Meeting Date: **2/10/2015**

Report Type: Staff/Discussion

Report ID: 2015-00006

17

City of SACRAMENTO

City Council Report
915 I Street, 1st Floor
www.CityofSacramento.org

Title: Fiscal Year 2013/14 Comprehensive Annual Financial Report (CAFR)

Location: Citywide

Recommendation: Pass a Resolution 1) accepting the FY2013/14 Comprehensive Annual Financial Report; 2) accepting the June 30, 2014, Management Letter; and 3) accepting the auditor's letter to the City Council.

Contact: Russell Robertson, Accounting Manager, (916) 808-1712; Leyne Milstein, Director of Finance, (916) 808-8491, Department of Finance

Presenter: Russ Robertson, Accounting Manager, (916) 808-1712, Department of Finance

Department: Finance

Division: Accounting Division

Dept ID: 06001311

Attachments:

1-Description/Analysis

2-Resolution

3-Exhibit A (Comprehensive Annual Financial Report)

4-2014 City of Sacramento Management letter - Final

5-2014 City of Sacramento SAS 114 letter - Final

City Attorney Review

Approved as to Form
Gerald Hicks
2/4/2015 9:29:13 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 2/2/2015 3:53:14 PM

James Sanchez, City Attorney Shirley Concolino, City Clerk Russell Fehr, City Treasurer
John F. Shirey, City Manager

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Description/Analysis:

Issue: The City's Fiscal Year (FY) 2013/14 Comprehensive Annual Financial Report (CAFR) has been prepared to present the City's financial condition and the results of its activities for the fiscal year that ended June 30, 2014. An independent public accounting firm, Vavrinek, Trine, Day & Co., LLP, has audited the CAFR financial statements, as required by the City Charter.

Overview of Report

- The City has prepared the CAFR to present financial information in a standard format prescribed by the Government Finance Officers Association.

- The CAFR is organized into the following sections:

  - An **Introductory Section** with a transmittal letter summarizing economic conditions, budget initiatives and other information.

  - A **Financial Section** which begins with Management's Discussion and Analysis (MD&A), a narrative overview, analysis of the financial statements, and comments on the City's financial outlook. The basic financial statements follow the MD&A and report the financial position and the results of the operations of the City as a whole and the financial performance of the City's major funds. Footnotes to the financial statements are included to provide additional information. Finally, combining fund financial statements are presented to provide additional financial details of the City's activities.

  - A **Statistical Section** with selected financial, demographic and operating trend information.

- The City implemented five new accounting and financial reporting standards issued by the Governmental Accounting Standards Board in the FY2013/14 CAFR:

  - Statement No. 65, *Items Previously Reported as Assets and Liabilities*
  - Statement No. 66, Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62
  - *Statement No. 67, Financial reporting for Pension Plan, an amendment of GASB Statement No. 25*
  - *Statement No. 69, Government Combinations and Disposals of Government Operations, and*
  - *Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees.*

General Fund FY2013/14 Financial Results

- **<u>Revenue</u>**
  Total General Fund revenue exceeded the FY2012/13 budget plan by $15.9 million, of which $4.9 million was unbudgeted revenue. Tax revenue was $10.6

million higher than the budget projections, a variance of 4%. Property taxes and real property transfer taxes ended higher than projected by $6.3 million and $2.6 million, respectively, the result of substantial increases in market activity and value. Other taxes, including sales, utility user, business operations, and in lieu taxes ended higher than projected by $1.7 million.

Department operating revenue was higher than budget projections by $1.0 million while other citywide revenue was under budget by $723,000. Revenue from the escheat of unclaimed property, Ground Emergency Medical Transport (GEMT) revenue, and the auto sales tax sharing agreement with the County brought in unbudgeted revenue of $141,000, $2.3 million, and $2.5 million, respectively. Pursuant to the policy direction provided by Resolution 2012-248, these one-time unbudgeted revenues were added to the General Fund Economic Uncertainty Reserve (EUR). With the additional $4.9 million the General Fund EUR is $33.7 million as of June 30, 2014.

- **Expenditures**
  All General Fund departments ended FY2013/14 within their budgeted appropriations. Departments with revenue shortfalls reduced expenditures to net positive budgetary results, except for the Fire Department's shortfall which was due to a timing difference resulting from the late collection of a billing invoice due from the Pacific Fruitridge Fire Protection District. The Citywide and Community Support budget surplus is attributable to a $1.5 million savings on services and supplies and $0.5 million of unspent administrative contingency. Additional department specific detail is included under Operating Department Results below.

- **Net Results**
  The following schedule summarizes the FY2013/14 budgetary results ($ in thousands):

Budget to actual results:

Major tax revenue	10,646
Department operations	4,703
Escheat revenue	141
GEMT revenue	2,269
County auto sales tax payment	2,514
Citywide and Community Support results	2,046
Total results	$22,319
Added to Economic Uncertainty Reserve:	
Escheat revenue	(141)
GEMT revenue	(2,269)
County auto sales tax sharing agreement	(2,514)
Net results	$17,395

- **Operating Department Results**
  Most General Fund departments achieved positive budgetary results during FY2013/14, except for the Mayor/Council and Fire departments. The information below provides additional detail on department results that varied significantly from budget expectations:

Mayor/City Council – Negative results are primarily due to unbudgeted expenditures incurred by the Mayor's Office to support the Mayor's work as the President of the United States Conference of Mayors. The FY2014/15 budget for the Mayor's Office was augmented by $40,000 to cover these expenditures in the current fiscal year.

City Treasurer – Positive results are primarily due to revenue collected in excess of budget.

Finance – Positive results reflect a combination of labor savings from vacant positions and service and supply savings.

Police – Positive results are primarily due to revenue collected in excess of budget.

Fire – Negative results are primarily due to late collection of a billing invoice due from the Pacific Fruitridge Fire Protection District. The bill was collected in FY2014/15. The department had $429,000 of positive expenditure results.

Community Development – Positive results reflect a combination of labor savings from vacant positions and service and supply savings.

The following table summarizes the General Fund department FY2013/14 budgetary results:

Department Budgetary Results
(in thousands):

Mayor/City Council	(23)
City Manager	159
City Attorney	263
City Clerk	73
City Treasurer	1,034
Finance	728
Information Technology	0
Human Resources	261
Police	819
Fire	(121)
General Services	89
Utilities	114
Public Works	107
Convention, Culture & Leisure	37
Economic Development	82
Parks and Recreation	93
Community Development	688
Total	**$ 4,703**

Measure U Fund FY2013/14 Financial Results
The FY2013/14 CAFR presents the first full year of activity in the Measure U Fund. Revenue recognized in the fund was $43.2 million, compared to the $27.0 million revenue budget. Discussion of the Measure U sales tax collection is included in the FY2014/15 Midyear Report.

Expenditures of Measure U revenue in FY2013/14 totaled $18.9 million, resulting in a fund balance of $26.9 million. Adjustments to the Measure U revenue estimates and spending plan are included in the FY2014/15 Midyear Report and will also be addressed during FY2015/16 budget workshops.

Management Letter
The Management Letter includes certain matters involving internal control and operations that are presented for the City's consideration. The four observations and recommendations in the letter relate to the following:

- Improving the City's accounting for developer dedications of infrastructure
- Reconciling retiree healthcare billing to prevent overpayments to healthcare providers
- Timely filing of landfill regulatory reports, and
- Developing an interfund loan policy.

Auditor's Letter to the City Council
The auditor's letter to the City Council is additional communication required by audit standards which conveys that there were no difficulties encountered performing the audit or disagreements between the auditors and City staff. The letter also includes significant estimates, footnote disclosures, and audit adjustments included in the financial statements.

Policy Considerations: This report is required by the City Charter, federal and state grant requirements, and bond covenants.

Environmental Considerations: Not applicable.

> **California Environmental Quality Act (CEQA):** This recommendation does not constitute a "project" and is therefore exempt from the CEQA according to CEQA guidelines Section 15061 (b)(1) and 15378(b)(3).
>
> **Sustainability:** Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: It is in the best interest of the City to accept the FY2013/14 CAFR, Management Letter and the auditor's letter to the City Council for the following reasons:

- The annual audit is required by the City Charter, federal and state grant requirements and bond covenants.

- The public accounting firm of Vavrinek, Trine, Day & Co., LLP, has audited the City's FY2013/14 financial statements and has rendered its unmodified opinion that the financial statements are fairly presented in accordance with generally accepted accounting principles.

- The Management Letter includes recommendations for improvement in internal control, compliance reporting and policy development.

- The auditor's letter to the City Council reflects no significant audit issues or disagreements with management in connection with this audit.

Financial Considerations: The General Fund's budgetary results for the fiscal year ended June 30, 2014, will provide one-time resources. Recommendations for the use of these resources are outlined in the FY2014/15 Midyear Report.

Local Business Enterprise (LBE): No goods or services are being purchased under this report.

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RESOLUTION NO.

Adopted by the Sacramento City Council

FISCAL YEAR 2013/14 COMPREHENSIVE ANNUAL FINANCIAL REPORT

BACKGROUND

A. The City's Fiscal Year (FY) 2013/14 Comprehensive Annual Financial Report (CAFR) was prepared to present the City's financial condition and the results of its activities for the fiscal year ended June 30, 2014. The CAFR financial statements were audited, as required by the City Charter, by an independent public accounting firm.

B. The public accounting firm of Vavrinek, Trine, Day & Co., LLP, audited the City's FY2013/14 financial statements and rendered its unqualified opinion that the financial statements are fairly presented in accordance with generally accepted accounting principles.

C. The General Fund's budgetary results for the fiscal year ended June 30, 2014, provided $17.4 million in resources to address the City's budget priorities outlined in the FY2014/15 Midyear Report.

D. The Management Letter includes recommendations for improvement in internal control, compliance reporting, and policy development.

E. The auditor's letter to the City Council reflects no significant audit issues or disagreements with management in connection with this year's audit. The letter includes four recommendations relating to improving the City's accounting for developer dedications of infrastructure, reconciling retiree healthcare billing, timely filing of landfill regulatory reports, and developing an interfund loan policy.

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

Section 1. The City Council accepts the FY2013/14 Comprehensive Annual Financial Report, attached hereto as Exhibit A.

Section 2. The City Council accepts the June 30, 2014, Management Letter, attached hereto as Exhibit B.

Section 3. The City Council accepts the auditor's letter to the City Council dated, December 19, 2014, attached hereto as Exhibit C.

Section 4. Exhibit A, B, and C are part of this resolution.

Table of Contents:

Exhibit A Comprehensive Annual Financial Report
Exhibit B Management Letter
Exhibit C Auditor’s letter to City Council

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Farm-to-Fork

Historic City Hall

24th Street Solar Canopies

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

CITY OF SACRAMENTO, CALIFORNIA

City of Sacramento

California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

Prepared by the Department of Finance,
Accounting Division

Leyne Milstein, Director of Finance
Dennis Kauffman, Finance Operations Manager
Russ Robertson, Accounting Manager

CITY OF SACRAMENTO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

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CITY OF SACRAMENTO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

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CITY OF SACRAMENTO, CALIFORNIA

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CITY OF SACRAMENTO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section

John F. Shirey
City Manager

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

December 19, 2014

Honorable Mayor, Members of the City Council

and Citizens of the City of Sacramento, California:

We are pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the City of Sacramento (City) for the fiscal year ended June 30, 2014. 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. Vavrinek, Trine, Day & Co., LLP, a statewide certified public accounting firm, performed the audit for the fiscal year ended June 30, 2014. Their unmodified ("clean") opinion has been included as the first component of the financial section of the CAFR.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

The City of Sacramento, capital of the State of California, was established in 1849. The sixth largest city in California based on population, Sacramento also serves as the seat of Sacramento County government. The State of California Department of Finance estimates the population on January 1, 2014 at 475,122 for the City and 1,454,406 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 continued its modest economic recovery in 2014. As of June 2014, unemployment for the Sacramento metropolitan area and Sacramento County was 6.9% and 7.1%, respectively, compared to 8.4% and 8.7%, respectively, as of June 30, 2013. According to the latest University of California, Los Angeles Economic Forecast, recovery in California is expected to continue in 2015.

While there is an expectation of continued economic recovery and growth, recent economic data indicate that economic growth in the Sacramento region will be slow, and will continue to generally lag behind national trends and other areas of California. It is encouraging that the latest edition of the Brookings Institution Metro Monitor (September 2014) showed growth in employment in the first two quarters of 2014 along with higher housing values.

BUDGET INITIATIVES AND LONG-TERM FINANCIAL PLANNING

Current trends show that the City is continuing its recovery from the worst recession in recent history. As a result, the fiscal 2014/15 budget was the first budget since 2008 that did not require reductions in services, programs or employees. Measure U, a voter approved 1/2 cent sales and use tax, continues to provide resources to protect and restore vital City programs and services. However, given the temporary nature of these resources, it remains critical that we 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 $1.0 million to the EUR in the midyear budget review in February 2014, and $4.9 million of unbudgeted one-time general revenue was added to the EUR during the fiscal year 2013/14 year-end close, to bring the balance in the EUR to $33.7 million, approximately 8.7% of estimated FY2014/15 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.

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, 2013. This marks the 25th 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	Russell Robertson Accounting Manager

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City of Sacramento Organization Chart

As of June 30, 2014

MAYOR / CITY COUNCIL

City Auditor
Jorge Oseguera

City Attorney
Jim Sanchez

- Litigation
- Public Safety and Land Use
- Advisory

City Clerk
Shirley Concolino

- Bids & Contracts
- Boards & Commissions
- Elections
- Legislative Support
- Passports
- Records

City Manager
John F. Shirey

- Government Affairs / Public Information
- Labor & Work Force Strategy
- Public Safety Accountability

City Treasurer
Russell Fehr

- Citywide Banking
- Debt Management
- Investments

OPERATIONS

Community Development
Ryan DeVore
Interim Director

- Building
- Business Compliance
- Housing & Dangerous Buildings
- Neighborhood Code Enforcement
- Planning

Convention, Culture & Leisure
Rebecca Bitter
Interim Director

- Capital City Golf
- Center for Sacramento History
- Crocker Art Museum
- Discovery Science & Space Center
- Fairytale Town
- Historic City Cemetery
- Metropolitan Arts Commission
- Old Sacramento Historic District
- Sacramento Convention Center
- Sacramento Marina
- Sacramento History Museum
- Sacramento Zoo

Economic Development
Jim Rinehart
Director

- District Initiatives & Citywide Strategies
- Redevelopment

Fire
Lloyd Ogan
Interim Chief

- Emergency Medical Services
- Fire Prevention
- Fire Suppression

Parks & Recreation
Jim Combs
Director

- Neighborhood Services & Special Events
- Park Maintenance Services
- Park Planning & Development Services
- Recreation Services

Police
Sam Somers
Chief

- Field Services
- Investigations
- Operational Services

Public Works
Jerry Way
Director

- Engineering Services
- Maintenance Services
- Parking Services
- Transportation

Utilities
Dave Brent
Director

- Business Services
- Engineering
- Wastewater
- Water

SUPPORT

Finance
Leyne Milstein
Director

- Accounting
- Budget, Policy and Strategic Planning
- Procurement Services
- Public Improvement Financing
- Revenue

General Services
Reina Schwartz
Director

- Animal Care Services
- Facilities / Real Property Management
- 311 Center
- Fleet Management
- Solid Waste

Human Resources
Geri Hamby
Director

- Benefits and Retirement
- Civil Rights
- Employment and Classification
- Labor Relations
- Risk Management

Information Technology
Maria MacGunigal
Director

- Applications and Data Management
- Enterprise Business Systems
- Geographic Information Systems
- IT Customer Service
- Technical Support Services
- Technology Administration

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City of Sacramento
Directory of City Officials
June 30, 2014

Kevin Johnson
Mayor

Angelique Ashby
Mayor Pro Tem, District 1

Allen Warren
Councilmember, District 2

Steve Cohn
Councilmember, District 3

Steve Hansen
Councilmember, District 4

Jay Schenirer
Vice Mayor, District 5

Kevin McCarty
Councilmember, District 6

Darrell Fong
Councilmember, District 7

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, 2013

Executive Director/CEO

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Financial Section

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

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

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, 2014, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Measure U Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

Implementation of New Accounting Standards

As described in Note 1 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, as of July 1, 2013. Our opinion is not modified with respect to this matter.

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

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 schedules, 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 and schedules 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 and schedules 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 December 19, 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.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
December 19, 2014

City of Sacramento
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2014

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, 2014. 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 a seismic retrofit of the historic Train Depot in the Downtown Railyards and is in final design stages of a $30 million project to rehabilitate the depot. The City will use $15 million of federal funds along with $15 million of local transportation funds to rehabilitate the depot. The construction of 5th Street and Railyards Boulevard began this year and will be completed by December 2014. The construction of 6th Street in the Downtown Railyards that began in 2013 was completed this year.

- The construction of the Cosumnes River Boulevard Extension and Interstate 5 Interchange project continued throughout fiscal year 2014. 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 transportation sales tax revenue, federal, and state funding, as well as funds from the private developer for the Delta Shores development. Upon completion, 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.

- On July 16, 2013, the City broke ground on a $170 million rehabilitation project to replace parts and restore existing capacity at the City's original water treatment plant on the Sacramento River, built in 1923. The project will also renovate the E.A. Fairbairn water treatment plant. This three-year construction project, funded with water revenue bonds issued in 2013, will create 455 jobs and ensure a continued, secure water supply for Sacramento residents and businesses.

- The City's General Fund revenue and other financing sources (uses) exceeded expenditures by $18.9 million in fiscal year 2014. This result is primarily attributable to growth in property tax and real property transfer tax revenue, expenditure savings from vacant positions, capital lease proceeds, and one-time catch-up payments of $2.5 million from the County under an auto sales tax sharing agreement and $2.3 million of Ground Emergency Medical Transport reimbursement.

- The City's total government-wide net position, excluding the discretely presented component unit, increased $89 million in 2014, an increase of 3.6 percent from 2013. The net position of governmental activities increased $37 million, or 2.4 percent, and the net position of business-type activities increased $52 million, or 5.8 percent.

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 non-major 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, agency funds, and the discretely-presented component unit, 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 of resources. 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.
- *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 fund 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 fund 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.

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, 2014 and 2013
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent
	2014	2013	2014	2013	2014	2013	Change
Current and other assets	$ 647	$ 621	$ 528	$ 552	$ 1,175	$ 1,173	0.2%
Capital assets	1,747	1,737	1,064	1,014	2,811	2,751	2.2%
Total assets	2,394	2,358	1,592	1,566	3,986	3,924	1.6%
Deferred outflows of resources	15	17	13	14	28	31	-9.7%
Long-term liabilities	728	729	614	651	1,342	1,380	-2.8%
Other liabilities	62	63	45	35	107	98	9.2%
Total Liabilities	790	792	659	686	1,449	1,478	-2.0%
Deferred inflows of resources	8	9	-	-	8	9	-11.1%
Net position							
Net investment in capital assets	1,394	1,370	734	719	2,128	2,089	1.9%
Restricted	187	202	34	34	221	236	-6.4%
Unrestricted	30	2	178	141	208	143	45.5%
Total net position	$ 1,611	$ 1,574	$ 946	$ 894	$ 2,557	$ 2,468	3.6%

Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19 to the financial statements.

Analysis of net position

Total net position of the primary government increased $89 million this year. Total assets increased $62 million and total liabilities decreased $29 million. Deferred outflows of resources decreased $3 million, and deferred inflows of resources decreased $1 million.

The following analysis of governmental and business-type activities provides more detailed information for these changes.

Governmental activities

Current and other assets increased $26 million primarily due to unspent Measure U sales tax collections.

Capital assets increased $10 million resulting from $101 million in capital assets additions, including the Consumnes River Boulevard Extension and Interstate 5 Interchange, offset by $91 million in current year depreciation.

The decrease in deferred outflows of resources of $2 million is 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.

The change in governmental long-term liabilities combines increases in capital leases of $6 million, increases to the unfunded other post-employment benefits (OPEB) of $34 million and increases to accrued claims and judgments of $16 million offset by payments on existing debt and other amortizations of long term liabilities of $58 million. More information about the City's long-term liabilities is located in Note 7 to the financial statements.

Deferred inflows of resources decreased $1 with the recognition of revenue under the City's golf service concession arrangement.

Restricted net position, representing amounts that must be used in accordance with external restrictions, decreased a total of $15 million. A bond call of $4.2 million and debt service payments of $2.5 million decreased restricted net position in the North Natomas development impact fee program in the Financing Plans Fund. The forgiveness of a $2.5 million debt from the Crocker Art Museum Association also contributed to the decrease in restricted net position. Park improvements funded by the park development impact fee program in the Financing Plans Fund decreased net position by $2.3 million.

Business-type activities

Current and other assets of business-type activities decreased $24 million over last year. Water and wastewater capital spending contributed $44 million and $11 million, respectively, to a decrease in restricted cash. Unrestricted cash increased approximately $30 million because of rate increases in the Water fund and the Wastewater fund.

Capital assets increased $50 million due to capital asset additions of $89 million, which includes construction for the water treatment plants rehabilitation and the Oak Park regional storage facility, offset by current year depreciation of $39 million. More detailed capital asset information is located in Note 4 to the financial statements.

Long-term liabilities decreased $37 million due to the retirement of $43 million of existing debt, offset by a $6 million increase in other long-term liabilities. More detailed information about long-term liabilities can be found in Note 7 to the financial statements.

Net investments in capital assets increased $15 million due to capital asset additions and retirement of capital-related debt, partially offset by depreciation expense.

Unrestricted net position increased by $37 million during the year because of the user fee rate increases in the Water and Wastewater funds. Unrestricted net position in the Solid Waste fund increased significantly because of an $18.5 million decrease in the estimated liability to close City landfills, which was reported as a special item.

City of Sacramento
Changes in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent
	2014	2013	2014	2013	2014	2013	Change
Revenues							
Program revenues:							
Charges for services	$ 124,397	$ 115,963	$ 251,478	$ 241,244	$ 375,875	$ 357,207	5.2%
Operating grants & contributions	47,430	81,822	1,963	1,095	49,393	82,917	-40.4%
Capital grants & contributions	89,539	69,323	4,403	7,480	93,942	76,803	22.3%
General revenues:							
Property taxes	122,477	114,451	-	-	122,477	114,451	7.0%
Local sales taxes	40,259	9,323	-	-	40,259	9,323	0.0%
Utility users tax	59,613	59,066	-	-	59,613	59,066	0.9%
Other taxes	21,325	18,620	17,943	16,555	39,268	35,175	11.6%
Unrestricted:							
Sales taxes shared state revenue	56,575	52,300	-	-	56,575	52,300	8.2%
State of California in-lieu sales tax	16,823	16,113	-	-	16,823	16,113	4.4%
Investment earnings	10,136	10,101	3,294	1,299	13,430	11,400	17.8%
Miscellaneous	8,853	9,749	3	-	8,856	9,749	-9.2%
Gain on disposition of capital assets	4,567	-	-	-	4,567	-	0.0%
Total revenues	601,994	556,831	279,084	267,673	881,078	824,504	6.9%
Expenses							
General government	41,190	36,681	-	-	41,190	36,681	12.3%
Police	157,248	157,432	-	-	157,248	157,432	-0.1%
Fire	125,461	117,451	-	-	125,461	117,451	6.8%
General services	13,807	15,343	-	-	13,807	15,343	-10.0%
Public works	103,632	126,636	-	-	103,632	126,636	-18.2%
Economic development	17,080	10,468	-	-	17,080	10,468	63.2%
Convention, culture & leisure	17,916	19,537	-	-	17,916	19,537	-8.3%
Parks & recreation	52,336	48,457	-	-	52,336	48,457	8.0%
Community development	26,484	29,253	-	-	26,484	29,253	-9.5%
Library	13,720	13,753	-	-	13,720	13,753	-0.2%
Interest on long-term debt	22,178	22,420	-	-	22,178	22,420	-1.1%
Water	-	-	66,627	68,643	66,627	68,643	-2.9%
Wastewater	-	-	25,673	22,776	25,673	22,776	12.7%
Storm drainage	-	-	36,664	36,755	36,664	36,755	-0.2%
Solid waste	-	-	49,014	49,794	49,014	49,794	-1.6%
Community center	-	-	17,204	17,251	17,204	17,251	-0.3%
Parking	-	-	15,238	15,358	15,238	15,358	-0.8%
Child development	-	-	6,297	6,116	6,297	6,116	3.0%
Total expenses	591,052	597,431	216,717	216,693	807,769	814,124	-0.8%
Revenue over (under) expenses	10,942	(40,600)	62,367	50,980	73,309	10,380	606.3%
Contributions to permanent funds	1	1	-	-	1	1	0.0%
Special items	(2,500)	26,208	18,527	-	16,027	26,208	-
Transfers	28,571	19,002	(28,571)	(19,002)	-	-	-
Change in net position	37,014	4,611	52,323	31,978	89,337	36,589	144.2%
Net position, beginning of year, restated	1,573,602	1,568,991	893,941	861,963	2,467,543	2,430,954	1.5%
Net position, end of year	$ 1,610,616	$ 1,573,602	$ 946,264	$ 893,941	$ 2,556,880	$ 2,467,543	3.6%

Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Analysis of the changes in net position

Total government-wide revenues of the primary government increased $56.6 million, a 6.9 percent increase from the prior year, and total expenses decreased $6.4 million, a 0.8 percent decrease. These changes are discussed in more detail below.

Governmental activities

Total revenues for governmental activities increased $45.2 million from the prior year, an 8.1 percent increase. Total expenses decreased $6.4 million, a 1.1 percent decrease, and net transfers from business-type activities increased $9.6 million, a 50.4 percent increase from the prior year. Transfers in primarily consist of in lieu taxes paid by the business-type activities to the General Fund. Transfers out primarily consist of capital assets transferred from governmental activities to business-type activities. Net transfers were higher in 2014 primarily because fewer capital assets were transferred out of governmental activities.

Revenue

Capital grants and contributions revenue increased $20.2 million from the prior year largely due to increased activity related to the Consumnes Boulevard Extension and Interstate 5 Interchange and the 5th Street Downtown Railyards projects. Operating grants and contributions decreased $34.4 million compared to the prior year primarily due to decreased Township 9 project activity.

Property tax revenue in 2014 increased $8 million compared to 2013 due to recovering Sacramento area commercial and residential real estate assessed valuations. Measure U local sales tax revenue increased $30.9 million because there was a full year of local tax revenue in 2014 and increased sales activity. Other tax revenues, including utility users tax, state shared sales taxes, and in lieu sales taxes, increased $8.2 million in 2014.

Expenses

As indicated above, total governmental expenses declined by $6.4 million. This decrease is due to fluctuations primarily in public works (down $23 million), convention culture & leisure (down $1.6 million), general services (down $1.5 million), and community development (down $2.8 million), offset by increases in general government (up $4.5 million), fire (up $8 million), economic development (up $6.6 million), and parks and recreation (up $3.9 million).

Completion of operating projects for track relocation in the Downtown Railyards in 2013 was the biggest factor for the decline in public works expenses. Fire expenses increased $8 million primarily due to increases in labor cost resulting from the hiring of 52 additional full-time employees, attributable to Measure U. Economic development expenses increased $6.6 million due to contributions to the California Family Fitness project, and payment to the State of California for the Macy's land and building eminent domain proceedings which was reimbursed by a developer.

Business-type activities

Total revenues for business-type activities increased $11.4 million from the prior year, a 4.3 percent increase. Total expenses did not change significantly compared to the previous year. Net transfers to governmental activities increased $9.6 million as a result of fewer capital asset transfers into business-type activities.

Revenue

Charges for services increased $10.2 million as a result of water and wastewater rate increases in the current year of 10 percent and 15 percent, respectively.

Capital grants and contribution revenue decreased by $3.1 million mostly due to a decrease in storm drainage infrastructure dedications by developers.

Expenses

In 2013, the Water fund incurred a one-time $2 million cost of issuance expense for the 2013 Water Revenue Bonds. This is the reason for the decrease in Water fund expenses in 2014.

Wastewater fund expenses increased $2.9 million due to various operating projects, including $1 million in root control projects.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. 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 $45.5 million in 2014. For the fiscal year ended June 30, 2014, compared to the prior year, total revenues for governmental funds increased by $38.8 million, total expenditures increased $17.1 million, and net other financing sources increased $9.5 million. Reasons for these changes are discussed in more detail below.

General Fund

Total General Fund revenues increased $17.6 million in the current year mostly due to increases in tax revenues of $16.4 million, charges for services revenues of $4.3 million, fines, forfeits and penalties $1.4 million and interest $0.5 million combined with decreases in intergovernmental revenue of $1.8 million and miscellaneous revenue of $3.2 million. Tax revenue increases were mainly due to increases in property tax of $9 million, sales and use tax of $4.3 million, business operations tax of $1 million, real property transfer tax of $1.4 million and other taxes $0.7 million.

The increase in charges for services was primarily attributable to police contracted services and plan check fees.

Total General Fund expenditures increased by $13.6 million this year. There were expenditure increases in the Fire Department and capital outlay of $1.4 million and $3.9 million, respectively. The increase in fire expenditures was primarily attributable to labor costs. The $3.9 million increase in capital outlay was due to spending in a variety of projects and programs, the largest of which included $2.9 million in parking meters and license plate recognition equipment upgrades and $1 million for the Hart Senior Center roof and HVAC renewal.

General Fund net other financing sources and uses increased $4.7 million from the prior year, mainly due to the increase in debt proceeds of $3.2 million in long term debt related to the parking meters and a $1.5 million increase in net interfund transfers.

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 $39 million lower than final budget amounts. Capital outlay expenditures were less than budgeted amounts by $24 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 $15.4 million higher than final budgeted amounts. Property tax and real property transfer tax collections exceeded the budgeted amounts by $6.5 million and $2.6 million respectively. Charges for services revenue exceeded budgeted amounts by $4.2 million. Intergovernmental revenues came in under budget by $2 million. Included within General Fund revenue were one-time unbudgeted catch-up payments of $2.5 million from the County under an auto sales tax sharing agreement and $2.13 million of Ground Emergency Medical Transport reimbursement.

Measure U Fund

Measure U Fund revenue and expenditures were higher in 2014 compared to 2013 by $38.4 million and $16.7 million, respectively, because 2014 was the first full year of the voter-approved local sales tax. Measure U resources were used to restore police, fire, and parks and recreation services.

Capital Grants Fund

Capital Grant Fund revenue and expenditures decreased $11.8 million and $4.2 million, respectively.

The decrease in revenue was mainly due to changes in the following projects:

- 5TH Street and Railyards Boulevard project - $12 million increase,
- Consumnes River Boulevard Extension and Interstate 5 Interchange project - $10 million increase,
- 6th Street Overcrossing Roadway project - $8.7 million increase,
- Township 9 project - $22 million decrease,
- Track Relocation project -$15.4 million decrease, and
- Access Improvement at Richards Boulevard and I-5 project - $4 million decrease.

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

- Township 9 project - $22 million decrease,
- Track Relocation Construction project – $15 million decrease,
- Cosumnes River Boulevard Extension and Interstate 5 Interchange project - $19 million increase, and
- 5th Street and Railyards Boulevard project – $12 million increase.

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 fund revenues decreased $5.5 million due largely to the following fluctuations:

- A $16 million decline due to fewer expenditures in various police grants.
- A $2.9 million decline in developer impact fees in North Natomas and other finance plan development areas.
- The above decreases were offset by a $9.1 million increase in transportation and development project activity in the Downtown Railyards, the Consumnes River Boulevard Extension and Interstate 5 Interchange project, and a $3 million increase in gas tax revenue.

Total other governmental fund expenditures decreased $9.1 million due largely to the following fluctuations:

- A $9.6 million reduction in capital outlay mostly due to a decline in spending for construction and infrastructure improvements in special districts, financing plan funds, and general government capital projects.
- An $8.3 million reduction in police grants due to the closing of several police operating grants.
- These decreases were partially offset by an increase of $5.5 million in current year debt service due to a $4.1 million bond call of outstanding 2003 CIRBS.

Total other governmental funds other financing sources increased $4.7 million primarily due to the proceeds from the sale of 9.15 acres of land on Fulton Avenue adjacent to the Haggin Oaks golf complex.

Enterprise Funds

The City's enterprise fund financial statements provide the same type of information as the government-wide financial statements but in greater detail. Total operating revenues increased $9.1 million, and operating expenses increased $3.5 million. Net non-operating revenues increased $7.2 million and capital contributions decreased $10.8 million. Reasons for these changes are discussed in more detail below.

Water Fund

Water Fund operating revenue increased $5.6 million compared to the prior year because of a 10 percent rate increase. Operating expenses in the current year did not change significantly compared to the previous year.

Wastewater Fund

Wastewater Fund operating revenue increased $3.4 million compared to the prior year because of a 15 percent rate increase. Operating expenses increased $3.4 million due to various operating projects, including $1 million in root control projects.

Storm Drainage Fund

Storm Drainage Fund operating revenue increased $2.4 million compared to the prior year mainly due to the increase in utility service charges. This increase was because there was an audit of vacant parcels which resulted in new parcels being billed starting in fiscal year 2014. The increase in operating revenue was also due to an increase in revenue received from Sacramento Area Flood Control Agency for levee maintenance. Operating expenses in the current year did not change significantly compared to the previous year.

Solid Waste Fund

Solid Waste Fund operating revenue decreased by $1.7 million compared to the prior year primarily due to some customers that switched to smaller refuse containers. Total operating expenses decreased $0.6 million. Solid Waste recognized $18.5 million as a special item in 2014 for a change in the estimated liability for landfill closure.

Community Center Fund

Community Center Fund operating revenue and expenses did not change significantly from the prior year. Transient occupancy tax revenue increased $1.4 million due to a continuing upward trend in Sacramento area hotel room occupancy and room rates.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, 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, wastewater and storm drainage transmission and distribution systems. The current year capital asset additions of $190 million were offset by current year depreciation expense of $129 million and retirements of $1 million for a net increase in capital assets of $60 million.

City of Sacramento
Capital Assets
As of June 30, 2014 and 2013
(net of depreciation, in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Capital assets not being depreciated						
Land	$ 192	$ 190	$ 51	$ 51	$ 243	$ 241
Easements	1	1	-	-	1	1
Construction in progress	143	96	95	36	238	132
Depreciable capital assets:						
Buildings and improvements	430	427	134	140	564	567
Equipment	28	32	25	26	53	58
Software	4	4	1	1	5	5
Vehicles	53	53	-	-	53	53
Transmission and distribution systems	3	3	758	760	761	763
Road network	634	675	-	-	634	675
Street light network	131	132	-	-	131	132
Park and park improvements	128	124	-	-	128	124
Total capital assets	$ 1,747	$ 1,737	$ 1,064	$ 1,014	$ 2,811	$ 2,751

This year's major capital asset additions include:

- The City incurred construction costs of $29.6 million on the Cosumnes River Boulevard Extension and Interstate 5 Interchange Project.
- The City incurred construction costs of $43.2 million for the Sacramento River & E.A. Fairbairn Water Treatment Plants Rehabilitation.
- The City also began construction of the Oak Park Regional Storage Facility Project, spending $8.8 million on the project.
- Other capital projects in progress include Downtown Railyards and Township 9 infrastructure projects, as well as the Intermodal Depot Retrofit and 6th Street Overcrossing Roadway projects at the Downtown Railyards. Many smaller capital projects were completed during the year 2014 and transferred from construction in progress to the appropriate capital asset categories.

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

Long-term Debt

The following table summarizes the City's outstanding debt at June 30, 2014 and 2013:

City of Sacramento
Outstanding Debt
As of June 30, 2014 and 2013
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Revenue and other bonds, net	$ 419	$ 443	$ 540	$ 556	$ 959	$ 999
Notes payable	16	16	33	37	49	53
Capital lease obligations	14	10	6	8	20	18
Total outstanding debt	$ 449	$ 469	$ 579	$ 601	$ 1,028	$ 1,070

Total primary government debt outstanding decreased $42 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 $6 million capital lease.

Total outstanding long-term debt for business-type activities decreased $22 million primarily due to principal payments on existing long term debt.

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

Credit rating

The following table summarizes the City's bonded debt ratings at June 30, 2014, as determined by Standard & Poor's (S & P), Moody's Investors Service, Inc. (Moody's), and Fitch Ratings (Fitch):

Bond issues:	S & P	Moody's
• 1993 Refunded Lease Revenue Bonds, Series A	A	A2
• 1993 Refunded Lease Revenue Bonds, Series B	A	A2
• 1996 Lighting and Landscaping Bonds	AA-	A3
• 1997 Lease Revenue Bonds	AA-	A3
• 2003 Capital Improvement Revenue Bonds	A	A2
• 2005 Refunding Revenue Bonds	AA-	A3
• 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:	S & P	Fitch
• 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 2013.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

Sacramento's economy continues to improve. Unemployment in the Sacramento metropolitan area has fallen from 8.4 percent at the end of fiscal year 2013 to 6.9 percent at the end of fiscal year 2014. The housing market has continued to improve during the fiscal year 2014. Although revenues are increasing, commitments for labor contracts, increasing retirement contributions and rising costs for utilities continue to add costs to the City's General Fund budget.

