | 717,452           | 53,220   |
| Restricted for:                      |  |                                       |                   |  |
| Capital projects                     | 1,901  | -                                     | 33,168            | -  |
| Other programs                       | -  | -                                     | 349               | -  |
| Unrestricted                         | 1,828  | 30,941                                | 144,919           | 40,884   |
| <b>Total net position (deficit)</b>  | <b>\$ 44,798</b>                                   | <b>\$ 40,387</b>                      | <b>\$ 895,888</b> | <b>\$ 94,104</b>                                       |

**City of Sacramento**  
**Proprietary Funds**  
**Statement of Revenues, Expenses**  
**and Changes in Net Position**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | <b>Business-type Activities - Enterprise Funds</b> |                            |                                    |                             |
|--|--|----------------------------|------------------------------------|-----------------------------|
|  | <b>Water<br/>Fund</b>                              | <b>Wastewater<br/>Fund</b> | <b>Storm<br/>Drainage<br/>Fund</b> | <b>Solid Waste<br/>Fund</b> |
| Operating revenues:                              |  |                            |                                    |                             |
| Charges for services:                            |  |                            |                                    |                             |
| User fees and charges                            | \$ 88,737  | \$ 24,063                  | \$ 34,660                          | \$ 59,945                   |
| Rents and concessions                            | -  | -                          | 3                                  | 136                         |
| Charge to other agencies for contract services   | -  | 1,067                      | 1,012                              | -                           |
| Miscellaneous                                    | 17   | 4                          | 7                                  | 214                         |
| Total operating revenues                         | <u>88,754</u>                                      | <u>25,134</u>              | <u>35,682</u>                      | <u>60,295</u>               |
| Operating expenses:                              |  |                            |                                    |                             |
| Employee services                                | 24,348   | 7,846                      | 19,381                             | 15,708                      |
| Services and supplies                            | 18,543   | 10,070                     | 5,219                              | 30,673                      |
| Depreciation/amortization                        | 16,544   | 4,155                      | 11,302                             | 1,839                       |
| Insurance premiums                               | -  | -                          | -                                  | -                           |
| Claims and judgements                            | 237  | 89                         | 103                                | 130                         |
| Total operating expenses                         | <u>59,672</u>                                      | <u>22,160</u>              | <u>36,005</u>                      | <u>48,350</u>               |
| Operating income (loss)                          | <u>29,082</u>                                      | <u>2,974</u>               | <u>(323)</u>                       | <u>11,945</u>               |
| Nonoperating revenues (expenses):                |  |                            |                                    |                             |
| Interest and investment revenue                  | 519  | 118                        | 262                                | 108                         |
| Transient occupancy taxes                        | -  | -                          | -                                  | -                           |
| Revenue from other agencies                      | 399  | -                          | 8                                  | 221                         |
| Insurance and other claim recoveries             | -  | -                          | -                                  | -                           |
| Interest expense                                 | (6,932)  | (115)                      | (750)                              | (1,438)                     |
| Amortization of deferred charges                 | (152)  | (8)                        | (4)                                | (15)                        |
| Loan forgiveness                                 | -  | -                          | -                                  | -                           |
| Gain or (loss) on disposition of capital assets  | -  | -                          | -                                  | -                           |
| Total nonoperating revenues (expenses)           | <u>(6,166)</u>                                     | <u>(5)</u>                 | <u>(484)</u>                       | <u>(1,124)</u>              |
| Income (loss) before contributions and transfers | 22,916   | 2,969                      | (807)                              | 10,821                      |
| Capital contributions                            | 4,053  | 2,132                      | 9,631                              | -                           |
| Transfers in                                     | 18   | 4                          | 6                                  | 210                         |
| Transfers out                                    | (9,901)  | (2,673)                    | (3,947)                            | (6,605)                     |
| Change in net position                           | 17,086   | 2,432                      | 4,883                              | 4,426                       |
| Total net position (deficit), beginning of year  | <u>369,984</u>                                     | <u>124,444</u>             | <u>294,762</u>                     | <u>(7,314)</u>              |
| Total net position (deficit), end of year        | <u>\$ 387,070</u>                                  | <u>\$ 126,876</u>          | <u>\$ 299,645</u>                  | <u>\$ (2,888)</u>           |

**City of Sacramento**  
**Proprietary Funds**  
**Statement of Revenues, Expenses**  
**and Changes in Net Position**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | <b>Business-type Activities - Enterprise Funds</b> |                                       |                   | <b>Governmental</b>                                    |
|--|--|---------------------------------------|-------------------|--|
|  | <b>Community<br/>Center<br/>Fund</b>               | <b>Other<br/>Enterprise<br/>Funds</b> | <b>Total</b>      | <b>Activities -<br/>Internal<br/>Service<br/>Funds</b> |
| Operating revenues:                              |  |                                       |                   |  |
| Charges for services:                            |  |                                       |                   |  |
| User fees and charges                            | \$ 2,708   | \$ 24,335                             | \$ 234,448        | \$ 60,783  |
| Rents and concessions                            | 4,376  | 1,057                                 | 5,572             | -  |
| Charge to other agencies for contract services   | -  | -                                     | 2,079             | -  |
| Miscellaneous                                    | 46   | 5                                     | 293               | 37   |
| Total operating revenues                         | <u>7,130</u>                                       | <u>25,397</u>                         | <u>242,392</u>    | <u>60,820</u>  |
| Operating expenses:                              |  |                                       |                   |  |
| Employee services                                | 5,870  | 9,116                                 | 82,269            | 10,677   |
| Services and supplies                            | 6,053  | 8,250                                 | 78,808            | 26,694   |
| Depreciation/amortization                        | 2,408  | 2,501                                 | 38,749            | 9,280  |
| Insurance premiums                               | -  | -                                     | -                 | 2,875  |
| Claims and judgements                            | 7  | 22                                    | 588               | 16,533   |
| Total operating expenses                         | <u>14,338</u>                                      | <u>19,889</u>                         | <u>200,414</u>    | <u>66,059</u>  |
| Operating income (loss)                          | <u>(7,208)</u>                                     | <u>5,508</u>                          | <u>41,978</u>     | <u>(5,239)</u>   |
| Nonoperating revenues (expenses):                |  |                                       |                   |  |
| Interest and investment revenue                  | 185  | 119                                   | 1,311             | 1,094  |
| Transient occupancy taxes                        | 16,555   | -                                     | 16,555            | -  |
| Revenue from other agencies                      | -  | 579                                   | 1,207             | 540  |
| Insurance and other claim recoveries             | -  | -                                     | -                 | 240  |
| Interest expense                                 | (2,910)  | (2,461)                               | (14,606)          | (104)  |
| Amortization of deferred charges                 | (107)  | (25)                                  | (311)             | (3)  |
| Loan forgiveness                                 | (3)  | -                                     | (3)               | -  |
| Gain or (loss) on disposition of capital assets  | -  | (970)                                 | (970)             | 89   |
| Total nonoperating revenues (expenses)           | <u>13,720</u>                                      | <u>(2,758)</u>                        | <u>3,183</u>      | <u>1,856</u>   |
| Income (loss) before contributions and transfers | 6,512  | 2,750                                 | 45,161            | (3,383)  |
| Capital contributions                            | -  | -                                     | 15,816            | -  |
| Transfers in                                     | -  | 2                                     | 240               | 421  |
| Transfers out                                    | (1,468)  | (3,266)                               | (27,860)          | (517)  |
| Change in net position                           | <u>5,044</u>                                       | <u>(514)</u>                          | <u>33,357</u>     | <u>(3,479)</u>   |
| Total net position (deficit), beginning of year  | <u>39,754</u>                                      | <u>40,901</u>                         | <u>862,531</u>    | <u>97,583</u>  |
| Total net position (deficit), end of year        | <u>\$ 44,798</u>                                   | <u>\$ 40,387</u>                      | <u>\$ 895,888</u> | <u>\$ 94,104</u>                                       |

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

## City of Sacramento

### Proprietary Funds

### Statement of Cash Flows

For the Fiscal Year Ended June 30, 2013

(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  | \$ 86,166                                   | \$ 24,228       | \$ 35,653           | \$ 60,719        |
| Receipts from interfund services provided                                | -   | -               | -                   | -                |
| Payments to suppliers  | (20,131)                                    | (9,681)         | (5,384)             | (33,289)         |
| Payments to employees  | (23,543)                                    | (7,426)         | (19,082)            | (14,619)         |
| Claims and judgements paid   | (220)                                       | (94)            | (80)                | (126)            |
| Net cash provided by (used for) operating activities                     | 42,272                                      | 7,027           | 11,107              | 12,685           |
| Cash flows from noncapital financing activities:                         |   |                 |                     |                  |
| Transient occupancy taxes  | -   | -               | -                   | -                |
| Transfers in from other funds  | 18  | 4               | 6                   | 210              |
| Transfers out to other funds   | (9,863)                                     | (2,622)         | (3,863)             | (6,484)          |
| Collections on interfund loans   | -   | -               | -                   | -                |
| Loans made to other funds  | -   | -               | -                   | -                |
| Interfund loan repayments  | -   | -               | -                   | -                |
| Intergovernmental revenue received                                       | 549   | -               | 936                 | 221              |
| Claim and judgement recoveries   | -   | -               | -                   | -                |
| Net cash provided by (used for) noncapital financing activities          | (9,296)                                     | (2,618)         | (2,921)             | (6,053)          |
| Cash flows from capital and related financing activities:                |   |                 |                     |                  |
| Acquisition and construction of capital assets                           | (14,377)                                    | (3,043)         | (3,316)             | (109)            |
| Proceeds from sale of capital assets                                     | -   | -               | -                   | -                |
| Proceeds from issuance of debt   | 248,511                                     | 32,562          | -                   | 3,023            |
| Payments of issuance costs   | (1,988)                                     | (501)           | -                   | -                |
| Principal payments on capital debt                                       | (4,893)                                     | (836)           | (2,703)             | (5,882)          |
| Interest payments on capital debt  | (7,900)                                     | (177)           | (856)               | (1,449)          |
| Transfers in from other funds  | -   | -               | -                   | -                |
| Transfers out to other funds   | (38)  | (51)            | (83)                | (121)            |
| Capital contributions received   | 2,730                                       | 339             | 35                  | -                |
| Loan repayments received   | 2,050                                       | 118             | 351                 | -                |
| Net cash provided by (used for) capital and related financing activities | 224,095                                     | 28,411          | (6,572)             | (4,538)          |
| Cash flows from investing activities:                                    |   |                 |                     |                  |
| Collection of interest and investment revenue                            | 341   | 9               | 289                 | 130              |
| Settlements received for investments sold in prior year                  | 645   | 210             | 288                 | 206              |
| Loan repayments received   | -   | -               | -                   | -                |
| Net cash provided by (used for) investing activities                     | 986   | 219             | 577                 | 336              |
| Net increase (decrease) in cash and cash equivalents                     | 258,057                                     | 33,039          | 2,191               | 2,430            |
| Cash and cash equivalents, beginning of year                             | 61,026                                      | 20,125          | 28,082              | 20,399           |
| Cash and cash equivalents, end of year                                   | \$ 319,083                                  | \$ 53,164       | \$ 30,273           | \$ 22,829        |

# City of Sacramento

## Proprietary Funds

### Statement of Cash Flows

For the Fiscal Year Ended June 30, 2013

(in thousands)

|  | Business-type Activities - Enterprise Funds |                              |            | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|--|---|------------------------------|------------|--|
|  | Community<br>Center<br>Fund                 | Other<br>Enterprise<br>Funds | Total      |  |
|  |   |                              |            |  |
| Cash flows from operating activities:                                    |   |                              |            |  |
| Receipts from customers and users  | \$ 7,077                                    | \$ 25,283                    | \$ 239,126 | \$ -   |
| Receipts from interfund services provided                                | -   | -                            | -          | 121,741  |
| Payments to suppliers  | (5,982)                                     | (7,984)                      | (82,451)   | (91,549)   |
| Payments to employees  | (5,808)                                     | (8,966)                      | (79,444)   | (10,234)   |
| Claims and judgements paid   | (8)   | (12)                         | (540)      | (12,610)   |
| Net cash provided by (used for) operating activities                     | (4,721)                                     | 8,321                        | 76,691     | 7,348  |
| Cash flows from noncapital financing activities:                         |   |                              |            |  |
| Transient occupancy taxes  | 16,558                                      | -                            | 16,558     | -  |
| Transfers in from other funds  | -   | 2                            | 240        | 2  |
| Transfers out to other funds   | (1,468)                                     | (2,198)                      | (26,498)   | (466)  |
| Collections on interfund loans   | -   | -                            | -          | 43,611   |
| Loans made to other funds  | -   | -                            | -          | (9,823)  |
| Interfund loan repayments  | (250)                                       | -                            | (250)      | -  |
| Intergovernmental revenue received                                       | -   | 618                          | 2,324      | 438  |
| Claim and judgement recoveries   | -   | -                            | -          | 246  |
| Net cash provided by (used for) noncapital financing activities          | 14,840                                      | (1,578)                      | (7,626)    | 34,008   |
| Cash flows from capital and related financing activities:                |   |                              |            |  |
| Acquisition and construction of capital assets                           | (1,674)                                     | (276)                        | (22,795)   | (15,611)   |
| Proceeds from sale of capital assets                                     | -   | 71                           | 71         | 494  |
| Proceeds from issuance of debt   | -   | -                            | 284,096    | -  |
| Payments of issuance costs   | -   | -                            | (2,489)    | -  |
| Principal payments on capital debt                                       | (7,318)                                     | (2,046)                      | (23,678)   | (335)  |
| Interest payments on capital debt  | (2,971)                                     | (1,885)                      | (15,238)   | (116)  |
| Transfers in from other funds  | -   | -                            | -          | 368  |
| Transfers out to other funds   | -   | (1,068)                      | (1,361)    | -  |
| Capital contributions received   | -   | -                            | 3,104      | -  |
| Loan repayments received   | -   | -                            | 2,519      | -  |
| Net cash provided by (used for) capital and related financing activities | (11,963)                                    | (5,204)                      | 224,229    | (15,200)   |
| Cash flows from investing activities:                                    |   |                              |            |  |
| Collection of interest and investment revenue                            | 173   | 189                          | 1,131      | 1,023  |
| Settlements received for investments sold in prior year                  | -   | 317                          | 1,666      | 410  |
| Loan repayments received   | 22  | 60                           | 82         | -  |
| Net cash provided by (used for) investing activities                     | 195   | 566                          | 2,879      | 1,433  |
| Net increase (decrease) in cash and cash equivalents                     | (1,649)                                     | 2,105                        | 296,173    | 27,589   |
| Cash and cash equivalents, beginning of year                             | 22,329                                      | 33,680                       | 185,641    | 56,105   |
| Cash and cash equivalents, end of year                                   | \$ 20,680                                   | \$ 35,785                    | \$ 481,814 | \$ 83,694  |

**City of Sacramento**  
**Proprietary Funds**  
**Statement of Cash Flows**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | <b>Business-type Activities - Enterprise Funds</b> |                            |                                    |                             |
|--|--|----------------------------|------------------------------------|-----------------------------|
|  | <b>Water<br/>Fund</b>                              | <b>Wastewater<br/>Fund</b> | <b>Storm<br/>Drainage<br/>Fund</b> | <b>Solid Waste<br/>Fund</b> |
| Reconciliation of cash and cash equivalents<br>to the Statement of Net Position:                             |  |                            |                                    |                             |
| Cash and investments held by City  | \$ 52,214  | \$ 17,978                  | \$ 26,063                          | \$ 19,396                   |
| Cash and investments held by fiscal agent  | -  | -                          | 30                                 | -                           |
| Restricted cash and investments held by City   | 259,813  | 33,125                     | 3,415                              | 3,433                       |
| Restricted cash and investments held by fiscal agent   | <u>7,056</u>                                       | <u>2,061</u>               | <u>765</u>                         | <u>-</u>                    |
| Total cash and cash equivalents, end of year   | <u>\$ 319,083</u>                                  | <u>\$ 53,164</u>           | <u>\$ 30,273</u>                   | <u>\$ 22,829</u>            |
| Reconciliation of operating income (loss) to net<br>cash provided by (used for) operating activities:        |  |                            |                                    |                             |
| Operating income (loss)  | \$ 29,082  | \$ 2,974                   | \$ (323)                           | \$ 11,945                   |
| Adjustments to reconcile operating income (loss) to net cash<br>provided by (used for) operating activities: |  |                            |                                    |                             |
| Depreciation/amortization expense  | 16,544   | 4,155                      | 11,302                             | 1,839                       |
| Changes in assets and liabilities:   |  |                            |                                    |                             |
| Accounts receivable, net   | (939)  | (906)                      | (14)                               | 436                         |
| Intergovernmental receivables  | -  | -                          | (323)                              | (12)                        |
| Inventories  | 1,122  | 14                         | (1)                                | -                           |
| Prepaid items  | -  | -                          | -                                  | -                           |
| Deferred charges   | -  | -                          | -                                  | -                           |
| Accounts payable   | (2,710)  | 375                        | (164)                              | (218)                       |
| Accrued payroll  | (138)  | (5)                        | (147)                              | (89)                        |
| Accrued compensated absences   | (128)  | 42                         | (64)                               | (108)                       |
| OPEB liabilities   | 1,071  | 383                        | 555                                | 1,286                       |
| Accrued claims and judgements  | 17   | (5)                        | 23                                 | 4                           |
| Liability for landfill closure   | -  | -                          | -                                  | (2,398)                     |
| Deposits   | (26)   | -                          | -                                  | -                           |
| Unearned revenue   | <u>(1,623)</u>                                     | <u>-</u>                   | <u>263</u>                         | <u>-</u>                    |
| Net cash provided by (used for) operating activities   | <u>\$ 42,272</u>                                   | <u>\$ 7,027</u>            | <u>\$ 11,107</u>                   | <u>\$ 12,685</u>            |
| Noncash investing, capital and financing activities:   |  |                            |                                    |                             |
| Contributions of capital assets  | \$ 1,152   | \$ 43                      | \$ 3,125                           | \$ -                        |
| Transfer of capital assets from governmental funds, net of depreciation                                      | 1,671  | 1,642                      | 5,135                              | -                           |
| Note received for capital contribution   | -  | -                          | 1,335                              | -                           |
| Retirement of capital assets   | -  | -                          | -                                  | -                           |
| Capitalized interest   | 2,286  | 38                         | 88                                 | -                           |
| Amortization of bond premium, discount, and loss on refunding  | (338)  | 28                         | (10)                               | (61)                        |
| Amortization of deferred charges   | (152)  | (8)                        | (4)                                | (15)                        |
| Capital asset acquisitions on accounts payable   | 4,560  | 1,062                      | 235                                | -                           |
| Change in securities lending assets  | (261)  | (89)                       | (126)                              | (91)                        |
| Change in securities lending obligations   | 320  | 108                        | 147                                | 91                          |
| Loan forgiveness   | -  | -                          | -                                  | -                           |
| Change in intergovernmental receivable due for<br>compensated absence liability                              | -  | -                          | 201                                | -                           |
| Change in accounts receivable related to claim and<br>judgement recoveries                                   | -  | -                          | -                                  | -                           |
| Alternative fuel vehicle rebates received through reduction of purchase price                                | -  | -                          | -                                  | -                           |
| Sale of capital assets on accounts receivable  | -  | -                          | -                                  | -                           |
| Interest accrual on loans receivable   | -  | -                          | -                                  | -                           |
| Interest accrual on loans payable  | -  | -                          | -                                  | -                           |
| Change in intergovernmental receivable for capital contributions   | 1,245  | -                          | -                                  | -                           |

(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, 2013  
(in thousands)

|  | Business-type Activities - Enterprise Funds |                              |                   | Governmental                                 |
|--|---|------------------------------|-------------------|--|
|  | Community<br>Center<br>Fund                 | Other<br>Enterprise<br>Funds | Total             | Activities -<br>Internal<br>Service<br>Funds |
| Reconciliation of cash and cash equivalents<br>to the Statement of Net Position:                             |   |                              |                   |  |
| Cash and investments held by City  | \$ 10,521                                   | \$ 33,829                    | \$ 160,001        | \$ 83,474                                    |
| Cash and investments held by fiscal agent  | 313   | 71                           | 414               | 220  |
| Restricted cash and investments held by City   | 1,901                                       | 95                           | 301,782           | -  |
| Restricted cash and investments held by fiscal agent   | 7,945                                       | 1,790                        | 19,617            | -  |
| Total cash and cash equivalents, end of year   | <u>\$ 20,680</u>                            | <u>\$ 35,785</u>             | <u>\$ 481,814</u> | <u>\$ 83,694</u>                             |
| Reconciliation of operating income (loss) to net<br>cash provided by (used for) operating activities:        |   |                              |                   |  |
| Operating income (loss)  | \$ (7,208)                                  | \$ 5,508                     | \$ 41,978         | \$ (5,239)                                   |
| Adjustments to reconcile operating income (loss) to net cash<br>provided by (used for) operating activities: |   |                              |                   |  |
| Depreciation/amortization expense  | 2,408                                       | 2,501                        | 38,749            | 9,280  |
| Changes in assets and liabilities:   |   |                              |                   |  |
| Accounts receivable, net   | (28)  | (97)                         | (1,548)           | 6  |
| Intergovernmental receivables  | -   | -                            | (335)             | -  |
| Inventories  | -   | -                            | 1,135             | -  |
| Prepaid items  | -   | (10)                         | (10)              | (119)  |
| Deferred charges   | -   | 8                            | 8                 | -  |
| Accounts payable   | 71  | 268                          | (2,378)           | (944)  |
| Accrued payroll  | (13)  | (23)                         | (415)             | (54)   |
| Accrued compensated absences   | (66)  | (71)                         | (395)             | (3)  |
| OPEB liabilities   | 141   | 244                          | 3,680             | 500  |
| Accrued claims and judgements  | (1)   | 10                           | 48                | 3,923  |
| Liability for landfill closure   | -   | -                            | (2,398)           | -  |
| Deposits   | -   | 2                            | (24)              | 13   |
| Unearned revenue   | (25)  | (19)                         | (1,404)           | (15)   |
| Net cash provided by (used for) operating activities   | <u>\$ (4,721)</u>                           | <u>\$ 8,321</u>              | <u>\$ 76,691</u>  | <u>\$ 7,348</u>                              |
| Noncash investing, capital and financing activities:   |   |                              |                   |  |
| Contributions of capital assets  | \$ -  | \$ -                         | \$ 4,320          | \$ -   |
| Transfer of capital assets from governmental funds, net of depreciation                                      | -   | -                            | 8,448             | -  |
| Note received for capital contribution   | -   | -                            | 1,335             | -  |
| Retirement of capital assets   | -   | (970)                        | (970)             | -  |
| Capitalized interest   | 71  | -                            | 2,483             | -  |
| Amortization of bond premium, discount, and loss on refunding  | (25)  | (68)                         | (474)             | (10)   |
| Amortization of deferred charges   | (107)                                       | (25)                         | (311)             | (3)  |
| Capital asset acquisitions on accounts payable   | -   | 415                          | 6,272             | 229  |
| Change in securities lending assets  | -   | (139)                        | (706)             | (178)  |
| Change in securities lending obligations   | 15  | 178                          | 859               | 197  |
| Loan forgiveness   | (3)   | -                            | (3)               | -  |
| Change in intergovernmental receivable due for<br>compensated absence liability                              | -   | -                            | 201               | -  |
| Change in accounts receivable related to claim and<br>judgement recoveries                                   | -   | -                            | -                 | (6)  |
| Alternative fuel vehicle rebates received through reduction of purchase price                                | -   | -                            | -                 | 102  |
| Sale of capital assets on accounts receivable  | -   | -                            | -                 | (233)  |
| Interest accrual on loans receivable   | -   | (37)                         | (37)              | -  |
| Interest accrual on loans payable  | -   | 500                          | 500               | -  |
| Change in intergovernmental receivable for capital contributions   | -   | -                            | 1,245             | -  |

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, 2013  
(in thousands)

|   | <u>Pension<br/>Trust<br/>Fund</u> | <u>Investment<br/>Trust<br/>Funds</u> | <u>Private Purpose<br/>Trust<br/>Fund</u> | <u>Agency<br/>Funds</u> |
|---|-----------------------------------|---------------------------------------|---|-------------------------|
| <b><u>ASSETS</u></b>                        |                                   |                                       |   |                         |
| Cash and cash equivalents held by City      | \$ 20,658                         | \$ 132,689                            | \$ 65,566                                 | \$ 20,950               |
| Cash and investments held by fiscal agent   | -                                 | -                                     | 3,193                                     | 16,930                  |
| Securities lending assets                   | 8,006                             | 6                                     | 6   | -                       |
| Receivables, net:                           |                                   |                                       |   |                         |
| Taxes                                       | -                                 | -                                     | -   | 171                     |
| Accounts                                    | -                                 | -                                     | -   | 47                      |
| Interest                                    | 2,317                             | 718                                   | 286                                       | 24                      |
| Intergovernmental                           | -                                 | -                                     | 310                                       | -                       |
| Investments, at fair value:                 |                                   |                                       |   |                         |
| U.S. government obligations                 | 2,856                             | -                                     | -   | -                       |
| Corporate bonds                             | 67,993                            | -                                     | -   | -                       |
| Equity securities                           | 105,821                           | -                                     | -   | -                       |
| Exchange traded funds                       | 52,151                            | -                                     | -   | -                       |
| Municipal bonds                             | 43,117                            | -                                     | -   | -                       |
| Mortgage loans                              | 4,350                             | -                                     | -   | -                       |
| Loans receivable                            | -                                 | -                                     | 46,487                                    | -                       |
| Capital assets:                             |                                   |                                       |   |                         |
| Land  | -                                 | -                                     | 46,948                                    | -                       |
| Buildings and improvements                  | -                                 | -                                     | 17,519                                    | -                       |
| Less: accumulated depreciation/amortization | -                                 | -                                     | (2,604)                                   | -                       |
| <br>  |                                   |                                       |   |                         |
| Total assets                                | <u>307,269</u>                    | <u>133,413</u>                        | <u>177,711</u>                            | <u>38,122</u>           |
| <b><u>LIABILITIES</u></b>                   |                                   |                                       |   |                         |
| Securities lending obligations              | 8,643                             | 326                                   | 437                                       | -                       |
| Accounts payable                            | 19                                | -                                     | 5,874                                     | 2                       |
| Benefits payable                            | 2,632                             | -                                     | -   | -                       |
| Due to bondholders                          | -                                 | -                                     | -   | 38,120                  |
| Interest payable                            | -                                 | -                                     | 1,167                                     | -                       |
| OPEB liability                              | -                                 | -                                     | 2,211                                     | -                       |
| Pollution remediation obligations           | -                                 | -                                     | 1,025                                     | -                       |
| Bonds payable                               | -                                 | -                                     | 9,260                                     | -                       |
| Notes payable                               | -                                 | -                                     | 258,646                                   | -                       |
| <br>  |                                   |                                       |   |                         |
| Total liabilities                           | <u>11,294</u>                     | <u>326</u>                            | <u>278,620</u>                            | <u>38,122</u>           |
| <br>  |                                   |                                       |   |                         |
| <b><u>NET POSITION (DEFICIT)</u></b>        | <u>\$ 295,975</u>                 | <u>\$ 133,087</u>                     | <u>\$ (100,909)</u>                       | <u>\$ -</u>             |

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

**City of Sacramento**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | Pension<br>Trust<br>Fund | Investment<br>Trust<br>Funds | Private Purpose<br>Trust<br>Fund |
|--|--------------------------|------------------------------|----------------------------------|
| Additions:   |                          |                              |                                  |
| Property taxes   | \$ -                     | \$ -                         | \$ 30,478                        |
| Contributions:   |                          |                              |                                  |
| Employer   | 10,573                   | -                            | -                                |
| Employees  | 219                      | -                            | -                                |
| Total contributions  | 10,792                   | -                            | -                                |
| Investment income:   |                          |                              |                                  |
| From investment activities:                                  |                          |                              |                                  |
| Net appreciation (depreciation) in fair value of investments | 11,612                   | (598)                        | -                                |
| Interest   | 7,071                    | 2,288                        | 254                              |
| Dividends  | 4,798                    | -                            | -                                |
| Total investment income                                      | 23,481                   | 1,690                        | 254                              |
| Investment expenses:   |                          |                              |                                  |
| Banking, interest, and fiscal agent expenses                 | 100                      | 112                          | -                                |
| Professional services  | 1,142                    | -                            | -                                |
| Total investment expenses                                    | 1,242                    | 112                          | -                                |
| Net income from investment activities                        | 22,239                   | 1,578                        | 254                              |
| From securities lending activities:                          |                          |                              |                                  |
| Interest   | 96                       | -                            | -                                |
| Net appreciation in fair value of investments                | -                        | 1                            | -                                |
| Total securities lending income                              | 96                       | 1                            | -                                |
| Securities lending expenses:                                 |                          |                              |                                  |
| Management fees  | 24                       | -                            | -                                |
| Total securities lending expenses                            | 24                       | -                            | -                                |
| Net income from securities lending activities                | 72                       | 1                            | -                                |
| Total net investment income                                  | 22,311                   | 1,579                        | 254                              |
| Deposits   | -                        | 73,253                       | -                                |
| Other  | -                        | -                            | 108                              |
| Total additions  | 33,103                   | 74,832                       | 30,840                           |
| Deductions:  |                          |                              |                                  |
| Benefits   | 33,180                   | -                            | -                                |
| Withdrawals  | 57                       | 86,632                       | -                                |
| Project obligation payments                                  | -                        | -                            | 5,847                            |
| Interest expense   | -                        | -                            | 10,180                           |
| Loan forgiveness   | -                        | -                            | 1,490                            |
| Depreciation expense   | -                        | -                            | 438                              |
| Total deductions   | 33,237                   | 86,632                       | 17,955                           |
| Change in net position                                       | (134)                    | (11,800)                     | 12,885                           |
| Net position (deficit), beginning of year, as restated       | 296,109                  | 144,887                      | (113,794)                        |
| Net position (deficit), end of year                          | \$ 295,975               | \$ 133,087                   | \$ (100,909)                     |

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

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# Notes to the Financial Statements

# City of Sacramento

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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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 Unit

The Sacramento City Financing Authority (SCFA) is a joint exercise of powers entity created by the City and the former Redevelopment Agency of the City of Sacramento 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.

#### Fiduciary-type Component Units

Sacramento City Employees' Retirement System (SCERS) is 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.

The Successor Agency to the Redevelopment Agency of the City of Sacramento (Successor Agency) was created to serve as a custodian for the assets and to wind down the affairs of the former Redevelopment Agency of the City of Sacramento. The Successor Agency is a separate public entity from the City, subject to the direction of an Oversight Board. The Oversight Board is comprised of seven member representatives from local government bodies: two appointed by the Mayor; two County of Sacramento (County) representatives; the County Superintendent of Education; the Chancellor of California Community Colleges; and the largest special district taxing entity. Based upon the nature of the Successor Agency's custodial role, it is reported in a fiduciary private-purpose trust fund.

#### 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 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 unit 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.

# City of Sacramento

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

#### New Pronouncements

Effective July 1, 2012, the City implemented GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. Statement No. 60 addresses accounting and financial reporting issues related to service concession arrangement (SCAs), which are a type of public-private or public-public partnership. See Note 18 for more information.

Effective July 1, 2012, the City implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The City reviewed the modified requirements and determined no changes are required in reporting its component units in the financial statements.

Effective July 1, 2012, the City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*. The City has determined that there was no impact on the financial statements, except for the deletion of the disclosure of the City's election not to apply FASB statements subsequent to November 30, 1989.

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 March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The provisions of this Statement are effective for the City's fiscal year ended June 30, 2014.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to resolve conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The City has not determined what impact, if any, this pronouncement will have on the financial statements. The provisions of this Statement are effective for the City's fiscal year ended June 30, 2014.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local government for pension plans. This Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. The City has not determined what impact this pronouncement will have on the financial statements. The provisions of this Statement are effective for the City's fiscal year ended June 30, 2014.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local government for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. The City will be required to recognize a liability equal to the net pension liability in its financial statements prepared using the economic resources measurement focus and accrual basis of accounting. The City has not determined what impact this pronouncement will have on the financial statements. The provisions of this Statement are effective for the City's fiscal year ended June 30, 2015.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**New Pronouncements (Continued)**

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The City has not determined what impact this pronouncement will have on the financial statements. The provisions of this Statement are effective for the City's fiscal year ended June 30, 2015.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The City has not determined what impact this pronouncement will have on the financial statements. The provisions of this Statement are effective for the City's fiscal year ended June 30, 2014.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The City has not determined what impact this pronouncement will have on the financial statements. The provisions of this Statement are effective for the City's fiscal year ended June 30, 2015.

**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.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**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.

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 Measure U Fund was established to account for the temporary half-cent sales tax approved by voters on November 6, 2012.

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 a sports and entertainment 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 accounts for the operation and maintenance of the City's wastewater 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.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

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

Additionally, the City reports the following fund types:

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

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

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

The Private Purpose Trust Fund accounts for the assets received by the Successor Agency from the City's former redevelopment agency in order to liquidate its enforceable obligations, pursuant to Assembly Bill X1 26 which dissolved redevelopment agencies in California.

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

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.

**Budget Information**

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, public works, parks and recreation etc.) by fund.

Annual budgets are adopted for the General Fund, Measure U Fund, the City/County Office of Metropolitan Water Planning (CCOMWP) Fund, the Special Districts Fund, and the Cal EPA Fund, as well as certain activities within the Transportation and Development Fund, the Culture and Leisure Fund, and the Parks and Recreation Fund. Annual budgets are also adopted for the enterprise and internal service funds, although they are not legally required. Multi-year project-length budgets are adopted for the General Fund, the Capital Grants fund, other capital projects funds, and the Economic Development and Operating Grants special revenue funds, 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.

# City of Sacramento

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

#### Budget Information (Continued)

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 to transfer resources within a department, and to transfer resources between departments 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, 2013. 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-length budget appropriations are automatically carried over into the next fiscal year.

#### Financial Statement Elements

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

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

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Financial Statement Elements (Continued)**

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.”

**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.

**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 fees 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 total interest expense incurred by the City during the current fiscal year was \$40,058. Of this amount, \$2,483, consisting of interest incurred of \$3,032 net of interest earned of \$549, was included as part of the cost of capital assets under construction.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Financial Statement Elements (Continued)**

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

**Compensated Absences** - 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.

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 one or two days of "floating" holiday time, depending on the bargaining unit, 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.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Financial Statement Elements (Continued)**

**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 2013-0198 adopted with the fiscal year 2013/14 annual budget. The adopted Reserve goal is to achieve a reserve equal to 10% of annual General Fund revenue. 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. Additions and releases from the Reserve must be approved by City Council by resolution.

**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.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**NOTE 2 – CASH AND INVESTMENTS**

The following is a summary of cash and investments at June 30, 2013:

|                                 | Government-wide<br>Statement of Net Position |                    | Fiduciary Funds<br>Statement of<br>Net Position | Total               |
|---------------------------------|--|--------------------|---|---------------------|
|                                 | Primary<br>Government                        | Component<br>Units |   |                     |
| Cash and investments            | \$ 520,452                                   | \$ -               | \$ 536,274                                      | \$ 1,056,726        |
| Securities lending assets       | 70   | -                  | 8,018   | 8,088               |
| Restricted cash and investments | 350,280                                      | 1,110              | -   | 351,390             |
| <b>Total</b>                    | <b>\$ 870,802</b>                            | <b>\$ 1,110</b>    | <b>\$ 544,292</b>                               | <b>\$ 1,416,204</b> |

Under the authority of the Sacramento City Charter, the Sacramento City Council, by Resolution 2012-317, 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 September 4, 2012. 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.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**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*         | 30%                             | None                             | A              |
| Mutual funds   | N/A              | 20%                             | 10%                              | None           |
| Money market mutual funds                            | N/A              | 20%                             | 10%                              | None           |
| Collateralized bank deposits                         | 5 years          | None                            | None                             | None           |
| Mortgage pass-through securities                     | 5 years          | 20%                             | None                             | AA             |
| Time deposits  | 5 years          | None                            | None                             | None           |
| 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 City investment policy allows these investments to have maximum maturities of 5 years, plus not more than 30 days. Such approved maturity extensions are authorized by California Government Code section 53601.

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, except in the case of variable rate investments where the maturity date below is the next reset date. Variable rate securities are investments with terms that provide for the adjustment of interest rates on specified dates based on predefined mathematical formulas. The fair value of such investments can reasonably be expected to be affected at each interest rate reset date.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Interest Rate Risk (Continued)**

Investments in equities, or in debt securities with remaining maturities longer than five years, are held by the SCERS pension trust fund, other trust funds, or by bond trustees pursuant to debt agreements.

The City's cash and investments by maturities as of June 30, 2013 are as follows:

| Investment Type                           | No Maturity       | Remaining Maturity in Years |                   |                  | Fair Value          |
|---|-------------------|-----------------------------|-------------------|------------------|---------------------|
|   |                   | Under 1                     | 1-5               | Over 5           |                     |
| Certificates of deposit                   | \$ -              | \$ 10,744                   | \$ 2,786          | \$ -             | \$ 13,530           |
| Commercial paper                          | -                 | 202,000                     | -                 | -                | 202,000             |
| Corporate bonds                           | -                 | 175,958                     | 188,459           | 25,577           | 389,994             |
| Deposits                                  | 5,040             | -                           | -                 | -                | 5,040               |
| Equities                                  | 109,973           | -                           | -                 | -                | 109,973             |
| Exchange traded funds                     | 53,469            | -                           | -                 | -                | 53,469              |
| Investment Trust of California (CalTRUST) | -                 | 9,866                       | 153,562           | -                | 163,428             |
| Local Agency Investment Fund (LAIF)       | -                 | 48,000                      | -                 | -                | 48,000              |
| Mortgage loans                            | -                 | -                           | 1,918             | 2,432            | 4,350               |
| Municipal bonds                           | -                 | 45,746                      | 76,576            | 41,198           | 163,520             |
| Mutual funds                              | -                 | 36,804                      | -                 | -                | 36,804              |
| Repurchase agreements                     | -                 | 8,088                       | -                 | -                | 8,088               |
| U.S. agencies                             | -                 | 74,860                      | 119,432           | 2,821            | 197,113             |
| U.S. Treasury bonds                       | -                 | -                           | -                 | 293              | 293                 |
| U.S. Treasury notes                       | -                 | -                           | 19,492            | -                | 19,492              |
|   | <u>\$ 168,482</u> | <u>\$ 612,066</u>           | <u>\$ 562,225</u> | <u>\$ 72,321</u> | <u>1,415,094</u>    |
|   |                   |                             |                   |                  |                     |
| Component Unit - SRAFFA                   |                   |                             |                   |                  |                     |
| Mutual funds                              | \$ -              | \$ 1,110                    | \$ -              | \$ -             | 1,110               |
| Total component unit                      | <u>\$ -</u>       | <u>\$ 1,110</u>             | <u>\$ -</u>       | <u>\$ -</u>      | <u>1,110</u>        |
| Total Cash and Investments                |                   |                             |                   |                  | <u>\$ 1,416,204</u> |

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. The fair values of the callable bonds held at June 30, 2013 by investment type are as follows:

| Investment Type | Fair Value |
|-----------------|------------|
| Corporate bonds | \$ 9,320   |
| Municipal bonds | 24,486     |
| U.S. agencies   | 113,456    |

# City of Sacramento

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

### 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, 2013, 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        | \$ 10,000  |
|  | not rated | not rated | 3,530      |
| Commercial paper                               | A         | P1        | 202,000    |
| Corporate bonds                                | A         | A         | 195,424    |
|  | A         | Aa        | 3,104      |
|  | A         | Baa       | 76,812     |
|  | AA        | A         | 55,327     |
|  | AA        | Aa        | 35,563     |
|  | AAA       | Aaa       | 2,248      |
|  | B         | Baa       | 5,365      |
|  | BBB       | A         | 5,287      |
|  | BBB       | Baa       | 72         |
|  | not rated | A         | 5,000      |
|  | not rated | Aaa       | 5,183      |
|  | not rated | withdrawn | 609        |
| Deposits                                       | not rated | not rated | 5,040      |
| Equities (exempt from disclosure)              | N/A       | N/A       | 109,973    |
| Exchange traded funds (exempt from disclosure) | N/A       | N/A       | 53,469     |
| Investment Trust of California (CalTRUST)      | not rated | not rated | 163,428    |
| Local Agency Investment Fund (LAIF)            | not rated | not rated | 48,000     |
| Mortgage loans                                 | not rated | not rated | 4,350      |
| Municipal bonds                                | A         | A         | 61,941     |
|  | A         | Ba        | 8,785      |
|  | A         | Baa       | 3,760      |
|  | A         | withdrawn | 4,002      |
|  | AA        | A         | 12,280     |
|  | AA        | Aa        | 34,638     |
|  | AA        | Aaa       | 2,936      |
|  | AA        | not rated | 5,189      |
|  | AAA       | Aa        | 3,342      |
|  | AAA       | not rated | 4,972      |
|  | SP1       | not rated | 15,087     |
|  | not rated | Aa        | 1,043      |
|  | not rated | not rated | 5,545      |
| Mutual funds                                   | A         | P1        | 32         |
|  | AAA       | Aaa       | 34,656     |
|  | not rated | not rated | 2,116      |
| Repurchase agreements                          | AA        | Aaa       | 8,088      |
| U.S. agencies                                  | AA        | A         | 5,675      |
|  | AA        | Aaa       | 147,882    |
|  | not rated | not rated | 40,700     |
|  | N/A       | N/A       | 2,856      |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Credit Risk (Continued)**

| Investment Type                              | S & P | Moody's | Fair Value   |
|--|-------|---------|--------------|
| U.S. Treasury bonds (exempt from disclosure) | N/A   | N/A     | 293          |
| U.S. Treasury notes (exempt from disclosure) | N/A   | N/A     | 19,492       |
| Total primary government                     |       |         | 1,415,094    |
| Component Unit - SRAFFA                      |       |         |              |
| Mutual funds                                 | AAA   | Aaa     | 1,110        |
|  |       |         | 1,110        |
| Total Cash and Investments                   |       |         | \$ 1,416,204 |

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) which represent 5% or more of total investments at June 30, 2013:

|                              |            |
|------------------------------|------------|
| General Electric Corporation | \$ 128,805 |
|------------------------------|------------|

**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.

As of June 30, 2013, investments were held by the same broker-dealer (counterparty) that was used by the City to purchase the securities:

|          |   |
|----------|---|
| \$ 8,088 | Investments purchased with cash collateral from securities lending transactions |
|----------|---|

**City of Sacramento**  
**Notes to the Financial Statements**

For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**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, 2013, was equal to 102.8% of the market value of the loaned securities. The custodial bank uses the cash collateral to purchase investments. As of June 30, 2013, the weighted average maturity of the securities on loan was 375 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 \$12,105. 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, 2013:

**Type of Investment Lent**

|                       |                  |
|-----------------------|------------------|
| Corporate bonds       | \$ 1,261         |
| Equities              | 166              |
| Exchange traded funds | 8,499            |
| U.S. Treasury notes   | 1,847            |
| Total securities lent | <u>\$ 11,773</u> |

**Type of Investment Purchased with Cash Collateral**

|                       |          |
|-----------------------|----------|
| Repurchase agreements | \$ 8,088 |
|-----------------------|----------|

**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 6.11% of pool participation.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**City Sponsored Investment Pool (Continued)**

The following represents a condensed statement of net position and changes in net position for the City Sponsored Investment Pool as of June 30, 2013:

**Statement of Net Position:**

|                                      |                   |
|--------------------------------------|-------------------|
| Investments at fair value            | \$ 992,827        |
| Interest receivables                 | 3,233             |
| Securities lending obligations       | (3,216)           |
| Net Position                         | <u>\$ 992,844</u> |
| <br>                                 |                   |
| Equity of internal pool participants | \$ 932,216        |
| Equity of external pool participants | 60,628            |
| Total equity                         | <u>\$ 992,844</u> |

**Statement of Changes in Net Position:**

|  |                   |
|--|-------------------|
| Net position at July 1, 2012                   | \$ 702,971        |
| Net change in investments by pool participants | 289,873           |
| Net position at June 30, 2013                  | <u>\$ 992,844</u> |

A summary of the investment classifications as of June 30, 2013 is as follows:

|  | Fair Value        | Adjusted Cost     | Interest Rates | Maturity Dates |
|--|-------------------|-------------------|----------------|----------------|
| Certificates of deposit                                      | \$ 10,798         | \$ 10,799         | 0.21-0.70%     | 10/13-02/16    |
| Commercial paper   | 202,000           | 201,835           | 0.21-0.52%     | 07/13-02/14    |
| Corporate bonds  | 297,060           | 295,955           | 0.54-6.50%     | 10/13-05/18    |
| Deposits   | 3,939             | 3,939             | N/A            | N/A            |
| Investment Trust of California (CalTRUST)                    | 142,363           | 142,363           | 0.08-0.62%     | N/A            |
| Municipal bonds  | 98,846            | 98,578            | 0.29-7.28%     | 08/13-04/18    |
| Mutual funds   | 2,063             | 2,063             | 0.01%          | N/A            |
| Repurchase agreements  | 74                | 74                | 0.09-0.25%     | 07/13          |
| State of California Treasurer's                              |                   |                   |                |                |
| Local Agency Investment Fund                                 | 48,000            | 48,000            | N/A            | N/A            |
| U.S. government and agency securities                        | 187,684           | 189,595           | 0.08-5.62%     | 10/13-06/18    |
| Total cash and investments in City sponsored investment pool | <u>\$ 992,827</u> | <u>\$ 993,201</u> |                |                |

**Participation in External Investment Pools**

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute. The balance available for withdrawal is based on the accounting records maintained by the LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the City's position in the LAIF pool. As of June 30, 2013, the City's investment in LAIF is \$48,000. The total amount invested by all public agencies in LAIF at that date is \$21,212,246. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2013 had a balance of \$58,828,475. Of that amount, 98.04% is invested in non-derivative financial products, and 1.96% is invested in derivative financial products.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**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, 2013, the City's investment in CalTRUST is \$163,428, of which \$9,866 was invested in the Money Market Fund, \$52,981 in the Short-term pool and \$100,581 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.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**NOTE 3 – RECEIVABLES**

Receivables as of June 30, 2013, were as follows:

|  | Taxes            | Accounts         | Loans            | Inter-govern-<br>mental | Interest        | Total             |
|--|------------------|------------------|------------------|-------------------------|-----------------|-------------------|
| <b>Governmental activities</b>   |                  |                  |                  |                         |                 |                   |
| General Fund   | \$ 20,253        | \$ 10,457        | \$ 32            | \$ 1,940                | \$ 260          | \$ 32,942         |
| Measure U Fund   | 7,867            | -                | -                | -                       | -               | 7,867             |
| Capital Grants Fund  | -                | 2,246            | -                | 26,627                  | -               | 28,873            |
| 1997 Lease Revenue Bond Fund   | -                | -                | 64,005           | -                       | 730             | 64,735            |
| Other governmental funds   | 1,658            | 4,139            | 20,734           | 61,823                  | 370             | 88,724            |
| Internal service funds   | -                | 329              | -                | -                       | 278             | 607               |
|  | <u>\$ 29,778</u> | <u>\$ 17,171</u> | <u>\$ 84,771</u> | <u>\$ 90,390</u>        | <u>\$ 1,638</u> | <u>\$ 223,748</u> |
| <b>Amounts not scheduled for collection during the subsequent year</b> |                  |                  |                  |                         |                 |                   |
|  | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 70,499</u> | <u>\$ 42,608</u>        | <u>\$ -</u>     | <u>\$ 113,107</u> |
| <b>Business-type activities</b>  |                  |                  |                  |                         |                 |                   |
| Water Fund   | \$ -             | \$ 19,113        | \$ 7,078         | \$ 1,245                | \$ 1,356        | \$ 28,792         |
| Wastewater Fund  | -                | 11,134           | 1,175            | 108                     | 247             | 12,664            |
| Storm Drainage Fund  | -                | 6,353            | 4,862            | 1,171                   | 236             | 12,622            |
| Solid Waste Fund   | -                | 12,413           | 2                | 837                     | 92              | 13,344            |
| Community Center Fund  | 2,224            | 281              | 152              | -                       | 17              | 2,674             |
| Other enterprise funds   | -                | 1,003            | 645              | -                       | 138             | 1,786             |
|  | <u>\$ 2,224</u>  | <u>\$ 50,297</u> | <u>\$ 13,914</u> | <u>\$ 3,361</u>         | <u>\$ 2,086</u> | <u>\$ 71,882</u>  |
| <b>Component unit</b>  |                  |                  |                  |                         |                 |                   |
| Sacramento Regional Arts Facilities Financing Authority                | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 12,383</u> | <u>\$ -</u>             | <u>\$ -</u>     | <u>\$ 12,383</u>  |

Included in the Accounts Receivable amounts above are allowances for doubtful accounts of \$11,094.

Included in the Loans Receivable amount related to Other governmental funds above is the present value of the installment payments under the golf service concession arrangement of \$9,039, reported with the associated deferred inflow in the government-wide statement of net position.

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

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**NOTE 4 – CAPITAL ASSETS**

**Summary**

The following is a summary of capital assets as of June 30, 2013:

|   | Governmental<br>Activities | Business-<br>Type<br>Activities | Total               |
|---|----------------------------|---------------------------------|---------------------|
| Capital assets not being depreciated/amortized  |                            |                                 |                     |
| Land  | \$ 186,928                 | \$ 54,196                       | \$ 241,124          |
| Easements                                       | 697                        | 157                             | 854                 |
| Construction in progress                        | 95,876                     | 36,020                          | 131,896             |
|   | <u>283,501</u>             | <u>90,373</u>                   | <u>373,874</u>      |
| Depreciable/amortizable capital assets          |                            |                                 |                     |
| Buildings and improvements                      | 599,746                    | 282,710                         | 882,456             |
| Equipment                                       | 75,862                     | 59,898                          | 135,760             |
| Software  | 4,493                      | 1,487                           | 5,980               |
| Vehicles  | 123,502                    | -                               | 123,502             |
| Transmission and distribution system            | 3,622                      | 1,117,471                       | 1,121,093           |
| Roadway network                                 | 1,542,684                  | -                               | 1,542,684           |
| Streetlight network                             | 195,930                    | -                               | 195,930             |
| Park improvements                               | 154,519                    | -                               | 154,519             |
|   | <u>2,700,358</u>           | <u>1,461,566</u>                | <u>4,161,924</u>    |
| Less accumulated depreciation/amortization for: |                            |                                 |                     |
| Buildings and improvements                      | (182,483)                  | (131,886)                       | (314,369)           |
| Equipment                                       | (43,857)                   | (33,793)                        | (77,650)            |
| Software  | (704)                      | (324)                           | (1,028)             |
| Vehicles  | (70,181)                   | -                               | (70,181)            |
| Transmission and distribution system            | (622)                      | (358,122)                       | (358,744)           |
| Roadway network                                 | (867,539)                  | -                               | (867,539)           |
| Street light network                            | (64,020)                   | -                               | (64,020)            |
| Park improvements                               | (30,906)                   | -                               | (30,906)            |
|   | <u>(1,260,312)</u>         | <u>(524,125)</u>                | <u>(1,784,437)</u>  |
| Depreciable/amortizable capital assets, net     | <u>1,440,046</u>           | <u>937,441</u>                  | <u>2,377,487</u>    |
| Total capital assets, net                       | <u>\$ 1,723,547</u>        | <u>\$ 1,027,814</u>             | <u>\$ 2,751,361</u> |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Governmental Activities**

Governmental capital asset activity for the year ended June 30, 2013 was as follows:

|   | Beginning<br>Balance | Increases       | Decreases       | Transfers<br>In/Out | Ending<br>Balance   |
|---|----------------------|-----------------|-----------------|---------------------|---------------------|
| Capital assets not being depreciated/amortized  |                      |                 |                 |                     |                     |
| Land  | \$ 186,304           | \$ -            | \$ -            | \$ 624              | \$ 186,928          |
| Easements                                       | 416                  | -               | -               | 281                 | 697                 |
| Construction in progress                        | 130,478              | 71,312          | -               | (105,914)           | 95,876              |
|   | <u>317,198</u>       | <u>71,312</u>   | <u>-</u>        | <u>(105,009)</u>    | <u>283,501</u>      |
| Depreciable/amortizable capital assets          |                      |                 |                 |                     |                     |
| Buildings and improvements                      | 547,262              | -               | (249)           | 52,733              | 599,746             |
| Equipment                                       | 72,626               | 1,380           | -               | 1,856               | 75,862              |
| Software  | 2,847                | -               | -               | 1,646               | 4,493               |
| Vehicles  | 118,751              | 12,374          | (7,623)         | -                   | 123,502             |
| Transmission and distribution system            | 3,622                | -               | -               | -                   | 3,622               |
| Roadway network                                 | 1,521,851            | 9,006           | (17,102)        | 28,929              | 1,542,684           |
| Streetlight network                             | 188,023              | 475             | -               | 7,432               | 195,930             |
| Park improvements                               | 150,554              | -               | -               | 3,965               | 154,519             |
|   | <u>2,605,536</u>     | <u>23,235</u>   | <u>(24,974)</u> | <u>96,561</u>       | <u>2,700,358</u>    |
| Less accumulated depreciation/amortization for: |                      |                 |                 |                     |                     |
| Buildings and improvements                      | (169,026)            | (13,706)        | 249             | -                   | (182,483)           |
| Equipment                                       | (39,301)             | (4,556)         | -               | -                   | (43,857)            |
| Software  | (459)                | (245)           | -               | -                   | (704)               |
| Vehicles  | (68,129)             | (9,037)         | 6,985           | -                   | (70,181)            |
| Transmission and distribution system            | (574)                | (48)            | -               | -                   | (622)               |
| Roadway network                                 | (832,114)            | (52,526)        | 17,101          | -                   | (867,539)           |
| Streetlight network                             | (59,773)             | (4,247)         | -               | -                   | (64,020)            |
| Park improvements                               | (25,233)             | (5,673)         | -               | -                   | (30,906)            |
|   | <u>(1,194,609)</u>   | <u>(90,038)</u> | <u>24,335</u>   | <u>-</u>            | <u>(1,260,312)</u>  |
| Depreciable/amortizable capital assets, net     | <u>1,410,927</u>     | <u>(66,803)</u> | <u>(639)</u>    | <u>96,561</u>       | <u>1,440,046</u>    |
| Governmental activities capital assets, net     | <u>\$ 1,728,125</u>  | <u>\$ 4,509</u> | <u>\$ (639)</u> | <u>\$ (8,448)</u>   | <u>\$ 1,723,547</u> |

The beginning balances of governmental activities capital assets have been restated, see Note 19.

