Meeting Date: **5/17/2016**

Report Type: Staff/Discussion

Report ID: 2016-00319

City of SACRAMENTO 27

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

Title: Measure U Citizens Oversight Committee Fiscal Year 2014/15 Report

Location: Citywide

Recommendation: Receive and file.

Contact: Dennis Kauffman, Operations Manager, (916) 808-5843; Leyne Milstein, Director, (916) 808-8491, Department of Finance

Presenter: Jamie Matthews, CPA, Measure U Oversight Committee Chair

Department: Finance

Division: Finance

Dept ID: 06001011

Attachments:

1-Description/Analysis

2-Measure U Oversight Comm Annual Report FY2014/15

City Attorney Review

Approved as to Form
Joseph Cerullo
5/11/2016 3:01:32 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/10/2016 5:11:41 PM

Description/Analysis

Issue Detail: On November 12, 2012, City of Sacramento voters approved a one-half-cent general-transaction-and-use tax (Measure U). As required by Measure U, the City Council adopted Resolution No. 2012-344, which established a five-member Citizens Oversight Committee to review the revenue and expenditure of funds from the tax. This report transmits the Committee's Fiscal Year (FY) 2014/15 Measure U Citizens Oversight Committee Report to the City Council (attached).

As stated In Resolution No. 2012-344, Committee responsibilities include the following:

1. Review the City's annual independent audit report.

2. Prepare and submit a written report to be presented to the City Council at a public meeting and made available to the public. The report must include the following:

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

Policy Considerations: The transmittal of the FY2014/15 Measure U Citizens Oversight Committee Report fulfills the Committee's annual responsibility prescribed by the City Council.

Economic Impacts: None.

Environmental Considerations: Not applicable.

Sustainability: Not applicable.

Commission/Committee Action: The Measure U Citizens Oversight Committee met on March 2, 2016, and April 27, 2016, to review Measure U revenues received and expenditures made between July 1, 2014, and June 30, 2015.

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

Financial Considerations: Not applicable.

Local Business Enterprise (LBE): Not applicable.

MEASURE U
CITIZENS OVERSIGHT COMMITTEE

FISCAL YEAR ENDED JUNE 30, 2015
ANNUAL REPORT

MAY 5, 2016

City of Sacramento Essential Services Protection Measure U "To restore and protect essential public safety services, including 911 response, police officers, gang/youth violence prevention, fire protection/emergency medical response, and other essential services including park maintenance, youth/senior services, and libraries, shall the City enact a one-half cent sales tax for six years with all revenue legally required to stay in the City's General Fund, none for the State, with independent annual financial audits and citizen oversight."

MEASURE U
CITIZENS OVERSIGHT COMMITTEE

Jamie Matthews, Chair

Cecily Hastings

Sarah Sciandri

Chris Shipman

Michelle Brattmiller

Message from the Chair

Mayor Kevin Johnson and Members of the Sacramento City Council:

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

The sales tax is targeted to restore and protect essential public safety services, including 9-1-1 response and other essential services, park maintenance, youth/senior services, and library services. Additionally, Measure U provides for an annual independent audit and the establishment of an Oversight Committee to review the revenues and expenditures of the fund.

This report represents the third report of the Committee and identifies:

1. The amount of revenue generated by Measure U.

2. The allocation of revenue reflecting the services and programs funded by proceeds of Measure U.

3. The results of the Committee's review of the City's annual independent audit report as it pertains to the use of Measure U proceeds.

Finally, the report includes the Committee's recommendations. We look forward to ensuring that Measure U goals continue to be realized.

Sincerely,

Jamie Matthews, Chair

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Attachment A – Establishing the Composition of the Citizens Oversight Committee Related to Measure U and Defining the Scope of Responsibilities of the Committee

Attachment B – FY2014/15 Independent Audit Report

Attachment C – FY2014/15 Independent Performance Audit Report

Attachment D – Measure U Restoration Plan and Measure U Implementation (extracted from the FY2016 Midyear Budget Report)

Attachment E – Measure U Financial Management Policy

Attachment F – Mayor's Budget Memo FY2016-17 Final

Attachment G – City Reponses to Measure U Oversight Committee Prior Year Recommendations

BACKGROUND

On November 12, 2012, Sacramento City Voters approved Measure U, which imposed an additional one-half (½) cent sales tax to restore and protect essential public safety services, including 9-1-1 response, police officers, gang/youth violence prevention, fire protection/emergency medical response, and other essential services including park maintenance, youth/senior services, and libraries. This ½ cent sales tax is in addition to the existing combined local and state tax of 8.0%, thus bringing the tax to 8.5%. This is a temporary tax for six years that went into effect April 1, 2013 and will expire on March 31, 2019.

Measure U also established the Measure U Citizens Oversight Committee. Resolution No. 2012-344 (*Attachment A*), "Establishing the Composition of the Citizens Oversight Committee Related to Measure "U" and Defining the Scope of Responsibilities of the Committee," adopted by the City Council on October 2, 2012, establishes the responsibilities of the five member Committee for each year in which the Measure U ½ cent transaction and sales tax is collected as follows:

1. Review the City's annual independent audit report.

2. Prepare and submit a written report to the City Council at a public meeting made available to the public recording:

   A. The amount of revenue generated by Measure U.

   B. The allocation of revenue reflecting the services and programs funded by proceeds of Measure U.

   C. The results of the Committee's review of the City's annual independent audit report as it pertains to use of Measure U proceeds.

In preparing this report, the Committee reviewed the Committee's roles and responsibilities and information concerning the Brown Act.

Review of the City's Annual Independent Audit Report

In accordance with guidelines, the Committee reviewed the FY2014/15 Independent Audit Report *(Attachment B).*

Revenue Generated by Measure U

Based on our review of the City's annual independent audit report, the revenue generated by Measure U for FY2014/15 was $43,945,000, including $43,720,000 in tax revenue and $225,000 in other revenue.

The City's Finance Department Staff represented to the Committee that they are continuing to evaluate Measure U tax receipts for potential over/under payments received by the City and represented that they will continue to remain prudent in budget proposals for Measure U resources. City Finance Department Staff further stated that based on consultation with the City's tax consultant, the expectation is that significant overpayment received will not be required to be refunded and that there have been minimal requests to date to claim overpayments.

Measure U Implementation Update and Restoration Plan

Attachment D is the "Measure U Implementation Update," and the "Measure U Restoration Plan," extracted from the FY2016 Midyear Budget Report. The Committee believes it is important to emphasize that the "Measure U Restoration Plan" projects a Deficit Ending Fund Balance of $23.7 Million for the FY2019/20 in the Measure U Fund. This is important to note because the projected expenditures provided and protected by Measure U are projected to outpace the revenue shortly after the Measure U ½ cent sales and use tax expires on March 31, 2019. Below is a summary of the "Measure U Restoration Plan."

Measure U Revenues and Expenditures (in 000s)	FY16	FY17	FY18	FY19	FY20
BEGINNING FUND BALANCE	$ 41,972	$ 32,242	$ 35,856	$ 36,491	$ 24,822
REVENUES	42,046	43,798	45,610	35,619	0
EXPENDITURES	(49,776)	(42,183)	(44,975)	(47,288)	(48,474)
ENDING FUND BALANCE (DEFICIT)	$ 34,242	$ 35,856	$ 36,491	$ 24,822	$ (23,654)

Measure U Financial Management Policy

Attachment E is the "Measure U Financial Management Policy," that was adopted by City Council on May 12, 2015. Highlighted below are key items from the policy:

- Measure U Reserve - The City shall maintain a Measure U Reserve dedicated to mitigating the effects of unanticipated revenue reductions and the transition away from Measure U revenue upon the expiration of the tax on March 31, 2019. The Measure U Reserve shall be funded equal to the estimated Measure U program/service costs in FY2020/21 to provide time and adequate funding to phase out the use of Measure U funds.

- Use of Measure U Resources:
  - Measure U revenue, above the amount needed to fund the Measure U Reserve and to accommodate growth of Council-authorized Measure U programs, will be allocated to one-time expenditures focused on City infrastructure used to deliver Measure U programs/services.
  - Measure U revenue shall not be allocated to fund new or expanded programs with ongoing costs after June 30, 2015, as the expiration of the tax measure in 2019 may require those new programs to be reduced or eliminated.
- Transition Plan - The City Manager will prepare a transition plan as part of the FY2018/19 Proposed Budget to address the expiration of the Measure U tax and the phase out of services funded by Measure U. The transition plan should reduce the reliance on Measure U resources over time by utilizing the Measure U Reserve and converting support for essential programs and services to any alternative sources of funding identified.

Mayor's Budget Memo FY 2016-17 Final

Attachment F is the "Mayor's Budget Memo FY 2016-17 Final" (the Memo), presented to City Council on March 1, 2016, which lists the four core budget polices that the City Council and Mayor have developed. The third policy specifically addresses Measure U as follows:

Measure U Uses

- Restorations, not new programs
- Resources will not be used to balance the General Fund Budget
- Resources will not be used to increase employee compensation
- Resources will be set aside for contingency funding, one-time expenses, and transition with expiration in 2019

The Memo also states, "Fortunately, tighter fiscal controls and the approval of Measure U will continue to provide short-term relief. Additionally, we've started planning for the expiration of Measure U in March of 2019 by maintaining a fund balance of about $25 million that will provide a transition reserve."

The Committee strongly emphasizes again that the City is projecting a Deficit Ending Fund Balance of $23.7 Million for the FY2019/20 so the $25 million transition reserve discussed in the Memo will cover only about 51% of the budgeted expenditures for the year following expiration of Measure U. In addition, the $25 Million transition reserve does appear to be in accordance with the adopted "Measure U Financial Management Policy." As summarized above, the policy states that the Measure U Reserve shall be funded in an amount equal to the estimated Measure U program/service costs in FY2020/21.

In addition, the Council agreed to seek re-approval of Measure U by approving the Mayor's 2016/17 Budget Memo on March 1, 2016. The Memo states, "Reapprove Measure U – Measure U has provided a great benefit to the city and our residents. We have restored vital programs and services to neighborhoods that desperately needed them. Our careful planning has allowed us to maintain a sizable transition reserve for when Measure U is set to expire in 2019. However, I believe it is time for us as Council to proactively decide to propose extending this measure to the public. By doing so, we can ensure that the restored services continue. Furthermore, by resolving Measure U proactively, we can free up future resources to expand and grow programs and services instead of simply maintaining the status quo."

COMMITTEE RECOMMENDATIONS:

15.1 The Committee encourages the City to continue to plan and develop a strategy to address the potential shortfalls once Measure U funding is no longer available. The Committee recognizes that the City appears to be acknowledging the issue by developing the "Measure U Financial Management Policy" (the Policy). However, as previously emphasized, the City is projecting a Deficit Ending Fund Balance of $23,654,000 in the Measure U Fund for FY2019/20. The City is therefore projecting that they will be unable to deliver the current programs and services provided and protected by Measure U after FY2018/19 without another revenue source. The Committee reiterates the importance of continued emphasis on addressing this issue.

The Committee also acknowledges the direction the Council was given to seek re-approval of Measure U by approving the Mayor's 2016/17 Budget Memo on March 1, 2016. However, re-approval is not guaranteed; therefore, the Committee believes the City should make plans under the assumption that the funding will no longer be available after March of 2019.

It is imperative that the City consider long-term solutions, such as slowing down spending of Measure U revenue to build up reserves, which would extend the use of Measure U revenues. This could allow the City more time to secure additional revenue sources before potentially cutting the programs and services. The Policy states, "The Measure U Reserve shall be funded equal to the estimated Measure U program/service costs in FY2020/21." The Committee observed that the Measure U Restoration Plan is not projecting adequate reserves to meet the standards in the approved Policy. The Committee recommends that the City fund the reserves at least to the level outlined in the Policy.

The City should consider prioritizing the use of Measure U revenues for programs and services that are critical and sustainable in the absence of additional resources after the expiration of Measure U. The Policy addresses this, but we continue to emphasize the importance of adherence to the Policy. The Committee believes it is important to reduce or even eliminate the need to cut programs and services sustained by Measure U at expiration.

The Policy states, "The City Manager will prepare a transition plan as part of the FY2018/19 Proposed Budget to address the expiration of the Measure U tax and the phase out of services funded by Measure U. The transition plan should reduce the reliance on Measure U resources over time by utilizing the Measure U Reserve and converting support for essential programs and services to any alternative sources of funding identified." The Committee is pleased that a transition plan is included as a part of the Policy. The City would have approximately 3 years to implement the plan, but this assumes that the City is able to establish reserves to fund the estimated Measure U program/services costs in FY2020/21. The current projected reserves would only allow for approximately 1½ years for implementation, which might not be enough time. We believe 3 years to implement the plan might be reasonable, but we would like the City to develop and distribute preliminary transition plan ideas at least a year in advance.

15.2 City Management has informed the Committee that the Policy will likely be revised. The Committee believes that the current Policy is appropriate; however, if the policy is revised, we recommend that the revised Policy allow for at least three years to implement a transition plan addressing the expiration of the Measure U tax and the phase out of services funded by Measure U

15.3 The Committee recommends that the City continue to remain prudent in budgeting and forecasting for potential loss of revenue based on the results of the MuniServices and the State Board of Equalization's reconciliation of revenue generated by Measure U.

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

BUDGET TO ACTUAL COMPARISON

SOURCE: FY2014/15 independent audit report provides the "Measure U Fund Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual (Non-GAAP Budgetary Basis) with Budget to GAAP reconciliation" *(in thousands)* as follows:

	Budgeted Amounts			Variance with Final Budget – Positive (Negative)	Budget to GAAP Reconciliation	Actual Amounts – GAAP Basis
	Original	Final	Actual Amounts			
Revenues:						
Taxes	$ 31,824	$ 41,509	$ 43,720	$ 2,211	$ -	$ 43,040
Interest, rents, and concessions	-	-	225	225	-	154
Total revenues	31,824	41,509	43,945	16,194	-	43,194
Expenditures:						
Police	12,080	12,080	11,052	1,028	-	11,052
Fire	11,704	11,704	10,692	1,012	-	10,692
General services	227	227	102	125	-	102
Parks and Recreation	4,625	4,635	4,679	256	(214)	4,465
Library	506	506	506	-	-	506
Capital outlay	736	1,547	1,444	103	(28)	1,416
Total expenditures	29,878	30,999	28,475	2,524	(242)	28,233
Excess (deficiency) of revenues over (under) expenditures	1,946	10,510	15,470	4,960	242	15,712
Net change in fund balance	$ 1,946	$ 10,510	$ 15,470	$ 4,960	$ 242	$ 15,712

FINANCIAL STATEMENTS

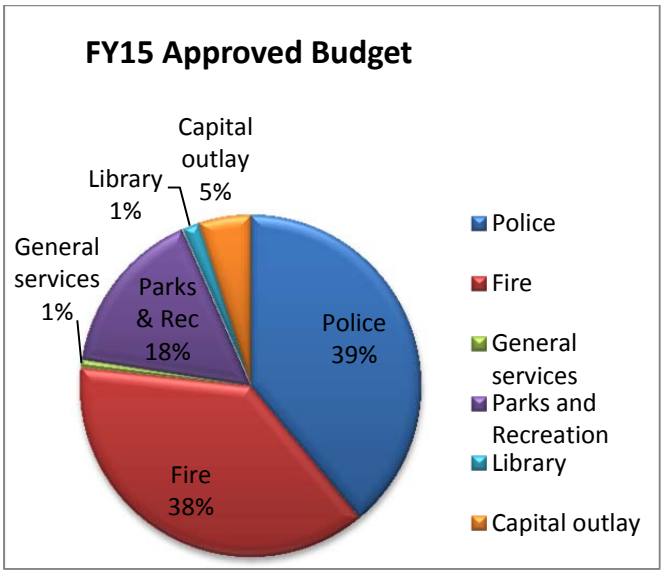
SOURCE: FY2014/15 independent audit report identifies the Measure U Fund as a major governmental fund – special revenue fund. The Balance Sheet for the Measure U Fund as of June 30, 2015 included in the FY2014/15 independent audit report *(in thousands)* is as follows:

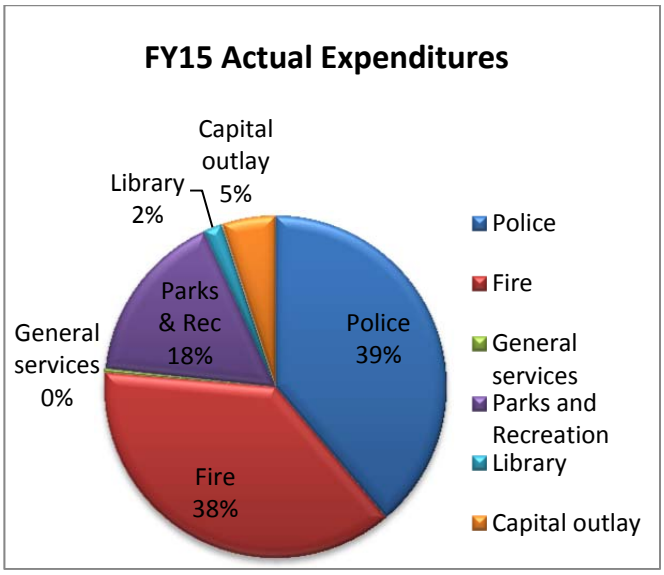
	Measure U Fund
ASSETS	
Cash and investments held by City	$ 35,987
Receivables, net:	
Taxes	7,342
Interest	140
Total assets	$ 43,469
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 424
Total liabilities	424
Deferred inflows of resources:	
Unavailable revenue	400
Total deferred inflows of resources	400
Fund balances	
Committed:	
Capital projects	158
Grant retention	500
Other programs	41,972
Assigned:	
Unrealized investment gains	15
Total fund balances	42,645
Total liabilities, deferred inflows of resources, and fund balance	$ 43,469

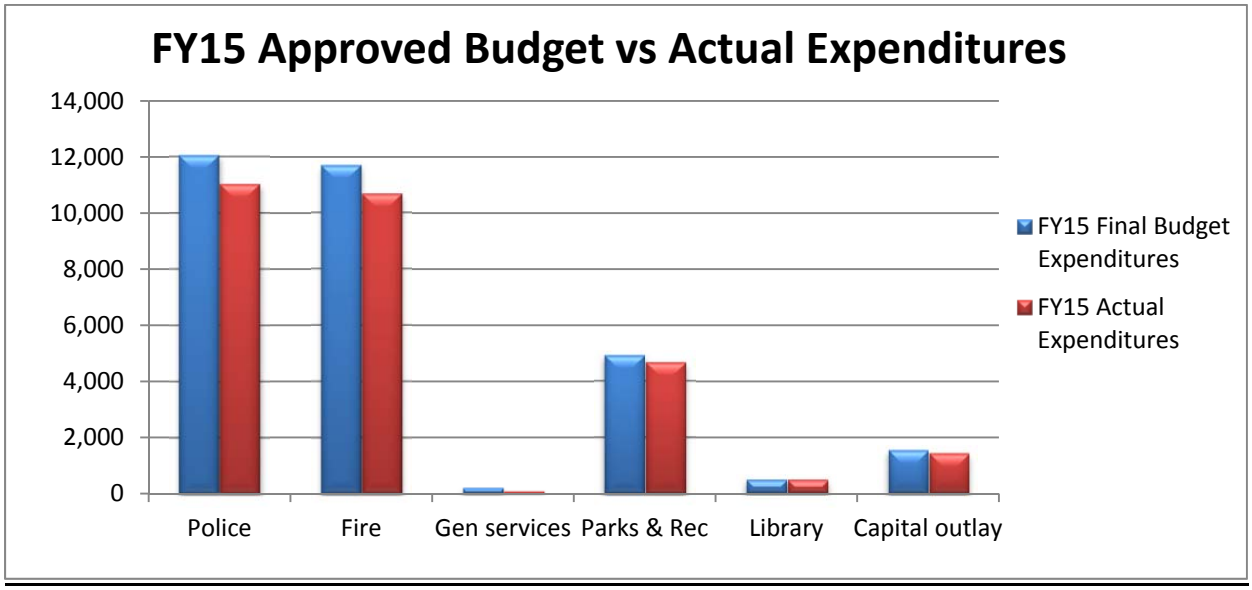
SOURCE: FY2014/15 independent audit report provides the Measure U Fund as a major governmental fund – special revenue fund. The Statement of Revenues, Expenditures and Changes in Fund Balance for the fiscal year ended June 30, 2015 included in the FY2014/15 independent audit report *(in thousands)* is as follows:

	Measure U Fund
Revenues:	
Taxes	$ 43,720
Interest, rents and concessions	225
Total revenues	43,945
Expenditures:	
Current:	
Police	11,052
Fire	10,692
General services	102
Parks and recreation	4,465
Library	506
Capital outlay	1,416
Total expenditures	28,233
Excess of revenues over expenditures	15,712
Net changes in fund balances	15,712
Fund balances, beginning of year	26,933
Fund balances, end of year	$ 42,645

SUMMARY OF FINDINGS/RECOMMENDATIONS RELATED TO THE COMMITTEE RESPONSIBILITIES







NARRATIVE OF ACTUAL RESULTS AND ACCOMPLISHMENTS

SOURCE: The allocation and spending of Measure U resources was summarized in a memorandum from the City's Operations Manager dated February 26, 2016.

FIRE DEPARTMENT

SAFER Grant Buyback/Brown Out Restorations. The Fire Department (Fire) was allocated $2.8 million for positions associated with the Staffing for Adequate Fire and Emergency Response (SAFER) grant program. The positions were staffed at a cost of $2.7 million. Fire was also allocated $7.0 million to cover costs associated with four restored companies. Fire incurred costs totaling $6.9 million

Medic Units. Fire was allocated $657,000 for two medic units. No costs were incurred in FY2014/15 because the two medic units were delayed until FY2015/16. The program has been revised to be staffed by dual role (firefighter) paramedics. The first medic unit began service in July 2015 and the second medic unit began service in January 2016.

Technology. Fire was allocated $437,000 for technology staffing (4.0 FTE). A Principal Systems Engineer and an Application Developer were hired to manage Fire technology projects including the Training Academy and Response System upgrades. The other two positions are anticipated to be filled by the end of FY2015/16. The actual costs incurred were $245,000.

Fiscal Support. Fire was allocated $169,000 for department fiscal support staffing to address efficiency and operational effectiveness within the Fiscal Division. The actual costs incurred were $186,000, using $17,000 of savings from other Fire allocations.

Fire Prevention. Fire was allocated $140,000 for a Senior Fire Prevention Officer to provide oversight over permit inspections, new development, and code enforcement. The actual costs incurred were $142,000, using $2,000 of savings from other Fire allocations.

Human Resources. Fire was allocated $94,000 for department human resources staffing to conduct employee misconduct complaint investigation. The actual costs incurred were $94,000.

Recruit Academy. Fire was originally allocated $360,000 to conduct two Fire Recruit Academies. Two academies were conducted, one in the fall of 2014 and one in the spring of 2015, resulting in twenty-four trained fire personnel. The costs incurred were $463,000, using $103,000 of savings from other Fire allocations

POLICE DEPARTMENT

Community Oriented Policing Services (COPS) Hiring Program Retention FY09 (CHRP) and FY11 COPS Hiring Program (CHP). The Police Department (PD) was allocated $4.9 million to protect the CHRP and the CHP grant-funded positions (60 FTE) by fulfilling required grant retention requirements. The total costs incurred during FY2014/15 were approximately $4.8 million.

COPS Hiring Program (CHP) Match and Retention FY13. PD was allocated $557,000 to protect the CHP grant-funded positions (10.0 FTE) by fulfilling required grant match and retention requirements. The total costs incurred during FY2014/15 were $510,000.

Field and Operations. The City Council allocated $5.2 million of Measure U resources to restore 61 Field and Operations positions, including 12 new positions in FY2014/15. Field and Operations restorations provide increased crime prevention, intervention, proactive deployment and ability to respond to crimes in progress. Specialty unit positions will allow increased ability to respond to gang activity, resolve traffic complaints, address citizen concerns, conduct parolee intervention, follow-up on highly sensitive investigations, and train officers. In addition, the Police Department augmented gang enforcement functions and redeployed traffic enforcement operations and motor teams—all of which were eliminated prior to Measure U funding. PD continued the process of recruiting, back grounding, and training employees to fill authorized Field and Operations positions in FY2014/15. The total costs incurred of $4.2 million for Field and Operations were less than the amount allocated because of vacant positions PD expects to fill in FY2015/16.

Investigations. PD was allocated $556,000 in partial year funding to restore eight investigative positions, including two new positions in FY2014/15, to increase the department's ability to follow-up on violent felony crimes and investigation of felony crimes. Five of the eight authorized Investigations positions were filled during FY2014/15 at a cost of $610,000.

Forensics. PD was allocated $512,000 to restore six forensic investigator positions enabling the department to shift sworn officers, who were performing this function, to patrol and increase the capacity to conduct forensic investigations including latent fingerprint examinations/identifications. All six authorized forensic investigator positions were filled during FY2014/15 at a cost to Measure U of $587,000.

Communications. PD received an allocation of $317,000 to restore four dispatcher positions to allow for the continued expansion of the pilot project to receive acceptance of cellular 911 calls, reduce call wait times, and provide a more rapid police response and higher level of customer service. All four authorized dispatch positions were filled in FY2014/15 resulting in costs incurred of $273,000.

Crime analysis. PD was allocated $96,000 to restore an analyst position to conduct integrated crime analysis taking into account patrol functions and investigative elements in order to improve the Department's effectiveness in its approach to public safety. The crime analyst position was filled in FY2014/15 resulting in costs incurred of $95,000.

Grant Retention for Future Years. The PD was allocated $500,000 to retain grant-funded positions in future years after grant funding ends. The resources are reported as fund balance committed for grant retention.

GENEARL SERVICES DEPARTMENT

Animal Control Officer. General Services was allocated $227,000 to hire two animal control officers. One position was filled in FY2014/15 with cost incurred totaling $102,000. The remaining position was filled in FY2015/16.

PARKS AND RECREATION DEPARTMENT

Aquatics. Parks and Recreation (Parks) was allocated $1.7 million to open all City swimming and wading pools, except for Cabrillo Pool, which is expected to reopen in summer 2016 after renovation. Parks incurred costs totaling $1.6 million opening and operating the pools in summer 2014 and summer 2015 through June 30, 2015. Swim lessons, water aerobics, lap swimming and swim team services also occurred throughout the system. A lifeguard academy was held in March and April for participants ages 15 and up to prepare a workforce for the summer season.

Community Centers. Parks was allocated $832,000 to restore services at five community centers: Oak Park, Hagginwood, George Sim, Pannell, and South Natomas. Parks expended $879,000, due to demand for the programs exceeding initial estimates, and used $57,000 of savings from other Parks allocations to cover the additional costs. Services provided during FY2014/15 included the following programs: Hot Spots (3 centers), Youth Sports (5 centers), Kids Camps (5 centers), Tweener Club at Sim Center, and coordination and operational support.

Gang Prevention. Parks was allocated $100,000 for gang prevention and expended $66,000 providing administration and fiscal support of gang violence prevention programs.

Park Maintenance. The City Council allocated $1.6 million to Parks to improve park maintenance at the City's 200+ parks. A Park Safety Officer and two Park Assistants were added during FY2014/15. Parks expended $1.5 million and achieved the following results:

- Reduced response time for irrigation issues from 5 days to 3 days
- Increased restroom cleaning to 2 times per day, 7 days per week
- Increased trash pick up to 7 days per week
- Increased weeding, edging, and blowing of debris to 1.5 times per month, on average

Senior Programs. Parks was allocated $194,000 for senior programs and expended $189,000 during FY2014/15. The Hart Senior Center hours of operation were restored from 8:00 am – 3:30 pm to 8:00 am – 5:00 pm, resulting in service to 11,052 additional seniors. The Assistance Referrals and More for Seniors (ARMS) program served 499 individuals and the Caring Neighborhoods program served 578 residents.

Teen Services. Parks was allocated $311,000 for teen services and expended $366,000, using $55,000 of savings from other Parks allocations, to provide the following services:

- Prime Time Teen and Middle School Sports programs at five community centers serving 355 teens during FY2014/15.
- Neighborhood Hot Spots at locations outside community centers rotating between junior high and high school campuses providing safe and supervised activities on Friday nights from 7pm to 11pm for youths ages 13 to 19 years old.

- Summer 2014 at City Hall offering 80 at-risk youths internships throughout City of Sacramento offices, Sacramento Regional Transit, SAFCA, Target Excellence, Stockton Boulevard and Mack Road Partnerships, as well as opportunities with the Sacramento Youth Commission. The Summer at City Hall program has been very successful and funding was increased in FY2015/16 so that they could offer 100 internships for the Summer 2015 program.

LIBRARY

The City Council allocated $506,000 to the Sacramento Public Library to restore the City's Parcel Tax Maintenance of Effort (MOE) level.

CAPITAL OUTLAY

The City Council allocated $80,000 to renovate Cabrillo Pool. Resurfacing the pool basin was completed in January 2016 and the pool will open for the summer 2016 swim season.

The City Council allocated $850,000 to a Park Maintenance Capital Improvement Project to expend one-time Measure U dollars on water infrastructure renovation projects. The projects are focused on bringing infrastructure up to code to ensure safe drinking water. Planning assessments were performed during FY2012/13, design and implementation began in FY2013/14, and all projects will be completed in FY2015/16.

The City Council allocated $731,000 for radio replacement for Measure U-funded positions. The City, along with a number of public safety and local government partner agencies, utilizes the Sacramento Regional Radio Communication System (SRRCS) for emergency and critical radio communication needs. The County of Sacramento is currently in the process of migrating the SRRCS to a digital standard that is fully compliant with federal regulatory requirements under contract with Motorola Solutions, Inc. (Motorola). As part of the system transition from analog to digital, each radio that utilizes the SRRCS must be replaced or upgraded with the necessary software to enable radio operations on the new SRRCS infrastructure.

COMMITTEE RECOMMENDATIONS:

15.4 Continue to highlight the projects funded by Measure U and confirm the information is easily available on the City's website.

15.5 Continue to identify events made available for the voters by Measure U and ensure this fact is emphasized in publications and flyers for events, including parks/maintenance, library, youth, and senior events.

15.6 Continue to publish the outcome measures provided for Measure U services in order to demonstrate the accomplishments to the community. The Committee believes the accomplishments/outcomes currently provided by Parks and Recreation are sufficient and provide a good example of what the Committee would like to see from the other departments.

15.7 Ensure the Measure U Citizens Oversight Committee Annual Report is readily available on the City's website.

15.8 Confirm that City personnel are educated on Measure U to enable them to address inquiries from city citizens.

15.9 The Committee recommend that youth opportunity slots, such as the internships and Summer at City Hall Program (100 internships for summer 2015), are filled with youth who are residents of the City of Sacramento. Moreover, other funded programs by Measure U proceeds should document city residency and produced data on the number of high risk youth served an outcomes.

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

ANNUAL INDEPENDENT AUDIT REPORT

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

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

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

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

PERFORMANCE AUDIT REPORTS *(Attachment C).*

Although the annual independent audit report provides assurance that the account balances in the Measure U Fund are fairly stated in accordance with accounting principles generally accepted in the United States of America, it does not provide assurance that the Measure U proceeds were spent in conformance with the provisions listed in the Measure U ballot language.

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

City Council implemented our recommendation and received performance audits for the periods of April 1, 2013 through June 30, 2013, July 1, 2013 through June 30, 2014 and July 1, 2014 through June 30, 2015 to ensure the City used the Measure U proceeds in conformance with the provisions listed in the Measure U ballot language.

The "Independent Auditors' Report on Performance" included in performance audits for the periods of April 1, 2013 through June 30, 2013, July 1, 2013 through June 30, 2014 and July 1, 2014 through June 30, 2015 expressed an unmodified opinion (clean opinion) that the City expended Measure U funds in accordance with the Measure U ballot language.

COMMITTEE RECOMMENDATIONS

15.10 The Committee continues to recommend that City Council engage independent auditors to conduct an annual performance audit to ensure the City used the Measure U proceeds in conformance with the provisions listed in the Measure U ballot language until the Measure U ½ cent tax expires on March 31, 2019.

City Management provided response to the recommendation in the Measure U Oversight Committee's Fiscal year 2013-14 Report to City Council in a Memorandum dated April 6, 2016 as *Attachment G*.

Attachment A

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

Attachment B

FY2014/15 Independent Audit Report

Attachment C

FY2014/15 Independent Performance Audit Reports

Attachment D

Measure U Restoration Plan and Measure U Implementation (extracted from the FY2016 Midyear Budget Report)

Attachment E

Measure U Financial Management Policy

Attachment F

Mayor’s Budget Memo FY 2016-17 Final

Attachment G

City Reponses to Measure U Oversight Committee Prior Year Recommendations

Attachment A

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

Meeting Date: **04/18/2013**

Report Type: Discussion

Personnel and Public Employees Committee Report

915 I Street, 1st Floor
www.CityofSacramento.org

Title: Measure U Citizens Oversight Committee

Location: Citywide

Issue: City of Sacramento Resolution (R2012-0344) authorizes the City's Personnel & Public Employees Committee to solicit, interview, and make candidate recommendations to the Mayor for appointment to the Measure U Citizens Oversight Committee

Recommendation: Discuss and provide direction

Contact: Wendy Klock-Johnson, Assistant City Clerk, (916) 808-7509, Office of the City Clerk

Presenter: None

Department: Office of the City Clerk

Division: N/A

Dept ID: 04001011

Attachments:
01 Resolution No. 2012-344

Submitted By:	Wendy Klock-Johnson, Assistant City Clerk
Adobe Signature:	wkjohnson

RESOLUTION NO. 2012-344

Adopted by the Sacramento City Council

October 2, 2012

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

BACKGROUND

A. On July 24, 2012, the City Council unanimously approved Ordinance 2012-026, a proposal to temporarily increase the City's sales tax rate by ½ cent for six years to restore and protect City services.

B. The County of Sacramento has designated this proposal Measure "U" on the November 6, 2012 ballot.

C. Ordinance 2012-026 requires the City Council establish a Citizens Oversight Committee to review the revenues received and expenditure of funds from the tax.

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

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

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

Table of Contents:

Exhibit A City of Sacramento Measure U Citizens Oversight Committee

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

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

Noes: None.

Abstain: None.

Absent: None.

Vice Mayor Angelique Ashby

Attest:

Shirley Concolino, City Clerk

Exhibit A

City of Sacramento
Measure U Citizens Oversight Committee

1. **Purpose**. The purpose of the Measure U Citizens Oversight Committee is to review the revenue and expenditure of funds received from the half-cent transactions and use tax on the November 6, 2012 ballot (Measure U).

2. **Committee Composition**.

   2.1 The Committee shall consist of five members and shall include the following:

   2.1.1 One member shall be a certified public accountant with audit experience.

   2.1.2 One member shall be a representative of business interests.

   2.1.3 One member shall be a representative from a neighborhood organization.

   2.1.4 One member shall be a representative of a bona-fide taxpayer organization.

   2.1.5 One member of the community at-large.

   2.2 All members shall be at least 18 years of age and reside within the City of Sacramento.

   2.3 Committee members may not be current City of Sacramento employees, City of Sacramento Council Members, or any vendor, contractor, or consultant with active contracts or agreements with the City of Sacramento.

   2.4 The City Council shall solicit members of the Citizens Oversight Committee through an open application process.

3. **Appointment**. Measure U Citizens Oversight Committee members shall be appointed as follows:

   3.1 The City's Personnel and Public Employee Committee (P&PE) shall solicit and interview prospective Measure U Citizens Oversight Committee members.

   3.2 The City's P&PE Committee shall recommend Measure U Citizens Oversight Committee members to the Mayor for appointment at a subsequent City Council meeting.

   3.3 At the subsequent City Council Meeting, the Mayor shall appoint Measure U Citizens Oversight Committee members, subject to confirmation by the City Council.

4. **Committee Responsibilities**. The Citizens Oversight Committee shall have the following responsibilities for each fiscal year in which the Measure U half-cent transactions and use tax is collected:

4.1 Review the City's annual independent audit report.

4.2 Prepare and submit a written report to be presented to the City Council at a public meeting and made available to the public recording:

4.2.1 The amount of revenue generated by Measure U.

4.2.2 The allocation of revenue reflecting the services and programs funded by proceeds of Measure U.

4.2.3 The results of the Committee's review of the City's annual independent audit report as it pertains to use of Measure U proceeds.

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

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

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

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

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

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

6.4 Receive no compensation for service on the Committee.

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

7. **Vacancies**.

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

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

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

Attachment B

FY2014/15 Independent Audit Report

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

City of Sacramento, California

CROCKER ART MUSEUM

Gwathmey Siegel & Associates, Architects

HISTORIC CROCKER ART MUSEUM

Seth Babson, Architect

City of Sacramento

California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

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, 2015

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CITY OF SACRAMENTO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015

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CITY OF SACRAMENTO, CALIFORNIA

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CITY OF SACRAMENTO, CALIFORNIA

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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 24, 2015

Honorable Mayor and City Council
City of Sacramento, California:

Dear Mayor and Members of the City Council:

We are pleased to transmit to you the Comprehensive Annual Financial Report (CAFR) for the City of Sacramento (City) for the fiscal year ended June 30, 2015. Article IX of the City Charter, 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, 2015. 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, 2015 at 480,105 for the City and 1,470,912 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 five component units:

Sacramento City Financing Authority (SCFA)
Sacramento Public Financing Authority (SPFA)
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 as defined below:

> **SCFA and SPFA** are entities created to issue debt to finance City projects. Both are reported on a blended basis as part of the primary government because the boards are composed of all 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 the 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 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'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 economic recovery in 2015. As of June 2015, unemployment for the Sacramento metropolitan area and Sacramento County was 5.6% and 5.8%, respectively, compared to 6.9% and 7.1%, respectively, as of June 30, 2014. According to the latest University of California, Los Angeles Economic Forecast, growth in employment in California is expected to continue in 2016.

The long-term forecast for the City's secured property taxes continues to be positive with the addition of the Golden 1 Center in the downtown area, lifting of the building moratorium in North Natomas and other development projects underway throughout the city. The new Golden 1 Center is expected to transform the former Downtown Plaza area, now known as Downtown Commons, into a center of entertainment and activity providing Sacramento with a first-class venue for sports, entertainment and cultural events.

While there is an expectation of continued economic growth, recent economic data indicates 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 most recent edition of the Brookings Institution Metro Monitor (July 2015) showed growth in employment in the first quarter of 2015 along with higher housing values and a slight increase of total value of goods and services produced in the metro area.

BUDGET INITIATIVES AND LONG-TERM FINANCIAL PLANNING

While revenues have improved, the City continues to carefully prioritize spending going forward to meet the critical needs over the long-term. 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 City Council added $0.4 million to the EUR in the approved budget for fiscal year 2014/15. 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. Unbudgeted one-time general revenue of $4.85 million was added to the EUR during year-end close bringing the balance to $38.9 million, approximately 9.7% of estimated

FY2015/16 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.

During the year the City adopted several new policies to promote prudent financial management including Pension Funding, Risk Management Funding and Reserve and Interfund Loans.

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, 2014. This marks the 26th 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.

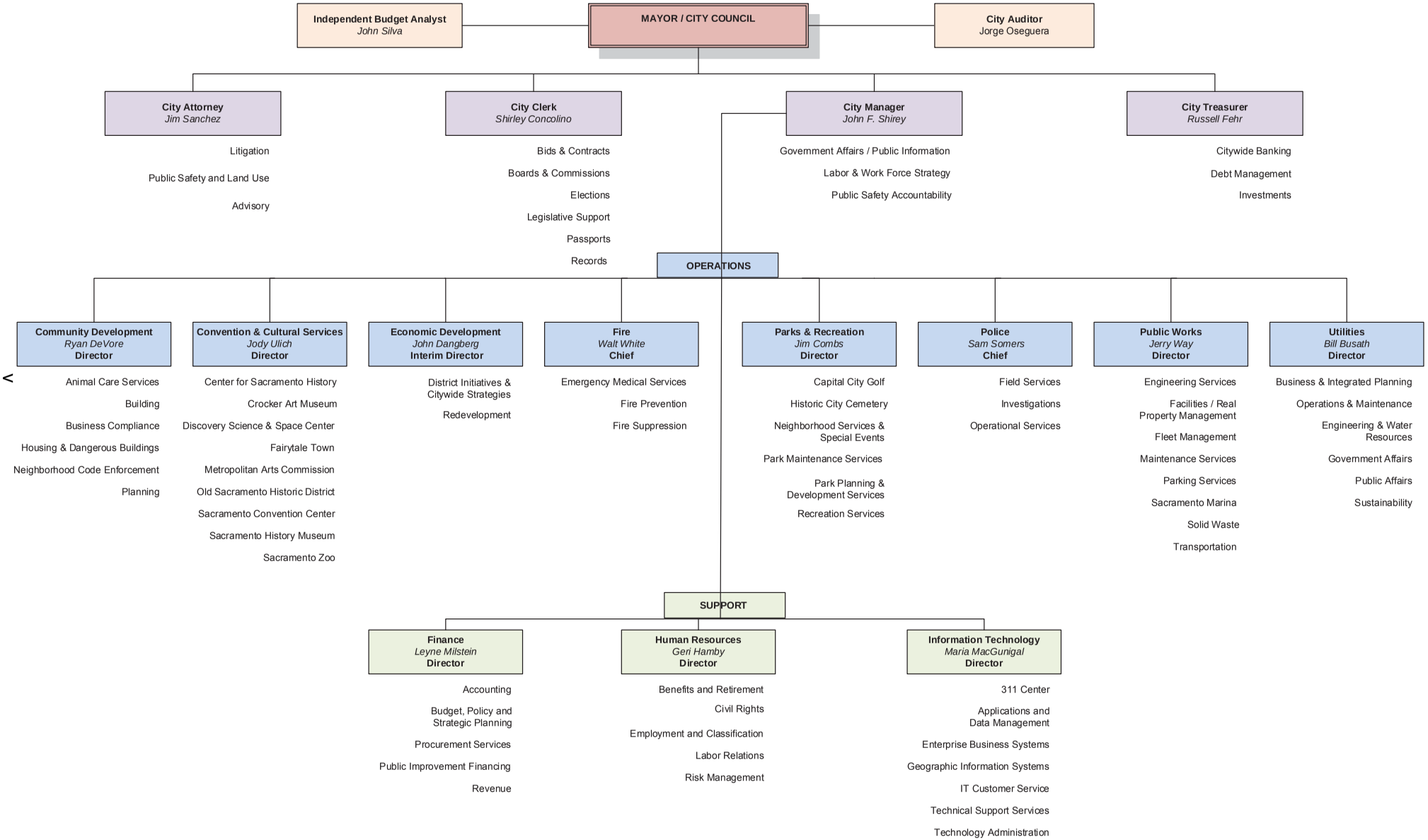
In order to receive this award the City published an easily readable and efficiently organized CAFR. The report satisfied accounting principles generally accepted in the United States of America and applicable legal requirements. We believe this CAFR also meets the requirements of the program and we 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

City of Sacramento
Organization Chart
As of June 30, 2015



City of Sacramento
Directory of City Officials
June 30, 2015

Kevin Johnson
Mayor

Angelique Ashby
Mayor Pro Tem, District 1

Allen Warren
Vice Mayor, District 2

Jeff Harris
Councilmember, District 3

Steve Hansen
Councilmember, District 4

Jay Schenirer
Councilmember, District 5

Eric Guerra
Councilmember, District 6

Rick Jennings, II
Councilmember, District 7

Larry Carr
Councilmember, District 8

John F. Shirey
City Manager

James Sanchez
City Attorney

Shirley Concolino
City Clerk

Russell Fehr
City Treasurer

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, 2014

Executive Director/CEO

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Financial Section

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 (City), as of and for the year ended June 30, 2015, 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.

2151 River Plaza Drive, Suite 308 Sacramento, CA 95833 Tel: 916.570.1880 www.vtdcpa.com Fax: 916.570.1875

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, 2015, 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.

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) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No.* 27 and No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective July 1, 2014. 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, schedule of funding progress and pension schedules 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 24, 2015, 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 24, 2015

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This section of the City's CAFR presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2015. 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 embarked on a two-year $31 million renovation of the historic Train Depot in the Downtown Railyards scheduled to be completed by the end of 2016. The renovated 68,000-square-foot building will include new Amtrak offices, leasable office and retail space and food vendors. The building and adjacent property was purchased by the City from Union Pacific Railroad in 2006. It's the seventh busiest train station in the country. Funding for the station's makeover includes a U.S. Department of Transportation $15 million Transportation Investment Generating Economic Recovery (TIGER) discretionary grant. Also in the Downtown Railyards, the City spent $11.1 million on the construction of 5th Street and Railyards Boulevard.

- The City invested $31.2 million during fiscal year 2015 on construction of the Cosumnes River Boulevard Extension and Interstate 5 Interchange project. The project will provide arterial east-west connectivity between Highway 99, Interstate 5 and Freeport Boulevard by extending Cosumnes River Boulevard west from Franklin Boulevard for 3.2 miles to the Sacramento River. The estimated $112 million cost 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. The grand opening for this project was celebrated in December 2015. The project provides access to the 800-acre Delta Shores development. At build-out, Delta Shores will support 5,000 homes and 1.3 million square feet of retail space.

- During fiscal year 2015, the City spent $64.4 million on the $170 million rehabilitation project at the City's original water treatment plant, built on the Sacramento River in 1923, and the E.A. Fairbairn water treatment plant on the American River. This three-year construction project, funded with water revenue bonds issued in 2013, will secure the City's water supply for Sacramento residents and businesses.

- The City's General Fund revenue and other financing sources (uses) exceeded expenditures by $24.5 million in fiscal year 2015. This is primarily attributable to growth in property tax, real property transfer tax, and other tax revenue; a sales tax-sharing payment from the County; a reimbursement from the State for mandated costs; and reimbursements related to ambulance transportation services.

- The City's total government-wide net position, excluding the discretely presented component unit, increased in the current year by $112 million before accounting for the restatement of beginning net position of governmental and business-type activities of $637 million and $97 million, respectively, as a result of implementing GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's CAFR consists of four main components: (1) MD&A, (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 required supplementary information: the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions for the City's pension plans, and the Schedule of Funding Progress for the City's other post-employment benefit plan. 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, 2015 and 2014
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent
	2015	2014	2015	2014	2015	2014	Change
Current and other assets	$ 697	$ 647	$ 466	$ 528	$ 1,163	$ 1,175	-1.0%
Capital assets	1,783	1,747	1,148	1,064	2,931	2,811	4.3%
Total assets	2,480	2,394	1,614	1,592	4,094	3,986	2.7%
Deferred outflows of resources	68	15	21	13	89	28	217.9%
Long-term liabilities	1,309	728	681	614	1,990	1,342	48.3%
Other liabilities	73	62	45	45	118	107	10.3%
Total Liabilities	1,382	790	726	659	2,108	1,449	45.5%
Deferred inflows of resources	122	8	18	-	140	8	1650.0%
Net position							
Net investment in capital assets	1,445	1,394	748	734	2,193	2,128	3.1%
Restricted	191	187	36	34	227	221	2.7%
Unrestricted	(592)	30	107	178	(485)	208	-333.2%
Total net position	$ 1,044	$ 1,611	$ 891	$ 946	$ 1,935	$ 2,557	-24.3%

The June 30, 2015 balances reflect the implementation of GASB Statement No 68. The prior year balances were not restated because information was not available.

Analysis of net position

Total net position of the primary government increased $112 million during fiscal year 2015, before accounting for the restatement of total net position of $734 million attributable to the implementation of GASB Statement No. 68. Total assets increased $108 million and total liabilities, excluding net pension liabilities, decreased $4 million.

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

Governmental activities

Current and other assets increased $50 million primarily due to unspent property tax, real property transfer tax, Measure U sales tax and other revenue collected in excess of budget.

Capital assets increased $36 million primarily related to construction costs of $31.2 million on the Cosumnes River Boulevard Extension and Interstate 5 Interchange Project, $10.7 million on the Train Depot renovation and $11.1 million on 5th Street and Railyards Boulevard, partially offset by

depreciation expense. More detailed capital asset information is located in the Capital Assets section of this MD&A and in Note 4 to the financial statements.

Implementation of GASB Statement No. 68 resulted in significant balances reported in the government-wide financial statements. In addition to the required reporting of the net pension liabilities, the City is required to report deferred outflows of resources for the recognition of pension contributions subsequent to the actuarial valuation measurement date and deferred inflows of resources for the recognition of the net differences between projected and actual earnings on plan investments. Changes in the deferred outflows of resources and deferred inflows of resources are reported as a component of pension expense. Recognition of the City's net pension liabilities for governmental activities in the government-wide financial statements resulted in a deficit balance in unrestricted net position of $592 million.

Net investments in capital assets increased $51 million due to capital asset additions and retirement of capital-related debt, partially offset by depreciation expense.

Business-type activities

Current and other assets of business-type activities decreased $62 million compared to the prior year primarily due to water and wastewater capital project spending of 2013 bond proceeds.

Capital assets increased $84 million due to capital asset additions including rehabilitation of the water treatment plants, partially offset by current year depreciation. More detailed capital asset information is located in the Capital Assets section of this MD&A and in Note 4 to the financial statements.

Long-term liabilities, excluding net pension liabilities, decreased $23 million primarily due to retirement of existing debt. More detailed information about long-term liabilities can be found in Note 7 to the financial statements.

Net investments in capital assets increased $14 million due to capital asset additions and retirement of capital-related debt, partially offset by depreciation expense.

Recognition of the City's net pension liabilities for business-type activities, partially offset by positive fiscal year 2015 operating results, led to the $71 million reduction in unrestricted net position compared to the prior year.

