

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2025 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2025 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2025 Bonds. See "TAX MATTERS."

\$57,685,000

SACRAMENTO CITY FINANCING AUTHORITY
2025 REFUNDING REVENUE BONDS (MASTER LEASE PROGRAM FACILITIES)

Dated: Date of Delivery

Due: December 1, as shown on inside cover

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

The 2025 Refunding Revenue Bonds (Master Lease Program Facilities) (the "**2025 Bonds**") are being issued by the Sacramento City Financing Authority (the "**Authority**") for the purpose of providing funds to (i) refund the Authority's outstanding 2015 Refunding Revenue Bonds (Master Lease Program Facilities) (the "**2015 Bonds**"), and (ii) pay costs of issuance of the 2025 Bonds. See "THE PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2025 Bonds are being issued pursuant to an Indenture, dated as of September 1, 2025 (the "**2025 Indenture**"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "**Trustee**"). The 2025 Bonds are limited obligations of the Authority and are payable primarily from Revenues, which consist primarily of 2025 Base Rental Payments paid by the City of Sacramento (the "**City**") under a Twelfth Amendment to Master Project Lease as described herein, and certain amounts on deposit with the Trustee (together with certain investment earnings). See "SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS" herein. The City's obligation to make Base Rental Payments, including the 2025 Base Rental Payments, under the Master Project Lease (as defined herein) is subject to abatement during any period in which, by reason of material damage or destruction or condemnation, there is substantial interference with the use and possession by the City of any portion of the Master Leased Project (as defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS — Abatement" herein.

The 2025 Bonds are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository for the 2025 Bonds. Individual purchases of the 2025 Bonds will be made in book-entry form only. Interest on the 2025 Bonds is payable on June 1 and December 1 of each year, commencing on December 1, 2025. Payments of principal, premium, if any and interest on the 2025 Bonds will be paid by the Trustee to DTC which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2025 Bonds.

The 2025 Bonds are subject to optional and extraordinary redemption prior to maturity as described herein.

THE 2025 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE FROM AND SECURED AS TO THE PAYMENT THEREOF SOLELY FROM THE REVENUES AND THE OTHER FUNDS PROVIDED IN THE 2025 INDENTURE FOR THEIR PAYMENT. THE 2025 BONDS ARE NOT A DEBT OF THE CITY OR THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY), AND NEITHER THE CITY NOR THE STATE OF CALIFORNIA NOR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) IS LIABLE THEREFOR.

Maturities and principal amounts of, and interest rates and yields on the 2025 Bonds are set forth on the inside cover.

The 2025 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority and the City by the Sacramento City Attorney and Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriter by Hawkins Delafield & Wood LLP. It is expected that the 2025 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about September 4, 2025.

BofA Securities

Dated: August 21, 2025

Maturity Schedule

\$57,685,000

SACRAMENTO CITY FINANCING AUTHORITY 2025 REFUNDING REVENUE BONDS (MASTER LEASE PROGRAM FACILITIES)

Maturity Date					CUSIP[†]
<u>December 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Number</u>
2026	\$5,555,000	5.00%	2.00%	103.657	785849XA3
2027	5,850,000	5.00	2.01	106.518	785849XB1
2028	6,130,000	5.00	2.04	109.236	785849XC9
2029	8,075,000	5.00	2.10	111.706	785849XD7
2030	4,355,000	5.00	2.19	113.840	785849XE5
2031	4,570,000	5.00	2.41	114.921	785849XF2
2032	4,340,000	5.00	2.60	115.744	785849XG0
2033	4,550,000	5.00	2.81	116.007	785849XH8
2034	4,525,000	5.00	3.02	115.858	785849XJ4
2035	4,745,000	5.00	3.21	115.513	785849XK1
2036	4,990,000	5.00	3.49	112.904 ^C	785849XL9

^C Priced to the optional redemption date of December 1, 2035, at par.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the City and are included solely for the convenience of the registered owners of the applicable 2025 Bonds. None of the Authority, the City or the Underwriter are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable 2025 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2025 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2025 Bonds.

All information for investors regarding the Authority, the City and the 2025 Bonds is contained in this Official Statement. While the City maintains an internet website for various purposes, none of the information on that website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the 2025 Bonds or any other bonds or obligations of the City. No dealer, broker, salesperson or other person has been authorized by the Authority or the City to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and the 2025 Bonds may not be sold by a person in any jurisdiction in which it is unlawful for that person to make such an offer, solicitation, or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2025 Bonds. Statements in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth in this Official Statement has been obtained from the City and certain other sources. The information set forth in this Official Statement that has been obtained from third-party sources is believed to be reliable, but the Authority and the City do not guarantee its accuracy or completeness. The information and expressions of opinion are subject to change without notice; and neither delivery of this Official Statement nor any sale of the 2025 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or in any matters expressed herein since the date of this Official Statement. All summaries of the 2025 Indenture or other documents are made subject to the provisions of those documents and do not purport to be complete statements of any or all of those provisions.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.”

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget,” and other similar words.

The achievement of certain results or other expectations contained in the forward-looking statements involves known and unknown risks, uncertainties, and other factors that may cause actual results, performance, or achievements described to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. While the City has agreed to provide certain on-going financial and operating data for a limited time (see “CONTINUING DISCLOSURE” and Appendix F hereto), it does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or the events, conditions, or circumstances on which statements are based change.

The 2025 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in that act. The 2025 Bonds have not been registered or qualified under the securities laws of any state.

SACRAMENTO CITY FINANCING AUTHORITY

CITY OF SACRAMENTO

Authority Governing Board and City Council

Kevin McCarty – *Authority Chair, Mayor*
Karina Talamantes – *Authority Board Member, Councilmember & Vice Mayor*
Eric Guerra – *Authority Board Member, Councilmember & Mayor Pro Tem*
Lisa Kaplan – *Authority Board Member, Councilmember*
Roger Dickinson – *Authority Board Member, Councilmember*
Phil Pluckebaum – *Authority Board Member, Councilmember*
Caity Maple – *Authority Board Member, Councilmember*
Rick Jennings, II – *Authority Board Member, Councilmember*
Mai Vang, *Authority Board Member, Councilmember*

Chief Authority and City Administrative Personnel

Leyne Milstein <i>Interim City Manager</i>	John P. Colville Jr. <i>Authority Treasurer, City Treasurer</i>
Susana Alcala Wood <i>Authority Legal Counsel, City Attorney</i>	Pete Coletto <i>Authority Controller, City Finance Director</i>
Mindy Cuppy <i>Authority Clerk, City Clerk</i>	

PROFESSIONAL SERVICES

Bond Counsel

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Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Trustee and Escrow Agent

The Bank of New York Mellon Trust Company, N.A.

Verification Agent

Robert Thomas CPA, LLC
Minneapolis, Minnesota

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OFFICIAL STATEMENT

\$57,685,000

SACRAMENTO CITY FINANCING AUTHORITY 2025 REFUNDING REVENUE BONDS (MASTER LEASE PROGRAM FACILITIES)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the 2025 Bonds (defined below) being offered and a brief description of the Official Statement (which includes the cover page and Appendices hereto). All statements in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California (the “**State**”) and any documents referred to herein do not purport to be complete, and those references are qualified in their entirety by reference to the complete provisions. Capitalized terms used in this Official Statement and not defined elsewhere herein have the meanings given them in the 2025 Indenture or the Master Project Lease (as each term is defined below). See APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Purpose

The purpose of this Official Statement, including the cover page and Appendices hereto, is to provide certain information concerning the issuance by the Sacramento City Financing Authority (the “**Authority**”) of its 2025 Refunding Revenue Bonds (Master Lease Program Facilities) (the “**2025 Bonds**”) in the aggregate principal amount of \$57,685,000. The 2025 Bonds are being issued to provide funds to (a) refund the Authority’s outstanding 2015 Refunding Revenue Bonds (Master Lease Program Facilities) (the “**2015 Bonds**”), and (b) pay costs of issuance of the 2025 Bonds.

See “THE PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Authority for Issuance

The 2025 Bonds are being issued under the State’s Marks-Roos Local Bond Pooling Act of 1985 (Government Code §§ 6584–6599.3) (the “**Marks Roos Act**”) and an Indenture, dated as of September 1, 2025 (the “**2025 Indenture**”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”). The City of Sacramento (the “**City**”) will enter into the Twelfth Amendment to Master Project Lease (as described herein) under and in accordance with its charter, applicable laws of the State and the resolutions of the City and the Authority.

The City of Sacramento

The City is a municipal corporation and charter city of the State. See “THE CITY,” “CITY FINANCIAL INFORMATION,” “CITY FINANCIAL PRESSURES,” and APPENDIX A — “GENERAL INFORMATION REGARDING THE CITY OF SACRAMENTO.”

The Authority

The Authority is a joint-exercise-of-powers authority organized under the laws of the State and is currently composed of the City and the Housing Authority of the City of Sacramento (the “**Housing Authority**”). The Authority was created primarily to provide financing of public capital improvements within the City and the purchase by the Authority of local obligations within the meaning of the Act.

Security for the 2025 Bonds

The 2025 Bonds are limited obligations of the Authority, payable solely from Revenues. Revenues generally consist of the 2025 Base Rental Payments paid by the City under the Program Obligation described below and all investment income with respect to any money held by the Trustee (other than moneys on deposit in the Rebate Fund). See “SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS — Pledge Under the 2025 Indenture.”

The Program Obligation and the Master Project Lease

The Program Obligation, payment of which secures repayment of the 2025 Bonds, consists of a Twelfth Amendment to Master Project Lease, dated as of September 1, 2025 (the “**Twelfth Amendment**”), between the Authority and the City. The Twelfth Amendment amends a Master Project Lease, dated as of December 1, 1999, as amended (the “**Master Project Lease**”), between the Authority and the City, under which the City leases various real properties and improvements thereon from the Authority (the “**Master Leased Project**”). See APPENDIX C — “THE MASTER LEASED PROJECT.” The Twelfth Amendment requires the City to make scheduled base rental payments (the “**2025 Base Rental Payments**”) as part of the aggregate payments required to be made by the City to the Authority under the Master Project Lease (the “**Base Rental Payments**”). The 2025 Base Rental Payments are calculated to be equal to the scheduled debt service on the 2025 Bonds.

Other Obligations Secured by Master Project Lease

The Base Rental Payments under the Master Project Lease secure several series of bonds issued by the Authority, as listed in the table appearing under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS — Master Project Lease — General.” Each series of bonds secured by Base Rental Payments, including the 2025 Bonds, is referred to herein as “**Master Lease Bonds**.” All of the Base Rental Payments are payable on June 1 and December 1, and, except to the extent Base Rental Payments are abated under the Master Project Lease, the failure of the City to pay any Base Rental Payments when due will constitute an Event of Default under the Master Project Lease.

Abatement

Base Rental Payments, including the 2025 Base Rental Payments, may be abated during any period in which, by reason of material damage or destruction or condemnation, there is substantial interference with the use and possession by the City of the Master Leased Project. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS — Master Project Lease,” “RISK FACTORS — Abatement” and APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Master Project Lease” for a discussion of certain provisions of the Master Project Lease.

The Master Site Lease

The real properties leased by the Authority to the City under the Master Project Lease are leased to the Authority by the City pursuant to a Master Site Lease, dated as of December 1, 1999, as amended (the “**Master Site Lease**”). The property leased by the City to the Authority under the Master Site Lease constitutes the “**Master Site**.”

Additional Master Lease Bonds

As described herein, the Master Project Lease secures several series of outstanding Master Lease Bonds. The Authority may not issue additional bonds under the 2025 Indenture. However, the City may, under the terms of the Master Project Lease, enter into additional amendments to the Master Project Lease to secure additional Master Lease Bonds that are issued under separate indentures. See “SECURITY AND

SOURCES OF PAYMENT FOR THE 2025 BONDS — Master Project Lease — General” and APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Master Project Lease.”

Continuing Disclosure

The City has covenanted for the benefit of the Holders and Beneficial Owners of the 2025 Bonds to provide certain financial information and operating data by not later than the end of the ninth month following the end of the City’s Fiscal Year (which, as of the date of this Official Statement, is June 30) (the “**Annual Report**”), commencing with the Annual Report for Fiscal Year 2024-25, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of the enumerated events will be filed by the City with the Municipal Securities Rulemaking Board through its EMMA website. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events is set forth in APPENDIX F — “FORM OF CONTINUING DISCLOSURE CERTIFICATE” hereto. This covenant has been made in order to assist the underwriter of the 2025 Bonds (the “**Underwriter**”) in complying with S.E.C. Rule 15c2-12(b)(5). See “CONTINUING DISCLOSURE” for additional information, including information regarding the City’s history of compliance with previous continuing disclosure undertakings.

Certain Risk Factors

See “RISK FACTORS” for a description of certain risks associated with an investment in the 2025 Bonds.

Other Matters

Copies of the 2025 Indenture, the Master Site Lease, and the Master Project Lease will be available for inspection at the City’s offices in Sacramento, California, and will be available from the Trustee upon request after payment of duplication costs.

THE PLAN OF REFUNDING

A portion of the proceeds of the 2025 Bonds, together with certain funds of the City, are expected to be applied to the refunding and defeasance of the 2015 Bonds, as more particularly set forth in the following table.

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**Sacramento City Financing Authority
2015 Revenue Refunding Bonds (Master Lease Program Facilities)**

<i>Maturity Date (December 1)</i>	<i>CUSIP[†]</i>	<i>Principal Amount Outstanding of 2015 Bonds</i>	<i>Interest Rate</i>
2025*	785849WG1	\$ 6,800,000	5.000%
2026	785849WH9	7,155,000	5.000
2027	785849WJ5	2,145,000	3.000
2027	785849WZ9	5,360,000	5.000
2028	785849WK2	7,855,000	5.000
2029	785849WL0	8,190,000	3.375
2030	785849WM8	4,395,000	5.000
2031	785849WN6	4,610,000	5.000
2032	785849WP1	4,385,000	5.000
2033	785849WQ9	4,600,000	5.000
2034	785849WR7	4,575,000	5.000
2035	785849WS5	4,800,000	5.000
2036	785849WT3	<u>5,020,000</u>	4.000
Total		<u>\$69,890,000</u>	

* To be paid by the City to the Escrow Agent by the delivery date of the 2025 Bonds.

Under an escrow agreement relating to the 2015 Bonds, dated as of September 1, 2025 (the “**Escrow Agreement**”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “**Escrow Agent**”), a portion of the proceeds of the 2025 Bonds, together with certain funds of the City, will be deposited into an escrow fund established thereunder and will be held by the Escrow Agent (the “**Escrow Fund**”). Amounts deposited into the Escrow Fund will either be held in cash or applied to purchase certain direct noncallable United States Treasury obligations, the principal of and interest on which will be sufficient, together with moneys on deposit in the Escrow Fund, to pay the regularly scheduled principal of, and interest on, the 2015 Bonds on December 1, 2025, and redeem the remaining outstanding 2015 Bonds on such date at a redemption price equal to the principal amount thereof to be redeemed, without premium. Upon the deposit to the Escrow Fund, the 2015 Bonds will be deemed to be no longer outstanding except as to the rights of the owners of the 2015 Bonds to receive payments from the Escrow Fund. Amounts on deposit under the Escrow Agreement will not be available for payment of the 2025 Bonds.

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[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Authority, the City or the Underwriter are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable 2015 Bonds or as included herein.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the 2025 Bonds are set forth in the table below.

Sources:

Principal Amount	\$57,685,000.00
Original Issue Premium	6,889,681.40
City Contribution	<u>6,973,514.12⁽¹⁾</u>
Total Sources	\$71,548,195.52

Uses:

Deposit to Escrow Fund	\$70,781,819.82
Costs of Issuance ⁽²⁾	<u>766,375.70</u>
Total Uses	\$71,548,195.52

⁽¹⁾ Includes \$3,514.12 associated with the 2015 Bonds held at the Trustee.

⁽²⁾ Includes fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, and the Trustee; the Underwriter's discount; consulting fees; rating agency fees; printing costs; and certain miscellaneous expenses.

THE 2025 BONDS

General

The 2025 Bonds will be dated the date of their delivery and will bear interest from such date at the rates per annum set forth on the inside cover page hereof, payable on December 1, 2025, and semi-annually thereafter on each June 1 and December 1. Interest on the 2025 Bonds will be calculated on the basis of a 360-day year of twelve 30-day calendar months.

The 2025 Bonds will be delivered in fully registered form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2025 Bonds. Ownership interests in the 2025 Bonds may be purchased in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Payments of principal, premium (if any), and interest on the 2025 Bonds will be paid by the Trustee to DTC, which is obligated in turn to remit the principal, premium (if any), and interest on the 2025 Bonds to its DTC Participants for subsequent disbursement to the beneficial owners of the 2025 Bonds. So long as Cede & Co. is the registered owner of the 2025 Bonds, as nominee of DTC, references herein to the Holders of the 2025 Bonds refer to Cede & Co. rather than the beneficial owners of the 2025 Bonds. See APPENDIX G — "BOOK ENTRY ONLY SYSTEM" herein for a further description of DTC and its book-entry system.

Redemption

Optional Redemption. The 2025 Bonds maturing on or before December 1, 2035 are not subject to optional redemption before maturity. The 2025 Bonds maturing on December 1, 2036, are subject to optional redemption by the Authority before their stated maturity date as a whole or in part on any date on or after December 1, 2035, from any source of available funds, upon notice as provided in the 2025 Indenture, at a redemption price equal to the principal amount of the 2025 Bonds or portions thereof called for redemption, together with accrued interest thereon to the date fixed for redemption, without a redemption premium.

Extraordinary Redemption. The 2025 Bonds are subject to extraordinary redemption in part by the Authority on any date before their stated maturity dates in integral multiples of \$5,000 principal amount so that the annual amounts of the interest and principal of the 2025 Bonds that are allocable to the payment of the 2025 Base Rental Payments and are payable after the redemption date will be as nearly proportional as practicable to the annual amounts of the interest and principal then payable on all Master Lease Bonds then outstanding that are payable from the Base Rental Payments, from prepaid Base Rental Payments made by the

City from eminent-domain proceeds or net insurance proceeds received under the Master Project Lease, under the circumstances and upon the conditions and terms prescribed therein, upon notice as provided in the 2025 Indenture, at a redemption price equal to the principal amount of the 2025 Bonds or portions thereof called for redemption, together with accrued interest thereon to the date fixed for redemption, without a redemption premium.

Selection of Bonds for Redemption. If less than all of the 2025 Bonds of any one maturity date are to be redeemed by the Authority at any one time, the Trustee shall select the 2025 Bonds or portions thereof of the maturity date to be redeemed in integral multiples of \$5,000 in any manner that it deems appropriate.

Notice of Redemption. The Trustee will mail a notice of redemption by first-class mail, not less than 20 nor more than 60 days before the redemption date, to the Holders of all 2025 Bonds selected for redemption in whole or in part and electronically to DTC, subject to the following: neither failure to receive any notice nor any immaterial defect contained therein will affect the sufficiency or validity of the proceedings for redemption; and any notice of redemption may be cancelled and annulled by a Written Request of the Authority given to the Trustee at least two days before the date fixed for redemption, whereupon the Trustee will forthwith give appropriate notice of the cancellation and annulment to all the recipients of the notice of redemption. The notice of redemption will state the date of the notice, the name of the 2025 Bonds to be redeemed, the date of issue of the 2025 Bonds to be redeemed, the date fixed for the redemption of the 2025 Bonds to be redeemed, the redemption price of the 2025 Bonds to be redeemed, the place of redemption of the 2025 Bonds to be redeemed, the CUSIP number of the maturity of the 2025 Bonds to be redeemed and (if less than all the 2025 Bonds are to be redeemed) the numbers of the 2025 Bonds of the maturity date to be redeemed and, in the case of 2025 Bonds to be redeemed in part only, the portions of the principal amount thereof to be redeemed. The notice of redemption will also give notice that further interest on the 2025 Bonds to be redeemed or the portions thereof to be redeemed will not accrue from and after the date fixed for redemption, and that the Trustee will require that the 2025 Bonds to be redeemed be surrendered for payment of the redemption price thereof. If any 2025 Bond so chosen for redemption is not to be redeemed in whole, then the notice will also state that the 2025 Bond is to be redeemed in part only and that upon presentation of the 2025 Bond for redemption there will be issued in lieu of the unredeemed portion of the principal thereof a new 2025 Bond or 2025 Bonds of the same maturity date of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2025 Bond surrendered.

With respect to any notice of optional redemption of 2025 Bonds, unless, upon the giving of notice of redemption, the 2025 Bonds to be redeemed have been deemed to have been paid within the meaning of the 2025 Indenture, the notice will state that the redemption will be conditional upon the receipt by the Trustee on or before the date fixed for redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, the 2025 Bonds to be redeemed, and that if those amounts have not been so received the notice will be of no force and effect and the Authority will not be required to redeem the 2025 Bonds called for redemption. If any such notice of optional redemption contains such a condition and such amounts are not so received, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice to the Holders of the 2025 Bonds called for redemption to the effect that the amounts were not so received and the redemption was not made, the notice to be given by the Trustee in the manner in which the notice of redemption was given. The failure to redeem 2025 Bonds subject to a conditional notice of optional redemption will not constitute an Event of Default under the Indenture.

Effect of Redemption. If a notice of redemption has been duly given and not cancelled as aforesaid and money for the payment of the redemption price of the 2025 Bonds or the portions thereof called for redemption is held by the Trustee, then on the date fixed for redemption designated in the notice, the 2025 Bonds or such portions thereof will become due and payable, and from and after the date so designated interest on the 2025 Bonds or the portions thereof so called for redemption will cease to accrue, and the Holders of the 2025 Bonds or the portions thereof will have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry System

DTC will act as securities depository for the 2025 Bonds, and the 2025 Bonds will be registered in the name of Cede & Co. (DTC's nominee). One fully-registered bond certificate will be issued for each maturity of the 2025 Bonds, in each case in the aggregate principal amount of the maturity of the 2025 Bonds, and will be deposited with DTC. **So long as Cede & Co. is the registered owner of the 2025 Bonds, references herein to the Holders of the 2025 Bonds are references to Cede & Co. and do not refer to the actual purchasers (the "Beneficial Owners") of the 2025 Bonds. The Authority and the City do not give any assurances that DTC, its Participants, or others will distribute payments with respect to the 2025 Bonds or notices concerning the 2025 Bonds to the Beneficial Owners thereof or that DTC will serve and act in the manner described in this Official Statement.**

See Appendix G for a further description of DTC and its book-entry system. The information presented therein is based solely on information provided by DTC, and no representation is made by the Authority and the City concerning the accuracy thereof.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule for the outstanding Master Lease Bonds (excluding the 2015 Bonds to be refunded) and the 2025 Bonds. See "THE PLAN OF REFUNDING" above.

<i>Period Ending June 30</i>	<i>Debt Service on Outstanding</i>	<i>2025 Bonds</i>		<i>Aggregate Annual</i>
	<i>Master Lease Bonds ⁽¹⁾</i>	<i>Principal</i>	<i>Interest</i>	<i>Debt Service</i>
2026	\$ 23,965,206.75	\$ --	\$2,139,152.08	\$ 26,104,358.83
2027	23,956,959.50	5,555,000	2,745,375.00	32,257,334.50
2028	23,957,518.50	5,850,000	2,460,250.00	32,267,768.50
2029	24,051,579.00	6,130,000	2,160,750.00	32,342,329.00
2030	24,046,479.50	8,075,000	1,805,625.00	33,927,104.50
2031	24,037,052.25	4,355,000	1,494,875.00	29,886,927.25
2032	24,040,056.00	4,570,000	1,271,750.00	29,881,806.00
2033	24,037,136.50	4,340,000	1,049,000.00	29,426,136.50
2034	7,525,176.00	4,550,000	826,750.00	12,901,926.00
2035	3,892,452.50	4,525,000	599,875.00	9,017,327.50
2036	3,880,993.00	4,745,000	368,125.00	8,994,118.00
2037	3,872,424.00	4,990,000	124,750.00	8,987,174.00
Total	\$211,263,033.50	\$57,685,000	\$17,046,277.08	\$285,994,310.58

⁽¹⁾ Includes debt service on the 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) and 2006 Refunding Revenue Bonds, Series E (Master Lease Program Facilities).

SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS

Pledge Under the 2025 Indenture

Under the 2025 Indenture, to secure the payment of principal and redemption price of and interest on the 2025 Bonds in accordance with their terms and the provisions of the 2025 Indenture and all its other obligations, agreements and covenants under the 2025 Indenture, the Authority will pledge to the Trustee, and grant to the Trustee a security interest in and lien on, all of its right, title, and interest, whether owned at the time of the delivery of the 2025 Bonds or thereafter acquired, in, to, and under (a) all of the Revenues, (b) each fund and each account established under the 2025 Indenture (except the Rebate Fund) and all moneys, instruments, securities, investment property and other property (including proceeds of the sale of the 2025

Bonds) on deposit in or credited to any such fund or account (except the Rebate Fund), (c) the Program Obligation (excluding the Authority's right to receive 2025 Additional Rental Payments and the Authority's rights to receive notices) and (d) all proceeds of the foregoing (collectively, the "**Trust Estate**").

Under the 2025 Indenture, "**Revenues**" is defined as (a) all Program Obligation Payments, including all amounts realized upon the enforcement of the Program Obligation Payments due under the Program Obligation, all collections on and proceeds of the Program Obligation Payments, and all amounts paid or received on account of or with respect to the Program Obligation Payments; and (b) all investment income with respect to any money held in the accounts and funds established under the 2025 Indenture (except the Rebate Fund). "**Program Obligation Payments**" means the 2025 Base Rental Payments paid by the City under the Twelfth Amendment to Master Project Lease. "**Program Obligation**" means the Twelfth Amendment to Master Project Lease.

The 2025 Bonds are limited obligations of the Authority, secured as to the payment of the principal thereof and the interest thereon solely from the Trust Estate. The 2025 Bonds are not a debt of the City or the State or any public agency thereof (other than the Authority), and neither the City nor the State nor any public agency thereof (other than the Authority) is liable therefor.

Master Project Lease

General. The Program Obligation to be acquired by the Authority with the proceeds of the 2025 Bonds consists of the Twelfth Amendment to Master Project Lease. Set forth below is a brief description of the Master Project Lease as amended thereby. For a more complete description of the provisions of these documents, see APPENDIX D — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" herein.

Under the Master Project Lease, the Authority has leased to the City the Master Leased Project, and the City has agreed to pay the Base Rental Payments, including the 2025 Base Rental Payments, on the terms and conditions set forth in the Master Project Lease. Under the Twelfth Amendment to Master Project Lease, the 2025 Base Rental Payments constitute Base Rental Payments under the Master Project Lease. All Base Rental Payments (including the 2025 Base Rental Payments) are payable on June 1 and December 1; and, except to the extent Base Rental Payments are abated under the Master Project Lease, the failure of the City to pay any Base Rental Payments when due will constitute an Event of Default under the Master Project Lease. The Master Leased Project is described generally below under "— Master Leased Project" and in APPENDIX C — "THE MASTER LEASED PROJECT."

After the refunding of the 2015 Bonds as described herein, Base Rental Payments under the Master Project Lease will secure the 2025 Bonds and the Authority's 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) outstanding in the principal amount of \$33,490,000 and 2006 Refunding Revenue Bonds, Series E (Master Lease Program Facilities) outstanding in the principal amount of \$133,580,000. See "— Base Rental Payments" and "PLAN OF REFUNDING." Under the terms of the Master Project Lease, the City may enter into additional amendments to the Master Project Lease to secure additional Master Lease Bonds issued under separate indentures. See APPENDIX D — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Master Project Lease."

Base Rental Payments. Under the Master Project Lease, the City has agreed to pay to the Authority, as rental for the use and occupancy of the Master Leased Project, Base Rental Payments in amounts sufficient to pay debt service on the 2025 Bonds and the allocable portion of any other Master Lease Bonds payable from Base Rental Payments.

Covenant to Appropriate. Under the Master Project Lease, the City has covenanted to take such action as may be necessary to include all Base Rental Payments (including the 2025 Base Rental Payments) and any Additional Rental Payments due under the Master Project Lease in its annual budgets and to make the necessary annual appropriations for all such rental payments, except that Base Rental Payments may be abated

as provided in the Master Project Lease. The City has agreed under the Master Project Lease to furnish to the Trustee, within 90 days after the final adoption of each annual budget of the City, a certification that the annual budget of the City contains the necessary annual appropriations. See “RISK FACTORS — Abatement” and APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Master Project Lease — Annual Budgets; Reporting Requirements” herein.

Master Leased Project. The property that comprises the Master Leased Project has been selected from an inventory of City-owned property. The City has obligated itself under the Master Project Lease to maintain not less than 50% of the pool of assets composing the Master Leased Project as assets identified as “**Essential Assets.**” “**Essential Assets**” is defined in the Master Project Lease as assets necessary to provide municipal services related to the health, safety, and welfare of the citizens of the City. The definition of “**Essential Assets**” includes, among other things, police, fire protection, transportation, solid waste, animal control, communication, infrastructure, city cemetery, parking, tree maintenance, and City support and administrative facilities and utilities. Assets excluded from the definition of “**Essential Assets**” are assets used for leisure or cultural activities including City-owned parks, zoos, open space, golf courses, libraries, museums, and learning centers. For a description of the assets that will be leased under the Master Site Lease and the Master Project Lease as of the date of issuance of the 2025 Bonds, see APPENDIX C — “THE MASTER LEASED PROJECT” herein.

Additional Master Lease Bonds; Amendments to Master Project Lease and Master Leased Project. The Master Project Lease secures several series of outstanding Master Lease Bonds. The Authority may not issue additional bonds under the 2025 Indenture. However, the City may, under the terms of the Master Project Lease, enter into additional amendments to the Master Project Lease to secure additional Master Lease Bonds issued under separate indentures, as described below. See APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Master Project Lease.” The Master Project Lease may be amended to add additional property to the Master Leased Project leased under the Master Project Lease to enable the City to secure the payment of additional bonds of the Authority payable from additional Base Rental Payments. See APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Master Project Lease — Addition or Deletion of Portions of the Project” herein.

The City may amend the Master Project Lease to add, delete, or substitute any real property composing the Master Leased Project upon delivery of the following (among other things) to any bond insurer then insuring any of the Master Lease Bonds, to the rating agencies then rating any related Master Lease Bonds (including the 2025 Bonds), and to the Trustee: a certificate of the City evidencing (a) that the fair annual rental value of the Master Leased Project after the amendment will be at least equal to 125% of the maximum amount of Base Rental Payments becoming due in the then current or in any subsequent year ending on December 1; (b) that the Master Leased Project will be composed of at least 50% “Essential Assets” after the amendment; (c) that the amendment will not adversely affect the City’s use and occupancy of the Master Leased Project for the purposes intended; and (d) that the useful life of the Master Leased Project after the amendment will equal or exceed the remaining term of all of the Master Lease Bonds (including the 2025 Bonds). See APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — Master Project Lease — Addition or Deletion of Portions of the Project” herein.

Abatement. During any period in which, by reason of material damage or destruction or condemnation, there is substantial interference with the use and possession by the City of any portion of the Master Leased Project, the interference will first be allocated to the portion (if any) of the Master Leased Project usable by the City that was not financed or refinanced with the proceeds of any Master Lease Bonds, and thereafter Base Rental Payments due under the Master Project Lease will be abated proportionately by the fractional amount that the cost of the portion of the Master Leased Project financed or refinanced with the proceeds of any Master Lease Bonds damaged or destroyed or condemned bears to the entire cost of the Master Leased Project financed or refinanced with the proceeds of the Master Leased Bonds. The foregoing calculation will be made by the City and set forth in writing to the Authority, the Trustee, any bond insurer then insuring any Master Lease Bonds, and the rating agencies then rating any Master Lease Bonds (including

the 2025 Bonds). See “RISK FACTORS — Abatement” and APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Master Project Lease — Rental Abatement” herein.

Under the Master Project Lease, if Base Rental Payments due under the Master Project Lease are abated (in whole or in part), the City and the Authority have agreed to use their best efforts (to the extent then permitted by law) to substitute in place of the damaged, destroyed, or condemned real property, consistent with the limitations contained in the Master Project Lease (as described under “Master Leased Project” above), other real property and improvements of the City. See APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Master Project Lease — Substitution of Portions of the Project” herein.

Other Covenants of the City. Under the Master Project Lease, the City agrees that it will, at its own cost and expense, maintain, preserve and keep the Master Leased Project in good repair and working order, pay all taxes or other charges which may be levied upon the Master Leased Project, and maintain insurance on the Master Leased Project (either through commercial carriers or, to the extent permitted by the Master Project Lease, self-insurance), including casualty insurance with respect to each portion of the Master Leased Project and use and occupancy insurance against loss, total or partial, of the use and occupancy of each portion of the Master Leased Project as a result of any of the hazards covered by the casualty insurance, in an amount sufficient to pay the proportionate share of the Base Rental Payments attributable to such portion of the Master Leased Project for the succeeding twenty-four (24) month period. See APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Master Project Lease — Insurance” herein.

Damage, Destruction or Condemnation; Use of Net Proceeds. The Master Project Lease provides that if before the termination of the term of the Master Project Lease (a) any portion of the Master Leased Project is destroyed or is damaged by fire or other casualty or (b) title to, or the temporary use of, any portion of the Master Leased Project or the estate of the Authority or the City in a portion of the Master Leased Project is condemned by any governmental body or by any person or firm or corporation acting under governmental authority, then the Authority and the City will cause the net proceeds of any insurance payment or any condemnation award to be applied to the prompt repair, restoration, modification, improvement, or replacement of the damaged, destroyed, or condemned portion of the Master Leased Project, and any balance of the net proceeds remaining after the work has been completed will be paid to the City, subject to the following: if insurance or condemnation award together with any other moneys then available for the purpose are at least sufficient to prepay that portion of the principal components of the Base Rental Payments due under the Master Project Lease that has been abated, the City may elect (not later than 45 days after the damage, destruction, or condemnation) not to repair, restore, modify, improve, or replace the destroyed, damaged or condemned portion of the Master Leased Project and thereupon will cause the proceeds to be used for the prepayment of the portion of the unpaid principal components of the Base Rental Payments in accordance with the Master Project Lease. See APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Master Project Lease — Damage, Destruction or Condemnation; Use of Net Proceeds” herein.

Master Project Lease Not Debt. The obligations of the City under the Master Project Lease do not constitute debt of the City within the meaning of any constitutional or statutory debt limitation and neither the full faith and credit nor the taxing power of the City or any agency or department thereof is pledged to the payment of the rental payments due under the Master Project Lease.

Events of Default; Remedies. The Master Project Lease sets forth specified events of default, including failure to pay any Base Rental Payment when due. The Master Project Lease also sets forth remedies available upon the occurrence and continuance of an event of default, including termination of the Master Project Lease, re-letting of the Master Leased Project, and the commencement of actions to enforce performance of the City’s obligations under the Master Project Lease. See APPENDIX D — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — The Master Project Lease — Default and Remedies” herein.

THE MASTER LEASED PROJECT

Certain information concerning the Master Leased Project is set forth in Appendix C. Essential Assets that are part of the Master Leased Project include City Hall, fire stations, corporation yards for City vehicles and equipment, the sewage-treatment plant, a reservoir, parking lots and other properties and facilities. Non-Essential Assets which are part of the Master Leased Project include the Memorial Auditorium, a golf course, parks, libraries, and other properties.

As described in “SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS — Master Leased Project,” the Master Project Lease requires satisfaction of certain conditions in connection with the amendment of the Master Project Lease (including the Twelfth Amendment) for the purpose of issuing additional Master Lease Bonds. The Master Project Lease also requires that the City provide a certification as to the fair-annual-rental value of the Master Leased Project in connection with any addition, deletion, or substitution of any real property composing the Master Leased Project, and it provides that the fair-annual-rental value of any portion of the Master Leased Project that has been made subject to the lien of the Master Project Lease may not be increased in excess of the value that was established at the time the portion of the Project first became subject to the lien of the Master Project Lease. The Master Project Lease does not require the preparation of a current appraisal of the Master Leased Project in connection with the issuance of additional Master Lease Bonds, including the 2025 Bonds.

The Master Project Lease may be amended in the future to add additional property to the Master Leased Property to enable the City to secure the payment of additional Master Lease Bonds of the Authority payable from additional Base Rental Payments under the Master Project Lease. The City may also add, delete, or substitute assets under the Master Project Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS — The Master Project Lease” herein.

THE AUTHORITY

The Authority was established under a Joint Exercise of Powers Agreement dated October 1, 1989 (the “**JPA Agreement**”), between the City and the Redevelopment Agency of the City of Sacramento (the “**Redevelopment Agency**”) in accordance with the State’s Joint Exercise of Powers Act (Government Code §§ 6500–6599.3). The Redevelopment Agency was subsequently dissolved under the State law, and the City, as successor agency (the “**Successor Agency**”), assumed the responsibilities of the Redevelopment Agency under the JPA Agreement. On July 13, 2015, the JPA Agreement was amended to provide for the substitution of the Housing Authority of the City as a member in place of the Successor Agency. The Sacramento City Council sits ex officio as the governing board of the Authority. The Authority was created primarily for the purpose of providing financing for public capital improvements within the City and the purchase by the Authority of local obligations within the meaning of the Act.

THE CITY

The City is located at the confluence of the Sacramento and American Rivers in the northern part of California’s Central Valley. The City is approximately 75 air miles northeast of San Francisco and benefits from a mild climate, with many days of sunshine each year and with daily average high temperatures ranging from 54° F in January to 92° F in July. The average elevation of the City is 25 feet above sea level.

The City was settled in the late 1830s and incorporated in 1849. In 1854, the City became the State capital, a position made permanent by the State’s Constitutional Convention in 1879. Today, State government employees and government-related activities contribute substantially to the City’s economy.

The City operates under a City Charter that currently provides for an elected nine-member City Council including an elected Mayor. There are no other elected City officials. The City Council appoints the City Manager, the City Attorney, the City Clerk, and the City Treasurer to carry out its adopted policies. The

City Council also appoints the City Auditor (who also serves the role of the Independent Budget Analyst) and the Director of the Office of Public Safety Accountability. The Mayor is the chairperson of the City Council, serves a four-year term, and is elected in at-large City elections. The other members of the City Council also serve four-year terms but are elected from one of eight districts.

The City provides a number of municipal services; including administration, police, fire, recreation, parking, public works, and utilities services such as water production and distribution, refuse collection, storm drainage, and maintenance.

CITY FINANCIAL INFORMATION

Certain financial, economic and demographic information regarding the City is in APPENDIX A — “GENERAL INFORMATION REGARDING THE CITY OF SACRAMENTO” and APPENDIX B — “CITY OF SACRAMENTO ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024.” Each contains important information concerning the City and should be read in its entirety. In particular, Appendix A describes certain factors that have affected the City’s financial condition in the past and currently and that could materially affect its financial condition in future fiscal years, including variations in property tax growth rates, retirement and other labor costs. See also “CITY FINANCIAL PRESSURES.”

CITY FINANCIAL PRESSURES

In both Fiscal Years 2024-25 and 2025-26, the City utilized one-time revenue resources and other budget balancing measures to address the challenge in the growth of General Fund expenses outpacing General Fund revenues. Absent additional ongoing revenue sources, based on current estimates of revenue and expenditure growth, balancing future budgets may require expenditure reductions and further pursuit of one-time revenues. See APPENDIX A — “CITY FINANCES—The Five-Year Forecast.”

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES, AND APPROPRIATIONS

Following is a description of certain constitutional limitations on taxes and appropriations applicable to the City that affect many sources of funds for the City’s General Fund and therefore may affect the City’s obligation to make Base Rental Payments under the Master Project Lease. For a description of other factors relating to the revenues of the City, see APPENDIX A — “GENERAL INFORMATION REGARDING THE CITY OF SACRAMENTO.”

Article XIII A of the State Constitution

Section 1(a) of Article XIII A of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by counties and apportioned according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (a) indebtedness approved by the voters before June 1, 1978, or (b) any bonded indebtedness for the acquisition or improvement of real property approved on or after June 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition. Section 2 of Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or the full cash value may be reduced in the event of declining property value caused by substantial damage, destruction, or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures that further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (a) real property between spouses or (b) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, does not constitute a “purchase” or “change of ownership” triggering reassessment under Article XIII A. This amendment could serve to reduce the property-tax revenues of the City which are deposited to the City’s General Fund and a source of payment for the Base Rental Payments under the Master Project Lease. Other amendments permitted the State Legislature to allow persons over 55 or “severely disabled homeowners” who sell their residences and buy or build another of equal or lesser value within two years in the same county to transfer the old residence’s assessed value to the new residence.

In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of “newly constructed” the construction or installation of seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIII A has also been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction, or other factors, provided that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster. See APPENDIX A — “GENERAL INFORMATION REGARDING THE CITY OF SACRAMENTO—CITY FINANCES — Property Taxation Within the City.”

Article XIII B of the State Constitution

Article XIII B of the State Constitution limits the annual appropriations of the State and of any city, county, school district, special district, authority or other political subdivision of the State to the appropriations limit for the prior fiscal year, as adjusted for changes in the cost of living, population and services for which the fiscal responsibility is shifted to or from the governmental entity. The “base year” for establishing this appropriations limit is the Fiscal Year 1978-79. The appropriations limit may also be adjusted in emergency circumstances, subject to limitations.

Appropriations of an entity of local government subject to Article XIII B generally include authorizations to expend during a Fiscal Year the “proceeds of taxes” levied by or for the entity, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment-insurance, and disability-insurance funds. “Proceeds of taxes” include but are not limited to all tax revenues; certain State subventions received by the local governmental entity; and the proceeds to the local governmental entity from (a) regulatory licenses, user charges, and user fees (to the extent that the proceeds exceed the cost of providing the service or regulation) and (b) the investment of tax revenues. Article XIII B provides that if a governmental entity’s revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIII B does not limit the appropriation of moneys to pay debt service on indebtedness existing or authorized as of January 1, 1979, or for bonded indebtedness approved thereafter by a vote of the electors of the issuing entity at an election held for that purpose, or appropriations for certain other limited purposes. Furthermore, Article XIII B was amended in 1990 to exclude from the appropriations limit “all qualified capital outlay projects, as defined by the Legislature,” from proceeds of taxes. The Legislature has defined “qualified capital outlay project” to mean a fixed asset (including land and construction) with a useful life of 10 or more years and a value that equals or exceeds \$100,000. As a result of this amendment, the appropriations to pay the lease payments on the City’s long-term General Fund lease obligations, including the Base Rental Payments under the Master Project Lease, are generally excluded from the City’s appropriations limit.

The City’s appropriation limit for Fiscal Year 2025-26 is estimated to be \$1,179,282,000, for which expenditures subject to the appropriation limitation are \$752,414,000.

Articles XIII C and XIII D of the State Constitution

On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, and property-related fees and charges. The interpretation and application of Proposition 218 has been and will continue to be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such a determination.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City’s General Fund, require a two-thirds vote. Further, any general-purpose tax the City imposed, extended, or increased without voter approval after December 31, 1994, may continue to be imposed only if approved by a majority vote in an election that must be held before November 6, 1998. The voter-approval requirements of Article XIII C reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend, or increase taxes in the future to meet increased expenditure needs.

The City currently imposes the following main general taxes: sales tax, business-operations tax, utility-users tax, real-property-transfer tax and transient-occupancy tax. Since all of these taxes (except the sales tax increase and the utility-users tax, as described below) were imposed before January 1, 1995, and have not been extended or increased since that date, these taxes should be exempt from the requirements of Article XIII C. Any future increases in these taxes, however, would be subject to the voter requirement of Article XIII C. See APPENDIX A — “GENERAL INFORMATION REGARDING THE CITY OF SACRAMENTO — Major Revenues — Utility Users Tax” for a discussion of Measure O, approved by the voters in November 2008, which reduced the utility user tax on telephonic services from 7.50% to 7.00% and expanded the scope of the tax to include new communication technologies. See APPENDIX A — “GENERAL INFORMATION REGARDING THE CITY OF SACRAMENTO — Major Revenues — Measure U” for a discussion of Measure U, approved by the voters in November 2018, which increased the sales tax rate by one-half cent and made permanent a prior one-half cent increase that took effect in April 2013.

Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things: (a) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel; (b) a requirement that assessments confer a “special benefit,” as defined in Article XIII D, over and above any general benefits conferred; (c) a majority-protest procedure for assessments, which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing, and the tabulation of ballots weighted according to the proportional financial obligation of the affected parties; and (d) a prohibition against fees and charges used for general governmental services, including police, fire, and library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution by expanding the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged and does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged and does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, for performing investigations, inspections, and audits, for enforcing agricultural-

marketing orders, and for the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local-government property, or the purchase, rental, or lease of local-government property; (e) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax; that the amount is no more than necessary to cover the reasonable costs of the governmental activity; and that the manner in which those costs are allocated to a payor bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. As of the date of this Official Statement, the City is unaware of any fees that would have to be reduced or eliminated because of Proposition 26.

Article XIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, and property-related fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives that reduce or repeal local taxes, assessments, or property-related fees or charges currently composing a substantial part of the City's General Fund. If a repeal or reduction occurs, the City's ability to make Base Rental Payments under the Master Project Lease could be adversely affected.

Proposition 1A

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local-government revenue sources. Under Proposition 1A, the State may not (a) reduce local sales-tax rates or alter the method of allocating the revenue generated by those taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property-tax revenues are allocated among local governments without two-third approval of both houses of the State Legislature, or (d) decrease revenues from Vehicle License Fees without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales-tax and property-tax revenues among local governments within a county.

Proposition 22

On November 2, 2010, the voters of the State approved Proposition 22, known as "The Local Taxpayer, Public Safety, and Transportation Protection Act" ("**Proposition 22**"). Among other things, Proposition 22 broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property-tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property-tax revenues under any circumstances. The State can no longer borrow local property-tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government's purposes. Furthermore, Proposition 22 restricts the State's ability to redirect redevelopment agency property-tax revenues to school districts and other local governments and limits uses of certain other funds. Proposition 22 is intended to stabilize local-government revenue sources by restricting the State government's control over local revenues.

Proposition 64

On November 8, 2016, voters approved Proposition 64, the California Marijuana Legalization Initiative, which legalized the use of recreational marijuana and allowed for the sale and taxation of recreational marijuana. Two new Statewide excise taxes were approved and local governments were authorized to add additional taxes. The City currently charges cannabis businesses a business tax of 4% of gross receipts, with such taxes required to be remitted monthly. In the Fiscal Year 2025-26 adopted budget, the City estimates receiving approximately \$23.3 million in cannabis business operations tax revenues.

Future Initiatives

Articles XIII A, XIII B, XIII C, and XIII D and Propositions 62, 1A, 22, and 26 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time, other initiative measures could be adopted that further affect the City's revenues (including revenues available to make Base Rental Payments) or the City's ability to expend revenues.

RISK FACTORS

General

This section provides a general overview of certain risk factors that should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the 2025 Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the 2025 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the 2025 Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value or the marketability of the 2025 Bonds, or both. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Base Rental Payments Are Not Debt

The City's obligation to make the Base Rental Payments under the Master Project Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The 2025 Bonds and the City's obligation to make Base Rental Payments do not constitute a debt of the City or the State or any of the State's political subdivisions (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

The 2025 Bonds are not general obligations of the Authority; they are limited obligations secured solely by the Trust Estate (consisting primarily of Revenues from the 2025 Base Rental Payments). The Authority has no taxing power.

Although the Master Project Lease does not create a pledge, lien, or encumbrance upon the funds of the City, the City is obligated under the Master Project Lease to pay the Base Rental Payments from any source of legally available funds, and the City has covenanted in the Master Project Lease that, for so long as the Master Leased Project is available for its use, it will make the necessary annual appropriations within its budget for the Base Rental Payments. The City is currently liable on, and may become liable on, other obligations payable from its general revenues. Some of those obligations could have priority over the Base Rental Payments; in addition, the City in its discretion might determine to pay some of those obligations first rather than pay the Base Rental Payments.

The City may enter into other obligations payable from the City's General Fund, without the consent of, or prior notice to, the Owners of the 2025 Bonds. To the extent that the City incurs additional obligations, the funds available to make Base Rental Payments may be decreased. If the City's revenue sources are less than its total obligations, the City could choose to fund other municipal services before making Base Rental Payments. The same result could occur if, because of State constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. The City's appropriations, however, have never exceeded the limitations on appropriations under Article XIII B of the State Constitution. For information on the City's current limitations on appropriations, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES, AND APPROPRIATIONS — Article XIII B of the State Constitution."

Valid and Binding Covenant to Budget and Appropriate

Under the Master Project Lease, the City covenants to take such action as may be necessary to include in its annual budgets Base Rental Payments due and to make necessary appropriations for all the Base Rental Payments. These covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the City to take such action and do such things as are required by law in the performance of their official duties to enable the City to carry out and perform these covenants. A court, however, in its discretion may decline to enforce these covenants.

Abatement

In the event of loss or substantial interference in the use and possession by the City of all or any portion of the Master Leased Project caused by material damage, title defect, or the destruction or condemnation of the Master Leased Project, Base Rental Payments will be subject to abatement. If that component of the Master Leased Project, when damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the City's rental-interruption insurance will be available in lieu of Base Rental Payments, or if casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of the component of the Master Leased Project or prepayment of the 2025 Bonds, there could be insufficient funds to make payments to Holders in full. Reduction in Base Rental Payments due to abatement as provided in the Master Project Lease does not constitute a default thereunder.

It is not possible to predict the circumstances under which an abatement of rental might occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the Master Project Lease or at the time of the abatement. If the latter, the value of the Master Leased Project might be substantially higher or lower than its value at the time of issuance of the 2025 Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the 2025 Bonds.

Limited Recourse on Default; Re-Letting of Master Leased Project

In the event of non-payment by the City of the Base Rental Payments, or other default by the City under the Master Project Lease, the enforcement of any remedies provided in the 2025 Indenture and in the Master Project Lease by or on behalf of Owners of the 2025 Bonds could prove both expensive and time consuming. Although the Master Project Lease provides that if there is a default by the City under the Master Project Lease the Trustee may terminate the Master Project Lease and re-let the Master Leased Project, such Master Leased Project may not be easily re-let (due to the specialized nature in some cases of a particular property, restrictions on the permitted use of a property, or other reasons) and any re-letting of the Master Leased Project could result in lease payments that would be substantially less than the Base Rental Payments payable by the City under the Master Project Lease. Furthermore, due to the essential nature of the governmental function of certain properties of the Master Leased Project, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect to any or all of such Master Leased Project.

Risk of Uninsured Loss

The City covenants under the Master Project Lease to maintain insurance on the Master Leased Project. See "SECURITY FOR THE 2025 BONDS — Master Project Lease." These insurance policies do not cover all types of risk, and the insurance required under the Master Project Lease may be maintained in whole or in part in the form of self-insurance so long as the self-insurance complies with the terms of the Master Project Lease. The Master Leased Project could be damaged or destroyed due to earthquake or other casualty for which the Master Leased Project is uninsured. Additionally, the Master Leased Project could be the subject of an eminent-domain proceeding. Under these circumstances an abatement of Base Rental

Payments could occur and could continue indefinitely. There can be no assurance that the providers of the City's liability and rental-interruption insurance will in all events be able or willing to make payments under the policies for such a loss should a claim be made under the policies. Further, there also can be no assurances that amounts received as proceeds from insurance or from condemnation of the Master Leased Project will be sufficient to redeem the 2025 Bonds.

Under the Master Project Lease, the City may obtain casualty insurance that provides for a specified deductible. Should the City be required to meet such deductible expenses, the availability of General Fund revenues to make Base Rental Payments may be correspondingly affected.

The City is not obligated under the Master Project Lease to procure and maintain, or cause to be procured and maintained, earthquake or flood insurance on the Master Leased Project. The City currently carries flood insurance on the Master Leased Project even though the Master Project Lease does not require it to do so. The City plans to continue to purchase flood insurance on the Master Leased Project so long as the insurance can be obtained on the open market at reasonable rates. The City does not currently maintain earthquake insurance on the Master Leased Project. Depending on its severity, an earthquake or flood could result in abatement of Base Rental Payments under the Master Leased Project Lease. See "— Abatement."

Natural Disasters

General. The City's use and occupancy of the Master Leased Project in the future may be adversely affected by a variety of natural occurrences. For instance, the areas in and surrounding the City, like much of California, may be subject to unpredictable seismic activity. A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. Other natural disasters could include, without limitation, floods, landslides, droughts, wildfires and tornadoes.

One or more of these natural disasters could occur and could result in damage to Master Leased Project of varying severity. The damage may entail substantial repair or replacement costs and repair or replacement might never occur because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude repair or replacement. If, as a result of a natural disaster, all or a portion of the Master Leased Project is not available for the use and occupancy by the City, Base Rental Payments would be subject to abatement. The City currently maintains flood insurance on the Master Lease Project but does not currently maintain earthquake insurance on the Master Leased Project. See "RISK FACTORS — Abatement" and "— Risk of Uninsured Loss."

In addition, if a natural disaster were to substantially damage or destroy property and infrastructure within the City, a reduction in revenues available to the General Fund to make Base Rental Payments would be likely to occur due to a reduction in major revenue sources, including property taxes, sales tax and transient occupancy taxes.

The current presidential administration has made statements with respect to potential plans to phase out the Federal Emergency Management Agency ("FEMA"), provide less federal aid to states for natural disaster response, and to distribute such funds directly from the president's office. The City is unable to predict if such potential plans will actually be made or implemented. In the event of a natural disaster in the City, the City can make no assurances as to the availability of federal assistance through FEMA or otherwise.

Flooding. Located at the confluence of the Sacramento and American Rivers in the California Central Valley, the Sacramento area has experienced significant flood events and there is risk of future flood events. Based on existing Flood Insurance Rate Maps produced by FEMA, portions of the City are located within 100-year floodplain (which is an area expected to be inundated during a flood event of the magnitude for which there is a 1% chance of occurrence in any year).

The Sacramento Area Flood Control Agency (“SAFCA”) is the local flood-management agency that serves the area within the City. SAFCA has undertaken and is currently undertaking several projects involving levee systems to meet certain State and federal requirements with respect to flood protection. The levee projects, when fully complete, are intended to provide a level of flood protection in the City needed to withstand a flood event that has a 0.5% chance of occurring in a year (i.e., a 200-year flood). However, completion of the foregoing improvements does not eliminate the risk of flooding within the City.

Wildfires. In 2024 and 2025, the Department of Forestry and Fire Protection of the State of California (“CalFire”), under the direction of the Office of the State Fire Marshal, released updated Fire Hazard Severity Zone (“FHSZ”) maps which evaluate “Hazard,” being the likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, recent wildfire or fuel reduction efforts. In the updated FHSZ maps, the State Fire Marshal classified the State responsibility areas (the “SRAs”), where the State has financial responsibility for wildfire protection and prevention, and designated the local responsibility areas (the “LRAs”), where such responsibility falls on the local agencies. If applicable, these zones are classified as either “Moderate,” “High” or “Very High” and are based on statewide criteria and severity of fire hazard that is expected to prevail in those areas. Each zone embraces relatively homogeneous lands and is based on fuel loading, slope, fire weather, and other relevant factors present, including areas where winds have been identified as a major cause of wildfire spread.

Under current State law, local agencies which have “Moderate,” “High” or “Very High” zone designations under the updated FHSZ map for its jurisdiction are required to adopt such map within 120 days of receiving such recommendation from CalFire. Based on the updated FHSZ maps, no area within the City is mapped within a “Moderate,” “High” or “Very High” risk zone. As a result, the City is currently not required to adopt an updated LRA map. While no area in the City is currently mapped within a “Moderate,” “High” or “Very High” risk zone, there is a risk of property within the City being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the City. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property.

Climate Change

There are significant risks to the City associated with changes to the climate that are projected to occur over the course of the century. Doing nothing to prepare and slow down climate change could result in very high costs to the City. The City has not comprehensively quantified the costs that it might incur as a result of climate change impacts, including increased heat, increased incidents and severity of flooding, air quality impacts from increased frequency of wildfires within the region, more intense and frequent droughts and more extreme weather events, but over time the costs are projected to be significant and to have a materially adverse effect on the City’s finances by requiring greater expenditures to counteract the effects of climate change.

The City’s Climate Action & Adaptation Plan (“CAAP”), adopted in 2024, outlines a funding and financing plan to implement greenhouse gas emission (“GHGs”) reduction measures that discusses the costs to individuals and the City, up-front vs lifecycle costs, and incremental costs. Complete implementation of the CAAP GHG reduction measures is estimated at a minimum of \$3.2 billion in direct City investments. Investments from private citizens, businesses, and other agencies will also be needed, as well as a substantial commitment of staff time. Though many of these investments could provide substantial savings to the City over time by mitigating the financial impacts of climate change, full implementation will require the City to identify funding for up-front investment.

The City adopted the Sacramento Climate Action Plan (“CAP”) in 2012 to identify how the City and the broader community can reduce GHG emissions. The CAP policies were subsequently incorporated into the 2035 General Plan, which was adopted in 2015. The CAP was then updated as a standalone CAAP, with an adaptation chapter added, and adopted by the City Council in February 2024 as part of the 2040 General Plan. The CAAP is the City’s primary policy direction related to climate change mitigation and adaptation; it

includes GHG reduction measures to increase community-wide resilience to climate impacts. Examples of strategies and actions include planning for mixed-use developments that encourage walking and biking, use of public transit, or water conservation measures. Subsequent planning efforts and policies provide detailed direction on how specific CAAP actions will be implemented to mitigate the effects of climate change and adapt to the local impacts of climate change.

Eminent Domain

If the Master Leased Project is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Master Project Lease will cease as of the day possession is taken. If less than all of the Master Leased Project is taken permanently, or if the Master Leased Project or any part thereof is taken temporarily, (a) the Master Project Lease will continue in full force and effect and will not be terminated by virtue of the taking, and (b) there will be a partial abatement of Base Rental Payments as a result of the application of net proceeds of any eminent-domain award to the prepayment of the Base Rental Payments, in an amount to be agreed upon by the City and the Authority so that the resulting Base Rental Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Master Leased Project.

Hazardous Substances

The existence or discovery of hazardous materials may limit the beneficial use of the Master Leased Project. In general, the owners and lessees of the Master Leased Project may be required by law to remedy conditions relating to the release or threatened releases of hazardous substances on or from the Master Leased Project. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or lessee is obligated to remedy a hazardous substance condition of the property whether or not the owner or lessee had anything to do with creating or handling the hazardous substance.

It is also possible that the beneficial use of the Master Leased Project may be limited in the future because of the current existence on the Master Leased Project of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or because of the current existence on the Master Leased Project of a substance not currently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could substantially limit the City’s beneficial use of the Master Leased Project.

The City is unaware of the existence of hazardous substances on the Master Leased Project that would materially interfere with the City’s beneficial use thereof.

Bankruptcy

While an involuntary bankruptcy petition cannot be filed against the City or the Authority, the City and the Authority are each authorized to file for bankruptcy under certain circumstances. Should the City or the Authority file for bankruptcy, there could be adverse effects on the Holders of the 2025 Bonds.

If the City or the Authority is in bankruptcy, the parties (including the Trustee and the Holders of the 2025 Bonds) may be prohibited from taking any action to collect any amount from the City or the Authority or to enforce any obligation of the City or the Authority, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the Holders of the 2025 Bonds from funds in the Trustee’s possession.

The City or the Authority may be able to repudiate the Master Project Lease or the Master Site Lease, and the Authority may be able to assign the Master Site Lease. If any of these events were to happen, the City may no longer be obligated to make payments (including Base Rental Payments) under the Master Project Lease. The claims of the Holders of the 2025 Bonds may be capped at an amount that is no more than three years' rent under the Master Project Lease and could be substantially less, and the capped claim may not be paid in full. The City as owner may be able to remain in possession of the Master Site without paying rent. The City may be able to assign its obligations under the Master Project Lease. An assignee may be a less desirable sublessee and may expose the Holders of the 2025 Bonds to additional or different risks, including risks of non-payment.

The City may be able to sell the Master Site and terminate its obligations to make payments (including Base Rental Payments) under the Master Project Lease. The claims of the Holders of the 2025 Bonds may be capped and a capped claim might not be paid in full.

The City or the Authority may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Master Project Lease, the Indenture, the 2025 Bonds, and other transaction documents, as long as the bankruptcy court determines that the alterations are fair and equitable.

The City or the Authority could threaten to take any of the actions described above as part of negotiations to alter its obligations under the Master Site Lease, the Master Project Lease, or other transaction documents.

Actions could be taken in a bankruptcy case of the Authority or the City which could adversely affect the exclusion of interest on the 2025 Bonds from gross income for federal income-tax purposes.

There may be other possible effects of a bankruptcy of the City or the Authority that could result in delays or reductions in payments on the 2025 Bonds, or result in losses to the Holders of the 2025 Bonds.

There may be delays in payments on the 2025 Bonds while the court considers any of these issues. Regardless of any specific adverse determinations in a City or Authority bankruptcy proceeding, the fact of a City or Authority bankruptcy proceeding could have an adverse effect on the liquidity and value of the 2025 Bonds.

Limitations on Remedies

The rights of the Holders of 2025 Bonds are subject to the limitations on legal remedies against cities in the State, including applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting the enforcement of creditors' rights generally, now or hereafter in effect, and to the application of general principles of equity, including concepts of materiality, reasonableness, and good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law. See "— Bankruptcy."

Potential Impacts from Federal and State Policies

Federal and State budget and policy decisions can negatively impact the local economy which, in turn, can result in lower revenues to the City's General Fund from sources such as property taxes, sales taxes, transient occupancy tax and parking revenues. The City cannot predict the extent of any fiscal problems that will be encountered in this or in any future fiscal years, and it is not clear what measures will be taken by the State or federal government to address current or future economic conditions.

The City receives State funding for certain programs which are supported by the General Fund, including City's homelessness response and prevention programs. While federal funding is not a significant

source of revenue for operations, the City receives from time-to-time, funding through the State that originates from the federal government. No assurances can be made as to the level of such State and federal funding in the future. See APPENDIX A — “CITY FINANCES—State & Federal Funding.”

The State is a major employer in the Sacramento region, employing approximately 16.2% of the total workforce in the County in 2024. While the City cannot at this time quantify the financial impact, changes in State employment in the region and employee telecommuting policies could negatively affect business activity within the City, especially within the downtown area.

The current presidential administration has taken significant actions with respect to tariffs and international trade policy which, among other effects, have contributed to significant periodic volatility in the U.S. stock and bond markets. While the City cannot predict the potential impact of these actions and future federal policy decisions on the City’s revenues, volatility in the capital markets and increased uncertainty regarding the economy in the near term could have a negative effect on consumer confidence, increase the likelihood of a recession and lead to a reduction in certain General Fund revenue sources.

Recently, in response to various protests of federal immigration enforcement practices in the Los Angeles area, the current federal administration had ordered both the California National Guard and U.S. Marine troops be deployed to the Los Angeles area. The City has not experienced any material damage to property as a result of protests against current federal immigration enforcement practices and has not incurred any material additional expenses for public safety in response thereto. However, the City can make no assurances that future federal policies on immigration or other matters will not incite or exacerbate demonstrations which may lead to property damage and increased costs for public safety for the City.

In June 2025, the federal government filed a lawsuit against the City of Los Angeles (which has declared itself to be a “sanctuary city”) alleging that the City of Los Angeles’ policies interfere with the federal government’s enforcement of immigration laws. The City has also declared itself to be a sanctuary city with respect to the enforcement of federal immigration laws. The City cannot predict the actions the federal government may take in the future with respect to sanctuary cities.

Cybersecurity

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, and other attacks on computers and other sensitive digital networks and systems. The City experienced a cyber event a few years ago relating to a fraudulently misdirected payment of a substantial amount. The City has recovered almost all of the payment, and has implemented procedures intended to prevent a reoccurrence.

No assurances can be given that the City’s security and operational control measures will guard against all cyber threats and attacks. The results of any attack on the City’s computer and information-technology systems could adversely affect the City’s operations and damage its digital networks and systems, and potential losses from such attacks, as well as the costs of defending against future attacks, could be substantial.

Litigation

The City is routinely a party to lawsuits pertaining to various matters, including claims asserted which are incidental to performing routine governmental and other functions. The City does not believe that any currently outstanding claims or lawsuits, individually or in the aggregate, if determined adversely to the City, would have a material adverse effect on the financial condition of the City’s General Fund. However, no assurances can be made that future litigation will not result in a material liability for the City. In addition, no assurances can be made that any future liability will not exceed the insurance coverage then available.

No Acceleration

The 2025 Bonds are not subject to acceleration under the 2025 Indenture. In addition, Base Rental Payments are not subject to acceleration upon the occurrence of an Event of Default under the Mater Project Lease.

No Liability of Authority to the Holders

Except as expressly provided in the 2025 Indenture, the Authority will not have any obligation or liability to the Holders of the 2025 Bonds with respect to the payment when due of the 2025 Base Rental Payments by the City, or with respect to the City's performance of other agreements and covenants required to be performed by it contained in the Master Project Lease or the 2025 Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it.

Limited Secondary Market

As stated herein, investment in the 2025 Bonds poses certain economic risks that may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the 2025 Bonds should consider investment. There can be no guarantee that there will be a secondary market for purchase or sale of the 2025 Bonds or that, if a secondary market exists, the 2025 Bonds can or could be sold for any particular price.

Changes in Law

Articles XIII A, XIII B, XIII C, and XIII D and Propositions 62 and 1A were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted that further affect the City's revenues, its ability to make Base Rental Payments, or its ability to expend revenues.

CERTAIN LEGAL MATTERS

The validity of the 2025 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriter by Hawkins Delafield & Wood LLP, and for the City by the City Attorney and the City's disclosure counsel, Stradling Yocca Carlson & Rauth LLP.

CONTINUING DISCLOSURE

The City will execute a Continuing Disclosure Certificate for the benefit of the Holders and Beneficial Owners of the 2025 Bonds to provide certain financial information and operating data (the "**Annual Report**") and to provide notices of the occurrence of certain enumerated events (the "**Listed Events**"). The City as the initial Dissemination Agent (the "**Dissemination Agent**") will file the Annual Report and notices of Listed Events with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board ("**EMMA**"). The specific nature of the information to be included in the Annual Reports and the notices of Listed Events is set forth in Appendix F — "FORM OF CONTINUING DISCLOSURE CERTIFICATE." The City will sign the Continuing Disclosure Certificate and deliver it to the Underwriter to assist the Underwriter in complying with SEC Rule 15c2 12(b)(5) (the "**Rule**"). The City will file Annual Reports with EMMA no later than the last day of the ninth month after the end of the City's Fiscal Year, which is currently June 30. The first Annual Report will be due March 31, 2026.

The City believes it has established processes to ensure that it will continue to make its continuing disclosure filings as required.

LITIGATION

There is no litigation pending or, to the actual knowledge of the Authority or the City, threatened that in any way seeks (a) to restrain or enjoin the issuance, execution, or delivery of the 2025 Bonds; or (b) to contest the validity of the 2025 Bonds, the 2025 Indenture, the Master Project Lease, the Twelfth Amendment, the Master Site Lease, or any proceeding of the Authority or the City with respect thereto. To the actual knowledge of legal counsel to the Authority (subject to the limitations set forth in the opinion rendered in connection with the issuance of the 2025 Bonds), the Authority has not been served with process in, or overtly threatened with, any litigation that will materially affect the ability of the Authority to pay the principal and interest of the 2025 Bonds when due. To the actual knowledge of the City Attorney (subject to the limitations set forth in the legal opinion rendered in connection with the issuance of the 2025 Bonds), the City has not been served with process in, or overtly threatened with, any litigation that will materially affect the ability of the City to pay the Base Rental Payments under the Master Project Lease.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“**Bond Counsel**”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “**Code**”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2025 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2025 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2025 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the 2025 Bonds is less than the amount to be paid at maturity of such 2025 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2025 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2025 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2025 Bonds is the first price at which a substantial amount of such maturity of the 2025 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2025 Bonds accrues daily over the term to maturity of such 2025 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2025 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2025 Bonds. Beneficial Owners of the 2025 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2025 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2025 Bonds in the original offering to the public at the first price at which a substantial amount of such 2025 Bonds is sold to the public.

2025 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal

income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2025 Bonds. The Authority and the City have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2025 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2025 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2025 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2025 Bonds may adversely affect the value of, or the tax status of interest on, the 2025 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2025 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2025 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2025 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2025 Bonds. Prospective purchasers of the 2025 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2025 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the City have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2025 Bonds ends with the issuance of the 2025 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the City or the Beneficial Owners regarding the tax-exempt status of the 2025 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority and the City legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the 2025 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2025 Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

Payments on the 2025 Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of 2025 Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the 2025 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2025 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

VERIFICATION OF MATHEMATICAL ACCURACY

Robert Thomas CPA, LLC, upon delivery of the 2025 Bonds, will deliver a report or reports on the mathematical accuracy of certain computations, in schedules provided to them which were prepared by the Underwriter, relating to the sufficiency of the cash or anticipated receipts from the escrow securities deposited to the Escrow Fund to pay, when due, the principal, or redemption price, of and interest on the 2015 Bonds to be refunded as described herein.

The scope of Robert Thomas CPA, LLC’s engagement is limited to verifying the mathematical accuracy of the computations contained in the schedules provided to them, and Robert Thomas CPA, LLC has no obligation to update their report because of events occurring, or data or information coming to their attention, after the date of their report.

RATINGS

S&P Global Ratings and Moody’s Investors Service, Inc. have assigned ratings of “AA-” and “Aa3,” respectively, to the 2025 Bonds. The ratings reflect only the views of the rating agencies, and any explanation of the significance of the ratings may be obtained only from the rating agencies. There is no assurance that a rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency assigning it if, in the rating agency’s judgment, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse effect on the market price of the 2025 Bonds.

AUDITED FINANCIAL STATEMENTS

The City’s financial statements for the fiscal year ended June 30, 2024, included in APPENDIX B — “CITY OF SACRAMENTO ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024,” have been audited by Macias Gini & O’Connell LLP, Sacramento, California, as stated in the report appearing in Appendix B. Macias Gini & O’Connell LLP has not undertaken to update its audit or to take any action intended or likely to elicit information concerning the accuracy, completeness, or fairness of the statements made in this Official Statement, and no opinion is expressed by Macias Gini & O’Connell LLP with respect to any event subsequent to the report appearing in Appendix B.

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc. (the “**Municipal Advisor**”) has served as Municipal Advisor to the City in conjunction with the issuance of the 2025 Bonds. The Municipal Advisor has assisted in matters related to the planning, structuring, execution, and delivery of the 2025 Bonds. The Municipal Advisor will

receive compensation non-contingent upon the sale and delivery of the 2025 Bonds. The Municipal Advisor has not audited, authenticated, or otherwise independently verified the information set forth in this Official Statement, or any other related information available, with respect to accuracy and completeness of disclosure of such information. Because of this limited participation, the Municipal Advisor makes no guaranty, warranty, or other representation with respect to the accuracy or completeness of this Official Statement, or any other matter related to this Official Statement.

UNDERWRITING

BofA Securities, Inc. (the “**Underwriter**”) has agreed, subject to certain conditions, to purchase the 2025 Bonds at a price equal to \$64,366,069.28 (being the aggregate principal amount of \$57,685,000.00 less an Underwriter’s discount of \$208,612.12 and plus original issue premium of \$6,889,681.40). The Bond Purchase Contract relating to the 2025 Bonds provides that the Underwriter will purchase all of the 2025 Bonds if any are purchased.

The 2025 Bonds were offered for sale to the public at the prices shown on the inside cover page hereof. The Underwriter reserves the right to lower the initial offering prices as they deem necessary in connection with the marketing of the 2025 Bonds. The Underwriter may offer and sell the 2025 Bonds to certain dealers (including dealers depositing the 2025 Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth in the Official Statement. The Underwriter reserves the right to join with dealers and other underwriters in offering the 2025 Bonds to the public. The obligation of the Underwriter to accept delivery of the 2025 Bonds is subject to the terms and conditions set forth in the Bond Purchase Contract relating to the 2025 Bonds, the approval of legal matters by counsel, and other conditions.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and-or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and-or short positions in such assets, securities and instruments.

The Underwriter has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“**MLPF&S**”). As part of this arrangement, the Underwriter may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, the Underwriter may compensate MLPF&S as a dealer for their selling efforts with respect to the 2025 Bonds.

EXECUTION AND DELIVERY

The execution and delivery of this Official Statement have been duly authorized by the Authority and the City.

SACRAMENTO CITY FINANCING AUTHORITY

By: /s/ John P. Colville Jr.
John P. Colville Jr.
Treasurer

CITY OF SACRAMENTO

By: /s/ John P. Colville Jr.
John P. Colville Jr.
City Treasurer

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY OF SACRAMENTO

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INTRODUCTION

The City of Sacramento (the “**City**”) is located at the confluence of the Sacramento and American Rivers in the northern part of California’s Central Valley. The City is approximately 75 air miles northeast of San Francisco and benefits from a mild climate, with many days of sunshine each year and daily average high temperatures ranging from 54° F in January to 92° F in July. The average elevation of the City is 25 feet above sea level.

The City was settled in the late 1830s and incorporated in 1849. In 1854, the City became the capital of the State of California (the “**State**”), a position made permanent by the State’s Constitutional Convention in 1879. Today, State government employees and government-related activities contribute substantially to the City’s economy.

Government

The City operates under a City Charter that provides for an elected nine-member City Council (the “**Council**”), including an elected Mayor. There are no other elected City officials. The Council appoints the City Manager, the City Attorney, the City Auditor, the City Treasurer, the City Clerk, and the Director of Public Safety Accountability to carry out its adopted policies. The City Auditor also serves the role of the Independent Budget Analyst. The Mayor is chairperson of the Council, serves a four-year term, and is elected in at-large City elections. The other members of the Council also serve four-year terms but are elected from one of eight districts.

The City provides a number of municipal services, including administration, police, fire, library, recreation, parking, public works, and utilities services such as water production and distribution, refuse collection, storm drainage, and maintenance.

Key Personnel

Leyne Milstein, Interim City Manager. Ms. Milstein was appointed Interim City Manager in January 2025. With 28 years of experience in government management, policy and finance at the state and local level Ms. Milstein leads the City’s Executive Management Team. As the Chief Executive Officer of the City, Ms. Milstein is responsible for the leadership and direction of all operations, programs, and services, in accordance with the Sacramento City Charter. As the Interim City Manager, Ms. Milstein oversees all City operating and support services departments, consisting of 6,000 full-time, part-time, and seasonal employees; manages the City’s annual operating budget; and facilitates the implementation of the City Council’s policies and priorities.

Ms. Milstein first joined the City in 2005 as a Principal Policy Analyst also serving as the Manager of the Budget, Policy and Strategic Planning Division, and the Director of the Finance Department from 2008 through 2017, responsible for oversight of the financial management of the City. Ms. Milstein served as an Assistant City Manager from 2017 to January 2025, with oversight of the Finance, Human Resources and Information Technology Departments and the following citywide initiatives: Cannabis Policy and Enforcement and Diversity and Equity. Prior to joining the City, Ms. Milstein worked for the State of California as Director of the Information Technology and Support Management Division for the California Commission on Teacher Credentialing; as an analyst at the California Department of Finance; and as staff to the State Public Works Board.

Ms. Milstein holds a Bachelor’s degree in Political Science from the University of California at Davis and a Master’s degree in Public Administration from California State University Hayward. In addition, Ms. Milstein served as the President of the Fiscal Officers Department of the League of California Cities, was a member of the League Board of Directors and was a member of the Government Finance Officers Association Committee on Governmental Budgeting and Fiscal Policy.

Farishta Ahrary, City Auditor. Farishta Ahrary was appointed as the City Auditor, effective September 2024, after previously serving as Interim City Auditor. Mrs. Ahrary joined the City Auditor’s office in June 2013 as an entry level auditor and was promoted several times throughout her career with the City.

Prior to joining the City, Mrs. Ahrary worked at an accounting firm performing individual and business tax services and financial statement audits of school districts across Northern California. Mrs. Ahrary was recognized by the Association of Local Government Auditors with a Gold Knighton Award in 2013 and Distinguished Knighton Awards in 2014, 2019, and 2023. Mrs. Ahrary graduated with a Master of Science in Accounting from University of Phoenix and also holds a Bachelor of Arts in Economics from the University of California, Davis. Mrs. Ahrary is a Certified Public Accountant, a Certified Fraud Examiner, and certified as a Project Management Professional. Mrs. Ahrary is a member of the Association of Local Government Auditors (“ALGA”), Association of Certified Fraud Examiners, Institute of Internal Auditors, and the Project Management Institute. She also serves on the Long-Term Conference Planning Committee for ALGA.

Susana Alcala Wood, City Attorney. Susana Alcala Wood was appointed by the Sacramento City Council to serve as City Attorney on March 19, 2018. An attorney specializing in municipal law, Ms. Wood has worked for multiple cities throughout California. Just before her appointment, Ms. Wood served as the Assistant City Attorney for the City of Stockton from November 2013 to March 2018 where her responsibilities included advising several Council Committees and Citizen advisory commissions. She was also the principal Legal Advisor to the Stockton Police Department. Prior to her work at the City of Stockton, Ms. Wood served as the City Attorney for Modesto for 8 years, where she was the primary legal advisor to the City Council and City Manager. While at Modesto, Susana guided the City Council and staff through their historic Charter amendment shift from an at large council election system to a by-district election system. Ms. Wood also oversaw and directed hundreds of investigations involving allegations of harassment, discrimination, and related complaints involving city staff, department heads, and city management.

Ms. Wood received her Bachelor of Arts in Philosophy-Ethics and Public Policy in 1987 from the University of California at Santa Barbara and received her Juris Doctorate from Whittier College, School of Law at Los Angeles in May 1991.

John P. Colville, City Treasurer. Mr. Colville is the City Treasurer and is the President of the CalTRUST Investment Trust of California. Mr. Colville is responsible for overseeing over \$1.5 billion in fixed-income and equity securities for the City’s general fund and closed-end, defined benefit retirement plan as well as a portfolio of land-secured, lease revenue and redevelopment bond issuances in excess of \$2.1 billion. Mr. Colville began his career at the City of Sacramento in September of 2004. Prior to joining the city, he served for two years as an Investment Officer for the California State Teachers’ Retirement System (CalSTRS). Prior to CalSTRS, Mr. Colville was a Transition Manager with Barclay’s Global Investors for three years. Mr. Colville holds a Master of Business Administration from Golden Gate University, and a Bachelor of Arts in Economics from San Francisco State University. In addition has passed the National Association of Securities Dealers Series 24, 7, 3 and 63 exams.

Mindy Cuppy, City Clerk. Ms. Cuppy was appointed City Clerk in August 2017. Before her position with the City, Ms. Cuppy was the City Clerk for the City of Rancho Cordova from 2008 to 2017. Ms. Cuppy holds a Bachelor of Arts in Politics from the University of California at Santa Cruz.

Peter Coletto, Director of Finance. Mr. Coletto has served as the City’s Finance Director since July 2023 and is a finance professional with over 20 years of experience across the public and private sectors. Prior to joining the City, Mr. Coletto was at the County of Alameda where he was the Finance Director for the Social Services Agency and held multiple roles in the County Administrator’s Office. At the County, he was responsible for the development and management of the annual County budget, Capital Improvement Plan, financial forecasting, risk management, procurement and contracting, obtaining federal and state reimbursement, and other projects. Before joining the public sector, Mr. Coletto worked in commodities trading and business development. Mr. Coletto graduated from the University of Notre Dame with a bachelor’s degree in finance.