Depreciation/amortization expense was charged to functions as follows:

|  |                  |
|--|------------------|
| General government   | \$ 5,183         |
| Police   | 2,843            |
| Fire   | 1,061            |
| General services   | 437              |
| Public works   | 56,680           |
| Economic development   | 4,397            |
| Convention, culture and leisure  | 104              |
| Parks and recreation   | 8,633            |
| Community development  | 162              |
| Library  | 1,258            |
| Capital assets held by the City's internal service funds are charged to the functions based on their usage of assets | <u>9,280</u>     |
| Total governmental activities depreciation/amortization expense  | <u>\$ 90,038</u> |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Business-type Activities**

Business-type capital asset activity for the fiscal year ended June 30, 2013 was as follows:

|  | Beginning<br>Balance | Increases         | Decreases         | Transfers<br>In/Out | Ending<br>Balance   |
|--|----------------------|-------------------|-------------------|---------------------|---------------------|
| Capital assets not being depreciated/amortized                         |                      |                   |                   |                     |                     |
| Land   | \$ 54,318            | \$ -              | \$ (970)          | \$ 848              | \$ 54,196           |
| Easements  | 157                  | -                 | -                 | -                   | 157                 |
| Construction in progress   | 24,575               | 31,433            | -                 | (19,988)            | 36,020              |
|  | <u>79,050</u>        | <u>31,433</u>     | <u>(970)</u>      | <u>(19,140)</u>     | <u>90,373</u>       |
| Depreciable/amortizable capital assets                                 |                      |                   |                   |                     |                     |
| Buildings and improvements   | 282,426              | -                 | -                 | 284                 | 282,710             |
| Equipment  | 58,740               | 107               | (81)              | 1,132               | 59,898              |
| Software   | 1,081                | -                 | -                 | 406                 | 1,487               |
| Transmission and distribution system                                   | 1,087,386            | 4,320             | -                 | 25,765              | 1,117,471           |
|  | <u>1,429,633</u>     | <u>4,427</u>      | <u>(81)</u>       | <u>27,587</u>       | <u>1,461,566</u>    |
| Less accumulated depreciation/amortization for:                        |                      |                   |                   |                     |                     |
| Buildings and improvements   | (125,225)            | (6,661)           | -                 | -                   | (131,886)           |
| Equipment  | (30,109)             | (3,694)           | 9                 | 1                   | (33,793)            |
| Software   | (222)                | (102)             | -                 | -                   | (324)               |
| Transmission and distribution system                                   | (329,830)            | (28,292)          | -                 | -                   | (358,122)           |
|  | <u>(485,386)</u>     | <u>(38,749)</u>   | <u>9</u>          | <u>1</u>            | <u>(524,125)</u>    |
| Depreciable/amortizable capital assets, net                            | <u>944,247</u>       | <u>(34,322)</u>   | <u>(72)</u>       | <u>27,588</u>       | <u>937,441</u>      |
| Business-type activities capital assets, net                           | <u>\$ 1,023,297</u>  | <u>\$ (2,889)</u> | <u>\$ (1,042)</u> | <u>\$ 8,448</u>     | <u>\$ 1,027,814</u> |
| Depreciation/amortization expense was charged to functions as follows: |                      |                   |                   |                     |                     |
| Water  |                      | \$ 16,544         |                   |                     |                     |
| Wastewater   |                      | 4,155             |                   |                     |                     |
| Storm drainage   |                      | 11,302            |                   |                     |                     |
| Solid waste  |                      | 1,839             |                   |                     |                     |
| Community center   |                      | 2,408             |                   |                     |                     |
| Parking  |                      | 2,151             |                   |                     |                     |
| Child development  |                      | 77                |                   |                     |                     |
| Marina   |                      | 273               |                   |                     |                     |
| Total business-type activities depreciation/amortization expense       |                      | <u>\$ 38,749</u>  |                   |                     |                     |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**NOTE 5 – PAYABLES**

Payables as of June 30, 2013, were as follows:

|  | <u>Vendors</u>   | <u>Employees</u> | <u>Interest</u> | <u>Deposits</u> | <u>Total</u>     |
|--|------------------|------------------|-----------------|-----------------|------------------|
| Governmental activities                                    |                  |                  |                 |                 |                  |
| General Fund   | \$ 9,554         | \$ 12,058        | \$ -            | \$ 53           | \$ 21,665        |
| Measure U Fund   | 11               | -                | -               | -               | 11               |
| Capital Grants Fund  | 18,437           | -                | -               | -               | 18,437           |
| 1997 Lease Revenue Bond Fund                               | -                | -                | 730             | -               | 730              |
| Other governmental funds                                   | 12,031           | 187              | 1,587           | 2,210           | 16,015           |
| Internal service funds                                     | 2,668            | 306              | 8               | 17              | 2,999            |
| Total governmental activities                              | <u>\$ 42,701</u> | <u>\$ 12,551</u> | <u>\$ 2,325</u> | <u>\$ 2,280</u> | <u>\$ 59,857</u> |
| Business-type activities                                   |                  |                  |                 |                 |                  |
| Water Fund   | \$ 6,142         | \$ 691           | \$ 3,404        | \$ -            | \$ 10,237        |
| Wastewater Fund  | 8,787            | 236              | 77              | -               | 9,100            |
| Storm Drainage Fund  | 1,442            | 638              | 288             | -               | 2,368            |
| Solid Waste Fund   | 1,685            | 365              | 143             | 10              | 2,203            |
| Community Center Fund                                      | 1,013            | 185              | 463             | -               | 1,661            |
| Other enterprise funds                                     | 1,444            | 309              | 840             | 87              | 2,680            |
| Total business-type activities                             | <u>\$ 20,513</u> | <u>\$ 2,424</u>  | <u>\$ 5,215</u> | <u>\$ 97</u>    | <u>\$ 28,249</u> |
| Component unit   |                  |                  |                 |                 |                  |
| Sacramento Regional Arts<br>Facilities Financing Authority | <u>\$ 159</u>    | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ 159</u>    |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**NOTE 6 – OPERATING LEASES**

**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, 2013, were \$955.

Sublease rental income for the fiscal year ended June 30, 2013 was \$648. The total amount of minimum rentals to be received in the future under non-cancelable subleases is \$2,993.

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

| <u>Fiscal Year Ending June 30,</u>  | <u>Payments</u> |
|-------------------------------------|-----------------|
| 2014                                | \$ 635          |
| 2015                                | 561             |
| 2016                                | 445             |
| 2017                                | 387             |
| 2018                                | 291             |
| 2019-2023                           | 1,063           |
| 2024-2028                           | 894             |
| 2029-2033                           | 877             |
| 2034-2038                           | 444             |
| 2039-2043                           | 113             |
|                                     | <hr/>           |
| Total future minimum lease payments | <u>\$ 5,710</u> |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**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.

| <b>GOVERNMENTAL ACTIVITIES:</b>                | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Revenue and other bonds:                       |                              |                  |                   |                           |                                |
| 1993 Refunded Revenue Bonds, Series A          | \$ 12,738                    | \$ -             | \$ (1,137)        | \$ 11,601                 | \$ 1,198                       |
| 1993 Refunded Revenue Bonds, Series B          | 21,399                       | -                | (1,926)           | 19,473                    | 2,022                          |
| 1996 Lighting and Landscaping Bonds            | 2,545                        | -                | (455)             | 2,090                     | 480                            |
| 1997 Lease Revenue Bonds                       | 65,780                       | -                | (1,775)           | 64,005                    | 1,990                          |
| 1999 CFD No. 2 Revenue Bonds, Series A         | 2,120                        | -                | (115)             | 2,005                     | 125                            |
| 2002 Capital Improvement Revenue Bonds         | 12,830                       | -                | (5,110)           | 7,720                     | 5,310                          |
| 2002 Refunding Revenue Bonds                   | 3,243                        | -                | (3,243)           | -                         | -                              |
| 2003 Capital Improvement Revenue Bonds         | 24,090                       | -                | (1,270)           | 22,820                    | 1,315                          |
| 2005 Refunding Revenue Bonds                   | 59,773                       | -                | (1,239)           | 58,534                    | 1,294                          |
| 2006 Capital Improvement Revenue Bonds, Ser. A | 82,605                       | -                | (2,975)           | 79,630                    | 3,095                          |
| 2006 Capital Improvement Revenue Bonds, Ser. B | 51,190                       | -                | (960)             | 50,230                    | 1,000                          |
| 2006 Capital Improvement Revenue Bonds, Ser. C | 26,195                       | -                | (590)             | 25,605                    | -                              |
| 2006 Capital Improvement Revenue Bonds, Ser. D | 2,430                        | -                | -                 | 2,430                     | 620                            |
| 2006 Capital Improvement Revenue Bonds, Ser. E | 80,803                       | -                | -                 | 80,803                    | -                              |
| Subtotal, revenue and other bonds              | <u>447,741</u>               | <u>-</u>         | <u>(20,795)</u>   | <u>426,946</u>            | <u>18,449</u>                  |
| Notes Payable:                                 |                              |                  |                   |                           |                                |
| 1997 State Department of Boating & Waterways   | 605                          | -                | (75)              | 530                       | 79                             |
| Subtotal, notes payable                        | <u>\$ 605</u>                | <u>\$ -</u>      | <u>\$ (75)</u>    | <u>\$ 530</u>             | <u>\$ 79</u>                   |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Activity (Continued)**

| <b>GOVERNMENTAL ACTIVITIES (Continued):</b>  | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Reductions</b> | <b>Ending<br/>Balance</b> | <b>Due Within<br/>One Year</b> |
|--|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Capital Lease Obligations:                   |                              |                  |                   |                           |                                |
| JP Morgan Fleet Financing                    | \$ -                         | \$ 2,818         | \$ (274)          | \$ 2,544                  | \$ 554                         |
| JP Morgan Capital Lease Refinance            | -                            | 3,973            | (633)             | 3,340                     | 1,278                          |
| Fire trucks and equipment #1                 | 3,254                        | -                | (3,254)           | -                         | -                              |
| Fire trucks and equipment #2                 | 291                          | -                | (291)             | -                         | -                              |
| Fire trucks and equipment #3                 | 3,793                        | -                | (405)             | 3,388                     | 423                            |
| Liquid nitrate gas (LNG) - refueling trailer | 196                          | -                | (22)              | 174                       | 23                             |
| Parking pay and display meters #1            | 259                          | -                | (259)             | -                         | -                              |
| Parking pay and display meters #2            | 646                          | -                | (646)             | -                         | -                              |
| Subtotal, capital lease obligations          | 8,439                        | 6,791            | (5,784)           | 9,446                     | 2,278                          |
| Plus deferred amounts:                       |                              |                  |                   |                           |                                |
| For issuance discounts                       | (151)                        | -                | 8                 | (143)                     | (8)                            |
| For issuance premiums                        | 17,225                       | -                | (958)             | 16,267                    | 957                            |
| Net loss on refundings                       | (7,491)                      | -                | 383               | (7,108)                   | (383)                          |
| Subtotal deferred amounts                    | 9,583                        | -                | (567)             | 9,016                     | 566                            |
| Subtotal, debt governmental activities       | 466,368                      | 6,791            | (27,221)          | 445,938                   | 21,372                         |
| Other Long-term Liabilities:                 |                              |                  |                   |                           |                                |
| Accrued claims and judgements                | 58,766                       | 16,468           | (12,528)          | 62,706                    | 16,139                         |
| Compensated absences                         | 32,504                       | 29,828           | (29,866)          | 32,466                    | 1,824                          |
| OPEB liability                               | 89,303                       | 33,916           | (11,060)          | 112,159                   | -                              |
| Pollution remediation obligations            | 680                          | -                | (77)              | 603                       | 121                            |
| Derivative instrument - interest rate swap   | 13,653                       | -                | (3,227)           | 10,426                    | -                              |
| Financing plan fee credits:                  |                              |                  |                   |                           |                                |
| North Natomas                                | 36,462                       | -                | (24)              | 36,438                    | 204                            |
| Jacinto Creek                                | 879                          | 20               | -                 | 899                       | -                              |
| Park Development                             | 4,024                        | -                | (311)             | 3,713                     | 138                            |
| Subtotal, other long-term liabilities        | 236,271                      | 80,232           | (57,093)          | 259,410                   | 18,426                         |
| Total, governmental activities               | \$ 702,639                   | \$ 87,023        | \$ (84,314)       | \$ 705,348                | \$ 39,798                      |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Activity (Continued)**

| <b>BUSINESS-TYPE ACTIVITIES:</b>                                    | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Reductions</u>  | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---|------------------------------|-------------------|--------------------|---------------------------|--------------------------------|
| Revenue and other bonds:  |                              |                   |                    |                           |                                |
| 1993 Refunded Revenue Bonds, Series A                               | \$ 52,594                    | \$ -              | \$ (4,693)         | \$ 47,901                 | \$ 4,947                       |
| 1993 Refunded Revenue Bonds, Series B                               | 23,371                       | -                 | (2,104)            | 21,267                    | 2,208                          |
| 2002 Refunding Revenue Bonds  | 2,263                        | -                 | (2,263)            | -                         | -                              |
| 2005 Refunding Revenue Bonds  | 103,681                      | -                 | (6,271)            | 97,410                    | 6,681                          |
| 2006 Capital Improvement Revenue Bonds, Ser. E                      | 92,277                       | -                 | -                  | 92,277                    | -                              |
| Water Revenue Bonds, Series 2013                                    | -                            | 215,195           | -                  | 215,195                   | -                              |
| Wastewater Revenue Bonds, Series 2013                               | -                            | 30,855            | -                  | 30,855                    | -                              |
| Subtotal, revenue and other bonds                                   | <u>274,186</u>               | <u>246,050</u>    | <u>(15,331)</u>    | <u>504,905</u>            | <u>13,836</u>                  |
| Notes Payable:  |                              |                   |                    |                           |                                |
| 1985 Marina Phase I   | 1,557                        | 68                | -                  | 1,625                     | 42                             |
| 1985 Marina Phase II  | 2,372                        | 109               | -                  | 2,481                     | 56                             |
| 1985 Marina Phase III   | 737                          | 34                | -                  | 771                       | 115                            |
| 1985 Marina Phase IV  | 507                          | 20                | -                  | 527                       | 66                             |
| 2008 Sacramento Marina South Basin                                  | 10,208                       | 269               | -                  | 10,477                    | 180                            |
| State Water Resources Control Board                                 | 909                          | -                 | (142)              | 767                       | 146                            |
| State Water Resources Control Board                                 | 19,134                       | -                 | (1,945)            | 17,189                    | 1,988                          |
| State Water Resources Control Board                                 | 2,443                        | -                 | (279)              | 2,164                     | 286                            |
| State Water Resources Control Board                                 | 3,152                        | -                 | (315)              | 2,837                     | 323                            |
| State Water Resources Control Board                                 | 1,311                        | -                 | (131)              | 1,180                     | 134                            |
| California Department of Education                                  | 60                           | -                 | (20)               | 40                        | 20                             |
| California Department of Public Health                              | 10,000                       | -                 | (194)              | 9,806                     | 396                            |
| California Infrastructure and Economic<br>Development Bank (I-Bank) | 2,741                        | -                 | (69)               | 2,672                     | 72                             |
| Subtotal, notes payable   | <u>55,131</u>                | <u>500</u>        | <u>(3,095)</u>     | <u>52,536</u>             | <u>3,824</u>                   |
| Capital Lease Obligations:  |                              |                   |                    |                           |                                |
| Recycle Containers #5   | 1,602                        | -                 | (623)              | 979                       | 646                            |
| Refuse Trucks - Schedule 12   | 3,192                        | -                 | (3,192)            | -                         | -                              |
| Refuse Trucks - Schedule 16   | 5,028                        | -                 | (945)              | 4,083                     | 974                            |
| Sewer Cleaning Trucks - Schedule 17                                 | 708                          | -                 | (133)              | 575                       | 137                            |
| JP Morgan Capital Lease Refinance                                   | -                            | 3,023             | (267)              | 2,756                     | 538                            |
| Bank of America - Marina South Basin                                | 1,163                        | -                 | (90)               | 1,073                     | 94                             |
| Subtotal, capital lease obligations                                 | <u>11,693</u>                | <u>3,023</u>      | <u>(5,250)</u>     | <u>9,466</u>              | <u>2,389</u>                   |
| Less deferred amounts:  |                              |                   |                    |                           |                                |
| For issuance discounts  | (485)                        | -                 | 60                 | (425)                     | (60)                           |
| For issuance premiums   | 18,244                       | 35,023            | (1,635)            | 51,632                    | 2,219                          |
| Net loss on refunding   | (14,704)                     | -                 | 939                | (13,765)                  | (938)                          |
| Subtotal, deferred amounts  | <u>3,055</u>                 | <u>35,023</u>     | <u>(636)</u>       | <u>37,442</u>             | <u>1,221</u>                   |
| Subtotal, debt, business type activities                            | <u>\$ 344,065</u>            | <u>\$ 284,596</u> | <u>\$ (24,312)</u> | <u>\$ 604,349</u>         | <u>\$ 21,270</u>               |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Activity (Continued)**

| <b>BUSINESS-TYPE ACTIVITIES (Continued):</b>             | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Other Long-term Liabilities:                             |                              |                   |                     |                           |                                |
| Compensated absences                                     | \$ 7,547                     | \$ 6,323          | \$ (6,919)          | \$ 6,951                  | \$ 310                         |
| OPEB liability   | 15,900                       | 5,463             | (1,783)             | 19,580                    | -                              |
| Accrued claims and judgments                             | 304                          | 53                | -                   | 357                       | 357                            |
| Water fee credits  | 1,702                        | -                 | -                   | 1,702                     | -                              |
| Liability for landfill closure                           | 22,804                       | -                 | (2,398)             | 20,406                    | 800                            |
|  | <u>48,257</u>                | <u>11,839</u>     | <u>(11,100)</u>     | <u>48,996</u>             | <u>1,467</u>                   |
| Subtotal, other long-term liabilities                    |                              |                   |                     |                           |                                |
|  | <u>48,257</u>                | <u>11,839</u>     | <u>(11,100)</u>     | <u>48,996</u>             | <u>1,467</u>                   |
| Total business-type activities                           | <u>392,322</u>               | <u>296,435</u>    | <u>(35,412)</u>     | <u>653,345</u>            | <u>22,737</u>                  |
| <b>COMPONENT UNIT</b>                                    |                              |                   |                     |                           |                                |
| Certificates of Participation                            |                              |                   |                     |                           |                                |
| Sacramento Regional Arts Facilities,<br>2002 Series COPS | 13,745                       | -                 | (410)               | 13,335                    | 425                            |
| Less deferred amounts:                                   |                              |                   |                     |                           |                                |
| For issuance discounts                                   | (104)                        | -                 | 5                   | (99)                      | (5)                            |
|  | <u>13,641</u>                | <u>-</u>          | <u>(405)</u>        | <u>13,236</u>             | <u>420</u>                     |
| Total component unit                                     |                              |                   |                     |                           |                                |
|  | <u>13,641</u>                | <u>-</u>          | <u>(405)</u>        | <u>13,236</u>             | <u>420</u>                     |
| Total, long-term liabilities                             | <u>\$ 1,108,602</u>          | <u>\$ 383,458</u> | <u>\$ (120,131)</u> | <u>\$ 1,371,929</u>       | <u>\$ 62,955</u>               |

The following is a list of long-term debt issues outstanding at June 30, 2013, 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 5.5%, 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 \$2,328. Current year principal and interest paid was \$582 and special assessment revenue in the Citywide Lighting and Landscaping District was \$14,561.

# City of Sacramento

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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### 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 a sports and entertainment arena. 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 the arena owner. 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 \$95,998 will be paid using 100% of future lease revenue. Current year principal and interest paid was \$5,382 and lease revenue was \$5,335.
- \$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.
- \$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% 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%. 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%.
- \$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% to 5%. 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 position.

# City of Sacramento

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

#### Revenue and Other Bonds (Continued)

- \$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%. 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 5.8%. 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% to 5%. 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 (Tax Exempt)  
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% 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 position.
- \$215,195 Water Revenue Bonds, Series 2013  
Authorized and issued March 2013, due in annual installments of \$9,731 to \$14,018 through fiscal year 2043, bearing interest rates of 1% to 5%, for the purpose of financing the costs of improvements to the City's municipal water system. The debt service on the bonds is secured by the pledge of, and payable solely from, the Trust Estate, which consist primarily of all system net revenues and trustee accounts held under the indenture. Total principal and interest remaining to be paid on the bonds is \$416,184 as of June 30, 2013. Current year principal and interest paid was \$0 and Water Fund system revenue was \$88,737.
- \$30,855 Wastewater Revenue Bonds, Series 2013  
Authorized and issued June 2013, due in annual installments of \$951 to \$1,958 through fiscal year 2043, bearing interest rates of 3% to 5%, for the purpose of financing the costs of improvements to the City's wastewater system. The debt service on the bonds is secured by a pledge of, and payable solely from, the Trust Estate, which consists primarily of all system net revenues and trustee accounts held under the indenture. Total principal and interest remaining to be paid on the bonds is \$57,108 as of June 30, 2013. Current year principal and interest paid was \$0 and Wastewater Fund system revenue was \$24,063.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**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% to 5%. 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 \$20,886 will be paid using 100% of future lease revenue. Current year principal and interest paid was \$1,053 and lease payments received were \$1,053.

**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. The City made a partial payment on its scheduled debt service in August 2012 and is working with the DB&W to restructure the loan.
- \$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. The City made a partial payment on its scheduled debt service in August 2012 and is working with the DB&W to restructure the loan.
- \$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. The City made a partial payment on its scheduled debt service in August 2012 and is working with DB&W to restructure the loan.
- \$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. The City made a partial payment on its scheduled debt service in August 2012 and is working with DB&W to restructure the loan.
- \$10,477 2008 Sacramento Marina Note Payable, South Basin Authorized February 2005, the City has made loan draws of \$9,000 plus accrued interest of \$1,477 through June 30, 2013, from the California Department of Boating and Waterways, for the purpose of constructing the South Basin Improvements at the Sacramento Marina. Principal and interest is due in 30 annual installments of \$204 to \$662, through August 2041, bearing an interest rate of 4.603%. The City made a partial payment on its scheduled debt service in August 2012 and is working with DB&W to restructure the loan.
- \$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.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**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 \$828. Current year principal and interest paid was \$166 and wastewater and storm drain fee revenue was \$58,723.
- \$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 \$18,937. Current year principal and interest paid was \$2,367 and wastewater and storm drain fee revenue was \$58,723.
- \$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 \$2,394. Current year principal and interest paid was \$342 and wastewater and storm drain fee revenue was \$58,723.
- \$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 \$1,320. Current year principal and interest paid was \$165 and wastewater and storm drain fee revenue was \$58,723.
- \$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 \$3,177. Current year principal and interest paid was \$397 and wastewater and storm drain fee revenue was \$58,723.
- \$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.

# City of Sacramento

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

#### Notes Payable (Continued)

- \$10,000 California Department of Public Health  
Authorized September 2009 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. The City pledged future water enterprise fund revenue to repay the note. The note is payable solely from water enterprise fund revenue through 2033.
  
- \$2,975 California Infrastructure and Economic Development Bank (I-Bank)  
Authorized in December 2007, due in annual principal and interest installments from \$187 to \$196 through August 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 2032. Total principal and interest remaining to be paid on the note is \$3,984. Current year principal and interest paid was \$163 and storm drainage fee revenue was \$34,660.

#### 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 GASB Statement No. 62 and have been recorded at the present value of the future minimum lease payments. As of June 30, 2013, future minimum lease payments to be made by the City's General, Solid Waste, Wastewater and Marina Funds are as follows:

| Fiscal Year Ending June 30,                 | Governmental<br>Activities | Business-Type<br>Activities | Total     |
|---|----------------------------|-----------------------------|-----------|
| 2014  | \$ 2,493                   | \$ 2,632                    | \$ 5,125  |
| 2015  | 2,007                      | 2,294                       | 4,301     |
| 2016  | 2,007                      | 1,956                       | 3,963     |
| 2017  | 1,625                      | 1,957                       | 3,582     |
| 2018  | 890                        | 709                         | 1,599     |
| 2019-2023                                   | 1,184                      | 624                         | 1,808     |
| Total minimum lease payments                | 10,206                     | 10,172                      | 20,378    |
| Less amounts representing interest          | (761)                      | (706)                       | (1,467)   |
| Net present value of minimum lease payments | \$ 9,445                   | \$ 9,466                    | \$ 18,911 |

The following is a schedule of property under capital leases by major classes at June 30, 2013:

|                                | Governmental<br>Activities | Business-Type<br>Activities | Total     |
|--------------------------------|----------------------------|-----------------------------|-----------|
| Buildings and improvements     | \$ -                       | \$ 1,523                    | \$ 1,523  |
| Equipment                      | 15,394                     | 13,386                      | 28,780    |
| Less: accumulated depreciation | (4,345)                    | (5,084)                     | (9,429)   |
| Total                          | \$ 11,049                  | \$ 9,825                    | \$ 20,874 |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**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. The first year of salary continuation in the City’s workers compensation program is accrued and paid by the City’s General Fund, enterprise funds, and internal service funds.

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, enterprise funds, and internal service 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 six years of contributing less than the annual required contribution. OPEB liabilities are generally liquidated by the City’s General Fund, internal service funds and enterprise funds. 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 finance plan.

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

Liability for landfill closure – Estimated post-closure maintenance and monitoring costs for the closed landfill sites.

**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, 2013.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Future Debt Service Requirements (Continued)**

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

| Fiscal Year<br>Ending June 30, | Revenue Bonds     |                   | Notes Payable |              |
|--------------------------------|-------------------|-------------------|---------------|--------------|
|                                | Principal         | Interest          | Principal     | Interest     |
| 2014                           | \$ 18,449         | \$ 21,648         | \$ 79         | \$ 24        |
| 2015                           | 20,536            | 20,715            | 82            | 20           |
| 2016                           | 21,831            | 19,719            | 86            | 17           |
| 2017                           | 23,024            | 18,541            | 90            | 13           |
| 2018                           | 22,314            | 17,400            | 94            | 9            |
| 2019 - 2023                    | 92,864            | 71,922            | 99            | 4            |
| 2024 - 2028                    | 100,389           | 47,303            | -             | -            |
| 2029 - 2033                    | 83,752            | 22,892            | -             | -            |
| 2034 - 2038                    | 43,787            | 4,507             | -             | -            |
| Subtotals                      | 426,946           | 244,647           | 530           | 87           |
| Less: Issuance discounts       | (143)             | -                 | -             | -            |
| Plus: Issuance premiums        | 16,267            | -                 | -             | -            |
| Less: Net loss on refundings   | (7,108)           | -                 | -             | -            |
| Totals                         | <u>\$ 435,962</u> | <u>\$ 244,647</u> | <u>\$ 530</u> | <u>\$ 87</u> |

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

| Fiscal Year<br>Ending June 30, | Revenue Bonds     |                   | Notes Payable    |                  |
|--------------------------------|-------------------|-------------------|------------------|------------------|
|                                | Principal         | Interest          | Principal        | Interest         |
| 2014                           | \$ 13,836         | \$ 23,606         | \$ 3,824         | \$ 1,619         |
| 2015                           | 18,089            | 24,070            | 3,925            | 1,519            |
| 2016                           | 19,504            | 23,190            | 4,006            | 1,416            |
| 2017                           | 20,456            | 22,217            | 4,110            | 1,311            |
| 2018                           | 21,494            | 21,155            | 4,220            | 1,201            |
| 2019 - 2023                    | 101,213           | 89,235            | 14,065           | 4,451            |
| 2024 - 2028                    | 85,961            | 67,296            | 5,560            | 3,152            |
| 2029 - 2033                    | 98,473            | 43,582            | 6,274            | 2,111            |
| 2034 - 2038                    | 55,214            | 24,645            | 4,183            | 1,085            |
| 2039 - 2043                    | 70,665            | 9,180             | 2,369            | 279              |
| Subtotals                      | 504,905           | 348,176           | 52,536           | 18,144           |
| Less: Issuance discounts       | (425)             | -                 | -                | -                |
| Plus: Issuance premiums        | 51,632            | -                 | -                | -                |
| Less: Net loss on refundings   | (13,765)          | -                 | -                | -                |
| Totals                         | <u>\$ 542,347</u> | <u>\$ 348,176</u> | <u>\$ 52,536</u> | <u>\$ 18,144</u> |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**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<br>Ending June 30, | Certificates of Participation |                 |
|--------------------------------|-------------------------------|-----------------|
|                                | Principal                     | Interest        |
| 2014                           | \$ 425                        | \$ 627          |
| 2015                           | 440                           | 610             |
| 2016                           | 460                           | 591             |
| 2017                           | 480                           | 572             |
| 2018                           | 500                           | 551             |
| 2019 - 2023                    | 2,845                         | 2,391           |
| 2024 - 2028                    | 3,600                         | 1,614           |
| 2029 - 2033                    | 4,585                         | 596             |
| Subtotals                      | 13,335                        | 7,552           |
| Less: Issuance discounts       | (99)                          | -               |
| Totals                         | <u>\$ 13,236</u>              | <u>\$ 7,552</u> |

**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 (Sleep Train Arena Acquisition) variable interest rate bonds (the “Bonds”). The intention of the swap was to effectively change the Authority’s variable interest rate on the bonds to a synthetic fixed rate of 5.607% through the end of the swap agreement’s term. As of June 30, 2013 the amount of outstanding Bonds was \$64,005. 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, 2013 of \$64,005. 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 \$10,426 as of June 30, 2013, 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.

**City of Sacramento**  
**Notes to the Financial Statements**

For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Derivative Instrument - Interest Rate Swap (Continued)**

*Credit risk.* As of June 30, 2013, 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, “A3” by Moody’s Investors Service, and “A-” by Standard & Poor’s as of June 30, 2013.

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, 2013, 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:

| <u>Fiscal Year</u><br><u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Interest Rate</u><br><u>Swaps, Net</u> | <u>Total</u>     |
|---|------------------|-----------------|---|------------------|
| 2014  | \$ 1,990         | \$ 333          | \$ 3,162                                  | \$ 5,485         |
| 2015  | 2,225            | 322             | 3,052                                     | 5,599            |
| 2016  | 2,475            | 315             | 2,978                                     | 5,768            |
| 2017  | 2,665            | 295             | 2,798                                     | 5,758            |
| 2018  | 54,650           | 73              | 693                                       | 55,416           |
| <b>TOTAL</b>                                | <b>\$ 64,005</b> | <b>\$ 1,338</b> | <b>\$ 12,683</b>                          | <b>\$ 78,026</b> |

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

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**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, 2013.

**Special Assessment Debt**

Total matured and unmatured bonds outstanding related to special assessment and special tax districts are \$166,065 at June 30, 2013. 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 \$288,980 at June 30, 2013. 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, 2013, \$35,805 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.

**City of Sacramento**  
**Notes to the Financial Statements**

For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**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. In September 2012, the California Public Employees’ Pension Reform Act (PEPRA) was enacted. Under its provisions, employees hired on or after January 1, 2013 have a lower cost-pension benefit formula than employees hired before that date. 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.

**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, 4<sup>th</sup> 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         | 6.75 – 7% |
| CalPERS - Safety                | 9 – 12    |
| 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% |
| CalPERS - Safety                          | 9  |

The City is required to contribute at actuarially determined rates. Rates for the fiscal year ended June 30, 2013 were as follows (percent of annual covered payroll):

|                         |         |
|-------------------------|---------|
| CalPERS - Miscellaneous | 12.844% |
| CalPERS - Safety        | 27.781  |
| SCERS                   | 404.9   |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Annual Pension Cost**

CalPERS

For the fiscal year ended June 30, 2013, the City’s annual CalPERS pension cost of \$47,722 was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2010, 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 3.55% to 14.45%. Both (a) and (b) included an inflation component of 3% 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, 2010 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, 2010 was 29 years for the safety employees’ plan and 25 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, 2013, the City’s annual SCERS pension cost of \$10,573 was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2011 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

| <b>Fiscal Year</b> | <b>Annual Pension Cost<br/>(APC) (in millions)</b> | <b>Percentage of<br/>APC Contributed</b> | <b>Net Pension<br/>Obligation</b> |
|--------------------|--|--|-----------------------------------|
| June 30, 2011      | \$18.7   | 100%                                     | \$ -                              |
| June 30, 2012      | 18.8   | 100                                      | -                                 |
| June 30, 2013      | 20.1   | 100                                      | -                                 |

CalPERS – Safety

| <b>Fiscal Year</b> | <b>Annual Pension Cost<br/>(APC) (in millions)</b> | <b>Percentage of<br/>APC Contributed</b> | <b>Net Pension<br/>Obligation</b> |
|--------------------|--|--|-----------------------------------|
| June 30, 2011      | \$25.6   | 100%                                     | \$ -                              |
| June 30, 2012      | 29.7   | 100                                      | -                                 |
| June 30, 2013      | 27.6   | 100                                      | -                                 |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Three-Year Trend Information (Continued)**

SCERS

| <b>Fiscal Year</b> | <b>Annual Pension Cost<br/>(APC) (in millions)</b> | <b>Percentage of<br/>APC Contributed</b> | <b>Net Pension<br/>Obligation</b> |
|--------------------|--|--|-----------------------------------|
| June 30, 2011      | \$10.5   | 100%                                     | \$ -                              |
| June 30, 2012      | 10.4   | 100                                      | -                                 |
| June 30, 2013      | 10.6   | 100                                      | -                                 |

**Funded Status**

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

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets<br/>(a)</b> | <b>Actuarial<br/>Accrued<br/>Liability<br/>(AAL) - Entry<br/>Age<br/>(b)</b> | <b>(Overfunded)<br/>Unfunded<br/>AAL<br/>(b) - (a)</b> | <b>Funded<br/>Ratio<br/>(a)/(b)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>(Overfunded)<br/>Unfunded<br/>AAL as a<br/>% of<br/>Covered<br/>Payroll<br/>{(b) - (a)}/(c)</b> |
|---|--|--|--|-------------------------------------|------------------------------------|--|
| <u>CalPERS - Miscellaneous</u>          |  |  |  |                                     |                                    |  |
| 6/30/12                                 | \$ 709   | \$ 861   | \$ 152   | 82%                                 | \$ 151                             | 101%   |
| <u>CalPERS - Safety</u>                 |  |  |  |                                     |                                    |  |
| 6/30/12                                 | 1,077  | 1,313  | 236  | 82%                                 | 108                                | 219%   |
| <u>SCERS</u>                            |  |  |  |                                     |                                    |  |
| 6/30/13                                 | 292  | 382  | 90   | 76%                                 | 2                                  | 3,949%   |

The actuarial assumptions used by CalPERS for the June 30, 2012 valuation are the same as those used to determine the annual required contributions for the fiscal year ended June 30, 2013, except for price inflation which was reduced from 3% to 2.75% in the June 30, 2011 and June 30, 2012 valuations. Lowering the price inflation assumption resulted in a lower investment return assumption of 7.5% and a lower payroll growth assumption of 3%. The assumptions for the SCERS plan are the same as those used to determine the annual required contributions for the fiscal year ended June 30, 2013, except unfunded liabilities are being amortized over an open 14 year period, as a level dollar amount of projected payrolls.

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, 2013, employees contributed \$2,397 and the City contributed \$2,045 to the Plan.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**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, one of two dental plans and one vision plan. 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 \$300 and \$747 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. However, the City Council authorized the City Manager to establish an OPEB trust fund with CalPERS with an initial one-time deposit of \$2,000, made from the General Fund on January 10, 2014. Additional one-time deposits may be made in the future. 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 16.3 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)      | \$ | 42,744          |
| Interest on beginning OPEB liability    |    | 4,499           |
| Adjustment to the ARC                   |    | (7,864)         |
| Annual OPEB cost                        |    | <u>39,379</u>   |
| Contributions made                      |    | <u>(12,843)</u> |
| Increase in net OPEB obligation         |    | 26,536          |
| Net OPEB obligation - Beginning of year |    | 105,203         |
| Net OPEB obligation - End of year       | \$ | <u>131,739</u>  |
| Covered payroll (active plan members)   | \$ | 261,768         |
| UAAL as a percentage of covered payroll |    | 170.9%          |

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:

| <u>Fiscal year ended</u> | <u>Annual OPEB Cost</u> | <u>Contribution</u> | <u>Percentage of OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|---------------------|--|----------------------------|
| 6/30/2011                | \$ 31,394               | \$ 11,891           | 38%  | \$ 80,203                  |
| 6/30/2012                | 37,191                  | 12,191              | 33   | 105,203                    |
| 6/30/2013                | 39,379                  | 12,843              | 33   | 131,739                    |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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

**Funding Status and Progress**

As of June 30, 2012, the most recent actuarial valuation date of the plan was 0% funded. The actuarial accrued liability was \$447,406 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$447,406. The annual covered payroll was \$261,768 and the ratio of the unfunded actuarial accrued liability to the annual covered payroll was 170.9%. The Schedule of Funding Progress is presented as RSI following the notes to the financial statements.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into future. Examples of these estimates and assumptions include future employment trends, mortality and the health care cost trend. Amounts are determined regarding the funded status of the plan, and the annual required contribution of the employer are subject to the continual revision as actual results are compared with past expectations and new estimates are made about the future.

**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, 2011, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions utilized a 3% inflation rate, a 4.25% discount rate and a medical trend rate of 8.7% for fiscal year 2014, reduced by decrements of 0.5% each year to an ultimate rate of 5%. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 was 26 years. The assumptions in the June 30, 2012, actuarial valuation were the same as those used in the June 30, 2011, valuation, except the remaining amortization period was 25 years and the discount rate used was 4.50%, reflecting the City's plan to establish an OPEB trust with an initial \$2,000 deposit.

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

At June 30, 2013, the government-wide statement of net position reported restricted net position of \$202,388 in governmental activities. Of this amount, \$15,494 is restricted for enabling legislation.

The Culture and Leisure Fund, a special revenue fund, had a deficit fund balance of \$3,576 as of June 30, 2013. The Golf program within this fund has a deficit balance of \$5,967. It is anticipated that this deficit will be funded by future operating subsidies and surpluses.

The Marina Fund, an enterprise fund, had a deficit net position of \$2,587 as of June 30, 2013. The deficit is the result of declining revenues due to economic conditions and debt obligations related to the South Basin renovation. It is anticipated that this deficit will be funded by future operating subsidies and surpluses.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**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, 2013:

|   | <u>Description</u>         | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Net Transfers</u> |
|---|----------------------------|---------------------|----------------------|----------------------|
| <b>Governmental Activities:</b>   |                            |                     |                      |                      |
| General Fund  | Debt service               | \$ 2,030            | \$ (22,447)          | \$ (20,417)          |
| General Fund  | In-lieu tax transfers      | 26,049              | -                    | 26,049               |
| General Fund  | Program support            | 462                 | (1,083)              | (621)                |
| Capital Grants Fund   | Program support            | -                   | (48)                 | (48)                 |
| Other Governmental Funds  | Debt service               | 25,092              | (3,682)              | 21,410               |
| Other Governmental Funds  | Program support            | 1,533               | (190)                | 1,343                |
| Internal Service Funds  | Debt service               | 419                 | (51)                 | 368                  |
| Internal Service Funds  | Program support            | 2                   | (466)                | (464)                |
| Adjustment for transfer of capital assets from governmental funds to enterprise funds | Transfer of capital assets | -                   | (8,448)              | (8,448)              |
| Total governmental activities   |                            | <u>55,587</u>       | <u>(36,415)</u>      | <u>19,172</u>        |
| <b>Business-type Activities:</b>  |                            |                     |                      |                      |
| Water Fund  | Debt service               | -                   | (38)                 | (38)                 |
| Water Fund  | In-lieu tax transfers      | -                   | (9,413)              | (9,413)              |
| Water Fund  | Program support            | 18                  | (450)                | (432)                |
| Wastewater Fund   | Debt service               | -                   | (50)                 | (50)                 |
| Wastewater Fund   | In-lieu tax transfers      | -                   | (2,623)              | (2,623)              |
| Wastewater Fund   | Program support            | 4                   | -                    | 4                    |
| Storm Drainage Fund   | Debt service               | -                   | (84)                 | (84)                 |
| Storm Drainage Fund   | In-lieu tax transfers      | -                   | (3,863)              | (3,863)              |
| Storm Drainage Fund   | Program support            | 6                   | -                    | 6                    |
| Solid Waste Fund  | Debt service               | -                   | (121)                | (121)                |
| Solid Waste Fund  | In-lieu tax transfers      | -                   | (6,484)              | (6,484)              |
| Solid Waste Fund  | Program support            | 210                 | -                    | 210                  |
| Community Center Fund   | In-lieu tax transfers      | -                   | (1,468)              | (1,468)              |
| Other Enterprise Funds  | Debt service               | -                   | (1,068)              | (1,068)              |
| Other Enterprise Funds  | In-lieu tax transfers      | -                   | (2,198)              | (2,198)              |
| Other Enterprise Funds  | Program support            | 2                   | -                    | 2                    |
| Adjustment for transfer of capital assets from governmental funds to enterprise funds | Transfer of capital assets | 8,448               | -                    | 8,448                |
| Total business-type activities  |                            | <u>8,688</u>        | <u>(27,860)</u>      | <u>(19,172)</u>      |
| <b>Total government-wide statements</b>   |                            | <u>\$ 64,275</u>    | <u>\$ (64,275)</u>   | <u>\$ -</u>          |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**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, 2013:

|                                | <u>Receivables</u> | <u>Payables</u>    | <u>Interfund<br/>Balances</u> |
|--------------------------------|--------------------|--------------------|-------------------------------|
| Measure U Fund                 | \$ -               | \$ (721)           | \$ (721)                      |
| Capital Grants Fund            | -                  | (6,058)            | (6,058)                       |
| Other Governmental Funds       | -                  | (10,376)           | (10,376)                      |
| Internal Service Funds         | <u>23,787</u>      | <u>-</u>           | <u>23,787</u>                 |
| Total governmental activities  | <u>23,787</u>      | <u>(17,155)</u>    | <u>6,632</u>                  |
| Community Center Fund          | <u>-</u>           | <u>(6,632)</u>     | <u>(6,632)</u>                |
| Total business-type activities | <u>-</u>           | <u>(6,632)</u>     | <u>(6,632)</u>                |
| Total                          | <u>\$ 23,787</u>   | <u>\$ (23,787)</u> | <u>\$ -</u>                   |

\$23,787 was loaned by the City's internal service funds to cover short-term operating deficits (approximately \$9,823) and to assist in development of community resources (approximately \$13,964).

\$721 was borrowed by the Measure U Fund and \$6,058 was borrowed by the Capital Grants Fund for short term loans.

\$10,376 was borrowed by various other governmental funds for short term loans (approximately \$3,044), and development of community resources (approximately \$7,332).

\$6,632 was borrowed by the Community Center Fund for development of community resources.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**NOTE 12 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to following: worker’s compensation; torts including errors and omissions; employment practices; theft of, damage to and destruction of assets; 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 claim. 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. The fund self-insures the first \$2,000 of general and auto liability claims plus claim costs that exceed commercial insurance coverage. Commercial insurance for general and automobile liability claims provides \$30,000 in coverage, with a \$1,000 loss corridor deductible, for claims over the City’s self-insured retention.

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, 2013, the expected rate of return was 3 percent. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. The only change in insurance coverage during the fiscal year ended June 30, 2013 was an increase in the self-insured retention in the general and automobile policy from \$2,000 to \$2,000 with a \$1,000 loss corridor deductible.

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, 2013, the Risk Management Internal Service Fund had a net position of \$40,700.

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:

|   | 2013             | 2012             |
|---|------------------|------------------|
| Accrued claims and judgements, July 1   | \$ 55,933        | \$ 53,938        |
| Incurred claims and adjustment expenses | 16,445           | 17,249           |
| Claim payments                          | <u>(12,528)</u>  | <u>(15,254)</u>  |
| Accrued claims and judgements, June 30  | <u>\$ 59,850</u> | <u>\$ 55,933</u> |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**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 Wastewater Enterprise Fund is pledged to the payment of principal and interest on the Wastewater Revenue Bonds, Series 2013. Revenue of the Water Enterprise Fund is pledged to the payment of principal and interest on the California Department of Public Health Notes Payable and the Water Revenue Bonds, Series 2013. Revenue of the Storm Drainage Enterprise Fund is pledged to the payment of principal and interest on the California Infrastructure and Economic Development Bank Loan. See note 7 for more information.

**Construction and Other Commitments**

The City has commitments of \$229,203 for contracts awarded but not completed as of June 30, 2013. The following table shows the distribution of those commitments among major and nonmajor funds.

| <b>Governmental Activities:</b> |                  | <b>Business-type Activities:</b> |                   |
|---------------------------------|------------------|----------------------------------|-------------------|
| General Fund                    | \$ 2,511         | Water Fund                       | \$ 141,312        |
| Capital Grants Fund             | 58,533           | Wastewater Fund                  | 2,088             |
| Other governmental funds        | 17,562           | Storm Drainage Fund              | 3,069             |
| Internal service funds          | 1,931            | Solid Waste Fund                 | 417               |
|                                 |                  | Community Center Fund            | 420               |
|                                 |                  | Other enterprise funds           | 1,360             |
|                                 |                  |                                  |                   |
| Total governmental activities   | <u>\$ 80,537</u> | Total business-type activities   | <u>\$ 148,666</u> |

The major contracts outstanding are \$127,439 for water treatment plant upgrades and replacements, \$53,713 for road and interchange improvements on Consumnes Boulevard, \$7,794 for construction of the 6<sup>th</sup> Street overcrossing in the Railyards development project, \$6,721 for the residential water meter retrofit program, and \$3,235 for the intermodal transportation facility.

**Contingent Liabilities**

The City participates in a number of federal, state and local grant programs, the principal of which is the Federal Highway Planning and Construction program. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs for earlier years and the year ended June 30, 2013 have not been completed in all cases; accordingly, final determination of the City's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City believes any such claims would be immaterial to the City's financial position at June 30, 2013. Receipt of these grant revenues is not assured in the future.

**Litigation**

Various claims and lawsuits are pending against the City. As discussed in Note 12, the City is primarily self-insured and has accrued a liability for estimated claims outstanding. Although the outcome of these claims and lawsuits is not presently determinable, management, after consultation with legal counsel, is of the opinion that final outcome of these matters will not have a material adverse effect on the financial condition of the City.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)**

**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. \$20,405 has been reported as the City's estimate of postclosure costs at June 30, 2013. 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.

**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 \$680 at June 30, 2012 and \$603 at June 30, 2013. Pollution remediation outlays totaled approximately \$172 for the fiscal year ended June 30, 2013. 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 \$134.

**NOTE 14 – JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS**

**JOINT VENTURES**

**Sacramento Housing and Redevelopment Agency**

The City is a participant with the County of Sacramento in the Sacramento Housing and Redevelopment Agency (SHRA). From July 1, 2011 to January 31, 2012, SHRA consisted of the housing authorities of the City and County and the redevelopment agencies of the City and County. Effective February 1, 2012, all redevelopment agencies in California were officially dissolved by an act of the Legislature. Starting February 1, 2012, SHRA consisted of only the housing authorities of the City and County.

SHRA is a stand-alone agency, governed by the County Board of Supervisors over County housing and, through January 31, 2012, redevelopment activities, and the City Council over City housing and, through January 31, 2012, 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, through January 31, 2012, 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 statement may be obtained from the Sacramento Housing and Redevelopment Agency, 801 12<sup>th</sup> Street, Sacramento, California, 95814.

Upon the dissolution of redevelopment agencies in California, the City elected to become the successor agency for the Sacramento Redevelopment Agency activities. More information about the Successor Agency Trust Fund in the City's financial statements can be found in Note 15 – Successor Agency Trust Fund.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**NOTE 14 – JOINTLY GOVERNED AND RELATED ORGANIZATIONS (Continued)**

**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, 2013, five of fourteen 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, 2013, were \$7,130. 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 \$4,731 for the fiscal year ended June 30, 2013. Financial statements may be obtained from the Sacramento Public Library Authority, 828 I Street, Sacramento, California, 95814.

**Sacramento Regional Fire/EMS Communication Center**

The City is a participant with Sacramento Metropolitan Fire District and other local fire agencies in the Sacramento Regional Fire/EMS Communication Center (SRFECC), a fire dispatch center. SRFECC provides fire protection and emergency medical service dispatching for 1,000 square miles and 1.3 million residents in Sacramento and Placer Counties. The City provided \$2,730 of support to SRFECC during the fiscal year ended June 30, 2013. Financial statements may be obtained from the Sacramento Regional Fire/EMS Communication Center, 10230 Systems Parkway, Sacramento, California, 95827.

**Northern California Regional Public Safety Training Authority**

The City is a participant with the County of Sacramento, the Los Rios Community College District and the Regional Fire and Rescue Authority in the Northern California Regional Public Safety Training Authority (NCRPSTA) which operates the Northern California Regional Public Safety Training College located at McClellan Park. During the fiscal year ended June 30, 2013, the City provided \$451 of annual support to the NCRPSTA. The City also subleases space from the NCRPSTA at the McClellan Park site for various public safety emergency services offices. Rent payments during the fiscal year ended June 30, 2013 were \$564. The City also committed during the fiscal year to provide \$1,000 of financing to provide upgrades to the firing ranges at the NCRPSTA facilities. Financial statements may be obtained from the NCRPSTA Administrative Offices, 2409 Dean Street, Suite 119, McClellan, California, 95652.

**Regional Fire and Rescue Training Authority**

The City is a participant with the Sacramento Metropolitan Fire District and the California Governor's Office of Emergency Services in the Regional Fire and Rescue Training Authority which provides training for fire and rescue personnel throughout the region as well as operating the California Regional Fire Academy. During the fiscal year ended June 30, 2013, the City provided general support of \$45, paid \$79 for training courses for City staff and provided staff support. Financial statements may be obtained from the Regional Fire and Rescue Training Authority Business Office, 9320 Tech Center Drive, Sacramento, CA 95826.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**NOTE 14 – JOINTLY GOVERNED AND RELATED ORGANIZATIONS (Continued)**

**JOINTLY GOVERNED ORGANIZATIONS WITH RELATED PARTY TRANSACTIONS**

The City participates in several jointly governed organizations for which it appoints a minority of board members. The City may also provide minor financial interest in or responsibility to the organizations. The following organizations had financial transactions with the City during the fiscal year ended June 30, 2013:

The City provided general support totaling \$74 to the Regional Human Rights/Fair Housing Commission. The City terminated its participation in this jointly governed organization in the fiscal year ended June 30, 2014.

The City provided \$70 in annual support and \$33 in project management fees to the Regional Water Authority.

The City provided \$62 of annual support to the Sacramento Area Council of Governments.

The City processed payroll for the Sacramento Area Flood Control Agency (SAFCA) and received an administrative fee for the service. In addition, the City agreed to provide \$1,750 to SAFCA as part of cost sharing for Union House Creek improvements.

The City paid \$185 for services provided related to safe neighborhood and gang violence reduction programs to the Sacramento Employment and Training Agency.

The City provided \$110 in annual support to the Sacramento Groundwater Authority.

**NOTE 15 – SUCCESSOR AGENCY TRUST FUND**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) which dissolved all redevelopment agencies in the State of California. The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. Successor agencies are allocated property tax revenue in an amount necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entity as of February 1, 2012.

On January 31, 2012, the City Council elected to become the successor agency for the former Redevelopment Agency of the City of Sacramento (Agency) in accordance with the Bill. Also on January 1, 2012, the City Council elected not to serve as the successor agency for the former redevelopment agency’s housing assets and functions, but instead designated the City’s Housing Authority to serve as the successor housing agency.

Prior to February 1, 2012, California Redevelopment Law provided tax increment financing as a source of revenue to redevelopment agencies to fund redevelopment activities. Once a redevelopment area was adopted, the former Agency could only receive tax increment to the extent that it could show on an annual basis that it has incurred indebtedness that must be repaid with tax increment. Due to the nature of redevelopment financing, the former Agency liabilities exceeded its assets. Therefore, the Agency historically carried a deficit, which was expected to be reduced as future tax increment revenues were received and used to repay its outstanding long-term debt. This deficit was transferred to the successor agency on February 1, 2012. At June 30, 2013, the successor agency had a deficit of \$100,909 which will be eliminated with future property tax revenue distributions from the Redevelopment Property Tax Trust Fund administered by the County Auditor-Controller.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**NOTE 15 – SUCCESSOR AGENCY TRUST FUND (Continued)**

Assembly Bill 1484, enacted on June 27, 2012 required two due diligence reviews to be performed to determine if successor agencies held unobligated cash balances available for distribution to affected taxing entities. The State Department of Finance concurred with the balances identified by the City as available for distribution to the affected taxing entities. A payment of \$4,710 was transferred to the County Auditor-Controller on September 16, 2013 for distribution to the taxing entities, as determined during the due diligence reviews, and pursuant to HSC section 34179.6(f).

The OPEB liability reported in the private-purpose trust fund is an allocation of the SHRA OPEB liability for the former redevelopment agency employees.