City of Sacramento
Changes in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent
	2015	2014	2015	2014	2015	2014	Change
Revenues							
Program revenues:							
Charges for services	$ 141,438	$ 124,397	$ 260,383	$ 251,478	$ 401,821	$ 375,875	6.9%
Operating grants & contributions	52,306	47,430	2,142	1,963	54,448	49,393	10.2%
Capital grants & contributions	115,354	89,539	7,292	4,403	122,646	93,942	30.6%
General revenues:							
Property taxes	129,714	122,477	-	-	129,714	122,477	5.9%
Local sales taxes	42,397	40,259	-	-	42,397	40,259	5.3%
Utility users tax	59,947	59,613	-	-	59,947	59,613	0.6%
Other taxes	23,808	21,325	20,108	17,943	43,916	39,268	11.8%
Unrestricted:							
Sales taxes shared state revenue	58,476	56,575	-	-	58,476	56,575	3.4%
State of California in-lieu sales tax	16,632	16,823	-	-	16,632	16,823	-1.1%
Investment earnings	8,769	10,136	1,567	3,294	10,336	13,430	-23.0%
Miscellaneous	11,060	8,853	5	3	11,065	8,856	24.9%
Gain on disposition of capital assets	5,340	4,567	-	-	5,340	4,567	16.9%
Total revenues	665,241	601,994	291,497	279,084	956,738	881,078	8.6%
Expenses							
General government	52,474	41,190	-	-	52,474	41,190	27.4%
Police	166,797	157,248	-	-	166,797	157,248	6.1%
Fire	127,561	125,461	-	-	127,561	125,461	1.7%
General services	15,619	13,807	-	-	15,619	13,807	13.1%
Public works	103,088	103,632	-	-	103,088	103,632	-0.5%
Economic development	11,075	17,080	-	-	11,075	17,080	-35.2%
Convention and cultural services	19,441	17,916	-	-	19,441	17,916	8.5%
Parks & recreation	56,573	52,336	-	-	56,573	52,336	8.1%
Community development	30,221	26,484	-	-	30,221	26,484	14.1%
Library	15,629	13,720	-	-	15,629	13,720	13.9%
Interest on long-term debt	29,046	22,178	-	-	29,046	22,178	31.0%
Water	-	-	69,428	66,627	69,428	66,627	4.2%
Wastewater	-	-	25,432	25,673	25,432	25,673	-0.9%
Storm drainage	-	-	41,830	36,664	41,830	36,664	14.1%
Solid waste	-	-	47,149	49,014	47,149	49,014	-3.8%
Community center	-	-	17,690	17,204	17,690	17,204	2.8%
Parking	-	-	13,704	15,238	13,704	15,238	-10.1%
Child development	-	-	6,151	6,297	6,151	6,297	-2.3%
Total expenses	627,524	591,052	221,384	216,717	848,908	807,769	5.1%
Revenue over (under) expenses	37,717	10,942	70,113	62,367	107,830	73,309	47.1%
Contributions to permanent funds	1	1	-	-	1	1	0.0%
Special items	-	(2,500)	4,554	18,527	4,554	16,027	-71.6%
Transfers	32,148	28,571	(32,148)	(28,571)	-	-	-
Change in net position	69,866	37,014	42,519	52,323	112,385	89,337	25.8%
Net position, beginning of year, restated	973,746	1,573,602	848,742	893,941	1,822,488	2,467,543	-26.1%
Net position, end of year	$ 1,043,612	$ 1,610,616	$ 891,261	$ 946,264	$ 1,934,873	$ 2,556,880	-24.3%

The beginning net position for fiscal year 2015 does not agree to the prior year ending net position because the activity presented for the prior year was not restated for GASB Statement No. 68. Additional information on the restatement required by GASB Statement No. 68 can be found at Note 18 of the Notes to the Financial Statements.

Analysis of the changes in net position

Total government-wide revenues of the primary government increased $75.7 million, an 8.6 percent increase from the prior year, and total expenses increased $41.1 million, a 5.1 percent increase. These changes are discussed in more detail below.

Governmental activities

Total revenues for governmental activities increased $63.2 million from the prior year, a 10.5 percent increase. Total expenses increased $36.5 million, a 6.2 percent increase, and net transfers from business-type activities increased $3.6 million, a 12.5 percent increase from the prior year. Transfers in primarily consist of payments in lieu of 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 in were higher in 2015 because of transfers from the Community Center Fund and Parking Fund for debt service and more capital assets transferred from governmental activities to business-type activities.

Revenue

Capital grants and contributions revenue increased $25.8 million from the prior year largely due to land dedications of $7 million, RASA contributions of $3.3 million, developer dedications of $2 million and a $4.9 million contribution for public art to be located at the Golden 1 Center. Operating grants and contributions increased $4.9 million compared to the prior year primarily due to pre-development cost reimbursements related to the Golden 1 Center.

Property tax revenue in 2015 increased $7.2 million compared to 2014 due to the continued recovering of the Sacramento area commercial and residential real estate assessed valuations. Measure U local sales tax revenue increased $2.1 million due to increased sales activity. Other tax revenues, including utility users tax, state shared sales taxes, and in lieu sales taxes, increased a net $4.5 million in 2015.

Expenses

As indicated above, total governmental expenses increased by $36.5 million. This increase is attributable to general government (up $11.3 million), police (up $9.5 million), interest on long-term debt (up $6.9 million), parks and recreation (up $4.2 million), community development (up $3.7 million) and library (up $1.9 million).

General government expense increases resulted from rising labor costs and costs associated with litigation and the financing of the Golden 1 Center. Police and parks and recreation expense increases resulted from rising labor costs as well as one-time labor grievance settlements. In addition, police expenses increased $5 million as a result of filling positions funded by Measure U.

Community development expenses increased during the year as a result of new development projects throughout the City. The library increase is a result of an additional library services parcel tax assessed on property owners by the City and remitted to the Sacramento Public Library Authority. Interest on long-term debt increased for the forward bond purchase agreement for the Golden 1 Center financing and inflation adjustments on the North Natomas development impact fee credits.

Business-type activities

Total revenues for business-type activities increased $12.4 million from the prior year, a 4.4 percent increase. Total expenses for business-type activities increased $4.7 million from the prior year, a 2.2 percent increase. Net transfers to governmental activities increased $3.6 million as a result of transfers from the Community Center Fund and Parking Fund for debt service.

Revenue

Charges for services increased $8.9 million as a result of water and wastewater rate increases in fiscal year 2015 of 10 and 15 percent, respectively.

Capital grants and contribution revenue increased by $2.9 million mostly due to an increase in wastewater capital grants from the State Department of Water Resources for the 7th Street Sewer Replacement and 9th Street Sewer Improvement projects.

Expenses

Water expenses increased $2.8 million compared to the prior year primarily due to programs implemented to address the drought totaling $1.6 million and additional depreciation expense of $0.5 million related to new capital assets.

Storm drainage expenses increased $5.2 million mainly due to labor cost increases of $3.9 million and contributions to the Fleet Fund for the purchase of 7 vehicles totaling $0.9 million.

Solid Waste expenses decreased by $1.9 million primarily due to lower contributions to the Fleet Fund as a result of fewer vehicles purchased during 2015 compared to 2014, which accounted for a decrease of about $4 million, offset by an increase in labor costs of about $1.3 million.

Parking expenses decreased $1.4 million compared to the prior year as a result of various projects completed during fiscal year 2014.

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 $43.8 million in fiscal year 2015. For the fiscal year ended June 30, 2015, compared to the prior year, total revenues for governmental funds increased by $40.8 million, total expenditures increased $54.9 million, and net other financing sources and uses increased $12.3 million. Reasons for these changes are discussed in more detail below.

General Fund

Total General Fund revenues increased $23 million in the current year mostly due to increases in tax revenues of $12 million, charges for services revenues of $7 million, and intergovernmental revenue of $4 million. Tax revenue increases were mainly due to increases in property tax of $7.2 million, sales and use tax of $2.3 million, real property transfer tax of $1.2 million, business operations tax of $0.7 million, and other taxes $0.7 million. The increase in charges for services was primarily attributable to construction permits and ambulance service fees and reimbursements. The increase in intergovernmental resulted partly from a one-time $1.7 million State reimbursement for mandated cost claims and $1.5 million payment from a fire district received in fiscal year 2015 for services provided in fiscal year 2014.

Total General Fund expenditures increased by $14.2 million during fiscal year 2015. There were expenditure increases in the police and fire Departments of $5.0 million and $2.8 million, respectively. General government and parks and recreation had expenditure increases of $2.2 million and $2.8 million, respectively. The increase in police and fire expenditures was primarily attributable to labor costs. The $2.2 million increase in general government was mostly due to costs of Golden 1 Center litigation. The $2.8 million increase in parks and recreation was primarily due to a labor grievance settlement.

General Fund net other financing sources and uses decreased $3.4 million from the prior year, mainly due to prior year capital lease proceeds of $3.1 million for parking meters.

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 $36.9 million lower than final budget amounts. Capital outlay expenditures were less than budgeted amounts by $29.9 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. Most General Fund departments reported favorable operating expenditure budget variances primarily as a result of salary savings from vacant positions. The Police and Parks and Recreation departments reported unfavorable operating expenditure variances due largely to one-time unbudgeted labor costs associated with grievance settlements.

General Fund revenues were $21.3 million higher than final budgeted amounts. Property tax and real property transfer tax collections exceeded the budgeted amounts by $2.7 million and $3.7 million respectively. Charges for services and intergovernmental revenue exceeded budgeted amounts by $7.6 million and $2.4 million, respectively. The City collected unbudgeted revenue of $1.7 million in State SB90 Mandated Cost Reimbursements and a $2.6 million sales tax-sharing payment from the County.

Measure U Fund

Measure U Fund revenue and expenditures were higher in fiscal year 2015 compared to fiscal year 2014 by $0.8 million and $9.3 million, respectively. Expenditures are higher in fiscal year 2015 as a result of funding additional police officer and sergeant positions as well as filling most other Measure U-funded positions. Measure U resources are being used to restore police, fire, and parks and recreation services.

Capital Grants Fund

Capital Grant Fund revenue and expenditures increased $2.3 million and $9.3 million, respectively. Significant projects funded by capital grants in fiscal year 2015 included the Train Depot Renovation, 5th Street and Railyards Boulevard, the Sacramento City College Pedestrian and Bicycle Bridge, and the R Street Market Plaza.

1997 Lease Revenue Bond Fund

The lease receivable and associated revenue from the Sacramento Kings ownership group for debt service on the 1997 lease revenue 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 increased $14.4 million due largely to the following fluctuations:

- $7.1 million increase in charges for service in plan check fees, construction permits, special use permits, planning technology fees, and planning operations resulting from increased development activity
- $3.3 million contribution from RASA bond proceeds to fund various City projects

Total other governmental fund expenditures increased $21.9 million due largely to the following fluctuations:

- $12.1 million increase in capital outlay due to construction and infrastructure improvement projects funded by special districts, financing plans, and bond proceeds
- $7.8 million one-time costs related to the forward bond purchase agreement for the financing of the City's contribution to the Golden 1 Center
- $3.7 million inflation adjustment to North Natomas development impact fee credits

Other financing sources in other governmental funds increased $15.7 million primarily from proceeds of the sale of the Army Depot for $9.4 million and 3.12 acres of land on the southwest corner of Fair Oaks Boulevard and Howe Avenue for $3.1 million.

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 $8.9 million and operating expenses increased $5.1 million. Net non-operating revenues increased $1.1 million and capital contributions increased $6.2 million. Reasons for these changes are discussed in more detail below.

Water Fund

Water Fund operating revenue increased $6.1 million compared to the prior year because of a 10 percent rate increase. Operating expenses increased $2.6 million compared to the prior year primarily due to programs implemented to address the drought totaling $1.6 million and additional depreciation expense of $0.5 million related to new capital assets. The Water Fund also recognized a $4.6 million special item revenue in fiscal year 2015 for a settlement with a vendor regarding defective water meters.

Wastewater Fund

Wastewater Fund operating revenue increased $3.7 million compared to the prior year because of a 15 percent rate increase. Operating expenses in the current year did not change significantly compared to the previous year. Wastewater capital contributions increased $3.8 million due to additional capital grant revenue and developer impact fees.

Storm Drainage Fund

Storm Drainage Fund operating expenses increased $5.2 million compared to the prior year primarily due to increases in employee labor costs of $3.9 million and contributions to the Fleet Fund to purchase seven vehicles totaling $0.9 million. Operating revenues remained flat compared to the previous year. Storm drainage fees cannot be increased under Proposition 218 without the approval of a majority of property owners subject to the fee or two-thirds of voters.

Solid Waste Fund

Solid Waste Fund operating revenue increased by $0.6 million compared to the prior year due to collection of receivable for delinquent rent written off in the prior year. Operating expenses decreased $1.8 million due to lower contributions to the Fleet Fund for vehicle purchases compared to the prior year, partially offset by higher labor costs.

Parking Fund

Parking Fund operating revenue decreased $2 million compared to the prior year mainly due to the loss of 1,612 parking spaces at the Downtown Plaza for the construction of the Golden 1 Center. Total operating expenses decreased $1.4 million compared to the prior year as a result of the loss of the downtown parking spaces and various projects that were completed during 2014.

Community Center Fund

Community Center Fund transient occupancy tax revenue increased $2.2 million due to a continuing upward trend in Sacramento area hotel room occupancy and room rates. Additionally, the first of three $2 million transfers to the Golden 1 Center debt service fund to establish the liquidity reserve was made in fiscal year 2015.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2015, the City had invested $2.9 billion in a broad range of capital assets, including police and fire equipment, land, buildings, parks and park improvements, roads, bridges, and water, wastewater and storm drainage transmission and distribution systems. The current year capital asset additions of $254 million were offset by current year depreciation expense of $127 million and retirements of $7 million for a net increase in capital assets of $120 million.

City of Sacramento
Capital Assets
As of June 30, 2015 and 2014
(net of depreciation, in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Capital assets not being depreciated						
Land	$ 199	$ 192	$ 50	$ 51	$ 249	$ 243
Easements	1	1	-	-	1	1
Construction in progress	201	143	187	95	388	238
Depreciable capital assets:						
Buildings and improvements	419	430	142	134	561	564
Equipment	24	28	23	25	47	53
Software	4	4	1	1	5	5
Vehicles	53	53	-	-	53	53
Transmission and distribution systems	3	3	745	758	748	761
Road network	614	634	-	-	614	634
Street light network	129	131	-	-	129	131
Park and park improvements	136	128	-	-	136	128
Total capital assets	$ 1,783	$ 1,747	$ 1,148	$ 1,064	$ 2,931	$ 2,811

This year's major capital asset additions include:

- $31.2 million for the Cosumnes River Boulevard Extension and Interstate 5 Interchange
- $64.4 million for the Sacramento River & E.A. Fairbairn Water Treatment Plants Rehabilitation
- $11.1 million for construction of 5th Street and Railyards Boulevard in the Downtown Railyards
- $8.0 million for the Land Park Water Main Replacement project
- $10.7 million for the Train Depot Renovation project

Other capital projects in progress include the LED Streetlight conversion, 7th Street Combined Sewer System Replacement, and the Oak Park and Colonial Manor Water Main Replacement projects. Many other capital projects were completed during fiscal year 2015 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, 2015 and 2014:

City of Sacramento
Outstanding Debt
As of June 30, 2015 and 2014
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue and other bonds, net	$ 399	$ 419	$ 520	$ 540	$ 919	$ 959
Notes payable	16	16	30	33	46	49
Capital lease obligations	10	14	4	6	14	20
Total outstanding debt	$ 425	$ 449	$ 554	$ 579	$ 979	$ 1,028

Total outstanding debt for governmental and business-type activities decreased $24 million and $25 million, respectively, due to principal payments on existing obligations. More detailed information about the City's long-term liabilities is presented in Notes 7 and 19 to the financial statements.

Credit rating

The following table summarizes the City's bonded debt ratings at June 30, 2015, 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-	A2
• 2003 Capital Improvement Revenue Bonds	A+	A2
• 2005 Refunding Revenue Bonds	AA-	A2
• 2006 Capital Improvement Revenue Bonds, Series A and B	A+	A2
• 2006 Capital Improvement Revenue Bonds, Series C, D and E	A+	A2

Bond issues:	S & P	Fitch
• Water Revenue Bonds, Series 2013	AA-	AA-
• Wastewater Revenue Bonds, Series 2013	AA-	AA

The City's issuer credit rating for June 30, 2015, is AA- with a stable outlook from S&P, Aa2 with a stable outlook from Moody's, and AA- with a stable outlook from Fitch.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

Sacramento's economy continues to improve. Unemployment in the Sacramento metropolitan area has fallen from 6.9 percent at the end of fiscal year 2014 to 5.8 percent at the end of fiscal year 2015. The housing market continued to improve during fiscal year 2015. Although the economic recovery has resulted in increases in revenues, 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 2016 are $404 million, an increase of 5.4 percent compared to the fiscal year 2015 approved budget. In addition to the allocation of resources for several City Council priority initiatives, the approved budget appropriated $1 million 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.

Government-wide Financial Statements

City of Sacramento

Statement of Net Position

June 30, 2015
(in thousands)

	Primary Government			Sacramento Regional Arts Facilities Financing Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	$ 441,495	$ 224,237	$ 665,732	$ -
Receivables, net	214,929	63,972	278,901	11,533
Internal balances	6,244	(6,244)	-	-
Inventories	-	4,124	4,124	-
Prepaid items	994	803	1,797	100
Restricted cash and investments	33,787	179,293	213,080	1,088
Intangible assets	-	167	167	-
Land and other capital assets not being depreciated	401,065	237,035	638,100	-
Other capital assets, net of depreciation	1,381,570	911,149	2,292,719	-
Total assets	2,480,084	1,614,536	4,094,620	12,721
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivative instrument	5,727	-	5,727	-
Loss on refunding of debt	6,357	11,887	18,244	-
Deferred outflows related to pensions	55,517	8,740	64,257	-
Total deferred outflows of resources	67,601	20,627	88,228	-
LIABILITIES				
Payables	68,598	40,968	109,566	151
Unearned revenue	4,834	4,505	9,339	-
Long-term liabilities:				
Due within one year	47,551	28,004	75,555	455
Due in more than one year	1,261,353	652,670	1,914,023	11,926
Total liabilities	1,382,336	726,147	2,108,483	12,532
DEFERRED INFLOWS OF RESOURCES				
Service concession arrangement	6,912	-	6,912	-
Deferred inflows related to pensions	114,825	17,755	132,580	-
Total deferred inflows of resources	121,737	17,755	139,492	-
NET POSITION				
Net investment in capital assets	1,445,139	748,312	2,193,451	-
Restricted for:				
Capital projects	116,910	33,914	150,824	-
Debt service	665	-	665	189
Public works programs	19,027	-	19,027	-
Economic development programs	17,280	-	17,280	-
Ambulance services	1,085	-	1,085	-
Other programs	26,735	1,730	28,465	-
Trust and endowments:				
Expendable	7,789	-	7,789	-
Nonexpendable	878	-	878	-
Unrestricted	(591,896)	107,305	(484,591)	-
Total net position	$ 1,043,612	$ 891,261	$ 1,934,873	$ 189

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, 2015
(in thousands)

Functions/Programs	Operating Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government:						
Governmental activities:						
General government	$ 60,488	$ (8,014)	$ 6,436	$ 1,916	$ 425	$ (43,697)
Police	166,797	-	11,583	8,515	-	(146,699)
Fire	127,561	-	32,264	1,319	-	(93,978)
General services	17,511	(1,892)	1,251	295	-	(14,073)
Public works	103,088	-	32,840	12,144	98,679	40,575
Economic development	11,075	-	7,659	13,646	-	10,230
Convention and cultural services	19,441	-	9,303	1,245	4,900	(3,993)
Parks and recreation	56,573	-	15,004	6,360	4,097	(31,112)
Community development	30,221	-	25,069	-	7,129	1,977
Library	15,629	-	29	6,866	124	(8,610)
Interest on long-term debt	29,046	-	-	-	-	(29,046)
Total governmental activities	637,430	(9,906)	141,438	52,306	115,354	(318,426)
Business-type activities:						
Water	66,520	2,908	100,523	1,152	2,231	34,478
Wastewater	24,570	862	32,223	101	4,139	11,031
Storm drainage	40,255	1,575	37,646	52	922	(3,210)
Solid waste	44,971	2,178	59,095	395	-	12,341
Community center	16,272	1,418	8,748	-	-	(8,942)
Parking	12,739	965	16,595	3	-	2,894
Child development	6,151	-	5,553	439	-	(159)
Total business-type activities	211,478	9,906	260,383	2,142	7,292	48,433
Total primary government	$ 848,908	$ -	$ 401,821	$ 54,448	$ 122,646	$ (269,993)
Component unit:						
Sacramento Regional Arts Facilities Financing Authority	$ 616	$ -	$ -	$ -	$ -	$ (616)

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, 2015
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Sacramento Regional Arts Facilities Financing Authority
Change in net position:				
Net (expense) revenue	$ (318,426)	$ 48,433	$ (269,993)	$ (616)
General revenues:				
Taxes:				
Property taxes	129,714	-	129,714	-
Utility user taxes	59,947	-	59,947	-
Local sales tax	42,397	-	42,397	-
Property transfer tax	8,675	-	8,675	-
Business operations tax	9,494	-	9,494	-
Transient occupancy tax	4,018	20,108	24,126	-
Other taxes	1,621		1,621	-
Unrestricted sales taxes shared state revenue	58,476	-	58,476	-
Unrestricted in lieu sales tax	16,632	-	16,632	-
Unrestricted investment earnings	8,769	1,567	10,336	605
Unrestricted miscellaneous	11,060	5	11,065	-
Contributions to permanent funds	1	-	1	-
Gain on sale of capital assets	5,340	-	5,340	-
Special items	-	4,554	4,554	-
Transfers	32,148	(32,148)	-	-
Total general revenues, special items, and transfers	388,292	(5,914)	382,378	605
Change in net position	69,866	42,519	112,385	(11)
Net position, beginning of year	1,610,616	946,264	2,556,880	200
Prior period adjustments	(636,870)	(97,522)	(734,392)	-
Net position, beginning of year, as restated	973,746	848,742	1,822,488	200
Net position, end of year	$ 1,043,612	$ 891,261	$ 1,934,873	$ 189

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, 2015
(in thousands)

	General Fund	Measure U Fund	Capital Grants Fund
ASSETS			
Cash and investments held by City	$ 113,472	$ 35,987	$ -
Cash and investments held by fiscal agent	-	-	-
Receivables, net:			
Taxes	21,811	7,342	-
Accounts	21,707	-	3,145
Loans	12	-	-
Intergovernmental	1,166	-	26,316
Interest	455	140	-
Prepaid items	7	-	-
Restricted assets:			
Cash and investments held by City	2,562	-	29
Cash and investments held by fiscal agent	-	-	-
Total assets	$ 161,192	$ 43,469	$ 29,490
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 11,738	$ 424	$ 11,103
Accrued payroll	16,157	-	-
Accrued claims and judgements	3,410	-	-
Matured notes and interest payable	-	-	-
Due to other funds	-	-	11,940
Deposits	265	-	-
Unearned revenue	332	-	3,105
Advances from other funds	-	-	-
Total liabilities	31,902	424	26,148
Deferred inflows of resources:			
Unavailable revenue	5,846	400	12,467
Total deferred inflows of resources	5,846	400	12,467
Fund balances:			
Nonspendable:			
Prepaid items	7	-	-
Noncurrent assets	4	-	-
Permanent fund principal	-	-	-
Restricted:			
Capital projects	2,562	-	3,342
Debt service	-	-	-
Ambulance service	1,085	-	-
Economic development programs	-	-	-
Other programs	7	-	-
Committed:			
Economic uncertainty	38,967	-	-
Capital projects	32,987	158	-
Grant retention	-	500	-
Debt service	-	-	-
Community center theater renovation	8,500	-	-
B Street Theater project	2,500	-	-
Fire programs	4,420	-	-
OPEB trust fund	6,717	-	-
Homeless programs	750	-	-
Other programs	8,860	41,972	
Assigned:			
Debt service	-	-	-
Unrealized investment gains	50	15	-
Other programs	-	-	-
Unassigned	16,028	-	(12,467)
Total fund balances (deficit)	123,444	42,645	(9,125)
Total liabilities, deferred inflows of resources and fund balances	$ 161,192	$ 43,469	$ 29,490

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

City of Sacramento
Governmental Funds
Balance Sheet
June 30, 2015
(in thousands)

	1997 Lease Revenue Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments held by City	$ 2,233	$ 203,700	$ 355,392
Cash and investments held by fiscal agent	-	283	283
Receivables, net:			
Taxes	-	2,129	31,282
Accounts	-	3,173	28,025
Loans	59,790	7,701	67,503
Intergovernmental	-	51,784	79,266
Interest	691	49	1,335
Prepaid items	-	24	31
Restricted assets:			
Cash and investments held by City	1,652	10,858	15,101
Cash and investments held by fiscal agent	-	18,686	18,686
Total assets	$ 64,366	$ 298,387	$ 596,904
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ 12,088	$ 35,353
Accrued payroll	-	184	16,341
Accrued claims and judgements	-	2,594	6,004
Matured notes and interest payable	-	1,324	1,324
Due to other funds	-	-	11,940
Deposits	1,652	2,035	3,952
Unearned revenue	-	1,011	4,448
Advances from other funds	-	7,143	7,143
Total liabilities	1,652	26,379	86,505
Deferred inflows of resources:			
Unavailable revenue	60,481	50,911	130,105
Total deferred inflows of resources	60,481	50,911	130,105
Fund balances:			
Nonspendable:			
Prepaid items	-	24	31
Noncurrent assets	-	369	373
Permanent fund principal	-	878	878
Restricted:			
Capital projects	-	121,448	127,352
Debt service	-	20,218	20,218
Ambulance service	-	13,842	14,927
Economic development programs	-	17,271	17,271
Other programs	-	27,029	27,036
Committed:			
Economic uncertainty	-	-	38,967
Capital projects	-	3,197	36,342
Grant retention	-	-	500
Debt service	-	5,660	5,660
Community center theater renovation	-	-	8,500
B Street Theater project	-	16,391	18,891
Fire programs	-	-	4,420
OPEB trust fund	-	-	6,717
Homeless programs	-	-	750
Other programs	-	8,029	58,861
Assigned:			
Debt service	-	717	717
Unrealized investment gains	-	-	65
Other programs	2,233	111	2,344
Unassigned	-	(14,087)	(10,526)
Total fund balances (deficit)	2,233	221,097	380,294
Total liabilities, deferred inflows of resources and fund balances	$ 64,366	$ 298,387	$ 596,904

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

City of Sacramento

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2015
(in thousands)

Fund balances - total governmental funds		$ 380,294
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.		130,105
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.		856
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:		
Governmental capital assets	3,047,395	
Less: accumulated depreciation	(1,320,949)	
		1,726,446
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		(2,732)
Deferred outflows of resources are not recognized in the current period and therefore not reported in the governmental funds.		
Deferred outflows related to pension	54,560	
Loss on refunding of debt and derivatives	6,285	
		60,845
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued compensated absences	(31,668)	
Accrued claims and judgements	(1,442)	
Financing plan fee credits	(44,249)	
Net pension liability	(564,014)	
Pollution remediation obligations	(619)	
Revenue and other bonds payable, net	(396,103)	
Capital lease obligations payable	(10,331)	
Notes payable	(15,311)	
OPEB liability	(150,466)	
		(1,214,203)
Deferred earnings on pension plan investments are deferred inflows of resources and are not reported in the governmental funds.		(112,547)
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.		74,548
Net position of governmental activities		$ 1,043,612

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, 2015

(in thousands)

	General Fund	Measure U Fund	Capital Grants Fund
Revenues:			
Taxes	$ 286,786	$ 43,720	$ -
Intergovernmental	13,363	-	38,938
Charges for services	71,394	-	-
Fines, forfeits, and penalties	10,782	-	-
Interest, rents, and concessions	1,707	225	15
Community service fees	-	-	-
Assessment levies	176	-	-
Contributions and donations	13	-	35,495
Miscellaneous	426	-	-
Total revenues	384,647	43,945	74,448
Expenditures:			
Current:			
General government	24,842	-	-
Police	128,387	11,052	-
Fire	98,415	10,692	-
General services	9,604	102	-
Public works	6,287	-	59
Convention and cultural services	4,567	-	-
Economic development	2,514	-	-
Parks and recreation	17,182	4,465	1
Community development	20,678	-	-
Library	7,130	506	-
Utilities	278	-	-
Citywide and community support	37,216	-	-
Capital outlay	8,901	1,416	75,577
Debt service:			
Principal	2,984	-	-
Interest and fiscal charges	235	-	-
Total expenditures	369,220	28,233	75,637
Excess (deficiency) of revenues over (under) expenditures	15,427	15,712	(1,189)
Other financing sources (uses):			
Transfers in	31,275	-	-
Transfers out	(25,265)	-	(15)
Issuance of long-term debt	-	-	-
Proceeds from sale of capital assets	3,100	-	-
Total other financing sources (uses)	9,110	-	(15)
Net change in fund balances	24,537	15,712	(1,204)
Fund balances (deficit), beginning of year	98,907	26,933	(7,921)
Fund balances (deficit), end of year	$ 123,444	$ 42,645	$ (9,125)

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, 2015

(in thousands)

	1997 Lease Revenue Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ -	$ 4,143	$ 334,649
Intergovernmental	-	58,716	111,017
Charges for services	-	14,667	86,061
Fines, forfeits, and penalties	-	621	11,403
Interest, rents, and concessions	3,393	7,341	12,681
Community service fees	-	7,869	7,869
Assessment levies	-	41,708	41,884
Contributions and donations	2,225	7,444	45,177
Miscellaneous	-	75	501
Total revenues	5,618	142,584	651,242
Expenditures:			
Current:			
General government	-	3,649	28,491
Police	-	10,009	149,448
Fire	-	1,478	110,585
General services	-	352	10,058
Public works	-	29,156	35,502
Convention and cultural services	-	6,411	10,978
Economic development	-	8,283	10,797
Parks and recreation	-	17,246	38,894
Community development	-	6,141	26,819
Library	-	6,860	14,496
Utilities	-	244	522
Citywide and community support	-	-	37,216
Capital outlay	-	42,911	128,805
Debt service:			
Principal	2,225	18,490	23,699
Interest and fiscal charges	3,375	29,883	33,493
Total expenditures	5,600	181,113	659,803
Excess (deficiency) of revenues over (under) expenditures	18	(38,529)	(8,561)
Other financing sources (uses):			
Transfers in	-	37,842	69,117
Transfers out	-	(7,987)	(33,267)
Issuance of long-term debt	-	3,984	3,984
Proceeds from sale of capital assets	-	9,400	12,500
Total other financing sources (uses)	-	43,239	52,334
Net change in fund balances	18	4,710	43,773
Fund balances (deficit), beginning of year	2,215	216,387	336,521
Fund balances (deficit), end of year	$ 2,233	$ 221,097	$ 380,294

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, 2015
(in thousands)

Net change in fund balances - total governmental funds		$ 43,773
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	112,903	
Depreciation expense	(77,146)	
		35,757
Capital asset proceeds recorded in the governmental funds exceed gain on sale of capital assets recorded in the governmental activities.		(7,175)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Infrastructure dedications		11,010
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	(3,984)	
Principal repayments on long-term debt	23,699	
		19,715
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 renues 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.		(3,434)

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, 2015
(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	(846)	
Claims and judgements	(103)	
Pension expense	4,368	
Other post-employment benefits	(22,454)	
Pollution remediation	(87)	
Interest	126	
Amortization of prepaid bond issuance	(51)	
Amortization of bond discount	(9)	
Amortization of bond premium	956	
Amortization of gain/loss on refunding	(376)	
		(18,476)
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.		(3,846)
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.		(7,458)
Change in net position of governmental activities		$ 69,866

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

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, 2015

(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	$ 274,337	$ 274,337	$ 286,786	$ 12,449	$ -	$ 286,786
Intergovernmental	8,982	10,920	13,363	2,443	-	13,363
Charges for services	61,385	63,810	71,394	7,584	-	71,394
Fines, forfeits and penalties	12,168	11,811	10,782	(1,029)	-	10,782
Interest, rents, and concessions	887	2,270	1,707	(563)	-	1,707
Assessment levies	30	74	176	102	-	176
Contributions and donations	-	6	13	7	-	13
Miscellaneous	124	124	426	302	-	426
Total revenues	357,913	363,352	384,647	21,295	-	384,647
Expenditures:						
Current:						
Mayor/Council	3,063	3,609	3,270	339	-	3,270
City Manager	2,561	3,258	2,510	748	1	2,511
City Attorney	4,164	4,479	3,957	522	7	3,964
City Clerk	1,205	1,233	1,200	33	-	1,200
City Treasurer	1,820	1,944	1,873	71	(39)	1,834
Finance	4,876	4,966	4,539	427	(17)	4,522
Information technology	8,437	5,504	4,794	710	46	4,840
Human resources	2,584	2,952	2,737	215	(36)	2,701
Subtotal - General government	28,710	27,945	24,880	3,065	(38)	24,842
Police	124,602	126,546	128,671	(2,125)	(284)	128,387
Fire	95,968	99,585	98,469	1,116	(54)	98,415
General services	9,104	9,483	9,625	(142)	(21)	9,604
Public works	6,663	7,030	6,414	616	(127)	6,287
Convention, culture and services	4,603	4,647	4,586	61	(19)	4,567
Economic development	3,514	2,843	2,507	336	7	2,514
Parks and recreation	15,008	15,841	17,244	(1,403)	(62)	17,182
Community development	20,767	24,263	20,770	3,493	(92)	20,678
Library	7,130	7,130	7,130	-	-	7,130
Utilities	3,480	956	278	678	-	278
Citywide and community support	40,679	37,853	37,817	36	(601)	37,216
Capital outlay	25,719	38,821	13,164	25,657	(4,263)	8,901
Debt service:						
Principal	2,984	2,984	2,984	-	-	2,984
Interest and fiscal charges	235	235	235	-	-	235
Total expenditures	389,166	406,162	374,774	31,388	(5,554)	369,220
Excess (deficiency) of revenues over (under) expenditures	(31,253)	(42,810)	9,873	52,683	5,554	15,427
Other financing sources (uses):						
Transfers in	30,042	30,042	31,275	1,233	-	31,275
Transfers out	(24,532)	(25,621)	(25,265)	356	-	(25,265)
Proceeds of long-term capital related debt	-	3,100	3,100	-	-	3,100
Total other financing sources (uses)	5,510	7,521	9,110	1,589	-	9,110
Net change in fund balance	$ (25,743)	$ (35,289)	$ 18,983	$ 54,272	$ 5,554	$ 24,537

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

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, 2015

(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	$ 31,824	$ 41,509	$ 43,720	$ 2,211	$ -	$ 43,720
Interest, rents, and concessions	-	-	225	225	-	225
Total revenues	31,824	41,509	43,945	2,436	-	43,945
Expenditures:						
Current:						
Police	12,080	12,080	11,052	1,028	-	11,052
Fire	11,704	11,704	10,692	1,012	-	10,692
General services	227	227	102	125	-	102
Parks and recreation	4,625	4,935	4,679	256	(214)	4,465
Library	506	506	506	-	-	506
Capital outlay	736	1,547	1,444	103	(28)	1,416
Total expenditures	29,878	30,999	28,475	2,524	(242)	28,233
Excess (deficiency) of revenues over (under) expenditures	1,946	10,510	15,470	4,960	242	15,712
Net change in fund balance	$ 1,946	$ 10,510	$ 15,470	$ 4,960	$ 242	$ 15,712

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

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2015
(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	$ 88,203	$ 26,382	$ 30,841	$ 33,740
Cash and investments held by fiscal agent	-	-	3	-
Receivables, net:				
Taxes	-	-	-	-
Accounts	17,640	11,189	5,545	10,177
Loans	1,264	128	421	-
Intergovernmental	630	2,534	1,247	-
Interest	933	184	171	143
Due from other funds	-	-	-	-
Inventories	3,473	82	569	-
Prepaid items	582	-	9	79
Intangible asset, current portion	-	-	-	-
Total current assets	112,725	40,499	38,806	44,139
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	134,653	18,337	4,117	2,660
Cash and investments held by fiscal agent	7,242	991	765	-
Advances to other funds	-	-	-	-
Loans receivable	3,405	681	3,269	-
Intangible assets	-	-	-	-
Capital assets:				
Land	1,754	1,138	18,724	1,133
Buildings and improvements	38,750	26,372	8,795	31,150
Machinery and equipment	16,466	5,147	17,613	11,380
Vehicles	-	-	-	-
Transmission and distribution system	592,709	154,538	389,775	-
Construction in progress	170,275	8,813	1,339	917
Software	516	324	630	161
Easements	-	-	157	-
Less: accumulated depreciation/amortization	(215,910)	(68,237)	(161,021)	(26,119)
Total noncurrent assets	749,860	148,104	284,163	21,282
Total assets	862,585	188,603	322,969	65,421
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding of debt	8,681	-	-	1,779
Deferred outflows related to pensions	2,520	958	2,362	1,646
Total deferred outflows of resources	11,201	958	2,362	3,425

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

City of Sacramento

Proprietary Funds

Statement of Net Position

June 30, 2015
(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	$ 16,068	$ 28,965	$ 224,199	$ 85,638
Cash and investments held by fiscal agent	28	7	38	182
Receivables, net:				
Taxes	2,647	-	2,647	-
Accounts	237	799	45,587	364
Loans	20	85	1,918	-
Intergovernmental	-	-	4,411	-
Interest	26	118	1,575	242
Due from other funds	-	-	-	12,190
Inventories	-	-	4,124	-
Prepaid items	-	133	803	107
Intangible asset, current portion	-	8	8	-
Total current assets	19,026	30,115	285,310	98,723
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	755	38	160,560	-
Cash and investments held by fiscal agent	7,945	1,790	18,733	-
Advances to other funds	-	-	-	13,137
Loans receivable	87	392	7,834	-
Intangible assets	-	159	159	-
Capital assets:				
Land	21,740	5,825	50,314	-
Buildings and improvements	111,885	61,633	278,585	7,159
Machinery and equipment	4,831	7,699	63,136	457
Vehicles	-	-	-	133,334
Transmission and distribution system	-	-	1,137,022	-
Construction in progress	4,923	297	186,564	-
Software	46	4	1,681	256
Easements	-	-	157	-
Less: accumulated depreciation/amortization	(60,050)	(37,938)	(569,275)	(85,017)
Total noncurrent assets	92,162	39,899	1,335,470	69,326
Total assets	111,188	70,014	1,620,780	168,049
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding of debt	-	1,427	11,887	72
Deferred outflows related to pensions	538	716	8,740	957
Total deferred outflows of resources	538	2,143	20,627	1,029

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, 2015
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
LIABILITIES				
Current liabilities:				
Accounts payable	15,899	10,391	1,536	2,140
Accrued payroll	873	266	882	437
Accrued compensated absences	132	17	62	106
Due to other funds	-	-	-	-
Interest payable	4,135	518	228	108
Liability for landfill closure	-	-	-	85
Deposits	8	-	15	10
Unearned revenue	1,749	-	-	-
Accrued claims and judgements	126	63	80	124
Capital leases payable	-	146	-	1,587
Revenue and other bonds payable, net	11,243	617	595	1,053
Notes payable	416	753	2,336	-
Total current liabilities	34,581	12,771	5,734	5,650
Noncurrent liabilities:				
Accrued compensated absences	1,656	607	2,218	891
Advances from other funds	-	-	-	-
Water fee credits	1,702	-	-	-
OPEB liability	7,881	2,966	3,829	9,596
Accrued claims and judgements	-	-	-	-
Liability for landfill closure	-	-	-	1,092
Capital leases payable	-	151	-	2,191
Revenue and other bonds payable, net	381,551	31,803	3,514	20,810
Notes payable	8,589	3,825	13,925	-
Net pension liability	25,737	9,969	22,973	18,766
Total noncurrent liabilities	427,116	49,321	46,459	53,346
Total liabilities	461,697	62,092	52,193	58,996
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	5,177	1,893	5,315	2,596
Total deferred inflows of resources	5,177	1,893	5,315	2,596
NET POSITION				
Net investment in capital assets	316,921	107,190	256,523	914
Restricted for:				
Capital projects	30,440	2,719	-	-
Other programs	-	-	1,090	640
Unrestricted	59,551	15,667	10,210	5,700
Total net position	$ 406,912	$ 125,576	$ 267,823	$ 7,254

(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, 2015
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	1,425	1,002	32,393	4,509
Accrued payroll	230	331	3,019	346
Accrued compensated absences	34	30	381	92
Due to other funds	250	-	250	-
Interest payable	366	158	5,513	6
Liability for landfill closure	-	-	85	-
Deposits	-	10	43	-
Unearned revenue	2,227	529	4,505	386
Accrued claims and judgements	12	231	636	15,760
Capital leases payable	-	-	1,733	26
Revenue and other bonds payable, net	5,885	2,271	21,664	376
Notes payable	-	-	3,505	-
Total current liabilities	10,429	4,562	73,727	21,501
Noncurrent liabilities:				
Accrued compensated absences	492	475	6,339	961
Advances from other funds	5,994	-	5,994	-
Water fee credits	-	-	1,702	-
OPEB liability	965	1,645	26,882	3,636
Accrued claims and judgements	-	-	-	54,979
Liability for landfill closure	-	-	1,092	-
Capital leases payable	-	-	2,342	99
Revenue and other bonds payable, net	34,609	25,918	498,205	2,066
Notes payable	-	-	26,339	-
Net pension liability	5,234	7,090	89,769	9,010
Total noncurrent liabilities	47,294	35,128	658,664	70,751
Total liabilities	57,723	39,690	732,391	92,252
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,209	1,565	17,755	2,278
Total deferred inflows of resources	1,209	1,565	17,755	2,278
NET POSITION				
Net investment in capital assets	53,724	13,040	748,312	53,622
Restricted for:				
Capital projects	755	-	33,914	-
Other programs	-	-	1,730	-
Unrestricted	(1,685)	17,862	107,305	20,926
Total net position	$ 52,794	$ 30,902	$ 891,261	$ 74,548

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, 2015
(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	$ 100,476	$ 31,203	$ 36,184	$ 58,627
Rents and concessions	-	-	-	337
Charge to other agencies for contract services	-	1,018	1,462	-
Miscellaneous	47	2	-	131
Total operating revenues	100,523	32,223	37,646	59,095
Operating expenses:				
Employee services	25,504	8,371	23,258	16,334
Services and supplies	19,712	12,712	6,227	26,918
Depreciation/amortization	17,487	4,226	11,577	1,816
Insurance premiums	-	-	-	-
Claims and judgements	76	8	96	895
Total operating expenses	62,779	25,317	41,158	45,963
Operating income (loss)	37,744	6,906	(3,512)	13,132
Nonoperating revenues (expenses):				
Interest and investment revenue	492	173	336	215
Transient occupancy taxes	-	-	-	-
Revenue from other agencies	1,152	-	52	395
Insurance and other claim recoveries	-	-	-	-
Interest income (expense)	(6,598)	(115)	(672)	(1,180)
Amortization of bond prepaid insurance	(51)	-	-	(6)
Gain or (loss) on disposition of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	(5,005)	58	(284)	(576)
Income (loss) before contributions and transfers	32,739	6,964	(3,796)	12,556
Capital contributions	3,705	5,157	2,377	-
Transfers in	-	6	12	88
Transfers out	(11,405)	(3,716)	(4,059)	(6,512)
Special item	4,554	-	-	-
Change in net position	29,593	8,411	(5,466)	6,132
Total net position (deficit), beginning of year, as restated	377,319	117,165	273,289	1,122
Total net position, end of year	$ 406,912	$ 125,576	$ 267,823	$ 7,254

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, 2015
(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	$ 2,734	$ 21,655	$ 250,879	$ 59,058
Rents and concessions	5,932	490	6,759	-
Charge to other agencies for contract services	-	-	2,480	-
Miscellaneous	82	8	270	54
Total operating revenues	8,748	22,153	260,388	59,112
Operating expenses:				
Employee services	6,061	8,821	88,349	10,305
Services and supplies	7,156	7,520	80,245	25,197
Depreciation/amortization	2,306	2,020	39,432	10,034
Insurance premiums	-	-	-	3,283
Claims and judgements	-	4	1,079	19,196
Total operating expenses	15,523	18,365	209,105	68,015
Operating income (loss)	(6,775)	3,788	51,283	(8,903)
Nonoperating revenues (expenses):				
Interest and investment revenue	152	199	1,567	850
Transient occupancy taxes	20,108	-	20,108	-
Revenue from other agencies	-	442	2,041	255
Insurance and other claim recoveries	-	-	-	232
Interest expense	(2,167)	(1,483)	(12,215)	(75)
Amortization of bond prepaid insurance	-	(7)	(64)	-
Gain or (loss) on disposition of capital assets	-	-	-	39
Total nonoperating revenues (expenses)	18,093	(849)	11,437	1,301
Income (loss) before contributions and transfers	11,318	2,939	62,720	(7,602)
Capital contributions	-	-	11,239	-
Transfers in	2	209	317	415
Transfers out	(3,664)	(6,955)	(36,311)	(271)
	-	-	4,554	-
Change in net position	7,656	(3,807)	42,519	(7,458)
Total net position (deficit), beginning of year, as restated	45,138	34,709	848,742	82,006
Total net position, end of year	$ 52,794	$ 30,902	$ 891,261	$ 74,548

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, 2015
(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	$ 101,472	$ 32,216	$ 38,161	$ 60,600
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(15,499)	(11,426)	(5,968)	(26,325)
Payments to employees	(23,951)	(7,770)	(22,662)	(14,142)
Claims and judgements paid	(71)	(7)	(82)	(2,069)
Net cash provided by (used for) operating activities	61,951	13,013	9,449	18,064
Cash flows from noncapital financing activities:				
Transient occupancy taxes	-	-	-	-
Transfers in from other funds	-	6	12	88
Transfers out to other funds	(11,356)	(3,652)	(4,059)	(6,360)
Collections on interfund loans	-	-	-	-
Loans made to other funds	-	-	-	-
Interfund loan repayments	-	-	-	-
Intergovernmental revenue received	711	-	-	395
Claim and judgement recoveries	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(10,645)	(3,646)	(4,047)	(5,877)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(96,005)	(6,532)	(2,410)	(924)
Proceeds from sale of capital assets	-	-	-	-
Principal payments on capital debt	(9,225)	(878)	(2,860)	(2,826)
Interest payments on capital debt	(17,860)	(1,539)	(697)	(1,147)
Intergovernmental revenue received	-	-	52	-
Transfers in from other funds	4,240	1,396	-	-
Transfers out to other funds	(4,289)	(1,460)	-	(152)
Capital contributions received	1,437	1,270	-	-
Loan repayments received	1,223	125	412	-
Net cash used for capital and related financing activities	(120,479)	(7,618)	(5,503)	(5,049)
Cash flows from investing activities:				
Collection of interest and investment revenue	1,844	278	309	180
Settlements received for investments sold in prior year	(208)	-	-	-
Loan repayments received	-	-	-	-
Security lending payoff	-	(66)	(75)	-
Net cash provided by investing activities	1,636	212	234	180
Net increase (decrease) in cash and cash equivalents	(67,537)	1,961	133	7,318
Cash and cash equivalents, beginning of year	297,635	43,749	35,593	29,082
Cash and cash equivalents, end of year	$ 230,098	$ 45,710	$ 35,726	$ 36,400

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, 2015
(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	$ 8,389	$ 22,428	$ 263,266	$ -
Receipts from interfund services provided	-	-	-	121,621
Payments to suppliers	(6,526)	(7,553)	(73,297)	(91,920)
Payments to employees	(5,909)	(8,567)	(83,001)	(10,032)
Claims and judgements paid	(11)	210	(2,030)	(11,624)
Net cash provided by (used for) operating activities	(4,057)	6,518	104,938	8,045
Cash flows from noncapital financing activities:				
Transient occupancy taxes	19,714	-	19,714	-
Transfers in from other funds	2	-	108	-
Transfers out to other funds	(3,664)	(1,782)	(30,873)	(207)
Collections on interfund loans	-	-	-	3,303
Loans made to other funds	-	-	-	(11,940)
Interfund loan repayments	(250)	-	(250)	-
Intergovernmental revenue received	-	481	1,587	477
Claim and judgement recoveries	-	-	-	216
Net cash provided by (used for) noncapital financing activities	15,802	(1,301)	(9,714)	(8,151)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(2,485)	(376)	(108,732)	(9,316)
Proceeds from sale of capital assets	-	-	-	267
Principal payments on capital debt	(5,612)	(2,155)	(23,556)	(362)
Interest payments on capital debt	(2,343)	(1,430)	(25,016)	(84)
Intergovernmental revenue received	-	-	52	-
Transfers in from other funds	-	209	5,845	351
Transfers out to other funds	-	(5,173)	(11,074)	-
Capital contributions received	-	-	2,707	-
Loan repayments received	-	-	1,760	-
Net cash used for capital and related financing activities	(10,440)	(8,925)	(158,014)	(9,144)
Cash flows from investing activities:				
Collection of interest and investment revenue	119	183	2,913	825
Settlements received for investments sold in prior year	-	-	(208)	-
Loan repayments received	20	85	105	-
Security lending payoff	(54)	(150)	(345)	(12)
Net cash provided by investing activities	85	118	2,465	813
Net increase (decrease) in cash and cash equivalents	1,390	(3,590)	(60,325)	(8,437)
Cash and cash equivalents, beginning of year	23,406	34,390	463,855	94,257
Cash and cash equivalents, end of year	$ 24,796	$ 30,800	$ 403,530	$ 85,820

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, 2015
(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	$ 88,203	$ 26,382	$ 30,841	$ 33,740
Cash and investments held by fiscal agent	-	-	3	-
Restricted cash and investments held by City	134,653	18,337	4,117	2,660
Restricted cash and investments held by fiscal agent	7,242	991	765	-
Total cash and cash equivalents, end of year	$ 230,098	$ 45,710	$ 35,726	$ 36,400
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 37,744	$ 6,906	$ (3,512)	$ 13,132
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	17,487	4,226	11,577	1,816
Amortization of intangible assets	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable, net	871	(7)	906	1,505
Intergovernmental receivables	-	-	(391)	-
Inventories	(465)	(17)	(35)	-
Prepaid items	-	-	(9)	-
Deferred outflows related to pensions	(397)	(181)	(182)	(581)
Accounts payable	124	1,303	288	593
Accrued payroll	132	6	144	72
Accrued compensated absences	(103)	2	48	(66)
OPEB liabilities	1,212	404	544	1,246
Net pension liability	(4,468)	(1,523)	(5,273)	(1,075)
Accrued claims and judgements	5	1	14	(1,174)
Deposits	6	-	15	-
Unearned revenue	72	-	-	-
Deferred inflows related to pensions	5,177	1,893	5,315	2,596
Special item revenue - vendor settlement	4,554	-	-	-
Net cash provided by (used for) operating activities	$ 61,951	$ 13,013	$ 9,449	$ 18,064
Noncash investing, capital and financing activities:				
Contributions of capital assets	$ 794	$ 514	$ 922	$ -
Transfer of capital assets from governmental funds, net of depreciation	1,474	917	1,455	-
Capitalized interest	8,691	1,223	5	-
Amortization of bond premium and discount	2,053	57	(10)	58
Amortization of bond loss on refunding	(725)	-	-	(118)
Amortization of bond prepaid insurance	(51)	-	-	(6)
Capital asset acquisitions on accounts payable	13,595	805	312	-
Change in securities lending assets	(633)	(93)	(75)	(63)
Change in securities lending obligations	675	107	90	63
Interest accrual on loans receivable	-	-	-	-
Change in intergovernmental receivable for capital contributions	630	-	-	-

(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, 2015
(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	$ 16,068	$ 28,965	$ 224,199	$ 85,638
Cash and investments held by fiscal agent	28	7	38	182
Restricted cash and investments held by City	755	38	160,560	-
Restricted cash and investments held by fiscal agent	7,945	1,790	18,733	-
Total cash and cash equivalents, end of year	$ 24,796	$ 30,800	$ 403,530	$ 85,820
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (6,775)	$ 3,788	$ 51,283	$ (8,903)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	2,306	2,020	39,432	10,034
Amortization of intangible assets	-	7	7	-
Changes in assets and liabilities:				
Accounts receivable, net	67	216	3,558	(276)
Intergovernmental receivables	-	56	(335)	-
Inventories	-	-	(517)	-
Prepaid items	-	(19)	(28)	49
Deferred outflows related to pensions	(42)	(84)	(1,467)	(23)
Accounts payable	630	(60)	2,878	(576)
Accrued payroll	33	23	410	11
Accrued compensated absences	-	(3)	(122)	(90)
OPEB liabilities	151	252	3,809	524
Net pension liability	(1,199)	(1,488)	(15,026)	(2,427)
Accrued claims and judgements	(11)	202	(963)	7,572
Deposits	-	(8)	13	(33)
Unearned revenue	(426)	51	(303)	(95)
Deferred inflows related to pensions	1,209	1,565	17,755	2,278
Special item revenue - vendor settlement	-	-	4,554	-
Net cash provided by (used for) operating activities	$ (4,057)	$ 6,518	$ 104,938	$ 8,045
Noncash investing, capital and financing activities:				
Contributions of capital assets	$ -	$ -	$ 2,230	$ -
Transfer of capital assets from governmental funds, net of depreciation	-	-	3,846	-
Capitalized interest	206	-	10,125	-
Amortization of bond premium and discount	(25)	27	2,160	18
Amortization of bond loss on refunding	-	(95)	(938)	(10)
Amortization of bond prepaid insurance	-	(7)	(64)	-
Capital asset acquisitions on accounts payable	-	-	14,712	1,713
Change in securities lending assets	-	(71)	(935)	(169)
Change in securities lending obligations	10	91	1,036	241
Interest accrual on loans receivable	-	(1)	(1)	-
Change in intergovernmental receivable for capital contributions	-	-	630	-

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

City of Sacramento
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015
(in thousands)

	Pension Trust Fund	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS				
Cash and cash equivalents held by City	$ 7,970	$ 139,396	$ 23,153	$ 11,320
Cash and investments held by fiscal agent	-	-	25,620	14,305
Receivables, net:				
Taxes	-	-	-	134
Accounts	-	-	-	5
Interest	2,147	386	90	30
Intergovernmental	-	-	363	-
Investments, at fair value:				
U.S. government obligations	1,859	-	-	-
Corporate bonds	59,085	-	-	-
Equity securities	102,566	-	-	-
Exchange traded funds	81,426	-	-	-
Municipal bonds	44,985	-	-	-
Mortgage loans	4,022	-	-	-
Loans receivable	-	-	7,773	-
Capital assets:				
Land	-	-	26,141	-
Buildings and improvements	-	-	6,558	-
Less: accumulated depreciation/amortization	-	-	(1,432)	-
Total assets	304,060	139,782	88,266	$ 25,794
LIABILITIES				
Accounts payable	31	-	347	$ 14
Benefits payable	2,766	-	-	-
Due to bondholders	-	-	-	25,780
Interest payable	-	-	718	-
Contracts payable	-	-	10,845	-
Pollution remediation obligations	-	-	295	-
Notes payable	-	-	304,754	-
Total liabilities	2,797	-	316,959	$ 25,794
NET POSITION				
Held in trust for:				
Net position-restricted for pension benefits	301,263	-	-	
External pool participants	-	139,782	-	
Redevelopment dissolution	-	-	(228,693)	
Total net position	$ 301,263	$ 139,782	$ (228,693)	

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

City of Sacramento

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2015
(in thousands)

	Pension Trust Fund	Investment Trust Funds	Private Purpose Trust Fund
Additions:			
Property taxes	$ -	$ -	$ 27,410
Contributions:			
Employer	9,183	-	-
Employees	82	-	-
Total contributions	9,265	-	-
Investment income:			
From investment activities:			
Net appreciation (depreciation) in fair value of investments	2,847	(262)	-
Interest	6,915	1,488	400
Dividends	4,671	-	-
Total investment income	14,433	1,226	400
Investment expenses:			
Banking, interest, and fiscal agent expenses	129	145	-
Professional services	1,101	-	-
Total investment expenses	1,230	145	-
Net income from investment activities	13,203	1,081	400
From securities lending activities:			
Interest	229	-	-
Total securities lending income	229	-	-
Securities lending expenses:			
Management fees	57	-	-
Total securities lending expenses	57	-	-
Net income from securities lending activities	172	-	-
Total net investment income	13,375	1,081	400
Deposits	-	70,264	-
Other	-	-	124
Total additions	22,640	71,345	27,934
Deductions:			
Benefits	33,590	-	-
Withdrawals	201	62,543	-
Interest expense	-	-	15,793
Other enforceable obligation payments	-	-	19,207
Loan forgiveness	-	-	874
Depreciation expense	-	-	286
Total deductions	33,791	62,543	36,160
Special item - transfer to SHRA	-	-	(20,115)
Extraordinary item - loss on disposition of capital asset	-	-	(6,658)
Change in net position	(11,151)	8,802	(34,999)
Net position (deficit), beginning of year	312,414	130,980	(193,694)
Net position (deficit), end of year	$ 301,263	$ 139,782	$ (228,693)

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.