Next Year's Budget

General Fund budget appropriations for fiscal year 2015 are $383 million, an increase of 2.7 percent compared to the fiscal year 2014 approved budget. In addition to the allocation of resources for several priority initiatives, the approved budget increases the economic uncertainty reserve by $400,000 and appropriates $1,000,000 for a contribution to the City's OPEB trust fund.

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.

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Government-wide Financial Statements

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City of Sacramento

Statement of Net Position

June 30, 2014
(in thousands)

	Primary Government			Sacramento Regional Arts Facilities Financing Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	$ 410,600	$ 195,569	$ 606,169	$ -
Securities lending assets	989	935	1,924	-
Receivables, net	198,129	65,924	264,053	11,940
Internal balances	6,440	(6,440)	-	-
Inventories	-	3,607	3,607	-
Prepaid items	1,153	838	1,991	106
Restricted cash and investments	29,561	268,287	297,848	1,125
Intangible assets	-	175	175	-
Land and other capital assets not being depreciated	335,723	145,711	481,434	-
Other capital assets, net of depreciation	1,411,560	917,950	2,329,510	-
Total assets	2,394,155	1,592,556	3,986,711	13,171
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivative instrument	8,217	-	8,217	-
Loss on refunding of debt	6,740	12,825	19,565	
Total deferred outflows	14,957	12,825	27,782	-
LIABILITIES				
Securities lending obligations	2,962	1,589	4,551	-
Payables	56,465	38,806	95,271	155
Unearned revenue	3,380	4,826	8,206	-
Long-term liabilities:				
Due within one year	44,144	27,758	71,902	435
Due in more than one year	683,569	586,138	1,269,707	12,381
Total liabilities	790,520	659,117	1,449,637	12,971
DEFERRED INFLOWS OF RESOURCES				
Service concession arrangement	7,976	-	7,976	-
NET POSITION				
Net investment in capital assets	1,393,447	733,980	2,127,427	-
Restricted for:				
Capital projects	116,271	33,255	149,526	-
Debt service	652	-	652	200
Public works programs	16,462	-	16,462	-
Economic development programs	22,493	-	22,493	-
Other programs	22,315	1,215	23,530	-
Trust and endowments:				
Expendable	7,928	-	7,928	-
Nonexpendable	878	-	878	-
Unrestricted	30,170	177,814	207,984	-
Total net position	$ 1,610,616	$ 946,264	$ 2,556,880	$ 200

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

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City of Sacramento

Statement of Activities

For the Fiscal Year Ended June 30, 2014
(in thousands)

			Program Revenues			
Functions/Programs	**Operating Expenses**	**Indirect Expenses Allocation**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expense) Revenue**
Primary government:						
Governmental activities:						
General government	$ 49,142	$ (7,952)	$ 7,270	$ 2,510	$ 155	$ (31,255)
Police	157,248	-	10,804	9,803	-	(136,641)
Fire	125,461	-	26,155	3,867	-	(95,439)
General services	15,641	(1,834)	1,756	60	-	(11,991)
Public works	103,632	-	30,337	13,341	82,228	22,274
Economic development	17,080	-	8,205	113	-	(8,762)
Convention, culture and leisure	17,916	-	9,311	5,906	-	(2,699)
Parks and recreation	52,336	-	13,359	6,829	4,291	(27,857)
Community development	26,484	-	17,141	161	2,865	(6,317)
Library	13,720	-	59	4,840	-	(8,821)
Interest on long-term debt	22,178	-	-	-	-	(22,178)
Total governmental activities	600,838	(9,786)	124,397	47,430	89,539	(329,686)
Business-type activities:						
Water	63,452	3,175	94,382	472	1,682	29,909
Wastewater	24,843	830	28,493	4	1,230	4,054
Storm drainage	35,021	1,643	38,049	20	1,491	2,896
Solid waste	46,869	2,145	58,561	969	-	10,516
Community center	16,045	1,159	7,718	-	-	(9,486)
Parking	14,404	834	18,643	2	-	3,407
Child development	6,297	-	5,632	496	-	(169)
Total business-type activities	206,931	9,786	251,478	1,963	4,403	41,127
Total primary government	$ 807,769	$ -	$ 375,875	$ 49,393	$ 93,942	$ (288,559)
Component unit:						
Sacramento Regional Arts Facilities Financing Authority	$ 633	$ -	$ -	$ -	$ -	$ (633)

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, 2014
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Sacramento Regional Arts Facilities Financing Authority
Change in net position:				
Net (expense) revenue	$ (329,686)	$ 41,127	$ (288,559)	$ (633)
General revenues:				
Taxes:				
Property taxes	122,477	-	122,477	-
Local sales tax	40,259	-	40,259	-
Utility user taxes	59,613	-	59,613	-
Other taxes	21,325	17,943	39,268	-
Unrestricted sales taxes shared state revenue	56,575	-	56,575	-
Unrestricted in lieu sales tax	16,823	-	16,823	-
Unrestricted investment earnings	10,136	3,294	13,430	622
Unrestricted miscellaneous	8,853	3	8,856	-
Contributions to permanent funds	1	-	1	-
Gain on sale of capital assets	4,567	-	4,567	-
Special items	(2,500)	18,527	16,027	-
Transfers	28,571	(28,571)	-	-
Total general revenues, special items, and transfers	366,700	11,196	377,896	622
Change in net position	37,014	52,323	89,337	(11)
Net position, beginning of year	1,579,083	895,888	2,474,971	573
Prior period adjustments	(5,481)	(1,947)	(7,428)	(362)
Net position, beginning of year, as restated	1,573,602	893,941	2,467,543	211
Net position, end of year	$ 1,610,616	$ 946,264	$ 2,556,880	$ 200

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, 2014
(in thousands)

	General Fund	Measure U Fund	Capital Grants Fund
ASSETS			
Cash and investments held by City	$ 88,651	$ 22,470	$ -
Cash and investments held by fiscal agent	-	-	-
Securities lending assets	198	50	-
Receivables, net:			
Taxes	21,380	7,925	-
Accounts	12,547	-	6,610
Loans	5	-	-
Intergovernmental	2,180	-	11,756
Interest	340	86	-
Prepaid items	66	-	-
Restricted assets:			
Cash and investments held by City	3,221	-	29
Cash and investments held by fiscal agent	180	-	-
Total assets	$ 128,768	$ 30,531	$ 18,395
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Securities lending obligations	$ 609	$ 50	$ -
Accounts payable	10,706	1,825	11,720
Accrued payroll	13,186	-	-
Accrued claims and judgements	-	-	-
Matured notes and interest payable	-	-	-
Due to other funds	-	-	3,009
Deposits	32	-	-
Unearned revenue	324	-	1,626
Advances from other funds	-	-	-
Total liabilities	24,857	1,875	16,355
Deferred inflows of resources:			
Unavailable revenue	5,004	1,723	9,961
Total deferred inflows of resources	5,004	1,723	9,961
Fund balances:			
Nonspendable:			
Prepaid items	66	-	-
Noncurrent assets	-	-	-
Permanent fund principal	-	-	-
Restricted:			
Capital projects	3,401	-	2,040
Debt service	-	-	-
Public works programs	-	-	-
Economic development programs	-	-	-
Other programs	21	-	-
Committed:			
Economic uncertainty	33,714	-	-
Capital projects	21,728	736	
Grant retention	-	4,049	-
Debt service	-	-	-
Community center theater renovation	8,500	-	-
Economic development programs	-	-	-
Homeless programs	1,000	-	-
Other programs	12,909	22,104	
Assigned:			
Debt service	-	-	-
Unrealized investment gains	173	44	-
Next year's budget	-	-	-
Other programs	-	-	-
Unassigned	17,395	-	(9,961)
Total fund balances (deficit)	98,907	26,933	(7,921)
Total liabilities, deferred inflows of resources and fund balances	$ 128,768	$ 30,531	$ 18,395

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

City of Sacramento
Governmental Funds
Balance Sheet
June 30, 2014
(in thousands)

	1997 Lease Revenue Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments held by City	$ 2,215	$ 202,697	$ 316,033
Cash and investments held by fiscal agent	-	310	310
Securities lending assets	-	572	820
Receivables, net:			
Taxes	-	-	29,305
Accounts	-	3,755	22,912
Loans	62,015	7,700	69,720
Intergovernmental	-	52,345	66,281
Interest	716	219	1,361
Prepaid items	-	24	90
Restricted assets:			
Cash and investments held by City	539	9,295	13,084
Cash and investments held by fiscal agent	-	16,297	16,477
Total assets	$ 65,485	$ 293,214	$ 536,393
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Securities lending obligations	$ -	$ 2,050	$ 2,709
Accounts payable	-	7,830	32,081
Accrued payroll	-	177	13,363
Accrued claims and judgements	-	1,601	1,601
Matured notes and interest payable	-	662	662
Due to other funds	-	-	3,009
Deposits	539	2,199	2,770
Unearned revenue	-	949	2,899
Advances from other funds	-	7,241	7,241
Total liabilities	539	22,709	66,335
Deferred inflows of resources:			
Unavailable revenue	62,731	54,118	133,537
Total deferred inflows of resources	62,731	54,118	133,537
Fund balances:			
Nonspendable:			
Prepaid items	-	24	90
Noncurrent assets	-	451	451
Permanent fund principal	-	878	878
Restricted:			
Capital projects	-	124,222	129,663
Debt service	-	17,548	17,548
Public works programs	-	11,830	11,830
Economic development programs	-	22,484	22,484
Other programs	-	29,924	29,945
Committed:			
Economic uncertainty	-	-	33,714
Capital projects	-	3,288	25,752
Grant retention	-	-	4,049
Debt service	-	6,583	6,583
Community center theater renovation	-	-	8,500
Economic development programs	-	5,125	5,125
Homeless programs	-	-	1,000
Other programs	-	3,382	38,395
Assigned:			
Debt service	-	973	973
Unrealized investment gains	-	3	220
Next year's budget	-	-	-
Other programs	2,215	1,832	4,047
Unassigned	-	(12,160)	(4,726)
Total fund balances (deficit)	2,215	216,387	336,521
Total liabilities, deferred inflows of resources and fund balances	$ 65,485	$ 293,214	$ 536,393

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

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City of Sacramento

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2014
(in thousands)

Fund balances - total governmental funds		$ 336,521
Amounts reported for governmental activities in the statement of net position are different because:		
Revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds.		133,537
Prepaid bond insurance 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.		907
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:		
Governmental capital assets	2,945,971	
Less: accumulated depreciation	(1,255,286)	
		1,690,685
Certain current liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of the following:		
Interest payable		(2,856)
Deferred outflows of resources are not recognized in the current period and therefore not reported in the governmental funds - loss on refunding of debt and derivatives.		6,658
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued compensated absences	(30,822)	
Accrued claims and judgements	(1,339)	
Financing plan fee credits	(40,674)	
Pollution remediation obligations	(532)	
Revenue and other bonds payable, net	(416,680)	
Capital lease obligations payable	(13,413)	
Notes payable	(15,873)	
OPEB liability	(128,012)	
		(647,345)
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.		92,509
Net position of governmental activities		$ 1,610,616

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

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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, 2014

(in thousands)

	General Fund	Measure U Fund	Capital Grants Fund
Revenues:			
Taxes	$ 274,731	$ 43,040	$ -
Intergovernmental	9,300	-	34,206
Charges for services	64,319	-	-
Fines, forfeits and penalties	10,567	-	-
Interest, rents, and concessions	2,206	154	11
Community service fees	-	-	-
Assessment levies	48	-	-
Contributions and donations	51	-	37,911
Miscellaneous	281	-	-
Total revenues	361,503	43,194	72,128
Expenditures:			
Current:			
General government	22,623	-	-
Police	123,341	6,461	-
Fire	95,570	7,778	-
General services	9,436	-	-
Public works	5,770	-	-
Convention, culture and leisure	4,725	-	-
Economic development	2,604	-	-
Parks and recreation	14,350	4,089	-
Community development	19,638	-	-
Library	7,130	506	-
Utilities	95	-	-
Citywide and community support	36,965	-	-
Capital outlay	9,672	59	66,326
Debt service:			
Principal	2,837	-	-
Interest and fiscal charges	303	-	-
Total expenditures	355,059	18,893	66,326
Excess (deficiency) of revenues over (under) expenditures	6,444	24,301	5,802
Other financing sources (uses):			
Transfers in	29,924	-	-
Transfers out	(23,418)	-	(11)
Issuance of long-term debt	5,998	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	12,504	-	(11)
Net change in fund balances	18,948	24,301	5,791
Fund balances (deficit), beginning of year, as restated	79,959	2,632	(13,712)
Fund balances (deficit), end of year	$ 98,907	$ 26,933	$ (7,921)

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, 2014

(in thousands)

	1997 Lease Revenue Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ -	$ 3,061	$ 320,832
Intergovernmental	-	61,666	105,172
Charges for services	-	7,570	71,889
Fines, forfeits and penalties	-	654	11,221
Interest, rents, and concessions	3,515	8,531	14,417
Community service fees	-	4,693	4,693
Assessment levies	-	38,620	38,668
Contributions and donations	1,990	3,066	43,018
Miscellaneous	-	289	570
Total revenues	5,505	128,150	610,480
Expenditures:			
Current:			
General government	-	3,547	26,170
Police	-	8,851	138,653
Fire	-	4,190	107,538
General services	-	128	9,564
Public works	-	28,936	34,706
Convention, culture and leisure	-	5,756	10,481
Economic development	-	9,814	12,418
Parks and recreation	-	17,193	35,632
Community development	-	4,264	23,902
Library	-	4,846	12,482
Utilities	-	512	607
Citywide and community support	-	-	36,965
Capital outlay	-	30,783	106,840
Debt service:			
Principal	1,990	21,391	26,218
Interest and fiscal charges	3,495	18,974	22,772
Total expenditures	5,485	159,185	604,948
Excess (deficiency) of revenues over (under) expenditures	20	(31,035)	5,532
Other financing sources (uses):			
Transfers in	-	33,660	63,584
Transfers out	-	(11,098)	(34,527)
Issuance of long-term debt	-	52	6,050
Proceeds from sale of capital assets	-	4,902	4,902
Total other financing sources (uses)	-	27,516	40,009
Net change in fund balances	20	(3,519)	45,541
Fund balances (deficit), beginning of year, as restated	2,195	219,906	290,980
Fund balances (deficit), end of year	$ 2,215	$ 216,387	$ 336,521

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

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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, 2014

(in thousands)

Net change in fund balances - total governmental funds		$ 45,541
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	88,836	
Depreciation expense	(80,716)	
		8,120
Capital asset proceeds recorded in the governmental funds exceed gain on sale of capital assets recorded in the governmental activities.		(335)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Infrastructure dedications	2,224	
Loan receivable forgiveness	(2,500)	
		(276)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. 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	(6,050)	
Principal repayments on long-term debt	26,218	
		20,168
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.		(16,745)

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, 2014

(in thousands)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	456	
Accrued claims and judgements	(140)	
Other post-employment benefits	(18,362)	
Pollution remediation	71	
Accrued interest	113	
Amortization of prepaid bond issuance	(51)	
Amortization of bond discount	(8)	
Amortization of bond premium	939	
Amortization of gain/loss on refunding	(376)	
		(17,358)
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.		(531)
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.		(1,570)
Change in net position of governmental activities		$ 37,014

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

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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, 2014

(in thousands)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Budget to GAAP Reconciliation	Actual Amounts - GAAP Basis
	Original	Final				
Revenues:						
Taxes	$ 261,074	$ 261,206	$ 274,731	$ 13,525	$ -	$ 274,731
Intergovernmental	10,227	11,220	9,300	(1,920)	-	9,300
Charges for services	60,160	60,154	64,319	4,165	-	64,319
Fines, forfeits and penalties	12,035	11,033	10,567	(466)	-	10,567
Interest, rents, and concessions	2,372	2,363	2,206	(157)	-	2,206
Assessment levies	30	30	48	18	-	48
Contributions and donations	-	13	51	38	-	51
Miscellaneous	124	124	281	157	-	281
Total revenues	346,022	346,143	361,503	15,360	-	361,503
Expenditures:						
Current:						
Mayor/Council	3,120	3,461	3,161	300	-	3,161
City Manager	2,226	3,435	2,561	874	(102)	2,459
City Attorney	4,246	4,398	3,825	573	(9)	3,816
City Clerk	1,212	1,256	1,191	65	2	1,193
City Treasurer	1,874	1,913	1,809	104	(74)	1,735
Finance	5,232	5,161	4,377	784	(40)	4,337
Information technology	4,232	4,755	3,822	933	(49)	3,773
Human resources	2,316	2,396	2,149	247	-	2,149
Subtotal - General government	24,458	26,775	22,895	3,880	(272)	22,623
Police	122,835	124,117	123,431	686	(90)	123,341
Fire	94,798	96,876	95,570	1,306	-	95,570
General services	9,309	9,542	9,441	101	(5)	9,436
Public works	5,914	6,153	5,774	379	(4)	5,770
Convention, culture and leisure	4,782	4,808	4,715	93	10	4,725
Economic development	3,411	3,480	2,612	868	(8)	2,604
Parks and recreation	14,157	14,445	14,349	96	1	14,350
Community development	19,879	21,090	19,689	1,401	(51)	19,638
Library	7,130	7,130	7,130	-	-	7,130
Utilities	1,174	3,567	95	3,472	-	95
Citywide and community support	40,929	38,989	37,022	1,967	(57)	36,965
Capital outlay	24,669	33,641	14,186	19,455	(4,514)	9,672
Debt service:						
Principal	2,254	2,837	2,837	-	-	2,837
Interest and fiscal charges	208	246	303	(57)	-	303
Total expenditures	375,907	393,696	360,049	33,647	(4,990)	355,059
Excess (deficiency) of revenues over (under) expenditures	(29,885)	(47,553)	1,454	49,007	4,990	6,444
Other financing sources (uses):						
Transfers in	27,945	28,566	29,924	1,358	-	29,924
Transfers out	(23,429)	(23,533)	(23,418)	115	-	(23,418)
Proceeds of long-term capital related debt	-	5,998	5,998	-	-	5,998
Total other financing sources (uses)	4,516	11,031	12,504	1,473	-	12,504
Net change in fund balance	$ (25,369)	$ (36,522)	$ 13,958	$ 50,480	$ 4,990	$ 18,948

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

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City of Sacramento

Measure U 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, 2014

(in thousands)

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budget to GAAP Reconciliation	Actual Amounts - GAAP Basis
	Original	Final				
Revenues:						
Taxes	$ 27,000	$ 27,000	$ 43,040	$ 16,040	$ -	$ 43,040
Interest, rents, and concessions	-	-	154	154	-	154
Total revenues	27,000	27,000	43,194	16,194	-	43,194
Expenditures:						
Police	9,121	10,347	6,676	3,671	(215)	6,461
Fire	7,269	8,091	7,778	313	-	7,778
General services	85	85	-	85	-	-
Parks and recreation	4,480	4,480	4,216	264	(127)	4,089
Library	506	506	506	-	-	506
Capital outlay	850	850	114	736	(55)	59
Total expenditures	22,311	24,359	19,290	5,069	(397)	18,893
Excess (deficiency) of revenues over (under) expenditures	4,689	2,641	23,904	11,125	397	24,301
Net change in fund balance	$ 4,689	$ 2,641	$ 23,904	$ 11,125	$ 397	$ 24,301

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

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City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
ASSETS				
Current assets:				
Cash and investments held by City	$ 70,864	$ 21,439	$ 31,048	$ 26,480
Cash and investments held by fiscal agent	-	-	17	1
Securities lending assets	633	93	75	63
Receivables, net:				
Taxes	-	-	-	-
Accounts	18,511	11,182	6,451	11,682
Loans	1,223	125	412	-
Intergovernmental	219	74	856	-
Interest	1,142	170	159	108
Due from other funds	-	-	-	-
Inventories	3,008	65	534	-
Prepaid items	633	-	-	85
Intangible asset, current portion	-	-	-	-
Total current assets	96,233	33,148	39,552	38,419
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	219,586	21,316	3,764	2,601
Cash and investments held by fiscal agent	7,185	994	765	-
Advances to other funds	-	-	-	-
Loans receivable	4,669	809	3,690	-
Intangible assets	-	-	-	-
Capital assets:				
Land	1,754	1,138	18,724	1,133
Buildings and improvements	37,413	15,216	8,223	31,150
Machinery and equipment	15,930	4,733	17,192	11,380
Vehicles	-	-	-	-
Transmission and distribution system	581,962	151,744	386,057	-
Construction in progress	76,551	13,986	1,019	79
Software	516	324	630	161
Easements	-	-	157	-
Less: accumulated depreciation/amortization	(198,590)	(64,056)	(149,444)	(24,303)
Total noncurrent assets	746,976	146,204	290,777	22,201
Total assets	843,209	179,352	330,329	60,620
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding of debt	9,406	-	-	1,897
Total deferred outflows of resources	9,406	-	-	1,897

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

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
ASSETS				
Current assets:				
Cash and investments held by City	$ 12,985	$ 32,525	$ 195,341	$ 94,073
Cash and investments held by fiscal agent	171	39	228	184
Securities lending assets	-	71	935	169
Receivables, net:				
Taxes	2,253	-	2,253	-
Accounts	304	1,015	49,145	285
Loans	20	85	1,865	-
Intergovernmental	-	56	1,205	-
Interest	3	122	1,704	289
Due from other funds	-	-	-	3,259
Inventories	-	-	3,607	-
Prepaid items	-	120	838	156
Intangible asset, current portion	-	8	8	-
Total current assets	15,736	34,041	257,129	98,415
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	2,305	36	249,608	-
Cash and investments held by fiscal agent	7,945	1,790	18,679	-
Advances to other funds	-	-	-	13,431
Loans receivable	108	476	9,752	-
Intangible assets	-	167	167	-
Capital assets:				
Land	21,740	5,825	50,314	-
Buildings and improvements	111,161	61,633	264,796	7,159
Machinery and equipment	4,831	7,699	61,765	457
Vehicles	-	-	-	127,613
Transmission and distribution system	-	-	1,119,763	-
Construction in progress	3,605	-	95,240	-
Software	46	4	1,681	256
Easements	-	-	157	-
Less: accumulated depreciation/amortization	(57,744)	(35,918)	(530,055)	(78,887)
Total noncurrent assets	93,997	41,712	1,341,867	70,029
Total assets	109,733	75,753	1,598,996	168,444
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding of debt	-	1,522	12,825	82
Total deferred outflows of resources	-	1,522	12,825	82

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

(continued)

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
LIABILITIES				
Current liabilities:				
Securities lending obligations	883	173	165	63
Accounts payable	16,229	9,038	1,009	1,643
Accrued payroll	741	260	738	365
Accrued compensated absences	123	21	61	91
Due to other funds	-	-	-	-
Interest payable	4,192	526	258	125
Liability for landfill closure	-	-	-	85
Deposits	2	-	-	10
Unearned revenue	1,707	-	-	-
Accrued claims and judgements	121	62	66	1,298
Capital leases payable	-	142	-	1,881
Revenue and other bonds payable, net	10,873	57	567	1,003
Notes payable	406	736	2,283	-
Total current liabilities	35,277	11,015	5,147	6,564
Noncurrent liabilities:				
Accrued compensated absences	1,768	601	2,171	972
Advances from other funds	-	-	-	-
Water fee credits	1,702	-	-	-
OPEB liability	6,669	2,562	3,285	8,350
Accrued claims and judgements	-	-	-	-
Liability for landfill closure	-	-	-	1,092
Capital leases payable	-	296	-	3,779
Revenue and other bonds payable, net	392,794	32,420	4,109	21,862
Notes payable	9,004	4,578	16,261	-
Total noncurrent liabilities	411,937	40,457	25,826	36,055
Total liabilities	447,214	51,472	30,973	42,619
NET POSITION				
Net investment in capital assets	305,388	104,700	260,219	675
Restricted for:				
Capital projects	28,926	2,024	-	-
Other programs	-	-	770	445
Unrestricted	71,087	21,156	38,367	18,778
Total net position	$ 405,401	$ 127,880	$ 299,356	$ 19,898

(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, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
LIABILITIES				
Current liabilities:				
Securities lending obligations	64	241	1,589	253
Accounts payable	1,444	1,114	30,477	4,537
Accrued payroll	197	308	2,609	335
Accrued compensated absences	28	32	356	78
Due to other funds	250	-	250	-
Interest payable	416	173	5,690	7
Liability for landfill closure	-	-	85	-
Deposits	-	18	30	33
Unearned revenue	2,653	466	4,826	481
Accrued claims and judgements	23	29	1,599	14,152
Capital leases payable	-	-	2,023	24
Revenue and other bonds payable, net	5,587	2,163	20,250	356
Notes payable	-	20	3,445	-
Total current liabilities	10,662	4,564	73,229	20,256
Noncurrent liabilities:				
Accrued compensated absences	498	476	6,486	1,065
Advances from other funds	6,190	-	6,190	-
Water fee credits	-	-	1,702	-
OPEB liability	814	1,393	23,073	3,112
Accrued claims and judgements	-	-	-	49,017
Liability for landfill closure	-	-	1,092	-
Capital leases payable	-	-	4,075	125
Revenue and other bonds payable, net	40,494	28,188	519,867	2,442
Notes payable	-	-	29,843	-
Total noncurrent liabilities	47,996	30,057	592,328	55,761
Total liabilities	58,658	34,621	665,557	76,017
NET POSITION				
Net investment in capital assets	48,401	14,597	733,980	53,651
Restricted for:				
Capital projects	2,305	-	33,255	-
Other programs	-	-	1,215	-
Unrestricted	369	28,057	177,814	38,858
Total net position	$ 51,075	$ 42,654	$ 946,264	$ 92,509

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

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City of Sacramento

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

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
Operating revenues:				
Charges for services:				
User fees and charges	$ 94,070	$ 27,544	$ 35,889	$ 58,541
Rents and concessions	-	-	-	(74)
Charge to other agencies for contract services	-	948	2,143	-
Miscellaneous	312	1	17	94
Total operating revenues	94,382	28,493	38,049	58,561
Operating expenses:				
Employee services	25,008	8,299	19,505	15,040
Services and supplies	18,062	12,949	4,916	29,435
Depreciation/amortization	16,951	4,216	11,497	1,822
Insurance premiums	-	-	-	-
Claims and judgements	145	74	58	1,416
Total operating expenses	60,166	25,538	35,976	47,713
Operating income (loss)	34,216	2,955	2,073	10,848
Nonoperating revenues (expenses):				
Interest and investment revenue	1,677	345	464	286
Transient occupancy taxes	-	-	-	-
Revenue from other agencies	472	-	20	969
Insurance and other claim recoveries	-	-	-	-
Interest income (expense)	(6,471)	(135)	(688)	(1,296)
Amortization of bond prepaid insurance	(51)	-	-	(5)
Loan forgiveness	-	-	-	-
Gain or (loss) on disposition of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	(4,373)	210	(204)	(46)
Income (loss) before contributions and transfers	29,843	3,165	1,869	10,802
Capital contributions	1,790	1,384	1,825	-
Transfers in	298	4	64	67
Transfers out	(10,709)	(3,056)	(4,016)	(6,465)
Change in net position before special item	21,222	1,497	(258)	4,404
Special item	-	-	-	18,527
Total net position (deficit), beginning of year, as restated	384,179	126,383	299,614	(3,033)
Total net position, end of year	$ 405,401	$ 127,880	$ 299,356	$ 19,898

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

City of Sacramento

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

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
Operating revenues:				
Charges for services:				
User fees and charges	$ 2,837	$ 23,403	$ 242,284	$ 61,961
Rents and concessions	4,826	872	5,624	-
Charge to other agencies for contract services	-	-	3,091	-
Miscellaneous	55	3	482	36
Total operating revenues	7,718	24,278	251,481	61,997
Operating expenses:				
Employee services	5,855	8,704	82,411	10,632
Services and supplies	6,332	9,020	80,714	26,490
Depreciation/amortization	2,423	2,191	39,100	9,554
Insurance premiums	-	-	-	3,056
Claims and judgements	16	25	1,734	15,509
Total operating expenses	14,626	19,940	203,959	65,241
Operating income (loss)	(6,908)	4,338	47,522	(3,244)
Nonoperating revenues (expenses):				
Interest and investment revenue	152	370	3,294	1,225
Transient occupancy taxes	17,943	-	17,943	-
Revenue from other agencies	-	498	1,959	228
Insurance and other claim recoveries	-	-	-	244
Interest expense	(2,575)	(1,588)	(12,753)	(74)
Amortization of bond prepaid insurance	-	(7)	(63)	-
Loan forgiveness	(3)	-	(3)	-
Gain or (loss) on disposition of capital assets	-	-	-	6
Total nonoperating revenues (expenses)	15,517	(727)	10,377	1,629
Income (loss) before contributions and transfers	8,609	3,611	57,899	(1,615)
Capital contributions	-	-	4,999	-
Transfers in	-	1	434	418
Transfers out	(1,568)	(3,722)	(29,536)	(373)
Change in net position before special item	7,041	(110)	33,796	(1,570)
Special item	-	-	18,527	-
Total net position (deficit), beginning of year, as restated	44,034	42,764	893,941	94,079
Total net position, end of year	$ 51,075	$ 42,654	$ 946,264	$ 92,509

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

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City of Sacramento
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(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	$ 95,230	$ 28,445	$ 37,543	$ 60,131
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(17,695)	(12,373)	(5,239)	(30,275)
Payments to employees	(23,927)	(7,915)	(18,723)	(13,907)
Claims and judgements paid	(131)	(64)	(63)	(193)
Net cash provided by (used for) operating activities	53,477	8,093	13,518	15,756
Cash flows from noncapital financing activities:				
Transient occupancy taxes	-	-	-	-
Transfers in from other funds	29	4	64	67
Transfers out to other funds	(10,671)	(3,005)	(4,016)	(6,344)
Collections on interfund loans	-	-	-	-
Loans made to other funds	-	-	-	-
Interfund loan repayments	-	-	-	-
Intergovernmental revenue received	1,405	-	-	969
Claim and judgement recoveries	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(9,237)	(3,001)	(3,952)	(5,308)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(48,907)	(14,091)	(2,008)	(34)
Proceeds from sale of capital assets	61	-	-	-
Principal payments on capital debt	(5,424)	(857)	(2,779)	(3,058)
Interest payments on capital debt	(17,386)	(1,107)	(779)	(1,253)
Intergovernmental revenue received	-	-	20	-
Transfers in from other funds	269	-	-	-
Transfers out to other funds	(38)	(51)	-	(121)
Capital contributions received	644	717	-	-
Loan repayments received	1,183	241	760	-
Net cash used for capital and related financing activities	(69,598)	(15,148)	(4,786)	(4,466)
Cash flows from investing activities:				
Collection of interest and investment revenue	3,910	641	541	271
Loan repayments received	-	-	-	-
Net cash provided by investing activities	3,910	641	541	271
Net increase (decrease) in cash and cash equivalents	(21,448)	(9,415)	5,321	6,253
Cash and cash equivalents, beginning of year	319,083	53,164	30,273	22,829
Cash and cash equivalents, end of year	$ 297,635	$ 43,749	$ 35,594	$ 29,082

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, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
Cash flows from operating activities:				
Receipts from customers and users	$ 7,505	$ 24,151	$ 253,005	$ -
Receipts from interfund services provided	-	-	-	125,569
Payments to suppliers	(6,550)	(8,996)	(81,128)	(92,200)
Payments to employees	(5,722)	(8,480)	(78,674)	(10,194)
Claims and judgements paid	(18)	(23)	(492)	(12,247)
Net cash provided by (used for) operating activities	(4,785)	6,652	92,711	10,928
Cash flows from noncapital financing activities:				
Transient occupancy taxes	17,914	-	17,914	-
Transfers in from other funds	-	1	165	4
Transfers out to other funds	(1,568)	(2,034)	(27,638)	(322)
Collections on interfund loans	-	-	-	10,106
Loans made to other funds	-	-	-	(3,009)
Interfund loan repayments	(250)	-	(250)	-
Intergovernmental revenue received	-	465	2,839	6
Claim and judgement recoveries	-	-	-	225
Net cash provided by (used for) noncapital financing activities	16,096	(1,568)	(6,970)	7,010
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(809)	(505)	(66,354)	(9,075)
Proceeds from sale of capital assets	-	-	61	569
Principal payments on capital debt	(5,327)	(2,052)	(19,497)	(345)
Interest payments on capital debt	(2,636)	(1,534)	(24,695)	(101)
Intergovernmental revenue received	-	-	20	-
Transfers in from other funds	-	-	269	363
Transfers out to other funds	-	(1,688)	(1,898)	-
Capital contributions received	-	-	1,361	-
Loan repayments received	-	-	2,184	-
Net cash used for capital and related financing activities	(8,772)	(5,779)	(108,549)	(8,589)
Cash flows from investing activities:				
Collection of interest and investment revenue	167	387	5,917	1,214
Loan repayments received	20	85	105	-
Net cash provided by investing activities	187	472	6,022	1,214
Net increase (decrease) in cash and cash equivalents	2,726	(223)	(16,786)	10,563
Cash and cash equivalents, beginning of year	20,680	34,613	480,642	83,694
Cash and cash equivalents, end of year	$ 23,406	$ 34,390	$ 463,856	$ 94,257

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

(continued)

City of Sacramento
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments held by City	$ 70,864	$ 21,439	$ 31,048	$ 26,480
Cash and investments held by fiscal agent	-	-	17	1
Restricted cash and investments held by City	219,586	21,316	3,764	2,601
Restricted cash and investments held by fiscal agent	7,185	994	765	-
Total cash and cash equivalents, end of year	$ 297,635	$ 43,749	$ 35,594	$ 29,082
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 34,216	$ 2,955	$ 2,073	$ 10,848
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	16,951	4,216	11,497	1,822
Amortization of intangible asssets	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable, net	605	(48)	(98)	1,570
Intergovernmental receivables	-	-	315	-
Inventories	(230)	18	(52)	-
Prepaid items	-	-	-	-
Accounts payable	597	558	(271)	(138)
Accrued payroll	50	24	100	-
Accrued compensated absences	(33)	(14)	141	(100)
OPEB liabilities	1,064	374	541	1,233
Accrued claims and judgements	14	10	(5)	1,223
Liability for landfill closure	-	-	-	(702)
Deposits	2	-	-	-
Unearned revenue	241	-	(723)	-
Net cash provided by (used for) operating activities	$ 53,477	$ 8,093	$ 13,518	$ 15,756
Noncash investing, capital and financing activities:				
Contributions of capital assets	$ 1,038	$ 551	$ 1,491	$ -
Transfer of capital assets from governmental funds, net of depreciation	108	150	334	-
Capitalized interest	8,358	1,145	71	-
Amortization of bond premium and discount	2,053	57	(10)	58
Amortization of bond loss on refunding	(725)	-	-	(118)
Write off gain on refunding	-	-	-	-
Amortization of bond prepaid insurance	(51)	-	-	(5)
Capital asset acquisitions on accounts payable	14,049	755	73	96
Change in securities lending assets	604	88	72	61
Change in securities lending obligations	(604)	(88)	(72)	(61)
Loan forgiveness	-	-	-	-
Change in accounts receivable related to claim and judgement recoveries	-	-	-	-
Interest accrual on loans receivable	-	-	-	-
Change in intergovernmental receivable for capital contributions	219	-	-	-

(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, 2014
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments held by City	$ 12,985	$ 32,525	$ 195,341	$ 94,073
Cash and investments held by fiscal agent	171	39	228	184
Restricted cash and investments held by City	2,305	36	249,608	-
Restricted cash and investments held by fiscal agent	7,945	1,790	18,679	-
Total cash and cash equivalents, end of year	$ 23,406	$ 34,390	$ 463,856	$ 94,257
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (6,908)	$ 4,338	$ 47,522	$ (3,244)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	2,423	2,191	39,100	9,554
Amortization of intangible asssets	-	8	8	-
Changes in assets and liabilities:				
Accounts receivable, net	(23)	(31)	1,975	36
Intergovernmental receivables	-	(56)	259	-
Inventories	-	-	(264)	-
Prepaid items	-	(4)	(4)	(37)
Accounts payable	(218)	60	588	934
Accrued payroll	12	20	206	29
Accrued compensated absences	(22)	(33)	(61)	(95)
OPEB liabilities	143	237	3,592	504
Accrued claims and judgements	(2)	2	1,242	3,262
Liability for landfill closure	-	-	(702)	-
Deposits	-	18	20	16
Unearned revenue	(190)	(98)	(770)	(31)
Net cash provided by (used for) operating activities	$ (4,785)	$ 6,652	$ 92,711	$ 10,928
Noncash investing, capital and financing activities:				
Contributions of capital assets	$ -	$ -	$ 3,080	$ -
Transfer of capital assets from governmental funds, net of depreciation	-	-	592	-
Capitalized interest	98	-	9,672	-
Amortization of bond premium and discount	(25)	27	2,160	18
Amortization of bond loss on refunding	-	(95)	(938)	(10)
Write off gain on refunding	-	-	-	18
Amortization of bond prepaid insurance	-	(7)	(63)	-
Capital asset acquisitions on accounts payable	649	79	15,701	1,165
Change in securities lending assets	-	68	893	163
Change in securities lending obligations	-	(68)	(893)	(163)
Loan forgiveness	(3)	-	(3)	-
Change in accounts receivable related to claim and judgement recoveries	-	-	-	(1)
Interest accrual on loans receivable	-	(1)	(1)	-
Change in intergovernmental receivable for capital contributions	-	-	219	-

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

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City of Sacramento
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2014
(in thousands)

	Pension Trust Fund	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS				
Cash and cash equivalents held by City	$ 8,620	$ 130,844	$ 36,886	$ 13,060
Cash and investments held by fiscal agent	-	-	25,460	14,816
Securities lending assets	25,107	112	80	-
Receivables, net:				
Taxes	-	-	-	261
Accounts	-	-	-	7
Interest	2,248	457	137	8
Intergovernmental	-	-	556	-
Investments, at fair value:				
U.S. government obligations	2,413	-	-	-
Corporate bonds	68,535	-	-	-
Equity securities	118,027	-	-	-
Exchange traded funds	67,092	-	-	-
Municipal bonds	44,647	-	-	-
Mortgage loans	4,191	-	-	-
Loans receivable	-	-	7,048	-
Capital assets:				
Land	-	-	45,566	-
Buildings and improvements	-	-	16,315	-
Less: accumulated depreciation/amortization	-	-	(2,824)	-
Total assets	340,880	131,413	129,224	28,152
LIABILITIES				
Securities lending obligations	25,744	433	511	-
Accounts payable	27	-	867	267
Benefits payable	2,695	-	-	-
Due to bondholders	-	-	-	27,885
Interest payable	-	-	763	-
OPEB liability	-	-	822	-
Pollution remediation obligations	-	-	1,026	-
Notes payable	-	-	318,929	-
Total liabilities	28,466	433	322,918	$ 28,152
NET POSITION				
Held in trust for:				
Held in trust for pension benefits	312,414	-	-	
External pool participants	-	130,980	-	
Redevelopment dissolution	-	-	(193,694)	
Total net position	$ 312,414	$ 130,980	$ (193,694)	

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

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City of Sacramento

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Pension Trust Fund	Investment Trust Funds	Private Purpose Trust Fund
Additions:			
Property taxes	$ -	$ -	$ 31,273
Contributions:			
Employer	9,649	-	-
Employees	161	-	-
Total contributions	9,810	-	-
Investment income:			
From investment activities:			
Net appreciation (depreciation) in fair value of investments	29,717	63	-
Interest	7,014	1,627	619
Dividends	4,680	-	-
Total investment income	41,411	1,690	619
Investment expenses:			
Banking, interest, and fiscal agent expenses	111	132	-
Professional services	1,135	-	-
Total investment expenses	1,246	132	-
Net income from investment activities	40,165	1,558	619
From securities lending activities:			
Interest	202	-	-
Net appreciation in fair value of investments	-	1	-
Total securities lending income	202	1	-
Securities lending expenses:			
Management fees	50	-	-
Total securities lending expenses	50	-	-
Net income from securities lending activities	152	1	-
Total net investment income	40,317	1,559	619
Deposits	-	54,570	-
Other	-	-	417
Total additions	50,127	56,129	32,309
Deductions:			
Benefits	33,487	-	-
Withdrawals	201	58,236	-
Project obligation payments	-	-	3,144
Interest expense	-	-	17,018
Loan forgiveness	-	-	2,093
Depreciation expense	-	-	408
Total deductions	33,688	58,236	22,663
Special item - transfer to SHRA	-	-	(3,104)
Change in net position	16,439	(2,107)	6,542
Net position (deficit), beginning of year, as restated	295,975	133,087	(200,236)
Net position (deficit), end of year	$ 312,414	$ 130,980	$ (193,694)

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

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Notes to the Financial Statements

NOTE 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DEFINITION OF REPORTING ENTITY

The City of Sacramento (City) was incorporated in 1849 under the laws of the State of California. Sacramento is a charter city and operates under a City Council – City Manager form of government. The City provides a full range of municipal services including police, fire, water, 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 to facilitate the financing and refinancing of public capital facilities. Most of the debt by the SCFA is backed by the City's General Fund. The SCFA is governed by 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. Complete stand-alone financial statements may be obtained by writing the City of Sacramento Department of Finance, 915 I Street, 4th Floor, Sacramento, CA 95814.