**Capital Assets**

The following is a summary of changes in capital assets:

|   | Beginning<br>Balance | Increases       | Decreases   | Ending<br>Balance |
|---|----------------------|-----------------|-------------|-------------------|
| Capital assets not being depreciated/amortized  |                      |                 |             |                   |
| Land  | \$ 46,948            | \$ -            | \$ -        | \$ 46,948         |
| Depreciable/amortizable capital assets          |                      |                 |             |                   |
| Buildings and improvements                      | 17,519               | -               | -           | 17,519            |
| Less accumulated depreciation/amortization for: |                      |                 |             |                   |
| Buildings and improvements                      | (2,166)              | (438)           | -           | (2,604)           |
| Depreciable/amortizable capital assets, net     | 15,353               | (438)           | -           | 14,915            |
| Total activities capital assets, net            | <u>\$ 62,301</u>     | <u>\$ (438)</u> | <u>\$ -</u> | <u>\$ 61,863</u>  |

**Long-term Debt**

The following is a summary of changes in long-term debt:

|   | Beginning<br>Balance | Additions   | Reductions        | Ending<br>Balance | Due Within<br>One Year |
|---|----------------------|-------------|-------------------|-------------------|------------------------|
| Bonds Payable:                          |                      |             |                   |                   |                        |
| 1998 Merged Down town TABS, Series A    | \$ 8,850             | \$ -        | \$ (4,320)        | \$ 4,530          | \$ 4,530               |
| 1998 Merged Down town TX TABS, Series B | 2,860                | -           | (1,385)           | 1,475             | 1,475                  |
| 1998 Merged Down town TX TABS, Series C | 4,905                | -           | (2,395)           | 2,510             | 2,510                  |
| 2000 Merged Down town, Series A         | 1,455                | -           | (710)             | 745               | 745                    |
| Subtotal, revenue and other bonds       | <u>\$ 18,070</u>     | <u>\$ -</u> | <u>\$ (8,810)</u> | <u>\$ 9,260</u>   | <u>\$ 9,260</u>        |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**NOTE 15 – SUCCESSOR AGENCY TRUST FUND (Continued)**

**Long-term Debt (Continued)**

|  | Beginning<br>Balance | Additions | Reductions  | Ending<br>Balance | Due Within<br>One Year |
|--|----------------------|-----------|-------------|-------------------|------------------------|
| Notes Payable:                                       |                      |           |             |                   |                        |
| 1993 Merged Downtown TABS                            | \$ 12,668            | \$ -      | \$ (395)    | \$ 12,273         | \$ 373                 |
| 1999 Oak Park Refunding                              | 2,135                | -         | (145)       | 1,990             | 155                    |
| 2002 Merged Downtown TABS                            | 10,920               | -         | (1,890)     | 9,030             | 1,965                  |
| 2002 Merged Downtown Master Lease                    | 3,825                | -         | (1,875)     | 1,950             | 1,950                  |
| 2002 Stockton Blvd Master Lease                      | 505                  | -         | (75)        | 430               | 80                     |
| 2003 Alkali Flat TE TABS, Series C                   | 5,155                | -         | (370)       | 4,785             | 385                    |
| 2003 Del Paso TE TABS, Series A                      | 6,066                | -         | -           | 6,066             | -                      |
| 2003 North Sacramento TE TABS, Series C              | 4,610                | -         | (80)        | 4,530             | 80                     |
| 2005 Del Paso Master Lease                           | 1,455                | -         | (155)       | 1,300             | 160                    |
| 2005 Del Paso Refunding                              | 5,965                | -         | (630)       | 5,335             | 660                    |
| 2005 Merged Downtown Master Lease Refunding          | 8,885                | -         | (20)        | 8,865             | 25                     |
| 2005 Merged Downtown TE, Series A                    | 83,528               | -         | -           | 83,528            | -                      |
| 2005 Merged Downtown TX, Series B                    | 32,720               | -         | (415)       | 32,305            | 435                    |
| 2005 North Sacramento Master Lease Refund            | 4,345                | -         | (155)       | 4,190             | 160                    |
| 2005 Oak Park Master Lease Refunding                 | 1,210                | -         | (90)        | 1,120             | 85                     |
| 2005 Oak Park TE, Series A                           | 8,844                | -         | -           | 8,844             | -                      |
| 2005 Oak Park TX, Series B                           | 7,855                | -         | (785)       | 7,070             | 820                    |
| 2005 Richards Master Lease Refunding                 | 4,995                | -         | (175)       | 4,820             | 190                    |
| 2006 65th Street TE Master Lease, Series A           | 1,605                | -         | (35)        | 1,570             | 35                     |
| 2006 65th Street TX Master Lease, Series B           | 3,890                | -         | (75)        | 3,815             | 75                     |
| 2006 Del Paso TE, Series A                           | 5,260                | -         | (60)        | 5,200             | 60                     |
| 2006 Del Paso TX, Series B                           | 2,450                | -         | (125)       | 2,325             | 135                    |
| 2006 North Sacramento TE Master Lease, Series A      | 485                  | -         | (10)        | 475               | 10                     |
| 2006 North Sacramento TX Master Lease, Series B      | 4,545                | -         | (85)        | 4,460             | 90                     |
| 2006 Oak Park Refunding TE, Series A                 | 8,460                | -         | (630)       | 7,830             | 655                    |
| 2006 Stockton Blvd Master Lease                      | 1,990                | -         | -           | 1,990             | -                      |
| 2008 BOA Public Capital Corporation                  | 2,711                | -         | (113)       | 2,598             | 118                    |
| 2009 Army Depot TX Swap                              | 3,133                | -         | (59)        | 3,074             | 62                     |
| 2009 Army Depot TE Swap                              | 6,700                | -         | (145)       | 6,555             | 155                    |
| 2009 River District TX Swap                          | 2,932                | -         | (56)        | 2,876             | 58                     |
| 2009-10 SERAF Borrowing                              | 4,000                | -         | -           | 4,000             | 1,333                  |
| Boating and Waterways Loan                           | 605                  | -         | (75)        | 530               | 79                     |
| Globe Mills  | 4,675                | -         | (197)       | 4,478             | 209                    |
| City of Sacramento CIEDB - Utilities/Detention Basin | 1,371                | -         | (35)        | 1,336             | 36                     |
| Franklin Blvd Redevelopment Area                     | 196                  | -         | (44)        | 152               | 47                     |
| North Sacramento BOA Line of Credit                  | 5,400                | -         | (5,400)     | -                 | -                      |
| North Sacramento CIEDB Loan                          | 3,726                | -         | (108)       | 3,618             | 111                    |
| Railyards Parking Loan                               | 340                  | -         | (35)        | 305               | -                      |
| Stockton Blvd CIEDB Loan                             | 3,120                | -         | (92)        | 3,028             | 95                     |
| Stockton Blvd Line of Credit                         | 6,400                | -         | (6,400)     | -                 | -                      |
| Subtotal, notes payable                              | 279,680              | -         | (21,034)    | 258,646           | 10,886                 |
| Total, long-term debt                                | \$ 297,750           | \$ -      | \$ (29,844) | \$ 267,906        | \$ 20,146              |

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

**NOTE 15 – SUCCESSOR AGENCY TRUST FUND (Continued)**

**Future Debt Service Requirements**

The following tables disclose the annual debt service requirements outstanding as of June 30, 2013:

| Fiscal Year<br>Ending June 30, | Bonds Payable   |               | Notes Payable     |                   |
|--------------------------------|-----------------|---------------|-------------------|-------------------|
|                                | Principal       | Interest      | Principal         | Interest          |
| 2014                           | \$ 9,260        | \$ 282        | \$ 10,886         | \$ 9,100          |
| 2015                           | -               | -             | 13,810            | 15,963            |
| 2016                           | -               | -             | 14,063            | 15,714            |
| 2017                           | -               | -             | 12,960            | 15,396            |
| 2018                           | -               | -             | 13,312            | 15,045            |
| 2019 - 2023                    | -               | -             | 82,249            | 45,446            |
| 2024 - 2028                    | -               | -             | 53,220            | 65,794            |
| 2029 - 2033                    | -               | -             | 41,283            | 57,490            |
| 2034 - 2038                    | -               | -             | 16,863            | 10,702            |
| Totals                         | <u>\$ 9,260</u> | <u>\$ 282</u> | <u>\$ 258,646</u> | <u>\$ 250,650</u> |

**NOTE 16 – SHORT-TERM DEBT**

The City issued \$36,585 of Tax and Revenue Anticipation Notes (TRANs) on July 19, 2012, and redeemed them on June 28, 2013. 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, 2013 was as follows:

|                                    | Beginning<br>Balance | Increase  | Decrease    | Ending<br>Balance |
|------------------------------------|----------------------|-----------|-------------|-------------------|
| Tax and Revenue Anticipation Notes | \$ -                 | \$ 36,585 | \$ (36,585) | \$ -              |

**NOTE 17 – SPECIAL ITEMS**

The City recognized three special item transactions during the fiscal year ended June 30, 2013. A special item was recognized in the General Fund for surplus assessment district redemption fund balances, transferred from agency funds after declared surplus by City Council in Resolution 2013-0125 totaling \$8,534. A special item was recognized in the new Economic Development Fund for the Master Owner Participation Agreement (MOPA) balance of \$22,674 related to the sale of the Sacramento Sheraton Grand Hotel. The MOPA balance was included as a liability of the private purpose trust fund as of June 30, 2012 and transferred to the City after City Council assignment of the MOPA in the current fiscal year. A special item for forgiveness of \$5,000 of the Crocker Art Museum Association loan receivable, approved by the City Council in Resolution 2013-1444, is recognized in the government-wide statement of activities.

**NOTE 18 – SERVICE CONCESSION ARRANGEMENT FOR CITY GOLF COURSES**

In the prior fiscal year, the City entered into agreement number 2011-1245 with Morton Golf LLC (Morton) under which Morton will operate and collect user fees from City golf courses over the next 10 years. Morton will pay the City minimum installment payments plus a percentage of gross revenues over the 10 year period. The present value of the installment payments was estimated to be \$10,634. Morton is required to operate and maintain the golf courses in accordance with the agreement. The City reports a deferred inflow and loan receivable of \$9,039 in the government-wide statement of net position as of June 30, 2013.

**City of Sacramento**  
**Notes to the Financial Statements**  
For the Fiscal Year Ended June 30, 2013  
(dollar amounts expressed in thousands)

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**NOTE 19 – RECLASSIFICATIONS AND RESTATEMENTS**

**Capital Asset Adjustments**

The beginning net position of the City’s governmental activities has been restated by \$119,063 to remove the Cal EPA building and land capitalized in error in fiscal year 2001. The building was financed by conduit debt issued by the Sacramento City Financing Authority and leased to, and capitalized by, the State of California. The conduit debt is not reported on the City’s statement of net position because the bonds are secured solely by lease payments from the State.

**Fund Reclassifications**

Two impact fee programs, previously reported as components of the investment trust fund, have been reclassified into the Financing Plans Fund, resulting in a \$74 restatement of beginning fund balance, fiduciary net position, and net position of governmental activities.

In addition, the beginning fund balances of two impact fee programs totaling \$5,900 and the brownfields program of \$1,390 have been reclassified from the Transportation and Development Fund to the Financing Plans Fund and the Economic Development Fund, respectively. These reclassifications do no change net position reported in the government-wide statements because they occurred between nonmajor governmental funds.

Net position reported in the government-wide statements as of June 30, 2012, have been restated as follows:

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| Net position, as of June 30, 2012, as originally reported | \$ 1,692,787                       |
| Restatements:   |                                    |
| Capital asset adjustment                                  | (119,063)                          |
| Fund reclassifications                                    | <u>74</u>                          |
| Total restatements  | <u>(118,989)</u>                   |
| Net position, as of June 30, 2012, as restated            | <u>\$ 1,573,798</u>                |

Fund balance of governmental funds, as of June 30, 2012, has been restated as follows:

|  | <u>Other<br/>Governmental<br/>Funds</u> |
|--|---|
| Fund balances, as of June 30, 2012, as originally reported | \$ 208,044                              |
| Restatements - Fund reclassifications                      | <u>74</u>                               |
| Fund balances, as of June 30, 2012, as restated            | <u>\$ 208,118</u>                       |

**City of Sacramento**  
**Notes to the Financial Statements**  
 For the Fiscal Year Ended June 30, 2013  
 (dollar amounts expressed in thousands)

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**NOTE 19 – RECLASSIFICATIONS AND RESTATEMENTS (Continued)**

Fiduciary net position, as of June 30, 2012, has been restated as follows:

|   | <u>Investment<br/>Trust Funds</u> |
|---|-----------------------------------|
| Fiduciary net position, as of June 30, 2012, as originally reported | \$ 144,961                        |
| Restatements - Fund reclassifications                               | <u>(74)</u>                       |
| Fiduciary net position, as of June 30, 2012, as restated            | <u><u>\$ 144,887</u></u>          |

**NOTE 20 – SUBSEQUENT EVENT**

On July 18, 2013, the City issued \$32,630 of Tax and Revenue Anticipation Notes (TRANS), bearing interest at a rate of 2% per annum, maturing on June 27, 2014. The notes were issued to supplement City General Fund cash flows until taxes and other revenues are collected.

# Required Supplementary Information

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

| Actuarial Valuation Date       | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) – Entry Age (b) | (Overfunded) Unfunded AAL (b) – (a) | Funded Ratio (a)/(b) | Covered Payroll (c) | (Overfunded) Unfunded AAL as a % of Covered Payroll $\{(b)-(a)\}/(c)$ |
|--------------------------------|-------------------------------|---|-------------------------------------|----------------------|---------------------|---|
| <u>CalPERS - Miscellaneous</u> |                               |   |                                     |                      |                     |   |
| 6/30/10                        | \$ 607                        | \$ 751  | \$ 144                              | 81%                  | \$ 171              | 84%   |
| 6/30/11                        | 660                           | 819   | 159                                 | 81                   | 165                 | 96  |
| 6/30/12                        | 709                           | 861   | 152                                 | 82                   | 151                 | 101   |
| <u>CalPERS - Safety</u>        |                               |   |                                     |                      |                     |   |
| 6/30/10                        | 987                           | 1,183   | 196                                 | 83                   | 111                 | 178   |
| 6/30/11                        | 1,035                         | 1,249   | 214                                 | 83                   | 109                 | 196   |
| 6/30/12                        | 1,077                         | 1,313   | 236                                 | 82                   | 108                 | 219   |
| <u>SCERS</u>                   |                               |   |                                     |                      |                     |   |
| 6/30/11                        | 297                           | 397   | 100                                 | 75                   | 4                   | 2,420   |
| 6/30/12                        | 294                           | 389   | 95                                  | 76                   | 3                   | 3,211   |
| 6/30/13                        | 292                           | 382   | 90                                  | 76                   | 2                   | 3,949   |

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

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| Actuarial<br>Valuation<br>Date | Actuarial<br>Valuation of<br>Assets<br>(a) | Actuarial<br>Valued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 6/30/2009                      | \$ -                                       | \$ 376   | \$ 376                             | 0.00%                    | \$ 275                    | 136.7%  |
| 6/30/2011                      | -  | 440  | 440                                | 0.00                     | 254                       | 173.4   |
| 6/30/2012                      | -  | 447  | 447                                | 0.00                     | 262                       | 170.9   |

Notes to the Required Supplementary Information

1. This information is intended to help users assess the OPEB funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.

## OTHER GOVERNMENTAL FUNDS

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

**SPECIAL REVENUE FUNDS** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. These funds are generally required by statute, charter or ordinance to finance specific governmental functions. The individual funds are listed in the special revenue funds section of the CAFR.

**OTHER DEBT SERVICE FUNDS** are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest, or that are being accumulated for principal and interest maturing in future years. The individual funds are listed in the other debt service funds section of the CAFR.

**OTHER CAPITAL PROJECTS FUNDS** are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for governmental capital assets. The individual funds are listed in the other capital projects funds section of the CAFR.

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

**City of Sacramento**  
**Other Governmental Funds**  
**Combining Balance Sheet**

June 30, 2013  
(in thousands)

|  | Special<br>Revenue<br>Funds | Other<br>Debt<br>Service<br>Funds | Other<br>Capital<br>Projects<br>Funds | Permanent<br>Funds | Total<br>Other<br>Governmental<br>Funds |
|--|-----------------------------|-----------------------------------|---------------------------------------|--------------------|---|
| <b>ASSETS</b>                              |                             |                                   |                                       |                    |   |
| Cash and investments held by City          | \$ 120,235                  | \$ 4,081                          | \$ 74,179                             | \$ 4,605           | \$ 203,100                              |
| Cash and investments held by fiscal agent  | 29                          | 273                               | -                                     | -                  | 302                                     |
| Securities lending assets                  | 7                           | -                                 | 5                                     | 4                  | 16                                      |
| Receivables, net:                          |                             |                                   |                                       |                    |   |
| Taxes                                      | 1,658                       | -                                 | -                                     | -                  | 1,658                                   |
| Accounts                                   | 2,556                       | -                                 | 1,583                                 | -                  | 4,139                                   |
| Loans                                      | 1,327                       | 5,368                             | 5,000                                 | -                  | 11,695                                  |
| Intergovernmental                          | 16,165                      | 45,658                            | -                                     | -                  | 61,823                                  |
| Interest                                   | 108                         | 10                                | 239                                   | 13                 | 370                                     |
| Prepaid items                              | 44                          | -                                 | -                                     | -                  | 44                                      |
| Restricted assets:                         |                             |                                   |                                       |                    |   |
| Cash and investments held by City          | 600                         | 819                               | 8,723                                 | -                  | 10,142                                  |
| Cash and investments held by fiscal agent  | 841                         | 15,499                            | -                                     | -                  | 16,340                                  |
| <b>Total assets</b>                        | <b>\$ 143,570</b>           | <b>\$ 71,708</b>                  | <b>\$ 89,729</b>                      | <b>\$ 4,622</b>    | <b>\$ 309,629</b>                       |
| <b>LIABILITIES AND FUND BALANCES</b>       |                             |                                   |                                       |                    |   |
| Liabilities:                               |                             |                                   |                                       |                    |   |
| Securities lending obligations             | \$ 467                      | \$ -                              | \$ 1,003                              | \$ 24              | \$ 1,494                                |
| Accounts payable                           | 7,282                       | -                                 | 4,749                                 | 56                 | 12,087                                  |
| Accrued payroll                            | 131                         | -                                 | -                                     | -                  | 131                                     |
| Accrued claims and judgements              | 1,601                       | -                                 | -                                     | -                  | 1,601                                   |
| Due to other funds                         | 3,044                       | -                                 | -                                     | -                  | 3,044                                   |
| Deposits                                   | 890                         | 819                               | 501                                   | -                  | 2,210                                   |
| Deferred revenue                           | 6,749                       | 50,507                            | 5,619                                 | -                  | 62,875                                  |
| Advances from other funds                  | 7,332                       | -                                 | -                                     | -                  | 7,332                                   |
| <b>Total liabilities</b>                   | <b>27,496</b>               | <b>51,326</b>                     | <b>11,872</b>                         | <b>80</b>          | <b>90,774</b>                           |
| Fund balances:                             |                             |                                   |                                       |                    |   |
| Nonspendable:                              |                             |                                   |                                       |                    |   |
| Prepaid items                              | 44                          | -                                 | -                                     | -                  | 44                                      |
| Noncurrent assets                          | -                           | 530                               | -                                     | -                  | 530                                     |
| Permanent fund principal                   | -                           | -                                 | -                                     | 878                | 878                                     |
| Restricted:                                |                             |                                   |                                       |                    |   |
| Capital projects                           | 53,397                      | -                                 | 77,365                                | -                  | 130,762                                 |
| Debt service                               | 1,914                       | 15,558                            | -                                     | -                  | 17,472                                  |
| Public works programs                      | 13,781                      | -                                 | -                                     | -                  | 13,781                                  |
| Economic development programs              | 23,970                      | -                                 | -                                     | -                  | 23,970                                  |
| Other programs                             | 26,959                      | -                                 | 492                                   | 3,664              | 31,115                                  |
| Committed:                                 |                             |                                   |                                       |                    |   |
| Capital projects                           | 3,066                       | -                                 | -                                     | -                  | 3,066                                   |
| Debt service                               | -                           | 2,278                             | -                                     | -                  | 2,278                                   |
| Other programs                             | 4,234                       | -                                 | -                                     | -                  | 4,234                                   |
| Assigned:                                  |                             |                                   |                                       |                    |   |
| Debt service                               | -                           | 1,805                             | -                                     | -                  | 1,805                                   |
| Unrealized investment gains                | -                           | 100                               | -                                     | -                  | 100                                     |
| Other programs                             | 1,452                       | 111                               | -                                     | -                  | 1,563                                   |
| Unassigned                                 | (12,743)                    | -                                 | -                                     | -                  | (12,743)                                |
| <b>Total fund balances</b>                 | <b>116,074</b>              | <b>20,382</b>                     | <b>77,857</b>                         | <b>4,542</b>       | <b>218,855</b>                          |
| <b>Total liabilities and fund balances</b> | <b>\$ 143,570</b>           | <b>\$ 71,708</b>                  | <b>\$ 89,729</b>                      | <b>\$ 4,622</b>    | <b>\$ 309,629</b>                       |

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

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | Special<br>Revenue<br>Funds | Other<br>Debt<br>Service<br>Funds | Other<br>Capital<br>Projects<br>Funds | Permanent<br>Funds | Total<br>Other<br>Governmental<br>Funds |
|--|-----------------------------|-----------------------------------|---------------------------------------|--------------------|---|
| Revenues:  |                             |                                   |                                       |                    |   |
| Taxes  | \$ 2,415                    | \$ -                              | \$ -                                  | \$ -               | \$ 2,415                                |
| Intergovernmental  | 67,015                      | 3,010                             | -                                     | -                  | 70,025                                  |
| Charges for services   | 5,208                       | -                                 | -                                     | -                  | 5,208                                   |
| Fines, forfeits and penalties                                | 727                         | -                                 | -                                     | -                  | 727                                     |
| Interest, rents, and concessions                             | 4,289                       | 2,776                             | 990                                   | 387                | 8,442                                   |
| Community service fees                                       | 2,547                       | -                                 | 4,589                                 | -                  | 7,136                                   |
| Assessment levies  | 35,262                      | -                                 | 2,326                                 | -                  | 37,588                                  |
| Contributions and donations                                  | 694                         | 1,305                             | 77                                    | 1                  | 2,077                                   |
| Miscellaneous  | 1                           | -                                 | -                                     | -                  | 1                                       |
| <b>Total revenues</b>  | <b>118,158</b>              | <b>7,091</b>                      | <b>7,982</b>                          | <b>388</b>         | <b>133,619</b>                          |
| Expenditures:  |                             |                                   |                                       |                    |   |
| Current:   |                             |                                   |                                       |                    |   |
| General government   | 3,206                       | -                                 | 222                                   | 211                | 3,639                                   |
| Police   | 15,929                      | -                                 | -                                     | -                  | 15,929                                  |
| Fire   | 4,364                       | -                                 | -                                     | -                  | 4,364                                   |
| General services   | 806                         | -                                 | -                                     | -                  | 806                                     |
| Public works   | 28,294                      | -                                 | -                                     | -                  | 28,294                                  |
| Convention, culture and leisure                              | 5,024                       | -                                 | -                                     | -                  | 5,024                                   |
| Economic development   | 7,823                       | -                                 | -                                     | -                  | 7,823                                   |
| Parks and recreation   | 17,507                      | -                                 | 159                                   | -                  | 17,666                                  |
| Community development  | 3,356                       | -                                 | 435                                   | -                  | 3,791                                   |
| Library  | 4,726                       | -                                 | -                                     | -                  | 4,726                                   |
| Utilities  | 827                         | -                                 | -                                     | -                  | 827                                     |
| Citywide and community support                               | 149                         | -                                 | 11                                    | -                  | 160                                     |
| Capital outlay   | 25,198                      | -                                 | 15,231                                | -                  | 40,429                                  |
| Debt service:  |                             |                                   |                                       |                    |   |
| Principal  | 995                         | 14,544                            | 334                                   | -                  | 15,873                                  |
| Interest and fiscal charges                                  | 683                         | 18,285                            | 9                                     | -                  | 18,977                                  |
| <b>Total expenditures</b>                                    | <b>118,887</b>              | <b>32,829</b>                     | <b>16,401</b>                         | <b>211</b>         | <b>168,328</b>                          |
| Excess (deficiency) of revenues over<br>(under) expenditures | (729)                       | (25,738)                          | (8,419)                               | 177                | (34,709)                                |
| Other financing sources (uses):                              |                             |                                   |                                       |                    |   |
| Transfers in   | 1,534                       | 25,091                            | -                                     | -                  | 26,625                                  |
| Transfers out  | (190)                       | -                                 | (3,682)                               | -                  | (3,872)                                 |
| Issuance of long-term debt                                   | -                           | -                                 | 19                                    | -                  | 19                                      |
| <b>Total other financing sources (uses)</b>                  | <b>1,344</b>                | <b>25,091</b>                     | <b>(3,663)</b>                        | <b>-</b>           | <b>22,772</b>                           |
| Special item   | 22,674                      | -                                 | -                                     | -                  | 22,674                                  |
| Net change in fund balances                                  | 23,289                      | (647)                             | (12,082)                              | 177                | 10,737                                  |
| Fund balances, beginning of year, as restated                | 92,785                      | 21,029                            | 89,939                                | 4,365              | 208,118                                 |
| Fund balances, end of year                                   | <u>\$ 116,074</u>           | <u>\$ 20,382</u>                  | <u>\$ 77,857</u>                      | <u>\$ 4,542</u>    | <u>\$ 218,855</u>                       |

## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. These funds are generally required by statute, charter or ordinance to finance specific government functions. The following special revenue funds have been classified as nonmajor funds:

**THE TRANSPORTATION AND DEVELOPMENT FUND** accounts for the receipts and disbursements of taxes, fees and fines which are used to construct and maintain streets, bridges and bikeways as well as for traffic safety and community development activities. Programs in the Transportation and Development Fund include the State Gasoline Tax Program, the Traffic Congestion Relief Program, the Sacramento Transportation Sales Tax Program, the Major Street Construction Tax Program, the Transportation Development Act Program and the Private Development Program.

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

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

**THE ECONOMIC DEVELOPMENT FUND** accounts for the receipts and disbursements of former redevelopment property tax revenues as well as the Brownfield Revolving Loan Program and the Sheraton Master Owner Participation Agreement (MOPA).

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

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

## **SPECIAL REVENUE FUNDS (continued)**

**THE SPECIAL DISTRICTS SPECIAL REVENUE FUND** is used to account for a variety of programs that provide infrastructure maintenance and other services for specific areas of the City. The Special Districts Special Revenue Fund includes the Business Improvement Districts Program, the Landscaping and Lighting Districts Program, the Maintenance Benefit Area Program and the Assessment District Maintenance Program.

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

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**City of Sacramento**  
**Special Revenue Funds**  
**Combining Balance Sheet**

June 30, 2013

(in thousands)

|   | Transportation<br>and Development<br>Fund | Culture and<br>Leisure<br>Fund | Parks and<br>Recreation<br>Fund | Economic<br>Development<br>Fund |
|---|---|--------------------------------|---------------------------------|---------------------------------|
| <b>ASSETS</b>                             |   |                                |                                 |                                 |
| Cash and investments held by City         | \$ 54,912                                 | \$ 2,782                       | \$ 13,968                       | \$ 23,012                       |
| Cash and investments held by fiscal agent | -   | 29                             | -                               | -                               |
| Securities lending assets                 | -   | -                              | 5                               | 2                               |
| Receivables, net:                         |   |                                |                                 |                                 |
| Taxes                                     | -   | -                              | -                               | 1,658                           |
| Accounts                                  | 431                                       | 317                            | 111                             | 25                              |
| Loans                                     | -   | 82                             | -                               | 1,245                           |
| Intergovernmental                         | 5,134                                     | -                              | 1,015                           | -                               |
| Interest                                  | -   | 1                              | 5                               | 102                             |
| Prepaid items                             | -   | -                              | 2                               | -                               |
| Restricted assets:                        |   |                                |                                 |                                 |
| Cash and investments held by City         | -   | -                              | -                               | -                               |
| Cash and investments held by fiscal agent | 109                                       | 732                            | -                               | -                               |
| Total assets                              | <u>\$ 60,586</u>                          | <u>\$ 3,943</u>                | <u>\$ 15,106</u>                | <u>\$ 26,044</u>                |
| <b>LIABILITIES AND FUND BALANCES</b>      |   |                                |                                 |                                 |
| Liabilities:                              |   |                                |                                 |                                 |
| Securities lending obligations            | \$ 222                                    | \$ -                           | \$ 96                           | \$ 149                          |
| Accounts payable                          | 3,009                                     | 30                             | 454                             | 258                             |
| Accrued payroll                           | -   | -                              | 118                             | -                               |
| Accrued claims and judgements             | 1,601                                     | -                              | -                               | -                               |
| Due to other funds                        | -   | -                              | -                               | -                               |
| Deposits                                  | 666                                       | 6                              | 127                             | -                               |
| Deferred revenue                          | 3,210                                     | 151                            | 206                             | 9                               |
| Advances from other funds                 | -   | 7,332                          | -                               | -                               |
| Total liabilities                         | <u>8,708</u>                              | <u>7,519</u>                   | <u>1,001</u>                    | <u>416</u>                      |
| Fund balances:                            |   |                                |                                 |                                 |
| Nonspendable:                             |   |                                |                                 |                                 |
| Prepaid items                             | -   | -                              | 2                               | -                               |
| Restricted:                               |   |                                |                                 |                                 |
| Capital projects                          | 39,259                                    | -                              | 10,033                          | -                               |
| Debt service                              | -   | 732                            | -                               | -                               |
| Public works programs                     | 13,781                                    | -                              | -                               | -                               |
| Economic development programs             | -   | -                              | -                               | 23,970                          |
| Other programs                            | -   | 1,828                          | 2,863                           | -                               |
| Committed:                                |   |                                |                                 |                                 |
| Capital projects                          | 254                                       | 230                            | 82                              | -                               |
| Other programs                            | 1,443                                     | 8                              | 1,125                           | 1,658                           |
| Assigned:                                 |   |                                |                                 |                                 |
| Other programs                            | -   | 530                            | -                               | -                               |
| Unassigned                                | (2,859)                                   | (6,904)                        | -                               | -                               |
| Total fund balances (deficit)             | <u>51,878</u>                             | <u>(3,576)</u>                 | <u>14,105</u>                   | <u>25,628</u>                   |
| Total liabilities and fund balances       | <u>\$ 60,586</u>                          | <u>\$ 3,943</u>                | <u>\$ 15,106</u>                | <u>\$ 26,044</u>                |

**City of Sacramento**  
**Special Revenue Funds**  
**Combining Balance Sheet**

June 30, 2013

(in thousands)

|  | Operating<br>Grants<br>Fund | CCOMWP<br>Fund  | Special Districts<br>Special Revenue<br>Fund | Cal EPA<br>Fund | Total<br>Special<br>Revenue<br>Funds |
|--|-----------------------------|-----------------|--|-----------------|--------------------------------------|
| <b>ASSETS</b>                              |                             |                 |  |                 |                                      |
| Cash and investments held by City          | \$ -                        | \$ 1,754        | \$ 20,430                                    | \$ 3,377        | \$ 120,235                           |
| Cash and investments held by fiscal agent  | -                           | -               | -  | -               | 29                                   |
| Securities lending assets                  | -                           | -               | -  | -               | 7                                    |
| Receivables, net:                          |                             |                 |  |                 |                                      |
| Taxes                                      | -                           | -               | -  | -               | 1,658                                |
| Accounts                                   | 141                         | 334             | 1,197  | -               | 2,556                                |
| Loans                                      | -                           | -               | -  | -               | 1,327                                |
| Intergovernmental                          | 9,971                       | -               | -  | 45              | 16,165                               |
| Interest                                   | -                           | -               | -  | -               | 108                                  |
| Prepaid items                              | 39                          | 3               | -  | -               | 44                                   |
| Restricted assets:                         |                             |                 |  |                 |                                      |
| Cash and investments held by City          | -                           | -               | 600  | -               | 600                                  |
| Cash and investments held by fiscal agent  | -                           | -               | -  | -               | 841                                  |
| <b>Total assets</b>                        | <b>\$ 10,151</b>            | <b>\$ 2,091</b> | <b>\$ 22,227</b>                             | <b>\$ 3,422</b> | <b>\$ 143,570</b>                    |
| <b>LIABILITIES AND FUND BALANCES</b>       |                             |                 |  |                 |                                      |
| Liabilities:                               |                             |                 |  |                 |                                      |
| Securities lending obligations             | \$ -                        | \$ -            | \$ -   | \$ -            | \$ 467                               |
| Accounts payable                           | 607                         | 223             | 2,701  | -               | 7,282                                |
| Accrued payroll                            | -                           | 13              | -  | -               | 131                                  |
| Accrued claims and judgements              | -                           | -               | -  | -               | 1,601                                |
| Due to other funds                         | 3,044                       | -               | -  | -               | 3,044                                |
| Deposits                                   | 91                          | -               | -  | -               | 890                                  |
| Deferred revenue                           | 3,173                       | -               | -  | -               | 6,749                                |
| Advances from other funds                  | -                           | -               | -  | -               | 7,332                                |
| <b>Total liabilities</b>                   | <b>6,915</b>                | <b>236</b>      | <b>2,701</b>                                 | <b>-</b>        | <b>27,496</b>                        |
| Fund balances:                             |                             |                 |  |                 |                                      |
| Nonspendable:                              |                             |                 |  |                 |                                      |
| Prepaid items                              | 39                          | 3               | -  | -               | 44                                   |
| Restricted:                                |                             |                 |  |                 |                                      |
| Capital projects                           | -                           | -               | 4,105  | -               | 53,397                               |
| Debt service                               | -                           | -               | 1,182  | -               | 1,914                                |
| Public works programs                      | -                           | -               | -  | -               | 13,781                               |
| Economic development programs              | -                           | -               | -  | -               | 23,970                               |
| Other programs                             | 6,177                       | 1,852           | 14,239                                       | -               | 26,959                               |
| Committed:                                 |                             |                 |  |                 |                                      |
| Capital projects                           | -                           | -               | -  | 2,500           | 3,066                                |
| Other programs                             | -                           | -               | -  | -               | 4,234                                |
| Assigned:                                  |                             |                 |  |                 |                                      |
| Other programs                             | -                           | -               | -  | 922             | 1,452                                |
| Unassigned                                 | (2,980)                     | -               | -  | -               | (12,743)                             |
| <b>Total fund balances (deficit)</b>       | <b>3,236</b>                | <b>1,855</b>    | <b>19,526</b>                                | <b>3,422</b>    | <b>116,074</b>                       |
| <b>Total liabilities and fund balances</b> | <b>\$ 10,151</b>            | <b>\$ 2,091</b> | <b>\$ 22,227</b>                             | <b>\$ 3,422</b> | <b>\$ 143,570</b>                    |

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

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | Transportation<br>and Development<br>Fund | Culture and<br>Leisure<br>Fund | Parks and<br>Recreation<br>Fund | Economic<br>Development<br>Fund |
|--|---|--------------------------------|---------------------------------|---------------------------------|
| Revenues:  |   |                                |                                 |                                 |
| Taxes  | \$ 757                                    | \$ -                           | \$ -                            | \$ 1,658                        |
| Intergovernmental  | 28,751                                    | 100                            | 4,580                           | -                               |
| Charges for services   | 3,027                                     | 488                            | 92                              | -                               |
| Fines, forfeits and penalties                                | 727                                       | -                              | -                               | -                               |
| Interest, rents, and concessions                             | 800                                       | 1,615                          | 1,382                           | 164                             |
| Community service fees                                       | 83  | -                              | 2,464                           | -                               |
| Assessment levies  | 17  | -                              | -                               | -                               |
| Contributions and donations                                  | -   | 43                             | 192                             | -                               |
| Miscellaneous  | -   | -                              | 1                               | -                               |
| Total revenues   | <u>34,162</u>                             | <u>2,246</u>                   | <u>8,711</u>                    | <u>1,822</u>                    |
| Expenditures:  |   |                                |                                 |                                 |
| Current:   |   |                                |                                 |                                 |
| General government   | -   | -                              | -                               | -                               |
| Police   | -   | -                              | -                               | -                               |
| Fire   | -   | -                              | -                               | -                               |
| General services   | -   | -                              | -                               | -                               |
| Public works   | 17,165                                    | -                              | -                               | -                               |
| Convention, culture and leisure                              | -   | 606                            | -                               | -                               |
| Economic development   | -   | -                              | -                               | 258                             |
| Parks and recreation   | -   | -                              | 9,224                           | -                               |
| Community development  | 3,021                                     | -                              | -                               | -                               |
| Library  | -   | -                              | -                               | -                               |
| Utilities  | -   | -                              | -                               | -                               |
| Citywide and community support                               | -   | 149                            | -                               | -                               |
| Capital outlay   | 20,401                                    | 115                            | 3,418                           | -                               |
| Debt service:  |   |                                |                                 |                                 |
| Principal  | -   | 540                            | -                               | -                               |
| Interest and fiscal charges                                  | -   | 556                            | -                               | -                               |
| Total expenditures   | <u>40,587</u>                             | <u>1,966</u>                   | <u>12,642</u>                   | <u>258</u>                      |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(6,425)</u>                            | <u>280</u>                     | <u>(3,931)</u>                  | <u>1,564</u>                    |
| Other financing sources (uses):                              |   |                                |                                 |                                 |
| Transfers in   | 530                                       | -                              | 553                             | -                               |
| Transfers out  | (162)                                     | -                              | (28)                            | -                               |
| Total other financing sources (uses)                         | <u>368</u>                                | <u>-</u>                       | <u>525</u>                      | <u>-</u>                        |
| Special item   | -   | -                              | -                               | 22,674                          |
| Net change in fund balances                                  | (6,057)                                   | 280                            | (3,406)                         | 24,238                          |
| Fund balances (deficit), beginning of year,<br>as restated   | <u>57,935</u>                             | <u>(3,856)</u>                 | <u>17,511</u>                   | <u>1,390</u>                    |
| Fund balances (deficit), end of year                         | <u>\$ 51,878</u>                          | <u>\$ (3,576)</u>              | <u>\$ 14,105</u>                | <u>\$ 25,628</u>                |

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

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | Operating<br>Grants<br>Fund | CCOMWP<br>Fund  | Special Districts<br>Special Revenue<br>Fund | Cal EPA<br>Fund | Total<br>Special<br>Revenue<br>Funds |
|--|-----------------------------|-----------------|--|-----------------|--------------------------------------|
| Revenues:  |                             |                 |  |                 |                                      |
| Taxes  | \$ -                        | \$ -            | \$ -   | \$ -            | \$ 2,415                             |
| Intergovernmental  | 31,661                      | 1,736           | -  | 187             | 67,015                               |
| Charges for services   | 1,601                       | -               | -  | -               | 5,208                                |
| Fines, forfeits and penalties                                | -                           | -               | -  | -               | 727                                  |
| Interest, rents, and concessions                             | -                           | 20              | 267  | 41              | 4,289                                |
| Community service fees                                       | -                           | -               | -  | -               | 2,547                                |
| Assessment levies  | -                           | -               | 35,245                                       | -               | 35,262                               |
| Contributions and donations                                  | 459                         | -               | -  | -               | 694                                  |
| Miscellaneous  | -                           | -               | -  | -               | 1                                    |
| Total revenues   | <u>33,721</u>               | <u>1,756</u>    | <u>35,512</u>                                | <u>228</u>      | <u>118,158</u>                       |
| Expenditures:  |                             |                 |  |                 |                                      |
| Current:   |                             |                 |  |                 |                                      |
| General government   | -                           | 2,203           | 1,003  | -               | 3,206                                |
| Police   | 15,929                      | -               | -  | -               | 15,929                               |
| Fire   | 4,364                       | -               | -  | -               | 4,364                                |
| General services   | 705                         | -               | 100  | 1               | 806                                  |
| Public works   | -                           | -               | 11,129                                       | -               | 28,294                               |
| Convention, culture and leisure                              | 139                         | -               | 4,279  | -               | 5,024                                |
| Economic development   | 109                         | -               | 7,456  | -               | 7,823                                |
| Parks and recreation   | 3,156                       | -               | 5,127  | -               | 17,507                               |
| Community development  | 207                         | -               | 128  | -               | 3,356                                |
| Library  | -                           | -               | 4,726  | -               | 4,726                                |
| Utilities  | -                           | -               | 827  | -               | 827                                  |
| Citywide and community support                               | -                           | -               | -  | -               | 149                                  |
| Capital outlay   | 722                         | -               | 542  | -               | 25,198                               |
| Debt service:  |                             |                 |  |                 |                                      |
| Principal  | -                           | -               | 455  | -               | 995                                  |
| Interest and fiscal charges                                  | -                           | -               | 127  | -               | 683                                  |
| Total expenditures   | <u>25,331</u>               | <u>2,203</u>    | <u>35,899</u>                                | <u>1</u>        | <u>118,887</u>                       |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>8,390</u>                | <u>(447)</u>    | <u>(387)</u>                                 | <u>227</u>      | <u>(729)</u>                         |
| Other financing sources (uses):                              |                             |                 |  |                 |                                      |
| Transfers in   | -                           | 451             | -  | -               | 1,534                                |
| Transfers out  | -                           | -               | -  | -               | (190)                                |
| Total other financing sources (uses)                         | <u>-</u>                    | <u>451</u>      | <u>-</u>                                     | <u>-</u>        | <u>1,344</u>                         |
| Special item   | -                           | -               | -  | -               | 22,674                               |
| Net change in fund balances                                  | 8,390                       | 4               | (387)  | 227             | 23,289                               |
| Fund balances (deficit), beginning of year,<br>as restated   | <u>(5,154)</u>              | <u>1,851</u>    | <u>19,913</u>                                | <u>3,195</u>    | <u>92,785</u>                        |
| Fund balances (deficit), end of year                         | <u>\$ 3,236</u>             | <u>\$ 1,855</u> | <u>\$ 19,526</u>                             | <u>\$ 3,422</u> | <u>\$ 116,074</u>                    |

**City of Sacramento**  
**Transportation and Development Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Change in Fund Balance**  
**- Budget and Actual**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|   | <u>Budgeted Amounts</u> |                   | <u>Actual Amounts</u> | <u>Variance with Final Budget-Positive (Negative)</u> |
|---|-------------------------|-------------------|-----------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                       |   |
| Revenues:   |                         |                   |                       |   |
| Intergovernmental   | \$ 20,872               | \$ 20,872         | \$ 20,424             | \$ (448)  |
| Fines, forfeits and penalties   | 900                     | 900               | 727                   | (173)   |
| Interest, rents, and concessions  | 120                     | 120               | 304                   | 184   |
| Total revenues  | <u>21,892</u>           | <u>21,892</u>     | <u>21,455</u>         | <u>(437)</u>  |
| Expenditures:   |                         |                   |                       |   |
| Current:  |                         |                   |                       |   |
| Public works  | 16,391                  | 15,858            | 15,864                | (6)   |
| Capital outlay  | <u>13,052</u>           | <u>15,777</u>     | <u>5,130</u>          | <u>10,647</u>   |
| Total expenditures  | <u>29,443</u>           | <u>31,635</u>     | <u>20,994</u>         | <u>10,641</u>   |
| Net change in fund balance for budgeted activities  | <u>\$ (7,551)</u>       | <u>\$ (9,743)</u> | 461                   | <u>\$ 10,204</u>                                      |
| Net change in fund balance for Transportation and Development Special Revenue Fund activities for which annual budgets are not adopted. |                         |                   | <u>(6,518)</u>        |   |
| Net change in fund balance  |                         |                   | <u>\$ (6,057)</u>     |   |

# City of Sacramento

## Culture and Leisure Special Revenue Fund

### Schedule of Revenues, Expenditures and Change in Fund Balance

#### - Budget and Actual

For the Fiscal Year Ended June 30, 2013

(in thousands)

|  | Budgeted Amounts |                 | Actual Amounts | Variance with Final Budget-Positive (Negative) |
|--|------------------|-----------------|----------------|--|
|  | Original         | Final           |                |  |
| <b>Revenues:</b>   |                  |                 |                |  |
| Intergovernmental  | \$ 100           | \$ 100          | \$ 100         | \$ -   |
| Charges for services   | 209              | 280             | 245            | (35)   |
| Interest, rents and concessions  | 1,485            | 1,485           | 1,591          | 106  |
| Contributions and donations  | 45               | 45              | 43             | (2)  |
| <b>Total revenues</b>  | <b>1,839</b>     | <b>1,910</b>    | <b>1,979</b>   | <b>69</b>                                      |
| <b>Expenditures:</b>   |                  |                 |                |  |
| <b>Current:</b>  |                  |                 |                |  |
| Convention, culture and leisure  | 520              | 467             | 363            | 104  |
| Citywide and community support   | 100              | 100             | 149            | (49)   |
| Capital outlay   | 232              | 304             | 86             | 218  |
| <b>Debt service:</b>   |                  |                 |                |  |
| Principal  | 627              | 627             | 540            | 87   |
| Interest and fiscal charges  | 556              | 556             | 556            | -  |
| <b>Total expenditures</b>  | <b>2,035</b>     | <b>2,054</b>    | <b>1,694</b>   | <b>360</b>                                     |
| <b>Net change in fund balance for budgeted activities</b>  | <b>\$ (196)</b>  | <b>\$ (144)</b> | <b>285</b>     | <b>\$ 429</b>                                  |
| Net change in fund balance for Culture and Leisure Special Revenue Fund activities for which annual budgets are not adopted. |                  |                 | (5)            |  |
| <b>Net change in fund balance</b>  |                  |                 | <b>\$ 280</b>  |  |

# City of Sacramento

## Parks and Recreation Special Revenue Fund

### Schedule of Revenues, Expenditures and Change in Fund Balance

#### - Budget and Actual

For the Fiscal Year Ended June 30, 2013

(in thousands)

|   | Budgeted Amounts |          | Actual<br>Amounts | Variance with<br>Final Budget-<br>Positive<br>(Negative) |
|---|------------------|----------|-------------------|--|
|   | Original         | Final    |                   |  |
| Revenues:   |                  |          |                   |  |
| Intergovernmental   | \$ 5,208         | \$ 5,267 | \$ 4,580          | \$ (687)   |
| Charges for services  | 10               | 10       | 92                | 82   |
| Interest, rents and concessions   | 702              | 722      | 921               | 199  |
| Community service fees  | 1,704            | 1,716    | 2,144             | 428  |
| Contributions and donations   | 12               | 25       | 73                | 48   |
| Total revenues  | 7,636            | 7,740    | 7,810             | 70   |
| Expenditures:   |                  |          |                   |  |
| Current:  |                  |          |                   |  |
| Parks and recreation  | 8,242            | 9,104    | 8,998             | 106  |
| Capital outlay  | 70               | 72       | -                 | 72   |
| Total expenditures  | 8,312            | 9,176    | 8,998             | 178  |
| Excess (deficiency) of revenues<br>over (under) expenditures  | (676)            | (1,436)  | (1,188)           | 248  |
| Other financing sources (uses):   |                  |          |                   |  |
| Transfers in  | 553              | 553      | 553               | -  |
| Transfers out   | -                | -        | (28)              | (28)   |
| Total other financing sources (uses)  | 553              | 553      | 525               | (28)   |
| Net change in fund balance for budgeted activities  | \$ (123)         | \$ (883) | (663)             | \$ 220   |
| Net change in fund balance for Parks and Recreation<br>Special Revenue Fund activities for which annual<br>budgets are not adopted. |                  |          | (2,743)           |  |
| Net change in fund balance  |                  |          | \$ (3,406)        |  |

**City of Sacramento**  
**CCOMWP Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Change in Fund Balance**  
**- Budget and Actual**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance with<br>Final Budget-<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|--|
|  | Original          | Final             |                   |  |
| Revenues:  |                   |                   |                   |  |
| Intergovernmental  | \$ 1,016          | \$ 1,712          | \$ 1,736          | \$ 24  |
| Interest, rents and concessions                              | -                 | -                 | 20                | 20   |
| Total revenues   | <u>1,016</u>      | <u>1,712</u>      | <u>1,756</u>      | <u>44</u>  |
| Expenditures:  |                   |                   |                   |  |
| Current:   |                   |                   |                   |  |
| General government   | <u>2,707</u>      | <u>3,403</u>      | <u>2,203</u>      | <u>1,200</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures | (1,691)           | (1,691)           | (447)             | 1,244  |
| Other financing sources                                      |                   |                   |                   |  |
| Operating transfers in                                       | <u>449</u>        | <u>449</u>        | <u>451</u>        | <u>2</u>   |
| Net change in fund balance                                   | <u>\$ (1,242)</u> | <u>\$ (1,242)</u> | <u>\$ 4</u>       | <u>\$ 1,246</u>  |

**City of Sacramento**  
**Special Districts Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Change in Fund Balance**  
**- Budget and Actual**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|                                   | Budgeted Amounts  |                   | Actual<br>Amounts | Variance with<br>Final Budget-<br>Positive<br>(Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|--|
|                                   | Original          | Final             |                   |  |
| <b>Revenues:</b>                  |                   |                   |                   |  |
| Interest, rents, and concessions  | \$ -              | \$ -              | \$ 267            | \$ 267   |
| Assessment levies                 | 31,940            | 35,412            | 35,245            | (167)  |
| <b>Total revenues</b>             | <b>31,940</b>     | <b>35,412</b>     | <b>35,512</b>     | <b>100</b>   |
| <b>Expenditures:</b>              |                   |                   |                   |  |
| <b>Current:</b>                   |                   |                   |                   |  |
| General government                | 956               | 948               | 1,003             | (55)   |
| General services                  | 105               | 111               | 100               | 11   |
| Public works                      | 12,149            | 11,544            | 11,129            | 415  |
| Convention, culture and leisure   | 2,130             | 5,264             | 4,279             | 985  |
| Economic development              | 5,983             | 7,617             | 7,456             | 161  |
| Parks and recreation              | 5,116             | 5,127             | 5,127             | -  |
| Community development             | 229               | 229               | 128               | 101  |
| Library                           | 4,400             | 4,400             | 4,726             | (326)  |
| Utilities                         | 1,143             | 1,268             | 827               | 441  |
| Capital outlay                    | 4,610             | 4,610             | 542               | 4,068  |
| <b>Debt service:</b>              |                   |                   |                   |  |
| Principal                         | 455               | 455               | 455               | -  |
| Interest and fiscal charges       | 127               | 127               | 127               | -  |
| <b>Total expenditures</b>         | <b>37,403</b>     | <b>41,700</b>     | <b>35,899</b>     | <b>5,801</b>   |
| <b>Net change in fund balance</b> | <b>\$ (5,463)</b> | <b>\$ (6,288)</b> | <b>\$ (387)</b>   | <b>\$ 5,901</b>  |

# City of Sacramento

## Cal EPA Special Revenue Fund

### Schedule of Revenues, Expenditures and Change in Fund Balance

#### - Budget and Actual

For the Fiscal Year Ended June 30, 2013

(in thousands)

|                                  | Budgeted Amounts |               | Actual<br>Amounts | Variance with<br>Final Budget-<br>Positive<br>(Negative) |
|----------------------------------|------------------|---------------|-------------------|--|
|                                  | Original         | Final         |                   |  |
| Revenues:                        |                  |               |                   |  |
| Intergovernmental                | \$ 7,874         | \$ 7,874      | \$ 187            | \$ (7,687)   |
| Interest, rents, and concessions | -                | -             | 41                | 41   |
| Total revenues                   | <u>7,874</u>     | <u>7,874</u>  | <u>228</u>        | <u>(7,646)</u>   |
| Expenditures:                    |                  |               |                   |  |
| Current:                         |                  |               |                   |  |
| General services                 | <u>7,702</u>     | <u>7,702</u>  | <u>1</u>          | <u>7,701</u>   |
| Net change in fund balance       | <u>\$ 172</u>    | <u>\$ 172</u> | <u>\$ 227</u>     | <u>\$ 55</u>   |

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## OTHER DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest, or that are being accumulated for principal and interest maturing in future years. The following debt service funds have been classified as nonmajor funds:

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

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

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

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

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

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

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

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

## **OTHER DEBT SERVICE FUNDS (continued)**

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

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

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

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

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

**City of Sacramento**  
**Other Debt Service Funds**  
**Combining Balance Sheet**

June 30, 2013

(in thousands)

|   | <b>1993<br/>Series A<br/>Revenue<br/>Bond Fund</b> | <b>1993<br/>Series B<br/>Revenue<br/>Bond Fund</b> | <b>2002 Capital<br/>Improvement<br/>Revenue<br/>Bond Fund</b> | <b>2002 Refunding<br/>Revenue Bond<br/>Light Rail<br/>Projects Fund</b> |
|---|--|--|---|---|
| <b><u>ASSETS</u></b>                        |  |  |   |   |
| Cash and investments held by City           | \$ 27  | \$ 379   | \$ 280  | \$ 39   |
| Cash and investments held by fiscal agent   | 47   | 131  | -   | -   |
| Receivables, net:                           |  |  |   |   |
| Loans                                       | -  | -  | -   | -   |
| Intergovernmental                           | -  | -  | 2,380   | -   |
| Interest                                    | 3  | 7  | -   | -   |
| Restricted assets:                          |  |  |   |   |
| Cash and investments held by City           | -  | -  | -   | -   |
| Cash and investments held by fiscal agent   | 1,212  | 3,314  | -   | -   |
| <b>Total assets</b>                         | <b>\$ 1,289</b>                                    | <b>\$ 3,831</b>                                    | <b>\$ 2,660</b>   | <b>\$ 39</b>  |
| <b><u>LIABILITIES AND FUND BALANCES</u></b> |  |  |   |   |
| Liabilities:                                |  |  |   |   |
| Deposits                                    | \$ -   | \$ -   | \$ -  | \$ -  |
| Deferred revenue                            | 3  | 7  | 2,380   | -   |
| <b>Total liabilities</b>                    | <b>3</b>   | <b>7</b>   | <b>2,380</b>  | <b>-</b>  |
| Fund balances:                              |  |  |   |   |
| Nonspendable:                               |  |  |   |   |
| Noncurrent assets                           | -  | -  | -   | -   |
| Restricted:                                 |  |  |   |   |
| Debt service                                | 1,212  | 3,314  | -   | -   |
| Committed:                                  |  |  |   |   |
| Debt service                                | -  | -  | -   | -   |
| Assigned:                                   |  |  |   |   |
| Debt service                                | 47   | 437  | 169   | 39  |
| Unrealized investment gains                 | 27   | 73   | -   | -   |
| Other programs                              | -  | -  | 111   | -   |
| <b>Total fund balances</b>                  | <b>1,286</b>                                       | <b>3,824</b>                                       | <b>280</b>  | <b>39</b>   |
| <b>Total liabilities and fund balances</b>  | <b>\$ 1,289</b>                                    | <b>\$ 3,831</b>                                    | <b>\$ 2,660</b>   | <b>\$ 39</b>  |