The Sacramento Public Financing Authority (SPFA) is a joint exercise of powers entity created by the City and the Sacramento City Housing Authority to facilitate the financing and refinancing of public capital facilities. The SPFA 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. The SRAFFA does not issue separate financial 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

GASB Statement No. 68 – 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. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The Statement is effective for periods beginning after June 15, 2014. As a result of implementing this statement, the City has restated beginning net position for certain City funds, as well as, governmental and business-type activities. See Note 18 for more information.

GASB Statement No. 71 – In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68.* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. As a result of implementing this statement, the City has restated beginning net position for certain City funds, as well as, governmental and business-type activities. See Note 18 for more information.

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:

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72*, Fair Value Measurement and Application.* This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures should be organized by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The City has not determined its effect on the financial statements.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The City has not determined its effect on the financial statements.

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

New Pronouncements (Continued)

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57*, OPEB Measurements by Agent Employers and Agent Multiple - Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended*, Statement 43, and Statement No. 50, *Pension Disclosures*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The City has not determined its effect on the financial statements.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The City has not determined its effect on the financial statements.

GASB Statement No. 76 – In June 2015, GASB issues Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This statement is not effective until the fiscal year ending June 30, 2016. The City has not determined the effect of this statement.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. This statement is not effective until the fiscal year ending June 30, 2017. The City has not determined the effect of this statement.

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.

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

Government-wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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.

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

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

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.

Additionally, the City reports the following fund types:

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

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

Investment trust funds account for the net position 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.

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

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.

Budgets are modified throughout the year when the tax base changes, fees are modified, new revenue sources are identified, or programs are changed. The City Manager is authorized to administratively amend the budget during the year for transactions up to $100 without City Council approval. All other appropriation adjustments during the year require City Council approval. Significant appropriation adjustments were not required during the year ended June 30, 2015. 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.

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

Financial Statement Elements (Continued)

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 as described above.

Long-term loans receivable reported in the governmental fund statements are recorded with offsetting unavailable 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 unavailable revenue. Unbilled utility revenue earned is recognized as revenue and accounts receivable in the enterprise funds.

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

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

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

Financial Statement Elements (Continued)

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 in business-type activites 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 $56,495. Of this amount, $10,125, consisting of interest cost of $11,399 net of interest earned of $1,274, was included as part of the cost of capital assets under construction.

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 three items, loss on refunding of debt, accumulated decrease in fair-value of hedging derivative instrument and deferred outflows related to pensions, 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 two items recognized in the statement of net position, deferred service concession arrangement revenue and deferred inflows related to pensions. In addition, there is one item recognized in the governmental funds, unavailable revenue, which 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.

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

Financial Statement Elements (Continued)

Employees receive 14 holidays per calendar year. Employees accrue all or a portion of these 14 days during the year depending on their job classification. Classifications that accrue all 14 days get paid in cash throughout the year whenever their holiday leave balances exceed the 14 day total. All other employees accrue 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).

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 and net of gains and losses on debt refunding. 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, which is the highest form of decision authority, 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.

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

Financial Statement Elements (Continued)

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 2015-0169 adopted with the fiscal year 2015/16 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.

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

NOTE 2 – **CASH AND INVESTMENTS**

The following is a summary of cash and investments at June 30, 2015:

	Government-wide Statement of Net Position			
	Primary Government	Component Units	Fiduciary Funds Statement of Net Position	Total
Cash and investments	$ 665,732	$ -	$ 515,707	$ 1,181,439
Restricted cash and investments	213,080	1,088	-	214,168
Total	$ 878,812	$ 1,088	$ 515,707	$ 1,395,607

Under the authority of the Sacramento City Charter, the Sacramento City Council, by Resolution 2014-0291, 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 26, 2014. 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 26, 2014. 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 2015, the asset allocations consisted of the following: 40% Fixed Income securities, 35% 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 levels 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, 2015 are as follows:

		Remaining Maturity in Years			
Cash and Investment Type	No Maturity	Under 1	1-5	Over 5	Fair Value
Certificates of deposit	$ -	$ 64,552	$ 10,830	$ -	$ 75,382
Commercial paper	-	162,000	-	-	162,000
Corporate bonds/notes	-	131,040	188,325	17,366	336,731
Deposits	11,097	-	-	-	11,097
Equities	107,245	-	-	-	107,245
Exchange traded funds	83,019	-	-	-	83,019
Investment Trust of California (CalTRUST)	-	18,240	151,242	-	169,482
LAIF	-	20,000	-	-	20,000
Mortgage loans	-	-	1,918	2,105	4,023
Municipal bonds	-	24,354	80,025	43,145	147,524
Mutual funds	-	42,960	-	-	42,960
U.S. agencies	-	40,250	185,225	6,840	232,315
U.S. Treasury notes	-	111	2,630	-	2,741
	$ 201,361	$ 503,507	$ 620,195	$ 69,456	1,394,519
Component Unit - SRAFFA					
Mutual funds	$ -	$ 84	$ -	$ -	84
U.S. agencies	-	-	1,004	-	1,004
Total component unit	$ -	$ 84	$ 1,004	$ -	1,088
Total Cash and Investments					$ 1,395,607

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, 2015 by investment type are as follows:

Investment Type	Fair Value
Corporate bonds	$ 11,866
Municipal bonds	17,526
U.S. agencies	122,376

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, 2015, 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	A1	P1	$ 20,001
	not rated	not rated	55,381
Commercial paper	A	P1	162,000
Corporate bonds/notes	A	A	145,332
	A	Aa	10,207
	A	Baa	60,358
	A	not rated	2,733
	AA	A	54,951
	AA	Aa	49,639
	AAA	Aaa	2,085
	B	Baa	5,046
	BBB	A	6,036
	BBB	Baa	72
	not rated	withdrawn	272
Deposits	not rated	not rated	11,097
Equities (exempt from disclosure)	N/A	N/A	107,245
Exchange traded funds (exempt from disclosure)	N/A	N/A	83,019
Investment Trust of California (CalTRUST)	not rated	not rated	169,482
Local Agency Investment Fund (LAIF)	not rated	not rated	20,000
Mortgage loans	not rated	not rated	4,023
Municipal bonds	A	A	2,491
	A	Aa	35,776
	A	Ba	3,339
	A	not rated	1,457
	AA	A	14,614
	AA	Aa	49,539
	AA	Aaa	2,815
	AA	Ba	6,096
	AA	not rated	13,427
	SP1	not rated	7,196
	not rated	A	8,412
	not rated	Aa	2,362

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

Credit Risk (Continued)

Cash and Investment Type	S & P	Moody's	Fair Value
Mutual funds	AAA	Aaa	38,292
	not rated	not rated	4,668
U.S. agencies	A	A	5,241
	AA	AAA	501
	AA	Aaa	224,714
	N/A	N/A	1,859
U.S. Treasury notes (exempt from disclosure)	N/A	N/A	2,741
Total primary government			1,394,519
Component Unit - SRAFFA			
Mutual funds	AAA	Aaa	84
U.S. agencies	AA	Aaa	1,004
			1,088
Total Cash and Investments			$1,395,607

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, 2015:

Federal Home Loan Bank (All in City Pools)	$	104,965
General Electric Corporation (City Pools)	$	56,106
General Electric Corporation (SCERS)	$	25,914
Toyota Motor Credit Corporation (All in City Pools)	$	88,161

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.

City Sponsored Investment Pool

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

The fair value of investments is determined monthly. Participants' shares sold and redeemed are determined by the daily cash balance deposited in the pool (the value of its pool shares). The value of the pool shares is based upon amortized cost in day to day operations but is adjusted to the fair value at year-end. The investments are reported at fair value. The value of the shares is supported by the value of the underlying investments. External participants, including various joint powers agencies, comprise 6.59% 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, 2015:

Statement of Net Position:		
Investments at fair value	$	937,577
Interest receivables		2,568
Net Position	$	940,145
Equity of internal pool participants	$	878,178
Equity of external pool participants		61,967
Total equity	$	940,145
Statement of Changes in Net Position:		
Net position at July 1, 2014	$	974,272
Net change in investments by pool participants		(34,127)
Net position at June 30, 2015	$	940,145

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

City Sponsored Investment Pool (Continued)

A summary of the investment classifications as of June 30, 2015 is as follows:

	Fair Value	Adjusted Cost	Interest Rates	Maturity Dates
Certificates of deposit	$ 73,636	$ 73,667	0.25-2.15%	07/15-02/20
Commercial paper	162,000	161,845	0.25-0.44%	07/15-02/16
Corporate bonds/notes	257,160	257,355	0.33-7.62%	07/15-06/20
Deposits	9,959	9,959	N/A	N/A
Investment Trust of California (CalTRUST)	135,542	135,542	0.11-0.83%	N/A
Municipal bonds	94,807	94,344	0.42-5.95%	08/15-05/20
Mutual funds	4,638	4,638	0.01%	N/A
LAIF	20,000	20,000	N/A	N/A
U.S. government and agency securities	179,835	179,951	0.17-6.25%	01/16-06/20
Total cash and investments in City sponsored investment pool	$ 937,577	$ 937,301		

Participation in External Investment Pools

The City is a voluntary participant in the California 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, 2015, the City's investment in LAIF is $20,000. The total amount invested by all public agencies in LAIF at that date is $21,495,235. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2015 had a balance of $69,641,162. Of that amount, 97.92% is invested in non-derivative financial products, and 2.08% is invested in derivative financial products.

The City is also a voluntary participant in the 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, 2015, the City's investment in CalTRUST is $169,482, of which $18,240 was invested in the Money Market Fund, $74,419 in the Short-term pool and $76,823 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, 2015, were as follows:

	Taxes	Accounts	Loans	Inter-govern-mental	Interest	Total
Governmental activities						
General Fund	$ 21,811	$ 21,707	$ 12	$ 1,166	$ 455	$ 45,151
Measure U Fund	7,342	-	-	-	140	7,482
Capital Grants Fund	-	3,145	-	26,316	-	29,461
1997 Lease Revenue Bond Fund	-	-	59,790	-	691	60,481
Other governmental funds	2,129	3,173	14,613	51,784	49	71,748
Internal service funds	-	364	-	-	242	606
	$ 31,282	$ 28,389	$ 74,415	$ 79,266	$ 1,577	$ 214,929
Amounts not scheduled for collection during the subsequent year	$ -	$ -	$ 60,419	$ 35,806	$ -	$ 96,225
Business-type activities						
Water Fund	$ -	$ 17,640	$ 4,669	$ 630	$ 933	$ 23,872
Wastewater Fund	-	11,189	809	2,534	184	14,716
Storm Drainage Fund	-	5,545	3,690	1,247	171	10,653
Solid Waste Fund	-	10,177	-	-	143	10,320
Community Center Fund	2,647	237	107	-	26	3,017
Other enterprise funds	-	799	477	-	118	1,394
	$ 2,647	$ 45,587	$ 9,752	$ 4,411	$ 1,575	$ 63,972
Component unit						
Sacramento Regional Arts Facilities Financing Authority	$ -	$ -	$ 11,533	$ -	$ -	$ 11,533

Included in the Accounts Receivable amounts above are allowances for doubtful accounts of $11,260 in governmental activities and $1,342 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 $6,912, reported with the associated deferred inflow in the government-wide statement of net position.

The California Music Theater is required to make a yearly payment in the amount equal to principal and interest 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, 2015:

	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated/amortized			
Land	$ 199,142	$ 50,314	$ 249,456
Easements	697	157	854
Construction in progress	201,226	186,564	387,790
Total capital assets not being depreciated/amortized	401,065	237,035	638,100
Depreciable/amortizable capital assets			
Buildings and improvements	628,851	278,585	907,436
Equipment	70,484	63,136	133,620
Software	4,866	1,681	6,547
Vehicles	133,335	-	133,335
Transmission and distribution system	3,622	1,137,022	1,140,644
Roadway network	1,564,431	-	1,564,431
Streetlight network	202,480	-	202,480
Park improvements	179,467	-	179,467
Total depreciable/amortizable capital assets	2,787,536	1,480,424	4,267,960
Less accumulated depreciation/amortization for:			
Buildings and improvements	(209,975)	(136,615)	(346,590)
Equipment	(46,709)	(40,423)	(87,132)
Software	(1,341)	(574)	(1,915)
Vehicles	(79,955)	-	(79,955)
Transmission and distribution system	(718)	(391,663)	(392,381)
Roadway network	(950,996)	-	(950,996)
Street light network	(73,076)	-	(73,076)
Park improvements	(43,196)	-	(43,196)
Total accumulated depreciation/amortization	(1,405,966)	(569,275)	(1,975,241)
Depreciable/amortizable captial assets,net	1,381,570	911,149	2,292,719
Total capital assets, net	$ 1,782,635	$ 1,148,184	$ 2,930,819

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

Governmental Activities

Governmental capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated/amortized					
Land	$ 191,636	$ 14,666	$ (7,160)	$ -	$ 199,142
Easements	697	-	-	-	697
Construction in progress	143,390	57,836	-	-	201,226
Total capital assets not being depreciated/amortized	335,723	72,502	(7,160)	-	401,065
Depreciable/amortizable capital assets					
Buildings and improvements	627,107	1,744	-	-	628,851
Equipment	70,018	522	(56)	-	70,484
Software	4,866	-	-	-	4,866
Vehicles	127,613	9,862	(4,140)	-	133,335
Transmission and distribution system	3,622	3,846	-	(3,846)	3,622
Roadway network	1,548,315	27,544	(11,428)	-	1,564,431
Streetlight network	199,719	2,761	-	-	202,480
Park improvements	164,473	14,994	-	-	179,467
Total depreciable/amortizable capital assets	2,745,733	61,273	(15,624)	(3,846)	2,787,536
Less accumulated depreciation/amortization for:					
Buildings and improvements	(196,780)	(13,195)	-	-	(209,975)
Equipment	(42,156)	(4,609)	56	-	(46,709)
Software	(1,016)	(325)	-	-	(1,341)
Vehicles	(74,003)	(9,855)	3,903	-	(79,955)
Transmission and distribution system	(670)	(48)	-	-	(718)
Roadway network	(914,215)	(48,209)	11,428	-	(950,996)
Streetlight network	(68,495)	(4,581)	-	-	(73,076)
Park improvements	(36,838)	(6,358)	-	-	(43,196)
Total accumulated depreciation/amortization	(1,334,173)	(87,180)	15,387	-	(1,405,966)
Depreciable/amortizable capital assets, net	1,411,560	(25,907)	(237)	(3,846)	1,381,570
Governmental activities capital assets, net	$ 1,747,283	$ 46,595	$ (7,397)	$ (3,846)	$ 1,782,635

Depreciation/amortization expense was charged to functions as follows:

General government	$ 5,478
Police	2,526
Fire	1,168
Public works	53,264
Economic development	100
Convention and cultural services	4,333
Parks and recreation	8,973
Community development	208
Library	1,096
Capital assets held by the City's internal service funds are charged to the functions based on their usage of assets	10,034
Total governmental activities depreciation/amortization expense	$ 87,180

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

Business-type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated/amortized					
Land	$ 50,314	$ -	$ -	$ -	$ 50,314
Easements	157	-	-	-	157
Construction in progress	95,240	91,324	-	-	186,564
Total capital assets not being depreciated/amortized	145,711	91,324	-	-	237,035
Depreciable/amortizable capital assets					
Buildings and improvements	264,796	13,789	-	-	278,585
Equipment	61,765	1,583	(212)	-	63,136
Software	1,681	-	-	-	1,681
Transmission and distribution system	1,119,763	13,413	-	3,846	1,137,022
Total depreciable/amortizable capital assets	1,448,005	28,785	(212)	3,846	1,480,424
Less accumulated depreciation/amortization for:					
Buildings and improvements	(130,387)	(6,228)	-	-	(136,615)
Equipment	(36,843)	(3,792)	212	-	(40,423)
Software	(446)	(128)	-	-	(574)
Transmission and distribution system	(362,379)	(29,284)	-	-	(391,663)
Total accumulated depreciation/amortization	(530,055)	(39,432)	212	-	(569,275)
Depreciable/amortizable capital assets, net	917,950	(10,647)	-	3,846	911,149
Business-type activities capital assets, net	$ 1,063,661	$ 80,677	$ -	$ 3,846	$ 1,148,184

Depreciation/amortization expense was charged to functions as follows:

Water	$ 17,487
Wastewater	4,226
Storm drainage	11,577
Solid waste	1,816
Community center	2,306
Parking	1,942
Child development	78
Total business-type activities depreciation/amortization expense	$ 39,432

NOTE 5 – **PAYABLES**

Payables as of June 30, 2015, were as follows:

	Vendors	Employees	Interest	Deposits	Total
Governmental activities					
General Fund	$ 11,738	$ 19,567	$ -	$ 265	$ 31,570
Measure U Fund	424	-	-	-	424
Capital Grants Fund	11,103	-	-	-	11,103
1997 Lease Revenue Bond Fund	-	-	691	1,652	2,343
Other governmental funds	12,088	1,177	2,997	2,035	18,297
Internal service funds	4,509	346	6	-	4,861
Total governmental activities	$ 39,862	$ 21,090	$ 3,694	$ 3,952	$ 68,598
Business-type activities					
Water Fund	$ 15,899	$ 873	$ 4,135	$ 8	$ 20,915
Wastewater Fund	10,391	266	518	-	11,175
Storm Drainage Fund	1,536	882	228	15	2,661
Solid Waste Fund	2,140	437	108	10	2,695
Community Center Fund	1,425	230	366	-	2,021
Other enterprise funds	1,002	331	158	10	1,501
Total business-type activities	$ 32,393	$ 3,019	$ 5,513	$ 43	$ 40,968
Component unit					
SRAFFA	$ -	$ -	$ 151	$ -	$ 151

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, 2015, were $944.

Sublease rental income for the fiscal year ended June 30, 2015 was $702. The total amount of minimum rentals to be received in the future under non-cancelable subleases is $2,048.

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
2016	$ 844
2017	656
2018	569
2019	572
2020	578
2021-2025	2,984
2026-2030	3,133
2031-2035	3,229
2036-2040	2,558
2041-2045	2,599
2046-2050	2,731
2051-2055	2,328
2056-2060	200
2061-2062	70
Total future minimum lease payments	$ 23,051

NOTE 7 – **LONG-TERM LIABILITIES**

Activity

The following is a summary of changes in long-term liabilities at June 30, 2015. 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	$ 10,403	$ -	$ (1,262)	$ 9,141	$ 1,330
1993 Refunded Revenue Bonds, Series B	17,451	-	(2,125)	15,326	2,230
1996 Lighting and Landscaping Bonds	1,610	-	(510)	1,100	535
1997 Lease Revenue Bonds	62,015	-	(2,225)	59,790	2,475
1999 CFD No. 2 Revenue Bonds, Series A	1,880	-	(130)	1,750	140
2002 Capital Improvement Revenue Bonds	2,410	-	(1,135)	1,275	250
2003 Capital Improvement Revenue Bonds	17,310	-	(1,915)	15,395	2,115
2005 Refunding Revenue Bonds	57,240	-	(5,754)	51,486	6,982
2006 Capital Improvement Revenue Bonds, Ser. A	76,535	-	(3,220)	73,315	3,360
2006 Capital Improvement Revenue Bonds, Ser. B	49,230	-	(1,060)	48,170	1,120
2006 Capital Improvement Revenue Bonds, Ser. C	25,605	-	-	25,605	-
2006 Capital Improvement Revenue Bonds, Ser. D	1,810	-	(650)	1,160	685
2006 Capital Improvement Revenue Bonds, Ser. E	80,803	-	-	80,803	-
Subtotal, revenue and other bonds	404,302	-	(19,986)	384,316	21,222
Notes Payable:					
1997 State Department of Boating & Waterways	451	-	(82)	369	86
1985 Marina Phase I	1,583	-	(44)	1,539	46
1985 Marina Phase II	2,425	-	(58)	2,367	61
1985 Marina Phase III	656	-	(120)	536	125
1985 Marina Phase IV	461	-	(69)	392	72
2008 Sacramento Marina South Basin	10,477	-	-	10,477	564
Subtotal, notes payable	$ 16,053	$ -	$ (373)	$ 15,680	$ 954

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	$ 1,990	$ -	$ (560)	$ 1,430	$ 567
JP Morgan Capital Lease Refinance	2,062	-	(805)	1,257	814
Fire trucks and equipment #3	2,965	-	(442)	2,523	461
Liquid nitrate gas (LNG) - refueling trailer	151	-	(24)	127	26
Parking meters system with AutoVu	5,415	-	(1,177)	4,238	1,192
Bank of America - Marina South Basin	979	-	(98)	881	102
Subtotal, capital lease obligations	13,562	-	(3,106)	10,456	3,162
Plus deferred amounts:					
For issuance discounts	(135)	-	9	(126)	(8)
For issuance premiums	15,310	-	(956)	14,354	958
Subtotal deferred amounts	15,175	-	(947)	14,228	950
Subtotal, debt governmental activities	449,092	-	(24,412)	424,680	26,288
Other Long-term Liabilities:					
Accrued claims and judgements	66,109	19,299	(11,626)	73,782	18,803
Compensated absences	31,965	32,204	(31,448)	32,721	2,096
OPEB liability	131,124	35,646	(12,668)	154,102	-
Net Pension liability	679,691	50,979	(157,646)	573,024	-
Pollution remediation obligations	532	183	(96)	619	-
Derivative instrument - interest rate swap	8,217	-	(2,490)	5,727	-
Financing plan fee credits:					
North Natomas	36,260	3,897	-	40,157	158
Jacinto Creek	899	45	-	944	-
Park Development	3,515	42	(409)	3,148	206
Subtotal, other long-term liabilities	958,312	142,295	(216,383)	884,224	21,263
Total governmental activities	$ 1,407,404	$ 142,295	$ (240,795)	$ 1,308,904	$ 47,551

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	$ 42,954	$ -	$ (5,213)	$ 37,741	$ 5,490
1993 Refunded Revenue Bonds, Series B	19,059	-	(2,320)	16,739	2,435
2005 Refunding Revenue Bonds	90,729	-	(7,016)	83,713	7,373
2006 Capital Improvement Revenue Bonds, Ser. E	92,277	-	-	92,277	-
Water Revenue Bonds, Series 2013	215,195	-	(3,540)	211,655	3,645
Wastewater Revenue Bonds, Series 2013	30,855	-	-	30,855	560
Subtotal, revenue and other bonds	491,069	-	(18,089)	472,980	19,503
Notes Payable:					
State Water Resources Control Board	621	-	(149)	472	153
State Water Resources Control Board	15,199	-	(2,033)	13,166	2,077
State Water Resources Control Board	1,878	-	(293)	1,585	301
State Water Resources Control Board	2,514	-	(332)	2,182	340
State Water Resources Control Board	1,046	-	(138)	908	141
California Department of Education	20	-	(20)	-	-
California Department of Public Health	9,410	-	(406)	9,004	416
California Infrastructure and Economic Development Bank (I-Bank)	2,600	-	(73)	2,527	77
Subtotal, notes payable	33,288	-	(3,444)	29,844	3,505
Capital Lease Obligations:					
Recycle Containers #5	333	-	(333)	-	-
Refuse Trucks - Schedule 16	3,109	-	(1,005)	2,104	1,036
Sewer Cleaning Trucks - Schedule 17	438	-	(140)	298	146
JP Morgan Capital Lease Refinance	2,218	-	(545)	1,673	551
Subtotal, capital lease obligations	6,098	-	(2,023)	4,075	1,733
Less deferred amounts:					
For issuance discounts	(365)	-	60	(305)	(59)
For issuance premiums	49,413	-	(2,219)	47,194	2,220
Subtotal, deferred amounts	49,048	-	(2,159)	46,889	2,161
Subtotal, debt, business type activities	579,503	-	(25,715)	553,788	26,902
Other Long-term Liabilities:					
Compensated absences	6,842	7,186	(7,308)	6,720	381
OPEB liability	23,073	5,665	(1,856)	26,882	-
Net Pension liability	104,795	10,005	(25,031)	89,769	-
Accrued claims and judgements	1,599	237	(1,200)	636	636
Water fee credits	1,702	-	-	1,702	-
Liability for landfill closure	1,177	-	-	1,177	85
Subtotal, other long-term liabilties	139,188	23,093	(35,395)	126,886	1,102
Total business-type activities	$ 718,691	$ 23,093	$ (61,110)	$ 680,674	$ 28,004

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

Activity (Continued)

Certificates of Participation					
SRAFFA					
2002 Series COPS	$ 12,910	$ -	$ (440)	$ 12,470	$ 460
Less deferred amounts:					
For issuance discounts	(94)	-	5	(89)	(5)
Total component unit	12,816	-	(435)	12,381	455
Total long-term liabilities	$ 2,138,911	$ 165,388	$ (302,340)	$ 2,001,959	$ 76,010

The June 30, 2014 beginning balance of governmental activities and business-type activities have been restated to reflect the net pension liability required by GASB Statement No. 68, in the amounts of $679,691 and $104,795, respectively.

The following is a list of long-term debt issues outstanding at June 30, 2015, 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 $1,161. Current year principal and interest paid was $585 and special assessment revenue in the Citywide Lighting and Landscaping District was $15,254.

$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 $84,913 will be paid using 100% of future lease revenue. Current year principal and interest paid was $5,599 and lease revenue was $5,599.

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.

$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.

$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.

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.

$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 $392,442 as of June 30, 2015. Current year principal and interest paid was $14,011 and Water Fund system revenue was $100,476.

$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 $54,752 as of June 30, 2015. Current year principal and interest paid was $1,404 and Wastewater Fund system revenue was $31,203.

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 COPs are payable solely from lease revenue received by the City through September 2032. Total remaining principal and interest of $18,785 will be paid using 100% of future lease revenue. Current year principal and interest paid was $1,050 and lease payments received were $1,050.

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 has made no principal or interest payments on this loan since 2013, and is working with DB&W on a loan restructure. As of June 30, 2015, the DB&W and the City have not executed a formal agreement to restructure this 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 $497. Current year principal and interest paid was $166 and wastewater and storm drain fee revenue was $67,387.

$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 $14,203. Current year principal and interest paid was $2,367 and wastewater and storm drain fee revenue was $67,387.

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 $1,710. Current year principal and interest paid was $342 and wastewater and storm drain fee revenue was $67,387.

$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 $990. Current year principal and interest paid was $165 and wastewater and storm drain fee revenue was $67,387.

$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 $2,383. Current year principal and interest paid was $397 and wastewater and storm drain fee revenue was $67,387.

$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. Water Fund system revenue was $100,476. 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 $3,654. Current year principal and interest paid was $163 and storm drainage fee revenue was $36,184.

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, 2015, future minimum lease payments to be made by the City's General, Solid Waste, Wastewater and Culture and Leisure Funds are as follows:

Fiscal Year Ending June 30,	Governmental Activities	Business-Type Activities	Total
2016	$ 3,388	$ 1,817	$ 5,205
2017	3,006	1,818	4,824
2018	2,271	569	2,840
2019	1,358	-	1,358
2020	722	-	722
2021 - 2025	349	-	349
Total minimum lease payments	11,094	4,204	15,298
Less amounts representing interest	(638)	(129)	(767)
Net present value of minimum lease payments	$ 10,456	$ 4,075	$ 14,531

The following is a schedule of property under capital leases by major classes at June 30, 2015:

	Governmental Activities	Business-Type Activities	Total
Builidings and improvements	$ 1,523	$ -	$ 1,523
Equipment	20,006	13,166	33,172
Less: accumulated depreciation	(7,317)	(8,089)	(15,406)
Total	$ 14,212	$ 5,077	$ 19,289

Other Long-term Liabilities

Accrued claims and judgements – 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.

Net pension liability - The City implemented GASB Statement No. 68 for the year ended June 30, 2015. The net pension liability resulting from the implementation is $573,024 and $89,769 for governmental activities and business-type activities, respectively, at June 30, 2015. Refer to Note 8 for more detailed information.

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, 2015.

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
2016	$ 21,222	$ 19,574	$ 954	$ 700
2017	22,379	18,421	611	674
2018	21,629	17,309	640	645
2019	19,110	16,292	669	616
2020	19,195	15,308	448	586
2021 - 2025	89,524	62,314	2,072	2,649
2026 - 2030	96,868	36,991	2,592	2,129
2031 - 2035	73,373	14,479	3,240	1,480
2036 - 2040	21,016	1,137	3,217	709
2041 - 2045	-	-	1,237	86
Subtotals	384,316	201,825	15,680	10,274
Less: Issuance discounts	(126)	-	-	-
Plus: Issuance premiums	14,354	-	-	-
Totals	$ 398,544	$ 201,825	$ 15,680	$ 10,274

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
2016	$ 19,503	$ 23,190	$ 3,505	$ 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	23,670	18,933	3,679	392
2021 - 2025	86,881	79,681	5,815	1,110
2026 - 2030	94,857	58,246	3,359	628
2031 - 2035	78,172	34,644	2,187	196
2036 - 2040	60,905	18,945	442	24
2041 - 2045	44,495	3,411	-	-
Subtotals	472,980	300,498	29,844	4,773
Less: Issuance discounts	(305)	-	-	-
Plus: Issuance premiums	47,194	-	-	-
Totals	$ 519,869	$ 300,498	$ 29,844	$ 4,773

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

Fiscal Year Ending June 30,	Certificates of Participation	
	Principal	Interest
2016	$ 460	$ 591
2017	480	572
2018	500	551
2019	520	529
2020	545	505
2021 - 2025	3,115	2,109
2026 - 2030	3,965	1,236
2031 - 2035	2,885	221
Subtotals	12,470	6,314
Less: Issuance discounts	(89)	-
Totals	$ 12,381	$ 6,314

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, 2015, the amount of outstanding Bonds was $59,790. 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, 2015, of $59,790. 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%). The Authority's payments to the swap provider are insured.

Fair value. As of June 30, 2015, the swap had a negative value to the Authority of $5,727, 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, 2015, the swap provider was rated A1 by Moody's Investors Services and A by Standard & Poor's, the credit support provider was rated A3 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.

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, 2015, 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
2016	$ 2,475	$ 314	$ 2,979	$ 5,768
2017	2,665	294	2,799	5,758
2018	54,650	73	693	55,416
TOTAL	$ 59,790	$ 681	$ 6,471	$ 66,942

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, 2015.

Special Assessment Debt

Total matured and unmatured bonds outstanding related to special assessment and special tax districts are $142,105 at June 30, 2015. 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 $244,516 at June 30, 2015. 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 – **PENSION PLANS**

Defined Benefit Plan Description

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.

As of June 30, 2015, the City reported total net pension liability, deferred outflows of resources and deferred inflows of resources for CalPERS (Miscellaneous and Safety Plans) and SCERS plan as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan	$ 213,647	$ 22,711	$ 54,030
Safety Plan	373,931	36,638	78,550
SCERS	75,215	4,908	-
Total	$ 662,793	$ 64,257	$ 132,580

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. 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.

General Information about the Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple employer defined benefit pension plans administered by the CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at http://www.calpers.ca.gov/index.jap?bc=/about/forms-pubs/calpers-reports/actuarial-reports/home.xml.

Benefits Provided - CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 8 – **PENSION PLANS (Continued)**

General Information about the Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Classic	**PEPRA**
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of annual salary	1.4% to 2.7%	1.0% to 2.5%
Required employee contribution rates	6.80%	6.75%
Required employer contribution rates	14.42%	14.42%

	Safety	
	Classic	**PEPRA**
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Formula	3% @ 50, 3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of annual salary	3.0%	2.0% to 2.7%
Required employee contribution rates	9%	12%
Required employer contribution rates	31.12%	31.12%

Employees Covered - At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	1,769	1,016
Inactive employees entitled to but not yet receiving benefits	4,092	377
Active employees	2,435	1,120
Total	8,296	2,513

Contributions - Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. For the fiscal year ended June 30, 2015, the contributions for the miscellaneous and safety plans were $22,711 and $36,638 respectively.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 8 – **PENSION PLANS (Continued)**

Net Pension Liability (Continued)

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	2010 CalPERS Experience Study	2010 CalPERS Experience Study

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website at:
http://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/actuarial-reports.xml

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for each Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

NOTE 8 – **PENSION PLANS (Continued)**

Net Pension Liability (Continued)

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

Asset Class	Target Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	(0.55%)	(1.05%)
Total	100%		

(1) An expected inflation of 2.5% used for this period
(2) An expected inflation of 3% used for this period

Changes in the Net Pension Liability - The changes in the Net Pension Liability for each Plan for the measurement date of June 30, 2014 are as follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	$ 949,465	$ 678,261	$ 271,204
Changes in the year:			
Service Cost	23,110	-	23,110
Interest on the total pension liability	70,942	-	70,942
Contribution - employer	-	21,613	(21,613)
Contribution - employee	-	11,670	(11,670)
Net investment income	-	118,326	(118,326)
Benefit payments, including refunds of employee contributions	(30,240)	(30,240)	-
Net changes	63,812	121,369	(57,557)
Balance at June 30, 2015	$ 1,013,277	$ 799,630	$ 213,647

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	$ 1,447,520	$ 994,493	$ 453,027
Changes in the year:			
Service Cost	29,539	-	29,539
Interest on the total pension liability	107,189	-	107,189
Contribution - employer	-	27,935	(27,935)
Contribution - employee	-	16,094	(16,094)
Net investment income	-	171,795	(171,795)
Benefit payments, including refunds of employee contributions	(66,215)	(66,215)	-
Net changes	70,513	149,609	(79,096)
Balance at June 30, 2015	$ 1,518,033	$ 1,144,102	$ 373,931
Totals of both Miscellaneous and Safety Plans	$ 2,531,310	$ 1,943,732	$ 587,578

NOTE 8 – **PENSION PLANS (Continued)**

Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	$ 361,536	$ 582,633	$ 944,169
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	$ 213,647	$ 373,931	$ 587,578
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	$ 91,999	$ 202,344	$ 294,343

Pension Plan Fiduciary Net Position - Detailed information about each pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015 the City recognized pension expense of $45,477 attributable to the CalPERS plans. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 59,349	$ -
Net differences between projected and actual earnings on plan investments	-	132,580
Total	$ 59,349	$ 132,580

The amount of $59,349 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as reductions of pension expense as follows:

Fiscal Year Ended June 30,	
2016	$ (33,145)
2017	(33,145)
2018	(33,145)
2019	(33,145)
Total	$ (132,580)

NOTE 8 – **PENSION PLANS (Continued)**

SCERS

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.

General Information about the Pension Plan

Plan Description - The SCERS is a closed defined benefit pension plan. It has not accepted new members since January 28, 1977. All full-time, non-safety employees hired before January 29, 1977, are eligible to participate in SCERS.

Benefits Provided - SCERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries based on the plan that they belong. SCERS have the following plans:

Charter Section 399 Plan - This defined benefit plan was established effective January 1, 1977 to provide retirement, disability and death benefits. Active members contribute at a rate based upon entry age and type of employment. The benefits for this plan are based on the average monthly compensation times years of service times benefit factor, but no larger than 75% of final average earnings. Employees may retire at age 70, or age 50 and 5 years of service.

Equal Shares Plan - This defined benefit plan was established July 1, 1970 to provide retirement, disability and death benefits to all City employees electing coverage at that date and to all employees who were hired from that date through January 1, 1977. The benefits for this plan are based on the average monthly compensation times years of service times benefit factor, but no larger than 75% of final average earnings. Employees may retire at age 70, or age 50 and 5 years of service.

Charter Section 175 Plan – This defined benefit plan was established in 1953 to provide for retirement, disability and death benefits at a lower amount than the successor Equal Shares Plan. The benefits for this plan are based on the average monthly compensation times years of service times benefit factor. For retirement after age 65 with 20 years of service, benefit is minimum of $60 per month. Employees may retire at age 70, or age 55 and 20 years of service.

An employee who leaves the City service may withdraw his or her contributions, plus any accumulated interest, under all the retirement and disability benefit plans described above.

NOTE 8 – **PENSION PLANS (Continued)**

General Information about the Pension Plan (Continued)

Benefit factors at sample ages for the benefit plans described above are following:

Retirement Age	Section 175	Section 399 and Equal Share
50	N/A	1.10%
55	1.10%	1.75%
60	1.67%	2.40%
65	2.44%	2.40%

Employees Covered - At June 30, 2015 the following employees were covered by the benefit terms for each plan:

	Section 399	Equal Shares	Section 175	Total
Inactive members or beneficiaries receiving benefits	997	74	70	1,141
Inactive members entitled to but not yet receiving benefits	12	-	2	14
Active plan members	19	-	-	19
Total plan members	1,028	74	72	1,174

Cost-of-living Adjustment - This adjustment, established in 1969, provides for annual retirement benefit increases of up to 3% of normal benefits based on a corresponding rise in the consumer price index. Cost-of-living benefits are payable to retirees and beneficiaries of all of the above plans after one year of retirement. The cost-of-living adjustment was 3.0% for fiscal year 2015. Members contribute to this adjustment at a rate of 1% of their normal retirement contributions. The City is required to fund all costs in excess of members' contributions and investment earnings.

Social Security Reductions - For members participating in Social Security, their benefit will be reduced at the later of age 62 or actual retirement age. The amount of the reduction is one half of the primary insurance amount (PIA) from Social Security, multiplied by the ratio of the sum of salary earned from the City to the sum of salary from all sources used in the calculation of the Social Security amount. The member's benefit under the System plus the amount received from Social Security cannot be less than the member's benefit under the System calculated with no reductions as of this retirement age. The City applies this offset to service retirees, not to disabled retirees.

Contributions - The City Charter grants the authority to establish and amend the contribution requirements of the City and active employees to the SCERS Board. The Board establishes rates based on actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrual liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2015, the average active employee contribution rate was 5.76 percent of annual pay, and the City's average contribution rate was 2.9 percent of annual payroll. For the fiscal year ended June 30, 2015, the contributions for the SCERS plan were $9,183.

NOTE 8 – **PENSION PLANS (Continued)**

Net Pension Liability

The City's net pension liability for SCERS was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumption - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.0%	
Salary increase	3.0%	CPI Plus 0.5% merit, average
Investment rate of return	6.5%	percent, net of pension plan investment expense, including inflation

Mortality rates for service retirements and beneficiaries were based on the CalPERS 1997-2007 Mortality Table projected for future mortality improvement utilizing Society of Actuaries Scale AA. Mortality rates for disability retirements were based on the CalPERS 1997-2007 Mortality Table for non-work Disabled Retirees for Miscellaneous and CalPERS 1997-2007 Mortality Table for work-related Disabled Retirees for Safety. Both tables were projected for future mortality improvement utilizing Society of Actuaries Scale AA.

The actuarial assumption used in the June 30, 2015 valuation were based on the results from the CalPERS 1997-2007 Experience Study, projected with fully generational Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	40%	1.55%
Large Cap Growth	35%	5.35%
Equity Income	15%	5.35%
International	10%	5.35%
Total	100%	

An expected inflation of 3% was used for this period.

Discount Rate – The discount rate used to measure the total pension liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 – **PENSION PLANS (Continued)**

Net Pension Liability (Continued)

Changes in the Net Pension Liability - The changes in the Net Pension Liability for the SCERS Plan for the measurement date June 30, 2015 is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	$ 372,670	$ 312,414	$ 60,256
Changes in the year:			
Service Cost	131	-	131
Interest	23,134	-	23,134
Change of assumptions	23,117		23,117
Differences between expected and actual experience	(8,783)		(8,783)
Contribution - employer	-	9,183	(9,183)
Contribution - employee	-	82	(82)
Net investment income	-	13,375	(13,375)
Benefit payments, including refunds of employee contributions	(33,791)	(33,791)	-
Net changes	3,808	(11,151)	14,959
Balance at June 30, 2015	$ 376,478	$ 301,263	$ 75,215

Change of assumptions and changes in experience affecting the measurement of the Total Pension Liability since the prior measurement date – The mortality rate tables were updated from the CalPERS 1997 - 2007 Experience Study, projected with fully generational Scale AA. In addition, monthly benefits for approximately 300 retirees were updated to reflect a recalculation for those who retired or turned age 62 after January 1, 2005.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for the SCERS plan, calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% decrease (5.5%)	**Current Discount Rate (6.5%)**	**1% increase (7.5%)**
SCERS net pension liability	$ 110,440	$ 75,215	$ 45,119

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued SCERS financial report.

NOTE 8 – **PENSION PLANS (Continued)**

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of $19,235 attributable to the SCERS plans. At June 30, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net differences between projected and actual earnings on plan investments	$ 4,908
Total	$ 4,908

Amounts reported as deferred outflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	
2016	$ 1,227
2017	1,227
2018	1,227
2019	1,227
Total	$ 4,908

Defined Contribution Plan

The City also provides defined contribution retirement benefits through the City's 401(a) Money Purchase Plan (the 401(a)). The 401(a) is administered by the International City Management Association Retirement Corporation. 401(a) 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, 2015, employees contributed $3,102 and the City contributed $2,622 to the 401(a).

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 $774 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.

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

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 in the California Employers' Retiree Benefit Trust (CERBT) fund program. As of June 30, 2015, the City had deposited a total of $5,000 to the trust fund from the General Fund. Additional deposits may be made in the future. Separate financial statements for the CERBT may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, California 95814 or by visiting the CalPERS website at www.calpers.ca.gov.

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)	$ 43,383
Interest on beginning OPEB liability	6,939
Adjustment to the ARC	(9,011)
Annual OPEB cost	41,311
Contributions made	(13,524)
Trust prefunding	(1,000)
Increase in net OPEB obligation	26,787
Net OPEB obligation - Beginning of year	154,197
Net OPEB obligation - End of year	$ 180,984
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
6/30/2013	$ 39,379	$ 12,843	33%	$ 131,739
6/30/2014	39,930	17,473	43	154,197
6/30/2015	41,311	14,524	35	180,984

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

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

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 8.2% for fiscal year 2015, 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, 2015, the government-wide statement of net position reported restricted net position of $190,369 in governmental activities. Of this amount, $14,330 is restricted for enabling legislation.

The Culture and Leisure Fund, a special revenue fund, had a deficit fund balance of $3,073 as of June 30, 2015. Both the Golf and Marina programs within this fund had deficit fund balances of $5,821 and $715, respectively. It is anticipated that this deficit will be funded by future operating subsidies and surpluses.

The 4th R Child Development Fund, an enterprise fund, had a deficit net positioin of $3,658 as of June 30, 2015. It is anticipated that this deficit will be funded by future operating subsidies.

For the fiscal year ended June 30, 2015, General Fund expenditures for police, general services, and parks and recreation exceeded appropriations by $2,100, $142, and $1,403 respectively and overspending was funded by revenue collected in excess of budgeted amounts.

For the fiscal year ended June 30, 2015, expenditures exceeded appropriations in the Transportation and Development special revenue funds by $75. 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, 2015:

	Description	Transfers In	Transfers Out	Net Transfers
Governmental activities:				
General Fund	Debt service	$ 2,743	$ (23,192)	$ (20,449)
General Fund	In-lieu tax transfers	28,303	-	28,303
General Fund	Program support	229	(2,073)	(1,844)
Capital Grants Fund	Program support	-	(15)	(15)
Other Governmental Funds	Debt service	35,036	(7,396)	27,640
Other Governmental Funds	Program support	2,806	(591)	2,215
Internal Service Funds	Debt service	415	(64)	351
Internal Service Funds	Program support	-	(207)	(207)
Adjustment for transfer of capital assets between governmental activities and business-type activities	Transfer of capital assets	-	(3,846)	(3,846)
Total governmental activities		69,532	(37,384)	32,148
Business-type activities:				
Water Fund	Debt service	-	(48)	(48)
Water Fund	In-lieu tax transfers	-	(10,893)	(10,893)
Water Fund	Program support	-	(464)	(464)
Wastewater Fund	Debt service	-	(64)	(64)
Wastewater Fund	In-lieu tax transfers	-	(3,652)	(3,652)
Wastewater Fund	Program support	6	-	6
Storm Drainage Fund	Debt service	-	(104)	(104)
Storm Drainage Fund	In-lieu tax transfers	-	(3,955)	(3,955)
Storm Drainage Fund	Program support	12	-	12
Solid Waste Fund	Debt service	-	(153)	(153)
Solid Waste Fund	In-lieu tax transfers	-	(6,359)	(6,359)
Solid Waste Fund	Program support	88	-	88
Community Center Fund	Debt service	-	(2,000)	(2,000)
Community Center Fund	In-lieu tax transfers	-	(1,664)	(1,664)
Community Center Fund	Program support	2	-	2
Other Enterprise Funds	Debt service	-	(5,173)	(5,173)
Other Enterprise Funds	In-lieu tax transfers	-	(1,782)	(1,782)
Other Enterprise Funds	Program support	209	-	209
Adjustment for transfer of capital assets between governmental activities and business-type activities	Transfer of capital assets	3,846	-	3,846
Total business-type activities		4,163	(36,311)	(32,148)
Total government-wide statements		$ 73,695	$ (73,695)	$ -

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, 2015:

	Receivables	Payables	Interfund Balances
Capital Grants Fund	$ -	$ (11,940)	$ (11,940)
Other Governmental Funds	-	(7,143)	(7,143)
Internal Service Funds	25,327	-	25,327
Total governmental activities	25,327	(19,083)	6,244
Community Center Fund	-	(6,244)	(6,244)
Total business-type activities	-	(6,244)	(6,244)
Total	$ 25,327	$ (25,327)	$ -

$25,327 was loaned by the City's internal service funds to cover short-term operating deficits (approximately $11,940) and to assist in development of community resources (approximately $13,387).

$11,940 was borrowed by the Capital Grants Fund for short-term loans.

$7,143 was borrowed by the Golf Fund for development of community resources.

$6,244 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, 2015, 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, 2015, the Risk Management Internal Service Fund had a net position of $25,759.

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:

	2015	2014
Accrued claims and judgements, July 1	$ 63,107	$ 59,850
Incurred claims and adjustment expenses	19,196	15,469
Claim payments	(11,610)	(12,212)
Accrued claims and judgements, June 30	$ 70,693	$ 63,107

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 $149,916 for contracts awarded but not completed as of June 30, 2015. The following table shows the distribution of those commitments among major and nonmajor funds.