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 City was designated to serve as the Successor Agency subject to control 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 as a fiduciary fund (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.

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

ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The 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.

New Pronouncements

Effective July 1, 2013, the City implemented GASB 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 certain items that were previously reported as assets and liabilities, as deferred outflows of resources or deferred inflows of resources. As a result of implementing this statement, the City changed the classification of certain liabilities to deferred inflow of resources, as well as restating beginning fund balances and net position for certain City funds, as well as, beginning net position for governmental and business-type activities for previous bond issuance costs. See Note 19 for further description of the restated amounts.

Effective July 1, 2013, the City implemented GASB Statement No. 66, *Technical Correction – 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 determined that the provisions of this Statement did not have a material impact on the City's basic financial statements.

Effective July 1, 2013, the City implemented GASB Statement No. 67, *Financial Reporting for Pension Plan.* The objective of this Statement is to improve financial reporting by state and local governmental pension plans. For defined benefit 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. Fully disclosed financial statements are issued by SCERS.

Effective July 1, 2013, the City implemented GASB 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 determined that the provisions of this Statement did not have a material impact on the City's basic financial statements.

Effective July 1, 2013, the City implemented 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 determined that the provisions of this Statement did not have a material impact on the City's basic financial statements.

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

New Pronouncements (Continued)

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 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.

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.

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 Special Revenue 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.

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 resources 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 net position are available for use, it is the City's practice to use restricted resources first followed by unrestricted resources as they are needed. When all fund balance types are available, it is the City's practice to use restricted resources first, followed by committed, assigned and unassigned resources as they are needed.

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 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, and the Special Districts 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, capital projects funds, and the Operating Grants special revenue fund where appropriations remain authorized for each project until closed, irrespective of fiscal year. Expenditures are appropriated on a modified accrual basis, except that commitments related to purchase orders are treated as expenditures in the year of commitment.

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. Appropriation adjustments during the year require City Council approval. Significant appropriation adjustments were not required during the year ended June 30, 2014. 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, and other 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.

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 cost incurred by the City during the current fiscal year was $46,880. Of this amount, $9,672, consisting of interest cost of $11,949 net of interest earned of $2,277, was included as part of the cost of capital assets under construction.

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.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then. The City has two items, loss on refunding of debt and accumulated decrease in fair-value of hedging derivative instrument, which qualifies for reporting in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as revenue until then. The City has one item recognized in the statement of net position, deferred service concession arrangement revenue, and one item recognized in the governmental funds, unavailable revenue, that qualifies for reporting in this category.

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. The City accrues expected cash payments of accumulated sick leave at fiscal year end. 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.

Unavailable Revenue / Unearned Revenue - Unavailable revenue in governmental funds arise when potential revenue does not meet the "available" criteria for recognition in the current period. Unearned revenue in accrual based statements 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).

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

Financial Statement Elements (Continued)

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 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. Bond issuance costs are reported as expenditures when incurred.

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

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

The City's Economic Uncertainty Reserve (Reserve) is a stabilization arrangement in the General Fund reported as committed fund balance. The City Council reaffirmed its policy goal for the Reserve in its resolution number 2014-0179 adopted with the fiscal year 2014/15 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.

NOTE 2 – **CASH AND INVESTMENTS**

The following is a summary of cash and investments at June 30, 2014:

	Government-wide Statement of Net Position			
	Primary Government	Component Units	Fiduciary Funds Statement of Net Position	Total
Cash and investments	$ 606,169	$ -	$ 534,591	$ 1,140,760
Securities lending assets	1,924	-	25,299	27,223
Restricted cash and investments	297,848	1,125	-	298,973
Total	$ 905,941	$ 1,125	$ 559,890	$ 1,466,956

Under the authority of the Sacramento City Charter, the Sacramento City Council, by Resolution 2013-0266, has delegated its investment authority to the City Treasurer. The City Treasurer manages the City's investments in accordance with the City's Investment Policy, which was last reaffirmed by the City Council on August 8, 2013. 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 by the Administration, Investment and Fiscal Management Board pursuant to an Investment Policy adopted by the Board and approved by the City Council. Investment standards adopted by the SCERS Board were last approved by the City Council on August 8, 2013. The Investment Policy allows the Board to invest in fixed income and equity securities deemed prudent by the Board. Pursuant to the Investment Policy, the Board annually allocated the funds to different investment groups. For fiscal year 2014, the asset allocations consisted of the following: 45% Fixed Income securities, 30% Large Cap Growth stocks, 15% Equity Income stocks and 10% International stocks. The Investment Policy allows for up to 5% variance from these approved allocation level to provide flexibility to investment activities without altering the risk profile of the SCERS portfolio.

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%	Aaa
Money market mutual funds	N/A	20%	10%	Aaa
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 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.

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, 2014 are as follows:

		Remaining Maturity in Years			
Cash and Investment Type	No Maturity	Under 1	1-5	Over 5	Fair Value
Certificates of deposit	$ -	$ 10,248	$ 9,547	$ -	$ 19,795
Commercial paper	-	145,000	-	-	145,000
Corporate bonds/notes	-	180,994	168,992	17,864	367,850
Deposits	9,388	-	-	-	9,388
Equities	122,699	-	-	-	122,699
Exchange traded funds	68,676	-	-	-	68,676
Investment Trust of California (CalTRUST)	-	13,753	179,405	-	193,158
Local Agency Investment Fund (LAIF)	-	30,000	-	-	30,000
Mortgage loans	-	-	1,918	2,273	4,191
Municipal bonds	-	36,898	73,449	43,115	153,462
Mutual funds	-	50,906	-	-	50,906
Repurchase agreements	-	27,223	-	-	27,223
U.S. agencies	-	85,821	182,285	2,392	270,498
U.S. Treasury notes	-	-	2,985	-	2,985
	$ 200,763	$ 580,843	$ 618,581	$ 65,644	1,465,831
Component Unit - SRAFFA					
Mutual funds	$ -	$ 122	$ -	$ -	122
U.S. agencies	-	-	1,003	-	1,003
Total component unit	$ -	$ 122	$ 1,003	$ -	1,125
Total Cash and Investments					$ 1,466,956

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, 2014 by investment type are as follows:

Investment Type	Fair Value
Corporate bonds	$ 24,067
Municipal bonds	24,707
U.S. agencies	194,792

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, 2014, the City's deposits and investments, and corresponding credit ratings, are as follows:

Cash and Investment Type	S & P	Moody's	Fair Value
Certificates of deposit	not rated	not rated	$ 19,795
Commercial paper	A	P1	145,000
Corporate bonds/notes	A	A	127,831
	A	Aa	10,235
	A	Baa	99,427
	A	not rated	2,843
	AA	A	56,821
	AA	Aa	52,412
	AAA	Aaa	2,200
	B	Baa	5,313
	BBB	A	5,199
	BBB	Baa	75
	not rated	A	5,000
	not rated	withdrawn	494
Deposits	not rated	not rated	9,388
Equities (exempt from disclosure)	N/A	N/A	122,699
Exchange traded funds (exempt from disclosure)	N/A	N/A	68,676
Investment Trust of California (CalTRUST)	not rated	not rated	193,158
Local Agency Investment Fund (LAIF)	not rated	not rated	30,000
Mortgage loans	not rated	not rated	4,191
Municipal bonds	A	A	6,847
	A	Aa	41,313
	A	Ba	9,246
	A	not rated	1,459
	AA	A	15,393
	AA	Aa	47,929
	AA	Aaa	2,797
	AA	not rated	11,360
	AAA	Aa	11,067
	SP1	not rated	5,001
	not rated	Aa	1,050
Mutual funds	AAA	Aaa	49,340
	not rated	not rated	1,566

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

Credit Risk (Continued)

Cash and Investment Type	S & P	Moody's	Fair Value
Repurchase agreements	AA	Aaa	27,223
U.S. agencies	AA	A	5,494
	AA	Aa	666
	AA	Aaa	223,590
	AA	not rated	15,000
	not rated	not rated	24,000
	N/A	N/A	1,748
U.S. Treasury notes (exempt from disclosure)	N/A	N/A	2,985
Total primary government			1,465,831
Component Unit - SRAFFA			
Mutual funds	AAA	Aaa	122
U.S. agencies	AA	Aaa	1,003
			1,125
Total Cash and Investments			$ 1,466,956

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) which represent 5% or more of total investments at June 30, 2014:

Federal Home Loan Bank (All in City Pools)	$ 157,530
General Electric Corporation (City Pools)	$ 74,769
General Electric Corporation (SCERS)	$ 28,315

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.

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

Custodial Credit Risk (Continued)

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, 2014, investments were held by the same broker-dealer (counterparty) that was used by the City to purchase the securities:

$ 27,223	Investments purchased with cash collateral from securities lending transactions

Securities Lending

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

Cash collateral received as of June 30, 2014, was equal to 102% of the market value of the loaned securities. The custodial bank uses the cash collateral to purchase investments. As of June 30, 2014, the weighted average maturity of the securities on loan was 246 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 $31,240. 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, 2014:

Type of Investment Lent		
Corporate bonds	$	1,326
Equities		4,146
Exchange traded funds		22,174
U.S. Treasury notes		2,985
Total securities lent	$	30,631
Type of Investment Purchased with Cash Collateral		
Repurchase agreements	$	27,223

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.

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

City Sponsored Investment Pool (Continued)

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 5.64% of pool participation. The City Sponsored Investment Pool excludes activities of the pension trust fund, SHRA and funds held by fiscal agents.

The following represents a condensed statement of net position and changes in net position for the City Sponsored Investment Pool as of June 30, 2014:

Statement of Net Position:		
Investments at fair value	$	976,233
Interest receivables		2,839
Securities lending obligations		(4,800)
Net Position	$	974,272
Equity of internal pool participants	$	919,344
Equity of external pool participants		54,928
Total equity	$	974,272
Statement of Changes in Net Position:		
Net position at July 1, 2013	$	992,844
Net change in investments by pool participants		(18,572)
Net position at June 30, 2014	$	974,272

A summary of the investment classifications as of June 30, 2014 is as follows:

	Fair Value	Adjusted Cost	Interest Rates	Maturity Dates
Certificates of deposit	$ 17,797	$ 17,798	0.24-2.00%	08/14-11/18
Commercial paper	145,000	144,891	0.18-0.25%	07/14-02/15
Corporate bonds/notes	279,349	278,323	0.50-6.50%	07/14-06/19
Deposits	7,496	7,496	N/A	N/A
Investment Trust of California (CalTRUST)	150,617	150,617	0.07-0.73%	N/A
Municipal bonds	100,504	99,835	0.29-7.28%	08/14-05/19
Mutual funds	1,450	1,450	0.01%	N/A
Repurchase agreements	1,658	1,658	0.11-0.12%	07/14
State of California Treasurer's Local Agency Investment Fund	30,000	30,000	N/A	N/A
U.S. government and agency securities	242,362	242,716	0.08-5.62%	08/14-06/19
Total cash and investments in City sponsored investment pool	$ 976,233	$ 974,784		

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

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, 2014, the City's investment in LAIF is $30,000. The total amount invested by all public agencies in LAIF at that date is $21,119,834. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2014 had a balance of $64,870,214. Of that amount, 98.14% is invested in non-derivative financial products, and 1.86% is invested in derivative financial products.

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, 2014, the City's investment in CalTRUST is $193,158, of which $13,753 was invested in the Money Market Fund, $68,188 in the Short-term pool and $111,217 in the Medium-term pool. Amounts that may be withdrawn from the Money Market Fund are based upon the fund's assets valued using the amortized cost method. Amounts that may be withdrawn from the Short-term and Medium-term pools are based on the net asset value per share and the number of shares held by participants in each pool.

NOTE 3 – **RECEIVABLES**

Receivables as of June 30, 2014, were as follows:

	Taxes	Accounts	Loans	Inter-govern-mental	Interest	Total
Governmental activities						
General Fund	$ 21,380	$ 12,547	$ 5	$ 2,180	$ 340	$ 36,452
Measure U Fund	7,925	-	-	-	86	8,011
Capital Grants Fund	-	6,610	-	11,756	-	18,366
1997 Lease Revenue Bond Fund	-	-	62,015	-	716	62,731
Other governmental funds	-	3,755	15,676	52,345	219	71,995
Internal service funds	-	285	-	-	289	574
	$ 29,305	$ 23,197	$ 77,696	$ 66,281	$ 1,650	$ 198,129
Amounts not scheduled for collection during the subsequent year	$ -	$ -	$ 64,364	$ 39,248	$ -	$ 103,612
Business-type activities						
Water Fund	$ -	$ 18,511	$ 5,892	$ 219	$ 1,142	$ 25,764
Wastewater Fund	-	11,182	934	74	170	12,360
Storm Drainage Fund	-	6,451	4,102	856	159	11,568
Solid Waste Fund	-	11,682	-	-	108	11,790
Community Center Fund	2,253	304	128	-	3	2,688
Other enterprise funds	-	1,015	561	56	122	1,754
	$ 2,253	$ 49,145	$ 11,617	$ 1,205	$ 1,704	$ 65,924
Component unit						
Sacramento Regional Arts Facilities Financing Authority	$ -	$ -	$ 11,940	$ -	$ -	$ 11,940

Included in the Accounts Receivable amounts above are allowances for doubtful accounts of $2,543 in governmental activities and $9,752 in business-type activities.

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 $7,976, reported with the associated deferred inflow in the government-wide statement of net position.

The California Music Theater is required to make payment to the SRAFFA component unit to repay the loan receivable.

NOTE 4 **– CAPITAL ASSETS**

Summary

The following is a summary of capital assets as of June 30, 2014:

	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated/amortized			
Land	$ 191,636	$ 50,314	$ 241,950
Easements	697	157	854
Construction in progress	143,390	95,240	238,630
Total capital assets not being depreciated/amortized	335,723	145,711	481,434
Depreciable/amortizable capital assets			
Buildings and improvements	627,107	264,796	891,903
Equipment	70,018	61,765	131,783
Software	4,866	1,681	6,547
Vehicles	127,613	-	127,613
Transmission and distribution system	3,622	1,119,763	1,123,385
Roadway network	1,548,315	-	1,548,315
Streetlight network	199,719	-	199,719
Park improvements	164,473	-	164,473
Total depreciable/amortizable capital assets	2,745,733	1,448,005	4,193,738
Less accumulated depreciation/amortization for:			
Buildings and improvements	(196,780)	(130,387)	(327,167)
Equipment	(42,156)	(36,843)	(78,999)
Software	(1,016)	(446)	(1,462)
Vehicles	(74,003)	-	(74,003)
Transmission and distribution system	(670)	(362,379)	(363,049)
Roadway network	(914,215)	-	(914,215)
Street light network	(68,495)	-	(68,495)
Park improvements	(36,838)	-	(36,838)
Total accumulated depreciation/amortization	(1,334,173)	(530,055)	(1,864,228)
Depreciable/amortizable captial assets,net	1,411,560	917,950	2,329,510
Total capital assets, net	$ 1,747,283	$ 1,063,661	$ 2,810,944

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

Governmental Activities

Governmental capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance *	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated/amortized					
Land	$ 190,749	$ 1,161	$ (335)	$ 61	$ 191,636
Easements	697	-	-	-	697
Construction in progress	95,876	47,514	-	-	143,390
Total capital assets not being depreciated/amortized	287,322	48,675	(335)	61	335,723
Depreciable/amortizable capital assets					
Buildings and improvements	617,425	16,668	(6,986)	-	627,107
Equipment	75,998	374	(6,354)	-	70,018
Software	4,493	373	-	-	4,866
Vehicles	123,502	9,931	(5,820)	-	127,613
Transmission and distribution system	3,622	592	-	(592)	3,622
Roadway network	1,542,684	10,713	(5,082)	-	1,548,315
Streetlight network	195,930	3,789	-	-	199,719
Park improvements	154,519	9,954	-	-	164,473
Total depreciable/amortizable capital assets	2,718,173	52,394	(24,242)	(592)	2,745,733
Less accumulated depreciation/amortization for:					
Buildings and improvements	(189,931)	(13,835)	6,986	-	(196,780)
Equipment	(43,928)	(4,582)	6,354	-	(42,156)
Software	(704)	(312)	-	-	(1,016)
Vehicles	(70,181)	(9,328)	5,506	-	(74,003)
Transmission and distribution system	(622)	(48)	-	-	(670)
Roadway network	(867,539)	(51,758)	5,082	-	(914,215)
Streetlight network	(64,020)	(4,475)	-	-	(68,495)
Park improvements	(30,906)	(5,932)	-	-	(36,838)
Total accumulated depreciation/amortization	(1,267,831)	(90,270)	23,928	-	(1,334,173)
Depreciable/amortizable capital assets, net	1,450,342	(37,876)	(314)	(592)	1,411,560
Governmental activities capital assets, net	$ 1,737,664	$ 10,799	$ (649)	$ (531)	$ 1,747,283

* 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	$ 5,451
Police	2,737
Fire	1,178
Public works	56,578
Economic development	100
Convention, culture and leisure	4,488
Parks and recreation	8,767
Community development	208
Library	1,209
Capital assets held by the City's internal service funds are charged to the functions based on their usage of assets	9,554
Total governmental activities depreciation/amortization expense	$ 90,270

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

Business-type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance *	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated/amortized					
Land	$ 50,375	$ -	$ -	$ (61)	$ 50,314
Easements	157	-	-	-	157
Construction in progress	36,020	59,220	-	-	95,240
Total capital assets not being depreciated/amortized	86,552	59,220	-	(61)	145,711
Depreciable/amortizable capital assets					
Buildings and improvements	265,031	135	(370)	-	264,796
Equipment	59,762	2,651	(648)	-	61,765
Software	1,487	194	-	-	1,681
Transmission and distribution system	1,117,471	26,335	(24,635)	592	1,119,763
Total depreciable/amortizable capital assets	1,443,751	29,315	(25,653)	592	1,448,005
Less accumulated depreciation/amortization for:					
Buildings and improvements	(124,438)	(6,319)	370	-	(130,387)
Equipment	(33,722)	(3,769)	648	-	(36,843)
Software	(324)	(122)	-	-	(446)
Transmission and distribution system	(358,122)	(28,890)	24,633	-	(362,379)
Total accumulated depreciation/amortization	(516,606)	(39,100)	25,651	-	(530,055)
Depreciable/amortizable capital assets, net	927,145	(9,785)	(2)	592	917,950
Business-type activities capital assets, net	$ 1,013,697	$ 49,435	$ (2)	$ 531	$ 1,063,661

* The beginning balances of business-type activities capital assets have been restated, see Note 19.

Depreciation/amortization expense was charged to functions as follows:

Water	$ 16,951
Wastewater	4,216
Storm drainage	11,497
Solid waste	1,822
Community center	2,423
Parking	2,114
Child development	77
Total business-type activities depreciation/amortization expense	$ 39,100

NOTE 5 – **PAYABLES**

Payables as of June 30, 2014, were as follows:

	Vendors	Employees	Interest	Deposits	Total
Governmental activities					
General Fund	$ 10,706	$ 13,186	$ -	$ 32	$ 23,924
Measure U Fund	1,825	-	-	-	1,825
Capital Grants Fund	11,720	-	-	-	11,720
1997 Lease Revenue Bond Fund	-	-	716	539	1,255
Other governmental funds	7,830	177	2,623	2,199	12,829
Internal service funds	4,537	335	7	33	4,912
Total governmental activities	$ 36,618	$ 13,698	$ 3,346	$ 2,803	$ 56,465
Business-type activities					
Water Fund	$ 16,229	$ 741	$ 4,192	$ 2	$ 21,164
Wastewater Fund	9,038	260	526	-	9,824
Storm Drainage Fund	1,009	738	258	-	2,005
Solid Waste Fund	1,643	365	125	10	2,143
Community Center Fund	1,444	197	416	-	2,057
Other enterprise funds	1,114	308	173	18	1,613
Total business-type activities	$ 30,477	$ 2,609	$ 5,690	$ 30	$ 38,806
Component unit					
Sacramento Regional Arts Facilities Financing Authority	$ 155	$ -	$ -	$ -	$ 155

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, 2014, were $627.

Sublease rental income for the fiscal year ended June 30, 2014 was $691. The total amount of minimum rentals to be received in the future under non-cancelable subleases is $2,790.

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

Fiscal Year Ending June 30,	Payments
2015	$ 599
2016	497
2017	420
2018	324
2019	319
2020-2024	974
2025-2029	974
2030-2034	923
2035-2039	338
2040-2044	200
2045-2049	200
2050-2054	199
2055-2059	199
2060-2062	73
Total future minimum lease payments	$ 6,239

NOTE 7 – **LONG-TERM LIABILITIES**

Activity

The following is a summary of changes in long-term liabilities. Certain long-term liabilities provide financing to both governmental and business-type activities.

GOVERNMENTAL ACTIVITIES:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue and other bonds:					
1993 Refunded Revenue Bonds, Series A	$ 11,601	$ -	$ (1,198)	$ 10,403	$ 1,262
1993 Refunded Revenue Bonds, Series B	19,473	-	(2,022)	17,451	2,125
1996 Lighting and Landscaping Bonds	2,090	-	(480)	1,610	510
1997 Lease Revenue Bonds	64,005	-	(1,990)	62,015	2,225
1999 CFD No. 2 Revenue Bonds, Series A	2,005	-	(125)	1,880	130
2002 Capital Improvement Revenue Bonds	7,720	-	(5,310)	2,410	1,135
2003 Capital Improvement Revenue Bonds	22,820	-	(5,510)	17,310	1,915
2005 Refunding Revenue Bonds	58,534	-	(1,294)	57,240	5,754
2006 Capital Improvement Revenue Bonds, Ser. A	79,630	-	(3,095)	76,535	3,220
2006 Capital Improvement Revenue Bonds, Ser. B	50,230	-	(1,000)	49,230	1,060
2006 Capital Improvement Revenue Bonds, Ser. C	25,605	-	-	25,605	-
2006 Capital Improvement Revenue Bonds, Ser. D	2,430	-	(620)	1,810	650
2006 Capital Improvement Revenue Bonds, Ser. E	80,803	-	-	80,803	-
Subtotal, revenue and other bonds	426,946	-	(22,644)	404,302	19,986
Notes Payable:					
1997 State Department of Boating & Waterways	530	-	(79)	451	82
1985 Marina Phase I	1,625	-	(42)	1,583	44
1985 Marina Phase II	2,481	-	(56)	2,425	58
1985 Marina Phase III	771	-	(115)	656	120
1985 Marina Phase IV	527	-	(66)	461	69
2008 Sacramento Marina South Basin	10,477	-	-	10,477	368
Subtotal, notes payable	$ 16,411	$ -	$ (358)	$ 16,053	$ 741

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

Activity (Continued)

GOVERNMENTAL ACTIVITIES (Continued):	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital Lease Obligations:					
JP Morgan Fleet Financing	$ 2,544	$ -	$ (554)	$ 1,990	$ 560
JP Morgan Capital Lease Refinance	3,340	-	(1,278)	2,062	805
Fire trucks and equipment #3	3,388	-	(423)	2,965	442
Liquid nitrate gas (LNG) - refueling trailer	174	-	(23)	151	24
Parking meters system with AutoVu	-	5,998	(583)	5,415	1,177
Bank of America - Marina South Basin	1,073	-	(94)	979	98
Subtotal, capital lease obligations	10,519	5,998	(2,955)	13,562	3,106
Plus deferred amounts:					
For issuance discounts	(143)	-	8	(135)	(8)
For issuance premiums	16,267	-	(957)	15,310	957
For gain on refunding	18	-	(18)	-	-
Subtotal deferred amounts	16,142	-	(967)	15,175	949
Subtotal, debt governmental activities	470,018	5,998	(26,924)	449,092	24,782
Other Long-term Liabilities:					
Accrued claims and judgements	62,706	15,615	(12,212)	66,109	17,092
Compensated absences	32,466	31,462	(31,963)	31,965	1,837
OPEB liability	112,258	34,509	(15,643)	131,124	-
Pollution remediation obligations	603	-	(71)	532	69
Derivative instrument - interest rate swap	10,426	-	(2,209)	8,217	-
Financing plan fee credits:					
North Natomas	36,438	-	(178)	36,260	198
Jacinto Creek	899	-	-	899	-
Park Development	3,713	53	(251)	3,515	166
Subtotal, other long-term liabilities	259,509	81,639	(62,527)	278,621	19,362
Total governmental activities	$ 729,527	$ 87,637	$ (89,451)	$ 727,713	$ 44,144

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

Activity (Continued)

BUSINESS-TYPE ACTIVITIES:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue and other bonds:					
1993 Refunded Revenue Bonds, Series A	$ 47,901	$ -	$ (4,947)	$ 42,954	$ 5,213
1993 Refunded Revenue Bonds, Series B	21,267	-	(2,208)	19,059	2,320
2005 Refunding Revenue Bonds	97,410	-	(6,681)	90,729	7,016
2006 Capital Improvement Revenue Bonds, Ser. E	92,277	-	-	92,277	-
Water Revenue Bonds, Series 2013	215,195	-	-	215,195	3,540
Wastewater Revenue Bonds, Series 2013	30,855	-	-	30,855	-
Subtotal, revenue and other bonds	504,905	-	(13,836)	491,069	18,089
Notes Payable:					
State Water Resources Control Board	767	-	(146)	621	149
State Water Resources Control Board	17,189	-	(1,990)	15,199	2,033
State Water Resources Control Board	2,164	-	(286)	1,878	293
State Water Resources Control Board	2,837	-	(323)	2,514	332
State Water Resources Control Board	1,180	-	(134)	1,046	138
California Department of Education	40	-	(20)	20	20
California Department of Public Health	9,806	-	(396)	9,410	406
California Infrastructure and Economic Development Bank (I-Bank)	2,672	-	(72)	2,600	74
Subtotal, notes payable	36,655	-	(3,367)	33,288	3,445
Capital Lease Obligations:					
Recycle Containers #5	979	-	(646)	333	332
Refuse Trucks - Schedule 16	4,083	-	(974)	3,109	1,005
Sewer Cleaning Trucks - Schedule 17	575	-	(137)	438	545
JP Morgan Capital Lease Refinance	2,756	-	(538)	2,218	141
Subtotal, capital lease obligations	8,393	-	(2,295)	6,098	2,023
Less deferred amounts:					
For issuance discounts	(425)	-	60	(365)	(60)
For issuance premiums	51,632	-	(2,219)	49,413	2,219
Subtotal, deferred amounts	51,207	-	(2,159)	49,048	2,159
Subtotal, debt, business type activities	601,160	-	(21,657)	579,503	25,716
Other Long-term Liabilities:					
Compensated absences	6,951	6,180	(6,289)	6,842	358
OPEB liability	19,481	5,422	(1,830)	23,073	-
Accrued claims and judgments	357	1,242	-	1,599	1,599
Water fee credits	1,702	-	-	1,702	-
Liability for landfill closure	20,406	-	(19,229)	1,177	85
Subtotal, other long-term liabilties	48,897	12,844	(27,348)	34,393	2,042
Total business-type activities	$ 650,057	$ 12,844	$ (49,005)	$ 613,896	$ 27,758

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

Activity (Continued)

COMPONENT UNIT:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of Participation					
Sacramento Regional Arts Facilities, 2002 Series COPS	$ 13,335	$ -	$ (425)	$ 12,910	$ 440
Less deferred amounts:					
For issuance discounts	(99)	-	5	(94)	(5)
Total component unit	13,236	-	(420)	12,816	435
Total long-term liabilities	$ 1,392,820	$ 100,481	$ (138,876)	$ 1,354,425	$ 72,337

FY14 beginning balance of net loss on refunding of debt in the amount of $20,891 was reclassified to deferred outflows of resources in accordance with GASB 65.

The following is a list of long-term debt issues outstanding at June 30, 2014, including the amount of original debt issuance, a description of the debt issue, and disclosure of pledged revenue.

Revenue and Other Bonds

Issued Amount

$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 $1,746. Current year principal and interest paid was $582 and special assessment revenue in the Citywide Lighting and Landscaping District was $14,921.

$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 $90,513 will be paid using 100% of future lease revenue. Current year principal and interest paid was $5,485 and lease revenue was $5,485.

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

Revenue and Other Bonds (Continued)

Issued Amount

$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%.

$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.

$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.

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

Revenue and Other Bonds (Continued)

Issued Amount

$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 $406,453 as of June 30, 2014. Current year principal and interest paid was $9,731 and Water Fund system revenue was $94,070.

$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 $56,156 as of June 30, 2014. Current year principal and interest paid was $951 and Wastewater Fund system revenue was $27,544.

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 $19,834 will be paid using 100% of future lease revenue. Current year principal and interest paid was $1,052 and lease payments received were $1,052.

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.

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

Notes Payable (Continued)

Issued Amount

$3,229 1985 Sacramento Marina Note Payable, Phase II
Authorized July 1985, issued September 1987, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of $27 to $150 through August 2037, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.

$1,829 1985 Sacramento Marina Note Payable, Phase III
Authorized July 1985, issued March 1988, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of $50 to $120 through August 2018, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.

$1,117 1985 Sacramento Marina Note Payable, Phase IV
Authorized July 1985, issued February 1989, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of $29 to $73 through August 2019, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina.

$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 no payment for the year ended June 30, 2014. As a result of the missed payment, DB&W and the City are working together 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.

$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 $663. Current year principal and interest paid was $166 and wastewater and storm drain fee revenue was $63,433.

$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 $16,570. Current year principal and interest paid was $2,367 and wastewater and storm drain fee revenue was $63,433.

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

Notes Payable (Continued)

Issued Amount

$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 $2,052. Current year principal and interest paid was $342 and wastewater and storm drain fee revenue was $63,433.

$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 $1,155. Current year principal and interest paid was $165 and wastewater and storm drain fee revenue was $63,433.

$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 $2,780. Current year principal and interest paid was $397 and wastewater and storm drain fee revenue was $63,433.

$400 California Department of Education Note Payable
To finance the construction of temporary classrooms at Two Rivers School and Sequoia School with maturities of $20 per year through 2015. The note bears no interest.

$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 $3,820. Current year principal and interest paid was $163 and storm drainage fee revenue was $35,889.

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

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, 2014, 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 Activities	Business-Type Activities	Total
2015	$ 3,388	$ 2,156	$ 5,544
2016	3,388	1,817	5,205
2017	3,006	1,818	4,824
2018	2,271	570	2,841
2019	1,358	-	1,358
2020-2024	1,072	-	1,072
Total minimum lease payments	14,483	6,361	20,844
Less amounts representing interest	(921)	(263)	(1,184)
Net present value of minimum lease payments	$ 13,562	$ 6,098	$ 19,660

The following is a schedule of property under capital leases by major classes at June 30, 2014:

	Governmental Activities	Business-Type Activities	Total
Builidings and improvements	$ 1,523	$ -	$ 1,523
Equipment	18,859	13,386	32,245
Less: accumulated depreciation	(5,797)	(6,615)	(12,412)
Total	$ 14,585	$ 6,771	$ 21,356

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.

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

Other Long-term Liabilities (Continued)

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, 2014.

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

	Revenue Bonds		Notes Payable	
Fiscal Year Ending June 30,	Principal	Interest	Principal	Interest
2015	$ 19,986	$ 20,546	$ 741	$ 725
2016	21,221	19,574	586	700
2017	22,379	18,421	611	674
2018	21,629	17,309	640	645
2019	19,110	16,292	668	616
2020 - 2024	89,993	67,065	2,068	2,742
2025 - 2029	98,578	42,093	2,478	2,243
2030 - 2034	80,669	18,553	3,099	1,622
2035 - 2039	30,737	2,519	3,346	862
2040 2044	-	-	1,816	170
Subtotals	404,302	222,372	16,053	10,999
Less: Issuance discounts	(135)	-	-	-
Plus: Issuance premiums	15,310	-	-	-
Totals	$ 419,477	$ 222,372	$ 16,053	$ 10,999

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

Future Debt Service Requirements (Continued)

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

Fiscal Year Ending June 30,	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2015	$ 18,089	$ 24,070	$ 3,445	$ 814
2016	19,504	23,190	3,506	733
2017	20,456	22,217	3,589	649
2018	21,494	21,155	3,673	564
2019	22,547	20,076	3,595	477
2020 - 2024	94,217	84,284	8,872	1,325
2025 - 2029	90,292	62,891	3,273	716
2030 - 2034	88,581	38,845	2,756	268
2035 - 2039	57,985	21,868	579	42
2040 - 2044	57,904	5,971	-	-
Subtotals	491,069	324,567	33,288	5,588
Less: Issuance discounts	(365)	-	-	-
Plus: Issuance premiums	49,413	-	-	-
Totals	$ 540,117	$ 324,567	$ 33,288	$ 5,588

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

Fiscal Year Ending June 30,	Certificates of Participation	
	Principal	Interest
2015	$ 440	$ 610
2016	460	591
2017	480	572
2018	500	551
2019	520	529
2020 - 2024	2,975	2,255
2025 - 2029	3,780	1,429
2030 - 2034	3,755	387
Subtotals	12,910	6,924
Less: Issuance discounts	(94)	-
Totals	$ 12,816	$ 6,924

Derivative Instrument - Interest Rate Swap

Objective of the interest rate swap. The Sacramento City Financing Authority (the "Authority") entered into an interest-rate swap in 2007 in connection with remarketing of its 1997 Lease Revenue Bonds (Arco Arena Acquisition) variable-rate bonds (the "Bonds"). In effect, the swap changed the Bonds variable rate to a synthetic fixed rate of 5.607% through the end of the swap agreement's term, thereby hedging the Authority's interest-rate risk and lowering the Authority's borrowing cost compared to the cost of issuing traditional fixed-rate bonds. As of June 30, 2014, the amount of outstanding Bonds was $62,015. The interest and principal payments on the Bonds are insured.