**City of Sacramento**  
**Other Debt Service Funds**  
**Combining Balance Sheet**

June 30, 2013

(in thousands)

|   | <b>2002 Refunding<br/>Revenue Bond<br/>Public Facilities<br/>Projects Fund</b> | <b>2005<br/>Refunding<br/>Revenue<br/>Bond Fund</b> | <b>2006<br/>Series A<br/>Revenue<br/>Bond Fund</b> | <b>2006<br/>Series B<br/>Revenue<br/>Bond Fund</b> |
|---|--|---|--|--|
| <b><u>ASSETS</u></b>                        |  |   |  |  |
| Cash and investments held by City           | \$ 47  | \$ -  | \$ 472   | \$ 2,768   |
| Cash and investments held by fiscal agent   | -  | -   | -  | 95   |
| Receivables, net:                           |  |   |  |  |
| Loans                                       | -  | -   | 4,839  | -  |
| Intergovernmental                           | -  | 20,295  | 7,902  | 13,091   |
| Interest                                    | -  | -   | -  | -  |
| Restricted assets:                          |  |   |  |  |
| Cash and investments held by City           | -  | -   | 819  | -  |
| Cash and investments held by fiscal agent   | -  | -   | 6,798  | 3,904  |
| <b>Total assets</b>                         | <b><u>\$ 47</u></b>  | <b><u>\$ 20,295</u></b>                             | <b><u>\$ 20,830</u></b>                            | <b><u>\$ 19,858</u></b>                            |
| <b><u>LIABILITIES AND FUND BALANCES</u></b> |  |   |  |  |
| Liabilities:                                |  |   |  |  |
| Deposits                                    | \$ -   | \$ -  | \$ 819   | \$ -   |
| Deferred revenue                            | -  | 20,295  | 12,741   | 13,091   |
| <b>Total liabilities</b>                    | <b><u>-</u></b>  | <b><u>20,295</u></b>                                | <b><u>13,560</u></b>                               | <b><u>13,091</u></b>                               |
| Fund balances:                              |  |   |  |  |
| Nonspendable:                               |  |   |  |  |
| Noncurrent assets                           | -  | -   | -  | -  |
| Restricted:                                 |  |   |  |  |
| Debt service                                | -  | -   | 6,857  | 3,904  |
| Committed:                                  |  |   |  |  |
| Debt service                                | -  | -   | -  | 2,278  |
| Assigned:                                   |  |   |  |  |
| Debt service                                | 47   | -   | 413  | 585  |
| Unrealized investment gains                 | -  | -   | -  | -  |
| Other programs                              | -  | -   | -  | -  |
| <b>Total fund balances</b>                  | <b><u>47</u></b>   | <b><u>-</u></b>                                     | <b><u>7,270</u></b>                                | <b><u>6,767</u></b>                                |
| <b>Total liabilities and fund balances</b>  | <b><u>\$ 47</u></b>  | <b><u>\$ 20,295</u></b>                             | <b><u>\$ 20,830</u></b>                            | <b><u>\$ 19,858</u></b>                            |

(continued)

**City of Sacramento**  
**Other Debt Service Funds**  
**Combining Balance Sheet**

June 30, 2013

(in thousands)

|   | 2006<br>Series D<br>Revenue<br>Bond Fund | 2006<br>Series E<br>Revenue<br>Bond Fund | Other City<br>Debt Fund | Total<br>Other<br>Debt Service<br>Funds |
|---|--|--|-------------------------|---|
| <b>ASSETS</b>                             |  |  |                         |   |
| Cash and investments held by City         | \$ 3                                     | \$ 45                                    | \$ 21                   | \$ 4,081                                |
| Cash and investments held by fiscal agent | -  | -  | -                       | 273                                     |
| Receivables, net:                         |  |  |                         |   |
| Loans                                     | -  | -  | 529                     | 5,368                                   |
| Intergovernmental                         | -  | 1,990                                    | -                       | 45,658                                  |
| Interest                                  | -  | -  | -                       | 10                                      |
| Restricted assets:                        |  |  |                         |   |
| Cash and investments held by City         | -  | -  | -                       | 819                                     |
| Cash and investments held by fiscal agent | -  | -  | 271                     | 15,499                                  |
| Total assets                              | <u>\$ 3</u>                              | <u>\$ 2,035</u>                          | <u>\$ 821</u>           | <u>\$ 71,708</u>                        |
| <b>LIABILITIES AND FUND BALANCES</b>      |  |  |                         |   |
| Liabilities:                              |  |  |                         |   |
| Deposits                                  | \$ -                                     | \$ -                                     | \$ -                    | \$ 819                                  |
| Deferred revenue                          | -  | 1,990                                    | -                       | 50,507                                  |
| Total liabilities                         | <u>-</u>                                 | <u>1,990</u>                             | <u>-</u>                | <u>51,326</u>                           |
| Fund balances:                            |  |  |                         |   |
| Nonspendable:                             |  |  |                         |   |
| Noncurrent assets                         | -  | -  | 530                     | 530                                     |
| Restricted:                               |  |  |                         |   |
| Debt service                              | -  | -  | 271                     | 15,558                                  |
| Committed:                                |  |  |                         |   |
| Debt service                              | -  | -  | -                       | 2,278                                   |
| Assigned:                                 |  |  |                         |   |
| Debt service                              | 3  | 45                                       | 20                      | 1,805                                   |
| Unrealized investment gains               | -  | -  | -                       | 100                                     |
| Other programs                            | -  | -  | -                       | 111                                     |
| Total fund balances                       | <u>3</u>                                 | <u>45</u>                                | <u>821</u>              | <u>20,382</u>                           |
| Total liabilities and fund balances       | <u>\$ 3</u>                              | <u>\$ 2,035</u>                          | <u>\$ 821</u>           | <u>\$ 71,708</u>                        |

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

For the Fiscal Year Ended June 30, 2013

(in thousands)

|  | <b>1993<br/>Series A<br/>Revenue<br/>Bond Fund</b> | <b>1993<br/>Series B<br/>Revenue<br/>Bond Fund</b> | <b>2002 Capital<br/>Improvement<br/>Revenue<br/>Bond Fund</b> | <b>2002 Refunding<br/>Revenue Bond<br/>Light Rail<br/>Projects Fund</b> |
|--|--|--|---|---|
| Revenues:  |  |  |   |   |
| Intergovernmental  | \$ -   | \$ -   | \$ 1,950  | \$ -  |
| Interest, rents, and concessions                             | 10   | 21   | 145   | 1   |
| Contributions from property owners                           | -  | -  | -   | -   |
| Total revenues   | <u>10</u>  | <u>21</u>  | <u>2,095</u>  | <u>1</u>  |
| Expenditures:  |  |  |   |   |
| Debt service:  |  |  |   |   |
| Principal  | 673  | 1,926  | 4,805   | -   |
| Interest and fiscal charges                                  | 389  | 1,084  | 397   | -   |
| Total expenditures   | <u>1,062</u>                                       | <u>3,010</u>                                       | <u>5,202</u>  | <u>-</u>  |
| Excess (deficiency) of revenues over<br>(under) expenditures | (1,052)  | (2,989)  | (3,107)   | 1   |
| Other financing sources:                                     |  |  |   |   |
| Transfers in   | 761  | 3,123  | 3,111   | -   |
| Net change in fund balances                                  | (291)  | 134  | 4   | 1   |
| Fund balances, beginning of year                             | 1,577  | 3,690  | 276   | 38  |
| Fund balances, end of year                                   | <u>\$ 1,286</u>                                    | <u>\$ 3,824</u>                                    | <u>\$ 280</u>   | <u>\$ 39</u>  |

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

For the Fiscal Year Ended June 30, 2013

(in thousands)

|  | <b>2002 Refunding<br/>Revenue Bond<br/>Public Facilities<br/>Projects Fund</b> | <b>2003 Capital<br/>Improvement<br/>Revenue<br/>Bond Fund</b> | <b>2005<br/>Refunding<br/>Revenue<br/>Bond Fund</b> |
|--|--|---|---|
| Revenues:  |  |   |   |
| Intergovernmental  | \$ -   | \$ -  | \$ 595  |
| Interest, rents, and concessions                             | 1  | -   | 1,008   |
| Contributions from property owners                           | -  | -   | -   |
| Total revenues   | <u>1</u>   | <u>-</u>  | <u>1,603</u>  |
| Expenditures:  |  |   |   |
| Debt service:  |  |   |   |
| Principal  | -  | 1,270   | 1,155   |
| Interest and fiscal charges                                  | -  | 1,018   | 2,790   |
| Total expenditures   | <u>-</u>   | <u>2,288</u>  | <u>3,945</u>  |
| Excess (deficiency) of revenues over<br>(under) expenditures | 1  | (2,288)   | (2,342)   |
| Other financing sources:                                     |  |   |   |
| Transfers in   | -  | 2,288   | 2,342   |
| Net change in fund balances                                  | 1  | -   | -   |
| Fund balances, beginning of year                             | 46   | -   | -   |
| Fund balances, end of year                                   | <u>\$ 47</u>   | <u>\$ -</u>   | <u>\$ -</u>   |

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

For the Fiscal Year Ended June 30, 2013

(in thousands)

|   | <b>2006</b>      | <b>2006</b>      | <b>2006</b>      | <b>2006</b>      |
|---|------------------|------------------|------------------|------------------|
|   | <b>Series A</b>  | <b>Series B</b>  | <b>Series C</b>  | <b>Series D</b>  |
|   | <b>Revenue</b>   | <b>Revenue</b>   | <b>Revenue</b>   | <b>Revenue</b>   |
|   | <b>Bond Fund</b> | <b>Bond Fund</b> | <b>Bond Fund</b> | <b>Bond Fund</b> |
| Revenues:   |                  |                  |                  |                  |
| Intergovernmental   | \$ 190           | \$ 275           | \$ -             | \$ -             |
| Interest, rents, and concessions                          | 573              | 884              | -                | -                |
| Contributions and donations                               | 1,305            | -                | -                | -                |
| Total revenues  | <u>2,068</u>     | <u>1,159</u>     | <u>-</u>         | <u>-</u>         |
| Expenditures:   |                  |                  |                  |                  |
| Debt service:   |                  |                  |                  |                  |
| Principal   | 2,975            | 960              | 590              | -                |
| Interest and fiscal charges                               | 3,888            | 3,017            | 1,291            | 126              |
| Total expenditures  | <u>6,863</u>     | <u>3,977</u>     | <u>1,881</u>     | <u>126</u>       |
| Excess (deficiency) of revenues over (under) expenditures | (4,795)          | (2,818)          | (1,881)          | (126)            |
| Other financing sources:                                  |                  |                  |                  |                  |
| Transfers in  | 4,468            | 2,822            | 1,881            | 125              |
| Net change in fund balances                               | (327)            | 4                | -                | (1)              |
| Fund balances, beginning of year                          | 7,597            | 6,763            | -                | 4                |
| Fund balances, end of year                                | <u>\$ 7,270</u>  | <u>\$ 6,767</u>  | <u>\$ -</u>      | <u>\$ 3</u>      |

(continued)

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

For the Fiscal Year Ended June 30, 2013

(in thousands)

|  | <b>2006<br/>Series E<br/>Revenue<br/>Bond Fund</b> | <b>Other City<br/>Debt Fund</b> | <b>Total<br/>Other Debt<br/>Service<br/>Funds</b> |
|--|--|---------------------------------|---|
| Revenues:  |  |                                 |   |
| Intergovernmental  | \$ -   | \$ -                            | \$ 3,010  |
| Interest, rents, and concessions                             | 105  | 28                              | 2,776   |
| Contributions and donations                                  | -  | -                               | 1,305   |
| Total revenues   | <u>105</u>   | <u>28</u>                       | <u>7,091</u>                                      |
| Expenditures:  |  |                                 |   |
| Debt service:  |  |                                 |   |
| Principal  | -  | 190                             | 14,544  |
| Interest and fiscal charges                                  | 4,129  | 156                             | 18,285  |
| Total expenditures   | <u>4,129</u>                                       | <u>346</u>                      | <u>32,829</u>                                     |
| Excess (deficiency) of revenues over<br>(under) expenditures | (4,024)  | (318)                           | (25,738)  |
| Other financing sources:                                     |  |                                 |   |
| Transfers in   | 4,026  | 144                             | 25,091  |
| Net change in fund balances                                  | 2  | (174)                           | (647)   |
| Fund balances, beginning of year                             | 43   | 995                             | 21,029  |
| Fund balances, end of year                                   | <u>\$ 45</u>                                       | <u>\$ 821</u>                   | <u>\$ 20,382</u>                                  |

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## OTHER CAPITAL PROJECTS FUNDS

Other capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for governmental capital assets. The following capital projects funds have been classified as nonmajor funds:

**THE GENERAL FUND CAPITAL PROJECTS FUND** is used to account for the proceeds of bond issues and associated capital projects.

**THE CROCKER ART MUSEUM EXPANSION FUND** is used to account for contributions from the Crocker Art Museum Association (CAMA) and related expenditures for the museum expansion project.

**THE FINANCING PLANS FUND** is used to account for the construction of public infrastructure funded by fee districts and finance plans. The Financing Plans Fund includes the North Natomas Financing Plan, the Citywide Park Development Impact Fee program and other development impact fee programs.

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

**City of Sacramento**  
**Other Capital Projects Funds**  
**Combining Balance Sheet**

June 30, 2013  
(in thousands)

|  | General Fund<br>Capital Projects<br>Fund | Crocker<br>Art Museum<br>Expansion<br>Fund | Financing<br>Plans<br>Fund | Special Districts<br>Capital Projects<br>Fund | Total<br>Other<br>Capital Projects<br>Funds |
|--|--|--|----------------------------|---|---|
| <b>ASSETS</b>                              |  |  |                            |   |   |
| Cash and investments held by City          | \$ 248                                   | \$ 195                                     | \$ 62,428                  | \$ 11,308                                     | \$ 74,179                                   |
| Securities lending assets                  | -  | -  | 5                          | -   | 5   |
| Receivables, net:                          |  |  |                            |   |   |
| Accounts                                   | -  | -  | 1,575                      | 8   | 1,583                                       |
| Loans                                      | -  | 5,000                                      | -                          | -   | 5,000                                       |
| Interest                                   | -  | -  | 239                        | -   | 239   |
| Restricted assets:                         |  |  |                            |   |   |
| Cash and investments held by City          | 8,631                                    | 92   | -                          | -   | 8,723                                       |
| <b>Total assets</b>                        | <b>\$ 8,879</b>                          | <b>\$ 5,287</b>                            | <b>\$ 64,247</b>           | <b>\$ 11,316</b>                              | <b>\$ 89,729</b>                            |
| <b>LIABILITIES AND FUND BALANCES</b>       |  |  |                            |   |   |
| Liabilities:                               |  |  |                            |   |   |
| Securities lending obligations             | \$ 169                                   | \$ 195                                     | \$ 585                     | \$ 54   | \$ 1,003                                    |
| Accounts payable                           | 83                                       | -  | 1,598                      | 3,068   | 4,749                                       |
| Deposits                                   | -  | -  | 501                        | -   | 501   |
| Deferred revenue                           | -  | 5,000                                      | 619                        | -   | 5,619                                       |
| <b>Total liabilities</b>                   | <b>252</b>                               | <b>5,195</b>                               | <b>3,303</b>               | <b>3,122</b>                                  | <b>11,872</b>                               |
| Fund balances:                             |  |  |                            |   |   |
| Restricted:                                |  |  |                            |   |   |
| Capital projects                           | 8,627                                    | 92   | 60,452                     | 8,194   | 77,365                                      |
| Other programs                             | -  | -  | 492                        | -   | 492   |
| <b>Total fund balances</b>                 | <b>8,627</b>                             | <b>92</b>                                  | <b>60,944</b>              | <b>8,194</b>                                  | <b>77,857</b>                               |
| <b>Total liabilities and fund balances</b> | <b>\$ 8,879</b>                          | <b>\$ 5,287</b>                            | <b>\$ 64,247</b>           | <b>\$ 11,316</b>                              | <b>\$ 89,729</b>                            |

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

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | General Fund<br>Capital Projects<br>Fund | Crocker<br>Art Museum<br>Expansion<br>Fund | Financing<br>Plans<br>Fund | Special Districts<br>Capital Projects<br>Fund | Total<br>Other<br>Capital Projects<br>Funds |
|--|--|--|----------------------------|---|---|
| Revenues:  |  |  |                            |   |   |
| Interest, rents, and concessions                             | \$ 224                                   | \$ 173                                     | \$ 457                     | \$ 136  | \$ 990                                      |
| Community service fees                                       | -  | -  | 4,589                      | -   | 4,589                                       |
| Assessment levies  | -  | -  | -                          | 2,326   | 2,326                                       |
| Contributions and donations                                  | -  | -  | -                          | 77  | 77  |
| <b>Total revenues</b>  | <b>224</b>                               | <b>173</b>                                 | <b>5,046</b>               | <b>2,539</b>                                  | <b>7,982</b>                                |
| Expenditures:  |  |  |                            |   |   |
| Current:   |  |  |                            |   |   |
| General government   | -  | -  | 210                        | 12  | 222   |
| Parks and recreation   | -  | -  | 159                        | -   | 159   |
| Community development  | -  | -  | 435                        | -   | 435   |
| Citywide and community support                               | -  | -  | -                          | 11  | 11  |
| Capital outlay   | 3,059                                    | -  | 7,210                      | 4,962   | 15,231                                      |
| Debt service:  |  |  |                            |   |   |
| Principal  | -  | -  | 334                        | -   | 334   |
| Interest and fiscal charges                                  | 25                                       | -  | (16)                       | -   | 9   |
| <b>Total expenditures</b>                                    | <b>3,084</b>                             | <b>-</b>                                   | <b>8,332</b>               | <b>4,985</b>                                  | <b>16,401</b>                               |
| (Deficiency) excess of revenues (under)<br>over expenditures | (2,860)                                  | 173  | (3,286)                    | (2,446)                                       | (8,419)                                     |
| Other financing sources (uses):                              |  |  |                            |   |   |
| Transfers out  | (987)                                    | (145)                                      | (2,550)                    | -   | (3,682)                                     |
| Issuance of long-term debt                                   | -  | -  | 19                         | -   | 19  |
| <b>Total other financing sources (uses)</b>                  | <b>(987)</b>                             | <b>(145)</b>                               | <b>(2,531)</b>             | <b>-</b>                                      | <b>(3,663)</b>                              |
| <b>Net change in fund balances</b>                           | <b>(3,847)</b>                           | <b>28</b>                                  | <b>(5,817)</b>             | <b>(2,446)</b>                                | <b>(12,082)</b>                             |
| Fund balances, beginning of year,<br>as restated             | 12,474                                   | 64   | 66,761                     | 10,640  | 89,939                                      |
| <b>Fund balances, end of year</b>                            | <b>\$ 8,627</b>                          | <b>\$ 92</b>                               | <b>\$ 60,944</b>           | <b>\$ 8,194</b>                               | <b>\$ 77,857</b>                            |

## PERMANENT FUNDS

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

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

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

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

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

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

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**City of Sacramento**  
**Permanent Funds**  
**Combining Balance Sheet**  
 June 30, 2013  
 (in thousands)

|   | <b>Ann Land<br/>Fund</b> | <b>Bertha<br/>Henschel<br/>Fund</b> | <b>George Clark<br/>Scholarship<br/>Fund</b> |
|---|--------------------------|-------------------------------------|--|
| <b><u>ASSETS</u></b>                        |                          |                                     |  |
| Cash and investments held by City           | \$ 843                   | \$ 2,523                            | \$ 856                                       |
| Securities lending assets                   | 1                        | 2                                   | 1  |
| Receivables, net:                           |                          |                                     |  |
| Interest                                    | 2                        | 8                                   | 3  |
| Total assets                                | <u>\$ 846</u>            | <u>\$ 2,533</u>                     | <u>\$ 860</u>                                |
| <b><u>LIABILITIES AND FUND BALANCES</u></b> |                          |                                     |  |
| Liabilities:                                |                          |                                     |  |
| Securities lending obligations              | \$ 5                     | \$ 16                               | \$ 3   |
| Accounts payable                            | 14                       | 42                                  | -  |
| Total liabilities                           | <u>19</u>                | <u>58</u>                           | <u>3</u>                                     |
| Fund balances:                              |                          |                                     |  |
| Nonspendable:                               |                          |                                     |  |
| Permanent fund principal                    | 272                      | 278                                 | 25   |
| Restricted:                                 |                          |                                     |  |
| Other programs                              | 555                      | 2,197                               | 832  |
| Total fund balances                         | <u>827</u>               | <u>2,475</u>                        | <u>857</u>                                   |
| Total liabilities and fund balances         | <u>\$ 846</u>            | <u>\$ 2,533</u>                     | <u>\$ 860</u>                                |

**City of Sacramento**  
**Permanent Funds**  
**Combining Balance Sheet**  
 June 30, 2013  
 (in thousands)

|   | <u>Alice Miller<br/>Fund</u> | <u>Sacramento<br/>History<br/>Museum<br/>Fund</u> | <u>Total<br/>Permanent<br/>Funds</u> |
|---|------------------------------|---|--------------------------------------|
| <b><u>ASSETS</u></b>                        |                              |   |                                      |
| Cash and investments held by City           | \$ 50                        | \$ 333  | \$ 4,605                             |
| Securities lending assets                   | -                            | -   | 4                                    |
| Receivables, net:                           |                              |   |                                      |
| Interest                                    | -                            | -   | 13                                   |
| Total assets                                | <u>\$ 50</u>                 | <u>\$ 333</u>                                     | <u>\$ 4,622</u>                      |
| <b><u>LIABILITIES AND FUND BALANCES</u></b> |                              |   |                                      |
| Liabilities:                                |                              |   |                                      |
| Securities lending obligations              | \$ -                         | \$ -  | \$ 24                                |
| Accounts payable                            | -                            | -   | 56                                   |
| Total liabilities                           | <u>-</u>                     | <u>-</u>  | <u>80</u>                            |
| Fund balances:                              |                              |   |                                      |
| Nonspendable:                               |                              |   |                                      |
| Permanent fund principal                    | 3                            | 300   | 878                                  |
| Restricted:                                 |                              |   |                                      |
| Other programs                              | 47                           | 33  | 3,664                                |
| Total fund balances                         | <u>50</u>                    | <u>333</u>  | <u>4,542</u>                         |
| Total liabilities and fund balances         | <u>\$ 50</u>                 | <u>\$ 333</u>                                     | <u>\$ 4,622</u>                      |

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

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|                                  | <u>Ann Land<br/>Fund</u> | <u>Bertha<br/>Henschel<br/>Fund</u> | <u>George Clark<br/>Scholarship<br/>Fund</u> |
|----------------------------------|--------------------------|-------------------------------------|--|
| Revenues:                        |                          |                                     |  |
| Interest, rents, and concessions | \$ 73                    | \$ 217                              | \$ 91  |
| Contributions and donations      | -                        | 1                                   | -  |
| Total revenues                   | <u>73</u>                | <u>218</u>                          | <u>91</u>                                    |
| Expenditures:                    |                          |                                     |  |
| Current:                         |                          |                                     |  |
| General government               | <u>47</u>                | <u>141</u>                          | <u>23</u>                                    |
| Net change in fund balances      | 26                       | 77                                  | 68   |
| Fund balances, beginning of year | <u>801</u>               | <u>2,398</u>                        | <u>789</u>                                   |
| Fund balances, end of year       | <u><u>\$ 827</u></u>     | <u><u>\$ 2,475</u></u>              | <u><u>\$ 857</u></u>                         |

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

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|                                  | Alice Miller<br>Fund | Sacramento<br>History<br>Museum<br>Fund | Total<br>Permanent<br>Funds |
|----------------------------------|----------------------|---|-----------------------------|
| Revenues:                        |                      |   |                             |
| Interest, rents, and concessions | \$ 1                 | \$ 5                                    | \$ 387                      |
| Contributions and donations      | -                    | -                                       | 1                           |
| Total revenues                   | 1                    | 5                                       | 388                         |
| Expenditures:                    |                      |   |                             |
| Current:                         |                      |   |                             |
| General government               | -                    | -                                       | 211                         |
| Net change in fund balances      | 1                    | 5                                       | 177                         |
| Fund balances, beginning of year | 49                   | 328                                     | 4,365                       |
| Fund balances, end of year       | <u>\$ 50</u>         | <u>\$ 333</u>                           | <u>\$ 4,542</u>             |

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## OTHER ENTERPRISE FUNDS

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

**THE PARKING FUND** is used to account for the operation and maintenance of the City's off-street parking facilities throughout the City.

**THE 4<sup>th</sup> R CHILD DEVELOPMENT FUND** is used to account for a program that provides school age child care services at various locations throughout the City.

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

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**City of Sacramento**  
**Other Enterprise Funds**  
**Combining Statement of Net Position**

June 30, 2013  
(in thousands)

|   | Parking<br>Fund | 4th R<br>Child Development<br>Fund | Marina<br>Fund | Total<br>Other<br>Enterprise<br>Funds |
|---|-----------------|------------------------------------|----------------|---------------------------------------|
| <b>ASSETS</b>                               |                 |                                    |                |                                       |
| Current assets:                             |                 |                                    |                |                                       |
| Cash and investments held by City           | \$ 32,619       | \$ 98                              | \$ 1,112       | \$ 33,829                             |
| Cash and investments held by fiscal agent   | 71              | -                                  | -              | 71                                    |
| Securities lending assets                   | 3               | -                                  | -              | 3                                     |
| Receivables, net:                           |                 |                                    |                |                                       |
| Accounts                                    | 807             | 177                                | 19             | 1,003                                 |
| Loans                                       | 85              | -                                  | -              | 85                                    |
| Interest                                    | 138             | -                                  | -              | 138                                   |
| Prepaid items                               | 17              | 8                                  | -              | 25                                    |
| <b>Total current assets</b>                 | <b>33,740</b>   | <b>283</b>                         | <b>1,131</b>   | <b>35,154</b>                         |
| Noncurrent assets:                          |                 |                                    |                |                                       |
| Restricted assets:                          |                 |                                    |                |                                       |
| Cash and investments held by City           | -               | 35                                 | 60             | 95                                    |
| Cash and investments held by fiscal agent   | 1,790           | -                                  | -              | 1,790                                 |
| Loans receivable                            | 560             | -                                  | -              | 560                                   |
| Deferred charges                            | 316             | 174                                | -              | 490                                   |
| Capital assets:                             |                 |                                    |                |                                       |
| Land  | 5,825           | -                                  | 3,821          | 9,646                                 |
| Buildings and improvements                  | 60,271          | 1,546                              | 17,679         | 79,496                                |
| Machinery and equipment                     | 7,527           | -                                  | 137            | 7,664                                 |
| Construction in progress                    | 4               | -                                  | -              | 4                                     |
| Software                                    | 3               | -                                  | -              | 3                                     |
| Less: accumulated depreciation/amortization | (33,195)        | (716)                              | (7,519)        | (41,430)                              |
| <b>Total noncurrent assets</b>              | <b>43,101</b>   | <b>1,039</b>                       | <b>14,178</b>  | <b>58,318</b>                         |
| <b>Total assets</b>                         | <b>76,841</b>   | <b>1,322</b>                       | <b>15,309</b>  | <b>93,472</b>                         |

**City of Sacramento**  
**Other Enterprise Funds**  
**Combining Statement of Net Position**

June 30, 2013  
(in thousands)

|                                      | Parking<br>Fund  | 4th R<br>Child Development<br>Fund | Marina<br>Fund    | Total<br>Other<br>Enterprise<br>Funds |
|--------------------------------------|------------------|------------------------------------|-------------------|---------------------------------------|
| <b><u>LIABILITIES</u></b>            |                  |                                    |                   |                                       |
| Current liabilities:                 |                  |                                    |                   |                                       |
| Securities lending obligations       | 173              | -                                  | -                 | 173                                   |
| Accounts payable                     | 1,335            | 104                                | 5                 | 1,444                                 |
| Accrued payroll                      | 109              | 179                                | 21                | 309                                   |
| Accrued compensated absences         | 8                | 13                                 | 3                 | 24                                    |
| Interest payable                     | 186              | -                                  | 654               | 840                                   |
| Deposits                             | -                | -                                  | 87                | 87                                    |
| Unearned revenue                     | 512              | 35                                 | 27                | 574                                   |
| Accrued claims and judgements        | 16               | 11                                 | -                 | 27                                    |
| Capital leases payable               | -                | -                                  | 94                | 94                                    |
| Revenue and other bonds payable, net | 1,964            | -                                  | -                 | 1,964                                 |
| Notes payable                        | -                | 20                                 | 458               | 478                                   |
| Total current liabilities            | <u>4,303</u>     | <u>362</u>                         | <u>1,349</u>      | <u>6,014</u>                          |
| Noncurrent liabilities:              |                  |                                    |                   |                                       |
| Accrued compensated absences         | 239              | 281                                | 45                | 565                                   |
| OPEB liability                       | 999              | 157                                | 99                | 1,255                                 |
| Capital leases payable               | -                | -                                  | 979               | 979                                   |
| Revenue and other bonds payable, net | 28,828           | -                                  | -                 | 28,828                                |
| Notes payable                        | -                | 20                                 | 15,424            | 15,444                                |
| Total noncurrent liabilities         | <u>30,066</u>    | <u>458</u>                         | <u>16,547</u>     | <u>47,071</u>                         |
| Total liabilities                    | <u>34,369</u>    | <u>820</u>                         | <u>17,896</u>     | <u>53,085</u>                         |
| <b><u>NET POSITION</u></b>           |                  |                                    |                   |                                       |
| Net investment in capital assets     | 11,433           | 790                                | (2,777)           | 9,446                                 |
| Unrestricted                         | 31,039           | (288)                              | 190               | 30,941                                |
| Total net position (deficit)         | <u>\$ 42,472</u> | <u>\$ 502</u>                      | <u>\$ (2,587)</u> | <u>\$ 40,387</u>                      |

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**City of Sacramento**  
**Other Enterprise Funds**  
**Combining Statement of Revenues,**  
**Expenses and Changes in Net Position**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|   | Parking<br>Fund  | 4th R<br>Child Development<br>Fund | Marina<br>Fund    | Total<br>Other<br>Enterprise<br>Funds |
|---|------------------|------------------------------------|-------------------|---------------------------------------|
| Operating revenues:                             |                  |                                    |                   |                                       |
| Charges for services:                           |                  |                                    |                   |                                       |
| User fees and charges                           | \$ 17,767        | \$ 5,426                           | \$ 1,142          | \$ 24,335                             |
| Rents and concessions                           | 1,056            | -                                  | 1                 | 1,057                                 |
| Miscellaneous                                   | -                | -                                  | 5                 | 5                                     |
| Total operating revenues                        | <u>18,823</u>    | <u>5,426</u>                       | <u>1,148</u>      | <u>25,397</u>                         |
| Operating expenses:                             |                  |                                    |                   |                                       |
| Employee services                               | 3,471            | 5,239                              | 406               | 9,116                                 |
| Services and supplies                           | 7,067            | 782                                | 401               | 8,250                                 |
| Depreciation/amortization                       | 2,151            | 77                                 | 273               | 2,501                                 |
| Claims and judgements                           | 4                | 18                                 | -                 | 22                                    |
| Total operating expenses                        | <u>12,693</u>    | <u>6,116</u>                       | <u>1,080</u>      | <u>19,889</u>                         |
| Operating income (loss)                         | <u>6,130</u>     | <u>(690)</u>                       | <u>68</u>         | <u>5,508</u>                          |
| Nonoperating revenues (expenses):               |                  |                                    |                   |                                       |
| Interest and investment revenue                 | 105              | 2                                  | 12                | 119                                   |
| Revenue from other agencies                     | 3                | 576                                | -                 | 579                                   |
| Interest expense                                | (1,688)          | -                                  | (773)             | (2,461)                               |
| Amortization of deferred charges                | (25)             | -                                  | -                 | (25)                                  |
| Gain or (loss) on disposition of capital assets | (970)            | -                                  | -                 | (970)                                 |
| Total nonoperating revenues (expenses)          | <u>(2,575)</u>   | <u>578</u>                         | <u>(761)</u>      | <u>(2,758)</u>                        |
| Income (loss) before transfers                  | 3,555            | (112)                              | (693)             | 2,750                                 |
| Transfers in                                    | 2                | -                                  | -                 | 2                                     |
| Transfers out                                   | (3,096)          | -                                  | (170)             | (3,266)                               |
| Change in net position                          | 461              | (112)                              | (863)             | (514)                                 |
| Total net position (deficit), beginning of year | <u>42,011</u>    | <u>614</u>                         | <u>(1,724)</u>    | <u>40,901</u>                         |
| Total net position (deficit), end of year       | <u>\$ 42,472</u> | <u>\$ 502</u>                      | <u>\$ (2,587)</u> | <u>\$ 40,387</u>                      |

**City of Sacramento**  
**Other Enterprise Funds**  
**Combining Statement of Cash Flows**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|   | Parking<br>Fund  | 4th R<br>Child Development<br>Fund | Marina<br>Fund  | Total<br>Other<br>Enterprise<br>Funds |
|---|------------------|------------------------------------|-----------------|---------------------------------------|
| Cash flows from operating activities:   |                  |                                    |                 |                                       |
| Receipts from customers and users   | \$ 18,837        | \$ 5,295                           | \$ 1,151        | \$ 25,283                             |
| Payments to suppliers   | (6,802)          | (770)                              | (412)           | (7,984)                               |
| Payments to employees   | (3,327)          | (5,272)                            | (367)           | (8,966)                               |
| Claims and judgements paid  | -                | (12)                               | -               | (12)                                  |
| Net cash provided by (used for) operating activities                          | <u>8,708</u>     | <u>(759)</u>                       | <u>372</u>      | <u>8,321</u>                          |
| Cash flows from noncapital financing activities:                              |                  |                                    |                 |                                       |
| Transfers in from other funds   | 2                | -                                  | -               | 2                                     |
| Transfers out to other funds  | (2,028)          | -                                  | (170)           | (2,198)                               |
| Intergovernmental revenue received  | 3                | 615                                | -               | 618                                   |
| Net cash provided by (used for) noncapital financing activities               | <u>(2,023)</u>   | <u>615</u>                         | <u>(170)</u>    | <u>(1,578)</u>                        |
| Cash flows from capital and related financing activities:                     |                  |                                    |                 |                                       |
| Acquisition and construction of capital assets                                | (276)            | -                                  | -               | (276)                                 |
| Proceeds from sale of capital assets  | -                | -                                  | 71              | 71                                    |
| Principal payments on capital debt  | (1,936)          | (20)                               | (90)            | (2,046)                               |
| Interest payments on capital debt   | (1,634)          | -                                  | (251)           | (1,885)                               |
| Transfers out to other funds  | (1,068)          | -                                  | -               | (1,068)                               |
| Net cash provided by (used for) capital and related financing activities      | <u>(4,914)</u>   | <u>(20)</u>                        | <u>(270)</u>    | <u>(5,204)</u>                        |
| Cash flows from investing activities:   |                  |                                    |                 |                                       |
| Collection of interest and investment revenue                                 | 175              | 2                                  | 12              | 189                                   |
| Settlements received for investments sold in prior year                       | 317              | -                                  | -               | 317                                   |
| Loan repayments received  | 60               | -                                  | -               | 60                                    |
| Net cash provided by (used for) investing activities                          | <u>552</u>       | <u>2</u>                           | <u>12</u>       | <u>566</u>                            |
| Net increase (decrease) in cash and cash equivalents                          | 2,323            | (162)                              | (56)            | 2,105                                 |
| Cash and cash equivalents, beginning of year                                  | <u>32,157</u>    | <u>295</u>                         | <u>1,228</u>    | <u>33,680</u>                         |
| Cash and cash equivalents, end of year  | <u>\$ 34,480</u> | <u>\$ 133</u>                      | <u>\$ 1,172</u> | <u>\$ 35,785</u>                      |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: |                  |                                    |                 |                                       |
| Cash and investments held by City   | \$ 32,619        | \$ 98                              | \$ 1,112        | \$ 33,829                             |
| Cash and investments held by fiscal agent                                     | 71               | -                                  | -               | 71                                    |
| Restricted cash and investments held by City                                  | -                | 35                                 | 60              | 95                                    |
| Restricted cash and investments held by fiscal agent                          | <u>1,790</u>     | <u>-</u>                           | <u>-</u>        | <u>1,790</u>                          |
| Total cash and cash equivalents, end of year                                  | <u>\$ 34,480</u> | <u>\$ 133</u>                      | <u>\$ 1,172</u> | <u>\$ 35,785</u>                      |

**City of Sacramento**  
**Other Enterprise Funds**  
**Combining Statement of Cash Flows**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|   | <u>Parking<br/>Fund</u> | <u>4th R<br/>Child Development<br/>Fund</u> | <u>Marina<br/>Fund</u> | <u>Total<br/>Other<br/>Enterprise<br/>Funds</u> |
|---|-------------------------|---|------------------------|---|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:        |                         |   |                        |   |
| Operating income (loss)   | \$ 6,130                | \$ (690)                                    | \$ 68                  | \$ 5,508  |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                         |   |                        |   |
| Depreciation/amortization expense   | 2,151                   | 77  | 273                    | 2,501   |
| Changes in assets and liabilities:  |                         |   |                        |   |
| Accounts receivable, net  | 20                      | (131)                                       | 14                     | (97)  |
| Prepaid items   | (10)                    | -   | -                      | (10)  |
| Deferred charges  | -                       | 8   | -                      | 8   |
| Accounts payable  | 275                     | 4   | (11)                   | 268   |
| Accrued payroll   | (9)                     | (20)  | 6                      | (23)  |
| Accrued compensated absences  | (37)                    | (48)  | 14                     | (71)  |
| Deposits  | -                       | -   | 2                      | 2   |
| Accrued claims and judgements   | 4                       | 6   | -                      | 10  |
| OPEB liabilities  | 190                     | 35  | 19                     | 244   |
| Unearned revenue  | (6)                     | -   | (13)                   | (19)  |
| Net cash provided by (used for) operating activities  | <u>\$ 8,708</u>         | <u>\$ (759)</u>                             | <u>\$ 372</u>          | <u>\$ 8,321</u>                                 |
| Noncash investing, capital and financing activities:  |                         |   |                        |   |
| Amortization of bond premium, discount, and loss on refunding   | \$ (68)                 | \$ -  | \$ -                   | \$ (68)   |
| Amortization of deferred charges  | (25)                    | -   | -                      | (25)  |
| Capital asset acquisitions on accounts payable  | 415                     | -   | -                      | 415   |
| Change in securities lending assets   | (139)                   | -   | -                      | (139)   |
| Change in securities lending obligations  | 178                     | -   | -                      | 178   |
| Interest accrual on loans receivable  | (37)                    | -   | -                      | (37)  |
| Interest accrual on loans payable   | -                       | -   | 500                    | 500   |
| Retirement of capital assets  | (970)                   | -   | -                      | (970)   |

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**WATER FUND**

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**City of Sacramento**  
**Water Fund**  
**Combining Schedule of Net Position**

June 30, 2013  
(in thousands)

|   | Development<br>Impact Fee<br>Fund | User Fee<br>Fund | Grant Projects<br>Fund | 2013 Water<br>Revenue Bonds<br>Fund | Total<br>Water<br>Fund |
|---|-----------------------------------|------------------|------------------------|-------------------------------------|------------------------|
| <b>ASSETS</b>                               |                                   |                  |                        |                                     |                        |
| Current assets:                             |                                   |                  |                        |                                     |                        |
| Cash and investments held by City           | \$ -                              | \$ 53,199        | \$ (985)               | \$ -                                | \$ 52,214              |
| Securities lending assets                   | -                                 | 29               | -                      | -                                   | 29                     |
| Receivables, net:                           |                                   |                  |                        |                                     |                        |
| Accounts                                    | -                                 | 19,113           | -                      | -                                   | 19,113                 |
| Loans                                       | 1,183                             | 3                | -                      | -                                   | 1,186                  |
| Intergovernmental                           | -                                 | -                | 1,245                  | -                                   | 1,245                  |
| Interest                                    | 72                                | 1,284            | -                      | -                                   | 1,356                  |
| Investments sold                            | -                                 | -                | -                      | -                                   | -                      |
| Inventories                                 | -                                 | 2,778            | -                      | -                                   | 2,778                  |
|   | <u>1,255</u>                      | <u>76,406</u>    | <u>260</u>             | <u>-</u>                            | <u>77,921</u>          |
| Total current assets                        |                                   |                  |                        |                                     |                        |
| Noncurrent assets:                          |                                   |                  |                        |                                     |                        |
| Restricted assets:                          |                                   |                  |                        |                                     |                        |
| Cash and investments held by City           | 21,456                            | -                | -                      | 238,357                             | 259,813                |
| Cash and investments held by fiscal agent   | -                                 | 32               | -                      | 7,024                               | 7,056                  |
| Loans receivable                            | 5,892                             | -                | -                      | -                                   | 5,892                  |
| Deferred charges                            | -                                 | 1,620            | -                      | 1,955                               | 3,575                  |
| Capital assets:                             |                                   |                  |                        |                                     |                        |
| Land  | 584                               | 1,231            | -                      | -                                   | 1,815                  |
| Buildings and improvements                  | -                                 | 37,469           | -                      | -                                   | 37,469                 |
| Machinery and equipment                     | -                                 | 15,962           | 44                     | -                                   | 16,006                 |
| Transmission and distribution systems       | 679                               | 580,356          | 1,306                  | -                                   | 582,341                |
| Construction in progress                    | 2,535                             | 20,349           | 77                     | 6,203                               | 29,164                 |
| Software                                    | -                                 | 414              | -                      | -                                   | 414                    |
| Less: accumulated depreciation/amortization | (21)                              | (202,475)        | (65)                   | -                                   | (202,561)              |
|   | <u>31,125</u>                     | <u>454,958</u>   | <u>1,362</u>           | <u>253,539</u>                      | <u>740,984</u>         |
| Total noncurrent assets                     |                                   |                  |                        |                                     |                        |
| Total assets                                |                                   |                  |                        |                                     |                        |
|   | <u>32,380</u>                     | <u>531,364</u>   | <u>1,622</u>           | <u>253,539</u>                      | <u>818,905</u>         |

**City of Sacramento**  
**Water Fund**  
**Combining Schedule of Net Position**

June 30, 2013  
(in thousands)

|                                      | <u>Development<br/>Impact Fee<br/>Fund</u> | <u>User Fee<br/>Fund</u> | <u>Grant Projects<br/>Fund</u> | <u>2013 Water<br/>Revenue Bonds<br/>Fund</u> | <u>Total<br/>Water<br/>Fund</u> |
|--------------------------------------|--|--------------------------|--------------------------------|--|---------------------------------|
| <b><u>LIABILITIES</u></b>            |  |                          |                                |  |                                 |
| Current liabilities:                 |  |                          |                                |  |                                 |
| Securities lending obligations       | -  | 279                      | -                              | -  | 279                             |
| Accounts payable                     | -  | 3,168                    | 52                             | 2,922  | 6,142                           |
| Accrued payroll                      | -  | 691                      | -                              | -  | 691                             |
| Accrued compensated absences         | -  | 112                      | -                              | -  | 112                             |
| Interest payable                     | -  | 710                      | -                              | 2,694  | 3,404                           |
| Unearned revenue                     | -  | 1,351                    | 208                            | -  | 1,559                           |
| Accrued claims and judgements        | -  | 107                      | -                              | -  | 107                             |
| Revenue and other bonds payable, net | -  | 5,246                    | -                              | 1,110  | 6,356                           |
| Notes payable                        | -  | 396                      | -                              | -  | 396                             |
|                                      | <u>-</u>                                   | <u>12,060</u>            | <u>260</u>                     | <u>6,726</u>                                 | <u>19,046</u>                   |
| Total current liabilities            | -  | 12,060                   | 260                            | 6,726  | 19,046                          |
| Noncurrent liabilities:              |  |                          |                                |  |                                 |
| Accrued compensated absences         | -  | 1,812                    | -                              | -  | 1,812                           |
| Water fee credits                    | -  | 1,702                    | -                              | -  | 1,702                           |
| OPEB liability                       | -  | 5,605                    | -                              | -  | 5,605                           |
| Revenue and other bonds payable, net | -  | 147,414                  | -                              | 246,846                                      | 394,260                         |
| Notes payable                        | -  | 9,410                    | -                              | -  | 9,410                           |
|                                      | <u>-</u>                                   | <u>165,943</u>           | <u>-</u>                       | <u>246,846</u>                               | <u>412,789</u>                  |
| Total noncurrent liabilities         | -  | 165,943                  | -                              | 246,846                                      | 412,789                         |
| Total liabilities                    | <u>-</u>                                   | <u>178,003</u>           | <u>260</u>                     | <u>253,572</u>                               | <u>431,835</u>                  |
| <b><u>NET POSITION</u></b>           |  |                          |                                |  |                                 |
| Net investment in capital assets     | 3,777                                      | 289,138                  | 1,362                          | 2,661  | 296,938                         |
| Restricted for:                      |  |                          |                                |  |                                 |
| Capital projects                     | 28,603                                     | -                        | -                              | -  | 28,603                          |
| Unrestricted                         | -  | 64,223                   | -                              | (2,694)                                      | 61,529                          |
|                                      | <u>-</u>                                   | <u>64,223</u>            | <u>-</u>                       | <u>(2,694)</u>                               | <u>61,529</u>                   |
| Total net position (deficit)         | <u>\$ 32,380</u>                           | <u>\$ 353,361</u>        | <u>\$ 1,362</u>                | <u>\$ (33)</u>                               | <u>\$ 387,070</u>               |

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**City of Sacramento**  
**Water Fund**  
**Combining Schedule of Revenues,**  
**Expenses and Changes in Net Position**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | Development<br>Impact Fee<br>Fund | User Fee<br>Fund | Grant Projects<br>Fund | 2013 Water<br>Revenue bonds<br>Funds | Total<br>Water<br>Fund |
|--|-----------------------------------|------------------|------------------------|--------------------------------------|------------------------|
| Operating revenues:                              |                                   |                  |                        |                                      |                        |
| Charges for services:                            |                                   |                  |                        |                                      |                        |
| User fees and charges                            | \$ -                              | \$ 88,737        | \$ -                   | \$ -                                 | \$ 88,737              |
| Miscellaneous                                    | -                                 | 17               | -                      | -                                    | 17                     |
| Total operating revenues                         | -                                 | 88,754           | -                      | -                                    | 88,754                 |
| Operating expenses:                              |                                   |                  |                        |                                      |                        |
| Employee services                                | -                                 | 24,346           | 2                      | -                                    | 24,348                 |
| Services and supplies                            | 13                                | 18,339           | 191                    | -                                    | 18,543                 |
| Depreciation/amortization                        | 9                                 | 16,480           | 55                     | -                                    | 16,544                 |
| Claims and judgements                            | -                                 | 237              | -                      | -                                    | 237                    |
| Total operating expenses                         | 22                                | 59,402           | 248                    | -                                    | 59,672                 |
| Operating income (loss)                          | (22)                              | 29,352           | (248)                  | -                                    | 29,082                 |
| Nonoperating revenues (expenses):                |                                   |                  |                        |                                      |                        |
| Interest and investment revenue                  | 499                               | 20               | -                      | -                                    | 519                    |
| Revenue from other agencies                      | -                                 | 89               | 310                    | -                                    | 399                    |
| Interest expense                                 | -                                 | (6,932)          | -                      | -                                    | (6,932)                |
| Amortization of deferred charges                 | -                                 | (119)            | -                      | (33)                                 | (152)                  |
| Total nonoperating revenues (expenses)           | 499                               | (6,942)          | 310                    | (33)                                 | (6,166)                |
| Income (loss) before contributions and transfers | 477                               | 22,410           | 62                     | (33)                                 | 22,916                 |
| Capital contributions                            |                                   |                  |                        |                                      |                        |
| Transfers in                                     | 1,220                             | 2,833            | -                      | -                                    | 4,053                  |
| Transfers out                                    | -                                 | 18               | -                      | -                                    | 18                     |
| Change in net position                           | 1,697                             | 15,360           | 62                     | (33)                                 | 17,086                 |
| Total net position (deficit), beginning of year  | 30,683                            | 338,001          | 1,300                  | -                                    | 369,984                |
| Total net position (deficit), end of year        | \$ 32,380                         | \$ 353,361       | \$ 1,362               | \$ (33)                              | \$ 387,070             |

**City of Sacramento**  
**Water Fund**  
**Combining Schedule of Cash Flows**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

|   | Development<br>Impact Fee<br>Fund | User Fee<br>Fund | AARA Grant<br>Fund | Grant Projects<br>Fund | 2013 Water<br>Revenue Bonds<br>Fund | Total<br>Water<br>Fund |
|---|-----------------------------------|------------------|--------------------|------------------------|-------------------------------------|------------------------|
| Cash flows from operating activities:   |                                   |                  |                    |                        |                                     |                        |
| Receipts from customers and users   | \$ -                              | \$ 86,166        | \$ -               | \$ -                   | \$ -                                | \$ 86,166              |
| Payments to suppliers   | (72)                              | (19,773)         | -                  | (286)                  | -                                   | (20,131)               |
| Payments to employees   | -                                 | (23,541)         | -                  | (2)                    | -                                   | (23,543)               |
| Claims and judgements paid  | -                                 | (220)            | -                  | -                      | -                                   | (220)                  |
| Net cash provided by (used for) operating activities                          | (72)                              | 42,632           | -                  | (288)                  | -                                   | 42,272                 |
| Cash flows from noncapital financing activities:                              |                                   |                  |                    |                        |                                     |                        |
| Transfers in from other funds   | -                                 | 18               | -                  | -                      | -                                   | 18                     |
| Transfers out to other funds  | -                                 | (9,863)          | -                  | -                      | -                                   | (9,863)                |
| Intergovernmental revenue received  | -                                 | 89               | -                  | 460                    | -                                   | 549                    |
| Net cash provided by (used for) noncapital financing activities               | -                                 | (9,756)          | -                  | 460                    | -                                   | (9,296)                |
| Cash flows from capital and related financing activities:                     |                                   |                  |                    |                        |                                     |                        |
| Acquisition and construction of capital assets                                | (2,436)                           | (10,157)         | (10)               | (83)                   | (1,691)                             | (14,377)               |
| Proceeds from issuance of debt  | -                                 | -                | -                  | -                      | 248,511                             | 248,511                |
| Payments of issuance costs  | -                                 | -                | -                  | -                      | (1,988)                             | (1,988)                |
| Principal payments on capital debt  | -                                 | (4,893)          | -                  | -                      | -                                   | (4,893)                |
| Interest payments on capital debt   | -                                 | (7,900)          | -                  | -                      | -                                   | (7,900)                |
| Transfers out to other funds  | -                                 | (38)             | -                  | -                      | -                                   | (38)                   |
| Capital contributions received  | 2,720                             | 10               | -                  | -                      | -                                   | 2,730                  |
| Loan repayments received  | 2,050                             | -                | -                  | -                      | -                                   | 2,050                  |
| Net cash provided by (used for) capital and related financing activities      | 2,334                             | (22,978)         | (10)               | (83)                   | 244,832                             | 224,095                |
| Cash flows from investing activities:   |                                   |                  |                    |                        |                                     |                        |
| Collection of interest and investment revenue                                 | 759                               | (967)            | -                  | -                      | 549                                 | 341                    |
| Settlements received for investments sold in prior year                       | -                                 | 645              | -                  | -                      | -                                   | 645                    |
| Net cash provided by (used for) investing activities                          | 759                               | (322)            | -                  | -                      | 549                                 | 986                    |
| Net increase (decrease) in cash and cash equivalents                          | 3,021                             | 9,576            | (10)               | 89                     | 245,381                             | 258,057                |
| Cash and cash equivalents, beginning of year                                  | 18,435                            | 43,655           | 10                 | (1,074)                | -                                   | 61,026                 |
| Cash and cash equivalents, end of year  | \$ 21,456                         | \$ 53,231        | \$ -               | \$ (985)               | \$ 245,381                          | \$ 319,083             |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: |                                   |                  |                    |                        |                                     |                        |
| Cash and investments held by City   | \$ -                              | \$ 53,199        | \$ -               | \$ (985)               | \$ -                                | \$ 52,214              |
| Restricted cash and investments held by City                                  | 21,456                            | -                | -                  | -                      | 238,357                             | 259,813                |
| Restricted cash and investments held by fiscal agent                          | -                                 | 32               | -                  | -                      | 7,024                               | 7,056                  |
| Total cash and cash equivalents, end of year                                  | \$ 21,456                         | \$ 53,231        | \$ -               | \$ (985)               | \$ 245,381                          | \$ 319,083             |

**City of Sacramento**  
**Water Fund**  
**Combining Schedule of Cash Flows**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

|   | Development<br>Impact Fee<br>Fund | User Fee<br>Fund | AARA Grant<br>Fund | Grant Projects<br>Fund | 2013 Water<br>Revenue Bonds<br>Fund | Total<br>Water<br>Fund |
|---|-----------------------------------|------------------|--------------------|------------------------|-------------------------------------|------------------------|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:        |                                   |                  |                    |                        |                                     |                        |
| Operating income (loss)   | \$ (22)                           | \$ 29,352        | \$ -               | \$ (248)               | \$ -                                | \$ 29,082              |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                                   |                  |                    |                        |                                     |                        |
| Depreciation/amortization expense   | 9                                 | 16,480           | -                  | 55                     | -                                   | 16,544                 |
| Changes in assets and liabilities:  |                                   |                  |                    |                        |                                     |                        |
| Accounts receivable, net  | -                                 | (939)            | -                  | -                      | -                                   | (939)                  |
| Inventories   | -                                 | 1,122            | -                  | -                      | -                                   | 1,122                  |
| Accounts payable  | (59)                              | (2,556)          | -                  | (95)                   | -                                   | (2,710)                |
| Accrued payroll   | -                                 | (138)            | -                  | -                      | -                                   | (138)                  |
| Accrued compensated absences  | -                                 | (128)            | -                  | -                      | -                                   | (128)                  |
| OPEB liabilities  | -                                 | 1,071            | -                  | -                      | -                                   | 1,071                  |
| Unearned revenue  | -                                 | (1,623)          | -                  | -                      | -                                   | (1,623)                |
| Accrued claims and judgements   | -                                 | 17               | -                  | -                      | -                                   | 17                     |
| Deposits  | -                                 | (26)             | -                  | -                      | -                                   | (26)                   |
| Net cash provided by (used for) operating activities  | <u>\$ (72)</u>                    | <u>\$ 42,632</u> | <u>\$ -</u>        | <u>\$ (288)</u>        | <u>\$ -</u>                         | <u>\$ 42,272</u>       |
| Noncash investing, capital and financing activities:  |                                   |                  |                    |                        |                                     |                        |
| Contributions of capital assets   | \$ -                              | \$ 1,152         | \$ -               | \$ -                   | \$ -                                | \$ 1,152               |
| Transfer of capital assets from governmental funds, net of depreciation                                   | -                                 | 1,671            | -                  | -                      | -                                   | 1,671                  |
| Capitalized interest  | -                                 | 695              | -                  | -                      | 1,591                               | 2,286                  |
| Amortization of bond premium, discount, and loss on refunding   | -                                 | 217              | -                  | -                      | (555)                               | (338)                  |
| Amortization of deferred charges  | -                                 | (119)            | -                  | -                      | (33)                                | (152)                  |
| Capital asset acquisitions on accounts payable  | -                                 | 1,604            | -                  | 34                     | 2,922                               | 4,560                  |
| Change in securities lending assets   | -                                 | (261)            | -                  | -                      | -                                   | (261)                  |
| Change in securities lending obligations  | -                                 | 320              | -                  | -                      | -                                   | 320                    |
| Change in intergovernmental receivable for capital contributions  | -                                 | -                | -                  | 1,245                  | -                                   | 1,245                  |