Governmental Activities:		**Business-type Activities:**	
General Fund	$ 6,172	Water Fund	$ 64,225
Measure U	243	Wastewater Fund	4,805
Capital Grants Fund	29,711	Storm Drainage Fund	6,195
Other governmental funds	30,131	Solid Waste Fund	2,665
Internal service funds	4,553	Community Center Fund	653
		Other enterprise funds	563
Total governmental activities	$ 70,810	Total business-type activities	$ 79,106

The major contracts outstanding are $30,292 for water treatment plant upgrades and replacements, $22,810 for renovation of the intermodal transportation facility, $12,017 for the residential water meter retrofit program, $9,393 for road and interchange improvements on Cosumnes Boulevard, $4,557 for the East Sacramento water main replacement, $4,501 for a well rehab program, $4,300 for Golden 1 Center artwork, $4,057 for City College bike and pedestrian crossing, $3,584 for the Roseville Road bridge project, $2,046 for a revenue control system upgrade in the parking garages, and $1,527 for a Land Park water main replacement.

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, 2015 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, 2015. Receipt of these grant revenues is not assured in the future.

Litigation

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

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

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, 2015. 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 $532 at June 30, 2014 and $619 at June 30, 2015. Pollution remediation outlays totaled approximately $96 for the fiscal year ended June 30, 2015. 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 $70.

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, 2015, 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 and Measure U Fund contributions for the fiscal year ended June 30, 2015, were $7,636. 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 two parcel taxes which totaled $6,860 for the fiscal year ended June 30, 2015. 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 $3,437 of support to SRFECC during the fiscal year ended June 30, 2015. 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, 2015, the City provided $451 of annual support to the NCRPSTA. Rent payments during the fiscal year ended June 30, 2015 were $10. The City also paid $942 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, 2015, the City provided general support of $45, paid $293 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, 2015:

The City provided $91 in annual support and $210 in project/program expenses to the Regional Water Authority.

The City provided $99 in annual support to the Sacramento Area Council of Governments.

The City processed payroll for the Sacramento Area Flood Control Agency (SAFCA) and received an administrative fee for the service. During FY15, the City also received $460 from SAFCA in reimbursement for levee maintenance costs.

The City paid $48 for services provided related to safe neighborhood and gang violence reduction programs to the Sacramento Employment and Training Agency.

The City provided $108 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. 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 of Sacramento (City) elected to serve as the successor agency to the Redevelopment Agency of the City of Sacramento (Agency) for the Agency's non-housing assets and liabilities pursuant to the provisions of AB 1x26 (Chapter 5, Statutes of 2011). Also on January 1, 2012, the City Council elected not to serve as the successor agency for the former redevelopment agency's housing assets and functions, but instead designated the City's Housing Authority to serve as the successor housing agency.

Prior to February 1, 2012, California Redevelopment Law provided tax increment financing as a source of revenue to redevelopment agencies to fund redevelopment activities. Once a redevelopment area was adopted, the former Agency could only receive tax increment to the extent that it could show on an annual basis that it has incurred indebtedness that must be repaid with tax increment. Due to the nature of redevelopment financing, the former Agency liabilities exceeded its assets. Therefore, the Agency historically carried a deficit, which was expected to be reduced as future tax increment revenues were received and used to repay its outstanding long-term debt. This deficit was transferred to the successor agency on February 1, 2012. At June 30, 2015, the successor agency had a deficit of $228,693 which will be eliminated with future property tax revenue distributions from the Redevelopment Property Tax Trust Fund administered by the County Auditor-Controller.

On June 27, 2012, Assembly Bill 1484 was enacted. Under AB 1484 (Chapter 16, Statutes of 2012; Health and Safety Code section 34173, subdivision (g)), the dissolution law was clarified to provide that the Agency is a separate legal entity from the City. Also, AB 1484 provided that the Agency's bond fund assets can be expended in a manner consistent with the bonds covenants after compliance with certain requirements.

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

On September 20, 2013, the Agency received its Finding of Completion from the State Department of Finance (DOF) and is now able to spend the Agency's unencumbered bond funds in a manner consistent with the original bonds covenants. Pursuant to Health and Safety Code (HSC) section 34179.7, the DOF has verified that the Agency 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.

The Agency's SERAF loan will be paid off in FY16. According to HSC section 34191.4 (b)(2)(A), the maximum annual repayment amount is limited to one-half of the increase between the amount distributed to the taxing entities in FY13-14 and the amount distributed to taxing entities in the FY12-13 base year.

A bond expenditure agreement outlining the transfer of pre-2011 unexpended bond proceeds for a total of $5,880 in FY15 was approved by the Oversight Board and DOF. $4,330 of unexpended bond proceeds were transferred to the City to fund the Powerhouse Science Center, 700 Block of K Street, Lowell Street sidewalk, and 14th Avenue extension projects. The remaining $1,550 of unexpended bond proceeds was transferred to SHRA for 700 Block of K Street Project. These projects are an eligible use of the bond proceeds.

The contracts payable reported in the private-purpose trust fund are allocations of the SHRA OPEB and pension unfunded liabilities for the former redevelopment agency employees.

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	$ -	$ (19,425) (1)	$ 26,141
Depreciable/amortizable capital assets				
Buildings and improvements	16,315	-	(9,757) (1)	6,558
Less accumulated depreciation/amortization for:				
Buildings and improvements	(2,824)	(286)	1,678 (1)	(1,432)
Depreciable/amortizable capital assets, net	13,491	(286)	(8,079)	5,126
Total capital assets, net	$ 59,057	$ (286)	$ (27,504)	$ 31,267

Note: (1) The 700 Block of K Street properties with a net book value of $20,488 at June 30, 2015 were transferred to the City to fulfill an enforceable obligation to 700 Block Investors, LP and 700 Block Commercial at no cost. Five of the twenty-five assets classified by the RASA Oversight Board and DOF as government purpose with a net book value of $7,016 were conveyed to the City.

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

Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Beginning Balance	Additions		Reductions	Ending Balance	Due Within One Year
Notes Payable:						
1993 Merged Downtown TABS	$ 40,993	$ 2,440	(1)	$ (11,800)	$ 31,633	$ 11,395
1999 Oak Park Refunding	1,835	-		(160)	1,675	170
2002 Merged Downtown TABS	7,065	-		(1,630)	5,435	1,720
2002 Stockton Blvd Master Lease	350	-		(80)	270	85
2003 Alkali Flat TE TABS, Series C	4,400	-		(400)	4,000	420
2003 Del Paso TE TABS, Series A	7,986	265	(1)	(20)	8,231	-
2003 North Sacramento TE TABS, Series C	4,450	-		(85)	4,365	95
2005 Del Paso Master Lease	1,140	-		(165)	975	175
2005 Del Paso Refunding	4,675	-		(695)	3,980	725
2005 Merged Downtown Master Lease Refunding	8,840	-		(2,050)	6,790	2,150
2005 Merged Downtown TE, Series A	121,358	6,035	(1)	(456)	126,937	-
2005 Merged Downtown TX, Series B	31,870	-		(465)	31,405	485
2005 North Sacramento Master Lease Refund	4,030	-		(180)	3,850	185
2005 Oak Park Master Lease Refunding	1,035	-		(90)	945	100
2005 Oak Park TE, Series A	9,836	158	(1)	(12)	9,982	-
2005 Oak Park TX, Series B	6,250	-		(865)	5,385	910
2005 Richards Master Lease Refunding	4,630	-		(200)	4,430	205
2006 65th Street TE Master Lease, Series A	1,535	-		(40)	1,495	40
2006 65th Street TX Master Lease, Series B	3,740	-		(80)	3,660	85
2006 Del Paso TE, Series A	5,140	-		(60)	5,080	65
2006 Del Paso TX, Series B	2,190	-		(140)	2,050	150
2006 North Sacramento TE Master Lease, Series A	465	-		(10)	455	10
2006 North Sacramento TX Master Lease, Series B	4,370	-		(95)	4,275	100
2006 Oak Park Refunding TE, Series A	7,175	-		(680)	6,495	710
2006 Stockton Blvd Master Lease	1,990	-		-	1,990	-
2008 BOA Public Capital Corporation	2,480	-		(124)	2,356	131
2009 Army Depot TE Swap	6,400	-		(160)	6,240	170
2009 Army Depot TX Swap	3,012	-		(65)	2,947	70
2009 River District TX Swap	2,818	-		(60)	2,758	65
2009-10 SERAF Borrowing	4,000	-		(1,602)	2,398	2,398
Boating and Waterways Loan	451	-		(82)	369	86
City of Sacramento CIEDB - Utilities/Detention Basin	1,300	-		(37)	1,263	38
Franklin Blvd Redevelopment Area	105	-		(51)	54	54
Globe Mills	4,269	-		(222)	4,047	236
North Sacramento CIEDB Loan	3,507	-		(115)	3,392	118
Railyards Parking Loan	306	-		-	306	306
Stockton Blvd CIEDB Loan	2,933	-		(97)	2,836	100
Subtotal, notes payable	318,929	8,898		(23,073)	304,754	23,752
Total, long-term debt	$ 318,929	$ 8,898		$ (23,073)	$ 304,754	$ 23,752

Note: (1) Change in accreted value is recorded as adjustment of Notes Payable.

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, 2015:

	Notes Payable	
Fiscal Year Ending June 30,	Principal	Interest
2016	$ 23,752	$ 7,342
2017	21,453	6,851
2018	21,968	6,338
2019	19,934	5,560
2020	20,852	4,760
2021 - 2025	111,014	15,382
2026 - 2030	102,464	9,304
2031 - 2035	75,119	4,330
2036 - 2038	3,836	201
Subtotal	400,392	60,068
Less: Unaccreted interst	(95,638)	-
Total	$ 304,754	$ 60,068

Special Item

The special item recognized in the fiduciary fund statements is for the loss on disposition of the 700 Block of K Street Properties to fulfill an enforceable obligation to 700 Block Investors, LP and 700 Block Commercial with a book value of $20,488 and a pollution remediation obligation of $374 at June 30, 2015. The properties are conveyed subject to regulatory agreements and at a purchase price of one dollar pursuant to the terms and conditions of the DDA. After the property has been conveyed the Developer assumed all obligations related to the 700 Block Property, the 700 K Street Project, the DDA, and the Funding Commitment Letter, the Agency will be relieved of these obligations.

On July 16, 2014, the City agreed to assume all obligations related to the 700 Block Properties, the 700 K Street Project, a Disposition and Development Agreement with 700 Block LLC, and a June 22, 2011 Funding Commitment Letter issued by the Agency. Additionally, the Agency agreed to transfer bond funds to the City pursuant to Health and Safety Code section 34191.4, subdivision (c). On August 18, 2014, the Oversight Board for RASA approved an allocation of the Agency bond funds.

On September 30, 2014, DOF approved allocation of the Agency bonds funds in order to comply with the terms of the Settlement Agreement dated July 16, 2014 (Superior Court Case No. 34-2013-80001637) and authorize the Agency and the City to enter into Excess Bond Expenditure Agreement. The settlement agreement has been approved by the DOF, the State Controller, the Developer, RASA, Downtown Sacramento Revitalization Corporation, the County Auditor-Controller, and the Oversight Boards. All parties agreed to transfer the Agency's 700 Block Properties and the $1,026 in bond funds to the City to implement the 700 Block of K Street Project.

On October 7, 2014 the City Council adopted amended agreements and allocations of funding for the 700 Block of K Street Project with 700 Block Investors, LP and 700 Block Commercial, LP to transfer the 700 Block of K Street properties for the Project.

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

Extraordinary Item

The extraordinary item recognized in the fiduciary fund statements is for the loss on disposition of assets constructed and used for government purposes. Five parcels that were approved by the DOF for transfer were conveyed to the City with a book value of $7,016 and a pollution remediation obligation of $358 at June 30, 2015. The dissolution of all redevelopment agencies in the State of California was a state-wide event that was both unusual in nature and infrequent in occurrence.

NOTE 16 – **SPECIAL ITEM**

The City recognized one special item transaction in Business-type activities during the fiscal year ended June 30, 2015. A special item was recognized in the Water Fund totaling $4,554 due to credit memos received for defective Datamatic AMI hardware purchased by the City.

NOTE 17 – **SERVICE CONCESSION ARRANGEMENT FOR CITY GOLF COURSES**

Effective January 1, 2012, the City entered into a service concession agreement with Morton Golf LLC (Morton) under which Morton operates and maintains City golf courses, collects user fees and remits a monthly payment for rent to the City. Morton pays the City minimum installment payments plus a percentage of gross revenues over the 10-year lease period. The present value of the installment payments was initially estimated to be $10,634. The City reports a loan receivable and deferred inflow of $6,912 in the government-wide statement of net position as of June 30, 2015.

NOTE 18 – **RECLASSIFICATIONS AND RESTATEMENTS**

Fund Reclassification

The beginning fund balance of several transportation and development programs totaling $37,303 have been reclassified from the Other Special Revenue Transportation and Development Fund to the Other Capital Projects Transportation and Development Fund. These reclassifications do not change net position reported in the government-wide statements because they occurred between nonmajor governmental funds.

Implementation of GASB 68 and GASB 71

For the year ended June 30, 2015, the City implemented GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68.* As a result, in accordance with the pronouncement, the beginning net position of governmental and business-type activities has been restated as follows:

	Net position, as of June 30, 2014, as originally reported	Restatement due to the implementation of GASB 68 and GASB 71	Net position, as of June 30, 2014, as restated
Governmental activites	$ 1,610,616	$ (636,870)	$ 973,746
Business-type activites	946,264	(97,522)	848,742
Total	$ 2,556,880	$ (734,392)	$ 1,822,488

NOTE 18 – **RECLASSIFICATIONS AND RESTATEMENTS**

Implementation of GASB 68 and GASB 71(Continued)

Beginning net position of the proprietary funds has been restated as follows:

	Net position, as of June 30, 2014, as originally reported	Restatement due to the implementation of GASB 68 and GASB 71	Net position, as of June 30, 2014, as restated
Water Fund	$ 405,401	$ (28,082)	$ 377,319
Wastewater Fund	127,880	(10,715)	117,165
Storm Drainage Fund	299,356	(26,067)	273,289
Solid Waste Fund	19,898	(18,776)	1,122
Community Center Fund	51,075	(5,937)	45,138
Other enterprise funds	42,654	(7,945)	34,709
Total	$ 946,264	$ (97,522)	$ 848,742
Internal service funds	$ 92,509	$ (10,503)	$ 82,006

NOTE 19 – **SUBSEQUENT EVENT**

On August 3, 2015, the SPFA issued Taxable Lease Revenue Bonds, Series 2015, (Golden 1 Center), in a variable-rate mode, to pay a portion of the costs of construction of a multi-purpose entertainment and sports center located in the downtown area of the City. On October 6, 2015, the SPFA remarketed the Lease Revenue Bonds from an index floating rate to a fixed rate of 5.67 percent with $272,870 of aggregate principal amount fixed-rate bonds. The aggregate amount of the bond proceeds will be used to establish a project fund escrow, a capitalized interest fund, a debt service reserve, and pay costs of issuance. The sources of the annual debt-service payments will be revenues generated by the City's parking system, Golden 1 Center facility lease payments made to the City from Sacramento Downtown Arena LLC or their affiliates (the Sacramento Kings ownership group), and property taxes on the facility. Total development cost for the Golden 1 Center is currently estimated to be $509,438, with $223,130 representing the City's cash contribution from the issuance of the Lease Revenue Bonds. The remaining project cost will be borne by the Sacramento Kings ownership group.

On October 14, 2015, the City issued the 2015 Refunding Revenue Bonds (Master Lease Program Facilities), in the aggregate principal amount of $183,380, to provide funds, together with other available resources, and certain proceeds of the Tax Allocation Bonds, to refund $222,765 of the 2002 Revenue Bonds, Series A, the 2003 Capital Improvement Revenue Bonds, the 2005 Refunding Revenue Bonds, and the 2006 Capital Improvement Revenue Bonds, Series A and C.

Also on October 14, 2015, the RASA issued the 2015 Tax Allocation Refunding Bonds, Series A (tax-exempt), in the aggregate principal amount of $62,135, and the 2015 Tax Allocation Refunding Bonds, Series B (taxable), in the aggregate principal amount of $41,915, to refund certain obligations of the former Redevelopment Agency of the City currently outstanding in aggregate principal amount of $119,360.

Required Supplementary Information

City of Sacramento
Required Supplementary Information
Agent Multiple-Employer Defined Benefit Pension Plan
CalPERS - Miscellaneous Plan
Last Ten Years*
Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands)

		2015
Total pension liability		
Service cost	$	23,110
Interest on the total pension liability		70,942
Benefit payments, including refunds of employee contributions		(30,240)
Net change in total pension liability		63,812
Total pension liability -- beginning		949,465
Total pension liability -- ending (a)	$	1,013,277
Plan fiduciary net position		
Contributions - employer	$	21,613
Contributions - employee		11,670
Net investment income		118,326
Benefit payments, including refunds of employee contributions		(30,240)
Net change in fiduciary net position		121,369
Plan fiduciary net position -- beginning		678,261
Plan fiduciary net position -- ending (b)	$	799,630
Net pension liability -- ending (a) - (b)	$	213,647
Plan fiduciary net position as a percentage of the total pension liability		78.92%
Covered-employee payroll	$	156,032
Net pension liability as a percentage of covered-employee payroll		136.93%
Measurement date		June 30, 2014

Note to Schedule:

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

City of Sacramento
Required Supplementary Information
Agent Multiple-Employer Defined Benefit Pension Plan
CalPERS - Miscellaneous Plan
Last Ten Years*
Schedule of Contributions
(in thousands)

	2015
Actuarially determined contributions	$ 22,711
Contributions in relation to the actuarially determined contribution	22,711
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 157,339
Contributions as a percentage of covered-employee payroll	14.43%

Notes to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Average Remaining Period	23 Years as of the valuation date
Asset valuation method	15 year smoothed market
Actuarial Assumptions	
Inflation	2.75%
Salary Increase	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.50% (net of administrative expenses)
Retirement age	50 - 67 years
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

City of Sacramento
Required Supplementary Information
Agent Multiple-Employer Defined Benefit Pension Plan
CalPERS - Safety Plan
Last Ten Years*
Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands)

	2015
Total pension liability	
Service cost	$ 29,539
Interest on the total pension liability	107,189
Benefit payments, including refunds of employee contributions	(66,215)
Net change in total pension liability	70,513
Total pension liability -- beginning	1,447,520
Total pension liability -- ending (a)	$ 1,518,033
Plan fiduciary net position	
Contributions - employer	$ 27,935
Contributions - employee	16,094
Net investment income	171,795
Benefit payments, including refunds of employee contributions	(66,215)
Net change in fiduciary net position	149,609
Plan fiduciary net position -- beginning	994,493
Plan fiduciary net position -- ending (b)	$ 1,144,102
Net pension liability -- ending (a) - (b)	$ 373,931
Plan fiduciary net position as a percentage of the total pension liability	75.37%
Covered-employee payroll	$ 107,176
Net pension liability as a percentage of covered-employee payroll	348.89%
Measurement date	June 30, 2014

Notes to Schedule:

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

City of Sacramento
Required Supplementary Information
Agent Multiple-Employer Defined Benefit Pension Plan
CalPERS - Safety Plan
Last Ten Years*
Schedule of Contributions
(in thousands)

	2015
Actuarially determined contributions	$ 36,638
Contributions in relation to the actuarially determined contribution	36,638
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 108,503
Contributions as a percentage of covered-employee payroll	33.77%

Notes to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	27 years as of the valuation date
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary Increase	3.30% to 14.20 depending on age, service, and type of employment
Investment Rate of Return	7.5%, (net of administrative expenses)
Retirement age	50 - 57 years
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

City of Sacramento
Required Supplementary Information
Sacramento City Employees' Retirement System, a Single-Employer Defined Benefit Pension Plan
Last Ten Years*
Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands)

		2015
Total pension liability		
Service cost	$	131
Interest		23,134
Differences between expected and actual experience		(8,783)
Changes of assumptions		23,117
Benefit payments, including refunds of member contributions		(33,791)
Net change in total pension liability		3,808
Total pension liability -- beginning		372,670
Total pension liability -- ending (a)	$	376,478
Plan fiduciary net position		
Contributions -- employer	$	9,183
Contributions -- member		82
Net investment income		13,375
Benefits payments, including refunds of member contributions		(33,791)
Net change in fiduciary net position		(11,151)
Plan fiduciary net position -- beginning		312,414
Plan fiduciary net position -- ending (b)	$	301,263
Net pension liability -- ending (a) - (b)	$	75,215
Plan fiduciary net position as a percentage of the total pension liability		80.02%
Covered-employee payroll	$	1,180
Net pension liability as a percentage of covered-enmployee payroll		6374.15%
Measurement Date		June 30, 2015

Notes to Schedule:

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

* - In 2014/15, the mortality assumption was updated by adopting the CalPERS 1997-2011 Experience Study mortality rates, with fully generational projection of mortality improvement using Scale MP-2014 converging to ultimate improvement rates in 2022.

City of Sacramento
Required Supplementary Information
Sacramento City Employees' Retirement System, a Single-Employer Defined Benefit Pension Plan
Last Ten Years*
Schedule of Contributions
(in thousands)

	2015
Actuarially determined contributions	$ 9,183
Contributions in relation to the actuarially determined contribution	9,183
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 1,180
Contributions as a percentage of covered-employee payrol	778%

Notes to Schedule

Valuation date: 6/30/2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar payments over 14 years, open period
Asset valuation method	3 year smoothed market value
Inflation	3%
Salary increases	3% CPI plus 0.5% merit
Investment rate of return	6.50%
Retirement age	Deferred vested members covered under Section 399 are assumed to retire at age 62; those covered under 175 are assumed to retire at age 65
Mortality	CalPERS 1997-2011 Mortality Tables with Scale MP-2014

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:

OTHER 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 other special revenue funds section of the CAFR.

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

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

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

City of Sacramento
Other Governmental Funds
Combining Balance Sheet
June 30, 2015
(in thousands)

	Other Special Revenue Funds	Other Debt Service Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS					
Cash and investments held by City	$ 96,854	$ 6,200	$ 95,537	$ 5,109	$ 203,700
Cash and investments held by fiscal agent	3	280	-	-	283
Receivables, net:					
Taxes	2,129	-	-	-	2,129
Accounts	3,156	-	17	-	3,173
Loans	2,759	2,442	2,500	-	7,701
Intergovernmental	5,552	39,246	6,986	-	51,784
Interest	14	24	-	11	49
Prepaid items	24	-	-	-	24
Restricted assets:					
Cash and investments held by City	3,466	1,103	6,289	-	10,858
Cash and investments held by fiscal agent	732	17,954	-	-	18,686
Total assets	$ 114,689	$ 67,249	$ 111,329	$ 5,120	$ 298,387
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 9,367	$ -	$ 2,711	$ 10	$ 12,088
Accrued payroll	184	-	-	-	184
Accrued claims and judgements	2,594	-	-	-	2,594
Matured notes and interest payable	1,324	-	-	-	1,324
Deposits	1,108	832	95	-	2,035
Unearned revenue	370	-	641	-	1,011
Advances from other funds	7,143	-	-	-	7,143
Total liabilities	22,090	832	3,447	10	26,379
Deferred Inflows of resources:					
Unavailable revenue	2,918	41,335	6,658	-	50,911
Total deferred inflows of resources	2,918	41,335	6,658	-	50,911
Fund balances:					
Nonspendable:					
Prepaid items	24	-	-	-	24
Noncurrent assets	-	369	-	-	369
Permanent fund principal	-	-	-	878	878
Restricted:					
Capital projects	16,798	-	104,650	-	121,448
Debt service	1,993	18,225	-	-	20,218
Public works programs	13,842	-	-	-	13,842
Economic development programs	17,271	-	-	-	17,271
Other programs	22,459	-	338	4,232	27,029
Committed:					
Capital projects	3,197	-	-	-	3,197
Debt service	-	5,660	-	-	5,660
Economic development programs	16,391	-	-	-	16,391
Other programs	8,029	-	-	-	8,029
Assigned:					
Debt service	-	717	-	-	717
Other programs	-	111	-	-	111
Unassigned	(10,323)	-	(3,764)	-	(14,087)
Total fund balances	89,681	25,082	101,224	5,110	221,097
Total liabilities, deferred inflows of resources and fund balances	$ 114,689	$ 67,249	$ 111,329	$ 5,120	$ 298,387

City of Sacramento

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Other Special Revenue Funds	Other Debt Service Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:					
Taxes	$ 2,130	$ -	2,013	$ -	$ 4,143
Intergovernmental	29,599	3,275	25,842	-	58,716
Charges for services	13,823	-	844	-	14,667
Fines, forfeits and penalties	621	-	-	-	621
Interest, rents, and concessions	3,451	2,736	1,052	102	7,341
Community service fees	3,555	-	4,314	-	7,869
Assessment levies	39,340	-	2,368	-	41,708
Contributions and donations	6,033	1,410	-	1	7,444
Miscellaneous	38	20	17	-	75
Total revenues	98,590	7,441	36,450	103	142,584
Expenditures:					
Current:					
General government	3,112	-	378	159	3,649
Police	10,009	-	-	-	10,009
Fire	1,478	-	-	-	1,478
General services	352	-	-	-	352
Public works	21,378	-	7,778	-	29,156
Convention and cultural services	6,386	-	-	25	6,411
Economic development	8,283	-	-	-	8,283
Parks and recreation	17,052	-	194	-	17,246
Community development	5,585	-	556	-	6,141
Library	6,860	-	-	-	6,860
Utilities	244	-	-	-	244
Capital outlay	14,281	-	28,630	-	42,911
Debt service:					
Principal	1,687	16,394	409	-	18,490
Interest and fiscal charges	1,305	24,557	4,021	-	29,883
Total expenditures	98,012	40,951	41,966	184	181,113
Excess (deficiency) of revenues over (under) expenditures	578	(33,510)	(5,516)	(81)	(38,529)
Other financing sources (uses):					
Transfers in	2,806	35,036	-	-	37,842
Transfers out	(5,591)	(130)	(2,266)	-	(7,987)
Issuance of long-term debt	-	-	3,984	-	3,984
Proceeds from sale of capital assets	9,400	-	-	-	9,400
Total other financing sources (uses)	6,615	34,906	1,718	-	43,239
Net change in fund balances	7,193	1,396	(3,798)	(81)	4,710
Fund balances, beginning of year	82,488	23,686	105,022	5,191	216,387
Fund balances, end of year	$ 89,681	$ 25,082	$ 101,224	$ 5,110	$ 221,097

OTHER SPECIAL REVENUE FUNDS

Other 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 other special revenue funds have been classified as nonmajor funds:

THE TRANSPORTATION AND DEVELOPMENT FUND is used to account for the receipts of taxes and fees which are used to maintain and repair streets, bridges and bikeways as well as for traffic safety and community development activities.

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.

OTHER 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
Other Special Revenue Funds
Combining Balance Sheet
June 30, 2015
(in thousands)

	Transportation and Development Fund	Culture and Leisure Fund	Parks and Recreation Fund	Economic Development Fund
ASSETS				
Cash and investments held by City	$ 25,331	$ 4,645	$ 9,643	$ 29,296
Cash and investments held by fiscal agent	-	3	-	-
Receivables, net:				
Taxes	-	-	-	2,129
Accounts	409	827	140	-
Loans	-	44	-	2,715
Intergovernmental	-	-	1,010	-
Interest	-	2	3	9
Prepaid items	-	-	11	-
Restricted assets:				
Cash and investments held by City	-	80	-	1,789
Cash and investments held by fiscal agent	-	732	-	-
Total assets	$ 25,740	$ 6,333	$ 10,807	$ 35,938
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	383	84	475	478
Accrued payroll	-	23	147	-
Accrued claims and judgements	1,601	-	993	-
Matured notes and interest payable	-	1,324	-	-
Deposits	709	121	153	-
Unearned revenue	-	38	265	-
Advances from other funds	-	7,143	-	-
Total liabilities	2,693	8,733	2,033	478
Deferred Inflows of resources:				
Unavailable revenue	127	673	96	9
Total deferred inflows of resources	127	673	96	9
Fund balances:				
Nonspendable:				
Prepaid items	-	-	11	-
Restricted:				
Capital projects	4,777	-	6,065	1,789
Debt service	-	812	-	-
Public works programs	13,842	-	-	-
Economic development programs	-	-	-	17,271
Other programs	-	1,593	2,390	-
Committed:				
Capital projects	243	429	25	-
Economic development programs	-	-	-	16,391
Other programs	4,058	1,156	1,490	-
Unassigned	-	(7,063)	(1,303)	-
Total fund balances (deficit)	22,920	(3,073)	8,678	35,451
Total liabilities, deferred inflows of resources and fund balances	$ 25,740	$ 6,333	$ 10,807	$ 35,938

City of Sacramento
Other Special Revenue Funds
Combining Balance Sheet
June 30, 2015
(in thousands)

	Operating Grants Fund	CCOMWP Fund	Special Districts Special Revenue Fund	Cal EPA Fund	Total Other Special Revenue Funds
ASSETS					
Cash and investments held by City	$ 2,392	$ 1,432	$ 20,331	$ 3,784	$ 96,854
Cash and investments held by fiscal agent	-	-	-	-	3
Receivables, net:					
Taxes	-	-	-	-	2,129
Accounts	255	267	1,258	-	3,156
Loans	-	-	-	-	2,759
Intergovernmental	4,501	-	-	41	5,552
Interest	-	-	-	-	14
Prepaid items	10	3	-	-	24
Restricted assets:					
Cash and investments held by City	1,001	-	596	-	3,466
Cash and investments held by fiscal agent	-	-	-	-	732
Total assets	$ 8,159	$ 1,702	$ 22,185	$ 3,825	$ 114,689
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	956	178	6,813	-	9,367
Accrued payroll	-	14	-	-	184
Accrued claims and judgements	-	-	-	-	2,594
Matured notes and interest payable	-	-	-	-	1,324
Deposits	125	-	-	-	1,108
Unearned revenue	67	-	-	-	370
Advances from other funds	-	-	-	-	7,143
Total liabilities	1,148	192	6,813	-	22,090
Deferred Inflows of resources:					
Unavailable revenue	1,947	66	-	-	2,918
Total deferred inflows of resources	1,947	66	-	-	2,918
Fund balances:					
Nonspendable:					
Prepaid items	10	3	-	-	24
Restricted:					
Capital projects	-	-	4,167	-	16,798
Debt service	-	-	1,181	-	1,993
Public works programs	-	-	-	-	13,842
Economic development programs	-	-	-	-	17,271
Other programs	7,011	1,441	10,024	-	22,459
Committed:					
Capital projects	-	-	-	2,500	3,197
Economic development programs	-	-	-	-	16,391
Other programs	-	-	-	1,325	8,029
Unassigned	(1,957)	-	-	-	(10,323)
Total fund balances (deficit)	5,064	1,444	15,372	3,825	89,681
Total liabilities, deferred inflows of resources and fund balances	$ 8,159	$ 1,702	$ 22,185	$ 3,825	$ 114,689

City of Sacramento

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

For the Fiscal Year Ended June 30, 2015
(in thousands)

	Transportation and Development Fund	Culture and Leisure Fund	Parks and Recreation Fund	Economic Development Fund
Revenues:				
Taxes	$ -	$ -	$ -	$ 2,130
Intergovernmental	9,753	-	4,921	-
Charges for services	11,407	1,590	100	-
Fines, forfeits and penalties	621	-	-	-
Interest, rents, and concessions	184	1,681	1,145	221
Community service fees	164	-	3,391	-
Assessment levies	151	-	-	-
Contributions and donations	-	151	324	3,363
Miscellaneous	-	38	-	-
Total revenues	22,280	3,460	9,881	5,714
Expenditures:				
Current:				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
General services	-	-	-	-
Public works	8,647	-	-	-
Convention and cultural services	-	1,171	-	-
Economic development	-	-	-	-
Parks and recreation	-	-	10,059	-
Community development	5,458	-	-	-
Library	-	-	-	-
Utilities	-	-	-	-
Capital outlay	3,787	246	4,649	2,272
Debt service:				
Principal	-	1,177	-	-
Interest and fiscal charges	-	1,230	-	-
Total expenditures	17,892	3,824	14,708	2,272
Excess (deficiency) of revenues over (under) expenditures	4,388	(364)	(4,827)	3,442
Other financing sources (uses):				
Transfers in	1,021	500	662	159
Transfers out	(99)	-	(333)	(5,159)
Proceeds from sale of capital assets	-	-	-	9,400
Total other financing sources (uses)	922	500	329	4,400
Net change in fund balances	5,310	136	(4,498)	7,842
Fund balances (deficit), beginning of year	17,610	(3,209)	13,176	27,609
Fund balances (deficit), end of year	$ 22,920	$ (3,073)	$ 8,678	$ 35,451

City of Sacramento

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

For the Fiscal Year Ended June 30, 2015
(in thousands)

	Operating Grants Fund	CCOMWP Fund	Special Districts Special Revenue Fund	Cal EPA Fund	Total Other Special Revenue Funds
Revenues:					
Taxes	$ -	$ -	$ -	$ -	$ 2,130
Intergovernmental	13,033	1,712	-	180	29,599
Charges for services	726	-	-	-	13,823
Fines, forfeits and penalties	-	-	-	-	621
Interest, rents, and concessions	-	12	178	30	3,451
Community service fees	-	-	-	-	3,555
Assessment levies	-	-	39,189	-	39,340
Contributions and donations	2,195	-	-	-	6,033
Miscellaneous	-	-	-	-	38
Total revenues	15,954	1,724	39,367	210	98,590
Expenditures:					
Current:					
General government	-	2,458	654	-	3,112
Police	10,009	-	-	-	10,009
Fire	1,478	-	-	-	1,478
General services	244	-	100	8	352
Public works	-	-	12,731	-	21,378
Convention and cultural services	41	-	5,174	-	6,386
Economic development	1,633	-	6,650	-	8,283
Parks and recreation	1,087	-	5,906	-	17,052
Community development	1	-	126	-	5,585
Library	-	-	6,860	-	6,860
Utilities	-	-	244	-	244
Capital outlay	46	-	3,281	-	14,281
Debt service:					
Principal	-	-	510	-	1,687
Interest and fiscal charges	-	-	75	-	1,305
Total expenditures	14,539	2,458	42,311	8	98,012
Excess (deficiency) of revenues over (under) expenditures	1,415	(734)	(2,944)	202	578
Other financing sources (uses):					
Transfers in	-	464	-	-	2,806
Transfers out	-	-	-	-	(5,591)
Proceeds from sale of capital assets	-	-	-	-	9,400
Total other financing sources (uses)	-	464	-	-	6,615
Net change in fund balances	1,415	(270)	(2,944)	202	7,193
Fund balances (deficit), beginning of year	3,649	1,714	18,316	3,623	82,488
Fund balances (deficit), end of year	$ 5,064	$ 1,444	$ 15,372	$ 3,825	$ 89,681

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, 2015
(in thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Intergovernmental	$ 9,366	$ 9,366	$ 9,753	$ 387
Charges for services	-	-	67	67
Fines, forfeits and penalties	650	650	621	(29)
Interest, rents, and concessions	35	35	42	7
Total revenues	10,051	10,051	10,483	432
Expenditures:				
Current:				
Public works	8,513	8,513	8,520	(7)
Capital outlay	3,367	3,367	3,435	(68)
Total expenditures	11,880	11,880	11,955	(75)
Net change in fund balance for budgeted activities	$ (1,829)	$ (1,829)	(1,472)	$ 357
Net change in fund balance for Transportation and Development Special Revenue Fund activities for which annual budgets are not adopted.			6,782	
Net change in fund balance			$ 5,310	

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, 2015
(in thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Charges for services	$ 1,663	$ 1,695	$ 1,590	$ (105)
Interest, rents and concessions	1,503	1,503	1,670	167
Contributions and donations	45	645	151	(494)
Miscellaneous	-	38	38	-
Total revenues	3,211	3,881	3,449	(432)
Expenditures:				
Current:				
Convention and cultural services	1,154	1,935	1,155	780
Capital outlay	519	664	246	418
Debt service:				
Principal	1,230	1,086	1,177	(91)
Interest and fiscal charges	1,192	757	1,230	(473)
Total expenditures	4,095	4,442	3,808	634
Net change in fund balance for budgeted activities	$ (884)	$ (561)	(359)	$ 202
Other financing sources (uses):				
Transfers in	-	500	500	-
Net change in fund balance for budgeted activities	$ (884)	$ (61)	$ 141	$ 202
Net change in fund balance for Culture and Leisure Special Revenue Fund activities for which annual budgets are not adopted.			(5)	
Net change in fund balance			$ 136	

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, 2015

(in thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Intergovernmental	$ 4,344	$ 5,124	$ 4,921	$ (203)
Charges for services	80	80	100	20
Interest, rents and concessions	702	702	954	252
Community service fees	1,704	1,735	2,192	457
Contributions and donations	13	13	3	(10)
Total revenues	6,843	7,654	8,170	516
Expenditures:				
Current:				
Parks and recreation	8,849	9,953	9,519	434
Capital outlay	-	618	593	25
Total expenditures	8,849	10,571	10,112	459
Excess (deficiency) of revenues over (under) expenditures	(2,006)	(2,917)	(1,942)	975
Other financing sources (uses):				
Transfers in	553	662	662	-
Transfers out	-	(318)	(333)	(15)
Total other financing sources (uses)	553	344	329	(15)
Net change in fund balance for budgeted activities	$ (1,453)	$ (2,573)	(1,613)	$ 960
Net change in fund balance for Parks and Recreation Special Revenue Fund activities for which annual budgets are not adopted.			(2,885)	
Net change in fund balance			$ (4,498)	

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, 2015
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 1,053	$ 5,607	$ 1,712	$ (3,895)
Interest, rents and concessions	-	-	12	12
Total revenues	1,053	5,607	1,724	(3,883)
Expenditures:				
Current:				
General government	2,768	7,322	2,458	4,864
Excess (deficiency) of revenues over (under) expenditures	(1,715)	(1,715)	(734)	981
Other financing sources				
Operating transfers in	464	464	464	-
Net change in fund balance	$ (1,251)	$ (1,251)	$ (270)	$ 981

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, 2015
(in thousands)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Interest, rents, and concessions	$ -	$ -	$ 178	$ 178
Assessment levies	36,733	38,499	39,189	690
Total revenues	36,733	38,499	39,367	868
Expenditures:				
Current:				
General government	742	720	654	66
General services	112	112	100	12
Public works	13,528	12,505	12,731	(226)
Convention and cultural services	5,114	5,143	5,174	(31)
Economic development	7,770	7,787	6,650	1,137
Parks and recreation	6,158	6,246	5,906	340
Community development	150	150	126	24
Library	5,031	6,866	6,860	6
Utilities	423	423	244	179
Capital outlay	3,579	3,579	3,281	298
Debt service:				
Principal	510	510	510	-
Interest and fiscal charges	75	75	75	-
Total expenditures	43,192	44,116	42,311	1,805
Net change in fund balance	$ (6,459)	$ (5,617)	$ (2,944)	$ (937)

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, 2015

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 172	$ 180	$ 180	$ -
Interest, rents, and concessions	-	-	30	30
Total revenues	172	180	210	30
Expenditures:				
Current:				
General services	-	8	8	-
Excess (deficiency) of revenues over (under) expenditures	172	172	202	30
Net change in fund balance	$ 172	$ 172	$ 202	$ 30

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OTHER DEBT SERVICE FUNDS

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 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 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.

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.

OTHER DEBT SERVICE FUNDS (continued)

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 2015 GOLDEN 1 CENTER REVENUE BOND FUND is used to account for debt service activities related to financing a portion of the costs of construction of a multi-purpose entertainment and sports center located in the downtown area of the City.

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

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2015
(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	$ 25	$ 186	$ 139
Cash and investments held by fiscal agent	4	13	-
Receivables, net:			
Loans	-	-	-
Intergovernmental	-	-	270
Interest	4	11	-
Restricted assets:			
Cash and investments held by City	-	-	-
Cash and investments held by fiscal agent	1,212	3,314	-
Total assets	$ 1,245	$ 3,524	$ 409
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Deposits	$ -	$ -	$ -
Deferred Inflows of resources:			
Unavailable revenue	1	3	270
Total deferred inflows of resources	1	3	270
Fund balances:			
Nonspendable:			
Noncurrent assets	-	-	-
Restricted:			
Debt service	1,212	3,314	-
Committed:			
Debt service	-	-	-
Assigned:			
Debt service	32	207	28
Other programs	-	-	111
Total fund balances	1,244	3,521	139
Total liabilities, deferred inflows of resources and fund balances	$ 1,245	$ 3,524	$ 409

(continued)

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2015
(in thousands)

	2005 Refunding Revenue Bond Fund	2006 Series A Revenue Bond Fund	2006 Series B Revenue Bond Fund	2006 Series D Revenue Bond Fund
ASSETS				
Assets:				
Cash and investments held by City	$ -	$ 94	$ 3,640	$ 3
Cash and investments held by fiscal agent	-	241	22	-
Receivables, net:				
Loans	-	2,074	-	-
Intergovernmental	16,990	7,492	12,504	-
Interest	-	2	7	-
Restricted assets:				
Cash and investments held by City	-	832	-	-
Cash and investments held by fiscal agent	-	6,728	6,700	-
Total assets	$ 16,990	$ 17,463	$ 22,873	$ 3
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Deposits	$ -	$ 832	$ -	$ -
				-
Deferred Inflows of resources:				
Unavailable revenue	16,990	9,568	12,513	-
Total deferred inflows of resources	16,990	9,568	12,513	-
Fund balances:				
Nonspendable:				
Noncurrent assets	-	-	-	-
Restricted:				
Debt service	-	6,728	6,700	-
Committed:				
Debt service	-	-	3,660	-
Assigned:				
Debt service	-	335	-	3
Other programs	-	-	-	-
Total fund balances	-	7,063	10,360	3
Total liabilities, deferred inflows of resources and fund balances	$ 16,990	$ 17,463	$ 22,873	$ 3

(continued)

City of Sacramento
Other Debt Service Funds
Combining Balance Sheet
June 30, 2015
(in thousands)

	2006 Series E Revenue Bond Fund	2015 Golden 1 Center Lease Revenue Bond Fund	Other City Debt Fund	Total Other Debt Service Funds
ASSETS				
Assets:				
Cash and investments held by City	$ 45	$ 2,048	$ 20	$ 6,200
Cash and investments held by fiscal agent	-	-	-	280
Receivables, net:				
Loans	-	-	368	2,442
Intergovernmental	1,990	-	-	39,246
Interest	-	-	-	24
Restricted assets:				
Cash and investments held by City	-	-	271	1,103
Cash and investments held by fiscal agent	-	-	-	17,954
Total assets	$ 2,035	$ 2,048	$ 659	$ 67,249
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Deposits	$ -	$ -	$ -	$ 832
	-	-		
Deferred Inflows of resources:				
Unavailable revenue	1,990	-	-	41,335
Total deferred inflows of resources	1,990	-	-	41,335
Fund balances:				
Nonspendable:				
Noncurrent assets	-	-	369	369
Restricted:				
Debt service	-	-	271	18,225
Committed:				
Debt service	-	2,000	-	5,660
Assigned:				
Debt service	45	48	19	717
Other programs	-	-	-	111
Total fund balances	45	2,048	659	25,082
Total liabilities, deferred inflows of resources and fund balances	$ 2,035	$ 2,048	$ 659	$ 67,249

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2015
(in thousands)

	1993 Series A Revenue Bond Fund	1993 Series B Revenue Bond Fund	2002 Capital Improvement Revenue Bond Fund
Revenues:			
Intergovernmental	$ -	$ -	$ 80
Interest, rents, and concessions	7	22	18
Contributions from property owners	-	-	-
Miscellaneous	-	-	-
Total revenues	7	22	98
Expenditures:			
Debt service:			
Principal	747	2,124	1,033
Interest and fiscal charges	312	881	74
Total expenditures	1,059	3,005	1,107
Excess (deficiency) of revenues over (under) expenditures	(1,052)	(2,983)	(1,009)
Other financing sources:			
Transfers in	1,034	2,737	1,016
Transfers out	-	-	-
Total other financing sources (uses)	1,034	2,737	1,016
Net change in fund balances	(18)	(246)	7
Fund balances, beginning of year	1,262	3,767	132
Fund balances, end of year	$ 1,244	$ 3,521	$ 139

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2015
(in thousands)

	2003 Capital Improvement Revenue Bond Fund	2005 Refunding Revenue Bond Fund	2006 Series A Revenue Bond Fund
Revenues:			
Intergovernmental	$ -	$ 2,685	$ 210
Interest, rents, and concessions	-	895	691
Contributions from property owners	-	-	1,410
Miscellaneous	-	-	-
Total revenues	-	3,580	2,311
Expenditures:			
Debt service:			
Principal	1,915	5,433	3,220
Interest and fiscal charges	722	2,565	3,632
Total expenditures	2,637	7,998	6,852
Excess (deficiency) of revenues over (under) expenditures	(2,637)	(4,418)	(4,541)
Other financing sources:			
Transfers in	2,637	4,418	4,553
Transfers out	-	-	-
Total other financing sources (uses)	2,637	4,418	4,553
Net change in fund balances	-	-	12
Fund balances, beginning of year	-	-	7,051
Fund balances, end of year	$ -	$ -	$ 7,063

(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, 2015
(in thousands)

	2006 Series B Revenue Bond Fund	2006 Series C Revenue Bond Fund	2006 Series D Revenue Bond Fund
Revenues:			
Intergovernmental	$ 300	$ -	$ -
Interest, rents, and concessions	962	-	-
Contributions and donations	-	-	-
Miscellaneous	20	-	-
Total revenues	1,282	-	-
Expenditures:			
Debt service:			
Principal	1,060	-	650
Interest and fiscal charges	2,919	1,278	77
Total expenditures	3,979	1,278	727
Excess (deficiency) of revenues over (under) expenditures	(2,697)	(1,278)	(727)
Other financing sources:			
Transfers in	2,501	1,278	727
Transfers out	(130)	-	-
Total other financing sources (uses)	2,371	1,278	727
Net change in fund balances	(326)	-	-
Fund balances, beginning of year	10,686	-	3
Fund balances, end of year	$ 10,360	$ -	$ 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, 2015
(in thousands)

	2006 Series E Revenue Bond Fund	2015 Golden 1 Center Lease Revenue Bond Fund	Other City Debt Fund	Total Other Debt Service Funds
Revenues:				
Intergovernmental	$ -	$ -	$ -	$ 3,275
Interest, rents, and concessions	105	16	20	2,736
Contributions and donations	-	-	-	1,410
Miscellaneous	-	-	-	20
Total revenues	105	16	20	7,441
Expenditures:				
Debt service:				
Principal	-	-	212	16,394
Interest and fiscal charges	4,131	7,833	133	24,557
Total expenditures	4,131	7,833	345	40,951
Excess (deficiency) of revenues over (under) expenditures	(4,026)	(7,817)	(325)	(33,510)
Other financing sources:				
Transfers in	4,026	9,865	244	35,036
Transfers out	-	-	-	(130)
Total other financing sources (uses)	4,026	9,865	244	34,906
Net change in fund balances	-	2,048	(81)	1,396
Fund balances, beginning of year	45	-	740	23,686
Fund balances, end of year	$ 45	$ 2,048	$ 659	$ 25,082

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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 TRANSPORTATION AND DEVELOPMENT CAPITAL PROJECTS FUND is used to account for the receipts of taxes and fees which are used to construct transportation-related 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, 2015
(in thousands)

	General Fund Capital Projects Fund	Transportation and Development Capital Projects Fund	Crocker Art Museum Expansion Fund
ASSETS			
Cash and investments held by City	$ 1	$ 37,617	$ -
Receivables, net:			
Accounts	-	1	-
Loans	-	-	2,500
Intergovernmental	-	6,986	-
Restricted assets:			
Cash and investments held by City	6,167	-	122
Total assets	$ 6,168	$ 44,604	$ 2,622
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 242	$ 965	$ -
Deposits	-	-	-
Unearned revenue	-	-	-
Total liabilities	242	965	-
Deferred Inflows of resources:			
Unavailable revenue	-	4,148	2,500
Total deferred inflows of resources	-	4,148	2,500
Fund balances:			
Restricted:			
Capital projects	5,926	43,255	122
Other programs	-	-	-
Unassigned	-	(3,764)	-
Total fund balances	5,926	39,491	122
Total liabilities, deferred inflows of resources and fund balances	$ 6,168	$ 44,604	$ 2,622

City of Sacramento
Other Capital Projects Funds
Combining Balance Sheet
June 30, 2015
(in thousands)

	Financing Plans Fund	Special Districts Capital Projects Fund	Total Other Capital Projects Funds
ASSETS			
Cash and investments held by City	$ 49,196	$ 8,723	$ 95,537
Receivables, net:			
Accounts	10	6	17
Loans	-	-	2,500
Intergovernmental	-	-	6,986
Restricted assets:			
Cash and investments held by City	-	-	6,289
Total assets	$ 49,206	$ 8,729	$ 111,329
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 1,390	$ 114	$ 2,711
Deposits	95	-	95
Unearned revenue	641	-	641
Total liabilities	2,126	114	3,447
Deferred Inflows of resources:			
Unavailable revenue	10	-	6,658
Total deferred inflows of resources	10	-	6,658
Fund balances:			
Restricted:			
Capital projects	46,732	8,615	104,650
Other programs	338	-	338
Unassigned	-	-	(3,764)
Total fund balances	47,070	8,615	101,224
Total liabilities, deferred inflows of resources and fund balances	$ 49,206	$ 8,729	$ 111,329

City of Sacramento

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

For the Fiscal Year Ended June 30, 2015
(in thousands)

	General Fund Capital Projects Fund	Transportation and Development Capital Projects Fund	Crocker Art Museum Expansion Fund
Revenues:			
Interest, rents, and concessions	$ 143	$ 371	$ 27
Community service fees	-	-	-
Assessment levies	-	-	-
Taxes	-	2,013	-
Intergovernmental	-	25,842	-
Charges for services	-	844	-
Miscellaneous	-	-	-
Total revenues	143	29,070	27
Expenditures:			
Current:			
General government	-	-	-
Public works	-	7,778	-
Parks and recreation	-	-	-
Community development	-	-	-
Capital outlay	1,841	19,104	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	1,841	26,882	-
(Deficiency) excess of revenues (under) over expenditures	(1,698)	2,188	27
Other financing sources (uses):			
Transfers out	(5)	-	-
Issuance of long-term debt	-	-	-
Total other financing sources (uses)	(5)	-	-
Net change in fund balances	(1,703)	2,188	27
Fund balances, beginning of year	7,629	37,303	95
Fund balances, end of year	$ 5,926	$ 39,491	$ 122

City of Sacramento

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

For the Fiscal Year Ended June 30, 2015
(in thousands)