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

Derivative Instrument - Interest Rate Swap (Continued)

Terms. The Bonds mature on July 15, 2027; are subject to remarketing on July 19, 2017; and 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 was entered at the same time the Bonds were remarketed in July 2007. The swap agreement terminates on July 19, 2017, and has a notional amount as of June 30, 2014, of $62,015. The notional amount of the swap and the par amount of the Bonds each decline according to the same schedule through 2017. Under the swap, the Authority pays the swap provider a fixed interest payment of 5.607% and receives a variable-interest payment of LIBOR plus 0.25% (total rate not to exceed 14%). As of June 30, 2014, the 3-month LIBOR rate in effect was 0.23%. The Authority's payments to the swap provider are insured.

Fair value. As of June 30, 2014, the swap had a negative value to the Authority of $8,217, which reflects the decline in interest rates since 2007. (Because the interest rates on the Bonds adjust as LIBOR adjusts, the Bonds do not have a corresponding value increase.) The swap's value was estimated using the zero-coupon method, which 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.

Provider credit risk. The value of the swap to the Authority depends on the "provider credit risk," which is the swap provider's ability to meet its payment obligations under the swap. Often this risk is addressed by requiring the swap provider to enter into a "collateral agreement" if its credit rating falls below specified levels. Such an agreement provides for the collateralization of the swap provider's obligations under the swap, as measured by the estimated "settlement amount" if the swap is terminated. But when the Authority entered into this swap, the swap provider, Goldman Sachs Capital Markets, L.P., was not rated by credit rating agencies, so a rated affiliate of the swap provider, The Goldman Sachs Group, Inc., provided credit support. Goldman Sachs Capital Markets, L.P. was subsequently replaced by a rated swap provider, Goldman Sachs Bank USA. The swap agreement requires the swap provider to enter into a collateral agreement if the credit support provider is rated A3 or lower by Moody's Investor Service or A- or lower by Standard & Poor's. As of June 30, 2014, the swap provider was rated A2 by Moody's Investors Services and A by Standard & Poor's, the credit support provider was rated Baa1 by Moody's Investors Service and A- by Standard & Poor's, and the swap provider and the Authority had not entered into a collateral agreement. As of June 30, 2014, the swap was a liability to the Authority in the amount of $8,217 and an asset in the same amount to the swap provider. Therefore, swap provider had not entered into a collateral agreement.

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

Termination risk. Under certain circumstances, either the swap provider or the Authority may terminate the swap. If the swap is terminated, then the Authority would no longer pay a synthetic fixed-interest rate on the Bonds but would instead pay the variable rate. And if, at the time of termination, the swap has a negative value, then the Authority would be liable to the swap provider for a payment equal to the swap's value.

Rollover Risk. The Authority is exposed to rollover risk on the swap because the maturity date of the swap agreement is July 2017 whereas the Bonds mature in July 2027.

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

Derivative Instrument - Interest Rate Swap (Continued)

Swap payments and associated debt. Using rates in effect on June 30, 2014 (LIBOR 0.23% plus 0.25%), the debt-service requirements of the Bonds and the net swap payments, assuming interest rates remain the same through the July 2017 termination date of the swap and tender date on the Bonds, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2015	$ 2,225	$ 292	$ 3,082	$ 5,599
2016	2,475	286	3,007	5,768
2017	2,665	268	2,825	5,758
2018	54,650	66	700	55,416
TOTAL	$ 62,015	$ 912	$ 9,614	$ 72,541

The interest rates on the Bonds will vary after July 2017, when the swap terminates and the Bonds must be remarketed.

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, 2014.

Special Assessment Debt

Total matured and unmatured bonds outstanding related to special assessment and special tax districts are $151,085 at June 30, 2014. 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 $260,840 at June 30, 2014. 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.

NOTE 8 – **EMPLOYEE RETIREMENT PLANS**

Defined Benefit Plan Descriptions

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

CalPERS

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

SCERS

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

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

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

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

Net Position – The Pension Trust Fund's net position is determined on the same basis used by pension plan.

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, 2014 were as follows (percent of annual covered payroll):

CalPERS	- Miscellaneous	14.163%
CalPERS	- Safety	29.457
SCERS		423.4

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

Annual Pension Cost

CalPERS

For the fiscal year ended June 30, 2014, the City's annual CalPERS pension cost of $49,861 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) 7.50% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.30% to 14.20%. Both (a) and (b) included an inflation component of 2.75% 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, 2011 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, 2011 was 31 years for the safety employees' plan and 28 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, 2014, the City's annual SCERS pension cost of $9,649 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 6.50% investment rate of return (net of administrative expenses), (b) 3% projected annual salary increases, (c) an inflation component of 3%, and (d) 3.25% per year social security wage base adjustments. The actuarial value of the assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. Unfunded liabilities are being amortized over a 14 year rolling period, as a level dollar amount of projected payrolls.

Three-Year Trend Information

CalPERS – Miscellaneous

Fiscal Year	Annual Pension Cost (APC) (in millions)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	$18.8	100%	$ -
June 30, 2013	20.1	100	-
June 30, 2014	22.0	100	-

CalPERS – Safety

Fiscal Year	Annual Pension Cost (APC) (in millions)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	$29.7	100%	$ -
June 30, 2013	27.6	100	-
June 30, 2014	27.8	100	-

SCERS

Fiscal Year	Annual Pension Cost (APC) (in millions)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	$10.4	100%	$ -
June 30, 2013	10.6	100	-
June 30, 2014	9.6	100	-

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

Funded Status

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

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	(Overfunded) Unfunded AAL (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	(Overfunded) Unfunded AAL as a % of Covered Payroll {(b) - (a)}/(c)
CalPERS - Miscellaneous						
6/30/13	$ 677	$ 914	$ 237	74%	$ 151	157%
CalPERS - Safety						
6/30/13	992	1,371	379	72%	108	364%
SCERS						
6/30/14	313	373	60	84%	2	2,643%

The actuarial assumptions used by CalPERS to determine the annual required contributions for the fiscal year ended June 30, 2014 are the same as the prior year. 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, 2014.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over 5-year period. CalPERS will no longer use an actuarial value of assets and will use the market value of assets. This direct rate smoothing method is equivalent to a method using a 5 year asset smoothing period with no actuarial value of asset corridor and a 25 year amortization period for gains and losses. The change in asset value will also be amortized over 30 years with a 5-year ramp-up/ramp/down.

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, 2014, employees contributed $2,732 and the City contributed $2,354 to the Plan.

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

Plan Description

The City provides contributions for post-employment medical, dental and vision benefits to employees who retire directly from the City and their dependents through a single-employer defined benefit OPEB plan (the plan). Participants have the choice of enrolling in one of several health plans, 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 $0 and $780 per month per participant, which covers between 0% 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. As of June 30, 2014, the City had deposited $4,000 to the trust fund from the General Fund. Additional deposits may be made in the future.

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)	$ 43,974
Interest on beginning OPEB liability	5,928
Adjustment to the ARC	(9,971)
Annual OPEB cost	39,931
Contributions made	(13,473)
Trust prefunding	(4,000)
Increase in net OPEB obligation	22,458
Net OPEB obligation - Beginning of year	131,739
Net OPEB obligation - End of year	$ 154,197
Covered payroll (active plan members)	$ 257,498
UAAL as a percentage of covered payroll	168.4%

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

Fiscal year ended	Annual OPEB Cost	Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	$ 37,191	$ 12,191	33%	$ 105,203
6/30/2013	39,379	12,843	33	131,739
6/30/2014	39,930	17,473	43	154,197

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

Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date of the plan was 0% funded. The actuarial accrued liability was $433,695 and the actuarial value of assets was $0 resulting in an unfunded actuarial accrued liability (UAAL) of $433,695. The annual covered payroll was $257,498 and the ratio of the unfunded actuarial accrued liability to the annual covered payroll was 168.4%. 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, 2013, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions utilized a 3% inflation rate, a 4.5% 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, 2013 was 23 years.

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

At June 30, 2014, the government-wide statement of net position reported restricted net position of $186,999 in governmental activities. Of this amount, $12,703 is restricted for enabling legislation.

The Culture and Leisure Fund, a special revenue fund, had a deficit fund balance of $3,209 as of June 30, 2014. The Golf program within this fund had a deficit balance of $5,950. It is anticipated that this deficit will be funded by future operating subsidies and surpluses.

For the fiscal year ended June 30, 2014, expenditures exceeded appropriations in the Parks and Recreation special revenue funds by $68. This overspending was funded by revenue collected in excess of budgeted amounts.

NOTE 11 – **INTERFUND TRANSACTIONS**

Interfund Transfers

Interfund transfers report the nonreciprocal contribution of resources from one fund to another. The following is a summary of transfers for the fiscal year ended June 30, 2014:

	Description	Transfers In	Transfers Out	Net Transfers
Governmental activities:				
General Fund	Debt service	$ 2,117	$ (22,329)	$ (20,212)
General Fund	In-lieu tax transfers	27,064	-	27,064
General Fund	Program support	743	(1,089)	(346)
Capital Grants Fund	Program support	-	(11)	(11)
Other Governmental Funds	Debt service	28,566	(6,737)	21,829
Other Governmental Funds	Program support	5,094	(4,361)	733
Internal Service Funds	Debt service	414	(51)	363
Internal Service Funds	Program support	4	(322)	(318)
Adjustment for transfer of capital assets between governmental activities and business-type activities	Transfer of capital assets	61	(592)	(531)
Total governmental activities		64,063	(35,492)	28,571
Business-type activities:				
Water Fund	Debt service	-	(38)	(38)
Water Fund	In-lieu tax transfers	-	(10,216)	(10,216)
Water Fund	Program support	298	(455)	(157)
Wastewater Fund	Debt service	-	(51)	(51)
Wastewater Fund	In-lieu tax transfers	-	(3,005)	(3,005)
Wastewater Fund	Program support	4	-	4
Storm Drainage Fund	Debt service	-	(83)	(83)
Storm Drainage Fund	In-lieu tax transfers	-	(3,933)	(3,933)
Storm Drainage Fund	Program support	64	-	64
Solid Waste Fund	Debt service	-	(121)	(121)
Solid Waste Fund	In-lieu tax transfers	-	(6,344)	(6,344)
Solid Waste Fund	Program support	67	-	67
Community Center Fund	In-lieu tax transfers	-	(1,532)	(1,532)
Community Center Fund	Program support	-	(36)	(36)
Other Enterprise Funds	Debt service	-	(1,688)	(1,688)
Other Enterprise Funds	In-lieu tax transfers	-	(2,034)	(2,034)
Other Enterprise Funds	Program support	1	-	1
Adjustment for transfer of capital assets between governmental activities and business-type activities	Transfer of capital assets	592	(61)	531
Total business-type activities		1,026	(29,597)	(28,571)
Total government-wide statements		$ 65,089	$ (65,089)	$ -

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, 2014:

	Receivables	Payables	Interfund Balances
Capital Grants Fund	$ -	$ (3,009)	$ (3,009)
Other Governmental Funds	-	(7,241)	(7,241)
Internal Service Funds	16,690	-	16,690
Total governmental activities	16,690	(10,250)	6,440
Community Center Fund	-	(6,440)	(6,440)
Total business-type activities	-	(6,440)	(6,440)
Total	$ 16,690	$ (16,690)	$ -

$16,690 was loaned by the City's internal service funds to cover short-term operating deficits (approximately $3,009) and to assist in development of community resources (approximately $13,681).

$3,009 was borrowed by the Capital Grants Fund for short-term loans.

$7,241 was borrowed by the Golf Fund for development of community resources.

$6,440 was borrowed by the Community Center Fund for development of community resources.

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, 2014, the expected rate of return was 3 percent. Settled claims have not exceeded insurance coverage for each of the past three fiscal years.

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, 2014, the Risk Management Internal Service Fund had a net position of $36,748.

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:

	2014	2013
Accrued claims and judgements, July 1	$ 59,850	$ 55,933
Incurred claims and adjustment expenses	15,469	16,445
Claim payments	(12,212)	(12,528)
Accrued claims and judgements, June 30	$ 63,107	$ 59,850

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 $190,477 for contracts awarded but not completed as of June 30, 2014. The following table shows the distribution of those commitments among major and nonmajor funds.

Governmental Activities:		**Business-type Activities:**	
General Fund	$ 5,656	Water Fund	$ 103,415
Measure U	598	Wastewater Fund	1,875
Capital Grants Fund	48,843	Storm Drainage Fund	2,433
Other governmental funds	19,145	Solid Waste Fund	1,433
Internal service funds	5,161	Community Center Fund	1,410
		Other enterprise funds	508
Total governmental activities	$ 79,403	Total business-type activities	$ 111,074

The major contracts outstanding are $92,293 for water treatment plant upgrades and replacements, $34,299 for road and interchange improvements on Consumnes Boulevard, $8,209 for construction of the 5th Street and Railyards Boulevard development project, $7,532 for development and improvement of City parks $3,189 for design and construction of intermodal transportation facility, $3,159 for a revenue control system upgrade in the parking garages, $2,655 for the residential water meter retrofit program, $1,911 for replacement of the I Street Bridge, and $1,599 for the rehabilitation of the Guy West Bridge.

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, 2014 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, 2014. Receipt of these grant revenues is not assured in the future.

The City has engaged an actuarial firm to review the accuracy of SCERS pension benefit calculations. The actuarial review is expected to be completed by February 2015 and, as a result, the final determination of the amount, if any, owed by the City to SCERS cannot be determined at this time. However, the City believes any amount due to the plan would be immaterial to the City's financial position at June 30, 2014.

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.

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. A recent engineering report estimated that $1,177 is required for future postclosure monitoring costs as of June 30, 2014. As a result of these recent reports, a special item in the amount of $18,527 has been recognized in the Solid Waste Fund at June 30, 2014. 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 $603 at June 30, 2013 and $532 at June 30, 2014. Pollution remediation outlays totaled approximately $86 for the fiscal year ended June 30, 2014. 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 $80.

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). SHRA is a stand-alone agency governed by the County Board of Supervisors over County housing activities and the City Council over City housing 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 activities of the Housing Authority of the City of Sacramento (Housing Authority), 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 12th Street, Sacramento, California, 95814.

SHRA administered the redevelopment agencies of the City and County until February 1, 2012. In 2011 the California Legislature enacted AB 1x 26, which coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies. Upon the dissolution of the redevelopment agency, the City elected to become the successor agency for the non-housing redevelopment agency activities. More information can be found in Note 15 – Successor Agency Trust Fund. The City designated the Housing Authority as the local authority to retain the housing assets and functions previously performed by the redevelopment agency, and the Housing Authority affirmatively elected pursuant to Health and Safety Code Section 34176 that it would serve as the "Successor Housing Agency" to the former redevelopment agency.

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, 2014, five of seventeen 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, 2014, were $7,635. 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 $4,846 for the fiscal year ended June 30, 2014. 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 $3,492 of support to SRFECC during the fiscal year ended June 30, 2014. 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, 2014, 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 and trainings. Rent payments during the fiscal year ended June 30, 2014 were $102. The City also paid $71 to provide upgrades to the firing ranges at NCRPSTA facilities and to reimburse costs for facility improvements. 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, 2014, the City provided general support of $45, paid $210 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.

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 support or have other financial transactions with these organizations, but it does not have a financial interest in or responsibility to the organizations. The following organizations had financial transactions with the City during the fiscal year ended June 30, 2014:

The City provided $74 in annual support and $6 in project management fees to the Regional Water Authority.

The City provided $62 in annual support and $41 for participation in the Downtown/Riverfront transit project 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. During FY14, the City also received $460 from SAFCA in reimbursement for levee maintenance costs.

The City paid $93 for services provided related to safe neighborhood and gang violence reduction programs to the Sacramento Employment and Training Agency.

The City provided $114 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 assts. 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, 2014, the successor agency had a deficit of $193,694 which will be eliminated with future property tax revenue distributions from the Redevelopment Property Tax Trust Fund administered by the County Auditor-Controller.

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 (DOF) 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).

On September 20, 2013, the DOF granted RASA a Finding of Completion. Pursuant to Health and Safety Code (HSC) section 34179.7, the DOF has verified that the RASA does not owe any amounts to the taxing entities as determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5. With a finding of Completion, the RASA may place loan agreements between the former Agency and the City on the ROPS, as an enforceable obligation; utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants; and submit a Long-Range Property Management Plan ("LRPMP") to the Oversight Board and the DOF approval. The LRPMP addresses the disposition and use of real properties held by RASA.

On September 10, 2013, the Oversight Board and RASA filed a writ of mandate (Successor Agency to the Redevelopment Agency of the City of Sacramento, et al. v. Matosantos, et al., Sacramento Superior Court Case No. 34-2013-80001637) to overturn DOF's final determination that the 700 Block Agreements were no longer enforceable obligations. At a court hearing on May 30, 2014, the parties reached the basic terms of a settlement to allow for the 700 Block Property and the $1,026 in bond funds to be transferred to the City to allow for the 700 Block of K Street Project to be implemented, but the $2,574 in tax increment funds would be forfeited. The Settlement Agreement has been approved by the DOF, the Developer, RASA and the Oversight Board.

Capital Assets

The following is a summary of changes in capital assets:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated/amortized				
Land	$ 45,566	$ -	$ -	$ 45,566
Depreciable/amortizable capital assets				
Buildings and improvements	16,315	-	-	16,315
Less accumulated depreciation/amortization for:				
Buildings and improvements	(2,416)	(408)	-	(2,824)
Depreciable/amortizable capital assets, net	13,899	(408)	-	13,491
Total activities capital assets, net	$ 59,465	$ (408)	$ -	$ 59,057

Note: Beginning balance was restated to exclude 600 K Street and 111 N 12th Street properties with a net book value of $2,398 at June 30, 2013. Title to these properties were transferred prior to FY14.

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

Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
1998 Merged Downtown TABS, Series A	$ 4,530	$ -	$ (4,530)	$ -	$ -
1998 Merged Downtown TX TABS, Series B	1,475	-	(1,475)	-	-
1998 Merged Downtown TX TABS, Series C	2,510	-	(2,510)	-	-
2000 Merged Downtown, Series A	745	-	(745)	-	-
Subtotal, revenue and other bonds	$ 9,260	$ -	$ (9,260)	$ -	$ -
Notes Payable:					
1993 Merged Downtown TABS (1) (2)	$ 39,453	$ 1,913	$ (373)	$ 40,993	$ 3,268
1999 Oak Park Refunding	1,990	-	(155)	1,835	160
2002 Merged Downtown TABS	9,030	-	(1,965)	7,065	1,630
2002 Merged Downtown Master Lease	1,950	-	(1,950)	-	-
2002 Stockton Blvd Master Lease	430	-	(80)	350	80
2003 Alkali Flat TE TABS, Series C	4,785	-	(385)	4,400	400
2003 Del Paso TE TABS, Series A (1) (2)	7,734	252	-	7,986	-
2003 North Sacramento TE TABS, Series C	4,530	-	(80)	4,450	85
2005 Del Paso Master Lease	1,300	-	(160)	1,140	165
2005 Del Paso Refunding	5,335	-	(660)	4,675	695
2005 Merged Downtown Master Lease Refunding	8,865	-	(25)	8,840	2,050
2005 Merged Downtown TE, Series A (1) (2)	115,620	5,738	-	121,358	-
2005 Merged Downtown TX, Series B	32,305	-	(435)	31,870	465
2005 North Sacramento Master Lease Refund	4,190	-	(160)	4,030	180
2005 Oak Park Master Lease Refunding	1,120	-	(85)	1,035	90
2005 Oak Park TE, Series (1) (2)	9,686	150	-	9,836	-
2005 Oak Park TX, Series B	7,070	-	(820)	6,250	865
2005 Richards Master Lease Refunding	4,820	-	(190)	4,630	200
2006 65th Street TE Master Lease, Series A	1,570	-	(35)	1,535	40
2006 65th Street TX Master Lease, Series B	3,815	-	(75)	3,740	80
2006 Del Paso TE, Series A	5,200	-	(60)	5,140	60
2006 Del Paso TX, Series B	2,325	-	(135)	2,190	140
2006 North Sacramento TE Master Lease, Series A	475	-	(10)	465	10
2006 North Sacramento TX Master Lease, Series B	4,460	-	(90)	4,370	95
2006 Oak Park Refunding TE, Series A	7,830	-	(655)	7,175	680
2006 Stockton Blvd Master Lease	1,990	-	-	1,990	-
2008 BOA Public Capital Corporation	2,598	-	(118)	2,480	124
2009 Army Depot TX Swap	3,074	-	(62)	3,012	65
2009 Army Depot TE Swap	6,555	-	(155)	6,400	160
2009 River District TX Swap	2,876	-	(58)	2,818	60
2009-10 SERAF Borrowing	4,000	-	-	4,000	1,602
Boating and Waterways Loan	530	-	(79)	451	82
Globe Mills	4,478	-	(209)	4,269	222
City of Sacramento CIEDB - Utilities/Detention Basin	1,336	-	(36)	1,300	37
Franklin Blvd Redevelopment Area	152	-	(47)	105	51
North Sacramento CIEDB Loan	3,618	-	(111)	3,507	115
Railyards Parking Loan	305	1	-	306	26
Stockton Blvd CIEDB Loan	3,028	-	(95)	2,933	97
Subtotal, notes payable	320,428	8,054	(9,553)	318,929	14,079
Total, long-term debt	$ 329,688	$ 8,054	$ (18,813)	$ 318,929	$ 14,079

Notes: (1) Beginning balance was restated to reflect accreted value of the 1993 Merged Downtown TABS, 2003 Del Paso TE TABS, Series A, 2005 Merged Downtown TE TABS, Series A, and 2005 Oak Park TE, Series A for the fiscal year ended June 30, 2013.
(2) Increase in accreted value of the 1993 Merged Downtown TABS, 2003 Del Paso TE TABS, Series A, 2005 Merged Downtown TE TABS, Series A, and 2005 Oak Park TE, Series A for the fiscal year ended June 30, 2014 was recorded as additions.

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, 2014:

Fiscal Year Ending June 30,	Notes Payable	
	Principal	Interest
2015	$ 23,231	$ 6,788
2016	22,800	6,321
2017	23,184	5,852
2018	23,655	5,384
2019	21,083	4,746
2020 - 2024	112,097	15,055
2025 - 2029	105,700	9,676
2030 - 2034	84,879	4,583
2035 - 2038	15,008	451
Subtotal	431,637	58,856
Less: Unaccreted interst	(112,708)	-
Total	$ 318,929	$ 58,856

Special Item

The special item recognized in the fiduciary fund statements was for the transfer of housing loans with a book value of $3,104 at June 30, 2014 to the Housing Authority of the City of Sacramento, the designated Housing Successor Agency for the City. These loans met the definition of a housing asset pursuant to HSC section 34176 (e) (3).

Net Position (Deficit) Restatement

The beginning net position (deficit) has been restated and decreased by $99,327. The capital asset beginning balance has been restated to delete two parcels recorded in error, which were transferred on June 30, 2012. The loan receivable beginning balance has been restated to its estimated net realizable value by establishing an allowance for deferred and forgivable loans. In addition, seven loans identified as housing assets were transferred in the prior year and one loan was written off in FY12. The long-term debt beginning balance has been restated to include accreted interest on the 1993 Merged Downtown TABS, 2003 Del Paso TE TABS, Series A, 2005 Merged Downtown TE, Series A, and 2005 Oak Park TE, Series A capital appreciation bonds.

The net positon (deficit) reported in the fiduciary fund statements as of June 30, 2013, has been restated as follows:

	Private Purpose Trust Fund
Fiduciary net position (deficit), as of June 30, 2013, as originally reported	$ (100,909)
Restatements:	
Captial asset adjustment	(2,398)
Loan receivable adjustment	(35,147)
Long-term debt adjustment	(61,782)
Total restatements	(99,327)
Fiduciary net position (deficit), as of June 30, 2013, as restated	$ (200,236)

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

Subsequent Event

On July 21, 2014, the Oversight Board adopted Resolution No. 2014-0020 to authorize actions to implement the 700 Block of K Street Settlement Agreement. The Oversight Board resolved the assignment of the 700 Block of K Street Project Disposition and Development Agreement with 700 Block, LLC, the Funding Commitment Letter with the Downtown Sacramento Revitalization Corporation by the Agency, the transfer of the $1,026 in Merged Downtown tax increment bond funds allocated for the 700 Block of K Street Project to the City, the transfer of the 700 Block properties with a net book value of $20,610 at June 30, 2014 from RASA to the City, and the amendment to LRPMP to reflect the transfer.

On April 29, 2014, the Oversight Board adopted Resolution No. 2014-0002 to authorize the transfer of 38 government use parcels with a book value of $9,999 at June 30, 2014 to the City of Sacramento. DOF approved the transfer of 25 parcels and disallowed transfer of 13 parcels to the City for governmental purposes. It is their understanding that these parcels serve a commercial purpose, or are vacant lots subject to future development. Therefore, these assets do not meet the definition of governmental purpose and cannot be transferred to the City pursuant to HSC section 34181 (a). The Agency requested reconsideration of the seven disallowed transfer of parcels in the Old Sacramento Historic District to the City for governmental purpose. However, Finance upholds its determination.

OB Resolution No. 2014-0016, authorizing Exclusive Right to Negotiate Agreement (ERN) with Domus Development, LLC for the 1022-1341 Del Paso Boulevard properties, is approved by DOF. The Agency will enter in an ERN in order to establish the terms and conditions of a purchase and sales agreement that will lead to the Agency's disposition of seven properties located at 1022-1314 Del Paso Boulevard. These properties have been included in the Agency's LRPMP. However, actual disposition of the properties cannot take place until receipt of Finance's approval of the LRPMP.

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

NOTE 16 – **SHORT-TERM DEBT**

The City issued $32,630 of Tax and Revenue Anticipation Notes (TRANs) on July 18, 2013, and redeemed them on June 27, 2014. 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, 2014 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Tax and Revenue Anticipation Notes	$ -	$ 32,630	$ (32,630)	$ -

NOTE 17 – **SPECIAL ITEMS**

The City recognized two special item transactions during the fiscal year ended June 30, 2014. A special item, due to the change in estimated landfill closure liability, of $18,527 was recognized in the Solid Waste Fund. A special item for forgiveness of $2,500 of the Crocker Art Museum Association loan receivable, approved by the City Council in Resolution 2013-1444 and ratified in Resolution 2013-0247, was recognized in the government-wide statement of activities by the City during the fiscal year ended June 30, 2014.

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 $7,976 in the government-wide statement of net position as of June 30, 2014.

NOTE 19 – **RECLASSIFICATIONS AND RESTATEMENTS**

Implementation of GASB 65

For the year ended June 30, 2014, the City implemented GASB 65 which requires debt issuance costs to be expensed when incurred, instead of amortizing these costs over the life of the bonds. As a result, in accordance with the pronouncement, the beginning net position of government-wide statements and the beginning fund balance/net position of certain fund statements has been restated. In addition, the beginning net position of the City's component unit has been restated. The restatement, as shown in the tables below, is to remove debt issuance costs previously reported as deferred charges.

Fund Reclassification

The City reclassified the Marina fund from a business-type activity to a governmental activity in the fiscal year ended June 30, 2014. The City's Marina activity has been reclassified from a non-major enterprise fund to the non-major Culture and Leisure Special Revenue Fund. Beginning governmental and business-type activities net position and beginning governmental fund balance, as shown in the tables below, have been restated to reflect this reclassification.

Net position reported in the government-wide statements as of June 30, 2013, has been restated as follows:

	Net position, as of June 30, 2013, as originally reported	Restatement due to the implementation of GASB 65	Reclassification of the Marina Fund	Total Reclassifications and Restatements	Net position, as of June 30, 2013, as restated
Governmental activites	$ 1,579,083	$ (2,894)	$ (2,587)	$ (5,481)	$ 1,573,602
Business-type activites	895,888	(4,534)	2,587	(1,947)	893,941
Total	$ 2,474,971	$ (7,428)	$ -	$ (7,428)	$ 2,467,543
Component unit	$ 573	$ (362)	$ -	$ (362)	$ 211

Fund balance reported in other governmental funds as of June 30, 2013, has been restated as follows:

	Net position, as of June 30, 2013, as originally reported	Restatement due to the implementation of GASB 65	Reclassification of the Marina Fund	Total Reclassifications and Restatements	Net position, as of June 30, 2013, as restated
Other governmental funds	$ 218,855	$ -	$ 1,051	$ 1,051	$ 219,906

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

Fund Reclassification (Continued)

Net position reported in the proprietary funds as of June 30, 2013, has been restated as follows:

	Net position, as of June 30, 2013, as originally reported	Restatement due to the implementation of GASB 65	Reclassification of the Marina Fund	Total Reclassifications and Restatements	Net position, as of June 30, 2013, as restated
Water Fund	$ 387,070	$ (2,891)	$ -	$ (2,891)	$ 384,179
Wastewater Fund	126,876	(493)	-	(493)	126,383
Storm Drainage Fund	299,645	(31)	-	(31)	299,614
Solid Waste Fund	(2,888)	(145)	-	(145)	(3,033)
Community Center Fund	44,798	(764)	-	(764)	44,034
Other enterprise funds	40,387	(210)	2,587	2,377	42,764
Total	$ 895,888	$ (4,534)	$ 2,587	$ (1,947)	$ 893,941
Internal service funds	$ 94,104	$ (25)	$ -	$ (25)	$ 94,079

NOTE 20 – **SUBSEQUENT EVENT**

On July 30, 2014, the City entered into a forward bond purchase agreement in connection with the Entertainment and Sport Center (ESC) project and financing plan approved by the City Council on May 20, 2014. The forward commitment allows for the simultaneous close of the financing with Sacramento Basketball Holdings, LLC (SBH), the owners of the Sacrament Kings NBA Basketball franchise, in summer 2014 and the commencement of construction, and ensures that the City will have the funds available after all outstanding matters have been resolved. Development of the ESC is expected to transform Downtown Plaza into a center of entertainment and activity and provide Sacramento with a first-class venue for sports, entertainment and cultural events.

The total development cost for ESC is estimated to be $477,000. Of that amount, $223,130 in cash will come from the City of Sacramento and $253,870 will come from SBH and their affiliates. The City's cash contributions come from three sources: a) net proceeds from sale of lease-revenue bonds backed by General Fund totaling $212,500, b) Parking Fund $5,630, and c) Master Owner Participation Agreement (MOPA) Fund proceeds from the City's sale of the Sheraton Grand Hotel $5,000. The gross borrowing of the lease-revenue bonds – including the debt service reserve, capitalized interest and the cost of issuance is estimated at $298,400 (and may not exceed $325,000). The source of the annual debt-service payments will be revenues generated by the City's parking system, ESC facility lease payments made to the City, other ESC generated revenues, and hotel taxes.

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Required Supplementary Information

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

Actuarial Valuation Date	Actuarial Value of Assets (a) *	Actuarial Accrued Liability (AAL) – Entry Age (b)	(Overfunded) Unfunded AAL (b) – (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	(Overfunded) Unfunded AAL as a % of Covered Payroll {(b)-(a)}/(c)
CalPERS - Miscellaneous						
6/30/11	$ 660	$ 819	$ 159	81%	$ 165	96%
6/30/12	709	861	152	82	151	101
6/30/13	677	914	237	74	151	157
CalPERS - Safety						
6/30/11	1,035	1,249	214	83	109	196
6/30/12	1,077	1,313	236	82	108	219
6/30/13	992	1,371	379	72	104	364
SCERS						
6/30/12	294	389	95	76	3	3,211
6/30/13	292	382	90	76	2	3,949
6/30/14	313	373	60	84	2	2,643

* Beginning with the June 30, 2013 valuation, Actuarial Value of Assets equal Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

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

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Valued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2011	$ -	$ 440	$ 440	0.00%	$ 254	173.4%
6/30/2012	-	447	447	0.00	262	170.9
6/30/2013	-	434	434	0.00	257	168.4

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.

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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.