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**WASTEWATER FUND**

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**City of Sacramento**  
**Wastewater Fund**  
**Combining Schedule of Net Position**

June 30, 2013  
(in thousands)

|   | Development<br>Impact Fee<br>Fund | User Fee<br>Fund | Grant Projects<br>Fund | 2013 Wastewater<br>Revenue Bonds<br>Fund | Total<br>Wastewater<br>Fund |
|---|-----------------------------------|------------------|------------------------|--|-----------------------------|
| <b>ASSETS</b>                               |                                   |                  |                        |  |                             |
| Current assets:                             |                                   |                  |                        |  |                             |
| Cash and investments held by City           | \$ -                              | \$ 18,086        | \$ (108)               | \$ -                                     | \$ 17,978                   |
| Securities lending assets                   | -                                 | 5                | -                      | -  | 5                           |
| Receivables, net:                           |                                   |                  |                        |  |                             |
| Accounts                                    | -                                 | 11,134           | -                      | -  | 11,134                      |
| Loans                                       | -                                 | 242              | -                      | -  | 242                         |
| Intergovernmental                           | -                                 | -                | 108                    | -  | 108                         |
| Interest                                    | -                                 | 247              | -                      | -  | 247                         |
| Inventories                                 | -                                 | 83               | -                      | -  | 83                          |
| Total current assets                        | -                                 | 29,797           | -                      | -  | 29,797                      |
| Noncurrent assets:                          |                                   |                  |                        |  |                             |
| Restricted assets:                          |                                   |                  |                        |  |                             |
| Cash and investments held by City           | 2,738                             | 805              | -                      | 29,582                                   | 33,125                      |
| Cash and investments held by fiscal agent   | -                                 | -                | -                      | 2,061                                    | 2,061                       |
| Loans receivable                            | -                                 | 933              | -                      | -  | 933                         |
| Deferred charges                            | -                                 | -                | -                      | 493                                      | 493                         |
| Capital assets:                             |                                   |                  |                        |  |                             |
| Land  | -                                 | 1,138            | -                      | -  | 1,138                       |
| Buildings and improvements                  | -                                 | 15,130           | -                      | -  | 15,130                      |
| Machinery and equipment                     | -                                 | 4,866            | -                      | -  | 4,866                       |
| Transmission and distribution systems       | -                                 | 150,322          | -                      | -  | 150,322                     |
| Construction in progress                    | 274                               | 848              | 224                    | 1,256                                    | 2,602                       |
| Software                                    | -                                 | 315              | -                      | -  | 315                         |
| Less: accumulated depreciation/amortization | -                                 | (62,702)         | -                      | -  | (62,702)                    |
| Total noncurrent assets                     | 3,012                             | 111,655          | 224                    | 33,392                                   | 148,283                     |
| Total assets                                | 3,012                             | 141,452          | 224                    | 33,392                                   | 178,080                     |

**City of Sacramento**  
**Wastewater Fund**  
**Combining Schedule of Net Position**

June 30, 2013  
(in thousands)

|                                      | Development<br>Impact Fee<br>Fund | User Fee<br>Fund  | Grant Projects<br>Fund | 2013 Wastewater<br>Revenue Bonds<br>Fund | Total<br>Wastewater<br>Fund |
|--------------------------------------|-----------------------------------|-------------------|------------------------|--|-----------------------------|
| <b>LIABILITIES</b>                   |                                   |                   |                        |  |                             |
| Current liabilities:                 |                                   |                   |                        |  |                             |
| Securities lending obligations       | -                                 | 85                | -                      | -  | 85                          |
| Accounts payable                     | 74                                | 7,877             | -                      | 836                                      | 8,787                       |
| Accrued payroll                      | -                                 | 236               | -                      | -  | 236                         |
| Accrued compensated absences         | -                                 | 22                | -                      | -  | 22                          |
| Interest payable                     | -                                 | 66                | -                      | 11                                       | 77                          |
| Accrued claims and judgements        | -                                 | 52                | -                      | -  | 52                          |
| Capital leases payable               | -                                 | 137               | -                      | -  | 137                         |
| Revenue and other bonds payable, net | -                                 | -                 | -                      | 57                                       | 57                          |
| Notes payable                        | -                                 | 720               | -                      | -  | 720                         |
|                                      | <u>74</u>                         | <u>9,195</u>      | <u>-</u>               | <u>904</u>                               | <u>10,173</u>               |
| Total current liabilities            |                                   |                   |                        |  |                             |
| Noncurrent liabilities:              |                                   |                   |                        |  |                             |
| Accrued compensated absences         | -                                 | 614               | -                      | -  | 614                         |
| OPEB liability                       | -                                 | 2,188             | -                      | -  | 2,188                       |
| Capital leases payable               | -                                 | 438               | -                      | -  | 438                         |
| Revenue and other bonds payable, net | -                                 | -                 | -                      | 32,477                                   | 32,477                      |
| Notes payable                        | -                                 | 5,314             | -                      | -  | 5,314                       |
|                                      | <u>-</u>                          | <u>8,554</u>      | <u>-</u>               | <u>32,477</u>                            | <u>41,031</u>               |
| Total noncurrent liabilities         |                                   |                   |                        |  |                             |
| Total liabilities                    |                                   |                   |                        |  |                             |
|                                      | <u>74</u>                         | <u>17,749</u>     | <u>-</u>               | <u>33,381</u>                            | <u>51,204</u>               |
| <b>NET POSITION</b>                  |                                   |                   |                        |  |                             |
| Net investment in capital assets     | 274                               | 103,883           | 224                    | 22                                       | 104,403                     |
| Restricted for:                      |                                   |                   |                        |  |                             |
| Capital projects                     | 2,664                             | -                 | -                      | -  | 2,664                       |
| Unrestricted                         | -                                 | 19,820            | -                      | (11)                                     | 19,809                      |
|                                      | <u>-</u>                          | <u>19,820</u>     | <u>-</u>               | <u>(11)</u>                              | <u>19,809</u>               |
| Total net position (deficit)         |                                   |                   |                        |  |                             |
|                                      | <u>\$ 2,938</u>                   | <u>\$ 123,703</u> | <u>\$ 224</u>          | <u>\$ 11</u>                             | <u>\$ 126,876</u>           |

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**City of Sacramento**  
**Wastewater Fund**  
**Combining Schedule of Revenues,**  
**Expenses and Changes in Net Position**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | Development<br>Impact Fee<br>Fund | User Fee<br>Fund | Grant Projects<br>Fund | 2013 Wastewater<br>Revenue Bonds<br>Fund | Total<br>Wastewater<br>Fund |
|--|-----------------------------------|------------------|------------------------|--|-----------------------------|
| Operating revenues:                              |                                   |                  |                        |  |                             |
| Charges for services:                            |                                   |                  |                        |  |                             |
| User fees and charges                            | \$ -                              | \$ 24,063        | \$ -                   | \$ -                                     | \$ 24,063                   |
| Charge to other agencies for contract services   | -                                 | 1,067            | -                      | -  | 1,067                       |
| Miscellaneous                                    | -                                 | 4                | -                      | -  | 4                           |
| Total operating revenues                         | -                                 | 25,134           | -                      | -  | 25,134                      |
| Operating expenses:                              |                                   |                  |                        |  |                             |
| Employee services                                | -                                 | 7,846            | -                      | -  | 7,846                       |
| Services and supplies                            | -                                 | 10,065           | 5                      | -  | 10,070                      |
| Depreciation/amortization                        | -                                 | 4,155            | -                      | -  | 4,155                       |
| Claims and judgements                            | -                                 | 89               | -                      | -  | 89                          |
| Total operating expenses                         | -                                 | 22,155           | 5                      | -  | 22,160                      |
| Operating income (loss)                          | -                                 | 2,979            | (5)                    | -  | 2,974                       |
| Nonoperating revenues (expenses):                |                                   |                  |                        |  |                             |
| Interest and investment revenue                  | 32                                | 84               | -                      | 2  | 118                         |
| Interest expense                                 | -                                 | (132)            | -                      | 17                                       | (115)                       |
| Amortization of deferred charges                 | -                                 | -                | -                      | (8)                                      | (8)                         |
| Total nonoperating revenues (expenses)           | 32                                | (48)             | -                      | 11                                       | (5)                         |
| Income (loss) before contributions and transfers | 32                                | 2,931            | (5)                    | 11                                       | 2,969                       |
| Capital contributions                            | 218                               | 1,685            | 229                    | -  | 2,132                       |
| Transfers in                                     | -                                 | 4                | -                      | -  | 4                           |
| Transfers out                                    | -                                 | (2,673)          | -                      | -  | (2,673)                     |
| Change in net position                           | 250                               | 1,947            | 224                    | 11                                       | 2,432                       |
| Total net position (deficit), beginning of year  | 2,688                             | 121,756          | -                      | -  | 124,444                     |
| Total net position (deficit), end of year        | \$ 2,938                          | \$ 123,703       | \$ 224                 | \$ 11                                    | \$ 126,876                  |

**City of Sacramento**  
**Wastewater Fund**  
**Combining Schedule of Cash Flows**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

|   | Development<br>Impact Fee<br>Fund | User Fee<br>Fund | Grant Projects<br>Fund | 2013 Wastewater<br>Revenue Bonds<br>Fund | Total<br>Wastewater<br>Fund |
|---|-----------------------------------|------------------|------------------------|--|-----------------------------|
| Cash flows from operating activities:   |                                   |                  |                        |  |                             |
| Receipts from customers and users   | \$ -                              | \$ 24,228        | \$ -                   | \$ -                                     | \$ 24,228                   |
| Payments to suppliers   | -                                 | (9,676)          | (5)                    | -  | (9,681)                     |
| Payments to employees   | -                                 | (7,426)          | -                      | -  | (7,426)                     |
| Claims and judgements paid  | -                                 | (94)             | -                      | -  | (94)                        |
| Net cash provided by (used for) operating activities                          | -                                 | 7,032            | (5)                    | -  | 7,027                       |
| Cash flows from noncapital financing activities:                              |                                   |                  |                        |  |                             |
| Transfers in from other funds   | -                                 | 4                | -                      | -  | 4                           |
| Transfers out to other funds  | -                                 | (2,622)          | -                      | -  | (2,622)                     |
| Net cash provided by (used for) noncapital financing activities               | -                                 | (2,618)          | -                      | -  | (2,618)                     |
| Cash flows from capital and related financing activities:                     |                                   |                  |                        |  |                             |
| Acquisition and construction of capital assets                                | (76)                              | (2,323)          | (224)                  | (420)                                    | (3,043)                     |
| Proceeds from issuance of debt  | -                                 | -                | -                      | 32,562                                   | 32,562                      |
| Payments of issuance costs  | -                                 | -                | -                      | (501)                                    | (501)                       |
| Principal payments on capital debt  | -                                 | (836)            | -                      | -  | (836)                       |
| Interest payments on capital debt   | -                                 | (177)            | -                      | -  | (177)                       |
| Transfers out to other funds  | -                                 | (51)             | -                      | -  | (51)                        |
| Capital contributions received  | 218                               | -                | 121                    | -  | 339                         |
| Loan repayments received  | -                                 | 118              | -                      | -  | 118                         |
| Net cash provided by (used for) capital and related financing activities      | 142                               | (3,269)          | (103)                  | 31,641                                   | 28,411                      |
| Cash flows from investing activities:   |                                   |                  |                        |  |                             |
| Collection of interest and investment revenue                                 | 32                                | (25)             | -                      | 2  | 9                           |
| Settlements received for investments sold in prior year                       | -                                 | 210              | -                      | -  | 210                         |
| Net cash provided by (used for) investing activities                          | 32                                | 185              | -                      | 2  | 219                         |
| Net increase (decrease) in cash and cash equivalents                          | 174                               | 1,330            | (108)                  | 31,643                                   | 33,039                      |
| Cash and cash equivalents, beginning of year                                  | 2,564                             | 17,561           | -                      | -  | 20,125                      |
| Cash and cash equivalents, end of year  | <u>\$ 2,738</u>                   | <u>\$ 18,891</u> | <u>\$ (108)</u>        | <u>\$ 31,643</u>                         | <u>\$ 53,164</u>            |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: |                                   |                  |                        |  |                             |
| Cash and investments held by City   | \$ -                              | \$ 18,086        | \$ (108)               | \$ -                                     | \$ 17,978                   |
| Restricted cash and investments held by City                                  | 2,738                             | 805              | -                      | 29,582                                   | 33,125                      |
| Restricted cash and investments held by fiscal agent                          | -                                 | -                | -                      | 2,061                                    | 2,061                       |
| Total cash and cash equivalents, end of year                                  | <u>\$ 2,738</u>                   | <u>\$ 18,891</u> | <u>\$ (108)</u>        | <u>\$ 31,643</u>                         | <u>\$ 53,164</u>            |

**City of Sacramento**  
**Wastewater Fund**  
**Combining Schedule of Cash Flows**  
For the Fiscal Year Ended June 30, 2013  
(in thousands)

|   | Development<br>Impact Fee<br>Fund | User Fee<br>Fund | Grant Projects<br>Fund | 2013 Wastewater<br>Revenue Bonds<br>Fund | Total<br>Wastewater<br>Fund |
|---|-----------------------------------|------------------|------------------------|--|-----------------------------|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:        |                                   |                  |                        |  |                             |
| Operating income (loss)   | \$ -                              | \$ 2,979         | \$ (5)                 | \$ -                                     | \$ 2,974                    |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                                   |                  |                        |  |                             |
| Depreciation/amortization expense   | -                                 | 4,155            | -                      | -  | 4,155                       |
| Changes in assets and liabilities:  |                                   |                  |                        |  |                             |
| Accounts receivable, net  | -                                 | (906)            | -                      | -  | (906)                       |
| Inventories   | -                                 | 14               | -                      | -  | 14                          |
| Accounts payable  | -                                 | 375              | -                      | -  | 375                         |
| Accrued payroll   | -                                 | (5)              | -                      | -  | (5)                         |
| Accrued compensated absences  | -                                 | 42               | -                      | -  | 42                          |
| Accrued claims and judgements   | -                                 | (5)              | -                      | -  | (5)                         |
| OPEB liabilities  | -                                 | 383              | -                      | -  | 383                         |
| Net cash provided by (used for) operating activities  | <u>\$ -</u>                       | <u>\$ 7,032</u>  | <u>\$ (5)</u>          | <u>\$ -</u>                              | <u>\$ 7,027</u>             |
| Noncash investing, capital and financing activities:  |                                   |                  |                        |  |                             |
| Contributions of capital assets   | \$ -                              | \$ 43            | \$ -                   | \$ -                                     | \$ 43                       |
| Transfer of capital assets from governmental funds, net of depreciation                                   | -                                 | 1,642            | -                      | -  | 1,642                       |
| Capitalized interest  | -                                 | 38               | -                      | -  | 38                          |
| Amortization of bond premium, discount, and loss on refunding   | -                                 | -                | -                      | 28                                       | 28                          |
| Amortization of deferred charges  | -                                 | -                | -                      | (8)                                      | (8)                         |
| Capital asset acquisitions on accounts payable  | 74                                | 152              | -                      | 836                                      | 1,062                       |
| Change in securities lending assets   | -                                 | (89)             | -                      | -  | (89)                        |
| Change in securities lending obligations  | -                                 | 108              | -                      | -  | 108                         |

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## INTERNAL SERVICE FUNDS

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

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

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

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**City of Sacramento**  
**Internal Service Funds**  
**Combining Statement of Net Position**

June 30, 2013

(in thousands)

|   | <b>Fleet<br/>Management<br/>Fund</b> | <b>Risk<br/>Management<br/>Fund</b> | <b>Total<br/>Internal<br/>Service<br/>Funds</b> |
|---|--------------------------------------|-------------------------------------|---|
| <b><u>ASSETS</u></b>                        |                                      |                                     |   |
| Current assets:                             |                                      |                                     |   |
| Cash and investments held by City           | \$ 5,233                             | \$ 78,241                           | \$ 83,474                                       |
| Cash and investments held by fiscal agent   | -                                    | 220                                 | 220   |
| Securities lending assets                   | -                                    | 6                                   | 6   |
| Receivables, net:                           |                                      |                                     |   |
| Accounts                                    | 297                                  | 32                                  | 329   |
| Interest                                    | -                                    | 278                                 | 278   |
| Due from other funds                        | -                                    | 10,073                              | 10,073  |
| Prepaid items                               | 118                                  | 1                                   | 119   |
|   | <u>5,648</u>                         | <u>88,851</u>                       | <u>94,499</u>                                   |
| Total current assets                        |                                      |                                     |   |
|   | <u>5,648</u>                         | <u>88,851</u>                       | <u>94,499</u>                                   |
| Noncurrent assets:                          |                                      |                                     |   |
| Advances to other funds                     | -                                    | 13,714                              | 13,714  |
| Deferred charges                            | 25                                   | -                                   | 25  |
| Capital assets:                             |                                      |                                     |   |
| Buildings and improvements                  | 7,402                                | -                                   | 7,402   |
| Machinery and equipment                     | 457                                  | -                                   | 457   |
| Vehicles                                    | 123,502                              | -                                   | 123,502   |
| Software                                    | 177                                  | -                                   | 177   |
| Less: accumulated depreciation/amortization | (75,082)                             | -                                   | (75,082)  |
|   | <u>56,481</u>                        | <u>13,714</u>                       | <u>70,195</u>                                   |
| Total noncurrent assets                     |                                      |                                     |   |
|   | <u>56,481</u>                        | <u>13,714</u>                       | <u>70,195</u>                                   |
| Total assets                                | <u>62,129</u>                        | <u>102,565</u>                      | <u>164,694</u>                                  |

**City of Sacramento**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
June 30, 2013  
(in thousands)

|                                      | <b>Fleet<br/>Management<br/>Fund</b> | <b>Risk<br/>Management<br/>Fund</b> | <b>Total<br/>Internal<br/>Service<br/>Funds</b> |
|--------------------------------------|--------------------------------------|-------------------------------------|---|
| <b><u>LIABILITIES</u></b>            |                                      |                                     |   |
| Current liabilities:                 |                                      |                                     |   |
| Securities lending obligations       | -                                    | 90                                  | 90  |
| Accounts payable                     | 2,135                                | 533                                 | 2,668   |
| Accrued payroll                      | 191                                  | 115                                 | 306   |
| Accrued compensated absences         | 57                                   | 19                                  | 76  |
| Interest payable                     | 8                                    | -                                   | 8   |
| Deposits                             | -                                    | 17                                  | 17  |
| Unearned revenue                     | -                                    | 512                                 | 512   |
| Accrued claims and judgements        | 57                                   | 13,283                              | 13,340  |
| Capital leases payable               | 23                                   | -                                   | 23  |
| Revenue and other bonds payable, net | 332                                  | -                                   | 332   |
|                                      | <u>2,803</u>                         | <u>14,569</u>                       | <u>17,372</u>                                   |
| Total current liabilities            |                                      |                                     |   |
| Noncurrent liabilities:              |                                      |                                     |   |
| Accrued compensated absences         | 764                                  | 398                                 | 1,162   |
| OPEB liability                       | 2,277                                | 331                                 | 2,608   |
| Accrued claims and judgements        | -                                    | 46,567                              | 46,567  |
| Capital leases payable               | 149                                  | -                                   | 149   |
| Revenue and other bonds payable, net | 2,732                                | -                                   | 2,732   |
|                                      | <u>5,922</u>                         | <u>47,296</u>                       | <u>53,218</u>                                   |
| Total noncurrent liabilities         |                                      |                                     |   |
| Total liabilities                    |                                      |                                     |   |
|                                      | <u>8,725</u>                         | <u>61,865</u>                       | <u>70,590</u>                                   |
| <b><u>NET POSITION</u></b>           |                                      |                                     |   |
| Net investment in capital assets     | 53,220                               | -                                   | 53,220  |
| Unrestricted                         | 184                                  | 40,700                              | 40,884  |
|                                      | <u>53,404</u>                        | <u>40,700</u>                       | <u>94,104</u>                                   |
| Total net position                   |                                      |                                     |   |
|                                      | <u>\$ 53,404</u>                     | <u>\$ 40,700</u>                    | <u>\$ 94,104</u>                                |

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**City of Sacramento**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Net Position**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | <b>Fleet<br/>Management<br/>Fund</b> | <b>Risk<br/>Management<br/>Fund</b> | <b>Total<br/>Internal<br/>Service<br/>Funds</b> |
|--|--------------------------------------|-------------------------------------|---|
| Operating revenues:                              |                                      |                                     |   |
| Charges for services:                            |                                      |                                     |   |
| User fees and charges                            | \$ 37,139                            | \$ 23,644                           | \$ 60,783                                       |
| Miscellaneous                                    | 37                                   | -                                   | 37  |
| Total operating revenues                         | 37,176                               | 23,644                              | 60,820  |
| Operating expenses:                              |                                      |                                     |   |
| Employee services                                | 7,269                                | 3,408                               | 10,677  |
| Services and supplies                            | 20,066                               | 6,628                               | 26,694  |
| Depreciation/amortization                        | 9,280                                | -                                   | 9,280   |
| Insurance premiums                               | -                                    | 2,875                               | 2,875   |
| Claims and judgements                            | 88                                   | 16,445                              | 16,533  |
| Total operating expenses                         | 36,703                               | 29,356                              | 66,059  |
| Operating income (loss)                          | 473                                  | (5,712)                             | (5,239)   |
| Nonoperating revenues (expenses):                |                                      |                                     |   |
| Interest and investment revenue                  | 67                                   | 1,027                               | 1,094   |
| Revenue from other agencies                      | 540                                  | -                                   | 540   |
| Insurance and other claim recoveries             | -                                    | 240                                 | 240   |
| Interest expense                                 | (104)                                | -                                   | (104)   |
| Amortization of deferred charges                 | (3)                                  | -                                   | (3)   |
| Gain (loss) on disposition of capital assets     | 89                                   | -                                   | 89  |
| Total nonoperating revenues (expenses)           | 589                                  | 1,267                               | 1,856   |
| Income (loss) before contributions and transfers | 1,062                                | (4,445)                             | (3,383)   |
| Transfers in                                     | 419                                  | 2                                   | 421   |
| Transfers out                                    | (517)                                | -                                   | (517)   |
| Change in net position                           | 964                                  | (4,443)                             | (3,479)   |
| Total net position, beginning of year            | 52,440                               | 45,143                              | 97,583  |
| Total net position, end of year                  | \$ 53,404                            | \$ 40,700                           | \$ 94,104                                       |

**City of Sacramento**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|   | <b>Fleet<br/>Management<br/>Fund</b> | <b>Risk<br/>Management<br/>Fund</b> | <b>Total<br/>Internal<br/>Service<br/>Funds</b> |
|---|--------------------------------------|-------------------------------------|---|
| Cash flows from operating activities:   |                                      |                                     |   |
| Receipts from interfund services provided                                     | \$ 37,182                            | \$ 84,559                           | \$ 121,741                                      |
| Payments to suppliers   | (20,988)                             | (70,561)                            | (91,549)  |
| Payments to employees   | (6,941)                              | (3,293)                             | (10,234)  |
| Claims and judgements paid  | (82)                                 | (12,528)                            | (12,610)  |
| Net cash provided by (used for) operating activities                          | <u>9,171</u>                         | <u>(1,823)</u>                      | <u>7,348</u>                                    |
| Cash flows from noncapital financing activities:                              |                                      |                                     |   |
| Transfers in from other funds   | -                                    | 2                                   | 2   |
| Transfers out to other funds  | (466)                                | -                                   | (466)   |
| Collections on interfund loans  | -                                    | 43,611                              | 43,611  |
| Loans made to other funds   | -                                    | (9,823)                             | (9,823)   |
| Intergovernmental revenue received  | 438                                  | -                                   | 438   |
| Claim and judgement recoveries  | -                                    | 246                                 | 246   |
| Net cash provided by (used for) noncapital financing activities               | <u>(28)</u>                          | <u>34,036</u>                       | <u>34,008</u>                                   |
| Cash flows from capital and related financing activities:                     |                                      |                                     |   |
| Acquisition and construction of capital assets                                | (15,611)                             | -                                   | (15,611)  |
| Proceeds from sale of capital assets  | 494                                  | -                                   | 494   |
| Principal payments on capital debt  | (335)                                | -                                   | (335)   |
| Interest payments on capital debt   | (116)                                | -                                   | (116)   |
| Transfers in from other funds   | 368                                  | -                                   | 368   |
| Net cash used for capital and related financing activities                    | <u>(15,200)</u>                      | <u>-</u>                            | <u>(15,200)</u>                                 |
| Cash flows from investing activities:   |                                      |                                     |   |
| Collection of interest and investment revenue                                 | 67                                   | 956                                 | 1,023   |
| Settlements received for investments sold in prior year                       | -                                    | 410                                 | 410   |
| Net cash provided by investing activities                                     | <u>67</u>                            | <u>1,366</u>                        | <u>1,433</u>                                    |
| Net increase in cash and cash equivalents                                     | (5,990)                              | 33,579                              | 27,589  |
| Cash and cash equivalents, beginning of year                                  | 11,223                               | 44,882                              | 56,105  |
| Cash and cash equivalents, end of year  | <u>\$ 5,233</u>                      | <u>\$ 78,461</u>                    | <u>\$ 83,694</u>                                |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: |                                      |                                     |   |
| Cash and investments held by City   | \$ 5,233                             | \$ 78,241                           | \$ 83,474                                       |
| Cash and investments held by fiscal agent                                     | -                                    | 220                                 | 220   |
|   | <u>\$ 5,233</u>                      | <u>\$ 78,461</u>                    | <u>\$ 83,694</u>                                |

**City of Sacramento**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|  | <u>Fleet<br/>Management<br/>Fund</u> | <u>Risk<br/>Management<br/>Fund</u> | <u>Total<br/>Internal<br/>Service<br/>Funds</u> |
|--|--------------------------------------|-------------------------------------|---|
| Reconciliation of operating income (loss) to net cash provided by operating activities:        |                                      |                                     |   |
| Operating income (loss)  | \$ 473                               | \$ (5,712)                          | \$ (5,239)                                      |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: |                                      |                                     |   |
| Depreciation/amortization expense  | 9,280                                | -                                   | 9,280   |
| Changes in assets and liabilities:   |                                      |                                     |   |
| Accounts receivable, net   | 6                                    | -                                   | 6   |
| Prepaid items  | (118)                                | (1)                                 | (119)   |
| Accounts payable   | (804)                                | (140)                               | (944)   |
| Accrued payroll  | (49)                                 | (5)                                 | (54)  |
| Accrued compensated absences   | (55)                                 | 52                                  | (3)   |
| Deposits   | -                                    | 13                                  | 13  |
| Unearned revenue   | -                                    | (15)                                | (15)  |
| Accrued claims and judgements  | 6                                    | 3,917                               | 3,923   |
| OPEB liabilities   | 432                                  | 68                                  | 500   |
| Net cash provided by (used for) operating activities   | <u>\$ 9,171</u>                      | <u>\$ (1,823)</u>                   | <u>\$ 7,348</u>                                 |
| Noncash investing, capital and financing activities:   |                                      |                                     |   |
| Amortization of bond premium, discount, and loss on refunding                                  | \$ (10)                              | \$ -                                | \$ (10)   |
| Amortization of deferred charges   | (3)                                  | -                                   | (3)   |
| Capital asset acquisitions on accounts payable   | 229                                  | -                                   | 229   |
| Change in securities lending assets  | -                                    | (178)                               | (178)   |
| Change in securities lending obligations   | -                                    | 197                                 | 197   |
| Change in accounts receivable related to claim and judgement recoveries                        | -                                    | (6)                                 | (6)   |
| Alternative fuel vehicle rebates received through reduction of purchase price                  | 102                                  | -                                   | 102   |
| Sale of capital assets on accounts receivable  | (233)                                | -                                   | (233)   |

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## INVESTMENT TRUST FUNDS

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

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

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

**City of Sacramento**  
**Investment Trust Funds**  
**Combining Statement of Fiduciary Net Position**

June 30, 2013  
(in thousands)

|                                   | <u>Investment<br/>Pool</u> | <u>Individual<br/>Investment<br/>Accounts</u> | <u>Total<br/>Investment<br/>Trust<br/>Funds</u> |
|-----------------------------------|----------------------------|---|---|
| <b><u>ASSETS</u></b>              |                            |   |   |
| Cash and investments held by City | \$ 60,440                  | \$ 72,249                                     | \$ 132,689                                      |
| Securities lending assets         | 5                          | 1   | 6   |
| Receivables, net:                 |                            |   |   |
| Interest                          | 197                        | 521   | 718   |
|                                   | <u>60,642</u>              | <u>72,771</u>                                 | <u>133,413</u>                                  |
| Total assets                      |                            |   |   |
|                                   |                            |   |   |
| <b><u>LIABILITIES</u></b>         |                            |   |   |
| Securities lending obligations    | <u>14</u>                  | <u>312</u>                                    | <u>326</u>                                      |
| <b><u>NET POSITION</u></b>        |                            |   |   |
| Held in trust                     | <u>\$ 60,628</u>           | <u>\$ 72,459</u>                              | <u>\$ 133,087</u>                               |

**City of Sacramento**  
**Investment Trust Funds**  
**Combining Statement of Changes in Fiduciary Net Position**

For the Fiscal Year Ended June 30, 2013  
(in thousands)

|   | <u>Investment<br/>Pool</u> | <u>Individual<br/>Investment<br/>Accounts</u> | <u>Total<br/>Investment<br/>Trust<br/>Funds</u> |
|---|----------------------------|---|---|
| Additions:                                    |                            |   |   |
| From investment activities:                   |                            |   |   |
| Net depreciation in fair value of investments | \$ (233)                   | \$ (365)                                      | \$ (598)  |
| Interest                                      | 687                        | 1,601   | 2,288   |
| Total investment earnings                     | 454                        | 1,236   | 1,690   |
| Less investment expenses:                     |                            |   |   |
| Banking, interest, and fiscal agent expenses  | 112                        | -   | 112   |
| Net income from investing activities          | 342                        | 1,236   | 1,578   |
| From securities lending activities:           |                            |   |   |
| Net appreciation in fair value of investments | 1                          | -   | 1   |
| Net investment income                         | 343                        | 1,236   | 1,579   |
| Deposits                                      | 66,883                     | 6,370   | 73,253  |
| Total additions                               | 67,226                     | 7,606   | 74,832  |
| Deductions:                                   |                            |   |   |
| Withdrawals                                   | 65,310                     | 21,322  | 86,632  |
| Change in net position                        | 1,916                      | (13,716)                                      | (11,800)  |
| Net position, beginning of year, as restated  | 58,712                     | 86,175  | 144,887   |
| Net position, end of year                     | <u>\$ 60,628</u>           | <u>\$ 72,459</u>                              | <u>\$ 133,087</u>                               |

## AGENCY FUNDS

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

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

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

# City of Sacramento

## Agency Funds

### Combining Statement of Changes in Fiduciary Assets and Liabilities

For the Fiscal Year Ended June 30, 2013

(in thousands)

| <b>ASSESSMENT DISTRICTS FUND</b>           | <b>Balance<br/>Beginning of<br/>Fiscal Year</b> | <b>Additions</b> | <b>Deletions</b> | <b>Balance<br/>End of<br/>Fiscal Year</b> |
|--|---|------------------|------------------|---|
| <b>ASSETS</b>                              |   |                  |                  |   |
| Cash and investments held by City          | \$ 11,967                                       | \$ 2,496         | \$ 11,290        | \$ 3,173                                  |
| Cash and investments held by fiscal agent  | 2,381   | 2,250            | 2,225            | 2,406                                     |
| Receivables, net:                          |   |                  |                  |   |
| Accounts                                   | 26  | 47               | 26               | 47  |
| Interest                                   | 24  | 24               | 24               | 24  |
| <b>Total assets</b>                        | <b>\$ 14,398</b>                                | <b>\$ 4,817</b>  | <b>\$ 13,565</b> | <b>\$ 5,650</b>                           |
| <b>LIABILITIES</b>                         |   |                  |                  |   |
| Accounts payable                           | \$ -  | \$ 531           | \$ 529           | \$ 2                                      |
| Due to bondholders                         | 14,398  | 2,636            | 11,386           | 5,648                                     |
| <b>Total liabilities</b>                   | <b>\$ 14,398</b>                                | <b>\$ 3,167</b>  | <b>\$ 11,915</b> | <b>\$ 5,650</b>                           |
| <b>COMMUNITY FACILITIES DISTRICTS FUND</b> |   |                  |                  |   |
|  | <b>Balance<br/>Beginning of<br/>Fiscal Year</b> | <b>Additions</b> | <b>Deletions</b> | <b>Balance<br/>End of<br/>Fiscal Year</b> |
| <b>ASSETS</b>                              |   |                  |                  |   |
| Cash and investments held by City          | \$ 16,780                                       | \$ 19,070        | \$ 18,073        | \$ 17,777                                 |
| Cash and investments held by fiscal agent  | 15,532  | 22,791           | 23,799           | 14,524                                    |
| Receivables, net:                          |   |                  |                  |   |
| Taxes                                      | 379   | 171              | 379              | 171                                       |
| Interest                                   | 19  | -                | 19               | -   |
| <b>Total assets</b>                        | <b>\$ 32,710</b>                                | <b>\$ 42,032</b> | <b>\$ 42,270</b> | <b>\$ 32,472</b>                          |
| <b>LIABILITIES</b>                         |   |                  |                  |   |
| Accounts payable                           | \$ -  | \$ 2             | \$ 2             | \$ -                                      |
| Due to bondholders                         | 32,710  | 40,292           | 40,530           | 32,472                                    |
| <b>Total liabilities</b>                   | <b>\$ 32,710</b>                                | <b>\$ 40,294</b> | <b>\$ 40,532</b> | <b>\$ 32,472</b>                          |
| <b>TOTAL - ALL AGENCY FUNDS</b>            |   |                  |                  |   |
|  | <b>Balance<br/>Beginning of<br/>Fiscal Year</b> | <b>Additions</b> | <b>Deletions</b> | <b>Balance<br/>End of<br/>Fiscal Year</b> |
| <b>ASSETS</b>                              |   |                  |                  |   |
| Cash and investments held by City          | \$ 28,747                                       | \$ 21,566        | \$ 29,363        | \$ 20,950                                 |
| Cash and investments held by fiscal agent  | 17,913  | 25,041           | 26,024           | 16,930                                    |
| Receivables, net:                          |   |                  |                  |   |
| Taxes                                      | 379   | 171              | 379              | 171                                       |
| Accounts                                   | 26  | 47               | 26               | 47  |
| Interest                                   | 43  | 24               | 43               | 24  |
| <b>Total assets</b>                        | <b>\$ 47,108</b>                                | <b>\$ 46,849</b> | <b>\$ 55,835</b> | <b>\$ 38,122</b>                          |
| <b>LIABILITIES</b>                         |   |                  |                  |   |
| Accounts payable                           | \$ -  | \$ 533           | \$ 531           | \$ 2                                      |
| Due to bondholders                         | 47,108  | 42,928           | 51,916           | 38,120                                    |
| <b>Total liabilities</b>                   | <b>\$ 47,108</b>                                | <b>\$ 43,461</b> | <b>\$ 52,447</b> | <b>\$ 38,122</b>                          |

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# Statistical Section

## **Statistical Section**

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

### **Financial Trends Information**

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

### **Revenue Capacity Information**

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

### **Debt Capacity Information**

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

### **Demographic and Economic Information**

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

### **Successor Agency Information**

These schedules present revenue and debt capacity information related to the Successor Agency for the former Redevelopment Agency of the City of Sacramento. These schedules contain trend information to help the reader understand the Successor Agency's primary revenue source, property tax distributions from the county redevelopment property tax trust fund, and affordability of the Successor Agency's current level of outstanding debt.

### **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** <sup>(1) (2) (3) (4) (5) (6)</sup>  
**Last Ten Fiscal Years**

(accrual basis accounting, in thousands)

|   | Fiscal Year         |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2004                | 2005                | 2006                | 2007                | 2008                |
| Governmental activities                     |                     |                     |                     |                     |                     |
| Net investment in capital assets            | \$ 991,692          | \$ 1,083,420        | \$ 1,018,170        | \$ 1,161,730        | \$ 1,165,658        |
| Restricted for:                             |                     |                     |                     |                     |                     |
| Capital projects                            | 110,794             | 52,773              | 149,982             | 155,596             | 239,377             |
| Debt service                                | 11,508              | 9,882               | 797                 | 509                 | 531                 |
| Public works programs                       | -                   | -                   | -                   | -                   | -                   |
| Economic development programs               | -                   | -                   | -                   | -                   | -                   |
| Other programs                              | 21,394              | 24,801              | 28,634              | 31,649              | 30,996              |
| Housing and redevelopment                   | 273,473             | 274,130             | -                   | -                   | -                   |
| Trust and endowments:                       |                     |                     |                     |                     |                     |
| Expendable                                  | 4,962               | 1,927               | 5,368               | 6,513               | 6,159               |
| Nonexpendable                               | 1,927               | 2,920               | 1,927               | 1,927               | 1,934               |
| Unrestricted                                | (111,552)           | (71,536)            | 155,072             | 145,750             | 124,408             |
| Total governmental activities net position  | <u>\$ 1,304,198</u> | <u>\$ 1,378,317</u> | <u>\$ 1,359,950</u> | <u>\$ 1,503,674</u> | <u>\$ 1,569,063</u> |
| Business-type activities                    |                     |                     |                     |                     |                     |
| Net investment in capital assets            | \$ 782,620          | \$ 839,889          | \$ 623,208          | \$ 634,966          | \$ 656,951          |
| Restricted for:                             |                     |                     |                     |                     |                     |
| Capital projects                            | -                   | -                   | 425                 | 425                 | -                   |
| Housing and redevelopment                   | 3,421               | 1,776               | -                   | -                   | -                   |
| Other programs                              | -                   | 1,038               | -                   | -                   | -                   |
| Unrestricted                                | 113,957             | 93,751              | 115,223             | 119,050             | 119,975             |
| Total business-type activities net position | <u>\$ 899,998</u>   | <u>\$ 936,454</u>   | <u>\$ 738,856</u>   | <u>\$ 754,441</u>   | <u>\$ 776,926</u>   |
| Primary government                          |                     |                     |                     |                     |                     |
| Net investment in capital assets            | \$ 1,774,312        | \$ 1,923,309        | \$ 1,641,378        | \$ 1,796,696        | \$ 1,822,609        |
| Restricted for:                             |                     |                     |                     |                     |                     |
| Capital projects                            | 110,794             | 52,773              | 150,407             | 156,021             | 239,377             |
| Debt service                                | 11,508              | 9,882               | 797                 | 509                 | 531                 |
| Public works programs                       | -                   | -                   | -                   | -                   | -                   |
| Economic development programs               | -                   | -                   | -                   | -                   | -                   |
| Other programs                              | 21,394              | 25,839              | 28,634              | 31,649              | 30,996              |
| Housing and redevelopment                   | 276,894             | 275,906             | -                   | -                   | -                   |
| Trust and endowments:                       |                     |                     |                     |                     |                     |
| Expendable                                  | 4,962               | 1,927               | 5,368               | 6,513               | 6,159               |
| Nonexpendable                               | 1,927               | 2,920               | 1,927               | 1,927               | 1,934               |
| Unrestricted                                | 2,405               | 22,215              | 270,295             | 264,800             | 244,383             |
| Total primary government net position       | <u>\$ 2,204,196</u> | <u>\$ 2,314,771</u> | <u>\$ 2,098,806</u> | <u>\$ 2,258,115</u> | <u>\$ 2,345,989</u> |

- 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 2006 beginning net position has been restated by \$339 Million.
- (3) The fiscal year 2008 amounts for governmental activities net assets invested in capital assets, net of related debt, and restricted net assets have been reclassified.
- (4) 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".
- (5) The fiscal year 2013 net position restricted for economic development includes the remaining Sheraton proceeds restricted by the Master Owner Participation Agreement with Taylor/CIM Redevelopment Company, LLC.
- (6) Net position for governmental activities for all fiscal years presented have been restated to remove the Cal EPA building and land.

Source: City of Sacramento Comprehensive Annual Financial Reports

**City of Sacramento**  
**Net Position by Component** <sup>(1) (2) (3) (4) (5) (6)</sup>  
**Last Ten Fiscal Years**

(accrual basis accounting, in thousands)

|  | Fiscal Year         |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2009                | 2010                | 2011                | 2012                | 2013                |
| Governmental activities                    |                     |                     |                     |                     |                     |
| Net investment in capital assets           | \$ 1,249,993        | \$ 1,286,576        | \$ 1,328,932        | \$ 1,367,540        | \$ 1,371,964        |
| Restricted for:                            |                     |                     |                     |                     |                     |
| Capital projects                           | 221,594             | 186,619             | 156,157             | 149,904             | 131,822             |
| Debt service                               | 544                 | 494                 | 1,105               | 1,101               | 641                 |
| Public works programs                      | -                   | -                   | 21,484              | 18,103              | 16,756              |
| Economic development programs              | -                   | -                   | -                   | -                   | 23,979              |
| Other programs                             | 30,836              | 32,443              | 23,544              | 23,274              | 21,087              |
| Housing and redevelopment                  | -                   | -                   | -                   | -                   | -                   |
| Trust and endowments                       |                     |                     |                     |                     |                     |
| Expendable                                 | 4,442               | 4,690               | 5,659               | 6,870               | 7,225               |
| Nonexpendable                              | 1,934               | 1,934               | 1,934               | 878                 | 878                 |
| Unrestricted                               | 84,092              | 76,953              | 16,107              | 6,128               | 4,731               |
| Total governmental activities net position | <u>\$ 1,593,435</u> | <u>\$ 1,589,709</u> | <u>\$ 1,554,922</u> | <u>\$ 1,573,798</u> | <u>\$ 1,579,083</u> |
| Business-type activities                   |                     |                     |                     |                     |                     |
| Net investment in capital assets           | \$ 687,417          | \$ 691,197          | \$ 701,157          | \$ 705,527          | \$ 717,452          |
| Restricted for:                            |                     |                     |                     |                     |                     |
| Capital projects                           | 16,866              | 25,781              | 30,184              | 33,209              | 33,168              |
| Housing and redevelopment                  | -                   | -                   | -                   | -                   | -                   |
| Other programs                             | -                   | -                   | -                   | 530                 | 349                 |
| Unrestricted                               | 92,458              | 106,148             | 113,804             | 123,265             | 144,919             |
| Total business-type activities net assets  | <u>\$ 796,741</u>   | <u>\$ 823,126</u>   | <u>\$ 845,145</u>   | <u>\$ 862,531</u>   | <u>\$ 895,888</u>   |
| Primary government                         |                     |                     |                     |                     |                     |
| Net investment in capital assets           | \$ 1,937,410        | \$ 1,977,773        | \$ 2,030,089        | \$ 2,073,067        | \$ 2,089,416        |
| Restricted for:                            |                     |                     |                     |                     |                     |
| Capital projects                           | 238,460             | 212,400             | 186,341             | 183,113             | 164,990             |
| Debt service                               | 544                 | 494                 | 1,105               | 1,101               | 641                 |
| Public works programs                      | -                   | -                   | 21,484              | 18,103              | 16,756              |
| Economic development programs              | -                   | -                   | -                   | -                   | 23,979              |
| Other programs                             | 30,836              | 32,443              | 23,544              | 23,804              | 21,436              |
| Housing and redevelopment                  | -                   | -                   | -                   | -                   | -                   |
| Trust and endowments                       |                     |                     |                     |                     |                     |
| Expendable                                 | 4,442               | 4,690               | 5,659               | 6,870               | 7,225               |
| Nonexpendable                              | 1,934               | 1,934               | 1,934               | 878                 | 878                 |
| Unrestricted                               | 176,550             | 183,101             | 129,911             | 129,393             | 149,650             |
| Total primary government net position      | <u>\$ 2,390,176</u> | <u>\$ 2,412,835</u> | <u>\$ 2,400,067</u> | <u>\$ 2,436,329</u> | <u>\$ 2,474,971</u> |

- 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 2006 beginning net position has been restated by \$339 Million.
- (3) The fiscal year 2008 amounts for governmental activities net assets invested in capital assets, net of related debt, and restricted net assets have been reclassified.
- (4) 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".
- (5) The fiscal year 2013 net position restricted for economic development includes the remaining Sheraton proceeds restricted by the Master Owner Participation Agreement with Taylor/CIM Redevelopment Company, LLC.
- (6) Net position for governmental activities for all fiscal years presented have been restated to remove the Cal EPA building and land.

Source: City of Sacramento Comprehensive Annual Financial Reports

**City of Sacramento**  
**Changes in Net Position** <sup>(1) (2) (3)</sup>  
**Last Ten Fiscal Years**

(accrual basis of accounting, in thousands)

|   | Fiscal Year       |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2004              | 2005              | 2006              | 2007              | 2008              |
| <b>Expenses</b> <sup>(3)</sup>                |                   |                   |                   |                   |                   |
| <i>Governmental Activities</i>                |                   |                   |                   |                   |                   |
| General government                            | \$ 26,739         | \$ 28,759         | \$ 38,804         | \$ 41,536         | \$ 49,841         |
| Police  | 106,676           | 124,204           | 134,213           | 148,586           | 159,207           |
| Fire  | 57,799            | 74,606            | 87,844            | 97,044            | 104,149           |
| Public works                                  | 105,348           | -                 | -                 | -                 | -                 |
| General services                              | -                 | 18,437            | 15,788            | 14,437            | 24,462            |
| Transportation                                | -                 | 71,871            | 88,749            | 89,063            | 89,016            |
| Economic development                          | 4,283             | -                 | 8,212             | 8,538             | 10,048            |
| Convention, culture & leisure                 | 6,823             | 6,824             | 17,825            | 19,602            | 21,518            |
| Parks and recreation                          | 41,486            | 44,534            | 49,341            | 55,661            | 60,930            |
| Code enforcement                              | -                 | -                 | 7,184             | 9,946             | 10,154            |
| Community development                         | -                 | -                 | -                 | -                 | -                 |
| Neighborhood services                         | 6,883             | 7,880             | 2,560             | 2,505             | 1,667             |
| Planning and development                      | 18,780            | -                 | -                 | -                 | -                 |
| Development services                          | -                 | 67,852            | 36,739            | 27,851            | 30,247            |
| Planning                                      | -                 | -                 | -                 | 8,158             | 6,830             |
| Housing and redevelopment                     | 46,774            | 64,018            | -                 | -                 | -                 |
| Library                                       | 8,185             | 8,505             | 9,147             | 9,433             | 9,935             |
| Nondepartmental                               | 32,473            | 36,492            | -                 | -                 | -                 |
| Interest on long-term debt                    | 29,306            | 31,752            | 22,693            | 31,067            | 31,157            |
| <b>Total governmental activities expenses</b> | <b>491,555</b>    | <b>585,734</b>    | <b>519,099</b>    | <b>563,427</b>    | <b>609,161</b>    |
| <i>Business type activities</i>               |                   |                   |                   |                   |                   |
| Water   | 47,843            | 51,950            | 55,896            | 58,890            | 63,364            |
| Wastewater                                    | 12,734            | 13,447            | 14,685            | 17,171            | 18,330            |
| Storm drainage                                | 27,010            | 34,988            | 34,544            | 36,473            | 38,570            |
| Solid waste                                   | 36,102            | 39,260            | 40,329            | 45,050            | 48,735            |
| Community center                              | 18,310            | 19,066            | 19,333            | 19,704            | 20,507            |
| Child development                             | 4,492             | 5,092             | 5,666             | 5,868             | 6,604             |
| Marina  | 1,656             | 1,684             | 1,437             | 1,384             | 1,257             |
| Parking                                       | 13,580            | 14,115            | 14,056            | 16,375            | 17,154            |
| Advanced life support                         | 7,823             | -                 | -                 | -                 | -                 |
| Golf  | 6,846             | 6,719             | -                 | -                 | -                 |
| Housing and redevelopment                     | 123,892           | 135,282           | -                 | -                 | -                 |
| <b>Total business-type activities</b>         | <b>300,288</b>    | <b>321,603</b>    | <b>185,946</b>    | <b>200,915</b>    | <b>214,521</b>    |
| <b>Total primary government expenses</b>      | <b>\$ 791,843</b> | <b>\$ 907,337</b> | <b>\$ 705,045</b> | <b>\$ 764,342</b> | <b>\$ 823,682</b> |

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** <sup>(1) (2) (3)</sup>  
**Last Ten Fiscal Years**

(accrual basis of accounting, in thousands)

|   | Fiscal Year       |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2009              | 2010              | 2011              | 2012              | 2013              |
| <b>Expenses</b> <sup>(3)</sup>                |                   |                   |                   |                   |                   |
| <i>Governmental Activities</i>                |                   |                   |                   |                   |                   |
| General government                            | \$ 45,956         | \$ 44,278         | \$ 42,238         | \$ 40,846         | \$ 36,870         |
| Police  | 153,874           | 152,922           | 159,908           | 153,392           | 157,432           |
| Fire  | 107,119           | 109,210           | 111,174           | 116,418           | 117,451           |
| Public works                                  | -                 | -                 | -                 | -                 | 126,636           |
| General services                              | 25,067            | 26,110            | 22,614            | 23,083            | 15,343            |
| Transportation                                | 95,238            | 89,358            | 97,350            | 98,384            | -                 |
| Economic development                          | 10,055            | 9,815             | 10,467            | 9,704             | 10,468            |
| Convention, culture & leisure                 | 18,573            | 18,064            | 21,348            | 19,857            | 17,684            |
| Parks and recreation                          | 54,209            | 51,984            | 56,162            | 45,448            | 48,457            |
| Code enforcement                              | 10,882            | 10,984            | -                 | -                 | -                 |
| Community development                         | -                 | 18,848            | 25,821            | 24,286            | 29,253            |
| Neighborhood services                         | 1,370             | 1,105             | -                 | -                 | -                 |
| Planning and development                      | -                 | -                 | -                 | -                 | -                 |
| Development services                          | 24,063            | -                 | -                 | -                 | -                 |
| Planning                                      | 2,973             | -                 | -                 | -                 | -                 |
| Housing and redevelopment                     | -                 | -                 | -                 | -                 | -                 |
| Library                                       | 13,976            | 16,827            | 14,635            | 13,301            | 13,753            |
| Nondepartmental                               | -                 | -                 | -                 | -                 | -                 |
| Interest on long-term debt                    | 29,284            | 29,658            | 24,903            | 23,583            | 22,420            |
| <b>Total governmental activities expenses</b> | <b>592,639</b>    | <b>579,163</b>    | <b>586,620</b>    | <b>568,302</b>    | <b>595,767</b>    |
| <i>Business type activities</i>               |                   |                   |                   |                   |                   |
| Water   | 66,757            | 60,902            | 63,073            | 67,335            | 66,756            |
| Wastewater                                    | 20,498            | 17,389            | 18,990            | 20,491            | 22,283            |
| Storm drainage                                | 38,483            | 37,040            | 37,815            | 37,692            | 36,759            |
| Solid waste                                   | 67,911            | 47,076            | 48,203            | 53,205            | 49,803            |
| Community center                              | 20,342            | 19,563            | 18,530            | 18,125            | 17,358            |
| Child development                             | 7,617             | 6,797             | 6,274             | 5,885             | 6,116             |
| Marina  | 1,045             | 1,625             | 2,662             | 2,008             | 1,853             |
| Parking                                       | 16,009            | 16,390            | 15,786            | 15,732            | 15,376            |
| Advanced life support                         | -                 | -                 | -                 | -                 | -                 |
| Golf  | -                 | -                 | -                 | -                 | -                 |
| Housing and redevelopment                     | -                 | -                 | -                 | -                 | -                 |
| <b>Total business-type activities</b>         | <b>238,662</b>    | <b>206,782</b>    | <b>211,333</b>    | <b>220,473</b>    | <b>216,304</b>    |
| <b>Total primary government expenses</b>      | <b>\$ 831,301</b> | <b>\$ 785,945</b> | <b>\$ 797,953</b> | <b>\$ 788,775</b> | <b>\$ 812,071</b> |

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.