	Financing Plans Fund	Special Districts Capital Projects Fund	Total Other Capital Projects Funds
Revenues:			
Interest, rents, and concessions	$ 434	$ 77	$ 1,052
Community service fees	4,314	-	4,314
Assessment levies	-	2,368	2,368
Taxes	-	-	2,013
Intergovernmental	-	-	25,842
Charges for services	-	-	844
Miscellaneous	17	-	17
Total revenues	4,765	2,445	36,450
Expenditures:			
Current:			
General government	363	15	378
Public works	-	-	7,778
Parks and recreation	194	-	194
Community development	556	-	556
Capital outlay	5,252	2,433	28,630
Debt service:			
Principal	409	-	409
Interest and fiscal charges	4,021	-	4,021
Total expenditures	10,795	2,448	41,966
(Deficiency) excess of revenues (under) over expenditures	(6,030)	(3)	(5,516)
Other financing sources (uses):			
Transfers out	(2,261)	-	(2,266)
Issuance of long-term debt	3,984	-	3,984
Total other financing sources (uses)	1,723	-	1,718
Net change in fund balances	(4,307)	(3)	(3,798)
Fund balances, beginning of year	51,377	8,618	105,022
Fund balances, end of year	$ 47,070	$ 8,615	$ 101,224

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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, 2015
(in thousands)

	Ann Land Fund	Bertha Henschel Fund	George Clark Scholarship Fund
ASSETS			
Cash and investments held by City	$ 931	$ 2,793	$ 1,011
Receivables, net:			
Interest	2	7	2
Total assets	$ 933	$ 2,800	$ 1,013
LIABILITIES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Total liabilities	-	-	-
Fund balances:			
Nonspendable:			
Permanent fund principal	272	278	25
Restricted:			
Other programs	661	2,522	988
Total fund balances	933	2,800	1,013
Total liabilities and fund balances	$ 933	$ 2,800	$ 1,013

City of Sacramento
Permanent Funds
Combining Balance Sheet
June 30, 2015
(in thousands)

	Alice Miller Fund	Sacramento History Museum Fund	Total Permanent Funds
ASSETS			
Cash and investments held by City	$ 50	$ 324	$ 5,109
Receivables, net:			
Interest	-	-	11
Total assets	$ 50	$ 324	$ 5,120
LIABILITIES			
Liabilities:			
Accounts payable	$ -	$ 10	$ 10
Total liabilities	-	10	10
Fund balances:			
Nonspendable:			
Permanent fund principal	3	300	878
Restricted:			
Other programs	47	14	4,232
Total fund balances	50	314	5,110
Total liabilities and fund balances	$ 50	$ 324	$ 5,120

City of Sacramento

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2015
(in thousands)

	Ann Land Fund	Bertha Henschel Fund	George Clark Scholarship Fund
Revenues:			
Interest, rents, and concessions	$ 14	$ 51	$ 34
Contributions and donations	1	-	-
Total revenues	15	51	34
Expenditures:			
Current:			
General government	34	102	23
Convention and cultural services	-	-	-
Total expenditures	34	102	23
Net change in fund balances	(19)	(51)	11
Fund balances, beginning of year	952	2,851	1,002
Fund balances, end of year	$ 933	$ 2,800	$ 1,013

City of Sacramento

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2015
(in thousands)

	Alice Miller Fund	Sacramento History Museum Fund	Total Permanent Funds
Revenues:			
Interest, rents, and concessions	$ -	$ 3	$ 102
Contributions and donations	-	-	1
Total revenues	-	3	103
Expenditures:			
Current:			
General government	-	-	159
Convention and cultural services	-	25	25
	-	25	184
Net change in fund balances	-	(22)	(81)
Fund balances, beginning of year	50	336	5,191
Fund balances, end of year	$ 50	$ 314	$ 5,110

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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, 2015
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
ASSETS			
Current assets:			
Cash and investments held by City	$ 28,650	$ 315	$ 28,965
Cash and investments held by fiscal agent	7	-	7
Receivables, net:			
Accounts	603	196	799
Loans	85	-	85
Interest	118	-	118
Prepaid items	133	-	133
Intangible asset, current portion	-	8	8
Total current assets	29,596	519	30,115
Noncurrent assets:			
Restricted assets:			
Cash and investments held by City	-	38	38
Cash and investments held by fiscal agent	1,790	-	1,790
Loans receivable	392	-	392
Intangible assets	-	159	159
Capital assets:			
Land	5,825	-	5,825
Buildings and improvements	60,087	1,546	61,633
Machinery and equipment	7,699	-	7,699
Construction in progress	297	-	297
Software	4	-	4
Less: accumulated depreciation/amortization	(37,067)	(871)	(37,938)
Total noncurrent assets	39,027	872	39,899
Total assets	68,623	1,391	70,014
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of debt	1,427	-	1,427
Deferred outflows related to pensions	349	367	716
Total deferred outflows of resources	1,776	367	2,143

City of Sacramento

Other Enterprise Funds

Combining Statement of Net Position

June 30, 2015
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
LIABILITIES			
Current liabilities:			
Accounts payable	928	74	1,002
Accrued payroll	129	202	331
Accrued compensated absences	17	13	30
Interest payable	158	-	158
Deposits	10	-	10
Unearned revenue	465	64	529
Accrued claims and judgements	4	227	231
Revenue and other bonds payable, net	2,271	-	2,271
Total current liabilities	3,982	580	4,562
Noncurrent liabilities:			
Accrued compensated absences	202	273	475
OPEB liability	1,411	234	1,645
Net pension liability	3,635	3,455	7,090
Revenue and other bonds payable, net	25,918	-	25,918
Total noncurrent liabilities	31,166	3,962	35,128
Total liabilities	35,148	4,542	39,690
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	691	874	1,565
Total deferred inflows of resources	691	874	1,565
NET POSITION			
Net investment in capital assets	12,365	675	13,040
Unrestricted	22,195	(4,333)	17,862
Total net position	$ 34,560	$ (3,658)	$ 30,902

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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, 2015
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
Operating revenues:			
Charges for services:			
User fees and charges	$ 16,105	$ 5,550	$ 21,655
Rents and concessions	490	-	490
Miscellaneous	5	3	8
Total operating revenues	16,600	5,553	22,153
Operating expenses:			
Employee services	3,727	5,094	8,821
Services and supplies	6,545	975	7,520
Depreciation/amortization	1,942	78	2,020
Claims and judgements	-	4	4
Total operating expenses	12,214	6,151	18,365
Operating income (loss)	4,386	(598)	3,788
Nonoperating revenues (expenses):			
Interest and investment revenue	199	-	199
Revenue from other agencies	3	439	442
Interest expense	(1,483)	-	(1,483)
Amortization of bond prepaid insurance	(7)	-	(7)
Total nonoperating revenues (expenses)	(1,288)	439	(849)
Income (loss) before transfers	3,098	(159)	2,939
Transfers in	-	209	209
Transfers out	(6,955)	-	(6,955)
Change in net position	(3,857)	50	(3,807)
Total net position (deficit), beginning of year, as restated	38,417	(3,708)	34,709
Total net position (deficit), end of year	$ 34,560	$ (3,658)	$ 30,902

City of Sacramento

Other Enterprise Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2015
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	$ 16,866	$ 5,562	$ 22,428
Payments to suppliers	(6,510)	(1,043)	(7,553)
Payments to employees	(3,435)	(5,132)	(8,567)
Claims and judgements paid	-	210	210
Net cash provided by (used for) operating activities	6,921	(403)	6,518
Cash flows from noncapital financing activities:			
Transfers in from other funds	-	-	-
Transfers out to other funds	(1,782)	-	(1,782)
Intergovernmental revenue received	3	478	481
Net cash provided by (used for) noncapital financing activities	(1,779)	478	(1,301)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(376)	-	(376)
Principal payments on capital debt	(2,135)	(20)	(2,155)
Interest payments on capital debt	(1,430)	-	(1,430)
Transfers in from other funds	-	209	209
Transfers out to other funds	(5,173)	-	(5,173)
Net cash provided by (used for) capital and related financing activities	(9,114)	189	(8,925)
Cash flows from investing activities:			
Collection of interest and investment revenue	183	-	183
Loan repayments received	85	-	85
Security lending payoff	(150)	-	(150)
Net cash provided by (used for) investing activities	118	-	118
Net increase (decrease) in cash and cash equivalents	(3,854)	264	(3,590)
Cash and cash equivalents, beginning of year	34,301	89	34,390
Cash and cash equivalents, end of year	$ 30,447	$ 353	$ 30,800
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Cash and investments held by City	$ 28,650	$ 315	$ 28,965
Cash and investments held by fiscal agent	7	-	7
Restricted cash and investments held by City	-	38	38
Restricted cash and investments held by fiscal agent	1,790	-	1,790
Total cash and cash equivalents, end of year	$ 30,447	$ 353	$ 30,800

City of Sacramento

Other Enterprise Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2015
(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)	$ 4,386	$ (598)	$ 3,788
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	1,942	78	2,020
Amortization of intangible assets	-	7	7
Changes in assets and liabilities:			
Accounts receivable, net	223	(7)	216
Intergovernmental receivables	-	56	56
Prepaid items	(27)	8	(19)
Accounts payable	62	(122)	(60)
Accrued payroll	21	2	23
Accrued compensated absences	5	(8)	(3)
Deposits	(8)	-	(8)
Accrued claims and judgements	(12)	214	202
OPEB liabilities	210	42	252
Unearned revenue	51	-	51
Deferred outflows related to pensions	(66)	(18)	(84)
Net pension liability	(557)	(931)	(1,488)
Deferred inflows related to pensions	691	874	1,565
Net cash provided by (used for) operating activities	$ 6,921	$ (403)	$ 6,518
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)
Change in securities lending assets	(71)	-	(71)
Change in securities lending obligations	91	-	91
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, 2015
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	Eliminations	Total Water Fund
ASSETS						
Current assets:						
Cash and investments held by City	$ -	$ 88,203	$ -	$ -	$ -	$ 88,203
Receivables, net:						-
Accounts	-	17,640	-	-	-	17,640
Loans	1,264	-	-	-	-	1,264
Intergovernmental	-	-	630	-	-	630
Interest	43	872	-	18	-	933
Due from other funds	-	492	-	-	(492)	-
Inventories	-	3,473	-	-	-	3,473
Prepaid items	-	582	-	-	-	582
Total current assets	1,307	111,262	630	18	(492)	112,725
Noncurrent assets:						
Restricted assets:						
Cash and investments held by City	25,755	-	-	108,898	-	134,653
Cash and investments held by fiscal agent	-	160	-	7,082	-	7,242
Loans receivable	3,405	-	-	-	-	3,405
Capital assets:						-
Land	584	1,170	-	-	-	1,754
Buildings and improvements	-	38,644	37	69	-	38,750
Machinery and equipment	-	16,157	309	-	-	16,466
Transmission and distribution systems	1,282	578,799	1,343	11,285	-	592,709
Construction in progress	2,924	14,406	384	152,561	-	170,275
Software	-	516	-	-	-	516
Less: accumulated depreciation/amortization	(56)	(215,275)	(250)	(329)	-	(215,910)
Total noncurrent assets	33,894	434,577	1,823	279,566	-	749,860
Total assets	35,201	545,839	2,453	279,584	(492)	862,585
DEFERRED OUTFLOWS OF RESOURCES						
Loss on refunding of debt	-	8,681	-	-	-	8,681
Deferred outflows related to pensions	-	2,520	-	-	-	2,520
Total deferred outflows of resources	-	11,201	-	-	-	11,201

City of Sacramento
Water Fund
Combining Schedule of Net Position
June 30, 2015
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	Eliminations	Total Water Fund
LIABILITIES						
Current liabilities:						
Accounts payable	27	2,767	53	13,052	-	15,899
Due to other funds	-	-	492	-	(492)	-
Accrued payroll	-	873	-	-	-	873
Accrued compensated absences	-	132	-	-	-	132
Interest payable	-	661	-	3,474	-	4,135
Deposits	-	8	-	-	-	8
Unearned revenue	-	1,664	85	-	-	1,749
Accrued claims and judgements	-	126	-	-	-	126
Revenue and other bonds payable, net	-	6,487	-	4,756	-	11,243
Notes payable	-	416	-	-	-	416
Total current liabilities	27	13,134	630	21,282	(492)	34,581
Noncurrent liabilities:						
Accrued compensated absences	-	1,656	-	-	-	1,656
Water fee credits	-	1,702	-	-	-	1,702
OPEB liability	-	7,881	-	-	-	7,881
Revenue and other bonds payable, net	-	144,111	-	237,440	-	381,551
Loans payable	-	-	-	-	-	-
Notes payable	-	8,589	-	-	-	8,589
Net pension liability	-	25,737	-	-	-	25,737
Total noncurrent liabilities	-	189,676	-	237,440	-	427,116
Total liabilities	27	202,810	630	258,722	(492)	461,697
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	-	5,177	-	-	-	5,177
NET POSITION						
Net investment in capital assets	4,734	284,127	1,823	26,237	-	316,921
Restricted for:						
Capital projects	30,440	-	-	-	-	30,440
Unrestricted	-	64,926	-	(5,375)	-	59,551
Total net position	$ 35,174	$ 349,053	$ 1,823	$ 20,862	$ -	$ 406,912

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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, 2015
(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	$ -	$ 100,476	$ -	$ -	$ -	$ 100,476
Miscellaneous	-	47	-	-	-	47
Total operating revenues	-	100,523	-	-	-	100,523
Operating expenses:						
Employee services	-	25,491	13	-	-	25,504
Services and supplies	6	18,912	262	532	-	19,712
Depreciation/amortization	19	17,106	96	266	-	17,487
Claims and judgements	-	76	-	-	-	76
Total operating expenses	25	61,585	371	798	-	62,779
					-	
Operating income (loss)	(25)	38,938	(371)	(798)	-	37,744
Nonoperating revenues (expenses):						
Interest and investment revenue	346	168	-	(22)	-	492
Revenue from other agencies	-	228	924	-	-	1,152
Interest expense	-	(6,598)	-	-	-	(6,598)
Amoritization of bond prepaid insurance	-	(51)	-	-	-	(51)
Total nonoperating revenues (expenses)	346	(6,253)	924	(22)	-	(5,005)
Income (loss) before contributions and transfers	321	32,685	553	(820)	-	32,739
Capital contributions	1,437	2,268	-	-	-	3,705
Transfers in	-	-	-	13,970	(13,970)	-
Transfers out	-	(25,375)	-	-	13,970	(11,405)
Special item	-	4,554	-	-	-	4,554
Change in net position	1,758	14,132	553	13,150	-	29,593
Total net position (deficit), beginning of year, as restated	33,416	334,921	1,270	7,712	-	377,319
Total net position (deficit), end of year	$ 35,174	$ 349,053	$ 1,823	$ 20,862	$ -	$ 406,912

City of Sacramento
Water Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2015
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	Eliminations	Total Water Fund
Cash flows from operating activities:						
Receipts from customers and users	$ -	$ 101,472	$ -	$ -	$ -	$ 101,472
Payments to suppliers	(6)	(14,720)	(241)	(532)	-	(15,499)
Payments to employees	-	(23,938)	(13)	-	-	(23,951)
Claims and judgements paid	-	(71)	-	-	-	(71)
Net cash provided by (used for) operating activities	(6)	62,743	(254)	(532)	-	61,951
Cash flows from noncapital financing activities:						
Interfund cashflow loans	-	(492)	492	-	-	-
Transfers out to other funds	-	(11,356)	-	-	-	(11,356)
Intergovernmental revenue received	-	228	483	-	-	711
Net cash provided by (used for) noncapital financing activities	-	(11,620)	975	-	-	(10,645)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(737)	(6,846)	(632)	(87,790)	-	(96,005)
Principal payments on capital debt	-	(5,685)	-	(3,540)	-	(9,225)
Interest payments on capital debt	-	(7,389)	-	(10,471)	-	(17,860)
Transfers in from other funds	-	-	-	13,970	(9,730)	4,240
Transfers out to other funds	-	(14,019)	-	-	9,730	(4,289)
Capital contributions received	1,437	-	-	-	-	1,437
Loan repayments received	1,223	-	-	-	-	1,223
Net cash provided by (used for) capital and related financing activities	1,923	(33,939)	(632)	(87,831)	-	(120,479)
Cash flows from investing activities:						
Collection of interest and investment revenue	361	338	-	1,145	-	1,844
Settlements received for investments sold in prior year	-	(208)	-	-	-	(208)
Net cash provided by (used for) investing activities	361	130	-	1,145	-	1,636
Net increase (decrease) in cash and cash equivalents	2,278	17,314	89	(87,218)	-	(67,537)
Cash and cash equivalents, beginning of year	23,477	71,049	(89)	203,198	-	297,635
Cash and cash equivalents, end of year	$ 25,755	$ 88,363	$ -	$ 115,980	$ -	$ 230,098
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Cash and investments held by City	$ -	$ 88,203	$ -	$ -	$ -	$ 88,203
Restricted cash and investments held by City	25,755	-	-	108,898	-	134,653
Restricted cash and investments held by fiscal agent	-	160	-	7,082	-	7,242
Total cash and cash equivalents, end of year	$ 25,755	$ 88,363	$ -	$ 115,980	$ -	$ 230,098

City of Sacramento
Water Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2015
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 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)	$ (25)	$ 38,938	$ (371)	$ (798)	$ -	$ 37,744
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation/amortization expense	19	17,106	96	266	-	17,487
Changes in assets and liabilities:						
Accounts receivable, net	-	871	-	-	-	871
Inventories	-	(465)	-	-	-	(465)
Accounts payable	-	103	21	-	-	124
Accrued payroll	-	132	-	-	-	132
Accrued compensated absences	-	(103)	-	-	-	(103)
OPEB liabilities	-	1,212	-	-	-	1,212
Accrued claims and judgements	-	5	-	-	-	5
Deposits	-	6	-	-	-	6
Unearned revenue	-	72	-	-	-	72
Deferred outflows related to pensions	-	(397)	-	-	-	(397)
Net pension liability	-	(4,468)	-	-	-	(4,468)
Deferred inflows related to pensions	-	5,177	-	-	-	5,177
Special item revenue - vendor settlement	-	4,554	-	-	-	4,554
Net cash provided by (used for) operating activities	$ (6)	$ 62,743	$ (254)	$ (532)	$ -	$ 61,951
Noncash investing, capital and financing activities:						
Contributions of capital assets	$ -	$ 794	$ -	$ -	$ -	$ 794
Transfer of capital assets from governmental funds, net of depreciation	-	1,474	-	-	-	1,474
Capitalized interest	-	548	-	8,143	-	8,691
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	27	499	17	13,052	-	13,595
Change in securities lending assets	-	(633)	-	-	-	(633)
Change in securities lending obligations	-	675	-	-	-	675
Intergovernmental receivable for capital contributions	-	-	630	-	-	630

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WASTEWATER FUND

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City of Sacramento

Wastewater Fund

Combining Schedule of Net Position

June 30, 2015
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Eliminations	Total Wastewater Fund
ASSETS						
Current assets:						
Cash and investments held by City	$ -	$ 26,382	$ -	$ -	$ -	$ 26,382
Receivables, net:						
Accounts	-	11,189	-	-	-	11,189
Loans	-	128	-	-	-	128
Intergovernmental	-	-	2,530	4	-	2,534
Interest	-	184	-	-	-	184
Due from other funds	-	2,138			(2,138)	-
Inventories	-	82	-	-	-	82
Total current assets	-	40,103	2,530	4	(2,138)	40,499
Noncurrent assets:						
Restricted assets:						
Cash and investments held by City	2,719	817	-	14,801	-	18,337
Cash and investments held by fiscal agent	-	-	-	991	-	991
Loans receivable	-	681	-	-	-	681
Capital assets:						
Land	-	1,138	-	-	-	1,138
Buildings and improvements	-	15,219	-	11,153	-	26,372
Machinery and equipment	-	4,846	-	301	-	5,147
Transmission and distribution systems	938	151,188	525	1,887	-	154,538
Construction in progress	291	990	3,041	4,491	-	8,813
Software	-	324	-	-	-	324
Less: accumulated depreciation/amortization	(14)	(68,088)	(10)	(125)	-	(68,237)
Total noncurrent assets	3,934	107,115	3,556	33,499	-	148,104
Total assets	3,934	147,218	6,086	33,503	(2,138)	188,603
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	-	958	-	-	-	958
Total deferred outflows of resources	-	958	-	-	-	958

City of Sacramento

Wastewater Fund

Combining Schedule of Net Position

June 30, 2015
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Eliminations	Total Wastewater Fund
LIABILITIES						
Current liabilities:						
Accounts payable	-	9,697	392	302	-	10,391
Due to other funds	-	-	2,138		(2,138)	-
Accrued payroll	-	266	-	-	-	266
Accrued compensated absences	-	17	-	-	-	17
Interest payable	-	50	-	468	-	518
Accrued claims and judgements	-	63	-	-	-	63
Capital leases payable	-	146	-	-	-	146
Revenue and other bonds payable, net	-	-	-	617	-	617
Notes payable	-	753	-	-	-	753
Total current liabilities	-	10,992	2,530	1,387	(2,138)	12,771
Noncurrent liabilities:						
Accrued compensated absences	-	607	-	-	-	607
OPEB liability	-	2,966	-	-	-	2,966
Capital leases payable	-	151	-	-	-	151
Revenue and other bonds payable, net	-	-	-	31,803	-	31,803
Notes payable	-	3,825	-	-	-	3,825
Net penson liability	-	9,969	-	-	-	9,969
Total noncurrent liabilities	-	17,518	-	31,803	-	49,321
Total liabilities	-	28,510	2,530	33,190	(2,138)	62,092
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	-	1,893	-	-	-	1,893
NET POSITION						
Net investment in capital assets	1,215	101,038	3,556	1,381	-	107,190
Restricted for:						
Capital projects	2,719	-	-	-	-	2,719
Unrestricted	-	16,735	-	(1,068)	-	15,667
Total net position (deficit)	$ 3,934	$ 117,773	$ 3,556	$ 313	$ -	$ 125,576

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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, 2015
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund	Eliminations	Total Wastewater Fund
Operating revenues:						
Charges for services:						
User fees and charges	$ -	$ 31,203	$ -	$ -	$ -	$ 31,203
Charge to other agencies for contract services	-	1,018	-	-	-	1,018
Miscellaneous	-	2	-	-	-	2
Total operating revenues	-	32,223	-	-		32,223
Operating expenses:						
Employee services	-	8,326	-	45	-	8,371
Services and supplies	-	12,287	94	331	-	12,712
Depreciation/amortization	9	4,091	7	119	-	4,226
Claims and judgements	-	8	-	-	-	8
Total operating expenses	9	24,712	101	495	-	25,317
Operating income (loss)	(9)	7,511	(101)	(495)	-	6,906
Nonoperating revenues (expenses):						
Interest and investment revenue	18	159	-	(4)	-	173
Interest expense	-	(115)	-	-	-	(115)
Total nonoperating revenues (expenses)	18	44	-	(4)	-	58
Income (loss) before contributions and transfers	9	7,555	(101)	(499)	-	6,964
Capital contributions	899	1,431	2,827	-	-	5,157
Transfers in	-	6	-	1,396	(1,396)	1,402
Transfers out	-	(5,112)	-	-	1,396	(5,112)
Change in net position	908	3,880	2,726	897	-	8,411
Total net position (deficit), beginning of year, as restated	3,026	113,893	830	(584)	-	117,165
Total net position (deficit), end of year	$ 3,934	$ 117,773	$ 3,556	$ 313	$ -	$ 125,576

City of Sacramento
Wastewater Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2015
(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	$ -	$ 32,216	$ -	$ -	$ 32,216
Payments to suppliers	-	(11,050)	(45)	(331)	(11,426)
Payments to employees	-	(7,725)	-	(45)	(7,770)
Claims and judgements paid	-	(7)	-	-	(7)
Net cash provided by (used for) operating activities	-	13,434	(45)	(376)	13,013
Cash flows from noncapital financing activities:					
Interfund cashflow loans	-	(2,138)	2,138	-	-
Transfers in from other funds	-	6	-	-	6
Transfers out to other funds	-	(3,652)	-	-	(3,652)
Net cash provided by (used for) noncapital financing activities	-	(5,784)	2,138	-	(3,646)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(233)	(469)	(2,414)	(3,416)	(6,532)
Principal payments on capital debt	-	(878)	-	-	(878)
Interest payments on capital debt	-	(135)	-	(1,404)	(1,539)
Transfers in from other funds	-	-	-	1,396	1,396
Transfers out to other funds	-	(1,460)	-	-	(1,460)
Capital contributions received	899	-	371	-	1,270
Loan repayments received	-	125	-	-	125
Net cash provided by (used for) capital and related financing activities	666	(2,817)	(2,043)	(3,424)	(7,618)
Cash flows from investing activities:					
Collection of interest and investment revenue	18	131	-	129	278
Security lending payoff	-	(66)	-	-	(66)
Net cash provided by (used for) investing activities	18	65	-	129	212
Net increase (decrease) in cash and cash equivalents	684	4,898	50	(3,671)	1,961
Cash and cash equivalents, beginning of year	2,035	22,301	(50)	19,463	43,749
Cash and cash equivalents, end of year	$ 2,719	$ 27,199	$ -	$ 15,792	$ 45,710
Reconciliation of cash and cash equivalents to the Statement of Net Position:					
Cash and investments held by City	$ -	$ 26,382	$ -	$ -	$ 26,382
Restricted cash and investments held by City	2,719	817	-	14,801	18,337
Restricted cash and investments held by fiscal agent	-	-	-	991	991
Total cash and cash equivalents, end of year	$ 2,719	$ 27,199	$ -	$ 15,792	$ 45,710

City of Sacramento
Wastewater Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2015
(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)	$ (9)	$ 7,511	$ (101)	$ (495)	$ 6,906
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	9	4,091	7	119	4,226
Changes in assets and liabilities:					
Accounts receivable, net	-	(7)	-	-	(7)
Inventories	-	(17)	-	-	(17)
Accounts payable	-	1,254	49	-	1,303
Accrued payroll	-	6	-	-	6
Accrued compensated absences	-	2	-	-	2
Accrued claims and judgements	-	1	-	-	1
OPEB liabilities	-	404	-	-	404
Deferred outflows related to pensions	-	(181)	-	-	(181)
Net pension liability	-	(1,523)	-	-	(1,523)
Deferred inflows related to pensions	-	1,893	-	-	1,893
Net cash provided by (used for) operating activities	$ -	$ 13,434	$ (45)	$ (376)	$ 13,013
Noncash investing, capital and financing activities:					
Contributions of capital assets	$ -	$ 514	$ -	$ -	$ 514
Transfer of capital assets from governmental funds, net of depreciation	-	917	-	-	917
Capitalized interest	-	12	-	1,211	1,223
Amortization of bond premium and discount	-	-	-	57	57
Capital asset acquisitions on accounts payable	-	160	343	302	805
Change in securities lending assets	-	(93)	-	-	(93)
Change in securities lending obligations	-	107	-	-	107

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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, 2015
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments held by City	$ 9,383	$ 76,255	$ 85,638
Cash and investments held by fiscal agent	-	182	182
Receivables, net:			
Accounts	68	296	364
Interest	-	242	242
Due from other funds	-	12,190	12,190
Prepaid items	107	-	107
Total current assets	9,558	89,165	98,723
Noncurrent assets:			
Advances to other funds	-	13,137	13,137
Capital assets:			
Buildings and improvements	7,159	-	7,159
Machinery and equipment	457	-	457
Vehicles	133,334	-	133,334
Software	256	-	256
Less: accumulated depreciation/amortization	(85,017)	-	(85,017)
Total noncurrent assets	56,189	13,137	69,326
Total assets	65,747	102,302	168,049
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of debt	72	-	72
Deferred outflows related to pensions	605	352	957
Total deferred outflows of resources	677	352	1,029

City of Sacramento

Internal Service Funds

Combining Statement of Net Position

June 30, 2015
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
LIABILITIES			
Current liabilities:			
Accounts payable	3,821	688	4,509
Accrued payroll	203	143	346
Accrued compensated absences	66	26	92
Interest payable	6	-	6
Unearned revenue	-	386	386
Accrued claims and judgements	46	15,714	15,760
Capital leases payable	26	-	26
Revenue and other bonds payable, net	376	-	376
Total current liabilities	4,544	16,957	21,501
Noncurrent liabilities:			
Accrued compensated absences	649	312	961
OPEB liability	3,141	495	3,636
Accrued claims and judgements	-	54,979	54,979
Capital leases payable	99	-	99
Revenue and other bonds payable, net	2,066	-	2,066
Net pension liability	5,696	3,314	9,010
Total noncurrent liabilities	11,651	59,100	70,751
Total liabilities	16,195	76,057	92,252
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1440	838	2,278
NET POSITION			
Net investment in capital assets	53,622	-	53,622
Unrestricted	(4,833)	25,759	20,926
Total net position	$ 48,789	$ 25,759	$ 74,548

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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, 2015
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Operating revenues:			
Charges for services:			
User fees and charges	$ 34,317	$ 24,741	$ 59,058
Miscellaneous	54	-	54
Total operating revenues	34,371	24,741	59,112
Operating expenses:			
Employee services	6,605	3,700	10,305
Services and supplies	18,464	6,733	25,197
Depreciation/amortization	10,034	-	10,034
Insurance premiums	-	3,283	3,283
Claims and judgements	-	19,196	19,196
Total operating expenses	35,103	32,912	68,015
Operating income (loss)	(732)	(8,171)	(8,903)
Nonoperating revenues (expenses):			
Interest and investment revenue	36	814	850
Revenue from other agencies	255	-	255
Insurance and other claim recoveries	-	232	232
Interest expense	(75)	-	(75)
Gain (loss) on disposition of capital assets	39	-	39
Total nonoperating revenues (expenses)	255	1,046	1,301
Income (loss) before contributions and transfers	(477)	(7,125)	(7,602)
Transfers in	415	-	415
Transfers out	(271)	-	(271)
Change in net position	(333)	(7,125)	(7,458)
Total net position, beginning of year, as restated	49,122	32,884	82,006
Total net position, end of year	$ 48,789	$ 25,759	$ 74,548

City of Sacramento

Internal Service Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2015
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	$ 34,324	$ 87,297	$ 121,621
Payments to suppliers	(19,198)	(72,722)	(91,920)
Payments to employees	(6,336)	(3,696)	(10,032)
Claims and judgements paid	(14)	(11,610)	(11,624)
Net cash provided by (used for) operating activities	8,776	(731)	8,045
Cash flows from noncapital financing activities:			
Transfers out to other funds	(207)	-	(207)
Collections on interfund loans	-	3,303	3,303
Loans made to other funds	-	(11,940)	(11,940)
Intergovernmental revenue received	477	-	477
Claim and judgement recoveries	-	216	216
Net cash provided by (used for) noncapital financing activities	270	(8,421)	(8,151)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(9,316)	-	(9,316)
Proceeds from sale of capital assets	267	-	267
Principal payments on capital debt	(362)	-	(362)
Interest payments on capital debt	(84)	-	(84)
Transfers in from other funds	351	-	351
Net cash used for capital and related financing activities	(9,144)	-	(9,144)
Cash flows from investing activities:			
Collection of interest and investment revenue	36	789	825
Security lending payoff	-	(12)	(12)
Net cash provided by investing activities	36	777	813
Net increase in cash and cash equivalents	(62)	(8,375)	(8,437)
Cash and cash equivalents, beginning of year	9,445	84,812	94,257
Cash and cash equivalents, end of year	$ 9,383	$ 76,437	$ 85,820
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Cash and investments held by City	$ 9,383	$ 76,255	$ 85,638
Cash and investments held by fiscal agent	-	182	182
Total cash and cash equivalents, end of year	$ 9,383	$ 76,437	$ 85,820

City of Sacramento

Internal Service Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2015
(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)	$ (732)	$ (8,171)	$ (8,903)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation/amortization expense	10,034	-	10,034
Changes in assets and liabilities:			
Accounts receivable, net	(47)	(229)	(276)
Prepaid items	48	1	49
Accounts payable	(782)	206	(576)
Accrued payroll	(13)	24	11
Accrued compensated absences	(42)	(48)	(90)
Deposits	-	(33)	(33)
Unearned revenue	-	(95)	(95)
Accrued claims and judgements	(14)	7,586	7,572
OPEB liabilities	432	92	524
Deferred outflow related to pensions	(14)	(9)	(23)
Net pension liability	(1,534)	(893)	(2,427)
Deferred inflows related to pensions	1,440	838	2,278
Net cash provided by (used for) operating activities	$ 8,776	$ (731)	$ 8,045
Noncash investing, capital and financing activities:			
Amortization of bond premium and discount	$ 18	$ -	$ 18
Amortization of bond loss on refunding	(10)	-	(10)
Capital asset acquisitions on accounts payable	1,713	-	1,713
Change in securities lending assets	-	(169)	(169)
Change in securities lending obligations	-	241	241

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INVESTMENT TRUST FUNDS

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

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

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

City of Sacramento

Investment Trust Funds
Combining Statement of Fiduciary Net Position

June 30, 2015
(in thousands)

	Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
ASSETS			
Cash and investments held by City	$ 61,802	$ 77,594	$ 139,396
Receivables, net:			
Interest	169	217	386
Total assets	61,971	77,811	139,782
NET POSITION			
Held in trust	$ 61,971	$ 77,811	$ 139,782

City of Sacramento

Investment Trust Funds

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2015
(in thousands)

	Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions:			
From investment activities:			
Net appreciation in fair value of investments	$ (77)	$ (185)	$ (262)
Interest	639	849	1,488
Total investment earnings	562	664	1,226
Less investment expenses:			
Banking, interest, and fiscal agent expenses	145	-	145
Net income from investing activities	417	664	1,081
Net investment income	417	664	1,081
Deposits	57,669	12,595	70,264
Total additions	58,086	13,259	71,345
Deductions:			
Withdrawals	51,043	11,500	62,543
Change in net position	7,043	1,759	8,802
Net position, beginning of year	54,928	76,052	130,980
Net position, end of year	$ 61,971	$ 77,811	$ 139,782

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.

City of Sacramento

Agency Funds

Combining Statement of Changes in Fiduciary Assets and Liabilities

For the Fiscal Year Ended June 30, 2015

(in thousands)

ASSESSMENT DISTRICTS FUND	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 2,204	$ 1,201	$ 1,178	$ 2,227
Cash and investments held by fiscal agent	1,044	1,061	1,153	952
Receivables, net:				
Accounts	7	5	7	5
Total assets	$ 3,255	$ 2,267	$ 2,338	$ 3,184
LIABILITIES				
Accounts payable	$ -	$ 17	$ 17	$ -
Due to bondholders	3,255	1,192	1,263	3,184
Total liabilities	$ 3,255	$ 1,209	$ 1,280	$ 3,184

COMMUNITY FACILITIES DISTRICTS FUND	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 10,856	$ 11,711	$ 13,474	$ 9,093
Cash and investments held by fiscal agent	13,772	17,783	18,202	13,353
Receivables, net:				
Taxes	261	134	261	134
Interest	8	30	8	30
Total assets	$ 24,897	$ 29,658	$ 31,945	$ 22,610
LIABILITIES				
Accounts payable	$ 267	$ 98	$ 351	$ 14
Due to bondholders	24,630	38,957	40,991	22,596
Total liabilities	$ 24,897	$ 39,055	$ 41,342	$ 22,610

TOTAL - ALL AGENCY FUNDS	Balance Beginning of Fiscal Year	Additions	Deletions	Balance End of Fiscal Year
ASSETS				
Cash and investments held by City	$ 13,060	$ 12,912	$ 14,652	$ 11,320
Cash and investments held by fiscal agent	14,816	18,844	19,355	14,305
Receivables, net:				
Taxes	261	134	261	134
Accounts	7	5	7	5
Interest	8	30	8	30
Total assets	$ 28,152	$ 31,925	$ 34,283	$ 25,794
LIABILITIES				
Accounts payable	$ 267	$ 115	$ 368	$ 14
Due to bondholders	27,885	40,149	42,254	25,780
Total liabilities	$ 28,152	$ 40,264	$ 42,622	$ 25,794

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COMPONENT UNIT

City of Sacramento

Sacramento Regional Arts Facilities Financing Authority

Statement of Net Position

June 30, 2015

(in thousands)

ASSETS		
Current assets:		
Receivables, net:		
Loans	$	11,531
Interest		2
Prepaid items		100
Total current assets		11,633
Noncurrent assets:		
Restricted assets:		
Cash and investments held by fiscal agent		1,088
Total noncurrent assets		1,088
Total assets		12,721
LIABILITIES		
Current liabilities:		
Interest payable		151
Revenue and other bonds payable, net		455
Total current liabilities		606
Noncurrent liabilities:		
Revenue and other bonds payable, net		11,926
Total noncurrent liabilities		11,926
Total liabilities		12,532
NET POSITION		
Restricted for:		
Other programs		189
Total net position	$	189

City of Sacramento

Sacramento Regional Arts Facilities Financing Authority

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Fiscal Year Ended June 30, 2015

(in thousands)

Nonoperating revenues (expenses):		
Interest and investment revenue	$	605
Interest expense		(616)
Total nonoperating revenues (expenses)		(11)
Change in net position		(11)
Total net position, beginning of year		200
Total net position, end of year	$	189

City of Sacramento

Sacramento Regional Arts Facilities Financing Authority

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2015

(in thousands)

Cash flows from capital and related financing activities:		
Principal payments on capital debt	$	(440)
Interest payments on capital debt		(609)
Lease repayments received		990
Net cash provided by (used for) capital and related financing activities		(59)
Cash flows from investing activities:		
Collection of interest and investment revenue		22
Net cash provided by investing activities		22
Net increase (decrease) in cash and cash equivalents		(37)
Cash and cash equivalents, beginning of year		1,125
Cash and cash equivalents, end of year	$	1,088
Reconciliation of cash and cash equivalents to the Statement of Net Position:		
Cash and investments held by fiscal agent	$	1,088
Total cash and cash equivalents, end of year	$	1,088
Noncash investing, capital and financing activities:		
Amortization of prepaid bond insurance	$	(6)

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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.

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				
	2006	2007	2008	2009	2010
Governmental activities					
Net investment in capital assets	$ 1,018,170	$ 1,161,730	$ 1,165,658	$ 1,249,993	$ 1,286,576
Restricted for:					
Capital projects	149,982	155,596	239,377	221,594	186,619
Debt service	797	509	531	544	494
Public works programs	-	-	-	-	-
Economic development programs	-	-	-	-	-
Ambulance services	-	-	-	-	-
Other programs	28,634	31,649	30,996	30,836	32,443
Housing and redevelopment	-	-	-	-	-
Trust and endowments:					
Expendable	5,368	6,513	6,159	4,442	4,690
Nonexpendable	1,927	1,927	1,934	1,934	1,934
Unrestricted	155,072	145,750	124,408	84,092	76,953
Total governmental activities net position	$ 1,359,950	$ 1,503,674	$ 1,569,063	$ 1,593,435	$ 1,589,709
Business-type activities					
Net investment in capital assets	$ 623,208	$ 634,966	$ 656,951	$ 687,417	$ 691,197
Restricted for:					
Capital projects	425	425	-	16,866	25,781
Other programs	-	-	-	-	-
Unrestricted	115,223	119,050	119,975	92,458	106,148
Total business-type activities net position	$ 738,856	$ 754,441	$ 776,926	$ 796,741	$ 823,126
Primary government					
Net investment in capital assets	$ 1,641,378	$ 1,796,696	$ 1,822,609	$ 1,937,410	$ 1,977,773
Restricted for:					
Capital projects	150,407	156,021	239,377	238,460	212,400
Debt service	797	509	531	544	494
Public works programs	-	-	-	-	-
Economic development programs	-	-	-	-	-
Ambulance services	-	-	-	-	-
Other programs	28,634	31,649	30,996	30,836	32,443
Trust and endowments:					
Expendable	5,368	6,513	6,159	4,442	4,690
Nonexpendable	1,927	1,927	1,934	1,934	1,934
Unrestricted	270,295	264,800	244,383	176,550	183,101
Total primary government net position	$ 2,098,806	$ 2,258,115	$ 2,345,989	$ 2,390,176	$ 2,412,835

Notes:
(1) The fiscal year 2006 beginning net position has been restated by $339 Million.
(2) The fiscal year 2008 amounts for governmental activities net assets invested in capital assets, net of related debt, and restricted net assets have been reclassified.
(3) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".
(4) 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.
(5) Net position for governmental activities for all fiscal years prior to 2014 have been restated to remove the Cal EPA building and land.
(6) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments for debt issuance costs and the reclassification of the Marina fund.
(7) Fiscal year 2015 beginning net position was restated due to the implementation of GASB 68 and GASB 71.

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				
	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	$ 1,328,932	$ 1,367,540	$ 1,369,377	$ 1,393,447	$ 1,445,139
Restricted for:					
Capital projects	156,157	149,904	131,822	116,271	116,910
Debt service	1,105	1,101	641	652	665
Public works programs	21,484	18,103	16,756	16,462	19,027
Economic development programs	-	-	23,979	22,493	17,280
Ambulance services	-	-	-	-	1,085
Other programs	23,544	23,274	21,087	22,315	26,735
Housing and redevelopment	-	-	-	-	-
Trust and endowments					
Expendable	5,659	6,870	7,225	7,928	7,789
Nonexpendable	1,934	878	878	878	878
Unrestricted	16,107	6,128	1,837	30,170	(591,896)
Total governmental activities net position	$ 1,554,922	$ 1,573,798	$ 1,573,602	$ 1,610,616	$ 1,043,612
Business-type activities					
Net investment in capital assets	$ 701,157	$ 705,527	$ 720,039	$ 733,980	$ 748,312
Restricted for:					
Capital projects	30,184	33,209	33,168	33,255	33,914
Other programs	-	530	349	1,215	1,730
Unrestricted	113,804	123,265	140,385	177,814	107,305
Total business-type activities net assets	$ 845,145	$ 862,531	$ 893,941	$ 946,264	$ 891,261
Primary government					
Net investment in capital assets	$ 2,030,089	$ 2,073,067	$ 2,089,416	$ 2,127,427	$ 2,193,451
Restricted for:					
Capital projects	186,341	183,113	164,990	149,526	150,824
Debt service	1,105	1,101	641	652	665
Public works programs	21,484	18,103	16,756	16,462	19,027
Economic development programs	-	-	23,979	22,493	17,280
Ambulance services	-	-	-	-	1,085
Other programs	23,544	23,804	21,436	23,530	28,465
Trust and endowments					
Expendable	5,659	6,870	7,225	7,928	7,789
Nonexpendable	1,934	878	878	878	878
Unrestricted	129,911	129,393	142,222	207,984	(484,591)
Total primary government net position	$ 2,400,067	$ 2,436,329	$ 2,467,543	$ 2,556,880	$ 1,934,873

Notes: (1) The fiscal year 2006 beginning net position has been restated by $339 Million.
(2) The fiscal year 2008 amounts for governmental activities net assets invested in capital assets, net of related debt, and restricted net assets have been reclassified.
(3) The City of Sacramento implemented GASB 63 for the period ended June 30, 2011. "Net Position" prior to the implementation was reported as "Net Assets".
(4) 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.
(5) Net position for governmental activities for all fiscal years prior to 2014 have been restated to remove the Cal EPA building and land.
(6) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments for debt issuance costs and the reclassification of the Marina fund.
(7) Fiscal year 2015 beginning net position was restated due to the implementation of GASB 68 and GASB 71.

Source: City of Sacramento Comprehensive Annual Financial Reports

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
Expenses [3]					
Governmental Activities					
General government	$ 38,804	$ 41,536	$ 49,841	$ 45,956	$ 44,278
Police	134,213	148,586	159,207	153,874	152,922
Fire	87,844	97,044	104,149	107,119	109,210
Public works	-	-	-	-	-
General services	15,788	14,437	24,462	25,067	26,110
Transportation	88,749	89,063	89,016	95,238	89,358
Economic development	8,212	8,538	10,048	10,055	9,815
Convention, culture & leisure	17,825	19,602	21,518	18,573	18,064
Parks and recreation	49,341	55,661	60,930	54,209	51,984
Code enforcement	7,184	9,946	10,154	10,882	10,984
Community development	-	-	-	-	18,848
Neighborhood services	2,560	2,505	1,667	1,370	1,105
Development services	36,739	27,851	30,247	24,063	-
Planning	-	8,158	6,830	2,973	-
Library	9,147	9,433	9,935	13,976	16,827
Interest on long-term debt	22,693	31,067	31,157	29,284	29,658
Total governmental activities expenses	519,099	563,427	609,161	592,639	579,163
Business type activities					
Water	55,896	58,890	63,364	66,757	60,902
Wastewater	14,685	17,171	18,330	20,498	17,389
Storm drainage	34,544	36,473	38,570	38,483	37,040
Solid waste	40,329	45,050	48,735	67,911	47,076
Community center	19,333	19,704	20,507	20,342	19,563
Child development	5,666	5,868	6,604	7,617	6,797
Marina	1,437	1,384	1,257	1,045	1,625
Parking	14,056	16,375	17,154	16,009	16,390
Total business-type activities	185,946	200,915	214,521	238,662	206,782
Total primary government expenses	$ 705,045	$ 764,342	$ 823,682	$ 831,301	$ 785,945

Notes: (1) 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".

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

(3) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments for debt issuance costs and the reclassification of the Marina fund.

Source: City of Sacramento Comprehensive Annual Financial Reports

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses [(3)]					
Governmental Activities					
General government	$ 42,238	$ 40,846	$ 36,681	$ 41,190	$ 52,474
Police	159,908	153,392	157,432	157,248	166,797
Fire	111,174	116,418	117,451	125,461	127,561
Public works	-	-	126,636	103,632	103,088
General services	22,614	23,083	15,343	13,807	15,619
Transportation	97,350	98,384	-	-	-
Economic development	10,467	9,704	10,468	17,080	11,075
Convention and cultural services	21,348	19,857	19,537	17,916	19,441
Parks and recreation	56,162	45,448	48,457	52,336	56,573
Code enforcement	-	-	-	-	-
Community development	25,821	24,286	29,253	26,484	30,221
Neighborhood services	-	-	-	-	-
Development services	-	-	-	-	-
Planning	-	-	-	-	-
Library	14,635	13,301	13,753	13,720	15,629
Interest on long-term debt	24,903	23,583	22,420	22,178	29,046
Total governmental activities expenses	586,620	568,302	597,431	591,052	627,524
Business type activities					
Water	63,073	67,335	68,643	66,627	69,428
Wastewater	18,990	20,491	22,776	25,673	25,432
Storm drainage	37,815	37,692	36,755	36,664	41,830
Solid waste	48,203	53,205	49,794	49,014	47,149
Community center	18,530	18,125	17,251	17,204	17,690
Child development	6,274	5,885	6,116	6,297	6,151
Marina	2,662	2,008	-	-	-
Parking	15,786	15,732	15,358	15,238	13,704
Total business-type activities	211,333	220,473	216,693	216,717	221,384
Total primary government expenses	$ 797,953	$ 788,775	$ 814,124	$ 807,769	$ 848,908

Notes: (1) 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".

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

(3) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments for debt issuance costs and the reclassification of the Marina fund.

Source: City of Sacramento Comprehensive Annual Financial Reports

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
Program Revenues					
Governmental activities					
Charge for services					
General government	$ 4,902	$ 5,333	$ 5,233	$ 5,290	$ 6,614
Police	3,986	3,959	4,203	4,819	4,098
Fire	18,721	17,579	17,936	24,448	22,711
Public works	-	-	-	-	-
General services	9,636	10,327	10,471	10,878	9,964
Transportation	15,058	14,261	19,574	26,391	28,857
Economic development	5,235	5,905	8,143	8,345	8,497
Convention, culture & leisure	8,995	9,759	9,425	11,026	9,689
Parks and recreation	15,907	17,142	13,343	10,187	10,122
Code enforcement	1	2,417	3,800	7,932	5,627
Community development	-	-	-	-	8,752
Neighborhood services	2,969	1,085	123	195	166
Development services	27,834	25,261	19,867	16,115	-
Planning	-	4	114	108	-
Library	-	-	-	-	-
Total charge for services	113,244	113,032	112,232	125,734	115,097
Operating grants and contributions	59,348	52,805	51,845	53,206	59,179
Capital grants and contributions	122,010	189,710	141,919	119,689	90,888
Total governmental activities program revenues	294,602	355,547	305,996	298,629	265,164
Business - type activities					
Charge for services					
Water	53,480	58,363	65,411	62,619	70,463
Wastewater	17,285	18,609	20,704	19,775	20,284
Storm drainage	31,400	31,981	33,289	32,747	34,082
Solid waste	42,984	46,351	52,434	55,949	58,901
Community center	6,743	7,348	7,556	7,651	7,020
Child development	5,086	5,377	5,587	5,640	5,473
Marina	1,889	1,827	1,378	1,748	1,782
Parking	17,342	18,706	19,626	18,661	18,784
Total charge for services	176,209	188,562	205,985	204,790	216,789
Operating grants and contributions	1,230	1,422	1,824	2,343	2,381
Capital grants and contributions	31,638	14,728	11,661	38,094	14,148
Total business - type activities program revenues	209,077	204,712	219,470	245,227	233,318
Total primary government program revenues	$ 503,679	$ 560,259	$ 525,466	$ 543,856	$ 498,482
Net (Expense) Revenue					
Governmental activities	$ (224,497)	$ (207,880)	$ (303,165)	$ (294,010)	$ (313,999)
Business - type activities	23,131	3,797	4,949	6,565	26,536
Total primary government net expenses	$ (201,366)	$ (204,083)	$ (298,216)	$ (287,445)	$ (287,463)

Notes: (1) 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".

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

(3) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments for debt issuance costs and the reclassification of the Marina fund.

Source: City of Sacramento Comprehensive Annual Financial Reports

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
Program Revenues					
Governmental activities					
Charge for services					
General government	$ 5,827	$ 5,608	$ 6,924	$ 7,270	$ 6,436
Police	10,316	9,714	9,693	10,804	11,583
Fire	21,998	21,643	24,288	26,155	32,264
Public works	-	-	28,321	30,337	32,840
General services	10,442	10,965	3,175	1,756	1,251
Transportation	28,614	28,309	-	-	-
Economic development	9,136	8,800	8,685	8,205	7,659
Convention and cultural services	9,364	7,985	8,817	9,311	9,303
Parks and recreation	10,039	11,579	10,604	13,359	15,004
Code enforcement	-	-	-	-	-
Community development	15,409	15,459	15,423	17,141	25,069
Neighborhood services	-	-	-	-	-
Development services	-	-	-	-	-
Planning	-	-	-	-	-
Library	-	-	33	59	29
Total charge for services	121,145	120,062	115,963	124,397	141,438
Operating grants and contributions	51,289	54,287	81,822	47,430	52,306
Capital grants and contributions	69,234	112,247	69,323	89,539	115,354
Total governmental activities program revenues	241,668	286,596	267,108	261,366	309,098
Business - type activities					
Charge for services					
Water	79,315	79,809	88,754	94,382	100,523
Wastewater	21,360	21,513	25,134	28,493	32,223
Storm drainage	34,160	34,545	35,682	38,049	37,646
Solid waste	62,906	64,055	60,295	58,561	59,095
Community center	6,780	7,521	7,130	7,718	8,748
Child development	5,309	5,232	5,426	5,632	5,553
Marina	1,464	1,359	-	-	-
Parking	18,660	18,769	18,823	18,643	16,595
Total charge for services	229,954	232,803	241,244	251,478	260,383
Operating grants and contributions	2,358	3,744	1,095	1,963	2,142
Capital grants and contributions	10,417	5,289	7,480	4,403	7,292
Total business - type activities program revenues	242,729	241,836	249,819	257,844	269,817
Total primary government program revenues	$ 484,397	$ 528,432	$ 516,927	$ 519,210	$ 578,915
Net (Expense) Revenue					
Governmental activities	$ (344,952)	$ (281,706)	$ (330,323)	$ (329,686)	$ (318,426)
Business - type activities	31,396	21,363	33,126	41,127	48,433
Total primary government net expenses	$ (313,556)	$ (260,343)	$ (297,197)	$ (288,559)	$ (269,993)

Notes: (1) 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".