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City of Sacramento
Other Governmental Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	Special Revenue Funds	Other Debt Service Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS					
Cash and investments held by City	$ 126,966	$ 7,397	$ 63,134	$ 5,200	$ 202,697
Cash and investments held by fiscal agent	16	294	-	-	310
Securities lending assets	255	-	67	250	572
Receivables, net:					
Accounts	3,736	-	19	-	3,755
Loans	1,266	3,934	2,500	-	7,700
Intergovernmental	9,822	42,523	-	-	52,345
Interest	92	2	114	11	219
Prepaid items	24	-	-	-	24
Restricted assets:					
Cash and investments held by City	669	826	7,800	-	9,295
Cash and investments held by fiscal agent	732	15,565	-	-	16,297
Total assets	$ 143,578	$ 70,541	$ 73,634	$ 5,461	$ 293,214
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Securities lending obligations	$ 715	$ -	$ 1,065	$ 270	$ 2,050
Accounts payable	6,193	-	1,637	-	7,830
Accrued payroll	177	-	-	-	177
Accrued claims and judgements	1,601	-	-	-	1,601
Matured notes and interest payable	662	-	-	-	662
Deposits	1,258	846	95	-	2,199
Unearned revenue	345	-	604	-	949
Advances from other funds	7,241	-	-	-	7,241
Total liabilities	18,192	846	3,401	270	22,709
Deferred Inflows of resources:					
Unavailable revenue	5,595	46,009	2,514	-	54,118
Total deferred inflows of resources	5,595	46,009	2,514	-	54,118
Fund balances:					
Nonspendable:					
Prepaid items	24	-	-	-	24
Noncurrent assets	-	451	-	-	451
Permanent fund principal	-	-	-	878	878
Restricted:					
Capital projects	56,963	-	67,259	-	124,222
Debt service	1,983	15,565	-	-	17,548
Public works programs	11,830	-	-	-	11,830
Economic development programs	22,484	-	-	-	22,484
Other programs	25,151	-	460	4,313	29,924
Committed:					
Capital projects	3,288	-	-	-	3,288
Debt service	-	6,583	-	-	6,583
Economic development programs	5,125	-	-	-	5,125
Other programs	3,382	-	-	-	3,382
Assigned:					
Debt service	-	973	-	-	973
Unrealized investment gains	-	3	-	-	3
Other programs	1,721	111	-	-	1,832
Unassigned	(12,160)	-	-	-	(12,160)
Total fund balances	119,791	23,686	67,719	5,191	216,387
Total liabilities, deferred inflows of resources and fund balances	$ 143,578	$ 70,541	$ 73,634	$ 5,461	$ 293,214

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City of Sacramento

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

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Special Revenue Funds	Other Debt Service Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:					
Taxes	$ 3,061	$ -	$ -	$ -	$ 3,061
Intergovernmental	58,531	3,135	-	-	61,666
Charges for services	7,570	-	-	-	7,570
Fines, forfeits and penalties	654	-	-	-	654
Interest, rents, and concessions	4,118	2,919	747	747	8,531
Community service fees	3,175	-	1,518	-	4,693
Assessment levies	36,298	-	2,322	-	38,620
Contributions and donations	1,699	1,355	11	1	3,066
Miscellaneous	289	-	-	-	289
Total revenues	115,395	7,409	4,598	748	128,150
Expenditures:					
Current:					
General government	3,170	-	278	99	3,547
Police	8,851	-	-	-	8,851
Fire	4,190	-	-	-	4,190
General services	128	-	-	-	128
Public works	28,936	-	-	-	28,936
Convention, culture and leisure	5,756	-	-	-	5,756
Economic development	9,814	-	-	-	9,814
Parks and recreation	17,031	-	162	-	17,193
Community development	3,975	-	289	-	4,264
Library	4,846	-	-	-	4,846
Utilities	512	-	-	-	512
Capital outlay	23,856	-	6,927	-	30,783
Debt service:					
Principal	1,602	19,360	429	-	21,391
Interest and fiscal charges	1,393	17,529	52	-	18,974
Total expenditures	114,060	36,889	8,137	99	159,185
Excess (deficiency) of revenues over (under) expenditures	1,335	(29,480)	(3,539)	649	(31,035)
Other financing sources (uses):					
Transfers in	5,095	28,565	-	-	33,660
Transfers out	(4,361)	(86)	(6,651)	-	(11,098)
Issuance of long-term debt	-	-	52	-	52
Proceeds from sale of capital assets	597	4,305	-	-	4,902
Total other financing sources (uses)	1,331	32,784	(6,599)	-	27,516
Net change in fund balances	2,666	3,304	(10,138)	649	(3,519)
Fund balances, beginning of year, as restated	117,125	20,382	77,857	4,542	219,906
Fund balances, end of year	$ 119,791	$ 23,686	$ 67,719	$ 5,191	$ 216,387

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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 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, Marina, 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 where special assessments or special taxes are levied. 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, 2014
(in thousands)

	Transportation and Development Fund	Culture and Leisure Fund	Parks and Recreation Fund	Economic Development Fund
ASSETS				
Cash and investments held by City	$ 57,655	$ 3,856	$ 13,600	$ 26,471
Cash and investments held by fiscal agent	-	16	-	-
Securities lending assets	-	-	208	47
Receivables, net:				
Accounts	727	318	116	-
Loans	-	61	-	1,205
Intergovernmental	3,822	-	849	-
Interest	-	-	3	89
Prepaid items	-	-	11	-
Restricted assets:				
Cash and investments held by City	-	70	-	-
Cash and investments held by fiscal agent	-	732	-	-
Total assets	$ 62,204	$ 5,053	$ 14,787	$ 27,812
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Securities lending obligations	$ 222	$ -	$ 299	$ 194
Accounts payable	2,457	25	731	-
Accrued payroll	-	22	141	-
Accrued claims and judgements	1,601	-	-	-
Matured notes and interest payable	-	662	-	-
Deposits	889	143	135	-
Unearned revenue	-	22	231	-
Advances from other funds	-	7,241	-	-
Total liabilities	5,169	8,115	1,537	194
Deferred Inflows of resources:				
Unavailable revenue	2122	147	74	9
Total deferred inflows of resources	2122	147	74	9
Fund balances:				
Nonspendable:				
Prepaid items	-	-	11	-
Restricted:				
Capital projects	42,880	-	8,853	-
Debt service	-	802	-	-
Public works programs	11,830	-	-	-
Economic development programs	-	-	-	22,484
Other programs	-	2,038	2,592	-
Committed:				
Capital projects	240	447	101	-
Economic development programs	-	-	-	5,125
Other programs	1,752	11	1,619	-
Assigned:				
Other programs	-	598	-	-
Unassigned	(1,789)	(7,105)	-	-
Total fund balances (deficit)	54,913	(3,209)	13,176	27,609
Total liabilities, deferred inflows of resources and fund balances	$ 62,204	$ 5,053	$ 14,787	$ 27,812

City of Sacramento
Special Revenue Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	Operating Grants Fund	CCOMWP Fund	Special Districts Special Revenue Fund	Cal EPA Fund	Total Special Revenue Funds
ASSETS					
Cash and investments held by City	$ 2,795	$ 1,587	$ 17,416	$ 3,586	$ 126,966
Cash and investments held by fiscal agent	-	-	-	-	16
Securities lending assets	-	-	-	-	255
Receivables, net:					
Accounts	1,051	321	1,203	-	3,736
Loans	-	-	-	-	1,266
Intergovernmental	5,114	-	-	37	9,822
Interest	-	-	-	-	92
Prepaid items	10	3	-	-	24
Restricted assets:					
Cash and investments held by City	-	-	599	-	669
Cash and investments held by fiscal agent	-	-	-	-	732
Total assets	$ 8,970	$ 1,911	$ 19,218	$ 3,623	$ 143,578
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Securities lending obligations	$ -	$ -	$ -	$ -	$ 715
Accounts payable	1,895	183	902	-	6,193
Accrued payroll	-	14	-	-	177
Accrued claims and judgements	-	-	-	-	1,601
Matured notes and interest payable	-	-	-	-	662
Deposits	91	-	-	-	1,258
Unearned revenue	92	-	-	-	345
Advances from other funds	-	-	-	-	7,241
Total liabilities	2,078	197	902	-	18,192
Deferred Inflows of resources:					
Unavailable revenue	3,243	-	-	-	5,595
Total deferred inflows of resources	3,243	-	-	-	5,595
Fund balances:					
Nonspendable:					
Prepaid items	10	3	-	-	24
Restricted:					
Capital projects	-	-	5,230	-	56,963
Debt service	-	-	1,181	-	1,983
Public works programs	-	-	-	-	11,830
Economic development programs	-	-	-	-	22,484
Other programs	6,892	1,711	11,918	-	25,151
Committed:					
Capital projects	-	-	-	2,500	3,288
Economic development programs	-	-	-	-	5,125
Other programs	-	-	-	-	3,382
Assigned:					
Other programs	-	-	-	1,123	1,721
Unassigned	(3,253)	-	(13)	-	(12,160)
Total fund balances (deficit)	3,649	1,714	18,316	3,623	119,791
Total liabilities, deferred inflows of resources and fund balances	$ 8,970	$ 1,911	$ 19,218	$ 3,623	$ 143,578

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City of Sacramento

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2014

(in thousands)

	Transportation and Development Fund	Culture and Leisure Fund	Parks and Recreation Fund	Economic Development Fund
Revenues:				
Taxes	$ 595	$ -	$ -	$ 2,466
Intergovernmental	36,267	-	4,983	-
Charges for services	5,005	1,424	291	-
Fines, forfeits and penalties	654	-	-	-
Interest, rents, and concessions	537	1,555	1,490	291
Community service fees	197	-	2,978	-
Assessment levies	90	-	-	-
Contributions and donations	-	38	245	-
Miscellaneous	-	19	-	270
Total revenues	43,345	3,036	9,987	3,027
Expenditures:				
Current:				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
General services	-	-	-	-
Public works	17,028	-	-	-
Convention, culture and leisure	-	1,055	-	-
Economic development	-	-	-	1,643
Parks and recreation	-	-	9,351	-
Community development	3,736	-	-	-
Library	-	-	-	-
Utilities	-	-	-	-
Capital outlay	19,961	252	1,830	-
Debt service:				
Principal	-	1,122	-	-
Interest and fiscal charges	-	1,291	-	-
Total expenditures	40,725	3,720	11,181	1,643
Excess (deficiency) of revenues over (under) expenditures	2,620	(684)	(1,194)	1,384
Other financing sources (uses):				
Transfers in	3,968	-	553	119
Transfers out	(3,553)	-	(288)	(119)
Proceeds from sale of capital assets	-	-	-	597
Total other financing sources (uses)	415	-	265	597
Net change in fund balances	3,035	(684)	(929)	1,981
Fund balances (deficit), beginning of year, as restated	51,878	(2,525)	14,105	25,628
Fund balances (deficit), end of year	$ 54,913	$ (3,209)	$ 13,176	$ 27,609

City of Sacramento

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2014

(in thousands)

	Operating Grants Fund	CCOMWP Fund	Special Districts Special Revenue Fund	Cal EPA Fund	Total Special Revenue Funds
Revenues:					
Taxes	$ -	$ -	$ -	$ -	$ 3,061
Intergovernmental	15,405	1,695	-	181	58,531
Charges for services	850	-	-	-	7,570
Fines, forfeits and penalties	-	-	-	-	654
Interest, rents, and concessions	-	13	201	31	4,118
Community service fees	-	-	-	-	3,175
Assessment levies	-	-	36,208	-	36,298
Contributions and donations	1,416	-	-	-	1,699
Miscellaneous	-	-	-	-	289
Total revenues	17,671	1,708	36,409	212	115,395
Expenditures:					
Current:					
General government	-	2,304	866	-	3,170
Police	8,851	-	-	-	8,851
Fire	4,190	-	-	-	4,190
General services	17	-	100	11	128
Public works	-	-	11,908	-	28,936
Convention, culture and leisure	67	-	4,634	-	5,756
Economic development	1,536	-	6,635	-	9,814
Parks and recreation	2,016	-	5,664	-	17,031
Community development	103	-	136	-	3,975
Library	-	-	4,846	-	4,846
Utilities	-	-	512	-	512
Capital outlay	478	-	1,335	-	23,856
Debt service:					
Principal	-	-	480	-	1,602
Interest and fiscal charges	-	-	102	-	1,393
Total expenditures	17,258	2,304	37,218	11	114,060
Excess (deficiency) of revenues over (under) expenditures	413	(596)	(809)	201	1,335
Other financing sources (uses):					
Transfers in	-	455	-	-	5,095
Transfers out	-	-	(401)	-	(4,361)
Proceeds from sale of capital assets	-	-	-	-	597
Total other financing sources (uses)	-	455	(401)	-	1,331
Net change in fund balances	413	(141)	(1,210)	201	2,666
Fund balances (deficit), beginning of year, as restated	3,236	1,855	19,526	3,422	117,125
Fund balances (deficit), end of year	$ 3,649	$ 1,714	$ 18,316	$ 3,623	$ 119,791

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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, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 21,619	$ 22,019	$ 24,099	$ 2,080
Fines, forfeits and penalties	800	400	654	254
Interest, rents, and concessions	213	213	223	10
Total revenues	22,632	22,632	24,976	2,344
Expenditures:				
Current:				
Public works	17,030	17,418	16,758	660
Capital outlay	18,739	17,507	7,315	10,192
Total expenditures	35,769	34,925	24,073	10,852
Net change in fund balance for budgeted activities	$ (13,137)	$ (12,293)	903	$ 13,196
Net change in fund balance for Transportation and Development Special Revenue Fund activities for which annual budgets are not adopted.			2,132	
Net change in fund balance			$ 3,035	

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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, 2014
(in thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Charges for services	$ 1,435	$ 1,687	$ 1,424	$ (263)
Interest, rents and concessions	1,521	1,521	1,540	19
Contributions and donations	45	45	38	(7)
Total revenues	3,001	3,253	3,002	(251)
Expenditures:				
Current:				
Convention, culture and leisure	1,077	1,367	1,055	312
Capital outlay	623	705	238	467
Debt service:				
Principal	1,171	1,034	1,122	(88)
Interest and fiscal charges	1,252	810	1,291	(481)
Total expenditures	4,123	3,916	3,706	210
Net change in fund balance for budgeted activities	$ (1,122)	$ (663)	(704)	$ (41)
Net change in fund balance for Culture and Leisure Special Revenue Fund activities for which annual budgets are not adopted.			20	
Net change in fund balance			$ (684)	

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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, 2014
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 5,208	$ 5,524	$ 4,983	$ (541)
Charges for services	10	10	291	281
Interest, rents and concessions	702	702	987	285
Community service fees	1,704	1,791	2,144	353
Contributions and donations	12	12	9	(3)
Total revenues	7,636	8,039	8,414	375
Expenditures:				
Current:				
Parks and recreation	8,254	8,774	8,943	(169)
Capital outlay	82	101	-	101
Total expenditures	8,336	8,875	8,943	(68)
Excess (deficiency) of revenues over (under) expenditures	(700)	(836)	(529)	307
Other financing sources (uses):				
Transfers in	553	553	553	-
Transfers out	-	-	(19)	(19)
Total other financing sources (uses)	553	553	534	(19)
Net change in fund balance for budgeted activities	$ (147)	$ (283)	5	$ 288
Net change in fund balance for Parks and Recreation Special Revenue Fund activities for which annual budgets are not adopted.			(934)	
Net change in fund balance			$ (929)	

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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, 2014

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 1,023	$ 1,613	$ 1,695	$ 82
Interest, rents and concessions	-	-	13	13
Total revenues	1,023	1,613	1,708	95
Expenditures:				
Current:				
General government	2,730	3,320	2,304	1,016
Excess (deficiency) of revenues over (under) expenditures	(1,707)	(1,707)	(596)	1,111
Other financing sources				
Operating transfers in	455	455	455	-
Net change in fund balance	$ (1,252)	$ (1,252)	$ (141)	$ 1,111

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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, 2014
(in thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Interest, rents, and concessions	$ -	$ -	$ 201	$ 201
Assessment levies	32,676	36,111	36,208	97
Total revenues	32,676	36,111	36,409	298
Expenditures:				
Current:				
General government	852	818	866	(48)
General services	112	112	100	12
Public works	12,702	11,801	11,908	(107)
Convention, culture and leisure	2,128	5,218	4,634	584
Economic development	6,978	8,975	6,635	2,340
Parks and recreation	5,466	5,693	5,664	29
Community development	150	150	136	14
Library	4,889	4,889	4,846	43
Utilities	1,120	805	512	293
Capital outlay	4,064	4,064	1,335	2,729
Debt service:				
Principal	480	480	480	-
Interest and fiscal charges	102	102	102	-
Total expenditures	39,043	43,107	37,218	5,889
Other financing sources (uses):				
Transfers out	-	-	(401)	401
Total other financing sources (uses)	-	-	(401)	401
Net change in fund balance	$ (6,367)	$ (6,996)	$ (1,210)	$ (5,190)

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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, 2014

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 7,874	$ 7,874	$ 181	$ (7,693)
Interest, rents, and concessions	-	-	31	31
Total revenues	7,874	7,874	212	(7,662)
Expenditures:				
Current:				
General services	7,702	7,702	11	7,691
Net change in fund balance	$ 172	$ 172	$ 201	$ 29

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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 and for the debt service activity related to the partial refunding of the City of Sacramento's 1991 Marks-Roos Revenue Bond issuance.

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.

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.

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.

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.

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City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	1993 Series A Revenue Bond Fund	1993 Series B Revenue Bond Fund	2002 Capital Improvement Revenue Bond Fund
ASSETS			
Assets:			
Cash and investments held by City	$ 24	$ 381	$ 132
Cash and investments held by fiscal agent	26	72	-
Receivables, net:			
Loans	-	-	-
Intergovernmental	-	-	350
Interest	1	1	-
Restricted assets:			
Cash and investments held by City	-	-	-
Cash and investments held by fiscal agent	1,212	3,314	-
Total assets	$ 1,263	$ 3,768	$ 482
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Deposits	$ -	$ -	$ -
Total liabilities	-	-	-
Deferred Inflows of resources:			
Unavailable revenue	1	1	350
Total deferred inflows of resources	1	1	350
Fund balances:			
Nonspendable:			
Noncurrent assets	-	-	-
Restricted:			
Debt service	1,212	3,314	-
Committed:			
Debt service	-	-	-
Assigned:			
Debt service	49	451	21
Unrealized investment gains	1	2	-
Other programs	-	-	111
Total fund balances	1,262	3,767	132
Total liabilities, deferred inflows of resources and fund balances	$ 1,263	$ 3,768	$ 482

(continued)

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	2005 Refunding Revenue Bond Fund	2006 Series A Revenue Bond Fund	2006 Series B Revenue Bond Fund
ASSETS			
Assets:			
Cash and investments held by City	$ -	$ 85	$ 6,708
Cash and investments held by fiscal agent	-	158	38
Receivables, net:			
Loans	-	3,484	-
Intergovernmental	19,675	7,702	12,806
Interest	-	-	-
Restricted assets:			
Cash and investments held by City	-	826	-
Cash and investments held by fiscal agent	-	6,808	3,960
Total assets	$ 19,675	$ 19,063	$ 23,512
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Deposits	$ -	$ 826	$ 20
Total liabilities	-	826	20
Deferred Inflows of resources:			
Unavailable revenue	19,675	11,186	12,806
Total deferred inflows of resources	19,675	11,186	12,806
Fund balances:			
Nonspendable:			
Noncurrent assets	-	-	-
Restricted:			
Debt service	-	6,808	3,960
Committed:			
Debt service	-	-	6,583
Assigned:			
Debt service	-	243	143
Unrealized investment gains	-	-	-
Other programs	-	-	-
Total fund balances	-	7,051	10,686
Total liabilities, deferred inflows of resources and fund balances	$ 19,675	$ 19,063	$ 23,512

(continued)

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	2006 Series D Revenue Bond Fund	2006 Series E Revenue Bond Fund	Other City Debt Fund	Total Other Debt Service Funds
ASSETS				
Assets:				
Cash and investments held by City	$ 3	$ 45	$ 19	$ 7,397
Cash and investments held by fiscal agent	-	-	-	294
Receivables, net:				
Loans	-	-	450	3,934
Intergovernmental	-	1,990	-	42,523
Interest	-	-	-	2
Restricted assets:				
Cash and investments held by City	-	-	-	826
Cash and investments held by fiscal agent	-	-	271	15,565
Total assets	$ 3	$ 2,035	$ 740	$ 70,541
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Deposits	$ -	$ -	$ -	$ 846
	-	-		
Total liabilities	-	-	-	846
Deferred Inflows of resources:				
Unavailable revenue	-	1,990	-	46,009
Total deferred inflows of resources	-	1,990	-	46,009
Fund balances:				
Nonspendable:				
Noncurrent assets	-	-	451	451
Restricted:				
Debt service	-	-	271	15,565
Committed:				
Debt service	-	-	-	6,583
Assigned:				
Debt service	3	45	18	973
Unrealized investment gains	-	-	-	3
Other programs	-	-	-	111
Total fund balances	3	45	740	23,686
Total liabilities, deferred inflows of resources and fund balances	$ 3	$ 2,035	$ 740	$ 70,541

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City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	1993 Series A Revenue Bond Fund	1993 Series B Revenue Bond Fund	2002 Capital Improvement Revenue Bond Fund	2002 Refunding Revenue Bond Light Rail Projects Fund
Revenues:				
Intergovernmental	$ -	$ -	$ 2,030	$ -
Interest, rents, and concessions	9	25	63	-
Contributions from property owners	-	-	-	-
Total revenues	9	25	2,093	-
Expenditures:				
Debt service:				
Principal	709	2,022	4,995	-
Interest and fiscal charges	355	985	199	-
Total expenditures	1,064	3,007	5,194	-
Excess (deficiency) of revenues over (under) expenditures	(1,055)	(2,982)	(3,101)	-
Other financing sources:				
Transfers in	1,031	2,925	2,953	-
Transfers out	-	-	-	(39)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	1,031	2,925	2,953	(39)
Net change in fund balances	(24)	(57)	(148)	(39)
Fund balances, beginning of year	1,286	3,824	280	39
Fund balances, end of year	$ 1,262	$ 3,767	$ 132	$ -

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014
(in thousands)

	2002 Refunding Revenue Bond Public Facilities Projects Fund	2003 Capital Improvement Revenue Bond Fund	2005 Refunding Revenue Bond Fund
Revenues:			
Intergovernmental	$ -	$ -	$ 620
Interest, rents, and concessions	-	-	978
Contributions from property owners	-	-	-
Total revenues	-	-	1,598
Expenditures:			
Debt service:			
Principal	-	5,510	1,205
Interest and fiscal charges	-	874	2,732
Total expenditures	-	6,384	3,937
Excess (deficiency) of revenues over (under) expenditures	-	(6,384)	(2,339)
Other financing sources:			
Transfers in	-	6,384	2,339
Transfers out	(47)	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	(47)	6,384	2,339
Net change in fund balances	(47)	-	-
Fund balances, beginning of year	47	-	-
Fund balances, end of year	$ -	$ -	$ -

(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, 2014
(in thousands)

	2006 Series A Revenue Bond Fund	2006 Series B Revenue Bond Fund	2006 Series C Revenue Bond Fund	2006 Series D Revenue Bond Fund
Revenues:				
Intergovernmental	$ 200	$ 285	$ -	$ -
Interest, rents, and concessions	816	902	-	-
Contributions and donations	1,355	-	-	-
Total revenues	2,371	1,187	-	-
Expenditures:				
Debt service:				
Principal	3,095	1,000	-	620
Interest and fiscal charges	3,763	2,959	1,278	109
Total expenditures	6,858	3,959	1,278	729
Excess (deficiency) of revenues over (under) expenditures	(4,487)	(2,772)	(1,278)	(729)
Other financing sources:				
Transfers in	4,268	2,386	1,278	729
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	4,305	-	-
Total other financing sources (uses)	4,268	6,691	1,278	729
Net change in fund balances	(219)	3,919	-	-
Fund balances, beginning of year	7,270	6,767	-	3
Fund balances, end of year	$ 7,051	$ 10,686	$ -	$ 3

(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, 2014
(in thousands)

	2006 Series E Revenue Bond Fund	Other City Debt Fund	Total Other Debt Service Funds
Revenues:			
Intergovernmental	$ -	$ -	$ 3,135
Interest, rents, and concessions	104	22	2,919
Contributions and donations	-	-	1,355
Total revenues	104	22	7,409
Expenditures:			
Debt service:			
Principal	-	204	19,360
Interest and fiscal charges	4,130	145	17,529
Total expenditures	4,130	349	36,889
Excess (deficiency) of revenues over (under) expenditures	(4,026)	(327)	(29,480)
Other financing sources:			
Transfers in	4,026	246	28,565
Transfers out	-	-	(86)
Proceeds from sale of capital assets	-	-	4,305
Total other financing sources (uses)	4,026	246	32,784
Net change in fund balances	-	(81)	3,304
Fund balances, beginning of year	45	821	20,382
Fund balances, end of year	$ 45	$ 740	$ 23,686

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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 developer impact fees authorized under financing plans.

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.

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City of Sacramento
Other Capital Projects Funds
Combining Balance Sheet
June 30, 2014
(in thousands)

	General Fund Capital Projects Fund	Crocker Art Museum Expansion Fund	Financing Plans Fund	Special Districts Capital Projects Fund	Total Other Capital Projects Funds
ASSETS					
Cash and investments held by City	$ 236	$ 195	$ 53,950	$ 8,753	$ 63,134
Securities lending assets	-	-	67	-	67
Receivables, net:					
Accounts	-	-	14	5	19
Loans	-	2,500	-	-	2,500
Interest	-	-	114	-	114
Restricted assets:					
Cash and investments held by City	7,705	95	-	-	7,800
Total assets	$ 7,941	$ 2,790	$ 54,145	$ 8,758	$ 73,634
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Securities lending obligations	$ 169	$ 195	$ 647	$ 54	$ 1,065
Accounts payable	143	-	1,408	86	1,637
Deposits	-	-	95	-	95
Unearned revenue	-	-	604	-	604
Total liabilities	312	195	2,754	140	3,401
Deferred Inflows of resources:					
Unavailable revenue	-	2,500	14	-	2,514
Total deferred inflows of resources	-	2,500	14	-	2,514
Fund balances:					
Restricted:					
Capital projects	7,629	95	50,917	8,618	67,259
Other programs	-	-	460	-	460
Total fund balances	7,629	95	51,377	8,618	67,719
Total liabilities, deferred inflows of resources and fund balances	$ 7,941	$ 2,790	$ 54,145	$ 8,758	$ 73,634

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City of Sacramento

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

For the Fiscal Year Ended June 30, 2014
(in thousands)

	General Fund Capital Projects Fund	Crocker Art Museum Expansion Fund	Financing Plans Fund	Special Districts Capital Projects Fund	Total Other Capital Projects Funds
Revenues:					
Interest, rents, and concessions	$ 73	$ 3	$ 594	$ 77	$ 747
Community service fees	-	-	1,518	-	1,518
Assessment levies	-	-	-	2,322	2,322
Miscellaneous	-	-	11	-	11
Total revenues	73	3	2,123	2,399	4,598
Expenditures:					
Current:					
General government	-	-	256	22	278
Parks and recreation	-	-	162	-	162
Community development	-	-	289	-	289
Capital outlay	1,071	-	3,903	1,953	6,927
Debt service:					
Principal	-	-	429	-	429
Interest and fiscal charges	-	-	52	-	52
Total expenditures	1,071	-	5,091	1,975	8,137
(Deficiency) excess of revenues (under) over expenditures	(998)	3	(2,968)	424	(3,539)
Other financing sources (uses):					
Transfers out	-	-	(6,651)	-	(6,651)
Issuance of long-term debt	-	-	52	-	52
Total other financing sources (uses)	-	-	(6,599)	-	(6,599)
Net change in fund balances	(998)	3	(9,567)	424	(10,138)
Fund balances, beginning of year, as restated	8,627	92	60,944	8,194	77,857
Fund balances, end of year	$ 7,629	$ 95	$ 51,377	$ 8,618	$ 67,719

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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, 2014
(in thousands)

	Ann Land Fund	Bertha Henschel Fund	George Clark Scholarship Fund
ASSETS			
Cash and investments held by City	$ 954	$ 2,858	$ 1,002
Securities lending assets	38	114	98
Receivables, net:			
Interest	2	7	2
Total assets	$ 994	$ 2,979	$ 1,102
LIABILITIES			
Liabilities:			
Securities lending obligations	$ 42	$ 128	$ 100
Total liabilities	42	128	100
Fund balances:			
Nonspendable:			
Permanent fund principal	272	278	25
Restricted:			
Other programs	680	2,573	977
Total fund balances	952	2,851	1,002
Total liabilities and fund balances	$ 994	$ 2,979	$ 1,102

City of Sacramento

Permanent Funds

Combining Balance Sheet

June 30, 2014
(in thousands)

	Alice Miller Fund	Sacramento History Museum Fund	Total Permanent Funds
ASSETS			
Cash and investments held by City	$ 50	$ 336	$ 5,200
Securities lending assets	-	-	250
Receivables, net:			
Interest	-	-	11
Total assets	$ 50	$ 336	$ 5,461
LIABILITIES			
Liabilities:			
Securities lending obligations	$ -	$ -	$ 270
Total liabilities	-	-	270
Fund balances:			
Nonspendable:			
Permanent fund principal	3	300	878
Restricted:			
Other programs	47	36	4,313
Total fund balances	50	336	5,191
Total liabilities and fund balances	$ 50	$ 336	$ 5,461

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City of Sacramento

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Ann Land Fund	Bertha Henschel Fund	George Clark Scholarship Fund
Revenues:			
Interest, rents, and concessions	$ 144	$ 432	$ 168
Contributions and donations	-	1	-
Total revenues	144	433	168
Expenditures:			
Current:			
General government	19	57	23
Net change in fund balances	125	376	145
Fund balances, beginning of year	827	2,475	857
Fund balances, end of year	$ 952	$ 2,851	$ 1,002

City of Sacramento

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Alice Miller Fund	Sacramento History Museum Fund	Total Permanent Funds
Revenues:			
Interest, rents, and concessions	$ -	$ 3	$ 747
Contributions and donations	-	-	1
Total revenues	-	3	748
Expenditures:			
Current:			
General government	-	-	99
Net change in fund balances	-	3	649
Fund balances, beginning of year	50	333	4,542
Fund balances, end of year	$ 50	$ 336	$ 5,191

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

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City of Sacramento
Other Enterprise Funds
Combining Statement of Net Position
June 30, 2014
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
ASSETS			
Current assets:			
Cash and investments held by City	$ 32,472	$ 53	$ 32,525
Cash and investments held by fiscal agent	39	-	39
Securities lending assets	71	-	71
Receivables, net:			
Accounts	826	189	1,015
Loans	85	-	85
Intergovernmental	-	56	56
Interest	122	-	122
Prepaid items	113	7	120
Intangible asset, current portion	-	8	8
Total current assets	33,728	313	34,041
Noncurrent assets:			
Restricted assets:			
Cash and investments held by City	-	36	36
Cash and investments held by fiscal agent	1,790	-	1,790
Loans receivable	476	-	476
Intangible assets	-	167	167
Capital assets:			
Land	5,825	-	5,825
Buildings and improvements	60,087	1,546	61,633
Machinery and equipment	7,699	-	7,699
Software	4	-	4
Less: accumulated depreciation/amortization	(35,125)	(793)	(35,918)
Total noncurrent assets	40,756	956	41,712
Total assets	74,484	1,269	75,753
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of debt	1,522	-	1,522
Total deferred outflows of resources	1,522	-	1,522

City of Sacramento

Other Enterprise Funds

Combining Statement of Net Position

June 30, 2014
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
LIABILITIES			
Current liabilities:			
Securities lending obligations	241	-	241
Accounts payable	945	169	1,114
Accrued payroll	108	200	308
Accrued compensated absences	14	18	32
Interest payable	173	-	173
Deposits	18	-	18
Unearned revenue	414	52	466
Accrued claims and judgements	16	13	29
Revenue and other bonds payable, net	2,163	-	2,163
Notes payable	-	20	20
Total current liabilities	4,092	472	4,564
Noncurrent liabilities:			
Accrued compensated absences	200	276	476
OPEB liability	1,201	192	1,393
Revenue and other bonds payable, net	28,188	-	28,188
Total noncurrent liabilities	29,589	468	30,057
Total liabilities	33,681	940	34,621
NET POSITION			
Net investment in capital assets	13,864	733	14,597
Unrestricted	28,461	(404)	28,057
Total net position	$ 42,325	$ 329	$ 42,654

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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, 2014
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
Operating revenues:			
Charges for services:			
User fees and charges	$ 17,771	$ 5,632	$ 23,403
Rents and concessions	872	-	872
Miscellaneous	3	-	3
Total operating revenues	18,646	5,632	24,278
Operating expenses:			
Employee services	3,387	5,317	8,704
Services and supplies	8,142	878	9,020
Depreciation/amortization	2,114	77	2,191
Claims and judgements	-	25	25
Total operating expenses	13,643	6,297	19,940
Operating income (loss)	5,003	(665)	4,338
Nonoperating revenues (expenses):			
Interest and investment revenue	374	(4)	370
Revenue from other agencies	2	496	498
Interest expense	(1,588)	-	(1,588)
Amortization of bond prepaid insurance	(7)	-	(7)
Total nonoperating revenues (expenses)	(1,219)	492	(727)
Income (loss) before transfers	3,784	(173)	3,611
Transfers in	1	-	1
Transfers out	(3,722)	-	(3,722)
Change in net position	63	(173)	(110)
Total net position (deficit), beginning of year, as restated	42,262	502	42,764
Total net position (deficit), end of year	$ 42,325	$ 329	$ 42,654

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City of Sacramento

Other Enterprise Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	$ 18,547	$ 5,604	$ 24,151
Payments to suppliers	(8,193)	(803)	(8,996)
Payments to employees	(3,219)	(5,261)	(8,480)
Claims and judgements paid	-	(23)	(23)
Net cash provided by (used for) operating activities	7,135	(483)	6,652
Cash flows from noncapital financing activities:			
Transfers in from other funds	1	-	1
Transfers out to other funds	(2,034)	-	(2,034)
Intergovernmental revenue received	2	463	465
Net cash provided by (used for) noncapital financing activities	(2,031)	463	(1,568)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(505)	-	(505)
Principal payments on capital debt	(2,032)	(20)	(2,052)
Interest payments on capital debt	(1,534)	-	(1,534)
Transfers out to other funds	(1,688)	-	(1,688)
Net cash provided by (used for) capital and related financing activities	(5,759)	(20)	(5,779)
Cash flows from investing activities:			
Collection of interest and investment revenue	391	(4)	387
Loan repayments received	85	-	85
Net cash provided by (used for) investing activities	476	(4)	472
Net increase (decrease) in cash and cash equivalents	(179)	(44)	(223)
Cash and cash equivalents, beginning of year	34,480	133	34,613
Cash and cash equivalents, end of year	$ 34,301	$ 89	$ 34,390
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Cash and investments held by City	$ 32,472	$ 53	$ 32,525
Cash and investments held by fiscal agent	39	-	39
Restricted cash and investments held by City	-	36	36
Restricted cash and investments held by fiscal agent	1,790	-	1,790
Total cash and cash equivalents, end of year	$ 34,301	$ 89	$ 34,390

City of Sacramento

Other Enterprise Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 5,003	$ (665)	$ 4,338
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	2,114	77	2,191
Amortization of intangible assets	-	8	8
Changes in assets and liabilities:			
Accounts receivable, net	(19)	(12)	(31)
Intergovernmental receivables	-	(56)	(56)
Prepaid items	3	(7)	(4)
Accounts payable	(54)	114	60
Accrued payroll	(1)	21	20
Accrued compensated absences	(33)	-	(33)
Deposits	18	-	18
Accrued claims and judgements	-	2	2
OPEB liabilities	202	35	237
Unearned revenue	(98)	-	(98)
Net cash provided by (used for) operating activities	$ 7,135	$ (483)	$ 6,652
Noncash investing, capital and financing activities:			
Amortization of bond premium and discount	$ 27	$ -	$ 27
Amortization of bond loss on refunding	(95)	-	(95)
Amortization of bond prepaid insurance	(7)	-	(7)
Capital asset acquisitions on accounts payable	79	-	79
Change in securities lending assets	68	-	68
Change in securities lending obligations	(68)	-	(68)
Interest accrual on loans receivable	(1)	-	(1)

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WATER FUND

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City of Sacramento
Water Fund
Combining Schedule of Net Position
June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	Total Water Fund
ASSETS					
Current assets:					
Cash and investments held by City	$ -	$ 70,953	$ (89)	$ -	$ 70,864
Securities lending assets	-	633	-	-	633
Receivables, net:					
Accounts	-	18,511	-	-	18,511
Loans	1,223	-	-	-	1,223
Intergovernmental	-	-	219	-	219
Interest	58	1,084	-	-	1,142
Inventories	-	3,008	-	-	3,008
Prepaid items	-	633		-	633
Total current assets	1,281	94,822	130	-	96,233
Noncurrent assets:					
Restricted assets:					
Cash and investments held by City	23,477	-	-	196,109	219,586
Cash and investments held by fiscal agent	-	96	-	7,089	7,185
Loans receivable	4,669	-	-	-	4,669
Capital assets:					
Land	584	1,170	-	-	1,754
Buildings and improvements	-	37,376	37	-	37,413
Machinery and equipment	-	15,886	44	-	15,930
Transmission and distribution systems	1,282	573,694	1,343	5,643	581,962
Construction in progress	2,661	12,388	-	61,502	76,551
Software	-	516	-	-	516
Less: accumulated depreciation/amortization	(37)	(198,336)	(154)	(63)	(198,590)
Total noncurrent assets	32,636	442,790	1,270	270,280	746,976
Total assets	33,917	537,612	1,400	270,280	843,209
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refunding of debt	-	9,406	-	-	9,406
Total deferred outflows of resources	-	9,406	-	-	9,406

City of Sacramento
Water Fund
Combining Schedule of Net Position
June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	Total Water Fund
LIABILITIES					
Current liabilities:					
Securities lending obligations	-	883	-	-	883
Accounts payable	501	3,498	15	12,215	16,229
Accrued payroll	-	741	-	-	741
Accrued compensated absences	-	123	-	-	123
Interest payable	-	686	-	3,506	4,192
Deposits	-	2	-	-	2
Unearned revenue	-	1,592	115	-	1,707
Accrued claims and judgements	-	121	-	-	121
Revenue and other bonds payable, net	-	6,222	-	4,651	10,873
Notes payable	-	406	-	-	406
Total current liabilities	501	14,274	130	20,372	35,277
Noncurrent liabilities:					
Accrued compensated absences	-	1,768	-	-	1,768
Water fee credits	-	1,702	-	-	1,702
OPEB liability	-	6,669	-	-	6,669
Revenue and other bonds payable, net	-	150,598	-	242,196.00	392,794
Notes payable	-	9,004	-	-	9,004
Total noncurrent liabilities	-	169,741	-	242,196	411,937
Total liabilities	501	184,015	130	262,568	447,214
NET POSITION					
Net investment in capital assets	4,490	286,502	1,270	13,126	305,388
Restricted for:					
Capital projects	28,926	-	-	-	28,926
Unrestricted	-	76,501	-	(5,414)	71,087
Total net position	$ 33,416	$ 363,003	$ 1,270	$ 7,712	$ 405,401

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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, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue bonds Funds	Eliminations	Total Water Fund
Operating revenues:						
Charges for services:						
User fees and charges	$ -	$ 94,070	$ -	$ -	$ -	$ 94,070
Miscellaneous	-	312	-	-	-	312
Total operating revenues	-	94,382	-	-	-	94,382
Operating expenses:						
Employee services	-	25,003	5	-	-	25,008
Services and supplies	-	17,864	198	-	-	18,062
Depreciation/amortization	16	16,783	89	63	-	16,951
Claims and judgements	-	145	-	-	-	145
Total operating expenses	16	59,795	292	63	-	60,166
					-	
Operating income (loss)	(16)	34,587	(292)	(63)	-	34,216
Nonoperating revenues (expenses):						
Interest and investment revenue	408	1,236	-	33	-	1,677
Revenue from other agencies	-	272	200	-	-	472
Interest expense	-	(6,471)	-	-	-	(6,471)
Amoritization of bond prepaid insurance	-	(51)	-	-	-	(51)
Total nonoperating revenues (expenses)	408	(5,014)	200	33	-	(4,373)
Income (loss) before contributions and transfers	392	29,573	(92)	(30)	-	29,843
Capital contributions	644	1,146	-	-	-	1,790
Transfers in	-	298	-	9,730	(9,730)	298
Transfers out	-	(20,439)	-	-	9,730	(10,709)
Change in net position	1,036	10,578	(92)	9,700	-	21,222
Total net position (deficit), beginning of year, as restated	32,380	352,425	1,362	(1,988)	-	384,179
Total net position (deficit), end of year	$ 33,416	$ 363,003	$ 1,270	$ 7,712	$ -	$ 405,401