**City of Sacramento**  
**Changes in Net Position** <sup>(1) (2) (3)</sup>  
**Last Ten Fiscal Years**

(accrual basis of accounting, in thousands)

|   | Fiscal Year  |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 2004         | 2005         | 2006         | 2007         | 2008         |
| <b>Program Revenues</b>                           |              |              |              |              |              |
| <i>Governmental activities</i>                    |              |              |              |              |              |
| Charge for services                               |              |              |              |              |              |
| General government                                | \$ 4,766     | \$ 4,768     | \$ 4,902     | \$ 5,333     | \$ 5,233     |
| Police  | 3,126        | 3,456        | 3,986        | 3,959        | 4,203        |
| Fire  | 5,022        | 16,854       | 18,721       | 17,579       | 17,936       |
| Public works                                      | 39,942       | -            | -            | -            | -            |
| General services                                  | -            | 7,600        | 9,636        | 10,327       | 10,471       |
| Transportation                                    | -            | 12,097       | 15,058       | 14,261       | 19,574       |
| Economic development                              | 212          | -            | 5,235        | 5,905        | 8,143        |
| Convention, culture & leisure                     | 4,526        | 1,970        | 8,995        | 9,759        | 9,425        |
| Parks and recreation                              | 4,193        | 4,794        | 15,907       | 17,142       | 13,343       |
| Code enforcement                                  | -            | -            | 1            | 2,417        | 3,800        |
| Community development                             | -            | -            | -            | -            | -            |
| Neighborhood services                             | 2,755        | 2,714        | 2,969        | 1,085        | 123          |
| Planning and development                          | 17,600       | -            | -            | -            | -            |
| Development services                              | -            | 43,941       | 27,834       | 25,261       | 19,867       |
| Planning  | -            | -            | -            | 4            | 114          |
| Housing and redevelopment                         | 1,389        | 1,311        | -            | -            | -            |
| Nondepartmental                                   | 376          | 494          | -            | -            | -            |
| Total charge for services                         | 83,907       | 99,999       | 113,244      | 113,032      | 112,232      |
| Operating grants and contributions                | 59,821       | 77,052       | 59,348       | 52,805       | 51,845       |
| Capital grants and contributions                  | 204,955      | 147,034      | 122,010      | 189,710      | 141,919      |
| Total governmental activities program revenues    | 348,683      | 324,085      | 294,602      | 355,547      | 305,996      |
| <i>Business - type activities</i>                 |              |              |              |              |              |
| Charge for services                               |              |              |              |              |              |
| Water   | 45,994       | 49,009       | 53,480       | 58,363       | 65,411       |
| Wastewater  | 15,304       | 16,332       | 17,285       | 18,609       | 20,704       |
| Storm drainage                                    | 30,086       | 31,336       | 31,400       | 31,981       | 33,289       |
| Solid waste                                       | 38,423       | 42,241       | 42,984       | 46,351       | 52,434       |
| Community center                                  | 5,843        | 6,391        | 6,743        | 7,348        | 7,556        |
| Child development                                 | 4,361        | 4,766        | 5,086        | 5,377        | 5,587        |
| Marina  | 1,711        | 1,745        | 1,889        | 1,827        | 1,378        |
| Parking   | 16,210       | 16,422       | 17,342       | 18,706       | 19,626       |
| Advanced life support                             | 11,035       | -            | -            | -            | -            |
| Golf  | 6,329        | 6,408        | -            | -            | -            |
| Housing and redevelopment                         | 10,899       | 13,720       | -            | -            | -            |
| Total charge for services                         | 186,195      | 188,370      | 176,209      | 188,562      | 205,985      |
| Operating grants and contributions                | 99,582       | 112,326      | 1,230        | 1,422        | 1,824        |
| Capital grants and contributions                  | 18,592       | 35,318       | 31,638       | 14,728       | 11,661       |
| Total business - type activities program revenues | 304,369      | 336,014      | 209,077      | 204,712      | 219,470      |
| Total primary government program revenues         | \$ 653,052   | \$ 660,099   | \$ 503,679   | \$ 560,259   | \$ 525,466   |
| <b>Net (Expense) Revenue</b>                      |              |              |              |              |              |
| Governmental activities                           | \$ (142,872) | \$ (261,649) | \$ (224,497) | \$ (207,880) | \$ (303,165) |
| Business - type activities                        | 4,081        | 14,411       | 23,131       | 3,797        | 4,949        |
| Total primary government net expenses             | \$ (138,791) | \$ (247,238) | \$ (201,366) | \$ (204,083) | \$ (298,216) |

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

**City of Sacramento**  
**Changes in Net Position** <sup>(1) (2) (3)</sup>  
**Last Ten Fiscal Years**

(accrual basis of accounting, in thousands)

|   | Fiscal Year  |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 2009         | 2010         | 2011         | 2012         | 2013         |
| <b>Program Revenues</b>                           |              |              |              |              |              |
| <i>Governmental activities</i>                    |              |              |              |              |              |
| Charge for services                               |              |              |              |              |              |
| General government                                | \$ 5,290     | \$ 6,614     | \$ 5,827     | \$ 5,608     | \$ 6,924     |
| Police  | 4,819        | 4,098        | 10,316       | 9,714        | 9,693        |
| Fire  | 24,448       | 22,711       | 21,998       | 21,643       | 24,288       |
| Public works                                      | -            | -            | -            | -            | 28,321       |
| General services                                  | 10,878       | 9,964        | 10,442       | 10,965       | 3,175        |
| Transportation                                    | 26,391       | 28,857       | 28,614       | 28,309       | -            |
| Economic development                              | 8,345        | 8,497        | 9,136        | 8,800        | 8,685        |
| Convention, culture & leisure                     | 11,026       | 9,689        | 9,364        | 7,985        | 7,669        |
| Parks and recreation                              | 10,187       | 10,122       | 10,039       | 11,579       | 10,604       |
| Code enforcement                                  | 7,932        | 5,627        | -            | -            | -            |
| Community development                             | -            | 8,752        | 15,409       | 15,459       | 15,423       |
| Neighborhood services                             | 195          | 166          | -            | -            | -            |
| Planning and development                          | -            | -            | -            | -            | -            |
| Development services                              | 16,115       | -            | -            | -            | -            |
| Planning  | 108          | -            | -            | -            | -            |
| Housing and redevelopment                         | -            | -            | -            | -            | -            |
| Library   | -            | -            | -            | -            | 33           |
| Nondepartmental                                   | -            | -            | -            | -            | -            |
| Total charge for services                         | 125,734      | 115,097      | 121,145      | 120,062      | 114,815      |
| Operating grants and contributions                | 53,206       | 59,179       | 51,289       | 54,287       | 81,822       |
| Capital grants and contributions                  | 119,689      | 90,888       | 69,234       | 112,247      | 69,323       |
| Total governmental activities program revenues    | 298,629      | 265,164      | 241,668      | 286,596      | 265,960      |
| <i>Business - type activities</i>                 |              |              |              |              |              |
| Charge for services                               |              |              |              |              |              |
| Water   | 62,619       | 70,463       | 79,315       | 79,809       | 88,754       |
| Wastewater  | 19,775       | 20,284       | 21,360       | 21,513       | 25,134       |
| Storm drainage                                    | 32,747       | 34,082       | 34,160       | 34,545       | 35,682       |
| Solid waste                                       | 55,949       | 58,901       | 62,906       | 64,055       | 60,295       |
| Community center                                  | 7,651        | 7,020        | 6,780        | 7,521        | 7,130        |
| Child development                                 | 5,640        | 5,473        | 5,309        | 5,232        | 5,426        |
| Marina  | 1,748        | 1,782        | 1,464        | 1,359        | 1,148        |
| Parking   | 18,661       | 18,784       | 18,660       | 18,769       | 18,823       |
| Advanced life support                             | -            | -            | -            | -            | -            |
| Golf  | -            | -            | -            | -            | -            |
| Housing and redevelopment                         | -            | -            | -            | -            | -            |
| Total charge for services                         | 204,790      | 216,789      | 229,954      | 232,803      | 242,392      |
| Operating grants and contributions                | 2,343        | 2,381        | 2,358        | 3,744        | 1,095        |
| Capital grants and contributions                  | 38,094       | 14,148       | 10,417       | 5,289        | 7,480        |
| Total business - type activities program revenues | 245,227      | 233,318      | 242,729      | 241,836      | 250,967      |
| Total primary government program revenues         | \$ 543,856   | \$ 498,482   | \$ 484,397   | \$ 528,432   | \$ 516,927   |
| <b>Net (Expense) Revenue</b>                      |              |              |              |              |              |
| Governmental activities                           | \$ (294,010) | \$ (313,999) | \$ (344,952) | \$ (281,706) | \$ (329,807) |
| Business - type activities                        | 6,565        | 26,536       | 31,396       | 21,363       | 34,663       |
| Total primary government net expenses             | \$ (287,445) | \$ (287,463) | \$ (313,556) | \$ (260,343) | \$ (295,144) |

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**City of Sacramento**  
**Changes in Net Position** <sup>(1) (2) (3)</sup>  
**Last Ten Fiscal Years**

(accrual basis of accounting, in thousands)

|   | Fiscal Year       |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2004              | 2005              | 2006              | 2007              | 2008              |
| <b>General Revenues and Other</b>   |                   |                   |                   |                   |                   |
| <b>Changes in Net Position</b>  |                   |                   |                   |                   |                   |
| <i>Governmental activities</i>  |                   |                   |                   |                   |                   |
| Taxes:  |                   |                   |                   |                   |                   |
| Property taxes  | \$ 63,877         | \$ 70,456         | \$ 112,234        | \$ 127,454        | \$ 137,782        |
| Redevelopment tax increment   | 35,314            | 40,676            | -                 | -                 | -                 |
| Utility user taxes  | 52,538            | 53,893            | 56,243            | 55,619            | 57,561            |
| Other taxes   | 25,984            | 30,668            | 32,002            | 28,379            | 23,865            |
| Sales taxes shared state revenue  | 61,822            | 55,342            | 59,118            | 55,846            | 54,821            |
| In-lieu sales tax   | -                 | 15,284            | 13,956            | 18,197            | 16,344            |
| In-lieu motor vehicle tax   | 27,179            | 26,393            | -                 | -                 | -                 |
| Grants and other intergovernmental revenue<br>not restricted to specific programs | 4,137             | -                 | -                 | -                 | -                 |
| Investment earnings   | 18,290            | 24,751            | 21,741            | 39,867            | 34,343            |
| Miscellaneous   | 6,966             | 10,267            | 7,516             | 12,544            | 12,142            |
| Contributions to permanent fund   | 124               | -                 | 1                 | 1                 | 7                 |
| Gain (loss) on disposition of capital assets                                      | -                 | 3,437             | -                 | -                 | -                 |
| Special items, net  | -                 | -                 | -                 | -                 | 18,791            |
| Transfers   | (25,546)          | (9,800)           | 8,159             | 13,698            | 12,898            |
| <b>Total Governmental activities</b>  | <b>270,685</b>    | <b>321,367</b>    | <b>310,970</b>    | <b>351,605</b>    | <b>368,554</b>    |
| <i>Business-type activities</i>   |                   |                   |                   |                   |                   |
| Taxes:  |                   |                   |                   |                   |                   |
| Other taxes   | 13,436            | 14,398            | 15,419            | 17,258            | 17,538            |
| Investment earnings   | 2,437             | 4,342             | 5,231             | 8,227             | 6,898             |
| Miscellaneous   | 676               | 1,015             | 3                 | 1                 | 353               |
| Gain (loss) on disposition of capital assets                                      | -                 | 6,891             | 722               | -                 | 5,645             |
| Transfers   | 25,546            | 9,800             | (8,159)           | (13,698)          | (12,898)          |
| <b>Total business-type activities</b>   | <b>42,095</b>     | <b>36,446</b>     | <b>13,216</b>     | <b>11,788</b>     | <b>17,536</b>     |
| <b>Total primary government</b>   | <b>\$ 312,780</b> | <b>\$ 357,813</b> | <b>\$ 324,186</b> | <b>\$ 363,393</b> | <b>\$ 386,090</b> |
| <b>Change in Net Position</b>   |                   |                   |                   |                   |                   |
| Governmental activities   | \$ 127,813        | \$ 59,718         | \$ 86,473         | \$ 143,725        | \$ 70,338         |
| Business-type activities  | 46,176            | 50,857            | 36,347            | 15,585            | 17,536            |
| <b>Total primary government</b>   | <b>\$ 173,989</b> | <b>\$ 110,575</b> | <b>\$ 122,820</b> | <b>\$ 159,310</b> | <b>\$ 87,874</b>  |

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**City of Sacramento**  
**Changes in Net Position** <sup>(1) (2) (3)</sup>  
**Last Ten Fiscal Years**

(accrual basis of accounting, in thousands)

|   | Fiscal Year       |                   |                    |                   |                   |
|---|-------------------|-------------------|--------------------|-------------------|-------------------|
|   | 2009              | 2010              | 2011               | 2012              | 2013              |
| <b>General Revenues and Other</b>   |                   |                   |                    |                   |                   |
| <b>Changes in Net Position</b>  |                   |                   |                    |                   |                   |
| <i>Governmental activities</i>  |                   |                   |                    |                   |                   |
| Taxes:  |                   |                   |                    |                   |                   |
| Property taxes  | \$ 135,806        | \$ 123,681        | \$ 118,801         | \$ 114,874        | \$ 114,451        |
| Redevelopment tax increment   | -                 | -                 | -                  | -                 | -                 |
| Utility user taxes  | 57,775            | 58,693            | 58,907             | 58,787            | 59,066            |
| Other taxes   | 20,358            | 18,591            | 18,327             | 17,403            | 27,943            |
| Sales taxes shared state revenue  | 48,905            | 46,769            | 47,680             | 50,683            | 52,300            |
| In-lieu sales tax   | 15,745            | 14,332            | 14,548             | 14,081            | 16,113            |
| In-lieu motor vehicle tax   | -                 | -                 | -                  | -                 | -                 |
| Grants and other intergovernmental revenue<br>not restricted to specific programs | 4,224             | 4,591             | 2,610              | -                 | -                 |
| Investment earnings   | 14,896            | 11,508            | 6,260              | 10,953            | 10,089            |
| Miscellaneous   | 10,368            | 12,743            | 12,464             | 11,005            | 9,749             |
| Contributions to permanent fund   | -                 | -                 | 4                  | 1                 | 1                 |
| Gain (loss) on disposition of capital assets                                      | 2,912             | -                 | 2,336              | -                 | -                 |
| Special items, net  | (929)             | -                 | -                  | -                 | 26,208            |
| Transfers   | 8,348             | 19,365            | 28,229             | 22,722            | 19,172            |
| <b>Total Governmental activities</b>  | <b>318,408</b>    | <b>310,273</b>    | <b>310,166</b>     | <b>300,509</b>    | <b>335,092</b>    |
| <i>Business-type activities</i>   |                   |                   |                    |                   |                   |
| Taxes:  |                   |                   |                    |                   |                   |
| Other taxes   | 15,852            | 14,233            | 15,403             | 15,781            | 16,555            |
| Investment earnings   | 5,746             | 4,964             | 3,449              | 2,957             | 1,311             |
| Miscellaneous   | -                 | -                 | -                  | -                 | -                 |
| Gain (loss) on disposition of capital assets                                      | -                 | 17                | -                  | 7                 | -                 |
| Transfers   | (8,348)           | (19,365)          | (28,229)           | (22,722)          | (19,172)          |
| <b>Total business-type activities</b>   | <b>13,250</b>     | <b>(151)</b>      | <b>(9,377)</b>     | <b>(3,977)</b>    | <b>(1,306)</b>    |
| <b>Total primary government</b>   | <b>\$ 331,658</b> | <b>\$ 310,122</b> | <b>\$ 300,789</b>  | <b>\$ 296,532</b> | <b>\$ 333,786</b> |
| <b>Change in Net Position</b>   |                   |                   |                    |                   |                   |
| Governmental activities   | \$ 24,398         | \$ (3,726)        | \$ (34,786)        | \$ 18,803         | \$ 5,285          |
| Business-type activities  | 19,815            | 26,385            | 22,019             | 17,386            | 33,357            |
| <b>Total primary government</b>   | <b>\$ 44,213</b>  | <b>\$ 22,659</b>  | <b>\$ (12,767)</b> | <b>\$ 36,189</b>  | <b>\$ 38,642</b>  |

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Source: City of Sacramento Comprehensive Annual Financial Reports

**City of Sacramento**  
**Fund Balances, Governmental Funds** <sup>(1) (2)</sup>  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting, in thousands)

|   | Fiscal Year       |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2004              | 2005              | 2006              | 2007              | 2008              |
| General Fund                              |                   |                   |                   |                   |                   |
| Reserved for:                             |                   |                   |                   |                   |                   |
| Noncurrent assets                         | \$ 1,200          | \$ 1,305          | \$ 1,074          | \$ 987            | \$ 1,604          |
| Encumbrances                              | 12,410            | 10,790            | 14,089            | 17,070            | 8,947             |
| Inventories and prepaids                  | -                 | -                 | -                 | -                 | 449               |
| Unreserved                                | 109,868           | 141,331           | 133,573           | 113,421           | 87,962            |
| Nonspendable:                             |                   |                   |                   |                   |                   |
| Prepaid items                             | -                 | -                 | -                 | -                 | -                 |
| Noncurrent assets                         | -                 | -                 | -                 | -                 | -                 |
| Restricted:                               |                   |                   |                   |                   |                   |
| Other programs                            | -                 | -                 | -                 | -                 | -                 |
| Committed:                                |                   |                   |                   |                   |                   |
| Economic uncertainty                      | -                 | -                 | -                 | -                 | -                 |
| Capital projects                          | -                 | -                 | -                 | -                 | -                 |
| Community center theater renovation       | -                 | -                 | -                 | -                 | -                 |
| OPEB trust fund                           | -                 | -                 | -                 | -                 | -                 |
| Other programs                            | -                 | -                 | -                 | -                 | -                 |
| Assigned:                                 |                   |                   |                   |                   |                   |
| Unrealized investment gains               | -                 | -                 | -                 | -                 | -                 |
| Next year's budget                        | -                 | -                 | -                 | -                 | -                 |
| <b>Total general fund</b>                 | <b>\$ 123,478</b> | <b>\$ 153,426</b> | <b>\$ 148,736</b> | <b>\$ 131,478</b> | <b>\$ 98,962</b>  |
| All Other Governmental Funds              |                   |                   |                   |                   |                   |
| Reserved for:                             |                   |                   |                   |                   |                   |
| Noncurrent assets                         | \$ 68,152         | \$ 70,511         | \$ 993            | \$ 935            | \$ 875            |
| Encumbrances                              | 70,611            | 67,585            | 32,087            | 33,855            | 113,669           |
| Debt service                              | 23,485            | 24,721            | 23,138            | 22,568            | 22,634            |
| Inventories and prepaids                  | -                 | -                 | -                 | -                 | 1,344             |
| Housing/redevelopment                     | 1,410             | 106,624           | -                 | -                 | -                 |
| Trust obligations                         | 1,927             | 1,927             | 1,927             | 1,927             | 1,934             |
| Capital projects                          | -                 | -                 | -                 | -                 | -                 |
| Unreserved, reported in:                  |                   |                   |                   |                   |                   |
| Special revenue funds                     | 76,971            | 75,224            | 80,115            | 34,125            | 79,289            |
| Capital projects funds                    | 214,811           | 58,302            | 192,768           | 276,582           | 131,595           |
| Debt service funds                        | 6,558             | 13,959            | 7,615             | 7,651             | 9,200             |
| Permanent funds                           | 2,706             | 2,920             | 3,131             | 3,855             | 3,700             |
| Nonspendable:                             |                   |                   |                   |                   |                   |
| Prepaid items                             | -                 | -                 | -                 | -                 | -                 |
| Noncurrent assets                         | -                 | -                 | -                 | -                 | -                 |
| Permanent fund principal                  | -                 | -                 | -                 | -                 | -                 |
| Restricted:                               |                   |                   |                   |                   |                   |
| Capital projects                          | -                 | -                 | -                 | -                 | -                 |
| Debt service                              | -                 | -                 | -                 | -                 | -                 |
| Public works programs                     | -                 | -                 | -                 | -                 | -                 |
| Economic development programs             | -                 | -                 | -                 | -                 | -                 |
| Other programs                            | -                 | -                 | -                 | -                 | -                 |
| Committed:                                |                   |                   |                   |                   |                   |
| Capital projects                          | -                 | -                 | -                 | -                 | -                 |
| Debt service                              | -                 | -                 | -                 | -                 | -                 |
| Other programs                            | -                 | -                 | -                 | -                 | -                 |
| Assigned:                                 |                   |                   |                   |                   |                   |
| Debt service                              | -                 | -                 | -                 | -                 | -                 |
| Unrealized investment gains               | -                 | -                 | -                 | -                 | -                 |
| Other programs                            | -                 | -                 | -                 | -                 | -                 |
| Unassigned                                | -                 | -                 | -                 | -                 | -                 |
| <b>Total all other governmental funds</b> | <b>\$ 466,631</b> | <b>\$ 421,773</b> | <b>\$ 341,774</b> | <b>\$ 381,498</b> | <b>\$ 364,240</b> |

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.

**City of Sacramento**  
**Fund Balances, Governmental Funds** <sup>(1) (2)</sup>  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting, in thousands)

|   | Fiscal Year       |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2009              | 2010              | 2011              | 2012              | 2013              |
| General Fund                              |                   |                   |                   |                   |                   |
| Reserved for:                             |                   |                   |                   |                   |                   |
| Noncurrent assets                         | \$ 969            | \$ 514            | \$ -              | \$ -              | \$ -              |
| Encumbrances                              | 5,189             | 6,301             | -                 | -                 | -                 |
| Inventories and prepaids                  | 316               | 304               | -                 | -                 | -                 |
| Unreserved                                | 65,614            | 47,988            | -                 | -                 | -                 |
| Nonspendable:                             |                   |                   |                   |                   |                   |
| Prepaid items                             | -                 | -                 | 63                | 23                | 24                |
| Noncurrent assets                         | -                 | -                 | 245               | 71                | 48                |
| Restricted:                               |                   |                   |                   |                   |                   |
| Other programs                            | -                 | -                 | 86                | 64                | 40                |
| Committed:                                |                   |                   |                   |                   |                   |
| Economic uncertainty                      | -                 | -                 | 14,340            | 20,263            | 27,765            |
| Capital projects                          | -                 | -                 | 19,612            | 21,542            | 21,789            |
| Community center theater renovation       | -                 | -                 | -                 | -                 | 8,500             |
| OPEB trust fund                           | -                 | -                 | -                 | -                 | 2,000             |
| Other programs                            | -                 | -                 | 12,468            | 9,349             | 9,347             |
| Assigned:                                 |                   |                   |                   |                   |                   |
| Unrealized investment gains               | -                 | -                 | 972               | 402               | -                 |
| Next year's budget                        | -                 | -                 | 5,138             | 9,354             | 10,446            |
| <b>Total general fund</b>                 | <b>\$ 72,088</b>  | <b>\$ 55,107</b>  | <b>\$ 52,924</b>  | <b>\$ 61,068</b>  | <b>\$ 79,959</b>  |
| All Other Governmental Funds              |                   |                   |                   |                   |                   |
| Reserved for:                             |                   |                   |                   |                   |                   |
| Noncurrent assets                         | \$ 746            | \$ 1,149          | \$ -              | \$ -              | \$ -              |
| Encumbrances                              | 78,390            | 30,000            | -                 | -                 | -                 |
| Debt service                              | 20,517            | 20,269            | -                 | -                 | -                 |
| Inventories and prepaids                  | 35                | 35                | -                 | -                 | -                 |
| Housing/redevelopment                     | -                 | -                 | -                 | -                 | -                 |
| Trust obligations                         | 1,934             | 1,934             | -                 | -                 | -                 |
| Capital projects                          | -                 | 2,210             | -                 | -                 | -                 |
| Unreserved, reported in:                  |                   |                   |                   |                   |                   |
| Special revenue funds                     | 73,626            | 93,583            | -                 | -                 | -                 |
| Capital projects funds                    | 104,824           | 100,308           | -                 | -                 | -                 |
| Debt service funds                        | 9,868             | 10,047            | -                 | -                 | -                 |
| Permanent funds                           | 2,567             | 2,798             | -                 | -                 | -                 |
| Nonspendable:                             |                   |                   |                   |                   |                   |
| Prepaid items                             | -                 | -                 | 30                | 29                | 44                |
| Noncurrent assets                         | -                 | -                 | 1,577             | 605               | 530               |
| Permanent fund principal                  | -                 | -                 | 1,934             | 878               | 878               |
| Restricted:                               |                   |                   |                   |                   |                   |
| Capital projects                          | -                 | -                 | 161,365           | 150,475           | 135,069           |
| Debt service                              | -                 | -                 | 20,870            | 18,230            | 17,472            |
| Public works programs                     | -                 | -                 | -                 | -                 | 13,781            |
| Economic development programs             | -                 | -                 | -                 | -                 | 23,970            |
| Other programs                            | -                 | -                 | 50,264            | 50,026            | 31,115            |
| Committed:                                |                   |                   |                   |                   |                   |
| Capital projects                          | -                 | -                 | 606               | 469               | 3,666             |
| Debt service                              | -                 | -                 | 2,278             | 2,278             | 2,278             |
| Other programs                            | -                 | -                 | 646               | 2,096             | 6,266             |
| Assigned:                                 |                   |                   |                   |                   |                   |
| Debt service                              | -                 | -                 | 2,878             | 2,068             | 1,805             |
| Unrealized investment gains               | -                 | -                 | 120               | 42                | 100               |
| Other programs                            | -                 | -                 | 2,281             | 4,093             | 3,758             |
| Unassigned                                | -                 | -                 | (31,287)          | (48,094)          | (30,762)          |
| <b>Total all other governmental funds</b> | <b>\$ 292,507</b> | <b>\$ 262,333</b> | <b>\$ 213,562</b> | <b>\$ 183,195</b> | <b>\$ 209,970</b> |

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.

**City of Sacramento**  
**Changes in Fund Balances, Governmental Funds <sup>(1)</sup>**  
**Last Ten Fiscal Years**

(modified accrual basis of accounting, in thousands)

|   | Fiscal Year      |                    |                   |                  |                    |
|---|------------------|--------------------|-------------------|------------------|--------------------|
|   | 2004             | 2005               | 2006              | 2007             | 2008               |
| <b>Revenues</b>   |                  |                    |                   |                  |                    |
| Taxes   | \$ 249,050       | \$ 269,695         | \$ 273,010        | \$ 287,254       | \$ 286,498         |
| Intergovernmental   | 137,234          | 167,448            | 134,905           | 148,521          | 137,341            |
| Charges for services                                      | 45,226           | 58,836             | 64,063            | 64,902           | 63,285             |
| Fines, forfeits and penalties                             | 7,223            | 7,804              | 8,065             | 8,285            | 9,916              |
| Interest, rents, and concessions                          | 13,998           | 17,278             | 18,195            | 34,398           | 28,430             |
| Community service fees                                    | 45,936           | 40,315             | 64,360            | 40,386           | 16,831             |
| Assessment levies   | 17,387           | 18,443             | 19,374            | 21,424           | 25,894             |
| Contributions from property owners                        | 54,936           | 46,343             | 3,942             | 44,099           | 31,753             |
| Donations   | 215              | 63                 | 94                | -                | -                  |
| Miscellaneous   | 3,098            | 3,670              | 1,463             | 395              | 296                |
| <b>Total revenues</b>                                     | <b>574,303</b>   | <b>629,895</b>     | <b>587,471</b>    | <b>649,664</b>   | <b>600,244</b>     |
| <b>Expenditures</b>                                       |                  |                    |                   |                  |                    |
| General Government  | 24,503           | 25,886             | 30,456            | 31,172           | 33,778             |
| Police  | 105,089          | 121,548            | 137,391           | 149,159          | 148,392            |
| Fire  | 56,986           | 73,360             | 87,648            | 91,965           | 94,284             |
| General Services  | -                | 16,325             | 14,925            | 14,348           | 23,198             |
| Transportation  | -                | 22,038             | 34,691            | 37,598           | 30,235             |
| Neighborhood Services                                     | 6,883            | 7,880              | 1,917             | 1,815            | 1,547              |
| Convention, Culture & Leisure                             | 4,829            | 4,847              | 13,060            | 15,074           | 16,080             |
| Economic Development                                      | 2,361            | -                  | 5,461             | 5,882            | 8,035              |
| Parks and Recreation                                      | 37,167           | 38,898             | 43,477            | 47,884           | 53,499             |
| Code enforcement  | -                | -                  | 7,184             | 9,713            | 9,595              |
| Community Development                                     | -                | -                  | -                 | -                | -                  |
| Library   | 7,636            | 7,997              | 8,587             | 8,868            | 9,366              |
| Utilities   | 274              | 219                | 109               | 109              | 83                 |
| Nondepartmental   | 26,336           | 32,284             | 24,811            | 18,526           | 27,373             |
| Citywide and community support                            | -                | -                  | -                 | -                | -                  |
| Public Works  | 48,466           | -                  | -                 | -                | -                  |
| Development Services                                      | -                | 66,785             | 35,802            | 32,600           | 28,261             |
| Planning  | -                | -                  | -                 | 8,079            | 5,626              |
| Housing and Redevelopment                                 | 47,231           | 58,399             | -                 | -                | -                  |
| Planning and Building                                     | 17,560           | -                  | -                 | -                | -                  |
| Capital Outlay  |                  |                    |                   |                  |                    |
| City  | 143,414          | 127,157            | 95,683            | 193,954          | 153,507            |
| SHRA  | 12,678           | 10,229             | -                 | -                | -                  |
| Subtotal - capital outlay                                 | 156,092          | 137,386            | 95,683            | 193,954          | 153,507            |
| Debt Service  |                  |                    |                   |                  |                    |
| City  |                  |                    |                   |                  |                    |
| Principal   | 26,449           | 21,260             | 21,213            | 17,253           | 19,529             |
| Interest and fiscal charges                               | 20,163           | 19,415             | 21,973            | 30,216           | 30,689             |
| Bond issuance costs                                       | -                | -                  | 2,600             | 1,519            | 607                |
| Advance refunding escrow                                  | -                | -                  | 1,154             | 213              | -                  |
| SHRA  |                  |                    |                   |                  |                    |
| Principal   | 11,445           | 12,978             | -                 | -                | -                  |
| Interest and fiscal charges                               | 14,782           | 16,382             | -                 | -                | -                  |
| Subtotal - debt service                                   | 72,839           | 70,035             | 46,940            | 49,201           | 50,825             |
| <b>Total Expenditures</b>                                 | <b>614,252</b>   | <b>683,887</b>     | <b>588,142</b>    | <b>715,947</b>   | <b>693,684</b>     |
| Excess (deficiency) of revenues over (under) expenditures | (39,949)         | (53,992)           | (671)             | (66,283)         | (93,440)           |
| <b>Other Financing Sources (uses)</b>                     |                  |                    |                   |                  |                    |
| Transfers in  | 90,952           | 57,544             | 52,864            | 56,203           | 58,989             |
| Transfers out   | (114,577)        | (53,208)           | (38,609)          | (37,441)         | (39,780)           |
| Issuance of long-term debt                                | 137,436          | 14,983             | 212,339           | 147,281          | 5,666              |
| Premium on long term debt                                 | -                | -                  | 7,447             | 14,857           | -                  |
| Proceeds from sale of property                            | 6,427            | 5,286              | -                 | -                | -                  |
| Proceeds of long-term capital-related debt                | -                | -                  | -                 | -                | -                  |
| Payments to participating governments                     | -                | -                  | (25,500)          | -                | -                  |
| Payments to refunded bond escrow                          | (2,712)          | -                  | (63,560)          | (92,151)         | -                  |
| Discount on long-term debt                                | (1,245)          | -                  | -                 | -                | -                  |
| <b>Total other financing sources (uses)</b>               | <b>116,281</b>   | <b>24,605</b>      | <b>144,981</b>    | <b>88,749</b>    | <b>24,875</b>      |
| <b>Special items, net</b>                                 | <b>-</b>         | <b>-</b>           | <b>-</b>          | <b>-</b>         | <b>18,791</b>      |
| <b>Net change in fund balances</b>                        | <b>\$ 76,332</b> | <b>\$ (29,387)</b> | <b>\$ 144,310</b> | <b>\$ 22,466</b> | <b>\$ (49,774)</b> |
| Debt services as a percentage of noncapital expenditures  | 15.90%           | 12.82%             | 9.53%             | 9.43%            | 9.41%              |

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.

**City of Sacramento**  
**Changes in Fund Balances, Governmental Funds <sup>(1)</sup>**  
**Last Ten Fiscal Years**

(modified accrual basis of accounting, in thousands)

|   | Fiscal Year    |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
|   | 2009           | 2010           | 2011           | 2012           | 2013           |
| <b>Revenues</b>   |                |                |                |                |                |
| Taxes   | \$ 277,370     | \$ 260,749     | \$ 254,705     | \$ 256,564     | \$ 265,605     |
| Intergovernmental   | 161,418        | 174,214        | 125,758        | 154,937        | 154,556        |
| Charges for services                                      | 70,403         | 62,962         | 67,831         | 62,760         | 65,244         |
| Fines, forfeits and penalties                             | 12,213         | 12,118         | 11,093         | 11,891         | 9,892          |
| Interest, rents, and concessions                          | 15,414         | 10,928         | 9,627          | 15,494         | 13,909         |
| Community service fees                                    | 13,297         | 7,875          | 3,647          | 3,058          | 7,136          |
| Assessment levies   | 33,204         | 31,970         | 33,482         | 35,294         | 37,621         |
| Contributions from property owners                        | 8,132          | 7,972          | 9,440          | 6,170          | 14,269         |
| Donations   | -              | -              | -              | -              | -              |
| Miscellaneous   | 212            | 196            | 411            | 2,090          | 3,441          |
| <b>Total revenues</b>                                     | <b>591,663</b> | <b>568,984</b> | <b>515,994</b> | <b>548,258</b> | <b>571,673</b> |
| <b>Expenditures</b>                                       |                |                |                |                |                |
| General Government  | 31,938         | 27,471         | 26,049         | 24,610         | 22,712         |
| Police  | 145,148        | 147,059        | 144,081        | 142,204        | 138,779        |
| Fire  | 99,613         | 102,430        | 97,573         | 98,749         | 99,630         |
| General Services  | 23,396         | 21,025         | 19,353         | 19,388         | 10,306         |
| Transportation  | 32,902         | 31,023         | 29,708         | 33,183         | -              |
| Neighborhood Services                                     | 1,363          | 1,007          | -              | -              | -              |
| Convention, Culture & Leisure                             | 15,116         | 13,196         | 13,291         | 10,670         | 9,804          |
| Economic Development                                      | 9,472          | 9,136          | 9,819          | 9,396          | 10,221         |
| Parks and Recreation                                      | 45,845         | 40,312         | 36,650         | 30,393         | 32,257         |
| Code enforcement  | 10,605         | 10,279         | -              | -              | -              |
| Community Development                                     | -              | 15,873         | 23,307         | 21,819         | 23,568         |
| Library   | 13,406         | 12,366         | 12,398         | 11,739         | 12,362         |
| Utilities   | 67             | 67             | 137            | 97             | 979            |
| Nondepartmental   | 26,028         | 26,818         | 33,407         | 32,269         | -              |
| Citywide and community support                            | -              | -              | -              | -              | 33,105         |
| Public Works  | -              | -              | -              | -              | 34,995         |
| Development Services                                      | 21,881         | -              | -              | -              | -              |
| Planning  | 2,709          | -              | -              | -              | -              |
| Housing and Redevelopment                                 | -              | -              | -              | -              | -              |
| Planning and Building                                     | -              | -              | -              | -              | -              |
| Capital Outlay  |                |                |                |                |                |
| City  | 180,125        | 156,146        | 91,902         | 118,259        | 116,705        |
| SHRA  | -              | -              | -              | -              | -              |
| Subtotal - capital outlay                                 | 180,125        | 156,146        | 91,902         | 118,259        | 116,705        |
| Debt Service  |                |                |                |                |                |
| City  |                |                |                |                |                |
| Principal   | 45,789         | 18,577         | 44,189         | 21,595         | 19,470         |
| Interest and fiscal charges                               | 30,468         | 29,697         | 25,209         | 24,028         | 22,949         |
| Bond issuance costs                                       | -              | -              | -              | -              | -              |
| Advance refunding escrow                                  | -              | -              | -              | -              | -              |
| SHRA  |                |                |                |                |                |
| Principal   | -              | -              | -              | -              | -              |
| Interest and fiscal charges                               | -              | -              | -              | -              | -              |
| Subtotal - debt service                                   | 76,257         | 48,274         | 69,398         | 45,623         | 42,419         |
| <b>Total Expenditures</b>                                 | <b>735,871</b> | <b>662,482</b> | <b>607,073</b> | <b>598,399</b> | <b>587,842</b> |
| Excess (deficiency) of revenues over (under) expenditures | (144,208)      | (93,498)       | (91,079)       | (50,141)       | (16,169)       |
| <b>Other Financing Sources (uses)</b>                     |                |                |                |                |                |
| Transfers in  | 65,076         | 53,621         | 58,006         | 55,435         | 55,166         |
| Transfers out   | (33,695)       | (30,241)       | (27,025)       | (27,590)       | (27,450)       |
| Issuance of long-term debt                                | 10,981         | 22,963         | 6,808          | 73             | -              |
| Premium on long term debt                                 | -              | -              | -              | -              | -              |
| Proceeds from sale of property                            | 2,992          | -              | 2,336          | -              | -              |
| Proceeds of long-term capital-related debt                | -              | -              | -              | -              | 2,837          |
| Payments to participating governments                     | -              | -              | -              | -              | -              |
| Payments to refunded bond escrow                          | -              | -              | -              | -              | -              |
| Discount on long-term debt                                | -              | -              | -              | -              | -              |
| <b>Total other financing sources (uses)</b>               | <b>45,354</b>  | <b>46,343</b>  | <b>40,125</b>  | <b>27,918</b>  | <b>30,553</b>  |
| Special items, net  | (929)          | -              | -              | -              | 31,208         |
| Net change in fund balances                               | \$ (99,783)    | \$ (47,155)    | \$ (50,954)    | \$ (22,223)    | \$ 45,592      |
| Debt services as a percentage of noncapital expenditures  | 13.72%         | 9.35%          | 13.06%         | 9.41%          | 8.35%          |

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.

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

(modified accrual basis of accounting, in thousands)

| <b>Fiscal Year</b>  | <b>Property</b>        | <b>Tax Increment</b> | <b>Sales &amp; Use</b> | <b>Utility Users</b> | <b>Others</b> | <b>Total</b> |
|---------------------|------------------------|----------------------|------------------------|----------------------|---------------|--------------|
| 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 <sup>(2)</sup> | 112,144 <sup>(1)</sup> | -                    | 72,479                 | 56,243               | 32,144        | 273,010      |
| 2007                | 145,376 <sup>(3)</sup> | -                    | 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      |
| 2012                | 130,287                | -                    | 50,683                 | 58,787               | 16,807        | 256,564      |
| 2013                | 130,864 <sup>(4)</sup> | -                    | 57,121 <sup>(5)</sup>  | 59,066               | 18,554        | 265,605      |

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.

(4) Includes residual property tax from redevelopment agency dissolution.

(5) Includes Measure U local sales and use tax.

Sources: (A) City of Sacramento Comprehensive Annual Financial Reports

# City of Sacramento

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

(in thousands)

| Fiscal<br>Year End<br>June 30 | Gross Assessed Value (1) |                      |                       |            | Exemptions | Net Assessed<br>Taxable<br>Value | Total<br>Direct<br>Tax Rate <sup>(2)</sup> |
|-------------------------------|--------------------------|----------------------|-----------------------|------------|------------|----------------------------------|--|
|                               | Real<br>Property         | Personal<br>Property | Public<br>Utility     | Total      |            |                                  |  |
| 2004                          | \$ 23,859,347            | \$ 1,168,917         | \$ 60,909             | 25,089,173 | \$ 489,478 | \$ 24,599,695                    | 1.00                                       |
| 2005 <sup>(3)</sup>           | 27,010,976               | 1,343,104            | 57,800                | 28,411,880 | 500,620    | 27,911,260                       | 1.00                                       |
| 2006                          | 31,112,448               | 1,374,566            | 56,950                | 32,543,964 | 506,813    | 32,037,151                       | 1.00                                       |
| 2007                          | 35,687,712               | 1,441,042            | 54,611                | 37,183,365 | 509,257    | 36,674,108                       | 1.00                                       |
| 2008                          | 39,286,839               | 1,548,914            | 15,371 <sup>(4)</sup> | 40,851,124 | 505,519    | 40,345,605                       | 1.00                                       |
| 2009                          | 40,360,550               | 1,691,096            | 11,948                | 42,063,594 | 503,159    | 41,560,435                       | 1.00                                       |
| 2010                          | 37,446,222               | 1,819,726            | 11,937                | 39,277,885 | 499,878    | 38,778,007                       | 1.00                                       |
| 2011                          | 36,388,660               | 1,742,824            | 11,977                | 38,143,461 | 496,459    | 37,647,002                       | 1.00                                       |
| 2012                          | 35,267,406               | 1,711,462            | 12,132                | 36,991,000 | 488,888    | 36,502,112                       | 1.00                                       |
| 2013                          | 34,332,037               | 1,626,943            | 13,157                | 35,972,137 | 477,326    | 35,494,811                       | 1.00                                       |

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

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

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

(2) This 1.00% is shared by all taxing agencies for which the subject property resides within.

(3) 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.

(4) 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 <sup>(1)</sup>**  
**Per \$100 of Assessed Value**  
**Last Ten Fiscal Years**

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| <b>Fiscal<br/>Year End<br/>June 30</b> | <b>Basic<br/>County,<br/>City, and<br/>School Levy <sup>(2)</sup></b> | <b>County of<br/>Sacramento</b> | <b>Schools</b> | <b>Special<br/>Districts</b> | <b>Total</b> |
|--|---|---------------------------------|----------------|------------------------------|--------------|
| 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       |
| 2012                                   | 1.0000  | —                               | 0.1174         | —                            | 1.1174       |
| 2013                                   | 1.0000  | —                               | 0.1192         | —                            | 1.1192       |

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

(2) This 1.00% is shared by all taxing agencies for which the subject property resides within.

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

(in thousands)

| Taxpayer                       | 2013                 |      |  | 2004                 |      |  |
|--------------------------------|----------------------|------|--|----------------------|------|--|
|                                | Assessed Valuation   | Rank | Percentage of Total Assessed Valuation | Assessed Valuation   | Rank | Percentage of Total Assessed Valuation |
| Hines VAF II Sacramento        | \$ 394,930           | 1    | 1.11 %                                 | \$ -                 | -    | - %                                    |
| CIM Sacramento LLC             | 231,013              | 2    | 0.65                                   | -                    | -    | -                                      |
| Verizon                        | 152,482              | 3    | 0.43                                   | -                    | -    | -                                      |
| Arden Fair Associates          | 134,668              | 4    | 0.38                                   | 116,851              | 3    | 0.49                                   |
| 621 Capitol Mall LLC           | 117,394              | 5    | 0.33                                   | -                    | -    | -                                      |
| 300 Capitol Association NF LP  | 109,000              | 6    | 0.31                                   | -                    | -    | -                                      |
| Comcast Sacramento             | 105,943              | 7    | 0.30                                   | -                    | -    | -                                      |
| CLPF Promenade LP              | 83,028               | 8    | 0.23                                   | -                    | -    | -                                      |
| Target Corp                    | 80,789               | 9    | 0.23                                   | -                    | -    | -                                      |
| HP Hood LLC                    | 78,083               | 10   | 0.22                                   | -                    | -    | -                                      |
| Downtown Plaza LLC             | -                    | -    | -                                      | 129,243              | 2    | 0.54                                   |
| 1415 Meridian Plaza LLC        | -                    | -    | -                                      | -                    | -    | -                                      |
| Sacramento Equities REIT       | -                    | -    | -                                      | -                    | -    | -                                      |
| 400 Capital Mall Venture       | -                    | -    | -                                      | 138,085              | 1    | 0.57                                   |
| SRI Six USBP LLC               | -                    | -    | -                                      | 88,883               | 4    | 0.37                                   |
| Sacramento Hotel Corporation   | -                    | -    | -                                      | 87,994               | 5    | 0.37                                   |
| Sutter Community Hospitals     | -                    | -    | -                                      | 79,810               | 6    | 0.33                                   |
| McClatchy Newspaper Inc.       | -                    | -    | -                                      | 78,852               | 7    | 0.33                                   |
| Prentiss Properties Natomas LP | -                    | -    | -                                      | 75,269               | 8    | 0.31                                   |
| VV USA City LP                 | -                    | -    | -                                      | 74,020               | 9    | 0.31                                   |
| Spieker Properties LP          | -                    | -    | -                                      | 68,237               | 10   | 0.28                                   |
|                                | <u>1,487,330</u>     |      | <u>4.19</u>                            | <u>937,244</u>       |      | <u>4.00</u>                            |
| All other taxpayers            | <u>34,007,481</u>    |      | <u>95.81</u>                           | <u>23,135,569</u>    |      | <u>96.00</u>                           |
| Total                          | <u>\$ 35,494,811</u> |      | <u>100.00 %</u>                        | <u>\$ 24,072,813</u> |      | <u>100.00 %</u>                        |

Source: County of Sacramento, Office of Auditor/Controller

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**City of Sacramento**  
**Property Tax Levies and Collections** <sup>(1) (2)</sup>  
**Last Ten Fiscal Years**

(in thousands)

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy |                    | Collection in Subsequent Years | Total Collections to Date |                    |
|---------------------------|----------------------------------|--|--------------------|--------------------------------|---------------------------|--------------------|
|                           |                                  | Amount                                       | Percentage of Levy |                                | Amount                    | Percentage of Levy |
| 2004                      | 63,810                           | 63,748                                       | 99.90%             | 62                             | 63,810                    | 100.00%            |
| 2005                      | 70,435                           | 70,343                                       | 99.87%             | 92                             | 70,435                    | 100.00%            |
| 2006                      | 114,657                          | 112,052                                      | 97.73%             | 2,605                          | 114,657                   | 100.00%            |
| 2007                      | 146,844                          | 142,771                                      | 97.23%             | 4,073                          | 146,844                   | 100.00%            |
| 2008                      | 151,667                          | 146,828                                      | 96.81%             | 4,839                          | 151,667                   | 100.00%            |
| 2009                      | 151,480                          | 147,780                                      | 97.56%             | 3,700                          | 151,480                   | 100.00%            |
| 2010                      | 138,701                          | 136,313                                      | 98.28%             | 2,388                          | 138,701                   | 100.00%            |
| 2011                      | 132,440                          | 130,711                                      | 98.69%             | 1,729                          | 132,440                   | 100.00%            |
| 2012                      | 129,123                          | 127,914                                      | 99.06%             | 1,209                          | 129,123                   | 100.00%            |
| 2013                      | 130,755 <sup>(3) (4)</sup>       | 129,655                                      | 99.16%             | -                              | 129,655                   | 99.16%             |

Notes: (1) Includes City tax levy and collections only; does not include SHRA, a component unit until fiscal year 2005.  
(2) Property taxes in 2007 and subsequent years include revenue reported in 2006 as in lieu sales tax.  
(3) Total actual tax levy amount is not available from Sacramento County; amount provided is an estimate.  
(4) Includes residual property taxes resulting from the redevelopment agency dissolution.

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)

| Fiscal Year            | Governmental Activities |                      |                               |               |                |
|------------------------|-------------------------|----------------------|-------------------------------|---------------|----------------|
|                        | Revenue Bonds           | Tax Allocation Bonds | Certificates of Participation | Notes Payable | Capital Leases |
| 2004 <sup>(1)(2)</sup> | 440,550                 | 144,047              | 820                           | 15,504        | 2,456          |
| 2005                   | 427,590                 | 137,454              | 324                           | 16,440        | 2,549          |
| 2006 <sup>(3)(4)</sup> | 529,598                 | -                    | 104                           | 993           | 1,940          |
| 2007 <sup>(5)</sup>    | 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          |
| 2012                   | 457,324                 | -                    | -                             | 605           | 8,439          |
| 2013 <sup>(6)</sup>    | 435,962                 | -                    | -                             | 530           | 9,446          |

Notes:

- 1) Tax allocation bonds were issued in 2004 by the City's redevelopment agency.
  - 2) \$68 million in revenue bonds were issued in 2004.
  - 3) \$151 million in revenue bonds and \$168 million in refunding revenue bonds were issued in 2006.
  - 4) In 2006, the Sacramento Housing and Redevelopment Agency was eliminated as a blended component unit.
  - 5) In 2007, \$31 million of revenue bonds, \$187 million of refunding bonds and a \$25 million note payable were issued.
  - 6) In 2013, \$281 million of revenue bonds and a \$2.8 million capital lease payable were issued.
- NA) Personal income data was not available in 2007, 2008, 2009, 2010, 2011, 2012, and 2013.

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)

| Fiscal Year            | Business-Type Activities |                               |               |                | Total Primary Government | Percentage of Personal Income | Population | Per Capita |
|------------------------|--------------------------|-------------------------------|---------------|----------------|--------------------------|-------------------------------|------------|------------|
|                        | Revenue Bonds            | Certificates of Participation | Notes Payable | Capital Leases |                          |                               |            |            |
| 2004 <sup>(1)(2)</sup> | 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 <sup>(3)(4)</sup> | 353,065                  | -                             | 49,210        | 2,279          | 937,189                  | 6                             | 457,514    | 2,048      |
| 2007 <sup>(5)</sup>    | 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      |
| 2012                   | 277,241                  | -                             | 55,131        | 11,693         | 810,433                  | NA                            | 470,956    | 1,721      |
| 2013 <sup>(6)</sup>    | 542,347                  | -                             | 52,536        | 9,466          | 1,050,287                | NA                            | 473,509    | 2,218      |

Notes:

- 1) Tax allocation bonds were issued in 2004 by the City's redevelopment agency.
  - 2) \$68 million in revenue bonds were issued in 2004.
  - 3) \$151 million in revenue bonds and \$168 million in refunding revenue bonds were
  - 4) In 2006, the Sacramento Housing and Redevelopment Agency was eliminated as a blended component unit.
  - 5) In 2007, \$31 million of revenue bonds, \$187 million of refunding bonds and a \$25 million note payable were issued.
  - 6) In 2013, \$281 million of revenue bonds and a \$2.8 million capital lease payable were issued.
- NA) Personal income data was not available in 2007, 2008, 2009, 2010, 2011, 2012, and 2013.

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)

| <b>Fiscal Year</b> | <b>Total Gross General Obligation Bonds</b> | <b>Amounts Restricted for Principal Repayments</b> | <b>Total Net General Obligation Bonds</b> | <b>Actual Taxable Value of Property</b> | <b>Percentage of Actual Taxable Value of Property</b> | <b>Population</b> | <b>Net Bonded Debt Per Capita</b> |
|--------------------|---|--|---|---|---|-------------------|-----------------------------------|
| 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           | -                                 |
| 2012               | -   | -  | -   | 36,502,112                              | 0.00%   | 470,956           | -                                 |
| 2013               | -   | -  | -   | 35,494,811                              | 0.00%   | 473,509           | -                                 |

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

# City of Sacramento

## Direct and Overlapping Governmental Activities Debt <sup>(1)</sup> As of June 30, 2013

(in thousands)

| Governmental Unit   | Total<br>Debt<br>Outstanding | Estimated<br>Percentage<br>Applicable | Estimated<br>Share of<br>Overlapping<br>Debt |
|---|------------------------------|---------------------------------------|--|
| Overlapping Tax and Assessment Debt:  |                              |                                       |  |
| Los Rios Community College District   | \$ 297,395                   | 25.422 %                              | \$ 75,604                                    |
| Natomas Unified School District   | 177,849                      | 86.933                                | 154,610                                      |
| Sacramento Unified School District  | 313,678                      | 83.400                                | 261,607                                      |
| San Juan Unified School District  | 355,755                      | 3.074                                 | 10,936                                       |
| Twin Rivers Unified School District   | 87,800                       | 48.209                                | 42,327                                       |
| Twin Rivers Unified School District (former Grant Joint Union High School District bonds) | 185,252                      | 47.665                                | 88,300                                       |
| Robla School District   | 23,881                       | 51.697                                | 12,346                                       |
| City of Sacramento Community Facilities Districts   | 156,030                      | 100.000                               | 156,030                                      |
| Elk Grove Unified School District Community Facilities District No. 1                     | 185,190                      | 11.665                                | 21,602                                       |
| Sacramento City Unified School District Community Facilities District No. 1               | 595                          | 100.000                               | 595  |
| City of Sacramento 1915 Act Bonds   | 12,290                       | 100.000                               | 12,290                                       |
| Sacramento Area Flood Control Agency Consolidated Capital Districts Assessment District   | 196,895                      | 80.334                                | 158,174                                      |
| Sacramento Area Flood Control Agency Operation and Maintenance Assessment District        | 3,350                        | 42.554                                | 1,426  |
| Subtotal - Overlapping Tax and Assessment debt  |                              |                                       | 995,847                                      |
| Direct and Overlapping General Fund Debt:   |                              |                                       |  |
| Sacramento County General Fund Obligations  | 317,357                      | 31.090                                | 98,666                                       |
| Sacramento County Pension Obligations   | 959,633                      | 31.090                                | 298,350                                      |
| Sacramento County Board of Education Certificates of Participation                        | 8,740                        | 31.090                                | 2,717  |
| Los Rios Community College District Certificates of Participation                         | 5,890                        | 25.422                                | 1,497  |
| Sacramento Unified School District Certificates of Participation                          | 80,160                       | 83.400                                | 66,853                                       |
| Sacramento Unified School District Pension Obligations                                    | 2,255                        | 83.400                                | 1,881  |
| San Juan Unified School District Certificates of Participation                            | 1,246                        | 3.074                                 | 38   |
| Twin Rivers Unified School District Certificates of Participation                         | 129,825                      | 47.665                                | 61,881                                       |
| Subtotal - Lease Obligation Debt  |                              |                                       | 531,884                                      |
| Total Overlapping Debt  |                              |                                       | 1,527,731                                    |
| City of Sacramento Direct Debt  |                              |                                       | 445,938                                      |
| Total Direct and Overlapping Debt   |                              |                                       | \$ 1,973,669                                 |

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)

| Fiscal Year | Debt Limit         |                                    | Debt Applicable to Limit |   |                                    | Legal Debt Margin | Total net debt applicable to the limit as a percentage of debt limit |
|-------------|--------------------|------------------------------------|--------------------------|---|------------------------------------|-------------------|--|
|             | Net Assessed Value | Debt Limit - 15% of Assessed Value | General Obligation Bonds | Amount set aside for repayment of general obligation debt | Total net debt applicable to limit |                   |  |
| 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%  |
| 2012        | 36,502,112         | 5,475,317                          | -                        | -   | -                                  | 5,475,317         | 0.00%  |
| 2013        | 35,494,811         | 5,324,222                          | -                        | -   | -                                  | 5,324,222         | 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**

| <b>Year</b> | <b>Population<br/>(A)</b> | <b>Personal<br/>Income<br/>(in millions<br/>of dollars)</b> | <b>Per<br/>Capita<br/>Personal<br/>Income</b> | <b>Median<br/>Age</b> | <b>Education<br/>Level<br/>in Years of<br/>Schooling</b> | <b>School<br/>Enrollment<br/>(B)</b> | <b>Unemployment<br/>Rate<br/>(C)</b> |
|-------------|---------------------------|---|---|-----------------------|--|--------------------------------------|--------------------------------------|
| 2004        | 1,351,455                 | 43,229  | 31,987  | 33.7                  | 14.2   | 235,369                              | 5.7 %                                |
| 2005        | 1,369,855                 | 46,375  | 34,014  | 33.7                  | 14.2   | 238,385                              | 5.1                                  |
| 2006        | 1,385,607                 | 48,313  | 35,197  | 34.1                  | NA   | 239,026                              | 4.8                                  |
| 2007        | 1,406,804                 | NA  | NA  | NA                    | NA   | 238,233                              | 5.3                                  |
| 2008        | 1,424,415                 | NA  | NA  | NA                    | NA   | 238,522                              | 7.0                                  |
| 2009        | 1,433,187                 | NA  | NA  | NA                    | NA   | 237,722                              | 11.9                                 |
| 2010        | 1,445,327                 | NA  | NA  | NA                    | NA   | 237,916                              | 12.6                                 |
| 2011        | 1,428,355                 | NA  | NA  | NA                    | NA   | 237,567                              | 12.7                                 |
| 2012        | 1,435,153                 | NA  | NA  | NA                    | NA   | 237,362                              | 11.1                                 |
| 2013        | 1,445,806                 | NA  | NA  | NA                    | NA   | 238,290                              | 8.7                                  |

Sources: (A) <http://www.dof.ca.gov/research/demographic/reports/estimates/e-5/2011-20/view.php> (Population estimates are as of January 1st each year)  
(B) California Department of Education, report on Sacramento County: <http://dq.cde.ca.gov/dataquest/>  
(C) California Employment Development Department, Report 400 C - Monthly Labor Force Data for California Counties  
<http://www.labormarketinfo.edd.ca.gov/> (as of June each year)

**City of Sacramento  
Principal Employers  
Current Fiscal Year and Nine Years Ago**

| Employer (A)                                  | 2013                        |      |   | 2006 <sup>(1)</sup>         |      |                                    |
|---|-----------------------------|------|---|-----------------------------|------|------------------------------------|
|   | Employee (A) <sup>(2)</sup> | Rank | Percentage of Total Employment (B) <sup>(3)</sup> | Employee (A) <sup>(2)</sup> | Rank | Percentage of Total Employment (B) |
| State of California                           | 69,469                      | 1    | 11.13%  | 87,467                      | 1    | 13.50%                             |
| Sacramento County                             | 10,634                      | 2    | 1.70%   | 14,408                      | 2    | 2.22%                              |
| University of California, Davis Health System | 9,985                       | 3    | 1.60%   | 7,901                       | 5    | 1.22%                              |
| Sutter Health Sacramento Sierra Region        | 6,507                       | 4    | 1.04%   | 4,181                       | 8    | 0.65%                              |
| Intel Corporation                             | 6,000                       | 5    | 0.96%   | -                           | -    | -                                  |
| Dignity Health                                | 5,756                       | 6    | 0.92%   | -                           | -    | -                                  |
| U.S. Government                               | 5,750                       | 7    | 0.92%   | -                           | -    | -                                  |
| Kaiser Permanente                             | 5,696                       | 8    | 0.91%   | 8,656                       | 3    | 1.34%                              |
| Elk Grove Unified School District             | 5,535                       | 9    | 0.89%   | -                           | -    | -                                  |
| San Juan Unified School District              | 4,700                       | 10   | 0.75%   | -                           | -    | -                                  |
| City of Sacramento                            | 3,831                       | 11   | 0.61%   | 5,003                       | 7    | 0.77%                              |
| Sacramento City Unified School District       | -                           | -    | -   | 7,000                       | 6    | 1.08%                              |
| Los Rios Community College                    | -                           | -    | -   | 8,000                       | 4    | 1.23%                              |
| Wells Fargo & Co.                             | -                           | -    | -   | 2,368                       | 9    | 0.37%                              |
| California State University, Sacramento       | -                           | -    | -   | 2,295                       | 10   | 0.35%                              |
| Sacramento Municipal Utility District         | -                           | -    | -   | 2,169                       | 11   | 0.33%                              |

Notes: (1) Data is not available from nine years ago. Fiscal Year 2006 was the first year this data was presented.  
(2) Ranked by number of employees in full-time equivalents.  
(3) Percentage of total employment is calculated based on Sacramento County's total employment force of 624,300 (per Employment Development Department website) in June 2013.