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

(3) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments for debt issuance costs and the reclassification of the Marina fund.

Source: City of Sacramento Comprehensive Annual Financial Reports

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	$ 112,234	$ 127,454	$ 137,782	$ 135,806	$ 123,681
Utility user taxes	56,243	55,619	57,561	57,775	58,693
Other taxes	32,002	28,379	23,865	20,358	18,591
Sales taxes shared state revenue	59,118	55,846	54,821	48,905	46,769
In-lieu sales tax	13,956	18,197	16,344	15,745	14,332
Grants and other intergovernmental revenue not restricted to specific programs	-	-	-	4,224	4,591
Investment earnings	21,741	39,867	34,343	14,896	11,508
Miscellaneous	7,516	12,544	12,142	10,368	12,743
Contributions to permanent fund	1	1	7	-	-
Gain (loss) on disposition of capital assets	-	-	-	2,912	-
Special items, net	-	-	18,791	(929)	-
Transfers	8,159	13,698	12,898	8,348	19,365
Total Governmental activities	310,970	351,605	368,554	318,408	310,273
Business-type activities					
Taxes:					
Other taxes	15,419	17,258	17,538	15,852	14,233
Investment earnings	5,231	8,227	6,898	5,746	4,964
Miscellaneous	3	1	353	-	-
Gain (loss) on disposition of capital assets	722	-	5,645	-	17
Special items, net	-	-	-	-	-
Transfers	(8,159)	(13,698)	(12,898)	(8,348)	(19,365)
Total business-type activities	13,216	11,788	17,536	13,250	(151)
Total primary government	$ 324,186	$ 363,393	$ 386,090	$ 331,658	$ 310,122
Change in Net Position					
Governmental activities	$ 86,473	$ 143,725	$ 65,389	$ 24,398	$ (3,726)
Business-type activities	36,347	15,585	22,485	19,815	26,385
Total primary government	$ 122,820	$ 159,310	$ 87,874	$ 44,213	$ 22,659

Notes: (1) 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".

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

(3) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments for debt issuance costs and the reclassification of the Marina fund.

Source: City of Sacramento Comprehensive Annual Financial Reports

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	$ 118,801	$ 114,874	$ 114,451	$ 122,477	$ 129,714
Utility user taxes	58,907	58,787	59,066	59,613	59,947
Other taxes	18,327	17,403	27,943	61,584	66,205
Sales taxes shared state revenue	47,680	50,683	52,300	56,575	58,476
In-lieu sales tax	14,548	14,081	16,113	16,823	16,632
Grants and other intergovernmental revenue not restricted to specific programs	2,610	-	-	-	-
Investment earnings	6,260	10,953	10,101	10,136	8,769
Miscellaneous	12,464	11,005	9,749	8,853	11,060
Contributions to permanent fund	4	1	1	1	1
Gain (loss) on disposition of capital assets	2,336	-	-	4,567	5,340
Special items, net	-	-	26,208	(2,500)	-
Transfers	28,229	22,722	19,002	28,571	32,148
Total Governmental activities	310,166	300,509	334,934	366,700	388,292
Business-type activities					
Taxes:					
Other taxes	15,403	15,781	16,555	17,943	20,108
Investment earnings	3,449	2,957	1,299	3,294	1,567
Miscellaneous	-	-	-	3	5
Gain (loss) on disposition of capital assets	-	7	-	-	-
Special items, net	-	-	-	18,527	4,554
Transfers	(28,229)	(22,722)	(19,002)	(28,571)	(32,148)
Total business-type activities	(9,377)	(3,977)	(1,148)	11,196	(5,914)
Total primary government	$ 300,789	$ 296,532	$ 333,786	$ 377,896	$ 382,378
Change in Net Position					
Governmental activities	$ (34,786)	$ 18,803	$ 4,611	$ 37,014	$ 69,866
Business-type activities	22,019	17,386	31,978	52,323	42,519
Total primary government	$ (12,767)	$ 36,189	$ 36,589	$ 89,337	$ 112,385

Notes: (1) 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".

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

(3) Fiscal year 2013 amounts have been restated for the effects of the prior period adjustments for debt issuance costs and the reclassification of the Marina fund.

Source: City of Sacramento Comprehensive Annual Financial Reports

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

	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund					
Reserved for:					
Noncurrent assets	$ 1,074	$ 987	$ 1,604	$ 969	$ 514
Encumbrances	14,089	17,070	8,947	5,189	6,301
Inventories and prepaids	-	-	449	316	304
Unreserved	133,573	113,421	87,962	65,614	47,988
Nonspendable:					
Prepaid items	-	-	-	-	-
Noncurrent assets	-	-	-	-	-
Restricted:					
Capital projects	-	-	-	-	-
Ambulance service	-	-	-	-	-
Other programs	-	-	-	-	-
Committed:					
Economic uncertainty	-	-	-	-	-
Capital projects	-	-	-	-	-
Community center theater renovation	-	-	-	-	-
B Street Theater project	-	-	-	-	-
Fire program	-	-	-	-	-
OPEB trust fund	-	-	-	-	-
Homeless programs	-	-	-	-	-
Other programs	-	-	-	-	-
Assigned:					
Unrealized investment gains	-	-	-	-	-
Next year's budget	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	$ 148,736	$ 131,478	$ 98,962	$ 72,088	$ 55,107
All Other Governmental Funds					
Reserved for:					
Noncurrent assets	$ 993	$ 935	$ 875	$ 746	$ 1,149
Encumbrances	32,087	33,855	113,669	78,390	30,000
Debt service	23,138	22,568	22,634	20,517	20,269
Inventories and prepaids	-	-	1,344	35	35
Trust obligations	1,927	1,927	1,934	1,934	1,934
Capital projects	-	-	-	-	2,210
Unreserved, reported in:					
Special revenue funds	80,115	34,125	79,289	73,626	93,583
Capital projects funds	192,768	276,582	131,595	104,824	100,308
Debt service funds	7,615	7,651	9,200	9,868	10,047
Permanent funds	3,131	3,855	3,700	2,567	2,798
Nonspendable:					
Prepaid items	-	-	-	-	-
Noncurrent assets	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted:					
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Public works programs	-	-	-	-	-
Ambulance service	-	-	-	-	-
Economic development programs	-	-	-	-	-
Other programs	-	-	-	-	-
Committed:					
Capital projects	-	-	-	-	-
Grant retention	-	-	-	-	-
Debt service	-	-	-	-	-
B Street Theater project	-	-	-	-	-
Economic development programs	-	-	-	-	-
Other programs	-	-	-	-	-
Assigned:			-		
Debt service	-	-	-	-	-
Unrealized investment gains	-	-	-	-	-
Other programs	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	$ 341,774	$ 381,498	$ 364,240	$ 292,507	$ 262,333

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

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Reserved for:					
Noncurrent assets	$ -	$ -	$ -	$ -	$ -
Encumbrances	-	-	-	-	-
Inventories and prepaids	-	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable:					
Prepaid items	63	23	24	66	7
Noncurrent assets	245	71	48	-	4
Restricted:					
Capital projects	-	-	-	3,401	2,562
Ambulance service	-	-	-	-	1,085
Other programs	86	64	40	21	7
Committed:					
Economic uncertainty	14,340	20,263	27,765	33,714	38,967
Capital projects	19,612	21,542	21,789	21,728	32,987
Community center theater renovation	-	-	8,500	8,500	8,500
B Street Theater project	-	-	-	-	2,500
Fire program	-	-	-	-	4,420
OPEB trust fund	-	-	2,000	-	6,717
Homeless programs	-	-	-	1,000	750
Other programs	12,468	9,349	9,347	12,909	8,860
Assigned:					
Unrealized investment gains	972	402	-	173	50
Next year's budget	5,138	9,354	10,446	-	-
Unassigned	-	-	-	17,395	16,028
Total general fund	$ 52,924	$ 61,068	$ 79,959	$ 98,907	$ 123,444
All Other Governmental Funds					
Reserved for:					
Noncurrent assets	$ -	$ -	$ -	$ -	$ -
Encumbrances	-	-	-	-	-
Debt service	-	-	-	-	-
Inventories and prepaids	-	-	-	-	-
Trust obligations	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
Nonspendable:					
Prepaid items	30	29	44	24	24
Noncurrent assets	1,577	605	530	451	369
Permanent fund principal	1,934	878	878	878	878
Restricted:					
Capital projects	161,365	150,475	135,069	126,262	124,790
Debt service	20,870	18,230	17,472	17,548	20,218
Public works programs	-	-	13,781	11,830	-
Ambulance service	-	-	-	-	13,842
Economic development programs	-	-	23,970	22,484	17,271
Other programs	50,264	50,026	31,115	29,924	27,029
Committed:					
Capital projects	606	469	3,666	4,024	3,355
Grant retention	-	-	-	4,049	500
Debt service	2,278	2,278	2,278	6,583	5,660
B Street Theater project	-	-	-	-	16,391
Economic development programs	-	-	-	5,125	-
Other programs	646	2,096	6,266	25,486	50,001
Assigned:					
Debt service	2,878	2,068	1,805	973	717
Unrealized investment gains	120	42	100	47	15
Other programs	2,281	4,093	3,758	4,047	2,344
Unassigned	(31,287)	(48,094)	(29,711)	(22,121)	(26,554)
Total all other governmental funds	$ 213,562	$ 183,195	$ 211,021	$ 237,614	$ 256,850

Notes: (1) 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.
(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]
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues					
Taxes	$ 273,010	$ 287,254	$ 286,498	$ 277,370	$ 260,749
Intergovernmental	134,905	148,521	137,341	161,418	174,214
Charges for services	64,063	64,902	63,285	70,403	62,962
Fines, forfeits and penalties	8,065	8,285	9,916	12,213	12,118
Interest, rents, and concessions	18,195	34,398	28,430	15,414	10,928
Community service fees	64,360	40,386	16,831	13,297	7,875
Assessment levies	19,374	21,424	25,894	33,204	31,970
Contributions from property owners	3,942	44,099	31,753	8,132	7,972
Donations	94	-	-	-	-
Miscellaneous	1,463	395	296	212	196
Total revenues	587,471	649,664	600,244	591,663	568,984
Expenditures					
General Government	30,456	31,172	33,778	31,938	27,471
Police	137,391	149,159	148,392	145,148	147,059
Fire	87,648	91,965	94,284	99,613	102,430
General Services	14,925	14,348	23,198	23,396	21,025
Transportation	34,691	37,598	30,235	32,902	31,023
Neighborhood Services	1,917	1,815	1,547	1,363	1,007
Convention and cultural services	13,060	15,074	16,080	15,116	13,196
Economic Development	5,461	5,882	8,035	9,472	9,136
Parks and Recreation	43,477	47,884	53,499	45,845	40,312
Code enforcement	7,184	9,713	9,595	10,605	10,279
Community Development	-	-	-	-	15,873
Library	8,587	8,868	9,366	13,406	12,366
Utilities	109	109	83	67	67
Nondepartmental	24,811	18,526	27,373	26,028	26,818
Citywide and community support	-	-	-	-	-
Public Works	-	-	-	-	-
Development Services	35,802	32,600	28,261	21,881	-
Planning	-	8,079	5,626	2,709	-
Housing and Redevelopment	-	-	-	-	-
Planning and Building	-	-	-	-	-
Capital Outlay	95,683	193,954	153,507	180,125	156,146
Debt Service					
City					
Principal	21,213	17,253	19,529	45,789	18,577
Interest and fiscal charges	21,973	30,216	30,689	30,468	29,697
Bond issuance costs	2,600	1,519	607	-	-
Advance refunding escrow	1,154	213	-	-	-
Subtotal - debt service	46,940	49,201	50,825	76,257	48,274
Total Expenditures	588,142	715,947	693,684	735,871	662,482
Excess (deficiency) of revenues over (under) expenditures	(671)	(66,283)	(93,440)	(144,208)	(93,498)
Other Financing Sources (uses)					
Transfers in	52,864	56,203	58,989	65,076	53,621
Transfers out	(38,609)	(37,441)	(39,780)	(33,695)	(30,241)
Issuance of long-term debt	212,339	147,281	5,666	10,981	22,963
Premium on long term debt	7,447	14,857	-	-	-
Proceeds from sale of property	-	-	-	2,992	-
Proceeds of long-term capital-related debt	-	-	-	-	-
Payments to participating governments	(25,500)	-	-	-	-
Payments to refunded bond escrow	(63,560)	(92,151)	-	-	-
Total other financing sources (uses)	144,981	88,749	24,875	45,354	46,343
Special items, net	-	-	18,791	(929)	-
Net change in fund balances	$ 144,310	$ 22,466	$ (49,774)	$ (99,783)	$ (47,155)
Debt services as a percentage of noncapital expenditures	9.53%	9.43%	9.41%	13.72%	9.35%

Note: (1) 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]
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues					
Taxes	$ 254,705	$ 256,564	$ 265,605	$ 320,832	$ 334,649
Intergovernmental	125,758	154,937	154,556	105,172	111,017
Charges for services	67,831	62,760	66,369	71,889	86,061
Fines, forfeits and penalties	11,093	11,891	9,892	11,221	11,403
Interest, rents, and concessions	9,627	15,494	13,909	14,417	12,681
Community service fees	3,647	3,058	7,136	4,693	7,869
Assessment levies	33,482	35,294	37,621	38,668	41,884
Contributions from property owners	9,440	6,170	14,269	43,018	45,177
Donations	-	-	-	-	-
Miscellaneous	411	2,090	3,441	570	501
Total revenues	515,994	548,258	572,798	610,480	651,242
Expenditures					
General Government	26,049	24,610	22,712	26,170	28,491
Police	144,081	142,204	138,779	138,653	149,448
Fire	97,573	98,749	99,630	107,538	110,585
General Services	19,353	19,388	10,306	9,564	10,058
Transportation	29,708	33,183	-	-	-
Neighborhood Services	-	-	-	-	-
Convention, Culture & Leisure	13,291	10,670	9,804	10,481	10,978
Economic Development	9,819	9,396	10,221	12,418	10,797
Parks and Recreation	36,650	30,393	32,257	35,632	38,894
Code enforcement	-	-	-	-	-
Community Development	23,307	21,819	23,568	23,902	26,819
Library	12,398	11,739	12,362	12,482	14,496
Utilities	137	97	979	607	522
Nondepartmental	33,407	32,269	-	-	-
Citywide and community support	-	-	33,105	36,965	37,216
Public Works	-	-	34,995	34,706	35,502
Development Services	-	-	-	-	-
Planning	-	-	-	-	-
Housing and Redevelopment	-	-	-	-	-
Planning and Building	-	-	-	-	-
Capital Outlay	91,902	118,259	116,705	106,840	128,805
Debt Service					
City					
Principal	44,189	21,595	19,470	26,218	23,699
Interest and fiscal charges	25,209	24,028	22,949	22,772	33,493
Bond issuance costs	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-
Subtotal - debt service	69,398	45,623	42,419	48,990	57,192
Total Expenditures	607,073	598,399	587,842	604,948	659,803
Excess (deficiency) of revenues over (under) expenditures	(91,079)	(50,141)	(15,044)	5,532	(8,561)
Other Financing Sources (uses)					
Transfers in	58,006	55,435	55,166	63,584	69,117
Transfers out	(27,025)	(27,590)	(27,450)	(34,527)	(33,267)
Issuance of long-term debt	6,808	73	-	6,050	3,984
Premium on long term debt	-	-	-	-	-
Proceeds from sale of property	2,336	-	-	4,902	12,500
Proceeds of long-term capital-related debt	-	-	2,837	-	-
Payments to participating governments	-	-	-	-	-
Payments to refunded bond escrow	-	-	-	-	-
Total other financing sources (uses)	40,125	27,918	30,553	40,009	52,334
Special items, net	-	-	31,208	-	-
Net change in fund balances	$ (50,954)	$ (22,223)	$ 46,717	$ 45,541	$ 43,773
Debt services as a percentage of noncapital expenditures	13.06%	9.41%	8.35%	9.49%	10.46%

Note: (1) 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
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
2006	112,144	-	72,479	56,243	32,144	273,010
2007	145,376 (1)	-	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 (2)	-	57,121 (3)	59,066	18,554	265,605
2014	140,690 (2)	-	99,615 (3)	59,613	20,914	320,832
2015	147,415 (2)	-	102,596 (3)	59,948	24,690	334,649

Notes: (1) 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.
(2) Includes residual property tax from redevelopment agency dissolution.
(3) Includes Measure U local sales and use tax.

Sources: (A) City of Sacramento Comprehensive Annual Financial Reports
(B) Finance Department, City of Sacramento

City of Sacramento

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

(in thousands)

Fiscal Year End June 30	Gross Assessed Value [1] Real Property	Personal Property	Public Utility	Total	Exemptions	Net Assessed Taxable Value	Total Direct Tax Rate [2]
2006	31,112,448	1,374,566	56,950	32,543,964	506,813	32,037,151	1.00
2007	35,687,712	1,441,042	54,611	37,183,365	509,257	36,674,108	1.00
2008	39,286,839	1,548,914	15,371 [3]	40,851,124	505,519	40,345,605	1.00
2009	40,360,550	1,691,096	11,948	42,063,594	503,159	41,560,435	1.00
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
2015	37,918,666	1,585,876	18,173	39,522,715	455,212	39,067,503	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 decrease in public utility assessed value is primarily due to the transfer of the downtown railyards from a railroad company to a private developer and the City.

Source: County of Sacramento, Office of Auditor/Controller

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

Fiscal Year End June 30	Basic County, City, and School Levy [2]	County of Sacramento	Schools	Special Districts	Total
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
2015	1.0000	__	0.1325	__	1.1325

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

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

(in thousands)

	2015			2006		
Taxpayer	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Hines VAF II Sacramento	$ 389,398	1	1.00 %	$ -		- %
CIM Sacramento LLC	216,695	2	0.55	-		-
Arden Fair Associates	136,662	3	0.35	121,983	3	0.38
Verizon Wireless	135,889	4	0.35	117,263	4	0.37
621 Capitol Mall LLC	125,470	5	0.32	-		-
500 Capitol Mall LLC	118,033	6	0.30	-		-
300 Capitol Association NF LP	109,000	7	0.28	-		-
KW Captowers LLC	95,659	8	0.24	-		-
HP Hood LLC	84,970	9	0.22	-		-
Target Corp	81,000	10	0.21	-		-
400 Capital Mall Venture	-		-	143,439	1	0.45
Downtown Plaza LLC	-		-	133,592	2	0.42
AG Touchstone Natomas LLC	-		-	82,361	7	0.26
SRI Six USBP LLC	-		-	116,532	5	0.36
Sacramento Hotel Corporation	-		-	90,559	6	0.28
McClatchy Newspaper Inc.	-		-	74,777	9	0.23
VV USA City LP	-		-	76,913	8	0.24
Natomas Investors LLC	-		-	73,800	10	0.23
	1,492,776		3.82	1,031,219		3.22
All other taxpayers	37,574,727		96.18	31,005,932		96.78
Total	$ 39,067,503		100.00 %	$ 32,037,151		100.00 %

Source: County of Sacramento, Office of Auditor/Controller

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City of Sacramento
Property Tax Levies and Collections [1]
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
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 [2] [3]	129,655	99.16%	1,100	130,755	100.00%
2014	140,273 [2] [3]	139,651	99.56%	622	140,273	100.00%
2015	147,483 [2] [3]	146,374	99.25%	1,109	147,483	100.00%

Notes: (1) Property taxes in 2007 and subsequent years include revenue reported in 2006 as in lieu sales tax.
(2) Total actual tax levy amount is not available from Sacramento County; amount provided is an estimate.
(3) Includes residual property taxes resulting from the redevelopment agency dissolution.

Source: City of Sacramento, Finance Department

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

(in thousands, except Population and Per Capita)

	Governmental Activites				
Fiscal Year	Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Notes Payable	Capital Leases
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
2015	398,544	-	-	15,680	10,456

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, 2014 and 2015.

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
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
2015	519,869	-	29,844	4,075	978,468	NA	480,105	2,038

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, 2014 and 2015.

Source: City of Sacramento Comprehensive Annual Financial Reports

City of Sacramento
Direct and Overlapping Governmental Activities Debt [1]
As of June 30, 2015
(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	$ 361,280	25.267 %	$ 91,285
Natomas Unified School District	164,674	88.382	145,542
Sacramento Unified School District	439,798	83.790	368,507
San Juan Unified School District	404,828	2.981	12,068
Twin Rivers Unified School District	81,516	47.709	38,890
Twin Rivers Unified School District (former Grant Joint Union High School District bonds)	188,840	46.845	88,462
Robla School District	29,481	49.324	14,541
City of Sacramento Community Facilities Districts	164,050	100.000	164,050
Elk Grove Unified School District Community Facilities District No. 1	178,792	11.424	20,425
City of Sacramento 1915 Act Bonds	7,300	100.000	7,300
Sacramento Area Flood Control Agency Consolidated Capital Districts Assessment District	188,165	83.303	156,747
Sacramento Area Flood Control Agency Operation and Maintenance Assessment District	3,120	63.308	1,975
Sacramento Area Flood Control Agency Natomas Local Assessment District	35,350	84.065	29,717
Subtotal - Overlapping Tax and Assessment debt			1,139,510
Direct and Overlapping General Fund Debt:			
Sacramento County General Fund Obligations	276,873	30.688	84,967
Sacramento County Pension Obligations	973,934	30.688	298,881
Sacramento County Board of Education Certificates of Participation	7,260	30.688	2,228
Los Rios Community College District Certificates of Participation	5,440	25.267	1,375
Sacramento Unified School District Certificates of Participation	72,380	83.790	60,647
Sacramento Unified School District Pension Obligations	1,195	83.790	1,001
San Juan Unified School District Certificates of Participation	750	2.981	22
Twin Rivers Unified School District Certificates of Participation	129,825	46.845	60,817
Subtotal - Lease Obligation Debt			509,937
Total Overlapping Debt			1,649,447
City of Sacramento Direct Debt			424,680
Total Direct and Overlapping Debt			$ 2,074,127

Note: (1) Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the City of Sacramento. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

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

	Debt Limit		Debt Applicable to Limit				
Fiscal Year	Net Assessed Value	Debt Limit - 15% of Assessed Value	General Obligation Bonds	Amount set aside for repayment of general obligation debt	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
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%
2015	39,067,503	5,860,125	-	-	-	5,860,125	0.00%

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

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

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)
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
2015	1,470,912	64,638	43,944	34	NA	241,022	5.8

Sources: (A) http://www.dof.ca.gov/research/demographic/reports/estimates/e-5/2011-20/view.php (Population estimates are as of January 1st each year)
(B) California Department of Education, report on Sacramento County: http://dq.cde.ca.gov/dataquest/
(C) California Employment Development Department, Report 400 C - Monthly Labor Force Data for California Counties
http://www.labormarketinfo.edd.ca.gov/ (as of June each year)

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

Employer (A)	2015			2006		
	Employee (A) [1]	Rank	Percentage of Total Employment (B) [2]	Employee (A) [1]	Rank	Percentage of Total Employment (B)
State of California	74,329	1	11.44%	87,467	1	13.50%
Sacramento County	10,598	2	1.63%	14,408	2	2.22%
UC Davis Health System	9,706	3	1.49%	7,901	5	1.22%
U.S. Government	9,668	4	1.49%	-		-
Sutter Health	8,817	5	1.36%	4,181	8	0.65%
San Juan Unified School District	7,523	6	1.16%	-		-
Kaiser Permanente	6,464	7	0.99%	8,656	3	1.34%
Dignity Health	6,286	8	0.97%	-		-
Intel Corporation	6,200	9	0.95%	-		-
Elk Grove Unified School District	5,758	10	0.89%	-		-
City of Sacramento	4,262	11	0.66%	5,003	7	0.77%
Sacramento City Unified School District	-		-	7,000	6	1.08%
Los Rios Community College	-		-	8,000	4	1.23%
Wells Fargo & Co.	-		-	2,368	9	0.37%
California State University, Sacramento	-		-	2,295	10	0.35%
Sacramento Municipal Utility District	-		-	2,169	11	0.33%

Notes: (1) Ranked by number of employees in full-time equivalents.
(2) Percentage of total employment is calculated based on Sacramento County's total employment force of 649,800 (per Employment Development Department website) in June 2015.

Sources: (A) Sacramento Business Journal, July 25, 2014. List of largest employers in Sacramento County.
(B) Employment Development Department, State of California.

City of Sacramento
Successor Agency Trust Fund
Assessed Value of Taxable Property [1] [2]
Last Ten Fiscal Years
(in thousands)

PROJECT AREA	Fiscal Year 2006	2007	2008	2009	2010
Merged Downtown					
Secured	$ 1,961,343	$ 2,095,806	$ 2,203,787	$ 2,549,340	$ 2,656,453
Unsecured	136,059	141,829	146,071	174,529	172,285
Utility	5,280	5,274	4,107	997	997
Total	$ 2,102,682	$ 2,242,909	$ 2,353,965	$ 2,724,866	$ 2,829,735
Del Paso Heights					
Secured	$ 260,127	$ 338,413	$ 393,968	$ 414,673	$ 317,546
Unsecured	10,364	10,930	11,076	14,272	37,627
Utility	-	-	-	1	1
Total	$ 270,491	$ 349,343	$ 405,044	$ 428,946	$ 355,174
Alkali Flat					
Secured	$ 96,749	$ 104,672	$ 122,660	$ 126,892	$ 132,387
Unsecured	13,802	15,521	4,701	4,273	4,759
Utility	37	37	-	-	-
Total	$ 110,588	$ 120,230	$ 127,361	$ 131,165	$ 137,146
Oak Park					
Secured	$ 441,020	$ 549,470	$ 618,602	$ 611,302	$ 460,439
Unsecured	10,644	10,970	10,363	11,361	13,418
Utility	-	-	-	-	-
Total	$ 451,664	$ 560,440	$ 628,965	$ 622,663	$ 473,857
River District (formerly Richards Blvd)					
Secured	$ 383,756	$ 396,256	$ 404,185	$ 434,882	$ 454,256
Unsecured	30,896	31,005	34,967	44,693	45,813
Utility	37,533	2,759	4,120	4,120	4,200
Total	$ 452,185	$ 430,020	$ 443,272	$ 483,695	$ 504,269
North Sacramento					
Secured	$ 469,556	$ 533,114	$ 581,880	$ 613,238	$ 563,978
Unsecured	36,278	29,494	30,238	37,027	33,239
Utility	-	-	-	-	-
Total	$ 505,834	$ 562,608	$ 612,118	$ 650,265	$ 597,217

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 2011	2012	2013	2014	2015
Merged Downtown					
Secured	$ 2,504,312	$ 2,427,850	$ 2,366,130	$ 2,300,993	$ 2,344,213
Unsecured	160,110	145,125	137,567	132,581	138,662
Utility	997	997	770	770	770
Total	$ 2,665,419	$ 2,573,972	$ 2,504,467	$ 2,434,344	$ 2,483,645
Del Paso Heights					
Secured	$ 305,405	$ 286,172	$ 276,998	$ 289,856	$ 311,285
Unsecured	17,112	10,267	9,550	12,659	14,464
Utility	1	1	1	1	1
Total	$ 322,518	$ 296,440	$ 286,549	$ 302,516	$ 325,750
Alkali Flat					
Secured	$ 128,304	$ 121,651	$ 119,184	$ 112,883	$ 120,103
Unsecured	3,740	2,962	4,982	3,224	3,504
Utility	-	-	-	-	-
Total	$ 132,044	$ 124,613	$ 124,166	$ 116,107	$ 123,607
Oak Park					
Secured	$ 438,987	$ 428,226	$ 427,642	$ 466,006	$ 476,624
Unsecured	10,613	8,973	9,898	9,763	9,483
Utility	-	-	-	-	-
Total	$ 449,600	$ 437,199	$ 437,540	$ 475,769	$ 486,107
River District (formerly Richards Blvd)					
Secured	$ 405,518	$ 403,771	$ 396,061	$ 375,825	$ 403,452
Unsecured	41,732	31,661	33,655	29,486	35,352
Utility	4,200	4,264	4,779	4,779	4,779
Total	$ 451,450	$ 439,696	$ 434,495	$ 410,090	$ 443,583
North Sacramento					
Secured	$ 555,744	$ 526,139	$ 506,029	$ 498,272	$ 509,637
Unsecured	36,014	35,675	39,802	36,413	40,115
Utility	-	-	-	-	-
Total	$ 591,758	$ 561,814	$ 545,831	$ 534,685	$ 549,752

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 2006	2007	2008	2009	2010
Franklin Boulevard					
Secured	$ 507,056	$ 566,043	$ 595,198	$ 615,732	$ 571,385
Unsecured	44,426	42,667	45,819	47,150	44,573
Utility	-	-	-	-	-
Total	$ 551,482	$ 608,710	$ 641,017	$ 662,882	$ 615,958
Stockton Boulevard					
Secured	$ 370,130	$ 417,045	$ 463,344	$ 476,809	$ 390,475
Unsecured	13,381	12,071	15,416	16,399	16,598
Utility	-	-	-	-	-
Total	$ 383,511	$ 429,116	$ 478,760	$ 493,208	$ 407,073
Army Depot					
Secured	$ 402,960	$ 896,449	$ 995,435	$ 1,011,483	$ 835,497
Unsecured	88,155	104,420	145,115	118,889	120,863
Utility	922	841	578	578	578
Total	$ 492,037	$ 1,001,710	$ 1,141,128	$ 1,130,950	$ 956,938
65th Street					
Secured	$ 203,524	$ 224,504	$ 243,734	$ 240,544	$ 224,753
Unsecured	165	26,401	22,673	29,115	25,010
Utility	739	611	-	-	-
Total	$ 204,428	$ 251,516	$ 266,407	$ 269,659	$ 249,763
Railyards					
Secured	$ -	$ -	$ -	$ -	$ 49,467
Unsecured	-	-	-	-	-
Utility	-	-	-	-	641
Total	$ -	$ -	$ -	$ -	$ 50,108

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 2011	2012	2013	2014	2015
Franklin Boulevard					
Secured	$ 571,094	$ 554,662	$ 553,114	$ 556,190	$ 482,823
Unsecured	41,821	38,551	39,862	37,903	32,000
Utility	-	-	-	-	-
Total	$ 612,915	$ 593,213	$ 592,976	$ 594,093	$ 514,823
Stockton Boulevard					
Secured	$ 372,566	$ 355,452	$ 334,059	$ 345,330	$ 364,463
Unsecured	17,048	17,468	17,101	17,293	17,731
Utility	-	-	-	-	-
Total	$ 389,614	$ 372,920	$ 351,160	$ 362,623	$ 382,194
Army Depot					
Secured	$ 826,480	$ 810,113	$ 790,956	$ 826,125	$ 864,133
Unsecured	119,918	116,198	116,489	149,382	139,964
Utility	578	579	943	943	943
Total	$ 946,976	$ 926,890	$ 908,388	$ 976,450	$ 1,005,040
65th Street					
Secured	$ 242,905	$ 230,618	$ 229,458	$ 228,785	$ 231,632
Unsecured	25,040	25,808	17,346	14,536	17,543
Utility	-	-	-	-	-
Total	$ 267,945	$ 256,426	$ 246,804	$ 243,321	$ 249,175
Railyards					
Secured	$ 71,772	$ 80,928	$ 84,191	$ 80,200	$ 75,245
Unsecured	251	3,521	4,548	4,454	5,973
Utility	680	768	771	-	-
Total	$ 72,703	$ 85,217	$ 89,510	$ 84,654	$ 81,218

Notes: (1) Property is assessed at full cash value upon transfer of title and the assessed value is increased annually by the lesser of the rate of inflation or 2%.
(2) One percent is the maximum tax rate by state law.

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
Merged Downtown
As of June 30, 2015
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
CIM/980 9th St Sacramento	$ 91,084	$ 45,542	$ (45,542)	1.83%
Chase Merritt Sacramento	42,738	12,821	(29,917)	1.20%
GPT Properties Trust	41,699	12,508	(29,191)	1.18%
CIM/Sacramento LLC	39,644	19,822	(19,822)	0.80%
KW Captowers LLC	36,513	24,000	(12,513)	0.50%
GCCFC 2005 GG5 L State L	34,917	-	(34,917)	1.41%
Macy's West Stores Inc.	31,516	20,000	(11,516)	0.46%
Sacramento Hotel Partner	22,600	4,400	(18,200)	0.73%
KW Captowers LLC	15,728	9,000	(6,728)	0.27%
The Towers on Capitol Mall	15,600	7,800	(7,800)	0.31%
Sub Total	372,039	155,893	(216,146)	8.70%
All Other Taxpayers	2,111,606	-	-	-
Total	$ 2,483,645	$ 155,893	$ (216,146)	8.70%

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, 2015.

Source: Sacramento County Assessor

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, 2015
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Lundbom Family Trust	973	-	(973)	0.30%
Mona Sue Ayers	120	52	(68)	0.02%
Sub Total	1,093	52	(1,041)	0.32%
All Other Taxpayers	324,657	-	-	-
Total	$ 325,750	$ 52	$ (1,041)	0.32%

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, 2015.

Source: Sacramento County Assessor

City of Sacramento
Successor Agency Trust Fund
Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
Alkali Flat
As of June 30, 2015
(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)	4.81%
Hearst Argyle Stations	7,865	2,889	(4,976)	4.03%
Sub Total	15,887	4,966	(10,921)	8.84%
All Other Taxpayers	107,720	-	-	-
Total	$ 123,607	$ 4,966	$ (10,921)	8.84%

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, 2015.

Source: Sacramento County Assessor

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, 2015
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Earthgrains Baking Company	11,783	7,370	(4,413)	0.91%
US Bank National Association	5,324	1,597	(3,727)	0.77%
DB/S LLC	810	527	(283)	0.06%
Sylvia Reyes	139	83	(56)	0.01%
Sub Total	18,056	9,577	(8,479)	1.74%
All Other Taxpayers	468,051	-	-	-
Total	$ 486,107	$ 9,577	$ (8,479)	1.74%

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, 2015.

Source: Sacramento County Assessor

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, 2015
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Detmer Family Limited Partnership	4,598	2,300	(2,298)	0.52%
350 Bercut LLC	3,176	1,500	(1,676)	0.38%
10th North Industrial LLC	2,857	1,192	(1,665)	0.38%
Patel, Shirish B & Jagru	2,830	1,698	(1,132)	0.26%
Laundry's Inc.	2,605	2,170	(435)	0.10%
MSN Enterprises LLC	1,623	974	(649)	0.15%
Realty Advisors Inc.	727	325	(402)	0.09%
Sub Total	18,416	10,159	(8,257)	1.86%
All Other Taxpayers	425,167	-	-	-
Total	$ 443,583	$ 10,159	$ (8,257)	1.86%

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, 2015.

Source: Sacramento County Assessor

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, 2015
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Costco Wholesale Corp.	$ 17,626	$ 15,000	$ (2,626)	0.48%
Westcore Delta LLC	14,114	12,191	(1,923)	0.35%
Seven Up Bottling Company	7,854	-	(7,854)	1.43%
Sent Expo Pointe LLC	7,485	-	(7,485)	1.36%
2006 Tcherkoyan Family Trust	5,845	3,507	(2,338)	0.43%
Walgreen Company	5,226	2,612	(2,614)	0.48%
First States Investors	2,840	852	(1,988)	0.36%
Cal Tex Properties	1,747	1,049	(698)	0.13%
JB Company Management, LP	1,048	810	(238)	0.04%
Benjamin D Sher/Bowst	915	-	(915)	0.17%
Sub Total	64,700	36,021	(28,679)	5.22%
All Other Taxpayers	485,052	-	-	-
Total	$ 549,752	$ 36,021	$ (28,679)	5.22%

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, 2015.

Source: Sacramento County Assessor

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, 2015
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Mike A Cooc	$ 1,093	$ 700	$ (393)	0.08%
Ghodratollah Soltani	900	450	(450)	0.09%
Ajaz Ali	403	325	(78)	0.02%
Washington Revocable Family Trust	311	136	(175)	0.03%
Ajaz Ali	197	150	(47)	0.01%
Ajaz Ali	176	115	(61)	0.01%
Ajaz Ali	172	115	(57)	0.01%
David W. Donnell	165	-	(165)	0.03%
Sub Total	3,417	1,991	(1,426)	0.28%
All Other Taxpayers	511,406	-	-	-
Total	$ 514,823	$ 1,991	$ (1,426)	0.28%

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, 2015.

Source: Sacramento County Assessor

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, 2015
(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)	2.30%
LSREF2 Clipper II LLC	9,248	6,410	(2,838)	0.74%
Stockton Plaza Partners	9,763	8,299	(1,464)	0.38%
CSK Auto Corp.	1,354	406	(948)	0.25%
NMS Properties	1,352	811	(541)	0.14%
Stockton Plaza Partners	822	699	(123)	0.03%
Sub Total	39,913	25,225	(14,688)	3.84%
All Other Taxpayers	342,281	-	-	-
Total	$ 382,194	$ 25,225	$ (14,688)	3.84%

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, 2015.

Source: Sacramento County Assessor

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, 2015
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Aiad Samuel	2,009	1,025	(984)	0.10%
Janak K Mehtani	668	70	(598)	0.06%
Yan H. Chen	383	175	(208)	0.02%
Hui L Luu	257	190	(67)	0.01%
Scott L Ostrander	180	90	(90)	0.01%
Leaverite Trust #7640	168	142	(26)	0.00%
Whittier Trust #4940	138	110	(28)	0.00%
CBIP LLC	66	31	(35)	0.00%
Sub Total	3,869	1,833	(2,036)	0.20%
All Other Taxpayers	1,001,171	-	-	-
Total	$ 1,005,040	$ 1,833	$ (2,036)	0.20%

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, 2015.

Source: Sacramento County Assessor

City of Sacramento
Successor Agency Trust Fund
Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
65th Street
As of June 30, 2015
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Target Corporation	$ 23,485	$ 1,525	$ (21,960)	8.81%
Tony Gonzales	2,446	1,468	(978)	0.39%
Waste Management Collect	2,180	506	(1,674)	0.67%
Home Depot USA Inc.	1,000	500	(500)	0.20%
Theodoros G & G Avdalas	483	290	(193)	0.08%
Waste Management Collect	320	74	(246)	0.10%
Lynard Z Khan	207	100	(107)	0.04%
Sub Total	30,121	4,463	(25,658)	10.30%
All Other Taxpayers	219,054	-	-	-
Total	$ 249,175	$ 4,463	$ (25,658)	10.30%

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, 2015.

Source: Sacramento County Assessor

City of Sacramento
Successor Agency Trust Fund
Parcels Appealing Assessed Valuation - At Risk of Reduction [1] [2]
Railyards
As of June 30, 2015
(in thousands)

Assessee	Taxable Value [3]	Assessee's Value [3]	Value Difference	Percentage of Total Taxable Value
Peter C Thompson	12,000	7,144	(4,856)	5.98%
Sub Total	12,000	7,144	(4,856)	5.98%
All Other Taxpayers	69,218	-	-	-
Total	$ 81,218	$ 7,144	$ (4,856)	5.98%

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, 2015.

Source: Sacramento County Assessor

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

	2015			2006		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Hines Sacramento Wells Fargo Center	$ 172,000	1	6.93%	$ -		-
621 Capitol Mall LLC	127,878	2	5.15%	-		-
500 Capitol Mall LLC	123,978	3	4.99%	-		-
300 Capitol Associates NF LP	102,000	4	4.11%	-		-
CIM/980 9th Street Sacramento LP	100,959	5	4.06%	-		-
CIM/J Street Hotel Sacramento LP	94,246	6	3.79%	-		-
Capitol Regency LLC	75,226	7	3.03%	-		-
SG Downtown LLC	74,824	8	3.01%	-		-
GSA Sacramento CA LLC	69,647	9	2.80%	-		-
KW Captowers LLC	66,308	10	2.67%	-		-
Teachers Insurance/Annuity Assn of America	-		-	159,095	1	7.09%
EOP-400 Capital Mall LLC	-		-	146,285	2	6.52%
VV USA City LP	-		-	88,256	3	3.93%
RT Sacramento Funding Company Inc.	-		-	79,350	4	3.54%
Sacramento Hotel Corporation	-		-	73,592	5	3.28%
Rubicon NGP Sacramento CA LLP	-		-	67,320	6	3.00%
Teachers Insurance/Annuity Assn of America	-		-	40,576	7	1.81%
CA Assn Hosp/Hlth Sym (Tsakopoulos Family)	-		-	38,308	8	1.71%
Mart Family LLC/Senator Building LLC/ETA	-		-	35,505	9	1.58%
Health Property Associates	-		-	35,326	10	1.58%
Sub Total	1,007,066		40.55%	763,613		34.05%
All Other Taxpayers	1,476,579		59.45%	1,479,290		65.95%
Total	$ 2,483,645		100.00%	$ 2,242,903		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2014-15 Project Area total taxable value.

Source: Sacramento County Assessor

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

	2015			2006		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Research Properties	$ 5,378	1	1.65%	$ 4,729	1	1.35%
BM Ventures LLC	4,700	2	1.44%	-		-
Ramon Canyon Associates LP	2,924	3	0.90%	-		-
John A/Leta K Nichols 1994 Rev Trust	2,832	4	0.87%	2,491	4	0.71%
Garin Elisa R/ETAL	2,618	5	0.80%	-		-
US Rentals Inc.	2,526	6	0.78%	2,221	5	0.64%
Proffutt Limited Partnership	2,194	7	0.67%	-		-
23002 Moulton Parkway LLC	1,842	8	0.57%	-		-
Terkensha/Associates	1,756	9	0.54%	1,440	9	0.41%
Lundbom Sacramento Realty INVS LP	1,538	10	0.47%	-		-
Woodhaven Senior Residence	-		-	3,990	2	1.14%
Lundblom Family Trust	-		-	3,818	3	1.09%
Lenore Wyatt Living Trust	-		-	1,965	6	0.56%
Maki Stephen	-		-	1,923	7	0.55%
Harry G & Mariann Brix 1993 Family Trust	-		-	1,665	8	0.48%
1980 Tyler Family Trust	-		-	1,325	10	0.38%
Sub Total	28,308		8.69%	25,567		7.32%
All Other Taxpayers	297,442		91.31%	323,775		92.68%
Total	$ 325,750		100.00%	$ 349,342		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2014-15 Project Area total taxable value.

Source: Sacramento County Assessor

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

	2015			2006		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Hearst-Argyle Stations Inc.	$ 16,356	1	13.23%	$ 9,242	2	7.69%
Blackpine City Flats LLC	9,629	2	7.79%	-		-
City PK LLC	8,899	3	7.20%	-		-
Realty Advisors Inc.	5,490	4	4.44%	8,911	3	7.41%
John Dailey Trust/Charles D. Deloney	1,998	5	1.62%	1,757	7	1.46%
GMA Investors LP	1,738	6	1.41%	-		-
700 E Street Building Partnership	1,664	7	1.35%	1,785	6	1.48%
Tarpin Samuel D	1,497	8	1.21%	1,358	10	1.13%
520 Ninth Street	1,450	9	1.17%	1,944	5	1.62%
Adrian L./Michelle J. Randolph Family Trust	1,368	10	1.11%	-		-
Crystal Cream/Butter Co.	-		-	11,540	1	9.60%
US Housing Partners II LP	-		-	3,709	4	3.08%
James Fortino Trust/Court on G Inc.	-		-	1,755	8	1.46%
Washington Square III	-		-	1,595	9	1.33%
Sub Total	50,089		40.52%	43,596		36.26%
All Other Taxpayers	73,518		59.48%	76,633		63.74%
Total	$ 123,607		100.00%	$ 120,229		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2014-15 Project Area total taxable value.

Source: Sacramento County Assessor

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

	2015			2006		
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	$ 12,019	1	2.47%	$ 19,059	1	3.40%
Regents University CA	10,772	2	2.22%	9,051	2	1.61%
US Bank National Association	5,430	3	1.12%	-		-
Crestwood Medical Center Hospital	4,425	4	0.91%	3,895	5	0.69%
Security Public Storage	3,787	5	0.78%	3,358	6	0.60%
Edmar Invs LLC	3,260	6	0.67%	2,867	7	0.51%
Broadway Triangle LLC	2,626	7	0.54%	-		-
Mundy Family Trust/Skaggs Family Trust	2,275	8	0.47%	-		-
St. Hope Academy	1,872	9	0.39%	-		-
John C. Skinner 2001 Living Trust	1,856	10	0.38%	-		-
Shiloh Arms LTD	-		-	5,657	3	1.01%
Sotiris/Matina Kolokotronis Family Trust	-		-	4,469	4	0.80%
Donald and Virginia Compton Family Trust	-		-	2,772	8	0.49%
Quattrin Gary L/E Victor/etal	-		-	2,208	9	0.39%
St. Hope Development Company	-		-	2,103	10	0.38%
Sub Total	48,322		9.94%	55,439		9.89%
All Other Taxpayers	437,785		90.06%	504,999		90.11%
Total	$ 486,107		100.00%	$ 560,438		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2014-15 Project Area total taxable value.

Source: Sacramento County Assessor

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

	2015			2006		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
California Almond Growers	$ 70,603	1	15.92%	$ 26,026	2	5.60%
Grove River District LLC	34,861	2	7.86%	-		-
T9 Affordable Housing Partners	14,816	3	3.34%	-		-
Sacramento Loaves/Fishes	10,976	4	2.47%	-		-
Capitol Station 65 LLC	10,359	5	2.34%	8,689	9	1.87%
Mendell Allan/Etal	9,462	6	2.13%	-		-
Dos Rios Venture	6,338	7	1.43%	-		-
BA Hotel LLC	5,820	8	1.31%	-		-
New Sac Arena Props LLC	5,650	9	1.27%	-		-
Detmer Family Limited Partnership	5,546	10	1.25%	-		-
Grove Investment Company	-		-	27,939	1	6.01%
Sunstone OP Properties LLC	-		-	18,460	3	3.97%
Richard Blvd. Partners	-		-	17,628	4	3.79%
CCAA Partners LLC/Bruce W. Bell/et al	-		-	13,975	5	3.01%
Ice Bear Inc. (Sequoia Pacific)	-		-	10,574	6	2.27%
Bre/LQ Props LLC	-		-	10,122	7	2.18%
CTF4-American River LLC	-		-	9,404	8	2.02%
HKM	-		-	6,593	10	1.42%
Sub Total	174,431		39.32%	149,410		32.14%
All Other Taxpayers	269,152		60.68%	315,399		67.86%
Total	$ 443,583		100.00%	$ 464,809		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2014-15 Project Area total taxable value.

Source: Sacramento County Assessor

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

	2015			2006		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Westcore Delta LLC	$ 35,535	1	6.46%	$ -		-
Seven-up Bottling Company	31,216	2	5.68%	19,975	3	3.55%
Price Company	21,729	3	3.95%	17,582	4	3.13%
North Sacramento Land Company	12,318	4	2.24%	9,773	7	1.74%
McCuen Acoma Street Investors	12,099	5	2.20%	10,641	6	1.89%
Meriliz Incorporated	8,790	6	1.60%	14,522	5	2.58%
Recreational Equipment Inc.	7,758	7	1.41%	-		-
Sent Expo Pointe LLC	7,485	8	1.36%	-		-
Sutter Medical Foundation	6,120	9	1.11%	-		-
2006 Tcherkoyan Family Trust	5,845	10	1.06%	-		-
PD Hotel Associates LLC	-		-	25,530	2	4.54%
JB Management LP	-		-	27,170	1	4.83%
SVN Sacramento LLC	-		-	9,260	8	1.65%
Radiological Associates	-		-	7,127	9	1.27%
Dos Robles Limited Partnership	-		-	6,633	10	1.18%
Sub Total	148,895		27.08%	148,213		26.34%
All Other Taxpayers	400,857		72.92%	414,394		73.66%
Total	$ 549,752		100.00%	$ 562,607		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2014-15 Project Area total taxable value.

Source: Sacramento County Assessor

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

	2015			2006		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
6200 Franklin LLC	$ 15,172	1	2.95%	$ -		-
United States Cold Storage	9,979	2	1.94%	8,555	2	1.41%
Rosedown Associates LLC	6,115	3	1.19%	6,843	3	1.12%
Western Village LP	4,626	4	0.90%	-		-
Extra Space Props Ninety Four Limited Partnership	4,385	5	0.85%	-		-
SEI/PSP VI Joint Ventures	4,309	6	0.84%	3,795	5	0.62%
Bowling Green Associates	4,156	7	0.81%	3,655	6	0.60%
Sacto Childrens Home	3,983	8	0.77%	-		-
Con-Way Western Express Inc.	3,822	9	0.74%	3,432	8	0.56%
47th Street Associates LLC	3,732	10	0.72%	-		-
Campbell Soup	-		-	129,964	1	21.35%
Patrician Michael W/ Martha R	-		-	4,244	4	0.70%
MH Southgate Investors	-		-	3,584	7	0.59%
Chateau Lang Apartments LLC	-		-	2,864	9	0.47%
CTC Investors LLC	-		-	2,652	10	0.44%
Sub Total	60,279		11.71%	169,588		27.86%
All Other Taxpayers	454,544		88.29%	439,121		72.14%
Total	$ 514,823		100.00%	$ 608,709		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2014-15 Project Area total taxable value.