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City of Sacramento
Water Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	Water Revenue Bonds Fund	Eliminations	Total Water Fund
Cash flows from operating activities:						
Receipts from customers and users	$ -	$ 95,230	$ -	$ -	$ -	$ 95,230
Payments to suppliers	-	(17,494)	(201)	-	-	(17,695)
Payments to employees	-	(23,922)	(5)	-	-	(23,927)
Claims and judgements paid	-	(131)	-	-	-	(131)
Net cash provided by (used for) operating activities	-	53,683	(206)	-	-	53,477
Cash flows from noncapital financing activities:						
Transfers in from other funds	-	29	-	-	-	29
Transfers out to other funds	-	(10,671)	-	-	-	(10,671)
Intergovernmental revenue received	-	272	1,133	-	-	1,405
Net cash provided by (used for) noncapital financing activities	-	(10,370)	1,133	-	-	(9,237)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(228)	(4,413)	(31)	(44,235)	-	(48,907)
Proceeds from sale of capital assets	-	61	-	-	-	61
Principal payments on capital debt	-	(5,424)	-	-	-	(5,424)
Interest payments on capital debt	-	(7,656)	-	(9,730)	-	(17,386)
Transfers in from other funds	-	269	-	9,730	(9,730)	269
Transfers out to other funds	-	(9,768)	-	-	9,730	(38)
Capital contributions received	644	-	-	-	-	644
Loan repayments received	1,183	-	-	-	-	1,183
Net cash provided by (used for) capital and related financing activities	1,599	(26,931)	(31)	(44,235)	-	(69,598)
Cash flows from investing activities:						
Collection of interest and investment revenue	422	1,436	-	2,052	-	3,910
Net cash provided by (used for) investing activities	422	1,436	-	2,052	-	3,910
Net increase (decrease) in cash and cash equivalents	2,021	17,818	896	(42,183)	-	(21,448)
Cash and cash equivalents, beginning of year	21,456	53,231	(985)	245,381	-	319,083
Cash and cash equivalents, end of year	$ 23,477	$ 71,049	$ (89)	$ 203,198	$ -	$ 297,635
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Cash and investments held by City	$ -	$ 70,953	$ (89)	$ -	$ -	$ 70,864
Restricted cash and investments held by City	23,477	-	-	196,109	-	219,586
Restricted cash and investments held by fiscal agent	-	96	-	7,089	-	7,185
Total cash and cash equivalents, end of year	$ 23,477	$ 71,049	$ (89)	$ 203,198	$ -	$ 297,635

City of Sacramento
Water Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	Water Revenue Bonds Fund	Eliminations	Total Water Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	$ (16)	$ 34,587	$ (292)	$ (63)	$ -	$ 34,216
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation/amortization expense	16	16,783	89	63	-	16,951
Changes in assets and liabilities:						
Accounts receivable, net	-	605	-	-	-	605
Inventories	-	(230)	-	-	-	(230)
Accounts payable	-	600	(3)	-	-	597
Accrued payroll	-	50	-	-	-	50
Accrued compensated absences	-	(33)	-	-	-	(33)
OPEB liabilities	-	1,064	-	-	-	1,064
Accrued claims and judgements	-	14	-	-	-	14
Deposits	-	2	-	-	-	2
Unearned revenue	-	241	-	-	-	241
Net cash provided by (used for) operating activities	$ -	$ 53,683	$ (206)	$ -	$ -	$ 53,477
Noncash investing, capital and financing activities:						
Contributions of capital assets	$ -	$ 1,038	$ -	$ -	$ -	$ 1,038
Transfer of capital assets from governmental funds, net of depreciation	-	108	-	-	-	108
Capitalized interest	-	944	-	7,414	-	8,358
Amortization of bond premium and discount	-	942	-	1,111	-	2,053
Amortization of bond loss on refunding	-	(725)	-	-	-	(725)
Amortization of bond prepaid insurance	-	(51)	-	-	-	(51)
Capital asset acquisitions on accounts payable	501	1,333	-	12,215	-	14,049
Change in securities lending assets	-	604	-	-	-	604
Change in securities lending obligations	-	(604)	-	-	-	(604)
Intergovernmental receivable for capital contributions	-	-	219	-	-	219

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WASTEWATER FUND

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City of Sacramento
Wastewater Fund
Combining Schedule of Net Position
June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Total Wastewater Fund
ASSETS					
Current assets:					
Cash and investments held by City	$ -	$ 21,489	$ (50)	$ -	$ 21,439
Securities lending assets	-	93	-	-	93
Receivables, net:					
Accounts	-	11,182	-	-	11,182
Loans	-	125	-	-	125
Intergovernmental	-	-	74	-	74
Interest	-	170	-	-	170
Inventories	-	65	-	-	65
Total current assets	-	33,124	24	-	33,148
Noncurrent assets:					
Restricted assets:					
Cash and investments held by City	2,035	812	-	18,469	21,316
Cash and investments held by fiscal agent	-	-	-	994	994
Loans receivable	-	809	-	-	809
Capital assets:					
Land	-	1,138	-	-	1,138
Buildings and improvements	-	15,216	-	-	15,216
Machinery and equipment	-	4,733	-	-	4,733
Transmission and distribution systems	938	149,542	525	739	151,744
Construction in progress	69	799	308	12,810	13,986
Software	-	324	-	-	324
Less: accumulated depreciation/amortization	(5)	(64,042)	(3)	(6)	(64,056)
Total noncurrent assets	3,037	109,331	830	33,006	146,204
Total assets	3,037	142,455	854	33,006	179,352

City of Sacramento
Wastewater Fund
Combining Schedule of Net Position
June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Total Wastewater Fund
LIABILITIES					
Current liabilities:					
Securities lending obligations	-	173	-	-	173
Accounts payable	11	8,357	24	646	9,038
Accrued payroll	-	260	-	-	260
Accrued compensated absences	-	21	-	-	21
Interest payable	-	59	-	467	526
Accrued claims and judgements	-	62	-	-	62
Capital leases payable	-	142	-	-	142
Revenue and other bonds payable, net	-	-	-	57	57
Notes payable	-	736	-	-	736
Total current liabilities	11	9,810	24	1,170	11,015
Noncurrent liabilities:					
Accrued compensated absences	-	601	-	-	601
OPEB liability	-	2,562	-	-	2,562
Capital leases payable	-	296	-	-	296
Revenue and other bonds payable, net	-	-	-	32,420	32,420
Notes payable	-	4,578	-	-	4,578
Total noncurrent liabilities	-	8,037	-	32,420	40,457
Total liabilities	11	17,847	24	33,590	51,472
NET POSITION					
Net investment in capital assets	1,002	102,396	830	472	104,700
Restricted for:					
Capital projects	2,024	-	-	-	2,024
Unrestricted	-	22,212	-	(1,056)	21,156
Total net position (deficit)	$ 3,026	$ 124,608	$ 830	$ (584)	$ 127,880

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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, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Total Wastewater Fund
Operating revenues:					
Charges for services:					
User fees and charges	$ -	$ 27,544	$ -	$ -	$ 27,544
Charge to other agencies for contract services	-	948	-	-	948
Miscellaneous	-	1	-	-	1
Total operating revenues	-	28,493	-	-	28,493
Operating expenses:					
Employee services	-	8,248	-	51	8,299
Services and supplies	-	12,897	1	51	12,949
Depreciation/amortization	5	4,202	3	6	4,216
Claims and judgements	-	74	-	-	74
Total operating expenses	5	25,421	4	108	25,538
Operating income (loss)	(5)	3,072	(4)	(108)	2,955
Nonoperating revenues (expenses):					
Interest and investment revenue	20	319	-	6	345
Interest expense	-	(135)	-	-	(135)
Total nonoperating revenues (expenses)	20	184	-	6	210
Income (loss) before contributions and transfers	15	3,256	(4)	(102)	3,165
Capital contributions	73	701	610	-	1,384
Transfers in	-	4	-	-	4
Transfers out	-	(3,056)	-	-	(3,056)
Change in net position	88	905	606	(102)	1,497
Total net position (deficit), beginning of year, as restated	2,938	123,703	224	(482)	126,383
Total net position (deficit), end of year	$ 3,026	$ 124,608	$ 830	$ (584)	$ 127,880

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City of Sacramento
Wastewater Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Total Wastewater Fund
Cash flows from operating activities:					
Receipts from customers and users	$ -	$ 28,445	$ -	$ -	$ 28,445
Payments to suppliers	-	(12,321)	(1)	(51)	(12,373)
Payments to employees	-	(7,864)	-	(51)	(7,915)
Claims and judgements paid	-	(64)	-	-	(64)
Net cash provided by (used for) operating activities	-	8,196	(1)	(102)	8,093
Cash flows from noncapital financing activities:					
Transfers in from other funds	-	4	-	-	4
Transfers out to other funds	-	(3,005)	-	-	(3,005)
Net cash provided by (used for) noncapital financing activities	-	(3,001)	-	-	(3,001)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(796)	(1,358)	(585)	(11,352)	(14,091)
Principal payments on capital debt	-	(857)	-	-	(857)
Interest payments on capital debt	-	(156)	-	(951)	(1,107)
Transfers out to other funds	-	(51)	-	-	(51)
Capital contributions received	73	-	644	-	717
Loan repayments received	-	241	-	-	241
Net cash provided by (used for) capital and related financing activities	(723)	(2,181)	59	(12,303)	(15,148)
Cash flows from investing activities:					
Collection of interest and investment revenue	20	396	-	225	641
Net cash provided by (used for) investing activities	20	396	-	225	641
Net increase (decrease) in cash and cash equivalents	(703)	3,410	58	(12,180)	(9,415)
Cash and cash equivalents, beginning of year	2,738	18,891	(108)	31,643	53,164
Cash and cash equivalents, end of year	$ 2,035	$ 22,301	$ (50)	$ 19,463	$ 43,749
Reconciliation of cash and cash equivalents to the Statement of Net Position:					
Cash and investments held by City	$ -	$ 21,489	$ (50)	$ -	$ 21,439
Restricted cash and investments held by City	2,035	812	-	18,469	21,316
Restricted cash and investments held by fiscal agent	-	-	-	994	994
Total cash and cash equivalents, end of year	$ 2,035	$ 22,301	$ (50)	$ 19,463	$ 43,749

City of Sacramento
Wastewater Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2014
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Total Wastewater Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ (5)	$ 3,072	$ (4)	$ (108)	$ 2,955
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	5	4,202	3	6	4,216
Changes in assets and liabilities:					
Accounts receivable, net	-	(48)	-	-	(48)
Inventories	-	18	-	-	18
Accounts payable	-	558	-	-	558
Accrued payroll	-	24	-	-	24
Accrued compensated absences	-	(14)	-	-	(14)
Accrued claims and judgements	-	10	-	-	10
OPEB liabilities	-	374	-	-	374
Net cash provided by (used for) operating activities	$ -	$ 8,196	$ (1)	$ (102)	$ 8,093
Noncash investing, capital and financing activities:					
Contributions of capital assets	$ -	$ 551	$ -	$ -	$ 551
Transfer of capital assets from governmental funds, net of depreciation	-	150	-	-	150
Capitalized interest	-	14	-	1,131	1,145
Amortization of bond premium and discount	-	-	-	57	57
Capital asset acquisitions on accounts payable	11	74	24	646	755
Change in securities lending assets	-	88	-	-	88
Change in securities lending obligations	-	(88)	-	-	(88)

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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 and operating needs of all City departments and divisions.

THE RISK MANAGEMENT FUND is used to account for the City's self-funded general and automobile insurance program and workers' compensation insurance program.

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City of Sacramento

Internal Service Funds

Combining Statement of Net Position

June 30, 2014

(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments held by City	$ 9,445	$ 84,628	$ 94,073
Cash and investments held by fiscal agent	-	184	184
Securities lending assets	-	169	169
Receivables, net:			
Accounts	234	51	285
Interest	-	289	289
Due from other funds	-	3,259	3,259
Prepaid items	155	1	156
Total current assets	9,834	88,581	98,415
Noncurrent assets:			
Advances to other funds	-	13,431	13,431
Capital assets:			
Buildings and improvements	7,159	-	7,159
Machinery and equipment	457	-	457
Vehicles	127,613	-	127,613
Software	256	-	256
Less: accumulated depreciation/amortization	(78,887)	-	(78,887)
Total noncurrent assets	56,598	13,431	70,029
Total assets	66,432	102,012	168,444
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of debt	82	-	82
Total deferred outflows of resources	82	-	82

City of Sacramento

Internal Service Funds

Combining Statement of Net Position

June 30, 2014
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
LIABILITIES			
Current liabilities:			
Securities lending obligations	-	253	253
Accounts payable	4,055	482	4,537
Accrued payroll	216	119	335
Accrued compensated absences	56	22	78
Interest payable	7	-	7
Deposits	-	33	33
Unearned revenue	-	481	481
Accrued claims and judgements	62	14,090	14,152
Capital leases payable	24	-	24
Revenue and other bonds payable, net	356	-	356
Total current liabilities	4,776	15,480	20,256
Noncurrent liabilities:			
Accrued compensated absences	701	364	1,065
OPEB liability	2,709	403	3,112
Accrued claims and judgements	-	49,017	49,017
Capital leases payable	125	-	125
Revenue and other bonds payable, net	2,442	-	2,442
Total noncurrent liabilities	5,977	49,784	55,761
Total liabilities	10,753	65,264	76,017
NET POSITION			
Net investment in capital assets	53,651	-	53,651
Unrestricted	2,110	36,748	38,858
Total net position	$ 55,761	$ 36,748	$ 92,509

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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, 2014
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Operating revenues:			
Charges for services:			
User fees and charges	$ 38,337	$ 23,624	$ 61,961
Miscellaneous	36	-	36
Total operating revenues	38,373	23,624	61,997
Operating expenses:			
Employee services	7,042	3,590	10,632
Services and supplies	19,609	6,881	26,490
Depreciation/amortization	9,554	-	9,554
Insurance premiums	-	3,056	3,056
Claims and judgements	40	15,469	15,509
Total operating expenses	36,245	28,996	65,241
Operating income (loss)	2,128	(5,372)	(3,244)
Nonoperating revenues (expenses):			
Interest and investment revenue	39	1,186	1,225
Revenue from other agencies	228	-	228
Insurance and other claim recoveries	-	244	244
Interest expense	(74)	-	(74)
Gain (loss) on disposition of capital assets	6	-	6
Total nonoperating revenues (expenses)	199	1,430	1,629
Income (loss) before contributions and transfers	2,327	(3,942)	(1,615)
Transfers in	414	4	418
Transfers out	(359)	(14)	(373)
Change in net position	2,382	(3,952)	(1,570)
Total net position, beginning of year, as restated	53,379	40,700	94,079
Total net position, end of year	$ 55,761	$ 36,748	$ 92,509

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City of Sacramento

Internal Service Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	$ 38,409	$ 87,160	$ 125,569
Payments to suppliers	(18,661)	(73,539)	(92,200)
Payments to employees	(6,649)	(3,545)	(10,194)
Claims and judgements paid	(35)	(12,212)	(12,247)
Net cash provided by (used for) operating activities	13,064	(2,136)	10,928
Cash flows from noncapital financing activities:			
Transfers in from other funds	-	4	4
Transfers out to other funds	(308)	(14)	(322)
Collections on interfund loans	-	10,106	10,106
Loans made to other funds	-	(3,009)	(3,009)
Intergovernmental revenue received	6	-	6
Claim and judgement recoveries	-	225	225
Net cash provided by (used for) noncapital financing activities	(302)	7,312	7,010
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(9,075)	-	(9,075)
Proceeds from sale of capital assets	569	-	569
Principal payments on capital debt	(345)	-	(345)
Interest payments on capital debt	(101)	-	(101)
Transfers in from other funds	363	-	363
Net cash used for capital and related financing activities	(8,589)	-	(8,589)
Cash flows from investing activities:			
Collection of interest and investment revenue	39	1,175	1,214
Net cash provided by investing activities	39	1,175	1,214
Net increase in cash and cash equivalents	4,212	6,351	10,563
Cash and cash equivalents, beginning of year	5,233	78,461	83,694
Cash and cash equivalents, end of year	$ 9,445	$ 84,812	$ 94,257
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Cash and investments held by City	$ 9,445	$ 84,628	$ 94,073
Cash and investments held by fiscal agent	-	184	184
Total cash and cash equivalents, end of year	$ 9,445	$ 84,812	$ 94,257

City of Sacramento

Internal Service Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 2,128	$ (5,372)	$ (3,244)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation/amortization expense	9,554	-	9,554
Changes in assets and liabilities:			
Accounts receivable, net	36	-	36
Prepaid items	(37)	-	(37)
Accounts payable	985	(51)	934
Accrued payroll	25	4	29
Accrued compensated absences	(64)	(31)	(95)
Deposits	-	16	16
Unearned revenue	-	(31)	(31)
Accrued claims and judgements	5	3,257	3,262
OPEB liabilities	432	72	504
Net cash provided by (used for) operating activities	$ 13,064	$ (2,136)	$ 10,928
Noncash investing, capital and financing activities:			
Amortization of bond premium and discount	$ 18	$ -	$ 18
Amortization of bond loss on refunding	(10)	-	(10)
Write off gain on refunding	18	-	18
Capital asset acquisitions on accounts payable	1,165	-	1,165
Change in securities lending assets	-	163	163
Change in securities lending obligations	-	(163)	(163)
Change in accounts receivable related to claim and judgement recoveries	-	(1)	(1)

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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.

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City of Sacramento

Investment Trust Funds
Combining Statement of Fiduciary Net Position

June 30, 2014
(in thousands)

	Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
ASSETS			
Cash and investments held by City	$ 54,778	$ 76,066	$ 130,844
Securities lending assets	93	19	112
Receivables, net:			
Interest	160	297	457
Total assets	55,031	76,382	131,413
LIABILITIES			
Securities lending obligations	103	330	433
NET POSITION			
Held in trust	$ 54,928	$ 76,052	$ 130,980

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City of Sacramento

Investment Trust Funds

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2014
(in thousands)

	Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions:			
From investment activities:			
Net appreciation in fair value of investments	$ 102	$ (39)	$ 63
Interest	613	1,014	1,627
Total investment earnings	715	975	1,690
Less investment expenses:			
Banking, interest, and fiscal agent expenses	132	-	132
Net income from investing activities	583	975	1,558
From securities lending activities:			
Net appreciation in fair value of investments	1	-	1
Net investment income	584	975	1,559
Deposits	49,952	4,618	54,570
Total additions	50,536	5,593	56,129
Deductions:			
Withdrawals	56,236	2,000	58,236
Change in net position	(5,700)	3,593	(2,107)
Net position, beginning of year, as restated	60,628	72,459	133,087
Net position, end of year	$ 54,928	$ 76,052	$ 130,980

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AGENCY FUNDS

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

THE ASSESSMENT DISTRICTS FUND is used to account for parcel assessments and debt service for bonds issued under the Improvement Bond Act of 1915.

THE COMMUNITY FACILITIES DISTRICTS FUND is used to account for special tax assessments, debt service payments and the payment of other costs related to Mello-Roos districts within the City.

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City of Sacramento

Agency Funds

Combining Statement of Changes in Fiduciary Assets and Liabilities

For the Fiscal Year Ended June 30, 2014

(in thousands)

ASSESSMENT DISTRICTS FUND	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 3,173	$ 1,337	$ 2,306	$ 2,204
Cash and investments held by fiscal agent	2,406	2,728	4,090	1,044
Receivables, net:				
Accounts	47	7	47	7
Interest	24	-	24	-
Total assets	$ 5,650	$ 4,072	$ 6,467	$ 3,255
LIABILITIES				
Accounts payable	$ 2	$ 18	$ 20	$ -
Due to bondholders	5,648	1,364	3,757	3,255
Total liabilities	$ 5,650	$ 1,382	$ 3,777	$ 3,255

COMMUNITY FACILITIES DISTRICTS FUND	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 17,777	$ 12,125	$ 19,046	$ 10,856
Cash and investments held by fiscal agent	14,524	25,635	26,387	13,772
Receivables, net:				
Taxes	171	261	171	261
Interest	-	8	-	8
Total assets	$ 32,472	$ 38,029	$ 45,604	$ 24,897
LIABILITIES				
Accounts payable	$ -	$ 386	$ 119	$ 267
Due to bondholders	32,472	59,902	67,744	24,630
Total liabilities	$ 32,472	$ 60,288	$ 67,863	$ 24,897

TOTAL - ALL AGENCY FUNDS	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 20,950	$ 13,462	$ 21,352	$ 13,060
Cash and investments held by fiscal agent	16,930	28,363	30,477	14,816
Receivables, net:				
Taxes	171	261	171	261
Accounts	47	7	47	7
Interest	24	8	24	8
Total assets	$ 38,122	$ 42,101	$ 52,071	$ 28,152
LIABILITIES				
Accounts payable	$ 2	$ 404	$ 139	$ 267
Due to bondholders	38,120	61,266	71,501	27,885
Total liabilities	$ 38,122	$ 61,670	$ 71,640	$ 28,152

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COMPONENT UNIT

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City of Sacramento

Sacramento Regional Arts Facilities Financing Authority

Statement of Net Position

June 30, 2014

(in thousands)

ASSETS		
Current assets:		
Receivables, net:		
Loans	$	11,933
Interest		7
Prepaid items		106
Total current assets		12,046
Noncurrent assets:		
Restricted assets:		
Cash and investments held by fiscal agent		1,125
Total noncurrent assets		1,125
Total assets		13,171
LIABILITIES		
Current liabilities:		
Interest payable		155
Revenue and other bonds payable, net		435
Total current liabilities		590
Noncurrent liabilities:		
Revenue and other bonds payable, net		12,381
Total noncurrent liabilities		12,381
Total liabilities		12,971
NET POSITION		
Restricted for:		
Other programs		200
Total net position	$	200

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City of Sacramento

Sacramento Regional Arts Facilities Financing Authority
Statement of Revenues, Expenses and Changes in Net Position

June 30, 2014
(in thousands)

Nonoperating revenues (expenses):		
Interest and investment revenue	$	622
Interest expense		(633)
Total nonoperating revenues (expenses)		(11)
Change in net position		(11)
Total net position, beginning of year, restated		211
Total net position, end of year	$	200

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City of Sacramento

Sacramento Regional Arts Facilities Financing Authority

Statement of Cash Flows

June 30, 2014

(in thousands)

Cash flows from capital and related financing activities:		
Principal payments on capital debt	$	(425)
Interest payments on capital debt		(627)
Lease repayments received		1,052
Net cash provided by (used for) capital and related financing activities		-
Cash flows from investing activities:		
Collection of interest and investment revenue		15
Net cash provided by investing activities		15
Net increase (decrease) in cash and cash equivalents		15
Cash and cash equivalents, beginning of year		1,110
Cash and cash equivalents, end of year	$	1,125
Reconciliation of cash and cash equivalents to the Statement of Net Position:		
Cash and investments held by fiscal agent	$	1,125
Total cash and cash equivalents, end of year	$	1,125
Noncash investing, capital and financing activities:		
Amortization of prepaid bond insurance	$	(7)

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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 condition 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.

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City of Sacramento
Net Position by Component (1) (2) (3) (4) (5) (6) (7)
Last Ten Fiscal Years
(accrual basis accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities					
Net investment in capital assets	$ 1,083,420	$ 1,018,170	$ 1,161,730	$ 1,165,658	$ 1,249,993
Restricted for:					
Capital projects	52,773	149,982	155,596	239,377	221,594
Debt service	9,882	797	509	531	544
Public works programs	-	-	-	-	-
Economic development programs	-	-	-	-	-
Other programs	24,801	28,634	31,649	30,996	30,836
Housing and redevelopment	274,130	-	-	-	-
Trust and endowments:					
Expendable	1,927	5,368	6,513	6,159	4,442
Nonexpendable	2,920	1,927	1,927	1,934	1,934
Unrestricted	(71,536)	155,072	145,750	124,408	84,092
Total governmental activities net position	$ 1,378,317	$ 1,359,950	$ 1,503,674	$ 1,569,063	$ 1,593,435
Business-type activities					
Net investment in capital assets	$ 839,889	$ 623,208	$ 634,966	$ 656,951	$ 687,417
Restricted for:					
Capital projects	-	425	425	-	16,866
Housing and redevelopment	1,776	-	-	-	-
Other programs	1,038	-	-	-	-
Unrestricted	93,751	115,223	119,050	119,975	92,458
Total business-type activities net position	$ 936,454	$ 738,856	$ 754,441	$ 776,926	$ 796,741
Primary government					
Net investment in capital assets	$ 1,923,309	$ 1,641,378	$ 1,796,696	$ 1,822,609	$ 1,937,410
Restricted for:					
Capital projects	52,773	150,407	156,021	239,377	238,460
Debt service	9,882	797	509	531	544
Public works programs	-	-	-	-	-
Economic development programs	-	-	-	-	-
Other programs	25,839	28,634	31,649	30,996	30,836
Housing and redevelopment	275,906	-	-	-	-
Trust and endowments:					
Expendable	1,927	5,368	6,513	6,159	4,442
Nonexpendable	2,920	1,927	1,927	1,934	1,934
Unrestricted	22,215	270,295	264,800	244,383	176,550
Total primary government net position	$ 2,314,771	$ 2,098,806	$ 2,258,115	$ 2,345,989	$ 2,390,176

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 prior to 2014 have been restated to remove the Cal EPA building and land.
(7) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Net Position by Component (1) (2) (3) (4) (5) (6) (7)
Last Ten Fiscal Years
(accrual basis accounting, in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	$ 1,286,576	$ 1,328,932	$ 1,367,540	$ 1,369,377	$ 1,393,447
Restricted for:					
Capital projects	186,619	156,157	149,904	131,822	116,271
Debt service	494	1,105	1,101	641	652
Public works programs	-	21,484	18,103	16,756	16,462
Economic development programs	-	-	-	23,979	22,493
Other programs	32,443	23,544	23,274	21,087	22,315
Housing and redevelopment	-	-	-	-	-
Trust and endowments					
Expendable	4,690	5,659	6,870	7,225	7,928
Nonexpendable	1,934	1,934	878	878	878
Unrestricted	76,953	16,107	6,128	1,837	30,170
Total governmental activities net position	$ 1,589,709	$ 1,554,922	$ 1,573,798	$ 1,573,602	$ 1,610,616
Business-type activities					
Net investment in capital assets	$ 691,197	$ 701,157	$ 705,527	$ 720,039	$ 733,980
Restricted for:					
Capital projects	25,781	30,184	33,209	33,168	33,255
Housing and redevelopment	-	-	-	-	-
Other programs	-	-	530	349	1,215
Unrestricted	106,148	113,804	123,265	140,385	177,814
Total business-type activities net assets	$ 823,126	$ 845,145	$ 862,531	$ 893,941	$ 946,264
Primary government					
Net investment in capital assets	$ 1,977,773	$ 2,030,089	$ 2,073,067	$ 2,089,416	$ 2,127,427
Restricted for:					
Capital projects	212,400	186,341	183,113	164,990	149,526
Debt service	494	1,105	1,101	641	652
Public works programs	-	21,484	18,103	16,756	16,462
Economic development programs	-	-	-	23,979	22,493
Other programs	32,443	23,544	23,804	21,436	23,530
Housing and redevelopment	-	-	-	-	-
Trust and endowments					
Expendable	4,690	5,659	6,870	7,225	7,928
Nonexpendable	1,934	1,934	878	878	878
Unrestricted	183,101	129,911	129,393	142,222	207,984
Total primary government net position	$ 2,412,835	$ 2,400,067	$ 2,436,329	$ 2,467,543	$ 2,556,880

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 prior to 2014 have been restated to remove the Cal EPA building and land.
(7) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

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City of Sacramento
Changes in Net Position [1] [2] [3] [4]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses [3]					
Governmental Activities					
General government	$ 28,759	$ 38,804	$ 41,536	$ 49,841	$ 45,956
Police	124,204	134,213	148,586	159,207	153,874
Fire	74,606	87,844	97,044	104,149	107,119
Public works	-	-	-	-	-
General services	18,437	15,788	14,437	24,462	25,067
Transportation	71,871	88,749	89,063	89,016	95,238
Economic development	-	8,212	8,538	10,048	10,055
Convention, culture & leisure	6,824	17,825	19,602	21,518	18,573
Parks and recreation	44,534	49,341	55,661	60,930	54,209
Code enforcement	-	7,184	9,946	10,154	10,882
Community development	-	-	-	-	-
Neighborhood services	7,880	2,560	2,505	1,667	1,370
Planning and development	-	-	-	-	-
Development services	67,852	36,739	27,851	30,247	24,063
Planning	-	-	8,158	6,830	2,973
Housing and redevelopment	64,018	-	-	-	-
Library	8,505	9,147	9,433	9,935	13,976
Nondepartmental	36,492	-	-	-	-
Interest on long-term debt	31,752	22,693	31,067	31,157	29,284
Total governmental activities expenses	585,734	519,099	563,427	609,161	592,639
Business type activities					
Water	51,950	55,896	58,890	63,364	66,757
Wastewater	13,447	14,685	17,171	18,330	20,498
Storm drainage	34,988	34,544	36,473	38,570	38,483
Solid waste	39,260	40,329	45,050	48,735	67,911
Community center	19,066	19,333	19,704	20,507	20,342
Child development	5,092	5,666	5,868	6,604	7,617
Marina	1,684	1,437	1,384	1,257	1,045
Parking	14,115	14,056	16,375	17,154	16,009
Advanced life support	-	-	-	-	-
Golf	6,719	-	-	-	-
Housing and redevelopment	135,282	-	-	-	-
Total business-type activities	321,603	185,946	200,915	214,521	238,662
Total primary government expenses	$ 907,337	$ 705,045	$ 764,342	$ 823,682	$ 831,301

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.

(4) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position [1] [2] [3] [4]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses [3]					
Governmental Activities					
General government	$ 44,278	$ 42,238	$ 40,846	$ 36,681	$ 41,190
Police	152,922	159,908	153,392	157,432	157,248
Fire	109,210	111,174	116,418	117,451	125,461
Public works	-	-	-	126,636	103,632
General services	26,110	22,614	23,083	15,343	13,807
Transportation	89,358	97,350	98,384	-	-
Economic development	9,815	10,467	9,704	10,468	17,080
Convention, culture & leisure	18,064	21,348	19,857	19,537	17,916
Parks and recreation	51,984	56,162	45,448	48,457	52,336
Code enforcement	10,984	-	-	-	-
Community development	18,848	25,821	24,286	29,253	26,484
Neighborhood services	1,105	-	-	-	-
Planning and development	-	-	-	-	-
Development services	-	-	-	-	-
Planning	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-
Library	16,827	14,635	13,301	13,753	13,720
Nondepartmental	-	-	-	-	-
Interest on long-term debt	29,658	24,903	23,583	22,420	22,178
Total governmental activities expenses	579,163	586,620	568,302	597,431	591,052
Business type activities					
Water	60,902	63,073	67,335	68,643	66,627
Wastewater	17,389	18,990	20,491	22,776	25,673
Storm drainage	37,040	37,815	37,692	36,755	36,664
Solid waste	47,076	48,203	53,205	49,794	49,014
Community center	19,563	18,530	18,125	17,251	17,204
Child development	6,797	6,274	5,885	6,116	6,297
Marina	1,625	2,662	2,008	-	-
Parking	16,390	15,786	15,732	15,358	15,238
Advanced life support	-	-	-	-	-
Golf	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-
Total business-type activities	206,782	211,333	220,473	216,693	216,717
Total primary government expenses	$ 785,945	$ 797,953	$ 788,775	$ 814,124	$ 807,769

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.

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

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Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position [(1) (2) (3) (4)]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Program Revenues					
Governmental activities					
Charge for services					
General government	$ 4,768	$ 4,902	$ 5,333	$ 5,233	$ 5,290
Police	3,456	3,986	3,959	4,203	4,819
Fire	16,854	18,721	17,579	17,936	24,448
Public works	-	-	-	-	-
General services	7,600	9,636	10,327	10,471	10,878
Transportation	12,097	15,058	14,261	19,574	26,391
Economic development	-	5,235	5,905	8,143	8,345
Convention, culture & leisure	1,970	8,995	9,759	9,425	11,026
Parks and recreation	4,794	15,907	17,142	13,343	10,187
Code enforcement	-	1	2,417	3,800	7,932
Community development	-	-	-	-	-
Neighborhood services	2,714	2,969	1,085	123	195
Planning and development	-	-	-	-	-
Development services	43,941	27,834	25,261	19,867	16,115
Planning	-	-	4	114	108
Housing and redevelopment	1,311	-	-	-	-
Library	-	-	-	-	-
Nondepartmental	494	-	-	-	-
Total charge for services	99,999	113,244	113,032	112,232	125,734
Operating grants and contributions	77,052	59,348	52,805	51,845	53,206
Capital grants and contributions	147,034	122,010	189,710	141,919	119,689
Total governmental activities program revenues	324,085	294,602	355,547	305,996	298,629
Business - type activities					
Charge for services					
Water	49,009	53,480	58,363	65,411	62,619
Wastewater	16,332	17,285	18,609	20,704	19,775
Storm drainage	31,336	31,400	31,981	33,289	32,747
Solid waste	42,241	42,984	46,351	52,434	55,949
Community center	6,391	6,743	7,348	7,556	7,651
Child development	4,766	5,086	5,377	5,587	5,640
Marina	1,745	1,889	1,827	1,378	1,748
Parking	16,422	17,342	18,706	19,626	18,661
Advanced life support	-	-	-	-	-
Golf	6,408	-	-	-	-
Housing and redevelopment	13,720	-	-	-	-
Total charge for services	188,370	176,209	188,562	205,985	204,790
Operating grants and contributions	112,326	1,230	1,422	1,824	2,343
Capital grants and contributions	35,318	31,638	14,728	11,661	38,094
Total business - type activities program revenues	336,014	209,077	204,712	219,470	245,227
Total primary government program revenues	$ 660,099	$ 503,679	$ 560,259	$ 525,466	$ 543,856
Net (Expense) Revenue					
Governmental activities	$ (261,649)	$ (224,497)	$ (207,880)	$ (303,165)	$ (294,010)
Business - type activities	14,411	23,131	3,797	4,949	6,565
Total primary government net expenses	$ (247,238)	$ (201,366)	$ (204,083)	$ (298,216)	$ (287,445)

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.

(4) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments and reclassifications described in Note 19.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position [(1) (2) (3) (4)]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
Program Revenues					
Governmental activities					
Charge for services					
General government	$ 6,614	$ 5,827	$ 5,608	$ 6,924	$ 7,270
Police	4,098	10,316	9,714	9,693	10,804
Fire	22,711	21,998	21,643	24,288	26,155
Public works	-	-	-	28,321	30,337
General services	9,964	10,442	10,965	3,175	1,756
Transportation	28,857	28,614	28,309	-	-
Economic development	8,497	9,136	8,800	8,685	8,205
Convention, culture & leisure	9,689	9,364	7,985	8,817	9,311
Parks and recreation	10,122	10,039	11,579	10,604	13,359
Code enforcement	5,627	-	-	-	-
Community development	8,752	15,409	15,459	15,423	17,141
Neighborhood services	166	-	-	-	-
Planning and development	-	-	-	-	-
Development services	-	-	-	-	-
Planning	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-
Library	-	-	-	33	59
Nondepartmental	-	-	-	-	-
Total charge for services	115,097	121,145	120,062	115,963	124,397
Operating grants and contributions	59,179	51,289	54,287	81,822	47,430
Capital grants and contributions	90,888	69,234	112,247	69,323	89,539
Total governmental activities program revenues	265,164	241,668	286,596	267,108	261,366
Business - type activities					
Charge for services					
Water	70,463	79,315	79,809	88,754	94,382
Wastewater	20,284	21,360	21,513	25,134	28,493
Storm drainage	34,082	34,160	34,545	35,682	38,049
Solid waste	58,901	62,906	64,055	60,295	58,561
Community center	7,020	6,780	7,521	7,130	7,718
Child development	5,473	5,309	5,232	5,426	5,632
Marina	1,782	1,464	1,359	-	-
Parking	18,784	18,660	18,769	18,823	18,643
Advanced life support	-	-	-	-	-
Golf	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-
Total charge for services	216,789	229,954	232,803	241,244	251,478
Operating grants and contributions	2,381	2,358	3,744	1,095	1,963
Capital grants and contributions	14,148	10,417	5,289	7,480	4,403
Total business - type activities program revenues	233,318	242,729	241,836	249,819	257,844
Total primary government program revenues	$ 498,482	$ 484,397	$ 528,432	$ 516,927	$ 519,210
Net (Expense) Revenue					
Governmental activities	$ (313,999)	$ (344,952)	$ (281,706)	$ (330,323)	$ (329,686)
Business - type activities	26,536	31,396	21,363	33,126	41,127
Total primary government net expenses	$ (287,463)	$ (313,556)	$ (260,343)	$ (297,197)	$ (288,559)

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.