Employee Relations

Under the Meyers-Milias-Brown Act (California Government Code section 3500 *et seq.*), the City is required to meet and confer with its employees on all matters concerning wages, hours, and working conditions.

City employees are represented in 19 bargaining units by 11 labor organizations. The Stationary Engineers, Local 39 A of the International Union of Operating Engineers, is the largest labor organization. The most recently recognized employee organization, the Sacramento City Exempt Employees Association (“SCXEA”), was formed in 2011 and is the recognized employee organization of employees in the Exempt Management Unit, the Exempt Management Support Unit, and the Confidential/Administrative Unit.

There have been no major work stoppages by City employees since 1970. Salary and benefits for all units are defined until the agreements expire.

Unrepresented employees have four units: Executive Management, Executive Management Support, Mayor/Council Support, and Non-Career units. Unrepresented employees include the City Manager (and key staff), the City Attorney (and key staff), the City Auditor, the City Treasurer, the City Clerk (and key staff), and the Director of the Office of Public Safety Accountability; the Fire Chief and Fire Deputy Chiefs; the Police Chief and Police Deputy Chiefs; department heads; and managers and staff who deal directly with labor negotiations or human resources.

A summary of the City’s labor organization is set forth in the following table. As shown in the table, the contracts with all of the employee labor organizations have either expired or will expire on or before January 9, 2026. The Fiscal Year 2025-26 Adopted Budget contains the known costs of existing labor agreements and retirement costs. The Fiscal Year 2025-26 Adopted Budget does not contain assumptions regarding potential costs of future labor agreements, which are currently in negotiations or will be in negotiations shortly for all of the City’s labor organizations. Across all employees, every one percent increase in salary equates to approximately \$4.8 million in additional General Fund cost annually. Any increased costs resulting from such negotiations will be required to be funded from corresponding reductions in expenses or the identification of new revenues.

CITY OF SACRAMENTO SUMMARY OF CITY LABOR ORGANIZATIONS

<i>Union Name</i>	<i>Contract Expiration Date</i>	<i>Fiscal Year 2025 Full-Time Equivalents</i>	<i>Fiscal Year 2026 Full-Time Equivalents</i>
Sacramento Police Officers Association	1/24/2025	856.0	831.0
International Association of Machinists & Aerospace Workers	7/11/2025	69.0	69.0
Plumbers and Pipefitters, Local 447	7/11/2025	180.0	188.0
Sierra Building and Construction Trades	7/11/2025	86.0	86.0
Sacramento City Exempt Employees Association	9/19/2025	956.3	959.3
Stationary Engineers Local 39 A (Miscellaneous)	9/19/2025	1,573.7	1,540.2
Stationary Engineers Local 39 C (General Supervisors)	9/19/2025	183.0	184.0
Sacramento Area Firefighters, Local 522	10/3/2025	667.0	671.0
Stationary Engineers Local 39 B (Plant Operators)	12/26/2025	83.0	83.0
Western Council of Engineers	12/26/2025	69.0	76.0
Auto, Marine & Specialty Painters, Local 1176	1/9/2026	16.0	16.0
Unrepresented Employees	N/A	101.0	97.0
Total		4,839.9	4,800.4

Source: The City of Sacramento.

The City provides defined-benefit retirement benefits through the State of California’s Public Employees’ Retirement System (“CalPERS”) and the Sacramento City Employees’ Retirement System (“SCERS”). CalPERS is a multiple-employer public-employee defined-benefit pension plan while SCERS is a single-employer defined-benefit pension plan. See “RETIREMENT AND OPEB OBLIGATIONS.”

CITY FINANCES

City Budget

The Council annually adopts an operating and capital budget for a single fiscal year beginning July 1 and ending June 30 in the subsequent calendar year.

To establish the annual budget, department fund managers, in coordination with the Budget Division of the Finance Department, review actual revenue receipts, economic and revenue forecasts from an outside consultant, and internal revenue forecasts developed by the Finance Department from estimates of tax revenues and other discretionary revenues to determine what resources will be available to support operating requirements; departments are then tasked with developing a plan for expenditure of projected available resources for the coming fiscal year. Similarly, capital-improvement program priorities are matched with available funds from multiple funding sources. Labor costs are updated to reflect salary and benefit changes required under the negotiated agreements and estimates for any unrepresented employees are also updated.

A base budget reflecting the estimated costs of providing programs and services in the new budget year is then prepared. This base budget also includes the estimates of revenues and other financing sources and the operating and capital budgets that are prepared and transmitted to the Mayor and the Council by the City Manager, as required by City Charter, at least 60 days before the start of the fiscal year. The Mayor and the Council review the proposed operating and capital budget in public hearings held in May or June.

Following the public-hearing process, changes from the Mayor and the Council are incorporated into an amended budget. The budget is then formally adopted by the vote of the Council on or before June 30 of each year. The budget for Fiscal Year 2025-26 (“Fiscal Year 2025-26 Adopted Budget”) was adopted on June 10, 2025.

Fiscal Year 2024-25 Preliminary Results

The City is currently in the process of closing Fiscal Year 2024-25 and is anticipated to finish the year generally consistent with the Fiscal Year 2024-25 Adopted Budget and is anticipating a positive ending balance in the General Fund. Along with quarterly forecasts, the City also conducts a thorough mid-year budget update. The Fiscal Year 2024-25 mid-year update included a reduction in the Fiscal Year 2024-25 Citywide revenue budget of \$0.8 million due to lower sales tax revenues offsetting higher property and utility user tax revenues and an increase in departmental revenues of \$3.8 million primarily due to higher parking revenues.

During Fiscal Year 2024-25, Council adopted a new policy to govern the use of prior-year savings versus the budget. This policy dictates that the first use of savings is to balance any projected deficit in an upcoming budget fiscal year, the second use is to ensure the Economic Uncertainty Reserve is at least 10% of General Fund revenues, and if those two conditions are met, the remaining savings will be split with one-third going to a new fund to address unfunded pension liabilities, one-third to a new fund to address unfunded capital and deferred maintenance needs, and one-third for other one-time uses. Fiscal Year 2023-24 closed with savings of \$26.8 million, and in accordance with this policy, the Council has applied these savings towards closing the projected Fiscal Year 2025-26 budget deficit.

Adopted Fiscal Year 2025-26 Budget

The Fiscal Year 2025-26 Adopted Budget totals approximately \$1.67 billion from all funding sources and supports 4,984.83 full-time equivalent (“FTE”) positions. This includes approximately \$872 million for General Fund operations and capital projects, and approximately \$803 million for the City’s enterprise and other fund activities. Like many cities in California and across the country, the City is addressing a structural budget deficit with cost growth exceeding revenue growth. The Fiscal Year 2025-26 Adopted Budget closed a projected \$62 million deficit while avoiding significant service reductions. Budget solutions included a combination of one-time and ongoing strategies with \$34.6 million in ongoing reduction strategies and \$35.2 million in one-time solutions. The one-time strategies primarily consisted of the use of Fiscal Year 2023-24 year-end savings (\$26.8 million, as described in “- Fiscal Year 2024-25 Preliminary Results”) and the

reallocation of unspent project funds. Ongoing strategies primarily included departmental revenue increases, the elimination of certain vacant positions, and the shift of costs out of the General Fund into more restrictive funds.

Projected General Fund revenues in the Fiscal Year 2025-26 Adopted Budget of approximately \$838.7 million are approximately 3.1% higher than Fiscal Year 2024-25 adopted budget revenues of \$813.7 million. See “- Major Revenues” for a discussion of assumptions included in the Fiscal Year 2025-26 Adopted Budget relating to particular revenue sources.

The General Fund budget funds the delivery of the most common programs and services to the community. Because the primary function of the City is to provide services, the largest portion of the budget is tied to the cost of City employees. Aside from the outright elimination of funded positions and employee layoffs, the City has a very limited ability to reduce the cost of labor absent the cooperation of the City’s employee unions.

In addition, there are several areas of expense that have pre-determined payment schedules, including debt service, payments for taxes and services to the County of Sacramento (the “**County**”), and contributions to CalPERS and SCERS. These expenditures effectively limit the discretionary portion of the budget.

The following table shows the Adopted Budget for Fiscal Year 2024-25 and the Adopted Budget for Fiscal Year 2025-26.

CITY OF SACRAMENTO - GENERAL FUND BUDGET
(\$ in Thousands)

	<i>Fiscal Year 2024-25 Adopted</i>	<i>Fiscal Year 2025-26 Adopted</i>
AVAILABLE FUNDS:		
Property Taxes	\$ 233,338	\$ 246,439
Sales and Use Taxes ⁽¹⁾	246,322	236,843
Utility Users Tax	67,465	67,802
Other Taxes	58,628	59,108
Licenses and Permits	34,690	35,221
Fines, Forfeitures and Penalties	9,088	14,019
Interest, Rents and Concessions	6,315	4,265
Intergovernmental Revenue	18,609	20,918
Charges, Fees and Services	94,007	108,984
Other Revenues	1,308	375
Transfers from Other Funds	<u>43,935</u>	<u>44,766</u>
Total Resources:	\$ 813,707	\$ 838,742
REQUIREMENTS:		
Current Operations:		
Employee Services	\$ 682,988	\$ 701,813
Other Services and Supplies	197,446	205,659
City Property	2,870	2,829
Debt Service	16,578	16,567
Multi-year Operating Projects	60,350	61,586
Transfers	(7,418)	(34,472)
Labor/Supply Offset	(128,183)	(95,033)
Use of Contingency	2,000	2,000
Operating Transfers	<u>5,550</u>	<u>(4,299)</u>
Subtotal Current Operations:	\$ 832,180	\$ 856,651
Capital Improvements	<u>\$ 15,092</u>	<u>\$ 15,835</u>
Total Requirements:	\$ 847,272	\$ 872,485
Other Financing Sources (Uses)	<u>\$ 30,988</u>	<u>\$ 34,219</u>
Total Surplus (Deficit)	<u>\$ (2,577)</u>	<u>\$ 476</u>
Ending Undesignated Fund Balance:	<u>\$ 757</u>	<u>\$ 488</u>

(1) Includes Measure U revenues.

Source: City of Sacramento.

General Fund Financial Summary

The information contained in the table on the following page is summarized from the City's audited financial statements for Fiscal Years 2019-20 through 2023-24.

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (\$ in Thousands)

	2019-20	2020-21	2021-22	2022-23	2023-24
Revenues:					
Property taxes	\$177,193	\$189,315	\$200,758	\$216,220	\$229,713
Sales and use taxes ⁽¹⁾	90,969	99,325	115,260	115,343	112,422
Utilities use tax	60,039	62,164	65,461	69,529	64,133
Other taxes	42,506	52,586	58,079	49,558	50,689
Intergovernmental	15,919	20,193	24,335	23,623	37,078
Charges for services	105,446	99,212	113,565	117,069	110,915
Fines, forfeitures and penalties	12,898	7,284	10,057	9,112	9,874
Interest, rents and concessions	6,423	887	(14,530)	5,785	20,282
Assessment levies	341	588	483	498	565
Contributions and donations	20	30	37	1	1
Other revenues	974	1,250	653	449	139
Total revenues	512,728	532,834	574,158	607,187	635,811
Expenditures:					
General government	54,949	60,257	65,855	69,337	67,011
Police	158,887	162,136	147,890	220,744	231,397
Fire	139,421	143,358	122,548	180,249	194,563
Public works	13,393	13,249	14,615	19,766	21,622
Convention and cultural services	6,485	5,462	1,485	5,538	2,517
Economic development	-	-	-	-	-
Youth, parks, and community enrichment	21,670	21,538	1,653	3,218	8,420
Community development	38,629	34,623	30,471	32,077	32,912
Community response	-	-	6,141	8,897	4,792
Library	10,130	12,266	-	-	-
Utilities	3,268	3,670	3,859	67	54
Citywide and community support	50,691	51,632	57,700	53,564	63,139
Capital outlay	17,589	22,592	45,776	25,810	43,970
Debt service	568	-	322	3,989	3,880
Total Expenditures	515,680	530,783	498,315	623,256	674,277
Excess (deficiency) of revenues over (under) expenditures	(2,952)	2,051	75,843	(16,069)	(38,466)
Other Financing Sources (uses):					
Transfers in	44,465	55,636	48,184	46,167	63,068
Transfers out	(26,680)	(43,133)	(36,010)	(39,178)	(26,211)
Issuance of long-term debt	-	-	-	5,549	3,578
Total other financing sources (uses)	17,785	12,503	12,174	12,538	40,435
Special items	-	-	-	-	-
Changes in fund balances	\$14,833	\$14,554	\$88,017	\$(3,531)	\$1,969
Fund Balance, beginning of year	210,606	225,439	239,993	328,010	324,479
Fund Balance, end of year	\$225,439	\$239,993	\$328,010	\$324,479	\$326,448
Less reserves and commitments					
Nonspendable	\$1,279	\$1,084	\$2,799	\$2,499	\$2,408
Restricted	-	-	-	-	-
Committed:					
Economic uncertainty	55,200	58,499	61,310	72,534	74,613
Capital projects	57,689	57,417	50,410	58,540	53,795
Community center theater renovation	-	-	-	-	-
Fire programs	5,635	7,438	8,426	14,999	25,088
Housing trust fund	-	-	1,000	1,000	-
Pension	-	-	-	-	-
OPEB	4,264	6,828	5,727	6,072	6,095
SCXEA labor for Fiscal Year 2019-20	-	-	-	-	-
Budgetary savings allocated by Council for future costs	-	5,500	20,891	26,500	10,443
Homeless programs	-	-	-	-	-
Gas tax	-	-	-	-	-
Other programs	49,405	72,809	133,367	131,163	123,702
Assigned:					
Unrealized investment gains	1,960	103	-	-	-
Unassigned	\$50,007	\$30,315	\$44,080	\$11,172	\$30,304

(1) Does not include Measure U revenues, which are accounted for through a separate fund. However, Measure U revenues are available for General Fund uses, and are included in the presentation of "sales and use taxes" for purposes of the General Fund budget.

Source: City of Sacramento Annual Comprehensive Financial Reports for respective fiscal years.

Financial Schedules

A copy of the City's Annual Comprehensive Financial Report (the "ACFR") for the fiscal year ended June 30, 2024, is attached as Appendix B to this Official Statement. Prospective investors are encouraged to read the ACFR, including the Management's Discussion and Analysis, the Financial Statements, and the Notes to the Financial Statements, because it includes important information concerning the City and its financial condition.

Property Taxation within the City

Property taxes make up the largest source of City discretionary revenue. The City lost the ability to set a property tax rate with the adoption of Proposition 13 in 1978, which added Article XIII A to the State Constitution.

As a result, beginning with Fiscal Year 1981-82, property has been assessed at 100% of cash value, and the maximum property tax rate is \$1.00 per \$100 of taxable value. See the forepart of the Official Statement under the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES, AND APPROPRIATIONS — Article XIII A of the State Constitution" for a discussion of the constitutional limitations on the City's ability to issue general-obligation debt payable from an increase in the tax rate.

Additionally, the taxable value reflects homeowners and business-inventory exemptions. Tax revenues lost as a result of each homeowner's exemption are reimbursed by the State based on the total taxes that would be due on the taxable value of the property qualifying for that exemption, without allowance for delinquencies. If a homeowner files for the exemption, the exemption is \$7,000 of the taxable value of an owner-occupied dwelling, corresponding to \$70 in taxes.

For purposes of assessment and collection, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed real property and property on which the taxes are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Personal property is assessed on the "unsecured roll."

The following table summarizes gross assessed valuations for all taxable property in the City for Fiscal Years 2015-16 through 2024-25.

**GROSS ASSESSED VALUES
FOR ALL TAXABLE PROPERTY⁽¹⁾
(\$ in Thousands)**

<i>Fiscal Year</i>	<i>Secured Roll</i>	<i>Unsecured Roll</i>	<i>Public Utility</i>	<i>Total</i>	<i>Assessed Valuation (% change from prior Fiscal Year)</i>
2015-16	\$39,823,777	\$1,513,519	\$9,267	\$41,346,563	4.61%
2016-17	42,300,010	1,623,203	9,193	43,932,406	6.25
2017-18	45,389,674	1,692,375	8,974	47,091,023	7.19
2018-19	48,919,753	1,868,599	8,701	50,797,053	7.87
2019-20	53,124,698	1,869,844	9,185	55,003,727	8.28
2020-21	56,812,389	1,993,337	9,069	58,814,795	6.93
2021-22	60,043,995	1,951,987	9,069	62,005,052	5.42
2022-23	64,677,204	2,136,640	8,950	66,822,794	7.77
2023-24	69,335,897	2,468,674	10,448	71,815,019	7.47
2024-25	72,524,002	2,972,439	10,501	75,506,943	5.14

⁽¹⁾ Derived from Equalized Assessed Valuation Report.

⁽²⁾ The decrease in public utility assessed value is primarily due to the transfer of the downtown railyards to a private developer and the City.

Source: County of Sacramento, Department of Finance, Auditor-Controller Division.

The City receives only a portion of the property taxes collected within the City, sharing the revenue with school districts, the City in its capacity as the successor agency to the redevelopment agency of the City, special districts, and the County. The sharing of property tax revenue is based on formula set in State law and regulations, and annual changes in tax revenue are proportional to changes in the tax-roll values within the City. Property taxes are billed, collected, and allocated by the County. The table below summarizes property tax revenues derived from the Secured Rolls from Fiscal Years 2015-16 to 2024-25.

**PROPERTY TAX REVENUES
RECEIVED BY THE CITY**

<i>Fiscal Year</i>	<i>Property Tax Revenues Current Secured</i>
2015-16	\$144,930,592
2016-17	138,002,134
2017-18	146,891,743
2018-19	157,303,946
2019-20	168,952,271
2020-21	180,799,367
2021-22	192,366,356
2022-23	207,295,841
2023-24	219,936,398
2024-25	226,190,027

Source: City of Sacramento, Department of Finance, Revenue Division.

The following table lists the City's largest local secured taxpayers as of June 30, 2024. Many of the largest taxpayers own commercial office space in downtown Sacramento.

**CITY OF SACRAMENTO
PRINCIPAL PROPERTY TAXPAYERS
AS OF JUNE 30, 2024
(\$ in Thousands)**

<i>Property Owner</i>	<i>Assessed Valuation</i>	<i>Rank</i>	<i>% of Total</i>
Sacramento Kings	\$ 352,617	1	0.49%
BRE Depot Park LLC	271,195	2	0.38
SRI Eleven 621 Capitol Mall LLC	267,318	3	0.37
CA Sacramento Commons LLC	221,577	4	0.31
Oakmont Properties ALIRA LLC	218,255	5	0.31
Hancock SREIT Sacramento LLC	208,922	6	0.29
HP Hood LLC	195,125	7	0.27
Kaiser Foundation Health Plan INC.	185,825	8	0.26
Natomas Development Partners LLC	180,056	9	0.25
AB PR QOZB III Property LLC	166,927	10	0.23
Total:	\$ 2,267,817		3.16%
Net Assessed Value Total:	\$71,378,461		100.00%

Source: The City of Sacramento Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

Major Revenues

Property Tax. Property taxes account for approximately 30% of all General Fund revenues. Revenues related to property taxes are affected by fluctuations in the real estate market, levels of new construction activity, and the corresponding changes to the assessed value of those properties on the tax roll. Total assessed value for Sacramento County's Fiscal Year 2024-25 secured and unsecured roll surpassed \$231 billion, an increase of 5.2% countywide as compared to the prior fiscal year. The Adopted 2025-26 Budget assumed a 4.1% increase in property tax revenues. The latest assessment valuation available to the City indicates the City's Secured Roll will grow by 5.9% in Fiscal Year 2025-26 versus Fiscal Year 2024-25.

Sales and Use Tax. In 1956, the City adopted a Bradley-Burns Sales Tax Ordinance that allows the City to be allocated a percentage of the overall sales tax imposed in the City. The level of that sales tax has been set at 1% since April 1, 1969. The State Board of Equalization collects and distributes sales-and-use tax for the State, cities, counties, and other entities receiving sales-tax revenue.

Proposition 172 was approved by voters to permanently extend an additional 0.5% sales tax beyond December 21, 1993. The legislation requires that this sales tax continue to be deposited in the Public Safety Augmentation Trust Fund for distribution to counties and cities based on sales-tax-allocation percentages previously calculated. The City receives approximately 4% of this Proposition 172 sales-tax revenue allocated to jurisdictions within the County.

In November 2004, voters approved Measure A to extend the sales-and-use tax rate in Sacramento County by 0.5% to 2039. The proceeds of this Measure A tax are administered by the Sacramento Transportation Authority and are used to fund a comprehensive program of roadway and transit improvements, including highway, street, and road construction; highway, street, and road maintenance; bus and light-rail capital and operations; improved transportation services for elderly and handicapped persons; and transportation-related air-quality programs.

In November 2012, voters approved Measure U, a general purpose sales tax measure which increased the sales tax rate in the City by 0.5% (from 7.75% to 8.25%) through March 2019. In November 2018, voters approved Measure U which increased the sales tax rate by an additional 0.5% (from 8.25% to 8.75%) and made the general purpose sales tax increase permanent.

The City estimates a 1.1% decrease in sales tax revenues in Fiscal Year 2024-25 and is anticipating 0.5% growth in Fiscal Year 2025-26 and 2% annual growth in future fiscal years. Over the past few years, sales tax revenues have been affected by a variety of unusual factors including but not limited to the following: the COVID-19 pandemic and recovery; higher than normal inflation; supply chain issues; changes in consumer demand from taxable to non-taxable purchases; a spike in fuel prices; and now a new federal tariff policy. All segments of sales tax revenues are expected to remain flat or increase slightly with the exception of transportation, which is projecting a long-term decline as electric vehicle integration continues and exerts downward pressure on demand for gasoline sales.

Utility Users Tax. On November 8, 1988, the voters approved Measure C, an advisory measure asking this question: “Should the utility users tax rate be maintained at 7.50% in order to provide additional General Fund revenues to augment City services such as public safety?” On November 4, 2008, Measure O was approved by voters, reducing the utility users tax (“UUT”) on telephonic services from 7.50% to 7.00% and expanding the scope of the tax to include new communication technologies. All other UUT rates remained unchanged at 7.50%.

Cable, wireless telecommunication, and wired telecommunication revenue components continue to face regulatory and fiscal pressure across their respective industries. The City reduced UUT revenue projections in previous fiscal years to address these underperforming sectors. Electricity and gas now account for over 75% of all UUT revenue, providing overall growth despite continued losses by the other components. Historically, these segments had accounted for about half of UUT revenue since Fiscal Year 1996-97 before growing to 60% of UUT in Fiscal Year 2018-19 and 70% in Fiscal Year 2022-23. However, the dominance of the electricity and gas segments makes the overall revenue stream less diversified and therefore more prone to volatility. For example, when Sacramento seasons are milder, this may result in more muted UUT revenue totals as households avoid using air conditioning and heating. The Fiscal Year 2025-26 budget assumes 0.5% growth in UUT annually due to the factors described above and the unpredictability of energy usage going forward.

Transient Occupancy Tax. Since 1990, the City has imposed a transient-occupancy tax (“TOT”), the level of which is currently set at 12%. The revenues from the TOT are currently designated for the City’s Community Center Fund (10%) prior to the required transfer to Visit Sacramento (previously known as the Sacramento Convention & Visitors Bureau) in accordance with the Sacramento City Code, and the General Fund (2%). The City has experienced a rebound in TOT revenues post-COVID and is anticipating 3.5% growth in Fiscal Year 2025-26.

The Five-Year Forecast

The General Fund forecast provides a multi-year review of revenues and expenditures, allowing an assessment of the fiscal consequences of both prior and current funding decisions in the context of forecasted revenues and expenditures. The Council evaluates proposed fiscal actions in a long-term rather than a short-term context. The General Fund forecast is developed consistent with the Council’s adopted budget guidelines, which limit new revenues from being counted or spent until realized.

The following table projects a structural gap between revenues and expenditures in the General Fund in the absence of further actions to increase ongoing revenues and/or reduce ongoing expenses. The structural deficit is the result of decisions that the City and voters have made over the past few years along with macroeconomic forces such as inflation. These decisions include expanding into new service areas, increased costs of new labor contracts, increasing staffing levels, and ballot measures redirecting general revenues for specific purposes. In many cases, in prior years federal aid to assist local governments mitigated COVID-19 pandemic impacts and allowed the City to fund these cost increases; however, the federal funding was one-time while many of the increased costs are ongoing. The forecast assumes that a projected negative Ending Fund Balance will be addressed each fiscal year during budget development (and will not be carried over to the subsequent fiscal year) since the City is required to adopt a balanced budget.

GENERAL FUND REVENUES AND EXPENSES
5-YEAR BUDGET FORECAST
(\$ in Thousands)

	<i>Fiscal Year 2025-26</i>	<i>Fiscal Year 2026-27</i>	<i>Fiscal Year 2027-28</i>	<i>Fiscal Year 2028-29</i>	<i>Fiscal Year 2029-30</i>
Beginning Fund Balance	\$12	\$488	\$0	\$0	\$0
Total Revenue	856,892	867,131	884,574	900,542	916,306
Total Expenditures	880,362	888,481	915,504	949,113	968,845
Surplus (Deficit)	\$ (23,469)	\$ (21,351)	\$ (30,930)	\$ (48,570)	\$ (52,538)
Use of Reserve for Future Budget Development	26,807	0	0	0	0
FY2024-25 Vacancy Factor ⁽¹⁾	6,467	6,596	6,728	6,863	7,000
Measure L Transfer ⁽²⁾	(9,329)	(9,329)	(9,329)	(9,329)	(9,329)
Homeless Services	0	(36,797)	(36,853)	(37,288)	(37,728)
Ending Fund Balance	\$ 488	\$ (60,392)	\$ (70,383)	\$ (88,325)	\$ (92,595)

(1) Anticipated savings from positions contained in budget but expected to be vacant, based on prior experience.

(2) Refers to amount equivalent to 40% of cannabis business operations tax revenues that is transferred from the General Fund to the Children's Fund that was established by Measure L.

Source: City of Sacramento.

The Budget Forecast is based on a set of point-in-time assumptions. Expense assumptions include known effects of current labor agreements and anticipated effects related to required pension-related payments.

As described in "INTRODUCTION – Employee Relations," the contracts with all of the employee labor organizations have either expired or will expire on or before January 9, 2026. The City is currently in negotiations, or expects to commence negotiations shortly, with its labor organizations. The Budget Forecast does not include any increases in labor costs that may result from future labor agreements, however, every one-percent increase in salary across all employees equates to approximately \$4.8 million in additional cost to the General Fund.

There can be no assurances that actual results will not be materially adversely different from the forecast.

Budget sustainability and the fiscal capacity to address longer-term fiscal issues require that annual base-operating-cost increases be held to a level below annual revenue growth. The fiscal reality, given the lack of significant revenue growth in excess of expenditure growth in the forecast, is that current expenditure commitments are unsustainable. As a result, the City will need to continue to reduce expenditures or implement long-term revenue growth strategies in order to account for anticipated expenditure growth not supported by revenues.

Planned Sources for City Payments with Respect to Golden 1 Center

In 2015, the City entered into a lease agreement (the "Golden 1 Center Lease") and related agreements with the Sacramento Public Financing Authority ("SPFA") in connection with the issuance by the SPFA in September 2015 of lease-revenue bonds to finance the City's required contribution towards the construction cost of the Golden 1 Center, an arena in downtown Sacramento, which is the home of the National Basketball Association's Sacramento Kings. The lease revenue bonds are currently outstanding in the principal amount of \$241,995,000. Rental payments for those lease-revenue bonds, which are payable from the City's General Fund, are approximately \$18.3 million annually and commenced in Fiscal Year 2017-18.

The obligation of the City to pay rental payments to SPFA under the Golden 1 Center Lease when due is an obligation payable from the City's General Fund. This obligation is offset in part by rental payments the City receives from the private developer of the Golden 1 Center (an entity of the Sacramento Kings which leases the Golden 1 Center from the City) and from certain parking revenues. The rental payments from the Golden 1 Center developer began in full in Fiscal Year 2017-18. The payments escalate with annual CPI adjustments between 3% and 5% and will be approximately \$8.88 million in Fiscal Year 2025-26. Payments from the developer are projected to grow to at least \$18.6 million in Fiscal Year 2050-51. The payments from

the developer under the Golden 1 Center Lease are subject to abatement under certain circumstances. (Such payments were reduced during Fiscal Year 2019-20 and Fiscal Year 2020-21 when COVID 19 pandemic restrictions led to the reduction in the number of NBA home games held at the Golden 1 Center during the 2020 and 2021 National Basketball Association seasons.)

Net parking revenues for Fiscal Year 2024-25 are estimated to be approximately \$19.2 million, and are projected to increase to \$21.3 million in Fiscal Year 2025-26. In addition to this projected growth of more than \$2 million, in future years the City also plans to use certain existing parking revenues currently devoted to paying debt service to pay for parking-related facilities and equipment as the current debt-service payments began to decrease in Fiscal Year 2019-20 and continue to decrease in future years until the full maturity of parking-related debt. Parking revenues were greatly reduced during the depths of the COVID-19 pandemic but have steadily increased since Fiscal Year 2021-22. Parking revenues are projected to be at 117% of pre-pandemic levels in Fiscal Year 2025-26, demonstrating full recovery from the pandemic and ongoing growth as a result of the expansion of new and existing parking programs. There can be no assurances parking revenues will be generated at the projected levels as revenue projections are dependent on changes in capital and operating costs relating to the City's parking systems, parking demand, and other factors. If projected parking revenues are materially lower than budgeted in any given fiscal year, the City's General Fund may be required to use General Fund moneys to make rental payments for the Golden 1 Center lease revenue bonds to augment the Parking Fund revenue as it did during the pandemic.

Coupled with the City's share of property taxes (in the form of possessory interest tax) on the Golden 1 Center, the City expects that these revenue sources will, in the aggregate, provide the General Fund with the capacity to pay all or a significant portion of all of the payments due under the Golden 1 Center Lease without affecting other services or programs funded from the General Fund. In order to provide for the availability of sufficient available funds in the early years of operation of the Golden 1 Center, the City established and currently intends to maintain a liquidity reserve in which it would set aside certain of these revenues before completion of the Golden 1 Center and the commencement of rental payments under the Golden 1 Center Lease. As of July 1, 2025, about \$6.8 million has been set aside in the liquidity reserve from TOT and parking revenues. Notwithstanding the City's plans to use these revenues to make rental payments under the Golden 1 Center Lease, the obligation of the City to make those payments is not conditioned on the availability of revenues in the amounts expected by the City.

The City has not included projected rental payments it is required to make under the Golden 1 Center Lease in the Budget Forecast, because the revenues described above are expected to offset such rental payments. The Budget Forecast does not include potential additional revenues related to the Golden 1 Center such as higher-than-projected growth in lease payments from the Kings, property taxes (in the form of possessory interest tax) on the Golden 1 Center itself, or any releases from the liquidity reserve. The Budget Forecast will be updated each year, thus any anticipated need to draw upon the liquidity reserve or any other source of legally available funds may change.

Limitations on Taxes; Proposition 218 Matters

As described in the forepart of the Official Statement under the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES, AND APPROPRIATIONS," the State Constitution limits the City's ability to raise taxes without a vote of the electorate.

In addition, Proposition 218, which added Articles XIII C and XIII D to the State Constitution in 1996, imposes significant limitations relating to the imposition of rates, fees, and charges for various enterprises of the City.

Similarly, Proposition 26, which amended Articles XIII A and XIII C of the State Constitution in 2010, extends some of the limitations of Proposition 218 to additional charges, fees, and fines.

State and Federal Funding

Although three years ago the State Budget was projecting a record surplus, in each of the past two years the State has had to close a budget deficit. State expenses continue to grow faster than revenues, and the

State is facing threats to federal funding. The State’s Homelessness Housing, Assistance and Prevention (“HHAP”) program provides financial support to the City’s homelessness response and prevention programs. The City’s HHAP Round 5 allocation, which supported services delivered primarily in Fiscal Year 2024-25 totaled \$27.1 million. The City’s HHAP Round 6 allocation, which will support services delivered primarily in Fiscal Year 2025-26 was reduced to \$16.1 million due to the City’s success in lowering its point-in-time count of homeless individuals as well as a 12.6% reduction in the total amount allocated to large cities. The Governor and Legislature are currently negotiating regarding a potential 7th round of HHAP funding. If approved, the appropriated amount may likely be less than HHAP Round 6 funding.

Information about the State budget is available through various State-maintained websites. Historical State budgets can be found at <https://ebudget.ca.gov/>, while the current budget can be found at <http://ebudget.ca.gov>. Additionally, budget analyses are regularly posted on the website of the Legislative Analyst’s Office at www.lao.ca.gov.

The information referred to above is prepared by the State agency maintaining each website and not by the City, and the City takes no responsibility for the continued accuracy of the internet addresses or the accuracy, completeness, or timeliness of information posted there. Information on these websites is **not** incorporated by reference into this Official Statement.

While federal funding is not a significant source of revenue for operations, the City is concerned, and is monitoring, threats from federal agencies to withhold grant funds. To mitigate the risk of delayed or withheld federal funds, the City established a federal funding contingency as part of the Fiscal Year 2025-26 Budget. Across all funds – and spanning multiple fiscal years – the City has identified approximately \$178 million of funding that originates from the federal government (this includes funding, such as those for major transportation projects funded via Caltrans, where the City receives federal funds via the State). Most of this funding is through grants for major infrastructure projects administered by Public Works, the Department of Utilities, and Information Technology. Annual ongoing funding from the Department of Homeland Security and Department of Justice that the City is closely monitoring is approximately \$5 million.

General Fund Obligation Debt Service Payments

The following table summarizes the City’s total annual General Fund Obligation debt-service payments inclusive of principal and interest as of June 30, 2025. Obligations set forth on the following table are payable from the City’s General Fund; however, the amount actually payable from the General Fund is offset by available amounts from certain enterprise and other funds as indicated in the footnotes to the table. To the extent those other sources are unavailable, the General Fund would be responsible for these payments.

The 2006 Capital Improvement Revenue Bonds, Series B, the 2006 Capital Improvement Revenue Bonds, Series E and the 2015 Refunding Revenue Bonds (“**2015 Bonds**”) are Master Lease Bonds.

The following table does not include obligations payable solely from funds other than the General Fund (i.e., tax allocation revenues, enterprise fund revenues or special tax revenues) and does not reflect any potential savings from the refunding of the 2015 Bonds.

GENERAL FUND OBLIGATION DEBT SERVICE*

							Gross Percentage of Budgeted Fiscal Year General Fund Revenues ⁵	Total Offset Debt Service Amount	Total General Fund Debt Service Amount	Net Percentage of Budgeted Fiscal Year General Fund Revenues
	2016 Refunding H Street Complex	2006 Capital Improvement Revenue Bonds, Series B ¹	2006 Capital Improvement Revenue Bonds, Series E ²	2015 Lease Revenue Bonds (Golden 1 Center) ³	2015 Revenue Refunding Bond ^{**4}	Total Debt Service Obligations Amount				
2026	\$669,250	\$3,928,351	\$20,036,856	\$18,286,258	\$9,898,313	\$52,819,027	6.3%	\$35,992,339	\$16,826,688	2.0%
2027	673,630	3,926,060	20,030,900	18,289,420	9,904,438	52,824,447	6.3%	35,992,936	16,831,511	2.0%
2028	672,442	3,926,294	20,031,225	18,287,643	9,909,388	52,826,991	6.3%	35,998,479	16,828,512	2.0%
2029	670,899	3,923,604	20,127,975	18,285,364	9,896,838	52,904,680	6.3%	36,010,744	16,893,936	2.0%
2030	673,859	3,917,692	20,128,788	18,286,739	9,897,256	52,904,333	6.3%	36,000,349	16,903,984	2.0%
2031	676,251	3,908,259	20,128,794	18,285,638	5,854,175	48,853,116	5.8%	32,972,981	15,880,136	1.9%
2032	668,146	3,909,556	20,130,500	18,286,217	5,844,050	48,838,469	5.8%	32,962,011	15,876,459	1.9%
2033	334,686	3,900,987	20,136,150	18,282,349	5,394,175	48,048,347	5.7%	32,614,224	15,434,123	1.8%
2034	-	3,892,251	3,632,925	18,283,188	5,384,550	31,192,914	3.7%	20,901,927	10,290,987	1.2%
2035	-	3,892,453	-	18,282,324	5,130,175	27,304,951	3.3%	19,384,515	7,920,437	0.9%
2036	-	3,880,993	-	18,283,630	5,120,800	27,285,423	3.3%	19,382,366	7,903,057	0.9%
2037	-	3,872,424	-	18,280,697	5,120,400	27,273,521	3.3%	19,377,540	7,895,981	0.9%
2038	-	-	-	18,282,397	-	18,282,397	2.2%	18,282,397	-	0.0%
2039	-	-	-	18,282,040	-	18,282,040	2.2%	18,282,040	-	0.0%
2040	-	-	-	18,278,216	-	18,278,216	2.2%	18,278,216	-	0.0%
2041	-	-	-	18,279,516	-	18,279,516	2.2%	18,279,516	-	0.0%
2042	-	-	-	18,278,967	-	18,278,967	2.2%	18,278,967	-	0.0%
2043	-	-	-	18,279,878	-	18,279,878	2.2%	18,279,878	-	0.0%
2044	-	-	-	18,275,276	-	18,275,276	2.2%	18,275,276	-	0.0%
2045	-	-	-	18,273,469	-	18,273,469	2.2%	18,273,469	-	0.0%
2046	-	-	-	18,277,204	-	18,277,204	2.2%	18,277,204	-	0.0%
2047	-	-	-	18,273,943	-	18,273,943	2.2%	18,273,943	-	0.0%
2048	-	-	-	18,271,713	-	18,271,713	2.2%	18,271,713	-	0.0%
2049	-	-	-	18,272,978	-	18,272,978	2.2%	18,272,978	-	0.0%
2050	-	-	-	18,269,919	-	18,269,919	2.2%	18,269,919	-	0.0%
Total	\$5,039,163	\$46,878,921	\$164,384,113	\$457,014,983	\$87,354,556	\$760,671,736		\$595,185,926	\$165,485,809	
Offset	100.0%	28.32%	63.68%	100.0%	17.4%					

* Does not include obligations payable solely from funds other than the General Fund (i.e. tax allocation revenues or enterprise fund revenues).

** This issue is expected to be refunded in whole as described in "PLAN OF REFUNDING." Savings from such refunding are not reflected in the table.

- (1) Payment source assumptions used for offset calculation: 2006 Capital Improvement Revenue Bonds Series B: 71.7% General Fund and 28.3% RASA Master Lease (65th Street, Army Depot, North Sacramento, River District).
- (2) Payment source assumptions used for offset calculation: 2006 Capital Improvement Revenue Bonds, Series E: 53.6% Water Fund, 36.3% General Fund, 8.1% North Natomas Fund, 1.1% RASA Master Lease (Stockton Boulevard), and 0.9% Culture and Leisure Fund.
- (3) Payment source assumptions used for offset calculation: 2015 Lease Revenue Bonds (Golden 1 Center): 66.8% lease rental payments from the Sacramento Kings, and the reasonable expectation of 33.2% Parking Fund.
- (4) Payment source assumptions used for offset calculation: 2015 Refunding Revenue Bonds: 82.6% General Fund, 8.9% Solid Waste Fund, and 8.5% Parking Fund.
- (5) Data Based on Fiscal Year 2025-26 Net General Fund Revenue Forecast \$838,742,000.

Amounts rounded to nearest dollar.

Source: City of Sacramento.

Debt Statement

Set forth on the following page is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. as of June 30, 2025. The Debt Report is included for general-information purposes only. The City makes no representations as to its completeness or accuracy.

The Debt Report generally includes long-term obligations sold in the public-credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated), nor are they necessarily obligations secured by property within the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of that public agency.

**CITY OF SACRAMENTO
DIRECT AND OVERLAPPING BONDED DEBT
AS OF JUNE 30, 2025**

2024-25 Net Assessed Valuation: \$75,074,599,639 (1)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/25	% Applicable (2)	City's Share of Debt 6/30/25
Los Rios Community College District	\$356,335,000	27.007%	\$ 96,235,393
Elk Grove Unified School District	419,300,000	11.031	46,252,983
Natomas Unified School District	358,445,000	81.186	291,007,158
Sacramento Unified School District	601,520,440	85.181	512,381,126
San Juan Unified School District	673,593,387	2.776	18,698,952
Twin Rivers Union School District (former Elementary School District bonds)	73,360,000	52.579	38,571,954
Twin Rivers Unified School District (former Grant Joint Union High School District bonds)	272,060,605	51.671	140,576,435
Robla School District	86,902,328	54.335	47,218,380
City of Sacramento Community Facilities Districts	259,880,000	00.	259,880,000
Elk Grove Unified School District Community Facilities District No. 1	181,266,133	11.031	19,995,467
California Statewide Community Development Authority Community Facilities Districts	16,680,000	100.	16,680,000
California Statewide Community Development Authority Assessment Districts	35,030,000	100.	35,030,000
Sacramento Area Flood Control Agency Consolidated Capital Districts Assessment District	292,885,000	85.335	249,933,415
Sacramento Area Flood Control Agency Natomas Local Assessment District	28,615,000	82.936	23,732,136
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$1,796,193,399

Ratios to 2024-25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 2.39%

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Sacramento County General Fund Obligations	\$ 91,907,145	32.374%	\$ 29,754,019
Sacramento County Pension Obligation Bonds	308,630,000	32.374	99,915,876
Sacramento County Board of Education General Fund Obligations	1,120,000	32.374	362,589
Elk Grove Unified School District General Fund Obligations	9,912,000	11.031	1,093,393
Sacramento Unified School District General Fund Obligations	45,680,000	85.181	38,910,681
Sacramento Metropolitan Fire District General Fund Obligations	6,903,000	0.014	966
Sacramento Metropolitan Fire District Pension Obligation Bonds	20,200,000	0.014	2,828
Arcade Creek Recreation and Park District General Fund Obligations	86,100	0.982	846
Fulton-El Camino Recreation and Park District General Fund Obligations	839,000	18.568	155,786
City of Sacramento General Fund Obligations	483,465,000	100.	483,465,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$653,661,984
Less: Sacramento County supported obligations			3,094,030
City of Sacramento supported obligations (Estimated)			353,194,797
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$297,373,157

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$148,811,239 100. % \$148,811,239 (3)

TOTAL GROSS DIRECT DEBT	\$483,465,000
TOTAL NET DIRECT DEBT	\$130,270,203
TOTAL GROSS OVERLAPPING DEBT	\$2,115,201,622
TOTAL NET OVERLAPPING DEBT	\$2,112,107,592

GROSS COMBINED TOTAL DIRECT AND OVERLAPPING DEBT	\$2,598,666,622 (4)
NET COMBINED TOTAL DIRECT AND OVERLAPPING DEBT	\$2,242,377,795

- (1) Assessed valuation net of homeowners' exemption.
- (2) Percentages determined by overlapping district's gross assessed valuation located within the boundaries of the city divided by the district's total gross taxable assessed valuation.
- (3) Includes accreted values of the 2003 and 2005 tax allocation bonds as of 6/30/25.
- (4) Excludes tax and revenue anticipation notes, enterprise revenue, and mortgage revenue bonds.

Ratios to 2024-25 Assessed Valuation:

Total Gross Direct Debt (\$483,465,000)	0.64%
Total Net Direct Debt (\$130,270,203)	0.17%
Gross Combined Total Direct and Overlapping Debt	3.46%
Net Combined Total Direct and Overlapping Debt.....	2.99%

Ratios to Successor Agency Redevelopment Increment Valuation (\$11,164,866,980 - based on 100% net valuation of all City project areas):

Total Overlapping Tax Increment Debt..... 1.33%

Source: California Municipal Statistics, Inc.

RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITIES

The City provides retirement and post-employment benefits to its employees as described below.

Employees Retirement Plans

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

All full time and certain part-time City employees hired on or after January 28, 1977, and all City safety employees regardless of the date of hire, are eligible to participate in CalPERS. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the CalPERS annual financial report and a separate report for the City's plans within CalPERS may be obtained from the CalPERS website at <https://www.calpers.ca.gov>.

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

The City reports SCERS as a pension-trust fund. SCERS issues a publicly available annual financial report that includes financial statements and required supplementary information. This financial report may be obtained at <https://www.cityofsacramento.gov/finance/accounting/reporting>.

Funded Status

The tables below summarize the funded status of the City's retirement plans as of the most-recent actuarial-valuation dates. Additional information regarding the City's employee-retirement plans, annual pension costs, the funding status thereof, and significant accounting policies related thereto is set forth in Note 8 to the City's audited financial statement for the fiscal year ended June 30, 2024, attached as Appendix B to the Official Statement.

CITY OF SACRAMENTO
RETIREMENT PLAN TREND INFORMATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Miscellaneous Employees
(\$ in Millions)

<i>Valuation Date (June 30)</i>	<i>Market Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) – Entry Age</i>	<i>Unfunded AAL</i>	<i>Actuarial Funded Ratio</i>	<i>Annual Covered Payroll</i>	<i>Unfunded AAL as % of Covered Payroll</i>
2014	\$ 796	\$1,005	\$209	79%	\$153	137%
2015	812	1,068	256	76	162	158
2016	816	1,152	336	71	172	195
2017	905	1,245	340	73	176	193
2018	974	1,364	390	71	181	215
2019	1,031	1,437	406	72	190	214
2020	1,073	1,513	440	71	198	222
2021	1,316	1,634	318	81	201	158
2022	1,210	1,723	513	70	206	249
2023	1,279	1,820	541	70	223	243

Source: CalPERS actuarial valuations through June 30, 2023. The actuarial valuation for the City as of June 30, 2024, is expected to be available in late calendar year 2026.

CITY OF SACRAMENTO
RETIREMENT PLAN TREND INFORMATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Safety Employees
(\$ in Millions)

<i>Valuation Date (June 30)</i>	<i>Market Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) – Entry Age</i>	<i>Unfunded AAL</i>	<i>Actuarial Funded Ratio</i>	<i>Annual Covered Payroll</i>	<i>Unfunded AAL as % of Covered Payroll</i>
2014	\$1,142	\$1,517	\$375	75%	\$109	344%
2015	1,142	1,605	463	71	117	396
2016	1,126	1,693	567	67	123	461
2017	1,231	1,799	568	68	129	440
2018	1,313	1,968	655	67	135	485
2019	1,382	2,078	696	67	143	487
2020	1,432	2,183	751	66	153	491
2021	1,754	2,352	598	75	164	365
2022	1,611	2,479	868	65	163	533
2023	1,702	2,632	930	65	169	550

Source: CalPERS actuarial valuations through June 30, 2023. The actuarial valuation for the City as of June 30, 2024, is expected to be available in late calendar year 2026.

In the early 1980s, safety employees in the SCERS pension plan were moved to CalPERS after voters approved a change to the City Charter. There was 1 active member and 708 retirees and other beneficiaries participating in the SCERS plan as of June 30, 2025.

The SCERS pension plan has been closed to new members since 1977. Because SCERS is closed to new members and has only 1 remaining active member, the Actuarial Value of Assets is a three-year smoothed

market value. Investment gains and losses are recognized over a three-year period. The actuarial value of assets is limited by a 15% corridor, meaning the actuarial value of assets will be no greater than 115% of market value of assets and no less than 85% of market value of assets.

**CITY OF SACRAMENTO
RETIREMENT PLAN TREND INFORMATION
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM
(\$ in Millions)**

<i>Valuation Date (June 30)</i>	<i>Market Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) – Entry Age</i>	<i>(Overfunded) Unfunded AAL</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>	<i>(Overfunded) Unfunded AAL as % of Covered Payroll</i>
2015	\$301	\$376	\$ 75	80%	\$1.2	6,374%
2016	285	366	81	78	1.0	7,938
2017	289	337	48	86	1.0	4,611
2018	287	325	38	88	0.9	4,132
2019	282	313	31	90	0.7	4,647
2020	263	297	34	89	0.4	9,262
2021	311	282	(29)	110	0.3	(10,657)
2022	254	270	16	94	0.2	8,661
2023	250	262	12	95	0.1	11,496
2024	253	249	(4)	102	0.1	(4,699)

Source: SCERS actuarial valuations through June 30, 2024.

Recent CalPERS Developments

In July 2021, in accordance with the CalPERS Funding Risk Mitigation Policy (Policy) approved by the CalPERS Board of Administration (the “**PERS Board**”) in 2015, the discount rate was lowered from 7.0% to 6.8% following a 21.3% return for Fiscal Year 2020-21. Under the Policy, when CalPERS achieves a double-digit return on investments, a reduction in the discount rate is triggered.

In November 2021, the PERS Board adopted new actuarial assumptions based on the recommendations in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for public agencies. These assumptions were effective with the June 30, 2021 actuarial valuations and contribution rates for public agencies beginning in Fiscal Year 2023-24. In addition, the PERS Board adopted a new strategic asset allocation as part of its Asset Liability Management process. The new asset allocation, along with the new capital market assumptions and economic assumptions, support a discount rate of 6.8%. This includes a reduction in the price inflation assumption from 2.5% to 2.3%. If the retirement plan does not meet actuarial assumptions – if earnings on plan assets are lower than the discount rate or salary increases are higher than plan assumptions, the City’s unfunded AAL will increase.

The City anticipates total employer contributions to be \$178.7 million and \$186 million for Fiscal Years 2024-25 and 2025-26, respectively, of which \$144.4 million and \$162.5 million are from the General Fund.

City Contributions

The following table summarizes the City's contributions to its defined-benefit pension plans.

CITY OF SACRAMENTO ANNUAL CONTRIBUTION TO RETIREMENT PLANS (\$ in Millions)

<i>Fiscal Year</i>	<i>CalPERS</i>	<i>SCERS</i>	<i>Total City Employer Contribution⁽¹⁾</i>	<i>Total General Fund Contribution</i>
2014-15	\$59.3	\$9.2	\$68.5	\$57.0
2015-16	67.1	8.6	75.7	63.4
2016-17	77.3	8.6	85.9	72.5
2017-18	76.0	8.6	84.6	71.9
2018-19	90.0	7.5	97.5	83.2
2019-20	105.9	4.4	110.3	95.5
2020-21	110.9	3.8	114.7	99.0
2021-22	122.2	3.5	125.7	108.9
2022-23	132.6	0.0	132.6	115.7
2023-24	145.7	1.4	147.1	128.1

⁽¹⁾ Includes contributions payable from special funds.

Source: The City of Sacramento.

The City contributed 100% of the actuarially required contributions in each fiscal year reported in the table.

The City also provides defined-contribution retirement benefits through the City of Sacramento 401(a) Money Purchase Plan (the "**Plan**"). The Plan is administered by Nationwide. Plan provisions and contribution requirements are established and may be amended by the Council. Unrepresented exempt and certain represented employees may elect to participate in the Plan. Participating exempt employees are required to contribute 5% of covered salary and the City contributes 4%, while participating non-exempt employees are required to contribute 2% of covered salary and the City contributes 2%. For Fiscal Year 2023-24, employees contributed \$5,736,000 and the City contributed \$4,733,000 to the Plan.

Other Postemployment Benefits (OPEB)

The City provides contribution for postemployment medical, dental, and vision benefits to employees who retire directly from the City and their dependents through an agent-multiple employer defined benefit OPEB plan through CalPERS. Participants have the choice of enrolling in one of several health plans, one of two dental plans and one of two vision plans. To be eligible for these benefits, an employee must have been employed with the City by a certain hire date, retire with a minimum of 10 full years of active service and be 50 years of age. Participants with a minimum of 20 years of service are eligible for 100% of the maximum benefit. Participants with more than 15 years but less than 20 years of service are eligible for 75% of the maximum benefit. Participants with more than 10 years but less than 15 years of service are eligible for 50% of the maximum benefit. The post-retirement health, dental, and vision care benefits range from \$0 and \$987 a month per participant, which covers between 0% and 100% of the benefit cost, depending on the choice of plan and number of dependents. The eligibility of the City's postemployment health contributions has been eliminated for employees hired after certain dates dependent upon the employee's labor agreement.

The postemployment health, dental, and vision care contributions are defined by labor agreements and resolutions approved by the Council. The City is mainly funding the OPEB Plan on a pay-as-you-go basis. However, the Council has authorized the City Manager to establish an OPEB trust fund with CalPERS that the

City pre-funds with budgetary savings. The City's financial statements assume that pay-as-you-go funding will continue. The City's annual OPEB cost is calculated based on the Actuarially Determined Contributions ("ADC") of the City. The ADC 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 of the plan.

The City's annual ADC, actual contributions, the percentage of annual ADC contributed to the plan, and the net OPEB liability for the previous five fiscal years were as follows:

**CITY OF SACRAMENTO
ANNUAL CONTRIBUTIONS AND NET LIABILITY
(\$ in Millions)**

<i>Fiscal Year</i>	<i>Actuarially Determined Contributions (ADC)</i>	<i>Contributions</i>	<i>% of ADC Contributed</i>	<i>Net OPEB Liability</i>
2019-20	\$36.2	\$24.6	68%	\$248.9
2020-21	25.6	21.7	85	244.2
2021-22	26.9	24.7	92	196.8
2022-23	22.4	23.2	104	206.5
2023-24	23.3	23.2	99	211.9

Source: The City's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

The actuarially determined contribution for Fiscal Year 2025-26 was \$25.4 million. In the Fiscal Year 2025-26 Adopted Budget, the City projected the General Fund expenditures for OPEB pay-as-you-go costs would be approximately \$10.0 million. Funding to the OPEB Trust will be transferred from year-end budgeted pension savings.

The following table summarizes the funded status of the City's OPEB plan as of the most recent biennial actuarial-valuation date, June 30, 2023. Additional information regarding the City's OPEB plan, annual OPEB costs, the funding status thereof, and significant accounting policies related thereto is set forth in Note 9 to the City's audited financial statements attached as Appendix B hereto. The June 30, 2025 actuarial valuation is anticipated to be available later in 2026.

**CITY OF SACRAMENTO
OPEB TREND INFORMATION
(\$ in Millions)**

<i>Actuarial Valuation Date (June 30)</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Actuarial Asset Value</i>	<i>Unfunded AAL</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>	<i>Unfunded AAL as % of Covered Payroll</i>
2015	\$362	\$ 5	\$357	1%	\$271	132%
2017	416	26	390	6	286	136
2019	288	43	245	15	321	77
2021	271	67	204	25	348	59
2023	297	91	206	31	381	54

Source: The City's OPEB actuarial valuations.

CERTAIN CITY ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

A comparison of the City's population growth to that of the County and the State is provided in the table below. Population estimates are as of January 1 for each year.

POPULATION ESTIMATES⁽¹⁾ CITY OF SACRAMENTO, COUNTY OF SACRAMENTO AND THE STATE OF CALIFORNIA FOR SELECTED CALENDAR YEARS 1970 THROUGH 2025

<i>Year</i>	<i>City of Sacramento</i>	<i>Average Annual % Change</i>	<i>County of Sacramento</i>	<i>Average Annual % Change</i>	<i>State of California</i>	<i>Average Annual % Change</i>
1970	257,105		634,373		19,935,134	
1980	275,741	0.72%	783,381	2.35%	23,782,000	1.87%
1990	369,365	3.40	1,046,870	3.36	29,828,496	2.57
1995	384,300	0.81	1,120,733	1.41	31,910,000	1.45
2000	407,018	0.81	1,233,599	2.01	34,095,209	1.27
2005	453,592	11.44	1,378,538	11.74	36,899,392	8.22
2010	469,493	3.50	1,427,961	3.58	37,427,946	1.43
2020	520,252	10.81	1,585,055	11.00	39,538,223	5.63
2021	518,536	0.32	1,581,162	0.24	39,369,530	(0.42)
2022	518,333	(0.03)	1,577,672	(0.22)	39,179,680	(0.48)
2023	521,871	0.68	1,583,676	0.38	39,228,444	0.12
2024	526,327	0.85	1,596,281	0.79	39,420,663	0.48
2025	527,979	0.31	1,604,745	0.53	39,529,101	0.27

⁽¹⁾ Totals are estimates and may not add due to rounding.

Source: State of California, Department of Finance.

<https://dof.ca.gov/forecasting/demographics/estimates/c-4-population-estimates-for-cities-counties-and-the-state-2021-2025-with-2020-census-benchmark/>

Industry and Employment

As the seat of State government, the City has traditionally had a large public-sector workforce. In recent years, the employment base in Sacramento and the surrounding area has diversified as the relatively low cost of living and supply of skilled labor have drawn a number of technology, financial services, and healthcare employers to the City.

The table below shows historical unemployment rates for the City, the County, and the State.

UNEMPLOYMENT RATES CITY OF SACRAMENTO, COUNTY OF SACRAMENTO AND THE STATE OF CALIFORNIA

<i>Year</i>	<i>City of Sacramento</i>	<i>County of Sacramento</i>	<i>State of California</i>
2010	13.3%	12.6%	12.2%
2011	12.8	12.1	11.7
2012	11.1	10.5	10.4
2013	9.4	8.9	8.9
2014	7.7	7.3	7.5
2015	6.4	6.0	6.2
2016	5.2	5.2	5.5
2017	4.5	4.5	4.8
2018	3.7	3.7	4.3
2019	3.6	3.6	4.1
2020	9.2	9.1	10.1
2021	6.9	6.7	7.3
2022	4.0	3.9	4.3
2023	4.4	4.3	4.7
2024	4.8	4.7	5.3

Figures above are not seasonally adjusted.

Source: State of California. Employment Development Department.

<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/areaselection.asp?tablename=labforce>.

Set forth below are data reflecting the County's civilian labor force, employment, and unemployment. These figures are County-wide and may not accurately reflect employment trends in the City.

**SACRAMENTO COUNTY AND SACRAMENTO-ROSEVILLE-ARDEN ARCADE
METROPOLITAN STATISTICAL AREA (MSA)
CIVILIAN LABOR FORCE, EMPLOYMENT AND
THE ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY
FOR YEARS 2019 THROUGH 2023⁽¹⁾**

LABOR FORCE (COUNTY):	2019	2020	2021	2022	2023
Labor force ⁽²⁾	1,124,000	1,115,200	1,126,000	1,139,700	1,163,400
Employment	1,083,700	1,018,500	1,054,600	1,096,600	1,114,500
Unemployment	40,400	96,800	71,400	43,000	48,900
Unemployment Rate	3.6%	8.7%	6.3%	3.8%	4.2%
EMPLOYMENT INDUSTRY (MSA):					
Total All Industries ⁽³⁾	1,031,200	979,800	1,021,900	1,065,400	1,083,000
Total Farm	8,700	8,300	9,000	8,600	9,100
Total Non-farm	1,022,500	971,800	1,013,000	1,056,800	1,073,900
Goods Producing	106,700	106,800	113,200	118,200	115,700
Trade, Transportation & Utilities	161,300	155,900	165,000	169,500	169,200
Information	11,900	10,200	10,100	10,500	9,900
Financial Activities	52,500	51,700	51,800	51,800	49,000
Professional & Business Services	137,200	132,600	137,200	139,700	134,400
Education & Health Services	166,600	164,000	168,800	175,600	188,700
Leisure & Hospitality	109,600	83,900	93,600	108,700	112,500
Other Services	35,400	31,000	33,300	36,100	38,300
Government ⁽⁴⁾	241,400	235,300	240,200	246,800	256,300

(1) Most recent data available.

(2) Labor force data are by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(4) Includes Federal and State & Local Government employees.

Source: Labor Market Information Division of the California State Employment Development Department.
<http://www.labormarketinfo.edd.ca.gov/>.

Major private employers in the Sacramento area include those in health care, electronics, telecommunications, and retail and financial services, including Kaiser Permanente, Sutter Health, Dignity Health, Apple, Intel and Pacific Gas & Electric. Major public-sector employers include the State and the County.

Building Permits

The following tables summarize certain information relating to building permits⁽¹⁾ in the City.

Fiscal Year	Residential-New Construction⁽²⁾	Residential-Repairs/Additions	Commercial-New Construction	Commercial-Repairs/Additions
2020	1,419	13,975	189	2,883
2021	1,505	14,487	209	2,266
2022	1,362	15,330	178	2,568
2023	1,099	15,389	130	2,737
2024	912	16,348	98	2,780
2025	1,112	15,691	84	2,795

⁽¹⁾ Minor variances in the building permit counts and building permit valuation exist between information included in the respective year audited financial statement vs. updated construction valuation reports for the same time period. Minor variances occur due to the exclusion of permits that have an updated status of denied, estimate, revoked, void, or withdrawn.

⁽²⁾ Includes information for both permanent and temporary improvements.

Source: City of Sacramento

Fiscal Year	Residential-New Construction⁽¹⁾	Residential-Repairs/Additions	Commercial-New Construction	Commercial-Repairs/Additions
2020	\$318,375,338	\$183,527,404	\$598,296,146	\$360,104,125
2021	361,425,344	199,179,071	541,240,977	342,552,078
2022	345,688,587	234,958,610	450,076,310	315,380,065
2023	248,778,583	236,590,289	424,181,180	271,885,673
2024	241,128,207	262,006,850	277,334,306	314,147,303
2025	320,469,243	259,344,136	256,972,975	276,970,061

⁽¹⁾ Includes information for both permanent and temporary improvements.

Source: City of Sacramento

Home Prices

The following table shows median home values in the City.

CITY OF SACRAMENTO MEDIAN HOME SALE VALUES

As of January 1	Median Home Sale Values
2016	\$240,000
2017	\$287,000
2018	\$314,000
2019	\$323,000
2020	\$350,000
2021	\$412,000
2022	\$475,000
2023	\$446,000
2024	\$465,000
2025	\$473,000

Source: Redfin website

Income

The following table shows median effective buying income in the areas shown.

MEDIAN EFFECTIVE BUYING INCOME

Jurisdiction	Median Effective Buying Income
City	\$73,059
Sacramento County	77,000
California	82,265
United States	69,245

Source: Claritas

Commercial Activity

The following table summarizes taxable sales within the City from 2020 through 2024, the most recent year such data are available.

CITY OF SACRAMENTO
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
FOR YEARS 2020 THROUGH 2024⁽¹⁾
(\$ in Thousands)

<i>Type of Business</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Motor Vehicle and Parts Dealers	\$ 602,226	\$ 682,511	\$ 712,130	\$ 767,731	\$ 743,165
Home Furnishings and Appliance Stores	302,967	306,854	313,973	297,605	295,950
Building Material and Garden Equipment and Supplies Dealers	468,084	500,048	454,252	444,749	428,095
Food and Beverage Stores	369,784	380,744	389,526	396,715	388,747
Gasoline Stations	420,721	597,669	734,509	649,773	614,517
Clothing and Clothing Accessories Stores	239,842	373,245	362,215	352,955	358,796
General Merchandise Stores	532,639	645,569	676,787	604,654	654,953
Food Services and Drinking Places	815,445	1,159,745	1,378,578	1,471,501	1,497,723
Other Retail Group	679,188	790,413	741,886	698,097	653,980
Total Retail and Food Services	<u>\$ 4,430,900</u>	<u>\$ 5,436,801</u>	<u>\$ 5,763,860</u>	<u>\$ 5,683,784</u>	<u>\$ 5,635,930</u>
All Other Outlets	<u>2,408,298</u>	<u>2,724,407</u>	<u>3,290,801</u>	<u>3,132,189</u>	<u>2,897,751</u>
TOTAL:	<u>\$ 6,839,199</u>	<u>\$ 8,161,209</u>	<u>\$ 9,054,662</u>	<u>\$ 8,815,974</u>	<u>\$ 8,533,681</u>

⁽¹⁾ Most recent full year data available.

Note: Detail may not compute to total due to rounding.

Source: California Department Tax and Fee Administration

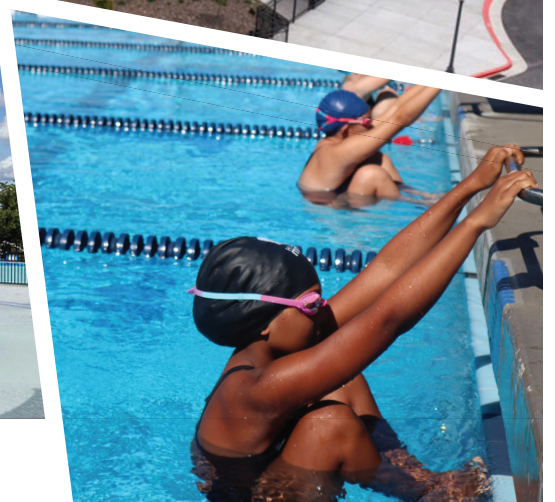
APPENDIX B

**CITY OF SACRAMENTO ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

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Annual Comprehensive Financial Report

FISCAL YEAR ENDED JUNE 30, 2024 | CITY OF SACRAMENTO, CALIFORNIA



CityofSacramento.gov

City of Sacramento

California

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

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

**Peter Coletto, Finance Director
Osvaldo Lopez, Finance Manager**

Supervising Financial Analysts

Emily Hsia

Jennifer Gilbertson

Ray Tang

Senior Accountant Auditors

**Sharina Bali
Doreen Chia
Svetlana Donkova**

**Thomas Keegan
Bilal Malik
Susan Nazari**

**Rona Mao
Juliana Wong**

CITY OF SACRAMENTO, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

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CITY OF SACRAMENTO, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

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Introductory Section

Howard Chan
City Manager

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

December 20, 2024

Honorable Mayor and City Council
Residents of the City of Sacramento
City of Sacramento, California:

Dear Mayor, Members of the City Council, and Residents of the City of Sacramento:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the City of Sacramento, California (City) for the fiscal year ended June 30, 2024. Article IX of the City Charter, federal law, and state law require that the City issue an annual report on its financial position and activity, and that the report be audited by an independent firm of certified public accountants. Macias Gini & O'Connell LLP, a national certified public accounting firm, performed the audit for the fiscal year ended June 30, 2024. Their unmodified ("clean") opinion has been included as the first component of the financial section of the ACFR.

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

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this transmittal letter 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 estimated the population on January 1, 2024, at 520,407 for the City and 1,578,938 for the County. Encompassing approximately 100 square miles, the City 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 ACFR presents the financial status of the City and its three component units. Component units are separate legal entities included in this report due to significant operational or financial relationships with the City as defined below:

- **Sacramento City Financing Authority (SCFA) and Sacramento Public Financing Authority (SPFA)** are entities created to issue debt to finance City projects. The financial statements for these entities are reported on a blended basis as part of the primary government because the boards are composed of all City Council members.
- **Sacramento City Employees' Retirement System (SCERS)**, a single employer pension plan for certain City employees and retirees, is reported as a fiduciary component unit. The SCERS pension plan was closed to new enrollment of employees in 1977.

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. The City Manager is authorized to administratively amend department budgets during the year for transactions up to \$250,000 without City Council approval. 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 continue 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.

The regional economy continues to expand, and the City is closely monitoring key economic indicators which inform revenue and expense projections. The local labor market remains robust, but unemployment has increased with the June 2024 unemployment rate for the Sacramento metropolitan area increasing to 4.7% compared to 4.4% a year earlier. The Federal Reserve reduced interest rates in September and November 2024. The City is closely monitoring the impact of Federal Reserve policy impacts on the housing market and consumer spending. Major revenue sources, including property tax and sales tax, continue to grow, however fluctuations in the real estate market, levels of new construction activity, inflation rate and shifts in consumer behavior can affect that growth. Balancing the City's increased costs of doing business, which is outpacing revenue growth, is a key priority in the coming FY.

BUDGET INITIATIVES AND LONG-TERM FINANCIAL PLANNING

The FY2024/25 Operating, and Capital Improvement Program (CIP) Budgets (Approved Budget) were approved on June 11, 2024. The Approved Budget is a balanced \$1.6 billion spending plan for City programs and services and supports a workforce of over 5,000 employees. It closed a \$66 million funding gap without the elimination of any filled positions and reflects the input provided by Council, City department heads, and the public. It maintains funding for key priorities such as reducing homelessness through continued funding for the operation of 1,350 shelter beds and the City's Affordable Housing Fee Credit Program.

The CIP Budget totals \$114.9 million and provides funding to projects across the City, including \$14.5 million in the General Fund and Measure U Fund. The CIP also provides estimates for strategic investments in capital assets over the next five fiscal years. As part of the Budget, the City provides a five-year Operating Budget forecast as a long-term financial planning tool.

The financial forecasts presented in the FY2024/25 Budget are based on in-depth analysis and review of Department revenues and expenses to ensure that the forecast is based on the most current information available.

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 emergency or unforeseen events. Pursuant to Council's adopted policy, the City will maintain an EUR at a minimum of 10% of budgeted General Fund revenues and will seek to achieve and maintain a General Fund EUR equal to two months of regular on-going General Fund expenditures, including transfers (i.e., 17% of General Fund expenditures).

On June 12, 2019, the EUR Policy was amended to include Measure U resources in determining the annual set aside amount necessary to maintain a minimum General Fund/Measure U Fund (G/MU) reserve level of 10%. Further, the policy includes a goal of achieving and maintaining the value of two months of regular ongoing G/MU expenditures in the reserve. The current EUR balance is \$76 million, which is approximately 10% of FY2023/24 G/MU revenues. The EUR is reported in the ACFR as committed fund balance in the General Fund and the Measure U Fund.

The FY2024/25 Approved Budget suspends approximately \$3.3 million of the FY2023/24 EUR contribution.

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 ACFR for the fiscal year ended June 30, 2023. This marks the 36th 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.

To receive this award, the City published an easily readable and efficiently organized ACFR. The report satisfied accounting principles generally accepted in the United States of America and applicable legal requirements. We believe this ACFR 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, Accounting Division in particular, takes great pride in the preparation of the ACFR. 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 in the Finance Department and 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,



Leyne Milstein
Assistant City Manager

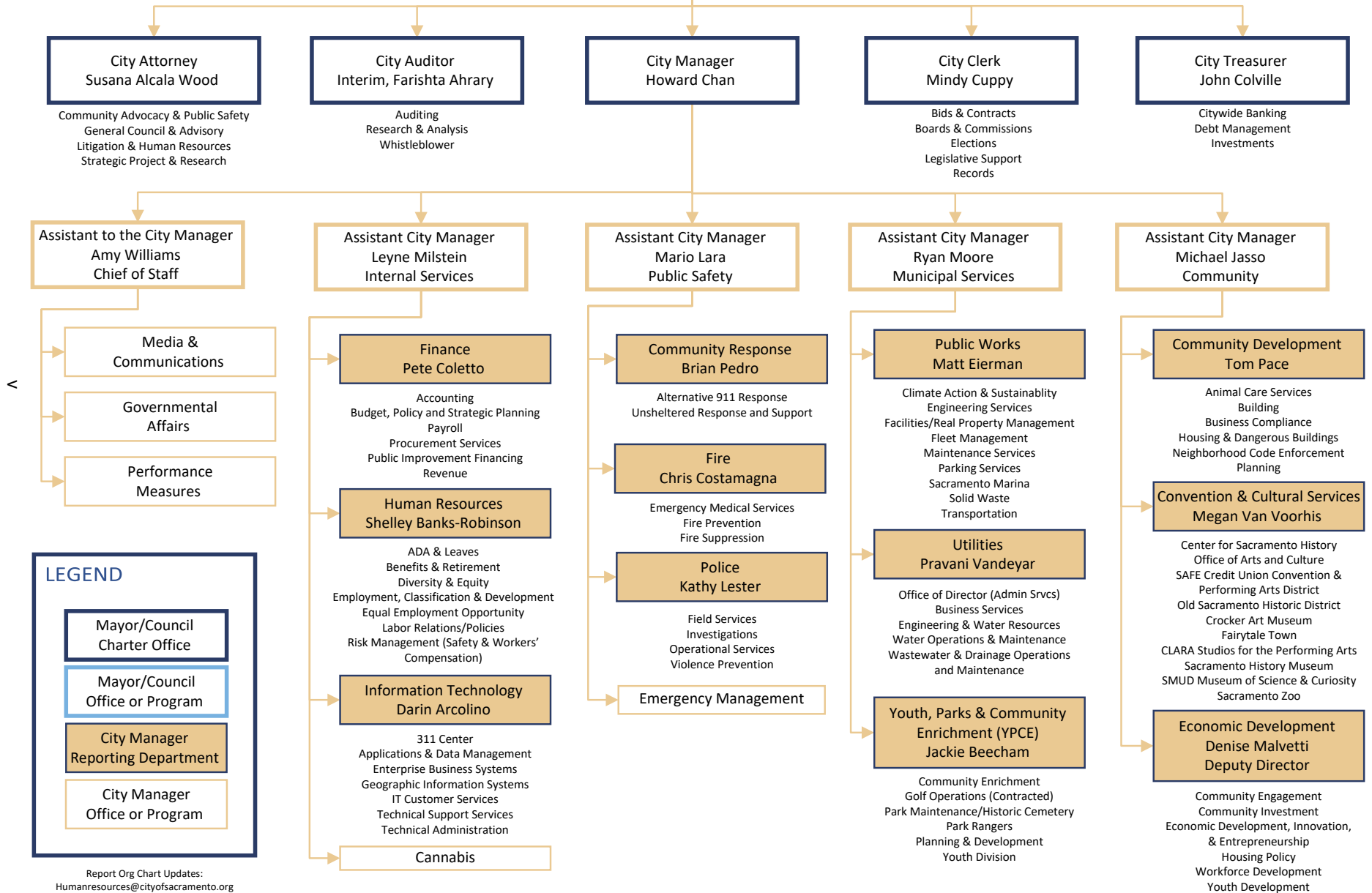


Peter Coletto
Finance Director



Osvaldo Lopez
Finance Manager

Organization Chart as of June 30, 2024



City of Sacramento

Directory of City Officials

June 30, 2024

Darrell Steinberg
Mayor

Lisa Kaplan
Councilmember, District 1

Caity Maple
Councilmember, District 5

Shoun Thao
Councilmember, District 2

Eric Guerra
Councilmember, District 6

Karina Talamantes
Mayor Pro Tempore, District 3

Rick Jennings, II
Councilmember, District 7

Katie Valenzuela
Councilmember, District 4

Mai Vang
Councilmember, District 8

Howard Chan
City Manager

Susana Alcala Wood
City Attorney

Mindy Cuppy
City Clerk

John Colville
City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sacramento
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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Financial Section

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sacramento, California (City), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Measure U Special Revenue Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios – CalPERS Miscellaneous Plan, the schedule of contributions – CalPERS Miscellaneous Plan, the schedule of changes in net pension liability and related ratios – CalPERS Safety Plan, the schedule of contributions – CalPERS Safety Plan, the schedule of changes in net pension liability (asset) and related ratios – Sacramento City Employees' Retirement System, the schedule of contributions – Sacramento City Employees' Retirement System, the schedule of changes in net OPEB liability and related ratios, and the schedule of contributions – OPEB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The City's management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

A handwritten signature in dark ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 20, 2024

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City of Sacramento
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2024

This section of the City's Annual Comprehensive Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2024. 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's total government-wide net position increased by \$135 million in fiscal year 2024, a 5 percent increase.
- The City's General Fund revenues were \$34 million higher than final budgeted amounts primarily due to property and business operations taxes, Voluntary Rate Range Program and Ground Emergency Medical Transportation Program revenues received by the City's Fire Department, and gain in fair value of investments.
- The City's General Fund budgetary expenditures, which include open encumbrances, were \$122 million lower than final budgeted amounts. Most of the General Fund departments reported favorable operating expenditure budget variances and capital outlay expenditures were less than budgeted amounts by \$32 million due to the multi-year nature of capital projects. Unspent multi-year project budgets are carried over to the subsequent fiscal year.
- On a GAAP basis, the City's General Fund revenue and other financing sources (uses) exceeded expenditures by \$2 million in fiscal year 2024 primarily due to increases in labor and pension costs.
- The City issued the Water Revenue Refunding Bonds, Series 2023, in the amount of \$21 million to refund \$28 million of outstanding Water Revenue Refunding Bonds, Series 2020. The 2023 Refunding reduced total debt service payments by \$4 million and resulted in an economic gain of \$3 million.
- The City received \$112 million of American Rescue Plan Act (ARPA) funding in fiscal years 2021 and 2022. In September 2021, the City Council approved an ARPA Framework and Priorities. The framework provides funding for: small businesses and commercial corridor revitalization; homelessness and housing; youth, workforce training, and gang prevention programs; arts and creative economy; and addressing organizational needs. As of June 30, 2024, \$3 million of ARPA reinvestment available funding remains after factoring in budgetary encumbrances and carryovers.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status.
- The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The basic financial statements also include notes that provide additional information essential to understanding the data contained in the government-wide and fund financial statements. The statements and notes are followed by the Schedules of Changes in Net Pension Liability and Related Ratios and Schedules of Contributions for the City's pension plans along with the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability and Related Ratios and Schedule of Contributions for the City's OPEB plan, which are required supplementary information. In addition to these required elements, we have included combining statements and schedules that provide details about the City's other governmental funds, other enterprise funds, the Water enterprise fund, the Wastewater enterprise fund, the Community Center enterprise fund, internal service funds, and custodial funds, each of which is presented in a column in the basic financial statements.

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2024

Government-wide Financial Statements

The government-wide statements report information about the City using accounting methods like those used by private-sector companies. The statement of net position includes all 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; youth, parks, and community enrichment; 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, community center, and off-street parking facilities.

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, among others, 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, parking facilities, community center, etc.
- *Fiduciary funds* - Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or custodian 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 held for bonded assessment and community facilities districts and investment trust funds, reported as custodial funds. Investment trust funds can only be used for the trust beneficiaries in accordance with trust agreements. 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 the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City excludes these activities from the government-wide financial statements because the City cannot use these resources to finance its operations.

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2024

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 table addresses the financial results of the City as a whole.

City of Sacramento Summary of Net Position As of June 30, 2024 and 2023 (in millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent Change
	2024	2023	2024	2023	2024	2023	
Current and other assets	\$ 1,442	\$ 1,397	\$ 647	\$ 590	\$ 2,089	\$ 1,987	5.1%
Capital assets	1,921	1,868	1,826	1,837	3,747	3,705	1.1%
Total assets	3,363	3,265	2,473	2,427	5,836	5,692	2.5%
Deferred outflows of resources	386	399	52	57	438	456	-3.9%
Long-term liabilities	2,101	2,066	1,078	1,114	3,179	3,180	0.0%
Other liabilities	121	104	43	43	164	147	11.6%
Total liabilities	2,222	2,170	1,121	1,157	3,343	3,327	0.5%
Deferred inflows of resources	78	105	24	22	102	127	-19.7%
Net position							
Net investment in							
capital assets	1,409	1,347	972	952	2,381	2,299	3.6%
Restricted	483	456	99	81	582	537	8.4%
Unrestricted	(443)	(414)	309	272	(134)	(142)	5.6%
Total net position	\$ 1,449	\$ 1,389	\$ 1,380	\$ 1,305	\$ 2,829	\$ 2,694	5.0%

Analysis of net position

As noted in the financial highlights, total net position of the primary government increased by \$135 million in fiscal year 2024. Total assets and total liabilities increased by \$144 million and \$16 million, respectively. Deferred outflows of resources and deferred inflows of resources decreased by \$18 million and \$25 million, respectively.