Source: Sacramento County Assessor

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

	2015			2006		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
Stockton Plaza Partners LLC	$ 12,704	1	3.32%	-		-
EKG Investors LLC/SCT Investors LLC/ETAL	9,336	2	2.44%	-		-
John M/Nancy M Kehriotis Living Trust	7,728	3	2.02%	6,797	6	1.58%
Luong Do Revocable Trust	7,675	4	2.01%	-		-
NT Stockton Investors LLC	6,710	5	1.76%	-		-
Brittany Arms LLC	5,230	6	1.37%	5,202	10	1.21%
SF Florin LP	4,819	7	-	-		-
Ralphs Grocery Company	4,780	8	1.25%	5,617	8	1.31%
Mulleian Investments LLC	4,739	9	1.24%	-		-
ESS Prisa II LLC	4,727	10	1.24%	5,249	9	1.22%
Azure Park Apartments LLC	-		-	11,534	1	2.69%
Gonzalez Jaime/Gloria	-		-	8,670	2	2.02%
CCI Stockridge SAC LLC	-		-	7,907	3	1.84%
Western Investment Real Estate	-		-	7,454	4	1.74%
Little Saigon Plaza LLC	-		-	7,293	5	1.70%
Shiloh Arms LTD	-		-	5,657	7	1.32%
Sub Total	68,448		17.91%	71,380		16.63%
All Other Taxpayers	313,746		82.09%	357,736		83.37%
Total	$ 382,194		100.00%	$ 429,116		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2014-15 Project Area total taxable value.

Source: Sacramento County Assessor

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

	2015			2006		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
R/G Hayward LLC	$ 16,585	1	1.65%	$ 15,198	4	1.52%
Engineered Polymer Solutions Inc.	14,080	2	1.40%	11,889	5	1.19%
Central Valley Industrial Core Holdings	11,331	3	1.13%	-		-
Elder Creek Transfer/Recovery Inc.	9,562	4	0.95%	10,369	6	1.04%
Air Products Manufacturing Corporation	7,864	5	0.78%	-		-
A/W Investments LLC	7,460	6	0.74%	-		-
Massie & Company	6,870	7	0.68%	-		-
C/S Logistics Sacramento/Tracy LLC	6,206	8	0.62%	7,335	7	0.73%
Power Inn Business Park LLC	4,950	9	0.49%	-		-
Teichert Land Co	4,819	10	0.48%	-		-
Proctor/Gamble Manufacturing Co.	-		-	70,733	1	7.06%
Crystal Cream/Butter Company	-		-	39,138	2	3.91%
Fedex Ground Package Systems Inc.	-		-	18,340	3	1.83%
Ballantyne Diana S/Mark C/Jan W L	-		-	7,260	8	0.72%
Marvin L. Oates Trust	-		-	7,072	9	0.71%
Air Products/Chemicals Inc.	-		-	6,699	10	0.67%
Sub Total	89,727		8.93%	194,033		19.37%
All Other Taxpayers	915,313		91.07%	807,673		80.63%
Total	$ 1,005,040		100.00%	$ 1,001,706		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2014-15 Project Area total taxable value.

Source: Sacramento County Assessor

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

	2015			2006		
Assessee	**Taxable Value [1]**	**Rank**	**Percentage of Total Taxable Value [2]**	**Taxable Value**	**Rank**	**Percentage of Total Taxable Value**
HRA Element LLC	$ 36,937	1	14.82%	$ -		-
Sally R Davis Trust ETAL	28,127	2	11.29%	-		-
Target Corporation	26,726	3	10.73%	14,025	3	5.58%
65th St Village LLC	9,570	4	3.84%	-		-
Atlas Disposal Industries LLC	8,101	5	3.25%	4,989	5	1.98%
CPCA 7716 Folsom Blvd. LLC	7,769	6	3.12%	-		-
Dimension Properties LLC	5,958	7	2.39%	3,442	10	1.37%
Kenneth/Susan Catchot Family 2005 Revocable Trust	5,224	8	2.10%	4,314	7	1.72%
American River Self Storage LP	5,023	9	2.02%	4,266	8	1.70%
2800 Pico Associates LLC	4,329	10	1.74%	3,807	9	1.51%
Sacramento Fourth Ave Assoc LLC	-		-	52,464	1	20.86%
Home Depot USA Inc.	-		-	14,354	2	5.71%
KCMKC Properties, LP/Paul E. Fong/MAE Etal	-		-	7,277	4	2.89%
Commercial Net Lease Realty	-		-	4,801	6	1.91%
Sub Total	137,764		55.29%	113,739		45.22%
All Other Taxpayers	111,411		44.71%	137,775		54.78%
Total	$ 249,175		100.00%	$ 251,514		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2014-15 Project Area total taxable value.

Source: Sacramento County Assessor

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

	2015			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	$ 27,550	1	33.92%	$ -		-
906 Newco LLC	12,240	2	15.07%	-		-
REA Limited Partnership	4,376	3	5.39%	5,378	4	6.91%
Sacramento County Employee Credit Union	4,349	4	5.35%	4,068	5	5.23%
PDRA/Company LLC	3,790	5	4.67%	3,537	6	4.54%
Sutter HOJ LP	3,621	6	4.46%	-		-
PLF Bldg. LLC	3,570	7	4.40%	-		-
Strumwasser Michael J./Silvia M.	3,133	8	3.86%	2,924	7	3.76%
Bowman/Bay Building Joint Venture	2,267	9	2.79%	2,115	8	2.72%
Legacy Ventures LLC	1,334	10	1.64%	1,245	10	1.60%
CCAA Partners LLC/Bruce W. Bell/Etal	-		-	14,843	2	19.07%
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	66,230		81.55%	67,716		87.00%
All Other Taxpayers	14,988		18.45%	10,117		13.00%
Total	$ 81,218		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 2014-15 Project Area total taxable value.

Source: Sacramento County Assessor

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	
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	42,684	687	3,037	38,960	24,896	1.56	5,123	30,019	1.30	(3)
2014-15	43,657	649	3,911	39,097	21,937	1.78	9,158	31,095	1.26	

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	
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	16,245	1.36	4,188	20,433	1.08	(2)
2014-15	23,121	350	1,071	21,700	16,242	1.34	4,980	21,222	1.02	

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	
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	
2014-15	3,149	44	337	2,768	1,618	1.71	231	1,849	1.50	

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.

(2) Revised to correct 2005 Merged Downtown ML Refunding from senior to subordinate debt.

(3) Revised to correct total tax increment received.

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	
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	
2014-15	1,148	16	64	1,068	613	1.74	464	1,077	0.99	

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	
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	2,752	1.47	173	2,925	1.39	(2)
2014-15	4,522	63	385	4,074	2,755	1.48	178	2,933	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	
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	1,025	20	259	746	-	-	646	646	1.15	(3)
2014-15	1,542	23	280	1,239	-	-	642	642	1.93	

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.

(2) Revised to correct 2005 Oak Park ML Refunding from senior to subordinate debt.

(3) Revised to correct total tax increment received.

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	
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	524	3.85	778	1,302	1.55	(2)
2014-15	2,689	37	262	2,390	530	4.51	772	1,302	1.84	

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	
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	
2014-15	952	24	117	811	-	-	99	99	8.19	(3)

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	
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	
2014-15	1,755	24	446	1,285	180	7.14	246	426	3.02	

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.

(2) Revised to correct 2006 North Sac TE and TX ML Series A & B from senior to subordinate debts.

(3) Reduction in total tax increment is a result of appeal refunds.

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	
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	
2014-15	3,556	50	699	2,807	-	-	739	739	3.80	

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	
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	
2014-15	1,030	14	197	819	-	-	500	500	1.64	

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	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Citywide and Community Support	-	-	-	-	-	-	-	23	23	21
Code Enforcement	82	94	92	107	90	-	-	-	-	-
Community Development	-	-	-	-	107	170	166	159	163	166
Convention and Cultural Services	204	208	213	214	206	196	194	133	138	126
Development Services	259	243	246	222	-	-	-	-	-	-
Economic Development	17	17	24	27	22	18	14	11	11	11
Fire	623	651	651	655	582	611	589	527	642	657
General Government	374	408	419	400	329	319	312	305	320	325
General Services	260	264	287	307	257	247	225	368	367	372
Neighborhood Services	16	16	15	15	9	-	-	-	-	-
Parks and Recreation	896	930	925	872	680	648	579	553	577	568
Planning	-	38	33	34	-	-	-	-	-	-
Police	1,207	1,265	1,272	1,271	1,091	1,060	900	847	940	973
Public Works	-	-	-	-	-	-	-	395	406	415
Transportation	340	350	356	437	424	409	409	-	-	-
Utilities	727	732	741	741	752	698	698	505	510	522
Total	5,003	5,213	5,273	5,300	4,549	4,374	4,083	3,825	4,095	4,157

Source: City of Sacramento Approved Operating Budgets

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

Function/program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Adult arrests	27,314	24,703	22,783	21,230	20,555	19,885	17,058	18,650	19,570	18,113
Citizen initiated calls for service with officer responses	187,731	181,793	181,873	173,045	176,157	166,207	154,193	154,233	118,975	141,181
Fire (1)										
Number of incidents	65,714	66,284	70,609	64,525	59,608 (2)	71,111	73,343	74,427	75,000	80,596
Number of structure fires	1,189	500	414	401	359 (2)	606	652	680	586	784
Number of construction inspection/reviews	NA	NA	NA	NA	2,790	NA	1,895	4,568 (12)	4,761	3,234
General Services										
Number of animal licenses issued	12,815	14,944	18,812	18,732	17,094	17,132	17,318	15,810 (13)	15,057	8,995
Number of animal outplacements	4,323	4,352	4,252	4,025	3,300	2,901	3,750	5,521 (14)	6,167	7,447
Public Works										
Number of traffic investigations completed	922	1,123	1,019	1,028	903	712 (4)	717	821	936	678
Number of parking citations issued	201,196	194,193	233,901	236,103	240,248	184,215 (5)	164,492	165,700	171,066	196,586
Convention and Cultural Services										
Number of Community Convention Center events	600	664	568	528	453	417	389	378	378	358
Community Convention Center event attendance	833,428	849,000	863,759	862,000	780,000	873,577	796,000	645,000 (15)	881,253	775,253
Number of Zoo attendance	485,000	529,734	482,072	467,446	481,452	498,518	526,959	508,061	512,758	549,407
Parks and Recreation										
Number of students enrolled in START	7,913	8,845	8,364	8,695	8,563	7,437	5,755 (7)	5,330	5,603	6,897
Number of students enrolled in 4th R (9)	2,885	3,000	3,500	2,675	2,600	2,142	1,899	1,949	1,955	2,007
Number of lunches served through food programs	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	18,261	16,930	14,349	13,182	11,786	11,474	11,545	12,146	13,950	14,002
Building permit valuation (in million of dollars)	817	1,005	862	557	543	387	281	391	362	544
Vehicles abated by City	3,747	2,572	1,538	898	694	429	254 (10)	282	343	356
Notice and orders issued on housing and dangerous buildings	293	445	378	360	305	250	188 (11)	253	154	279
Water										
Number of accounts	151,459	151,459	135,665	137,029	136,600	136,812	137,148	135,353	135,590	134,971
Amount distributed/pumped (million of gallons)	45,180	49,463	NA	42,726	38,453	37,393	38,692	40,034	34,896	29,557
Wastewater										
Number of accounts	78,541	79,620	76,253	76,802	76,385	76,394	76,477	76,484	76,657	76,471
Amount distributed/pumped (million of gallons)	19,185	19,185	NA	15,889	14,302	NA	10,695	6,805 (17)	10,603	10,605
Storm Drainage										
Number of accounts	128,427	132,376	131,801	132,727	132,556	133,188	133,814	134,651	135,834	136,850
Amount distributed/pumped (million of gallons)	53,444	53,444	NA	27,936	27,288	NA	28,445	17,602	14,585 (19)	24,179
Solid Waste										
Residential garbage disposed (in Tons)	127,120	128,802	128,060	104,542	112,203	110,103	106,085	109,141	109,060	111,140
Commercial garbage collected (in Tons)	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

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

Function/program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Number of stations [1]	2	2	4	4	4	4	4	4	4	4
Number of patrol units [2]	229	210	210	210	242	242	242	263	243	226
Number of aircraft	NA	NA	NA	3	3	3	4	4	4	4
Number of watercraft	NA	NA	NA	2	2	2	3	3	3	2 [12]
Fire										
Number of stations	23	23	23	23	23	23	24	24	24	24
Number of fire suppression, support or prevention vehicles	169	170	151	150	160	160	159	159	159	159
Number of watercraft	NA	NA	NA	NA	NA	NA	NA	NA	NA	1 [12]
Public Works										
Miles of streets	3,025	3,034	3,045	3,044	3,063	3,108	3,108	3,065	3,077	3,059
Number of street lights	39,277	39,964	40,578	41,131	41,252	41,301	41,679	41,788	42,048	42,225
Number of City parking spaces [3]	8,518	8,795	8,798	8,484	8,484	8,484	8,484	8,484	8,484	4,775 [13]
Miles of off-street bikeways	62	67	76	78	78	82	82	83	84	57
Parks and recreation										
Number of parks	205	205	206	208	212	213	213	222	222	222
Park acreage [4]	3,124	3,125	3,126	3,167	3,171	3,171	3,150	3,161 [11]	3,161	3,161
Number of community centers [5]	17	17	16	13	13	13	13	13	13	13
Number of swimming pools (including wading pools)	23	23	23	26	26	26	26	26	26	26
Water										
Miles of water mains and distribution lines [6] [7]	1,873	1,873	1,859	1,720	1,724	1,596	1,599	1,599	1,597	1,727
Sewers and storm drainage										
Miles of sanitary sewers and storm drainage [8]	2,081	2,024	1,859	1,693	1,950	1,954	1,951	1,951	1,951	1,873
Off-street parking										
Number of City garages and open parking lots	11	12	12	10	10	10	10	10	10	7 [13]
Golf										
Number of golf courses	6	6	6	6	6	6	6	6	6	6
Marina										
Number of boat harbor slips	563	547	475 [9]	475	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.).
(12) In FY2015, Police Department transfer one of their watercraft to Fire Department.
(13) The three Plaza garages - Downtown Plaza West, Central, and East were leased to the Kings effective 08/01/14.

Source: Various City of Sacramento Departments

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

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

	2015	2006
Number of budgeted positions	4,157	5,003
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)	650/282	793/413
Number of patrol units	226	229
Fire		
Number of stations	24	23
Number of fire personnel sworn / unsworn	592/65	584/36
Number of fire protection, support and prevention vehicles	159	169
Utilities		
Miles of water mains and distribution lines (1)	1,727	1,873
Annual water production in gallons	30 billion	45 billion
Miles of sanitary sewers and storm drainage (2)	1,873	2,081
Public Works		
Miles of streets	3,059	3,025
Number of street lights	42,225	39,277
Number of City managed parking lots / spaces	15 / 4,046	11 / 8,518
Miles of off-street bikeways	57	62
Convention and Cultural Services		
Golf courses	6	6
Boat harbor slips (3)	475	563
Zoo animals (4)	549	573
Fairytale town attendance for year	250,656	214,504
Crocker Art Museum attendance for year	257,633	126,319
Community Convention Center attendance for year	775,253	910,500
Parks and Recreation		
Parks	222	209
Park acreage (5)	3,161	3,800
Camp Sacramento attendance for year	2,770	3,100
Community centers	13	17
Neighborhood centers	5	N/A
Swimming pools	12	23
Baseball fields (6)	103	87
Soccer fields	137	88
Ball courts	183	122
Library		
Library branches	12	27 (7)
Library books and audiovisual recordings in circulation	2,244,774	1,989,472

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
Vice Mayor, District 2

JEFF HARRIS
Councilmember, District 3

STEVE HANSEN
Councilmember, District 4

JAY SCHENIRER
Councilmember, District 5

ERIC GUERRA
Councilmember, District 6

RICK JENNINGS, II
Councilmember, District 7

LARRY CARR
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 four-year terms.

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 480,105.

www.CityofSacramento.org

Historic Crocker Art Museum (1942)
image courtesy of the Center for Sacramento History

New Crocker Art Museum (2014)
image courtesy of photographer Bruce Damonte

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, 2015, and have issued our reports thereon dated as indicated below:

Reporting Entity	Audit Report Date
Comprehensive Annual Financial Report	December 24, 2015
Sacramento City Employees' Retirement System (SCERS)	December 24, 2015
Child Development Program Enterprise Fund	November 9, 2015
Special Tax Revenue Bonds, Series A and Subordinate Special Tax Revenue Bonds Series B (Bond Programs) of the Sacramento City Financing Authority	December 24, 2015

We are currently performing the compliance audit of the City's federal award programs and plan to issue our reports prior to January 31, 2016.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 3, 2015. 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) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No.* 27 and No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective July 1, 2014. Accordingly, the cumulative effect of the accounting changes as of the beginning of the year is reported in Note 18 of the financial statements. 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.

2151 River Plaza Drive, Suite 308 Sacramento, CA 95833 Tel: 916.570.1880 www.vtdcpa.com Fax: 916.570.1875

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 benefit liability, estimation of pollution remediation liabilities and estimation of amounts related to the net pension liability, related deferred inflows of resources and deferred outflows of resources, and disclosures based on the actuarial valuations of the net pension liability for the City's defined benefit pension plans administered by the California Public Employees Retirement System (CalPERS). We evaluated the key factors and assumptions used to develop the estimates in determining that they were 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 City's defined benefit pension plans, net pension liability and related deferred inflows of resources and deferred outflows of resources in Note 8 to the financial statements. The valuation of the net pension liability and related deferred outflows/inflows of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed in Note 8, a 1% increase or decrease in the discount rate has a material effect on the City's net pension liability.

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.

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 auditors' 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 24, 2015. We also obtained certain representations from management of the Child Development Program Enterprise fund in the management representation letter dated November 9, 2015.

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, pension schedules and schedule 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 and schedules, 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 24, 2015

Attachment C

FY2014/15 Independent Performance Audit Reports

Meeting Date: **2/9/2016**

Report Type: Consent

Report ID: 2016-00104

City of SACRAMENTO 12

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

Title: Fiscal Year 2014/15 Measure U Sales Tax Performance Audit Report

Location: Citywide

Recommendation: Receive and file.

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

Presenter: None

Department: Finance

Division: Finance

Dept ID: 06001011

Attachments:

1-Description/Analysis

2-City of Sacramento Performance Audit Report 2015

City Attorney Review

Approved as to Form
Steve Itagaki
2/2/2016 3:14:49 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 1/28/2016 8:33:52 AM

Description/Analysis

Issue Detail: The Measure U Sales Tax Performance Audit has been conducted to confirm that the City used Measure U sales tax proceeds in conformance with the provisions listed in the Measure U ballot language. As recommended by the Measure U Oversight Committee, the City engaged its independent public accounting firm to conduct a performance audit for Fiscal Year 2014/15.

Policy Considerations: This report is consistent with the City's fiscal transparency and accountability principles.

Economic Impacts: None.

Environmental Considerations: Not applicable.

> **California Environmental Quality Act (CEQA):** This action is not a project that is subject to CEQA because it is an administrative activity that will not result in direct or indirect physical changes in the environment, and it relates to government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. (CEQA Guidelines § 15378(a), (b)(2), (b)(4) and (b)(5).)

Sustainability: Not applicable.

Commission/Committee Action: The Measure U Sales Tax Performance Audit was presented to the Budget and Audit Committee on February 2, 2016. The Committee approved a Motion to forward the audit to the City Council for review. The performance audit report will be forwarded to the Measure U Oversight Committee for review at the March 2, 2016 committee meeting.

Rationale for Recommendation: It is in the best interest of the City to receive and file the Measure U Sales Tax Performance Audit because the public accounting firm of Vavrinek, Trine, Day and Co., LLP, has conducted the performance audit and has rendered its unmodified opinion that the City expended Measure U funds in accordance with the Measure U ballot measure.

Financial Considerations: There are no financial considerations associated with this report.

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

CITY OF SACRAMENTO, CALIFORNIA

MEASURE U SALES TAX
PERFORMANCE AUDIT

PERIOD OF JULY 1, 2014 TO JUNE 30, 2015

CITY OF SACRAMENTO
MEASURE U SALES TAX
PERFORMANCE AUDIT

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PERIOD OF JULY 1, 2014 TO JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

To the Mayor, Members of the City Council,
and the Measure U Citizen's Oversight Committee
City of Sacramento
Sacramento, California

We were engaged to conduct a performance audit of the City of Sacramento, California (City), Measure U Sales Tax funds for the period of July 1, 2014 to June 30, 2015.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the City's compliance with the performance requirements as referred to in the Measure U ballot measure approved by voters of the City of Sacramento on the November 6, 2012 ballot. Management is responsible for the City's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the City's internal control in order to determine if the internal controls were adequate to help ensure the City's compliance with the requirements of the Measure U Ballot Measure. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

The results of our tests indicated that the City expended Measure U funds only for the specific projects approved by the voters, in accordance with the Measure U ballot measure for the period of July 1, 2014 to June 30, 2015.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
December 24, 2015

2151 River Plaza Drive, Suite 308 Sacramento, CA 95833 Tel: 916.570.1880 www.vtdcpa.com Fax: 916.570.1875

CITY OF SACRAMENTO
MEASURE U SALES TAX
PERFORMANCE AUDIT

PERIOD OF JULY 1, 2014 TO JUNE 30, 2015

OBJECTIVES OF THE AUDIT

The objectives of our performance audit were to document that revenues related to Measure U were deposited in the Measure U Fund and accompanied by supporting documentation from the State of California Board of Equalization; to review a list of activities and ensure they are consistent with the Measure U ballot language; to compare expenditures by category to budgets to determine if expenditures were in excess of appropriations; and to select a sample of expenditures and review supporting documentation that funds were expended on specific Measure U activities approved in the City Council's budget. The objectives of our performance audit were not to determine if the City used Measure U revenues in an efficient or effective manner.

BACKGROUND INFORMATION

On November 6, 2012, voters of the City of Sacramento, California approved Measure U to enact a one-half cent sales tax for six years *"To restore and protect essential public safety services, including 9-1-1 response, police officers, gang/youth violence prevention, fire protection/emergency medical response, and other essential services including park maintenance, youth/senior services, and libraries… with independent financial audits and citizen oversight"*.

A five member Measure U Citizen's Oversight Committee was established during the year ended June 30, 2013. The purpose of the committee is to review the City's annual independent auditors' report and prepare a report to City Council documenting the revenues generated by Measure U, the services and programs funded, and the results of their oversight.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2014 to June 30, 2015. The population of expenditures tested included all account and project codes associated with Measure U. The propriety of expenditures funded through other local funding sources, other than Measure U, were not included in the scope of the audit. Expenditures incurred subsequent to June 30, 2015, were not reviewed or included within the scope of our procedures or in this report.

PROCEDURES PERFORMED

We obtained the Measure U Fund general ledger and project expenditure summary reports and detail prepared by the City for the period of July 1, 2014 to June 30, 2015. For the period, we obtained the actual invoices and other supporting documentation to ensure consistency with the Measure U ballot language and compliance with the City Council's Measure U budget on a sample basis. We performed the following procedures:

1) We compared the list of activities performed to verify that the list of activities is consistent with the Measure U ballot language.

2) We verified that the Measure U revenue was deposited in the Measure U Fund.

3) We traced the Measure U revenue deposits to supporting documentation from the State of California Board of Equalization.

4) We selected a sample of expenditures in the period and reviewed supporting documentation to ensure the funds were expended on the specific Measure U activities approved in the City Council's budget.

PROCEDURES PERFORMED (CONTINUED)

5) We compared the expenditures by category to budgets to determine if there were any expenditures in excess of appropriation.

RESULTS OF PROCEDURES PERFORMED

The City utilized Measure U funds for twenty-eight (28) of the thirty (30) budgeted projects. The City received revenues of $43.945 million and incurred expenditures of $28.233 million during the period ended June 30, 2015 for the Measure U projects as shown in the table below (table shown in thousands):

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget- Positive (Negative)	Budget to GAAP Reconciliation	Actual Amounts
	Original	Final				
Revenues:						
Taxes	$ 31,824	$ 41,509	$ 43,720	$ 2,211	$ -	$ 43,720
Interest, rents and concessions	-	-	225	225	-	225
Total revenues	$ 31,824	$ 41,509	$ 43,945	$ 2,436	$ -	$ 43,945
Expenditures:						
Current:						
Police:						
COPS Hiring Program Retention FY09 (CHRP) and FY11 (CHP)	$ 4,862	$ 4,862	$ 4,788	$ 74	-	$ 4,788
COPS Hiring Program (CHP) March and Retention FY13	557	557	510	47		510
Field and Operations	5,180	5,180	4,189	991	-	4,189
Investigations	556	556	610	(54)	-	610
Forensics	512	512	587	(75)	-	587
Communications	317	317	273	44	-	273
Crime Analysis	96	96	95	1	-	95
Fire:						
SAFER Grant Buyback	2,803	2,803	-	2,803	-	-
Brown Out Restorations	7,044	7,044	9,562	(2,518)	-	9,562
Recruit Academy	360	360	463	(103)	-	463
Medic Units / SRFEC JPA	657	657	-	657	-	-
Fire Prevention	140	140	142	(2)	-	142
Technology	437	437	245	192	-	245
Fiscal Support	169	169	186	(17)	-	186
Human Resources	94	94	94	-	-	94
General Services:						
Animal Control Officer	227	227	102	125	-	102
Parks and recreation:						
Aquatics	1,564	1,732	1,576	156	(28)	1,548
Park Maintenance	1,642	1,642	1,493	149	(3)	1,490
Community Centers	832	832	879	(47)	(102)	777
Teen Services	293	311	366	(55)	(52)	314
Gang Prevention	100	100	66	34	-	66
Senior Programs	194	194	189	5	(29)	160
Park Safety	-	124	110	14	-	110
Library:						
Restoration to Maintenance of Effort	506	506	506	-	-	506
Capital outlay:						
Parks and Recreation:						
Cabrillo Pool Renovation	-	80	75	5	(28)	47
Park Improvements (PKG A&B)	736	736	638	98	-	638
Radio Replacement - Police	-	450	450	-	-	450
Radio Replacement - Fire	-	271	271	-	-	271
Radio Replacement - DGS Animals	-	7	7	-	-	7
Radio Replacement - Park Safety	-	3	3	-	-	3
Total expenditures	$ 29,878	$ 30,999	$ 28,475	$ 2,524	$ (242)	$ 28,233

CONCLUSION

Based on the procedures performed, the results of our testing indicated, for the items tested, the City of Sacramento has complied with the Measure U ballot language, in all significant respects, for the period of July 1, 2014 to June 30, 2015. Our audit does not provide a legal determination on the City's compliance with specific requirements or a determination of whether the City used Measure U revenue in an efficient or effective manner.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PERIOD OF JULY 1, 2014 TO JUNE 30, 2015

MANAGEMENT COMMENTS AND RECOMMENDATIONS

None reported.

Attachment D

Measure U Restoration Plan and Measure U Implementation (extracted from the FY16 Midyear Budget Report)

Exhibit B

Amended FY2015/16 Measure U Restoration Plan

(Amendments are reflected in Red Font)

Measure U Revenues and Expenditures (in 000s)	FY16 Approved FTE	FY16 Midyear Changes FTE	FY16 Amended FTE	FY16	FY17	FY18	FY19	FY20
BEGINNING FUND BALANCE[1]				**41,972**	**34,242**	**35,856**	**36,491**	**24,822**
REVENUES				**42,046**	**43,798**	**45,610**	**35,619**	**-**
EXPENDITURES								
Fire Department								
SAFER Grant Retention	27.00	-	27.00	2,803	2,803	2,803	2,803	2,803
Fire Company Restorations	48.00	-	48.00	6,384	6,576	6,773	6,976	7,185
Fire Station 43	15.00	-	15.00	1,414	2,418	2,515	2,615	2,720
Two Medic Units - January 2014 *(partially offset by $1.2 million in new revenues)*	12.00	-	12.00	692	715	738	762	788
Technology	4.00	-	4.00	456	470	484	498	513
Fiscal Support	2.00	-	2.00	192	198	204	210	216
Fire Prevention	1.00	-	1.00	147	151	156	161	165
Human Resources	1.00	-	1.00	96	99	102	105	108
Recruit Academy	-	-	-	-	-	-	-	-
Capital Investment	-	-	-	4,048	-	-	-	-
Fire Subtotal	**110.00**	**-**	**110.00**	**16,232**	**13,429**	**13,774**	**14,130**	**14,499**
Police Department								
COPS Hiring Program Match and Retention *(CHP and CHRP)*	60.00	-	60.00	5,483	5,483	5,483	5,483	5,483
COPS Hiring Program *(CHP Match and Retention FY13 - New in FY15)*	10.00	-	10.00	653	843	960	1,409	1,451
COPS Hiring Program *(CHP)* Match and Retention FY14 and 15 vehicles in FY16	15.00	-	15.00	920	1,094	1,361	2,072	2,134
Police Officers	15.00	-	15.00	300	525	1,665	1,800	1,872
Gang Prevention Task Force - Moved to Miscellaneous Restorations		-	-	-	-	-	-	-
Public Safety Counter *(Kinney Station)*	3.00	-	3.00	228	237	247	256	267
Field & Operations *(12.0 new FTE in FY15)*	61.00	-	61.00	6,316	7,564	8,087	8,404	8,656
Overtime	-	-	-	511	-	-	-	-
Investigations *(2.0 new FTE in FY15)*	8.00	-	8.00	1,201	1,254	1,283	1,292	1,331
Forensics	6.00	-	6.00	567	614	636	646	665
Communications	4.00	-	4.00	311	355	408	429	442
Crime Analysis	1.00	-	1.00	92	97	98	99	102
Hiring Pipeline	22.50	-	22.50	1,000	1,000	1,000	1,000	1,000
Summer Night Lights	**-**	**-**	**-**	**200**	**-**	**-**	**-**	**-**
Fair & Impartial Policing Training	-	-	-	10	-	-	-	-
Capital Investment	-	-	-	-	-	-	-	-
Police Subtotal	**205.50**	**-**	**205.50**	**17,792**	**19,066**	**21,228**	**22,890**	**23,404**
Public Safety Total	**315.50**	**-**	**315.50**	**34,024**	**32,495**	**35,002**	**37,020**	**37,903**
Parks and Recreation Department								
Aquatics	34.00	-	34.00	1,764	1,817	1,871	1,928	1,985
Community Centers	21.80		21.80	1,104	1,137	1,171	1,206	1,243
Park Maintenance *(includes Park Rangers)*	**47.00**	**3.00**	**50.00**	**4,000**	**4,120**	**4,253**	**4,392**	**4,533**
Senior Programs	1.50		1.50	172	177	182	188	194
Teen Services (*Hot Spots/Summer at City Hall*)	4.15	-	4.15	390	402	414	426	439
Gang Prevention	1.00	-	1.00	100	103	106	109	113
Recreation Programs	18.35	-	18.35	1,209	1,245	1,283	1,321	1,361
4th R	-	-	-	340	-	-	-	-
Capital Investment	**-**	**-**	**-**	**4,450**	**-**	**-**	**-**	**-**
Parks and Recreation Subtotal	**127.80**	**3.00**	**130.80**	**13,529**	**9,001**	**9,280**	**9,570**	**9,867**
MISCELLANEOUS RESTORATIONS								
Animal Control Officer	2.00	-	2.00	176	181	187	192	198
Gang Prevention Task Force *(moved from Police)*	**-**	**-**	**-**	**1,000**	**-**	**-**	**-**	**-**
Capital Investment - Animal Control	-	-	-	-	-	-	-	-
Capital Investment - Garcia Bend Bike Trail Study	**-**	**-**	**-**	**541**	**-**	**-**	**-**	**-**
Library Restoration	-	-	-	506	506	506	506	506
Miscellaneous Subtotal	**2.00**	**-**	**2.00**	**2,223**	**687**	**693**	**698**	**704**
Total Measure U Restorations	**445.30**	**3.00**	**448.30**	**49,776**	**42,183**	**44,975**	**47,288**	**48,474**
ENDING FUND BALANCE			**-**	**$ 34,242**	**$ 35,856**	**$ 36,491**	**$ 24,822**	**(23,654)**

[1]FY16 Beginning Fund Balance reflects the available fund balance based on audited year-end results (FY2014/15 CAFR).

Attachment 3

Measure U Implementation Update

FY2015/16 MEASURE U RESTORATIONS	Approved Budget (in 000s)	Authorized FTE	FTE Hired to Date	Purpose of Restoration	Status of Restoration
FIRE DEPARTMENT					
Fire Company Restoration	6,384	48.00	48.00	To ensure fire personnel are consistently available to respond to emergencies in an effective time period.	Fire Companies restored and providing daily service.
Fire Station 43	1,414	15.00	-	To ensure fire personnel are consistently available to respond to emergencies in an effective time period in North Natomas.	Truck 43 opened January 2016. Positions staffed with overtime until they can be filled.
Two Medic Units - January 2014	692	12.00	6.00	To add two ambulances to help address workload issues and calls within the City response that are currently being covered by other entities.	The program has been revised to be staffed by dual role (firefighter) paramedics. The first medic began service in July 2015 the second medic unit began service January 2016.
Fiscal Support	192	2.00	2.00	To provide fiscal support to personnel in a timely and responsive manner.	Full restoration with the hire of 2.0 FTEs to address efficiency and operational effectiveness within the Fiscal Division.
Human Resources	96	1.00	1.00	To conduct employee misconduct complaint investigations.	Program restored.
Technology	456	4.00	2.00	To provide employees specifically trained for Fire to address Fire's technology projects.	The supervising position has been hired and will perform engineering tasks and monitor the overall health of technology for Fire. The Application Developer has been hired and is working on Department programs. It is anticipated that the additional positions will be filled by the end of the current fiscal year.
Fire Prevention	147	1.00	1.00	To restore a Senior Fire Prevention Officer to provide oversight of workload and increase overall productivity.	Position staffed. Oversite and increased productivity in the permits and inspections areas.
SAFER Grant Retention	2,803	27.00	27.00	This funding will enable the Fire Department to protect the SAFER grant-funded positions by fulfilling required grant retention requirements.	All positions have been retained and continue to provide emergency response.
Capital Investment	4,048	-	-	Funding was identified to help offset costs associated with replacement of 2 Fire Stations.	Preliminary work associated with replacement of 2 Fire Stations has begun.
Fire Subtotal	**16,232**	**110.00**	**87.00**		

FY2015/16 MEASURE U RESTORATIONS	Approved Budget (in 000s)	Authorized FTE	FTE Hired to Date	Purpose of Restoration	Status of Restoration
POLICE DEPARTMENT					
Field & Operations	6,316	61.00	53.00	To allow for increased crime prevention, intervention, proactive deployment, and ability to respond to crimes in process. Also, to allow for specialty units to increase response to gang activity, resolve traffic complaints, address citizen concerns, conduct parolee intervention, follow-up on highly sensitive investigations and train officers.	The Department has continued recruiting, background checks, and training employees and anticipates filling all remaining positions by the beginning of FY2016/17.
Investigations	1,201	8.00	5.00	To increase the ability to follow-up on violent felony crimes and investigation of felony crimes.	The Department anticipates filling these positions by the beginning of FY2016/17, pending the completion of field training by the academy graduates and adequate staffing in Field & Operations. The additional personnel added to Field & Operations have been utilized to expand Gang Enforcement Teams (GET) and Crime Suppression Teams until Investigations can be fully staffed.
Forensics	567	6.00	6.00	To provide the department with the ability to shift sworn officers, who currently perform this function, back onto the streets and increase capacity to conduct forensic investigations including latent fingerprint examinations and identifications.	Positions are filled and are implementing program objectives.
Communications	311	4.00	4.00	To allow for the continued expansion of the pilot program to receive cellular 911 calls, reduce wait times, provide more rapid response, and a higher level of customer service.	Positions are filled and are implementing program objectives.
Crime Analysis	92	1.00	1.00	To conduct integrated crime analysis to be merged with patrol functions and investigative elements to improve effectiveness in public safety.	Position is filled and is implementing program objectives.
Hiring Pipeline	1,000	22.50	17.00	To establish a program to transition young adults from the Criminal Justice Magnet Academy (high school), Cadet Program (ages 14-20), local junior colleges, and local universities into law enforcement careers.	The Department has hired 34 part-time employees into this program. These positions are deployed in Field & Operations, Investigations and Administrative Services. The Department anticipates hiring 10 additional employees during the remainder of the fiscal year.

FY2015/16 MEASURE U RESTORATIONS	Approved Budget (in 000s)	Authorized FTE	FTE Hired to Date	Purpose of Restoration	Status of Restoration
Public Safety Counter (Kinney Station)	228	3.00	3.00	To re-open public counter services at the Kinney Station (North).	Positions are filled and are implementing program objectives.
Overtime	511	-	-	The Department is authorized to use Measure U salary savings to fund sworn and civilian overtime attributed to the protection and restoration of public safety programs funded by Measure U.	The Department seeks authority to use salary savings in excess of budget, as necessary, to implement Measure U objectives.
Police Officers (for vehicles, no labor)	300	15.00	-	To purchase 5 patrol vehicles sedans for the additional authorized Measure U positions.	The Department has continued recruiting, background checks, and training employees and anticipates filling all remaining positions by the beginning of FY2016/17. Orders have been placed for all five vehicles.
Fair & impartial Policing Training	10	-	-	Partial funding for training that reflects a new way of thinking about the issue of biased based policing. The coursework helps people recognize their conscious and implicit biases, and teaches how to implement unbiased behavior responses.	The Department has completed training for all frontline sworn and all management staff.
Gang Prevention Task Force	1,000	-	-	To provide a strategic plan toward gang prevention that includes a comprehensive service approach by multiple entities.	To ensure a citywide approach to gang prevention, oversight was transferred from the Police Department to the City Manager's Office in September 2015. An update on the program will be provided as part of the Measure U budget hearing in May/June 2016.
COPS Hiring Program Match and Retention (CHP and CHRP)	5,483	60.00	57.00	To protect CHRP and CHP grant funded positions by fulfilling required grant retention requirements.	The Department has continued recruiting, background checks, and training employees and anticipates filling all remaining positions by the beginning of FY2016/17.
COPS Hiring Program (CHP) Match and Retention FY13	653	10.00	10.00	To fund required grant match requirements.	Positions are filled and are implementing program objectives.
COPS Hiring Program (CHP) Match and Retention FY14 and 15 Vehicles in FY16	920	15.00	15.00	To fund required grant match requirements and vehicles.	Positions are filled and are implementing program objectives. To address operational requirements the Department seeks authority to purchase three patrol vehicles and seven sedans instead of the original request of 15 sedans.
Police Subtotal	**18,592**	**205.50**	**171.00**		
Public Safety Total	**34,824**	**315.50**	**258.00**		

FY2015/16 MEASURE U RESTORATIONS	Approved Budget (in 000s)	Authorized FTE	FTE Hired to Date	Purpose of Restoration	Status of Restoration
PARKS AND RECREATION DEPARTMENT					
Aquatics: includes the Junior Lifeguard program	1,916	36.00	36.00	To open City swimming pools and wading pools and restore related services that include swim lessons, teams and lifeguard training.	Eleven of twelve City-owned swimming pools and five wading pools were open during the swim season. Repair of the 12th swimming pool, Cabrillo, completed the resurfacing the pool basin this past January. It will be open for the Summer 2016 swim season. Phase 2 of Cabrillo repairs will commence during the latter part of the 2016 calendar year.
Community Centers/Teen Services: Hot Spots and Summer at City Hall	1,858	34.30	34.30	To provide safe activities for youth and restore community center operations to 4 to 5 days a week at Oak Park (OP), Mims Hagginwood (MH), George Sim (GS), Pannell Meadowview (PM) and South Natomas (SN) centers. Continue "Summer at City Hall" program after grant funds expire.	Teen "Hot Spot" programs are operating at three community centers (OP, GS and PM) and at Rio Tierra, Martin Luther King and Samuel Jackman schools; youth sports and "Kids Camp" are operating at five centers (OP, MH, GS, PM and SN); the "Tweener" Club (ages 12-17) operates at GS; the "Prime Time Teen" program operates at five centers (OP, MH, GS, PM and SN), and middle school sports programs (ages 11-14) operate at five centers (OP, MH, GS, PM and MH). "Summer at City Hall" was conducted with Measure U funds this past summer. Beginning Summer 2015, the program increased from 80 to 100 teens.
Park Maintenance and Park Safety Services	3,892	49.00	48.00	To restore services that include frequency of restroom cleaning, trash pickup, weeding, and to lower response times for irrigation repairs. A Park Safety Officer and 2 Park Assistants were added with the Fiscal Year 2014/15 budget.	All but one Park Maintenance Worker position have been filled. Vehicles and equipment have been secured and awaiting delivery. Increased service levels should commence starting Spring 2016. The new Park Safety Officer and Ranger Assistant positions have been filled.
Recreation Programming for Seniors	193	2.60	2.60	To provide general recreation programming for older adults and respite care for caregivers.	There are extended Senior Center hours which allows for additional recreation programming, and 3 respite care sites throughout the City to serve the entire community.

FY2015/16 MEASURE U RESTORATIONS	Approved Budget (in 000s)	Authorized FTE	FTE Hired to Date	Purpose of Restoration	Status of Restoration
Youth Employment Program	83	3.20	3.20	The year-round Landscape & Learning Program designed for youth ages 14-17 that reside within the city limits of Sacramento and are eligible for a work permit. Youth work directly in the community parks and green spaces weeding, pruning and providing general clean up and landscape maintenance. All youth participating in this program receive specialized training, mentorship and on-the-job training.	Program is operating on a year-round basis with Summer Oasis being offered for the summer of 2014/15 and a commitment to continue into summer 2015/16.
Children's Services: 4thR and Summer Oasis	566	-	-	Additional support for summer programs ($226,000) and afterschool care programs for children ($340,000).	Program is operating on a year-round basis.
Gang Prevention	328	2.70	2.70	To provide administrative and fiscal support for gang violence prevention programs.	Program is operating on a year-round basis.
Capital Investment - Aquatics: Clunie Resurfacing Repair and Overall Aquatic Assessment	250	-	-	To resurface the Clunie Pool basin and to conduct an overall condition assessment of all city pools.	1. Resurfacing of Clunie Pool's expected date of completion is December 2016. 2. RFP results for the Aquatic Assessment have been received with a preliminary selection already made. Award of contract is pending Council approval.
Capital Investment - Park Assessment Study	450	-	-	Identify and prepare cost estimates for facility renovation needs in each park in the City.	Initial site analysis of the park sites is approximately 85% complete. The site analysis will be 100% complete by January 2016. Staff will then prepare estimates and report text. Report completion is scheduled for May 2016.
Capital Investment - Park Maintenance CIP for Deferred Maintenance - Phase I	1,350	-	-	Repair and or replace park amenities on the Department's existing deferred maintenance project list.	The construction documents first phase of the improvements are underway. Projects will be bid in February 2016 and construction will start in early April 2016.
Capital Investment - Park Maintenance CIP for Deferred Maintenance - Phase II	2,200	-	-	Repair and or replace park amenities on the Department's existing deferred maintenance project list.	Once the Park Assessment Study is completed the remaining $2,200,000 of the $3,550,000 authorized by Council in FY 2015/16 will be allocated to the highest priority projects identified in the Study.
Parks and Recreation Subtotal	**13,086**	**127.80**	**126.80**		

FY2015/16 MEASURE U RESTORATIONS	Approved Budget (in 000s)	Authorized FTE	FTE Hired to Date	Purpose of Restoration	Status of Restoration
MISCELLANEOUS					
Animal Control Officer	176	2.00	-	To enhance animal enforcement and field services.	Job offers, contingent upon background checks, have been made for both positions.
Library Restoration	506	-	-	Restore library funding to the maintenance of effort (MOE) funding level required by the voter approved library parcel tax.	Library funding has been restored.
Capital Investment - Garcia Bend Bike Trail Study	341	-	-	To provide funding for preliminary work for a Class I bike trail connection near Garcia Bend Park.	Project is completing environmental clearance and begun preliminary design.
Miscellaneous Subtotal	**1,023**	**2.00**	**-**		
Measure U Restorations Total	**48,933**	**445.30**	**384.80**		

Attachment E

Measure U Financial Management Policy

Meeting Date: **5/12/2015**

Report Type: Consent

Report ID: 2015-00461

City of SACRAMENTO

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

Title: Policy Adoption: Measure U Financial Management Policy

Location: Citywide

Recommendation: Pass a Motion adopting the Measure U Financial Management Policy.

Contact: Leyne Milstein, Director, (916) 808-8491; Dennis Kauffman, Operations Manager, (916) 808-5843; Dawn Holm, Budget Manager, (916) 808-5574, Department of Finance

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

Department: Finance
Division: Finance
Dept ID: 06001011
Attachments:
1-Description/Analysis
2-Attachment 1-Measure U Financial Management Policy

City Attorney Review

Approved as to Form
Steve Itagaki
5/6/2015 3:40:40 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/4/2015 11:06:29 AM

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Description/Analysis

Issue Detail: Voter approval of the Essential Services Protection Measure (Measure U) in November 2012 authorized the implementation of an additional one-half cent transaction and use tax effective April 1, 2013, and the establishment of a Citizens Oversight Committee. Although the City Council adopted principles for the use of Measure U revenues, the City does not currently have a Council-adopted Measure U Financial Management Policy. The proposed Measure U Financial Management Policy includes the following attributes:

- Establishes a Measure U Reserve to address unanticipated revenue reductions and the transition that will occur upon the expiration of the tax;
- Commits to allocating additional Measure U resources, above the amount needed to fund the Measure U Reserve and to accommodate growth of already-funded Measure U programs, to one-time expenditures;
- Prohibits using Measure U resources to increase General Fund non-Measure U employee compensation or to balance the General Fund budget;
- Requires performance audits by the City's external independent auditor in addition to the City's annual financial and compliance audits; and
- Requires development of a transition plan to address the expiration of the Measure U tax and the reduction or phase out of services funded by Measure U.

The proposed Measure U Financial Management Policy is modeled after Council's adopted principles for the Use of Measure U revenues adopted on February 12, 2013 (Resolution 2013-0045). Resolution 2014-0179, adopted on June 10, 2014, approving the Fiscal Year (FY) 2014/15 Operating and Capital Improvement Program Budgets, presented the Measure U principles as follows:

a. Resources will be allocated to the protection and restoration of City programs/services specifically enumerated in the Measure U ballot question as
   i. Essential public safety services including:
      1. 9-1-1 response
      2. police officers
      3. gang/youth violence prevention
      4. fire protection/emergency medical response
   ii. Other essential services including:
      1. park maintenance
      2. youth/senior services
      3. libraries
b. Resources will not be allocated for new programs/services/facilities.
c. Restorations may not look/operate in the same manner as those that were eliminated in order to take advantage of effective and efficient means of programs/service delivery wherever possible.
d. Resources will not be used to balance the base General Fund budget, except where funds would provide for the protection of programs/services specifically included in the Measure U ballot question as identified above.
e. Resources will not be used to increase employee compensation.
f. Resources will be set aside annually to be used for the following:

i. Contingency funding should revenues fall short of estimates
ii. One-time funding for one-time expenses related to the delivery of the restored programs/services
iii. Funding to transition programs and services in FY2019/20 when Measure U resources will no longer be available

g. The City Manager will prepare a transition plan to scale back the use of Measure U resources over time or identify alternate sources of funding for critical programs and services.

h. Resources will be accounted for and reported separately in order to facilitate review by the Council and the Oversight Committee established by the ballot measure.

Policy Considerations: The proposed policy (Attachment 1) is consistent with the Mayor and Council's budget priority to adopt financially sound policies and procedures that are prudent and take into account long-term financial planning and stability. A sustainable budget must be evaluated in a longer-term rather than a short-term context.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: The Measure U Financial Management Policy was presented to the Budget and Audit Committee on May 5, 2015. The Committee approved a Motion to forward the policy to the City Council for adoption.

Rationale for Recommendation: The purpose of the Measure U Financial Management Policy is to guide prudent financial management of the City's voter-approved one-half cent transaction and use tax.

Financial Considerations: A one-year reserve has been established to provide contingency funding to address unanticipated revenue changes and financing for a transition period when Measure U is no longer available, providing funding for programs through the end of FY2019/20.

Until such time as General Fund revenues grow to a level sufficient to back-fill the loss of Measure U revenues, or the additional tax is extended beyond its current expiration date, ongoing reliance on these temporary resources will create an enormous burden on the General Fund when the tax expires in 2019.

Local Business Enterprise (LBE): No goods or services are being purchased as a result of this report.

Measure U Financial Management Policy

1. PURPOSE

The City's Measure U Financial Management Policy documents the methods the City will use to demonstrate prudent financial management over Measure U tax revenue. The policy:

- Establishes a Measure U Reserve to address unanticipated revenue reductions and the transition that will occur upon the expiration of the tax;
- Commits to allocating the additional Measure U resources, above the amount needed to fund the Measure U Reserve and to accommodate growth of already-funded Measure U programs, to one-time expenditures;
- Prohibits using Measure U resources to increase General Fund non-Measure U employee compensation or to balance the General Fund budget;
- Requires performance audits by the City's external independent auditor in addition to the City's annual financial and compliance audits; and
- Requires development of a transition plan to address the expiration of the Measure U tax and the reduction or phase out of services funded by Measure U.

2. BACKGROUND

Voter approval of the City of Sacramento Essential Services Protection Measure (Measure U) in November 2012 authorized the implementation of a six-year, one-half cent transaction and use tax effective April 1, 2013, which expires on March 31, 2019. The objectives of Measure U are "to restore and protect essential safety services, including 9-1-1 response, police officers, gang/youth violence prevention, fire protection/emergency medical response, and other essential services including park maintenance, youth/senior services, and libraries…"

3. POLICY

3.1 Measure U Reserve

The City shall maintain a Measure U Reserve dedicated to mitigating the effects of unanticipated revenue reductions and the transition away from Measure U revenue upon the expiration of the tax on March 31, 2019. The Measure U Reserve shall be funded equal to the estimated Measure U program/service costs in FY2020/21 to provide time and adequate funding to phase out the use of Measure U funds.

3.2 Use of Measure U Resources

- Measure U revenue, above the amount needed to fund the Measure U Reserve and to accommodate growth of Council-authorized Measure U

programs, will be allocated to one-time expenditures focused on investment in City infrastructure used to deliver Measure U programs/services.

- Measure U revenue shall not be allocated to fund new or expanded programs with ongoing costs after June 30, 2015, as the expiration of the tax measure in 2019 may require those new programs to be reduced or eliminated.

3.3 Prohibited Uses

Measure U resources shall not be used to increase General Fund non-Measure U employee compensation or to balance the General Fund budget, except where funds would provide for the protection of programs/services specifically included in the Measure U ballot language.

3.4 Transparency and Reporting

Measure U revenue and expenditures should be transparent to the City Council, the Measure U Citizens Oversight Committee, and Sacramento residents. In order to achieve this transparency, Measure U resources will be accounted for and reported separately in order to facilitate review by the Council and the Oversight Committee. In addition, the following information shall be available:

- The City's annual financial and compliance audit will include revenues and expenditures for the Measure U Fund.

- As requested by the Citizens Oversight Committee, the City shall engage its external independent auditors to conduct annual performance audits of Measure U spending by budget allocation.

3.5 Transition Plan

The City Manager will prepare a transition plan as part of the FY2018/19 Proposed Budget to address the expiration of the Measure U tax and the phase out of services funded by Measure U. The transition plan should reduce the reliance on Measure U resources over time by utilizing the Measure U Reserve and converting support for essential programs and services to any alternative sources of funding identified.