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Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position [(1) (2) (3) (4)]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	$ 70,456	$ 112,234	$ 127,454	$ 137,782	$ 135,806
Redevelopment tax increment	40,676	-	-	-	-
Utility user taxes	53,893	56,243	55,619	57,561	57,775
Other taxes	30,668	32,002	28,379	23,865	20,358
Sales taxes shared state revenue	55,342	59,118	55,846	54,821	48,905
In-lieu sales tax	15,284	13,956	18,197	16,344	15,745
In-lieu motor vehicle tax	26,393	-	-	-	-
Grants and other intergovernmental revenue not restricted to specific programs	-	-	-	-	4,224
Investment earnings	24,751	21,741	39,867	34,343	14,896
Miscellaneous	10,267	7,516	12,544	12,142	10,368
Contributions to permanent fund	-	1	1	7	-
Gain (loss) on disposition of capital assets	3,437	-	-	-	2,912
Special items, net	-	-	-	18,791	(929)
Transfers	(9,800)	8,159	13,698	12,898	8,348
Total Governmental activities	321,367	310,970	351,605	368,554	318,408
Business-type activities					
Taxes:					
Other taxes	14,398	15,419	17,258	17,538	15,852
Investment earnings	4,342	5,231	8,227	6,898	5,746
Miscellaneous	1,015	3	1	353	-
Gain (loss) on disposition of capital assets	6,891	722	-	5,645	-
Special items, net	-	-	-	-	-
Transfers	9,800	(8,159)	(13,698)	(12,898)	(8,348)
Total business-type activities	36,446	13,216	11,788	17,536	13,250
Total primary government	$ 357,813	$ 324,186	$ 363,393	$ 386,090	$ 331,658
Change in Net Position					
Governmental activities	$ 59,718	$ 86,473	$ 143,725	$ 65,389	$ 24,398
Business-type activities	50,857	36,347	15,585	22,485	19,815
Total primary government	$ 110,575	$ 122,820	$ 159,310	$ 87,874	$ 44,213

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.

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Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Net Position [(1) (2) (3) (4)]
Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	$ 123,681	$ 118,801	$ 114,874	$ 114,451	$ 122,477
Redevelopment tax increment	-	-	-	-	-
Utility user taxes	58,693	58,907	58,787	59,066	59,613
Other taxes	18,591	18,327	17,403	27,943	61,584
Sales taxes shared state revenue	46,769	47,680	50,683	52,300	56,575
In-lieu sales tax	14,332	14,548	14,081	16,113	16,823
In-lieu motor vehicle tax	-	-	-	-	-
Grants and other intergovernmental revenue not restricted to specific programs	4,591	2,610	-	-	-
Investment earnings	11,508	6,260	10,953	10,101	10,136
Miscellaneous	12,743	12,464	11,005	9,749	8,853
Contributions to permanent fund	-	4	1	1	1
Gain (loss) on disposition of capital assets	-	2,336	-	-	4,567
Special items, net	-	-	-	26,208	(2,500)
Transfers	19,365	28,229	22,722	19,002	28,571
Total Governmental activities	310,273	310,166	300,509	334,934	366,700
Business-type activities					
Taxes:					
Other taxes	14,233	15,403	15,781	16,555	17,943
Investment earnings	4,964	3,449	2,957	1,299	3,294
Miscellaneous	-	-	-	-	3
Gain (loss) on disposition of capital assets	17	-	7	-	-
Special items, net	-	-	-	-	18,527
Transfers	(19,365)	(28,229)	(22,722)	(19,002)	(28,571)
Total business-type activities	(151)	(9,377)	(3,977)	(1,148)	11,196
Total primary government	$ 310,122	$ 300,789	$ 296,532	$ 333,786	$ 377,896
Change in Net Position					
Governmental activities	$ (3,726)	$ (34,786)	$ 18,803	$ 4,611	$ 37,014
Business-type activities	26,385	22,019	17,386	31,978	52,323
Total primary government	$ 22,659	$ (12,767)	$ 36,189	$ 36,589	$ 89,337

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Source: City of Sacramento Comprehensive Annual Financial Reports

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City of Sacramento
Fund Balances, Governmental Funds [1] [2] [3]
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

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

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.
(3) FY13 amounts have been restated for the effects of Marina fund reclassification to a governmental activity.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Fund Balances, Governmental Funds [(1) (2) (3)]
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund					
Reserved for:					
Noncurrent assets	$ 514	$ -	$ -	$ -	$ -
Encumbrances	6,301	-	-	-	-
Inventories and prepaids	304	-	-	-	-
Unreserved	47,988	-	-	-	-
Nonspendable:					
Prepaid items	-	63	23	24	66
Noncurrent assets	-	245	71	48	-
Restricted:					
Capital projects	-	-	-	-	3,401
Other programs	-	86	64	40	21
Committed:					
Economic uncertainty	-	14,340	20,263	27,765	33,714
Capital projects	-	19,612	21,542	21,789	21,728
Community center theater renovation	-	-	-	8,500	8,500
OPEB trust fund	-	-	-	2,000	-
Homeless programs	-	-	-	-	1,000
Other programs	-	12,468	9,349	9,347	12,909
Assigned:					
Unrealized investment gains	-	972	402	-	173
Next year's budget	-	5,138	9,354	10,446	-
Unassigned	-	-	-	-	17,395
Total general fund	$ 55,107	$ 52,924	$ 61,068	$ 79,959	$ 98,907
All Other Governmental Funds					
Reserved for:					
Noncurrent assets	$ 1,149	$ -	$ -	$ -	$ -
Encumbrances	30,000	-	-	-	-
Debt service	20,269	-	-	-	-
Inventories and prepaids	35	-	-	-	-
Housing/redevelopment	-	-	-	-	-
Trust obligations	1,934	-	-	-	-
Capital projects	2,210	-	-	-	-
Unreserved, reported in:					
Special revenue funds	93,583	-	-	-	-
Capital projects funds	100,308	-	-	-	-
Debt service funds	10,047	-	-	-	-
Permanent funds	2,798	-	-	-	-
Nonspendable:					
Prepaid items	-	30	29	44	24
Noncurrent assets	-	1,577	605	530	451
Permanent fund principal	-	1,934	878	878	878
Restricted:					
Capital projects	-	161,365	150,475	135,069	126,262
Debt service	-	20,870	18,230	17,472	17,548
Public works programs	-	-	-	13,781	11,830
Economic development programs	-	-	-	23,970	22,484
Other programs	-	50,264	50,026	31,115	29,924
Committed:					
Capital projects	-	606	469	3,666	4,024
Grant retention	-	-	-	-	4,049
Debt service	-	2,278	2,278	2,278	6,583
Economic development programs	-	-	-	-	5,125
Other programs	-	646	2,096	6,266	25,486
Assigned:					
Debt service	-	2,878	2,068	1,805	973
Unrealized investment gains	-	120	42	100	47
Other programs	-	2,281	4,093	3,758	4,047
Unassigned	-	(31,287)	(48,094)	(29,711)	(22,121)
Total all other governmental funds	$ 262,333	$ 213,562	$ 183,195	$ 211,021	$ 237,614

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.
(3) FY13 amounts have been restated for the effects of Marina fund reclassification to a governmental activity.

Source: City of Sacramento Comprehensive Annual Financial Reports

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City of Sacramento
Changes in Fund Balances, Governmental Funds [1] [2]
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	$ 269,695	$ 273,010	$ 287,254	$ 286,498	$ 277,370
Intergovernmental	167,448	134,905	148,521	137,341	161,418
Charges for services	58,836	64,063	64,902	63,285	70,403
Fines, forfeits and penalties	7,804	8,065	8,285	9,916	12,213
Interest, rents, and concessions	17,278	18,195	34,398	28,430	15,414
Community service fees	40,315	64,360	40,386	16,831	13,297
Assessment levies	18,443	19,374	21,424	25,894	33,204
Contributions from property owners	46,343	3,942	44,099	31,753	8,132
Donations	63	94	-	-	-
Miscellaneous	3,670	1,463	395	296	212
Total revenues	629,895	587,471	649,664	600,244	591,663
Expenditures					
General Government	25,886	30,456	31,172	33,778	31,938
Police	121,548	137,391	149,159	148,392	145,148
Fire	73,360	87,648	91,965	94,284	99,613
General Services	16,325	14,925	14,348	23,198	23,396
Transportation	22,038	34,691	37,598	30,235	32,902
Neighborhood Services	7,880	1,917	1,815	1,547	1,363
Convention, Culture & Leisure	4,847	13,060	15,074	16,080	15,116
Economic Development	-	5,461	5,882	8,035	9,472
Parks and Recreation	38,898	43,477	47,884	53,499	45,845
Code enforcement	-	7,184	9,713	9,595	10,605
Community Development	-	-	-	-	-
Library	7,997	8,587	8,868	9,366	13,406
Utilities	219	109	109	83	67
Nondepartmental	32,284	24,811	18,526	27,373	26,028
Citywide and community support	-	-	-	-	-
Public Works	-	-	-	-	-
Development Services	66,785	35,802	32,600	28,261	21,881
Planning	-	-	8,079	5,626	2,709
Housing and Redevelopment	58,399	-	-	-	-
Planning and Building	-	-	-	-	-
Capital Outlay					
City	127,157	95,683	193,954	153,507	180,125
SHRA	10,229	-	-	-	-
Subtotal - capital outlay	137,386	95,683	193,954	153,507	180,125
Debt Service					
City					
Principal	21,260	21,213	17,253	19,529	45,789
Interest and fiscal charges	19,415	21,973	30,216	30,689	30,468
Bond issuance costs	-	2,600	1,519	607	-
Advance refunding escrow	-	1,154	213	-	-
SHRA					
Principal	12,978	-	-	-	-
Interest and fiscal charges	16,382	-	-	-	-
Subtotal - debt service	70,035	46,940	49,201	50,825	76,257
Total Expenditures	683,887	588,142	715,947	693,684	735,871
Excess (deficiency) of revenues over (under) expenditures	(53,992)	(671)	(66,283)	(93,440)	(144,208)
Other Financing Sources (uses)					
Transfers in	57,544	52,864	56,203	58,989	65,076
Transfers out	(53,208)	(38,609)	(37,441)	(39,780)	(33,695)
Issuance of long-term debt	14,983	212,339	147,281	5,666	10,981
Premium on long term debt	-	7,447	14,857	-	-
Proceeds from sale of property	5,286	-	-	-	2,992
Proceeds of long-term capital-related debt	-	-	-	-	-
Payments to participating governments	-	(25,500)	-	-	-
Payments to refunded bond escrow	-	(63,560)	(92,151)	-	-
Discount on long-term debt	-	-	-	-	-
Total other financing sources (uses)	24,605	144,981	88,749	24,875	45,354
Special items, net	-	-	-	18,791	(929)
Net change in fund balances	$ (29,387)	$ 144,310	$ 22,466	$ (49,774)	$ (99,783)
Debt services as a percentage of noncapital expenditures	12.82%	9.53%	9.43%	9.41%	13.72%

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.
(2) FY13 amounts have been restated for the effects of Marina fund reclassification to a governmental activity.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Changes in Fund Balances, Governmental Funds [1] [2]
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
Taxes	$ 260,749	$ 254,705	$ 256,564	$ 265,605	$ 320,832
Intergovernmental	174,214	125,758	154,937	154,556	105,172
Charges for services	62,962	67,831	62,760	66,369	71,889
Fines, forfeits and penalties	12,118	11,093	11,891	9,892	11,221
Interest, rents, and concessions	10,928	9,627	15,494	13,909	14,417
Community service fees	7,875	3,647	3,058	7,136	4,693
Assessment levies	31,970	33,482	35,294	37,621	38,668
Contributions from property owners	7,972	9,440	6,170	14,269	43,018
Donations	-	-	-	-	-
Miscellaneous	196	411	2,090	3,441	570
Total revenues	568,984	515,994	548,258	572,798	610,480
Expenditures					
General Government	27,471	26,049	24,610	22,712	26,170
Police	147,059	144,081	142,204	138,779	138,653
Fire	102,430	97,573	98,749	99,630	107,538
General Services	21,025	19,353	19,388	10,306	9,564
Transportation	31,023	29,708	33,183	-	-
Neighborhood Services	1,007	-	-	-	-
Convention, Culture & Leisure	13,196	13,291	10,670	9,804	10,481
Economic Development	9,136	9,819	9,396	10,221	12,418
Parks and Recreation	40,312	36,650	30,393	32,257	35,632
Code enforcement	10,279	-	-	-	-
Community Development	15,873	23,307	21,819	23,568	23,902
Library	12,366	12,398	11,739	12,362	12,482
Utilities	67	137	97	979	607
Nondepartmental	26,818	33,407	32,269	-	-
Citywide and community support	-	-	-	33,105	36,965
Public Works	-	-	-	34,995	34,706
Development Services	-	-	-	-	-
Planning	-	-	-	-	-
Housing and Redevelopment	-	-	-	-	-
Planning and Building	-	-	-	-	-
Capital Outlay					
City	156,146	91,902	118,259	116,705	106,840
SHRA	-	-	-	-	-
Subtotal - capital outlay	156,146	91,902	118,259	116,705	106,840
Debt Service					
City					
Principal	18,577	44,189	21,595	19,470	26,218
Interest and fiscal charges	29,697	25,209	24,028	22,949	22,772
Bond issuance costs	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-
SHRA					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Subtotal - debt service	48,274	69,398	45,623	42,419	48,990
Total Expenditures	662,482	607,073	598,399	587,842	604,948
Excess (deficiency) of revenues over (under) expenditures	(93,498)	(91,079)	(50,141)	(15,044)	5,532
Other Financing Sources (uses)					
Transfers in	53,621	58,006	55,435	55,166	63,584
Transfers out	(30,241)	(27,025)	(27,590)	(27,450)	(34,527)
Issuance of long-term debt	22,963	6,808	73	-	6,050
Premium on long term debt	-	-	-	-	-
Proceeds from sale of property	-	2,336	-	-	4,902
Proceeds of long-term capital-related debt	-	-	-	2,837	-
Payments to participating governments	-	-	-	-	-
Payments to refunded bond escrow	-	-	-	-	-
Discount on long-term debt	-	-	-	-	-
Total other financing sources (uses)	46,343	40,125	27,918	30,553	40,009
Special items, net	-	-	-	31,208	-
Net change in fund balances	$ (47,155)	$ (50,954)	$ (22,223)	$ 46,717	$ 45,541
Debt services as a percentage of noncapital expenditures	9.35%	13.06%	9.41%	8.35%	9.49%

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.
(2) FY13 amounts have been restated for the effects of Marina fund reclassification to a governmental activity.

Source: City of Sacramento Comprehensive Annual Financial Reports

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

(modified accrual basis of accounting, in thousands)

Fiscal Year	Property	Tax Increment	Sales & Use	Utility Users	Others	Total
2005	70,405	40,676	70,627	53,893	34,094	269,695
2006 (2)	112,144 (1)	-	72,479	56,243	32,144	273,010
2007	145,376 (3)	-	56,441	55,618	29,819	287,254
2008	150,901	-	54,821	57,561	23,215	286,498
2009	151,551	-	48,905	57,775	19,139	277,370
2010	140,013	-	45,670	58,700	16,366	260,749
2011	133,099	-	47,680	58,887	15,039	254,705
2012	130,287	-	50,683	58,787	16,807	256,564
2013	130,864 (4)	-	57,121 (5)	59,066	18,554	265,605
2014	140,690 (4)	-	99,615 (5)	59,613	20,914	320,832

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
(B) Finance Department, City of Sacramento

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City of Sacramento

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

(in thousands)

Fiscal Year End June 30	Gross Assessed Value [1]				Exemptions	Net Assessed Taxable Value	Total Direct Tax Rate [2]
	Real Property	Personal Property	Public Utility	Total			
2005 [3]	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 [4]	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
2014	35,829,529	1,546,891	12,381	37,388,801	464,546	36,924,255	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

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

Fiscal Year End June 30	Basic County, City, and School Levy [2]	County of Sacramento	Schools	Special Districts	Total
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
2014	1.0000	__	0.1406	__	1.1406

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.

Source: County of Sacramento, Office of Auditor/Controller

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

(in thousands)

	2014			2005		
Taxpayer	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Hines VAF II Sacramento	$ 442,978	1	1.20 %	$ -		- %
CIM Sacramento LLC	230,772	2	0.62	-		-
Arden Fair Associates	137,159	3	0.37	119,187	3	0.46
Verizon Wireless	132,738	4	0.36	-		-
621 Capitol Mall LLC	124,810	5	0.34	-		-
300 Capitol Association NF LP	109,000	6	0.30	-		-
HP Hood LLC	84,287	7	0.23	-		-
Target Corp	81,423	8	0.22	-		-
500 Capitol Mall LLC	79,119	9	0.21	-		-
Capitol Regency LLC	74,784	10	0.20	-		-
400 Capital Mall Venture	-		-	140,665	1	0.55
Downtown Plaza LLC	-		-	131,144	2	0.51
GTE Data Service Inc.	-		-	117,492	4	0.46
SRI Six USBP LLC	-		-	90,648	5	0.35
Sacramento Hotel Corporation	-		-	89,164	6	0.35
McClatchy Newspaper Inc.	-		-	76,622	7	0.30
VV USA City LP	-		-	75,419	8	0.29
Spieker Properties LP	-		-	69,514	9	0.27
Alpine Realty Sacramento LLC	-		-	65,700	10	0.25
	1,497,070		4.05	975,555		3.79
All other taxpayers	35,427,185		95.95	24,760,597		96.21
Total	$ 36,924,255		100.00 %	$ 25,736,152		100.00 %

Source: County of Sacramento, Office of Auditor/Controller

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City of Sacramento
Property Tax Levies and Collections [1] [2]
Last Ten Fiscal Years
(in thousands)

Fiscal Year 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
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 [3] [4]	129,655	99.16%	1,100	130,755	100.00%
2014	140,273 [3] [4]	139,651	99.56%	622	140,273	100.00%

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

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

(in thousands, except Population and Per Capita)

	Governmental Activites				
Fiscal Year	Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Notes Payable	Capital Leases
2005	427,590	137,454	324	16,440	2,549
2006 (1)(2)	529,598	-	104	993	1,940
2007 (3)	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 (4)	435,962	-	-	530	9,446
2014 (5)	419,477	-	-	16,053	13,562

Notes:
1) $151 million in revenue bonds and $168 million in refunding revenue bonds were issued in 2006.
2) In 2006, the Sacramento Housing and Redevelopment Agency was eliminated as a blended component unit.
3) In 2007, $31 million of revenue bonds, $187 million of refunding bonds and a $25 million note payable were issued.
4) In 2013, $281 million of revenue bonds and a $2.8 million capital lease payable were issued.
5) In 2014, Marina fund notes payable and capital leases have been reclassified to governmental activities.
NA) Personal income data was not available in 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014.

Source: City of Sacramento Comprehensive Annual Financial Reports

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

(in thousands, except Population and Per Capita)

	Business-Type Activities							
Fiscal Year	Revenue Bonds	Certificates of Participation	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Population	Per Capita
2005	397,441	15	74,943	1,146	1,057,902	7	452,959	2,336
2006 (1)(2)	353,065	-	49,210	2,279	937,189	6	457,514	2,048
2007 (3)	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 (4)	542,347	-	52,536	9,466	1,050,287	NA	473,509	2,218
2014 (5)	540,117	-	33,288	6,098	1,028,595	NA	475,122	2,165

Notes:
1) $151 million in revenue bonds and $168 million in refunding revenue bonds were issued in 2006.
2) In 2006, the Sacramento Housing and Redevelopment Agency was eliminated as a blended component unit.
3) In 2007, $31 million of revenue bonds, $187 million of refunding bonds and a $25 million note payable were issued.
4) In 2013, $281 million of revenue bonds and a $2.8 million capital lease payable were issued.
5) In 2014, Marina fund notes payable and capital leases have been reclassified to governmental activities.
NA) Personal income data was not available in 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014.

Source: City of Sacramento Comprehensive Annual Financial Reports

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

(in thousands, except Population and Per Capita)

Fiscal Year	Total Gross General Obligation Bonds	Amounts Restricted for Principal Repayments	Total Net General Obligation Bonds	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Population	Net Bonded Debt Per Capita
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	-
2014	-	-	-	36,924,255	0.00%	475,122	-

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

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City of Sacramento
Direct and Overlapping Governmental Activities Debt [1]
As of June 30, 2014
(in thousands)

Governmental Unit	Total Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
Los Rios Community College District	$ 370,270	25.367 %	$ 93,926
Natomas Unified School District	173,217	87.387	151,369
Sacramento Unified School District	372,363	83.460	310,774
San Juan Unified School District	335,630	3.062	10,277
Twin Rivers Unified School District	84,573	47.725	40,361
Twin Rivers Unified School District (former Grant Joint Union High School District bonds)	192,857	47.127	90,888
Robla School District	23,481	50.911	11,955
City of Sacramento Community Facilities Districts	144,275	100.000	144,275
Elk Grove Unified School District Community Facilities District No. 1	182,044	11.486	20,910
City of Sacramento 1915 Act Bonds	8,690	100.000	8,690
Sacramento Area Flood Control Agency Consolidated Capital Districts Assessment District	192,610	83.303	160,450
Sacramento Area Flood Control Agency Operation and Maintenance Assessment District	3,320	63.308	2,102
Sacramento Area Flood Control Agency Natomas Local Assessment District	35,350	84.065	29,717
Subtotal - Overlapping Tax and Assessment debt			1,075,694
Direct and Overlapping General Fund Debt:			
Sacramento County General Fund Obligations	297,541	30.888	91,904
Sacramento County Pension Obligations	990,308	30.888	305,886
Sacramento County Board of Education Certificates of Participation	8,010	30.888	2,474
Los Rios Community College District Certificates of Participation	5,670	25.367	1,438
Sacramento Unified School District Certificates of Participation	74,285	83.460	61,998
Sacramento Unified School District Pension Obligations	1,740	83.460	1,452
San Juan Unified School District Certificates of Participation	999	3.062	31
Twin Rivers Unified School District Certificates of Participation	129,825	47.127	61,183
Subtotal - Lease Obligation Debt			526,366
Total Overlapping Debt			1,602,060
City of Sacramento Direct Debt			449,092
Total Direct and Overlapping Debt			$ 2,051,152

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.

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

	Debt Limit		Debt Applicable to Limit				
Fiscal Year	Net Assessed Value	Debt Limit - 15% of Assessed Value	General Obligation Bonds	Amount set aside for repayment of general obligation debt	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
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%
2014	36,924,255	5,538,638	-	-	-	5,538,638	0.00%

Sources: (A) City of Sacramento Comprehensive Annual Financial Reports.
(B) County of Sacramento, Office of Auditor/Controller.

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

Year	Population (A)	Personal Income *(in millions of dollars)*	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment (B)	Unemployment Rate (C)
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
2014	1,454,406	NA	NA	NA	NA	240,216	7.1

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)

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

Employer (A)	2014			2006 (1)		
	Employee (A) (2)	Rank	Percentage of Total Employment (B) (3)	Employee (A) (2)	Rank	Percentage of Total Employment (B)
State of California	72,220	1	11.44%	87,467	1	13.50%
Sacramento County	10,700	2	1.70%	14,408	2	2.22%
U.S. Government	9,906	3	1.57%	-		-
UC Davis Health System	9,905	4	1.57%	7,901	5	1.22%
Sutter Health Sacramento Sierra Region	7,352	5	1.16%	4,181	8	0.65%
Dignity Health	6,212	6	0.98%	-		-
Intel Corporation	6,000	7	0.95%	-		-
Kaiser Permanente	5,421	8	0.86%	8,656	3	1.34%
Elk Grove Unified School District	5,410	9	0.86%	-		-
Sacramento City Unified School District	4,200	10	0.67%	7,000	6	1.08%
City of Sacramento	4,140	11	0.66%	5,003	7	0.77%
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 631,200 (per Employment Development Department website) in June 2014.

Sources: (A) Sacramento Business Journal, July 25, 2014. 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 [1] [2]
Last Ten Fiscal Years
(in thousands)

PROJECT AREA	Fiscal Year 2005	2006	2007	2008	2009
Merged Downtown					
Secured	$ 1,898,779	$ 1,961,343	$ 2,095,806	$ 2,203,787	$ 2,549,340
Unsecured	130,133	136,059	141,829	146,071	174,529
Utility	5,282	5,280	5,274	4,107	997
Total	$ 2,034,194	$ 2,102,682	$ 2,242,909	$ 2,353,965	$ 2,724,866
Del Paso Heights					
Secured	$ 196,526	$ 260,127	$ 338,413	$ 393,968	$ 414,673
Unsecured	11,417	10,364	10,930	11,076	14,272
Utility	-	-	-	-	1
Total	$ 207,943	$ 270,491	$ 349,343	$ 405,044	$ 428,946
Alkali Flat					
Secured	$ 91,498	$ 96,749	$ 104,672	$ 122,660	$ 126,892
Unsecured	12,784	13,802	15,521	4,701	4,273
Utility	37	37	37	-	-
Total	$ 104,319	$ 110,588	$ 120,230	$ 127,361	$ 131,165
Oak Park					
Secured	$ 348,674	$ 441,020	$ 549,470	$ 618,602	$ 611,302
Unsecured	11,306	10,644	10,970	10,363	11,361
Utility	-	-	-	-	-
Total	$ 359,980	$ 451,664	$ 560,440	$ 628,965	$ 622,663
River District (formerly Richards Blvd)					
Secured	$ 368,429	$ 383,756	$ 396,256	$ 404,185	$ 434,882
Unsecured	29,806	30,896	31,005	34,967	44,693
Utility	37,775	37,533	2,759	4,120	4,120
Total	$ 436,010	$ 452,185	$ 430,020	$ 443,272	$ 483,695
North Sacramento					
Secured	$ 424,562	$ 469,556	$ 533,114	$ 581,880	$ 613,238
Unsecured	34,986	36,278	29,494	30,238	37,027
Utility	-	-	-	-	-
Total	$ 459,548	$ 505,834	$ 562,608	$ 612,118	$ 650,265

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 [1] [2]
Last Ten Fiscal Years
(in thousands)

PROJECT AREA	Fiscal Year 2010	2011	2012	2013	2014
Merged Downtown					
Secured	$ 2,656,453	$ 2,504,312	$ 2,427,850	$ 2,366,130	$ 2,300,993
Unsecured	172,285	160,110	145,125	137,567	132,581
Utility	997	997	997	770	770
Total	$ 2,829,735	$ 2,665,419	$ 2,573,972	$ 2,504,467	$ 2,434,344
Del Paso Heights					
Secured	$ 317,546	$ 305,405	$ 286,172	$ 276,998	$ 289,856
Unsecured	37,627	17,112	10,267	9,550	12,659
Utility	1	1	1	1	1
Total	$ 355,174	$ 322,518	$ 296,440	$ 286,549	$ 302,516
Alkali Flat					
Secured	$ 132,387	$ 128,304	$ 121,651	$ 119,184	$ 112,883
Unsecured	4,759	3,740	2,962	4,982	3,224
Utility	-	-	-	-	-
Total	$ 137,146	$ 132,044	$ 124,613	$ 124,166	$ 116,107
Oak Park					
Secured	$ 460,439	$ 438,987	$ 428,226	$ 427,642	$ 466,006
Unsecured	13,418	10,613	8,973	9,898	9,763
Utility	-	-	-	-	-
Total	$ 473,857	$ 449,600	$ 437,199	$ 437,540	$ 475,769
River District (formerly Richards Blvd)					
Secured	$ 454,256	$ 405,518	$ 403,771	$ 396,061	$ 375,825
Unsecured	45,813	41,732	31,661	33,655	29,486
Utility	4,200	4,200	4,264	4,779	4,779
Total	$ 504,269	$ 451,450	$ 439,696	$ 434,495	$ 410,090
North Sacramento					
Secured	$ 563,978	$ 555,744	$ 526,139	$ 506,029	$ 498,272
Unsecured	33,239	36,014	35,675	39,802	36,413
Utility	-	-	-	-	-
Total	$ 597,217	$ 591,758	$ 561,814	$ 545,831	$ 534,685

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 [1] [2]
Last Ten Fiscal Years
(in thousands)

PROJECT AREA	Fiscal Year 2005	2006	2007	2008	2009
Franklin Boulevard					
Secured	$ 450,740	$ 507,056	$ 566,043	$ 595,198	$ 615,732
Unsecured	43,519	44,426	42,667	45,819	47,150
Utility	-	-	-	-	-
Total	$ 494,259	$ 551,482	$ 608,710	$ 641,017	$ 662,882
Stockton Boulevard					
Secured	$ 306,436	$ 370,130	$ 417,045	$ 463,344	$ 476,809
Unsecured	13,282	13,381	12,071	15,416	16,399
Utility	-	-	-	-	-
Total	$ 319,718	$ 383,511	$ 429,116	$ 478,760	$ 493,208
Army Depot					
Secured	$ 160,357	$ 402,960	$ 896,449	$ 995,435	$ 1,011,483
Unsecured	98,651	88,155	104,420	145,115	118,889
Utility	920	922	841	578	578
Total	$ 259,928	$ 492,037	$ 1,001,710	$ 1,141,128	$ 1,130,950
65th Street					
Secured	$ -	$ 203,524	$ 224,504	$ 243,734	$ 240,544
Unsecured	-	165	26,401	22,673	29,115
Utility	-	739	611	-	-
Total	$ -	$ 204,428	$ 251,516	$ 266,407	$ 269,659
Railyards					
Secured	$ -	$ -	$ -	$ -	$ -
Unsecured	-	-	-	-	-
Utility	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -

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 [1] [2]
Last Ten Fiscal Years
(in thousands)

PROJECT AREA	Fiscal Year 2010	2011	2012	2013	2014
Franklin Boulevard					
Secured	$ 571,385	$ 571,094	$ 554,662	$ 553,114	$ 556,190
Unsecured	44,573	41,821	38,551	39,862	37,903
Utility	-	-	-	-	-
Total	$ 615,958	$ 612,915	$ 593,213	$ 592,976	$ 594,093
Stockton Boulevard					
Secured	$ 390,475	$ 372,566	$ 355,452	$ 334,059	$ 345,330
Unsecured	16,598	17,048	17,468	17,101	17,293
Utility	-	-	-	-	-
Total	$ 407,073	$ 389,614	$ 372,920	$ 351,160	$ 362,623
Army Depot					
Secured	$ 835,497	$ 826,480	$ 810,113	$ 790,956	$ 826,125
Unsecured	120,863	119,918	116,198	116,489	149,382
Utility	578	578	579	943	943
Total	$ 956,938	$ 946,976	$ 926,890	$ 908,388	$ 976,450
65th Street					
Secured	$ 224,753	$ 242,905	$ 230,618	$ 229,458	$ 228,785
Unsecured	25,010	25,040	25,808	17,346	14,536
Utility	-	-	-	-	-
Total	$ 249,763	$ 267,945	$ 256,426	$ 246,804	$ 243,321
Railyards					
Secured	$ 49,467	$ 71,772	$ 80,928	$ 84,191	$ 80,200
Unsecured	-	251	3,521	4,548	4,454
Utility	641	680	768	771	-
Total	$ 50,108	$ 72,703	$ 85,217	$ 89,510	$ 84,654

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

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
Merged Downtown
As of June 30, 2014
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Hines Sacramento Wells Fargo	$ 206,544	$ 100,000	$ (106,544)	4.38%
300 Capitol Mall NF LP	109,000	75,000	(34,000)	1.40%
Chase Merritt Sacramento	42,738	12,821	(29,917)	1.23%
GCCFC 2005 GG5 L Street	29,547	24,000	(5,547)	0.23%
Griffin Capital INVS LLC	28,560	20,000	(8,560)	0.35%
Sacramento Hotel Partner	22,600	3,100	(19,500)	0.80%
Juno Commercial Real Estate	19,247	9,500	(9,747)	0.40%
Fund IX - Park Plaza, LLC	12,943	9,500	(3,443)	0.14%
Fremont & Downtown Sacramento	5,486	1,679	(3,807)	0.16%
Fremont & Downtown Sacramento	5,486	1,679	(3,807)	0.16%
Sub Total	482,151	257,279	(224,872)	9.24%
All Other Taxpayers	1,952,193	-	-	-
Total	$ 2,434,344	$ 257,279	$ (224,872)	9.24%

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, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
Del Paso Heights
As of June 30, 2014
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Lundbom Family Trust	$ 973	$ -	$ (973)	0.32%
Joseph K. Smith	171	70	(101)	0.03%
Mona Sue Ayers	120	52	(68)	0.02%
Sub Total	1,264	122	(1,142)	0.38%
All Other Taxpayers	301,252	-	-	-
Total	$ 302,516	$ 122	$ (1,142)	0.38%

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, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
Alkali Flat
As of June 30, 2014
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Hearst Argyle Stations	$ 8,022	$ 2,077	$ (5,945)	5.12%
Realty Advisors Inc.	5,490	3,100	(2,390)	2.06%
Lynn Houlihan	1,450	1,000	(450)	0.39%
Hearst Argyle Stations	944	422	(522)	0.45%
Hearst Argyle Stations	273	130	(143)	0.12%
Hearst Argyle Stations	235	106	(129)	0.11%
Hearst Argyle Stations	114	50	(64)	0.06%
Hearst Argyle Stations	105	35	(70)	0.06%
Hearst Argyle Stations	87	45	(42)	0.04%
Hearst Argyle Stations	64	21	(43)	0.04%
Sub Total	16,784	6,986	(9,798)	8.44%
All Other Taxpayers	99,323	-	-	-
Total	$ 116,107	$ 6,986	$ (9,798)	8.44%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
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(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
Oak Park
As of June 30, 2014
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
GPT GIG BOA Portfolio	$ 1,210	$ 364	$ (846)	0.18%
Azizur Rehman	283	210	(73)	0.02%
Azizur Rehman	226	190	(36)	0.01%
Sharon Young	207	165	(42)	0.01%
Dorothy Nunley	187	50	(137)	0.03%
Manuel Ochale	158	60	(98)	0.02%
Santone Land Lea	124	60	(64)	0.01%
GPT GIG BOA Portfolio	90	27	(63)	0.01%
CBIP LLC	71	31	(40)	0.01%
CBIP LLC	38	29	(9)	0.00%
Sub Total	2,594	1,186	(1,408)	0.30%
All Other Taxpayers	473,175	-	-	-
Total	$ 475,769	$ 1,186	$ (1,408)	0.30%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
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(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
River District
As of June 30, 2014
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Systems Parkway	$ 13,054	$ 5,500	$ (7,554)	1.84%
Detmer Family Limited Partnership	4,598	2,299	(2,299)	0.56%
Park Villa Clovis LP	4,143	3,500	(643)	0.16%
10th North Industrial	2,844	1,706	(1,138)	0.28%
Shirish B. & Jagrutiben S.	2,830	1,698	(1,132)	0.28%
Nfinit Solutions Inc.	2,752	880	(1,872)	0.46%
Robinson Family Trust	2,614	1,700	(914)	0.22%
Signal CT & MEW LLC	2,417	1,500	(917)	0.22%
Clear Channel Outdoor	1,800	500	(1,300)	0.32%
MSN Enterprises LLC	1,616	969	(647)	0.16%
Sub Total	38,668	20,252	(18,416)	4.49%
All Other Taxpayers	371,422	-	-	-
Total	$ 410,090	$ 20,252	$ (18,416)	4.49%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
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(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
North Sacramento
As of June 30, 2014
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Costco Wholesale Corp.	$ 17,547	$ 15,000	$ (2,547)	0.48%
Seven Up Bottling Company	9,364	6,950	(2,414)	0.45%
Sent Expo Pointe LLC	7,485	4,865	(2,620)	0.49%
Gregory N. & Tcherkoyan	7,065	-	(7,065)	1.32%
Walgreen Company	5,202	4,000	(1,202)	0.22%
Bateman J. Bronwyn	3,222	2,366	(856)	0.16%
First State Investors	2,840	852	(1,988)	0.37%
CNMG Investment Group LLC	2,393	1,618	(775)	0.14%
York Law Company LLC	2,369	1,200	(1,169)	0.22%
Cal Tex Properties	1,740	1,043	(697)	0.13%
Sub Total	59,227	37,894	(21,333)	3.99%
All Other Taxpayers	475,458	-	-	-
Total	$ 534,685	$ 37,894	$ (21,333)	3.99%

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, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
Franklin Boulevard
As of June 30, 2014
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Campbell Soup Supply	$ 39,718	$ 18,525	$ (21,193)	3.57%
Chateau Lang Apartments	2,860	2,600	(260)	0.04%
Stillman Mobile Home	2,208	850	(1,358)	0.23%
Tesco Controls Inc.	2,175	1,500	(675)	0.11%
Lauren Prichard	906	700	(206)	0.03%
Gordon Chin	673	385	(288)	0.05%
Stillman Mobile Home	427	50	(377)	0.06%
Jair, Jack and Rose Mari	355	117	(238)	0.04%
Ghodratollah Soltani	230	200	(30)	0.01%
Mang S Te	227	110	(117)	0.02%
Sub Total	49,779	25,037	(24,742)	4.16%
All Other Taxpayers	544,314	-	-	-
Total	$ 594,093	$ 25,037	$ (24,742)	4.16%