Sources: (A) Sacramento Business Journal, April 20, 2012. List of largest employers in Sacramento County.  
(B) Employment Development Department, State of California.

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**City of Sacramento**  
**Successor Agency Trust Fund**  
**Assessed Value of Taxable Property<sup>(1) (2)</sup>**  
**Last Ten Fiscal Years**  
(in thousands)

| PROJECT AREA                            | Fiscal Year         |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2004                | 2005                | 2006                | 2007                | 2008                |
| Merged Downtown                         |                     |                     |                     |                     |                     |
| Secured                                 | \$ 1,786,667        | \$ 1,898,779        | \$ 1,961,343        | \$ 2,095,806        | \$ 2,203,787        |
| Unsecured                               | 119,926             | 130,133             | 136,059             | 141,829             | 146,071             |
| Utility                                 | 5,781               | 5,282               | 5,280               | 5,274               | 4,107               |
| Total                                   | <u>\$ 1,912,374</u> | <u>\$ 2,034,194</u> | <u>\$ 2,102,682</u> | <u>\$ 2,242,909</u> | <u>\$ 2,353,965</u> |
| Del Paso Heights                        |                     |                     |                     |                     |                     |
| Secured                                 | \$ 172,192          | \$ 196,526          | \$ 260,127          | \$ 338,413          | \$ 393,968          |
| Unsecured                               | 11,086              | 11,417              | 10,364              | 10,930              | 11,076              |
| Utility                                 | -                   | -                   | -                   | -                   | -                   |
| Total                                   | <u>\$ 183,278</u>   | <u>\$ 207,943</u>   | <u>\$ 270,491</u>   | <u>\$ 349,343</u>   | <u>\$ 405,044</u>   |
| Alkali Flat                             |                     |                     |                     |                     |                     |
| Secured                                 | \$ 84,456           | \$ 91,498           | \$ 96,749           | \$ 104,672          | \$ 122,660          |
| Unsecured                               | 14,870              | 12,784              | 13,802              | 15,521              | 4,701               |
| Utility                                 | 37                  | 37                  | 37                  | 37                  | -                   |
| Total                                   | <u>\$ 99,363</u>    | <u>\$ 104,319</u>   | <u>\$ 110,588</u>   | <u>\$ 120,230</u>   | <u>\$ 127,361</u>   |
| Oak Park                                |                     |                     |                     |                     |                     |
| Secured                                 | \$ 290,062          | \$ 348,674          | \$ 441,020          | \$ 549,470          | \$ 618,602          |
| Unsecured                               | 21,900              | 11,306              | 10,644              | 10,970              | 10,363              |
| Utility                                 | -                   | -                   | -                   | -                   | -                   |
| Total                                   | <u>\$ 311,962</u>   | <u>\$ 359,980</u>   | <u>\$ 451,664</u>   | <u>\$ 560,440</u>   | <u>\$ 628,965</u>   |
| River District (formerly Richards Blvd) |                     |                     |                     |                     |                     |
| Secured                                 | \$ 349,823          | \$ 368,429          | \$ 383,756          | \$ 396,256          | \$ 404,185          |
| Unsecured                               | 31,661              | 29,806              | 30,896              | 31,005              | 34,967              |
| Utility                                 | 38,382              | 37,775              | 37,533              | 2,759               | 4,120               |
| Total                                   | <u>\$ 419,866</u>   | <u>\$ 436,010</u>   | <u>\$ 452,185</u>   | <u>\$ 430,020</u>   | <u>\$ 443,272</u>   |
| North Sacramento                        |                     |                     |                     |                     |                     |
| Secured                                 | \$ 385,601          | \$ 424,562          | \$ 469,556          | \$ 533,114          | \$ 581,880          |
| Unsecured                               | 28,063              | 34,986              | 36,278              | 29,494              | 30,238              |
| Utility                                 | -                   | -                   | -                   | -                   | -                   |
| Total                                   | <u>\$ 413,664</u>   | <u>\$ 459,548</u>   | <u>\$ 505,834</u>   | <u>\$ 562,608</u>   | <u>\$ 612,118</u>   |

Notes: (1) Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.

(2) One percent is the maximum tax rate by state law.

Source: County of Sacramento, Office of Auditor/Controller

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Assessed Value of Taxable Property<sup>(1) (2)</sup>**  
**Last Ten Fiscal Years**  
(in thousands)

| PROJECT AREA                            | Fiscal Year         |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2009                | 2010                | 2011                | 2012                | 2013                |
| Merged Downtown                         |                     |                     |                     |                     |                     |
| Secured                                 | \$ 2,549,340        | \$ 2,656,453        | \$ 2,504,312        | \$ 2,427,850        | \$ 2,366,130        |
| Unsecured                               | 174,529             | 172,285             | 160,110             | 145,125             | 137,567             |
| Utility                                 | 997                 | 997                 | 997                 | 997                 | 770                 |
| Total                                   | <u>\$ 2,724,866</u> | <u>\$ 2,829,735</u> | <u>\$ 2,665,419</u> | <u>\$ 2,573,972</u> | <u>\$ 2,504,467</u> |
| Del Paso Heights                        |                     |                     |                     |                     |                     |
| Secured                                 | \$ 414,673          | \$ 317,546          | \$ 305,405          | \$ 286,172          | \$ 276,998          |
| Unsecured                               | 14,272              | 37,627              | 17,112              | 10,267              | 9,550               |
| Utility                                 | 1                   | 1                   | 1                   | 1                   | 1                   |
| Total                                   | <u>\$ 428,946</u>   | <u>\$ 355,174</u>   | <u>\$ 322,518</u>   | <u>\$ 296,440</u>   | <u>\$ 286,549</u>   |
| Alkali Flat                             |                     |                     |                     |                     |                     |
| Secured                                 | \$ 126,892          | \$ 132,387          | \$ 128,304          | \$ 121,651          | \$ 119,184          |
| Unsecured                               | 4,273               | 4,759               | 3,740               | 2,962               | 4,982               |
| Utility                                 | -                   | -                   | -                   | -                   | -                   |
| Total                                   | <u>\$ 131,165</u>   | <u>\$ 137,146</u>   | <u>\$ 132,044</u>   | <u>\$ 124,613</u>   | <u>\$ 124,166</u>   |
| Oak Park                                |                     |                     |                     |                     |                     |
| Secured                                 | \$ 611,302          | \$ 460,439          | \$ 438,987          | \$ 428,226          | \$ 427,642          |
| Unsecured                               | 11,361              | 13,418              | 10,613              | 8,973               | 9,898               |
| Utility                                 | -                   | -                   | -                   | -                   | -                   |
| Total                                   | <u>\$ 622,663</u>   | <u>\$ 473,857</u>   | <u>\$ 449,600</u>   | <u>\$ 437,199</u>   | <u>\$ 437,540</u>   |
| River District (formerly Richards Blvd) |                     |                     |                     |                     |                     |
| Secured                                 | \$ 434,882          | \$ 454,256          | \$ 405,518          | \$ 403,771          | \$ 396,061          |
| Unsecured                               | 44,693              | 45,813              | 41,732              | 31,661              | 33,655              |
| Utility                                 | 4,120               | 4,200               | 4,200               | 4,264               | 4,779               |
| Total                                   | <u>\$ 483,695</u>   | <u>\$ 504,269</u>   | <u>\$ 451,450</u>   | <u>\$ 439,696</u>   | <u>\$ 434,495</u>   |
| North Sacramento                        |                     |                     |                     |                     |                     |
| Secured                                 | \$ 613,238          | \$ 563,978          | \$ 555,744          | \$ 526,139          | \$ 506,029          |
| Unsecured                               | 37,027              | 33,239              | 36,014              | 35,675              | 39,802              |
| Utility                                 | -                   | -                   | -                   | -                   | -                   |
| Total                                   | <u>\$ 650,265</u>   | <u>\$ 597,217</u>   | <u>\$ 591,758</u>   | <u>\$ 561,814</u>   | <u>\$ 545,831</u>   |

Notes: (1) Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.

(2) One percent is the maximum tax rate by state law.

Source: County of Sacramento, Office of Auditor/Controller

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Assessed Value of Taxable Property<sup>(1) (2)</sup>**  
**Last Ten Fiscal Years**  
(in thousands)

| PROJECT AREA       | Fiscal Year       |                   |                   |                     |                     |
|--------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
|                    | 2004              | 2005              | 2006              | 2007                | 2008                |
| Franklin Boulevard |                   |                   |                   |                     |                     |
| Secured            | \$ 429,292        | \$ 450,740        | \$ 507,056        | \$ 566,043          | \$ 595,198          |
| Unsecured          | 44,090            | 43,519            | 44,426            | 42,667              | 45,819              |
| Utility            | -                 | -                 | -                 | -                   | -                   |
| Total              | <u>\$ 473,382</u> | <u>\$ 494,259</u> | <u>\$ 551,482</u> | <u>\$ 608,710</u>   | <u>\$ 641,017</u>   |
| Stockton Boulevard |                   |                   |                   |                     |                     |
| Secured            | \$ 267,341        | \$ 306,436        | \$ 370,130        | \$ 417,045          | \$ 463,344          |
| Unsecured          | 14,516            | 13,282            | 13,381            | 12,071              | 15,416              |
| Utility            | -                 | -                 | -                 | -                   | -                   |
| Total              | <u>\$ 281,857</u> | <u>\$ 319,718</u> | <u>\$ 383,511</u> | <u>\$ 429,116</u>   | <u>\$ 478,760</u>   |
| Army Depot         |                   |                   |                   |                     |                     |
| Secured            | \$ 159,883        | \$ 160,357        | \$ 402,960        | \$ 896,449          | \$ 995,435          |
| Unsecured          | 94,488            | 98,651            | 88,155            | 104,420             | 145,115             |
| Utility            | 824               | 920               | 922               | 841                 | 578                 |
| Total              | <u>\$ 255,195</u> | <u>\$ 259,928</u> | <u>\$ 492,037</u> | <u>\$ 1,001,710</u> | <u>\$ 1,141,128</u> |
| 65th Street        |                   |                   |                   |                     |                     |
| Secured            | \$ -              | \$ -              | \$ 203,524        | \$ 224,504          | \$ 243,734          |
| Unsecured          | -                 | -                 | 165               | 26,401              | 22,673              |
| Utility            | -                 | -                 | 739               | 611                 | -                   |
| Total              | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ 204,428</u> | <u>\$ 251,516</u>   | <u>\$ 266,407</u>   |
| Railyards          |                   |                   |                   |                     |                     |
| Secured            | \$ -              | \$ -              | \$ -              | \$ -                | \$ -                |
| Unsecured          | -                 | -                 | -                 | -                   | -                   |
| Utility            | -                 | -                 | -                 | -                   | -                   |
| Total              | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ -</u>         |

Notes: (1) Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.

(2) One percent is the maximum tax rate by state law.

Source: County of Sacramento, Office of Auditor/Controller

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Assessed Value of Taxable Property<sup>(1) (2)</sup>**  
**Last Ten Fiscal Years**  
(in thousands)

| PROJECT AREA       | Fiscal Year         |                   |                   |                   |                   |
|--------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
|                    | 2009                | 2010              | 2011              | 2012              | 2013              |
| Franklin Boulevard |                     |                   |                   |                   |                   |
| Secured            | \$ 615,732          | \$ 571,385        | \$ 571,094        | \$ 554,662        | \$ 553,114        |
| Unsecured          | 47,150              | 44,573            | 41,821            | 38,551            | 39,862            |
| Utility            | -                   | -                 | -                 | -                 | -                 |
| Total              | <u>\$ 662,882</u>   | <u>\$ 615,958</u> | <u>\$ 612,915</u> | <u>\$ 593,213</u> | <u>\$ 592,976</u> |
| Stockton Boulevard |                     |                   |                   |                   |                   |
| Secured            | \$ 476,809          | \$ 390,475        | \$ 372,566        | \$ 355,452        | \$ 334,059        |
| Unsecured          | 16,399              | 16,598            | 17,048            | 17,468            | 17,101            |
| Utility            | -                   | -                 | -                 | -                 | -                 |
| Total              | <u>\$ 493,208</u>   | <u>\$ 407,073</u> | <u>\$ 389,614</u> | <u>\$ 372,920</u> | <u>\$ 351,160</u> |
| Army Depot         |                     |                   |                   |                   |                   |
| Secured            | \$ 1,011,483        | \$ 835,497        | \$ 826,480        | \$ 810,113        | \$ 790,956        |
| Unsecured          | 118,889             | 120,863           | 119,918           | 116,198           | 116,489           |
| Utility            | 578                 | 578               | 578               | 579               | 943               |
| Total              | <u>\$ 1,130,950</u> | <u>\$ 956,938</u> | <u>\$ 946,976</u> | <u>\$ 926,890</u> | <u>\$ 908,388</u> |
| 65th Street        |                     |                   |                   |                   |                   |
| Secured            | \$ 240,544          | \$ 224,753        | \$ 242,905        | \$ 230,618        | \$ 229,458        |
| Unsecured          | 29,115              | 25,010            | 25,040            | 25,808            | 17,346            |
| Utility            | -                   | -                 | -                 | -                 | -                 |
| Total              | <u>\$ 269,659</u>   | <u>\$ 249,763</u> | <u>\$ 267,945</u> | <u>\$ 256,426</u> | <u>\$ 246,804</u> |
| Railyards          |                     |                   |                   |                   |                   |
| Secured            | \$ -                | \$ 49,467         | \$ 71,772         | \$ 80,928         | \$ 84,191         |
| Unsecured          | -                   | -                 | 251               | 3,521             | 4,548             |
| Utility            | -                   | 641               | 680               | 768               | 771               |
| Total              | <u>\$ -</u>         | <u>\$ 50,108</u>  | <u>\$ 72,703</u>  | <u>\$ 85,217</u>  | <u>\$ 89,510</u>  |

Notes: (1) Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.

(2) One percent is the maximum tax rate by state law.

Source: County of Sacramento, Office of Auditor/Controller

**City of Sacramento  
Successor Agency Trust Fund**

**Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction <sup>(1) (2)</sup>**

**Merged Downtown**

**As of June 30, 2013**

(in thousands)

| <b>Assessee</b>           | <b>Taxable Value <sup>(3)</sup></b> | <b>Assessee's Value <sup>(3)</sup></b> | <b>Value Difference</b> | <b>Percentage of Total Taxable Value</b> |
|---------------------------|-------------------------------------|--|-------------------------|--|
| Hines Sacramento W.F.C.   | \$ 206,544                          | \$ 130,000                             | \$ (76,544)             | 3.06%                                    |
| 300 Capitol Mall NF LP    | 109,000                             | 85,000                                 | (24,000)                | 0.96%                                    |
| GCCFC 2007 -GG9 Office 50 | 42,738                              | 27,000                                 | (15,738)                | 0.63%                                    |
| GCCFC 2005 GG5 L Street   | 35,615                              | 24,000                                 | (11,615)                | 0.46%                                    |
| 770 L Street Investment   | 30,000                              | 18,000                                 | (12,000)                | 0.48%                                    |
| Juno Commercial Real Est  | 18,870                              | 9,400                                  | (9,470)                 | 0.38%                                    |
| Fund IX-Park Plaza, LLC   | 10,857                              | 5,429                                  | (5,428)                 | 0.22%                                    |
| Switch Building Investor  | 9,486                               | 5,600                                  | (3,886)                 | 0.16%                                    |
| 428 Associates            | 8,342                               | 7,049                                  | (1,293)                 | 0.05%                                    |
| 601 CM LLC                | 6,792                               | 4,217                                  | (2,575)                 | 0.10%                                    |
| <b>Sub Total</b>          | <b>478,244</b>                      | <b>315,695</b>                         | <b>(162,549)</b>        | <b>6.49%</b>                             |
| All Other Taxpayers       | 2,026,223                           | -                                      | -                       | -  |
| <b>Total</b>              | <b>\$ 2,504,467</b>                 | <b>\$ 315,695</b>                      | <b>\$ (162,549)</b>     | <b>6.49%</b>                             |

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2013.

Source: Sacramento County Assessor

**City of Sacramento  
Successor Agency Trust Fund**

**Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction <sup>(1) (2)</sup>**

**Del Paso Heights  
As of June 30, 2013  
(in thousands)**

| <b>Assessee</b>         | <b>Taxable Value <sup>(3)</sup></b> | <b>Assessee's Value <sup>(3)</sup></b> | <b>Value Difference</b> | <b>Percentage of Total Taxable Value</b> |
|-------------------------|-------------------------------------|--|-------------------------|--|
| Brix Family 1993 Trust  | \$ 1,353                            | \$ 650                                 | \$ (703)                | 0.25%                                    |
| FPSIE Properties LLC    | 1,276                               | 960                                    | (316)                   | 0.11%                                    |
| The Lenore Wyatt Living | 1,269                               | 635                                    | (634)                   | 0.22%                                    |
| Fine Homes LLC          | 1,117                               | 726                                    | (391)                   | 0.14%                                    |
| Lundbom Family Trust    | 973                                 | -                                      | (973)                   | 0.34%                                    |
| Lundbom Family Trust    | 934                                 | 655                                    | (279)                   | 0.10%                                    |
| Lundbom Family Trust    | 532                                 | 245                                    | (287)                   | 0.10%                                    |
| Brix Family 1993 Trust  | 458                                 | 200                                    | (258)                   | 0.09%                                    |
| The Lenore Wyatt Living | 375                                 | 188                                    | (187)                   | 0.07%                                    |
| Richard Coltrin Trustee | 261                                 | 110                                    | (151)                   | 0.05%                                    |
| <b>Sub Total</b>        | <b>8,548</b>                        | <b>4,369</b>                           | <b>(4,179)</b>          | <b>1.46%</b>                             |
| All Other Taxpayers     | 278,001                             | -                                      | -                       | -  |
| <b>Total</b>            | <b>\$ 286,549</b>                   | <b>\$ 4,369</b>                        | <b>\$ (4,179)</b>       | <b>1.46%</b>                             |

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2013.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Parcels Appealing Assessed Valuation - At Risk of Reduction** <sup>(1) (2)</sup>  
**Alkali Flat**  
**As of June 30, 2013**  
(in thousands)

| <b>Assessee</b>           | <b>Taxable Value <sup>(3)</sup></b> | <b>Assessee's Value <sup>(3)</sup></b> | <b>Value Difference</b> | <b>Percentage of Total Taxable Value</b> |
|---------------------------|-------------------------------------|--|-------------------------|--|
| Hearst Argyle Stations    | \$ 7,865                            | \$ 2,889                               | \$ (4,976)              | 4.01%                                    |
| Hearst Argyle Stations    | 7,653                               | 5,600                                  | (2,053)                 | 1.65%                                    |
| Realty Advisors Inc.      | 7,050                               | 3,100                                  | (3,950)                 | 3.18%                                    |
| Lynn Houlihan             | 2,115                               | 1,000                                  | (1,115)                 | 0.90%                                    |
| Marvin D. Morgenstein Rev | 1,370                               | 600                                    | (770)                   | 0.62%                                    |
| 12th Street Collaborative | 510                                 | 290                                    | (220)                   | 0.18%                                    |
| 12th Street Collaborative | 483                                 | 274                                    | (209)                   | 0.17%                                    |
| 12th Street Collaborative | 44                                  | 25                                     | (19)                    | 0.02%                                    |
| 12th Street Collaborative | 44                                  | 25                                     | (19)                    | 0.02%                                    |
| Sub Total                 | 27,134                              | 13,803                                 | (13,331)                | 10.74%                                   |
| All Other Taxpayers       | 97,032                              | -                                      | -                       | -  |
| <b>Total</b>              | <b>\$ 124,166</b>                   | <b>\$ 13,803</b>                       | <b>\$ (13,331)</b>      | <b>10.74%</b>                            |

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2013.

Source: Sacramento County Assessor

**City of Sacramento  
Successor Agency Trust Fund**

**Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction <sup>(1) (2)</sup>**

**Oak Park  
As of June 30, 2013**

(in thousands)

| <b>Assessee</b>                   | <b>Taxable Value <sup>(3)</sup></b> | <b>Assessee's Value <sup>(3)</sup></b> | <b>Value Difference</b> | <b>Percentage of Total Taxable Value</b> |
|-----------------------------------|-------------------------------------|--|-------------------------|--|
| Fenstermacher Living Family Trust | \$ 1,252                            | \$ 626                                 | \$ (626)                | 0.14%                                    |
| Hosuk Choe                        | 221                                 | 110                                    | (111)                   | 0.03%                                    |
| Wu Alexis C.                      | 154                                 | 70                                     | (84)                    | 0.02%                                    |
| Lou F. Saechou                    | 132                                 | 69                                     | (63)                    | 0.01%                                    |
| Mao T. Sou                        | 113                                 | 55                                     | (58)                    | 0.01%                                    |
| Sub Total                         | 1,872                               | 930                                    | (942)                   | 0.22%                                    |
| All Other Taxpayers               | 435,668                             | -                                      | -                       | -  |
| <b>Total</b>                      | <b>\$ 437,540</b>                   | <b>\$ 930</b>                          | <b>\$ (942)</b>         | <b>0.22%</b>                             |

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2013.

Source: Sacramento County Assessor

**City of Sacramento  
Successor Agency Trust Fund**

**Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction <sup>(1) (2)</sup>**

**River District**

**As of June 30, 2013**

(in thousands)

| <b>Assessee</b>                   | <b>Taxable Value <sup>(3)</sup></b> | <b>Assessee's Value <sup>(3)</sup></b> | <b>Value Difference</b> | <b>Percentage of Total Taxable Value</b> |
|-----------------------------------|-------------------------------------|--|-------------------------|--|
| Sequoia Pacific Boulevard         | \$ 12,798                           | \$ 4,000                               | \$ (8,798)              | 2.02%                                    |
| Detmer Family Limited Partnership | 4,598                               | 2,299                                  | (2,299)                 | 0.53%                                    |
| JMDH Real Estate Sacramento       | 4,250                               | 1,275                                  | (2,975)                 | 0.68%                                    |
| YSI XX LP                         | 4,070                               | 3,500                                  | (570)                   | 0.13%                                    |
| Shirish B. Patel                  | 2,830                               | 2,730                                  | (100)                   | 0.02%                                    |
| 10th North Industrial             | 2,788                               | 1,684                                  | (1,104)                 | 0.25%                                    |
| Signal Court & MEW LLC            | 2,369                               | 1,400                                  | (969)                   | 0.22%                                    |
| Training Toward Self Reliance     | 1,778                               | 900                                    | (878)                   | 0.20%                                    |
| Signal Court & MEW LLC            | 1,349                               | 800                                    | (549)                   | 0.13%                                    |
| Detmer Family Limited Partnership | 231                                 | 116                                    | (115)                   | 0.03%                                    |
| Sub Total                         | 37,061                              | 18,704                                 | (18,357)                | 4.22%                                    |
| All Other Taxpayers               | 397,434                             | -                                      | -                       | -  |
| <b>Total</b>                      | <b>\$ 434,495</b>                   | <b>\$ 18,704</b>                       | <b>\$ (18,357)</b>      | <b>4.22%</b>                             |

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2013.

Source: Sacramento County Assessor

**City of Sacramento  
Successor Agency Trust Fund**

**Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction <sup>(1) (2)</sup>**

**North Sacramento**

**As of June 30, 2013**

(in thousands)

| <b>Assessee</b>           | <b>Taxable Value <sup>(3)</sup></b> | <b>Assessee's Value <sup>(3)</sup></b> | <b>Value Difference</b> | <b>Percentage of Total Taxable Value</b> |
|---------------------------|-------------------------------------|--|-------------------------|--|
| Seven Up Bottling Company | \$ 9,667                            | \$ 7,000                               | \$ (2,667)              | 0.49%                                    |
| Sent Expo Pointe LLC      | 7,584                               | 5,938                                  | (1,646)                 | 0.30%                                    |
| Tcherkoyan Family Trust   | 7,207                               | 4,324                                  | (2,883)                 | 0.53%                                    |
| Walgreen Company #11262   | 5,100                               | 3,780                                  | (1,320)                 | 0.24%                                    |
| Radiological Association  | 4,600                               | 3,233                                  | (1,367)                 | 0.25%                                    |
| American Bottling Company | 3,783                               | 2,800                                  | (983)                   | 0.18%                                    |
| 281 Lathrop Capital LLC   | 2,471                               | 1,200                                  | (1,271)                 | 0.23%                                    |
| First States Investors    | 2,217                               | 665                                    | (1,552)                 | 0.28%                                    |
| CSK Auto Corporation      | 2,203                               | 661                                    | (1,542)                 | 0.28%                                    |
| CSK Auto Corporation      | 2,041                               | 613                                    | (1,428)                 | 0.26%                                    |
| Sub Total                 | 46,873                              | 30,214                                 | (16,659)                | 3.05%                                    |
| All Other Taxpayers       | 498,958                             | -                                      | -                       | -  |
| Total                     | <u>\$ 545,831</u>                   | <u>\$ 30,214</u>                       | <u>\$ (16,659)</u>      | <u>3.05%</u>                             |

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2013.

Source: Sacramento County Assessor

**City of Sacramento  
Successor Agency Trust Fund**

**Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction <sup>(1) (2)</sup>**

**Franklin Boulevard**

**As of June 30, 2013**

(in thousands)

| <b>Assessee</b>                | <b>Taxable Value <sup>(3)</sup></b> | <b>Assessee's Value <sup>(3)</sup></b> | <b>Value Difference</b> | <b>Percentage of Total Taxable Value</b> |
|--------------------------------|-------------------------------------|--|-------------------------|--|
| ABF Freight Systems            | \$ 4,422                            | \$ 2,000                               | \$ (2,422)              | 0.41%                                    |
| Chateau Lang Apartments        | 2,614                               | 2,140                                  | (474)                   | 0.08%                                    |
| Bearden Family Ltd Partnership | 598                                 | 199                                    | (399)                   | 0.07%                                    |
| Cuong H. Patti L. Phong        | 342                                 | 155                                    | (187)                   | 0.03%                                    |
| David W. Donnell               | 165                                 | -                                      | (165)                   | 0.03%                                    |
| Andre S. Holtzclaw             | 158                                 | 90                                     | (68)                    | 0.01%                                    |
| Hassan M. Dezhm                | 108                                 | 55                                     | (53)                    | 0.01%                                    |
| Phong Cuong H.                 | 131                                 | 105                                    | (26)                    | 0.00%                                    |
| <b>Sub Total</b>               | <b>8,538</b>                        | <b>4,744</b>                           | <b>(3,794)</b>          | <b>0.64%</b>                             |
| All Other Taxpayers            | 584,438                             | -                                      | -                       | -  |
| <b>Total</b>                   | <b>\$ 592,976</b>                   | <b>\$ 4,744</b>                        | <b>\$ (3,794)</b>       | <b>0.64%</b>                             |

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2013.

Source: Sacramento County Assessor

**City of Sacramento  
Successor Agency Trust Fund**

**Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction <sup>(1) (2)</sup>**

**Stockton Boulevard**

**As of June 30, 2013**

(in thousands)

| <b>Assessee</b>            | <b>Taxable Value <sup>(3)</sup></b> | <b>Assessee's Value <sup>(3)</sup></b> | <b>Value Difference</b> | <b>Percentage of Total Taxable Value</b> |
|----------------------------|-------------------------------------|--|-------------------------|--|
| Bee Saigon Plaza LLC       | \$ 17,374                           | \$ 8,600                               | \$ (8,774)              | 2.50%                                    |
| Stockton Plaza Partners    | 9,763                               | 8,299                                  | (1,464)                 | 0.42%                                    |
| LSREF2 Clipper II, LLC     | 6,630                               | 3,700                                  | (2,930)                 | 0.83%                                    |
| ESS Prisa II LLC           | 4,565                               | 4,000                                  | (565)                   | 0.16%                                    |
| Wells Gargo                | 4,534                               | 357                                    | (4,177)                 | 1.19%                                    |
| Stockton Plaza Partners    | 1,562                               | 700                                    | (862)                   | 0.25%                                    |
| Banwait Properties Inc.    | 1,209                               | 500                                    | (709)                   | 0.20%                                    |
| Stockton Plaza Partners    | 822                                 | 400                                    | (422)                   | 0.12%                                    |
| Nguyen Hy Dinh & Hien To   | 486                                 | 250                                    | (236)                   | 0.07%                                    |
| Sabrina H. Choe            | 434                                 | 180                                    | (254)                   | 0.07%                                    |
| <b>Sub Total</b>           | <b>47,379</b>                       | <b>26,986</b>                          | <b>(20,393)</b>         | <b>5.81%</b>                             |
| <b>All Other Taxpayers</b> | <b>303,781</b>                      | <b>-</b>                               | <b>-</b>                | <b>-</b>                                 |
| <b>Total</b>               | <b>\$ 351,160</b>                   | <b>\$ 26,986</b>                       | <b>\$ (20,393)</b>      | <b>5.81%</b>                             |

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2013.

Source: Sacramento County Assessor

**City of Sacramento  
Successor Agency Trust Fund**

**Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction <sup>(1) (2)</sup>**

**Army Depot  
As of June 30, 2013**

(in thousands)

| <b>Assessee</b>              | <b>Taxable Value <sup>(3)</sup></b> | <b>Assessee's Value <sup>(3)</sup></b> | <b>Value Difference</b> | <b>Percentage of Total Taxable Value</b> |
|------------------------------|-------------------------------------|--|-------------------------|--|
| R & G Hayward LLC            | \$ 14,366                           | \$ 12,000                              | \$ (2,366)              | 0.26%                                    |
| C/S Logistics Sacramento     | 6,056                               | 4,144                                  | (1,912)                 | 0.21%                                    |
| 6331 Power Inn Rd LLC        | 3,967                               | 2,200                                  | (1,767)                 | 0.19%                                    |
| Blue Dog Properties Trust    | 2,611                               | 783                                    | (1,828)                 | 0.20%                                    |
| Estes Terminals California   | 2,410                               | 989                                    | (1,421)                 | 0.16%                                    |
| John G. Mclouglin 2007 Trust | 1,209                               | 604                                    | (605)                   | 0.07%                                    |
| R & G Hayward LLC            | 1,161                               | 750                                    | (411)                   | 0.05%                                    |
| Colmar Props LLC             | 1,153                               | 577                                    | (576)                   | 0.06%                                    |
| C/S Logistics Sacramento     | 1,075                               | 736                                    | (339)                   | 0.04%                                    |
| Shauna Verkade               | 693                                 | 450                                    | (243)                   | 0.03%                                    |
| <b>Sub Total</b>             | <b>34,701</b>                       | <b>23,233</b>                          | <b>(11,468)</b>         | <b>1.26%</b>                             |
| <b>All Other Taxpayers</b>   | <b>873,687</b>                      | <b>-</b>                               | <b>-</b>                | <b>-</b>                                 |
| <b>Total</b>                 | <b>\$ 908,388</b>                   | <b>\$ 23,233</b>                       | <b>\$ (11,468)</b>      | <b>1.26%</b>                             |

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2013.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Parcels Appealing Assessed Valuation - At Risk of Reduction <sup>(1) (2)</sup>**  
**65th Street**  
**As of June 30, 2013**  
(in thousands)

| <b>Assessee</b>              | <b>Taxable Value <sup>(3)</sup></b> | <b>Assessee's Value <sup>(3)</sup></b> | <b>Value Difference</b> | <b>Percentage of Total Taxable Value</b> |
|------------------------------|-------------------------------------|--|-------------------------|--|
| Roger Rasmussen              | \$ 2,552                            | \$ 1,050                               | \$ (1,502)              | 0.61%                                    |
| Gonzales - Kimmel Enterprise | 2,388                               | 1,433                                  | (955)                   | 0.39%                                    |
| Rainwater, Stephen R.        | 1,847                               | 1,070                                  | (777)                   | 0.31%                                    |
| Turfs Up Group               | 1,358                               | 670                                    | (688)                   | 0.28%                                    |
| The Home Depot USA           | 1,327                               | 400                                    | (927)                   | 0.38%                                    |
| GAWFCO Incorporated          | 954                                 | 650                                    | (304)                   | 0.12%                                    |
| Theodoros G. And Georgia     | 941                                 | 565                                    | (376)                   | 0.15%                                    |
| Theodoros G. And Georgia     | 473                                 | 284                                    | (189)                   | 0.08%                                    |
| Koufasimis, George A.        | 95                                  | -                                      | (95)                    | 0.04%                                    |
| Sub Total                    | 11,935                              | 6,122                                  | (5,813)                 | 2.36%                                    |
| All Other Taxpayers          | 234,869                             | -                                      | -                       | -  |
| <b>Total</b>                 | <b>\$ 246,804</b>                   | <b>\$ 6,122</b>                        | <b>\$ (5,813)</b>       | <b>2.36%</b>                             |

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2013.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Parcels Appealing Assessed Valuation - At Risk of Reduction** <sup>(1) (2)</sup>  
**Railyards**  
**As of June 30, 2013**  
(in thousands)

| <b>Assessee</b>         | <b>Taxable Value <sup>(3)</sup></b> | <b>Assessee's Value <sup>(3)</sup></b> | <b>Value Difference</b> | <b>Percentage of Total Taxable Value</b> |
|-------------------------|-------------------------------------|--|-------------------------|--|
| IA Sacramento Holdings  | \$ 28,821                           | \$ 10,170                              | \$ (18,651)             | 20.84%                                   |
| St. Anton Investor, LLC | 15,204                              | 11,880                                 | (3,324)                 | 3.71%                                    |
| IA Sacramento Holdings  | 1,173                               | 503                                    | (670)                   | 0.75%                                    |
| Sub Total               | 45,198                              | 22,553                                 | (22,645)                | 25.30%                                   |
| All Other Taxpayers     | 44,312                              | -                                      | -                       | -  |
| <b>Total</b>            | <b>\$ 89,510</b>                    | <b>\$ 22,553</b>                       | <b>\$ (22,645)</b>      | <b>25.30%</b>                            |

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2013.

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Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Principal Property Taxpayers - Merged Downtown**  
**Current Fiscal Year and Nine Years Ago**  
(in thousands)

| Assessee  | 2013                         |      |  | 2004          |      |                                   |
|---|------------------------------|------|--|---------------|------|-----------------------------------|
|   | Taxable Value <sup>(1)</sup> | Rank | Percentage of Total Taxable Value <sup>(2)</sup> | Taxable Value | Rank | Percentage of Total Taxable Value |
| Hines Sacramento Wells Fargo Center               | \$ 206,543                   | 1    | 8.25%  | \$ -          | -    | -                                 |
| 621 Capitol Mall LLC                              | 124,810                      | 2    | 4.98%  | -             | -    | -                                 |
| 300 Capitol Associates NF LP                      | 109,000                      | 3    | 4.35%  | -             | -    | -                                 |
| CIM/980 9th Street Sacramento LP                  | 98,534                       | 4    | 3.93%  | -             | -    | -                                 |
| 500 Capitol Mall LLC                              | 79,119                       | 5    | 3.16%  | -             | -    | -                                 |
| Capitol Regency LLC                               | 73,992                       | 6    | 2.95%  | 48,054        | 8    | 2.51%                             |
| CIM/J Street Hotel Sacramento LP                  | 73,882                       | 7    | 2.95%  | -             | -    | -                                 |
| 1325 J Street LLC                                 | 67,974                       | 8    | 2.71%  | -             | -    | -                                 |
| 1415 Meridian Plaza LLC/Valley View Investors LLC | 65,040                       | 9    | 2.60%  | -             | -    | -                                 |
| Sacramento Equities REIT                          | 61,000                       | 10   | 2.44%  | -             | -    | -                                 |
| 400 Capitol Mall Venture                          | -                            | -    | -  | 138,053       | 1    | 7.22%                             |
| Downtown Plaza                                    | -                            | -    | -  | 127,921       | 2    | 6.69%                             |
| Sacramento Hotel Corporation                      | -                            | -    | -  | 87,593        | 3    | 4.58%                             |
| SRI Six USBP LLC                                  | -                            | -    | -  | 80,629        | 4    | 4.22%                             |
| V V Usa City LP                                   | -                            | -    | -  | 74,020        | 5    | 3.87%                             |
| Alpine Realty Sacramento                          | -                            | -    | -  | 64,496        | 6    | 3.37%                             |
| Sacramento Renaissance Tower                      | -                            | -    | -  | 54,228        | 7    | 2.84%                             |
| California Hospital Association                   | -                            | -    | -  | 32,290        | 9    | 1.69%                             |
| 770 L Street Investment Group                     | -                            | -    | -  | 31,620        | 10   | 1.65%                             |
| Sub Total   | 959,894                      |      | 38.33%   | 738,904       |      | 38.64%                            |
| All Other Taxpayers                               | 1,544,573                    |      | 61.67%   | 1,173,470     |      | 61.36%                            |
| Total   | \$ 2,504,467                 |      | 100.00%  | \$ 1,912,374  |      | 100.00%                           |

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.  
(2) Based on total adjusted 2012-13 Project Area total taxable value.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Principal Property Taxpayers - Del Paso Heights**  
**Current Fiscal Year and Nine Years Ago**  
(in thousands)

| Assessee                               | 2013                         |      |  | 2004          |      |                                   |
|--|------------------------------|------|--|---------------|------|-----------------------------------|
|  | Taxable Value <sup>(1)</sup> | Rank | Percentage of Total Taxable Value <sup>(2)</sup> | Taxable Value | Rank | Percentage of Total Taxable Value |
| Greater Sacramento Urban League        | \$ 6,084                     | 1    | 2.12%  | \$ -          | -    | -                                 |
| Research Properties                    | 5,249                        | 2    | 1.83%  | 4,463         | 1    | 2.44%                             |
| BM Ventures LLC                        | 5,186                        | 3    | 1.81%  | -             | -    | -                                 |
| Woodhaven Senior Residences            | 4,428                        | 4    | 1.55%  | 2,652         | 3    | 1.45%                             |
| John A/ Leta K Nichols 1994 Rev Trust  | 2,764                        | 5    | 0.96%  | -             | -    | -                                 |
| US Rentals Inc.                        | 2,465                        | 6    | 0.86%  | -             | -    | -                                 |
| MD Partners Incorporated               | 2,447                        | 7    | 0.85%  | 2,096         | 4    | 1.14%                             |
| Proffutt Limited Partnership           | 2,141                        | 8    | 0.75%  | -             | -    | -                                 |
| 23002 Moulton Parkway LLC              | 1,770                        | 9    | 0.62%  | -             | -    | -                                 |
| Lundbom Family Trust                   | 1,540                        | 10   | 0.54%  | -             | -    | -                                 |
| Harry & Mariann Brix 1993 Family Trust | -                            | -    | -  | 1,571         | 7    | 0.86%                             |
| Terkensha Associates                   | -                            | -    | -  | 1,331         | 9    | 0.73%                             |
| Anderson Family Trust                  | -                            | -    | -  | 2,723         | 2    | 1.49%                             |
| United Rentals Inc.                    | -                            | -    | -  | 1,880         | 5    | 1.03%                             |
| IBM Credit Corporation                 | -                            | -    | -  | 1,783         | 6    | 0.97%                             |
| Sacramento Partners                    | -                            | -    | -  | 1,335         | 8    | 0.73%                             |
| Crystal Bottling Company, Inc.         | -                            | -    | -  | 1,153         | 10   | 0.63%                             |
| Sub Total                              | 34,074                       |      | 11.89%   | 20,987        |      | 11.45%                            |
| All Other Taxpayers                    | 252,475                      |      | 88.11%   | 162,291       |      | 88.55%                            |
| Total                                  | \$ 286,549                   |      | 100.00%  | \$ 183,278    |      | 100.00%                           |

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.  
(2) Based on total adjusted 2012-13 Project Area total taxable value.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Principal Property Taxpayers - Alkali Flat**  
**Current Fiscal Year and Nine Years Ago**  
(in thousands)

| Assessee                                     | 2013                         |      |  | 2004          |      |                                   |
|--|------------------------------|------|--|---------------|------|-----------------------------------|
|  | Taxable Value <sup>(1)</sup> | Rank | Percentage of Total Taxable Value <sup>(2)</sup> | Taxable Value | Rank | Percentage of Total Taxable Value |
| Hearst-Argyle Stations Inc.                  | \$ 19,158                    | 1    | 15.43%   | \$ 19,905     | 1    | 20.03%                            |
| CC/B Holdings Inc.                           | 5,814                        | 2    | 7.28%  | -             | -    | -                                 |
| Realty Advisors                              | 5,490                        | 3    | 4.42%  | 6,114         | 3    | 6.15%                             |
| City Park Apartment Homes                    | 4,116                        | 4    | 3.31%  | -             | -    | -                                 |
| John Dailey Trust/Charles D Deloney          | 1,950                        | 5    | 1.57%  | 1,658         | 7    | 1.67%                             |
| GMA Investors LP                             | 1,768                        | 6    | 1.42%  | -             | -    | -                                 |
| 700 E Street Building Partner                | 1,650                        | 7    | 1.33%  | 1,689         | 6    | 1.70%                             |
| Janet Fortino Loehr Separate Prop Trust/Etal | 1,470                        | 8    | 1.18%  | -             | -    | -                                 |
| Tarpin Samuel D                              | 1,462                        | 9    | 1.18%  | 1,296         | 10   | 1.30%                             |
| 520 Ninth Street                             | 1,450                        | 10   | 1.17%  | 1,834         | 5    | 1.85%                             |
| Crystal Cream/Butter Holdings, Inc.          | -                            | -    | -  | 10,931        | 2    | 11.00%                            |
| US Housing Partners II LP                    | -                            | -    | -  | 3,500         | 4    | 3.52%                             |
| Washington Square III                        | -                            | -    | -  | 1,507         | 8    | 1.52%                             |
| P. Bruce Booher                              | -                            | -    | -  | 1,344         | 9    | 1.35%                             |
| Sub Total                                    | 44,328                       |      | 35.70%   | 49,778        |      | 50.10%                            |
| All Other Taxpayers                          | 79,838                       |      | 64.30%   | 49,585        |      | 49.90%                            |
| Total  | \$ 124,166                   |      | 100.00%  | \$ 99,363     |      | 100.00%                           |

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.  
(2) Based on total adjusted 2012-13 Project Area total taxable value.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Principal Property Taxpayers - Oak Park**  
**Current Fiscal Year and Nine Years Ago**  
(in thousands)

| Assessee                                    | 2013                         |      |  | 2004          |      |                                   |
|---|------------------------------|------|--|---------------|------|-----------------------------------|
|   | Taxable Value <sup>(1)</sup> | Rank | Percentage of Total Taxable Value <sup>(2)</sup> | Taxable Value | Rank | Percentage of Total Taxable Value |
| Rainbow Baking                              | \$ 26,490                    | 1    | 6.05%  | \$ 7,000      | 2    | 2.24%                             |
| Shriners Hospitals for Crippled Children    | 14,767                       | 2    | 3.38%  | -             | -    | -                                 |
| Regents of UC (Camellia Inn)                | 11,978                       | 3    | 2.74%  | 11,901        | 1    | 3.81%                             |
| US Bank National Association                | 5,162                        | 4    | 1.18%  | -             | -    | -                                 |
| Crestwood Medical Center Hospital           | 4,319                        | 5    | 0.99%  | 2,513         | 6    | 0.81%                             |
| Security Public Storage                     | 3,700                        | 6    | 0.85%  | 3,103         | 4    | 0.99%                             |
| Donald/Virginia Compton Family Trust        | 3,270                        | 7    | 0.75%  | -             | -    | -                                 |
| Edmar Invs LLC (Walgreens)                  | 3,182                        | 8    | 0.73%  | 2,670         | 5    | 0.86%                             |
| John C Skinner 2001 Living Trust            | 1,811                        | 9    | 0.41%  | 1,348         | 8    | 0.43%                             |
| CK Burke LLC                                | 1,392                        | 10   | 0.32%  | -             | -    | -                                 |
| Campbell Taggart Baking Companies Inc./Etal | -                            | -    | -  | 1,876         | 7    | 0.60%                             |
| Stockton/Broadway Partners                  | -                            | -    | -  | 4,217         | 3    | 1.35%                             |
| First States Invs. 5000A, LLC               | -                            | -    | -  | 1,227         | 9    | 0.39%                             |
| Stockton Boulevard Partners LLC             | -                            | -    | -  | 1,146         | 10   | 0.37%                             |
| Sub Total                                   | 76,071                       |      | 17.39%   | 37,001        |      | 11.86%                            |
| All Other Taxpayers                         | 361,469                      |      | 82.61%   | 274,961       |      | 88.14%                            |
| Total                                       | \$ 437,540                   |      | 100.00%  | \$ 311,962    |      | 100.00%                           |

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.  
(2) Based on total adjusted 2012-13 Project Area total taxable value.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Principal Property Taxpayers - River District**  
**Current Fiscal Year and Nine Years Ago**  
(in thousands)

| Assessee                             | 2013                         |      |  | 2004          |      |                                   |
|--------------------------------------|------------------------------|------|--|---------------|------|-----------------------------------|
|                                      | Taxable Value <sup>(1)</sup> | Rank | Percentage of Total Taxable Value <sup>(2)</sup> | Taxable Value | Rank | Percentage of Total Taxable Value |
| California Almond Growers            | \$ 67,643                    | 1    | 15.57%   | \$ 45,241     | 1    | 10.78%                            |
| Grove River District LLC             | 34,024                       | 2    | 7.83%  | -             | -    | -                                 |
| Mendell Allan/Etal                   | 13,054                       | 3    | 3.00%  | -             | -    | -                                 |
| Capitol Station 665 LLC              | 9,414                        | 4    | 2.17%  | -             | -    | -                                 |
| Dos Rios Venture                     | 6,284                        | 5    | 1.45%  | -             | -    | -                                 |
| BRE / LQ Props LLC                   | 5,561                        | 6    | 1.28%  | -             | -    | -                                 |
| BA Hotel LLC                         | 5,517                        | 7    | 1.27%  | -             | -    | -                                 |
| Vida N Anello Revocable Living Trust | 5,244                        | 8    | 1.21%  | -             | -    | -                                 |
| Henderson Enterprises L P            | 5,203                        | 9    | 1.20%  | -             | -    | -                                 |
| Detmer Family Limited Partnership    | 5,019                        | 10   | 1.16%  | -             | -    | -                                 |
| Grove Investment Company             | -                            | -    | -  | 9,122         | 8    | 2.17%                             |
| Continental Plaza LLC                | -                            | -    | -  | 19,876        | 2    | 4.73%                             |
| Sunstone OP Properties LLC           | -                            | -    | -  | 10,868        | 3    | 2.59%                             |
| James/Roxanne Loen Trust             | -                            | -    | -  | 10,377        | 4    | 2.47%                             |
| Second Richards Boulevard Partners   | -                            | -    | -  | 10,161        | 5    | 2.42%                             |
| Ice Bear Inc. (Sequoia Pacific)      | -                            | -    | -  | 9,977         | 6    | 2.38%                             |
| LaQuinta Development Partner         | -                            | -    | -  | 9,952         | 7    | 2.37%                             |
| Andrew Alan Lewis Revocable          | -                            | -    | -  | 8,240         | 9    | 1.96%                             |
| Hammer Phyllis/Thomas J              | -                            | -    | -  | 7,787         | 10   | 1.85%                             |
| Sub Total                            | 156,963                      |      | 36.13%   | 141,601       |      | 33.73%                            |
| All Other Taxpayers                  | 277,532                      |      | 63.87%   | 278,265       |      | 66.27%                            |
| Total                                | \$ 434,495                   |      | 100.00%  | \$ 419,866    |      | 100.00%                           |

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.  
(2) Based on total adjusted 2012-13 Project Area total taxable value.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Principal Property Taxpayers - North Sacramento**  
**Current Fiscal Year and Nine Years Ago**  
(in thousands)

| Assessee                                       | 2013                         |      |  | 2004          |      |                                   |
|--|------------------------------|------|--|---------------|------|-----------------------------------|
|  | Taxable Value <sup>(1)</sup> | Rank | Percentage of Total Taxable Value <sup>(2)</sup> | Taxable Value | Rank | Percentage of Total Taxable Value |
| Seven-up Bottling Company                      | \$ 31,962                    | 1    | 5.86%  | \$ 19,005     | 4    | 4.59%                             |
| Westcore Delta LLC                             | 24,758                       | 2    | 4.54%  | -             |      | -                                 |
| Price Company                                  | 21,675                       | 3    | 3.97%  | 16,941        | 5    | 4.10%                             |
| McCuen Acoma Street Investors                  | 11,808                       | 4    | 2.16%  | -             |      | -                                 |
| North Sacramento Land Company                  | 11,063                       | 5    | 2.03%  | 9,937         | 6    | 2.40%                             |
| Meriliz Incorporated                           | 10,291                       | 6    | 1.89%  | 20,602        | 3    | 4.98%                             |
| Radiological Assoc of Sacto Medical Group Inc. | 7,747                        | 7    | 1.42%  | -             |      | -                                 |
| Recreational Equipment Inc.                    | 7,612                        | 8    | 1.39%  | 5,165         | 10   | 1.25%                             |
| Sent Expo Pointe LLC                           | 7,485                        | 9    | 1.37%  | -             |      | -                                 |
| 2006 Tcherkoyan Family Trust                   | 7,351                        | 10   | 1.35%  | -             |      | -                                 |
| JB Management LP                               | -                            |      | -  | 23,113        | 2    | 5.59%                             |
| PD Hotel Associates LLC                        | -                            |      | -  | 27,062        | 1    | 6.54%                             |
| Radiological Associates                        | -                            |      | -  | 6,561         | 7    | 1.59%                             |
| Dos Robles Limited Partnership                 | -                            |      | -  | 6,259         | 8    | 1.51%                             |
| KMAX Channel 31                                | -                            |      | -  | 3,065         | 9    | 0.74%                             |
| Sub Total                                      | 141,752                      |      | 25.97%   | 137,710       |      | 33.29%                            |
| All Other Taxpayers                            | 404,079                      |      | 74.03%   | 275,954       |      | 66.71%                            |
| Total  | \$ 545,831                   |      | 100.00%  | \$ 413,664    |      | 100.00%                           |