Attachment F

Mayor’s Budget Memo FY 16-17 Final

Meeting Date: **3/1/2016**

Report Type: Staff/Discussion

Report ID: 2016-00265

City of SACRAMENTO 22

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

Title: Adoption of the Mayor and Council Budget Priorities for Fiscal Year 2016/17 [Oral Report]

Location: Citywide

Recommendation: Pass a Motion approving the Mayor and Council Budget Priorities and transmitting to the City Manager as direction in the development of the Fiscal Year 2016/17 Budget.

Contact: Mayor Kevin Johnson, (916) 808-5300, Office of the Mayor

Presenter: Mayor Kevin Johnson, (916) 808-5300, Office of the Mayor

Department: Mayor/Council
Division: Mayor
Dept ID: 01001191
Attachments:
1-Mayor's Budget Memo FY 16-17 Final

OFFICE OF THE MAYOR

A City that Works for Everyone

TO: City Council

FR: Mayor Kevin Johnson

RE: Mayor's Budget Priorities, Fiscal Year 2016-17

DA: February 19, 2016

RECOMMENDATION

I recommend that the City Council direct the City Manager to submit a proposed budget for the 2016-17 fiscal year that is balanced and guided by the approved core budget policies and budget guidelines and the priorities outlined in this memo.

I. INTRODUCTION

First, I want to begin by thanking our City Manager, Charter Officers and city employees for their continued dedication and work on behalf of the City of Sacramento. As I reflect upon my time as mayor, it is clear that our collaborative efforts over the last 7 years have not only allowed us to recover from a devastating recession, but they have led us to an unprecedented level of innovation and expansion as a city. Few would have expected this kind of a turnaround to have taken place in such a short period of time.

Our downtown core is now growing at an unparalleled pace. Neighborhoods and communities across the city are not only seeing the restoration of programs and services that were previously eliminated but they're experiencing the introduction of brand new, modernized services as well. Additionally, we have built a financial reserve that will allow these services to remain uninterrupted even if we were to face another unexpected decline. As Sacramento continues to grow, our continued efforts to "right the fiscal ship" will be critical to the success of the city and its residents.

As you'll remember, last year we implemented a new community-centered budgeting process. In prior years, it was the City Manager who created the budget and led the budget process with the Mayor and Council serving as reactionary agents who asked questions and ultimately approved the budget. The inherent problem with that system was that it did not provide the elected officials of the city the opportunity to ensure that public dollars and resources were

being allocated consistent with the priorities of our constituents. Additionally, it did not allow the public to be engaged in the budgeting process in a robust and meaningful way.

To remedy these shortcomings, we made significant changes last year. The goal in doing so was to modernize and update the budget process to fit our theme of "Sacramento 3.0", a city that is evolving with the times to better meet the needs of our residents. To that end, we were determined to not only enhance the council's ability to craft a budget that met constituent priorities, but also provided the public with more opportunities to have their thoughts and ideas heard. While these modifications to the process were a step in the right direction, they weren't enough. Therefore, we continued conversations with the community, City Council and City staff in an effort to identify additional ways that we could improve our practices to further increase public participation and better define the needs and wants of Sacramento residents.

Hopefully, you'll see the fruits of those labors within the pages to follow. As I enter into my last year in office, it is my desire to institutionalize a process that the community and elected/city officials alike feel is effective. While good government practices should always be iterated over time to meet new needs and challenges, hopefully this process will serve as a strong foundation on which the city can build for years to come.

The Budget Process

Over the past year, I've worked with all of you, my Council colleagues, and City Manager John Shirey to adjust the new process and timeline for budget development to increase collaboration and public input. In addition to conducting the citywide poll on budget priorities and the Mayor's Community Leaders Budget Workshop that we introduced last year, this past fall we also implemented four Community Budget Forums hosted throughout Sacramento by the City's Independent Budget Analyst.

These forums provided the public multiple opportunities to identify the areas in which our residents believe funding should be prioritized for 2016-17. We also accelerated the dates for key deliverables in the budget timeline in an effort to maximize discussion and collaboration between the City Council and myself. I strongly believe that these changes and increased collaboration will result in cohesive budget priorities that can be included in the Proposed Budget.

The new budget timeline and process for the 2016-17 budget creation is as follows:

BUDGET TIMELINE	
January - February	Community Input • Community Budget Forums review • Conduct a citywide poll on budget priorities • Mayor's Community Leaders Budget Workshop Forecast and Development • Comprehensive Annual Financial Report (CAFR) – Year-end report • Midyear Report • Based on community input, Mayor presents budget priorities memo to Council for discussion
March	Priority Setting • Mayor and Council approve budget priorities and present to City Manager
April---June	Budget Delivery, Forum, and Adoption • Proposed budget, based on Mayor and Council priorities, delivered by City Manager and presented to Council • City Council hearings on the proposed budget
July	New Fiscal Year
August – December	Budget execution and updates

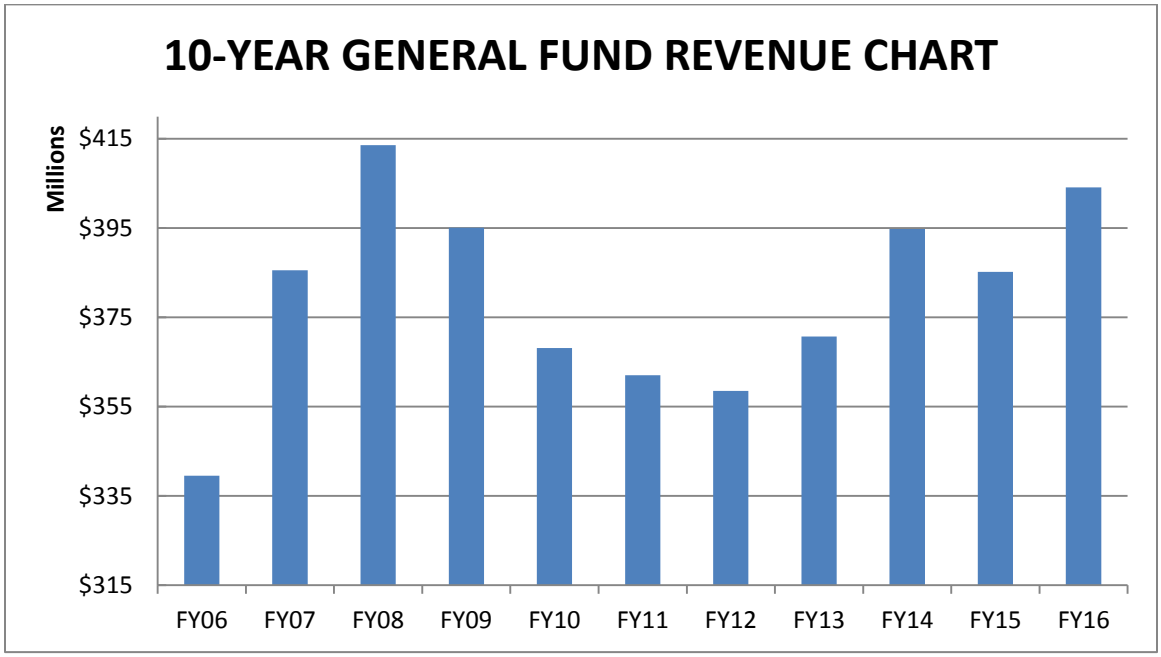
History

As I began my first term as Mayor in 2008, the city was challenged with an unprecedented financial crisis that required many difficult decisions. While the city had seen a robust increase in its revenue base for nearly a decade prior to my first term, proper controls and practices were not in place to ensure a stable financial environment once the recession began. We lacked comprehensive forecasting, strict financial discipline, and policies to prevent over-spending. We relied heavily on one-time funds while not addressing long-term liabilities such as the underfunding of the pension funds and retiree medical benefits. Absent strong fiscal controls and proactive planning for the future, the city's financial system was at a disadvantage when revenues dramatically dropped resulting in a significant spending down of the city reserves.

Effects of the Recession

As seen in the chart below, the city experienced steep declines in General Fund revenue over four fiscal years from 2008-09 through 2011-12, the time period when the entire country was experiencing a significant financial crisis. This resulted in the loss of approximately $170 million cumulatively from FY09 through FY12, when compared to the 2007-08 fiscal year.

10-YEAR GENERAL FUND REVENUE CHART



The large reduction in revenue was primarily due to declining Property and Sales Taxes caused by dropping real estate values, low consumer confidence, and higher unemployment. However, compounding these issues were other financial challenges such as the city's higher than anticipated pension costs (which resulted from the dramatic decrease in pension fund assets). This required the city to prioritize payment of these unfunded liabilities. Additionally, we experienced a weakened cash position caused by a decline in holdings and new limits on capital project funding, while borrowing for both public and private development projects became nearly impossible.

These factors forced the city to heavily rely on one-time funds and reserves that had been modestly built-up prior to the recession. Specifically, during the declining economy, the city relied heavily on the Economic Uncertainty Reserve (EUR), decreasing it from 9.1% of the General Fund in 2004-05 to a low of 2.7% in 2008-09.

Fiscal Year	EUR Changes	EUR Balance	General Fund	% of GF
2004-05	$850,000	$30,000,000	$331,298,000	9.1%
2005-06	$ ---	$30,000,000	$339,574,000	8.8%
2006-07	$ ---	$30,000,000	$385,594,000	7.8%
2007-08	$3,100,000	$33,100,000	$413,564,000	8.0%
2008-09	($22,560,000)	$10,540,000	$395,115,000	2.7%
2009-10	$ ---	$10,540,000	$368,173,000	2.9%
2010-11	$3,800,000	$14,340,000	$362,047,000	4.0%
2011-12	$5,923,000	$20,263,000	$358,536,000	5.7%
2012-13	$7,502,000	$27,765,000	$370,724,000	7.5%
2013-14	$5,949,000	$33,714,000	$394,798,000	8.5%
2014-15	$400,000	$34,114,000	$388,616,000	8.7%
2015-16[1]	$4,853,000	$38,967,000	$399,209,000	9.7%

[1] After the FY 2015/16 CAFR is completed, this number could rise

Hard but Important Decisions Were Made

As the EUR was utilized to stay afloat, difficult decisions were required to move us toward fiscal stability. Over several years, the city cut almost $250 million in services and eliminated approximately 20% of the workforce. These actions allowed the city to permanently realign expenditures and revenues, which right-sized the budget moving forward. Another critical decision was to consistently contribute annually to the EUR growing it from 2.9% of the General Fund in 2009-10 to about 9.7% currently. This persistent and prudent approach has resulted in the largest reserve in Sacramento's history and has moved us to within striking distance of our adopted EUR goal of 10% of General Fund revenues.

While these critical choices allowed the city to slowly recover from the recession, the availability of discretionary funding for new or additional services was mostly eliminated. Fortunately, in 2012 the city's voters passed Measure U, a temporary sales tax increase to restore city services. The effect of this additional revenue has provided a tremendous benefit to the city restoring eliminated services to our residents. For example, in the current year Measure U will provide additional funding for police ($18.6 million), fire ($16.2 million), parks ($13.1 million), libraries ($506,000), and animal care ($176,000). As I noted in this memo last year, however, Measure U expires in 2019. Knowing that this timeline is looming, it is imperative that we responsibly plan for the future to ensure these critical restored services can continue.

Last year, with the economy improving and a new budget process outlined, we forged ahead with the development of the 2015-16 Budget with the vision of moving the city forward by focusing on fiscal responsibility, growing the economy and jobs, and investments in priority neighborhoods. Guided by the approved core budget policies below, we made it our objective to develop priorities that invested strategically into our city in ways that would grow our revenues in the long-run and by allocating one-time funding to address critical needs and projects that would not require ongoing commitments.

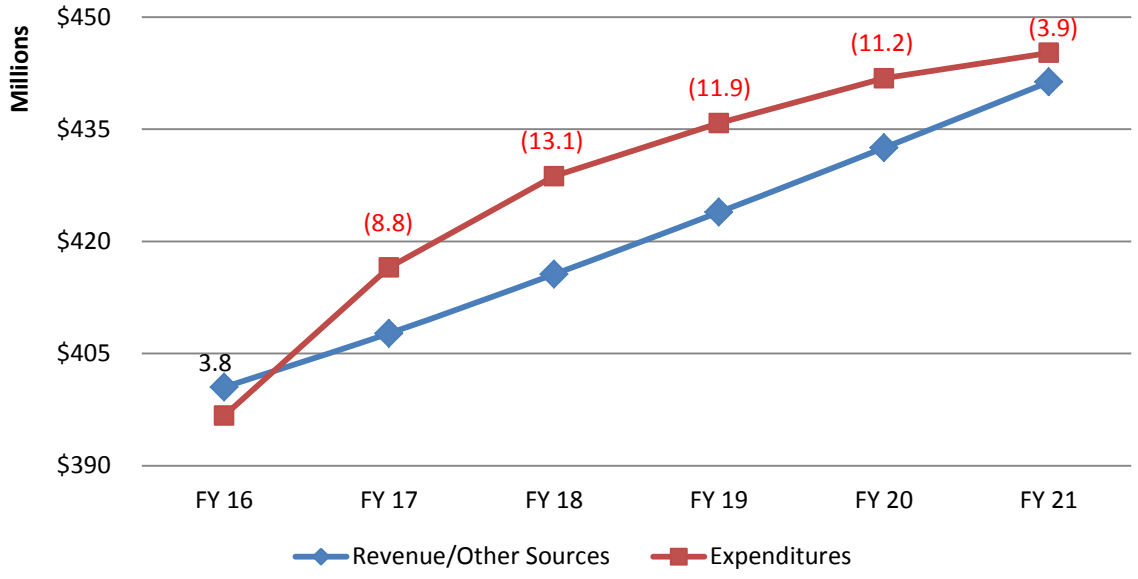
CORE BUDGET POLICIES*	
1	City Council must adopt a balanced budget
2	The Economic Uncertainty Reserve is to be increased gradually to Council's goal of 10% of the General Fund revenue • Unbudgeted one-time revenues from an unexpected source must go to the reserve • Unbudgeted one-time revenues from an expected source (surpluses) will be allocated at the discretion of the Mayor and City Council and may be dedicated to the reserve • Council can allocate other sources of revenue to the reserve at any time
3	Measure U uses • Restorations, not new programs • Resources will not be used to balance the General Fund Budget • Resources will not be used to increase employee compensation • Resources will be set aside for contingency funding, one-time expenses, and transition with expiration in 2019
4	Innovation and Growth Fund • Directed new property taxes resulting from the dissolution of redevelopment to the fund • Directed proceeds from the sale of surplus General Fund properties to the fund • Fund is used to invest in projects and programs that will grow revenue *For a comprehensive list of budget guidelines see Appendix A

II. CURRENT FINANCIAL SITUATION

As we continue to hold ourselves accountable for maintaining a balanced budget, we are in a stronger and more stable financial position today than we were seven years ago. Rather than reducing programs and eliminating services, as we were forced to do for many years, last budget cycle we approved a balanced budget that included the allocation of resources to address the Council's priority initiatives and investments that enhanced services and programs for the residents of Sacramento. We were able to do this while still responsibly contributing additional resources to the EUR. In fact, the 2014-15 CAFR shows that we had a $21.9 million surplus and of that amount, approximately $4.9 million was dedicated to the EUR.

After years of difficult decisions to cut costs and eliminate positions, I feel strongly that we are back on the right track and building momentum. However, instead of repeating past mistakes by over-extending our financial resources, I implore us all to maintain our cautious optimism while continuing our conservative approach to fiscal management. By looking at things holistically instead of as one-offs, we can make strategic decisions that will position us strongly for the future. These steps will be necessary if we expect to solve our looming future potential budget deficits without impacting city services.

Five-Year General Fund Forecast



As you can see from the chart above, General Fund expenditures are expected to exceed revenue growth as early as 2017-18. And while this forecast points to continued growth in revenue, we must remember historical revenue trends which have taught us that years of positive growth (like we are currently experiencing) are typically followed by years of decline.

Fortunately, tighter fiscal controls and the approval of Measure U will continue to provide short-term relief. Additionally, we've started planning for the expiration of Measure U in March of 2019 by maintaining a fund balance of about $25 million that will provide a transition reserve.

However, it is critical that we enact policies and strategies now to ensure we can continue to fund services and programs once the Measure U fund balance is exhausted. These actions must account for our long-term liabilities such as pensions and retiree medical costs which continue to grow significantly.

Measure U Revenues and Expenditures

Measure U: Revenues & Expenditures (in 000s)	FY 16 Amended FTE	FY16	FY17	FY18	FY19
BEGINNING FUND BALANCE[2]		**41,972**	**34,242**	**35,856**	**36,491**
REVENUES		**42,046**	**43,798**	**45,610**	**35,619**
EXPENDITURES					
Fire Department	110.00	16,232	13,429	13,774	14,130
Police Department	205.50	17,792	19,066	21,228	22,890
Parks and Recreation Department	130.80	13,529	9,001	9,280	9,570
Miscellaneous Restorations	2.00	2,223	687	693	698
Total Measure U Expenditures	**448.30**	**49,776**	**42,183**	**44,975**	**47,288**
ENDING FUND BALANCE		**$34,242**	**$35,857**	**$36,491**	**$24,822**

[2] FY16 Beginning Fund Balance reflects an amount based on audited year-end results (FY14/15 CAFR).

Additional Challenges Ahead

To achieve financial stability, we must identify our challenges and develop strategies and policies that address our long-term liabilities. These liabilities continue to rely on General Fund revenues that heavily reduce our discretionary resources for other services and programs. By decisive action on the Council's part, we can begin solving these growing problems in the 2016-17 Budget continuing our path toward stability. These liabilities include:

- Rising Pension and Labor Cost
- Retirement and Healthcare Costs
- Other Post-Employment Benefits (OPEB)
- Aging Infrastructure and Capital Needs / Debt
- Expiration of Measure U Funds

Many long-term liabilities are beyond the city's control. Regardless, we must act proactively and approach these liabilities responsibly.

Necessary Actions and Strategies

If we can approach and address these challenges now, we can take important steps towards reducing our long-term burden, improve our standing in the credit market, open doors for investment, and most importantly, ensure that the city does not have a projected deficit in the future. To that end, below is a list of actions and strategies we must implement or assess this year:

1) Adopt Fiscally Responsible Policies
    a. Reign In Long-Term Commitments - Just this month we passed an OPEB policy that will guide the City Manager in future employment negotiations. The guidance the Council laid out will ensure we are on a course to fully fund our actuarially OPEB costs on an ongoing basis within ten years. We must approach all of our labor negotiations with this goal in mind.
    b. Reaching 10% EUR Goal - With continued prudent planning, it may be possible for the City to reach its long-term goal of having 10% in reserves this year. It will be critical to ensure that this milestone is met.
    c. Midyear Budget Policy - The Council should adopt a policy that would prohibit the approval of one-off funding requests during the course of the year. Instead, potential items should be discussed together during the Midyear process and considered for funding at that time as it ensures decisions are made once available resources are known.

2) Solidify Our Financial Foundation
    a. Refinancing Debts - We currently have the opportunity to aggressively refinance existing debts to find new rates. Some rates are at record lows and experts are anticipating they may go lower still. This provides a significant window of savings for the city.
    b. Improving Our Credit Rating - Over the past year we have been dedicated to improving our credit rating, which has resulted in the favorable refinancing of some existing debt and a current credit rating of AA-. This is great news, especially considering the past high debt ratio we had been faced with and our inability to take on additional debts due to prior obligations. However, while we are trending in the right direction, I stress that we proceed cautiously and plan our debt carefully so that we can satisfy past obligations and leverage our high credit rating and past performance for future development and investment.

Going forward, we must remember how borrowing and investing can fulfill vital community needs and better position the city for the future, and by doing so smartly, we can provide a return on our investment financially and otherwise.

3) Future Revenue Opportunities

While building a stronger financial foundation, we must continue to think and plan for the future rather than merely managing expenses. In addition to addressing our long-term liabilities we must also take proactive steps to grow our revenues instead of being reactionary. By aggressively looking for ways to increase revenues, we can create a vibrant and growing city economy that solves problems and provides a return on our investment. To this end we should act to:

a. Re-approve Measure U - Measure U has provided a great benefit to the city and our residents. We have restored vital programs and services to neighborhoods that desperately needed them. Our careful planning has allowed us to maintain a sizeable transition reserve for when Measure U is set to expire in 2019. However, I believe it is time for us as a Council to proactively decide to propose extending this measure to the public. By doing so, we can ensure that the restored services continue. Furthermore, by resolving Measure U proactively, we can free up future resources to expand and grow programs and services instead of simply maintaining the status quo.
b. Increase Revenues through Innovation and Investment - Not to be lost in prudently managing expenses must be the commitment to increasing revenues and identifying new revenue opportunities. To achieve success, we must prioritize our time and develop a comprehensive plan that guarantees results. As we determine how best to increase our Property and Sales Tax revenues, focusing on expanding employment and increasing job opportunities, we must move forward with investments that "grow the pie". As we continue to define what success means, the components of this plan include but are not limited to:
    - Completion of the Downtown Arena and development of surrounding areas
    - Development of the Railyards and construction of an MLS stadium
    - Innovation and Growth Fund
    - Sacramento Employment and Economic Development (SEED) Corporation
    - 10,000 Housing units in Downtown

Concentrating on these efforts will ultimately lead to a self-sufficient downtown economic engine that provides a benefit to the entire region. In order to realize this, we must continue to implement business-friendly practices to foster an environment that welcomes entrepreneurs, small-business owners, and developers. By embracing this model, we will become a global destination for innovation and growth.

It is my goal to continue the momentum we built last year so that we see these strategies, actions and projects brought to fruition. By doing so, we can avoid the projected budget deficit in out-years and support the growth of the vibrant, healthy economy our city deserves.

III. COMMUNITY INPUT

Last budget cycle we embarked on a revised process to increase meaningful community engagement in the budgeting process. The first action we took was to conduct a citywide budget priority poll of 500 residents. I then used the results from that poll to host a Mayor's Community Leaders Budget Workshop. Our goal was to build trust with those we serve and increase transparency in the budgeting process. I am happy to say that for this budget cycle we continued both the polling and the budget workshop. Furthermore, to provide additional opportunities for community engagement, we tasked the City's Independent Budget Analyst (IBA) with holding four Community Budget Forums throughout Sacramento.

Community Budget Forums

The IBA held four Community Budget Forums over a two-month period beginning this past November. The purpose of the forums was twofold. The first was to provide the public with an overview of the city's budget and its budgeting process. The second was to conduct a survey and roundtable discussion to identify the areas in which the attendees felt city resources should be prioritized for the 2016-17 Budget. The attendees' responses were collected and presented to the City's Budget and Audit Committee in January.

Citywide Poll

Building off of the success of last year, we again utilized the polling firm of Fairbanks, Maslin, Maulin, Metz, and Associates to conduct a 500-person survey between January 5th and 9th. The poll surveyed residents from each council district in a random sample, reflective of the diversity of our city. Over the course of the poll, respondents were able to give their input on their budget priorities as well as other pertinent budget questions.

Results:

- Of those surveyed, the vast majority have a positive view of Sacramento as a place to live. 86% said it was an "excellent/pretty good" place to live. The combined positive score is on par with 2015 attitudes, illustrating a consistent satisfaction. The majority of those surveyed have a generally positive feeling about safety in their neighborhoods, 79%. Also, people had a strong positive feeling about their own personal financial situation - 76%, the local economy - 69%, and public safety in the City - 69%.

- The highest priorities in terms of the budget for those surveyed are:
    - Public safety (reducing violent crime) - 81%
    - Jobs and economic development - 74%
    - Infrastructure and roads - 71%

- Additionally, when asked if they would support an extension of Measure U if it were on the next ballot, 72% responded that they would be in favor of extending the measure.

Mayor's Community Leaders Budget Workshop

On Wednesday, February 3, I hosted the second Mayor's Community Leaders Budget Workshop, which was the last community outreach opportunity before drafting this Budget memo. I started the workshop by detailing the focus for the City of Sacramento in the upcoming year. During the workshop, I provided a "Sacramento 101" and "Budget 101" presentation to inform the public about the City and how the new city budget process works. Most important, I led the community leaders survey to get input on their budget priorities.

- Community leaders feel generally positive about their current situation, with 68% rating Sacramento positively as a place to live, 46% positive about the local economy, 61% positive about their personal financial situation, and 54% positive about public safety.

- The group concluded the priorities discussion by exploring 20 possible budget priorities, and ranking each one based on importance. From this discussion, a number of themes emerged as respondents were asked to weigh priorities against each other.
    - Jobs and Economic Development - 92%
    - Public Safety (reducing violent crime) - 80%
    - Infrastructure and Roads - 75%

- Interestingly, when community leaders were asked if they would support an extension of Measure U if it were on the next ballot, 78% responded that they would be in favor of extending the measure.

Conclusion of Community Input

While there are many competing and conflicting priorities, Sacramento residents had a general consensus when identifying various budget priorities. Overall, input from the budget forums, the citywide poll, and the community leaders workshop was mostly aligned. As such, I strongly believe this document reflects the wants and needs of our community and our city.

IV. Mayor's Budget Priorities

As our fiscal position is improving, we must take the actions outlined above to ensure we do not realize the potential deficit projected for future fiscal years. With disciplined planning and decisive action, we can accomplish that goal. Once we have done that, with the discretionary funding we do have available, we must invest in our city wisely. **We should maintain a focus on one-time expenditures allowing us to address our most current critical needs.** We should also prioritize investments in projects with long-term benefits. **Should we have the need to incur ongoing expenses, we must identify ongoing revenue sources to pay for those resources in an effort to keep a stable General Fund budget.**

Similar to last year, I identified the "Mayor's Budget Priorities" with guidance from three overarching needs the city has:

- **Fiscal Responsibility** – As our city continues with the economic recovery, it's crucial to adopt financially sound policies and procedures that are prudent and take into account long-term impacts.

- **Growing the Economy & Jobs** – We must continue the shift to "Sacramento 3.0" and take the necessary steps to diversify the economy, our revenues and the job base. We must be the best city in the state to do business. We must create an environment that is friendly to entrepreneurship and business. The results of this shift will be a larger tax base and more jobs.

- **Priority Neighborhoods** – In order to ensure that our city is serving all citizens well, we must have services and programs available in every neighborhood. Let's identify communities throughout the city that need special attention and resources so that access is equal for all residents.

With the input from our residents, insights from the City Council, and the guidance of the three overarching city needs, I believe the priorities outlined below continue to make strategic investments in our city and begin the transition of Sacramento into a "World Class City".

1. Public Safety

a. **Community Policing** – As part of our Officer Next Door Initiative, we must continue our quest to be the "Safest Big City" in California and a national model of community policing. To reach this goal, it will require increasing police staffing levels to the nationally recognized benchmark of 2 officers per 1,000 residents in the future. We must develop and accomplish this through a 20-year plan that adds approximately 15 officers per year. This should include renewing our focus on the use of POP officers. The City Manager is directed to continue implementation of this plan by funding 15 FTE officer positions. *(This is a $1.8 million ongoing expenditure that must be matched to a sustainable long-term funding stream.)*

b. **Recruiting a Diverse Police Force** – Sacramento is one of the most diverse cities in the country, that diversity should be reflected in every aspect of our city including all levels of our police force. As diversity is one of the four pillars of the Officer Next Door Initiative, our minority populations are underrepresented in both command staff and rank and file within the department. To address this concern, we began a hiring plan that connects local programs such as the Criminal Justice Magnet Academy (which is 74% diverse) to entry-level police department positions. The City Manager is directed to build in funding to continue the implementation of this plan. *(This is a $1 million ongoing expense.)*

c. **Fire Station 10** – The Fire Department's mission is to protect our community through effective public safety services. Providing service to the southern part of the city, Fire Station 10 is in need of upgrades as the current configuration presents challenges to maintain quick response times. Both the fire engine and the ambulance share the same lane in the garage resulting in the constant shuffling of vehicles so the proper one can respond to a call. Additionally, the dormitories are not properly connected to the garage as diesel exhaust floods into the sleeping quarters. The City Manager is directed to fund the rebuilding of Fire Station 10. *(This is an estimated $5.2 million one-time expenditure.)*

d. **Park Safety Rangers** – Park Rangers provide services through the enforcement of codes, ordinances, rules and regulations to protect public parks, park patrons, bicycle trails and recreation facilities within city limits. Building on our vision of being the "Safest Big City," additional park safety rangers are needed to enhance enforcement at parks to increase the safety of our residents. The City Manager is directed to include funding for two additional park safety ranger FTEs. *(Estimated at $170,000, this is an ongoing expenditure that must be matched to a sustainable long-term funding stream.)*

2. Economic Development

a. **Improving our Business Climate** – During the State of the City Address, I said that Sacramento has to think big, act aggressively, and be proactive. From investing in "500 Startups" to having Flippbox return to the Capital City and Anpac Biomedical choosing Sacramento as its world headquarters, we are developing a world class business climate. However, we must go farther. We should use our current momentum to create an atmosphere that businesses gravitate towards. We should explore the use of tax and fee incentives within our priority neighborhoods to encourage commercial investment. Additionally, we should work collaboratively with our small businesses, especially our minority-owned small businesses. With the co-location of the Asian Chamber, the Black Chamber, and the Hispanic Chamber, our three largest ethnic chambers of commerce can blend knowledge, improve visibility and help our small businesses run more efficiently. By co-locating these three ethnic chambers, they can provide a service to the city that grows revenue and benefits our local economy. As part of the implementation of our Economic Development 3.0 initiative, we must improve our business climate by updating policies and processes, creating a business retention program, and strengthening Sacramento's brand. The City Manager is directed to fund efforts to establish a fee for service program that encompasses all three Chambers of Commerce for no less than $100,000. Further, the City Manager is directed to assign city staff to assist in developing these new approaches to improving our business climate and fund $150,000 in costs associated with marketing. *(This is a $250,000 one-time expenditure.)*

b. **Railyards as an Innovation District** – As the Railyards becomes an "Innovation District," we must continue bringing leading-edge institutions and companies to the area. With a new $900 million, 18-acre hospital campus, Kaiser is the first

anchor tenant. Our next steps are finalizing a third UC Davis campus and securing a Major League Soccer expansion franchise by implementing our agreement with the Sacramento Republic to build a Downtown Railyards Soccer Stadium. With these three anchor tenants in place, we will be well on our way to a district that raises revenue for our city, increases economic activity, and creates innovation. The City Manager is directed to fund one FTE to continue the advancement of an "Innovation District" at the Railyards with a focus on how we can create an environment that incentivizes high-wage job creation. *(Estimated at $150,000 for the position, this is an ongoing expenditure.)*

c. **Sacramento State Center for Innovation** – In partnership with the Power Inn Alliance, the center aims to transform a formerly industrial area into a future hub of clean energy and green technology. Through applied research and developing engineers, the center will help Sacramento State become one of the country's leaders in net-zero home technology. The City Manager is directed to provide the necessary staff and resources to ensure the Sacramento State Center for Innovation plan is successfully implemented. *(This can be funded with existing resources.)*

d. **MedZone** – By utilizing existing stakeholders – UC Davis, Sutter Health, Dignity Health and Kaiser – Oak Park will become the city's first medical innovation zone. This zone will be focused on bringing new medical facilities and investments to the region. Currently, the city has set aside funding for the MedZone which is being leveraged to bring up to 12 companies to Sacramento and create over 100 new jobs within a five-year period. The City Manager is directed to provide the necessary staff and resources to ensure the MedZone plan is successfully implemented. *(This can be funded with $5.2 million in existing redevelopment bond proceeds.)*

e. **Streetcar** – With the commitment of $75 million from the federal government to construct a Downtown/Riverfront Streetcar System that links West Sacramento to Sacramento's Central City and Midtown, we must continue identifying opportunities to fund the remainder of the project. The total cost of the project is estimated to be $150 million, shared between city, state and federal sources. The city has already allocated $7 million to this project, which will be leveraged with $25 million from the City of West Sacramento to attract additional funds from Sacramento County ($3 million), and the State of California ($10 million). The City Manager is directed to continue working with

stakeholders to secure funding commitments, address obstacles collaboratively, and continue progress toward the streetcar's construction. *(This is a one-time expenditure that may require additional investments to complete the project.)*

f. **Community Center Theater** – Our current Community Center Theater continues to be ill-equipped to house and showcase the talents of our many arts organizations in the city. We need to provide a venue that will attract both our current organizations and acts from outside that have previously not considered Sacramento. The City Manager is directed to develop a recommendation for how to move forward with the Community Center Theater including the possible funding mechanisms to implement the project. *(This can be completed with existing resources.)*

g. **SEED Corp.** – Research shows that for every dollar of public funds invested in low-income communities, an additional $9 can be gained in private investments. That additional private investment is what the SEED Corp. is working on to bring to the city. The goal of the SEED Corp. is to attract private sector jobs, investments, and businesses to low-income communities. To initiate this process, we have identified redevelopment bond proceeds to begin investing in SEED Corp. initiatives in the Del Paso Heights area. However, we need to look at ways to expand our investment to include other priority neighborhoods such as Meadowview and Valley Hi and other opportunities such as incentivizing businesses to come to neighborhood commercial centers. The City Manager is directed to identify additional funding opportunities to launch SEED Corp. in the Meadowview and Valley Hi neighborhoods. *($1.2 million in existing redevelopment bond proceeds are available for the Del Paso Heights area.)*

h. **Investing in our Riverfront** – Our region has incredible natural resources in the rivers that surround us. However, we can add to those resources by investing in our riverfront and creating an environment that is a global destination filled with various amenities. To begin the process, we must identify ways to clean-up the riverfront and remove abandoned oil tanks. We must engage with land owners to jump start resource planning and identify the steps needed to reenergize our riverfront. The City Manager is directed to identify an investment and implementation strategy to initiate the revitalization of our riverfront. *(This is a one-time expenditure that may require additional investments to complete the project.)*

i. **Innovation and Growth Fund** – To become a world class city, we must prioritize growing and diversifying our economy and increasing the number of high-wage jobs in our city. The Innovation and Growth Fund is the city's primary tool to make those lofty aspirations a reality. Resources from this fund must be specifically targeted for projects and programs with a significant return on investment and impact on the city, such as downtown incubators. Through collaboration with the Mayor's Office of Entrepreneurship and Innovation, we can develop a targeted plan that makes Sacramento the ideal location for new and exciting businesses ensuring a vibrant economy for our city. The City Manager is directed to review and update the proposed programs, application processes, criteria, and timeline for investments related to the Innovation and Growth Fund. *(This can be completed with existing resources.)*

j. **Natomas Site Reuse** – With the opening of the Golden 1 Center this fall, it is critical for us to address the reuse of the current arena in North Natomas. The reuse of this site is a unique opportunity to advance economic progress in Natomas, the city, and our region as a whole. We must continue our work with the Kings to identify the best use of the soon-to-be vacated space, including the potential development of an innovation zone focused on high-wage job creation. The City Manager is directed to provide the necessary staff and resources to ensure the Natomas Reuse plan is successfully implemented this year. *(This can be completed with existing resources.)*

3. Youth and Education

a. **Summer Night Lights** – The Summer Night Lights program is a violence-reduction program that targets locations disproportionally impacted by violence. Summer Night Lights, which focuses on many of our priority neighborhoods, provides positive summer programming for youth and families, hires and trains young adults from the community who are at-risk for gang involvement and/or gang-violence and focuses on inter-generation activities that fosters a safer community. The City Manager is directed to fund this program for budget year 2016-17 in the following three communities; Oak Park, Valley Hi, and Del Paso Heights. *(Estimated at $300,000 total, this is an ongoing expenditure that should be leveraged with additional non-city funding.)*

b. **Mayor's Gang Prevention and Intervention Task Force** – Last year we set out to renew the task force that had been originally formed in 2011. The task force consists of city leaders, law enforcement, education, and faith and community leaders. The task force developed a multi-year implementation plan that shifts the paradigm toward a comprehensive approach which has proven to be more successful than enforcement-centered or standalone efforts. To ensure the task force succeeds, we allocated $1.0 million in funding in 2015-16 to hire a Gang Prevention and Intervention Task Force Director and provide grants to community-based organizations to conduct prevention and intervention activities. As a sign of the impact the task force has already had, 36 community-based organizations applied for the available grant funding. The City Manager is directed to fund the ongoing activities of the Mayor's Gang Prevention and Intervention Task Force. *(This is an ongoing expenditure of $1.0 million that must be matched to a sustainable long-term funding stream.)*

c. **Meadowview Community Development** – To ensure that all of our residents are given every opportunity possible to succeed, we must bolster our investment in at-risk youth and underserved communities within this priority neighborhood. By increasing the programs and funding available through our local community based organizations, we can begin to reverse the trend of certain communities being continually left behind decade after decade. The City Manager is directed to work with the Council district to prioritize requests and identify funding for this priority neighborhood. *(This is an estimated $525,000 one-time expenditure.)*

d. **City/County African American Child Death Program** – In 2011, Sacramento County released a 20-year report on all child deaths in Sacramento County. The report findings showed that African-American children died at a rate two times higher than that of all other children in the county. Additionally, further investigation shows that many of the neighborhoods with the largest number and percent of African-American child death are those areas we have designated as priority neighborhoods. In an effort to reduce these numbers and foster meaningful community engagement, we should partner with the county to implement strategies and programs that have proved successful at decreasing the African-American child death rate. This past summer the county allocated $1.5 million in funding to implement a strategic plan to reduce the disproportional death rates. That commitment was in addition to approximately $3 million in investment from the First Five Sacramento Commission and the county's public health, child welfare, and probation departments. The City

Manager is directed to provide funding to partner with Sacramento County to address the disproportional death rate of African-American children. Further, the City Manager is directed to continue pursuing county funding opportunities that can be used in lieu of city resources. *($750,000 was provided at Midyear; the ongoing costs must be matched to a sustainable long-term funding stream.)*

e. **Youth and Education Department** – It is our responsibility as a city to look for ways to better serve our youth particularly youth who are in priority neighborhoods with limited opportunities and very visible exposure to gangs, violence, and crime. Our future depends on the strength and abilities of our youth which compels us to do everything we possibly can to ensure they reach their full potential and become contributing members of our community. To accomplish this task, we have to take a holistic approach which addresses all the challenges our youth face today. The City Manager is directed to fund and look into the possibility of creating a revenue neutral department which will help streamline processes, better align youth with services, increase efficiencies and measure success rates. *(This is an ongoing expenditure that will be matched to the projected $5 million in revenue generated by the Sacramento Children's Fund ballot measure should it pass.)*

f. **4th R and Start** – 4th R provides year-round child care at many Sacramento elementary school campuses while START provides free before and after school programs at 38 Schools throughout four school districts. Although the 4th R program is funded by participants and grants, expenses have to be offset by general fund monies since many service users qualify for free or reduced costs. For FY16, it is estimated that the General Fund subsidy for 4th R will be approximately $365,000. The START program is funded by grants and contracts with local school districts; however, the General Fund is the primary funding source. For FY16, the START program is expected to require a General Fund subsidy of more than $800,000. As these two programs are important to the continued success of our youth, we must identify strategies to ensure the programs remain available throughout the city. The City Manager is directed to seek alternative revenue generating methods to reduce dependence on general funds and to collaborate with stakeholders to ensure continued success and funding of these programs. *(This is an estimated $1.165 million one-time expenditure.)*

4. Good Governance

a. **Midyear Budget Policy** – As an alternative to approving standalone or one-off projects or programs as they materialize throughout the fiscal year, we should instead follow a comprehensive policy that allows for such items to be discussed and prioritized for funding during the Midyear review. As the city has limited discretionary funding, approving new costs throughout the year hamstrings our ability to react to our changing needs and results in a first-come, first-served approach. The City Manager is directed to draft a Midyear Budget Policy that will provide a process and timeline for funding considerations to ensure all potential items are fairly and properly vetted. *(This can be completed with existing resources.)*

b. **Economic Uncertainty Reserve Policy** – Growing the EUR is critically important to the long-term financial growth of our city. Having a robust reserve prepares Sacramento for future economic downturns, improves our credit rating, and provides stability and confidence for Sacramento residents, investors, and businesses. As we finally cross the finish line to our goal of 10% of General Fund Revenues, it is time for us to take the next step and make that 10% our minimum requirement. The City Manager is directed to provide the remaining funding required to achieve 10% of General Fund revenues. Additionally, the City Manager is directed to develop a policy that requires the city to keep a minimum EUR balance of 10% of General Fund revenues and identify strategies that add resources to the EUR to move the balance beyond 10% in future years. *(This would be an approximately $954,000 one-time expenditure.)*

c. **OPEB Funding Policy** – Currently, the city's unfunded OPEB liability is approximately $363 million. While we have made contributions to our OPEB Trust Fund, we must take a proactive approach to solving this liability rather than passing the problem to our future generations. With our approved OPEB Funding Policy, we can position ourselves to not only reduce the total liability, but also create a path to funding our OPEB costs on an annual basis within ten years and fully funding the total liability within thirty. This will result in a more solid financial foundation for the city while also improving our credit rating. The City Manager is directed to utilize the approved OPEB policy in future employment negotiations and develop a plan to fund our actuarially OPEB costs on an ongoing basis within ten years. *(This does not require additional resources.)*

d. **City Auditor's Office** – The Auditor's Office Whistleblower Hotline has been a positive addition to the services provided by the city. The success of the hotline has resulted in a significantly increased call volume requiring greater workload. Given the growth of the program, we should add a position to handle the hotline and investigate whistleblower tips. The City Manager is directed to fund one FTE for the City Auditor's Office. *(This is an estimated $100,000 ongoing expense.)*

e. **311 Call Center Modernization** – As the single point of contact for city services, it is critical that we maintain a 311 Call Center system that is both efficient and accurate. Previously, we added three new positions to help address a call volume that has increased significantly over the years. However, now is the time to focus on finding efficiencies and better service through infrastructure upgrades and relocation of the call center. We must identify system upgrades to expand access to information and increase the resources available online. Additionally, we should look into new technologies such as a more robust 311 App that can provide instant responses and services in lieu of a call to 311. The City Manager is directed to develop and implement strategies to increase the efficiency and effectiveness of the 311 Call Center. *(This is a one-time expenditure.)*

5. Quality of Life

a. **Homelessness Task Force** – Homelessness is one of our biggest and most pressing challenges as a city. While we have started to address the issue by assigning a full-time position to oversee the city's response to homelessness and providing funding to programs like St. John's and Sacramento Steps Forward, we must increase our efforts on solving the problem. To tackle this subject, I created a task force with the Council and Sacramento Steps Forward to work collaboratively on finding solutions that serve our most in-need residents. The City Manager is directed to fund and implement the strategies identified by the task force to create a more efficient and consistent long-term approach to address homelessness and continue our funding commitment to Sacramento Steps Forward who is responsible for leading the regional efforts to prevent and end homelessness in Sacramento. Further, the City Manager is directed to implement the Attended Restroom Pilot Program in areas of the city where feasible. *(This is a $1.0 million one-time expenditure that will likely require additional investments.)*

b. **Parks Improvements and Maintenance** – In order to achieve our vision of creating a world class city which attracts new businesses, a talented workforce and families, Sacramento must improve its quality of life and enhance the many amenities it has to offer its residents. While we have an abundance of parks, lush greenery, aquatic facilities, rivers and recreational opportunities, we are falling behind on general maintenance and upkeep. It is critical that we strengthen and maintain a robust and attractive park system to increase the quality of life in Sacramento. Additionally, city staff should explore ways to increase youth activities, programs and team sports within priority neighborhoods. The City Manager is directed to identify funding opportunities for improvements to aquatic facilities, park restrooms, youth activities and community centers. Further, the City Manager is directed to work with each Council district to prioritize requests and identify funding sources with a multi-year approach. *(This is a one-time expenditure.)*

c. **Bike Trail Funding: 2 Rivers and Sacramento River Parkway Bike Trail** – The completion of these two bike trails will provide both better access to the downtown core and enhance amenities available to city residents. Additionally, the completion of these trails along our rivers will result in creating construction related jobs and a reduction in emissions through increased foot and bike traffic. As these two trails move forward and walking and cycling opportunities increase, it may be necessary to review our traffic enforcement policies to resolve growing conflicts between vehicles, cyclists, and pedestrians, identify low-cost street repairs to improve bike connectivity, and increase signage for designated bike routes and key destinations. The City Manager is directed to ensure adequate funding is provided to move forward with the 2 Rivers and Sacramento River Parkway Bike Trail. *($200,000 was provided to the Sacramento River Bikeway Trail at Midyear; future costs will be one-time expenditures.)*

d. **Infrastructure Improvements** – On our path to creating a world class city, we have been working aggressively on achieving our goals. However, we must not forget to address our existing aging infrastructure and deferred maintenance. From dilapidated buildings to roads, and streetscapes, it is critical that we make the necessary improvements to citywide facilities on a regular basis so that we avoid large costs down the road. The City Manager is directed to access and analyze the city's current infrastructure needs, as well as work with each Council district to prioritize requests and identify funding sources with a multi-year approach. *(This is a one-time expenditure.)*

e. **Code Enforcement** – The city's code enforcement division promotes and maintains a safe and desirable living and working environment for Sacramento's residents and business owners. Code enforcement staff works with its citizens to handle issues such as illegal dumping, graffiti, and zoning violations while also providing inspection services. To ensure our residents have an environment they are proud of, we need additional code enforcement officers to mitigate recurring issues throughout the city with an emphasis on our priority neighborhoods. The City Manager is directed to fund two additional code enforcement FTEs. *(Estimated at $200,000, this is an ongoing expenditure that must be matched to a sustainable long-term funding stream.)*

f. **Digital Billboard Revenues** – Throughout the city, there are four digital billboards that generate approximately $180,000 each in revenue annually. Since 2011, the revenue from the billboards has gone solely to the General Fund in an effort to help maintain a balanced budget. However, as each neighborhood has unique needs, districts with billboards need the flexibility to offset the impacts these billboards have on those communities. The City Manager is directed to implement a digital billboard policy that returns revenues to the impacted districts. *(This can be completed with a redirection of existing resources.)*

V. Conclusion

I am proud of the progress we've made as a city while I have been in office. I have seen us successfully navigate through a reeling economy, been a part of making the hard decisions to cut programs and eliminate services, and have stood with you all as we prioritized building a reserve rather than spending available resources. While those years were lean and difficult, they have made us stronger. The lessons have provided us, as a city, with a solid foundation.

We have changed our entire budget process in order to receive community input on the front end of our budget cycle. This valuable feedback results in a budget that better reflects the priorities of our residents. The new process moves us from a reactive city to one that proactively plans, implements sound policy and fiscal controls, and increases the quality of life for our residents.

I believe we are on a path to greatness in Sacramento. I am confident that through the changes we have made we have overcome past financial mistakes and positioned ourselves to invest in Sacramento's future. I ask that we continue this progress by working together for our

constituents, by balancing needs and addressing liabilities, and by seizing opportunities that enhance our strong financial position.

I am confident we can accomplish our goals together and I look forward to our collaboration on this process. Thank you for your time and consideration.

Appendix A: Mayor & Council's Budget Guidelines

MAYOR & COUNCIL'S BUDGET GUIDELINES	
1	Maintain a fiscally sustainable, balanced budget
2	The Mayor and Council's priorities, based on community input, should drive the budget creation
3	Continue a community-based budget process where city residents are engaged and educated on budget processes and provide feedback on budget priorities
4	Look for ways to grow the reserve beyond its current goal
5	All budget actions must be considered in a 5-year context, with new revenues not counted or spent until realized. One-time resources should be used for one-time needs, not ongoing expenses.
6	Do not make spending decisions in isolation. Avoid spending money on one-off projects or without looking at the big picture. Understand long-term consequences and opportunity costs.
7	Keep Council informed on the fiscal condition of the city and conduct continuous evaluations for efficiencies and effectiveness.
8	The city must consistently look for opportunities to proactively grow our revenues instead of simply being reactive.
9	Make every effort to identify private financing or federal and state grant opportunities before using city resources. Pursue new and enhance existing revenue sources.
10	Before new expenditures are made, identify return on investments and impacts; fiscal and social benefits
11	Address unfunded long-term liabilities
12	Remain a full service city

Attachment G

City Reponses to Measure U Oversight Committee Prior Year Recommendations)

City of SACRAMENTO
Finance Department

MEMORANDUM

DATE: April 6, 2016

TO: Measure U Oversight Committee Members

FROM: Dennis Kauffman, Operations Manager

CC: Leyne Milstein, Finance Director

SUBJECT: **RESPONSES TO MEASURE U OVERSIGHT COMMITTEE RECOMMENDATIONS**

Below are the City's responses to the recommendations in the Measure U Oversight Committee's Fiscal Year 2013/14 Report to the City Council:

14.1 Committee Recommendation

The Committee recommends the City continue to remain prudent in budgeting and forecasting for potential loss of revenue based on the results of the MuniServices and the State Board of Equalization's reconciliation of revenue generated by Measure U.

Management's Response

City management will continue to remain prudent in budget proposals for Measure U resources. Based on consultation with the City's sales tax consultant, the expectation is that significant overpayments received will not be required to be refunded. There have been minimal requests to date to claim overpayments.

14.2 Committee Recommendation

The Committee strongly encourages the City to plan ahead, develop a strategy and develop a schedule to address the potential shortfalls once Measure U funding is no longer available. The Committee recognizes that the City appears to be acknowledging the issue, but the Committee wants to reiterate the importance of continued emphasis on this matter.

Management's Response

The Council has given direction to seek re-approval of Measure U by approving the Mayor's 2016/17 Budget Memo on March 1, 2016. Management will continue to share with the City Council the imminent fiscal deficits associated with the expiration of Measure U in the five-year forecast.

14.3 Committee Recommendation

Continue to highlight the projects funded by Measure U and confirm the information is easily available on the City's website.

Management's Response

The City Council and management will continue to highlight projects funded by Measure U and will maintain updated information on the City's website.

14.4 Committee Recommendation

Continue to identify events made available for the voters by Measure U and ensure this fact is emphasized in publications and flyers for events, including parks/maintenance, library, youth, and senior events.

Management's Response

The City Council and management will continue to identify events funded by Measure U and will continue to emphasize the funding source in publications and flyers.

14.5 Committee Recommendation

Continue to publish the outcome measures provided for Measure U services in order to demonstrate the accomplishments to the community. The Committee believes the accomplishments/outcomes currently provided by Parks and Recreation are sufficient and provide a good example of what the Committee would like to see from the other departments.

Management's Response

City management will continue to publish outcome measures for Measure U services to demonstrate the accomplishments to the community. The other departments have implemented a performance measurement system that will assist them in providing the accomplishment and outcome measures the Committee is requesting.

14.6 Committee Recommendation

The Committee continues to recommend that City Council engage independent auditors to conduct an annual performance audit to ensure the City used the Measure U proceeds in conformance with the provisions listed in the Measure U ballot language until the Measure U one-half cent tax expires on March 31, 2019.

Management's Response

The City will continue to engage its independent auditors to conduct annual performance audits as recommended by the Measure U Oversight Committee.

Please don't hesitate to contact me if you have any questions at (916) 808-5843.