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

Governmental activities

Current and other assets increased \$45 million primarily due to increases in cash and receivables. Cash increased by \$29 million in the governmental funds from higher-than-expected tax, intergovernmental, and grant contribution revenues. Receivables increased \$16 million primarily due to a \$17 million increase in intergovernmental reimbursement receivables for operating and capital grants.

Capital assets of governmental activities increased \$53 million due to continuing development and improvements offset by current year depreciation. Capital asset additions include the Broadway Complete Streets project, Del Rio Trail project, Railyards Rehabilitation project, HSIP Florin Road Signals project, I Street Bridge Replacement project, Downtown Mobility project, and the Northwood School Access Implementation project. More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2024

Deferred outflows of resources decreased \$13 million primarily due to a \$19 million decrease in deferred outflows related to pensions, offset by a \$6 million increase in deferred outflows related to OPEB. The decrease in deferred outflows related to pensions was mainly driven by the effects of prior changes in assumptions recognized as pension expense in the current fiscal year. More detailed information about pension and OPEB plans is presented in Notes 8 and 9 to the financial statements.

Long-term liabilities increased \$35 million primarily due to a \$35 million increase in net pension liability. Net pension liability increased due to unfavorable differences between expected and actual experience. More detailed information about long-term liabilities is presented in Note 7 to the financial statements.

Other liabilities increased \$17 million primarily due to accounts payable for various capital projects.

Deferred inflows of resources decreased \$27 million primarily due to a \$28 million decrease in deferred inflows related to OPEB. The decrease in deferred inflows related to OPEB was mainly driven by a decrease in deferred inflows for differences between expected and actual experience and changes in assumptions. More detailed information about the OPEB plan is presented in Note 9 to the financial statements.

Restricted net position, representing amounts that must be used in accordance with external restrictions, increased \$27 million primarily due to increases in restrictions for capital projects and economic development programs.

Business-type activities

Current and other assets of business-type activities increased \$57 million primarily due to an increase in cash and receivables provided by operational activities.

Capital assets decreased \$11 million due to current year depreciation offset by continuing development and improvements. Capital asset additions include the Fruitridge Drain Replacement project, Community Center Theater Renovation project, Convention Center Expansion project, Freeport Reservoir Pump Replacement project, and the Silver Eagle Sewer Rehabilitation project. More detailed capital asset information is presented in Note 4 to the financial statements.

Deferred outflows of resources decreased \$5 million due to a \$4 million decrease in deferred outflows related to pensions. The decrease in deferred outflows related to pensions was mainly driven by the effects of prior changes in assumptions recognized as pension expense in the current fiscal year. More detailed information about pension plans is presented in Note 8 to the financial statements.

Long-term liabilities decreased \$36 million primarily due to \$61 million of total payments and refunding of existing debt obligations, offset by the issuance of \$22 million of new debt. More detailed information is presented in Note 7 to the financial statements.

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2024

City of Sacramento Changes in Net Position For the Fiscal Years Ended June 30, 2024 and 2023 (in millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent Change
	2024	2023	2024	2023	2024	2023	
Revenues							
Program revenues:							
Charges for services	\$ 223	\$ 209	\$ 374	\$ 366	\$ 597	\$ 575	3.8%
Operating grants and contributions	90	80	5	1	95	81	17.3%
Capital grants and contributions	155	135	25	18	180	153	17.6%
General revenues:							
Property taxes	244	228	-	-	244	228	7.0%
Utility users tax	64	70	-	-	64	70	-8.6%
Local sales taxes	134	130	-	-	134	130	3.1%
Other taxes	53	52	34	31	87	83	4.8%
Unrestricted:							
Sales taxes shared state revenue	113	115	-	-	113	115	-1.7%
Investment earnings	44	12	28	4	72	16	350.0%
Miscellaneous	13	13	-	-	13	13	0.0%
Total revenues	1,133	1,044	466	420	1,599	1,464	9.2%
Expenses							
General government	173	209	-	-	173	209	-17.2%
Police	284	258	-	-	284	258	10.1%
Fire	230	201	-	-	230	201	14.4%
Public works	158	137	-	-	158	137	15.3%
Convention and cultural services	31	29	-	-	31	29	6.9%
Youth, parks, community enrichment	100	81	-	-	100	81	23.5%
Community development	76	67	-	-	76	67	13.4%
Community response	21	20	-	-	21	20	5.0%
Library	25	24	-	-	25	24	4.2%
Interest on long-term debt	17	26	-	-	17	26	-34.6%
Water	-	-	124	117	124	117	6.0%
Wastewater	-	-	42	35	42	35	20.0%
Storm drainage	-	-	52	48	52	48	8.3%
Solid waste	-	-	72	78	72	78	-7.7%
Community center	-	-	39	33	39	33	18.2%
Parking	-	-	14	13	14	13	7.7%
Child development	-	-	6	6	6	6	0.0%
Total expenses	1,115	1,052	349	330	1,464	1,382	5.9%
Revenue over (under) expenses	18	(8)	117	90	135	82	64.6%
Transfers	42	40	(42)	(40)	-	-	-
Change in net position	60	32	75	50	135	82	64.6%
Net position, beginning of year	1,389	1,357	1,305	1,255	2,694	2,612	3.1%
Net position, end of year	\$ 1,449	\$ 1,389	\$ 1,380	\$ 1,305	\$ 2,829	\$ 2,694	5.0%

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)

For the Fiscal Year Ended June 30, 2024

Analysis of the changes in net position

Total government-wide revenues of the primary government increased \$135 million, a 9.2 percent increase compared to the prior fiscal year, and total expenses increased \$82 million, a 5.9 percent increase compared to the prior fiscal year. These changes are discussed in more detail below.

Governmental activities

Total revenues for governmental activities increased \$89 million, an 8.5 percent increase compared to the prior fiscal year. Total expenses increased \$63 million, a 6.0 percent increase compared to the prior fiscal year. Transfers in primarily consist of in-lieu taxes paid by the business-type activities to the General Fund. Transfers out primarily consist of parking program support transferred out from the General Fund and program support to cover lost impact fees for various funds transferred out from the General Fund and Measure U Fund.

Revenue

Charges for services revenue increased \$14 million primarily due to a \$9 million increase in Voluntary Rate Range Program and Public Provider Ground Emergency Medical Transportation Program revenues received by the City's Fire Department.

Operating grants and contributions revenue increased \$10 million primarily due to \$5 million of funding the City received to establish the American Federation of State, County, and Municipal Employees Local 3299 Greg McNair UC Workers Housing Fund to implement housing stability programs. No such funding was received in fiscal year 2023.

Capital grants and contributions increased by \$20 million during fiscal year 2024 compared to fiscal year 2023. This was mainly due to capital grant funding received in relation to Township 9 Infrastructure, Del Rio Trail, Two Rivers Trail, Matsui Hanami Line, and Railyards Rehabilitation construction projects.

Property tax revenue increased \$16 million due to continued increases in Sacramento area commercial and residential real estate property assessed valuations.

The increase of \$32 million in investment earnings is mainly attributable to a gain in fair value of Pool A investment holdings. The cost of Pool A investment holdings exceeded the fair value by \$47 million as of June 30, 2024, compared to \$77 million as of June 30, 2023. This \$30 million gain was allocated among governmental and business-type activities, with a small portion allocated to non-City Pool A participants as well. In fiscal year 2023, Pool A investment holdings recognized an overall loss of \$8 million.

Expenses

Total governmental activities expenses increased \$63 million primarily due to increases in department functional expenses. Police and Fire expenses increased a combined \$55 million mainly due to increased labor costs and pension expense associated with a change of actuarial assumptions, differences between expected and actual experience, and projected earnings coming in lower than expected on the net pension liability valuation date. Public works expenses increased \$21 million due to increased costs for pavement and concrete maintenance, replacement of traffic signs and signals, and unforeseen costs related to the 2024 winter storms. Youth, parks, community enrichment expenses increased \$19 million due to various planned park improvements, increased facility and staffing costs to align with growth in community participation, and unforeseen costs related to the 2024 winter storms. These increases were offset by a \$36 million decrease in general government expenses primarily due to a decrease in developer fee credits.

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2024

Business-type activities

Total revenues for business-type activities increased \$46 million, an 11.0 percent increase compared to the prior fiscal year. Total expenses for business-type activities increased \$19 million, a 5.8 percent increase. Transfers out primarily consist of in-lieu taxes paid by the business-type activities to the General Fund. Transfers in primarily consist of water, wastewater, and parking program support received from the General Fund and Measure U Fund.

Revenue

Charges for services revenue increased \$8 million primarily due to a \$6 million increase in solid waste service revenue. Solid waste service accounts increased with the addition of new development and homes in the current fiscal year and there was a rate increase effective January 2024.

Capital grants and contributions increased by \$7 million primarily due to an increase in water capital contributions.

Investment earnings increased by \$24 million mainly due to a gain in fair value of Pool A investment holdings in the current fiscal year, compared to a loss in the prior fiscal year.

Expenses

Water expenses increased \$7 million primarily due to a \$4 million increase in labor expense in relation to approved labor agreements and vacancies filled in the current fiscal year. There was also a \$3 million increase in services and supplies expense associated with noncapitalized Accelerated Water Meter project compliance costs and Fairbairn Water Treatment Plant lab repair costs.

Wastewater expenses increased \$7 million primarily due to a \$5 million increase in services and supplies expense in relation to sinkhole and sewer repair costs.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

Funds are accounting devices 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 revenues for governmental funds increased \$70 million compared to the prior fiscal year. Total expenditures increased \$101 million compared to the prior fiscal year. Net other financing sources increased \$14 million compared to the prior fiscal year. These changes are discussed in more detail below.

General Fund

Total General Fund revenue increased \$29 million compared to the prior fiscal year. Intergovernmental revenues increased \$13 million, primarily due to an increase in Voluntary Rate Range Program and Public Provider Ground Emergency Medical Transportation Program revenues received by the City's Fire Department. Interest, rents, and concessions increased \$14 million, primarily due to a gain in fair value related to the General Fund's share of Pool A holdings. In fiscal year 2024, the General Fund recognized a \$10 million gain in fair value in relation to Pool A holdings, compared to a \$3 million loss in fair value in fiscal year 2023.

Total General Fund expenditures increased \$51 million compared to the prior fiscal year. Expenditures in Police and Fire departments increased \$25 million in total mainly due to an increase in labor and pension costs. Citywide and community support expenditures increased \$10 million primarily due to an increase in pension and liability insurance premium costs. Capital outlay expenditures also increased \$18 million. Capital outlay fluctuates from year to year due to timing and the multi-year nature of capital projects. The General Fund's largest capital outlay expenditures during the fiscal year consisted of expenditures for the 827 K Street Building, fire apparatus and ambulances, police safety equipment, Sacramento Valley Station repairs, and the issuance of long-term liabilities for new lease and IT subscription agreements.

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2024

General Fund Budgetary Highlights

The City Council revised the budget throughout the fiscal year with revenue and appropriation adjustments and the use of committed fund balance after the original budget was adopted.

After accounting for these budget adjustments, General Fund revenues were \$34 million higher than final budgeted amounts. Collection of various taxes exceeded the budget by \$5 million primarily due to increases in property taxes. Intergovernmental revenue exceeded budget by \$19 million primarily due to Voluntary Rate Range Program and Public Provider Ground Emergency Medical Transportation Program revenues received by the City's Fire Department. Interest, rents, and concessions revenue exceeded budget by \$15 million primarily due to a gain in fair value related to the General Fund's share of Pool A holdings. Charges for services were less than budgeted by \$6 million primarily due to emergency medical service revenues.

General Fund budgetary expenditures were \$122 million lower than final budgeted amounts. Most of the General Fund departments reported favorable operating expenditure budget variances primarily due to labor savings and labor reimbursements from grants and other funds. Capital outlay expenditures were less than budgeted amounts by \$32 million due to the multi-year nature of capital projects. Unspent multi-year project budgets, as well as other unspent City Council approved program budgets, are carried over to the subsequent fiscal year.

Measure U Fund

Measure U Fund revenue increased \$7 million compared to the prior fiscal year. Tax revenue increased \$4 million as retail and e-commerce sales increased and came in higher than expected. Interest revenue increased \$3 million primarily due to a fair value gain related to the Measure U Fund's share of Pool A holdings.

Total Measure U Fund expenditures increased \$12 million compared to the prior fiscal year. General government expenditures decreased \$10 million, while youth, parks, and community enrichment expenditures increased \$11 million as the Office of Youth Development was reclassified from the Office of the City Manager and general government expenditures to the Department of Youth, Parks, and Community Enrichment in the current fiscal year. The Office of Youth Development saw an increase in budgeted spending for the Sacramento Youth Works program and grant funding to support youth mental wellness, workforce development, academic support, and violence intervention. Convention and cultural services expenditures increased by \$2 million primarily due to the provision of funding for art grants and the Powerhouse Science Center, as well as an increase in labor and pension costs. Community development expenditures increased by \$2 million mainly due an increase in labor and pension costs. Community response expenditures increased by \$2 million due to an increase in budgeted spending for the City's Outreach and Engagement Center and other homeless outreach programs. Capital outlay expenditures increased \$2 million due to timing and the multi-year nature of capital projects.

2015 Golden 1 Center Lease Revenue Bond Fund

2015 Golden 1 Center Lease Revenue Bond Fund revenue increased \$1 million due to a gain in fair value associated with fiscal agent investment holdings.

Other Governmental Funds

Other governmental fund revenues increased by \$32 million primarily due to revenue increases of \$23 million for special revenue funds and \$9 million for capital projects funds. The increase in special revenue funds revenue is primarily due to the following:

- \$5 million increase in contributions and donations due to funds received to establish the American Federation of State, County, and Municipal Employees Local 3299 Greg McNair UC Workers Housing Fund to implement housing stability programs.
- \$12 million increase in intergovernmental revenues from Homeless Housing, Assistance, and Prevention and Go-Biz Equity grant programs.

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2024

The increase in capital projects funds revenue is primarily due to the following:

- \$34 million increase in the Capital Grants Fund mainly due to Del Rio Trail, Downtown Mobility, and Railyard Rehabilitation projects.
- \$20 million decrease in the Special Districts Fund mainly due to the difference in special tax bonds issued. \$23 million of assessment levies revenue was recognized in fiscal year 2023 with the issuance of the Railyards CFD No. 2018-01 Improvements Area IA1 Special Tax Bonds, Series 2022.
- \$3 million decrease in the Financing Plans Fund mainly due to a one-time \$5 million payment from the California Department of General Services for their fair share contribution to the River District Finance Plan for the Richards Boulevard Office Complex in fiscal year 2023. This was offset partially by an increase in development permits issued in fiscal year 2024.

Other governmental fund expenditures increased by \$38 million primarily due to an increase of \$26 million in expenditures for capital projects funds and \$12 million for special revenue funds. The increase in capital projects funds expenditures is primarily due to the following:

- \$5 million increase in the Financing Plans Fund due to Downtown Railyards development, low-income housing, and the Downtown mobility project expenditures.
- \$25 million increase in the Capital Grants Fund due to Township 9 Infrastructure, Del Rio Trail, Two Rivers Trail, Matsui Hanami Line, and Railyards Rehabilitation construction projects.
- \$6 million decrease in the Special Districts Fund due to a decrease in expenditures associated with the Railyards, Greenbriar and Delta Shores Special Districts.

The increase in special revenue funds expenditures is primarily due to the following:

- \$4 million of expenditures for the issuance of long-term liabilities for new lease and IT software subscription agreements in the Transportation and Development Fund and Operating Grants Fund in fiscal year 2024.
- \$4 million increase in the Special Districts Fund mainly due to increased budget and expenditures for the Citywide Landscape and Lighting District and Sacramento Tourism Marketing District.

\$6 million of financing plan fee credits were issued in fiscal year 2024, in comparison to \$12 million in fiscal year 2023. \$2 million of Delta Shores financing plan fee credits and \$4 million of North Natomas financing plan fee credits were issued in the current year. More detailed fee credit information is presented in Note 7 to the financial statements.

Enterprise Funds

The City's enterprise fund financial statements provide the same type of information as the government-wide financial statements but in greater detail. Total operating revenues increased \$9 million and operating expenses increased \$20 million compared to the prior fiscal year. Net nonoperating revenues (expenses) increased \$31 million and capital contributions increased \$7 million compared to the prior fiscal year. These changes are discussed in more detail below.

Water Fund

Water Fund operating expenses increased \$8 million primarily due to a \$4 million increase in labor expense in relation to approved labor agreements and vacancies filled in the current fiscal year. Net nonoperating revenue increased \$16 million primarily due to a gain in fair value related to the Water Fund's share of Pool A investment holdings. Developer fees and capital contributions increased \$5 million in association with the Florin Reservoir Back Up Engine, Meadowview Road, and Greenbriar Phase 1 projects.

Wastewater Fund

Wastewater Fund operating expenses increased \$7 million mainly due to a \$5 million increase in services and supplies expense in relation to sinkhole and sewer repair costs. Net nonoperating revenue increased \$3 million primarily due to a gain in fair value related to the Wastewater Fund's share of Pool A investment holdings. Developer fees and capital contributions decreased \$3 million in association with the completion of the Emergency Combined Wastewater Treatment Plant Sewer Repair project.

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2024

Storm Drainage Fund

Storm Drainage Fund operating expenses increased \$4 million due to a \$3 million increase in labor expense in relation to approved labor agreements and vacancies filled in the current fiscal year. Net nonoperating revenue increased \$4 million primarily due to a gain in fair value related to the Storm Drainage Fund's share of Pool A investment holdings. Developer fees and capital contributions increased \$5 million in association with the Sacramento Railyards Bercut Drive, Delta Shores Medium Density Residential 5, and Greenbriar Phase 1 projects.

Solid Waste Fund

Solid Waste Fund operating revenues increased \$6 million primarily due to an increase in service accounts with the addition of new development and homes, as well as rate adjustments effective January 2024. Operating expenses decreased \$6 million primarily due to a decrease in vehicle replacements. Net nonoperating revenue increased \$3 million primarily due to a gain in fair value related to the Solid Waste Fund's share of Pool A investment holdings and grant funding for implementation of Senate Bill 1383 requirements.

Community Center Fund

Community Center Fund operating expenses increased \$6 million due to increased events in the current fiscal year. Net nonoperating revenue increased by \$4 million primarily due to an increase in TOT revenue, as hotel stays, and travel increased.

Other Enterprise Funds

Other Enterprise Funds consist of the activities of the City's Parking and 4th R Child Development Funds. Total operating revenues increased by \$3 million. 4th R saw an increase of \$1 million of revenue due to an increase in enrollment in fiscal year 2024. 4th R is a full cost recovery program and fees have not increased since 2015. Parking saw an increase of \$2 million of revenue due to an increase in events in Downtown Sacramento, as well as increased enforcement and metered hours.

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the City had invested \$3.7 billion in a broad range of capital assets, including land, buildings, vehicles, parks and park improvements, roads, bridges, and water, wastewater and storm drainage transmission and distribution systems. Current year capital asset additions, net of deletions, of \$188 million were offset by current year depreciation/amortization expense of \$146 million, resulting in a net increase in capital assets of \$42 million.

City of Sacramento Capital Assets As of June 30, 2024 and 2023 (net of depreciation, in millions)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Capital assets not being depreciated						
Land	\$ 230	\$ 220	\$ 50	\$ 49	\$ 280	\$ 269
Easements	3	2	-	-	3	2
Construction in progress	297	278	459	453	756	731
Depreciable capital assets:						
Buildings and improvements	409	403	252	259	661	662
Equipment	11	11	96	101	107	112
Software	1	1	7	8	8	9
Vehicles	93	96	-	-	93	96
Transmission and distribution system	4	3	958	963	962	966
Roadway network	521	519	-	-	521	519
Streetlight network	181	173	-	-	181	173
Parks and park improvements	155	149	-	-	155	149
Lease and IT subscription assets, net	16	13	4	4	20	17
Total capital assets	<u>\$ 1,921</u>	<u>\$ 1,868</u>	<u>\$ 1,826</u>	<u>\$ 1,837</u>	<u>\$ 3,747</u>	<u>\$ 3,705</u>

This year's major capital asset additions include:

- \$10 million for the Broadway Complete Streets Project,
- \$9 million for the Del Rio Trail Project,
- \$6 million for the Railyards Rehabilitation Project,
- \$6 million for the Northwood School Access Implementation Project,
- \$6 million for the Downtown Mobility Project,
- \$5 million for the HSIP 8 Florin Road Signals Project,
- Other capital project additions in progress include the Matsui Hanami Line Project, the I Street Bridge Replacement Project, and the Two Rivers Trail Phase II Project. Many other capital projects were completed during the year and transferred from construction in progress to the appropriate capital asset categories.

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)

For the Fiscal Year Ended June 30, 2024

The City has \$92 million in commitments for contracts awarded but not completed as of June 30, 2024. The major contracts outstanding are \$4 million for Freeport Reservoir pump replacement and electrical improvements; \$2 million for replacing three outfall pipes from Sump 151 through the America River levee to the outfall structure; \$2 million for the construction of a Class I bike trail along the Sacramento Southern Railroad between Sutterville Road and Meadowview Road; \$2 million for installation of motor-controlled valves and drainage system as part of the Ground Water Flush-to-Waste project; and \$45 million for the purchase of vehicles, primarily for the replacement of refuse trucks and garbage trucks.

More detailed information about the City's capital assets and lease and IT subscription assets is presented in Notes 4 and 6 to the financial statements.

Long-term Debt

The following table summarizes the City's outstanding debt (excluding other long-term liabilities):

City of Sacramento Outstanding Debt As of June 30, 2024 and 2023 (in millions)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenue and other bonds, net	\$ 426	\$ 443	\$ 732	\$ 765	\$ 1,158	\$ 1,208
Notes payable	16	16	131	137	147	153
Total outstanding debt	<u>\$ 442</u>	<u>\$ 459</u>	<u>\$ 863</u>	<u>\$ 902</u>	<u>\$ 1,305</u>	<u>\$ 1,361</u>

Total outstanding debt for governmental activities decreased \$17 million due to principal payments on existing obligations and amortization of bond premiums.

Total outstanding debt for business-type activities decreased \$39 million primarily due to principal payments on existing obligations and amortization of bond premiums. Also, \$28 million of Water Revenue Refunding Bonds, Series 2020 were refunded with the issuance of Water Revenue Refunding Bonds, Series 2023 at par of \$21 million.

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

Credit rating

The following table summarizes the City's bonded debt ratings (nr designates not rated) at June 30, 2024, as determined by S&P Global Ratings (S & P), Moody's Ratings (Moody's), and Fitch Ratings (Fitch):

Bond issues:	<u>S & P</u>	<u>Moody's</u>	<u>Fitch</u>
• 2006 Capital Improvement Revenue Bonds, Series B	AA-	Aa3	nr
• 2006 Capital Improvement Revenue Bonds, Series E	AA-	Aa3	nr
• Water Revenue Bonds, Series 2013	AA	nr	AA-
• 2015 Refunding Revenue Bonds	AA-/AA	Aa3	nr
• 2015 Lease Revenue Bonds - Golden 1 Center	AA-	nr	AA-
• Water Revenue Bonds, Series 2017	AA	nr	AA-
• 2018 TOT Revenue Bonds, Senior Series A&B	nr	A1	nr
• 2018 TOT Revenue Bonds, Subordinate Series C	nr	A2	nr

City of Sacramento
Management's Discussion and Analysis (Continued)
(Required Supplementary Information - Unaudited)
For the Fiscal Year Ended June 30, 2024

Bond issues:	<u>S & P</u>	<u>Moody's</u>	<u>Fitch</u>
• Wastewater Revenue Bonds, Series 2019	AA	nr	AA
• 2019 STID Assessment Revenue Bonds	nr	A2	nr
• Water Revenue Refunding Bonds, Series 2020	AA	nr	AA-
• Wastewater Revenue Refunding Bonds, Series 2020	AA	nr	AA
• Water Revenue Refunding Bonds, Series 2023	AA	nr	AA-

The City's issuer credit rating as of June 30, 2024 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. The issuer credit rating is an assessment of the City's creditworthiness and capacity to meet financial commitments as they come due without regard to the terms of a specific debt instrument. The ratings and stable outlook determination are based on a multitude of factors for each of the rating agencies. Highlights include: the City's improved economic condition, as demonstrated by the steady rise in assessed values, in combination with the City's operating surpluses driving the growing reserve balances; the City's continued population growth, diverse economy, and above-average education attainment levels; and the City taking proactive steps to address out-year budget gaps and maintain its reserve levels.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

As the City heads into the new fiscal year, increasing service needs, higher costs and slower revenue growth will continue to create challenges. Housing demand remains higher than supply in the region, but home sales have slowed considerably over the past year as prices and interest rates have reduced demand. Homelessness and affordable housing supply are two of the biggest issues the City faces.

Next Year's Budget

General Fund budget appropriations for fiscal year 2025 are \$689.5 million, an increase of 9.8 percent compared to the fiscal year 2024 approved budget. The City is facing a structural deficit because of many decisions that the City and voters have made over the past few years. To better serve its residents, especially during the pandemic, the City expanded beyond its traditional core service areas and launched new programs, often with one-time federal funding. New labor contracts and higher prices for supplies, services and insurance have increased operating costs.

The fiscal year 2025 approved budget addresses the City's structural deficit for one year with a combination of one-time and ongoing strategies and does not include the elimination of any filled positions. Due to the budget deficit, the contribution to the Economic Uncertainty Reserve was partially suspended for fiscal year 2024 and fully suspended for fiscal year 2025.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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Government-wide Financial Statements

City of Sacramento

Statement of Net Position

June 30, 2024
(in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 984,515	\$ 476,176	\$ 1,460,691
Receivables, net	408,120	86,863	494,983
Internal balances	4,743	(4,743)	-
Inventories	-	2,289	2,289
Prepaid items	10,417	509	10,926
Restricted cash and investments	34,862	85,449	120,311
Intangible assets	-	96	96
Land and other capital assets not being depreciated/amortized	529,514	509,170	1,038,684
Other capital assets, net of depreciation/amortization	1,390,887	1,317,138	2,708,025
Total assets	3,363,058	2,472,947	5,836,005
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of debt	1,978	8,055	10,033
Pensions	347,360	39,083	386,443
OPEB	36,355	4,869	41,224
Total deferred outflows of resources	385,693	52,007	437,700
LIABILITIES			
Payables	107,698	38,134	145,832
Unearned revenue	13,656	4,597	18,253
Long-term liabilities:			
Due within one year	74,218	35,401	109,619
Due in more than one year	2,025,942	1,043,217	3,069,159
Total liabilities	2,221,514	1,121,349	3,342,863
DEFERRED INFLOWS OF RESOURCES			
Service concession arrangement	5,128	-	5,128
Gain on refunding of debt	-	3,310	3,310
Pensions	6,299	3,142	9,441
OPEB	38,900	7,946	46,846
Leases	27,531	9,105	36,636
Total deferred inflows of resources	77,858	23,503	101,361
NET POSITION			
Net investment in capital assets	1,408,509	972,422	2,380,931
Restricted for:			
Capital projects	269,677	60,852	330,529
Debt service	1,083	-	1,083
Public works programs	39,465	-	39,465
Economic development programs	79,416	-	79,416
Other programs	81,521	38,114	119,635
Trust and endowments:			
Expendable	11,168	-	11,168
Nonexpendable	595	-	595
Unrestricted	(442,055)	308,714	(133,341)
Total net position	\$ 1,449,379	\$ 1,380,102	\$ 2,829,481

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

City of Sacramento

Statement of Activities

For the Fiscal Year Ended June 30, 2024
(in thousands)

Functions/Programs	Operating Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:						
Governmental activities:						
General government	\$ 194,637	\$ (21,391)	\$ 28,932	\$ 47,826	\$ 20	\$ (96,468)
Police	284,283	-	13,362	8,009	550	(262,362)
Fire	229,749	-	60,800	2,225	-	(166,724)
Public works	158,275	-	59,859	17,054	122,232	40,870
Convention and cultural services	31,401	-	13,256	1,243	755	(16,147)
Youth, parks, and community enrichment	100,146	-	16,125	3,134	12,583	(68,304)
Community development	75,796	-	30,485	558	18,526	(26,227)
Community response	20,467	-	-	583	-	(19,884)
Library	24,744	-	-	9,537	-	(15,207)
Interest on long-term debt	16,903	-	-	-	-	(16,903)
Total governmental activities	1,136,401	(21,391)	222,819	90,169	154,666	(647,356)
Business-type activities:						
Water	116,497	7,558	132,957	2,668	13,088	24,658
Wastewater	39,955	2,500	45,871	-	3,600	7,016
Storm drainage	48,569	3,174	62,606	134	8,480	19,477
Solid waste	67,152	4,884	93,291	1,679	-	22,934
Community center	36,446	2,002	14,640	-	-	(23,808)
Parking	12,875	1,273	18,725	-	-	4,577
Child development	6,317	-	6,396	281	-	360
Total business-type activities	327,811	21,391	374,486	4,762	25,168	55,214
Total primary government	\$ 1,464,212	\$ -	\$ 597,305	\$ 94,931	\$ 179,834	\$ (592,142)

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

City of Sacramento

Statement of Activities

For the Fiscal Year Ended June 30, 2024
(in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	\$ (647,356)	\$ 55,214	\$ (592,142)
General revenues:			
Taxes:			
Property taxes	244,107	-	244,107
Utility user taxes	64,133	-	64,133
Local sales tax	134,293	-	134,293
Property transfer tax	10,446	-	10,446
Business operations tax	33,367	-	33,367
Transient occupancy tax	6,876	34,254	41,130
Other taxes	2,245	-	2,245
Unrestricted sales taxes shared state revenue	112,422	-	112,422
Unrestricted investment earnings	44,372	27,610	71,982
Unrestricted miscellaneous	13,095	-	13,095
Gain on reduction in lease and IT subscription liabilities	117	23	140
Transfers	41,976	(41,976)	-
Total general revenues and transfers	707,449	19,911	727,360
Changes in net position	60,093	75,125	135,218
Net position, beginning of year	1,389,286	1,304,977	2,694,263
Net position, end of year	\$ 1,449,379	\$ 1,380,102	\$ 2,829,481

The notes to the basic 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, 2024
(in thousands)

	General Fund	Measure U Fund	2015 Golden 1 Center Lease Revenue Bond Fund
ASSETS			
Cash and investments held by City	\$ 306,382	\$ 67,902	\$ 6,815
Cash and investments held by fiscal agent	191	-	956
Receivables, net:			
Taxes	33,123	23,037	-
Accounts	27,592	120	2,088
Loans	1,236	-	133,345
Intergovernmental	5,239	-	-
Leases	25,837	-	-
Interest	1,629	312	31
Prepaid items	449	3	-
Restricted assets:			
Cash and investments held by City	-	-	-
Cash and investments held by fiscal agent	-	-	18,289
Total assets	<u>\$ 401,678</u>	<u>\$ 91,374</u>	<u>\$ 161,524</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 17,383	\$ 8,016	\$ -
Accrued payroll	24,833	2,316	-
Due to other funds	-	-	-
Deposits	356	-	-
Unearned revenue	2,365	-	-
Advances from other funds	1,237	-	-
Total liabilities	<u>46,174</u>	<u>10,332</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue	5,178	-	133,345
Leases	23,878	-	-
Total deferred inflows of resources	<u>29,056</u>	<u>-</u>	<u>133,345</u>
Fund balances:			
Nonspendable:			
Prepaid items	449	3	-
Leases	1,959	-	-
Permanent fund principal	-	-	-
Restricted:			
Capital projects	-	-	-
Debt service	-	-	18,289
Public works programs	-	-	-
Economic development programs	-	-	-
Other programs	-	-	-
Committed:			
Economic uncertainty	74,613	1,773	-
Capital projects	53,795	22,375	-
Debt service	-	-	8,903
Fire programs	25,088	-	-
OPEB	6,095	486	-
Set-aside for FY25 Budget	10,443	2,158	-
Other programs	123,702	54,247	-
Assigned:			
Debt service	-	-	987
Unassigned	30,304	-	-
Total fund balances	<u>326,448</u>	<u>81,042</u>	<u>28,179</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 401,678</u>	<u>\$ 91,374</u>	<u>\$ 161,524</u>

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

City of Sacramento

Governmental Funds

Balance Sheet

June 30, 2024

(in thousands)

	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>		
Cash and investments held by City	\$ 460,311	\$ 841,410
Cash and investments held by fiscal agent	61	1,208
Receivables, net:		
Taxes	7,957	64,117
Accounts	22,851	52,651
Loans	26,486	161,067
Intergovernmental	81,275	86,514
Leases	3,805	29,642
Interest	1,843	3,815
Prepaid items	13	465
Restricted assets:		
Cash and investments held by City	10,461	10,461
Cash and investments held by fiscal agent	6,112	24,401
Total assets	<u>\$ 621,175</u>	<u>\$ 1,275,751</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 40,542	\$ 65,941
Accrued payroll	82	27,231
Due to other funds	8,191	8,191
Deposits	3,232	3,588
Unearned revenue	11,087	13,452
Advances from other funds	19,849	21,086
Total liabilities	<u>82,983</u>	<u>139,489</u>
Deferred inflows of resources:		
Unavailable revenue	69,116	207,639
Leases	3,653	27,531
Total deferred inflows of resources	<u>72,769</u>	<u>235,170</u>
Fund balances:		
Nonspendable:		
Prepaid items	13	465
Leases	152	2,111
Permanent fund principal	578	578
Restricted:		
Capital projects	292,340	292,340
Debt service	5,028	23,317
Public works programs	19,326	19,326
Economic development programs	79,416	79,416
Other programs	90,682	90,682
Committed:		
Economic uncertainty	-	76,386
Capital projects	1,460	77,630
Debt service	941	9,844
Fire programs	-	25,088
OPEB	9	6,590
Set-aside for FY25 Budget	-	12,601
Other programs	22,461	200,410
Assigned:		
Debt service	2,078	3,065
Unassigned	(49,061)	(18,757)
Total fund balances	<u>465,423</u>	<u>901,092</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 621,175</u>	<u>\$ 1,275,751</u>

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

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City of Sacramento

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

(in thousands)

Fund balances - total governmental funds		\$ 901,092
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.		207,639
Prepaid bond insurance represents costs associated with the issuance of long-term debt which are amortized over the period the debt is outstanding. The costs are reported as expenditures of the current period in the governmental funds.		154
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds:		
Governmental capital assets	3,719,535	
Less: accumulated depreciation/amortization	<u>(1,893,429)</u>	1,826,106
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		(4,924)
Deferred outflows and inflows of resources are not recognized in the current period and therefore, not reported in the governmental funds.		
Deferred outflows related to pensions	342,637	
Deferred outflows related to OPEB	35,742	
Deferred inflows related to pensions	(6,264)	
Deferred inflows related to OPEB	<u>(37,835)</u>	
Loss on refunding of debt	1,978	336,258
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	(51,488)	
Accrued claims and judgments	(5,641)	
Financing plan fee credits	(78,867)	
Net pension liability	(1,168,250)	
Net OPEB liability	(170,138)	
Pollution remediation obligations	(1,020)	
Revenue and other bonds payable, net	(426,510)	
Notes payable	(15,954)	
Lease liabilities	(1,086)	
IT subscription liabilities	<u>(12,827)</u>	(1,931,781)
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.		<u>114,835</u>
Net position of governmental activities		<u>\$ 1,449,379</u>

The notes to the basic 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, 2024

(in thousands)

	General Fund	Measure U Fund	2015 Golden 1 Center Lease Revenue Bond Fund
Revenues:			
Taxes	\$ 456,957	\$ 134,293	\$ -
Intergovernmental	37,078	-	-
Charges for services	110,915	-	-
Fines, forfeits, and penalties	9,874	-	-
Interest, rents, and concessions	20,282	4,127	3,405
Community service fees	-	-	-
Assessment levies	565	-	-
Contributions and donations	1	-	-
Miscellaneous	139	-	-
Total revenues	635,811	138,420	3,405
Expenditures:			
Current:			
General government	67,011	8,836	-
Police	231,397	8,756	-
Fire	194,563	9,553	-
Public works	21,622	1,502	-
Convention and cultural services	2,517	5,537	-
Youth, parks, and community enrichment	8,420	50,751	-
Community development	32,912	12,473	-
Community response	4,792	12,406	-
Library	-	14,272	-
Utilities	54	5,610	-
Citywide and community support	63,139	5,695	-
Capital outlay	43,970	8,265	-
Debt service:			
Principal	3,713	306	4,165
Interest and fiscal charges	167	18	7,811
Total expenditures	674,277	143,980	11,976
Excess (deficiency) of revenues over (under) expenditures	(38,466)	(5,560)	(8,571)
Other financing sources (uses):			
Transfers in	63,068	596	9,700
Transfers out	(26,211)	(343)	-
Issuance of long-term debt	3,578	(4)	-
Total other financing sources (uses)	40,435	249	9,700
Changes in fund balances	1,969	(5,311)	1,129
Fund balances, beginning of year	324,479	86,353	27,050
Fund balances, end of year	\$ 326,448	\$ 81,042	\$ 28,179

The notes to the basic 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, 2024

(in thousands)

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 16,554	\$ 607,804
Intergovernmental	169,409	206,487
Charges for services	19,970	130,885
Fines, forfeits, and penalties	282	10,156
Interest, rents, and concessions	16,038	43,852
Community service fees	23,463	23,463
Assessment levies	65,336	65,901
Contributions and donations	7,065	7,066
Miscellaneous	-	139
Total revenues	318,117	1,095,753
Expenditures:		
Current:		
General government	54,786	130,633
Police	6,090	246,243
Fire	2,711	206,827
Public works	40,155	63,279
Convention and cultural services	15,220	23,274
Youth, parks, and community enrichment	13,233	72,404
Community development	21,781	67,166
Community response	2,676	19,874
Library	9,537	23,809
Utilities	334	5,998
Citywide and community support	-	68,834
Capital outlay	119,701	171,936
Debt service:		
Principal	20,466	28,650
Interest and fiscal charges	9,903	17,899
Total expenditures	316,593	1,146,826
Excess (deficiency) of revenues over (under) expenditures	1,524	(51,073)
Other financing sources (uses):		
Transfers in	22,390	95,754
Transfers out	(9,792)	(36,346)
Issuance of long-term debt	10,538	14,112
Total other financing sources (uses)	23,136	73,520
Changes in fund balances	24,660	22,447
Fund balances, beginning of year	440,763	878,645
Fund balances, end of year	\$ 465,423	\$ 901,092

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

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City of Sacramento

Governmental Funds

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

For the Fiscal Year Ended June 30, 2024

(in thousands)

Changes in fund balances - total governmental funds		\$ 22,447
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/amortization expense.		
Capital outlay	107,818	
Depreciation/amortization expense	<u>(77,393)</u>	30,425
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Infrastructure dedications	25,693	
Termination of IT subscription agreements	<u>117</u>	25,810
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	(14,112)	
Principal repayments on long-term debt	<u>28,650</u>	14,538
Revenue and other resources not available to liquidate liabilities of the current period are not recognized in governmental funds. Revenue in the statement of activities is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net increase in revenues - unavailable revenues at the end of the year were greater than beginning unavailable revenues by this amount.		
		2,588
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.		
Accrued compensated absences	(1,170)	
Accrued claims and judgments	(1,806)	
Pension expense	(56,457)	
Other postemployment benefits	29,214	
Pollution remediation	(23)	
Interest	83	
Amortization of prepaid bond insurance	(17)	
Amortization of bond premium	1,136	
Amortization of gain/loss on refunding	<u>(220)</u>	(29,260)
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.		
		(1,243)
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.		
		<u>(5,212)</u>
Change in net position of governmental activities		\$ 60,093

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

City of Sacramento

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual (Non-GAAP Budgetary Basis)

with Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2024

(in thousands)

	Budgeted Amounts		Actual Amounts - Budgetary	Variance with Final Budget	Budget to GAAP Reconciliation	Actual Amounts - GAAP
	Original	Final	Basis			Basis
Revenues:						
Taxes	\$ 458,613	\$ 451,698	\$ 456,957	\$ 5,259	\$ -	\$ 456,957
Intergovernmental	14,101	17,916	37,078	19,162	-	37,078
Charges for services	112,214	116,764	110,915	(5,849)	-	110,915
Fines, forfeits and penalties	7,272	9,231	9,874	643	-	9,874
Interest, rents, and concessions	1,968	5,398	20,282	14,884	-	20,282
Assessment levies	150	240	565	325	-	565
Contributions and donations	-	-	1	1	-	1
Miscellaneous	1,908	408	139	(269)	-	139
Total revenues	596,226	601,655	635,811	34,156	-	635,811
Expenditures:						
Current:						
Mayor/Council	10,817	12,620	7,655	4,965	(68)	7,587
City Auditor	1,278	1,565	1,271	294	-	1,271
City Manager	70,424	67,849	13,769	54,080	(6,763)	7,006
City Attorney	13,957	16,498	12,790	3,708	(568)	12,222
City Clerk	2,737	2,721	2,508	213	-	2,508
City Treasurer	1,707	1,804	1,181	623	-	1,181
Finance	9,048	9,502	9,426	76	(86)	9,340
Information technology	21,088	22,375	21,011	1,364	(15)	20,996
Human resources	9,225	10,010	5,085	4,925	(185)	4,900
Subtotal - General government	140,281	144,944	74,696	70,248	(7,685)	67,011
Police	225,255	242,075	231,602	10,473	(205)	231,397
Fire	182,011	194,354	194,574	(220)	(11)	194,563
Public works	24,295	31,555	21,751	9,804	(129)	21,622
Convention and cultural services	10,283	10,046	3,379	6,667	(862)	2,517
Youth, parks, and community enrichment	6,695	9,634	8,420	1,214	-	8,420
Community development	38,179	38,476	33,567	4,909	(655)	32,912
Community response	6,991	7,241	7,397	(156)	(2,605)	4,792
Utilities	177	164	54	110	-	54
Citywide and community support	68,768	50,523	63,107	(12,584)	32	63,139
Capital outlay	71,029	76,032	44,206	31,826	(236)	43,970
Debt service:						
Principal	-	3,713	3,713	-	-	3,713
Interest and fiscal charges	-	127	167	(40)	-	167
Total expenditures	773,964	808,884	686,633	122,251	(12,356)	674,277
Excess (deficiency) of revenues over (under) expenditures	(177,738)	(207,229)	(50,822)	156,407	12,356	(38,466)
Other financing sources (uses):						
Transfers in	39,780	44,439	63,068	18,629	-	63,068
Transfers out	(22,582)	(26,701)	(26,211)	490	-	(26,211)
Issuance of long-term debt	-	-	-	-	3,578	3,578
Total other financing sources (uses)	17,198	17,738	36,857	19,119	3,578	40,435
Changes in fund balance	(160,540)	(189,491)	(13,965)	175,526	15,934	1,969
Fund balance, beginning of year	324,479	324,479	324,479	-	-	324,479
Fund balance, end of year	\$ 163,939	\$ 134,988	\$ 310,514	175,526	\$ 15,934	\$ 326,448

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

City of Sacramento

Measure U Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual (Non-GAAP Budgetary Basis)

with Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2024

(in thousands)

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget	Budget to GAAP Reconciliation	Actual Amounts - GAAP Basis
	Original	Final				
Revenues:						
Taxes	\$ 135,124	\$ 133,081	\$ 134,293	\$ 1,212	\$ -	\$ 134,293
Interest, rents, and concessions	-	2,000	4,127	2,127	-	4,127
Total revenues	135,124	135,081	138,420	3,339	-	138,420
Expenditures:						
Current:						
General government	31,365	34,152	14,990	19,162	(6,154)	8,836
Police	10,381	10,647	9,840	807	(1,084)	8,756
Fire	10,130	11,011	9,554	1,457	(1)	9,553
Public works	2,551	2,163	1,729	434	(227)	1,502
Convention and cultural services	5,565	5,854	5,626	228	(89)	5,537
Youth, parks, and community enrichment	55,495	56,363	50,915	5,448	(164)	50,751
Community development	15,883	16,557	12,889	3,668	(416)	12,473
Community response	20,371	22,190	19,538	2,652	(7,132)	12,406
Library	14,272	14,272	14,272	-	-	14,272
Utilities	5,628	5,628	5,610	18	-	5,610
Citywide and community support	5,976	3,937	5,695	(1,758)	-	5,695
Capital outlay	24,581	29,584	9,765	19,819	(1,500)	8,265
Debt service:						
Principal	-	306	306	-	-	306
Interest and fiscal charges	-	18	18	-	-	18
Total expenditures	202,198	212,682	160,747	51,935	(16,767)	143,980
Excess (deficiency) of revenues over (under) expenditures	(67,074)	(77,601)	(22,327)	55,274	16,767	(5,560)
Other financing sources (uses):						
Transfers in	-	388	596	208	-	596
Transfers out	(313)	(343)	(343)	-	-	(343)
Issuance of long-term debt	-	-	-	-	(4)	(4)
Total other financing sources (uses)	(313)	45	253	208	(4)	249
Changes in fund balance	(67,387)	(77,556)	(22,074)	55,482	16,763	(5,311)
Fund balance, beginning of year	86,353	86,353	86,353	-	-	86,353
Fund balance, end of year	\$ 18,966	\$ 8,797	\$ 64,279	\$ 55,482	\$ 16,763	\$ 81,042

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

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2024
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
<u>ASSETS</u>				
Current assets:				
Cash and investments held by City	\$ 217,187	\$ 64,278	\$ 74,754	\$ 60,937
Cash and investments held by fiscal agent	263	-	-	-
Receivables, net:				
Taxes	-	-	-	-
Accounts	21,403	13,213	12,300	14,192
Loans	-	-	51	-
Intergovernmental	3,018	491	1,204	-
Leases	64	-	-	157
Interest	1,300	324	344	291
Due from other funds	-	-	-	-
Inventories	1,797	98	394	-
Prepaid items	509	-	-	-
Intangible asset, current portion	-	-	-	-
Total current assets	<u>245,541</u>	<u>78,404</u>	<u>89,047</u>	<u>75,577</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	60,495	7,413	729	2,252
Cash and investments held by fiscal agent	3,499	-	-	-
Advances to other funds	-	-	-	-
Leases receivable	737	-	-	1,284
Loans receivable	-	-	822	-
Intangible assets	-	-	-	-
Capital assets:				
Land	3,637	1,138	17,885	1,133
Buildings and improvements	168,214	58,654	11,805	32,153
Machinery and equipment	117,021	6,044	18,776	12,437
Vehicles	-	-	-	-
Transmission and distribution system	941,378	251,409	452,635	-
Construction in progress	60,125	7,417	11,280	2,422
Software	3,541	3,464	3,764	2,801
Easements	134	-	157	-
Leased land	-	-	-	-
Leased building	-	-	177	-
Leased equipment	184	-	-	-
IT subscriptions	1,117	363	194	132
Less: accumulated depreciation/amortization	<u>(430,417)</u>	<u>(108,573)</u>	<u>(259,892)</u>	<u>(38,311)</u>
Total noncurrent assets	<u>929,665</u>	<u>227,329</u>	<u>258,332</u>	<u>16,303</u>
Total assets	<u>1,175,206</u>	<u>305,733</u>	<u>347,379</u>	<u>91,880</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Loss on refunding of debt	5,950	2,105	-	-
Pensions	16,586	4,338	5,444	6,393
OPEB	1,646	539	685	1,119
Total deferred outflows of resources	<u>24,182</u>	<u>6,982</u>	<u>6,129</u>	<u>7,512</u>

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

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2024
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
<u>ASSETS</u>				
Current assets:				
Cash and investments held by City	\$ 35,654	\$ 23,103	\$ 475,913	\$ 141,139
Cash and investments held by fiscal agent	-	-	263	758
Receivables, net:				
Taxes	4,392	-	4,392	-
Accounts	2,286	868	64,262	4,599
Loans	-	-	51	-
Intergovernmental	-	-	4,713	-
Leases	-	518	739	-
Interest	211	113	2,583	587
Due from other funds	-	-	-	8,441
Inventories	-	-	2,289	-
Prepaid items	-	-	509	9,798
Intangible asset, current portion	-	8	8	-
Total current assets	42,543	24,610	555,722	165,322
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	3,745	-	74,634	-
Cash and investments held by fiscal agent	7,316	-	10,815	-
Advances to other funds	-	-	-	25,579
Leases receivable	-	7,280	9,301	-
Loans receivable	-	-	822	-
Intangible assets	-	88	88	-
Capital assets:				
Land	20,071	5,825	49,689	-
Buildings and improvements	113,190	64,596	448,612	7,454
Machinery and equipment	4,913	6,235	165,426	543
Vehicles	-	-	-	216,495
Transmission and distribution system	-	-	1,645,422	-
Construction in progress	371,781	6,165	459,190	503
Software	59	41	13,670	256
Easements	-	-	291	-
Leased land	-	1,978	1,978	-
Leased building	-	-	177	175
Leased equipment	-	-	184	-
IT subscriptions	228	767	2,801	165
Less: accumulated depreciation/amortization	(75,304)	(48,635)	(961,132)	(131,296)
Total noncurrent assets	445,999	44,340	1,921,968	119,874
Total assets	488,542	68,950	2,477,690	285,196
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Loss on refunding of debt	-	-	8,055	-
Pensions	3,254	3,068	39,083	4,723
OPEB	451	429	4,869	613
Total deferred outflows of resources	3,705	3,497	52,007	5,336

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

(continued)

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2024
(in thousands)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Storm Drainage Fund	Solid Waste Fund
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	3,905	14,526	3,859	1,614
Due to other funds	-	-	-	-
Accrued payroll	1,408	396	572	545
Accrued compensated absences	312	72	73	117
Interest payable	3,138	586	29	32
Liability for landfill postclosure	-	-	-	458
Deposits	1	-	-	-
Unearned revenue	1,646	-	1,009	-
Accrued claims and judgments	111	112	103	271
Lease liabilities	-	-	36	-
IT subscription liabilities	198	92	40	44
Revenue and other bonds payable, net	16,041	2,441	-	1,380
Notes payable	3,583	-	101	-
Total current liabilities	30,343	18,225	5,822	4,461
Noncurrent liabilities:				
Accrued compensated absences	3,931	1,313	1,866	1,610
Advances from other funds	-	-	-	-
Water fee credits	96	-	-	-
Wastewater fee credits	-	7,764	-	-
Net OPEB liability	10,964	4,101	4,612	15,284
Accrued claims and judgments	-	-	-	-
Liability for landfill postclosure	-	-	-	5,678
Lease liabilities	-	-	37	-
IT subscription liabilities	123	79	22	16
Revenue and other bonds payable, net	305,069	51,794	-	7,642
Notes payable	125,546	-	1,645	-
Net pension liability	53,779	16,656	33,310	22,887
Total noncurrent liabilities	499,508	81,707	41,492	53,117
Total liabilities	529,851	99,932	47,314	57,578
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Gain on refunding of debt	3,058	-	-	131
Pensions	988	242	649	1,027
OPEB	2,611	769	1,249	2,874
Leases	741	-	-	1,413
Total deferred inflows of resources	7,398	1,011	1,898	5,445
<u>NET POSITION</u>				
Net investment in capital assets	422,783	158,261	251,851	3,490
Restricted for:				
Capital projects	52,935	7,917	-	-
Other programs	-	33	35,843	2,238
Unrestricted	186,421	45,561	16,602	30,641
Total net position	\$ 662,139	\$ 211,772	\$ 304,296	\$ 36,369

(continued)

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

City of Sacramento
Proprietary Funds
Statement of Net Position
June 30, 2024
(in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Community Center Fund	Other Enterprise Funds	Total	
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	3,620	2,031	29,555	5,607
Due to other funds	250	-	250	-
Accrued payroll	239	317	3,477	406
Accrued compensated absences	49	31	654	107
Interest payable	1,235	34	5,054	1
Liability for landfill postclosure	-	-	458	-
Deposits	-	47	48	-
Unearned revenue	1,592	350	4,597	204
Accrued claims and judgments	14	11	622	36,693
Lease liabilities	-	114	150	22
IT subscription liabilities	52	50	476	55
Revenue and other bonds payable, net	8,194	1,301	29,357	-
Notes payable	-	-	3,684	-
Total current liabilities	15,245	4,286	78,382	43,095
Noncurrent liabilities:				
Accrued compensated absences	611	637	9,968	1,144
Advances from other funds	4,493	-	4,493	-
Water fee credits	-	-	96	-
Wastewater fee credits	-	-	7,764	-
Net OPEB liability	297	1,515	36,773	4,964
Accrued claims and judgments	-	-	-	105,824
Liability for landfill postclosure	-	-	5,678	-
Lease liabilities	-	1,537	1,574	83
IT subscription liabilities	97	619	956	-
Revenue and other bonds payable, net	330,903	7,266	702,674	-
Notes payable	-	-	127,191	-
Net pension liability	10,751	13,160	150,543	19,487
Total noncurrent liabilities	347,152	24,734	1,047,710	131,502
Total liabilities	362,397	29,020	1,126,092	174,597
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Gain on refunding of debt	-	121	3,310	-
Pensions	162	74	3,142	35
OPEB	55	388	7,946	1,065
Leases	-	6,951	9,105	-
Total deferred inflows of resources	217	7,534	23,503	1,100
<u>NET POSITION</u>				
Net investment in capital assets	110,088	25,949	972,422	92,545
Restricted for:				
Capital projects	-	-	60,852	-
Other programs	-	-	38,114	-
Unrestricted	19,545	9,944	308,714	22,290
Total net position	\$ 129,633	\$ 35,893	\$ 1,380,102	\$ 114,835

The notes to the basic 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, 2024
(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	\$ 132,825	\$ 44,226	\$ 60,633	\$ 92,869
Rents and concessions	54	-	-	205
Charge to other agencies for contract services	-	1,645	1,973	-
Miscellaneous	78	-	-	217
Total operating revenues	132,957	45,871	62,606	93,291
Operating expenses:				
Employee services	47,452	15,080	19,152	20,421
Services and supplies	32,651	19,901	21,353	49,885
Depreciation/amortization	30,822	5,408	11,072	1,264
Insurance premiums	-	-	-	-
Claims and judgments	205	37	99	248
Total operating expenses	111,130	40,426	51,676	71,818
Operating income (loss)	21,827	5,445	10,930	21,473
Nonoperating revenues (expenses):				
Interest and investment revenue	15,163	3,863	3,261	2,333
Transient occupancy taxes	-	-	-	-
Revenue from other agencies	2,668	-	134	1,679
Insurance and other claim recoveries	-	-	-	-
Interest expense	(12,902)	(1,582)	(67)	(218)
Amortization of bond prepaid insurance	(23)	-	-	-
Gain (loss) on disposition of capital assets	-	(447)	-	-
Gain on lease forgiveness	-	-	-	-
Total nonoperating revenues (expenses)	4,906	1,834	3,328	3,794
Income before capital contributions and transfers	26,733	7,279	14,258	25,267
Capital contributions	13,320	3,617	9,474	-
Transfers in	277	385	86	391
Transfers out	(14,776)	(4,817)	(8,852)	(10,256)
Changes in net position	25,554	6,464	14,966	15,402
Total net position, beginning of year	636,585	205,308	289,330	20,967
Total net position, end of year	\$ 662,139	\$ 211,772	\$ 304,296	\$ 36,369

The notes to the basic 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, 2024
(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	\$ 2,175	\$ 23,929	\$ 356,657	\$ 127,495
Rents and concessions	12,465	1,081	13,805	-
Charge to other agencies for contract services	-	-	3,618	-
Miscellaneous	-	111	406	92
Total operating revenues	14,640	25,121	374,486	127,587
Operating expenses:				
Employee services	8,279	9,648	120,032	14,406
Services and supplies	14,864	8,974	147,628	32,308
Depreciation/amortization	1,366	1,619	51,551	16,857
Insurance premiums	-	-	-	17,726
Claims and judgments	39	4	632	44,772
Total operating expenses	24,548	20,245	319,843	126,069
Operating income (loss)	(9,908)	4,876	54,643	1,518
Nonoperating revenues (expenses):				
Interest and investment revenue	2,370	620	27,610	7,670
Transient occupancy taxes	34,254	-	34,254	-
Revenue from other agencies	-	281	4,762	19
Insurance and other claim recoveries	-	-	-	1,287
Interest expense	(13,900)	(220)	(28,889)	(3)
Amortization of bond prepaid insurance	-	-	(23)	-
Gain (loss) on disposition of capital assets	-	-	(447)	486
Gain on lease forgiveness	-	23	23	-
Total nonoperating revenues (expenses)	22,724	704	37,290	9,459
Income before capital contributions and transfers	12,816	5,580	91,933	10,977
Capital contributions	-	-	26,411	-
Transfers in	2,689	5,300	9,128	10
Transfers out	(2,884)	(10,762)	(52,347)	(16,199)
Changes in net position	12,621	118	75,125	(5,212)
Total net position, beginning of year	117,012	35,775	1,304,977	120,047
Total net position, end of year	\$ 129,633	\$ 35,893	\$ 1,380,102	\$ 114,835

The notes to the basic 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, 2024

(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	\$ 133,103	\$ 45,459	\$ 61,343	\$ 91,683
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(34,732)	(19,873)	(21,511)	(48,139)
Payments to employees	(44,996)	(14,542)	(18,359)	(20,266)
Claims and judgments paid	(148)	(13)	(75)	(191)
Net cash provided by (used for) operating activities	53,227	11,031	21,398	23,087
Cash flows from noncapital financing activities:				
Transient occupancy taxes	-	-	-	-
Transfers in from other funds	278	385	86	391
Transfers out to other funds	(14,742)	(4,771)	(8,852)	(10,147)
Collections on interfund loans	-	-	-	-
Loans made to other funds	-	-	-	-
Interfund loan repayments	-	-	-	-
Intergovernmental revenue received	287	-	134	1,679
Interest payments on overbilling	(13)	-	(5)	-
Net cash provided by (used for) noncapital financing activities	(14,190)	(4,386)	(8,637)	(8,077)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(7,121)	(3,076)	(1,409)	(264)
Proceeds from sale of capital assets	-	-	-	-
Proceeds from issuance of debt	24,813	-	-	-
Principal payments on capital debt	(45,803)	(2,070)	(98)	(1,160)
Interest payments on capital debt	(14,173)	(1,795)	(62)	(408)
Initial direct costs to place lease asset into service	-	-	-	-
Principal payments on lease liabilities	-	-	(35)	-
Interest payments on lease liabilities	-	-	-	-
Principal payments on IT subscription liabilities	(497)	(117)	(66)	(40)
Interest payments on IT subscription liabilities	(5)	(1)	(1)	(1)
Transfers in from other funds	-	-	-	-
Transfers out to other funds	(35)	(46)	-	(109)
Capital contributions received	1,744	1,990	1	-
Receipts from leases	39	-	-	155
Collection of interest from leases	13	-	-	23
Loan repayments received	-	-	49	-
Cash reimbursement for fee credits	-	(2,322)	-	-
Net cash used for capital and related financing activities	(41,025)	(7,437)	(1,621)	(1,804)
Cash flows from investing activities:				
Collection of interest and investment revenue	15,000	3,832	3,180	2,227
Net increase (decrease) in cash and cash equivalents	13,012	3,040	14,320	15,433
Cash and cash equivalents, beginning of year	268,432	68,651	61,163	47,756
Cash and cash equivalents, end of year	\$ 281,444	\$ 71,691	\$ 75,483	\$ 63,189

The notes to the basic 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, 2024

(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	\$ 17,080	\$ 24,392	\$ 373,060	\$ -
Receipts from interfund services provided	-	-	-	209,269
Payments to suppliers	(16,138)	(9,500)	(149,893)	(131,237)
Payments to employees	(7,947)	(9,324)	(115,434)	(13,620)
Claims and judgments paid	(29)	(2)	(458)	(35,171)
Net cash provided by (used for) operating activities	(7,034)	5,566	107,275	29,241
Cash flows from noncapital financing activities:				
Transient occupancy taxes	33,429	-	33,429	-
Transfers in from other funds	-	5,300	6,440	10
Transfers out to other funds	(2,884)	(2,162)	(43,558)	(1,153)
Collections on interfund loans	-	-	-	4,649
Loans made to other funds	-	-	-	(23,191)
Interfund loan repayments	(250)	-	(250)	-
Intergovernmental revenue received	-	281	2,381	19
Interest payments on overbilling	-	-	(18)	-
Net cash provided by (used for) noncapital financing activities	30,295	3,419	(1,576)	(19,666)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(3,177)	(173)	(15,220)	(20,195)
Proceeds from sale of capital assets	-	765	765	941
Proceeds from issuance of debt	-	-	24,813	-
Principal payments on capital debt	(6,655)	(1,090)	(56,876)	-
Interest payments on capital debt	(15,055)	(387)	(31,880)	-
Initial direct costs to place lease asset into service	-	-	-	(24)
Principal payments on lease liabilities	-	(88)	(123)	(19)
Interest payments on lease liabilities	-	(5)	(5)	-
Principal payments on IT subscription liabilities	(53)	(48)	(821)	(54)
Interest payments on IT subscription liabilities	-	(9)	(17)	(3)
Transfers in from other funds	2,688	-	2,688	-
Transfers out to other funds	-	(8,600)	(8,790)	(46)
Capital contributions received	-	-	3,735	-
Receipts from leases	-	281	475	-
Collection of interest from leases	-	88	124	-
Loan repayments received	-	-	49	-
Cash reimbursement for fee credits	-	-	(2,322)	-
Net cash used for capital and related financing activities	(22,252)	(9,266)	(83,405)	(19,400)
Cash flows from investing activities:				
Collection of interest and investment revenue	2,332	497	27,068	7,599
Net increase (decrease) in cash and cash equivalents	3,341	216	49,362	(2,226)
Cash and cash equivalents, beginning of year	43,374	22,887	512,263	144,123
Cash and cash equivalents, end of year	\$ 46,715	\$ 23,103	\$ 561,625	\$ 141,897

The notes to the basic 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, 2024

(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	\$ 217,187	\$ 64,278	\$ 74,754	\$ 60,937
Cash and investments held by fiscal agent	263	-	-	-
Restricted cash and investments held by City	60,495	7,413	729	2,252
Restricted cash and investments held by fiscal agent	3,499	-	-	-
Total cash and cash equivalents, end of year	<u>\$ 281,444</u>	<u>\$ 71,691</u>	<u>\$ 75,483</u>	<u>\$ 63,189</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 21,827	\$ 5,445	\$ 10,930	\$ 21,473
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	30,256	5,079	10,738	1,080
Amortization of intangible assets	566	329	334	184
Nonoperating claims and judgments	-	-	-	-
Changes in assets, liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	155	(412)	(1,665)	(1,445)
Intergovernmental receivables	-	-	(190)	-
Inventories	(593)	(28)	5	-
Prepaid items	(330)	-	3	-
Accounts payable	(1,158)	56	(166)	(650)
Accrued payroll	180	40	95	34
Accrued compensated absences	294	170	171	76
Accrued claims and judgments	57	24	24	57
Liability for landfill closure	-	-	-	2,396
Deposits	(4)	-	-	-
Unearned revenue	49	-	592	-
Water fee credits	-	-	-	-
Net pension liability and related deferred outflows/inflows of resources	3,311	766	1,103	985
Net OPEB liability and related deferred outflows/inflows of resources	(1,329)	(438)	(576)	(940)
Deferred inflows related to leases	(54)	-	-	(163)
Net cash provided by (used for) operating activities	<u>\$ 53,227</u>	<u>\$ 11,031</u>	<u>\$ 21,398</u>	<u>\$ 23,087</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ 11,351	\$ 1,298	\$ 9,473	\$ -
Amortization of bond premium and discount	1,820	304	-	161
Amortization of bond loss on refunding	(1,091)	(116)	-	-
Amortization of bond gain on refunding	97	-	-	26
Amortization of bond prepaid insurance	(23)	-	-	-
Decrease in prepaid items for capital assets	-	-	-	-
Capital asset acquisitions on accounts payable	1,569	1,419	3,049	253
Loss on disposition of capital assets	-	447	-	-
Fee credit reimbursement accounts payable	-	686	-	-
Cancellation of capital debt with bond tender	(3,157)	-	-	-
Forgiven lease liability	-	-	-	-
Forgiven IT subscription liability	12	8	8	-

(continued)

The notes to the basic 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, 2024
(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	\$ 35,654	\$ 23,103	\$ 475,913	\$ 141,139
Cash and investments held by fiscal agent	-	-	263	758
Restricted cash and investments held by City	3,745	-	74,634	-
Restricted cash and investments held by fiscal agent	7,316	-	10,815	-
Total cash and cash equivalents, end of year	<u>\$ 46,715</u>	<u>\$ 23,103</u>	<u>\$ 561,625</u>	<u>\$ 141,897</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (9,908)	\$ 4,876	\$ 54,643	\$ 1,518
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	1,366	1,611	50,130	16,840
Amortization of intangible assets	-	8	1,421	17
Nonoperating claims and judgments	-	-	-	1,929
Changes in assets, liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	2,105	(101)	(1,363)	1
Intergovernmental receivables	-	-	(190)	-
Inventories	-	-	(616)	-
Prepaid items	8	20	(299)	1
Accounts payable	(1,282)	(546)	(3,746)	476
Accrued payroll	57	24	430	59
Accrued compensated absences	119	(144)	686	41
Accrued claims and judgments	10	2	174	7,672
Liability for landfill closure	-	-	2,396	-
Deposits	-	(25)	(29)	-
Unearned revenue	335	(86)	890	1
Water fee credits	-	-	-	-
Net pension liability and related deferred outflows/inflows of resources	533	793	7,491	1,194
Net OPEB liability and related deferred outflows/inflows of resources	(377)	(349)	(4,009)	(508)
Deferred inflows related to leases	-	(517)	(734)	-
Net cash provided by (used for) operating activities	<u>\$ (7,034)</u>	<u>\$ 5,566</u>	<u>\$ 107,275</u>	<u>\$ 29,241</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ -	\$ -	\$ 22,122	\$ -
Amortization of bond premium and discount	1,259	151	3,695	-
Amortization of bond loss on refunding	-	-	(1,207)	-
Amortization of bond gain on refunding	-	25	148	-
Amortization of bond prepaid insurance	-	-	(23)	-
Decrease in prepaid items for capital assets	-	-	-	1,250
Capital asset acquisitions on accounts payable	12	15	6,317	1,590
Loss on disposition of capital assets	-	-	447	-
Fee credit reimbursement accounts payable	-	-	686	-
Cancellation of capital debt with bond tender	-	-	(3,157)	-
Forgiven lease liability	-	23	23	-
Forgiven IT subscription liability	-	-	28	-

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

City of Sacramento
Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2024
(in thousands)

	Pension Trust Fund	Private-Purpose Trust Fund	Investment Pool Custodial Fund	Other Custodial Funds
<u>ASSETS</u>				
Cash and investments held by City	\$ 2,547	\$ 11,503	\$ 127,027	\$ 161,421
Cash and investments held by fiscal agent	-	21,127	-	3,901
Prepaid items	-	112	-	-
Receivables, net:				
Interest and dividends	1,070	-	481	517
Special assessments	-	-	-	482
Investments, at fair value:				
Corporate bonds/notes	58,326	-	-	-
Equities	16,714	-	-	-
Exchange traded funds	140,595	-	-	-
Investment Trust of California (CalTRUST)	1,644	-	-	-
Money market mutual funds	4,882	-	-	-
Municipal bonds/notes	22,999	-	-	-
U.S. agencies	2,759	-	-	-
U.S. Treasury bonds	4,153	-	-	-
Restricted assets:				
Cash and investments held by City	-	-	-	3,074
Cash and investments held by fiscal agent	-	-	-	18,764
Loans receivable	-	3,158	-	-
Capital assets:				
Land	-	3,343	-	-
Buildings and improvements	-	102	-	-
Less: accumulated depreciation	-	(39)	-	-
Total assets	255,689	39,306	127,508	188,159
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Loss on refunding of debt	-	743	-	-
<u>LIABILITIES</u>				
Accounts payable	6	4	-	9
Benefits payable	2,186	-	-	-
Due to bondholders	-	-	-	41,275
Interest payable	-	211	-	-
Contracts payable	-	19,008	-	-
Bonds payable	-	27,724	-	-
Notes payable	-	140,133	-	-
Total liabilities	2,192	187,080	-	41,284
<u>NET POSITION</u>				
Held in trust for:				
Restricted for pensions	253,497	-	-	-
Redevelopment dissolution	-	(147,031)	-	-
Held for external pool participants	-	-	127,508	146,875
Total net position (deficit)	\$ 253,497	\$ (147,031)	\$ 127,508	\$ 146,875

The notes to the basic 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, 2024

(in thousands)

	Pension Trust Fund	Private-Purpose Trust Fund	Investment Pool Custodial Fund	Other Custodial Funds
Additions:				
Deposits	\$ -	\$ -	\$ 103,899	\$ 2,061
Property taxes	-	27,742	-	-
Special assessments	-	-	-	18,373
Capital contributions	-	-	-	27,113
Other income	-	2	-	-
Contributions:				
Employer	1,399	-	-	-
Employees	1	-	-	-
Investment income:				
From investment activities:				
Net appreciation in fair value of investments	23,338	-	2,424	3,037
Interest	3,650	1,300	3,322	6,354
Dividends	3,147	-	-	-
Total investment income	30,135	1,300	5,746	9,391
Investment expenses:				
Banking, interest, and fiscal agent expenses	36	-	231	-
Professional services	990	-	-	-
Total investment expenses	1,026	-	231	-
Net income from investment activities	29,109	1,300	5,515	9,391
Total additions	30,509	29,044	109,414	56,938
Deductions:				
Benefit payments	26,933	-	-	-
Refunds of employee contributions	45	-	-	-
Withdrawals	-	-	111,044	39
Interest expense	-	8,459	-	-
Other enforceable obligation payments	-	5,718	-	-
Loan forgiveness	-	382	-	-
Paid to bondholders	-	-	-	46,459
Administrative expenses	-	-	-	1,160
Loss on disposal of capital asset	-	3	-	-
Depreciation expense	-	3	-	-
Total deductions	26,978	14,565	111,044	47,658
Changes in net position	3,531	14,479	(1,630)	9,280
Net position (deficit), beginning of year	249,966	(161,510)	129,138	137,595
Net position (deficit), end of year	\$ 253,497	\$ (147,031)	\$ 127,508	\$ 146,875

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

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Notes to the Basic Financial Statements

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

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.

Blended Component Units

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 of 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 Housing Authority of the City of Sacramento (Housing Authority) to facilitate the financing and refinancing of public capital facilities. The debt of the SPFA is backed by the City's General Fund. The SPFA is governed by the City Council.

Fiduciary Component Unit

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 SCERS 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 SCERS 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. Stand-alone financial statements may be obtained at <https://www.cityofsacramento.gov/Finance/Accounting/Reporting>.

ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

Governmental Accounting Standards Implemented During the Fiscal Year Ended June 30, 2024

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The provisions of paragraphs 4 through 10 of Statement 99 are effective for fiscal years beginning after June 15, 2023. The applicable provisions of paragraphs 4 through 10 were implemented July 1, 2023, and did not have a material impact to the financial statements.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The provisions in Statement 100 are effective for fiscal years beginning after June 15, 2023. The applicable provisions were implemented July 1, 2023. The change in accounting estimate is disclosed in the Landfill Postclosure Care Cost section of Note 13.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upcoming Governmental Accounting Standards Implementation

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. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions in Statement 101 are effective for fiscal years beginning after December 15, 2023. The City has not determined the effect of implementing this statement.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The provisions in Statement 102 are effective for fiscal years beginning after June 15, 2024. The City has not determined the effect of implementing this statement.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The provisions in Statement 103 are effective for fiscal years beginning after June 15, 2025. The City has not determined the effect of implementing this statement.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The provisions in Statement 104 are effective for fiscal years beginning after June 15, 2025. The City has not determined the effect of implementing 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 the non-fiduciary 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 significantly 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. At the government-wide level, citywide and community support expenses/expenditures within the General Fund are allocated to City departments. Utilities expenditures within the General Fund are allocated to public works. 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.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 user taxes, intergovernmental revenue, special assessments, charges for services, and investment income 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 City.

The City reports the following major governmental funds:

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

The Measure U Fund was established to account for the temporary half-cent sales tax approved by voters on November 6, 2012. On November 6, 2018, Sacramento voters approved a new version of the City's Measure U sales and use tax eliminating the sunset provision and raising it from half-cent to one cent. The one cent sales and use tax was effective April 1, 2019.

The 2015 Golden 1 Center Lease Revenue Bond Fund accounts for debt service activities related to financing a portion of construction costs of a multi-purpose entertainment and sports complex located in the downtown area of Sacramento.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

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.

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.

Custodial Funds account for assets held by the City as a custodian for individuals, private organizations, and other governments. The City's Custodial Funds include assets held by the City for bonded assessment and community facilities districts and Investment Trust Funds. 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.

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 and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Permanent funds, commonly referred to as endowment funds, are governmental funds used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs. The City has received endowments for various programs, a list of which can be found in the Permanent Funds section of the Combining and Individual Fund Financial Statements and Schedules. The investments of donor-restricted endowments have \$6,663 of net appreciation that is available for authorization for expenditures by the governing board. The corpus of permanent funds is reported as Nonspendable Fund Balance and investment earnings available for expenditure are reported as Restricted Fund Balance in the fund level financial statements, and as Restricted for Nonexpendable Trust and Endowments in the statement of net position. Funds are spent in accordance with legal trust agreements and the City budget, subject to State law governing the spending of endowment fund investment earnings in California Probate Code Section 18504.

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, and for certain activities within the City/County Office of Metropolitan Water Planning (CCOMWP) Fund, Transportation and Development Fund, the Culture and Leisure Fund, 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 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 department budgets during the year for transactions up to \$250 without City Council approval. All other appropriation adjustments during the year require City Council approval. 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 Statements Elements

Fair Value Measurement – The City categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset or liability's fair value: Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statements Elements (Continued)

Property Taxes - Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost-of-living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transactions taxes on real property. Local 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 allows 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 the County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is included in property tax revenue. Under the Teeter Plan code, 5% of the delinquency must remain with the County as a reserve for Teeter Plan funding.

Receivables and Payables – Property taxes, sales taxes, 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 because the amounts will not be received within 60 days after fiscal year-end. 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 cost and consist of expendable materials and supplies. Inventories are expensed when consumed using the first-in, first-out (FIFO) method.

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

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statements Elements (Continued)

Restricted Assets - Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statements of net position and balance sheets because their use is limited by applicable bond covenants. Unspent developer impact 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, as well as the proprietary funds and fiduciary funds financial statements. Capital assets are recorded at the lower of actual historical cost or acquisition 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 system	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
Streetlight network	Primarily 40 to 50 years
Park and park improvements	Primarily 15 to 30 years

It is the policy of the City to capitalize all land, buildings and improvements, equipment, and infrastructure assets, except assets costing less than \$20, unless a federal funding source is utilized. All capital assets in excess of \$5 financed by a federal funding source are capitalized. 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. 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.

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.

The intangible right-to-use lease and IT subscription assets are also reported as capital assets. Refer to the Lease and IT subscription section of Note 1 for further information.

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 assets that applies to future periods and will not be recognized as an expense/expenditure until then. The City has three items, deferred outflows related to loss on refunding of debt, pensions, and OPEB, which qualify 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 assets that applies to future periods and will not be recognized as revenue until then. The City has five items recognized in the statement of net position: deferred inflows related to gain on refunding of debt, service concession arrangement revenue, pensions, OPEB, and leases. In addition, there is one item recognized in the governmental funds, unavailable revenue, which qualifies for reporting in this category.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statements Elements (Continued)

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

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

Unearned Revenue - Unearned revenue in accrual-based statements arises when resources are received by the City before it has a legal claim to them (e.g., when grant monies are received prior to incurring qualified expenditures).

Long-term Obligations - In the government-wide and proprietary and fiduciary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses on debt refunding are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt using the straight-line method. Bonds payable are reported net of bond premium or discount. Bond issuance costs, except prepaid bond insurance which is deferred and amortized, are reported as expenditures/expenses 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.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statements Elements (Continued)

Fund Balance - In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Amounts that are restricted to specific purposes, either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation, are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through a resolution, 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 and residual fund balance in the General Fund, after determining the fund balance classifications described above, is reported as unassigned fund balance. The General Fund is the only fund that can report a positive unassigned fund balance amount.

The City's Economic Uncertainty Reserve (Reserve) is a stabilization arrangement in the General Fund and Measure U Fund reported as committed fund balance. The adopted Reserve goal is to achieve a reserve equal to 10% of annual General Fund and Measure U revenues and a target reserve equal to two months of regular ongoing General Fund and Measure U expenditures, including transfers. 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 GAAP 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 City Employees' Retirement System (SCERS) Plans and additions to/deductions from the Plans' 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.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statements Elements (Continued)

Other Postemployment Benefits (OPEB) - For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's CalPERS Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Leases, City as a Lessee, and IT Software Subscriptions - The City is a lessee in various noncancellable leases of land, buildings, and equipment. The City also has noncancellable subscription arrangements for the right-to-use information technology software (IT subscriptions). For leases and IT subscriptions with a maximum possible term of 12 months or less at commencement, the City recognizes expenses/expenditures based on the provisions of the agreements. For all other leases and IT subscriptions, the City recognizes a lease or IT subscription liability and an intangible right-to-use lease or IT subscription asset in the statement of net position.

At lease or IT subscription commencement, the City measures the lease or IT subscription liability at the present value of fixed payments expected to be made during the lease or subscription term. Subsequently, lease and IT subscription liabilities are reduced by the principal portion of payments made. The lease or IT subscription asset is initially measured at the initial amount of the lease or IT subscription liability, plus any initial direct costs ancillary to placing the underlying asset into service and payments made at or before the lease or IT subscription commencement date, less any incentives received. Subsequently, lease and IT subscription assets are amortized into depreciation and amortization expense on a straight-line basis over the shorter of the lease or subscription term or the useful life of the underlying asset. If the City is reasonably certain of exercising a purchase option contained in a lease or IT subscription agreement, the lease or IT subscription asset will be amortized over the useful life of the underlying asset. It is the policy of the City to capitalize all leased land, buildings, and equipment, except those with less than \$20 of fixed payments expected to be made during the lease term, unless a federal funding source is utilized. The City also capitalizes all IT subscription assets, except those with less than \$100 of fixed payments expected to be made during the IT subscription term, unless a federal funding source is utilized. All lease and IT subscription assets in excess of \$5 financed by a federal funding source are capitalized. These same thresholds are used in the recognition of lease and IT subscription liabilities.

Leases, City as a Lessor - The City is a lessor in various noncancellable leases of land, buildings, and equipment. For leases with a maximum possible term of 12 months or less at commencement, the City recognizes revenues based on the provisions of the lease agreement. For all other leases, the City recognizes a lease receivable and a deferred inflow of resources related to leases in the statement of net position and governmental fund balance sheet.