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.  
(2) Based on total adjusted 2012-13 Project Area total taxable value.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Principal Property Taxpayers - Franklin Boulevard**  
**Current Fiscal Year and Nine Years Ago**  
(in thousands)

| <u>Assessee</u>                | <u>2013</u>                         |             |   | <u>2004</u>          |             |  |
|--------------------------------|-------------------------------------|-------------|---|----------------------|-------------|--|
|                                | <u>Taxable Value <sup>(1)</sup></u> | <u>Rank</u> | <u>Percentage of Total Taxable Value <sup>(2)</sup></u> | <u>Taxable Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Value</u> |
| Campbell Soup Supply Co LLC    | \$ 130,895                          | 1           | 22.07%  | \$ 136,419           | 1           | 28.82%                                   |
| United States Cold Storage     | 9,377                               | 2           | 1.58%   | 8,315                | 2           | 1.76%                                    |
| Rosedown Associates LLC        | 7,405                               | 3           | 1.25%   | -                    | -           | -  |
| ABF Freight System, Inc.       | 5,171                               | 5           | 0.87%   | -                    | -           | -  |
| Western Village LP             | 9,555                               | 6           | 1.61%   | -                    | -           | -  |
| Extra Space Franklin Blvd. LLC | 4,280                               | 4           | 0.72%   | -                    | -           | -  |
| Sei/PSP Vi Joint Ventures      | 4,216                               | 7           | 0.71%   | 2,750                | 5           | 0.58%                                    |
| Bowling Green Associates       | 4,056                               | 8           | 0.68%   | -                    | -           | -  |
| Con-Way Western Express Inc.   | 3,731                               | 9           | 0.63%   | -                    | -           | -  |
| 47th Street Associates LLC     | 3,643                               | 10          | 0.61%   | -                    | -           | -  |
| Rosedown Apartments I LLC      | -                                   | -           | -   | 6,457                | 3           | 1.36%                                    |
| John Raleigh/David Yancey      | -                                   | -           | -   | 3,449                | 4           | 0.73%                                    |
| Chateau Lang Apartments LLC    | -                                   | -           | -   | 2,702                | 6           | 0.57%                                    |
| Preservation Southpointe LP    | -                                   | -           | -   | 2,500                | 7           | 0.53%                                    |
| Mulberry Estates LLC           | -                                   | -           | -   | 2,335                | 8           | 0.49%                                    |
| Jeon Family Trust              | -                                   | -           | -   | 2,262                | 9           | 0.48%                                    |
| Hampton Park                   | -                                   | -           | -   | 2,236                | 10          | 0.47%                                    |
| Sub Total                      | 182,329                             |             | 30.75%  | 169,425              |             | 35.79%                                   |
| All Other Taxpayers            | 410,647                             |             | 69.25%  | 303,957              |             | 64.21%                                   |
| Total                          | <u>\$ 592,976</u>                   |             | <u>100.00%</u>  | <u>\$ 473,382</u>    |             | <u>100.00%</u>                           |

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.  
(2) Based on total adjusted 2012-13 Project Area total taxable value.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Principal Property Taxpayers - Stockton Boulevard**  
**Current Fiscal Year and Nine Years Ago**  
(in thousands)

| Assessee                              | 2013                         |      |  | 2004          |      |                                   |
|---------------------------------------|------------------------------|------|--|---------------|------|-----------------------------------|
|                                       | Taxable Value <sup>(1)</sup> | Rank | Percentage of Total Taxable Value <sup>(2)</sup> | Taxable Value | Rank | Percentage of Total Taxable Value |
| Stockton Plaza Partners LLC           | \$ 11,658                    | 1    | 3.32%  | -             | -    | -                                 |
| EKG Investors LLC                     | 10,205                       | 2    | 2.91%  | -             | -    | -                                 |
| John M/Nancy M Kehriotis Living Trust | 7,543                        | 3    | 2.15%  | 6,413         | 1    | 2.28%                             |
| BE Saigon Plaza LLC                   | 7,382                        | 4    | 2.10%  | -             | -    | -                                 |
| NT Stockton Investors LLC             | 6,093                        | 5    | 1.74%  | -             | -    | -                                 |
| Mulleian Investments LLC              | 4,765                        | 6    | 1.36%  | 3,985         | 5    | 1.41%                             |
| Ralphs Grocery                        | 4,666                        | 7    | -  | 3,468         | 6    | 1.23%                             |
| ESS Prisa II LLC                      | 4,430                        | 8    | 1.26%  | -             | -    | -                                 |
| Brittany Arms                         | 4,290                        | 9    | 1.22%  | 4,292         | 4    | 1.52%                             |
| LSREF2 Clipper II LLC                 | 4,182                        | 10   | 1.19%  | -             | -    | -                                 |
| Preferred Properties LLC              | -                            | -    | -  | 5,940         | 2    | 2.11%                             |
| CCI Stockridge SAC LLC                | -                            | -    | -  | 5,508         | 3    | 1.95%                             |
| Tran Jack Khai                        | -                            | -    | -  | 3,075         | 7    | 1.09%                             |
| Shiloh Arms LTD                       | -                            | -    | -  | 2,682         | 8    | 0.95%                             |
| Northern California Cement            | -                            | -    | -  | 2,511         | 9    | 0.89%                             |
| Fruitridge/Stockton LLC               | -                            | -    | -  | 2,186         | 10   | 0.78%                             |
| Sub Total                             | 65,214                       |      | 18.57%   | 40,060        |      | 14.21%                            |
| All Other Taxpayers                   | 285,946                      |      | 81.43%   | 241,797       |      | 85.79%                            |
| Total                                 | \$ 351,160                   |      | 100.00%  | \$ 281,857    |      | 100.00%                           |

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.  
(2) Based on total adjusted 2012-13 Project Area total taxable value.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Principal Property Taxpayers - Army Depot**  
**Current Fiscal Year and Nine Years Ago**  
(in thousands)

| Assessee                                  | 2013                         |      |  | 2004          |      |                                   |
|---|------------------------------|------|--|---------------|------|-----------------------------------|
|   | Taxable Value <sup>(1)</sup> | Rank | Percentage of Total Taxable Value <sup>(2)</sup> | Taxable Value | Rank | Percentage of Total Taxable Value |
| R/G Hayward LLC                           | \$ 15,550                    | 1    | 1.71%  | \$ -          | -    | -                                 |
| Engineered Polymer Solutions Inc.         | 15,048                       | 2    | 1.66%  | 4,665         | 4    | 1.83%                             |
| Central Valley Industrial Core Holdings   | 9,121                        | 3    | 1.00%  | -             | -    | -                                 |
| Elder Creek Transfer/Recovery Inc.        | 8,932                        | 4    | 0.98%  | -             | -    | -                                 |
| Air Products Manufacturing Corporation    | 7,630                        | 5    | 0.84%  | -             | -    | -                                 |
| C/S Logistics Sacramento/Tracy LLC        | 7,274                        | 6    | 0.80%  | 8,524         | 2    | 3.34%                             |
| Ballantyne Diana S/Mark C/Jan W Leonard/M | 6,100                        | 7    | 0.67%  | -             | -    | -                                 |
| Teichert Land Co                          | 5,835                        | 8    | 0.64%  | 2,948         | 7    | 1.16%                             |
| Power Inn Business Park LLC               | 4,905                        | 9    | 0.54%  | -             | -    | -                                 |
| Inland Empire Investments                 | 4,417                        | 10   | 0.49%  | 3,755         | 6    | 1.47%                             |
| Viviion Shops LLC                         | -                            | -    | -  | 4,528         | 5    | 1.77%                             |
| Air Products/Chemicals Inc.               | -                            | -    | -  | 8,341         | 3    | 3.27%                             |
| Prentiss/Copley Investment                | -                            | -    | -  | 11,116        | 1    | 4.36%                             |
| W H Q                                     | -                            | -    | -  | 2,833         | 8    | 1.11%                             |
| Warehouse Way Associates                  | -                            | -    | -  | 2,675         | 9    | 1.05%                             |
| Thunderbird Partners                      | -                            | -    | -  | 2,388         | 10   | 0.94%                             |
| Sub Total                                 | 84,812                       |      | 9.34%  | 51,773        |      | 20.29%                            |
| All Other Taxpayers                       | 823,576                      |      | 90.66%   | 203,422       |      | 79.71%                            |
| Total                                     | \$ 908,388                   |      | 100.00%  | \$ 255,195    |      | 100.00%                           |

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.  
(2) Based on total adjusted 2012-13 Project Area total taxable value.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Principal Property Taxpayers - 65th Street**  
**Current Fiscal Year and Nine Years Ago**  
(in thousands)

| Assessee                                     | 2013                         |      |  | 2005 <sup>(1)</sup> |      |                                   |
|--|------------------------------|------|--|---------------------|------|-----------------------------------|
|  | Taxable Value <sup>(2)</sup> | Rank | Percentage of Total Taxable Value <sup>(3)</sup> | Taxable Value       | Rank | Percentage of Total Taxable Value |
| HRA Element LLC                              | \$ 34,530                    | 1    | 13.99%   | \$ -                | -    | -                                 |
| Target Corporation                           | 26,656                       | 2    | 10.80%   | 22,181              | 2    | 7.64%                             |
| 65th St Village LLC                          | 8,700                        | 3    | 3.53%  | -                   | -    | -                                 |
| CPCA 7716 Folsom Blvd. LLC                   | 7,560                        | 4    | 3.06%  | -                   | -    | -                                 |
| Atlas Disposal Industries LLC                | 7,078                        | 5    | 2.87%  | -                   | -    | -                                 |
| Dimension Properties LLC                     | 5,784                        | 6    | 2.34%  | -                   | -    | -                                 |
| Kenneth/Susan Catchot Family 2005 Revocable  | 5,020                        | 7    | 2.03%  | 5,567               | 6    | 1.92%                             |
| American River Self Storage LP               | 4,927                        | 8    | 2.00%  | 8,531               | 5    | 2.94%                             |
| 2800 Pico Associates LLC                     | 4,225                        | 9    | 1.71%  | 4,878               | 8    | 1.68%                             |
| KCMC Properties, LP/Paul E Fong/MAE Etal     | 3,409                        | 10   | 1.38%  | 13,034              | 4    | 4.49%                             |
| Jefferson Commons-Sacramento LP              | -                            | -    | -  | 52,515              | 1    | 18.10%                            |
| Home Depot USA Inc.                          | -                            | -    | -  | 14,506              | 3    | 5.00%                             |
| Commercial Net Lease Realty                  | -                            | -    | -  | 5,095               | 7    | 1.76%                             |
| Gonzales Kimmel Enterprises                  | -                            | -    | -  | 4,524               | 9    | 1.56%                             |
| John/Claudine Jackson Family Revocable Trust | -                            | -    | -  | 4,459               | 10   | 1.54%                             |
| Sub Total                                    | 107,889                      |      | 43.71%   | 135,290             |      | 46.62%                            |
| All Other Taxpayers                          | 138,915                      |      | 56.29%   | 154,927             |      | 53.38%                            |
| Total  | \$ 246,804                   |      | 100.00%  | \$ 290,217          |      | 100.00%                           |

Notes: (1) Data from Fiscal Year 2005 - 65th Street Redevelopment Area was formed in Fiscal Year 2005.  
(2) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.  
(3) Based on total adjusted 2012-13 Project Area total taxable value.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Principal Property Taxpayers - Railyards**  
**Current Fiscal Year and Nine Years Ago**  
(in thousands)

| Assessee                                | 2013                         |      |  | 2010 <sup>(1)</sup> |      |                                   |
|---|------------------------------|------|--|---------------------|------|-----------------------------------|
|   | Taxable Value <sup>(2)</sup> | Rank | Percentage of Total Taxable Value <sup>(3)</sup> | Taxable Value       | Rank | Percentage of Total Taxable Value |
| IA Sacramento Development LLC           | \$ 33,085                    | 1    | 36.96%   | \$ -                | -    | -                                 |
| CCAA Partners LLC/Bruce W. Bell/Etal    | 12,000                       | 2    | 13.41%   | 14,843              | 2    | 19.07%                            |
| JPM 2003 CIBC6 813 6th Street LLC       | 8,772                        | 3    | 9.80%  | -                   | -    | -                                 |
| Sacramento County Employee Credit Union | 4,197                        | 4    | 4.69%  | 4,068               | 5    | 5.23%                             |
| REA Limited Partnership                 | 4,058                        | 5    | 4.53%  | 5,378               | 4    | 6.91%                             |
| PDRA/Company LLC                        | 3,699                        | 6    | 4.13%  | 3,537               | 6    | 4.54%                             |
| Strumwasser Michael J/Silvia M          | 3,058                        | 7    | 3.42%  | 2,924               | 7    | 3.76%                             |
| Bowman/Bay Building Joint Venture       | 2,212                        | 8    | 2.47%  | 2,115               | 8    | 2.72%                             |
| CNPA Services Inc.                      | 1,662                        | 9    | 1.86%  | -                   | -    | -                                 |
| Legacy Ventures LLC                     | 1,302                        | 10   | 1.45%  | 1,245               | 10   | 1.60%                             |
| New Baytree LLC                         | -                            | -    | -  | 14,826              | 3    | 19.05%                            |
| S Thomas Enterprises of Sacramento      | -                            | -    | -  | 17,224              | 1    | 22.13%                            |
| John Morgan/Nelly B Patino/Eddie Cuevas | -                            | -    | -  | 1,556               | 9    | 2.00%                             |
| Sub Total                               | 74,045                       |      | 82.72%   | 67,716              |      | 87.00%                            |
| All Other Taxpayers                     | 15,465                       |      | 17.28%   | 10,117              |      | 13.00%                            |
| Total                                   | \$ 89,510                    |      | 100.00%  | \$ 77,833           |      | 100.00%                           |

Notes: (1) Data from Fiscal Year 2010 - Railyards Redevelopment Area was formed in Fiscal Year 2010.  
(2) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.  
(3) Based on total adjusted 2012-13 Project Area total taxable value.

Source: Sacramento County Assessor

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Debt Coverage Analysis**  
**Last Nine Fiscal Years**  
(in thousands)

**RDA - All Project Areas**

| Fiscal Year | Total Tax Increment | Property Tax Collection Fee | AB 1290 Pass thru | Net Tax Revenues | Senior Debt | Senior Debt Coverage | Subordinate Debt | Total Debt | Total Debt Coverage |
|-------------|---------------------|-----------------------------|-------------------|------------------|-------------|----------------------|------------------|------------|---------------------|
| 2004-05     | \$ 32,843           | \$ 325                      | \$ 671            | \$ 31,847        | \$ 15,420   | 2.07                 | \$ NA            | \$ NA      | NA                  |
| 2005-06     | 36,549              | 325                         | 1,168             | 35,055           | 17,880      | 1.96                 | NA               | NA         | NA                  |
| 2006-07     | 40,781              | 292                         | 1,772             | 38,716           | 21,468      | 1.80                 | NA               | NA         | NA                  |
| 2007-08     | 44,436              | 456                         | 1,851             | 42,129           | 22,119      | 1.90                 | NA               | NA         | NA                  |
| 2008-09     | 48,016              | 600                         | 2,295             | 45,121           | 21,836      | 2.07                 | NA               | NA         | NA                  |
| 2009-10     | 42,876              | 438                         | 3,050             | 39,388           | 21,790      | 1.81                 | NA               | NA         | NA                  |
| 2010-11     | 35,280              | 580                         | 2,684             | 32,016           | 21,776      | 1.47                 | NA               | NA         | NA                  |
| 2011-12     | 42,334              | 726                         | 2,911             | 38,698           | 22,120      | 1.75                 | 6,008            | 28,128     | 1.38                |
| 2012-13     | 41,304              | 745                         | 2,556             | 38,003           | 22,087      | 1.72                 | 6,619            | 28,706     | 1.32                |

(1)

**Merged Downtown**

| Fiscal Year | Total Tax Increment | Property Tax Collection Fee | AB 1290 Pass thru | Net Tax Revenues | Senior Debt | Senior Debt Coverage | Subordinate Debt | Total Debt | Total Debt Coverage |
|-------------|---------------------|-----------------------------|-------------------|------------------|-------------|----------------------|------------------|------------|---------------------|
| 2004-05     | \$ 22,090           | \$ 217                      | \$ -              | \$ 21,873        | \$ 12,546   | 1.74                 | \$ NA            | \$ NA      | NA                  |
| 2005-06     | 22,447              | 200                         | 261               | 21,986           | 14,319      | 1.54                 | NA               | NA         | NA                  |
| 2006-07     | 24,217              | 167                         | 496               | 23,554           | 16,162      | 1.46                 | NA               | NA         | NA                  |
| 2007-08     | 26,259              | 277                         | 502               | 25,480           | 16,541      | 1.54                 | NA               | NA         | NA                  |
| 2008-09     | 30,213              | 380                         | 484               | 29,349           | 16,090      | 1.82                 | NA               | NA         | NA                  |
| 2009-10     | 29,144              | 282                         | 1,606             | 27,256           | 16,072      | 1.70                 | NA               | NA         | NA                  |
| 2010-11     | 23,069              | 387                         | 1,454             | 21,228           | 16,051      | 1.32                 | NA               | NA         | NA                  |
| 2011-12     | 23,750              | 406                         | 807               | 22,537           | 16,254      | 1.39                 | 2,608            | 18,862     | 1.19                |
| 2012-13     | 23,260              | 419                         | 652               | 22,189           | 16,298      | 1.36                 | 2,655            | 18,953     | 1.17                |

(1)

**Del Paso Heights**

| Fiscal Year | Total Tax Increment | Property Tax Collection Fee | AB 1290 Pass thru | Net Tax Revenues | Senior Debt | Senior Debt Coverage | Subordinate Debt | Total Debt | Total Debt Coverage |
|-------------|---------------------|-----------------------------|-------------------|------------------|-------------|----------------------|------------------|------------|---------------------|
| 2004-05     | \$ 2,269            | \$ 23                       | \$ 85             | \$ 2,160         | \$ 553      | 3.90                 | \$ NA            | \$ NA      | NA                  |
| 2005-06     | 3,172               | 28                          | 197               | 2,948            | 949         | 3.11                 | NA               | NA         | NA                  |
| 2006-07     | 3,837               | 29                          | 307               | 3,501            | 1,290       | 2.71                 | NA               | NA         | NA                  |
| 2007-08     | 4,181               | 27                          | 357               | 3,796            | 1,606       | 2.36                 | NA               | NA         | NA                  |
| 2008-09     | 4,079               | 51                          | 169               | 3,859            | 1,625       | 2.37                 | NA               | NA         | NA                  |
| 2009-10     | 3,222               | 33                          | 377               | 2,812            | 1,627       | 1.73                 | NA               | NA         | NA                  |
| 2010-11     | 2,901               | 45                          | 322               | 2,534            | 1,626       | 1.56                 | NA               | NA         | NA                  |
| 2011-12     | 2,551               | 44                          | 199               | 2,307            | 1,769       | 1.30                 | 100              | 1,869      | 1.23                |
| 2012-13     | 2,549               | 46                          | 194               | 2,309            | 1,644       | 1.40                 | 240              | 1,884      | 1.23                |

(1)

## Notes:

NA) Subordinate debt was not presented in prior years. Prior years information not available for River District, Franklin Boulevard, Army Depot and 65th Street.

(1) Revised to include 2008 B of A Public Capital Corp Debt.

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Debt Coverage Analysis**  
**Last Nine Fiscal Years**  
 (in thousands)

**Alkali Flat**

| Fiscal Year | Total Tax Increment | Property Tax Collection Fee | AB 1290 Pass thru | Net Tax Revenues | Senior Debt | Senior Debt Coverage | Subordinate Debt | Total Debt | Total Debt Coverage |
|-------------|---------------------|-----------------------------|-------------------|------------------|-------------|----------------------|------------------|------------|---------------------|
| 2004-05     | \$ 984              | \$ 11                       | \$ 7              | \$ 966           | \$ 629      | 1.54                 | \$ NA            | \$ NA      | NA                  |
| 2005-06     | 1,061               | 11                          | 19                | 1,031            | 621         | 1.66                 | NA               | NA         | NA                  |
| 2006-07     | 1,168               | 9                           | 33                | 1,126            | 618         | 1.82                 | NA               | NA         | NA                  |
| 2007-08     | 1,270               | 14                          | 34                | 1,222            | 619         | 1.98                 | NA               | NA         | NA                  |
| 2008-09     | 1,234               | 17                          | 14                | 1,203            | 618         | 1.95                 | NA               | NA         | NA                  |
| 2009-10     | 1,253               | 15                          | 54                | 1,185            | 616         | 1.92                 | NA               | NA         | NA                  |
| 2010-11     | 1,106               | 18                          | 68                | 1,020            | 619         | 1.65                 | NA               | NA         | NA                  |
| 2011-12     | 1,077               | 18                          | 19                | 1,039            | 622         | 1.67                 | 463              | 1,085      | 0.96 <sup>(1)</sup> |
| 2012-13     | 1,049               | 19                          | 10                | 1,020            | 623         | 1.64                 | 467              | 1,090      | 0.94                |

**Oak Park**

| Fiscal Year | Total Tax Increment | Property Tax Collection Fee | AB 1290 Pass thru | Net Tax Revenues | Senior Debt | Senior Debt Coverage | Subordinate Debt | Total Debt | Total Debt Coverage |
|-------------|---------------------|-----------------------------|-------------------|------------------|-------------|----------------------|------------------|------------|---------------------|
| 2004-05     | \$ 3,836            | \$ 39                       | \$ 119            | \$ 3,678         | \$ 1,370    | 2.68                 | \$ NA            | \$ NA      | NA                  |
| 2005-06     | 4,957               | 44                          | 274               | 4,639            | 1,686       | 2.75                 | NA               | NA         | NA                  |
| 2006-07     | 5,939               | 45                          | 404               | 5,490            | 2,846       | 1.93                 | NA               | NA         | NA                  |
| 2007-08     | 6,255               | 69                          | 409               | 5,777            | 2,769       | 2.09                 | NA               | NA         | NA                  |
| 2008-09     | 5,854               | 73                          | 381               | 5,400            | 2,767       | 1.95                 | NA               | NA         | NA                  |
| 2009-10     | 4,213               | 49                          | 372               | 3,792            | 2,757       | 1.38                 | NA               | NA         | NA                  |
| 2010-11     | 3,871               | 60                          | 314               | 3,498            | 2,761       | 1.27                 | NA               | NA         | NA                  |
| 2011-12     | 3,772               | 63                          | 150               | 3,559            | 2,756       | 1.29                 | 103              | 2,859      | 1.24 <sup>(1)</sup> |
| 2012-13     | 3,841               | 67                          | 151               | 3,623            | 2,794       | 1.30                 | 183              | 2,977      | 1.22                |

**River District**

| Fiscal Year | Total Tax Increment | Property Tax Collection Fee | AB 1290 Pass thru | Net Tax Revenues | Senior Debt | Senior Debt Coverage | Subordinate Debt | Total Debt | Total Debt Coverage |
|-------------|---------------------|-----------------------------|-------------------|------------------|-------------|----------------------|------------------|------------|---------------------|
| 2004-05     | \$ NA               | \$ NA                       | \$ NA             | \$ NA            | \$ -        | -                    | \$ NA            | \$ NA      | NA                  |
| 2005-06     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2006-07     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2007-08     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2008-09     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2009-10     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2010-11     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2011-12     | 1,372               | 25                          | 246               | 1,100            | -           | -                    | 494              | 494        | 2.23 <sup>(1)</sup> |
| 2012-13     | 1,294               | 26                          | 227               | 1,041            | -           | -                    | 654              | 654        | 1.59                |

Notes:

NA) Subordinate debt was not presented in prior years. Prior years information not available for River District, Franklin Boulevard, Army Depot and 65th Street.

<sup>(1)</sup> Revised to include 2008 B of A Public Capital Corp Debt.

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Debt Coverage Analysis**  
**Last Nine Fiscal Years**  
(in thousands)

**North Sacramento**

| Fiscal Year | Total Tax Increment | Property Tax Collection Fee | AB 1290 Pass thru | Net Tax Revenues | Senior Debt | Senior Debt Coverage | Subordinate Debt | Total Debt | Total Debt Coverage |
|-------------|---------------------|-----------------------------|-------------------|------------------|-------------|----------------------|------------------|------------|---------------------|
| 2004-05     | \$ 2,167            | \$ 21                       | \$ 253            | \$ 1,893         | \$ 322      | 5.88                 | \$ NA            | \$ NA      | NA                  |
| 2005-06     | 2,620               | 24                          | 249               | 2,347            | 305         | 7.68                 | NA               | NA         | NA                  |
| 2006-07     | 3,063               | 24                          | 194               | 2,845            | 436         | 6.53                 | NA               | NA         | NA                  |
| 2007-08     | 3,542               | 38                          | 198               | 3,305            | 468         | 7.06                 | NA               | NA         | NA                  |
| 2008-09     | 3,787               | 46                          | 291               | 3,450            | 528         | 6.53                 | NA               | NA         | NA                  |
| 2009-10     | 3,087               | 36                          | 237               | 2,814            | 530         | 5.30                 | NA               | NA         | NA                  |
| 2010-11     | 2,722               | 45                          | 209               | 2,468            | 528         | 4.68                 | NA               | NA         | NA                  |
| 2011-12     | 2,439               | 44                          | 187               | 2,208            | 539         | 4.10                 | 629              | 1,168      | 1.89 (1)            |
| 2012-13     | 2,323               | 44                          | 165               | 2,114            | 537         | 3.94                 | 779              | 1,316      | 1.61                |

**Franklin Boulevard**

| Fiscal Year | Total Tax Increment | Property Tax Collection Fee | AB 1290 Pass thru | Net Tax Revenues | Senior Debt | Senior Debt Coverage | Subordinate Debt | Total Debt | Total Debt Coverage |
|-------------|---------------------|-----------------------------|-------------------|------------------|-------------|----------------------|------------------|------------|---------------------|
| 2004-05     | \$ NA               | \$ NA                       | \$ NA             | \$ NA            | \$ -        | -                    | \$ NA            | \$ NA      | NA                  |
| 2005-06     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2006-07     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2007-08     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2008-09     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2009-10     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2010-11     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2011-12     | 2,225               | 39                          | 184               | 2,002            | -           | -                    | 100              | 100        | 20.02 (1)           |
| 2012-13     | 2,354               | 41                          | 195               | 2,118            | -           | -                    | 109              | 109        | 19.43               |

**Stockton Boulevard**

| Fiscal Year | Total Tax Increment | Property Tax Collection Fee | AB 1290 Pass thru | Net Tax Revenues | Senior Debt | Senior Debt Coverage | Subordinate Debt | Total Debt | Total Debt Coverage |
|-------------|---------------------|-----------------------------|-------------------|------------------|-------------|----------------------|------------------|------------|---------------------|
| 2004-05     | \$ 1,497            | \$ 14                       | \$ 207            | \$ 1,276         | \$ -        | -                    | \$ NA            | \$ NA      | NA                  |
| 2005-06     | 2,293               | 19                          | 169               | 2,105            | -           | -                    | NA               | NA         | NA                  |
| 2006-07     | 2,557               | 19                          | 338               | 2,200            | 115         | 19.16                | NA               | NA         | NA                  |
| 2007-08     | 2,930               | 31                          | 350               | 2,548            | 115         | 22.20                | NA               | NA         | NA                  |
| 2008-09     | 2,849               | 33                          | 957               | 1,860            | 208         | 8.92                 | NA               | NA         | NA                  |
| 2009-10     | 1,957               | 22                          | 405               | 1,529            | 187         | 8.19                 | NA               | NA         | NA                  |
| 2010-11     | 1,611               | 26                          | 317               | 1,268            | 191         | 6.63                 | NA               | NA         | NA                  |
| 2011-12     | 1,496               | 26                          | 387               | 1,083            | 180         | 6.02                 | 250              | 430        | 2.52 (1)            |
| 2012-13     | 1,369               | 24                          | 329               | 1,016            | 191         | 5.32                 | 261              | 452        | 2.25                |

## Notes:

NA) Subordinate debt was not presented in prior years. Prior years information not available for River District, Franklin Boulevard, Army Depot and 65th Street.

(1) Revised to include 2008 B of A Public Capital Corp Debt.

**City of Sacramento**  
**Successor Agency Trust Fund**  
**Debt Coverage Analysis**  
**Last Nine Fiscal Years**  
(in thousands)

**Army Depot**

| Fiscal Year | Total Tax Increment | Property Tax Collection Fee | AB 1290 Pass thru | Net Tax Revenues | Senior Debt | Senior Debt Coverage | Subordinate Debt | Total Debt | Total Debt Coverage |
|-------------|---------------------|-----------------------------|-------------------|------------------|-------------|----------------------|------------------|------------|---------------------|
| 2004-05     | \$ NA               | \$ NA                       | \$ NA             | \$ NA            | \$ -        | -                    | \$ NA            | \$ NA      | NA                  |
| 2005-06     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2006-07     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2007-08     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2008-09     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2009-10     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2010-11     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2011-12     | 2,617               | 44                          | 523               | 2,050            | -           | -                    | 737              | 737        | 2.78 (1)            |
| 2012-13     | 2,342               | 43                          | 452               | 1,847            | -           | -                    | 748              | 748        | 2.47                |

**65th Street**

| Fiscal Year | Total Tax Increment | Property Tax Collection Fee | AB 1290 Pass thru | Net Tax Revenues | Senior Debt | Senior Debt Coverage | Subordinate Debt | Total Debt | Total Debt Coverage |
|-------------|---------------------|-----------------------------|-------------------|------------------|-------------|----------------------|------------------|------------|---------------------|
| 2004-05     | \$ NA               | \$ NA                       | \$ NA             | \$ NA            | \$ -        | -                    | \$ NA            | \$ NA      | NA                  |
| 2005-06     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2006-07     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2007-08     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2008-09     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2009-10     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2010-11     | NA                  | NA                          | NA                | NA               | -           | -                    | NA               | NA         | NA                  |
| 2011-12     | 1,035               | 17                          | 207               | 811              | -           | -                    | 524              | 524        | 1.55 (1)            |
| 2012-13     | 923                 | 16                          | 181               | 726              | -           | -                    | 523              | 523        | 1.39                |

Notes:

NA) Subordinate debt was not presented in prior years. Prior years information not available for River District, Franklin Boulevard, Army Depot and 65th Street.

(1) Revised to include 2008 B of A Public Capital Corp Debt.

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

| Function/Program               | Full-time Equivalent Employees as of June 30, |              |              |              |              |              |              |              |              |              |
|--------------------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                | 2004  | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         |
| Citywide and Community Support | -   | -            | -            | -            | -            | -            | -            | -            | -            | 23           |
| Code Enforcement               | -   | -            | 82           | 94           | 92           | 107          | 90           | -            | -            | -            |
| Community Development          | -   | -            | -            | -            | -            | -            | 107          | 170          | 166          | 159          |
| Convention, Culture & Leisure  | 263   | 204          | 204          | 208          | 213          | 214          | 206          | 196          | 194          | 133          |
| Development Services           | 190   | 252          | 259          | 243          | 246          | 222          | -            | -            | -            | -            |
| Economic Development           | 17  | -            | 17           | 17           | 24           | 27           | 22           | 18           | 14           | 11           |
| Fire                           | 588   | 609          | 623          | 651          | 651          | 655          | 582          | 611          | 589          | 527          |
| General Government             | 390   | 393          | 374          | 408          | 419          | 400          | 329          | 319          | 312          | 305          |
| General Services               | 754   | 457          | 260          | 264          | 287          | 307          | 257          | 247          | 225          | 368          |
| Neighborhood Services          | 243   | 86           | 16           | 16           | 15           | 15           | 9            | -            | -            | -            |
| Parks and Recreation           | 677   | 841          | 896          | 930          | 925          | 872          | 680          | 648          | 579          | 553          |
| Planning                       | -   | -            | -            | 38           | 33           | 34           | -            | -            | -            | -            |
| Police                         | 1,116   | 1,189        | 1,207        | 1,265        | 1,272        | 1,271        | 1,091        | 1,060        | 900          | 847          |
| Public Works                   | -   | -            | -            | -            | -            | -            | -            | -            | -            | 395          |
| Transportation                 | -   | 333          | 340          | 350          | 356          | 437          | 424          | 409          | 409          | -            |
| Utilities                      | 492   | 497          | 727          | 732          | 741          | 741          | 752          | 698          | 698          | 505          |
| <b>Total</b>                   | <b>4,729</b>                                  | <b>4,860</b> | <b>5,003</b> | <b>5,213</b> | <b>5,273</b> | <b>5,300</b> | <b>4,549</b> | <b>4,374</b> | <b>4,083</b> | <b>3,825</b> |

Source: City of Sacramento Approved Operating Budgets

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

| Function/program  | Fiscal Year |         |         |         |         |         |                        |                        |                       |                         |
|---|-------------|---------|---------|---------|---------|---------|------------------------|------------------------|-----------------------|-------------------------|
|   | 2004        | 2005    | 2006    | 2007    | 2008    | 2009    | 2010                   | 2011                   | 2012                  | 2013                    |
| <b>Police</b>   |             |         |         |         |         |         |                        |                        |                       |                         |
| Adult arrests   | 23,046      | 25,623  | 27,314  | 24,703  | 22,783  | 21,230  | 20,555                 | 19,885                 | 17,058                | 18,650                  |
| Citizen initiated calls for service with officer responses  | 269,815     | 194,969 | 187,731 | 181,793 | 181,873 | 173,045 | 176,157                | 166,207                | 154,193               | 154,233                 |
| <b>Fire <sup>(1)</sup></b>                                  |             |         |         |         |         |         |                        |                        |                       |                         |
| Number of incidents   | 43,108      | 63,242  | 65,714  | 66,284  | 70,609  | 64,525  | 59,608 <sup>(2)</sup>  | 71,111                 | 73,343                | 74,427                  |
| Number of structure fires                                   | 3,915       | 835     | 1,189   | 500     | 414     | 401     | 359 <sup>(2)</sup>     | 606                    | 652                   | 680                     |
| Number of construction inspection/reviews                   | 4,596       | 5,181   | NA      | NA      | NA      | NA      | 2,790                  | NA                     | 1,895                 | 4,568 <sup>(12)</sup>   |
| <b>General Services</b>                                     |             |         |         |         |         |         |                        |                        |                       |                         |
| Number of animal licenses issued                            | 8,256       | 9,446   | 12,815  | 14,944  | 18,812  | 18,732  | 17,094                 | 17,132                 | 17,318                | 15,810 <sup>(13)</sup>  |
| Number of animal outplacements                              | 2,852       | 4,267   | 4,323   | 4,352   | 4,252   | 4,025   | 3,300                  | 2,901                  | 3,750                 | 5,521 <sup>(14)</sup>   |
| <b>Public Works</b>   |             |         |         |         |         |         |                        |                        |                       |                         |
| Number of traffic investigations completed                  | 1,114       | 927     | 922     | 1,123   | 1,019   | 1,028   | 903                    | 712 <sup>(4)</sup>     | 717                   | 821                     |
| Number of parking citations issued                          | 211,128     | 199,428 | 201,196 | 194,193 | 233,901 | 236,103 | 240,248                | 184,215 <sup>(5)</sup> | 164,492               | 165,700                 |
| <b>Convention, Culture &amp; Leisure</b>                    |             |         |         |         |         |         |                        |                        |                       |                         |
| Number of Community Convention Center events                | 591         | 607     | 600     | 664     | 568     | 528     | 453                    | 417                    | 389                   | 378                     |
| Community Convention Center event attendance                | 981,766     | 929,425 | 833,428 | 849,000 | 863,759 | 862,000 | 780,000                | 873,577                | 796,000               | 645,000 <sup>(15)</sup> |
| Number of Zoo attendance                                    | 480,000     | 485,000 | 485,000 | 529,734 | 482,072 | 467,446 | 481,452                | 498,518                | 526,959               | 508,061                 |
| <b>Parks and Recreation</b>                                 |             |         |         |         |         |         |                        |                        |                       |                         |
| Number of students enrolled in START                        | 8,000       | 7,149   | 7,913   | 8,845   | 8,364   | 8,695   | 8,563                  | 7,437                  | 5,755 <sup>(7)</sup>  | 5,330                   |
| Number of students enrolled in 4th R <sup>(9)</sup>         | 2,510       | 2,695   | 2,885   | 3,000   | 3,500   | 2,675   | 2,600                  | 2,142                  | 1,899                 | 1,949                   |
| Number of lunches served through food programs              | 210,000     | 195,000 | 192,500 | 160,900 | 156,916 | 197,020 | 120,726 <sup>(3)</sup> | 133,687                | 42,848 <sup>(8)</sup> | - <sup>(16)</sup>       |
| <b>Community Development <sup>(20)</sup></b>                |             |         |         |         |         |         |                        |                        |                       |                         |
| Number of building permits issued                           | 18,089      | 17,869  | 18,261  | 16,930  | 14,349  | 13,182  | 11,786                 | 11,474                 | 11,545                | 12,146                  |
| Building permit valuation (in million of dollars)           | 1,001       | 883     | 817     | 1,005   | 862     | 557     | 543                    | 387                    | 281                   | 391                     |
| Vehicles abated by City                                     | 4,814       | 4,660   | 3,747   | 2,572   | 1,538   | 898     | 694                    | 429                    | 254 <sup>(10)</sup>   | 282                     |
| Notice and orders issued on housing and dangerous buildings | 278         | 279     | 293     | 445     | 378     | 360     | 305                    | 250                    | 188 <sup>(11)</sup>   | 253                     |
| <b>Water</b>  |             |         |         |         |         |         |                        |                        |                       |                         |
| Number of accounts  | 131,745     | 136,347 | 151,459 | 151,459 | 135,665 | 137,029 | 136,600                | 136,812                | 137,148               | 135,353                 |
| Amount distributed/pumped (million of gallons)              | 46,852      | 44,177  | 45,180  | 49,463  | NA      | 42,726  | 38,453                 | 37,393                 | 38,692                | 40,034                  |
| <b>Wastewater</b>   |             |         |         |         |         |         |                        |                        |                       |                         |
| Number of accounts  | 78,177      | 78,596  | 78,541  | 79,620  | 76,253  | 76,802  | 76,385                 | 76,394                 | 76,477                | 76,484                  |
| Amount distributed/pumped (million of gallons)              | 16,339      | 18,054  | 19,185  | 19,185  | NA      | 15,889  | 14,302                 | NA                     | 10,695                | 6,805 <sup>(17)</sup>   |
| <b>Storm Drainage</b>                                       |             |         |         |         |         |         |                        |                        |                       |                         |
| Number of accounts  | 127,216     | 130,426 | 128,427 | 132,376 | 131,801 | 132,727 | 132,556                | 133,188                | 133,814               | 134,651                 |
| Amount distributed/pumped (million of gallons)              | 30,506      | 41,608  | 53,444  | 53,444  | NA      | 27,936  | 27,288                 | NA                     | 28,445                | 17,602 <sup>(18)</sup>  |
| <b>Solid Waste</b>  |             |         |         |         |         |         |                        |                        |                       |                         |
| Residential garbage disposed (in Tons)                      | 129,838     | 129,499 | 127,120 | 128,802 | 128,060 | 104,542 | 112,203                | 110,103                | 106,085               | 109,141                 |
| Commercial garbage collected (in Tons)                      | 20,390      | 23,159  | 22,469  | NA      | 24,804  | 18,937  | 17,688                 | 12,918 <sup>(6)</sup>  | 12,251                | 1,222 <sup>(19)</sup>   |

- 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 FY10, 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 FY11, 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, FY11 onwards, Maintenance Calls were excluded.  
(5) In FY11, 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 c) the staff were furloughed.  
(6) In FY11, 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.  
(7) In FY12, the number of school sites the City of Sacramento served under START program were reduced from 57 to 46, thus reducing the total number of students enrolled.  
(8) In FY12, the number of lunches served through food programs decreased significantly because the federal grant for this program ended in September 2011.  
(9) The number of students enrolled in 4th R program has been declining since FY09 due to substantial decline in the subsidy-side of enrollees. Due to the recession many parents/guardians lost their employment and were not pursuing post secondary education/skill training which make them ineligible to receive these subsidies because the requirement for eligibility is either employment or post secondary education/skill training. In addition, there was also some decline in fee based enrollment.  
(10) In FY12, the number of vehicles abated by City decreased significantly due to the slow economic conditions which led to people holding onto their vehicles longer as well as turning in vehicles for the cost of parts or scrap metal.  
(11) In FY12, the number of complaints for housing and dangerous buildings declined largely due to proactive inspections performed under the City's Rental Housing Inspection Program which led to decrease in notice and orders issued on housing and dangerous buildings.  
(12) Fire Prevention has been working diligently to improve the way they track inspection data. Therefore, current year data is more accurate than prior years data.  
(13) In FY13, the number of animal licenses issued declined largely due to economic down turn as pet owners make tough choices licensing suffered.  
(14) Partnership with outside agencies in California and other states resulted in an increase in the number of animal outplacements in FY13.  
(15) In FY13, the number of entertainment events at Memorial Auditorium declined largely due to a major stage extension maintenance/replacement project that limited its use for approximately four months, no sold-out and extended-run performances. FY12 included sold out extended run performances of Wicked.  
(16) In FY13, the summer food program is terminated.  
(17) The reduction in flows have occurred due to water conservation efforts and reduced system infiltration caused by the below normal rainfall influence on the water table. There was less rainfall in FY13 than in FY12.  
(18) Amount of storm drain pumped/distributed is dependent on rainfall. There was less rainfall in FY13 than in FY12.  
(19) Solid Waste commercial garbage collection is discontinued in October 2012.  
(20) Prior to FY13, reported as Development and Code Enforcement Departments.

Source: Various City of Sacramento Departments

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

| Function/program   | Fiscal Year |        |        |        |                    |        |        |        |                       |                       |
|--|-------------|--------|--------|--------|--------------------|--------|--------|--------|-----------------------|-----------------------|
|  | 2004        | 2005   | 2006   | 2007   | 2008               | 2009   | 2010   | 2011   | 2012                  | 2013                  |
| <b>Police</b>  |             |        |        |        |                    |        |        |        |                       |                       |
| Number of stations <sup>(1)</sup>                              | 2           | 2      | 2      | 2      | 4                  | 4      | 4      | 4      | 4                     | 4                     |
| Number of patrol units <sup>(2)</sup>                          | 239         | 238    | 229    | 210    | 210                | 210    | 242    | 242    | 242                   | 263                   |
| Number of aircraft   | NA          | NA     | NA     | NA     | NA                 | 3      | 3      | 3      | 4                     | 4                     |
| Number of watercraft   | NA          | NA     | NA     | NA     | NA                 | 2      | 2      | 2      | 3                     | 3                     |
| <b>Fire</b>  |             |        |        |        |                    |        |        |        |                       |                       |
| Number of stations   | 22          | 23     | 23     | 23     | 23                 | 23     | 23     | 23     | 24                    | 24                    |
| Number of fire suppression, support or prevention vehicles     | 150         | 167    | 169    | 170    | 151                | 150    | 160    | 160    | 159                   | 159                   |
| <b>Public Works</b>  |             |        |        |        |                    |        |        |        |                       |                       |
| Miles of streets   | 2,936       | 2,960  | 3,025  | 3,034  | 3,045              | 3,044  | 3,063  | 3,108  | 3,108                 | 3,065                 |
| Number of street lights  | 36,852      | 38,450 | 39,277 | 39,964 | 40,578             | 41,131 | 41,252 | 41,301 | 41,679                | 41,788                |
| Number of City parking spaces <sup>(3)</sup>                   | 8,580       | 8,488  | 8,518  | 8,795  | 8,798              | 8,484  | 8,484  | 8,484  | 8,484                 | 8,484                 |
| Miles of off-street bikeways                                   | 53          | 58     | 62     | 67     | 76                 | 78     | 78     | 82     | 82                    | 83                    |
| <b>Parks and recreation</b>                                    |             |        |        |        |                    |        |        |        |                       |                       |
| Number of parks  | 196         | 204    | 205    | 205    | 206                | 208    | 212    | 213    | 213                   | 222                   |
| Park acreage <sup>(4)</sup>                                    | 3,627       | 3,122  | 3,124  | 3,125  | 3,126              | 3,167  | 3,171  | 3,171  | 3,150 <sup>(10)</sup> | 3,161 <sup>(11)</sup> |
| Number of community centers <sup>(5)</sup>                     | 17          | 17     | 17     | 17     | 16                 | 13     | 13     | 13     | 13                    | 13                    |
| Number of swimming pools (including wading pools)              | 23          | 23     | 23     | 23     | 23                 | 26     | 26     | 26     | 26                    | 26                    |
| <b>Water</b>   |             |        |        |        |                    |        |        |        |                       |                       |
| Miles of water mains and distribution lines <sup>(6) (7)</sup> | 1,467       | 1,708  | 1,873  | 1,873  | 1,859              | 1,720  | 1,724  | 1,596  | 1,599                 | 1,599                 |
| <b>Sewers and storm drainage</b>                               |             |        |        |        |                    |        |        |        |                       |                       |
| Miles of sanitary sewers and storm drainage <sup>(8)</sup>     | 2,103       | 2,081  | 2,081  | 2,024  | 1,859              | 1,693  | 1,950  | 1,954  | 1,951                 | 1,951                 |
| <b>Off-street parking</b>                                      |             |        |        |        |                    |        |        |        |                       |                       |
| Number of City garages and open parking lots                   | 12          | 11     | 11     | 12     | 12                 | 10     | 10     | 10     | 10                    | 10                    |
| <b>Golf</b>  |             |        |        |        |                    |        |        |        |                       |                       |
| Number of golf courses   | 6           | 6      | 6      | 6      | 6                  | 6      | 6      | 6      | 6                     | 6                     |
| <b>Marina</b>  |             |        |        |        |                    |        |        |        |                       |                       |
| Number of boat harbor slips                                    | 563         | 563    | 563    | 547    | 475 <sup>(9)</sup> | 475    | 475    | 475    | 475                   | 475                   |

- Notes: (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 FY2005 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.  
(10) In FY2012, the City conveyed 22.79 acres to a developer from Granite Regional Park, pursuant to a development agreement, and acquired two parcel adding 1.73 acres to the Sacramento River Parkway.  
(11) In FY2013, the City added 10.78 acres in 6 parks (all in the River District in the Central City). Bercut Richards Plaza (0.12 ac.); Cannery Plaza parksite (0.19 ac.); Persimmon Paseo (0.21 ac.); Victory Promenade (0.49 ac.); 7th Street Promenade (1.0 ac.); and Township 9 Park (8.77 ac.).

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 |                   |
|  | <b>2013</b>     | <b>2004</b>       |
| Number of budgeted positions                               | 3,825           | 4,233             |
| Area in square miles                                       | 99              | 99                |
| Altitude in feet   | 20              | 20                |
| City of Sacramento facilities and services:                |                 |                   |
| <b>Police</b>  |                 |                   |
| Number of stations   | 4               | 2                 |
| Number of police personnel sworn / civilian (actual)       | 641/236         | 714/402           |
| Number of patrol units                                     | 263             | 239               |
| <b>Fire</b>  |                 |                   |
| Number of stations   | 24              | 22                |
| Number of fire personnel sworn / unsworn                   | 571/42          | 538/50            |
| Number of fire protection vehicles                         | 88              | 150               |
| <b>Utilities</b>   |                 |                   |
| Miles of water mains and distribution lines <sup>(1)</sup> | 1,599           | 1,467             |
| Annual water production in gallons                         | 40 billion      | 47 billion        |
| Miles of sanitary sewers and storm drainage <sup>(2)</sup> | 1,951           | 2,103             |
| <b>Transportation</b>                                      |                 |                   |
| Miles of streets   | 3,065           | 2,936             |
| Number of street lights                                    | 41,788          | 36,852            |
| Number of City managed parking lots / spaces               | 21/10,468       | 12/8,580          |
| Miles of off-street bikeways                               | 83              | 53                |
| <b>Convention, Culture and Leisure</b>                     |                 |                   |
| Golf courses   | 6               | 6                 |
| Boat harbor slips <sup>(3)</sup>                           | 475             | 547               |
| Zoo animals <sup>(4)</sup>                                 | 567             | 542               |
| Fairytale town attendance for year                         | 227,286         | 214,477           |
| Crocker Art Gallery attendance for year                    | 286,573         | 122,594           |
| Community Convention Center attendance for year            | 645,000         | 981,766           |
| <b>Parks and Recreation</b>                                |                 |                   |
| Parks  | 222             | 196               |
| Park acreage <sup>(5)</sup>                                | 3,171           | 3,627             |
| Camp Sacramento attendance for year                        | 2,637           | 2,955             |
| Community centers  | 13              | 13                |
| Neighborhood centers                                       | 5               | N/A               |
| Swimming pools   | 26              | 30                |
| Baseball fields <sup>(6)</sup>                             | 98              | 84                |
| Soccer fields  | 130             | 75                |
| Ball courts  | 180             | 118               |
| <b>Library</b>   |                 |                   |
| Library branches   | 12              | 26 <sup>(7)</sup> |
| Library books and audiovisual recordings in circulation    | 2,192,151       | 1,810,043         |

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 all library branches in the Sacramento public library system.

Source: Various City of Sacramento departments and publications

KEVIN JOHNSON

Mayor

ANGELIQUE ASHBY

Vice Mayor, District 1

ALLEN WARREN

Councilmember, District 2

STEVE COHN

Councilmember, District 3

STEVE HANSEN

Councilmember, District 4

JAY SCHENIRER

Councilmember, District 5

KEVIN MCCARTY

Councilmember, District 6

DARRELL FONG

Councilmember, District 7

BONNIE J. PANNELL

Councilmember, District 8

## 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 473,509.



[www.CityofSacramento.org](http://www.CityofSacramento.org)

## **Attachment D**

Approving the FY2012/13 Allocation of Measure U Resources

# RESOLUTION NO. 2013-XXXX

Adopted by the Sacramento City Council

## APPROVING THE FY2012/13 ALLOCATION OF MEASURE U RESOURCES

### BACKGROUND

- A. Voter approval of the Essential Services Protection Measure (Measure U) in November 2012 for the restoration and protection of essential public safety and other essential City services authorized the implementation of an additional one-half cent transaction and use tax effective April 1, 2013, and the establishment of an Oversight Committee.
- B. In FY2012/13 Measure U revenues are estimated at approximately \$5 million based on existing transaction volume and Board of Equalization sourcing rules. Annual revenues beginning in FY2013/14 are estimated to be \$27 million.
- C. On February 12, 2013, the City Council adopted principles for the use of Measure U resources (Resolution 2013-0045).

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

- Section 1 The Director of Finance is authorized to amend the FY2012/13 Approved Budget to include the following Measure U allocations for the restoration of programs and services:

| Measure U Restorations for FY2012/13   | FTE*         | Recommended Adjustments |
|--|--------------|-------------------------|
| Fire: SAFER Grant Buyback  | -            | 358,000                 |
| Fire: January 2013 Brown Out Restoration (12 firefighters)   | 12.00        | 975,000                 |
| Fire: April 2013 Brown Out Restoration (6 firefighters, 3 engineers, and 3 captains)   | 12.00        | 435,000                 |
| Police: Field & Operations (FY13 recruits & one-time costs)  | -            | 1,500,000               |
| Parks and Recreation: Aquatics (funding for 6 pools and 5 wading pools through 6/30/13)  | -            | 250,000                 |
| Parks and Recreation: Aquatics (funding for Southside, Tahoe, and Glenn Hall pools through 6/30/13 and 1.0 FTE plant operator) | 1.00         | 124,000                 |
| Parks and Recreation: Maintenance and Capital Investment (fountains, picnic tables, irrigation)                                | -            | 600,000                 |
| General Services: Animal Control Officer (1.0 FTE)   | -            | -                       |
| Sacramento Public Library Authority: Restoration to Maintenance of Effort  | -            | 506,000                 |
| <b>FY2012/13 Expenditures and FTE</b>  | <b>25.00</b> | <b>4,748,000</b>        |
| Measure U Reserve  |              | 252,000                 |
| <b>FY2012/13 Measure U Revenues</b>  |              | <b>5,000,000</b>        |

\*FTE restorations reflect the addition of full-time equivalent (FTE) positions; however, funding has been prorated to reflect anticipated costs in the current fiscal year (FY2012/13).

## RESOLUTION NO. 2013-0081

Adopted by the Sacramento City Council

March 12, 2013

### APPROVING THE FY2012/13 ALLOCATION OF MEASURE U RESOURCES

#### BACKGROUND

- A. Voter approval of the Essential Services Protection Measure (Measure U) in November 2012 for the restoration and protection of essential public safety and other essential City services authorized the implementation of an additional one-half cent transaction and use tax effective April 1, 2013, and the establishment of an Oversight Committee.
- B. In FY2012/13 Measure U revenues are estimated at approximately \$5 million based on existing transaction volume and Board of Equalization sourcing rules. Annual revenues beginning in FY2013/14 are estimated to be \$27 million.
- C. On February 12, 2013, the City Council adopted principles for the use of Measure U resources (Resolution 2013-0045).

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

Section 1 The Director of Finance is authorized to amend the FY2012/13 Approved Budget to include the following Measure U allocations for the restoration of programs and services:

| Measure U Restorations for FY2012/13   | FTE*         | Recommended Adjustments |
|--|--------------|-------------------------|
| Fire: SAFER Grant Buyback  | -            | 358,000                 |
| Fire: January 2013 Brown Out Restoration (12 firefighters (\$690,000) and recruit academy costs (\$285,000 for equipment, recruit salaries and uniforms) | 12.00        | 975,000                 |
| Fire: April 2013 Brown Out Restoration (6 firefighters, 3 engineers, and 3 captains)   | 12.00        | 435,000                 |
| Police: Field & Operations (FY13 recruits & one-time costs)  | -            | 1,500,000               |
| Parks and Recreation: Aquatics (funding for 6 pools and 5 wading pools through 6/30/13)  | -            | 250,000                 |
| Parks and Recreation: Aquatics (funding for Southside, Tahoe, and Glenn Hall pools through 6/30/13 and 1.0 FTE plant operator)                           | 1.00         | 124,000                 |
| Parks and Recreation: Aquatics (funding for half-time operations of Mangan and Oki pools through 6/30/13)  |              | 32,000                  |
| Parks and Recreation: Maintenance and Capital Investment (fountains, picnic tables, irrigation)  | -            | 600,000                 |
| Sacramento Public Library Authority: Restoration to Maintenance of Effort  | -            | 506,000                 |
| <b>FY2012/13 Expenditures and FTE</b>  | <b>25.00</b> | <b>4,780,000</b>        |
| Measure U Reserve  |              | 220,000                 |
| <b>FY2012/13 Measure U Revenues</b>  |              | <b>5,000,000</b>        |

\*FTE restorations reflect the addition of full-time equivalent (FTE) positions; however, funding has been prorated to reflect anticipated costs in the current fiscal year (FY2012/13).

Adopted by the City of Sacramento City Council March 12, 2013 by the following vote:

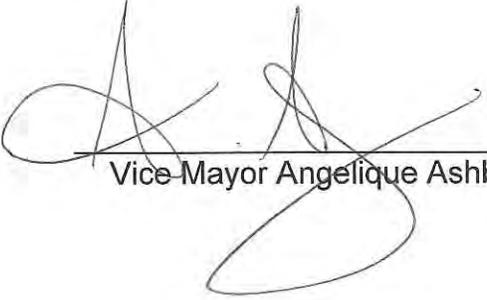
Ayes: Councilmembers Ashby, Cohn, D Fong, Hansen, McCarty, Pannell, Schenirer, and Warren.

Noes: None.

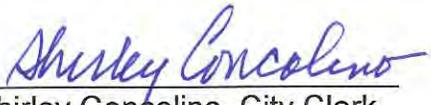
Abstain: None.

Absent: Mayor Johnson

Attest:



Vice Mayor Angelique Ashby



Shirley Concolino  
Shirley Concolino, City Clerk