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, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
Stockton Boulevard
As of June 30, 2014
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Bee Saigon Plaza LLC	$ 17,374	$ 8,600	$ (8,774)	2.42%
Stockton Plaza Partners	9,763	8,299	(1,464)	0.40%
Jaime & Gloria Gonzalez	9,248	-	(9,248)	2.55%
Brittany Arms LLC	4,290	3,900	(390)	0.11%
EKG Investors LLC	2,770	1,167	(1,603)	0.44%
EKG Inverstors LLC	2,520	1,167	(1,353)	0.37%
EKG Inverstors LLC	2,395	1,167	(1,228)	0.34%
EKG Inverstors LLC	1,890	1,167	(723)	0.20%
EKG Inverstors LLC	1,890	1,167	(723)	0.20%
Stockton Plaza Partners	822	699	(123)	0.03%
Sub Total	52,962	27,333	(25,629)	7.07%
All Other Taxpayers	309,661	-	-	-
Total	$ 362,623	$ 27,333	$ (25,629)	7.07%

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, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
Army Depot
As of June 30, 2014
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Phong Enterprise LLC	$ 586	$ 350	$ (236)	0.02%
Muneshwar Dutt	241	100	(141)	0.01%
Rand Family Trust	240	170	(70)	0.01%
Willie F. Carter	190	120	(70)	0.01%
Andre Holtzclaw	184	100	(84)	0.01%
Scott L. Ostrander	180	90	(90)	0.01%
IH2 Prop West Limited Partnership	118	63	(55)	0.01%
Stephen L. Broderick	70	60	(10)	0.00%
CBIP LLC	66	31	(35)	0.00%
THR CA Limited Partnership	46	36	(10)	0.00%
Sub Total	1,921	1,120	(801)	0.08%
All Other Taxpayers	974,529	-	-	-
Total	$ 976,450	$ 1,120	$ (801)	0.08%

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
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(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of June 30, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
65th Street
As of June 30, 2014
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Target Corporation	$ 23,379	$ 400	$ (22,979)	9.44%
Theodoros G & G Avdalas	960	576	(384)	0.16%
Theodoros G & G Avdalas	483	290	(193)	0.08%
Sam Manolakas	70	20	(50)	0.02%
Sub Total	24,892	1,286	(23,606)	9.70%
All Other Taxpayers	218,429	-	-	-
Total	$ 243,321	$ 1,286	$ (23,606)	9.70%

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, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
Railyards
As of June 30, 2014
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
IA Sacramento Holdings	$ 29,397	$ 10,170	$ (19,227)	22.71%
New Baytree LLC	8,772	2,631	(6,141)	7.25%
IA Sacramento Holdings	2,491	21	(2,470)	2.92%
IA Sacramento Holdings	1,196	503	(693)	0.82%
Sub Total	41,856	13,325	(28,531)	33.70%
All Other Taxpayers	42,798	-	-	-
Total	$ 84,654	$ 13,325	$ (28,531)	33.70%

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, 2014.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Merged Downtown
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Hines Sacramento Wells Fargo Center	$ 206,544	1	8.48%	$ -		-
621 Capitol Mall LLC	125,470	2	5.15%	-		-
500 Capitol Mall LLC	118,033	3	4.85%	-		-
300 Capitol Associates NF LP	109,000	4	4.48%	-		-
CIM/980 9th Street Sacramento LP	98,981	5	4.07%	-		-
CIM/J Street Hotel Sacramento LP	74,498	6	3.06%	-		-
Capitol Regency LLC	74,237	7	3.05%	-		-
1325 J Street LLC	68,282	8	2.80%	-		-
1415 Meridian Plaza LLC/Valley View Investors LLC	65,149	9	2.68%	-		-
KW Captowers LLC	64,987	10	2.67%	-		-
Teachers Insurance/Annuity Assn of America	-		-	191,129	1	9.94%
EOP-400 Capital Mall LLC	-		-	146,210	2	7.61%
VV USA City LP	-		-	88,047	3	4.58%
RT Sacramento Funding Company Inc.	-		-	68,438	4	3.56%
Rubicon NGP Sacramento CA LLP	-		-	67,320	5	3.50%
Sacramento Hotel Corporation	-		-	65,322	6	3.40%
CA Assn Hosp/Hlth Sym (Tsakopoulos Family)	-		-	40,679	7	2.12%
Health Property Associates	-		-	39,955	8	2.08%
Downtown Plaza	-		-	39,295	9	2.04%
Mart Family LLC/Senator Building LLC/ETA	-		-	34,629	10	1.80%
Sub Total	1,005,181		41.29%	781,024		40.64%
All Other Taxpayers	1,429,163		58.71%	1,141,003		59.36%
Total	$ 2,434,344		100.00%	$ 1,922,027		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Del Paso Heights
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Greater Sacramento Urban League	$ 6,112	1	2.02%	$ -		-
Research Properties	5,272	2	1.74%	4,744	2	1.26%
BM Ventures LLC	4,700	3	1.55%	-		-
Woodhaven Senior Residences	4,448	4	1.47%	3,996	3	1.06%
John A/ Leta K Nichols 1994 Rev Trust	2,776	5	0.92%	2,491	7	0.66%
US Rentals Inc.	2,476	6	0.82%	3,383	5	0.90%
Proffutt Limited Partnership	2,151	7	0.71%	-		-
23002 Moulton Parkway LLC	1,842	8	0.61%	-		-
Lundbom Sacramento Realty INVS LP	1,547	9	0.51%	-		-
Providence Comml Props LLC	1,453	10	0.48%	-		-
Northland Village Associates	-		-	6,296	1	1.67%
Lundblom Family Trust	-		-	3,985	4	1.06%
Harry & Mariann Brix 1993 Family Trust	-		-	2,498	6	0.66%
Maki Stephen	-		-	1,923	8	0.51%
1980 Tyler Family Trust	-		-	1,547	9	0.41%
Northland Village Associates	-		-	1,426	10	0.38%
Sub Total	32,777		10.83%	32,289		8.56%
All Other Taxpayers	269,739		89.17%	344,793		91.44%
Total	$ 302,516		100.00%	$ 377,082		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Alkali Flat
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Hearst-Argyle Stations Inc.	$ 19,015	1	16.38%	$ 20,309	1	15.64%
City Park Apartment Homes LLC	8,725	2	14.17%	-		-
GMA Investors LP	7,599	3	6.54%	-		-
CC/B Holdings Inc.	5,840	4	5.03%	-		-
Realty Advisors Inc.	5,490	5	4.73%	9,271	3	7.14%
John Dailey Trust/Charles D. Deloney	1,959	6	1.69%	1,758	7	-
700 E Street Building Partner	1,665	7	1.43%	1,870	6	1.44%
Tarpin Samuel D	1,468	8	1.26%	-		-
520 Ninth Street	1,450	9	1.25%	1,953	5	1.50%
Adrian L./Michelle J. Randolph Family Trust	1,341	10	1.15%	-		-
Crystal Cream/Butter Holdings, Inc.	-		-	12,265	2	9.44%
US Housing Partners II LP	-		-	3,709	4	2.86%
Miller Mary/Simone A./James O./Fitzgerald/ETAL	-		-	1,737	8	1.34%
James Fortino Trust/Court on G Inc.	-		-	1,658	9	1.28%
Washington Square III	-		-	1,595	10	1.23%
Sub Total	54,552		46.98%	56,125		43.21%
All Other Taxpayers	61,555		53.02%	73,765		56.79%
Total	$ 116,107		100.00%	$ 129,890		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Oak Park
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Rainbow Baking Co of Sac Valley	$ 26,543	1	5.58%	$ 19,312	2	2.26%
Regents University CA	10,561	2	2.22%	11,079	4	1.30%
US Bank National Association	5,324	3	1.12%	-		-
Crestwood Medical Center Hospital	4,339	4	0.91%	4,003	9	0.47%
Security Public Storage	3,715	5	0.78%	-		-
Edmar Invs LLC	3,196	6	0.67%	3,331	10	0.39%
St. Hope Academy	1,823	7	0.38%	-		-
John C. Skinner 2001 Living Trust	1,819	8	0.38%	-		-
SRR Trading LLC	1,445	9	0.30%	-		-
Corky Bob LLC	1,406	10	0.30%	-		-
University of the Pacific	-		-	21,014	1	2.46%
Glassrock Partnership	-		-	18,592	3	2.18%
St. Paul Baptist Church of Sacramento Corp.	-		-	9,168	5	1.07%
Stockton/Broadway Partners	-		-	5,662	6	0.66%
Ticon III LP	-		-	5,441	7	0.64%
Sac Properties LLC	-		-	4,737	8	0.56%
Sub Total	60,171		12.65%	102,339		12.00%
All Other Taxpayers	415,598		87.35%	750,812		88.00%
Total	$ 475,769		100.00%	$ 853,151		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - River District
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
California Almond Growers	$ 70,011	1	17.07%	$ 56,965	1	12.94%
Grove River District LLC	34,178	2	8.33%	-		-
Mendell Allan/Etal	8,843	3	2.16%	-		-
Capitol Station 65 LLC	7,693	4	1.88%	8,819	9	2.00%
Dos Rios Venture	6,313	5	1.54%	-		-
BA Hotel LLC	5,628	6	1.37%	-		-
BRE / LQ Props LLC	5,517	7	1.35%	-		-
Vida N Anello Revocable Living Trust	5,268	8	1.28%	-		-
Henderson Enterprises L P	5,227	9	1.27%	-		-
Detmer Family Limited Partnership	5,021	10	1.22%	-		-
Grove Investment Company	-		-	27,975	2	6.36%
Sunstone OP Properties LLC	-		-	18,676	3	4.24%
Richard Blvd. Partners	-		-	17,666	4	4.01%
CCAA Partners LLC/Bruce W. Bell/et al	-		-	14,195	5	3.23%
Ice Bear Inc. (Sequoia Pacific)	-		-	10,574	6	2.40%
LaQuinta Development Partner	-		-	10,208	7	2.32%
CTF4-American River LLC	-		-	9,816	8	2.23%
Grove Investment Company	-		-	6,874	10	1.56%
Sub Total	153,699		37.48%	181,768		41.30%
All Other Taxpayers	256,391		62.52%	258,346		58.70%
Total	$ 410,090		100.00%	$ 440,114		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - North Sacramento
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Westcore Delta LLC	$ 34,839	1	6.52%	$ -		-
Seven-up Bottling Company	32,201	2	6.02%	19,544	3	3.22%
Price Company	21,576	3	4.04%	17,151	4	2.83%
McCuen Acoma Street Investors	11,862	4	2.22%	10,641	8	1.75%
Meriliz Incorporated	9,133	5	1.71%	-		-
North Sacramento Land Company	8,156	6	1.53%	15,804	5	2.61%
Sutter Medical Foundation	7,999	7	1.50%	-		-
Recreational Equipment Inc.	7,563	8	1.41%	-		-
Sent Expo Pointe LLC	7,485	9	1.40%	-		-
2006 Tcherkoyan Family Trust	5,845	10	1.09%	6,624	10	1.09%
PD Hotel Associates LLC	-		-	28,401	1	4.68%
JB Management LP	-		-	27,182	2	4.48%
Calvary Christian Church Center	-		-	21,220	6	3.50%
SVN Sacramento LLC	-		-	10,717	7	1.77%
Carl P. Schalansky Revocable Trust	-		-	6,977	9	1.15%
Sub Total	146,659		27.43%	164,261		27.08%
All Other Taxpayers	388,026		72.57%	442,367		72.92%
Total	$ 534,685		100.00%	$ 606,628		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Franklin Boulevard
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
6200 Franklin LLC	$ 39,898	1	6.72%	$ -		-
Western Village LP	9,576	2	1.61%	-		-
United States Cold Storage	9,408	3	1.58%	8,623	2	1.33%
Rosedown Associates LLC	6,002	4	1.01%	-		-
Sacto Childrens Home	5,529	5	0.93%	-		-
Extra Space Props Ninety Four Limited Partnership	4,299	6	0.72%	-		-
SEI/PSP VI Joint Ventures	4,234	7	0.71%	2,608	10	0.40%
Bowling Green Associates	4,075	8	0.69%	-		-
Con-Way Western Express Inc.	3,748	9	0.63%	-		-
47th Street Associates LLC	3,659	10	0.62%	-		-
Campbell Soup	-		-	145,818	1	22.51%
Preservation Southpointe LP	-		-	7,547	3	1.16%
Rosedown Apartments LLC	-		-	6,857	4	1.06%
Con-Way Western Express Inc.	-		-	3,787	5	0.58%
Bowling Green Associates	-		-	3,655	6	0.56%
MH Southgate Investors	-		-	3,599	7	0.56%
Tesco Controls Inc.	-		-	3,215	8	0.50%
Chateau Lang Apartments LLC	-		-	2,864	9	0.44%
Sub Total	90,428		15.22%	188,573		29.11%
All Other Taxpayers	503,665		84.78%	459,250		70.89%
Total	$ 594,093		100.00%	$ 647,823		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Stockton Boulevard
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Stockton Plaza Partners LLC	$ 11,666	1	3.22%	-		-
EKG Investors LLC	10,205	2	2.81%	-		-
John M/Nancy M Kehriotis Living Trust	7,577	3	2.09%	6,797	5	1.35%
Little Saigon Plaza LLC	7,415	4	2.04%	-		-
NT Stockton Investors LLC	6,093	5	1.68%	-		-
SF 3 LLC	4,725	6	1.30%	-		-
Ralphs Grocery Company	4,687	7	-	5,602	8	1.11%
Mulleian Investments LLC	4,646	8	1.28%	6,129	7	1.22%
Brittany Arms LLC	4,547	9	1.25%	5,202	10	1.03%
ESS Prisa II LLC	4,430	10	1.22%	-		-
Azure Park Apartments LLC	-		-	11,493	1	2.28%
Western Investment Real Estate	-		-	9,421	2	1.87%
Gonzalez Jaime/Gloria	-		-	8,670	3	1.72%
CCI Stockridge SAC LLC	-		-	8,484	4	1.68%
Preferred Properties LLC	-		-	6,641	6	1.32%
ESS Prisa II LLC	-		-	5,251	9	1.04%
Sub Total	65,991		18.20%	73,690		14.63%
All Other Taxpayers	296,632		81.80%	430,051		85.37%
Total	$ 362,623		100.00%	$ 503,741		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Army Depot
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
R/G Hayward LLC	$ 15,555	1	1.59%	$ 11,898	4	1.02%
Engineered Polymer Solutions Inc.	14,700	2	1.51%	4,973	10	0.43%
Central Valley Industrial Core Holdings	11,061	3	1.13%	-		-
Elder Creek Transfer/Recovery Inc.	9,158	4	0.94%	10,313	6	0.88%
Air Products Manufacturing Corporation	8,412	5	0.86%	-		-
Conrad Ethan	6,584	6	0.67%	-		-
Massie & Company	6,100	7	0.62%	-		-
Teichert Land Co	5,862	8	0.60%	-		-
C/S Logistics Sacramento/Tracy LLC	5,800	9	0.59%	9,233	7	0.79%
Power Inn Business Park LLC	5,362	10	0.55%	-		-
Proctor/Gamble Manufacturing Co.	-		-	64,908	1	5.55%
Crystal Cream/Butter Company	-		-	36,601	2	3.13%
Fedex Ground Package Systems Inc.	-		-	18,340	3	1.57%
W H Q	-		-	10,841	5	0.93%
Marvin L. Oates Trust	-		-	7,842	8	0.67%
Sperber Steven A./Todd R./etal	-		-	6,070	9	0.52%
Sub Total	88,594		9.07%	181,019		15.49%
All Other Taxpayers	887,856		90.93%	987,743		84.51%
Total	$ 976,450		100.00%	$ 1,168,762		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - 65th Street
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2005		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
HRA Element LLC	$ 36,214	1	14.88%	$ -		-
Target Corporation	26,508	2	10.89%	22,181	2	7.64%
65th St Village LLC	8,700	3	3.58%	-		-
CPCA 7716 Folsom Blvd. LLC	7,594	4	3.12%	-		-
Atlas Disposal Industries LLC	7,548	5	3.10%	-		-
Dimension Properties LLC	5,841	6	2.40%	-		-
Kenneth/Susan Catchot Family 2005 Revocable Trust	5,034	7	2.07%	5,567	6	1.92%
American River Self Storage LP	4,938	8	2.03%	8,531	5	2.94%
2800 Pico Associates LLC	4,244	9	1.74%	4,878	8	1.68%
KCMKC Properties, LP/Paul E. Fong/MAE Etal	4,061	10	1.67%	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	110,682		45.49%	135,290		46.62%
All Other Taxpayers	132,639		54.51%	154,927		53.38%
Total	$ 243,321		100.00%	$ 290,217		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Principal Property Taxpayers - Railyards
Current Fiscal Year and Nine Years Ago
(in thousands)

	2014			2010 [1]		
Assessee	**Taxable Value [2]**	**Rank**	**Percentage of Total Taxable Value [3]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
IA Sacramento Development LLC	$ 33,235	1	39.26%	$ -		-
CCAA Partners LLC/Bruce W. Bell/Etal	12,000	2	14.18%	14,843	2	19.07%
Sutter HOJ LP	8,812	3	10.41%	-		-
Sacramento County Employee Credit Union	4,300	4	5.08%	4,068	5	5.23%
REA Limited Partnership	3,978	5	4.70%	5,378	4	6.91%
PDRA/Company LLC	3,716	6	4.39%	3,537	6	4.54%
Strumwasser Michael J./Silvia M.	3,072	7	3.63%	2,924	7	3.76%
Mercy Housing CA 47	2,541	8	3.00%	-		-
Bowman/Bay Building Joint Venture	2,222	9	2.62%	2,115	8	2.72%
PLF Bldg. LLC	1,670	10	1.97%	-		-
Legacy Ventures LLC	-		-	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	75,546		89.24%	67,716		87.00%
All Other Taxpayers	9,108		10.76%	10,117		13.00%
Total	$ 84,654		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 2013-14 Project Area total taxable value.

Source: Sacramento County Assessor

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City of Sacramento
Successor Agency Trust Fund
Debt Coverage Analysis
Last Ten 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	(1)
2012-13	41,304	745	2,556	38,003	22,087	1.72	6,619	28,706	1.32	
2013-14	47,395	687	3,037	43,671	24,896	1.75	5,123	30,019	1.45	

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	(1)
2012-13	23,260	419	652	22,189	16,298	1.36	2,655	18,953	1.17	
2013-14	23,042	372	580	22,090	18,686	1.18	1,747	20,433	1.08	

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	(1)
2012-13	2,549	46	194	2,309	1,644	1.40	240	1,884	1.23	
2013-14	2,853	44	245	2,564	1,618	1.58	230	1,848	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.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Successor Agency Trust Fund
Debt Coverage Analysis
Last Ten 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	(1)
2012-13	1,049	19	10	1,020	623	1.64	467	1,090	0.94	
2013-14	1,028	16	9	1,003	612	1.64	461	1,073	0.93	

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	(1)
2012-13	3,841	67	151	3,623	2,794	1.30	183	2,977	1.22	
2013-14	4,364	67	244	4,053	2,891	1.40	34	2,925	1.39	

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	(1)
2012-13	1,294	26	227	1,041	-	-	654	654	1.59	
2013-14	5,735	20	259	5,456	-	-	646	646	8.45	

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.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Successor Agency Trust Fund
Debt Coverage Analysis
Last Ten 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	
2013-14	2,303	38	247	2,018	909	2.22	393	1,302	1.55	

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	
2013-14	2,414	38	189	2,187	-	-	99	99	22.09	

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	
2013-14	1,420	24	377	1,019	180	5.66	245	425	2.40	

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.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Successor Agency Trust Fund
Debt Coverage Analysis
Last Ten 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	
2013-14	3,200	50	643	2,507	-	-	735	735	3.41	

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	
2013-14	834	14	185	635	-	-	506	506	1.25	

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.

Source: County of Sacramento, Office of Auditor/Controller

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

	Full-time Equivalent Employees as of June 30,									
Function/Program	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Citywide and Community Support	-	-	-	-	-	-	-	-	23	23
Code Enforcement	-	82.00	94	92	107	90	-	-	-	-
Community Development	-	-	-	-	-	107	170	166	159	163
Convention, Culture & Leisure	204	204	208	213	214	206	196	194	133	138
Development Services	252	259	243	246	222	-	-	-	-	-
Economic Development	-	17.00	17	24	27	22	18	14	11	11
Fire	609	623	651	651	655	582	611	589	527	642
General Government	393	374	408	419	400	329	319	312	305	320
General Services	457	260	264	287	307	257	247	225	368	367
Neighborhood Services	86	16	16	15	15	9	-	-	-	-
Parks and Recreation	841	896	930	925	872	680	648	579	553	577
Planning	-	-	38.00	33	34	-	-	-	-	-
Police	1,189	1,207	1,265	1,272	1,271	1,091	1,060	900	847	940
Public Works	-	-	-	-	-	-	-	-	395	406
Transportation	333	340	350	356	437	424	409	409	-	-
Utilities	497	727	732	741	741	752	698	698	505	510
Total	4,860	5,003	5,213	5,273	5,300	4,549	4,374	4,083	3,825	4,095

Source: City of Sacramento Approved Operating Budgets

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

Function/program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Adult arrests	25,623	27,314	24,703	22,783	21,230	20,555	19,885	17,058	18,650	19,570
Citizen initiated calls for service with officer responses	194,969	187,731	181,793	181,873	173,045	176,157	166,207	154,193	154,233	118,975
Fire (1)										
Number of incidents	63,242	65,714	66,284	70,609	64,525	59,608 (2)	71,111	73,343	74,427	75,000
Number of structure fires	835	1,189	500	414	401	359 (2)	606	652	680	586
Number of construction inspection/reviews	5,181	NA	NA	NA	NA	2,790	NA	1,895	4,568 (12)	4,761
General Services										
Number of animal licenses issued	9,446	12,815	14,944	18,812	18,732	17,094	17,132	17,318	15,810 (13)	15,057
Number of animal outplacements	4,267	4,323	4,352	4,252	4,025	3,300	2,901	3,750	5,521 (14)	6,167
Public Works										
Number of traffic investigations completed	927	922	1,123	1,019	1,028	903	712 (4)	717	821	936
Number of parking citations issued	199,428	201,196	194,193	233,901	236,103	240,248	184,215 (5)	164,492	165,700	171,066
Convention, Culture and Leisure										
Number of Community Convention Center events	607	600	664	568	528	453	417	389	378	378
Community Convention Center event attendance	929,425	833,428	849,000	863,759	862,000	780,000	873,577	796,000	645,000 (15)	881,253
Number of Zoo attendance	485,000	485,000	529,734	482,072	467,446	481,452	498,518	526,959	508,061	512,758
Parks and Recreation										
Number of students enrolled in START	7,149	7,913	8,845	8,364	8,695	8,563	7,437	5,755 (7)	5,330	5,603
Number of students enrolled in 4th R (9)	2,695	2,885	3,000	3,500	2,675	2,600	2,142	1,899	1,949	1,955
Number of lunches served through food programs	195,000	192,500	160,900	156,916	197,020	120,726 (3)	133,687	42,848 (8)	- (16)	-
Community Development (18)										
Number of building permits issued	17,869	18,261	16,930	14,349	13,182	11,786	11,474	11,545	12,146	13,950
Building permit valuation (in million of dollars)	883	817	1,005	862	557	543	387	281	391	362
Vehicles abated by City	4,660	3,747	2,572	1,538	898	694	429	254 (10)	282	343
Notice and orders issued on housing and dangerous buildings	279	293	445	378	360	305	250	188 (11)	253	154
Water										
Number of accounts	136,347	151,459	151,459	135,665	137,029	136,600	136,812	137,148	135,353	135,590
Amount distributed/pumped (million of gallons)	44,177	45,180	49,463	NA	42,726	38,453	37,393	38,692	40,034	34,896
Wastewater										
Number of accounts	78,596	78,541	79,620	76,253	76,802	76,385	76,394	76,477	76,484	76,657
Amount distributed/pumped (million of gallons)	18,054	19,185	19,185	NA	15,889	14,302	NA	10,695	6,805 (17)	10,603
Storm Drainage										
Number of accounts	130,426	128,427	132,376	131,801	132,727	132,556	133,188	133,814	134,651	135,834
Amount distributed/pumped (million of gallons)	41,608	53,444	53,444	NA	27,936	27,288	NA	28,445	17,602	14,585 (19)
Solid Waste										
Residential garbage disposed (in Tons)	129,499	127,120	128,802	128,060	104,542	112,203	110,103	106,085	109,141	109,060
Commercial garbage collected (in Tons)	23,159	22,469	NA	24,804	18,937	17,688	12,918 (6)	12,251	1,222	- (20)

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 deligently 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) Prior to FY13, reported as Development and Code Enforcement Departments.
(19) Amount of storm drain pumped/distributed is dependent on rainfall. There was less rainfall in FY14 than in FY13 and FY12.
(20) Solid Waste commercial garbage collection was discontinued in October 2012.

Source: Various City of Sacramento Departments

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

Function/program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Number of stations [1]	2	2	2	4	4	4	4	4	4	4
Number of patrol units [2]	238	229	210	210	210	242	242	242	263	243
Number of aircraft	NA	NA	NA	NA	3	3	3	4	4	4
Number of watercraft	NA	NA	NA	NA	2	2	2	3	3	3
Fire										
Number of stations	23	23	23	23	23	23	23	24	24	24
Number of fire suppression, support or prevention vehicles	167	169	170	151	150	160	160	159	159	159
Public Works										
Miles of streets	2,960	3,025	3,034	3,045	3,044	3,063	3,108	3,108	3,065	3,077
Number of street lights	38,450	39,277	39,964	40,578	41,131	41,252	41,301	41,679	41,788	42,048
Number of City parking spaces [3]	8,488	8,518	8,795	8,798	8,484	8,484	8,484	8,484	8,484	8,484
Miles of off-street bikeways	58	62	67	76	78	78	82	82	83	84
Parks and recreation										
Number of parks	204	205	205	206	208	212	213	213	222	222
Park acreage [4]	3,122	3,124	3,125	3,126	3,167	3,171	3,171	3,150 [10]	3,161 [11]	3,161
Number of community centers [5]	17	17	17	16	13	13	13	13	13	13
Number of swimming pools (including wading pools)	23	23	23	23	26	26	26	26	26	26
Water										
Miles of water mains and distribution lines [6] [7]	1,708	1,873	1,873	1,859	1,720	1,724	1,596	1,599	1,599	1,597
Sewers and storm drainage										
Miles of sanitary sewers and storm drainage [8]	2,081	2,081	2,024	1,859	1,693	1,950	1,954	1,951	1,951	1,951
Off-street parking										
Number of City garages and open parking lots	11	11	12	12	10	10	10	10	10	10
Golf										
Number of golf courses	6	6	6	6	6	6	6	6	6	6
Marina										
Number of boat harbor slips	563	563	547	475 [9]	475	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 acreas 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

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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

	2014	2005
Number of budgeted positions	4,095	4,399
Area in square miles	99	99
Altitude in feet	20	20
City of Sacramento facilities and services:		
Police		
Number of stations	4	2
Number of police personnel sworn / civilian (actual)	643/296	713/377
Number of patrol units	243	238
Fire		
Number of stations	24	23
Number of fire personnel sworn / unsworn	580/61	552/58
Number of fire protection, support and prevention vehicles	159	167
Utilities		
Miles of water mains and distribution lines (1)	1,597	1,708
Annual water production in gallons	35 billion	44 billion
Miles of sanitary sewers and storm drainage (2)	1,951	2,081
Public Works		
Miles of streets	3,077	2,960
Number of street lights	42,048	38,450
Number of City managed parking lots / spaces	11/1,974	11/8,488
Miles of off-street bikeways	84	58
Convention, Culture and Leisure		
Golf courses	6	6
Boat harbor slips (3)	475	547
Zoo animals (4)	578	600
Fairytale town attendance for year	252,351	201,496
Crocker Art Museum attendance for year	218,649	119,480
Community Convention Center attendance for year	881,253	929,425
Parks and Recreation		
Parks	222	196
Park acreage (5)	3,161	3,627
Camp Sacramento attendance for year	2,558	3,031
Community centers	13	17
Neighborhood centers	5	N/A
Swimming pools	17	21
Baseball fields (6)	102	84
Soccer fields	132	75
Ball courts	180	118
Library		
Library branches	12	27 (7)
Library books and audiovisual recordings in circulation	2,051,606	2,011,794

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
Mayor Pro Tem, District 1

ALLEN WARREN
Councilmember, District 2

STEVE COHN
Councilmember, District 3

STEVE HANSEN
Councilmember, District 4

JAY SCHENIRER
Vice Mayor, 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 100 square miles.

The current estimated population is 475,122.

www.CityofSacramento.org

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CITY OF SACRAMENTO, CALIFORNIA

MANAGEMENT LETTER

JUNE 30, 2014

December 19, 2014

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

We have audited the basic financial statements of the City of Sacramento, California (the City) for the year ended June 30, 2014, and have issued our report thereon dated December 19, 2014. In planning and performing our audit of the basic financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These observations and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

DEVELOPER DEDICATIONS

OBSERVATION:

As a result of our audit procedures over capital and infrastructure additions, it was noted that the City is adding the developer infrastructure dedications from the fiscal year ended June 30, 2013 in the June 30, 2014 fiscal year. As a result, the City has routinely had a one-year lag to incorporate developer dedications into the accounting records.

RECOMMENDATION:

We recommend that the City consider whether there are alternative methods for which to gather information from departments in a more timely manner in order to match up the acceptance of infrastructure dedications with the appropriate accounting period. This may include utilizing an estimate of the infrastructure dedications accepted during the period based on initial documentation provided by developers until final verification can be performed by the City departments.

MANAGEMENT'S RESPONSE:

The City agrees with the recommendation and will formalize its processes and procedures to determine a yearly estimated amounts of developer dedications for financial reporting.

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RETIREE HEALTH BILLING RECONCILIATION

OBSERVATION:

During our inquiries with the City's Human Resources department regarding Other Post Employment Benefits, we noted that the City is not performing a monthly reconciliation of healthcare bills received from insurance providers to the City's records of participating retirees at the Sacramento City Employees' Retirement System (SCERS) and the City retirees of the California Public Employees' Retirement System (CalPERS).

As a result, the City's Human Resources department is aware that they have had duplicate or erroneous billings, have been charged for deceased individuals, and these errors had not been identified in a timely manner. This was due to a not having routine healthcare billing reconciliation process not being in place for retirees that participate in the City's healthcare programs.

RECOMMENDATION:

We recommend the City work with their healthcare providers to develop a process and procedure to reconcile the City's records of enrolled retirees participating in the healthcare program to the invoices of the insurance providers. As part of this monthly process, the City should ensure that they have received an appropriate cost sharing portion of the premium from those participating retirees. We further recommend that the City develop procedures to ensure deceased retirees are identified timely and proper action is taken to remove them from the healthcare billing.

MANAGEMENT'S RESPONSE:

The City agrees with the recommendation and will develop policies and procedures to reconcile healthcare bills to City records to ensure that proper costs are being charged and paid.

LANDFILL REGULATORY REPORTS

OBSERVATION:

During our review of the City Landfill Closure and Postclosure Liability, we noted that the City Department of Solid Waste was not submitting the Financial Assurances report to the California Department of Resources Recycling and Recovery (CalRecycle), a division of California Environmental Protection Agency. The report is required for all owners of solid waste landfills by Title 27 of the California Code of Regulations and requires the calculation of the inflationary increases in the City's closure, postclosure maintenance, and corrective action cost estimates from previous technical closure and postclosure plans.

RECOMMENDATION:

We recommend the City work with the CalRecyle to ensure that all necessary submissions of regulatory reports are being made in relation to the City's closed landfills.

MANAGEMENT'S RESPONSE:

The City agrees with the recommendation and will develop policies and procedures to ensure that all necessary submissions of regulatory reports are made in relation to the City's closed landfills.

INTERFUND LOAN POLICY

OBSERVATION:

As a result of our audit procedures over the interfund advances of the City, it was noted that the city does not have an Interfund Loan Policy. While the practice of interfund loans is a recognized and necessary aspect of municipal finance, they are typically short term in nature, and constitute the allocation of resources between individual funds for working capital purposes. The City has an interfund loans from the Risk Management Fund to the Golf Fund (a subfund of the Culture & Leisure Fund), that is long term in nature and does not have a set repayment schedule.

RECOMMENDATION:

We recommend that the City adopt policies and procedures regarding the terms and conditions by which interfund loans are initiated and subsequently managed. Common characteristics of an interfund loan policy adopted by municipalities might include:

- Purpose of Interfund Loan
- Identification of the Source Fund
    - Availability of unrestricted funds in the source fund
    - Review of multi-year plans for use of source fund monies
    - Analyze and legal or contractual restrictions
    - Ensure loan will not hinder functions or projects of source fund
- Term/Repayment of Interfund Loan
    - Repayment should have a payment source and funding stream
    - Specific repayment schedule
    - Interest imposed at a rate equality to at least investment earning if loan did not occur
    - Loan must be due and payable if funds needed by source fund
- Other Considerations
    - Feasibility of repayment
    - Internal controls of monitoring repayment

MANAGEMENT'S RESPONSE:

The City agrees with the recommendation and will develop policies and procedures to ensure interfund loans made by the City are initiated and managed in accordance with City guidelines.

NEW FINANCIAL REPORTING STANDARDS

INFORMATIONAL ONLY

GOVERNMENTAL ACCOUNTING STANDARD No. 68

In June 2012, 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 governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is not effective until the fiscal year ending June 30, 2015.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD No. 71

In November 2013, 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, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contribution, 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. This statement is not effective until June 30, 2015.

*****

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

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

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
December 19, 2014

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

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

We have audited the 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) for the year ended June 30, 2014, and have issued our reports thereon dated as indicated below:

Reporting Entity	Audit Report Date
Comprehensive Annual Financial Report	December 19, 2014
Sacramento City Employees' Retirement System (SCERS)	December 19, 2014
Child Development Program Enterprise Fund	October 30, 2014
Special Tax Revenue Bonds, Series A and Subordinate Special Tax Revenue Bonds (Bond Programs) of the Sacramento City Financing Authority	December 19, 2014

We are currently performing the compliance audit of the City's federal award programs and plan to issue our reports prior to January 31, 2015.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 10, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, as of July 1, 2013. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimates were used in establishing allowances for accounts receivable, establishing self insurance reserves, estimating landfill closure and post closure care costs, estimating fair value of investments and derivative instruments, estimating useful lives to calculate depreciation of capital assets, estimation of the other post employment liability, estimation of pension liability amounts and disclosures, and estimation of pollution remediation liabilities. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure of the Funded Status of the City's Pension Plans in Note 8 of the financial statements where the City has an Unfunded Actuarial Accrued Liability of the City's CalPERS Safety and Miscellaneous Pension Plans of $379 million and $237 million, respectively, as of the June 30, 2013 actuarial valuation and an Unfunded Actuarial Accrued Liability of the SCERS Pension Plan of $60 million as of the June 30, 2014 actuarial valuation.
>
> The disclosure of the Other Post Employment Benefits (OPEB) in Note 9 of the financial statements where the City has an Unfunded Actuarial Accrued Liability of $433.7 million and actuarial value of assets of $0 as of the most recent actuarial valuation of June 30, 2013.
>
> The disclosure of the subsequent event in Note 20 where the City entered into a forward bond purchase agreement in connection with the Entertainment and Sport Center (ESC) project in July, 2014.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected, by management are attached in the Schedule of Corrected Misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management of the City, SCERS, and Bond Programs that are included in the management representation letters dated December 19, 2014. We obtained certain representations from management of the Child Development Program Enterprise fund in the management representation letter dated October 30, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the management's discussion and analysis and schedules of funding progress, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
December 19, 2014

CITY OF SACRAMENTO
Schedule of Corrected Misstatements
For the Year Ended June 30, 2014

Number	Fund	Description	Debit	Credit
1	Solid Waste Enterprise Fund	Liability for Landfill Closure	$ 18,527,000	
		Special Item		$ 18,527,000

The adjustment was to adjust the Liability for Landfill Closure costs to bring the estimate in line with the new independent engineering estimate related to the City's annual postclosure monitoring costs and the remaining required monitoring period required by the US Environmental Protection Agency.

2	Capital Grants Govermental Fund	Capital Outlay	$ 184,000	
		Accounts Payable		$ 184,000

The adjustment was to record an accrual for a construction invoice related to services provided by the contractor for the period of June, 2014 that was not previously accrued.

3	Private Purpose Trust Fund	Accreted Interest	$ 293,000	
		Net Position - Beginning		$ 293,000
	Private Purpose Trust Fund	Accrued Interest	$ 677,000	
		Interest Expense		$ 677,000

The adjustment was to adjust the City's calculation of the accretion of interest related to the 1993 Merged Downtown Tax Allocation Bonds of the Private Purpose Trust Fund (Redevelopment Successor Agency) to match the accretion schedule and to only accrue the incremental accretion between the May 1 accretion date and June 30.

4	Private Purpose Trust Fund	Net Position - Beginning	$ 33,380,000	
		Accreted Interest		$ 32,934,000
		Accrued Interest		446,000
	Private Purpose Trust Fund	Interest Expense	$ 5,442,000	
		Accreted Interest		$ 5,419,000
		Accrued Interest		23,000

The adjustment was to record the accretion of interest related to the 2005 Merged Downtown and Oak Park Tax Allocation Bonds of the Private Purpose Trust Fund (Redevelopment Successor Agency) that was previously unrecorded as of June 30.