At lease commencement, the City measures the lease receivable at the present value of fixed payments expected to be received during the lease term. Subsequently, lease receivables are reduced by the principal portion of lease payments received. The deferred inflow of resources related to leases is initially measured at the initial amount of the lease receivable. Subsequently, the deferred inflow of resources related to leases is amortized into lease revenue on a straight-line basis over the term of the agreement. It is the policy of the City to recognize lease receivables and deferred inflow of resources related to leases for all leased out land, buildings, and equipment, except leases with less than \$20 of fixed payments expected to be received during the lease term.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statements Elements (Continued)

Other Lease and IT Software Subscription Considerations - Key estimates and judgments include the City's determination of the discount rate used to calculate the present value of the lease or IT subscription, lease or IT subscription terms, lease or IT subscription payments, and lease receipts. The City generally uses its estimated incremental borrowing rate as the discount rate for leases and IT subscriptions unless the rate charged is explicitly stated or known. The City's incremental borrowing rate for leases and IT subscriptions is based on the estimate of interest rates that the City would be charged for borrowing lease and IT subscription amounts during the term of the agreement. The City uses an incremental borrowing rate of between 0.316% and 3.16%. The agreement term includes noncancellable periods of lease and IT subscription arrangements, plus any additional periods covered by an option to extend for which it is reasonably certain to be exercised or an option to terminate for which it is reasonably certain to not be exercised. Periods in which both parties to the agreement have a unilateral option to terminate (or if both parties must agree to extend) are excluded from the lease and IT subscription term. Receipts and payments are evaluated by the City to determine if they should be included in the measurement of lease receivables and lease or IT subscription liabilities, including receipts and payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, termination penalties, and other receipts and payments.

The City monitors changes in circumstances that may require remeasurement of lease and IT subscription agreements. When certain changes occur that are expected to significantly affect the value of the lease or IT subscription, the amounts are remeasured and adjusted.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2024:

	Government-wide Statement of Net Position	Fiduciary Funds Statement of Fiduciary Net Position	Total
Cash and investments	\$ 1,460,691	\$ 579,598	\$ 2,040,289
Restricted cash and investments	120,311	21,838	142,149
Total	<u>\$ 1,581,002</u>	<u>\$ 601,436</u>	<u>\$ 2,182,438</u>

Under the authority of the Sacramento City Charter, the Sacramento City Council, by Resolution 2024-0021, 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 June 25, 2024. 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 SCERS Board pursuant to an investment policy adopted by the SCERS Board and approved by the City Council by Resolution 2024-0229. Investment standards adopted by the SCERS Board were last approved by the City Council on June 25, 2024. The investment policy allows the SCERS Board to invest in fixed income and equity securities deemed prudent. Pursuant to the investment policy, the SCERS Board annually allocates the funds to different investment groups. For fiscal year 2024, the asset allocations consisted of the following: 35% Fixed Income/Real Estate securities, 30% Large Cap Growth stocks, 30% Equity Income stocks and 5% 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.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

The table below identifies the investment types that are authorized for public funds of the City by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating
Local agency bonds	5 years*	None	None	None
U.S. Treasury obligations	5 years*	None	None	None
U.S. agency securities	5 years*	None	None	None
Supranational securities	5 years	30%	None	AA
Bankers' acceptances	180 days	40%	30%	None
Commercial paper	270 days	25%	10%	A1/P1
Negotiable certificates of deposit	5 years	30%	None	None
Repurchase agreements	1 year	None	None	None
Reverse repurchase and securities lending agreements	92 days	20% of base value of portfolio	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
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 the investments held by the SCERS pension trust fund. The SCERS Board was established by the City Charter to maintain and manage investments of this system, including but not limited to the adoption of investment standards and the administration and investment of the funds. The statutory authority for the SCERS Board is created in Sacramento City Charter Section 383. Allowable investments are governed by the SCERS investment policy and are different than those prescribed by the City's investment policy.

The table above also does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City or other trust funds.

The table above also does not address investments of equities held by permanent funds that are governed by the provisions of the trust agreements.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

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 its fair value is 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 and SCERS 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 and SCERS' investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following tables that show the distribution of the investments by maturity. The remaining maturity of the City's and SCERS' investments included in the tables below are based on the stated maturity dates of the individual investments, except in the case of variable rate investments where the maturity date 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.

The City's cash and investments by maturities as of June 30, 2024 are as follows:

Cash and Investment Type	No Maturity	Remaining Maturity in Years			Total
		Under 1	1-5	Over 5	
Bank deposits	\$ 73,164	\$ -	\$ -	\$ -	\$ 73,164
Commercial paper	-	293,808	-	-	293,808
Corporate bonds/notes	-	235,711	323,126	210	559,047
Equities	5,323	-	-	-	5,323
Exchange traded funds	2,210	-	-	-	2,210
Investment Trust of California (CalTRUST)	-	117,812	60,694	-	178,506
Local Agency Investment Fund (LAIF)	-	361	-	-	361
Municipal bonds/notes	-	55,973	33,328	-	89,301
Money market mutual funds	-	54,933	-	-	54,933
Negotiable certificates of deposit	-	5,419	28,757	-	34,176
Supranational securities	-	-	20,280	-	20,280
U.S. agency securities	-	108,050	472,453	-	580,503
U.S. Treasury bills	-	17,579	-	-	17,579
U.S. Treasury notes	-	-	18,628	-	18,628
Total Cash and Investments	\$ 80,697	\$ 889,646	\$ 957,266	\$ 210	\$ 1,927,819

The \$210 of corporate bonds/notes with remaining maturities longer than five years are held by other trust funds. The \$5,323 of equities and \$2,210 of exchange traded funds are also held by other trust funds. Allowable investments of these other trust funds are not governed by the City's investment policy. Investment discretion is given to the City Treasurer and funds are invested to meet objectives based on the agreements in place for these other trust funds.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk (Continued)

SCERS' cash and investments by maturities as of June 30, 2024 are as follows:

Cash and Investment Type	No Maturity	Remaining Maturity in Years			Total
		Under 1	1-5	Over 5	
City of Sacramento Investment Pool	\$ -	\$ 2,547	\$ -	\$ -	\$ 2,547
Corporate bonds/notes	-	2,459	16,601	39,266	58,326
Equities	16,714	-	-	-	16,714
Exchange traded funds	140,595	-	-	-	140,595
Investment Trust of California (CalTRUST)	1,644	-	-	-	1,644
Money market mutual funds	4,882	-	-	-	4,882
Municipal bonds/notes	-	-	7,067	15,932	22,999
U.S. agency securities	-	-	753	2,006	2,759
U.S. Treasury bonds	-	2,784	-	1,369	4,153
Total Cash and Investments	\$ 163,835	\$ 7,790	\$ 24,421	\$ 58,573	\$ 254,619

Investments in callable securities are investments that, although having clearly defined maturities, allow for the issuer to redeem or call such securities earlier than their respective maturity dates. The investor must then replace the called securities with investments that may have lower yields than the original securities. The fair values of the callable securities held by the City and SCERS at June 30, 2024, by investment type, are as follows:

Investment Type	City	SCERS
Corporate bonds/notes	\$ 116,563	\$ 8,191
Municipal bonds/notes	8,267	3,211
Negotiable certificates of deposit	15,353	-
Supranational securities	5,674	-
U.S. agency securities	542,033	1,110
	\$ 687,890	\$ 12,512

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy limits credit risk by requiring compliance with the California Government Code for the purchase of investments with public funds, as described in detail above. Obligations of the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The S & P Global Ratings (S & P) credit ratings of the City and SCERS investments subject to credit risk as of June 30, 2024 are as follows:

Investment Type	S & P	City	SCERS
City of Sacramento Investment Pool	not rated	\$ -	\$ 2,547
Commercial paper	A	293,808	-
Corporate bonds/notes	A	448,854	19,774
	AA	92,964	2,892
	AAA	3,798	-
	BBB	4,610	35,659
	not rated	8,821	1
Investment Trust of California (CalTRUST)	not rated	178,506	1,644
Local Agency Investment Fund (LAIF)	not rated	361	-
Municipal bonds/notes	A	730	3,297
	AA	63,575	12,799
	AAA	12,470	498
	not rated	12,526	6,405
Money market mutual funds	AAA	54,933	4,882
Negotiable certificates of deposit	A	5,132	-
	BB	29,044	-
Supranational securities	AAA	20,280	-
U.S. agency securities	AA	569,806	2,522
	not rated	10,697	-
	Total	\$ 1,810,915	\$ 92,920

As of June 30, 2024, the City held corporate bonds/notes of \$4,154 issued by the 3M Company that are rated BBB. These investments were purchased at an initial rating of AA but were subsequently downgraded. The City's investment policy allows for holding assets purchased at the minimum rating that were subsequently downgraded. The other \$456 in notes rated BBB are held by other trust funds.

As of June 30, 2024, the City held notes issued by the Private Export Funding Corporation that are not rated by S & P but are rated Aa1 by Moody's Ratings. The notes have a fair value of \$8,821 as of June 30, 2024.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

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. As of June 30, 2024, the City and SCERS did not hold investments in an individual issuer exceeding 5% of total investments (other than U.S. Treasury securities, mutual funds, and external investment pools). In addition, SCERS did not hold investments in an individual issuer exceeding 5% of net position.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City or SCERS 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 Deposit Insurance Corporation (FDIC). The City's investment policy has no additional provisions for limiting custodial credit risk for deposits. All SCERS cash and cash equivalents are held with the City of Sacramento Investment Pool and SCERS is not exposed to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City or SCERS 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 City investments are insured, registered or held by the Treasurer's custodial agent in the City's name. All SCERS investments registered or held with the custodial agent are in SCERS' name.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Fair Value Measurement and Application

The City and SCERS categorize fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City and SCERS have the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's and SCERS' own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's and SCERS' own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used, need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by management. City and SCERS management consider observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City and SCERS management's perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The money market mutual funds held by the City pool and outside the City pool are at \$1 net asset value per share. The total net asset value of these at June 30, 2024 was \$17,363 and \$37,570, respectively, with \$0 unfunded commitments. At June 30, 2024 SCERS held money market mutual funds with a net asset value of \$4,882, with \$0 unfunded commitments. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short-term U.S. Treasury and government agency securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities).

Deposits and withdrawals in governmental investment pools, such as LAIF and CalTRUST for the City and the City of Sacramento Investment Pool for SCERS, are made on the basis of \$1 and not fair value. Accordingly, the City's measured fair value of its proportionate share in these types of investments is based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 inputs.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Fair Value Measurement and Application (Continued)

The City's treasury pools' asset market prices are derived from closing bid prices as of the end of business day as supplied by ICE Data Services, Inc. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated fair value. Prices that fall between data points are interpolated. Nonnegotiable FDIC-insured bank certificates of deposit are priced at par.

The following is a description of the valuation methods and assumptions used by the City and SCERS to estimate the fair value of its investments:

- When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.
- For investments classified within Level 2 of the fair value hierarchy, the City's and SCERS' custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

There have been no changes in the methods and assumptions used at June 30, 2024. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City and SCERS management believe its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Fair Value Measurement and Application (Continued)

The City has the following recurring fair value measurements as of June 30, 2024:

	Balance at June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Commercial paper	\$ 293,808	\$ -	\$ 293,808	\$ -
Corporate bonds/notes	531,303	-	531,303	-
Equities	5,323	5,323	-	-
Exchange traded funds	2,210	2,210	-	-
Municipal bonds/notes	89,301	-	89,301	-
Negotiable certificates of deposit	20,306	-	20,306	-
Supranational securities	20,280	-	20,280	-
U.S. agency securities	579,635	-	579,635	-
U.S. Treasury bills	17,579	17,579	-	-
U.S. Treasury notes	18,628	18,628	-	-
Total Investments by Fair Value Level	<u>1,578,373</u>	<u>\$ 43,740</u>	<u>\$ 1,534,633</u>	<u>\$ -</u>
Investments Measured at Net Asset Value				
Money market mutual funds	<u>17,363</u>			
Investments Uncategorized				
Investment Trust of California (CalTRUST)	178,506			
Local Agency Investment Fund (LAIF)	<u>361</u>			
Total Investments Uncategorized	<u>178,867</u>			
Total Investments Held by City	<u>1,774,603</u>			
Investments Held by Fiscal Agent by Fair Value Level				
Corporate bonds/notes	27,744	\$ -	\$ 27,744	\$ -
Negotiable certificates of deposit	13,870	-	13,870	-
U.S. agency securities	<u>868</u>	<u>-</u>	<u>868</u>	<u>-</u>
Total Investments Held by Fiscal Agent by Fair Value Level	<u>42,482</u>	<u>\$ -</u>	<u>\$ 42,482</u>	<u>\$ -</u>
Investments Held by Fiscal Agent Measured at Net Asset Value				
Money market mutual funds	<u>37,570</u>			
Total Investments Held by Fiscal Agent	<u>80,052</u>			
Total Investments	1,854,655			
Total Bank Deposits	<u>73,164</u>			
Total Cash and Investments	<u>\$ 1,927,819</u>			

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Fair Value Measurement and Application (Continued)

SCERS has the following recurring fair value measurements as of June 30, 2024:

	Balance at June 30, 2024	Fair Value Measurements on a Recurring Basis Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Corporate bonds/notes	\$ 58,326	\$ -	\$ 58,326	\$ -
Equities	16,714	16,714	-	-
Exchange traded funds	140,595	140,595	-	-
Municipal bonds/notes	22,999	-	22,999	-
U.S. agency securities	2,759	-	2,759	-
U.S. Treasury bonds	4,153	4,153	-	-
Total Investments by Fair Value Level	245,546	\$ 161,462	\$ 84,084	\$ -
Investments Measured at Net Asset Value				
Money market mutual funds	4,882			
Investments at Fair Value not Subject to Fair Value Hierarchy				
City of Sacramento Investment Pool	2,547			
Investment Trust of California (CalTrust)	1,644			
Total Cash and Investments	\$ 254,619			

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 7.51% of pool participation. The City Sponsored Investment Pool excludes activities of the pension trust fund, the Sacramento Housing and Redevelopment Agency (SHRA), and funds held by fiscal agents.

The City Treasurer also manages external individual investment accounts for SHRA and the Sacramento Public Library Authority Hurst Trust.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

City Sponsored Investment Pool (Continued)

The following represents a condensed statement of net position and changes in net position for the City Sponsored Investment Pool and external individual investment accounts as of June 30, 2024:

	Fair Value	Adjusted Cost	Interest Rates	Maturity Dates
Commercial paper	\$ 293,808	\$ 294,031	2.19-5.32%	07/24-02/25
Corporate bonds/notes	529,352	552,102	0.55-5.55%	08/24-12/28
Deposits	72,055	72,055	2.97-5.00%	N/A
Investment Trust of California (CalTRUST)	178,506	178,506	4.26-5.40%	N/A
Local Agency Investment Fund (LAIF)	361	361	4.48%	N/A
Municipal bonds/notes	89,301	91,871	0.55-5.62%	07/24-06/27
Money market mutual funds	17,363	17,363	0.01-4.93%	N/A
Negotiable certificates of deposit	20,306	21,500	0.60-3.00%	08/24-06/26
Supranational securities	20,280	21,490	0.37-2.25%	07/25-11/26
U.S. agency securities	579,635	605,750	0.45-5.87%	07/24-5/29
U.S. Treasury bills/notes	36,207	37,541	0.37-4.66%	11/24-02/26
Total cash and investments in City sponsored investment pool and external individual investment accounts	<u>\$ 1,837,174</u>	<u>\$ 1,892,570</u>		

A summary of cash and investments as of June 30, 2024 is as follows:

	City Sponsored Investment Pool	External Individual Investment Accounts	Total
Statement of Net Position:			
Cash and investments at fair value	\$ 1,690,780	\$ 146,394	\$ 1,837,174
Interest receivables	6,199	481	6,680
Net position	<u>\$ 1,696,979</u>	<u>\$ 146,875</u>	<u>\$ 1,843,854</u>
Equity of internal pool participants	\$ 1,569,471	\$ -	\$ 1,569,471
Equity of external pool participants	127,508	146,875	274,383
Total equity	<u>\$ 1,696,979</u>	<u>\$ 146,875</u>	<u>\$ 1,843,854</u>
Statement of Changes in Net Position:			
Net position at July 1, 2023	\$ 1,625,016	\$ 137,595	\$ 1,762,611
Net change in investments by pool participants	71,963	9,280	81,243
Net position at June 30, 2024	<u>\$ 1,696,979</u>	<u>\$ 146,875</u>	<u>\$ 1,843,854</u>

City of Sacramento

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

(dollar amounts expressed in thousands)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Participation in External Investment Pools

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute. The balance available for withdrawal is based on the accounting records maintained by the LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the City's position in the LAIF pool. As of June 30, 2024, the City's investment in LAIF is \$361. The total amount invested by all public agencies in LAIF at that date is \$21,974,160. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2024 had a balance of \$178,255,133. Of that amount, 97% is invested in non-derivative financial products, and 3% is invested in derivative financial products.

The City is also a voluntary participant in the Investment Trust of California (CalTRUST), which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the Investment Manager and other agents. As of June 30, 2024, the City's investment in CalTRUST is \$178,506, of which \$42,861 was invested in the Liquidity funds pool, \$74,951 in the Short-term pool, and \$60,694 in the Medium-term pool. Amounts that may be withdrawn from CalTRUST are based upon the fund's assets valued using the amortized cost method. Amounts that may be withdrawn from the Short-term and Medium-term pools are based on the net asset value per share and the number of shares held by participants in each pool.

City of Sacramento
Notes to the Basic Financial Statements
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(dollar amounts expressed in thousands)

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2024, were as follows:

	Taxes	Accounts	Loans	Inter- govern- mental	Leases	Interest	Total
Governmental activities							
General Fund	\$ 33,123	\$ 27,592	\$ 1,236	\$ 5,239	\$ 25,837	\$ 1,629	\$ 94,656
Measure U Fund	23,037	120	-	-	-	312	23,469
2015 Golden 1 Center Lease Revenue Bond Fund	-	2,088	133,345	-	-	31	135,464
Other governmental funds	7,957	22,851	31,614	81,275	3,805	1,843	149,345
Internal service funds	-	4,599	-	-	-	587	5,186
	<u>\$ 64,117</u>	<u>\$ 57,250</u>	<u>\$ 166,195</u>	<u>\$ 86,514</u>	<u>\$ 29,642</u>	<u>\$ 4,402</u>	<u>\$ 408,120</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,729</u>	<u>\$ 10,496</u>	<u>\$ 26,822</u>	<u>\$ -</u>	<u>\$ 195,047</u>
Business-type activities							
Water Fund	\$ -	\$ 21,403	\$ -	\$ 3,018	\$ 801	\$ 1,300	\$ 26,522
Wastewater Fund	-	13,213	-	491	-	324	14,028
Storm Drainage Fund	-	12,300	873	1,204	-	344	14,721
Solid Waste Fund	-	14,192	-	-	1,441	291	15,924
Community Center Fund	4,392	2,286	-	-	-	211	6,889
Other enterprise funds	-	868	-	-	7,798	113	8,779
	<u>\$ 4,392</u>	<u>\$ 64,262</u>	<u>\$ 873</u>	<u>\$ 4,713</u>	<u>\$ 10,040</u>	<u>\$ 2,583</u>	<u>\$ 86,863</u>

Included in the Accounts Receivable amounts above are allowances for doubtful accounts of \$19,864 in governmental activities and \$2,187 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 \$5,128, reported with the associated deferred inflow in the government-wide statement of net position.

The Golden 1 Center was sold to the Sacramento Kings under the terms of the Arena Management, Operations and Lease Agreement during the fiscal year ended June 30, 2017. The agreed-upon minimum lease payments to be received from the Kings was \$389,414 over 35 years. Total minimum lease payments have since gone up to \$406,204 over 35 years in accordance with the agreement's annual fee escalation tied to the Consumer Price Index. The present value of these minimum lease payments discounted at 5.674% is \$146,190 and the current loan receivable balance as of June 30, 2024 is \$133,345. Payments from the Sacramento Kings will be used to fund the payment of debt service related to the Golden 1 Center 2015 lease revenue bonds.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 4 – CAPITAL ASSETS

Summary

The following is a summary of capital assets as of June 30, 2024:

	Governmental Activities	Business- type Activities	Total
Capital assets not being depreciated/amortized			
Land	\$ 229,725	\$ 49,689	\$ 279,414
Easements	2,501	291	2,792
Construction in progress	297,288	459,190	756,478
Total capital assets not being depreciated/amortized	529,514	509,170	1,038,684
Depreciable/amortizable capital assets			
Buildings and improvements	741,128	448,612	1,189,740
Equipment	83,316	165,426	248,742
Software	7,117	13,670	20,787
Vehicles	219,274	-	219,274
Transmission and distribution system	4,777	1,645,422	1,650,199
Roadway network	1,759,319	-	1,759,319
Streetlight network	309,533	-	309,533
Parks and park improvements	267,563	-	267,563
Total depreciable/amortizable capital assets	3,392,027	2,273,130	5,665,157
Less accumulated depreciation/amortization for:			
Buildings and improvements	(332,009)	(196,438)	(528,447)
Equipment	(72,404)	(69,403)	(141,807)
Software	(5,952)	(6,565)	(12,517)
Vehicles	(125,423)	-	(125,423)
Transmission and distribution system	(1,445)	(687,106)	(688,551)
Roadway network	(1,238,079)	-	(1,238,079)
Streetlight network	(128,421)	-	(128,421)
Parks and park improvements	(113,224)	-	(113,224)
Total accumulated depreciation/amortization	(2,016,957)	(959,512)	(2,976,469)
Depreciable/amortizable capital assets, net	1,375,070	1,313,618	2,688,688
Lease and IT subscription assets, net (Note 6)	15,817	3,520	19,337
Total capital assets, net	\$ 1,920,401	\$ 1,826,308	\$ 3,746,709

Refer to Note 6 for more detailed information on lease and IT subscription asset activity and amortization expense by function.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 4 – CAPITAL ASSETS (Continued)

Governmental Activities

Governmental capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated/amortized					
Land	\$ 220,493	\$ 9,232	\$ -	\$ -	\$ 229,725
Easements	2,348	153	-	-	2,501
Construction in progress	277,555	80,904	(61,171)	-	297,288
Total capital assets not being depreciated/amortized	500,396	90,289	(61,171)	-	529,514
Depreciable/amortizable capital assets					
Buildings and improvements	720,704	20,424	-	-	741,128
Equipment	81,327	1,989	-	-	83,316
Software	6,413	704	-	-	7,117
Vehicles	215,921	15,307	(11,954)	-	219,274
Transmission and distribution system	4,777	1,243	-	(1,243)	4,777
Roadway network	1,732,078	41,908	(14,667)	-	1,759,319
Streetlight network	294,256	15,277	-	-	309,533
Parks and park improvements	252,708	14,855	-	-	267,563
Total depreciable/amortizable capital assets	3,308,184	111,707	(26,621)	(1,243)	3,392,027
Less accumulated depreciation/amortization for:					
Buildings and improvements	(317,712)	(14,297)	-	-	(332,009)
Equipment	(70,155)	(2,249)	-	-	(72,404)
Software	(5,486)	(466)	-	-	(5,952)
Vehicles	(119,934)	(16,767)	11,278	-	(125,423)
Transmission and distribution system	(1,358)	(87)	-	-	(1,445)
Roadway network	(1,213,304)	(39,442)	14,667	-	(1,238,079)
Streetlight network	(121,358)	(7,063)	-	-	(128,421)
Parks and park improvements	(104,249)	(8,975)	-	-	(113,224)
Total accumulated depreciation/amortization	(1,953,556)	(89,346)	25,945	-	(2,016,957)
Depreciable/amortizable capital assets, net	1,354,628	22,361	(676)	(1,243)	1,375,070
Lease and IT subscription assets, net (Note 6)	13,029	3,296	(508)	-	15,817
Governmental activities capital assets, net	\$ 1,868,053	\$ 115,946	\$ (62,355)	\$ (1,243)	\$ 1,920,401
Depreciation/amortization expense was charged to functions as follows:					
General government	\$ 5,011				
Police	869				
Fire	788				
Public works	49,853				
Convention and cultural services	3,866				
Youth, parks, and community enrichment	11,161				
Community development	83				
Library	935				
Capital assets held by the City's internal service funds are charged to the functions based on their usage of assets	16,780				
Total governmental activities depreciation/amortization expense	\$ 89,346				

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 4 – CAPITAL ASSETS (Continued)

Business-type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Transfers In/Out	Ending Balance
Capital assets not being depreciated/amortized					
Land	\$ 48,951	\$ 738	\$ -	\$ -	\$ 49,689
Easements	291	-	-	-	291
Construction in progress	453,029	17,700	(11,539)	-	459,190
Total capital assets not being depreciated/amortized	502,271	18,438	(11,539)	-	509,170
Depreciable/amortizable capital assets					
Buildings and improvements	447,227	1,385	-	-	448,612
Equipment	164,345	1,081	-	-	165,426
Software	13,535	135	-	-	13,670
Transmission and distribution system	1,614,964	29,215	-	1,243	1,645,422
Total depreciable/amortizable capital assets	2,240,071	31,816	-	1,243	2,273,130
Less accumulated depreciation/amortization for:					
Buildings and improvements	(188,384)	(8,054)	-	-	(196,438)
Equipment	(63,034)	(6,369)	-	-	(69,403)
Software	(5,727)	(838)	-	-	(6,565)
Transmission and distribution system	(651,678)	(35,428)	-	-	(687,106)
Total accumulated depreciation/amortization	(908,823)	(50,689)	-	-	(959,512)
Depreciable/amortizable capital assets, net	1,331,248	(18,873)	-	1,243	1,313,618
Lease and IT subscription assets, net (Note 6)	3,582	(35)	(27)		3,520
Business-type activities capital assets, net	\$ 1,837,101	\$ (470)	\$ (11,566)	\$ 1,243	\$ 1,826,308
Depreciation/amortization expense was charged to functions as follows:					
Water		\$ 30,461			
Wastewater		5,289			
Storm drainage		10,974			
Solid waste		1,220			
Community center		1,310			
Parking		1,386			
Child development		49 ⁽¹⁾			
Total business-type activities depreciation/amortization expense		\$ 50,689			

(1) \$8 of depreciation/amortization expense reported in the Other Enterprise Funds is related to the amortization of the Regency Park joint-use agreement and is not recognized within this note or Note 6.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 5 – PAYABLES

Payables as of June 30, 2024, were as follows:

	<u>Vendors</u>	<u>Employees</u>	<u>Interest</u>	<u>Deposits</u>	<u>Total</u>
Governmental activities					
General Fund	\$ 17,383	\$ 24,833	\$ 65	\$ 356	\$ 42,637
Measure U Fund	8,016	2,316	2	-	10,334
2015 Golden 1 Center Lease					
Revenue Bond Fund	-	-	3,473	-	3,473
Other governmental funds	40,542	82	1,384	3,232	45,240
Internal service funds	<u>5,607</u>	<u>406</u>	<u>1</u>	<u>-</u>	<u>6,014</u>
Total governmental activities	<u>\$ 71,548</u>	<u>\$ 27,637</u>	<u>\$ 4,925</u>	<u>\$ 3,588</u>	<u>\$ 107,698</u>
Business-type activities					
Water Fund	\$ 3,905	\$ 1,408	\$ 3,138	\$ 1	\$ 8,452
Wastewater Fund	14,526	396	586	-	15,508
Storm Drainage Fund	3,859	572	29	-	4,460
Solid Waste Fund	1,614	545	32	-	2,191
Community Center Fund	3,620	239	1,235	-	5,094
Other enterprise funds	<u>2,031</u>	<u>317</u>	<u>34</u>	<u>47</u>	<u>2,429</u>
Total business-type activities	<u>\$ 29,555</u>	<u>\$ 3,477</u>	<u>\$ 5,054</u>	<u>\$ 48</u>	<u>\$ 38,134</u>

Included in the Interest Payable amount related to 2015 Golden 1 Center Lease Revenue Bond Fund above is the interest payable accrual of \$3,473, reported in the government-wide statement of net position.

Included in the Interest Payable amount related to other governmental funds above is the interest payable accrual for other debt service funds of \$1,368, reported in the government-wide statement of net position.

Included in the Interest Payable amount related to the General Fund, Measure U Fund, and Other Governmental Funds above is the interest payable associated with lease and IT subscription liabilities of \$83, reported in the government-wide statement of net position.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 6 – LEASES AND IT SUBSCRIPTION ARRANGEMENTS

City as a Lessee and IT Software Subscriber

As discussed in Note 1, the City is a lessee for various noncancellable leases of land, buildings, and equipment. The City also has noncancellable subscription arrangements for the right-to-use information technology software (IT subscriptions). Leases of land have initial terms of 10 to 50 years, and contain one or more renewal provisions, generally in 5 or 10-year periods. Leases of buildings and equipment have initial terms of 3 to 10 years, and contain one or more renewal provisions, generally in 1 or 5-year periods. IT subscription arrangements have initial terms of 1 to 5 years, and contain one or more renewal provisions, generally in 1 to 5-year periods. The City's lease and IT subscription arrangements generally do not include termination options reasonably certain to be exercised by either party to the arrangement or restrictive financial or other covenants. The City's lease and IT subscription arrangements do not contain any material residual value guarantees.

A summary of lease and IT subscription asset activity for the fiscal year ended June 30, 2024 is as follows:

	Beginning Balance	Increases	Remeasurements	Decreases	Ending Balance
Governmental activities					
Lease assets:					
Land	\$ 188	\$ 46	\$ -	\$ -	\$ 234
Buildings	1,789	364	(60)	(144)	1,949
Equipment	-	95	-	-	95
Total lease assets	1,977	505	(60)	(144)	2,278
Less accumulated amortization for:					
Lease assets:					
Land	(12)	(8)	-	-	(20)
Buildings	(836)	(376)	-	144	(1,068)
Equipment	-	(18)	-	-	(18)
Total accumulated amortization	(848)	(402)	-	144	(1,106)
Lease assets, net	1,129	103	(60)	-	1,172
IT subscription assets	14,742	7,695	-	(1,130)	21,307
Less accumulated amortization	(2,842)	(4,502)	-	682	(6,662)
IT subscription assets, net	11,900	3,193	-	(448)	14,645
Governmental activities lease and IT subscription assets, net	\$ 13,029	\$ 3,296	\$ (60)	\$ (448)	\$ 15,817
Business-type activities					
Lease assets:					
Land	\$ 1,978	\$ -	\$ -	\$ -	\$ 1,978
Buildings	177	-	-	-	177
Equipment	184	-	-	-	184
Total lease assets	2,339	-	-	-	2,339
Less accumulated amortization for:					
Lease assets:					
Land	(245)	(123)	-	-	(368)
Buildings	(70)	(35)	-	-	(105)
Equipment	(129)	(37)	-	-	(166)
Total accumulated amortization	(444)	(195)	-	-	(639)
Lease assets, net	1,895	(195)	-	-	1,700
IT subscription assets	2,009	819	-	(27)	2,801
Less accumulated amortization	(322)	(659)	-	-	(981)
IT subscription assets, net	1,687	160	-	(27)	1,820
Business-type activities lease and IT subscription assets, net	\$ 3,582	\$ (35)	\$ -	\$ (27)	\$ 3,520

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 6 – LEASES AND IT SUBSCRIPTION ARRANGEMENTS (Continued)

City as a Lessee and IT Software Subscriber (Continued)

Amortization expense for lease and IT subscription assets was charged to functions as follows:

	Governmental Activities		
	Lease Assets	IT Subscription Assets	Total
General Government	\$ 77	\$ 1,373	\$ 1,450
Police	74	1,957	2,031
Fire	144	291	435
Public works	59	237	296
Convention and cultural services	7	86	93
Youth, parks, and community enrichment	41	143	184
Community development	-	406	406
Community response	-	9	9
Total amortization expense	<u>\$ 402</u>	<u>\$ 4,502</u>	<u>\$ 4,904</u>

	Business-type Activities		
	Lease Assets	IT Subscription Assets	Total
Water	\$ 37	\$ 324	\$ 361
Wastewater	-	119	119
Storm Drainage	35	63	98
Solid waste	-	44	44
Community Center	-	56	56
Parking	123	53	176
Total amortization expense	<u>\$ 195</u>	<u>\$ 659</u>	<u>\$ 854</u>

A summary of changes in the related lease and IT subscription liabilities for the fiscal year ended June 30, 2024 is as follows:

	Beginning Balance	Increases	Remeasurements	Decreases	Ending Balance
Governmental activities					
Lease liabilities	\$ 1,165	\$ 482	\$ (60)	\$ (396)	\$ 1,191
IT subscription liabilities	10,260	7,695	-	(5,073)	12,882
Total	<u>\$ 11,425</u>	<u>\$ 8,177</u>	<u>\$ (60)</u>	<u>\$ (5,469)</u>	<u>\$ 14,073</u>
Business-type activities					
Lease liabilities	\$ 1,870	\$ -	\$ -	\$ (146)	\$ 1,724
IT subscription liabilities	1,462	819	-	(849)	1,432
Total	<u>\$ 3,332</u>	<u>\$ 819</u>	<u>\$ -</u>	<u>\$ (995)</u>	<u>\$ 3,156</u>

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 6 – LEASES AND IT SUBSCRIPTION ARRANGEMENTS (Continued)

City as a Lessee and IT Software Subscriber (Continued)

Future minimum lease and IT subscription payments are as follows:

Fiscal Year Ending June 30,	Governmental Activities			
	Lease Payments		IT Subscription Payments	
	Principal	Interest	Principal	Interest
2025	\$ 318	\$ 23	\$ 4,770	\$ 204
2026	264	17	2,730	199
2027	113	13	1,788	140
2028	91	11	1,870	92
2029	64	9	1,123	40
2030 - 2034	221	23	601	12
2035 - 2039	30	10	-	-
2040 - 2044	33	7	-	-
2045 - 2049	35	4	-	-
2050 - 2054	22	1	-	-
Totals	<u>\$ 1,191</u>	<u>\$ 118</u>	<u>\$ 12,882</u>	<u>\$ 687</u>

Fiscal Year Ending June 30,	Business-type Activities			
	Lease Payments		IT Subscription Payments	
	Principal	Interest	Principal	Interest
2025	\$ 150	\$ 26	\$ 476	\$ 29
2026	154	25	238	18
2027	120	24	123	12
2028	43	23	128	9
2029	27	22	52	6
2030 - 2034	144	103	271	19
2035 - 2039	158	90	144	3
2040 - 2044	172	72	-	-
2045 - 2049	188	59	-	-
2050 - 2054	206	42	-	-
2055 - 2059	225	22	-	-
2060 - 2064	137	4	-	-
Totals	<u>\$ 1,724</u>	<u>\$ 512</u>	<u>\$ 1,432</u>	<u>\$ 96</u>

Variable lease and IT subscription payments - Variable lease and IT subscription payments, other than those that are fixed in substance, are excluded from the measurement of the lease and IT subscription liability. Such amounts are recognized as expense/expenditures in the period in which the obligation for those payments is incurred.

Certain land leases require the City to make variable lease payments based on a percentage of gross revenue. These amounts are generally determined quarterly or annually. The amount recognized as expense/expenditures for variable lease payments not included in the measurement of lease liabilities was \$412 during the fiscal year ended June 30, 2024. The City also leases land from the State Lands Commission and subleases this land to various lessees. Each year, the City pays a percentage of gross revenues to the State Lands Commission. The City recognized \$138 of expense associated with the leased land from the State Lands Commission during the fiscal year ended June 30, 2024.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 6 – LEASES AND IT SUBSCRIPTION ARRANGEMENTS (Continued)

City as a Lessee and IT Software Subscriber (Continued)

Certain vehicle leases require the City to make variable lease payments based on usage. These amounts are generally determined monthly. The amount recognized as expense/expenditures for variable lease payments not included in the measurement of lease liabilities was \$650 during the fiscal year ended June 30, 2024.

Certain IT subscription arrangements require the City to make variable subscription payments based on the number of user licenses or transactions processed. The amount recognized as expense/expenditures for variable subscription payments not included in the measurement of IT subscription liabilities was \$2,345 during the fiscal year ended June 30, 2024. \$1,015 was associated with variable IT subscription arrangements based on the number of user licenses and \$1,330 was associated with IT variable subscription arrangements based on the number of transactions processed.

City as a Lessor

As discussed in Note 1, the City is a lessor for various non-cancellable leases of land, buildings, and equipment. Leases of land have initial terms of 5 to 50 years, and contain one or more renewal provisions, generally in 5 or 10-year periods. Leases of buildings and equipment have initial terms of 2 to 45 years, and contain one or more renewal provisions, generally in 1 or 5-year periods. The City's lease arrangements do not contain any material residual value guarantees.

Future minimum lease payments receivable are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 2,820	\$ 452	\$ 739	\$ 268
2026	2,303	383	681	142
2027	2,128	352	698	133
2028	2,129	322	706	124
2029	2,147	291	661	114
2030 - 2034	8,807	1,034	2,477	445
2035 - 2039	5,790	499	1,637	284
2040 - 2044	1,795	200	1,709	138
2045 - 2049	451	134	732	23
2050 - 2054	613	87	-	-
2055 - 2059	659	30	-	-
Totals	<u>\$ 29,642</u>	<u>\$ 3,784</u>	<u>\$ 10,040</u>	<u>\$ 1,671</u>

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 6 – LEASES AND IT SUBSCRIPTION ARRANGEMENTS (Continued)

City as a Lessor (Continued)

Lease related revenue recognized during the fiscal year ended June 30, 2024, excluding variable lease receipts, is as follows:

	Governmental Activities	Business-type Activities
Lease revenue	\$ 2,799	\$ 734
Interest revenue	444	157

Variable lease receipts - Variable lease receipts, other than those that are fixed in substance, are excluded from the measurement of the lease receivable. Such amounts are recognized as lease revenue in the period in which it is earned.

Certain leases require the lessee to make variable lease payments based on a percentage of gross receipts. These amounts are determined monthly, quarterly, or annually as noted in the lease arrangement. The amount recognized as revenue for variable lease receipts not included in the measurement of lease receivables was \$4,947 during the fiscal year ended June 30, 2024.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 7 – LONG-TERM LIABILITIES

Activity

The following is a summary of changes in long-term liabilities at June 30, 2024. Certain long-term liabilities provide financing to both governmental and business-type activities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Revenue and Other Bonds, Direct Placements:					
2016 Lease Financing	\$ 5,560	\$ -	\$ (515)	\$ 5,045	\$ 535
Revenue and Other Bonds, Public Offerings:					
2006 Capital Improvement Revenue Bonds, Series B	37,135	-	(1,770)	35,365	1,875
2006 Capital Improvement Revenue Bonds, Series E	72,513	-	(5,375)	67,138	5,571
2015 Refunding Revenue Bonds	64,280	-	(3,925)	60,355	4,125
2015 Lease Revenue Bonds - Golden 1 Center	250,560	-	(4,165)	246,395	4,400
Subtotal, revenue and other bonds, public offerings	424,488	-	(15,235)	409,253	15,971
Direct Borrowing Notes Payable:					
1985 Marina Phase I	1,113	-	(65)	1,048	68
1985 Marina Phase II	1,796	-	(86)	1,710	90
2008 Sacramento Marina South Basin	13,476	-	(280)	13,196	316
Subtotal, direct borrowing notes payable	16,385	-	(431)	15,954	474
Plus deferred amounts:					
Issuance premiums	13,348	-	(1,136)	12,212	1,136
Subtotal, debt governmental activities	459,781	-	(17,317)	442,464	18,116
Other Long-term Liabilities:					
Accrued claims and judgments	138,680	46,481	(37,003)	148,158	42,334
Accrued compensated absences	51,528	46,063	(44,852)	52,739	4,090
Lease liabilities	1,165	422	(396)	1,191	318
IT subscription liabilities	10,260	7,695	(5,073)	12,882	4,770
Net OPEB liability	170,326	25,174	(20,398)	175,102	-
Net pension liability	1,152,959	166,255	(131,477)	1,187,737	-
Pollution remediation obligations	997	372	(349)	1,020	63
Financing plan fee credits:					
Delta Shores	44,860	1,977	(1,516)	45,321	-
Jacinto Creek	1,155	18	-	1,173	25
North Natomas	32,864	3,721	(5,738)	30,847	4,064
Park Development	1,515	395	(384)	1,526	438
Subtotal, other long-term liabilities	1,606,309	298,573	(247,186)	1,657,696	56,102
Total governmental activities	\$ 2,066,090	\$ 298,573	\$ (264,503)	\$ 2,100,160	\$ 74,218

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Activity (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
BUSINESS-TYPE ACTIVITIES:					
Revenue and Other Bonds, Public Offerings:					
2006 Capital Improvement Revenue Bonds, Series E	\$ 85,866	\$ -	\$ (6,751)	\$ 79,115	\$ 7,104
Water Revenue Bonds, Series 2013	10,895	-	(5,315)	5,580	5,580
Water Revenue Bonds, Series 2017	48,255	-	(1,010)	47,245	1,060
Water Revenue Refunding Bonds, Series 2020	181,435	-	(29,890)	151,545	1,050
Water Revenue Refunding Bonds, Series 2023	-	20,985	-	20,985	-
Wastewater Revenue Bonds, Series 2013	805	-	(805)	-	-
Wastewater Revenue Bonds, Series 2019	24,240	-	(925)	23,315	975
Wastewater Revenue Refunding Bonds, Series 2020	26,770	-	(340)	26,430	1,170
2015 Refunding Revenue Bonds	18,280	-	(2,250)	16,030	2,370
2018 TOT Revenue Bonds, Senior Series A	195,815	-	-	195,815	510
2018 TOT Revenue Bonds, Senior Series B	8,395	-	(4,370)	4,025	4,025
2018 TOT Revenue Bonds, Subordinate Series C	63,275	-	(1,325)	61,950	1,390
2019 STID Assessment Revenue Bonds	47,825	-	(960)	46,865	1,010
Subtotal, revenue and other bonds, public offerings	711,856	20,985	(53,941)	678,900	26,244
Direct Borrowing Notes Payable:					
California Department of Public Health	5,369	-	(507)	4,862	520
California Infrastructure and Economic Development Bank (I-Bank)	1,844	-	(98)	1,746	101
Drinking Water State Revolving Fund	129,599	722	(6,054)	124,267	3,063
Subtotal, direct borrowing notes payable	136,812	722	(6,659)	130,875	3,684
Less deferred amounts:					
Issuance premiums	53,717	3,106	(3,692)	53,131	3,113
Subtotal, debt, business type activities	902,385	24,813	(64,292)	862,906	33,041
Other Long-term Liabilities:					
Accrued compensated absences	9,936	9,667	(8,981)	10,622	654
Lease liabilities	1,870	-	(146)	1,724	150
IT subscription liabilities	1,462	819	(849)	1,432	476
Net OPEB liability	36,144	3,398	(2,769)	36,773	-
Net pension liability	149,882	20,929	(20,268)	150,543	-
Accrued claims and judgments	448	174	-	622	622
Water fee credits	96	-	-	96	-
Wastewater fee credits	8,450	-	(686)	7,764	-
Liability for landfill postclosure	3,740	2,396	-	6,136	458
Subtotal, other long-term liabilities	212,028	37,383	(33,699)	215,712	2,360
Total business-type activities	1,114,413	62,196	(97,991)	1,078,618	35,401
Total long-term liabilities	\$ 3,180,503	\$ 360,769	\$ (362,494)	\$ 3,178,778	\$ 109,619

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

The following is a list of long-term debt issues outstanding at June 30, 2024, including the amount of original debt issuance, a description of the debt issue, and disclosure of pledged revenue.

Revenue and Other Bonds

Issued Amount

\$55,235	2006 Capital Improvement Revenue Bonds, Series B (Taxable) Authorized and issued June 15, 2006, due in annual installments of \$2,776 to \$3,974 through December 1, 2036, bearing interest rates of 5.4% to 5.8%. Net proceeds of \$50,692 are being utilized for the purpose of financing certain public capital improvements and redevelopment projects including an arts rehearsal building, Pocket Area Library and other capital projects within the City of Sacramento. The debt is secured by collateral of real property situated in the City of Sacramento, the indenture contains a provision that in the event of a default and upon written request of the bond holders, the outstanding principal and any accrued interest may be due and payable immediately.
\$186,950	2006 Capital Improvement Revenue Bonds, Series E (Refunding) Authorized and issued December 12, 2006, due in annual installments of \$3,633 to \$20,589 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. The debt is secured by collateral of real property situated in the City of Sacramento, the indenture contains a provision that in the event of a default and upon written request of the bond holders, the outstanding principal and any accrued interest may be due and payable immediately.
\$215,195	2013 Water Revenue Bonds 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. In May 2020, the City issued 2020 Water Revenue Refunding Bonds to defease and refund \$166,405 of the outstanding 2013 Water Revenue Bonds. The refunded principal of \$166,405 was redeemed September 2023. Remaining amount due in annual installments of \$5,717 to \$ 5,720 through fiscal year 2025, bearing interest rate of 5%. The debt is secured by the 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 \$5,720 as of June 30, 2024. Current year principal and interest paid was \$5,719 and water fee revenue was \$132,957.
\$183,380	2015 Refunding Revenue Bonds Authorized and issued October 1, 2015, due in annual installments of \$5,120 to \$24,773 through December 1, 2037, bearing interest rates of 3% to 5%. Net proceeds of \$205,778 plus cash of \$28,165, together with certain proceeds of the Tax Allocation Bonds, were utilized to establish an irrevocable escrow to defease \$257,630 principal amount of outstanding 2002 Capital Improvement Revenue Bonds, 2003 Capital Improvement Revenue Bonds, 2005 Refunding Revenue Bonds, 2006 Capital Improvement Revenue Bonds, Series A, 2006 Capital Improvement Revenue Bonds, Series C, and pay costs of issuance. The refunded liabilities have been removed from the associated fund and government-wide financial statements. The debt is secured by collateral of real property situated in the City of Sacramento. The indenture contains a provision that in the event of a default and upon written request of the bond holders, the outstanding principal and any accrued interest may be due and payable immediately.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Revenue and Other Bonds (Continued)

Issued Amount

\$272,870	2015 Lease Revenue Bonds – Golden 1 Center The bonds were originally issued on August 13, 2015, in the aggregate principal amount of \$299,995, to pay for a portion of the acquisition and construction of the multi-purpose entertainment and sports center (the Golden 1 Center) in downtown Sacramento. On the fixed rate conversion date, October 6, 2015, \$27,125 principal amount of the bonds were cancelled. The bonds are due in annual installments of \$7,229 to \$18,379 through fiscal year 2050, bearing interest of 2.5% to 5.6%. The debt is secured by collateral of the Golden 1 Center and other improvements made to the associated parcel of land.
\$9,115	2016 Lease Financing – H Street Theater Complex (Direct Placement) The City delivered its 2016 Lease Financing on January 26, 2016, due in annual installments of \$668 to \$1,010 through fiscal year 2033, bearing interest at 2.8%. Bond proceeds of \$9,115, together with cash of \$3,471 were utilized to establish a prepayment fund to refund \$12,010 aggregate principal, plus interest, and pay the costs of issuance of the outstanding Sacramento Regional Arts Facilities 2002 Certificates of Participation. The debt is secured by lease rental payments from the California Musical Theatre.
\$52,610	2017 Water Revenue Bonds Authorized and issued June 2017, due in annual installments of \$1,805 to \$3,379 through fiscal year 2048, bearing interest rate of 4% to 5%, for the purpose of financing the costs of improvements to the City's municipal water system. The debt is secured by the 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 \$81,044 as of June 30, 2024. Current year principal and interest paid was \$3,377 and water fee revenue was \$132,957.
\$195,815	2018 Transient Occupancy Tax (TOT) Revenue Bonds, Senior Series A Authorized September 2018, issued November 2018, due in annual installments of \$5,711 to \$14,482 through fiscal year 2048, bearing an interest rate of 5%, for the purpose of financing the costs of renovating the City's Convention Center, Community Center Theater, and Memorial Auditorium, as well as other projects eligible for TOT funding. The debt is secured by the pledge of, and payable solely from, TOT revenues and trustee accounts held under the indenture. Total principal and interest remaining to be paid on the bonds is \$343,328 as of June 30, 2024. Current year interest paid was \$9,791 and TOT revenue was \$34,254. Principal payments begin June 2025.
\$20,610	2018 Transient Occupancy Tax (TOT) Revenue Bonds, Senior Series B (Taxable) Authorized September 2018, issued November 2018, due in annual installments of \$441 to \$4,690 through fiscal year 2025, bearing interest rates of 3.5% to 3.9%, for the purpose of financing the costs of renovating the City's Convention Center, Community Center Theater, and Memorial Auditorium, as well as other projects eligible for TOT funding. The debt is secured by the pledge of, and payable solely from, TOT revenues and trustee accounts held under the indenture. Total principal and interest remaining to be paid on the bonds is \$4,180 as of June 30, 2024. Current year principal and interest paid was \$4,690 and TOT revenue was \$34,254.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Revenue and Other Bonds (Continued)

Issued Amount

\$66,890	2018 Transient Occupancy Tax (TOT) Revenue Bonds, Subordinate Series C Authorized September 2018, issued November 2018, due in annual installments of \$1,951 to \$4,495 through fiscal year 2048, bearing an interest rate of 5%, for the purpose of financing the costs of renovating the City's Convention Center, Community Center Theater, and Memorial Auditorium, as well as other projects eligible for TOT funding. The debt is secured by the pledge of, and payable solely from, TOT revenues and trustee accounts held under the indenture. Total principal and interest remaining to be paid on the bonds is \$107,749 as of June 30, 2024. Current year principal and interest paid was \$4,489 and TOT revenue was \$34,254.
\$25,960	2019 Wastewater Revenue Bonds Authorized March 2019, issued April 2019, due in annual installments of \$1,157 to \$2,119 through fiscal year 2040, bearing an interest rate of 5%, for the purpose of financing the costs of improvements to the City's wastewater system. The debt 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 \$33,867 as of June 30, 2024. Current year principal and interest paid was \$2,114 and wastewater fee revenue was \$45,871.
\$50,465	2019 Sacramento Tourism Infrastructure District (STID) Assessment Revenue Bonds Authorized July 2019, issued August 2019, due in annual installments of \$1,469 to \$2,744 through fiscal year 2050, bearing interest rates of 4% to 5%, for the purpose of financing an additional Ballroom in the Sacramento Convention Center and other capital improvement projects. The debt is secured by the pledge of, and payable solely from, STID revenues and trustee accounts held under the indenture. Total principal and interest remaining to be paid on the bonds is \$71,264 as of June 30, 2024. Current year principal and interest paid was \$2,740 and STID fee revenue was \$4,049.
\$188,390	2020 Water Refunding Revenue Bonds Authorized April 2020, issued May 2020, due in annual installments of \$6,976 to \$12,701 through fiscal year 2043, bearing interest rates of 1% to 3%. Net proceeds of \$188,390, together with City contribution of \$1,005 and bond reserve fund release of \$4,248, were utilized to establish an irrevocable escrow to defease \$166,405 principal amount of outstanding 2013 Water Revenue Bonds and pay costs of issuance. The refunded liabilities were removed from the Water Fund and government-wide financial statements and redeemed September 2023. In December 2023, the City issued 2023 Water Refunding Revenue Bonds to refund \$27,810 of the outstanding 2020 Water Refunding Revenue Bonds. Remaining amount due in annual installments of \$5,200 to \$12,280 through fiscal year 2043, bearing interest rate of 1% to 3%. The debt is secured by the 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 \$200,240 as of June 30, 2024. Current year principal and interest paid was \$6,834 and water fee revenue was \$132,957

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Revenue and Other Bonds (Continued)

Issued Amount

\$27,970	2020 Wastewater Refunding Revenue Bonds Authorized April 2020, issued July 2020, due in annual installments of \$925 to \$1,752 through fiscal year 2043, bearing interest rates of 0.5% to 2.5%. Net proceeds of \$27,970, together with City contribution of \$401 and bond reserve fund release of \$580, were utilized to establish an irrevocable escrow to defease \$24,835 principal amount of outstanding 2013 Wastewater Revenue Bonds and pay costs of issuance. The refunded liabilities have been removed from the Wastewater Fund and government-wide financial statements and were redeemed September 1, 2023. The debt is secured by the 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 \$33,209 as of June 30, 2024. Current year principal and interest paid was \$926 and wastewater fee revenue was \$45,871.
\$20,985	2023 Water Refunding Revenue Bonds Authorized November 2023, issued December 2023, due in annual installments of \$560 to \$4,645 through fiscal year 2043, bearing an interest rate of 5%. Bond proceeds of \$24,091 and City contribution of \$616 were utilized to refund \$27,810 principal amount of outstanding 2020 Water Refunding Revenue Bonds and pay costs of issuance. The target 2020 Water Refunding Revenue Bonds were purchased and cancelled, and liabilities have been removed from the Water Fund and government-wide financial statements. The net carrying value of the old debt exceeded the purchase price by \$3,157. The 2023 Refunding reduced total debt service payments by \$3,990 and resulted in an economic gain of \$2,529. The debt is secured by the 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 \$31,459 as of June 30, 2024. Interest payments begin September 2024, and principal payments begin September 2025. Water fee revenue was \$132,957.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Notes Payable

Issued Amount

\$2,220	1985 Sacramento Marina Note Payable, Phase I Authorized July 1985, issued November 1985, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of \$20 to \$82 through August 2030, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina. The debt is secured by collateral of the Sacramento Marina.
\$3,229	1985 Sacramento Marina Note Payable, Phase II Authorized July 1985, issued September 1987, refinanced August 1998, to the California Department of Boating and Waterways, due in annual installments of \$27 to \$150 through August 2037, bearing an interest rate of 4.5%, for the purpose of financing the expansion of the Sacramento Marina. The debt is secured by collateral of the Sacramento Marina.
\$10,477	2008 Sacramento Marina Note Payable, South Basin Authorized February 2005, the City had made loan draws of \$9,000 plus accrued interest of \$1,477 through June 30, 2013, from the California Department of Boating and Waterways (DB&W), for the purpose of constructing the South Basin Improvements at the Sacramento Marina. Principal and interest was due in 30 annual installments of \$204 to \$662, through August 2041, bearing an interest rate of 4.6%. The City had made no principal payments and only a portion of interest payments on this loan since 2013 and had been working with the DB&W on a loan restructure. Effective August 2019, the DB&W and the City executed a formal agreement to restructure this loan which added accrued interest to the loan balance. After restructuring, the maturity dates of previously matured principal and interest amounts have been extended and are no longer past due. The note still bears an interest rate of 4.6% and principal and interest are due in annual installments of \$500 to \$1,698, through August 2041. The debt is secured by collateral of the Sacramento Marina.
\$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, through 2033, with annual installments of approximately \$639. The City pledged future Water Enterprise Fund revenue to repay the note. Current year water fee revenue was \$132,957.
\$2,975	California Infrastructure and Economic Development (I-Bank) Authorized in December 2007, due in annual installments from \$163 to \$155 through August 2038, 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 2038. Total principal and interest remaining to be paid on the note is \$2,203. Current year principal and interest paid was \$160 and storm drainage fee revenue was \$62,606. The loan agreement contains a provision that in the event of a default, the principal of the loan and accrued interest on all unpaid installments would be due immediately.
\$139,170	Drinking Water State Revolving Fund (DWSRF) Authorized in May 2017, the DWSRF has agreed to fund the City's Accelerated Meter Installation and Pipe Replacement Program. Under the agreement, the City is to pay for project costs upfront and the DWSRF is to reimburse the City with loan amounts not to exceed \$173,142. Construction began in October 2017 and ended June 2022. The total amount claimed by the City and reimbursed by DWSRF was \$139,170. The note will be repaid over a 20-year period beginning July 2022, bearing an interest rate of 1.7%. Annual installments will be approximately \$8,240. The City has pledged future water fee revenues and the restricted reserve fund to repay the note. Current year water fee revenues were \$132,957.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Other Long-term Liabilities

Accrued claims and judgments – Estimated liabilities of the City's workers' compensation, auto, and general liability self-insurance programs are 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.

Lease and IT subscription liabilities – The City has entered into various agreements for the intangible right-to-use lease and IT subscription assets. Lease and IT subscription liabilities are recorded at the present value of future fixed payments for the remaining term of the agreements. Refer to Note 1 and Note 6 for more detailed information.

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.

Net OPEB liability (other postemployment benefits) – The net OPEB liability is \$175,102 and \$36,773 for governmental activities and business-type activities, respectively, at June 30, 2024. The net liability is liquidated by the fund that has recorded the liability. Governmental activities net OPEB liability is liquidated primarily by the General Fund and business-type activities net OPEB liability is liquidated by the respective enterprise fund. Refer to Note 9 for more detailed information.

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

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 Delta Shores, 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.

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

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

Net pension liability – The net pension liability is \$1,187,737 and \$150,543 for governmental activities and business-type activities, respectively, at June 30, 2024. The net liability is liquidated by the fund that has recorded the liability. Governmental activities net pension liability is liquidated primarily by the General Fund and business-type activities net pension liability is liquidated by the respective enterprise fund. Refer to Note 8 for more detailed information.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Future Debt Service Requirements

The following tables disclose the annual debt service requirements for the City's long-term debt outstanding as of June 30, 2024.

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

Fiscal Year Ending June 30,	Revenue and Other Bonds, Direct Placements		Revenue and Other Bonds, Public Offerings	
	Principal	Interest	Principal	Interest
2025	\$ 535	\$ 140	\$ 15,971	\$ 22,079
2026	545	124	16,847	21,203
2027	565	109	17,784	20,279
2028	580	92	18,751	19,318
2029	595	76	19,878	18,301
2030-2034	2,225	128	105,549	74,946
2035-2039	-	-	67,620	50,808
2040-2044	-	-	55,965	35,427
2045-2049	-	-	73,595	17,774
2050	-	-	17,293	975
Subtotals	5,045	669	409,253	281,110
Plus: Issuance premiums	-	-	12,212	-
Totals	<u>\$ 5,045</u>	<u>\$ 669</u>	<u>\$ 421,465</u>	<u>\$ 281,110</u>

Fiscal Year Ending June 30,	Direct Borrowing Notes Payable	
	Principal	Interest
2025	\$ 474	\$ 733
2026	547	710
2027	572	685
2028	599	659
2029	649	633
2030-2034	3,728	2,683
2035-2039	4,907	1,732
2040-2042	4,478	423
Totals	<u>\$ 15,954</u>	<u>\$ 8,258</u>

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Future Debt Service Requirements (Continued)

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

Fiscal Year Ending June 30,	Revenue and Other Bonds, Public Offerings		Direct Borrowing Notes Payable	
	Principal	Interest	Principal	Interest
2025	\$ 26,244	\$ 29,006	\$ 3,684	\$ 1,234
2026	27,803	27,624	6,843	2,195
2027	29,001	26,411	6,965	2,072
2028	30,249	25,162	7,090	1,947
2029	32,082	23,860	7,218	1,819
2030-2034	155,871	98,789	37,109	7,109
2035-2039	138,160	69,367	37,966	3,852
2040-2044	145,205	38,845	24,000	719
2045-2049	91,630	11,451	-	-
2050	2,655	80	-	-
Subtotals	678,900	350,595	130,875	20,947
Plus: Issuance premiums	53,131	-	-	-
Totals	<u>\$ 732,031</u>	<u>\$ 350,595</u>	<u>\$ 130,875</u>	<u>\$ 20,947</u>

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, 2024.

Special Assessment Debt

Total matured and unmatured bonds outstanding related to special assessment and special tax districts are \$217,726 at June 30, 2024. 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 Custodial Funds.

Conduit Debt

Outstanding obligations related to redevelopment agency revenue bonds total \$116,887 at June 30, 2024. 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 has a limited commitment and is not liable for repayment of these bonds, and accordingly, they are not reflected in the accompanying basic financial statements.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 8 – PENSION PLANS

Defined Benefit Plan Description

The City of Sacramento provides defined 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, 2024, the City reported total net pension liability, deferred outflows of resources and deferred inflows of resources for the CalPERS (Miscellaneous and Safety Plans) and SCERS plans as follows:

	Net Pension Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan	\$ 497,486	\$ 138,579	\$ 940
Safety Plan	844,882	247,864	-
SCERS	(4,088)	-	8,501
Total	<u>\$ 1,338,280</u>	<u>\$ 386,443</u>	<u>\$ 9,441</u>

For the fiscal year ended June 30, 2024, the City recognized total pension expense of \$215,460 for CalPERS and SCERS plans.

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 Safety and Miscellaneous Plans (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>.

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 or 52, depending on the plan, 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.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 8 – PENSION PLANS (Continued)

General Information about the Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
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	50-63	52-67
Monthly benefits, as a % of annual salary	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.37%	8.00%
Required employer contribution rates	26.16%	26.16%

	Safety	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Formula	3% @ 50	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	10.40%	13.00%
Required employer contribution rates	53.86%	53.86%

Employees Covered – At June 30, 2022, the most recent valuation date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	3,463	1,486
Inactive employees entitled to but not yet receiving benefits	4,584	508
Active employees	2,605	1,302
Total	10,652	3,296

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 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, 2024, the contributions for the miscellaneous and safety plans were \$57,577 and \$88,147, respectively.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 8 – PENSION PLANS (Continued)

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, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll Growth	2.80%	2.80%
Projected Salary Increase	3.3% - 14.2% ⁽¹⁾	3.3% - 14.2% ⁽¹⁾
Investment Rate of Return	7.00% ⁽²⁾	7.00% ⁽²⁾
Mortality	2021 CalPERS Experience Study	2021 CalPERS Experience Study
(1) Depending on age, service and type of employment		
(2) Net of pension plan investment expenses, including inflation		

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 valuation were based on the results of the 2021 CalPERS Experience Study. Further details of the Experience Study can be found on the CalPERS website at <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2021.pdf>.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 8 – PENSION PLANS (Continued)

Net Pension Liability (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at current member contribution rates and contributions from employers will be made at statutorily required rates. 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 plan members. 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 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 took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The table below reflects expected real rates of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return ^(1,2)
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-Cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 8 – PENSION PLANS (Continued)

Net Pension Liability (Continued)

Changes in the Net Pension Liability – The changes in the Net Pension Liability for each Plan for the measurement date of June 30, 2023 are as follows:

<u>Miscellaneous Plan:</u>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2023	\$ 1,688,414	\$ 1,209,531	\$ 478,883
Changes in the year:			
Service cost	35,817	-	35,817
Interest on the total pension liability	115,991	-	115,991
Changes of benefit terms	2,151	-	2,151
Differences between expected and actual experience	10,582	-	10,582
Contributions - employer	-	53,645	(53,645)
Contributions - employee	-	17,788	(17,788)
Net investment income	-	75,395	(75,395)
Benefit payments, including refunds of employee contributions	(76,064)	(76,064)	-
Administrative expense	-	(890)	890
Net changes	88,477	69,874	18,603
Balance at June 30, 2024	\$ 1,776,891	\$ 1,279,405	\$ 497,486

<u>Safety Plan:</u>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2023	\$ 2,423,500	\$ 1,611,383	\$ 812,117
Changes in the year:			
Service cost	50,781	-	50,781
Interest on the total pension liability	166,574	-	166,574
Changes of benefit terms	798	-	798
Differences between expected and actual experience	23,383	-	23,383
Contributions - employer	-	82,172	(82,172)
Contributions - employee	-	27,327	(27,327)
Net investment income	-	100,458	(100,458)
Benefit payments, including refunds of employee contributions	(117,924)	(117,924)	-
Administrative expense	-	(1,186)	1,186
Net changes	123,612	90,847	32,765
Balance at June 30, 2024	\$ 2,547,112	\$ 1,702,230	\$ 844,882
Totals of both Miscellaneous and Safety Plans	\$ 4,324,003	\$ 2,981,635	\$ 1,342,368

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

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 position 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	5.90%	5.90%	5.90%
Net Pension Liability	\$ 747,009	\$ 1,205,411	\$ 1,952,420
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	\$ 497,486	\$ 844,882	\$ 1,342,368
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$ 292,713	\$ 551,056	\$ 843,769

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 fiscal year ended June 30, 2024, the City recognized pension expense of \$89,743 and \$129,472 for the Miscellaneous and Safety Plans, respectively. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 57,577	\$ -	\$ 88,147	\$ -	\$ 145,724	\$ -
Changes of assumption	16,638	-	50,174	-	66,812	-
Differences between actual and expected experience	6,802	(940)	32,979	-	39,781	(940)
Net differences between projected and actual earnings on plan investments	57,562	-	76,564	-	134,126	-
Total	\$ 138,579	\$ (940)	\$ 247,864	\$ -	\$ 386,443	\$ (940)

The amount of \$145,724 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 fiscal year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

Fiscal Year Ending June 30,	Miscellaneous Plan	Safety Plan	Total
2025	\$ 29,858	\$ 42,096	\$ 71,954
2026	9,052	31,349	40,401
2027	39,592	74,324	113,916
2028	1,560	11,489	13,049
2029	-	459	459
Total	\$ 80,062	\$ 159,717	\$ 239,779

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
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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 at <https://www.cityofsacramento.gov/Finance/Accounting/Reporting>. The following is a summary of significant accounting policies:

Basis of Accounting – SCERS’ financial statements are prepared using the accrual basis of accounting. City and 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. 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 to. SCERS has 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. Employees may retire at age 70, or age 55 and 20 years of service.

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

City of Sacramento
Notes to the Basic Financial Statements
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(dollar amounts expressed in thousands)

NOTE 8 – PENSION PLANS (Continued)

General Information about the Pension Plan (Continued)

Benefit factors at sample ages for benefit plans described above are as follows:

Retirement Age	Charter Section 175	Charter Section 399 and Equal Shares
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, 2024, the following employees were covered by the benefit terms for each Plan:

	Charter Section 399	Equal Shares	Charter Section 175	Total
Inactive members or beneficiaries receiving benefits	679	23	33	735
Inactive members entitled to but not yet receiving benefits	3	-	-	3
Active plan members	1	-	-	1
Total plan members	<u>683</u>	<u>23</u>	<u>33</u>	<u>739</u>

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 the above plans after one year of retirement. The cost-of-living adjustment was 3% for fiscal year 2024. 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 Adjustment – For members participating in Social Security, their benefit will be adjusted at the later of age 62 or actual retirement age. The amount of the adjustment 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 SCERS plus the amount received from Social Security cannot be less than the member's benefit under SCERS calculated with no reductions at the time of retirement. 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 SCERS Board establishes rates based on actuarially determined rates 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 fiscal year ended June 30, 2024, the active employee contribution rate was 1.15% of annual pay, and the City's contribution rate was 1608% of covered payroll. For the fiscal year ended June 30, 2024, the contributions for the SCERS plan were \$1,399.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 8 – PENSION PLANS (Continued)

Net Pension Liability (Asset)

The City's net pension liability (asset) for SCERS was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumption – The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increase	2.50%	CPI Plus 0.5% merit, average
Discount rate	6.00%	

Mortality rates for service retirements and beneficiaries were based on CalPERS 2000-2019 Mortality Table projected for future mortality improvement utilizing Society of Actuaries Scale MP-2021. Mortality rates for disability retirements were based on CalPERS 2000-2019 Mortality Table for non-work related Disabled Retirees for Miscellaneous and CalPERS 2000-2019 Mortality Table for work-related Disabled Retirees for Safety. Both tables were projected for future mortality improvement utilizing Society of Actuaries Scale MP-2021.

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/Real Estate	37.5%	4.1%
Large Cap Growth	30.0%	7.4%
Equity Income	30.0%	7.4%
International Equity	2.5%	7.4%
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension liability was 6%. 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.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 8 – PENSION PLANS (Continued)

Net Pension Liability (Asset) (Continued)

Changes in the Net Pension Liability (Asset) – The changes in the Net Pension Liability (Asset) for the SCERS Plan for the measurement date of June 30, 2024 is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2023	\$ 261,807	\$ 249,966	\$ 11,841
Changes in the year:			
Service cost	1	-	1
Interest on the total pension liability	14,899	-	14,899
Differences between expected and actual experience	(320)	-	(320)
Contributions - employer	-	1,399	(1,399)
Contributions - employee	-	1	(1)
Net investment income	-	29,109	(29,109)
Benefit payments, including refunds of employee contributions	(26,978)	(26,978)	-
Net changes	(12,398)	3,531	(15,929)
Balance at June 30, 2024	\$ 249,409	\$ 253,497	\$ (4,088)

Change of assumptions and changes in experience affecting the measurement of the Total Pension Liability since the prior measurement date – There were no assumption changes. The overall experience gain was due to more deaths than expected, but this was offset by a cost-of-living increase greater than expected.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the City for the SCERS plan, calculated using the discount rate for the SCERS Plan, as well as what the City's net pension liability (asset) 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%)	Current Discount Rate (6%)	1% increase (7%)
SCERS net pension liability (asset)	\$ 14,285	\$ (4,088)	\$ (20,273)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the Basic Financial Statements section of this report and the separately issued SCERS financial report that may be obtained at <https://www.cityofsacramento.gov/Finance/Accounting/Reporting>.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 8 – PENSION PLANS (Continued)

Pension Expense and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2024, the City recognized pension expense of \$(3,755) attributable to the SCERS plans. At June 30, 2024, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	<u>\$ 8,501</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

Fiscal Year Ending June 30,	Deferred Inflows of Resources
2025	\$ (6,074)
2026	5,295
2027	(4,748)
2028	(2,974)
Total	<u>\$ (8,501)</u>

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 Nationwide. The 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 fiscal year ended June 30, 2024, employees contributed \$5,736 and the City contributed \$4,733 to the 401(a).

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information

Plan Description – The City provides contributions for postemployment medical, dental and vision benefits to employees who retire directly from the City and their dependents through an agent-multiple employer defined benefit OPEB plan (OPEB Plan) through CalPERS. The postemployment health, dental, and vision care employer contributions range from \$0 to \$987 per month per participant, which covers between 0% and 100% of the benefit cost, depending on the choice of plan and number of dependents. Participants have the choice of enrolling in one of several health plans, one of two dental plans, and one of two vision plans. To be eligible for the City paid benefits, the employee must have been employed with the City by a certain hire date, retire with a minimum of ten full years of active City service and be 50 years of age. 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 eligibility of the City's postemployment health contributions has been eliminated for employees hired after a certain date dependent upon the employee's labor agreement. The postemployment 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.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

General Information (Continued)

In addition, the City established an irrevocable trust to pre-fund the other benefits with the California Employers' Retiree Benefit Trust (CERBT). The CERBT financial statements and additional reports can be obtained from the CalPERS website www.calpers.ca.gov.

Employees Covered – At June 30, 2023, the most recent valuation date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Inactive employees or beneficiaries currently receiving benefits	3,010
Inactive employees entitled to but not yet receiving benefits	399
Active employees	<u>3,973</u>
Total	<u><u>7,382</u></u>

Contributions – The plan and its contribution requirements are established by memorandums of understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The City is mainly funding the OPEB Plan on a pay-as-you-go basis. However, the City Council has authorized the City Manager to establish an OPEB trust fund with CalPERS that the City pre-funds with budgetary savings. Contributions recognized by the OPEB plan from the employer for the fiscal year ended June 30, 2024 were \$23,184.

Net OPEB Liability

The City's net OPEB liability is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	6.25%
Healthcare cost trend rate	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate 3.45% in 2076.
Healthcare participation of future retirees	Varies from 0% to 40% of medical, dental, and/or vision coverage based on percent of cash benefit earned at retirement. Assumptions based on plan experience.

Mortality and pre-retirement turnover assumptions used in the June 30, 2023 valuation were based on the results of the 2021 CalPERS Experience Study derived from data collected during fiscal years 2000 to 2019. Mortality improvement was projected utilizing Society of Actuaries Scale MP-2021. Further details of the Experience Study can be found on the CalPERS website at <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2021.pdf>.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability (Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 6.25% for the OPEB Plan. The projection of cash flows used to determine the discount rate assumed an annual trust contribution of \$1,500, which is lower than the City's annual trust contribution average for the previous five fiscal years. Based on this assumption, the OPEB 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 the OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected real rate of return on the OPEB Plan investments was determined using stochastic modeling based on expected real rate of return, standard deviation, correlation coefficients, and target allocation for each major asset class. The resulting real rate of return for the portfolio at the 50% confidence level is then adjusted for assumed long-term inflation and investment expenses to produce the long-term expected rate of return for the portfolio. The target asset allocation and most recent best estimates of geometric 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
Global Equity	49%	4.56%
Fixed Income	23%	1.56%
Treasury Inflation-Protected Securities (TIPS)	5%	-0.08%
Commodities	3%	1.22%
Real Estate Investment Trusts (REITs)	20%	4.06%
Total	100%	

Changes in the Net OPEB Liability – The changes in the net OPEB liability for the OPEB Plan as of June 30, 2024 are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	\$ 277,626	\$ 71,156	\$ 206,470
Changes in the year:			
Service cost	5,356	-	5,356
Interest on the total OPEB liability	17,208	-	17,208
Differences between expected and actual experience	698	-	698
Changes of assumptions	11,125	-	11,125
Contributions - employer	-	23,167	(23,167)
Contributions - employee	-	-	-
Net investment income	-	5,839	(5,839)
Benefit payments	(15,321)	(15,321)	-
Administrative expense	-	(24)	24
Net changes	19,066	13,661	5,405
Balance at June 30, 2024	\$ 296,692	\$ 84,817	\$ 211,875

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the City's net OPEB liability, as well as what the City's net OPEB 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 discount rate:

	Discount Rate		
	1% decrease (5.25%)	Current Rate (6.25%)	1% increase (7.25%)
Net OPEB liability	\$ 247,415	\$ 211,875	\$ 182,086

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates – The following presents the City's net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease in Current Trend Rates	Current Trend Rates	1% Increase in Current Trend Rates
Net OPEB liability	\$ 188,388	\$ 211,875	\$ 242,371

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the fiscal year ended June 30, 2024, the City recognized OPEB expense (income) of \$(10,547). At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	\$ 23,184	\$ -
Changes of assumption	11,525	19,817
Differences between actual and expected experience	591	27,029
Net differences between projected and actual earnings on plan investments	5,924	-
Total	<u>\$ 41,224</u>	<u>\$ 46,846</u>

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability (Continued)

The amount of \$23,814 reported as deferred outflows of resources related to OPEB resulting from the OPEB Plan contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as decreases in OPEB expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2025	\$ (23,048)
2026	(7,320)
2027	(576)
2028	(590)
2029	1,819
Thereafter	909
Total	<u>\$ (28,806)</u>

NOTE 10 – FUND BALANCE AND NET POSITION AND EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2024, the government-wide statement of net position reported restricted net position of \$482,925 in governmental activities. Of this amount, \$51,144 is restricted for enabling legislation.

For the fiscal year ended June 30, 2024, General Fund expenditures for the Fire Department exceeded appropriations by \$220, community response by \$156, and citywide and community support by \$12,584. The overspending was funded by revenue collected in excess of budgeted amounts.

For the fiscal year ended June 30, 2024, Measure U Fund expenditures for citywide and community support exceeded appropriations by \$1,758. The overspending was funded by revenue collected in excess of budgeted amounts.

For the fiscal year ended June 30, 2024, Transportation and Development Special Revenue Fund expenditures for community development exceeded appropriations by \$1,007, capital outlay by \$2,169 and debt service by \$35. The overspending was funded by revenue collected in excess of budgeted amounts.

For the fiscal year ended June 30, 2024, Culture and Leisure Fund expenditures for convention and cultural services exceeded appropriations by \$6 and debt service by \$42. The overspending was funded by revenue collected in excess of budgeted amounts.

For the fiscal year ended June 30, 2024, Parks and Recreation Fund expenditures for youth, parks and community enrichment exceeded appropriations by \$208. The overspending was partially funded by revenue collected in excess of budgeted amounts.

For the fiscal year ended June 30, 2024, CCOMWP Fund expenditures for debt service exceeded appropriations by \$55. The overspending was funded by savings in general government expenditures.

City of Sacramento

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

(dollar amounts expressed in thousands)

NOTE 10 – FUND BALANCE AND NET POSITION AND EXCESS OF EXPENDITURES OVER APPROPRIATIONS (Continued)

For the fiscal year ended June 30, 2024, Special Districts Special Revenue Fund expenditures for general government services exceeded appropriations by \$408, convention and cultural services by \$4,814 and community development by \$4. This overspending was funded by revenue collected in excess of budgeted amounts.

The Capital Grants Fund, a capital projects fund, had a deficit fund balance of \$17,601 as of June 30, 2024. The deficit represents grant expenditures unreimbursed by granting agencies within the 60-day period of availability for which corresponding revenues have not been recognized. The deficit will be recovered upon receipt of grantor reimbursements.

The CCOMWP Fund, a special revenue fund, had a deficit fund balance of \$2,213 as of June 30, 2024. The deficit represents grant expenditures unreimbursed by granting agencies within the 60-day period of availability for which corresponding revenues have not been recognized. The deficit will be recovered upon receipt of grantor reimbursements.

The 4th R Child Development Fund, an enterprise fund, had a deficit net position of \$2,941 as of June 30, 2024. It is anticipated that this deficit will be funded by future operating subsidies.

The Risk fund, an internal service fund, had a deficit net position of \$19,710 as of June 30, 2024. It is anticipated that this deficit will be funded by future operating subsidies.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 11 – INTERFUND TRANSACTIONS

Interfund Transfers

Interfund transfers report the nonreciprocal contribution of resources from one fund to another. The following is a summary of transfers for the fiscal year ended June 30, 2024:

	Description	Transfers In	Transfers Out	Net Transfers
Governmental activities:				
General Fund	Debt service	\$ 311	\$ (17,117)	\$ (16,806)
General Fund	In-lieu tax transfers	40,601	-	40,601
General Fund	Program support	22,156	(9,094)	13,062
Measure U Fund	Program support	596	(343)	253
2015 Golden 1 Center				
Lease Revenue Bond Fund	Debt service	9,700	-	9,700
Other Governmental Funds	Debt service	18,551	(5,221)	13,330
Other Governmental Funds	Program support	3,839	(4,571)	(732)
Internal Service Funds	Debt service	-	(46)	(46)
Internal Service Funds	Program support	10	(16,153)	(16,143)
Adjustment for transfer of capital assets	Transfer of capital assets	-	(1,243)	(1,243)
Total governmental activities		<u>\$ 95,764</u>	<u>\$ (53,788)</u>	<u>\$ 41,976</u>
Business-type activities:				
Water Fund	Debt service	\$ -	\$ (35)	\$ (35)
Water Fund	In-lieu tax transfers	-	(14,124)	(14,124)
Water Fund	Program support	277	(617)	(340)
Wastewater Fund	Debt service	-	(46)	(46)
Wastewater Fund	In-lieu tax transfers	-	(4,771)	(4,771)
Wastewater Fund	Program support	385	-	385
Storm Drainage Fund	Debt service	-	(75)	(75)
Storm Drainage Fund	In-lieu tax transfers	25	(6,654)	(6,629)
Storm Drainage Fund	Program support	61	(2,123)	(2,062)
Solid Waste Fund	Debt service	-	(109)	(109)
Solid Waste Fund	In-lieu tax transfers	80	(10,147)	(10,067)
Solid Waste Fund	Program support	311	-	311
Community Center Fund	Debt service	2,688	-	2,688
Community Center Fund	In-lieu tax transfers	-	(2,847)	(2,847)
Community Center Fund	Program support	1	(37)	(36)
Other Enterprise Funds	Debt service	-	(8,600)	(8,600)
Other Enterprise Funds	In-lieu tax transfers	-	(2,162)	(2,162)
Other Enterprise Funds	Program support	5,300	-	5,300
Adjustment for transfer of capital assets	Transfer of capital assets	1,243	-	1,243
Total business-type activities		<u>\$ 10,371</u>	<u>\$ (52,347)</u>	<u>\$ (41,976)</u>

City of Sacramento
Notes to the Basic Financial Statements
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(dollar amounts expressed in thousands)

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, 2024:

	Receivables	Payables	Interfund Balances
General Fund	\$ -	\$ (1,237)	\$ (1,237)
Other Governmental Funds	-	(28,040)	(28,040)
Internal Service Funds	34,020	-	\$ 34,020
Total governmental activities	34,020	(29,277)	4,743
Community Center Fund	-	(4,743)	(4,743)
Total business-type activities	-	(4,743)	(4,743)
Total	\$ 34,020	\$ (34,020)	\$ -

\$34,020 was loaned by the City's internal service funds to cover short-term operating deficits (approximately \$11,825) and to assist in the development of community resources (approximately \$22,195). Included in the \$34,020 of interfund loans is \$25,579 that is not expected to be repaid within one year.

\$8,191 was borrowed by the Capital Grants Fund and the CCOMWP Special Revenue Fund for short-term loans.

\$4,849 was borrowed by the Culture and Leisure Fund for the Haggin Oaks renovation project and operating deficit.

\$4,743 was borrowed by the Community Center Fund for operational requirements.

\$1,237 was borrowed by the General Fund for the acquisition of Habitat Conservation Plan mitigation lands by the Natomas Basin Conservancy.

\$15,000 was borrowed by the Economic Development Special Revenue Fund for Stockton Boulevard Housing Development Program.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of loss related to the 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 Public Risk Innovation, Solutions, and Management (PRISM) member directed risk sharing pool and it provides statutory coverage over the City's \$2,000 self-insured retention. The fund self-insures the first \$2,000 of liability claims plus claim costs that exceed excess coverage. PRISM provides \$40,000 in excess general and auto liability claims coverage, with a \$2,000 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 the estimated ultimate cost of settling claims, including effects of inflation and other social and economic factors. The 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, 2024, the expected rate of return was 3%. 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, 2024, the Risk Management Internal Service Fund had a deficit net position of \$19,710.

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 claim liability estimate.

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

	2024	2023
Accrued claims and judgments, July 1	\$ 134,788	\$ 111,816
Incurred claims and adjustment expenses	44,630	45,723
Claim payments	<u>(37,003)</u>	<u>(22,751)</u>
Accrued claims and judgments, June 30	<u>\$ 142,415</u>	<u>\$ 134,788</u>

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Commitment of Enterprise Fund Revenues

Revenue of the Water Enterprise Fund is pledged to the payment of principal and interest on the California Department of Public Health Note Payable; the Drinking Water State Revolving Fund Note Payable; the Water Revenue Bonds, Series 2013; the Water Revenue Bonds, Series 2017, the Water Revenue Refunding Bonds, Series 2020 and the 2023 Water Refunding Revenue Bonds. Revenue of the Wastewater Enterprise Fund is pledged to the payment of principal and interest on the Wastewater Revenue Bonds, Series 2013; the Wastewater Revenue Bonds, Series 2019 and Wastewater Revenue Refunding Bonds, Series 2020. Revenue of the Storm Drainage Enterprise Fund is pledged to the payment of principal and interest on the California Infrastructure and Economic Development Bank Note Payable. Transient Occupancy Tax (TOT) revenue of the Community Center Fund is pledged to the payment of principal and interest on the 2018 TOT Revenue Bonds, Senior Series A, B and Subordinate Series C. Revenue of the Sacramento Tourism Infrastructure District (STID) Fund is pledged to the payment of principal and interest on the 2019 Sacramento Tourism Infrastructure District (STID) Assessment Revenue Bonds. See Note 7 for more detailed information.

Construction and Other Commitments

The City has commitments of \$133,618 for contracts awarded but not completed as of June 30, 2024. The following table shows the distribution of those commitments among major and nonmajor funds.

Governmental Activities:		Business-type Activities:	
General Fund	\$ 7,266	Water Fund	\$ 15,413
Measure U	16,828	Wastewater Fund	2,852
Other governmental funds	31,747	Storm Drainage Fund	5,814
Internal service funds	45,168	Solid Waste Fund	5,220
		Community Center Fund	2,970
		Other enterprise funds	340
Total governmental activities	<u>\$ 101,009</u>	Total business-type activities	<u>\$ 32,609</u>

The major contracts outstanding are \$4,428 for replacement of existing Freeport Res 1-MGD pump with new 5 to 6-MGD with electrical improvements needed for proper operation; \$2,634 for Citywide cleanup service; \$2,413 for implementation of temporary shelter program; \$2,372 for replacing three outfall pipes from Sump 151 through the America River levee to the outfall structure; \$2,054 for O&E Ctr Hope Coop Operations providing life-saving resources for the most vulnerable members of the community; \$2,008 for the construction of a Class I bike trail along the Sacramento Southern Railroad between Sutterville Road and Meadowview Road; \$2,001 for installation of motor-controlled valves and drainage system as part of the Ground Water Flush-to-Waste project; and \$44,688 for the purchase of vehicles, primarily for the replacement of refuse trucks and garbage trucks.

Contingent Liabilities

The City participates in various federal, state, and local grant programs, primarily including Homeless Housing, Assistance and Prevention (HHAP) and the Federal Highway Planning and Construction programs. 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 fiscal year ended June 30, 2024 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, 2024. Receipt of these grant revenues is not assured in the future.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

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.

Landfill 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. Due to the closure of three additional landfill sites in fiscal years 2022 and 2023, and the significant increase in some maintenance costs, the department performed a new study. The new study resulted in an estimated \$6,136 in future postclosure monitoring costs as of June 30, 2024. The estimate was based on actual cost for the fiscal years 2022, 2023, and 2024 and may change due to inflation or deflation, technology, or applicable laws and regulations.

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, the Sacramento County Department of Environmental Management, and the State of California Department of Public Health. The estimated obligation was \$997 at June 30, 2023 and \$1,020 at June 30, 2024. Pollution remediation outlays totaled approximately \$125 for the year ended June 30, 2024. 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. There are no estimated recoveries from other parties that are included in the calculation of the City's pollution remediation obligations.

NOTE 14 – JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

JOINT VENTURES

Aggie Square Public Financing Authority

The City is a participant with UC Davis and Wexford Science and Technology in the Aggie Square Public Financing Authority, formed in April 2021. As of June 30, 2024, the Aggie Square board is made up of three City appointed council members and two members of the public. Aggie Square is a project located at Stockton Boulevard and Second Avenue in Sacramento, mostly on property owned by UC Davis. It would expand the university's Sacramento campus, creating a state-of-the-art hub for research, innovation, and education. The proposed agreement between the City, UC Davis and Wexford Science & Technology includes inclusive economic development measures that reflect community priorities, including creation of an affordable housing fund prioritizing local residents for entry-level and higher-wage jobs and providing training pathways to those jobs; and improving biking, walking and transit access around the UC Davis Sacramento campus on Stockton Boulevard.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 14 – JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 statements 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.

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, 2024, five of fifteen members of the Library board were appointed by the City. The current joint powers agreement was effective beginning July 1, 2007. After June 30, 2010, any party may withdraw from the Authority upon no less than one year's written notice. Upon withdrawal a party shall retain ownership of those capital facilities to which it holds title. The City is committed to fund annual contributions to operate library branches in the City. The City's Measure U Fund contributions for the fiscal year ended June 30, 2024, were \$14,272. In addition, the City paid cost reimbursements and program support of \$32 to the library during the same period. 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 levies and passes through to the Library a parcel tax which totaled \$9,537 for the fiscal year ended June 30, 2024. 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 \$5,444 of support to SRFECC during the fiscal year ended June 30, 2024. 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, 2024, the City provided \$439 of annual support to the NCRPSTA. Payments for rent and training during the fiscal year ended June 30, 2024 were \$34. Financial statements may be obtained from the NCRPSTA Administrative Offices, 2409 Dean Street, Suite 119, McClellan, California, 95652.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 14 – JOINT VENTURES AND JOINTLY GOVERNED 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, 2024:

The City provided \$174 in annual support and \$111 in project/program expenses to the Regional Water Authority.

The City provided \$224 in annual support to the Sacramento Groundwater Authority.

The City provided \$391 in annual support and \$62 in program expenses for Downtown/Riverfront Transit Project to the Sacramento Area Council of Governments.

The City received \$164 of administration fees from the Sacramento Area Flood Control Agency (SAFCA) for collecting and transmitting permitting fees. The City also participates in several cost-sharing agreements with SAFCA for individual projects related to flood control. The City's portion of said projects is remitted directly to SAFCA or other suppliers of services.

The City received \$189 in Workforce Investment Act grants from the Sacramento Employee and Training Agency.

NOTE 15 – SUCCESSOR AGENCY TRUST FUND

On December 29, 2011, the California Supreme Court upheld Assembly Bill x1 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, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012.

On January 31, 2012, the City elected to be appointed as the Redevelopment Agency Successor Agency (RASA) of the City of Sacramento for the non-housing assets and liabilities of the former Redevelopment Agency (RDA). The City Council elected not to serve as the successor agency for the RDA'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 RDA 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 RDA's liabilities exceeded its assets. Therefore, RASA 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 RASA on February 1, 2012. At June 30, 2024, RASA has a deficit net position of \$147,031 which will be eliminated with future property tax revenue distributions from the Redevelopment Property Tax Trust Fund administered by the County Auditor-Controller.

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 15 – SUCCESSOR AGENCY TRUST FUND (Continued)

On December 31, 2015, DOF completed the review of RASA's Long-Ranged Property Management Plan (LRPMP). DOF approved the use or disposition of all the properties listed in the LRPMP. The approved LRPMP will govern the disposition and use of all the real property assets of the former redevelopment agency.

As of June 30, 2024, contracts payable of \$19,008 reported in the private-purpose trust fund are allocations of the Sacramento Housing Redevelopment Agency's (SHRA) OPEB and pension unfunded liabilities for the former redevelopment agency employees.

Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 3,353	\$ -	\$ (10)	\$ 3,343
Depreciable capital assets				
Buildings and improvements	102	-	-	102
Less accumulated depreciation for:				
Buildings and improvements	(36)	(3)	-	(39)
Depreciable capital assets, net	66	(3)	-	63
Total capital assets, net	<u>\$ 3,419</u>	<u>\$ (3)</u>	<u>\$ (10)</u>	<u>\$ 3,406</u>

City of Sacramento
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024
(dollar amounts expressed in thousands)

NOTE 15 – SUCCESSOR AGENCY TRUST FUND (Continued)

Long-term Debt

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds:					
2015 Tax Allocation Refunding Bonds TE, Series A	\$ 30,935	\$ -	\$ (3,211)	\$ 27,724	\$ 3,205
Notes Payable:					
2003 Del Paso TE TABS, Series A	5,255	21 ⁽¹⁾	(779)	4,497	770
2005 Merged Downtown TE, Series A	124,505	493 ⁽¹⁾	(10,262)	114,736	15,815
2005 Oak Park TE, Series A	2,044	115 ⁽¹⁾	(9)	2,150	-
2006 65th Street TX Master Lease, Series B	2,825	-	(135)	2,690	145
2006 North Sacramento TX Master Lease, Series B	3,295	-	(155)	3,140	165
2006 Stockton Blvd Master Lease	1,793	-	(141)	1,652	148
2008 BOA Public Capital Corporation	1,103	-	(210)	893	215
2009 Army Depot TX Swap	2,270	-	(108)	2,162	114
2009 River District TX Swap	2,125	-	(102)	2,023	106
City of Sacramento CIEDB - Utilities/Detention Basin	922	-	(49)	873	51
Globe Mills	1,687	-	(384)	1,303	409
North Sacramento CIEDB Loan	2,342	-	(150)	2,192	154
Stockton Blvd CIEDB Loan	1,948	-	(126)	1,822	129
Subtotal, notes payable	152,114	629	(12,610)	140,133	18,221
Total, long-term debt	\$ 183,049	\$ 629	\$ (15,821)	\$ 167,857	\$ 21,426

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

As of June 30, 2024, accumulated accretion for the 2003 Del Paso TE TABS, Series A, is \$3,031, and accumulated accretion for the 2005 Merged Downtown and Oak Park TE, Series A, is \$71,647.

Future Debt Service Requirements

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2025	\$ 3,205	\$ 1,174	\$ 18,221	\$ 890
2026	1,320	1,061	20,609	810
2027	1,380	1,002	18,386	725
2028	1,435	942	17,990	650
2029	1,690	863	17,812	587
2030-2034	12,125	2,826	60,853	1,935
2035-2038	4,500	168	16,814	319
Subtotal	25,655	8,036	170,685	5,916
Less: Unaccreted interest	-	-	(30,552)	-
Total	\$ 25,655	\$ 8,036	\$ 140,133	\$ 5,916

City of Sacramento

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

(dollar amounts expressed in thousands)

NOTE 16 – SERVICE CONCESSION ARRANGEMENT FOR CITY GOLF COURSES

On July 1, 2019, 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 15-year period. The present value of the installment payments was initially estimated to be \$9,180. The City reports a loan receivable and deferred inflow of \$5,128 in the government-wide statement of net position as of June 30, 2024.

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Required Supplementary Information

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City of Sacramento
Required Supplementary Information
Agent Multiple-Employer Defined Benefit Pension Plan
CalPERS Miscellaneous Plan

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Years (in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
Total pension liability					
Service cost	\$ 23,110	\$ 22,342	\$ 23,374	\$ 27,795	\$ 28,404
Interest on the total pension liability	70,942	74,835	79,515	84,334	89,060
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	-	(20,153)	-	75,970	(7,898)
Differences between expected and actual experience	-	(8,865)	(333)	(838)	6,909
Benefit payments, including refunds of employee contributions	(30,240)	(34,390)	(37,980)	(42,305)	(48,384)
Net change in total pension liability	63,812	33,769	64,576	144,956	68,091
Total pension liability -- beginning	949,465	1,013,277	1,047,046	1,111,622	1,256,578
Total pension liability -- ending (a)	\$ 1,013,277	\$ 1,047,046	\$ 1,111,622	\$ 1,256,578	\$ 1,324,669
Plan fiduciary net position					
Contributions - employer	\$ 21,613	\$ 22,827	\$ 25,963	\$ 28,719	\$ 29,514
Contributions - employee	11,670	11,302	11,991	12,190	12,634
Net investment income (loss)	118,326	18,047	4,260	91,481	76,768
Benefit payments, including refunds of employee contributions	(30,240)	(34,390)	(37,980)	(42,305)	(48,384)
Net plan to plan resource movement	-	(3,066)	531	74	(2)
Administrative expense	-	(922)	(496)	(1,209)	(1,413)
Other miscellaneous expense	-	-	-	-	(2,683)
Net change in fiduciary net position	121,369	13,798	4,269	88,950	66,434
Plan fiduciary net position -- beginning	678,261	799,630	813,428	817,697	906,647
Plan fiduciary net position -- ending (b)	\$ 799,630	\$ 813,428	\$ 817,697	\$ 906,647	\$ 973,081
Net pension liability -- ending (a) - (b)	\$ 213,647	\$ 233,618	\$ 293,925	\$ 349,931	\$ 351,588
Plan fiduciary net position as a percentage of the total pension liability	78.92%	77.69%	73.56%	72.15%	73.46%
Covered payroll *	\$ 156,032	\$ 157,449	\$ 166,403	\$ 176,795	\$ 181,331
Net pension liability as a percentage of covered payroll	136.93%	148.38%	176.63%	197.93%	193.89%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018

Notes to the Required Supplementary Information

* Covered payroll was restated during fiscal year 2016 to reflect the implementation of GASB 82.

City of Sacramento
Required Supplementary Information
Agent Multiple-Employer Defined Benefit Pension Plan
CalPERS Miscellaneous Plan

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Years (in thousands)

	Fiscal Year				
	2020	2021	2022	2023	2024
Total pension liability					
Service cost	\$ 29,053	\$ 30,236	\$ 31,307	\$ 34,966	\$ 35,817
Interest on the total pension liability	94,760	99,810	105,037	110,101	115,991
Changes of benefit terms	-	-	-	-	2,151
Changes of assumptions	-	-	-	58,232	-
Differences between expected and actual experience	12,970	2,600	3,743	(3,289)	10,582
Benefit payments, including refunds of employee contributions	(53,695)	(59,069)	(63,352)	(69,665)	(76,064)
Net change in total pension liability	83,088	73,577	76,735	130,345	88,477
Total pension liability -- beginning	1,324,669	1,407,757	1,481,334	1,558,069	1,688,414
Total pension liability -- ending (a)	\$ 1,407,757	\$ 1,481,334	\$ 1,558,069	\$ 1,688,414	\$ 1,776,891
Plan fiduciary net position					
Contributions - employer	\$ 34,102	\$ 39,118	\$ 43,930	\$ 47,273	\$ 53,645
Contributions - employee	14,289	15,018	15,899	16,052	17,788
Net investment income (loss)	64,092	51,632	244,522	(99,652)	75,395
Benefit payments, including refunds of employee contributions	(53,695)	(59,069)	(63,352)	(69,665)	(76,064)
Net plan to plan resource movement	-	-	-	(2)	-
Administrative expense	(694)	(1,454)	(1,076)	(820)	(890)
Other miscellaneous expense	2	-	-	-	-
Net change in fiduciary net position	58,096	45,245	239,923	(106,814)	69,874
Plan fiduciary net position -- beginning	973,081	1,031,177	1,076,422	1,316,345	1,209,531
Plan fiduciary net position -- ending (b)	\$ 1,031,177	\$ 1,076,422	\$ 1,316,345	\$ 1,209,531	\$ 1,279,405
Net pension liability -- ending (a) - (b)	\$ 376,580	\$ 404,912	\$ 241,724	\$ 478,883	\$ 497,486
Plan fiduciary net position as a percentage of the total pension liability	73.25%	72.67%	84.49%	71.64%	72.00%
Covered payroll *	\$ 185,823	\$ 195,700	\$ 203,030	\$ 206,537	\$ 211,684
Net pension liability as a percentage of covered payroll	202.66%	206.90%	119.06%	231.86%	235.01%
Measurement date	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Actuarially determined contributions	\$ 22,711	\$ 26,156	\$ 30,084	\$ 26,947	\$ 33,664
Contributions in relation to the actuarially determined contributions	22,711	26,156	30,084	26,947	33,664
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll *	\$ 157,449	\$ 166,403	\$ 176,795	\$ 181,331	\$ 185,823
Contributions as a percentage of covered payroll	14.42%	15.72%	17.02%	14.86%	18.12%

Notes to the Required Supplementary Information

Valuation date: 6/30/2012 6/30/2013 6/30/2014 6/30/2015 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Asset valuation method	15 year smoothed fair value
Inflation	2.3%
Salary Increase	3.3% to 14.2% depending on age, service, and type of employment
Investment rate of return	7.00% (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

* Covered payroll was restated during fiscal year 2016 to reflect the implementation of GASB 82.

Ten year schedules of annual money-weighted rate of return on pension plan investments for CalPERS can be found in the Schedule of Investment Returns table within the separately issued CalPERS Basic Financial Statements available at: <https://www.calpers.ca.gov/page/investments/about-investment-office/investment-financial-reports>.

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Actuarially determined contributions	\$ 39,797	\$ 43,941	\$ 47,627	\$ 51,544	\$ 57,577
Contributions in relation to the actuarially determined contributions	39,797	43,941	47,627	51,544	57,577
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll *	\$ 195,700	\$ 203,030	\$ 206,537	\$ 211,684	\$ 249,601
Contributions as a percentage of covered payroll	20.34%	21.64%	23.06%	24.35%	23.07%
<u>Notes to the Required Supplementary Information</u>					
Valuation date:	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

City of Sacramento
Required Supplementary Information
Agent Multiple-Employer Defined Benefit Pension Plan
CalPERS Safety Plan

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Years (in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
Total pension liability					
Service cost	\$ 29,539	\$ 29,653	\$ 31,672	\$ 37,372	\$ 38,386
Interest on the total pension liability	107,189	112,331	118,821	123,132	127,930
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	-	(28,604)	-	107,046	(17,242)
Differences between expected and actual experience	-	(593)	14,398	(15,086)	3,954
Benefit payments, including refunds of employee contributions	(66,215)	(70,545)	(74,572)	(78,232)	(82,999)
Net change in total pension liability	70,513	42,242	90,319	174,232	70,029
Total pension liability -- beginning	1,447,520	1,518,033	1,560,275	1,650,594	1,824,826
Total pension liability -- ending (a)	\$ 1,518,033	\$ 1,560,275	\$ 1,650,594	\$ 1,824,826	\$ 1,894,855
Plan fiduciary net position					
Contributions - employer	\$ 27,935	\$ 30,798	\$ 36,001	\$ 40,609	\$ 41,588
Contributions - employee	16,094	15,565	18,465	18,980	21,564
Net investment income (loss)	171,795	25,341	4,971	125,586	104,661
Benefit payments, including refunds of employee contributions	(66,215)	(70,545)	(74,572)	(78,232)	(82,999)
Net plan to plan resource movement	-	1	-	(74)	(4)
Administrative expense	-	(1,288)	(697)	(1,665)	(1,922)
Other miscellaneous expense	-	-	-	-	(3,650)
Net change in fiduciary net position	149,609	(128)	(15,832)	105,204	79,238
Plan fiduciary net position -- beginning	994,493	1,144,102	1,143,974	1,128,142	1,233,346
Plan fiduciary net position -- ending (b)	\$ 1,144,102	\$ 1,143,974	\$ 1,128,142	\$ 1,233,346	\$ 1,312,584
Net pension liability -- ending (a) - (b)	\$ 373,931	\$ 416,301	\$ 522,452	\$ 591,480	\$ 582,271
Plan fiduciary net position as a percentage of the total pension liability	75.37%	73.32%	68.35%	67.59%	69.27%
Covered payroll *	\$ 107,176	\$ 112,067	\$ 120,120	\$ 126,438	\$ 132,206
Net pension liability as a percentage of covered payroll	348.89%	371.48%	434.94%	467.80%	440.43%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018

Notes to the Required Supplementary Information

* Covered payroll was restated during fiscal year 2016 to reflect the implementation of GASB 82.

City of Sacramento
Required Supplementary Information
Agent Multiple-Employer Defined Benefit Pension Plan
CalPERS Safety Plan

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Years (in thousands)

	Fiscal Year				
	2020	2021	2022	2023	2024
Total pension liability					
Service cost	\$ 40,221	\$ 42,306	\$ 44,416	\$ 51,608	\$ 50,781
Interest on the total pension liability	136,323	143,878	151,131	158,263	166,574
Changes of benefit terms	-	-	-	-	798
Changes of assumptions	-	-	-	80,583	-
Differences between expected and actual experience	35,991	20,246	12,441	4,868	23,383
Benefit payments, including refunds of employee contributions	(88,688)	(95,642)	(100,827)	(108,473)	(117,924)
Net change in total pension liability	123,847	110,788	107,161	186,849	123,612
Total pension liability -- beginning	1,894,855	2,018,702	2,129,490	2,236,651	2,423,500
Total pension liability -- ending (a)	\$ 2,018,702	\$ 2,129,490	\$ 2,236,651	\$ 2,423,500	\$ 2,547,112
Plan fiduciary net position					
Contributions - employer	\$ 49,875	\$ 58,584	\$ 67,242	\$ 74,645	\$ 82,172
Contributions - employee	22,752	23,832	25,904	25,718	27,327
Net investment income (loss)	86,282	69,226	327,345	(133,570)	100,458
Benefit payments, including refunds of employee contributions	(88,688)	(95,642)	(100,827)	(108,473)	(117,924)
Net plan to plan resource movement	-	-	-	2	-
Administrative expense	(937)	(1,947)	(1,434)	(1,093)	(1,186)
Other miscellaneous expense	3	-	-	-	-
Net change in fiduciary net position	69,287	54,053	318,230	(142,771)	90,847
Plan fiduciary net position -- beginning	1,312,584	1,381,871	1,435,924	1,754,154	1,611,383
Plan fiduciary net position -- ending (b)	\$ 1,381,871	\$ 1,435,924	\$ 1,754,154	\$ 1,611,383	\$ 1,702,230
Net pension liability -- ending (a) - (b)	\$ 636,831	\$ 693,566	\$ 482,497	\$ 812,117	\$ 844,882
Plan fiduciary net position as a percentage of the total pension liability	68.45%	67.43%	78.43%	66.49%	66.83%
Covered payroll *	\$ 138,718	\$ 147,409	\$ 157,333	\$ 168,488	\$ 167,211
Net pension liability as a percentage of covered payroll	459.08%	470.50%	306.67%	482.00%	505.28%
Measurement date	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Actuarially determined contributions	\$ 36,638	\$ 40,959	\$ 47,222	\$ 49,102	\$ 56,327
Contributions in relation to the actuarially determined contributions	36,638	40,959	47,222	49,102	56,327
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll *	\$ 112,067	\$ 120,120	\$ 126,438	\$ 132,206	\$ 138,718
Contributions as a percentage of covered payroll	32.69%	34.10%	37.35%	37.14%	40.61%

Notes to the Required Supplementary Information

Valuation date: 6/30/2012 6/30/2013 6/30/2014 6/30/2015 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Asset valuation method	15 year smoothed fair value
Inflation	2.3%
Salary Increase	3.3% to 14.2% depending on age, service, and type of employment
Investment rate of return	7.00% (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

* Covered payroll was restated during fiscal year 2016 to reflect the implementation of GASB 82.

Ten year schedules of annual money-weighted rate of return on pension plan investments for CalPERS can be found in the Schedule of Investment Returns table within the separately issued CalPERS Basic Financial Statements available at: <https://www.calpers.ca.gov/page/investments/about-investment-office/investment-financial-reports>.

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Actuarially determined contributions	\$ 66,147	\$ 66,915	\$ 74,528	\$ 81,076	\$ 88,147
Contributions in relation to the actuarially determined contributions	66,147	66,915	74,528	81,076	88,147
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll *	\$ 147,409	\$ 157,333	\$ 168,488	\$ 167,211	\$ 187,688
Contributions as a percentage of covered payroll	44.87%	42.53%	44.23%	48.49%	46.96%
<u>Notes to the Required Supplementary Information</u>					
Valuation date:	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Total pension liability					
Service cost	\$ 131	\$ 103	\$ 96	\$ 92	\$ 66
Interest on the total pension liability	23,134	23,416	22,759	20,877	20,095
Changes of assumptions	23,117	-	(16,246)	862	(927)
Differences between expected and actual experience	(8,783)	(1,173)	(3,701)	(2,457)	304
Benefit payments, including refunds of employee contributions	(33,791)	(32,683)	(32,171)	(31,583)	(31,134)
Net change in total pension liability	3,808	(10,337)	(29,263)	(12,209)	(11,596)
Total pension liability -- beginning	372,670	376,478	366,141	336,878	324,669
Total pension liability -- ending (a)	\$ 376,478	\$ 366,141	\$ 336,878	\$ 324,669	\$ 313,073
Plan fiduciary net position					
Contributions - employer	\$ 9,183	\$ 8,645	\$ 8,645	\$ 8,645	\$ 7,507
Contributions - employee	82	146	63	55	49
Net investment income (loss)	13,375	7,799	26,803	20,982	18,537
Benefits payments, including refunds of employee contributions	(33,791)	(32,683)	(32,171)	(31,583)	(31,134)
Net change in fiduciary net position	(11,151)	(16,093)	3,340	(1,901)	(5,041)
Plan fiduciary net position -- beginning	312,414	301,263	285,170	288,510	286,609
Plan fiduciary net position -- ending (b)	\$ 301,263	\$ 285,170	\$ 288,510	\$ 286,609	\$ 281,568
Net pension liability (asset) -- ending (a) - (b)	\$ 75,215	\$ 80,971	\$ 48,368	\$ 38,060	\$ 31,505
Plan fiduciary net position as a percentage of the total pension liability	80.02%	77.89%	85.64%	88.28%	89.94%
Covered payroll *	\$ 1,180	\$ 1,020	\$ 1,049	\$ 921	\$ 678
Net pension liability (asset) as a percentage of covered payroll	6374.15%	7938.33%	4610.87%	4132.46%	4646.76%
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019

Notes to the Required Supplementary Information

* Covered payroll was restated during fiscal year 2016 to reflect the implementation of GASB 82.

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Total pension liability					
Service cost	\$ 49	\$ 18	\$ 6	\$ 5	\$ 1
Interest on the total pension liability	19,363	18,342	16,098	15,407	14,899
Changes of assumptions	(1,593)	2,673	218	-	-
Differences between expected and actual experience	(3,768)	(6,349)	5	3,355	(320)
Benefit payments, including refunds of employee contributions	(30,457)	(28,992)	(28,145)	(27,501)	(26,978)
Net change in total pension liability	(16,406)	(14,308)	(11,818)	(8,734)	(12,398)
Total pension liability -- beginning	313,073	296,667	282,359	270,541	261,807
Total pension liability -- ending (a)	<u>\$ 296,667</u>	<u>\$ 282,359</u>	<u>\$ 270,541</u>	<u>\$ 261,807</u>	<u>\$ 249,409</u>
Plan fiduciary net position					
Contributions - employer	\$ 4,410	\$ 3,822	\$ 3,479	\$ -	\$ 1,399
Contributions - employee	25	16	9	3	1
Net investment income (loss)	7,591	73,150	(32,305)	23,293	29,109
Benefits payments, including refunds of employee contributions	(30,457)	(28,992)	(28,145)	(27,501)	(26,978)
Net change in fiduciary net position	(18,431)	47,996	(56,962)	(4,205)	3,531
Plan fiduciary net position -- beginning	281,568	263,137	311,133	254,171	249,966
Plan fiduciary net position -- ending (b)	<u>\$ 263,137</u>	<u>\$ 311,133</u>	<u>\$ 254,171</u>	<u>\$ 249,966</u>	<u>\$ 253,497</u>
Net pension liability (asset) -- ending (a) - (b)	<u>\$ 33,530</u>	<u>\$ (28,774)</u>	<u>\$ 16,370</u>	<u>\$ 11,841</u>	<u>\$ (4,088)</u>
Plan fiduciary net position as a percentage of the total pension liability	88.70%	110.19%	93.95%	95.48%	101.64%
Covered payroll *	<u>\$ 362</u>	<u>\$ 270</u>	<u>\$ 189</u>	<u>\$ 103</u>	<u>\$ 87</u>
Net pension liability (asset) as a percentage of covered payroll	9262.43%	-10657.04%	8661.38%	11496.12%	-4698.85%
Measurement date	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024

City of Sacramento
Required Supplementary Information
Sacramento City Employees' Retirement System,
a Single-Employer Defined Benefit Pension Plan

Schedule of Contributions
Last Ten Years (in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
Actuarially determined contributions	\$ 9,183	\$ 8,645	\$ 8,330	\$ 8,267	\$ 5,268
Contributions in relation to the actuarially determined contributions	9,183	8,645	8,645	8,645	7,507
Contribution deficiency (excess)	\$ -	\$ -	\$ (315)	\$ (378)	\$ (2,239)
Covered payroll *	\$ 1,180	\$ 1,020	\$ 1,049	\$ 921	\$ 678
Contributions as a percentage of covered payroll	778%	848%	824%	939%	1107%

Notes to the Required Supplementary Information

Valuation date: 6/30/2013 6/30/2014 6/30/2015 6/30/2016 6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar payments over 11 years, open period
Asset valuation method	3 year smoothed fair value
Inflation	2.50%
Salary increases	2.5% CPI plus 0.5% merit
Investment rate of return	6.00%
Retirement age	Deferred vested members covered under Section 399 are assumed to retire at age 62; those covered under Section 175 are assumed to retire at age 65.
Mortality	CalPERS 2000-2019 Mortality Tables with Scale MP-2021

* Covered payroll was restated during fiscal year 2016 to reflect the implementation of GASB 82.

Ten year schedules of annual money-weighted rate of return on pension plan investments for SCERS can be found in the Schedule of Investment Returns table within the separately issued SCERS Annual Financial Reports available at: <https://www.cityofsacramento.org/Finance/Accounting/Reporting>.

City of Sacramento
Required Supplementary Information
Sacramento City Employees' Retirement System,
a Single-Employer Defined Benefit Pension Plan

Schedule of Contributions
Last Ten Years (in thousands)

	Fiscal Year				
	2020	2021	2022	2023	2024
Actuarially determined contributions	\$ 4,410	\$ 3,822	\$ 3,479	\$ -	\$ 1,399
Contributions in relation to the actuarially determined contributions	4,410	3,822	3,479	-	1,399
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll *	\$ 362	\$ 270	\$ 189	\$ 103	\$ 87
Contributions as a percentage of covered payroll	1218%	1416%	1841%	0%	1608%
<u>Notes to the Required Supplementary Information</u>					
Valuation date:	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022

City of Sacramento
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Years* (in thousands)

	Fiscal Year			
	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 11,872	\$ 11,052	\$ 9,931	\$ 5,809
Interest on the total OPEB liability	15,313	16,612	18,106	19,582
Changes of benefit terms	-	-	383	-
Changes of assumptions	(24,429)	(30,845)	(92,281)	(4,097)
Differences between expected and actual experience	-	-	(28,948)	-
Benefit payments	(12,565)	(12,903)	(14,890)	(15,764)
Net change in total OPEB liability	(9,809)	(16,084)	(107,699)	5,530
Total OPEB liability -- beginning	425,766	415,957	399,873	292,174
Total OPEB liability -- ending (a)	\$ 415,957	\$ 399,873	\$ 292,174	\$ 297,704
Plan fiduciary net position				
Contributions - employer	\$ 21,605	\$ 21,072	\$ 18,406	\$ 24,598
Contributions - employee	297	308	303	310
Net investment income (loss)	2,034	2,156	2,432	1,064
Benefit payments	(12,565)	(12,903)	(14,890)	(15,764)
Administrative expense	(10)	(51)	(8)	(23)
Net change in fiduciary net position	11,361	10,582	6,243	10,185
Plan fiduciary net position -- beginning	15,084	26,445	37,027	43,270
Plan fiduciary net position -- ending (b)	\$ 26,445	\$ 37,027	\$ 43,270	\$ 53,455
Net OPEB liability -- ending (a) - (b)	\$ 389,512	\$ 362,846	\$ 248,904	\$ 244,249
Plan fiduciary net position as a percentage of the total OPEB liability	6.36%	9.26%	14.81%	17.96%
Covered-employee payroll	\$ 237,926	\$ 236,885	\$ 245,622	\$ 261,187
Net OPEB liability as a percentage of covered-employee payroll	163.71%	153.17%	101.34%	93.51%
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020

Notes to the Required Supplementary Information

* Fiscal year 2018 was the first year of implementation, therefore, only seven years are shown.

City of Sacramento
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Years* (in thousands)

	Fiscal Year		
	2022	2023	2024
Total OPEB liability			
Service cost	\$ 5,919	\$ 5,259	\$ 5,356
Interest on the total OPEB liability	19,968	16,803	17,208
Changes of benefit terms	-	-	-
Changes of assumptions	3,978	-	11,125
Differences between expected and actual experience	(40,332)	-	698
Benefit payments	(15,625)	(16,048)	(15,321)
Net change in total OPEB liability	(26,092)	6,014	19,066
Total OPEB liability -- beginning	297,704	271,612	277,626
Total OPEB liability -- ending (a)	\$ 271,612	\$ 277,626	\$ 296,692
Plan fiduciary net position			
Contributions - employer	\$ 21,687	\$ 24,675	\$ 23,167
Contributions - employee	-	-	-
Net investment income (loss)	15,311	(12,256)	5,839
Benefit payments	(15,625)	(16,048)	(15,321)
Administrative expense	(21)	(22)	(24)
Net change in fiduciary net position	21,352	(3,651)	13,661
Plan fiduciary net position -- beginning	53,455	74,807	71,156
Plan fiduciary net position -- ending (b)	\$ 74,807	\$ 71,156	\$ 84,817
Net OPEB liability -- ending (a) - (b)	\$ 196,805	\$ 206,470	\$ 211,875
Plan fiduciary net position as a percentage of the total OPEB liability	27.54%	25.63%	28.59%
Covered-employee payroll	\$ 249,162	\$ 244,497	\$ 242,374
Net OPEB liability as a percentage of covered-employee payroll	78.99%	84.45%	87.42%
Measurement date	June 30, 2021	June 30, 2022	June 30, 2023

City of Sacramento
Required Supplementary Information
OPEB Schedule of Contributions
Last Ten Years* (in thousands)

	Fiscal Year			
	2018	2019	2020	2021
Actuarially determined contributions	\$ 36,393	\$ 34,454	\$ 36,155	\$ 25,548
Contributions in relation to the actuarially determined contributions	21,072	18,406	24,598	21,687
Contribution deficiency (excess)	15,321	16,048	11,557	3,861
Covered-employee payroll	\$ 236,885	\$ 245,622	\$ 261,187	\$ 249,162
Contributions as a percentage of covered-employee payroll	8.90%	7.49%	9.42%	8.70%

Notes to the Required Supplementary Information

Valuation date:	6/30/2016	6/30/2017	6/30/2017	6/30/2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll over a closed rolling 15 year period
Asset valuation method	Investment gains and losses spread over 5 year rolling period
Inflation	2.50%
Salary Increase	2.75%
Investment rate of return	6.25%
Healthcare cost trend rate	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% for 2076 Medicare (Non-Kaiser) - 5.65% for 2023, decreased to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.60% for 2022, decreasing to an ultimate rate of 3.75% in 2076
Mortality	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

* Fiscal year 2018 was the first year of implementation, therefore, only seven years are shown.

City of Sacramento
Required Supplementary Information
 OPEB Schedule of Contributions
 Last Ten Years* (in thousands)

	Fiscal Year		
	2022	2023	2024
Actuarially determined contributions	\$ 26,879	\$ 22,407	\$ 23,334
Contributions in relation to the actuarially determined contributions	24,675	23,167	23,184
Contribution deficiency (excess)	<u>2,204</u>	<u>(760)</u>	<u>150</u>
Covered-employee payroll	\$ 244,497	\$ 242,374	\$ 238,736
Contributions as a percentage of covered-employee payroll	10.09%	9.56%	9.71%
<u>Notes to the Required Supplementary Information</u>			
Valuation date:	6/30/2019	6/30/2021	6/30/2021

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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 ACFR.

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 ACFR.

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 ACFR.

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 ACFR.

City of Sacramento
Other Governmental Funds
Combining Balance Sheet

June 30, 2024

(in thousands)

	Other Special Revenue Funds	Other Debt Service Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
<u>ASSETS</u>					
Cash and investments held by City	\$ 201,238	\$ 2,940	\$ 248,926	\$ 7,207	\$ 460,311
Cash and investments held by fiscal agent	-	61	-	-	61
Receivables, net:					
Taxes	7,957	-	-	-	7,957
Accounts	5,508	-	17,343	-	22,851
Loans	26,486	-	-	-	26,486
Intergovernmental	32,854	10,533	37,888	-	81,275
Leases	905	2,900	-	-	3,805
Interest	1,343	25	441	34	1,843
Prepaid items	13	-	-	-	13
Restricted assets:					
Cash and investments held by City	205	-	10,256	-	10,461
Cash and investments held by fiscal agent	-	6,112	-	-	6,112
Total assets	<u>\$ 276,509</u>	<u>\$ 22,571</u>	<u>\$ 314,854</u>	<u>\$ 7,241</u>	<u>\$ 621,175</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 12,652	\$ -	\$ 27,890	\$ -	\$ 40,542
Accrued payroll	82	-	-	-	82
Due to other funds	1,813	-	6,378	-	8,191
Deposits	1,856	1,296	80	-	3,232
Unearned revenue	3,187	-	7,900	-	11,087
Advances from other funds	19,849	-	-	-	19,849
Total liabilities	<u>39,439</u>	<u>1,296</u>	<u>42,248</u>	<u>-</u>	<u>82,983</u>
Deferred inflows of resources:					
Unavailable revenue	28,920	10,533	29,663	-	69,116
Leases	882	2,771	-	-	3,653
Total deferred inflows of resources	<u>29,802</u>	<u>13,304</u>	<u>29,663</u>	<u>-</u>	<u>72,769</u>
Fund balances:					
Nonspendable:					
Prepaid items	13	-	-	-	13
Leases	23	129	-	-	152
Permanent fund principal	-	-	-	578	578
Restricted:					
Capital projects	32,013	-	260,327	-	292,340
Debt service	205	4,823	-	-	5,028
Public works programs	19,326	-	-	-	19,326
Economic development programs	79,416	-	-	-	79,416
Other programs	80,995	-	3,024	6,663	90,682
Committed:					
Capital projects	1,460	-	-	-	1,460
Debt service	-	941	-	-	941
OPEB	9	-	-	-	9
Other programs	22,461	-	-	-	22,461
Assigned:					
Debt service	-	2,078	-	-	2,078
Unassigned	(28,653)	-	(20,408)	-	(49,061)
Total fund balances	<u>207,268</u>	<u>7,971</u>	<u>242,943</u>	<u>7,241</u>	<u>465,423</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 276,509</u>	<u>\$ 22,571</u>	<u>\$ 314,854</u>	<u>\$ 7,241</u>	<u>\$ 621,175</u>

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

For the Fiscal Year Ended June 30, 2024
(in thousands)

	Other Special Revenue Funds	Other Debt Service Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
Revenues:					
Taxes	\$ 14,781	\$ -	\$ 1,773	\$ -	\$ 16,554
Intergovernmental	75,654	641	93,114	-	169,409
Charges for services	19,386	-	584	-	19,970
Fines, forfeits and penalties	282	-	-	-	282
Interest, rents, and concessions	6,191	1,814	7,322	711	16,038
Community service fees	1,464	-	21,999	-	23,463
Assessment levies	63,337	-	1,999	-	65,336
Contributions and donations	6,181	-	884	-	7,065
Total revenues	187,276	2,455	127,675	711	318,117
Expenditures:					
Current:					
General government	54,505	-	92	189	54,786
Police	6,090	-	-	-	6,090
Fire	2,711	-	-	-	2,711
Public works	32,775	-	7,380	-	40,155
Convention and cultural services	15,220	-	-	-	15,220
Youth, parks, and community enrichment	12,763	-	470	-	13,233
Community development	14,339	-	7,442	-	21,781
Community response	2,676	-	-	-	2,676
Library	9,537	-	-	-	9,537
Utilities	334	-	-	-	334
Capital outlay	11,239	-	108,462	-	119,701
Debt service:					
Principal	1,358	11,470	7,638	-	20,466
Interest and fiscal charges	1,016	8,868	19	-	9,903
Total expenditures	164,563	20,338	131,503	189	316,593
Excess (deficiency) of revenues over (under) expenditures	22,713	(17,883)	(3,828)	522	1,524
Other financing sources (uses):					
Transfers in	1,400	18,048	2,942	-	22,390
Transfers out	(8,360)	-	(1,432)	-	(9,792)
Issuance of long-term debt	4,427	-	6,111	-	10,538
Total other financing sources (uses)	(2,533)	18,048	7,621	-	23,136
Changes in fund balances	20,180	165	3,793	522	24,660
Fund balances, beginning of year	187,088	7,806	239,150	6,719	440,763
Fund balances, end of year	\$ 207,268	\$ 7,971	\$ 242,943	\$ 7,241	\$ 465,423

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:

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.

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, the Winchester G. and Mary Alice Felt Endowment, Marcy Friedman Art in Public Places, and Arts and Culture.

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, Special Program Donations, Ethel MacLeod Hart Trust, Land Park, and Quimby.

ECONOMIC DEVELOPMENT FUND is used to account 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.

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

SPECIAL DISTRICTS 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 Fund includes the Business Improvement Districts Program, the Landscaping and Lighting Districts Program, the Maintenance Benefit Area Program, and the Assessment District Maintenance Program.

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, 2024

(in thousands)

	Transportation and Development Fund	Culture and Leisure Fund	Parks and Recreation Fund	Economic Development Fund
ASSETS				
Cash and investments held by City	\$ 67,961	\$ 7,158	\$ 8,796	\$ 59,993
Receivables, net:				
Taxes	-	-	-	7,957
Accounts	1,077	108	18	12
Loans	-	-	-	26,486
Intergovernmental	1,260	-	1	-
Leases	-	621	284	-
Interest	199	-	3	1,141
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments held by City	-	205	-	-
Total assets	<u>\$ 70,497</u>	<u>\$ 8,092</u>	<u>\$ 9,102</u>	<u>\$ 95,589</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,108	\$ 36	\$ 30	\$ 1,162
Accrued payroll	-	12	29	11
Due to other funds	-	-	-	-
Deposits	1,417	171	-	-
Unearned revenue	1,052	16	-	-
Advances from other funds	-	4,849	-	15,000
Total liabilities	<u>3,577</u>	<u>5,084</u>	<u>59</u>	<u>16,173</u>
Deferred inflows of resources:				
Unavailable revenue	117	10	-	-
Leases	-	605	277	-
Total deferred inflows of resources	<u>117</u>	<u>615</u>	<u>277</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Leases	-	16	7	-
Restricted:				
Capital projects	25,880	14	4,236	-
Debt service	-	205	-	-
Public works programs	19,326	-	-	-
Economic development programs	-	-	-	79,416
Other programs	-	617	4,420	-
Committed:				
Capital projects	157	1,303	-	-
OPEB	-	9	-	-
Other programs	21,440	786	235	-
Unassigned	-	(557)	(132)	-
Total fund balances (deficits)	<u>66,803</u>	<u>2,393</u>	<u>8,766</u>	<u>79,416</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 70,497</u>	<u>\$ 8,092</u>	<u>\$ 9,102</u>	<u>\$ 95,589</u>

City of Sacramento
Other Special Revenue Funds
Combining Balance Sheet
June 30, 2024
(in thousands)

	Operating Grants Fund	CCOMWP Fund	Special Districts Fund	Cal EPA Fund	Total Other Special Revenue Funds
ASSETS					
Cash and investments held by City	\$ 32,378	\$ -	\$ 23,581	\$ 1,371	\$ 201,238
Receivables, net:					
Taxes	-	-	-	-	7,957
Accounts	1,643	-	2,650	-	5,508
Loans	-	-	-	-	26,486
Intergovernmental	28,541	3,052	-	-	32,854
Leases	-	-	-	-	905
Interest	-	-	-	-	1,343
Prepaid items	13	-	-	-	13
Restricted assets:					
Cash and investments held by City	-	-	-	-	205
Total assets	<u>\$ 62,575</u>	<u>\$ 3,052</u>	<u>\$ 26,231</u>	<u>\$ 1,371</u>	<u>\$ 276,509</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 8,171	\$ 380	\$ 1,765	\$ -	\$ 12,652
Accrued payroll	-	30	-	-	82
Due to other funds	-	1,813	-	-	1,813
Deposits	268	-	-	-	1,856
Unearned revenue	2,119	-	-	-	3,187
Advances from other funds	-	-	-	-	19,849
Total liabilities	<u>10,558</u>	<u>2,223</u>	<u>1,765</u>	<u>-</u>	<u>39,439</u>
Deferred Inflows of resources:					
Unavailable revenue	25,751	3,042	-	-	28,920
Leases	-	-	-	-	882
Total deferred inflows of resources	<u>25,751</u>	<u>3,042</u>	<u>-</u>	<u>-</u>	<u>29,802</u>
Fund balances:					
Nonspendable:					
Prepaid items	13	-	-	-	13
Leases	-	-	-	-	23
Restricted:					
Capital projects	-	-	1,883	-	32,013
Debt service	-	-	-	-	205
Public works programs	-	-	-	-	19,326
Economic development programs	-	-	-	-	79,416
Other programs	52,004	-	22,583	1,371	80,995
Committed:					
Capital projects	-	-	-	-	1,460
OPEB	-	-	-	-	9
Other programs	-	-	-	-	22,461
Unassigned	(25,751)	(2,213)	-	-	(28,653)
Total fund balances (deficits)	<u>26,266</u>	<u>(2,213)</u>	<u>24,466</u>	<u>1,371</u>	<u>207,268</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 62,575</u>	<u>\$ 3,052</u>	<u>\$ 26,231</u>	<u>\$ 1,371</u>	<u>\$ 276,509</u>

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

For the Fiscal Year Ended June 30, 2024

(in thousands)

	Transportation and Development Fund	Culture and Leisure Fund	Parks and Recreation Fund	Economic Development Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 14,781
Intergovernmental	16,772	-	834	-
Charges for services	16,081	2,168	-	-
Fines, forfeits and penalties	282	-	-	-
Interest, rents, and concessions	3,058	1,303	644	(71)
Community service fees	235	-	1,229	-
Assessment levies	-	-	-	-
Contributions and donations	-	30	242	-
Total revenues	36,428	3,501	2,949	14,710
Expenditures:				
Current:				
General government	-	-	-	3,640
Police	-	-	-	-
Fire	-	-	-	-
Public works	14,900	-	-	-
Convention and cultural services	-	1,690	-	-
Youth, parks, and community enrichment	-	-	1,265	-
Community development	13,629	-	-	-
Community response	-	-	-	-
Library	-	-	-	-
Utilities	-	-	-	-
Capital outlay	4,733	43	150	380
Debt service:				
Principal	35	546	4	-
Interest and fiscal charges	-	1,009	-	-
Total expenditures	33,297	3,288	1,419	4,020
Excess (deficiency) of revenues over (under) expenditures	3,131	213	1,530	10,690
Other financing sources (uses):				
Transfers in	-	752	30	-
Transfers out	(1,399)	-	(23)	(3,600)
Issuance of long-term debt	3,056	-	47	-
Total other financing sources (uses)	1,657	752	54	(3,600)
Changes in fund balances	4,788	965	1,584	7,090
Fund balances (deficits), beginning of year	62,015	1,428	7,182	72,326
Fund balances (deficits), end of year	\$ 66,803	\$ 2,393	\$ 8,766	\$ 79,416

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

For the Fiscal Year Ended June 30, 2024

(in thousands)

	Operating Grants Fund	CCOMWP Fund	Special Districts Fund	Cal EPA Fund	Total Other Special Revenue Funds
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 14,781
Intergovernmental	51,622	6,423	-	3	75,654
Charges for services	1,137	-	-	-	19,386
Fines, forfeits and penalties	-	-	-	-	282
Interest, rents, and concessions	649	(90)	664	34	6,191
Community service fees	-	-	-	-	1,464
Assessment levies	-	-	63,337	-	63,337
Contributions and donations	5,909	-	-	-	6,181
Total revenues	59,317	6,333	64,001	37	187,276
Expenditures:					
Current:					
General government	31,499	6,976	12,390	-	54,505
Police	6,090	-	-	-	6,090
Fire	2,711	-	-	-	2,711
Public works	-	-	17,875	-	32,775
Convention and cultural services	5,081	-	8,449	-	15,220
Youth, parks, and community enrichment	3,015	-	8,483	-	12,763
Community development	451	-	259	-	14,339
Community response	2,676	-	-	-	2,676
Library	-	-	9,537	-	9,537
Utilities	-	-	334	-	334
Capital outlay	3,972	-	1,961	-	11,239
Debt service:					
Principal	718	55	-	-	1,358
Interest and fiscal charges	7	-	-	-	1,016
Total expenditures	56,220	7,031	59,288	-	164,563
Excess (deficiency) of revenues over (under) expenditures	3,097	(698)	4,713	37	22,713
Other financing sources (uses):					
Transfers in	-	618	-	-	1,400
Transfers out	(650)	-	(2,688)	-	(8,360)
Issuance of long-term debt	1,324	-	-	-	4,427
Total other financing sources (uses)	674	618	(2,688)	-	(2,533)
Changes in fund balances	3,771	(80)	2,025	37	20,180
Fund balances (deficits), beginning of year	22,495	(2,133)	22,441	1,334	187,088
Fund balances (deficits), end of year	\$ 26,266	\$ (2,213)	\$ 24,466	\$ 1,371	\$ 207,268

City of Sacramento

Transportation and Development Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual

For the Fiscal Year Ended June 30, 2024

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 15,157	\$ 15,157	\$ 16,772	\$ 1,615
Charges for services	-	2,897	3,886	989
Fines, forfeits and penalties	350	350	282	(68)
Interest, rents, and concessions	3,656	40	2,766	2,726
Total revenues	19,163	18,444	23,706	5,262
Expenditures:				
Current:				
Public works	19,621	19,621	14,900	4,721
Community development	2,266	2,293	3,300	(1,007)
Capital outlay	2,555	2,237	4,406	(2,169)
Debt service:				
Principal	-	-	35	(35)
Total expenditures	24,442	24,151	22,641	1,510
Excess (deficiency) of revenues over (under) expenditures	(5,279)	(5,707)	1,065	6,772
Other financing sources (uses):				
Transfers out	-	-	(1,126)	(1,126)
Issuance of long-term debt	-	-	3,056	3,056
Total other financing sources (uses)	-	-	1,930	(1,930)
Changes in fund balance for budgeted activities	(5,279)	(5,707)	2,995	8,702
Fund balance, beginning of year for budgeted activities	53,747	53,747	53,747	-
Fund balance, end of year for budgeted activities	\$ 48,468	\$ 48,040	56,742	\$ 8,702
Change in fund balance for Transportation and Development Special Revenue Fund activities for which annual budgets are not adopted			1,793	
Fund balance, beginning of year for non-budgeted activities			8,268	
Fund balance, end of year			\$ 66,803	

City of Sacramento

Culture and Leisure Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual

For the Fiscal Year Ended June 30, 2024

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 1,917	\$ 1,917	\$ 2,168	\$ 251
Interest, rents and concessions	1,003	1,003	1,303	300
Contributions and donations	45	45	30	(15)
Total revenues	2,965	2,965	3,501	536
Expenditures:				
Current:				
Convention and cultural services	1,613	1,684	1,690	(6)
Capital outlay	583	1,384	43	1,341
Debt service:				
Principal	1,110	1,110	546	564
Interest and fiscal charges	967	967	1,009	(42)
Total expenditures	4,273	5,145	3,288	1,857
Excess (deficiency) of revenues over (under) expenditures	(1,308)	(2,180)	213	2,393
Other financing sources:				
Transfers in	710	710	752	42
Changes in fund balance	(598)	(1,470)	965	2,435
Fund balance, beginning of year	1,428	1,428	1,428	-
Fund balance (deficit), end of year	\$ 830	\$ (42)	\$ 2,393	\$ 2,435

City of Sacramento

Parks and Recreation Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual

For the Fiscal Year Ended June 30, 2024

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 658	\$ 754	\$ 834	\$ 80
Interest, rents and concessions	23	23	73	50
Community service fees	-	-	59	59
Total revenues	681	777	966	189
Expenditures:				
Current:				
Youth, parks, and community enrichment	506	602	810	(208)
Excess of revenues over expenditures	175	175	156	(19)
Other financing sources:				
Transfers in	-	30	30	-
Changes in fund balance for budgeted activities	175	205	186	(19)
Fund deficit, beginning of year for budgeted activities	(76)	(76)	(76)	-
Fund balance, end of year for budgeted activities	\$ 99	\$ 129	110	\$ (19)
Change in fund balance for Parks and Recreation Special Revenue Fund activities for which annual budgets are not adopted.			1,398	
Fund balance, beginning of year for non-budgeted activities			7,258	
Fund balance, end of year			\$ 8,766	

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

For the Fiscal Year Ended June 30, 2024
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,219	\$ 1,703	\$ 1,717	\$ 14
Interest, rents and concessions	-	-	(90)	(90)
Total revenues	1,219	1,703	1,627	(76)
Expenditures:				
Current:				
General government	1,757	2,341	2,000	341
Debt service:				
Principal	-	-	55	(55)
Total expenditures	1,757	2,341	2,055	286
Deficiency of revenues under expenditures	(538)	(638)	(428)	210
Other financing sources:				
Transfers in	531	617	618	1
Changes in fund balance	(7)	(21)	190	211
Fund balance, beginning of year for budgeted activities	639	639	639	-
Fund balance, end of year for budgeted activities	<u>\$ 632</u>	<u>\$ 618</u>	829	<u>\$ 211</u>
Change in fund balance for CCOMWP Special Revenue Fund activities for which annual budgets are not adopted			(270)	
Fund deficit, beginning of year for non-budgeted activities			(2,772)	
Fund deficit, end of year			<u>\$ (2,213)</u>	

City of Sacramento

Special Districts Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

- Budget and Actual

For the Fiscal Year Ended June 30, 2024

(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Interest, rents, and concessions	\$ -	\$ -	\$ 664	\$ 664
Assessment levies	58,323	58,343	63,337	4,994
Total revenues	58,323	58,343	64,001	5,658
Expenditures:				
Current:				
General government	11,982	11,982	12,390	(408)
Public works	19,275	19,166	17,875	1,291
Convention and cultural services	3,635	3,635	8,449	(4,814)
Youth, parks, and community enrichment	8,636	8,656	8,483	173
Community development	255	255	259	(4)
Library	9,642	9,642	9,537	105
Utilities	783	783	334	449
Capital outlay	6,132	6,132	1,961	4,171
Total expenditures	60,340	60,251	59,288	963
Excess (deficiency) of revenues over (under) expenditures	(2,017)	(1,908)	4,713	6,621
Other financing uses:				
Transfers out	(2,740)	(2,740)	(2,688)	52
Changes in fund balance	(4,757)	(4,648)	2,025	6,673
Fund balance, beginning of year	22,441	22,441	22,441	-
Fund balance, end of year	\$ 17,684	\$ 17,793	\$ 24,466	\$ 6,673

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:

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.

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

2015 REFUNDING REVENUE BOND FUND is used to account for debt service activities related to the refunding of the outstanding 2002 Capital Improvement Revenue Bonds, 2003 Capital Improvement Revenue Bonds, 2005 Refunding Revenue Bonds, and the 2006 Capital Improvement Revenue Bonds Series A and C.

2016 SPFA LEASE FINANCING (H STREET THEATER COMPLEX) FUND is used to account for debt service activities related to the refunding of the Sacramento Regional Arts Facilities 2002 Series Certificates of Participation (COPs).

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

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

June 30, 2024

(in thousands)

	2006 Series B Revenue Bond Fund	2006 Series E Revenue Bond Fund	2015 Refunding Revenue Bond Fund
<u>ASSETS</u>			
Assets:			
Cash and investments held by City	\$ 868	\$ -	\$ 2,071
Cash and investments held by fiscal agent	48	7	6
Receivables, net:			
Intergovernmental	8,881	1,652	-
Leases	2,900	-	-
Interest	25	-	-
Restricted assets:			
Cash and investments held by fiscal agent	3,938	-	-
Total assets	<u>\$ 16,660</u>	<u>\$ 1,659</u>	<u>\$ 2,077</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Deposits	\$ -	\$ -	\$ -
Deferred inflows of resources:			
Unavailable revenue	8,881	1,652	-
Leases	2,771	-	-
Total deferred inflows of resources	<u>11,652</u>	<u>1,652</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Leases	129	-	-
Restricted:			
Debt service	3,938	7	-
Committed:			
Debt service	941	-	-
Assigned:			
Debt service	-	-	2,077
Total fund balances	<u>5,008</u>	<u>7</u>	<u>2,077</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,660</u>	<u>\$ 1,659</u>	<u>\$ 2,077</u>

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

June 30, 2024

(in thousands)

	2016 SPFA Lease Financing Fund	Other City Debt Fund	Total Other Debt Service Funds
<u>ASSETS</u>			
Assets:			
Cash and investments held by City	\$ -	\$ 1	\$ 2,940
Cash and investments held by fiscal agent	-	-	61
Receivables, net:			
Intergovernmental	-	-	10,533
Leases	-	-	2,900
Interest	-	-	25
Restricted assets:			
Cash and investments held by fiscal agent	2,174	-	6,112
Total assets	<u>\$ 2,174</u>	<u>\$ 1</u>	<u>\$ 22,571</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Deposits	<u>\$ 1,296</u>	<u>\$ -</u>	<u>\$ 1,296</u>
Deferred inflows of resources:			
Unavailable revenue	-	-	10,533
Leases	<u>-</u>	<u>-</u>	<u>2,771</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>13,304</u>
Fund balances:			
Nonspendable:			
Leases	-	-	129
Restricted:			
Debt service	878	-	4,823
Committed:			
Debt service	-	-	941
Assigned:			
Debt service	<u>-</u>	<u>1</u>	<u>2,078</u>
Total fund balances	<u>878</u>	<u>1</u>	<u>7,971</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,174</u>	<u>\$ 1</u>	<u>\$ 22,571</u>

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024
(in thousands)

	2006 Series B Revenue Bond Fund	2006 Series E Revenue Bond Fund	2015 Refunding Revenue Bond Fund
Revenues:			
Intergovernmental	\$ 500	\$ 141	\$ -
Interest, rents, and concessions	985	99	78
Total revenues	1,485	240	78
Expenditures:			
Debt service:			
Principal	1,770	5,260	3,925
Interest and fiscal charges	2,168	3,592	2,954
Total expenditures	3,938	8,852	6,879
Deficiency of revenues under expenditures	(2,453)	(8,612)	(6,801)
Other financing sources:			
Transfers in	2,581	8,614	6,853
Changes in fund balances	128	2	52
Fund balances, beginning of year	4,880	5	2,025
Fund balances, end of year	\$ 5,008	\$ 7	\$ 2,077

City of Sacramento
Other Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024
(in thousands)

	2016 SPFA Lease Financing Fund	Other City Debt Fund	Total Other Debt Service Funds
Revenues:			
Intergovernmental	\$ -	\$ -	\$ 641
Interest, rents, and concessions	652	-	1,814
Total revenues	652	-	2,455
Expenditures:			
Debt service:			
Principal	515	-	11,470
Interest and fiscal charges	154	-	8,868
Total expenditures	669	-	20,338
Deficiency of revenues under expenditures	(17)	-	(17,883)
Other financing sources:			
Transfers in	-	-	18,048
Changes in fund balances	(17)	-	165
Fund balances, beginning of year	895	1	7,806
Fund balances, end of year	\$ 878	\$ 1	\$ 7,971

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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:

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

TRANSPORTATION AND DEVELOPMENT FUND is used to account for the receipts of taxes and fees which are used to construct transportation-related capital projects.

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.

CAPITAL GRANTS FUND is used to account for capital improvement program projects that are funded by parties outside of the City including state and federal governments.

FINANCING PLANS FUND is used to account for the construction of public infrastructure funded by developer impact fees authorized under financing plans.

SPECIAL DISTRICTS 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.

ECONOMIC DEVELOPMENT FUND is used to account for the excess proceeds of Redevelopment Agency (RDA) pre-2011 non-housing bond issues and associated capital projects.

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City of Sacramento
Other Capital Projects Funds
Combining Balance Sheet

June 30, 2024

(in thousands)

	General Fund Capital Projects Fund	Transportation and Development Fund	Crocker Art Museum Expansion Fund	Capital Grants Fund
<u>ASSETS</u>				
Cash and investments held by City	\$ -	\$ 113,355	\$ -	\$ -
Receivables, net:				
Accounts	-	2,880	-	971
Intergovernmental	-	4,528	-	33,360
Interest	-	269	-	-
Restricted assets:				
Cash and investments held by City	30	-	160	33
Total assets	<u>\$ 30</u>	<u>\$ 121,032</u>	<u>\$ 160</u>	<u>\$ 34,364</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ 6,273	\$ -	\$ 18,878
Deposits	-	-	-	-
Due to other funds	-	-	-	6,378
Unearned revenue	-	-	-	7,595
Total liabilities	<u>-</u>	<u>6,273</u>	<u>-</u>	<u>32,851</u>
Deferred inflows of resources:				
Unavailable revenue	<u>-</u>	<u>3,311</u>	<u>-</u>	<u>19,114</u>
Fund balances:				
Restricted:				
Capital projects	30	112,742	160	1,513
Other programs	-	-	-	-
Unassigned	<u>-</u>	<u>(1,294)</u>	<u>-</u>	<u>(19,114)</u>
Total fund balances (deficit)	<u>30</u>	<u>111,448</u>	<u>160</u>	<u>(17,601)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30</u>	<u>\$ 121,032</u>	<u>\$ 160</u>	<u>\$ 34,364</u>

City of Sacramento
Other Capital Projects Funds
Combining Balance Sheet

June 30, 2024

(in thousands)

	Financing Plans Fund	Special Districts Fund	Economic Development Fund	Total Other Capital Projects Funds
ASSETS				
Cash and investments held by City	\$ 116,793	\$ 18,778	\$ -	\$ 248,926
Receivables, net:				
Accounts	13,492	-	-	17,343
Intergovernmental	-	-	-	37,888
Interest	172	-	-	441
Restricted assets:				
Cash and investments held by City	-	-	10,033	10,256
Total assets	<u>\$ 130,457</u>	<u>\$ 18,778</u>	<u>\$ 10,033</u>	<u>\$ 314,854</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,739	\$ -	\$ -	\$ 27,890
Deposits	80	-	-	80
Due to other funds	-	-	-	6,378
Unearned revenue	305	-	-	7,900
Total liabilities	<u>3,124</u>	<u>-</u>	<u>-</u>	<u>42,248</u>
Deferred inflows of resources:				
Unavailable revenue	<u>7,238</u>	<u>-</u>	<u>-</u>	<u>29,663</u>
Fund balances:				
Restricted:				
Capital projects	117,071	18,778	10,033	260,327
Other programs	3,024	-	-	3,024
Unassigned	-	-	-	(20,408)
Total fund balances (deficit)	<u>120,095</u>	<u>18,778</u>	<u>10,033</u>	<u>242,943</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 130,457</u>	<u>\$ 18,778</u>	<u>\$ 10,033</u>	<u>\$ 314,854</u>

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

For the Fiscal Year Ended June 30, 2024
(in thousands)

	General Fund Capital Projects Fund	Transportation and Development Fund	Crocker Art Museum Expansion Fund	Capital Grants Fund
Revenues:				
Taxes	\$ -	\$ 1,773	\$ -	\$ -
Intergovernmental	-	32,343	-	60,771
Charges for services	-	110	-	-
Interest, rents, and concessions	-	2,761	5	127
Community service fees	-	96	-	-
Assessment levies	-	-	-	-
Contributions and donations	-	-	-	594
Total revenues	-	37,083	5	61,492
Expenditures:				
Current:				
General government	-	-	-	-
Public works	-	7,360	-	-
Youth, parks, and community enrichment	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	23,216	-	63,717
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	30,576	-	63,717
Excess (deficiency) of revenues over (under) expenditures	-	6,507	5	(2,225)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of long-term debt	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Changes in fund balances	-	6,507	5	(2,225)
Fund balances (deficit), beginning of year	30	104,941	155	(15,376)
Fund balances (deficit), end of year	\$ 30	\$ 111,448	\$ 160	\$ (17,601)

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

For the Fiscal Year Ended June 30, 2024
(in thousands)

	Financing Plans Fund	Special Districts Fund	Economic Development Fund	Total Other Capital Projects Funds
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,773
Intergovernmental	-	-	-	93,114
Charges for services	474	-	-	584
Interest, rents, and concessions	3,641	537	251	7,322
Community service fees	21,903	-	-	21,999
Assessment levies	82	1,917	-	1,999
Contributions and donations	-	290	-	884
Total revenues	26,100	2,744	251	127,675
Expenditures:				
Current:				
General government	-	-	92	92
Public works	20	-	-	7,380
Youth, parks, and community enrichment	470	-	-	470
Community development	7,373	69	-	7,442
Capital outlay	13,363	8,126	40	108,462
Debt service:				
Principal	7,638	-	-	7,638
Interest and fiscal charges	19	-	-	19
Total expenditures	28,883	8,195	132	131,503
Excess (deficiency) of revenues over (under) expenditures	(2,783)	(5,451)	119	(3,828)
Other financing sources (uses):				
Transfers in	2,942	-	-	2,942
Transfers out	(1,432)	-	-	(1,432)
Issuance of long-term debt	6,111	-	-	6,111
Total other financing sources (uses)	7,621	-	-	7,621
Changes in fund balances	4,838	(5,451)	119	3,793
Fund balances (deficit), beginning of year	115,257	24,229	9,914	239,150
Fund balances (deficit), end of year	\$ 120,095	\$ 18,778	\$ 10,033	\$ 242,943

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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:

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

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

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.

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.

City of Sacramento
Permanent Funds
Combining Balance Sheet
June 30, 2024
(in thousands)

	Ann Land Fund	Bertha Henschel Fund	George Clark Scholarship Fund	Alice Miller Fund	Total Permanent Funds
<u>ASSETS</u>					
Cash and investments held by City	\$ 1,247	\$ 3,741	\$ 2,170	\$ 49	\$ 7,207
Receivables, net:					
Interest	8	24	2	-	34
Total assets	<u>\$ 1,255</u>	<u>\$ 3,765</u>	<u>\$ 2,172</u>	<u>\$ 49</u>	<u>\$ 7,241</u>
<u>FUND BALANCES</u>					
Fund balances:					
Nonspendable:					
Permanent fund principal	272	278	25	3	578
Restricted:					
Other programs	983	3,487	2,147	46	6,663
Total fund balances	<u>\$ 1,255</u>	<u>\$ 3,765</u>	<u>\$ 2,172</u>	<u>\$ 49</u>	<u>\$ 7,241</u>

City of Sacramento

Permanent Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2024

(in thousands)

	Ann Land Fund	Bertha Henschel Fund	George Clark Scholarship Fund	Alice Miller Fund	Total Permanent Funds
Revenues:					
Interest, rents, and concessions	\$ 109	\$ 327	\$ 274	\$ 1	\$ 711
Expenditures:					
Current:					
General government	41	123	25	-	189
Changes in fund balances	68	204	249	1	522
Fund balances, beginning of year	1,187	3,561	1,923	48	6,719
Fund balances, end of year	\$ 1,255	\$ 3,765	\$ 2,172	\$ 49	\$ 7,241

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:

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

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

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City of Sacramento
Other Enterprise Funds
Combining Statement of Net Position

June 30, 2024
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
<u>ASSETS</u>			
Current assets:			
Cash and investments held by City	\$ 20,751	\$ 2,352	\$ 23,103
Receivables, net:			
Accounts	745	123	868
Leases	518	-	518
Interest	113	-	113
Intangible asset, current portion	-	8	8
Total current assets	22,127	2,483	24,610
Noncurrent assets:			
Leases receivable	7,280	-	7,280
Intangible assets	-	88	88
Capital assets:			
Land	5,825	-	5,825
Buildings and improvements	62,954	1,642	64,596
Machinery and equipment	6,235	-	6,235
Construction in progress	6,165	-	6,165
Software	41	-	41
Leased land	1,978	-	1,978
IT subscriptions	767	-	767
Less: accumulated depreciation/amortization	(47,132)	(1,503)	(48,635)
Total noncurrent assets	44,113	227	44,340
Total assets	66,240	2,710	68,950
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pensions	1,688	1,380	3,068
OPEB	346	83	429
Total deferred outflows of resources	2,034	1,463	3,497

City of Sacramento
Other Enterprise Funds
Combining Statement of Net Position

June 30, 2024
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,993	38	2,031
Accrued payroll	124	193	317
Accrued compensated absences	16	15	31
Interest payable	34	-	34
Deposits	47	-	47
Unearned revenue	196	154	350
Accrued claims and judgments	8	3	11
Lease liabilities	114	-	114
IT subscription liabilities	50	-	50
Revenue and other bonds payable, net	1,301	-	1,301
Total current liabilities	3,883	403	4,286
Noncurrent liabilities:			
Accrued compensated absences	320	317	637
Net OPEB liability	1,509	6	1,515
Lease liabilities	1,537	-	1,537
IT subscription liabilities	619	-	619
Revenue and other bonds payable, net	7,266	-	7,266
Net pension liability	6,857	6,303	13,160
Total noncurrent liabilities	18,108	6,626	24,734
Total liabilities	21,991	7,029	29,020
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Gain on debt refundings	121	-	121
Pensions	59	15	74
OPEB	318	70	388
Leases	6,951	-	6,951
Total deferred inflows of resources	7,449	85	7,534
<u>NET POSITION</u>			
Net investment in capital assets	25,810	139	25,949
Unrestricted	13,024	(3,080)	9,944
Total net position (deficit)	\$ 38,834	\$ (2,941)	\$ 35,893

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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, 2024
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
Operating revenues:			
Charges for services:			
User fees and charges	\$ 17,533	\$ 6,396	\$ 23,929
Rents and concessions	1,081	-	1,081
Miscellaneous	111	-	111
Total operating revenues	18,725	6,396	25,121
Operating expenses:			
Employee services	4,152	5,496	9,648
Services and supplies	8,210	764	8,974
Depreciation/amortization	1,562	57	1,619
Claims and judgments	4	-	4
Total operating expenses	13,928	6,317	20,245
Operating income	4,797	79	4,876
Nonoperating revenues (expenses):			
Interest and investment revenue	582	38	620
Revenue from other agencies	-	281	281
Interest expense	(220)	-	(220)
Gain on lease forgiveness	23	-	23
Total nonoperating revenues (expenses)	385	319	704
Income before transfers	5,182	398	5,580
Transfers in	5,300	-	5,300
Transfers out	(10,762)	-	(10,762)
Changes in net position	(280)	398	118
Total net position (deficit), beginning of year	39,114	(3,339)	35,775
Total net position (deficit), end of year	\$ 38,834	\$ (2,941)	\$ 35,893

City of Sacramento
Other Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 18,079	\$ 6,313	\$ 24,392
Payments to suppliers	(8,742)	(758)	(9,500)
Payments to employees	(4,088)	(5,236)	(9,324)
Claims and judgments paid	(2)	-	(2)
Net cash provided by operating activities	5,247	319	5,566
Cash flows from noncapital financing activities:			
Transfers in from other funds	5,300	-	5,300
Transfers out to other funds	(2,162)	-	(2,162)
Intergovernmental revenue received	-	281	281
Net cash provided by noncapital financing activities	3,138	281	3,419
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(173)	-	(173)
Proceeds from sale of capital assets	765	-	765
Principal payments on capital debt	(1,090)	-	(1,090)
Interest payments on capital debt	(387)	-	(387)
Principal payments on lease liabilities	(88)	-	(88)
Interest payments on lease liabilities	(5)	-	(5)
Principal payments on IT subscription liabilities	(48)	-	(48)
Interest payments on IT subscription liabilities	(9)	-	(9)
Transfers out to other funds	(8,600)	-	(8,600)
Receipts from leases	281	-	281
Collection of interest from leases	88	-	88
Net cash used for capital and related financing activities	(9,266)	-	(9,266)
Cash flows from investing activities:			
Collection of interest and investment revenue	459	38	497
Net increase (decrease) in cash and cash equivalents	(422)	638	216
Cash and cash equivalents, beginning of year	21,173	1,714	22,887
Cash and cash equivalents, end of year	\$ 20,751	\$ 2,352	\$ 23,103

City of Sacramento
Other Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Parking Fund	4th R Child Development Fund	Total Other Enterprise Funds
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 4,797	\$ 79	\$ 4,876
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation/amortization expense	1,562	49	1,611
Amortization of intangible assets	-	8	8
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	(38)	(63)	(101)
Prepaid items	20	-	20
Accounts payable	(552)	6	(546)
Accrued payroll	11	13	24
Accrued compensated absences	(117)	(27)	(144)
Accrued claims and judgments	2	-	2
Deposits	(25)	-	(25)
Unearned revenue	(66)	(20)	(86)
Net pension liability and related deferred outflows/inflows of resources	449	344	793
Net OPEB liability and related deferred outflows/inflows of resources	(279)	(70)	(349)
Deferred inflows related to leases	(517)	-	(517)
Net cash provided by operating activities	<u>\$ 5,247</u>	<u>\$ 319</u>	<u>\$ 5,566</u>
Noncash investing, capital and financing activities:			
Amortization of bond premium and discount	\$ 151	\$ -	\$ 151
Amortization of bond gain on refunding	25	-	25
Capital asset acquisitions on accounts payable	15	-	15
Forgiven lease liability	23	-	23

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WATER FUND

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

June 30, 2024

(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	2017 Water Revenue Bonds Fund
<u>ASSETS</u>					
Current assets:					
Cash and investments held by City	\$ -	\$ 217,187	\$ -	\$ -	\$ -
Cash and investments held by fiscal agent	-	43	-	190	-
Receivables, net:					
Accounts	680	20,723	-	-	-
Intergovernmental	-	-	3,018	-	-
Leases	-	64	-	-	-
Interest	-	1,300	-	-	-
Due from other funds	-	2,989	-	-	-
Inventories	-	1,797	-	-	-
Prepaid items	-	509	-	-	-
Total current assets	680	244,612	3,018	190	-
Noncurrent assets:					
Restricted assets:					
Cash and investments held by City	52,255	8,240	-	-	-
Cash and investments held by fiscal agent	-	639	-	2,860	-
Leases receivable	-	737	-	-	-
Capital assets:					
Land	2,467	1,170	-	-	-
Buildings and improvements	820	54,680	559	94,403	-
Machinery and equipment	680	26,341	641	77,425	8,627
Transmission and distribution systems	3,429	662,170	3,355	100,028	54,381
Construction in progress	21,402	28,550	4,574	5,594	5
Software	-	3,541	-	-	-
Easement	-	134	-	-	-
Leased equipment	-	184	-	-	-
IT subscriptions	-	1,117	-	-	-
Less: accumulated depreciation/amortization	(815)	(374,767)	(1,908)	(34,110)	(6,908)
Total noncurrent assets	80,238	412,736	7,221	246,200	56,105
Total assets	80,918	657,348	10,239	246,390	56,105
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Loss on refunding of debt	-	2,949	-	-	-
Pensions	-	16,586	-	-	-
OPEB	-	1,646	-	-	-
Total deferred outflows of resources	-	21,181	-	-	-

City of Sacramento

Water Fund

Combining Schedule of Net Position

June 30, 2024

(in thousands)

	Drinking Water SRF Loan Fund	2020 Water Revenue Refunding Bonds Fund	2023 Water Revenue Refunding Bonds Fund	Eliminations	Total Water Fund
ASSETS					
Current assets:					
Cash and investments held by City	\$ -	\$ -	\$ -	\$ -	\$ 217,187
Cash and investments held by fiscal agent	-	1	29	-	263
Receivables, net:					
Accounts	-	-	-	-	21,403
Intergovernmental	-	-	-	-	3,018
Leases	-	-	-	-	64
Interest	-	-	-	-	1,300
Due from other funds	-	-	-	(2,989)	-
Inventories	-	-	-	-	1,797
Prepaid items	-	-	-	-	509
Total current assets	-	1	29	(2,989)	245,541
Noncurrent assets:					
Restricted assets:					
Cash and investments held by City	-	-	-	-	60,495
Cash and investments held by fiscal agent	-	-	-	-	3,499
Leases receivable	-	-	-	-	737
Capital assets:					
Land	-	-	-	-	3,637
Buildings and improvements	17,752	-	-	-	168,214
Machinery and equipment	3,307	-	-	-	117,021
Transmission and distribution systems	118,015	-	-	-	941,378
Construction in progress	-	-	-	-	60,125
Software	-	-	-	-	3,541
Easement	-	-	-	-	134
Leased equipment	-	-	-	-	184
IT subscriptions	-	-	-	-	1,117
Less: accumulated depreciation/amortization	(11,909)	-	-	-	(430,417)
Total noncurrent assets	127,165	-	-	-	929,665
Total assets	127,165	1	29	(2,989)	1,175,206
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refunding of debt	-	3,001	-	-	5,950
Pensions	-	-	-	-	16,586
OPEB	-	-	-	-	1,646
Total deferred outflows of resources	-	3,001	-	-	24,182

City of Sacramento
Water Fund
Combining Schedule of Net Position

June 30, 2024
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	2017 Water Revenue Bonds Fund
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	126	3,565	214	-	-
Due to other funds	-	-	2,792	-	-
Accrued payroll	-	1,408	-	-	-
Accrued compensated absences	-	312	-	-	-
Interest payable	-	387	-	94	781
Deposits	-	1	-	-	-
Unearned revenue	-	1,628	18	-	-
Accrued claims and judgments	-	111	-	-	-
IT subscription liabilities	-	198	-	-	-
Revenue and other bonds payable, net	-	7,728	-	5,708	1,389
Notes payable	-	520	-	-	-
Total current liabilities	126	15,858	3,024	5,802	2,170
Noncurrent liabilities:					
Accrued compensated absences	-	3,931	-	-	-
Water fee credits	12	84	-	-	-
Net OPEB liability	-	10,964	-	-	-
IT subscription liabilities	-	123	-	-	-
Revenue and other bonds payable, net	-	76,999	-	-	53,747
Notes payable	-	4,342	-	-	-
Net pension liability	-	53,779	-	-	-
Total noncurrent liabilities	12	150,222	-	-	53,747
Total liabilities	138	166,080	3,024	5,802	55,917
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Gain on debt refunding	-	-	-	-	-
Pensions	-	988	-	-	-
OPEB	-	2,611	-	-	-
Leases	-	741	-	-	-
Total deferred inflows of resources	-	4,340	-	-	-
<u>NET POSITION</u>					
Net investment in capital assets	27,845	317,176	7,011	242,480	969
Restricted for:					
Capital projects	52,935	-	-	-	-
Unrestricted	-	190,933	204	(1,892)	(781)
Total net position (deficit)	\$ 80,780	\$ 508,109	\$ 7,215	\$ 240,588	\$ 188

(continued)

City of Sacramento
Water Fund
Combining Schedule of Net Position

June 30, 2024
(in thousands)

	Drinking Water SRF Loan Fund	2020 Water Revenue Refunding Bonds Fund	2023 Water Revenue Refunding Bonds Fund	Eliminations	Total Water Fund
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	-	-	-	-	3,905
Due to other funds	197	-	-	(2,989)	-
Accrued payroll	-	-	-	-	1,408
Accrued compensated absences	-	-	-	-	312
Interest payable	-	1,386	490	-	3,138
Deposits	-	-	-	-	1
Unearned revenue	-	-	-	-	1,646
Accrued claims and judgments	-	-	-	-	111
IT subscription liabilities	-	-	-	-	198
Revenue and other bonds payable, net	-	1,050	166	-	16,041
Notes payable	3,063	-	-	-	3,583
Total current liabilities	3,260	2,436	656	(2,989)	30,343
Noncurrent liabilities:					
Accrued compensated absences	-	-	-	-	3,931
Water fee credits	-	-	-	-	96
Net OPEB liability	-	-	-	-	10,964
IT subscription liabilities	-	-	-	-	123
Revenue and other bonds payable, net	-	150,495	23,828	-	305,069
Notes payable	121,204	-	-	-	125,546
Net pension liability	-	-	-	-	53,779
Total noncurrent liabilities	121,204	150,495	23,828	-	499,508
Total liabilities	124,464	152,931	24,484	(2,989)	529,851
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Gain on debt refunding	-	-	3,058	-	3,058
Pensions	-	-	-	-	988
OPEB	-	-	-	-	2,611
Leases	-	-	-	-	741
Total deferred inflows of resources	-	-	3,058	-	7,398
<u>NET POSITION</u>					
Net investment in capital assets	2,898	(148,544)	(27,052)	-	422,783
Restricted for:					
Capital projects	-	-	-	-	52,935
Unrestricted	(197)	(1,385)	(461)	-	186,421
Total net position (deficit)	\$ 2,701	\$ (149,929)	\$ (27,513)	\$ -	\$ 662,139

City of Sacramento
Water Fund
Combining Schedule of Revenues,
Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	2017 Water Revenue Bonds Fund
Operating revenues:					
Charges for services:					
User fees and charges	\$ -	\$ 132,825	\$ -	\$ -	\$ -
Rent and concessions	-	54	-	-	-
Miscellaneous	-	78	-	-	-
Total operating revenues	-	132,957	-	-	-
Operating expenses:					
Employee services	-	47,452	-	-	-
Services and supplies	-	31,341	750	-	-
Depreciation/amortization	169	18,561	205	7,620	1,105
Claims and judgments	-	205	-	-	-
Total operating expenses	169	97,559	955	7,620	1,105
Operating income (loss)	(169)	35,398	(955)	(7,620)	(1,105)
Nonoperating revenues (expenses):					
Interest and investment revenue	1,285	13,726	-	145	2
Revenue from other agencies	-	19	2,649	-	-
Interest expense	-	(4,149)	-	447	(2,022)
Amortization of bond prepaid insurance	-	(23)	-	-	-
Total nonoperating revenues (expenses)	1,285	9,573	2,649	592	(2,020)
Income (loss) before capital contributions and transfers	1,116	44,971	1,694	(7,028)	(3,125)
Capital contributions	1,969	11,351	-	-	-
Transfers in	203	75	-	5,677	3,375
Transfers out	-	(39,512)	-	-	-
Changes in net position	3,288	16,885	1,694	(1,351)	250
Total net position (deficit), beginning of year	77,492	491,224	5,521	241,939	(62)
Total net position (deficit), end of year	\$ 80,780	\$ 508,109	\$ 7,215	\$ 240,588	\$ 188

City of Sacramento
Water Fund
Combining Schedule of Revenues,
Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Drinking Water SRF Loan Fund	2020 Water Revenue Refunding Bonds Fund	2023 Water Revenue Refunding Bonds Fund	Eliminations	Total Water Fund
Operating revenues:					
Charges for services:					
User fees and charges	\$ -	\$ -	\$ -	\$ -	\$ 132,825
Rent and concessions	-	-	-	-	54
Miscellaneous	-	-	-	-	78
Total operating revenues	-	-	-	-	132,957
Operating expenses:					
Employee services	-	-	-	-	47,452
Services and supplies	(31)	-	591	-	32,651
Depreciation/amortization	3,162	-	-	-	30,822
Claims and judgments	-	-	-	-	205
Total operating expenses	3,131	-	591	-	111,130
Operating income (loss)	(3,131)	-	(591)	-	21,827
Nonoperating revenues (expenses):					
Interest and investment revenue	-	4	1	-	15,163
Revenue from other agencies	-	-	-	-	2,668
Interest expense	(2,186)	(4,697)	(295)	-	(12,902)
Amortization of bond prepaid insurance	-	-	-	-	(23)
Total nonoperating revenues (expenses)	(2,186)	(4,693)	(294)	-	4,906
Income (loss) before capital contributions and transfers	(5,317)	(4,693)	(885)	-	26,733
Capital contributions	-	-	-	-	13,320
Transfers in	8,240	34,071	831	(52,195)	277
Transfers out	-	-	(27,459)	52,195	(14,776)
Changes in net position	2,923	29,378	(27,513)	-	25,554
Total net position (deficit), beginning of year	(222)	(179,307)	-	-	636,585
Total net position (deficit), end of year	\$ 2,701	\$ (149,929)	\$ (27,513)	\$ -	\$ 662,139

City of Sacramento
Water Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	2017 Water Revenue Bonds Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ -	\$ 133,103	\$ -	\$ -	\$ -
Payments to suppliers	-	(33,372)	(800)	-	-
Payments to employees	-	(44,996)	-	-	-
Claims and judgments paid	-	(148)	-	-	-
Net cash provided by (used for) operating activities	-	54,587	(800)	-	-
Cash flows from noncapital financing activities:					
Interfund cash flow loans	-	(2,989)	2,792	-	-
Transfers in from other funds	203	75	-	-	-
Transfers out to other funds	-	(14,742)	-	-	-
Interfund loan repayments	-	1,515	(565)	-	-
Intergovernmental revenue received	-	19	268	-	-
Interest payments on overbilling	-	(13)	-	-	-
Net cash provided by (used for) noncapital financing activities	203	(16,135)	2,495	-	-
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(594)	(4,832)	(1,695)	-	-
Proceeds from issuance of debt	-	-	-	-	-
Principal payments on capital debt	-	(7,258)	-	(5,315)	(1,010)
Interest payments on capital debt	-	(4,462)	-	(404)	(2,367)
Principal payments on IT subscription liabilities	-	(497)	-	-	-
Interest payments on IT subscription liabilities	-	(5)	-	-	-
Transfers in from other funds	-	-	-	5,677	3,375
Transfers out to other funds	-	(24,770)	-	-	-
Capital contributions received	1,744	-	-	-	-
Receipts from leases	-	39	-	-	-
Collection of interest from leases	-	13	-	-	-
Net cash provided by (used for) capital and related financing activities	1,150	(41,772)	(1,695)	(42)	(2)
Cash flows from investing activities:					
Collection of interest and investment revenue	1,285	13,563	-	145	2
Net increase (decrease) in cash and cash equivalents	2,638	10,243	-	103	-
Cash and cash equivalents, beginning of year	49,617	215,866	-	2,947	-
Cash and cash equivalents, end of year	<u>\$ 52,255</u>	<u>\$ 226,109</u>	<u>\$ -</u>	<u>\$ 3,050</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents to the Schedule of Net Position:					
Cash and investments held by City	\$ -	\$ 217,187	\$ -	\$ -	\$ -
Cash and investments held by fiscal agent	-	43	-	190	-
Restricted cash and investments held by City	52,255	8,240	-	-	-
Restricted cash and investments held by fiscal agent	-	639	-	2,860	-
Total cash and cash equivalents, end of year	<u>\$ 52,255</u>	<u>\$ 226,109</u>	<u>\$ -</u>	<u>\$ 3,050</u>	<u>\$ -</u>

City of Sacramento
Water Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Drinking Water SRF Loan Fund	2020 Water Revenue Refunding Bonds Fund	2023 Water Revenue Refunding Bonds Fund	Eliminations	Total Water Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ -	\$ -	\$ -	\$ -	\$ 133,103
Payments to suppliers	31	-	(591)	-	(34,732)
Payments to employees	-	-	-	-	(44,996)
Claims and judgments paid	-	-	-	-	(148)
Net cash provided by (used for) operating activities	31	-	(591)	-	53,227
Cash flows from noncapital financing activities:					
Interfund cash flow loans	197	-	-	-	-
Transfers in from other funds	-	-	-	-	278
Transfers out to other funds	-	-	-	-	(14,742)
Interfund loan repayments	(950)	-	-	-	-
Intergovernmental revenue received	-	-	-	-	287
Interest payments on overbilling	-	-	-	-	(13)
Net cash provided by (used for) noncapital financing activities	(753)	-	-	-	(14,190)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	-	-	(7,121)
Proceeds from issuance of debt	722	-	24,091	-	24,813
Principal payments on capital debt	(6,054)	(26,166)	-	-	(45,803)
Interest payments on capital debt	(2,186)	(4,754)	-	-	(14,173)
Principal payments on IT subscription liabilities	-	-	-	-	(497)
Interest payments on IT subscription liabilities	-	-	-	-	(5)
Transfers in from other funds	8,240	30,915	831	(49,038)	-
Transfers out to other funds	-	-	(24,303)	49,038	(35)
Capital contributions received	-	-	-	-	1,744
Receipts from leases	-	-	-	-	39
Collection of interest from leases	-	-	-	-	13
Net cash provided by (used for) capital and related financing activities	722	(5)	619	-	(41,025)
Cash flows from investing activities:					
Collection of interest and investment revenue	-	4	1	-	15,000
Net increase (decrease) in cash and cash equivalents	-	(1)	29	-	13,012
Cash and cash equivalents, beginning of year	-	2	-	-	268,432
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ 281,444</u>
Reconciliation of cash and cash equivalents to the Schedule of Net Position:					
Cash and investments held by City	\$ -	\$ -	\$ -	\$ -	\$ 217,187
Cash and investments held by fiscal agent	-	1	29	-	263
Restricted cash and investments held by City	-	-	-	-	60,495
Restricted cash and investments held by fiscal agent	-	-	-	-	3,499
Total cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ 281,444</u>

City of Sacramento
Water Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Water Revenue Bonds Fund	2017 Water Revenue Bonds Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (169)	\$ 35,398	\$ (955)	\$ (7,620)	\$ (1,105)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	169	17,995	205	7,620	1,105
Amortization of intangible assets	-	566	-	-	-
Changes in assets, liabilities, and deferred outflows and inflows of resources:					
Accounts receivable, net	-	155	-	-	-
Inventories	-	(593)	-	-	-
Prepaid items	-	(330)	-	-	-
Accounts payable	-	(1,108)	(50)	-	-
Accrued payroll	-	180	-	-	-
Accrued compensated absences	-	294	-	-	-
Accrued claims and judgments	-	57	-	-	-
Deposits	-	(4)	-	-	-
Unearned revenue	-	49	-	-	-
Net pension liability and related deferred outflows/inflows of resources	-	3,311	-	-	-
Net OPEB liability and related deferred outflows/inflows of resources	-	(1,329)	-	-	-
Deferred inflows related to leases	-	(54)	-	-	-
Net cash provided by (used for) operating activities	\$ -	\$ 54,587	\$ (800)	\$ -	\$ -
Noncash investing, capital and financing activities:					
Contributions of capital assets	\$ -	\$ 11,351	\$ -	\$ -	\$ -
Amortization of bond premium and discount	-	624	-	769	329
Amortization of bond loss on refunding	-	(328)	-	-	-
Amortization of bond gain on refunding	-	-	-	-	-
Amortization of bond prepaid insurance	-	(23)	-	-	-
Capital asset acquisitions on accounts payable	126	1,233	210	-	-
Cancellation of capital debt with bond tender	-	-	-	-	-
Transfers in from other funds related to bond tender	-	-	-	-	-
Transfers out to other funds with escrow funds	-	-	-	-	-
Forgiven subscription liability	-	12	-	-	-

(continued)

City of Sacramento
Water Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Drinking Water SRF Loan Fund	2020 Water Revenue Refunding Bonds Fund	2023 Water Revenue Refunding Bonds Fund	Eliminations	Total Water Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (3,131)	\$ -	\$ (591)	\$ -	\$ 21,827
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	3,162	-	-	-	30,256
Amortization of intangible assets	-	-	-	-	566
Changes in assets, liabilities, and deferred outflows and inflows of resources:					
Accounts receivable, net	-	-	-	-	155
Inventories	-	-	-	-	(593)
Prepaid items	-	-	-	-	(330)
Accounts payable	-	-	-	-	(1,158)
Accrued payroll	-	-	-	-	180
Accrued compensated absences	-	-	-	-	294
Accrued claims and judgments	-	-	-	-	57
Deposits	-	-	-	-	(4)
Unearned revenue	-	-	-	-	49
Net pension liability and related deferred outflows/inflows of resources	-	-	-	-	3,311
Net OPEB liability and related deferred outflows/inflows of resources	-	-	-	-	(1,329)
Deferred inflows related to leases	-	-	-	-	(54)
Net cash provided by (used for) operating activities	\$ 31	\$ -	\$ (591)	\$ -	\$ 53,227
Noncash investing, capital and financing activities:					
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -	\$ 11,351
Amortization of bond premium and discount	-	-	98	-	1,820
Amortization of bond loss on refunding	-	(763)	-	-	(1,091)
Amortization of bond gain on refunding	-	-	97	-	97
Amortization of bond prepaid insurance	-	-	-	-	(23)
Capital asset acquisitions on accounts payable	-	-	-	-	1,569
Cancellation of capital debt with bond tender	-	(3,157)	-	-	(3,157)
Transfers in from other funds related to bond tender	-	3,157	-	(3,157)	-
Transfers out to other funds with escrow funds	-	-	(3,157)	3,157	-
Forgiven subscription liability	-	-	-	-	12

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City of Sacramento
Wastewater Fund
Combining Schedule of Net Position
June 30, 2024
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund
<u>ASSETS</u>				
Current assets:				
Cash and investments held by City	\$ -	\$ 64,278	\$ -	\$ -
Receivables, net:				
Accounts	1,025	12,188	-	-
Intergovernmental	-	-	491	-
Interest	-	324	-	-
Due from other funds	-	458	-	-
Inventories	-	98	-	-
Total current assets	1,025	77,346	491	-
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	6,898	-	-	-
Capital assets:				
Land	-	1,138	-	-
Buildings and improvements	-	42,114	-	12,041
Machinery and equipment	-	5,455	148	301
Transmission and distribution systems	23,686	174,249	11,508	21,135
Construction in progress	-	4,410	491	62
Software	-	621	-	97
IT subscriptions	-	363	-	-
Less: accumulated depreciation/amortization	(850)	(100,467)	(549)	(4,375)
Total noncurrent assets	29,734	127,883	11,598	29,261
Total assets	30,759	205,229	12,089	29,261
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Loss on refunding of debt	-	-	-	-
Pensions	-	4,338	-	-
OPEB	-	539	-	-
Total deferred outflows of resources	-	4,877	-	-

City of Sacramento
Wastewater Fund
Combining Schedule of Net Position
June 30, 2024
(in thousands)

	2019 Wastewater Revenue Bonds Fund	2020 Wastewater Revenue Refunding Bonds Fund	Eliminations	Total Wastewater Fund
<u>ASSETS</u>				
Current assets:				
Cash and investments held by City	\$ -	\$ -	\$ -	\$ 64,278
Receivables, net:				
Accounts	-	-	-	13,213
Intergovernmental	-	-	-	491
Interest	-	-	-	324
Due from other funds	-	-	(458)	-
Inventories	-	-	-	98
	<u>-</u>	<u>-</u>	<u>(458)</u>	<u>78,404</u>
Total current assets	-	-	(458)	78,404
Noncurrent assets:				
Restricted assets:				
Cash and investments held by City	515	-	-	7,413
Capital assets:				
Land	-	-	-	1,138
Buildings and improvements	4,499	-	-	58,654
Machinery and equipment	140	-	-	6,044
Transmission and distribution systems	20,831	-	-	251,409
Construction in progress	2,454	-	-	7,417
Software	2,746	-	-	3,464
IT subscriptions	-	-	-	363
Less: accumulated depreciation/amortization	(2,332)	-	-	(108,573)
	<u>28,853</u>	<u>-</u>	<u>-</u>	<u>227,329</u>
Total noncurrent assets	28,853	-	-	227,329
Total assets	<u>28,853</u>	<u>-</u>	<u>(458)</u>	<u>305,733</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Loss on refunding of debt	-	2,105	-	2,105
Pensions	-	-	-	4,338
OPEB	-	-	-	539
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	-	2,105	-	6,982

City of Sacramento
Wastewater Fund
Combining Schedule of Net Position
June 30, 2024
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	692	13,801	33	-
Due to other funds	-	-	458	-
Accrued payroll	-	396	-	-
Accrued compensated absences	-	72	-	-
Interest payable	-	3	-	-
Accrued claims and judgments	-	112	-	-
IT subscription liabilities	-	92	-	-
Revenue and other bonds payable, net	-	-	-	-
Total current liabilities	692	14,476	491	-
Noncurrent liabilities:				
Accrued compensated absences	-	1,313	-	-
Wastewater fee credits	7,764	-	-	-
Net OPEB liability	-	4,101	-	-
IT subscription liabilities	-	79	-	-
Revenue and other bonds payable, net	-	-	-	-
Net pension liability	-	16,656	-	-
Total noncurrent liabilities	7,764	22,149	-	-
Total liabilities	8,456	36,625	491	-
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pensions	-	242	-	-
OPEB	-	769	-	-
Total deferred inflows of resources	-	1,011	-	-
<u>NET POSITION</u>				
Net investment in capital assets	14,386	126,326	11,565	29,261
Restricted for:				
Capital projects	7,917	-	-	-
Other programs	-	-	33	-
Unrestricted	-	46,144	-	-
Total net position (deficit)	\$ 22,303	\$ 172,470	\$ 11,598	\$ 29,261

(continued)

City of Sacramento
Wastewater Fund
Combining Schedule of Net Position
June 30, 2024
(in thousands)

	2019 Wastewater Revenue Bonds Fund	2020 Wastewater Revenue Refunding Bonds Fund	Eliminations	Total Wastewater Fund
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	-	-	-	14,526
Due to other funds	-	-	(458)	-
Accrued payroll	-	-	-	396
Accrued compensated absences	-	-	-	72
Interest payable	388	195	-	586
Accrued claims and judgments	-	-	-	112
IT subscription liabilities	-	-	-	92
Revenue and other bonds payable, net	1,271	1,170	-	2,441
Total current liabilities	1,659	1,365	(458)	18,225
Noncurrent liabilities:				
Accrued compensated absences	-	-	-	1,313
Wastewater fee credits	-	-	-	7,764
Net OPEB liability	-	-	-	4,101
IT subscription liabilities	-	-	-	79
Revenue and other bonds payable, net	26,534	25,260	-	51,794
Net pension liability	-	-	-	16,656
Total noncurrent liabilities	26,534	25,260	-	81,707
Total liabilities	28,193	26,625	(458)	99,932
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pensions	-	-	-	242
OPEB	-	-	-	769
Total deferred inflows of resources	-	-	-	1,011
<u>NET POSITION</u>				
Net investment in capital assets	1,048	(24,325)	-	158,261
Restricted for:				
Capital projects	-	-	-	7,917
Other programs	-	-	-	33
Unrestricted	(388)	(195)	-	45,561
Total net position (deficit)	\$ 660	\$ (24,520)	\$ -	\$ 211,772

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

For the Fiscal Year Ended June 30, 2024
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund
Operating revenues:				
Charges for services:				
User fees and charges	\$ -	\$ 44,226	\$ -	\$ -
Charge to other agencies for contract services	-	1,645	-	-
Total operating revenues	-	45,871	-	-
Operating expenses:				
Employee services	-	15,080	-	-
Services and supplies	200	19,695	-	-
Depreciation/amortization	237	4,043	130	499
Claims and judgments	-	37	-	-
Total operating expenses	437	38,855	130	499
Operating income (loss)	(437)	7,016	(130)	(499)
Nonoperating revenues (expenses):				
Interest and investment revenue	167	3,676	-	6
Interest expense	-	(4)	-	-
Loss on disposition of capital assets	-	-	-	(79)
Total nonoperating revenues (expenses)	167	3,672	-	(73)
Income (loss) before capital contributions and transfers	(270)	10,688	(130)	(572)
Capital contributions	1,295	1,298	1,024	-
Transfers in	325	64	-	400
Transfers out	-	(8,255)	-	(4)
Changes in net position	1,350	3,795	894	(176)
Total net position (deficit), beginning of year	20,953	168,675	10,704	29,437
Total net position (deficit), end of year	\$ 22,303	\$ 172,470	\$ 11,598	\$ 29,261

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

For the Fiscal Year Ended June 30, 2024
(in thousands)

	2019 Wastewater Revenue Bonds Fund	2020 Wastewater Revenue Refunding Bonds Fund	Eliminations	Total Wastewater Fund
Operating revenues:				
Charges for services:				
User fees and charges	\$ -	\$ -	\$ -	\$ 44,226
Charge to other agencies for contract services	-	-	-	1,645
Total operating revenues	-	-	-	45,871
Operating expenses:				
Employee services	-	-	-	15,080
Services and supplies	6	-	-	19,901
Depreciation/amortization	499	-	-	5,408
Claims and judgments	-	-	-	37
Total operating expenses	505	-	-	40,426
Operating income (loss)	(505)	-	-	5,445
Nonoperating revenues (expenses):				
Interest and investment revenue	14	-	-	3,863
Interest expense	(877)	(701)	-	(1,582)
Loss on disposition of capital assets	(368)	-	-	(447)
Total nonoperating revenues (expenses)	(1,231)	(701)	-	1,834
Income (loss) before capital contributions and transfers	(1,736)	(701)	-	7,279
Capital contributions	-	-	-	3,617
Transfers in	2,112	926	(3,442)	385
Transfers out	-	-	3,442	(4,817)
Changes in net position	376	225	-	6,464
Total net position (deficit), beginning of year	284	(24,745)	-	205,308
Total net position (deficit), end of year	\$ 660	\$ (24,520)	\$ -	\$ 211,772

City of Sacramento
Wastewater Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ -	\$ 45,459	\$ -	\$ -
Payments to suppliers	(194)	(19,673)	-	-
Payments to employees	-	(14,542)	-	-
Claims and judgments paid	-	(13)	-	-
Net cash provided by (used for) operating activities	(194)	11,231	-	-
Cash flows from noncapital financing activities:				
Interfund cashflow loans	-	(458)	458	-
Transfers in from other funds	325	60	-	-
Transfers out to other funds	-	(4,771)	-	-
Interfund loan repayments	-	787	(787)	-
Net cash provided by (used for) noncapital financing activities	325	(4,382)	(329)	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(29)	(1,800)	(1,214)	-
Principal payments on capital debt	-	-	-	(805)
Interest payments on capital debt	-	-	-	(20)
Principal payments on IT subscription liabilities	-	(117)	-	-
Interest payments on IT subscription liabilities	-	(1)	-	-
Transfers in from other funds	-	4	-	400
Transfers out to other funds	-	(3,484)	-	(4)
Capital contributions received	447	-	1,543	-
Cash reimbursement for fee credits	(2,322)	-	-	-
Net cash provided by (used for) capital and related financing activities	(1,904)	(5,398)	329	(429)
Cash flows from investing activities:				
Collection of interest and investment revenue	167	3,646	-	5
Net increase (decrease) in cash and cash equivalents	(1,606)	5,097	-	(424)
Cash and cash equivalents, beginning of year	8,504	59,181	-	424
Cash and cash equivalents, end of year	<u>\$ 6,898</u>	<u>\$ 64,278</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents to the Schedule of Net Position:				
Cash and investments held by City	\$ -	\$ 64,278	\$ -	\$ -
Restricted cash and investments held by City	6,898	-	-	-
Total cash and cash equivalents, end of year	<u>\$ 6,898</u>	<u>\$ 64,278</u>	<u>\$ -</u>	<u>\$ -</u>

City of Sacramento
Wastewater Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	2019 Wastewater Revenue Bonds Fund	2020 Wastewater Revenue Refunding Bonds Fund	Eliminations	Total Wastewater Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ -	\$ -	\$ -	\$ 45,459
Payments to suppliers	(6)	-	-	(19,873)
Payments to employees	-	-	-	(14,542)
Claims and judgments paid	-	-	-	(13)
Net cash provided by (used for) operating activities	(6)	-	-	11,031
Cash flows from noncapital financing activities:				
Interfund cashflow loans	-	-	-	-
Transfers in from other funds	-	-	-	385
Transfers out to other funds	-	-	-	(4,771)
Interfund loan repayments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	(4,386)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(33)	-	-	(3,076)
Principal payments on capital debt	(925)	(340)	-	(2,070)
Interest payments on capital debt	(1,189)	(586)	-	(1,795)
Principal payments on IT subscription liabilities	-	-	-	(117)
Interest payments on IT subscription liabilities	-	-	-	(1)
Transfers in from other funds	2,112	926	(3,442)	-
Transfers out to other funds	-	-	3,442	(46)
Capital contributions received	-	-	-	1,990
Cash reimbursement for fee credits	-	-	-	(2,322)
Net cash provided by (used for) capital and related financing activities	(35)	-	-	(7,437)
Cash flows from investing activities:				
Collection of interest and investment revenue	14	-	-	3,832
Net increase (decrease) in cash and cash equivalents	(27)	-	-	3,040
Cash and cash equivalents, beginning of year	542	-	-	68,651
Cash and cash equivalents, end of year	<u>\$ 515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,691</u>
Reconciliation of cash and cash equivalents to the Schedule of Net Position:				
Cash and investments held by City	\$ -	\$ -	\$ -	\$ 64,278
Restricted cash and investments held by City	515	-	-	7,413
Total cash and cash equivalents, end of year	<u>\$ 515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,691</u>

City of Sacramento
Wastewater Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Development Impact Fee Fund	User Fee Fund	Grant Projects Fund	2013 Wastewater Revenue Bonds Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (437)	\$ 7,016	\$ (130)	\$ (499)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	237	3,897	130	499
Amortization of intangible assets		146	-	-
Changes in assets, liabilities, and deferred outflows and inflows of resources:	-			
Accounts receivable, net	-	(412)	-	-
Inventories	-	(28)	-	-
Accounts payable	6	50	-	-
Accrued payroll	-	40	-	-
Accrued compensated absences	-	170	-	-
Accrued claims and judgments	-	24	-	-
Net pension liability and related deferred outflows/inflows of resources	-	766	-	-
Net OPEB liability and related deferred outflows/inflows of resources	-	(438)	-	-
Net cash provided by (used for) operating activities	<u>\$ (194)</u>	<u>\$ 11,231</u>	<u>\$ -</u>	<u>\$ -</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ -	\$ 1,298	\$ -	\$ -
Amortization of bond premium and discount	-	-	-	8
Amortization of bond loss on refunding	-	-	-	-
Capital asset acquisitions on accounts payable	-	1,386	33	-
Loss on disposition of capital assets	-	-	-	79
Fee credit reimbursement accounts payable	686	-	-	-
Forgiven IT subscription liability	-	8	-	-

(continued)

City of Sacramento
Wastewater Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	2019 Wastewater Revenue Bonds Fund	2020 Wastewater Revenue Refunding Bonds Fund	Eliminations	Total Wastewater Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (505)	\$ -	\$ -	\$ 5,445
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	316	-	-	5,079
Amortization of intangible assets	183	-	-	329
Changes in assets, liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	-	-	-	(412)
Inventories	-	-	-	(28)
Accounts payable	-	-	-	56
Accrued payroll	-	-	-	40
Accrued compensated absences	-	-	-	170
Accrued claims and judgments	-	-	-	24
Net pension liability and related deferred outflows/inflows of resources	-	-	-	766
Net OPEB liability and related deferred outflows/inflows of resources	-	-	-	(438)
Net cash provided by (used for) operating activities	<u>\$ (6)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,031</u>
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ 1,298
Amortization of bond premium and discount	296	-	-	304
Amortization of bond loss on refunding	-	(116)	-	(116)
Capital asset acquisitions on accounts payable	-	-	-	1,419
Loss on disposition of capital assets	368	-	-	447
Fee credit reimbursement accounts payable	-	-	-	686
Forgiven IT subscription liability	-	-	-	8

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COMMUNITY CENTER FUND

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City of Sacramento
Community Center Fund
Combining Schedule of Net Position
June 30, 2024
(In thousands)

	Community Center Fund	2018 TOT Revenue Bonds, Tax-Exempt Fund	2018 TOT Revenue Bonds, Taxable Fund	2019 STID Assessment Revenue Bonds Fund	Total Community Center Fund
<u>ASSETS</u>					
Current assets:					
Cash and investments held by City	\$ 35,654	\$ -	\$ -	\$ -	\$ 35,654
Receivables, net:					
Taxes	4,392	-	-	-	4,392
Accounts	2,286	-	-	-	2,286
Interest	197	-	-	14	211
Total current assets	<u>42,529</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>42,543</u>
Noncurrent assets:					
Restricted assets:					
Cash and investments held by City	-	3,115	630	-	3,745
Cash and investments held by fiscal agent	2,091	2,851	415	1,959	7,316
Capital assets:					
Land	20,071	-	-	-	20,071
Buildings and improvements	113,190	-	-	-	113,190
Machinery and equipment	4,913	-	-	-	4,913
Construction in progress	7,065	295,546	19,504	49,666	371,781
Software	59	-	-	-	59
IT subscriptions	228	-	-	-	228
Less: accumulated depreciation/amortization	(75,304)	-	-	-	(75,304)
Total noncurrent assets	<u>72,313</u>	<u>301,512</u>	<u>20,549</u>	<u>51,625</u>	<u>445,999</u>
Total assets	<u>114,842</u>	<u>301,512</u>	<u>20,549</u>	<u>51,639</u>	<u>488,542</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Pensions	3,254	-	-	-	3,254
OPEB	451	-	-	-	451
Total deferred outflows of resources	<u>3,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,705</u>

City of Sacramento
Community Center Fund
Combining Schedule of Net Position
June 30, 2024
(In thousands)

	Community Center Fund	2018 TOT Revenue Bonds, Tax-Exempt Fund	2018 TOT Revenue Bonds, Taxable Fund	2019 STID Assessment Revenue Bonds Fund	Total Community Center Fund
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	3,577	8	35	-	3,620
Due to other funds	250	-	-	-	250
Accrued payroll	239	-	-	-	239
Accrued compensated absences	49	-	-	-	49
Interest payable	4	1,074	13	144	1,235
Unearned revenue	1,592	-	-	-	1,592
Accrued claims and judgments	14	-	-	-	14
IT subscription liabilities	52	-	-	-	52
Revenue and other bonds payable, net	-	3,000	4,025	1,169	8,194
Total current liabilities	5,777	4,082	4,073	1,313	15,245
Noncurrent liabilities:					
Accrued compensated absences	611	-	-	-	611
Advances from other funds	4,493	-	-	-	4,493
Net OPEB liability	297	-	-	-	297
IT subscription liabilities	97	-	-	-	97
Revenue and other bonds payable, net	-	281,084	-	49,819	330,903
Net pension liability	10,751	-	-	-	10,751
Total noncurrent liabilities	16,249	281,084	-	49,819	347,152
Total liabilities	22,026	285,166	4,073	51,132	362,397
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Pensions	162	-	-	-	162
OPEB	55	-	-	-	55
Total deferred inflows of resources	217	-	-	-	217
<u>NET POSITION</u>					
Net investment in capital assets	72,160	19,705	16,695	1,528	110,088
Unrestricted	24,144	(3,359)	(219)	(1,021)	19,545
Total net position	\$ 96,304	\$ 16,346	\$ 16,476	\$ 507	\$ 129,633

City of Sacramento
Community Center Fund
Combining Schedule of Revenues,
Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2024
(in thousands)

	Community Center Fund	2018 TOT Revenue Bonds, Tax-Exempt Fund	2018 TOT Revenue Bonds, Taxable Fund
Operating revenues:			
Charges for services:			
User fees and charges	\$ 2,175	\$ -	\$ -
Rents and concessions	12,465	-	-
Total operating revenues	14,640	-	-
Operating expenses:			
Employee services	8,279	-	-
Services and supplies	14,821	43	-
Depreciation/amortization	1,366	-	-
Claims and judgments	39	-	-
Total operating expenses	24,505	43	-
Operating loss	(9,865)	(43)	-
Nonoperating revenues (expenses):			
Interest and investment revenue	1,734	490	16
Transient occupancy taxes	34,254	-	-
Interest expense	(128)	(11,849)	(306)
Total nonoperating revenues (expenses)	35,860	(11,359)	(290)
Income (loss) before transfers	25,995	(11,402)	(290)
Transfers in	1	14,162	4,443
Transfers out	(21,489)	-	-
Changes in net position	4,507	2,760	4,153
Total net position (deficit), beginning of year	91,797	13,586	12,323
Total net position, end of year	\$ 96,304	\$ 16,346	\$ 16,476

City of Sacramento
Community Center Fund
Combining Schedule of Revenues,
Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2024
(in thousands)

	2019 STID Assessment Revenue Bonds Fund	Eliminations	Total Community Center Fund
Operating revenues:			
Charges for services:			
User fees and charges	\$ -	\$ -	\$ 2,175
Rents and concessions	-	-	12,465
Total operating revenues	-	-	14,640
Operating expenses:			
Employee services	-	-	8,279
Services and supplies	-	-	14,864
Depreciation/amortization	-	-	1,366
Claims and judgments	-	-	39
Total operating expenses	-	-	24,548
Operating loss	-	-	(9,908)
Nonoperating revenues (expenses):			
Interest and investment revenue	130	-	2,370
Transient occupancy taxes	-	-	34,254
Interest expense	(1,617)	-	(13,900)
Total nonoperating revenues (expenses)	(1,487)	-	22,724
Income (loss) before transfers	(1,487)	-	12,816
Transfers in	2,688	(18,605)	2,689
Transfers out	-	18,605	(2,884)
Changes in net position	1,201	-	12,621
Total net position (deficit), beginning of year	(694)	-	117,012
Total net position, end of year	\$ 507	\$ -	\$ 129,633

City of Sacramento
Community Center Fund
Combining Schedule of Cash Flows

For the Fiscal Year Ended June 30, 2024
(in thousands)

	Community Center Fund	2018 TOT Revenue Bonds, Tax-Exempt Fund	2018 TOT Revenue Bonds, Taxable Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 17,080	\$ -	\$ -
Payments to suppliers	(16,130)	(43)	35
Payments to employees	(7,947)	-	-
Claims and judgments paid	(29)	-	-
Net cash provided by (used for) operating activities	(7,026)	(43)	35
Cash flows from noncapital financing activities:			
Transient occupancy taxes	33,429	-	-
Transfers out to other funds	(2,884)	-	-
Interfund loan repayments	(250)	-	-
Net cash provided by noncapital financing activities	30,295	-	-
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(820)	(2,239)	(105)
Principal payments on capital debt	-	(1,325)	(4,370)
Interest payments on capital debt	-	(12,955)	(320)
Principal payments on IT subscription liabilities	(53)	-	-
Transfers in from other funds	-	14,162	4,443
Transfers out to other funds	(18,605)	-	-
Net cash used for capital and related financing activities	(19,478)	(2,357)	(352)
Cash flows from investing activities:			
Collection of interest and investment revenue	1,696	490	16
Net increase (decrease) in cash and cash equivalents	5,487	(1,910)	(301)
Cash and cash equivalents, beginning of year	32,258	7,876	1,346
Cash and cash equivalents, end of year	<u>\$ 37,745</u>	<u>\$ 5,966</u>	<u>\$ 1,045</u>
Reconciliation of cash and cash equivalents to the Schedule of Net Position:			
Cash and investments held by City	\$ 35,654	\$ -	\$ -
Restricted cash and investments held by City	-	3,115	630
Restricted cash and investments held by fiscal agent	2,091	2,851	415
Total cash and cash equivalents, end of year	<u>\$ 37,745</u>	<u>\$ 5,966</u>	<u>\$ 1,045</u>

City of Sacramento
Community Center Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	2019 STID Assessment Revenue Bonds Fund	Eliminations	Total Community Center Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ -	\$ -	\$ 17,080
Payments to suppliers	-	-	(16,138)
Payments to employees	-	-	(7,947)
Claims and judgments paid	-	-	(29)
Net cash provided by (used for) operating activities	-	-	(7,034)
Cash flows from noncapital financing activities:			
Transient occupancy taxes	-	-	33,429
Transfers out to other funds	-	-	(2,884)
Interfund loan repayments	-	-	(250)
Net cash provided by noncapital financing activities	-	-	30,295
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(13)	-	(3,177)
Principal payments on capital debt	(960)	-	(6,655)
Interest payments on capital debt	(1,780)	-	(15,055)
Principal payments on IT subscription liabilities	-	-	(53)
Transfers in from other funds	2,688	(18,605)	2,688
Transfers out to other funds	-	18,605	-
Net cash used for capital and related financing activities	(65)	-	(22,252)
Cash flows from investing activities:			
Collection of interest and investment revenue	130	-	2,332
Net increase (decrease) in cash and cash equivalents	65	-	3,341
Cash and cash equivalents, beginning of year	1,894	-	43,374
Cash and cash equivalents, end of year	<u>\$ 1,959</u>	<u>\$ -</u>	<u>\$ 46,715</u>
Reconciliation of cash and cash equivalents to the Schedule of Net Position:			
Cash and investments held by City	\$ -	\$ -	\$ 35,654
Restricted cash and investments held by City	-	-	3,745
Restricted cash and investments held by fiscal agent	1,959	-	7,316
Total cash and cash equivalents, end of year	<u>\$ 1,959</u>	<u>\$ -</u>	<u>\$ 46,715</u>

City of Sacramento
Community Center Fund
Combining Schedule of Cash Flows

For the Fiscal Year Ended June 30, 2024
(in thousands)

	Community Center Fund	2018 TOT Revenue Bonds, Tax-Exempt Fund	2018 TOT Revenue Bonds, Taxable Fund
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating loss	\$ (9,865)	\$ (43)	\$ -
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	1,366	-	-
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	2,105	-	-
Prepaid items	8	-	-
Accounts payable	(1,317)	-	35
Accrued payroll	57	-	-
Accrued compensated absences	119	-	-
Accrued claims and judgments	10	-	-
Unearned revenue	335	-	-
Net pension liability and related deferred outflows/inflows of resources	533	-	-
Net OPEB liability and related deferred outflows/inflows of resources	(377)	-	-
Net cash provided by (used for) operating activities	<u>\$ (7,026)</u>	<u>\$ (43)</u>	<u>\$ 35</u>
Noncash investing, capital and financing activities:			
Amortization of bond premium and discount	\$ -	\$ 1,100	\$ -
Capital asset acquisitions on accounts payable	4	8	-

(continued)

City of Sacramento
Community Center Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	2019 STID Assessment Revenue Bonds Fund	Eliminations	Total Community Center Fund
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating loss	\$ -	\$ -	\$ (9,908)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	-	-	1,366
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	-	-	2,105
Prepaid items	-	-	8
Accounts payable	-	-	(1,282)
Accrued payroll	-	-	57
Accrued compensated absences	-	-	119
Accrued claims and judgments	-	-	10
Unearned revenue	-	-	335
Net pension liability and related deferred outflows/inflows of resources	-	-	533
Net OPEB liability and related deferred outflows/inflows of resources	-	-	(377)
Net cash provided by (used for) operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,034)</u>
Noncash investing, capital and financing activities:			
Amortization of bond premium and discount	\$ 159	\$ -	\$ 1,259
Capital asset acquisitions on accounts payable	-	-	12

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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:

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.

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, 2024

(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
<u>ASSETS</u>			
Current assets:			
Cash and investments held by City	\$ 50,142	\$ 90,997	\$ 141,139
Cash and investments held by fiscal agent	-	758	758
Receivables, net:			
Accounts	244	4,355	4,599
Interest	231	356	587
Due from other funds	-	8,441	8,441
Prepaid items	9,798	-	9,798
Total current assets	60,415	104,907	165,322
Noncurrent assets:			
Advances to other funds	-	25,579	25,579
Capital assets:			
Buildings and improvements	7,454	-	7,454
Machinery and equipment	543	-	543
Vehicles	216,495	-	216,495
Construction in progress	503	-	503
Software	256	-	256
Leased building	-	175	175
IT subscriptions	-	165	165
Less: accumulated depreciation/amortization	(131,164)	(132)	(131,296)
Total noncurrent assets	94,087	25,787	119,874
Total assets	154,502	130,694	285,196
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pensions	2,812	1,911	4,723
OPEB	466	147	613
Total deferred outflows of resources	3,278	2,058	5,336

City of Sacramento
Internal Service Funds
Combining Statement of Net Position
June 30, 2024
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	4,582	1,025	5,607
Accrued payroll	247	159	406
Accrued compensated absences	61	46	107
Interest payable	-	1	1
Unearned revenue	-	204	204
Accrued claims and judgments	102	36,591	36,693
Lease liabilities	-	22	22
IT subscription liabilities	-	55	55
Total current liabilities	4,992	38,103	43,095
Noncurrent liabilities:			
Accrued compensated absences	610	534	1,144
Net OPEB liability	4,480	484	4,964
Accrued claims and judgments	-	105,824	105,824
Lease liabilities	-	83	83
Net pension liability	12,175	7,312	19,487
Total noncurrent liabilities	17,265	114,237	131,502
Total liabilities	22,257	152,340	174,597
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pensions	27	8	35
OPEB	951	114	1,065
Total deferred inflows of resources	978	122	1,100
<u>NET POSITION</u>			
Net investment in capital assets	92,497	48	92,545
Unrestricted	42,048	(19,758)	22,290
Total net position (deficit)	\$ 134,545	\$ (19,710)	\$ 114,835

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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, 2024
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Operating revenues:			
Charges for services:			
User fees and charges	\$ 65,181	\$ 62,314	\$ 127,495
Miscellaneous	92	-	92
Total operating revenues	<u>65,273</u>	<u>62,314</u>	<u>127,587</u>
Operating expenses:			
Employee services	8,637	5,769	14,406
Services and supplies	26,482	5,826	32,308
Depreciation/amortization	16,780	77	16,857
Insurance premiums	-	17,726	17,726
Claims and judgments	142	44,630	44,772
Total operating expenses	<u>52,041</u>	<u>74,028</u>	<u>126,069</u>
Operating income (loss)	<u>13,232</u>	<u>(11,714)</u>	<u>1,518</u>
Nonoperating revenues (expenses):			
Interest and investment revenue	1,718	5,952	7,670
Revenue from other agencies	-	19	19
Insurance and other claim recoveries	-	1,287	1,287
Interest expense	-	(3)	(3)
Gain on disposition of capital assets	486	-	486
Total nonoperating revenues (expenses)	<u>2,204</u>	<u>7,255</u>	<u>9,459</u>
Income (loss) before transfers	<u>15,436</u>	<u>(4,459)</u>	<u>10,977</u>
Transfers in	-	10	10
Transfers out	<u>(1,199)</u>	<u>(15,000)</u>	<u>(16,199)</u>
Changes in net position	<u>14,237</u>	<u>(19,449)</u>	<u>(5,212)</u>
Total net position (deficit), beginning of year	<u>120,308</u>	<u>(261)</u>	<u>120,047</u>
Total net position (deficit), end of year	<u>\$ 134,545</u>	<u>\$ (19,710)</u>	<u>\$ 114,835</u>

City of Sacramento
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 65,274	\$ 143,995	\$ 209,269
Payments to suppliers	(26,282)	(104,955)	(131,237)
Payments to employees	(8,208)	(5,412)	(13,620)
Claims and judgments paid	(97)	(35,074)	(35,171)
Net cash provided by (used for) operating activities	30,687	(1,446)	29,241
Cash flows from noncapital financing activities:			
Transfers in from other funds	-	10	10
Transfers out to other funds	(1,153)	-	(1,153)
Collections on interfund loans	-	4,649	4,649
Loans made to other funds	-	(23,191)	(23,191)
Intergovernmental revenue received	-	19	19
Net cash used for noncapital financing activities	(1,153)	(18,513)	(19,666)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(20,195)	-	(20,195)
Proceeds from sale of capital assets	941	-	941
Initial direct costs to place lease asset into service	-	(24)	(24)
Principal payments on lease liabilities	-	(19)	(19)
Principal payments on IT subscription liabilities	-	(54)	(54)
Interest payments on IT subscription liabilities	-	(3)	(3)
Transfers out to other funds	(46)	-	(46)
Net cash used for capital and related financing activities	(19,300)	(100)	(19,400)
Cash flows from investing activities:			
Collection of interest and investment revenue	1,651	5,948	7,599
Net increase (decrease) in cash and cash equivalents	11,885	(14,111)	(2,226)
Cash and cash equivalents, beginning of year	38,257	105,866	144,123
Cash and cash equivalents, end of year	<u>\$ 50,142</u>	<u>\$ 91,755</u>	<u>\$ 141,897</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:			
Cash and investments held by City	\$ 50,142	\$ 90,997	\$ 141,139
Cash and investments held by fiscal agent	-	758	758
Total cash and cash equivalents, end of year	<u>\$ 50,142</u>	<u>\$ 91,755</u>	<u>\$ 141,897</u>

City of Sacramento
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024
(in thousands)

	Fleet Management Fund	Risk Management Fund	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 13,232	\$ (11,714)	\$ 1,518
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	16,763	77	16,840
Amortization of intangible assets	17	-	17
Nonoperating claims and judgments	-	1,929	1,929
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	2	(1)	1
Prepaid items	-	1	1
Accounts payable	199	277	476
Accrued payroll	48	11	59
Accrued compensated absences	46	(5)	41
Accrued claims and judgments	45	7,627	7,672
Unearned revenue	-	1	1
Net pension liability and related deferred outflows/inflows of resources	715	479	1,194
Net OPEB liability and related deferred outflows/inflows of resources	(380)	(128)	(508)
Net cash provided by (used for) operating activities	<u>\$ 30,687</u>	<u>\$ (1,446)</u>	<u>\$ 29,241</u>
Noncash investing, capital and financing activities:			
Decrease in prepaid items for capital assets	\$ 1,250	\$ -	\$ 1,250
Capital asset acquisitions on accounts payable	1,590	-	1,590

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OTHER CUSTODIAL FUNDS

Custodial funds account for assets held by the City as a custodian for individuals, private organizations, and other governments. The following custodial funds have been classified as other custodial funds:

INDIVIDUAL INVESTMENT ACCOUNTS FUND is used to account for assets and liabilities, held for entities external to the City, which are not invested in the City Sponsored Investment Pool.

ASSESSMENT DISTRICTS & COMMUNITY FACILITIES DISTRICTS FUND is used to account for special tax assessments, debt service payments, and the payment of other costs related to bonds issued under the Improvement Bond Act of 1915 and Mello-Roos districts within the City.

City of Sacramento
Other Custodial Funds
Combining Statement of Fiduciary Net Position

June 30, 2024
(in thousands)

	Individual Investment Accounts	Assessment Districts & Community Facilities Districts	Total Other Custodial Funds
<u>ASSETS</u>			
Cash and investments held by City	\$ 146,394	\$ 15,027	\$ 161,421
Cash and investments held by fiscal agent	-	3,901	3,901
Receivables, net:			
Interest	481	36	517
Special assessments	-	482	482
Restricted assets:			
Cash and investments held by City	-	3,074	3,074
Cash and investments held by fiscal agent	-	18,764	18,764
Total assets	146,875	41,284	188,159
<u>LIABILITIES</u>			
Accounts payable	-	9	9
Due to bondholders	-	41,275	41,275
Total liabilities	-	41,284	41,284
<u>NET POSITION</u>			
Held for external pool participants	\$ 146,875	\$ -	\$ 146,875

City of Sacramento
Other Custodial Funds
Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2024
(in thousands)

	Individual Investment Accounts	Assessment Districts & Community Facilities Districts	Total Other Custodial Funds
Additions:			
Deposits	\$ 2,061	\$ -	\$ 2,061
Special assessments	-	18,373	18,373
Capital contributions	-	27,113	27,113
Investment income:			
From investment activities:			
Net appreciation in fair value of investments	3,037	-	3,037
Interest	4,221	2,133	6,354
Total investment income	7,258	2,133	9,391
Total additions	9,319	47,619	56,938
Deductions:			
Withdrawals	39	-	39
Paid to bondholders	-	46,459	46,459
Administrative expenses	-	1,160	1,160
Total deductions	39	47,619	47,658
Changes in net position	9,280	-	9,280
Net position, beginning of year	137,595	-	137,595
Net position, end of year	\$ 146,875	\$ -	\$ 146,875

Statistical Section

Statistical Section

This part of the City's Annual Comprehensive 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)}
Last Ten Fiscal Years

(accrual basis accounting, in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	\$ 1,445,139	\$ 1,497,796	\$ 1,296,493	\$ 1,335,576	\$ 1,267,837
Restricted for:					
Capital projects	116,910	80,054	119,131	136,831	166,705
Debt service	665	1,203	872	606	686
Public works programs	19,027	20,521	18,866	24,750	27,792
Economic development programs	17,280	16,888	16,251	44,920	48,878
Ambulance services	1,085	1,085	-	-	-
Other programs	26,735	28,381	23,645	26,786	39,380
Trust and endowments:					
Expendable	7,789	8,008	8,545	8,656	9,197
Nonexpendable	878	878	878	878	878
Unrestricted	(591,896)	(581,697)	(443,845)	(667,254)	(606,222)
Total governmental activities net position	<u>\$ 1,043,612</u>	<u>\$ 1,073,117</u>	<u>\$ 1,040,836</u>	<u>\$ 911,749</u>	<u>\$ 955,131</u>
Business-type activities					
Net investment in capital assets	\$ 748,312	\$ 785,353	\$ 807,004	\$ 869,183	\$ 925,128
Restricted for:					
Capital projects	33,914	40,772	39,155	38,473	40,411
Debt service	-	-	-	-	-
Other programs	1,730	2,203	2,607	2,633	2,963
Unrestricted	107,305	123,842	150,049	124,001	138,742
Total business-type activities net position	<u>\$ 891,261</u>	<u>\$ 952,170</u>	<u>\$ 998,815</u>	<u>\$ 1,034,290</u>	<u>\$ 1,107,244</u>
Primary government					
Net investment in capital assets	\$ 2,193,451	\$ 2,283,149	\$ 2,103,497	\$ 2,204,759	\$ 2,192,965
Restricted for:					
Capital projects	150,824	120,826	158,286	175,304	207,116
Debt service	665	1,203	872	606	686
Public works programs	19,027	20,521	18,866	24,750	27,792
Economic development programs	17,280	16,888	16,251	44,920	48,878
Ambulance services	1,085	1,085	-	-	-
Other programs	28,465	30,584	26,252	29,419	42,343
Trust and endowments:					
Expendable	7,789	8,008	8,545	8,656	9,197
Nonexpendable	878	878	878	878	878
Unrestricted	(484,591)	(457,855)	(293,796)	(543,253)	(467,480)
Total primary government net position	<u>\$ 1,934,873</u>	<u>\$ 2,025,287</u>	<u>\$ 2,039,651</u>	<u>\$ 1,946,039</u>	<u>\$ 2,062,375</u>

Notes: (1) Fiscal year 2015 beginning net position was restated due to the implementation of GASB 68 and GASB 71.

(2) Fiscal year 2017 beginning net position was restated due to the implementation of GASB 75.

(3) GASB 87 was implemented in fiscal year 2022, and beginning net position has not been restated.

(4) GASB 96 was implemented in fiscal year 2023, and beginning net position has not been restated.

Source: City of Sacramento Annual Comprehensive Financial Reports

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

(accrual basis accounting, in thousands)

	Fiscal Year				
	2020	2021	2022	2023	2024
Governmental activities					
Net investment in capital assets	\$ 1,318,817	\$ 1,360,966	\$ 1,370,530	\$ 1,346,924	\$ 1,408,509
Restricted for:					
Capital projects	191,919	214,188	223,243	260,988	269,677
Debt service	537	401	907	1,086	1,083
Public works programs	29,972	29,598	35,497	39,396	39,465
Economic development programs	46,954	49,537	55,545	72,326	79,416
Ambulance services	-	-	-	-	-
Other programs	60,466	61,142	67,600	71,766	81,521
Trust and endowments:					
Expendable	8,547	9,934	10,249	10,331	11,168
Nonexpendable	878	878	578	586	595
Unrestricted	(612,827)	(596,900)	(407,418)	(414,118)	(442,055)
Total governmental activities net position	<u>\$ 1,045,263</u>	<u>\$ 1,129,744</u>	<u>\$ 1,356,731</u>	<u>\$ 1,389,285</u>	<u>\$ 1,449,379</u>
Business-type activities					
Net investment in capital assets	\$ 1,166,785	\$ 1,167,408	\$ 937,751	\$ 952,381	\$ 972,422
Restricted for:					
Capital projects	47,256	43,253	45,942	58,741	60,852
Debt service	401	-	-	-	-
Other programs	2,929	2,200	2,594	22,020	38,114
Unrestricted	(44,579)	1,279	268,651	271,835	308,714
Total business-type activities net position	<u>\$ 1,172,792</u>	<u>\$ 1,214,140</u>	<u>\$ 1,254,938</u>	<u>\$ 1,304,977</u>	<u>\$ 1,380,102</u>
Primary government					
Net investment in capital assets	\$ 2,485,602	\$ 2,528,374	\$ 2,308,281	\$ 2,299,305	\$ 2,380,931
Restricted for:					
Capital projects	239,175	257,441	269,185	319,729	330,529
Debt service	938	401	907	1,086	1,083
Public works programs	29,972	29,598	35,497	39,396	39,465
Economic development programs	46,954	49,537	55,545	72,326	79,416
Ambulance services	-	-	-	-	-
Other programs	63,395	63,342	70,194	93,786	119,635
Trust and endowments:					
Expendable	8,547	9,934	10,249	10,331	11,168
Nonexpendable	878	878	578	586	595
Unrestricted	(657,406)	(595,621)	(138,767)	(142,283)	(133,341)
Total primary government net position	<u>\$ 2,218,055</u>	<u>\$ 2,343,884</u>	<u>\$ 2,611,669</u>	<u>\$ 2,694,262</u>	<u>\$ 2,829,481</u>

Notes: (1) Fiscal year 2015 beginning net position was restated due to the implementation of GASB 68 and GASB 71.

(2) Fiscal year 2017 beginning net position was restated due to the implementation of GASB 75.

(3) GASB 87 was implemented in fiscal year 2022, and beginning net position has not been restated.

(4) GASB 96 was implemented in fiscal year 2023, and beginning net position has not been restated.

Source: City of Sacramento Annual Comprehensive Financial Reports

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
Expenses					
<i>Governmental activities</i>					
General government	\$ 52,474	\$ 59,037	\$ 59,033	\$ 100,625	\$ 116,282
Police	166,797	164,750	176,955	199,746	203,303
Fire	127,561	137,859	146,693	160,216	169,819
Public works	103,088	121,184	106,328	122,340	132,958
General services ⁽²⁾	15,619	-	-	-	-
Economic development ⁽³⁾	11,075	13,049	13,397	-	-
Convention and cultural services	19,441	24,139	20,380	21,066	30,907
Youth, parks, and community enrichment	56,573	53,911	50,156	55,518	61,225
Community development	30,221	36,251	41,726	50,879	60,466
Community response ⁽⁴⁾	-	-	-	-	-
Library	15,629	16,294	16,122	17,376	18,687
Interest on long-term debt	29,046	30,404	27,626	23,144	23,454
Total governmental activities expenses	627,524	656,878	658,416	750,910	817,101
<i>Business-type activities</i>					
Water	69,428	73,150	80,176	87,745	99,029
Wastewater	25,432	25,348	29,075	28,251	33,059
Storm drainage	41,830	40,971	40,479	41,199	40,186
Solid waste	47,149	47,703	51,693	56,698	57,408
Community center	17,690	17,277	16,607	17,795	27,058
Parking	13,704	14,451	11,955	13,475	14,354
Child development	6,151	5,519	5,743	6,589	6,766
Total business-type activities expenses	221,384	224,419	235,728	251,752	277,860
Total primary government expenses	\$ 848,908	\$ 881,297	\$ 894,144	\$ 1,002,662	\$ 1,094,961

Notes: (1) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

(2) The Department of General Services has been reallocated to the Departments of Community Development, Information Technology, and Public Works in FY16.

(3) The Economic Development function was reallocated to the General Government function in FY18.

(4) The Department of Community Response was created in FY22.

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2020	2021	2022	2023	2024
Expenses					
<i>Governmental activities</i>					
General government	\$ 152,791	\$ 259,529	\$ 228,155	\$ 208,630	\$ 173,246
Police	233,686	233,883	214,867	257,552	284,283
Fire	179,626	191,814	165,526	200,767	229,749
Public works	125,025	115,565	116,113	137,292	158,275
General services ⁽²⁾	-	-	-	-	-
Economic development ⁽³⁾	-	-	-	-	-
Convention and cultural services	20,615	18,398	21,421	29,053	31,401
Youth, parks, and community enrichment	66,885	57,345	67,602	80,719	100,146
Community development	74,398	71,473	64,151	67,398	75,796
Community response ⁽⁴⁾	-	-	10,703	20,314	20,467
Library	19,822	22,173	23,304	24,416	24,744
Interest on long-term debt	24,341	20,635	18,800	26,259	16,903
Total governmental activities expenses	897,189	990,815	930,642	1,052,400	1,115,010
<i>Business-type activities</i>					
Water	104,542	102,538	101,546	117,007	124,055
Wastewater	32,461	32,436	30,828	35,415	42,455
Storm drainage	44,786	40,942	41,238	48,231	51,743
Solid waste	59,176	64,060	63,228	77,838	72,036
Community center	31,298	25,257	29,456	32,916	38,448
Parking	13,997	11,454	10,675	12,476	14,148
Child development	5,594	3,422	5,626	6,339	6,317
Total business-type activities expenses	291,854	280,109	282,597	330,222	349,202
Total primary government expenses	\$ 1,189,043	\$ 1,270,924	\$ 1,213,239	\$ 1,382,622	\$ 1,464,212

Notes: (1) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

(2) The Department of General Services has been reallocated to the Departments of Community Development, Information Technology, and Public Works in FY16.

(3) The Economic Development function was reallocated to the General Government function in FY18.

(4) The Department of Community Response was created in FY22.

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
Program Revenues					
<i>Governmental activities</i>					
Charge for services					
General government	\$ 6,436	\$ 7,103	\$ 6,573	\$ 19,438	\$ 22,908
Police	11,583	11,022	13,068	12,586	14,550
Fire	32,264	31,204	30,897	42,898	42,866
Public works	32,840	37,179	42,897	50,159	52,901
General services ⁽²⁾	1,251	-	-	-	-
Economic development ⁽³⁾	7,659	7,889	9,140	-	-
Convention and cultural services	9,303	10,085	10,860	12,456	12,622
Youth, parks, and community enrichment	15,004	13,792	12,954	13,065	13,365
Community development	25,069	27,025	32,428	36,019	38,218
Library	29	-	-	-	-
Total charge for services	141,438	145,299	158,817	186,621	197,430
Operating grants and contributions	52,306	35,442	36,938	41,811	55,535
Capital grants and contributions	115,354	122,528	86,856	101,476	98,903
Total governmental activities program revenues	309,098	303,269	282,611	329,908	351,868
<i>Business-type activities</i>					
Charge for services					
Water	100,523	98,533	108,867	119,379	127,868
Wastewater	32,223	31,532	34,311	37,596	42,275
Storm drainage	37,646	40,166	40,124	39,512	39,969
Solid waste	59,095	60,253	61,548	63,556	63,664
Community center	8,748	8,782	9,488	9,848	8,726
Parking	16,595	17,646	18,374	19,003	19,735
Child development	5,553	6,073	5,713	6,419	6,547
Total charge for services	260,383	262,985	278,425	295,313	308,784
Operating grants and contributions	2,142	3,435	3,967	2,179	3,300
Capital grants and contributions	7,292	7,433	6,229	23,726	20,457
Total business-type activities program revenues	269,817	273,853	288,621	321,218	332,541
Total primary government program revenues	\$ 578,915	\$ 577,122	\$ 571,232	\$ 651,126	\$ 684,409
Net (Expense) Revenue					
Governmental activities	\$ (318,426)	\$ (353,609)	\$ (375,805)	\$ (421,002)	\$ (465,233)
Business-type activities	48,433	49,434	52,893	69,466	54,681
Total primary government net expenses	\$ (269,993)	\$ (304,175)	\$ (322,912)	\$ (351,536)	\$ (410,552)

Notes: (1) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

(2) The Department of General Services has been reallocated to the Departments of Community Development, Information Technology, and Public Works in FY16.

(3) The Economic Development function was reallocated to the General Government function in FY18.

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2020	2021	2022	2023	2024
Program Revenues					
<i>Governmental activities</i>					
Charge for services					
General government	\$ 26,527	\$ 28,247	\$ 30,628	\$ 27,839	\$ 28,932
Police	13,490	10,468	12,626	12,438	13,362
Fire	44,851	46,867	54,968	49,582	60,800
Public works	50,216	43,245	55,885	57,100	59,859
General services ⁽²⁾	-	-	-	-	-
Economic development ⁽³⁾	-	-	-	-	-
Convention and cultural services	10,385	8,823	10,901	12,831	13,256
Youth, parks, and community enrichment	12,429	8,952	12,470	13,319	16,125
Community development	38,646	34,287	35,516	35,562	30,485
Library	-	-	-	-	-
Total charge for services	196,544	180,889	212,994	208,671	222,819
Operating grants and contributions	75,897	185,641	234,294	80,189	90,169
Capital grants and contributions	160,395	141,760	110,961	135,186	154,666
Total governmental activities program revenues	432,836	508,290	558,249	424,046	467,654
<i>Business-type activities</i>					
Charge for services					
Water	142,041	144,070	136,613	135,399	132,957
Wastewater	44,562	43,829	44,327	44,809	45,871
Storm drainage	40,871	40,848	41,901	61,120	62,606
Solid waste	67,086	73,465	76,221	87,753	93,291
Community center	2,458	196	10,140	13,889	14,640
Parking	17,140	10,403	13,977	16,978	18,725
Child development	5,328	552	4,356	5,592	6,396
Total charge for services	319,486	313,363	327,535	365,540	374,486
Operating grants and contributions	1,693	501	1,864	1,185	4,762
Capital grants and contributions	32,726	18,445	17,162	18,069	25,168
Total business-type activities program revenues	353,905	332,309	346,561	384,794	404,416
Total primary government program revenues	\$ 786,741	\$ 840,599	\$ 904,810	\$ 808,840	\$ 872,070
Net (Expense) Revenue					
Governmental activities	\$ (464,353)	\$ (482,525)	\$ (372,393)	\$ (628,354)	\$ (647,356)
Business-type activities	62,051	52,200	63,964	54,572	55,214
Total primary government net expenses	\$ (402,302)	\$ (430,325)	\$ (308,429)	\$ (573,782)	\$ (592,142)

Notes: (1) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

(2) The Department of General Services has been reallocated to the Departments of Community Development, Information Technology, and Public Works in FY16.

(3) The Economic Development function was reallocated to the General Government function in FY18.

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
General Revenues and Other					
Changes in Net Position					
<i>Governmental activities</i>					
Taxes:					
Property taxes	\$ 129,714	\$ 138,354	\$ 146,697	\$ 156,710	\$ 170,439
Utility user taxes	59,947	61,404	62,997	62,989	60,128
Other taxes	66,205	70,761	77,608	83,981	105,997
Sales taxes shared state revenue	58,476	67,983	81,296	82,987	93,770
In-lieu sales tax	16,632	14,387	-	-	-
Investment earnings (loss)	8,769	11,328	9,178	5,593	20,923
Miscellaneous	11,060	12,954	14,221	17,328	14,834
Contributions to permanent fund	1	-	-	-	-
Gain (loss) on disposition of capital assets	5,340	-	(79,916)	-	-
Gain on reduction in lease and IT subscription liabilities	-	-	-	-	-
Special items	-	(8,830)	-	-	7,000
Transfers	32,148	14,773	31,443	34,525	35,524
Total governmental activities	388,292	383,114	343,524	444,113	508,615
<i>Business-type activities</i>					
Taxes:					
Other taxes	20,108	21,800	23,866	26,839	29,477
Investment earnings (loss)	1,567	4,428	1,292	1,013	20,020
Miscellaneous	5	20	20	37	-
Gain (loss) on disposition of capital assets	-	-	17	424	1,747
Gain on lease forgiveness	-	-	-	-	-
Special items	4,554	-	-	-	2,553
Transfers	(32,148)	(14,773)	(31,443)	(34,525)	(35,524)
Total business-type activities	(5,914)	11,475	(6,248)	(6,212)	18,273
Total primary government	\$ 382,378	\$ 394,589	\$ 337,276	\$ 437,901	\$ 526,888
Change in Net Position					
Governmental activities	\$ 69,866	\$ 29,505	\$ (32,281)	\$ 23,111	\$ 43,382
Business-type activities	42,519	60,909	47,180	63,254	72,954
Total primary government	\$ 112,385	\$ 90,414	\$ 14,899	\$ 86,365	\$ 116,336

Notes: (1) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

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

(accrual basis of accounting, in thousands)

	Fiscal Year				
	2020	2021	2022	2023	2024
General Revenues and Other					
Changes in Net Position					
<i>Governmental activities</i>					
Taxes:					
Property taxes	\$ 184,142	\$ 198,380	\$ 211,331	\$ 228,337	\$ 244,107
Utility user taxes	60,039	62,164	65,461	69,529	64,133
Other taxes	148,998	171,808	193,912	182,459	187,227
Sales taxes shared state revenue	90,970	99,325	115,260	115,343	112,422
In-lieu sales tax	-	-	-	-	-
Investment earnings (loss)	19,646	4,618	(27,883)	11,711	44,372
Miscellaneous	15,743	12,064	15,304	13,377	13,095
Contributions to permanent fund	-	-	-	-	-
Gain (loss) on disposition of capital assets	-	-	-	-	-
Gain on reduction in lease and IT subscription liabilities	-	-	-	-	117
Special items	-	-	-	-	-
Transfers	34,947	18,647	25,995	40,152	41,976
Total governmental activities	554,485	567,006	599,380	660,908	707,449
<i>Business-type activities</i>					
Taxes:					
Other taxes	21,504	15,545	26,843	31,294	34,254
Investment earnings (loss)	16,940	5	(24,014)	4,399	27,610
Miscellaneous	-	-	-	-	-
Gain (loss) on disposition of capital assets	-	27	-	(74)	-
Gain on lease forgiveness	-	-	-	-	23
Special items	-	-	-	-	-
Transfers	(34,947)	(18,647)	(25,995)	(40,152)	(41,976)
Total business-type activities	3,497	(3,070)	(23,166)	(4,533)	19,911
Total primary government	\$ 557,982	\$ 563,936	\$ 576,214	\$ 656,375	\$ 727,360
Change in Net Position					
Governmental activities	\$ 90,132	\$ 84,481	\$ 226,987	\$ 32,554	\$ 60,093
Business-type activities	65,548	49,130	40,798	50,039	75,125
Total primary government	\$ 155,680	\$ 133,611	\$ 267,785	\$ 82,593	\$ 135,218

Notes: (1) The expenses reported in the governmental activities and business-type activities are net of indirect charges between the departments.

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

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
General Fund					
Nonspendable:					
Prepaid items	\$ 7	\$ 2	\$ 12	\$ 45	\$ -
Leases	-	-	-	-	-
Due from other funds	-	-	3,800	3,800	-
Noncurrent assets	4	-	-	-	-
Restricted:					
Capital projects	2,562	1,860	-	-	-
Ambulance service	1,085	1,085	-	-	-
Other programs	7	17	17	-	-
Committed:					
Economic uncertainty	38,967	46,950	49,644	52,700	55,200
Capital projects	32,987	37,526	49,265	37,583	39,995
Community center theater renovation	8,500	8,500	-	-	-
Housing trust fund	-	-	-	-	-
B Street Theater project	2,500	-	-	-	-
Fire programs	4,420	5,720	1,386	6,189	9,568
Pension	-	-	-	5,000	13,500
OPEB	6,717	6,752	5,324	2,619	6,644
Set-aside for next year's Budget	-	-	-	-	-
SCXEA labor for FY2020	-	-	-	-	4,256
Homeless programs	750	250	-	-	-
Gas tax	-	-	2,087	2,087	2,087
Other programs	8,860	13,953	19,280	37,325	46,052
Assigned:					
Unrealized investment gains	50	732	-	-	381
Unassigned	16,028	26,649	24,739	25,021	32,923
Total general fund	<u>\$ 123,444</u>	<u>\$ 149,996</u>	<u>\$ 155,554</u>	<u>\$ 172,369</u>	<u>\$ 210,606</u>
All Other Governmental Funds					
Nonspendable:					
Prepaid items	\$ 24	\$ -	\$ -	\$ -	\$ -
Leases	-	-	-	-	-
Noncurrent assets	369	283	193	98	-
Permanent fund principal	878	878	878	878	878
Restricted:					
Capital projects	124,790	138,562	149,664	159,439	183,772
Debt service	20,218	51,691	58,904	28,539	28,119
Public works programs	-	14,522	13,152	18,857	22,071
Ambulance service	13,842	-	-	-	-
Economic development programs	17,271	16,887	41,548	44,920	48,878
Other programs	27,029	27,793	28,818	35,025	48,003
Committed:					
Economic uncertainty	-	-	-	-	-
Capital projects	3,355	7,017	9,359	18,245	14,407
Grant retention	500	-	-	-	-
Debt service	5,660	8,733	19,110	21,543	17,291
Housing trust fund	-	-	-	-	-
B Street Theater project	16,391	21,360	-	-	-
Economic development programs	-	-	-	-	-
OPEB	-	-	-	-	-
Set-aside for next year's Budget	-	-	-	-	-
Other programs	50,001	51,024	56,715	40,683	48,473
Assigned:					
Debt service	717	2,547	2,406	2,008	2,700
Unrealized investment gains	15	40	-	-	51
Other programs	2,344	60	-	360	18
Unassigned	(26,554)	(19,657)	(18,037)	(22,656)	(18,503)
Total all other governmental funds	<u>\$ 256,850</u>	<u>\$ 321,740</u>	<u>\$ 362,710</u>	<u>\$ 347,939</u>	<u>\$ 396,158</u>

Source: City of Sacramento Annual Comprehensive Financial Reports

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

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2020	2021	2022	2023	2024
General Fund					
Nonspendable:					
Prepaid items	\$ 1,279	\$ 1,084	\$ 1,767	\$ 756	\$ 449
Leases	-	-	1,032	1,743	1,959
Due from other funds	-	-	-	-	-
Noncurrent assets	-	-	-	-	-
Restricted:					
Capital projects	-	-	-	-	-
Ambulance service	-	-	-	-	-
Other programs	-	-	-	-	-
Committed:					
Economic uncertainty	55,200	58,499	61,310	72,534	74,613
Capital projects	57,689	57,417	50,410	58,540	53,795
Community center theater renovation	-	-	-	-	-
Housing trust fund	-	-	1,000	1,000	-
B Street Theater project	-	-	-	-	-
Fire programs	5,635	7,438	8,426	14,999	25,088
Pension	-	-	-	-	-
OPEB	4,264	6,828	5,727	6,072	6,095
Set-aside for next year's Budget	-	5,500	20,891	26,500	10,443
SCXEA labor for FY2020	-	-	-	-	-
Homeless programs	-	-	-	-	-
Gas tax	-	-	-	-	-
Other programs	49,405	72,809	133,367	131,163	123,702
Assigned:					
Unrealized investment gains	1,960	103	-	-	-
Unassigned	50,007	30,315	44,080	11,172	30,304
Total general fund	<u>\$ 225,439</u>	<u>\$ 239,993</u>	<u>\$ 328,010</u>	<u>\$ 324,479</u>	<u>\$ 326,448</u>
All Other Governmental Funds					
Nonspendable:					
Prepaid items	\$ 5,715	\$ 8,783	\$ 10,267	\$ 29	\$ 16
Leases	-	-	40	109	152
Noncurrent assets	-	-	-	-	-
Permanent fund principal	878	578	578	578	578
Restricted:					
Capital projects	208,205	230,323	241,218	282,956	292,340
Debt service	27,884	22,722	21,629	22,919	23,317
Public works programs	23,618	21,141	21,293	21,885	19,326
Ambulance service	-	-	-	-	-
Economic development programs	46,954	49,537	55,545	72,326	79,416
Other programs	63,026	60,517	65,955	79,938	90,682
Committed:					
Economic uncertainty	-	449	1,046	1,773	1,773
Capital projects	15,369	23,523	19,180	23,874	23,835
Grant retention	-	-	-	-	-
Debt service	11,401	12,157	11,802	9,987	9,844
Housing trust fund	-	15,000	904	600	-
B Street Theater project	-	-	-	-	-
Economic development programs	-	-	-	-	-
OPEB	-	-	290	465	495
Set-aside for next year's Budget	-	-	1,971	4,000	2,158
Other programs	62,167	55,672	86,392	76,262	76,708
Assigned:					
Debt service	2,968	2,270	2,017	2,056	3,065
Unrealized investment gains	675	51	-	-	-
Other programs	170	63	-	-	-
Unassigned	(33,465)	(32,460)	(29,423)	(45,591)	(49,061)
Total all other governmental funds	<u>\$ 435,565</u>	<u>\$ 470,326</u>	<u>\$ 510,704</u>	<u>\$ 554,166</u>	<u>\$ 574,644</u>

Source: City of Sacramento Annual Comprehensive Financial Reports

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

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenues					
Taxes	\$ 334,649	\$ 365,482	\$ 382,155	\$ 406,011	\$ 434,759
Intergovernmental	111,017	128,190	73,082	80,415	97,658
Charges for services	86,061	89,765	105,446	121,368	131,609
Fines, forfeits and penalties	11,403	12,720	11,429	12,643	16,397
Interest, rents, and concessions	12,681	15,221	14,220	10,794	24,907
Community service fees	7,869	16,460	29,740	30,654	30,651
Assessment levies	41,884	43,475	44,339	47,048	52,476
Contributions and donations	45,177	35,820	33,637	14,253	49,053
Miscellaneous	501	2,761	383	731	718
Total revenues	651,242	709,894	694,431	723,917	838,228
Expenditures					
General government	28,491	34,197	41,413	72,772	85,272
Police	149,448	152,245	159,572	169,273	182,538
Fire	110,585	119,814	127,970	136,161	144,043
Public works	35,502	42,194	45,457	49,841	51,289
General services ⁽¹⁾	10,058	-	-	-	-
Convention and cultural services	10,978	11,738	12,838	14,372	15,117
Economic development ⁽²⁾	10,797	9,871	13,270	-	-
Youth, parks, and community enrichment ⁽³⁾	38,894	37,801	38,707	38,615	40,866
Community development	26,819	34,110	40,499	45,787	54,342
Community response ⁽⁴⁾	-	-	-	-	-
Library	14,496	14,771	14,903	16,421	17,732
Utilities	522	701	1,583	2,034	2,495
Citywide and community support	37,216	47,961	48,435	46,576	42,827
Capital outlay	128,805	337,817	82,465	90,397	79,175
Debt service					
Principal	23,699	16,481	28,677	48,445	56,284
Interest and fiscal charges	33,493	24,822	28,555	24,529	24,818
Bond issuance costs	-	5,483	49	1,415	116
Subtotal - debt service	<u>57,192</u>	<u>84,838</u>	<u>57,281</u>	<u>74,389</u>	<u>81,218</u>
Total Expenditures	659,803	928,058	684,393	756,638	796,914
Excess (deficiency) of revenues over (under) expenditures	<u>(8,561)</u>	<u>(218,164)</u>	<u>10,038</u>	<u>(32,721)</u>	<u>41,314</u>
Other financing sources (uses)					
Transfers in	69,117	306,810	66,386	70,558	69,931
Transfers out	(33,267)	(270,358)	(31,871)	(35,801)	(33,114)
Issuance of long-term debt	3,984	401,943	1,976	8	1,325
Premium on long-term debt	-	13,972	-	-	-
Proceeds from sale of property	12,500	-	-	-	-
Payments to refunded bond escrow	-	(133,931)	-	-	-
Total other financing sources (uses)	52,334	318,436	36,491	34,765	38,142
Special items	-	(8,830)	-	-	7,000
Changes in fund balances	\$ 43,773	\$ 91,442	\$ 46,529	\$ 2,044	\$ 86,456
Debt service as a percentage of noncapital expenditures	10.46%	12.71%	9.27%	10.61%	10.56%

Note: (1) The Department of General Services has been reallocated to the Departments of Community Development, Information Technology, and Public Works in FY16.
(2) The Economic Development function was reallocated to the General Government function in FY18.
(3) The Department of Parks and Recreation has been renamed to the Department of Youth, Parks, and Community Enrichment in FY19.
(4) The Department of Community Response was created in FY22.

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

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2020	2021	2022	2023	2024
Revenues					
Taxes	\$ 489,569	\$ 533,811	\$ 587,137	\$ 597,288	\$ 607,804
Intergovernmental	114,274	237,428	292,186	144,284	206,487
Charges for services	131,135	120,468	133,686	139,033	130,885
Fines, forfeits and penalties	13,309	7,630	10,264	9,450	10,156
Interest, rents, and concessions	20,718	10,101	(17,897)	17,562	43,852
Community service fees	29,072	27,217	25,076	31,251	23,463
Assessment levies	50,080	52,000	56,515	60,583	65,901
Contributions and donations	36,603	52,877	11,636	25,340	7,066
Miscellaneous	974	1,250	12,543	1,317	139
Total revenues	885,734	1,042,782	1,111,146	1,026,108	1,095,753
Expenditures					
General government	117,640	222,591	170,394	143,461	130,633
Police	203,980	211,307	223,613	235,276	246,243
Fire	159,771	168,103	180,143	192,220	206,827
Public works	47,350	51,040	53,547	60,666	63,279
General services ⁽¹⁾	-	-	-	-	-
Convention and cultural services	13,459	12,415	14,554	21,636	23,274
Economic development ⁽²⁾	-	-	-	-	-
Youth, parks, and community enrichment ⁽³⁾	45,791	41,878	49,652	55,084	72,404
Community development	67,128	68,404	64,395	61,028	67,166
Community response ⁽⁴⁾	-	-	10,446	19,680	19,874
Library	18,867	21,218	22,349	23,472	23,809
Utilities	3,555	3,882	4,137	4,862	5,998
Citywide and community support	50,691	51,632	58,583	58,755	68,834
Capital outlay	103,790	130,426	156,249	120,518	171,936
Debt service					
Principal	21,308	26,228	33,864	22,154	28,650
Interest and fiscal charges	24,501	21,661	19,784	27,227	17,899
Bond issuance costs	1	-	-	-	-
Subtotal - debt service	45,810	47,889	53,648	49,381	46,549
Total Expenditures	877,832	1,030,785	1,061,710	1,046,039	1,146,826
Excess (deficiency) of revenues over (under) expenditures	7,902	11,997	49,436	(19,931)	(51,073)
Other financing sources (uses)					
Transfers in	74,660	106,614	86,090	91,695	95,754
Transfers out	(37,657)	(80,551)	(59,045)	(49,889)	(36,346)
Issuance of long-term debt	5,452	11,255	51,914	18,056	14,112
Premium on long-term debt	-	-	-	-	-
Proceeds from sale of property	-	-	-	-	-
Payments to refunded bond escrow	-	-	-	-	-
Total other financing sources (uses)	42,455	37,318	78,959	59,862	73,520
Special items	3,883	-	-	-	-
Changes in fund balances	\$ 54,240	\$ 49,315	\$ 128,395	\$ 39,931	\$ 22,447
Debt service as a percentage of noncapital expenditures	5.70%	5.10%	5.49%	4.95%	4.48%

- Note: (1) The Department of General Services has been reallocated to the Departments of Community Development, Information Technology, and Public Works in FY16.
(2) The Economic Development function was reallocated to the General Government function in FY18.
(3) The Department of Parks and Recreation has been renamed to the Department of Youth, Parks, and Community Enrichment in FY19.
(4) The Department of Community Response was created in FY22.

City of Sacramento
Tax Revenues by Source, Governmental Funds ⁽¹⁾
Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

Fiscal Year	Property ⁽²⁾	Sales & Use ⁽³⁾	Utility Users	Others	Total
2015	\$ 147,415	\$ 102,596	\$ 59,948	\$ 24,690	\$ 334,649
2016	164,719	110,212	61,404	29,147	365,482
2017	159,566	125,560	62,997	34,032	382,155
2018	170,701	131,371	62,989	40,950	406,011
2019	173,307	157,816	60,128	43,508	434,759
2020	187,768	194,868	60,039	46,894	489,569
2021	199,440	216,170	62,164	56,037	533,811
2022	212,016	248,515	65,461	61,145	587,137
2023	229,039	245,828	69,529	52,892	597,288
2024	244,494	246,715	64,133	52,462	607,804

Notes: (1) In lieu sales tax is reported as property tax.

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

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

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

City of Sacramento

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(in thousands)

Fiscal Year End June 30	Gross Assessed Value ⁽¹⁾				Exemptions	Net Assessed Taxable Value	Total Direct Tax Rate ⁽³⁾
	Real Property	Personal Property	Public Utility ⁽²⁾	Total			
2015	\$ 37,918,666	\$ 1,585,876	\$ 18,173	\$ 39,522,715	\$ 455,212	\$ 39,067,503	1.00
2016	39,823,777	1,513,519	9,267	41,346,563	448,778	40,897,785	1.00
2017	42,300,010	1,623,203	9,193	43,932,406	446,690	43,485,716	1.00
2018	45,389,674	1,692,375	8,974	47,091,023	445,647	46,645,376	1.00
2019	48,919,753	1,868,599	8,701	50,797,053	444,652	50,352,401	1.00
2020	53,124,698	1,869,844	9,185	55,003,727	444,470	54,559,257	1.00
2021	56,812,389	1,993,337	9,069	58,814,795	444,432	58,370,363	1.00
2022	60,043,995	1,951,987	9,069	62,005,051	444,556	61,560,495	1.00
2023	64,677,204	2,136,640	8,950	66,822,794	439,794	66,383,000	1.00
2024	69,335,897	2,468,674	10,448	71,815,019	436,558	71,378,461	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 be easily determined as the property in the City is not reassessed annually. Reassessment normally occurs when ownership changes.

(2) 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.

(3) This 1% is shared by all taxing agencies for which the subject property resides within.

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
2015	1.0000	—	0.1325	—	1.1325
2016	1.0000	—	0.1426	—	1.1426
2017	1.0000	—	0.1418	—	1.1418
2018	1.0000	—	0.1365	—	1.1365
2019	1.0000	—	0.1295	—	1.1295
2020	1.0000	—	0.1371	—	1.1371
2021	1.0000	—	0.1394	—	1.1394
2022	1.0000	—	0.1167	—	1.1167
2023	1.0000	—	0.1506	—	1.1506
2024	1.0000	—	0.147	—	1.1470

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)

Taxpayer	2024			2015		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Sacramento Kings	\$ 352,617	1	0.49 %	-		-
BRE Depot Park LLC	271,195	2	0.38			
SRI Eleven 621 Capitol Mall LLC	267,318	3	0.37	-		-
CA Sacramento Commons LLC	221,577	4	0.31	-		-
Oakmont Properties ALIRA LLC	218,255	5	0.31	-		-
Hancock SREIT Sacramento LLC	208,922	6	0.29	-		-
HP Hood LLC	195,125	7	0.27	\$ 84,970	9	0.22 %
Kaiser Foundation Health Plan INC.	185,825	8	0.26	-		-
Natomas Development Partners LLC	180,056	9	0.25	-		-
AB PR QOZB III Property LLC	166,927	10	0.23	-		-
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
Verizon Wireless	-		-	135,889	4	0.35
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
Target Corp	-		-	81,000	10	0.21
	2,267,817		3.16	1,492,776		3.82
All other taxpayers	69,110,644		96.84	37,574,727		96.18
Total	\$ 71,378,461		100.00 %	\$ 39,067,503		100.00 %

Source: County of Sacramento, Office of Auditor/Controller

City of Sacramento
Property Tax Levies and Collections
Last Ten Fiscal Years

(in thousands)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collection in Subsequent Year ⁽⁴⁾	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 147,483 ^{(2) (3)}	\$ 146,374	99.25%	\$ 1,109	\$ 147,483	100.00%
2016	155,024 ^{(2) (3)}	153,563	99.06%	1,461	155,024	100.00%
2017	149,456 ^{(2) (3)}	147,960	99.00%	1,496	149,456	100.00%
2018	158,378 ^{(2) (3)}	156,689	98.93%	1,689	158,378	100.00%
2019	170,117 ^{(2) (3)}	168,637	99.13%	1,480	170,117	100.00%
2020	185,127 ^{(2) (3)}	183,365	99.05%	1,762	185,127	100.00%
2021	196,743 ^{(2) (3)}	194,957	99.09%	1,786	196,743	100.00%
2022	209,259 ^{(2) (3)}	207,443	99.13%	1,816	209,259	100.00%
2023	225,814 ^{(2) (3)}	223,901	99.15%	1,913	225,814	100.00%
2024	240,913 ^{(2) (3)}	238,774	99.11%	2,139	240,913	100.00%

Notes: (1) Property taxes in 2015 and 2016 include in lieu sales tax revenue from prior year.
Program began in 2007 and ceased in 2017.

(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.

(4) Receipts from County's August distribution covering remaining levies not collected as of June 30 each year.

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

(in thousands, except Population and Per Capita)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government
	Revenue Bonds	Notes Payable	Leases and IT Subscriptions ⁽⁷⁾⁽⁸⁾	Revenue Bonds	Notes Payable	Leases and IT Subscriptions ⁽⁷⁾⁽⁸⁾	
2015	\$ 398,544	\$ 15,680	\$ 10,456	\$ 519,869	\$ 29,844	\$ 4,075	\$ 978,468
2016 ⁽¹⁾	627,351	15,290	7,294	493,406	26,340	8,654	1,178,335
2017 ⁽²⁾	606,097	14,883	4,455	533,751	22,748	5,574	1,187,508
2018	564,929	14,459	2,299	510,016	22,919	3,685	1,118,307
2019 ⁽³⁾	513,186	14,014	1,011	831,547	33,185	2,340	1,395,283
2020 ⁽⁴⁾	494,320	16,915	325	858,891	56,713	973	1,428,137
2021 ⁽⁵⁾	475,282	16,909	199	822,397	124,073 ⁽⁶⁾	-	1,314,787
2022	459,996	16,702	1,643	794,212	143,211 ⁽⁶⁾	2,012	1,274,565
2023	443,396	16,385	11,425	765,573	136,812 ⁽⁶⁾	3,332	1,240,111
2024 ⁽⁹⁾	426,510	15,954	14,073	732,031	130,875 ⁽⁶⁾	3,156	1,191,724

Notes:

- (1) In 2016, \$273 million of lease revenue bonds and a \$183 million refunding revenue bonds were issued.
 - (2) In 2017, \$53 million of revenue bonds were issued for improvements to the City's municipal water system.
 - (3) In 2019, \$284 million of revenue bonds were issued for the renovation of the City's Convention Center, Community Center Theater, and Memorial Auditorium. In 2019, \$25 million of revenue bonds were issued for improvements to the City's wastewater system.
 - (4) In 2020, \$50 million of revenue bonds were issued for the purpose of financing an additional Ballroom in the Sacramento Convention Center and other capital-improvement projects. In 2020, \$188 million of refunding bonds were issued.
 - (5) In 2021, \$28 million of refunding bonds were issued.
 - (6) Notes payable includes State Revolving Fund (SRF) Loan of \$139 million related to the Accelerated Meter Installation and Pipe Replacement Program Z14010000. Construction began in October 2017 and ended June 2022. The City submitted the final requisition to the CA State Water Resources Control Board for reimbursement of eligible costs in FY23 and received the final reimbursement in FY24.
 - (7) In 2022, GASB Statement No. 87 was implemented and the term Leases replaced the term Capital Leases.
 - (8) In 2023, GASB 96 was implemented related to IT subscriptions.
 - (9) In 2024, \$21 million of refunding bonds were issued.
- NA Personal income data for the City was not available.

Source: City of Sacramento Annual Comprehensive Financial Reports

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

(in thousands, except Population and Per Capita)

Fiscal Year	Percentage of Personal Income	Population	Per Capita
2015	NA	480,105	\$ 2,038
2016 ⁽¹⁾	NA	485,683	2,426
2017 ⁽²⁾	NA	493,025	2,409
2018	NA	501,344	2,231
2019 ⁽³⁾	NA	508,172	2,746
2020 ⁽⁴⁾	NA	510,931	2,795
2021 ⁽⁵⁾	NA	515,673	2,550
2022	NA	518,037	2,460
2023	NA	518,161	2,393
2024 ⁽⁹⁾	NA	520,407	2,290

Notes:

- (1) In 2016, \$273 million of lease revenue bonds and a \$183 million refunding revenue bonds were issued.
 - (2) In 2017, \$53 million of revenue bonds were issued for improvements to the City's municipal water system.
 - (3) In 2019, \$284 million of revenue bonds were issued for the renovation of the City's Convention Center, Community Center Theater, and Memorial Auditorium. In 2019, \$25 million of revenue bonds were issued for improvements to the City's wastewater system.
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 - (7) In 2022, GASB Statement No. 87 was implemented and the term Leases replaced the term Capital Leases.
 - (8) In 2023, GASB 96 was implemented related to IT subscriptions.
 - (9) In 2024, \$21 million of refunding bonds were issued.
- NA Personal income data for the City was not available.

Source: City of Sacramento Annual Comprehensive Financial Reports

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

(in thousands, except Population and Per Capita)

Fiscal Year	Total Gross General Obligation Bonds	Amounts Restricted for Principal Repayments	Total Net General Obligation Bonds	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Population	Net Bonded Debt Per Capita
2015	\$ -	\$ -	\$ -	\$ 39,067,503	0.00%	480,105	\$ -
2016	-	-	-	40,897,785	0.00%	485,683	-
2017	-	-	-	43,485,716	0.00%	493,025	-
2018	-	-	-	46,645,376	0.00%	501,344	-
2019	-	-	-	50,352,401	0.00%	508,172	-
2020	-	-	-	54,559,257	0.00%	510,931	-
2021	-	-	-	58,370,363	0.00%	515,673	-
2022	-	-	-	61,560,495	0.00%	518,037	-
2023	-	-	-	66,383,000	0.00%	518,161	-
2024	-	-	-	71,378,461	0.00%	520,407	-

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

City of Sacramento

Direct and Overlapping Governmental Activities Debt ⁽¹⁾

As of June 30, 2024

(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	\$ 399,905	26.995 %	\$ 107,954
Elk Grove Unified School District	425,350	11.232	47,775
Natomas Unified School District	370,755	82.279	305,054
Sacramento Unified School District	638,741	85.196	544,182
San Juan Unified School District	726,020	2.804	20,358
Twin Rivers Unified School District:			
Twin Rivers Unified School District (former Elementary School District bonds)	82,920	51.994	43,113
Twin Rivers Unified School District (former Grant Joint Union High School District bonds)	282,906	51.393	145,394
Robla School District	88,282	55.341	48,856
City of Sacramento Community Facilities Districts	217,730	100.000	217,730
Elk Grove Unified School District Community Facilities District No. 1	192,126	11.232	21,580
California Statewide Community Development Authority Community Facilities District No. 23-10	2,410	100.000	2,410
California Statewide Community Development Authority Assessment Districts	35,769	100.000	35,769
Sacramento Area Flood Control Agency Consolidated Capital Districts Assessment District	299,665	85.335	255,719
Sacramento Area Flood Control Agency Natomas Local Assessment District	29,440	82.936	24,416
Subtotal - Overlapping Tax and Assessment Debt			1,820,310
Direct and Overlapping General Fund Debt:			
Sacramento County General Fund Obligations	104,676	32.411	33,927
Sacramento County Pension Obligation Bonds	433,295	32.411	140,435
Sacramento County Board of Education General Fund Obligations	1,645	32.411	533
Elk Grove Unified School District General Fund Obligations	10,402	11.232	1,168
Sacramento Unified School District General Fund Obligations	48,945	85.196	41,699
Arcade Creek Recreation and Park District General Fund Obligations	119	1.005	1
Fulton-El Camino Recreation and Park District General Fund Obligations	902	18.549	167
Subtotal - Direct and Overlapping General Fund Debt			217,930
Total Overlapping Debt			2,038,240
City of Sacramento Direct Debt ⁽²⁾			456,537
Total Direct and Overlapping Debt			\$ 2,494,777

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.

Note: (2) City of Sacramento Direct Debt includes bonds, notes payable, lease liabilities and IT subscription liabilities.

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

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

Fiscal Year	Debt Limit		Debt Applicable to Limit			Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
	Net Assessed Value	Debt Limit - 15% of Assessed Value	General Obligation Bonds	Amount set aside for repayment of general obligation debt	Total net debt applicable to limit		
2015	\$ 39,067,503	\$ 5,860,125	\$ -	\$ -	\$ -	\$ 5,860,125	0.00%
2016	40,897,785	6,134,668	-	-	-	6,134,668	0.00%
2017	43,485,716	6,522,857	-	-	-	6,522,857	0.00%
2018	46,645,376	6,996,806	-	-	-	6,996,806	0.00%
2019	50,352,401	7,552,860	-	-	-	7,552,860	0.00%
2020	54,559,257	8,183,889	-	-	-	8,183,889	0.00%
2021	58,370,363	8,755,554	-	-	-	8,755,554	0.00%
2022	61,560,495	9,234,074	-	-	-	9,234,074	0.00%
2023	66,383,000	9,957,450	-	-	-	9,957,450	0.00%
2024	71,378,461	10,706,769	-	-	-	10,706,769	0.00%

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

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City of Sacramento
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands)

Water Revenue							
Fiscal Year	Gross Revenue	Less: Operating Expenses ⁽¹⁾	Net Revenue	Debt Service Requirements ⁽²⁾		Coverage	
				Principal	Interest		
2015	\$ 100,523	\$ 45,292	\$ 55,231	\$ 3,946	\$ 10,704	3.77	
2016	98,533	47,728	50,805	4,061	10,594	3.47	
2017	108,867	56,223	52,644	4,206	10,448	3.59	
2018	119,379	50,565	68,814	4,397	12,111	4.17	
2019	127,868	61,359	66,509	5,383	12,809	3.66	
2020	142,041	67,841	74,200	5,644	12,835	4.02	
2021	144,070	66,021	78,049	8,811	9,254	4.32	
2022	136,613	60,017	76,596	11,161	10,667	3.51	
2023	135,399	72,740	62,659	14,486	10,425	2.52	
2024	132,957	80,308	52,649	14,966	9,842	2.12	

Wastewater Revenue							
Fiscal Year	Gross Revenue	Less: Operating Expenses ⁽¹⁾	Net Revenue	Debt Service Requirements ⁽³⁾		Coverage	
				Principal	Interest		
2015	\$ 32,223	\$ 21,091	\$ 11,132	\$ 736	\$ 1,527	4.92	
2016	31,532	21,149	10,383	1,313	1,501	3.69	
2017	34,311	24,987	9,324	1,351	1,464	3.31	
2018	37,596	23,010	14,586	1,394	1,422	5.18	
2019	42,275	27,371	14,904	1,396	1,379	5.37	
2020	44,562	25,988	18,574	1,443	2,490	4.72	
2021	43,829	26,341	17,488	1,936	1,841	4.63	
2022	44,327	24,234	20,093	1,900 ⁽⁴⁾	1,965	5.20	
2023	44,809	28,485	16,324	1,980	1,882	4.23	
2024	45,871	35,018	10,853	2,070	1,795	2.81	

Notes: (1) Total operating expenses is exclusive of depreciation and amortization expense.

(2) Debt service requirements include California Department of Public Health Notes Payable, Drinking Water State Revolving Fund Notes Payable, Water Revenue Bonds, Series 2013 and 2017, and Water Revenue Refunding Bonds, Series 2020 and 2023.

(3) Debt service requirements include Wastewater Revenue Bonds, Series 2013 and 2019, and Wastewater Revenue Refunding Bonds, Series 2020.

(4) Wastewater portion of State Water Resources Control Board Notes Payable was paid off in FY21.

Source: City of Sacramento's internal financial documents.

City of Sacramento
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands)

Storm Drainage Revenue							
Fiscal Year	Gross Revenue	Less: Operating Expenses ⁽¹⁾	Net Revenue	Debt Service Requirements ⁽²⁾		Coverage	
				Principal	Interest		
2015	\$ 37,646	\$ 29,581	\$ 8,065	\$ 2,283	\$ 458	2.94	
2016	40,166	28,897	11,269	2,336	404	4.11	
2017	40,124	29,207	10,917	2,391	349	3.98	
2018	39,512	30,483	9,029	2,448	292	3.30	
2019	39,969	29,021	10,948	2,381	234	4.19	
2020	40,871	31,521	9,350	2,437	178	3.58	
2021	40,848	29,732	11,116	2,237	119	4.72	
2022	41,901	29,955	11,946	92 ⁽⁶⁾	69	74.20	
2023	61,120	37,131	23,989	95	66	149.00	
2024	62,606	40,604	22,002	98	62	137.51	

Transient Occupancy Tax (TOT) Revenue							
Fiscal Year	Gross Revenue	Less: Operating Expenses ⁽⁵⁾	Net Revenue	Debt Service Requirements ⁽³⁾		Coverage	
				Principal	Interest		
2019	\$ 29,477	\$ -	\$ 29,477	\$ -	\$ 8,103	3.64	
2020	21,504	-	21,504	-	13,891	1.55	
2021	15,545	-	15,545	5,080	13,891	0.82	
2022	26,843	-	26,843	5,270	13,698	1.42	
2023	31,294	-	31,294	5,480	13,492	1.65	
2024	34,254	-	34,254	5,695	13,274	1.81	

Sacramento Tourism Infrastructure District (STID) Assessment Revenue							
Fiscal Year	Gross Revenue	Less: Operating Expenses ⁽⁵⁾	Net Revenue	Debt Service Requirements ⁽⁴⁾		Coverage	
				Principal	Interest		
2020	\$ 1,883	\$ -	\$ 1,883	\$ -	\$ 1,469	1.28	
2021	1,899	-	1,899	845	1,895	0.69	
2022	3,292	-	3,292	880	1,861	1.20	
2023	3,619	-	3,619	915	1,826	1.32	
2024	4,049	-	4,049	960	1,780	1.48	

- Notes: (1) Total operating expenses is exclusive of depreciation and amortization expense.
(2) Debt service requirements include California Infrastructure and Economic Development Bank Notes Payable.
(3) Debt service requirements include 2018 TOT Revenue Bonds, Series A, B, and C. Therefore, only six years are shown.
(4) Debt service requirements include 2019 STID Assessment Revenue Bonds. Therefore, only five years are shown.
(5) Due to the classification of TOT and STID revenues as nonoperating revenues, no operating expenses reported above.
(6) Storm Drainage portion of State Water Resources Control Board Notes Payable was paid off in FY21.

Source: City of Sacramento's internal financial documents.

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

Year	Population (A)	Personal Income (in millions of dollars) (B)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment (C)	Unemployment Rate (D)
2015	1,470,912	\$ 64,638	\$ 43,944	34	N/A	241,022	5.8 %
2016	1,495,297	69,590	46,539	33	N/A	242,725	5.8
2017	1,514,770	72,894	48,122	34	N/A	244,394	5.4
2018	1,529,501	76,776	50,197	34	N/A	245,906	4.2
2019	1,546,174	81,242	52,544	34	N/A	246,663	3.9
2020	1,555,365	85,959	55,266	34	N/A	249,540	12.5
2021	1,561,014	91,018	58,307	35	N/A	246,069	7.3
2022	1,576,618	97,481	61,829	35	N/A	243,002	3.6
2023	1,572,453	96,797	61,558	35	N/A	247,646	4.4
2024	1,578,938	102,795	65,104	35	N/A	253,331	5.3

Sources: (A) California Department of Finance - Population estimates as of January 1st of each year:

<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/e-1/>

(B) US Bureau of Economic Analysis, report on Local Area Personal Income as of March 31 each year: <https://www.bea.gov/>

(C) California Department of Education, report on Sacramento County as of June 30 each year: <http://dq.cde.ca.gov/dataquest/>

(D) 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)	2024			2015		
	Employees (A) ⁽¹⁾	Rank	Percentage of Total Employment (B) ⁽²⁾	Employees (A) ⁽¹⁾	Rank	Percentage of Total Employment (B)
State of California	113,610	1	16.21%	74,329	1	11.44%
UC Davis Health System	16,075	2	2.29%	9,706	3	1.49%
Sacramento County	13,611	3	1.94%	10,598	2	1.63%
Kaiser Permanente	11,856	4	1.69%	6,464	7	0.99%
U.S. Government	10,699	5	1.53%	9,668	4	1.49%
Sutter Health	10,129	6	1.45%	8,817	5	1.36%
Dignity Health	7,353	7	1.05%	6,286	8	0.97%
San Juan Unified School District	5,346	8	0.76%	7,523	6	1.16%
City of Sacramento	5,075	9	0.72%	N/A	N/A	N/A
Intel Corporation	4,300	10	0.61%	6,200	9	0.95%
Elk Grove Unified School District	N/A	N/A	N/A	5,758	10	0.89%

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 700,900 per Employment Development Department website) in July 2024.

Sources: (A) Sacramento Business Journal, May 31, 2024. 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				
	2015	2016	2017	2018	2019
Merged Downtown					
Secured	\$ 2,344,213	\$ 2,461,341	\$ 2,682,975	\$ 3,294,112	\$ 3,572,623
Unsecured	138,662	124,172	110,587	131,439	147,725
Utility	770	748	748	748	696
Total	<u>\$ 2,483,645</u>	<u>\$ 2,586,261</u>	<u>\$ 2,794,310</u>	<u>\$ 3,426,299</u>	<u>\$ 3,721,044</u>
Del Paso Heights					
Secured	\$ 311,285	\$ 317,886	\$ 338,354	\$ 380,389	\$ 414,850
Unsecured	14,464	13,621	15,440	14,149	21,771
Utility	1	1	1	1	1
Total	<u>\$ 325,750</u>	<u>\$ 331,508</u>	<u>\$ 353,795</u>	<u>\$ 394,539</u>	<u>\$ 436,622</u>
Alkali Flat					
Secured	\$ 120,103	\$ 123,251	\$ 136,555	\$ 158,376	\$ 198,843
Unsecured	3,504	2,963	2,996	2,920	3,485
Utility	-	-	-	-	-
Total	<u>\$ 123,607</u>	<u>\$ 126,214</u>	<u>\$ 139,551</u>	<u>\$ 161,296</u>	<u>\$ 202,328</u>
Oak Park					
Secured	\$ 476,624	\$ 501,132	\$ 567,966	\$ 610,203	\$ 686,458
Unsecured	9,483	24,938	27,750	28,003	31,947
Utility	-	-	-	-	-
Total	<u>\$ 486,107</u>	<u>\$ 526,070</u>	<u>\$ 595,716</u>	<u>\$ 638,206</u>	<u>\$ 718,405</u>
River District (formerly Richards Blvd)					
Secured	\$ 403,452	\$ 393,540	\$ 404,183	\$ 413,627	\$ 444,699
Unsecured	35,352	37,314	34,732	36,120	37,676
Utility	4,779	2,591	2,591	2,591	2,464
Total	<u>\$ 443,583</u>	<u>\$ 433,445</u>	<u>\$ 441,506</u>	<u>\$ 452,338</u>	<u>\$ 484,839</u>
North Sacramento					
Secured	\$ 509,637	\$ 523,526	\$ 555,437	\$ 556,306	\$ 605,147
Unsecured	40,115	36,778	36,563	36,555	43,011
Utility	-	-	-	-	-
Total	<u>\$ 549,752</u>	<u>\$ 560,304</u>	<u>\$ 592,000</u>	<u>\$ 592,861</u>	<u>\$ 648,158</u>

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

(2) One percent is the maximum tax rate by state law.

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

PROJECT AREA	Fiscal Year				
	2020	2021	2022	2023	2024
Merged Downtown					
Secured	\$ 3,854,509	\$ 3,927,521	\$ 3,928,629	\$ 4,113,421	\$ 4,414,261
Unsecured	169,620	169,037	170,979	174,954	206,081
Utility	7	7	7	7	11
Total	<u>\$ 4,024,136</u>	<u>\$ 4,096,565</u>	<u>\$ 4,099,615</u>	<u>\$ 4,288,382</u>	<u>\$ 4,620,353</u>
Del Paso Heights					
Secured	\$ 469,286	\$ 510,477	\$ 547,780	\$ 598,130	\$ 643,156
Unsecured	23,390	28,109	28,417	28,240	29,144
Utility	-	-	-	-	-
Total	<u>\$ 492,676</u>	<u>\$ 538,586</u>	<u>\$ 576,197</u>	<u>\$ 626,370</u>	<u>\$ 672,300</u>
Alkali Flat					
Secured	\$ 228,034	\$ 250,906	\$ 256,211	\$ 277,676	\$ 288,763
Unsecured	3,582	3,794	2,387	2,569	2,871
Utility	-	-	-	-	-
Total	<u>\$ 231,616</u>	<u>\$ 254,700</u>	<u>\$ 258,598</u>	<u>\$ 280,245</u>	<u>\$ 291,634</u>
Oak Park					
Secured	\$ 787,243	\$ 831,901	\$ 892,936	\$ 986,212	\$ 1,086,819
Unsecured	23,271	25,615	30,460	30,361	34,957
Utility	-	-	-	-	-
Total	<u>\$ 810,514</u>	<u>\$ 857,516</u>	<u>\$ 923,396</u>	<u>\$ 1,016,573</u>	<u>\$ 1,121,776</u>
River District (formerly Richards Blvd)					
Secured	\$ 474,858	\$ 535,733	\$ 570,395	\$ 634,675	\$ 692,078
Unsecured	35,370	35,657	38,301	37,076	38,637
Utility	2,752	2,705	2,705	2,705	3,147
Total	<u>\$ 512,980</u>	<u>\$ 574,095</u>	<u>\$ 611,401</u>	<u>\$ 674,456</u>	<u>\$ 733,862</u>
North Sacramento					
Secured	\$ 681,316	\$ 743,818	\$ 824,135	\$ 866,736	\$ 946,019
Unsecured	50,625	57,168	57,816	81,916	111,342
Utility	719	719	719	719	735
Total	<u>\$ 732,660</u>	<u>\$ 801,705</u>	<u>\$ 882,670</u>	<u>\$ 949,371</u>	<u>\$ 1,058,096</u>

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

(2) One percent is the maximum tax rate by state law.

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

PROJECT AREA	Fiscal Year				
	2015	2016	2017	2018	2019
Franklin Boulevard					
Secured	\$ 482,823	\$ 474,370	\$ 497,711	\$ 544,375	\$ 578,295
Unsecured	32,000	31,565	35,431	34,068	33,800
Utility	-	-	-	-	-
Total	<u>\$ 514,823</u>	<u>\$ 505,935</u>	<u>\$ 533,142</u>	<u>\$ 578,443</u>	<u>\$ 612,095</u>
Stockton Boulevard					
Secured	\$ 364,463	\$ 384,262	\$ 403,482	\$ 442,555	\$ 471,634
Unsecured	17,731	16,742	15,941	15,798	18,937
Utility	-	-	-	-	-
Total	<u>\$ 382,194</u>	<u>\$ 401,004</u>	<u>\$ 419,423</u>	<u>\$ 458,353</u>	<u>\$ 490,571</u>
Army Depot					
Secured	\$ 864,133	\$ 928,249	\$ 979,664	\$ 1,052,144	\$ 1,130,114
Unsecured	139,964	110,209	106,652	111,552	115,208
Utility	943	1,072	1,072	1,072	1,072
Total	<u>\$ 1,005,040</u>	<u>\$ 1,039,530</u>	<u>\$ 1,087,388</u>	<u>\$ 1,164,768</u>	<u>\$ 1,246,394</u>
65th Street					
Secured	\$ 231,632	\$ 243,684	\$ 276,299	\$ 350,567	\$ 425,730
Unsecured	17,543	14,033	15,339	17,768	22,692
Utility	-	-	-	-	-
Total	<u>\$ 249,175</u>	<u>\$ 257,717</u>	<u>\$ 291,638</u>	<u>\$ 368,335</u>	<u>\$ 448,422</u>
Railyards					
Secured	\$ 75,245	\$ 68,288	\$ 62,600	\$ 66,406	\$ 67,471
Unsecured	5,973	10,940	7,310	7,151	11,438
Utility	-	-	-	-	-
Total	<u>\$ 81,218</u>	<u>\$ 79,228</u>	<u>\$ 69,910</u>	<u>\$ 73,557</u>	<u>\$ 78,909</u>

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

(2) One percent is the maximum tax rate by state law.

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

PROJECT AREA	Fiscal Year				
	2020	2021	2022	2023	2024
Franklin Boulevard					
Secured	\$ 608,313	\$ 643,432	\$ 672,091	\$ 748,607	\$ 798,713
Unsecured	36,098	38,111	40,569	49,929	53,967
Utility	-	-	-	-	-
Total	<u>\$ 644,411</u>	<u>\$ 681,543</u>	<u>\$ 712,660</u>	<u>\$ 798,536</u>	<u>\$ 852,680</u>
Stockton Boulevard					
Secured	\$ 510,666	\$ 556,549	\$ 592,937	\$ 641,363	\$ 679,010
Unsecured	19,758	23,067	23,646	25,436	28,368
Utility	-	-	-	-	-
Total	<u>\$ 530,424</u>	<u>\$ 579,616</u>	<u>\$ 616,583</u>	<u>\$ 666,799</u>	<u>\$ 707,378</u>
Army Depot					
Secured	\$ 1,302,802	\$ 1,391,639	\$ 1,475,193	\$ 1,615,593	\$ 1,796,202
Unsecured	132,775	138,567	150,127	211,999	229,367
Utility	1,037	1,037	1,037	1,037	1,152
Total	<u>\$ 1,436,614</u>	<u>\$ 1,531,243</u>	<u>\$ 1,626,357</u>	<u>\$ 1,828,629</u>	<u>\$ 2,026,721</u>
65th Street					
Secured	\$ 532,239	\$ 553,158	\$ 598,845	\$ 637,581	\$ 749,009
Unsecured	22,321	25,276	37,486	39,503	37,974
Utility	94	94	94	94	122
Total	<u>\$ 554,654</u>	<u>\$ 578,528</u>	<u>\$ 636,425</u>	<u>\$ 677,178</u>	<u>\$ 787,105</u>
Railyards					
Secured	\$ 71,495	\$ 104,469	\$ 109,005	\$ 126,886	\$ 139,788
Unsecured	13,940	15,667	12,508	10,710	5,588
Utility	-	-	-	-	-
Total	<u>\$ 85,435</u>	<u>\$ 120,136</u>	<u>\$ 121,513</u>	<u>\$ 137,596</u>	<u>\$ 145,376</u>

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

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City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction ^{(1) (2)}
Merged Downtown
As of June 30, 2024
(in thousands)

Assessee	Taxable Value ⁽³⁾	Assessee's Value ⁽³⁾	Value Difference	Percentage of Total Taxable Value
300 CAPITOL MALL INVESTORS LP	\$ 136,170	\$ 75,634	\$ (60,536)	5.91%
BRENT CARROLL	102,749	78,951	(23,798)	2.32%
GPT PROPERTIES	91,026	45,513	(45,513)	4.44%
15TH/L INVESTORS LLC	81,072	40,536	(40,536)	3.96%
1415 MERIDIAN PLAZA INVESTORS LP	77,550	62,757	(14,793)	1.44%
VALLEJO IMPERIAL VENTURE LIMITED PARTNERSHIP	49,321	24,661	(24,660)	2.41%
GPT PROPERTIES TRUST	49,132	24,566	(24,566)	2.40%
MNCVAD II OFC 770 L STATE CA LLC	48,667	24,334	(24,333)	2.38%
1122 7TH STREET LLC	47,356	23,678	(23,678)	2.31%
400 R STREET LLC	26,676	13,000	(13,676)	1.34%
Subtotal	709,719	413,630	(296,089)	28.90%
All Other Taxpayers	314,635	191,156	(123,479)	12.05%
Total	<u>\$ 1,024,354</u>	<u>\$ 604,786</u>	<u>\$ (419,568)</u>	<u>40.96%</u>

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of July 1, 2024.

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, 2024
(in thousands)

Assessee	Taxable Value ⁽³⁾	Assessee's Value ⁽³⁾	Value Difference	Percentage of Total Taxable Value
4555 CARMICHAEL LLC	\$ 2,740	\$ 1,644	\$ (1,096)	31.69%
TESLA ENERGY OPERATIONS INC.	309	150	(159)	5%
TESLA ENERGY OPERATIONS INC.	292	146	(146)	4%
DIRECTV LLC	73	44	(29)	1%
DIRECTV LLC	45	27	(18)	1%
Subtotal	3,459	2,011	(1,448)	41.86%
All Other Taxpayers	-	-	-	-
Total	<u>\$ 3,459</u>	<u>\$ 2,011</u>	<u>\$ (1,448)</u>	<u>41.86%</u>

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

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(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of July 1, 2024.

City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction ^{(1) (2)}
Alkali Flat
As of June 30, 2024
(in thousands)

Assessee	Taxable Value ⁽³⁾	Assessee's Value ⁽³⁾	Value Difference	Percentage of Total Taxable Value
JOSEPH CONSULO 2013 TRUST	\$ 378	\$ 189	\$ (189)	50.00%
Subtotal	378	189	(189)	50.00%
All Other Taxpayers	-	-	-	-
Total	<u>\$ 378</u>	<u>\$ 189</u>	<u>\$ (189)</u>	<u>50.00%</u>

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

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(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of July 1, 2024.

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, 2024
(in thousands)

Assessee	Taxable Value ⁽³⁾	Assessee's Value ⁽³⁾	Value Difference	Percentage of Total Taxable Value
BIMBO BAKERIES USA	\$ 21,584	\$ 17,267	\$ (4,317)	14.68%
DAVITA INC	6,582	3,200	(3,382)	11.50%
MATTHEW KEARNS/IRON STRIKE INVESTMENTS LLC	410	134	(276)	0.94%
MATTHEW KEARNS/IRON STRIKE INVESTMENTS LLC	360	102	(258)	0.88%
WALGREENS	123	84	(39)	0.13%
WALGREENS #4136 PPT	123	114	(9)	0.03%
WALGREENS #4170 PPT	114	95	(19)	0.06%
WALGREEN CO	112	87	(25)	0.09%
Subtotal	29,408	21,083	(8,325)	28.31%
All Other Taxpayers	-	-	-	-
Total	<u>\$ 29,408</u>	<u>\$ 21,083</u>	<u>\$ (8,325)</u>	<u>28.31%</u>

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
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(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of July 1, 2024.

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, 2024
(in thousands)

Assessee	Taxable Value ⁽³⁾	Assessee's Value ⁽³⁾	Value Difference	Percentage of Total Taxable Value
NOME CAPITAL PARTNERS, LLC	\$ 18,605	\$ 11,827	\$ (6,778)	16.55%
AMERICAN RIVERS INVS INCORPORATED	6,778	3,351	(3,427)	8.37%
NOME CAPITAL PARTNERS, LLC	6,579	4,182	(2,397)	5.85%
NOME CAPITAL PARTNERS, LLC	3,886	2,470	(1,416)	3.46%
ONTARIO ASSOCIATES	3,767	1,884	(1,883)	4.60%
1501 N C STREET SAC LLC	1,348	674	(674)	1.65%
Subtotal	40,963	24,388	(16,575)	40.46%
All Other Taxpayers	-	-	-	-
Total	\$ 40,963	\$ 24,388	\$ (16,575)	40.46%

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 July 1, 2024.

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, 2024
(in thousands)

Assessee	Taxable Value ⁽³⁾	Assessee's Value ⁽³⁾	Value Difference	Percentage of Total Taxable Value
ROSEVILLE LIFE PROPERTIES	\$ 39,983	\$ 19,991	\$ (19,992)	14.00%
SEVEN UP BOTTLING COMPANY OF SAN FRANCISCO	36,336	15,168	(21,168)	14.82%
SEVEN UP BOTTLING COMPANY OF SAN FRANCISCO	31,576	15,788	(15,788)	11.05%
SACRAMENTO HEALTHCARE INVESTORS LP	17,089	8,545	(8,544)	5.98%
SENT EXPO POINT LLC	7,940	5,161	(2,779)	1.95%
2022 RESTATED TCHERKOYAN FAMILY TRUST	6,500	3,900	(2,600)	1.82%
DAVIS FLEX LLC	2,040	1,608	(432)	0.30%
ALDON BOLANOS	280	150	(130)	0.09%
STARBUCKS COFFEE COMPANY #9638	241	45	(196)	0.14%
TESLA ENERGY OPERATIONS INC	221	110	(111)	0.08%
Subtotal	142,206	70,466	(71,740)	50.22%
All Other Taxpayers	642	411	(231)	0.16%
Total	<u>\$ 142,848</u>	<u>\$ 70,877</u>	<u>\$ (71,971)</u>	<u>50.38%</u>

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
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(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of July 1, 2024.

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, 2024
(in thousands)

Assessee	Taxable Value ⁽³⁾	Assessee's Value ⁽³⁾	Value Difference	Percentage of Total Taxable Value
CVS CAREMARK CORP/CHERYL	\$ 8,401	\$ 4,201	\$ (4,200)	13.20%
MACY'S WEST STORES	5,748	1,947	(3,801)	11.94%
MACY'S WAREHOUSE	5,080	2,700	(2,380)	7.48%
MACY'S WAREHOUSE	5,002	2,600	(2,402)	7.55%
MACY'S INC	3,544	2,199	(1,345)	4.23%
HP 49TH AVENUE LLC	2,117	1,058	(1,059)	3.33%
HP 52ND AVENUE LLC	1,163	581	(582)	1.83%
HP 52ND AVENUE LLC	775	388	(387)	1.22%
Subtotal	31,830	15,674	(16,156)	50.76%
All Other Taxpayers	-	-	-	-
Total	<u>\$ 31,830</u>	<u>\$ 15,674</u>	<u>\$ (16,156)</u>	<u>50.76%</u>

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

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(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of July 1, 2024.

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, 2024
(in thousands)

Assessee	Taxable Value ⁽³⁾	Assessee's Value ⁽³⁾	Value Difference	Percentage of Total Taxable Value
SUSTAINED INVS LLC	\$ 4,371	\$ 2,186	\$ (2,185)	14.39%
SUSTAINED INVS LLC	4,255	2,128	(2,127)	14.00%
SUSTAINED INVS LLC	2,499	1,249	(1,250)	8.23%
SUSTAINED INVS LLC	1,869	935	(934)	6.15%
SUSTAINED INVS LLC	791	395	(396)	2.61%
ROSS DRESS FOR LESS #1837	723	362	(361)	2.38%
MATTHEW KEARNS/IRON STRIKE INVESTMENTS LLC	350	99	(251)	1.65%
STARBUCKS COFFEE COMPANY #50884	330	54	(276)	1.82%
Subtotal	15,188	7,408	(7,780)	51.22%
All Other Taxpayers	-	-	-	-
Total	<u>\$ 15,188</u>	<u>\$ 7,408</u>	<u>\$ (7,780)</u>	<u>51.22%</u>

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of July 1, 2024.

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, 2024
(in thousands)

Assessee	Taxable Value ⁽³⁾	Assessee's Value ⁽³⁾	Value Difference	Percentage of Total Taxable Value
SBM REALTY LLC	\$ 25,202	\$ 5,868	\$ (19,334)	17.41%
SBM REALTY LLC	25,153	5,845	(19,308)	17.39%
SBM REALTY LLC	23,012	5,269	(17,743)	15.98%
SBM REALTY LLC	22,992	5,249	(17,743)	15.98%
HASSAN / SONS INC	4,960	2,800	(2,160)	1.95%
JELD-WEN, INC	4,651	2,325	(2,326)	2.09%
ELDER CREEK 18 LLC	3,306	2,418	(888)	0.80%
HEDG 825 LLC	1,693	1,483	(210)	0.19%
MORRISON PAINT	76	20	(56)	0.05%
Subtotal	111,045	31,277	(79,768)	71.83%
All Other Taxpayers	-	-	-	-
Total	<u>\$ 111,045</u>	<u>\$ 31,277</u>	<u>\$ (79,768)</u>	<u>71.83%</u>

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of July 1, 2024.

Source: Sacramento County Assessor

City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction ^{(1) (2)}
65th Street
As of June 30, 2024
(in thousands)

Assessee	Taxable Value ⁽³⁾	Assessee's Value ⁽³⁾	Value Difference	Percentage of Total Taxable Value
THE MARTIN GROUP	\$ 106,884	\$ 93,000	\$ (13,884)	2.12%
THE MARTIN GROUP	106,729	93,000	(13,729)	2.10%
GEM CROSSINGS LLC	97,756	82,500	(15,256)	2.33%
GEM CROSSINGS LLC	96,100	48,050	(48,050)	7.35%
ELEMENT DST NB	51,822	14,545	(37,277)	5.70%
ACADEMY ON 65TH STATE OWNER LLC	35,992	17,996	(17,996)	2.75%
TARGET	31,713	825	(30,888)	4.72%
ELEMENT DST NB	29,091	14,545	(14,546)	2.22%
TARGET	28,859	948	(27,911)	4.27%
TARGET	28,836	855	(27,981)	4.28%
Subtotal	613,782	366,264	(247,518)	37.85%
All Other Taxpayers	40,081	37,984	(2,097)	0.32%
Total	<u>\$ 653,863</u>	<u>\$ 404,248</u>	<u>\$ (249,615)</u>	<u>38.18%</u>

Notes: (1) These are outstanding appeals; there is no estimate of outcome.

(2) Information for prior years is not readily available and is not statistically significant.

(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of July 1, 2024.

City of Sacramento
Successor Agency Trust Fund
Top 10 Parcels Appealing Assessed Valuation - At Risk of Reduction ^{(1) (2)}
Railyards
As of June 30, 2024
(in thousands)

Assessee	Taxable Value ⁽³⁾	Assessee's Value ⁽³⁾	Value Difference	Percentage of Total Taxable Value
CFT NV DEVELOPMENTS LLC	\$ 14,167	\$ 7,083	\$ (7,084)	19.71%
SIMS METAL MGMT	7,213	3,118	(4,095)	11.40%
SIMS METAL MGMT	5,164	2,582	(2,582)	7.19%
SIMS METAL MGMT	4,903	2,452	(2,451)	6.82%
SIMS METAL MGMT	4,488	2,244	(2,244)	6.24%
Subtotal	35,935	17,479	(18,456)	51.36%
All Other Taxpayers	-	-	-	-
Total	<u>\$ 35,935</u>	<u>\$ 17,479</u>	<u>\$ (18,456)</u>	<u>51.36%</u>

Notes: (1) These are outstanding appeals; there is no estimate of outcome.
(2) Information for prior years is not readily available and is not statistically significant.
(3) Based on Assessor's report "At-Risk Assessed Valuation Through Appeals Process" as of July 1, 2024.

Source: Sacramento County Assessor

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

Assessee	2024			2015		
	Taxable Value ⁽¹⁾	Rank	Percentage of Total Taxable Value ⁽²⁾	Taxable Value	Rank	Percentage of Total Taxable Value
City of Sacramento (Sacramento Downtown Arena LLC)	\$ 389,298	1	8.43%	\$ -	-	-
CA Sacramento Commons LLC	226,003	2	4.89%	-	-	-
500 Capitol Mall LLC	158,092	3	3.42%	123,978	3	4.99%
Hancock SREIT Sacramento LLC	155,000	4	3.35%	-	-	-
Prime US-Park Tower LLC	145,042	5	3.14%	-	-	-
300 Capitol Mall Investors LP	138,893	6	3.01%	-	-	-
555 Cap Partners LP	125,062	7	2.71%	-	-	-
GSA Sacramento CA LLC	120,659	8	2.61%	69,647	9	2.80%
Sacramento CA I FGF LLC	113,250	9	2.45%	-	-	-
SRI Eleven 621 Capitol Mall LLC	107,000	10	2.32%	-	-	-
Hines Sacramento Wells Fargo Center	-	-	-	172,000	1	6.93%
621 Capitol Mall LLC	-	-	-	127,878	2	5.15%
300 Capitol Associates NF LP	-	-	-	102,000	4	4.11%
CIM/980 9th St 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%
KW Captowers LLC	-	-	-	66,308	10	2.67%
Subtotal	1,678,299		36.32%	1,007,066		40.55%
All Other Taxpayers	2,942,054		63.68%	1,476,579		59.45%
Total	\$ 4,620,353		100.00%	\$ 2,483,645		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2023-24 Project Area total taxable value.

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

Assessee	2024			2015		
	Taxable Value ⁽¹⁾	Rank	Percentage of Total Taxable Value ⁽²⁾	Taxable Value	Rank	Percentage of Total Taxable Value
Research Properties	6,336	1	0.94%	5,378	1	1.65%
BM Ventures LLC	6,260	2	0.93%	4,700	2	1.44%
565 Display Way LLC	3,472	3	0.52%	-		-
John A/Leta K Nichols 1994 Rev Trust	3,337	4	0.50%	2,832	4	0.87%
US Rentals Inc.	2,976	5	0.44%	2,526	6	0.78%
Alpine Venture Assets LLC/ETAL	2,933	6	0.44%	-		-
Albert/Jacklin Yamin Trust	2,804	7	0.42%	-		-
BM Ventures II LLC	2,801	8	0.42%	-		-
4555 Carmichael LLC	2,794	9	0.42%	-		-
Ramon Canyon Associates LP	2,700	10	0.40%	2,924	3	0.90%
Garin Elisa R/ETAL	-		-	2,618	5	0.80%
Proffutt Limited Partnership	-		-	2,194	7	0.67%
23002 Moulton Parkway LLC	-		-	1,842	8	0.57%
Terkensha/Associates	-		-	1,756	9	0.54%
Lundbom Sacramento Realty INVS LP	-		-	1,538	10	0.47%
Subtotal	36,413		5.42%	28,308		8.69%
All Other Taxpayers	635,887		94.58%	297,442		91.31%
Total	<u>\$ 672,300</u>		<u>100.00%</u>	<u>\$ 325,750</u>		<u>100.00%</u>

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2023-24 Project Area total taxable value.

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

Assessee	2024			2015		
	Taxable Value ⁽¹⁾	Rank	Percentage of Total Taxable Value ⁽²⁾	Taxable Value	Rank	Percentage of Total Taxable Value
Efren R Cota LTD	\$ 24,691	1	8.47%	\$ -	-	-
Hearst-Argyle Stations Inc.	17,931	2	6.15%	16,356	1	13.23%
Robert Efren Cota Living Trust/Etal	14,514	3	4.98%	-	-	-
1000 G Street LLC	12,857	4	4.41%	-	-	-
520-530 9th Street LLC	5,020	5	1.72%	-	-	-
1220 E State LLC	3,250	6	1.11%	-	-	-
Savant Solutions Holdings LLC	3,160	7	1.08%	-	-	-
Felora Corporation	2,958	8	1.01%	-	-	-
California Quarters LLC	2,788	9	0.96%	-	-	-
Ng-Yu Trust	2,453	10	0.84%	-	-	-
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%
John Dailey Trust/Charles D. Deloney	-	-	-	1,998	5	1.62%
GMA Investors LP	-	-	-	1,738	6	1.41%
700 E Street Building Partner	-	-	-	1,664	7	1.35%
Tarpin Samuel D	-	-	-	1,497	8	1.21%
520 Ninth Street	-	-	-	1,450	9	1.17%
Adrian L./Michelle J. Randolph Family Trust	-	-	-	1,368	10	1.11%
Subtotal	89,622		30.73%	50,089		40.52%
All Other Taxpayers	202,012		69.27%	73,518		59.48%
Total	\$ 291,634		100.00%	\$ 123,607		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2023-24 Project Area total taxable value.

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

Assessee	2024			2015		
	Taxable Value ⁽¹⁾	Rank	Percentage of Total Taxable Value ⁽²⁾	Taxable Value	Rank	Percentage of Total Taxable Value
Regents University CA (CY 4422Y LLC)	\$ 25,032	1	2.23%	\$ 10,772	2	2.22%
Rainbow Baking Co of Sac Valley (BBU INC)	14,161	2	1.26%	12,019	1	2.47%
Glenn L Evans Trust	10,199	3	0.91%	-	-	-
University of the Pacific	7,989	4	0.71%	-	-	-
Great Chi Investment LLC	5,600	5	0.50%	-	-	-
Crestwood Medical Center Hospital	5,201	6	0.46%	4,425	4	0.91%
Security Public Storage	4,616	7	0.41%	3,787	5	0.78%
JJAJ Ventures LP/Ventures JJAJ	4,056	8	0.36%	-	-	-
Edmar Invs LLC	3,841	9	0.34%	3,260	6	0.67%
Broadway Triangle LLC	3,728	10	0.33%	2,626	7	0.54%
US Bank National Association	-	-	-	5,430	3	1.12%
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%
Subtotal	84,423		7.53%	48,322		9.94%
All Other Taxpayers	1,037,353		92.47%	437,785		90.06%
Total	<u>\$ 1,121,776</u>		<u>100.00%</u>	<u>\$ 486,107</u>		<u>100.00%</u>

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2023-24 Project Area total taxable value.

Source: Sacramento County Assessor

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

Assessee	2024			2015		
	Taxable Value ⁽¹⁾	Rank	Percentage of Total Taxable Value ⁽²⁾	Taxable Value	Rank	Percentage of Total Taxable Value
California Almond Growers	\$ 117,066	1	15.95%	\$ 70,603	1	15.92%
29SC T9 Phase A Property Owner LLC	81,269	2	11.07%	-	-	-
Grove River District LLC	41,076	3	5.60%	34,861	2	7.86%
Bercut-Railyard LLC	38,405	4	5.23%	-	-	-
Nome OES LLC	29,651	5	4.04%	-	-	-
AK Industrial II LLC	18,207	6	2.48%	-	-	-
Raama Investments LLC	14,974	7	2.04%	-	-	-
Summit 901 B LLC	12,801	8	1.74%	-	-	-
Downtown Ford Re LLC	11,220	9	1.53%	-	-	-
29SC BC Holding Company LLC	11,037	10	1.50%	-	-	-
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%
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%
Subtotal	375,706		51.20%	174,431		39.32%
All Other Taxpayers	358,156		48.80%	269,152		60.68%
Total	<u>\$ 733,862</u>		<u>100.00%</u>	<u>\$ 443,583</u>		<u>100.00%</u>

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2023-24 Project Area total taxable value.

Source: Sacramento County Assessor

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

Assessee	2024			2015		
	Taxable Value ⁽¹⁾	Rank	Percentage of Total Taxable Value ⁽²⁾	Taxable Value	Rank	Percentage of Total Taxable Value
Roseville Life Properties	\$ 41,598	1	3.93%	\$ -	-	-
Woodlake Care Group LLC	30,303	2	2.86%	-	-	-
Veyron/KDP US Leasing LLC	27,883	3	2.64%	-	-	-
Price Company	25,902	4	2.45%	21,729	3	3.95%
HS Sacramento Storage LLC	24,710	5	2.34%	-	-	-
BLR Apartments LLC	18,570	6	1.76%	-	-	-
Omninet Sacramento Jardinette LLC/ETAL	18,491	7	1.75%	-	-	-
Sacramento CA I MG LLC	18,103	8	1.71%	-	-	-
Sacramento Healthcare Investors LP	17,431	9	1.65%	-	-	-
PEG Sacramento Hotel LLC	16,050	10	1.52%	-	-	-
Westcore Delta LLC	-	-	-	35,535	1	6.46%
Seven Up Bottling Company	-	-	-	31,216	2	5.68%
North Sacramento Land Company	-	-	-	12,318	4	2.24%
McCuen Acoma Street Investors	-	-	-	12,099	5	2.20%
Meriliz Incorporated	-	-	-	8,790	6	1.60%
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%
Subtotal	239,041		22.59%	148,895		27.08%
All Other Taxpayers	819,055		77.41%	400,857		72.92%
Total	\$ 1,058,096		100.00%	\$ 549,752		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2023-24 Project Area total taxable value.

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

Assessee	2024			2015		
	Taxable Value ⁽¹⁾	Rank	Percentage of Total Taxable Value ⁽²⁾	Taxable Value	Rank	Percentage of Total Taxable Value
Mulberry Estates LLC	\$ 19,102	1	2.24%	\$ -	-	-
3100 52nd Avenue LLC	17,000	2	1.99%	-	-	-
6200 Franklin LLC	15,342	3	1.80%	15,172	1	2.95%
ESS CA-TIVS JV CA Reit Sub Limited Partnership	13,095	4	1.54%	-	-	-
Hillside Apartments LLC	8,766	5	1.03%	-	-	-
Rising South Point Owners LLC	8,707	6	1.02%	-	-	-
Sacramento Children's Home (Garfield Beach CVS LLC)	8,569	7	1.00%	3,983	8	0.77%
Campus Plaza Associates	8,195	8	0.96%	-	-	-
Greystone Place Invs LLC	7,950	9	0.93%	-	-	-
Rosedown Associates LLC	7,142	10	0.84%	6,115	3	1.19%
United States Cold Storage	-	-	-	9,979	2	1.94%
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%
Bowling Green Associates	-	-	-	4,156	7	0.81%
Con-Way Western Express Inc.	-	-	-	3,822	9	0.74%
47th Street Associates LLC	-	-	-	3,732	10	0.72%
Subtotal	113,868		13.35%	60,279		11.71%
All Other Taxpayers	738,812		86.65%	454,544		88.29%
Total	<u>\$ 852,680</u>		<u>100.00%</u>	<u>\$ 514,823</u>		<u>100.00%</u>

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2023-24 Project Area total taxable value.

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

Assessee	2024			2015		
	Taxable Value ⁽¹⁾	Rank	Percentage of Total Taxable Value ⁽²⁾	Taxable Value	Rank	Percentage of Total Taxable Value
Stockton Plaza Partners LLC	\$ 24,432	1	3.45%	\$ 12,704	1	3.32%
Karma Apartments LLC	16,941	2	2.39%	-	-	-
EKG Investors LLC	15,400	3	2.18%	9,336	2	2.44%
Sustained Invs LLC	14,306	4	2.02%	-	-	-
Wellspace Health	13,515	5	1.91%	-	-	-
ESS Ca-Tivs Jv Ca Reit Sub LP	11,143	6	1.58%	-	-	-
JMK Family Properties II LP	9,106	7	1.29%	-	-	-
Monument Properties Sacramento LLC	8,602	8	1.22%	-	-	-
NT Stockton Investors LLC	7,550	9	1.07%	6,710	5	1.76%
Sustained Invs LLC (Garfield Beach CVS LLC)	7,234	10	1.02%	-	-	-
Brittany Arms LLC	-	-	-	5,230	6	1.37%
John M/Nancy Kehriotis Living Trust	-	-	-	7,728	3	2.02%
Luong Do Revocable Trust	-	-	-	7,675	4	2.01%
SF Florin LP	-	-	-	4,819	7	1.26%
Ralphs Grocery Company	-	-	-	4,780	8	1.25%
Mulleian Investments LLC	-	-	-	4,739	9	1.24%
ESS Prisa II LLC	-	-	-	4,727	10	1.24%
Subtotal	128,229		18.13%	68,448		17.91%
All Other Taxpayers	579,149		81.87%	313,746		82.09%
Total	\$ 707,378		100.00%	\$ 382,194		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2023-24 Project Area total taxable value.

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

Assessee	2024			2015		
	Taxable Value ⁽¹⁾	Rank	Percentage of Total Taxable Value ⁽²⁾	Taxable Value	Rank	Percentage of Total Taxable Value
SBM Realty LLC	\$ 50,162	1	2.48%	\$ -	-	-
Elder Crk Transfer/Recovery Inc	18,960	2	0.94%	9,562	4	0.95%
Watt Elder Creek Holdings LLC	13,780	3	0.68%	-	-	-
Pitalo John E	5,423	4	0.27%	-	-	-
BREF2 Elder Creek Road IOS LLC	5,150	5	0.25%	-	-	-
Power Inn Business Park LLC	5,088	6	0.25%	4,950	9	0.49%
Hassan/Sons Inc	5,059	7	0.25%	-	-	-
Fedex Ground Package System Inc	4,424	8	0.22%	-	-	-
PW Fund B LP	3,619	9	0.18%	-	-	-
Elder Creek 18 LLC	3,373	10	0.17%	-	-	-
R/G Hayward LLC	-	-	-	16,585	1	1.65%
Engineered Polymer Solutions Inc.	-	-	-	14,080	2	1.40%
Central Valley Industrial Core Holdings	-	-	-	11,331	3	1.13%
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%
Teichert Land Co	-	-	-	4,819	10	0.48%
Subtotal	115,038		5.68%	89,727		8.93%
All Other Taxpayers	1,911,683		94.32%	915,313		91.07%
Total	<u>\$ 2,026,721</u>		<u>100.00%</u>	<u>\$ 1,005,040</u>		<u>100.00%</u>

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2023-24 Project Area total taxable value.

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

Assessee	2024			2015		
	Taxable Value ⁽¹⁾	Rank	Percentage of Total Taxable Value ⁽²⁾	Taxable Value	Rank	Percentage of Total Taxable Value
ACEF-Martin Folsom LLC	\$ 109,022	1	13.85%	\$ -	-	-
Gem Crossings LLC	99,546	2	12.65%	-	-	-
NB Element DST	91,692	3	11.65%	-	-	-
SSC Sacramento Apartments LLC	80,786	4	10.26%	-	-	-
Academy on 65th State Owner LLC	36,712	5	4.66%	-	-	-
EPD & BBD Associates LP	34,384	6	4.37%	-	-	-
Target Corporation	32,282	7	4.10%	26,726	3	10.73%
Jackson XXXV LLC	22,780	8	2.89%	-	-	-
Jackson IV LLC	18,679	9	2.37%	-	-	-
Jackson V LLC	18,044	10	2.29%	-	-	-
65th St Village LLC	-	-	-	9,570	4	3.84%
CPCA 7716 Folsom Blvd LLC	-	-	-	7,769	6	3.12%
HRA Element LLC	-	-	-	36,937	1	14.82%
Sally R Davis Trust ETAL	-	-	-	28,127	2	11.29%
Atlas Disposal Industries LLC	-	-	-	8,101	5	3.25%
Dimension Properties LLC	-	-	-	5,958	7	2.39%
Kenneth/Susan Catchot Family 2005 Revocable Trust	-	-	-	5,224	8	2.10%
American River Self Storage LP	-	-	-	5,023	9	2.02%
2800 Pico Associates LLC	-	-	-	4,329	10	1.74%
Subtotal	543,927		69.10%	137,764		55.29%
All Other Taxpayers	243,178		30.90%	111,411		44.71%
Total	\$ 787,105		100.00%	\$ 249,175		100.00%

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2023-24 Project Area total taxable value.

Source: Sacramento County Assessor

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

Assessee	2024			2015		
	Taxable Value ⁽¹⁾	Rank	Percentage of Total Taxable Value ⁽²⁾	Taxable Value	Rank	Percentage of Total Taxable Value
Kaiser Foundation Hosps	\$ 36,500	1	25.11%	\$ -	-	-
Downtown Railyard Venture LLC	21,390	2	14.71%	-	-	-
CFT NV Developments LLC	14,450	3	9.94%	-	-	-
Sims Group USA Corporation	7,466	4	5.14%	-	-	-
Sutter HOJ LP	5,518	5	3.80%	3,621	6	4.46%
1238 Sutter Street LLC	5,400	6	3.71%	-	-	-
Sacramento Co Emp Credit Union	5,062	7	3.48%	4,349	4	5.35%
PDRA/Company LLC	4,466	8	3.07%	3,790	5	4.67%
930 G Street LLC	3,876	9	2.67%	-	-	-
Strumwasser Michael J/Silvia M	3,745	10	2.58%	3,133	8	3.86%
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%
PLF BLDG LLC	-	-	-	3,570	7	4.40%
Bowman/Bay Building Joint Venture	-	-	-	2,267	9	2.79%
Legacy Ventures LLC	-	-	-	1,334	10	1.64%
Subtotal	107,873		74.20%	66,230		81.55%
All Other Taxpayers	37,503		25.80%	14,988		18.45%
Total	<u>\$ 145,376</u>		<u>100.00%</u>	<u>\$ 81,218</u>		<u>100.00%</u>

Notes: (1) Based on ownership of locally-assessed secured and unsecured real property net of exemptions.
(2) Based on total adjusted 2023-24 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 Service	Senior Debt Service Coverage	Subordinate Debt Service	Total Debt Service	Total Debt Service Coverage	
2015	\$ 43,657	\$ 649	\$ 3,911	\$ 39,097	\$ 21,937	1.78	\$ 9,158	\$ 31,095	1.26	
2016	49,142	690	5,766	42,686	11,794	3.62	15,610	27,404	1.56	(1)
2017	53,765	709	1,201	51,855	11,793	4.40	14,059	25,852	2.01	
2018	67,464	823	11,550	55,091	398	138.42	24,270	24,668	2.23	(2)
2019	73,805	867	13,766	59,172	10,423	5.68	15,194	25,617	2.31	(3)
2020	84,030	955	16,751	66,324	683	97.11	15,173	15,856	4.18	(4)
2021	87,253	991	17,657	68,605	18,133	3.78	29,731	47,864	1.43	(5)
2022	92,562	1,023	19,122	72,417	18,133	3.99	6,172	24,305	2.98	(6)
2023	102,291	959	21,721	79,611	17,233	4.62	6,323	23,556	3.38	(7)
2024	113,414	1,158	25,599	86,657	16,983	5.10	6,508	23,491	3.69	(8)

Merged Downtown

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt Service	Senior Debt Service Coverage	Subordinate Debt Service	Total Debt Service	Total Debt Service Coverage	
2015	\$ 23,121	\$ 350	\$ 1,071	\$ 21,700	\$ 16,242	1.34	\$ 4,980	\$ 21,222	1.02	
2016	27,081	372	2,415	24,294	11,395	2.13	146	11,541	2.11	(1)
2017	27,978	376	485	27,117	11,395	2.38	146	11,541	2.35	
2018	37,146	451	5,665	31,030	-	-	146	146	212.53	(2)
2019	38,341	459	6,191	31,691	10,025	3.16	43	10,068	3.15	
2020	41,309	481	6,997	33,831	-	-	43	43	786.77	
2021	41,241	478	6,975	33,788	16,965	1.99	43	17,008	1.99	
2022	41,212	468	6,965	33,779	16,965	1.99	-	16,965	1.99	
2023	43,394	418	7,526	35,450	15,815	2.24	-	15,815	2.24	
2024	46,383	492	8,630	37,261	15,815	2.36	-	15,815	2.36	

Del Paso Heights

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt Service	Senior Debt Service Coverage	Subordinate Debt Service	Total Debt Service	Total Debt Service Coverage	
2015	\$ 3,149	\$ 44	\$ 337	\$ 2,768	\$ 1,618	1.71	\$ 231	\$ 1,849	1.50	
2016	3,190	45	384	2,761	-	-	14	14	197.21	(1)
2017	3,524	45	100	3,379	-	-	14	14	241.36	
2018	3,978	50	638	3,290	-	-	14	14	235.00	
2019	4,406	52	785	3,569	-	-	14	14	254.93	
2020	5,032	57	977	3,998	285	14.03	14	299	13.37	
2021	5,491	61	1,125	4,305	770	5.59	14	784	5.49	
2022	5,831	64	1,235	4,532	770	5.89	-	770	5.89	
2023	6,339	60	1,383	4,896	1,020	4.80	-	1,020	4.80	
2024	6,870	70	1,569	5,231	770	6.79	-	770	6.79	

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) Various subordinate debts and a majority of the senior debts were refunded in 2015.

(2) 1993 Merged Downtown TABS were paid off in 2018.

(3) Total Debt Service includes \$13,166 related to the 2015 Tax Allocation Refunding Bonds, Series A and B not allocated between project areas.

(4) Total Debt Service includes \$21,839 related to the 2015 Tax Allocation Refunding Bonds, Series A and B not allocated between project areas.

(5) Total Debt Service includes \$4,221 related to the 2015 Tax Allocation Refunding Bonds, Series A and B not allocated between project areas. 2015 Tax Allocation Refunding Bonds, Series B were paid off in 2021.

(6) Total Debt Service includes \$4,022 related to the 2015 Tax Allocation Refunding Bond, Series A not allocated between project areas. Beginning in FY22, total debt service also includes \$235 related to 2008 Bank of America Public Capital Corporation Loan which was refinanced, and is not allocated between project areas.

(7) Total Debt Service includes \$4,196 related to the 2015 Tax Allocation Refunding Bond, Series A not allocated between project areas. Total debt service also includes \$235 related to 2008 Bank of America Public Capital Corporation Loan which was refinanced, and is not allocated between project areas.

(8) Total Debt Service includes \$4,379 related to the 2015 Tax Allocation Refunding Bond, Series A not allocated between project areas. Total debt service also includes \$235 related to 2008 Bank of America Public Capital Corporation Loan which was refinanced, and is not allocated between project areas.

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 Service	Senior Debt Service Coverage	Subordinate Debt Service	Total Debt Service	Total Debt Service Coverage
2015	\$ 1,148	\$ 16	\$ 64	\$ 1,068	\$ 613	1.74	\$ 464	\$ 1,077	0.99
2016	1,111	17	67	1,027	-	-	466	466	2.20
2017	1,347	17	26	1,304	-	-	469	469	2.78
2018	1,791	29	317	1,445	-	-	471	471	3.07
2019	2,075	24	424	1,627	-	-	472	472	3.45
2020	2,278	27	496	1,755	-	-	474	474	3.70
2021	2,568	29	603	1,936	-	-	476	476	4.07
2022	2,595	28	614	1,953	-	-	468	468	4.17
2023	2,780	26	674	2,080	-	-	470	470	4.43
2024	2,884	30	719	2,135	-	-	472	472	4.52

(1)

Oak Park

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt Service	Senior Debt Service Coverage	Subordinate Debt Service	Total Debt Service	Total Debt Service Coverage
2015	\$ 4,522	\$ 63	\$ 385	\$ 4,074	\$ 2,755	1.48	\$ 178	\$ 2,933	1.39
2016	4,915	70	613	4,232	-	-	34	34	124.47
2017	5,843	75	176	5,592	-	-	34	34	164.47
2018	6,213	79	1,091	5,043	-	-	34	34	148.32
2019	7,160	84	1,465	5,611	-	-	34	34	165.03
2020	8,079	92	1,777	6,210	-	-	34	34	182.65
2021	8,578	95	1,961	6,522	-	-	34	34	191.82
2022	9,314	101	2,232	6,981	-	-	-	-	0.00
2023	10,375	95	2,592	7,688	-	-	-	-	0.00
2024	11,387	115	2,995	8,277	-	-	-	-	0.00

(1)

River District

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt Service	Senior Debt Service Coverage	Subordinate Debt Service	Total Debt Service	Total Debt Service Coverage
2015	\$ 1,542	\$ 23	\$ 280	\$ 1,239	\$ -	-	\$ 642	\$ 642	1.93
2016	1,544	22	288	1,234	-	-	229	229	5.39
2017	1,633	22	29	1,582	-	-	229	229	6.91
2018	1,793	23	338	1,432	-	-	230	230	6.23
2019	2,203	25	428	1,750	-	-	228	228	7.68
2020	2,897	28	614	2,255	-	-	228	228	9.89
2021	3,176	34	704	2,438	-	-	228	228	10.69
2022	3,543	38	810	2,695	-	-	227	227	11.87
2023	4,428	39	1,022	3,367	-	-	226	226	14.90
2024	5,239	48	1,335	3,856	-	-	224	224	17.21

(1)

Notes:

NA Subordinate debt was not presented in prior years. Prior years information not available for River District, Franklin Boulevard, Army Depot and 65th Street.

⁽¹⁾ Various subordinate debts and a majority of the senior debts were refunded in 2015.

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 Service	Senior Debt Service Coverage	Subordinate Debt Service	Total Debt Service	Total Debt Service Coverage
2015	\$ 2,689	\$ 37	\$ 262	\$ 2,390	\$ 530	4.51	\$ 772	\$ 1,302	1.84
2016	2,819	40	282	2,497	218	11.45	375	593	4.21
2017	2,951	41	-	2,910	218	13.35	374	592	4.92
2018	3,229	40	323	2,866	218	13.15	377	595	4.82
2019	3,824	45	388	3,391	218	15.56	375	593	5.72
2020	4,754	53	475	4,226	218	19.39	372	590	7.16
2021	5,325	60	532	4,733	218	21.71	374	592	7.99
2022	6,528	68	652	5,808	218	26.64	352	570	10.19
2023	7,218	65	710	6,443	218	29.56	347	565	11.40
2024	8,203	82	820	7,301	218	33.49	348	566	12.90

(2)

Franklin Boulevard

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt Service	Senior Debt Service Coverage	Subordinate Debt Service	Total Debt Service	Total Debt Service Coverage
2015	\$ 952	\$ 24	\$ 117	\$ 811	\$ -	-	\$ 99	\$ 99	8.19
2016	1,640	23	116	1,501	-	-	41	41	36.61
2017	2,050	25	-	2,025	-	-	41	41	49.39
2018	2,511	30	217	2,264	-	-	41	41	55.22
2019	2,826	33	256	2,537	-	-	41	41	61.88
2020	3,101	36	285	2,780	-	-	41	41	67.80
2021	3,493	39	331	3,123	-	-	41	41	76.17
2022	3,980	42	387	3,551	-	-	-	-	0.00
2023	4,915	44	490	4,381	-	-	-	-	0.00
2024	5,418	54	554	4,810	-	-	-	-	0.00

(1)

Stockton Boulevard

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt Service	Senior Debt Service Coverage	Subordinate Debt Service	Total Debt Service	Total Debt Service Coverage
2015	\$ 1,755	\$ 24	\$ 446	\$ 1,285	\$ 180	7.14	\$ 246	\$ 426	3.02
2016	1,933	28	526	1,379	180	7.66	149	329	4.19
2017	2,238	28	65	2,145	180	11.92	149	329	6.52
2018	2,598	33	770	1,795	180	9.97	167	347	5.17
2019	2,966	35	911	2,020	180	11.22	169	349	5.79
2020	3,418	38	1,072	2,308	180	12.82	146	326	7.08
2021	3,892	43	1,247	2,602	180	14.46	148	328	7.93
2022	4,372	47	1,423	2,902	180	16.12	251	431	6.73
2023	4,858	45	1,593	3,220	180	17.89	231	411	7.83
2024	5,064	53	1,678	3,333	180	18.52	231	411	8.11

(2)

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 correct total tax increment received.

⁽²⁾ Various subordinate debts and a majority of the senior debts were refunded in 2015.

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 Service	Senior Debt Service Coverage	Subordinate Debt Service	Total Debt Service	Total Debt Service Coverage
2015	\$ 3,556	\$ 50	\$ 699	\$ 2,807	\$ -	-	\$ 739	\$ 739	3.80
2016	3,944	56	847	3,041	-	-	267	267	11.39 ⁽¹⁾
2017	4,579	58	236	4,285	-	-	267	267	16.05
2018	5,428	67	1,376	3,985	-	-	268	268	14.87
2019	6,755	73	1,882	4,800	-	-	266	266	18.05
2020	8,590	94	2,540	5,956	-	-	266	266	22.39
2021	9,002	102	2,692	6,208	-	-	265	265	23.43
2022	10,119	111	3,103	6,905	-	-	242	242	28.53
2023	12,597	115	3,929	8,553	-	-	241	241	35.49
2024	14,870	146	4,852	9,872	-	-	240	240	41.13

65th Street

Fiscal Year	Total Tax Increment	Property Tax Collection Fee	AB 1290 Pass thru	Net Tax Revenues	Senior Debt Service	Senior Debt Service Coverage	Subordinate Debt Service	Total Debt Service	Total Debt Service Coverage
2015	\$ 1,030	\$ 14	\$ 197	\$ 819	\$ -	-	\$ 500	\$ 500	1.64
2016	1,067	16	228	823	-	-	388	388	2.12 ⁽¹⁾
2017	1,540	19	79	1,442	-	-	388	388	3.72
2018	2,578	29	784	1,765	-	-	387	387	4.56
2019	3,249	37	1,036	2,176	-	-	386	386	5.64
2020	4,572	49	1,518	3,005	-	-	389	389	7.72
2021	4,487	50	1,487	2,950	-	-	387	387	7.62
2022	5,068	56	1,701	3,311	-	-	375	375	8.83
2023	5,387	52	1,802	3,533	-	-	377	377	9.37
2024	7,096	68	2,447	4,581	-	-	379	379	12.09

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 correct 2005 Merged Downtown ML Refunding from senior to subordinate debt.

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

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Citywide and community support	21	5	5	5	5	5	7	7	7	6
Community development	166	219	227	250	273	288	290	288	315	319
Community response	-	-	-	-	-	-	-	23 ⁽³⁾	38	37
Convention and cultural services	126	120	116	115	115	115	117	124	123	119
Economic development	11	11	12	- ⁽²⁾	-	-	-	-	-	-
Fire	657	674	678	672	681	712	713	718	729	761
General government	325	370	431	512	531	571	576	583	595	602
General services	372	- ⁽¹⁾	-	-	-	-	-	-	-	-
Youth, parks, and community enrichment	568	599	683	616	619	702	705	724	717	749
Police	973	1,033	1,052	1,030	1,034	1,070	1,098	1,103	1,129	1,131
Public works	415	732	725	723	735	736	744	749	766	769
Utilities	522	538	528	546	562	575	570	572	573	582
Total	<u>4,156</u>	<u>4,301</u>	<u>4,457</u>	<u>4,469</u>	<u>4,555</u>	<u>4,774</u>	<u>4,820</u>	<u>4,891</u>	<u>4,992</u>	<u>5,075</u>

Notes: (1) The Department of General Services has been reallocated to the Departments of Community Development, General Government, and Public Works.

(2) The Economic Development function was reallocated to the General Government function in FY18.

(3) The Department of Community Response was created in FY22.

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

Function/program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Adult arrests	18,113	16,778	14,476	13,350	13,975	12,981	12,070	12,842	10,873	10,411
Citizen initiated calls for service with officer responses	141,181	149,275	148,663	152,597	161,914	163,985	153,740	155,159	149,182	145,370
Fire ⁽¹⁾										
Number of incidents	80,596	85,742	90,018	92,026	93,836	94,282	99,201	108,924	110,221	108,665
Number of structure fires	784	756	735	767	998	1,077	1,522	1,199	1,106	479
Number of construction inspection/reviews	3,234	4,181	8,268 ⁽⁴⁾	10,102	9,830	9,967	8,256	9,517	8,854	10,487
General services										
Number of animal licenses issued	8,995	12,016 ⁽²⁾	14,428	23,799	31,507	26,670 ⁽¹⁷⁾	17,155 ⁽¹⁷⁾	15,976	19,126	18,016
Number of animal outplacements	7,447	8,789	9,248	9,589	8,529	7,488 ⁽¹⁷⁾	4,448 ⁽¹⁷⁾	6,256	7,076	7,318
Public works										
Number of traffic investigations completed	678	896	1,001	1,041	613	611	997 ⁽¹⁹⁾	1,075	920	898
Number of parking citations issued	196,586	192,708	183,326	197,170	200,338	156,387 ⁽¹⁴⁾	100,244 ⁽¹⁴⁾	113,214	119,807	140,147
Convention and cultural services										
Number of Community Convention Center events ⁽²⁴⁾	358	408	430	372	229	38 ⁽¹³⁾	- ⁽¹³⁾	174 ⁽²¹⁾	406 ⁽²³⁾	380
Community Convention Center event attendance	775,253	744,145	905,733 ⁽⁵⁾	1,034,980	902,110	155,633 ⁽¹³⁾	- ⁽¹³⁾	446,168 ⁽²¹⁾	531,284 ⁽²³⁾	877,152
Number of Zoo attendance	549,407	533,368	500,573	500,535	472,440	357,754 ⁽¹⁵⁾	486,707 ⁽¹⁵⁾	568,311	488,627	484,733
Youth, parks, and community enrichment										
Number of students enrolled in START	6,897	4,534 ⁽³⁾	2,785 ⁽⁶⁾	711 ⁽⁸⁾	477	473	648 ⁽¹⁸⁾	1,770 ⁽²⁰⁾	456 ⁽²²⁾	500
Number of students enrolled in 4th R	2,007	1,863	1,180	2,419 ⁽⁹⁾	2,250	1,778 ⁽¹²⁾	160 ⁽¹²⁾	1,484 ⁽²⁰⁾	1,876	2,686 ⁽²⁵⁾
Community development										
Number of building permits issued	14,002	17,041	18,701	20,582	19,365	18,513	18,556	19,512	19,451	20,201
Building permit valuation (in million of dollars)	544	778	1,267	1,243	1,809	1,463	1,451	1,351	1,185	1,110
Vehicles abated by City	356	772	1,644	2,306	2,880	5,325 ⁽¹⁰⁾	3,026	3,163	1,955	3,171
Notice and orders issued on housing and dangerous buildings	279	239	206	382	369	243 ⁽¹¹⁾	177 ⁽¹¹⁾	209	272	241
Water										
Number of accounts	134,971	136,130	139,238	140,735	142,831	144,669	145,769	147,150	148,237	149,069
Amount distributed/pumped (million of gallons) ⁽¹⁶⁾	29,557	27,324	28,511	30,800	28,478	33,845	30,380	30,130	25,884	30,724
Wastewater										
Number of accounts	76,471	76,849	77,137	77,521	78,125	78,583	78,932	79,114	79,287	79,424
Amount distributed/pumped (million of gallons)	10,605	10,605	10,605	9,025	6,356	6,619	5,754	6,042	6,360	5,854
Storm drainage										
Number of accounts	136,850	137,754	139,198	140,934	142,858	144,168	145,179	146,385	149,005	151,894
Amount distributed/pumped (million of gallons) ⁽⁷⁾	24,179	20,225	46,964	18,321	33,624	11,247	7,858	18,921	23,987	19,821
Solid waste										
Residential garbage disposed (in tons)	111,140	112,497	118,355	118,437	136,049	129,359	141,185	136,904	127,791	124,650

- Notes: (1) The threshold for investigation of a fire is \$30,000.
(2) In FY16, the number of animal licenses issued increased due to the implementation of web licensing.
(3) In FY16 attendance for the START program decreased due to Elk Grove School District not participating in the program.
(4) In FY17, the number of construction inspections doubled.
(5) In FY17, the number of attendance increased due to increase in events held at the center.
(6) In FY17, the number of students enrolled in START decreased due to the closure of 18 sites (10 Sacramento City Unified School District and 8 Twin Rivers Unified School District sites)
(7) Amount of storm drainage distributed/pumped is dependent on rainfall.
(8) In FY18, the number of students enrolled in START decreased due to reduced funding and non renewal of 21st century federal grant.
(9) In FY18, the number of students enrolled in 4th R Program increased due to the addition of new site, i.e. Paso Verde. An average of 100 participants enrolled monthly at this site.
(10) In FY20, the number of vehicles abated by City increased significantly due to several reasons: Increase in complaints of abandoned vehicles, staffing of five ACEO's solely dedicated to the removal of abandoned vehicles from street, and the use of dashboards to decrease response time which led to increased productivity.
(11) In FY20 and FY21, the number of complaints for housing and dangerous buildings declined largely due to COVID-19. Housing and Dangerous building staff were told to be lenient toward property owners, therefore Notice and Orders issued on Housing and Dangerous buildings decreased compared to prior year.
(12) In FY20 and FY21, the number of students enrolled in 4th R decreased due to sites closing related to COVID-19. During FY21, out of the 19 sites, 6 were open and were only allowed up to 30 children per site due to social distancing.
(13) In FY20 and FY21, the number of events and attendance at the Convention Center declined due to two reasons. First, the Convention Center is closed for renovation from July 2019-December 2020. Secondly, due to the COVID-19 outbreak in March 2020, no events are being hosted for the foreseeable future. This resulted in a significant impact on the occupancy rate and operating net results.
(14) In FY20 and FY21, the decrease in the number of parking citations issued was due to business closures during COVID-19.
(15) In FY20, the decrease in the number of zoo attendance was due to COVID-19. The zoo was completely closed from March 14, 2020 to June 12, 2020, and re-opened with capacity constraints. In FY21, as COVID-19 restrictions started to ease, there was an increase in total zoo attendance.
(16) The amount of water pumped, treated and delivered to the water distribution system is a function of customer demand for water. There are many factors that cause fluctuation from year to year such as growth in customer base, requests for wholesale delivery of water rather than other neighboring utilities utilizing their own supply, changes in retail demand for water to support commercial activity or indoor retail use, and changes in irrigation practices.
(17) In FY20 and FY21, there was a decrease in the number of animal licenses issued and the number of animal outplacements due to decreased intake of animals as a result of the COVID-19 pandemic.
(18) In FY21, the number of students enrolled in START increased due to the change in programming related to COVID-19. Staff was able to support more students as they went into their schools. Additionally, a change in the grant due to COVID, every time staff worked with a child they were able to "count" that child as a participant in the program so the pool of participants was a lot larger (entire student body) rather than the normal MOU of 83 students per site.
(19) In FY21, the number of traffic investigations completed increased due to several factors: (1) Unlike prior years, all investigative calls were documented in one place, (2) increased traffic concerns. (3) The increase in bike rack requests/installs are all investigated and work orders are written. (4) Collision reports have more than doubled, and have needed extra help to document.
(20) In FY22, the increase in the number of students enrolled in START and 4th R was due to students fully returning to in person learning.
(21) In FY22, after renovation, the Convention Center reopened, thus, there was activity.
(22) In FY23, the number of students enrolled in START decreased due to several factors: 1) There was decreased workforce and regular school population numbers. 2) Student health and safety concerns still lingering with families reflect COVID-related quarantines. 3) Schools, teachers, families, and students face a cascading set of challenges that have created an adverse school climate, making students less enthusiastic to be there. 4) Widespread bus driver shortages, which has made it harder to get to school. These factors have led to fewer students than usual regularly attending class, according to data emerging from states and school districts.
(23) In FY23, the increase in the number of events and attendance is due to the fact that in FY22, the Convention center was still operating under post COVID, and not all facilities were open for the entire year.
(24) Number of events includes individual performances.
(25) In the prior year, the number was estimated based on a specific month's attendance. In FY24, a system report was used that more accurately captures registrations.

Source: Various City of Sacramento Departments

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

Function/program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Number of stations ⁽¹⁾	4	4	4	4	4	4	4	4	4	4
Police										
Number of patrol units ⁽²⁾	226	231	234	229	190	195	224	236	265	278
Number of aircraft	4	4	4	5	5	5	5	4	4	5
Number of watercraft	2 ⁽⁹⁾	2	5	4	4	4	4	4	4	4
Fire										
Number of stations	24	24	24	24	24	24	24	24	24	24
Number of fire suppression, support or prevention vehicles	159	162	162	162	162	162	166	153	153	140
Number of watercraft	1 ⁽⁹⁾	1	1	6	6	6	6	6	6	5
Public works										
Miles of streets	3,059	3,059	3,075	3,062	3,118	3,118	3,118	3,118	3,154	3,118
Number of street lights	42,225	42,627	42,914	43,223	43,438	38,985 ⁽¹⁴⁾	39,372	39,604	39,788	40,084
Number of City public parking spaces ⁽³⁾	4,775 ⁽¹⁰⁾	4,775	4,775	4,775	4,775	5,489 ⁽³⁾	5,620	5,283	5,635	5,635
Number of City leased parking spaces ⁽¹¹⁾	519	2,298	2,298	2,298	2,298	2,349	2,298	2,298	2,298	2,298
Miles of off-street bikeways	57	57	57	88	88	88	78	78	78	85
Youth, parks, and community enrichment										
Number of parks	222	225	227	227	213	220	230	230	235	235
Park acreage ⁽⁵⁾	3,161	3,183	3,177	3,177	3,340	4,265 ⁽¹³⁾	4,829	4,829	4,331	4,358
Number of community centers ⁽⁶⁾	13	13	13	14	14	14	13	13	13	14
Number of swimming pools (including wading pools)	26	27	27	27	27	27	28	28	28	28
Water										
Miles of water mains and distribution lines ⁽⁷⁾⁽⁸⁾	1,727	1,599	1,604	1,607	1,603	1,607	1,616	1,635	1,639	1,644
Sewers and storm drainage										
Miles of sanitary sewers and storm drainage	1,873	1,869	1,876	1,960	1,961	1,967	1,968	1,967	1,981	1,985
Off-street parking										
Number of City public garages and open parking lots ⁽⁴⁾	7 ⁽¹⁰⁾	7	7	7	7	10	13	12	14	14
Number of City leased garages and open parking lots ⁽¹²⁾	3	7	7	7	7	8	7	7	7	7
Golf										
Number of golf courses	6	6	6	6	6	6	6	6	6	6
Marina										
Number of boat harbor slips	475	475	475	475	475	475	475	475	475	475

Notes: (1) Police stations refer to stations plus police headquarters.
(2) Patrol units include cars and motorcycles.
(3) City public parking spaces is defined as only those which are City-owned. From FY2020 onwards, spaces reported includes City-owned lots managed by the Parking division.
(4) From FY2020 onwards, City public garages and open parking lots includes City-owned lots managed by the Parking division.
(5) Golf course acreage is not included.
(6) Neighborhood centers are not included.
(7) Water mains are pipes over 12" in size. Pipes 12" or less are considered Distribution Lines. Service Mains and Hydrant Mains are excluded.
(8) Does not include miles for private mains and mains owned by other agencies.
(9) In FY2015, Police Department transfer one of their watercraft to Fire Department.
(10) The three Plaza garages - Downtown Plaza West, Central, and East were leased to the Kings effective August 2014.
(11) City leased parking spaces is defined as owned by other organizations leased by the City.
(12) City leased parking garages, lots and spaces are defined as owned by other organizations leased by the City.
(13) In FY2020, the increase in park acreage is due to several factors. (1) Refined the park acreages via GIS and now using APN lot sizes. (2) Included golf courses, camp Sacramento, and parkway's acreage. (3) Added a few new parks.
(14) The decrease in the number of street lights is due a change in the calculation method. In the prior years, engineers counted SMUD/Park lights, which did not match with OneMap. Beginning in FY20 the figure does not include SMUD/Park lights and is consistent with OneMap.

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	
	2024	2015
Number of budgeted positions	5,075	4,156
Area in square miles	100	99
Elevation in feet	33	20
City of Sacramento facilities and services:		
Police		
Number of stations	4	4
Number of police personnel sworn / civilian (actual)	688/289	650/282
Number of patrol units	278	226
Fire		
Number of stations	24	24
Number of fire personnel sworn / unsworn	671/90	592/65
Number of fire protection, support and prevention vehicles	140	159
Utilities		
Miles of water mains and distribution lines ⁽¹⁾	1,644	1,727
Annual water production in gallons	31 billion	30 billion
Miles of sanitary sewers and storm drainage	1,985	1,873
Public works		
Miles of streets	3,118	3,059
Number of street lights	40,084	42,225
Number of City managed parking lots / spaces	23/4,714	15/4,046
Miles of off-street bikeways	85	57
Boat harbor slips	475	475
Convention and cultural services		
Golf courses	6	6
Zoo animals ⁽²⁾	368	549
Fairytale town attendance for year	199,551	250,656
Crocker Art Museum attendance for year	181,475	257,633
Community Convention Center attendance for year	877,152	775,253
Youth, parks, and community enrichment		
Parks	235	222
Park acreage ⁽³⁾	4,358	3,161
Camp Sacramento attendance for year	2,608	2,770
Community centers	14	13
Neighborhood centers	4	5
Swimming pools	28	12
Baseball fields ⁽⁴⁾	98	103
Soccer fields	137	137
Ball courts	266	183
Library		
Library branches ⁽⁵⁾	28	12
Library books and audiovisual recordings in circulation	1,857,852	2,244,774

Notes: (1) Water mains are pipes over 12" in size. Pipes 12" or less are considered Distribution Lines. Service Mains and Hydrant Mains are excluded.

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

(3) Golf course acreage is not included in this figure.

(4) This includes softball, little league and adult baseball fields.

(5) FY2024 figures include all city and county branches operated by the Sacramento Public Library System. FY2015 figures include only city branches operated by the Sacramento Public Library system.

Source: Various City of Sacramento departments and publications

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APPENDIX C

THE MASTER LEASED PROJECT

The assets that will comprise the Master Leased Project as of the date of issuance of the 2025 Bonds are set forth in the table in this Appendix C. All of the assets are located in the City. The Master Project Lease may be amended in the future to add additional property to the Master Leased Property to enable the City to secure the payment of additional Master Lease Bonds of the Authority payable from additional Base Rental Payments under the Master Project Lease. The City may also add, delete, or substitute assets in accordance with the Master Project Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS — The Master Project Lease” herein.

MASTER LEASED PROJECT

Essential Assets

Sac River-West Treatment Plant
New City Hall
Granite Regional Park
Sump #2
Sac River-West Treatment Plant-Basin 3
Hansen Ranch Park Site
24th Street Corp. Yard
Lot H
Memorial Garage (a.k.a.) Lot C
Florin Reservoir
Meadowview Corp Yard
Portion of 35th Ave Combined Wastewater Treatment Plant (a.k.a. 35th Corp Yard)
Historic City Hall
Tower Bridge Garage (a.k.a. Lot R)
Sequoia Pacific (Warehouse)
Rooney Police Station
Animal Control Shelter
Sequoia Pacific (Forensic ID Lab)
Sac River Underground Reservoir
Fire Station #16
Fire Station # 10
Fire Station #19
Fire Station #7
Fire Station #1
Fire Station #17
Rooney Police Garage

Non-Essential Assets

Memorial Auditorium
Cavanaugh Golf Course
Portion of Seymour Park
Portion of Del Paso Regional Park
Fremont Park
Reichmuth Park
Southside Park
Coloma Community Center
Cesar E. Chavez Park
Garcia Bend Park
Glenbrook Park
Muir Park

O’Neil Park
Curtis Park
Oki Park
North Laguna Creek Park
Tahoe Park
Portion of Carl-Johnston Park
McKinley Park & Library
Robla Community Park
Glenn Hall Park
South Natomas Library
Northgate Park
Orchard Park
Washington Park
Winn Park
South Natomas Community Center
Cabrillo Park
Lawrence Park
Brockway Park
Stanford Park
Grant Park
Shore Park

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APPENDIX D

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the 2025 Indenture, the Master Site Lease and the Master Project Lease. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the 2025 Indenture, the Master Site Lease and the Master Project Lease, respectively.

INDENTURE DEFINITIONS

The following are definitions of certain terms used in the 2025 Indenture:

“2025 Bonds” means the Sacramento City Financing Authority 2025 Refunding Revenue Bonds (Master Lease Program Facilities) authorized, executed, authenticated, and delivered under the 2025 Indenture.

“2025 Indenture” means the Indenture dated as of September 1, 2025, between the Authority and the Trustee executed under the Act, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Indentures executed under the provisions of the 2025 Indenture.

“Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

“Act” means the Joint Exercise of Powers Act, constituting Article 1, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code of the State and the Marks-Roos Local 2025 Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the Government Code of the State, and all laws amendatory thereof or supplemental thereto.

“Authority” means the Sacramento City Financing Authority, a joint-exercise-of-powers created by the City and the Housing Authority of the City of Sacramento in accordance with the Act and duly organized and existing under and by virtue of the laws of the State.

“Authority Bonds” means all revenue bonds issued by the Authority that are payable from Master Lease Base Rental Payments.

“Board” means the governing board of the Authority.

“Business Day” means any day (other than a Saturday, a Sunday, or a legal holiday), or a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is not operational) on which banks in New York, New York, and in Los Angeles and San Francisco, California, are open for business and on which the Trustee is open for business at its Principal Corporate Trust Office.

“Certificate of the Authority” means an instrument in writing executed by the Chair or the Treasurer, or by any other officer of the Authority duly authorized by the Board for that purpose, and attested by the Secretary or the Assistant Secretary of the Authority.

“Chair” means the Chair of the Authority.

“City” means the City of Sacramento, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State.

“Code” means the Internal Revenue Code of 1986 and all regulations of the United States Department of the Treasury issued thereunder from time to time to the extent that the regulations are, at the time, applicable and in effect, and reference to any particular section of the Code includes reference to all successor sections of the Code.

“Continuing Disclosure Certificate” means the continuing disclosure certificate executed by the City relating to the 2025 Bonds, dated the date of the original issuance of the 2025 Bonds.

“Costs of Issuance” means all costs directly or indirectly payable by or reimbursable to the Authority or the City related to the execution and delivery of the Program Obligation and the discharge, payment, and satisfaction of the Prior Master Lease Base Rental Payments and the 2025 Indenture and the refunding and defeasance of the Prior 2025 Bonds and the authorization and sale of the 2025 Bonds, including but not limited to costs of preparation and reproduction of documents; costs of the Rating Agencies and costs to provide information required by the Rating Agencies; filing, recording, and title-insurance fees, charges, and fees of the Trustee; legal fees and expenses; fees and expenses of consultants and professionals; financial advisory fees; charges and fees incidental to the acquisition of rights under the Program Obligation by the Authority and the preparation, execution, authentication, and original delivery of the 2025 Bonds; and any other charge, cost, expense, or fee in connection with the issuance and delivery of the 2025 Bonds.

“Costs of Issuance Fund” means the Sacramento City Financing Authority 2025 Refunding Revenue Bonds (Master Lease Program Facilities) Costs of Issuance Fund established under the provisions of the 2025 Indenture described under the caption “THE 2025 INDENTURE – Costs of Issuance Fund” (to be maintained by the Trustee).

“Defeasance Securities” means

- (1) cash (insured at all times by the Federal Deposit Insurance Corporation); and
- (2) direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America.

“DTC” means The Depository Trust Company, New York, New York, and its successors or assigns; or (in accordance with then current guidelines of the Securities and Exchange Commission) any other securities depository that the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., as Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement dated as of September 1, 2025, between the Authority and the Escrow Agent relating to the defeasance and refunding of the Prior Bonds.

“Event of Default” means an event defined as such in provisions of the 2025 Indenture described under the caption “THE 2025 INDENTURE – Events of Default and Acceleration of Maturities.”

“Holder” or “Bondholder” means any person who is the registered owner of any 2025 Bond, as shown on the registration books maintained by the Trustee under the provisions of the 2025 Indenture regarding Bond Registration Books.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State, appointed and paid by the Authority, and who, or each of whom

- (1) is in fact independent and not under the domination of the Authority;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority; and
- (3) is not connected with the Authority as an officer of the Authority, but who may be regularly retained to provide accounting services to the Authority.

“Interest Account” means the account by that name within the Revenue Fund established under the provisions of the 2025 Indenture described under the caption “THE 2025 INDENTURE – Establishment and Maintenance Accounts for Use of Money in the Revenue Fund.”

“Interest Payment Date” means a date on which interest is due on the 2025 Bonds, being June 1 and December 1 of each year to which reference is made, commencing on December 1, 2025.

“Legal Investments” means any of the following obligations if and to the extent that, at the time of making the investment, they are permitted by applicable law:

- (1) Defeasance Securities.
- (2) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America:
 - Export-Import Bank
 - Rural Economic Community Development Administration
 - U.S. Maritime Administration
 - Small Business Administration
 - U.S. Department of Housing & Urban Development (PHA’s)
 - Federal Housing Administration
 - Federal Financing Bank
- (3) Direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America:
 - Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC)
 - Obligations of the Resolution Funding Corporation (REFCORP)
 - Senior debt obligations of the Federal Home Loan Bank System

(4) U.S. dollar denominated deposit accounts, demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the City, federal funds, and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) that have a rating on their short-term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" or higher by Standard & Poor's and mature not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank).

(5) Commercial paper that is rated at the time of purchase in the single highest classification, "P-1" or higher by Moody's and "A-1+" or higher by Standard & Poor's and matures not more than 270 calendar days after the date of purchase.

(6) Investments in a money market fund having a rating in the highest investment category granted thereby from Standard & Poor's, including those for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

(7) Pre-refunded municipal obligations, which are bonds or other obligations of any state of the United States of America, or of any agency, instrumentality, or local governmental unit of any such state, that are not callable at the option of the obligor before maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and are either—

(A) rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's and Standard & Poor's or any successors thereto; or

(B) are fully secured as to interest and principal and redemption premiums, if any, by an escrow consisting only of cash or obligations described in paragraph (2) of the definition of Defeasance Securities, which escrow (i) may be applied only to the payment of such interest and principal and redemption premiums, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates under such irrevocable instructions, as appropriate; and (ii) is sufficient, as verified by a nationally recognized independent certified public accountant, to pay interest and principal and redemption premiums, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(8) Municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of "A2/A" or higher by both Moody's and Standard & Poor's.

(9) Investments in the City of Sacramento Investment Pool "A."

"Master Lease Base Rental Payments" means the Base Rental Payments due under the Master Project Lease.

"Master Project Lease" means that certain Master Project Lease dated as of December 1, 1999, between the Authority and the City, as amended by the Amendment to Master Project Lease dated as of July 1, 2000; the Second Amendment to Master Project Lease dated as of April 1, 2001; the Third Amendment to Master Project Lease dated as of July 1, 2002; the Fourth Amendment to Master Project Lease, dated as of September 1, 2003; the Fifth Amendment to Master Project Lease, dated as of June 1, 2005; the Sixth Amendment to Master Project Lease, dated as of June 1, 2006; the Seventh Amendment

to Master Project Lease, dated as of December 1, 2006; the Eighth Amendment to Master Project Lease, dated as of February 22, 2011; the Ninth Amendment to Master Project Lease, dated as of June 5, 2014; the Tenth Amendment to Master Project Lease dated as of October 1, 2015; the Eleventh Amendment to Master Project Lease dated as of May 1, 2024; the Twelfth Amendment to Master Project Lease (defined below); and by any other amendments thereto.

“Master Site Lease” means that certain Master Site Lease dated as of December 1, 1999, between the Authority and the City, as amended by the Amendment to Master Site Lease dated as of July 1, 2000; the Second Amendment to Master Site Lease dated as of April 1, 2001; the Third Amendment to Master Site Lease dated as of July 1, 2002; the Fourth Amendment to Master Site Lease dated as of September 1, 2003; the Fifth Amendment to Master Site Lease dated as of June 1, 2006; the Sixth Amendment to Master Site Lease dated as of December 1, 2006; the Seventh Amendment to Master Site Lease dated as of February 22, 2011; the Eighth Amendment to Master Site Lease dated as of June 5, 2014; the Ninth Amendment to Master Site Lease dated as of October 1, 2015; and the Tenth Amendment to Master Site Lease dated as of May 1, 2024; and by any other amendments thereto.

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if that corporation is dissolved or liquidated or no longer performs the services of a municipal securities rating agency, then “Moody’s” will refer to any other nationally recognized municipal securities rating agency selected by the Authority.

“Opinion of Counsel” means a written opinion of a law firm of recognized national standing relating to municipal bonds that is retained by the Authority.

“Outstanding,” when used as of any particular time with reference to 2025 Bonds, means (subject to the provisions of the 2025 Indenture regarding disqualified 2025 Bonds) all 2025 Bonds except:

- (1) 2025 Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) 2025 Bonds paid or deemed to have been paid under the provisions of the 2025 Indenture; and
- (3) 2025 Bonds in lieu of or in substitution for which replacement 2025 Bonds have been executed, authenticated, and delivered under the provisions of the 2025 Indenture.

“Principal Corporate Trust Office” means the principal corporate trust office of the Trustee in Los Angeles, California, at which at any particular time its corporate trust business is being administered, except that with respect to the presentation of 2025 Bonds for registration, transfer, exchange, payment, or redemption, this term means such other office or agency of the Trustee designated in writing from time to time by the Trustee to the Authority as its Principal Corporate Trust Office.

“Principal Subaccount” means the subaccount by that name within the Redemption Account established under the provisions of the 2025 Indenture described under the caption “THE 2025 INDENTURE – Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund.”

“Prior Bonds” means the outstanding Sacramento City Financing Authority 2015 Refunding Revenue Bonds (Master Lease Program Facilities), as more fully set forth in the Escrow Agreement.

“Prior Master Lease Base Rental Payments” means the base rental payments discharged, paid, and satisfied in accordance with their terms by the City and as further defined in the Twelfth Amendment to Master Project Lease and Exhibit C thereto..

“Program” means the program adopted by the Authority under the Act to provide assistance to the City so that the City can finance or refinance capital improvements in order that the City may achieve its public purposes.

“Program Obligation” means the Twelfth Amendment to Master Project Lease.

“Program Obligation Payments” means the Refunding Base Rental Payments paid by the City under the Twelfth Amendment to Master Project Lease.

“Rating Agencies” means Moody’s and Standard & Poor’s, and their respective successors or assigns, but only to the extent that and so long as either of them is then rating the 2025 Bonds, or any other nationally recognized securities rating agency or agencies then rating the 2025 Bonds at the request of the Authority.

“Rebate Fund” means the Sacramento City Financing Authority 2025 Refunding Revenue Bonds (Master Lease Program Facilities) Rebate Fund established under the provisions of the 2025 Indenture described under the caption “THE 2025 INDENTURE – Rebate Fund” (to be maintained by the Trustee).

“Record Date” means, with respect to an Interest Payment Date, the day that is the 15th day of the month before the Interest Payment Date, whether or not that day is a Business Day.

“Redemption Account” means the account by that name within the Revenue Fund established under the provisions of the 2025 Indenture described under the caption “THE 2025 INDENTURE – Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund.”

“Revenue Fund” means the Sacramento City Financing Authority 2025 Refunding Revenue Bonds (Master Lease Program Facilities) Revenue Fund established under the provisions of the 2025 Indenture described under the caption “THE 2025 INDENTURE – Receipt and Deposit of Revenues in the Revenue Fund” (to be maintained by the Trustee).

“Revenues” means (1) all Program Obligation Payments, including all amounts realized upon the enforcement of the Program Obligation Payments due under the Program Obligation, all collections on and proceeds of the Program Obligation Payments, and all amounts paid or received on account of or with respect to the Program Obligation Payments; and (2) all investment income with respect to any money held in the accounts and funds established under the 2025 Indenture (except the Rebate Fund).

“Secretary” means the Secretary of the Authority.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw Hill-Companies, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if Standard & Poor’s Ratings Services is dissolved or liquidated or no longer performs the functions of a securities rating agency, then the term “Standard & Poor’s” will refer to any other nationally recognized securities rating agency selected by the Authority.

“State” means the State of California.

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the Authority and the Trustee, amendatory of or supplemental hereto, but only to the extent it is specifically authorized under the 2025 Indenture.

“Tax Certificate” means the Tax Certificate executed by the Authority and the City at the time of the original issuance of the 2025 Bonds relating to Section 148 of the Code, or any functionally similar replacement certificate, as the same may be amended or supplemented from time to time in accordance with its terms.

“Twelfth Amendment to Master Project Lease” means the Twelfth Amendment to Master Project Lease dated as of September 1, 2025, between the Authority and the City.

“Treasurer” means the Treasurer of the Authority.

“Trust Estate” has the meaning given to such term in the provisions of the 2025 Indenture described under the caption “THE 2025 INDENTURE – Pledge of Trust Estate.”

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character set forth in the 2025 Indenture, at its Principal Corporate Trust Office, and its successors or assigns, or any other bank or trust company having a corporate trust office in Los Angeles or San Francisco, California which may at any time be substituted in its place as provided in the provisions of the 2025 Indenture concerning the Trustee.

“Written Request of the Authority” means an instrument in writing executed by the Chair or the Treasurer, or by any other officer of the Authority duly authorized by the Board of Directors for that purpose.

“Written Request of the City” means an instrument in writing executed by the Mayor of the City or the City Treasurer of the City, or by any other officer of the City duly authorized by the City Council of the City for that purpose.

THE 2025 INDENTURE

Equal Security

In consideration of the acceptance of the 2025 Bonds by the Holders thereof, the 2025 Indenture will be deemed to be and will constitute a contract between the Authority, the Trustee, and the Holders from time to time to secure the 2025 Bonds that may from time to time be authorized, sold, executed, authenticated, and delivered under the 2025 Indenture as and when they become due, subject to the agreements, conditions, covenants, and terms contained in the 2025 Indenture; and all agreements, conditions, covenants, and terms contained in the 2025 Indenture required to be observed or performed by or on behalf of the Authority will be for the equal and proportionate benefit, security, and protection of all Holders without distinction, preference, or priority as to security or otherwise of any 2025 Bonds over any other 2025 Bonds by reason of the number thereof or the time of execution, authentication, or delivery thereof or for any cause whatsoever, except as expressly provided in the 2025 Indenture or therein.

Authorization and Purpose of 2025 Bonds

The Board has reviewed all proceedings heretofore taken relative to the authorization of the 2025 Bonds and has found, as a result of such review, and finds and determines, that all acts, conditions, and things required by law to exist, happen, and be performed precedent to and for the

issuance of the 2025 Bonds do exist, have happened, and have been performed in due time, form, and manner as required by the Act. Accordingly, the Authority is now authorized, under each requirement of the Act and of the 2025 Indenture to issue the 2025 Bonds in the form and manner provided in the 2025 Indenture, and the 2025 Bonds will be entitled to the benefit, protection, and security of the Act and of the 2025 Indenture.

The purpose for which the 2025 Bonds are to be issued under the Act and under the 2025 Indenture is to provide funds to pay the costs of the acquisition by the Authority of the rights to receive the Program Obligation Payments due under the Program Obligation and to pay the Costs of Issuance.

From and after the issuance of the 2025 Bonds, (1) the findings and determinations of the Board respecting the 2025 Bonds will be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the 2025 Bonds is at issue; (2) no bona fide purchaser of any of the 2025 Bonds will be required to see to the existence of any fact, to the performance of any condition, to the taking of any proceeding required before issuance, or to the application of the purchase price paid for the 2025 Bonds; and (3) the validity of the issuance of the 2025 Bonds will not be dependent on or affected in any way by any proceedings taken by the Authority for the acquisition of the rights to receive the Program Obligation Payments due under the Program Obligation or by any contracts made by the Authority in connection therewith, and will not be dependent upon the performance by any person, firm, or corporation of his or her or its obligation with respect thereto.

The recital contained in the 2025 Bonds that the 2025 Bonds are issued under the Act and the 2025 Indenture will be conclusive evidence of their validity and of the regularity of their issuance, and the 2025 Bonds will be deemed to be issued, within the meaning of the 2025 Indenture, whenever the definitive 2025 Bonds (or any temporary 2025 Bonds exchangeable therefor) have been originally delivered to the purchaser thereof and the proceeds of sale thereof received.

Costs of Issuance Fund

There is established under the 2025 Indenture a fund to be maintained by the Trustee to be known as the “Sacramento City Financing Authority 2025 Refunding Revenue Bonds (Master Lease Program Facilities) Costs of Issuance Fund,” into which fund will be deposited the amount required to be deposited therein by the provisions of the 2025 Indenture. The Trustee shall withdraw and use the moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission to the Trustee of a Written Request of the City, which shall include payee and payment instructions. Upon receipt of each Written Request of the City, the Trustee shall pay the amount set forth in the Written Request of the City as directed by its terms. Each Written Request of the City will be sufficient evidence to the Trustee of the facts stated therein, and the Trustee will have no duty to confirm the accuracy of those facts.

Upon Written Request of the City specifying the date of closure of the Costs of Issuance Fund, the Trustee (1) shall transfer any amounts remaining in the Costs of Issuance Fund to the Revenue Fund and (2) close the Costs of Issuance Fund.

Pledge of Trust Estate

To secure the payment of principal and redemption price of and interest on the 2025 Bonds in accordance with their terms and the provisions of the 2025 Indenture and all its other obligations, agreements and covenants under the 2025 Indenture, the Authority hereby pledges to the Trustee, and grants to the Trustee a security interest in and lien on, all of its right, title, and interest, whether now owned or hereafter acquired, in, to, and under (i) all of the Revenues, (ii) each fund and each account established under the 2025 Indenture (except the Rebate Fund) and all moneys, instruments,

securities, investment property and other property (including proceeds of the sale of the 2025 Bonds) on deposit in or credited to any such fund or account (except the Rebate Fund), (iii) the Program Obligation (excluding its right to receive 2025 Additional Rental Payments and its rights to receive notices) and (iv) all proceeds of the foregoing (collectively, the “Trust Estate”), subject to the following: the assignment of the rights to receive the Program Obligation Payments due under the Program Obligation to the Trustee under the 2025 Indenture is solely in its capacity as Trustee thereunder, and the duties, powers, and liabilities of the Trustee in acting thereunder are subject to the provisions thereof, and the Trustee will have no responsibility for the representations, covenants, or warranties of the Authority contained in the Program Obligation. This pledge, lien and security interest constitutes a first priority pledge, lien and security interest on the Trust Estate which shall immediately attach to the Trust Estate and is effective, binding and enforceable against the Authority, its successors, and all others asserting rights therein from and after delivery by the Trustee of the 2025 Bonds, without the need for any physical delivery, recordation, filing or further act.

Receipt and Deposit of Revenues in the Revenue Fund

In order to carry out and effectuate the pledge, lien and security interest set forth in the 2025 Indenture, the Authority agrees and covenants that all Revenues when and as received by the Authority will be forthwith transferred by the Authority to the Trustee for deposit in the “Sacramento City Financing Authority 2025 Refunding Revenue Bonds (Master Lease Program Facilities) Revenue Fund,” which fund is created by the 2025 Indenture and which fund the Authority agrees and covenants to maintain with the Trustee so long as any 2025 Bonds are Outstanding under the 2025 Indenture. All money in the Revenue Fund will be accounted for through and held in trust in the Revenue Fund by the Trustee, and the Authority will have no beneficial right or interest in any money in the Revenue Fund. All Revenues may be allocated, applied, and disbursed solely to the purposes and uses hereinafter in this article set forth, and must be accounted for separately and apart from all other accounts, funds, money, or other resources of the Authority.

Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund

All money in the Revenue Fund will be set aside by the Trustee in the following special accounts within the Revenue Fund (each of which is created by the 2025 Indenture and each of which the Trustee covenants and agrees to cause to be maintained) in the following order of priority:

First, to the Interest Account.

Second, to the Redemption Account.

All money in each of these accounts will be held in trust by the Trustee and may be applied, used, and withdrawn only for the purposes hereinafter authorized in this section.

Interest Account. On or before June 1 and December 1 of each year, commencing on December 1, 2025, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account an amount of money equal to the amount of interest becoming due and payable on all Outstanding 2025 Bonds on such June 1 or December 1, as the case may be, except that no deposit need be made into the Interest Account if the amount contained therein is at least equal to the amount of interest becoming due and payable on all Outstanding 2025 Bonds on such June 1 or December 1.

All money in the Interest Account may be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2025 Bonds as it becomes due and payable (including the payment of accrued interest on any 2025 Bonds purchased or redeemed before maturity).

Redemption Account. On or before December 1 of each year, the Trustee shall set aside from the Revenue Fund and deposit in the Principal Subaccount in the Redemption Account (which subaccount is created by the 2025 Indenture and which the Trustee covenants and agrees to cause to be maintained so long as any 2025 Bonds are Outstanding) an amount of money equal to the principal amount of all Outstanding 2025 Bonds maturing on such December 1 but no deposit need be made in the Redemption Account if the amount contained in the Principal Subaccount therein is at least equal to the principal amount of all Outstanding 2025 Bonds maturing by their terms on such December 1.

All money in the Principal Subaccount in the Redemption Account may be used and withdrawn by the Trustee solely for the purpose of paying the principal of the 2025 Bonds as they become due and payable, whether at maturity or on prior redemption.

Rebate Fund

There is established under the 2025 Indenture a fund to be maintained by the Trustee to be known as the “Sacramento City Financing Authority 2025 Refunding Revenue Bonds (Master Lease Program Facilities) Rebate Fund.” The Trustee shall deposit in the Rebate Fund from funds provided by the Authority an amount equal to the Rebate Requirement in accordance with the Tax Certificate, but only as directed by the Authority in appropriate Written Requests of the Authority filed with the Trustee, and the Trustee shall apply all money held in the Rebate Fund as provided in the 2025 Indenture and in the Tax Certificate, but only as directed by the Authority in appropriate Written Requests of the Authority filed with the Trustee. Subject to the provisions of the 2025 Indenture, the Holders will have no rights in or claims to all moneys held in the Rebate Fund.

The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the City including supplying all necessary information in the manner provided in the Tax Certificate, and shall have no liability or responsibility to enforce compliance by the City or the Authority with the terms of the Tax Certificate or any other tax covenants contained in the 2025 Indenture. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall have no independent duty to review such calculations or enforce the compliance by the Authority or the City with such rebate requirements. The Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the City. The Trustee shall be deemed conclusively to have complied with the provisions of the 2025 Indenture and any other agreement relating to the 2025 Bonds regarding calculation and payment of rebate if it follows the directions of the Authority or the City. The Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the Authority’s or City’s opinions, calculations, determinations, directions, and certifications required by the provisions of the 2025 Indenture described in this caption. Except to the extent expressly provided in the 2025 Indenture, the Trustee shall in no instance be responsible or liable for the tax treatment of the 2025 Bonds, the Authority’s or City’s compliance with the Code, or any other tax consequences in connection with the 2025 Bonds.

The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant the provisions of the 2025 Indenture described in this caption, other than from moneys held in the funds and accounts created under the 2025 Indenture or from other moneys provided to it by the City.

In accordance with the Tax Certificate, the Trustee shall remit part or all of the balance held in the Rebate Fund to the United States of America, but only as directed by the Authority in appropriate Written Requests of the Authority filed with the Trustee; in addition, if the Tax Certificate so requires, the Trustee shall deposit money into or transfer money out of the Rebate Fund from or into the accounts or funds as therein provided, but only as directed by the Authority in appropriate Written Requests of the Authority filed with the Trustee.

Punctual Payment and Performance

The Authority shall punctually pay the interest on and the principal of all 2025 Bonds issued under the 2025 Indenture as and when they become due in strict conformity with the terms of the Act, of the 2025 Indenture, and of the 2025 Bonds, and shall faithfully observe and perform all the agreements, conditions, covenants, and terms contained in the 2025 Indenture, in all Supplemental Indentures, and in the 2025 Bonds required to be observed and performed by it.

Indebtedness and Encumbrances

The Authority shall not issue any evidences of indebtedness payable from the Trust Estate except as provided in the 2025 Indenture and shall not create, or permit the creation of, any pledge, lien, or other encumbrance upon the Trust Estate other than as provided in the 2025 Indenture, except that the Authority may at any time issue additional Authority Bonds payable from the Base Rental Payments under the Master Project Lease and may create additional pledges, liens, or other encumbrances upon the Base Rental Payments under the Master Project Lease if the provisions set forth in the Master Project Lease are first satisfied.

Tax Covenants

The Authority shall at all times do and perform all acts and things permitted by law and under the 2025 Indenture that are necessary to assure that interest paid on the 2025 Bonds (or any of them) will be excluded from gross income for federal income-tax purposes and will take no action that would result in the interest not being excluded from gross income for federal income-tax purposes. Without limiting the generality of the foregoing, the Authority shall comply with the provisions of the Tax Certificate. This covenant will survive payment in full or defeasance of the 2025 Bonds.

Payment of Claims

The Authority shall pay and discharge any and all lawful claims that, if unpaid, might become payable from or become a lien on or security interest in the Trust Estate or any part thereof, or that might impair the security of the 2025 Bonds.

Accounting Records and Reports

The Authority shall keep or cause to be kept proper books of record and accounts in which complete and correct entries will be made of all transactions relating to the receipts, disbursements, allocation, and application of the Trust Estate, and those books must be available for inspection by the Trustee at reasonable hours and under reasonable conditions. The Authority shall also keep or cause to be kept such other information as required under the Tax Certificate, and the Trustee will have no duty to review or examine such statements.

The Authority acknowledges in the 2025 Indenture that it is required to comply with California Government Code Section 6599.1 as it may be amended from time to time. The failure of the Authority to comply with Section 6599.1 as it may be amended from time to time will not be an Event of Default under the 2025 Indenture.

Protection of Security and Rights of Holders

The Authority shall preserve and protect the security of the 2025 Bonds and the rights of the Holders and shall warrant and defend their rights against all claims and demands of all persons.

Prosecution and Defense of Suits

The Authority shall defend against every suit, action, or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application, or disbursement of the Trust Estate or to the extent involving the failure of the Authority to fulfill its obligations under the 2025 Indenture; except that the Trustee or any affected Holder at its election may appear in and defend any such suit, action, or proceeding. The Authority shall indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of any such failure by the Authority and shall indemnify and hold harmless the Trustee against any attorney's fees or other expenses it may incur in connection with any litigation to which it may become a party by reason of its actions under the 2025 Indenture, except for any loss, cost, damage, or expense resulting from the active or passive negligence or willful misconduct of the Trustee.

Enforcement and Amendment of the Program Obligation; Enforcement of the Master Site Lease

The Authority shall collect all amounts due and payable under the Program Obligation and enforce its rights thereto. The Program Obligation may only be amended without the consent of or prior notice to the Holders or the written approval of the Trustee for the purposes set forth in the Program Obligation, and neither the Authority nor the Trustee may consent to any other amendment, change, or modification of the Program Obligation without the mailing of a notice thereof and receipt of the written approval or consent of the Holders of not less than a majority in aggregate principal amount of the 2025 Bonds at the time Outstanding given and procured as provided in this section. No such amendment may (a) extend the payment date of any Program Obligation Payments or reduce the interest or principal payments due under the Program Obligation without the prior written consent of the Holder of each 2025 Bond so affected; and no such amendment may reduce the percentage of 2025 Bonds the consent of the Holders of which is required for the execution of any amendment to the Program Obligation. Nothing in the provisions of the 2025 Indenture described in this caption prevents the Trustee, with the prior consent of the Authority, from settling a default under the Program Obligation on such terms as the Trustee may determine to be in the best interests of the Holders. If at any time the Authority requests the consent of the Trustee to a proposed amendment, change, or modification of the Program Obligation, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change, or modification to be mailed in the manner provided by the 2025 Indenture. The notice must briefly set forth the nature of the proposed amendment, change, or modification and must state that copies of the instrument embodying the same are on file at the Principal Corporate Trust Office of the Trustee for inspection by the Holders. The Authority agrees to enforce its rights under the Master Site Lease.

Maintenance of Existence

The Authority shall, so long as any 2025 Bonds are Outstanding under the 2025 Indenture, maintain its existence, powers, and authority as a joint-exercise-of-powers authority under the Act.

Continuing Disclosure

The Authority shall cause the City to comply with and carry out all of the provisions of the Continuing Disclosure Certificate, as originally executed and as they may be amended from time to time in accordance with the terms thereof. The failure of the City to comply with the Continuing Disclosure Certificate will not be considered an Event of Default under the 2025 Indenture or a breach by the Trustee of any of its duties or obligations under the 2025 Indenture. The Trustee may and, at the request of the Authority or the Holders of at least 25% in aggregate principal amount of Outstanding 2025 Bonds (but only to the extent indemnified to its satisfaction from liability or expense, including fees and

expenses of its attorneys) shall, or any Holder may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the 2025 Indenture.

Further Assurances

The Authority shall adopt, deliver, execute, make, and file any and all further assurances, instruments, and resolutions that may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the 2025 Indenture and for the better assuring and confirming unto the Holders of the rights and benefits provided in the 2025 Indenture, including without limitation the filing of all financing statements, agreements, instruments, or other documents in the forms and in the locations necessary to perfect and protect, and to continue the perfection of, the pledge, lien and security interest set forth in the 2025 Indenture to the fullest extent possible under applicable law of the State.

The Trustee

The Bank of New York Mellon Trust Company, N.A., at its Principal Corporate Trust Office, is appointed Trustee as provided in the 2025 Indenture. The Trustee may execute any of the trusts or powers under the 2025 Indenture or perform any duties thereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Authority shall at all times maintain a Trustee having a corporate trust office in Los Angeles or in San Francisco, California.

The Authority may at any time, upon 30 days' notice, unless there exists any Event of Default, remove the original Trustee appointed under the 2025 Indenture and any successor Trustee thereto and appoint a successor Trustee thereto by an instrument in writing. A successor Trustee must be a national banking association or state bank; must have a corporate trust office in either Los Angeles or San Francisco, California; must have (or, for an institution that is affiliated with a bank holding company, the holding company must have) a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000; and must be subject to supervision or examination by national or state authority. If such a national banking association or state bank publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then, for the purpose of this section, the combined capital and surplus of the bank or trust company or national banking association (or, for an institution that is affiliated with a bank holding company, the holding company) will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving prior written notice of resignation to the Authority and by mailing notice of such resignation to the Holders. Upon receiving a notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing, subject to the following: notwithstanding any other provision in the 2025 Indenture, no removal, resignation, or termination of the Trustee and appointment of a successor Trustee will become effective until the acceptance of appointment by the successor Trustee. If, within 30 days after notice of the removal or resignation of the Trustee no successor Trustee has been appointed and has accepted the appointment, the removed or resigning Trustee may petition any federal or state court for the appointment of a successor Trustee, at the expense of the Authority, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required by the 2025 Indenture.

The Trustee is authorized under the 2025 Indenture to pay or redeem the 2025 Bonds when duly presented for payment at maturity or on redemption before maturity. The Trustee shall cancel all 2025 Bonds upon payment thereof or upon the surrender thereof by the Authority, shall destroy such 2025 Bonds, and shall deliver to the Authority a certificate of such destruction upon request of the

Authority. The Trustee shall keep accurate records of all 2025 Bonds paid and discharged and cancelled by it.

The Trustee shall, before an Event of Default, and after the curing of all Events of Default that may have occurred, perform such duties and obligations (and only such duties and obligations) as are specifically set forth in the 2025 Indenture, and no implied duties or obligations of the Trustee should be read into the 2025 Indenture. The Trustee shall, during the existence of any Event of Default (that has not been cured), exercise the rights and powers vested in it under the 2025 Indenture, and use the same degree of care and skill in their exercise as a corporate trustee would exercise or use under the circumstances.

Liability of Trustee

The recitals of facts, agreements, and covenants contained in the 2025 Indenture and in the 2025 Bonds will in all cases be taken as recitals of facts, agreements, and covenants of the Authority. The Trustee has no responsibility or liability for the correctness of the same and does not make any representation whatsoever as to the sufficiency or validity of the 2025 Indenture or of the 2025 Bonds, and the Trustee will not incur any responsibility or any liability in respect thereof other than in connection with the express duties and obligations assigned to or imposed upon it in the 2025 Indenture or in the 2025 Bonds. The Trustee will not be liable in connection with the performance of its express duties and obligations under the 2025 Indenture except for its own negligence or willful misconduct and will not be liable for any error of judgment made in good faith by a responsible officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee will not be bound to recognize any person as the Holder of a 2025 Bond unless and until that person's title as Holder has been established to the satisfaction of the Trustee, if disputed.

The Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the 2025 Bonds at the time Outstanding relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or with respect to exercising any trust or power conferred upon the Trustee under the 2025 Indenture. Counsel to the Trustee will at no time, for any purpose whatsoever, be deemed counsel to the Holders, and all communications between the Trustee and its counsel will be deemed confidential and privileged.

The Trustee will be under no obligation to exercise any of the rights or powers vested in it under the 2025 Indenture at the request, order, or direction of any of the Holders under the provisions of the 2025 Indenture unless the Holders have offered to the Trustee security or indemnity satisfactory to the Trustee. The Trustee has no obligation or liability to the Holders for the payment of the interest on or the principal of the 2025 Bonds from its own funds; the Trustee's obligations will be limited to the performance of its express duties and obligations under the 2025 Indenture.

The Trustee will not be responsible for the validity or effectiveness or value of any collateral or security securing the Program Obligation. The Trustee will not be responsible or liable for the recording or filing or for the monitoring of any document relating to the Program Obligation or of financing statements (or continuation statements in connection therewith) or mortgage or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests or lien on or in any collateral or security securing the Program Obligation. The Trustee will not be deemed to have made representations of any sort as to the security afforded thereby or as to the validity or sufficiency of any document, collateral, or security.

The Trustee will not be deemed to have knowledge of any Event of Default under the 2025 Indenture unless and until an officer at the Trustee's Principal Corporate Trust Office responsible for the administration of the Trustee's duties and obligations under the 2025 Indenture has actual knowledge thereof or the Trustee has received written notice thereof at its Principal Corporate Trust Office. The Trustee will not be bound to ascertain or inquire as to the performance or observance of any of the agreements, conditions, covenants, or terms contained in the 2025 Indenture or as to the existence of an Event of Default thereunder.

The Trustee is entitled to advice of counsel and other professionals concerning all matters of trust and its duties and obligations under the 2025 Indenture, but the Trustee is not to be answerable for the professional misconduct or malpractice of any attorney-at-law or certified public accountant in connection with the rendering of his or her professional advice in accordance with the terms of the 2025 Indenture if the attorney-at-law or certified public accountant was selected by the Trustee in good faith.

The Trustee will not be required to monitor or be concerned with or accountable to anyone for the subsequent use or application of any money withdrawn and transferred to the Authority in accordance with the provisions of the 2025 Indenture.

The Trustee may conclusively rely and shall be protected in acting upon any bond, certificate (including any Certificate of the Authority), consent, notice, opinion, order, report, request (including any Written Request of the Authority), requisition, resolution, electronic mail, or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties and shall not be required to make any investigation in connection therewith. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of counsel will be full and complete authorization and protection in respect of any action taken or suffered by the Trustee under the 2025 Indenture in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations hereunder the Trustee deems it necessary or desirable that a matter be established or proved before taking or suffering any action hereunder, that matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate will be full warrant to the Trustee for any action taken or suffered under the provisions of the 2025 Indenture upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of any matter or may require any additional evidence as it may deem reasonable. But in no event will the Trustee be deemed to have expanded the scope of its duties and obligations under the 2025 Indenture.

No provision of the 2025 Indenture requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties or obligations under the 2025 Indenture, or in the exercise of its rights or powers. The Trustee may refuse to perform any duty or exercise any right or power which would require it to expend its own funds or risk any liability if it shall reasonably believe that repayment of such funds or adequate indemnity against such risk is not reasonably assured to it.

The Trustee will have no responsibility or liability with respect to any information, statement, or recital in any official statement or offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the 2025 Bonds.

The Trustee will have no duty to take any action under the 2025 Indenture in connection with any interest which the Trustee may have in any real estate unless the Trustee is indemnified to the Trustee's satisfaction for the payment and reimbursement of all fees, costs, and expenses to which it might be put and to protect it against all liability that may arise from the action, including, without

limitation, any liability for environmental contamination or clean-up arising from the Trustee's ownership, operation, or use of the real estate.

All immunities, indemnifications, and releases from liability granted in the 2025 Indenture to the Trustee extend to the directors, employees, officers, and agents thereof.

The Trustee will not be considered in breach of or in default in its obligations under the 2025 Indenture or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of its obligations due to unforeseeable causes beyond its control and without its fault or negligence, including but not limited to acts of God, of the public enemy or terrorists, of a government, or of the Authority; fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, or riot; inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material, or supplies in the open market; litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Program Obligation; malicious mischief, condemnation, or unusually severe weather or delays of suppliers or subcontractors due to such causes; or any similar event or occurrence beyond the control of the Trustee.

Any company into which the Trustee may be merged or converted or with which it may be consolidated; and any company resulting from any merger, conversion, or consolidation to which it is a party; and any company to which the Trustee sells or transfers all or substantially all of its corporate trust business, so long as the company meets the requirements set forth in the 2025 Indenture, will be the successor to the Trustee and will be vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

The permissive right of the Trustee to do things enumerated in the 2025 Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Upon an Event of Default, and only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any 2025 Bond, upon the Trust Estate for the fees, charges and expenses incurred by it.

Procedure for Amendment of or Supplement to the 2025 Indenture

(a) Amendment or Supplement with Consent of Holders. The 2025 Indenture and the rights and obligations of the Authority and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the Authority and the Trustee, which Supplemental Indenture will become binding when the written consents of the Holders of at least a majority in aggregate principal amount of the 2025 Bonds then Outstanding, exclusive of 2025 Bonds disqualified as provided in the 2025 Indenture, have been filed with the Trustee, subject to the following:

(1) before executing any Supplemental Indenture, the Trustee must first be provided at the Authority's expense with an Opinion of Counsel that the Supplemental Indenture complies with the provisions of the 2025 Indenture, on which opinion the Trustee may conclusively rely; and

(2) no amendment or supplement may (A) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the Authority to pay the interest on or the principal of any 2025 Bond at the time and place and at the rate and in the currency and from the funds provided in the 2025 Indenture without the express written consent of the Holder of the 2025 Bond, or (B) permit the issuance by the Authority of any obligations payable from the Trust Estate other than the 2025 Bonds as provided in the 2025 Indenture, or adversely affect the ability of the Authority to collect the Revenues or any other portion of the Trust Estate, (C) reduce the percentage of 2025 Bonds required for the written consent to any amendment or supplement, or (D) modify any rights or obligations of the Trustee without its prior written assent thereto.

(b) Amendment or Supplement Without Consent of Holders. The 2025 Indenture and the rights and obligations of the Authority and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the Authority and the Trustee, which Supplemental Indenture will become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and only after receiving an approving Opinion of Counsel that the Supplemental Indenture complies with the provisions of the 2025 Indenture and only for any one or more of the following purposes:

(1) to add to the agreements and covenants required in the 2025 Indenture to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority that will not (in the opinion of the Authority) adversely affect the interests of the Holders, or to surrender any right or power reserved in the 2025 Indenture to or conferred in the 2025 Indenture upon the Authority that will not (in the opinion of the Authority) adversely affect the interests of the Holders.

(2) to make such provisions for the purpose of curing any ambiguity or of curing, correcting, or supplementing any defective provision contained in the 2025 Indenture or in regard to questions arising under the 2025 Indenture that the Authority may deem desirable or necessary and not inconsistent herewith and that will not (in the opinion of the Authority) adversely affect the interests of the Holders.

(3) to add to the agreements and covenants contained in the 2025 Indenture such other agreements and covenants as may be necessary to qualify the 2025 Indenture under the Trust Indenture Act of 1939.

(4) to make such additions, deletions, or modifications as may be necessary or appropriate to ensure compliance with Section 148(f) of the Code relating to the required rebate of excess investment earnings to the United States of America, or otherwise as may be necessary to ensure the exclusion from gross income for purposes of federal income taxation of the interest on the 2025 Bonds or the exemption of interest from State personal income taxes.

(5) to make such additions, deletions or modifications as may be necessary or appropriate to maintain any then-current rating by any of the Rating Agencies on the 2025 Bonds.

(6) to add to the rights of the Trustee.

(7) to make any other additions, deletions or modifications that are not materially adverse to the Holders of the 2025 Bonds.

In connection with the proceedings for the execution of any Supplemental Indenture, the Authority shall provide each of the Rating Agencies with a notice of the amendment together with a copy of the proposed Supplemental Indenture at least 15 days before the execution and delivery thereof.

Events of Default and Acceleration of Maturities

Each of the following events is an “Event of Default;”

(a) A default by the Authority in the due and punctual payment of any interest on or principal of any of the 2025 Bonds when and as the same become due and payable.

(b) A default by the Authority in the observance or performance of any of the other agreements or covenants contained in the 2025 Indenture required to be observed or performed by it, and the default has continued for 30 days after the Authority receives notice in writing of the default by the Trustee.

(c) The Authority files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or a court with jurisdiction approves a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or, under the provisions of any other law for the relief or aid of debtors, any court with jurisdiction assumes custody or control of the Authority or of the whole or any substantial part of its property.

(d) An Event of Default (as that term is defined in the Master Project Lease) has occurred under the Master Project Lease.

Upon the occurrence of an Event of Default and during the continuance of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the 2025 Bonds then Outstanding, and in each case so long as the Trustee is indemnified to its satisfaction therefor, the Trustee shall, by notice in writing to the Authority, declare the principal of all 2025 Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same will, without further action, become due and payable, anything contained in the 2025 Indenture or in the 2025 Bonds to the contrary notwithstanding, subject to the following condition: if, at any time after the principal of the 2025 Bonds then Outstanding has been so declared due and payable, and before any judgment or decree for the payment of the money due has been obtained or entered, the Authority deposits with the Trustee a sum sufficient to pay all matured interest on all the 2025 Bonds and all principal of the 2025 Bonds matured before the declaration (with interest at the rate borne by the 2025 Bonds on the overdue interest and principal) and to pay the reasonable fees and expenses of the Trustee, and if any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the 2025 Bonds due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then and in every such case the Holders of not less than a majority in aggregate principal amount of 2025 Bonds then Outstanding, by written notice to the Authority and to the Trustee, may, on behalf of the Holders of all the 2025 Bonds then Outstanding, rescind and annul the declaration and its consequences, except that no such rescission and annulment will extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration

All money in the Revenue Fund, the Interest Account, the Redemption Account and the Principal Subaccount upon the date of the declaration of acceleration by the Trustee as described above and all Revenues and other portions of the Trust Estate thereafter received by the Authority under the 2025 Indenture, will be transmitted to the Trustee and be applied by the Trustee in the following order:

First, to the payment of the fees, costs, and expenses of the Trustee, if any, in carrying out the provisions of the 2025 Indenture and of any other agreement to which the Trustee is a party in connection therewith, including any outstanding fees and expenses of the Trustee and including reasonable compensation to its accountants and counsel, and thereafter to the payment of the costs and expenses of the Holders in providing for the declaration of the Event of Default, including reasonable compensation to their accountants and counsel.

Second, upon presentation of the several 2025 Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the 2025 Bonds for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by the 2025 Bonds, and if the money is insufficient to pay in full the whole amount so owing and unpaid upon the 2025 Bonds, then to the payment of the interest, principal, and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among the interest, principal, and interest on overdue interest and principal ratably to the aggregate of the interest, principal, and interest on overdue interest and principal.

Institution of Legal Proceedings by Trustee

If one or more Events of Default occurs and is continuing, the Trustee may, and upon the written request of the Holders of a majority in principal amount of the 2025 Bonds then Outstanding, and, in each case so long as the Trustee is indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of the Holders of 2025 Bonds under the 2025 Indenture by a suit in equity or action at law, either for the specific performance of any agreement or covenant contained in the 2025 Indenture or in aid of the execution of any power therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee deems most effectual in support of any of its rights and duties under the 2025 Indenture. Nothing contained in the 2025 Indenture or in the 2025 Bonds affects or impairs the obligation of the Authority, which is absolute and unconditional, to pay the interest on and the principal of the 2025 Bonds to the Holders of the 2025 Bonds as and when they become due as provided in the 2025 Indenture from the Trust Estate as provided under the 2025 Indenture, and nothing therein or in the 2025 Bonds affects or impairs the right of such Holders, which is also absolute and unconditional, to institute suit to enforce payment by virtue of the contract embodied in the 2025 Indenture and in the 2025 Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Holder will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any right or remedy or be construed to be a waiver of any default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Holders by the Act or by the provisions of the 2025 Indenture concerning Events of Default and remedies may be enforced and exercised from time to time and as often as deemed expedient by the Trustee or the Holders.

If any action, proceeding, or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee, and any Holder will be restored to their former positions, rights, and remedies as if the action, proceeding, or suit had not been brought or taken.

Actions by Trustee as Attorney-in-Fact

Any action, proceeding, or suit that any Holder has the right to bring to enforce any right or remedy under the 2025 Indenture may be brought by the Trustee for the equal benefit and protection of all Holders, whether or not the Trustee is a Holder, and the Trustee is hereby appointed (and the

successive Holders, by taking and holding the 2025 Bonds issued under the 2025 Indenture, will be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Holders for the purpose of bringing any such action, or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Holders as a class or classes as may be advisable or necessary in the opinion of the Trustee as attorney-in-fact.

Limitation on Bondholders' Right to Sue

No Holder of any 2025 Bond issued under the 2025 Indenture has the right to institute any suit, action, or proceeding, at law or equity, for any remedy under the 2025 Indenture against the Trustee unless (a) the Holder has previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Holders of at least a majority in aggregate principal amount of all the 2025 Bonds then Outstanding have made written request upon the Trustee to exercise the powers granted by the 2025 Indenture or to institute the suit, action, or proceeding in its own name; (c) the Holders have tendered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities to be incurred in compliance with the request; and (d) the Trustee has refused or omitted to comply with the request for 60 days after the request has been received by, and the tender of indemnity has been made to, the Trustee.

Each notification, request, tender of indemnity, and refusal or omission is hereby declared, in every case, to be a condition precedent to the exercise by any Holder of 2025 Bonds of any remedy under the 2025 Indenture. No single Holder and no group of Holders has the right in any manner whatever by his or her or their action to enforce any right under the 2025 Indenture except in the manner provided in the 2025 Indenture, and all proceedings at law or in equity to enforce any provision of the 2025 Indenture must be instituted and maintained in the manner provided in the 2025 Indenture and for the equal benefit of all Holders of Outstanding 2025 Bonds.

Remedies Not Exclusive

No remedy in the 2025 Indenture conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and every remedy is cumulative and in addition to every other remedy given under the 2025 Indenture or now or thereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Discharge of the 2025 Bonds

(a) If the Authority pays or causes to be paid, or if there shall otherwise be paid, to the Holders of all Outstanding 2025 Bonds the interest thereon and the principal thereof as and when they become due and payable in accordance with their terms or upon redemption proceedings as provided in the 2025 Indenture, or otherwise, and the whole amount of the principal and the interest so due and payable upon all of the 2025 Bonds is paid, or provision has been made for the payment of the same as provided in the 2025 Indenture, together with all other sums payable by the Authority under the 2025 Indenture, including all fees and expenses of the Trustee, then and in that case the 2025 Indenture and the lien created thereby will be completely discharged and satisfied and the Authority will be released from the agreements, conditions, covenants, and other obligations of the Authority contained in the 2025 Indenture, and the Trustee shall assign and transfer to or upon the order of the Authority all property, money, or securities (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances, and the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction.

(b) Any Outstanding 2025 Bonds shall, before the maturity date or redemption date thereof, be deemed to have been paid within the meaning of and with the effect expressed in the provisions of the 2025 Indenture described in paragraph (a) of this caption if there is on deposit with the Trustee money that is sufficient to pay the interest due on the 2025 Bonds on that date and the principal due on the 2025 Bonds on that date.

(c) Any Outstanding 2025 Bonds shall, before the maturity date or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the provisions of the 2025 Indenture described in paragraph (a) of this caption (except that the Authority will remain liable for the payment of the 2025 Bonds, but only out of the money or securities deposited with the Trustee or an escrow agent as described below) if—

(1) in case any of 2025 Bonds to be redeemed on any date before their maturity date, the Authority has agreed to mail a notice of redemption as required by the 2025 Indenture to the Holders of all Outstanding 2025 Bonds to be redeemed and to DTC;

(2) there has been deposited with the Trustee or an escrow agent either money in an amount sufficient to pay when due or Defeasance Securities, the interest on and the principal of which when paid will provide money that, together with the money, if any, deposited with the Trustee or the escrow agent at the same time, will be sufficient to pay when due, the interest to become due on the 2025 Bonds on and before the maturity dates or redemption dates thereof, as the case may be, and the principal of the 2025 Bonds on and before the maturity dates or the redemption dates thereof, as the case may be, as evidenced by—

(A) an Accountant's Report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay the 2025 Bonds in full on the maturity or redemption date (a "Verification");

(B) an Escrow Deposit Agreement; and

(C) an Opinion of Counsel to the effect that the 2025 Bonds are no longer Outstanding; and

(3) in the event such 2025 Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority has agreed to mail a notice to the Holders of the 2025 Bonds and to DTC that the deposit required by clause (2) above has been made with the escrow agent or the Trustee and that the 2025 Bonds are deemed to have been paid in accordance with the 2025 Indenture, and stating the maturity dates or redemption dates, as the case may be, upon which money will be available for the payment of the principal of the 2025 Bonds. 2025 Bonds will be deemed Outstanding under the 2025 Indenture unless and until they are in fact paid and retired or the above criteria are met.

Unclaimed Money

Anything in the 2025 Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the 2025 Bonds or any interest thereon that remains unclaimed for two years after the date when the 2025 Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption before maturity, if the money was held by the Trustee on that date, or for two years after the date of deposit of the money if deposited with the Trustee after the date when the 2025 Bonds or interest thereon became due and payable, will be repaid by the Trustee to the Authority as its absolute property free from trust for use in accordance with the Act, and the Trustee will thereupon be released and discharged with respect thereto and the Holders will look only to

the Authority for the payment of the 2025 Bonds and the interest thereon. Before the Trustee is required to make any such repayment, the Authority shall mail a notice to the Holders of all Outstanding 2025 Bonds and to DTC that the money remains unclaimed and that after a date named in the notice, which date must not be less than 30 days after the date of the mailing of the notice, the balance of such money then unclaimed will be returned to the City. In the absence of any such mailing by the Authority as described in the preceding sentence, the Trustee shall from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery shall be in accordance with the customary practices and procedures of Trustee and the escheat authority. Any money held by Trustee pursuant to this paragraph shall be held uninvested and without any liability for interest.

Liability of Authority Limited to Revenues and Certain Other Funds

Notwithstanding anything contained in the 2025 Indenture, the Authority is not required to advance any money derived from any source of funds other than the Revenues and the other funds provided in the 2025 Indenture for the payment of the interest on or the principal of the 2025 Bonds or for the performance of any agreements or covenants contained therein. But the Authority may advance funds for any of these purposes so long as such funds are derived from a source legally available for the purpose without incurring an indebtedness.

The 2025 Bonds are limited obligations of the Authority and are payable from, and are secured by the Trust Estate as provided in the 2025 Indenture. The 2025 Bonds do not constitute a charge against the general credit of the Authority or the general credit of the City, and under no circumstances will the Authority be obligated to pay the interest on or the principal of the 2025 Bonds except from the Trust Estate as provided in the 2025 Indenture. Neither the State nor any public agency thereof nor the City will be obligated to pay the interest on or the principal of the 2025 Bonds. Neither the faith and credit nor the taxing power of the Authority, the State, or any public agency thereof or the City is pledged to the payment of the interest on or the principal of the 2025 Bonds, and the payment of the interest on or the principal of the 2025 Bonds does not constitute a debt, liability, or obligation of the State, any public agency of the State, or the City.

Deposit and Investment of Money in Accounts and Funds

All money held by the Treasurer in any account or fund established in the 2025 Indenture is to be invested in Legal Investments that mature not later than the date on which it is estimated that the money will be required to be paid out under the 2025 Indenture, and all money held by the Trustee in any account or fund established in the 2025 Indenture is to be invested by the Trustee under a Written Request of the Authority received by the Trustee at least one day before making any such investment in those Legal Investments specified in the Written Request of the Authority that mature not later than the date on which it is estimated that the money will be required to be paid out under the 2025 Indenture, and the Trustee may conclusively rely as to suitability and legality that any investment specified in any Written Request of the Authority is a Legal Investment. In the absence of receipt of any Written Request of the Authority, the Trustee shall hold the funds uninvested. For investment purposes, the Trustee may commingle the money in the accounts and funds established under the 2025 Indenture, but must account for each such fund or account separately. The Trustee (or any of its affiliates) may act as principal or agent or as sponsor, advisor, or manager in connection with the making or disposition of any investment by the Trustee under the 2025 Indenture and may impose its customary charges therefor, and the Trustee will not be responsible for any loss suffered in connection with any investment made in accordance herewith. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the Authority to provide timely written investment direction. Ratings of permitted investments shall be determined at the time of purchase of

such permitted investments and without regard to ratings subcategories. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including account maintenance fees.

To the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority waives receipt of those confirmations to the extent permitted by law. But the Trustee shall furnish the Authority with periodic cash-transaction statements that include details for all investment transactions made by the Trustee under the 2025 Indenture.

All interest received on any money so deposited or invested that exceeds the requirements of the fund from which the money was deposited or invested must (subject to the requirements of the 2025 Indenture) be deposited in the Revenue Fund, and all losses on any money so deposited or invested will be borne by the fund from which the deposit or investment was made.

The value of any Legal Investments will be determined as follows:

(a) For the purpose of determining the amount in any fund, all Legal Investments credited to the fund will be valued at fair market value. The Trustee shall determine the fair market value based on its pricing service as reflected on its regular accounting statements.

(b) As to certificates of deposit and bankers' acceptances, the face amount thereof.

(c) As to any investment not specified above, the value thereof established by prior agreement between the Authority and the Trustee.

Acquisition of 2025 Bonds by Authority

All 2025 Bonds acquired by the Authority, whether by purchase or gift or otherwise, must be surrendered to the Trustee for cancellation as provided in the 2025 Indenture.

Maintenance of Accounts and Funds

Any account or fund required in the 2025 Indenture to be established and maintained by the Treasurer or the Trustee may be maintained by the Treasurer or the Trustee, as the case may be, in its accounting records in its customary manner either as an account or a fund, and may, for the purposes of those accounting records, any audits thereof, and any financial reports or statements with respect thereto, be treated either as an account or as a fund. All accounting records with respect to all accounts and funds must at all times be maintained by the Treasurer and the Trustee in accordance with industry standards and with due regard for the protection of the security of the 2025 Bonds and the rights of the Holders.

LEASE DEFINITIONS

The following are definitions of certain terms used in the Master Site Lease and the Master Project Lease.

“2025 Additional Rental Payments” means the payments payable by the City as Additional Rental Payments under the Twelfth Amendment to Master Project Lease, which constitute Additional Rental Payments under the Master Project Lease

“2025 Bonds” means the Sacramento City Financing Authority 2025 Refunding Revenue Bonds (Master Lease Program Facilities) authorized, executed, authenticated, and delivered under the Indenture.

“2025 Indenture” means the Indenture dated as of September 1, 2025, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented as provided therein, under which the Authority will execute and deliver the 2025 Bonds.

“Additional Bonds” means any additional revenue bonds issued by the Authority, the proceeds of which will be used as the source of funds for financing and refinancing the acquisition and construction of Additional Improvements.

“Additional Improvements” means any additional improvements for the City or any additional loan obligations of the Agency so that the Agency can undertake redevelopment activities for the benefit of the City that will be financed under an amendment to the Master Project Lease.

“Additional Project” means any Additional Site, together with the improvements located thereon, that will be leased by the Authority to the City under an amendment to the Master Project Lease.

“Additional Rental Payments” means the Additional Rental Payments (including the 2025 Additional Rental Payments) due under the Master Project Lease.

“Additional Site” means any additional real property that is leased by the City to the Authority under an amendment to the Master Site Lease.

“Authority” means the Sacramento City Financing Authority, a joint exercise of powers authority duly organized and existing under and pursuant to the laws of the State of California.

“Base Rental Payment Date” means any date on which Base Rental Payments are scheduled to be paid under the Master Project Lease.

“Base Rental Payments” means the scheduled Base Rental Payments (including the Refunding Base Rental Payments due under the Twelfth Amendment to Master Project Lease) due under the Master Project Lease.

“Bond Insurer” means any municipal bond insurance company providing insurance for any revenue bonds issued by the Authority that are payable from Base Rental Payments.

“Certificate,” when used with respect to the City, means an instrument in writing signed on behalf of the City by the City Manager of the City or the City Treasurer of the City, or by any other officer of the City duly authorized by the City Council of the City for the purpose of signing documents on its behalf under the Master Project Lease, and by the City Clerk of the City, with the seal of the City affixed thereto; and when used with respect to the Authority, means an instrument in writing signed on behalf of the Authority by the Chairman of the Authority or the Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Board of Directors of the Authority for the purpose of signing documents on its behalf under the Master Project Lease, and by the Secretary of the Authority, with the seal of the Authority affixed thereto.

“City” means the City of Sacramento, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“Essential Assets” means assets necessary to provide municipal services related to the health, safety and welfare of the citizens of the City, including, but not limited to, the following types of assets of the City: animal control, communication, infrastructure, transportation, police, solid waste, city cemetery, fire protection, parking, tree maintenance, support and administrative facilities and utilities, but does not include assets used for leisure or cultural activities, including, but not limited to, the following types of assets of the City: community centers, library, zoo, golf, open space, parks, museums and learning centers.

“Event of Default” means an event defined as such in the provisions of the Master Project Lease described herein under “THE MASTER PROJECT LEASE – Default and Remedies.”

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

“Holder” means any person who shall be the registered owner of any Master Lease Bond, as shown on the registration books maintained by the Trustee pursuant to the applicable Indenture.

“Improvements” means the improvements acquired and constructed by the City under the Master Project Lease, including all Additional Improvements.

“Indentures” means all indentures under which Master Lease Bonds are issued, including the 2025 Indenture.

“Lien” means any mortgage, pledge, security interest, lien, judgment lien, easement or other encumbrance on title, including, but not limited to, any mortgage or pledge of, any security interest in or any lien or encumbrance on the Project.

“Master Lease Bonds” means all revenue bonds of the Authority payable from Base Rental Payments, including the 2025 Bonds.

“Master Project Lease” has the meaning given to such term under the caption “INDENTURE DEFINITIONS.”

“Master Site Lease” has the meaning given to such term under the caption “INDENTURE DEFINITIONS.”

“Opinion of Counsel” means a written opinion of a law firm of recognized national standing relating to municipal bonds that is retained by the City.

“Permitted Encumbrances” means, as of any particular time: (i) the Master Site Lease; (ii) the Master Project Lease; (iii) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to the Master Project Lease, make payment in installments over a period of years; (iv) any right or claim of any mechanic, laborer, materialman, supplier or vendor

filed or perfected in the manner prescribed by law for work or services performed or materials furnished in connection with the Project which are not due and payable or which are not delinquent or the amount or validity of which is being contested in good faith and the collection of which is stayed; and (v) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which take effect after the date of the original execution and delivery of Master Lease Bonds and which an independent architect or engineer (or other professional) certifies in writing will not materially impair the use of the Project for the purpose intended by the City; and to which the Authority and the City consent in writing, and as to which each Bond Insurer and the Rating Agencies shall have been given written notice.

“Project” those parcels of real property, together with the improvements located thereon, that have been leased by the Authority and the City pursuant to the Master Project Lease, including all Additional Projects.

“Rating Agencies” means Moody’s and Standard & Poor’s, and their respective successors or assigns, but only to the extent that and so long as either of them is then rating the Master Lease Bonds, or any other nationally recognized securities rating agency or agencies then rating the Master Lease Bonds at the request of the City.

“Refunding Base Rental Payments” means the payments payable by the City as Base Rental Payments under the Twelfth Amendment to Master Project Lease, which constitute Base Rental Payments under the Master Project Lease.

“Rental Payments” means the Base Rental Payments and the Additional Rental Payments.

“Twelfth Amendment to Master Project Lease” means the Twelfth Amendment to Master Project Lease executed and entered into as of September 1, 2025, between the Authority and the City, amending the Master Project Lease to refund a portion of the Project leased by the Authority to the City thereunder.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a banking corporation duly organized and existing under and by virtue of the laws of the State and authorized to accept and execute trusts of the character set forth in the Indentures, at its Principal Corporate Trust Office (as that term is defined in the Indentures), and its successors or assigns, or any other bank or trust company having a corporate trust office in Los Angeles or San Francisco, California, that may at any time be substituted in its place as provided in the provisions of the Indentures concerning the Trustee.

THE MASTER SITE LEASE

Under the Master Site Lease, as amended, the City leases to the Authority and the Authority hires from the City, on the terms and conditions set forth therein, those certain parcels of real property more particularly described therein, constituting the Site.

THE MASTER PROJECT LEASE

Lease of the Project

Under the Master Project Lease, the Authority leases the Project to the City, and the City hires and rents the Project from the Authority, on the conditions and terms therein set forth. The City agrees and covenants that during the term of the Master Project Lease, except as provided therein, it will use the Project for public purposes, subject to and consistent with all agreements with respect thereto theretofore entered into by it, so as to afford the public the benefits contemplated by the Master Project Lease and so as to permit the Authority to carry out its agreements and covenants contained in the Master Project Lease and in the Indentures, and the City further agrees and covenants that during the term of the Master Project Lease it will not abandon or vacate the Project.

Prohibition Against Encumbrance or Sale

The Authority and the City will not sell or otherwise dispose of the Project or any property essential to the proper operation of the Project, except as otherwise provided in the Master Project Lease, and will not create or suffer to be created any Lien upon the Project, or upon any real or personal property essential to the operation of the Project, except Permitted Encumbrances.

Liens

In the event the City shall at any time during the term of the Master Project Lease cause any improvements to be constructed to the Project or cause any materials to be supplied in or upon or attached to the Project, the City shall pay or cause to be paid when due all sums of money that may become due for any labor, services, materials, supplies or equipment furnished to or for the City in, upon, about or relating to the Project and shall keep the Project free of any and all mechanics' and materialmen's liens against the Project, and in the event any such lien attaches to or is filed against the Project, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due; provided, that if the City desires to contest any such lien, it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the City shall forthwith pay and discharge such judgment. The City shall, to the maximum extent permitted by law, indemnify and hold the Authority and its officers and the Trustee and its directors, officers and employees harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against the Project.

Addition or Deletion of Portions of the Project

(a) The City and the Authority may amend the Master Project Lease to (1) add any Additional Project to the Project, and/or (2) delete any real property and/or improvements thereon from the Project, upon compliance with all of the conditions set forth in the Master Project Lease; and after any such addition, the portion of the Project for which the addition has been effected shall be added to the leasehold created under the Master Project Lease; and after any such deletion, the portion of the Project for which the deletion has been effected shall be released from the leasehold created thereunder; provided, that no addition or deletion shall take place under the Master Project Lease until the City first delivers to each Bond Insurer, the Rating Agencies and the Trustee all of the following documents:

(1) A Certificate of the City containing a description of the real property and/or improvements constituting the Additional Project to be added to the Project, or a description of the real property and/or improvements to be deleted from the Project;

(2) Executed copies of the amendment to the Master Site Lease containing the amended description of the Site and the amendment to the Master Project Lease containing the amended description of the Project, together with a Certificate of the City stating that such amendments have been duly recorded in the official records of the Sacramento County Recorder;

(3) A Certificate of the City evidencing (A) that the annual fair rental value of the Project after such amendment will be at least equal to one hundred twenty-five per cent (125%) of the maximum amount of Base Rental Payments becoming due in the then current or in any subsequent year ending on December 1 in which Base Rental Payments become due; provided, that the annual fair rental value of any portion of the Project which has been made subject to the lien of the Master Project Lease shall not be increased in excess of the value that was established at the time such portion of the Project first became subject to the lien of the Master Project Lease, (B) that the Project is composed of at least fifty per cent (50%) Essential Assets after such amendment, (C) that such amendment does not adversely affect the City's use and occupancy of the Project for the purposes intended and (D) that the useful life of the Project after any such amendment equals or exceeds the remaining term of the Master Lease Bonds;

(4) A California Land Title Association leasehold owner's policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Project after such amendment in an amount at least equal to the principal amount of the Master Lease Bonds then outstanding (including any Master Lease Bonds to be issued in connection with such amendment), each of which such insurance instruments, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority under the Master Site Lease (as amended) and the City under the Master Project Lease (as amended) in the Project subject only to such exceptions as do not substantially interfere with the City's right to use and occupy the Project and as will not result in an abatement of Base Rental Payments payable by the City under the Master Project Lease;

(5) An opinion of the City Attorney of the City to the effect that the exceptions, if any contained in the title insurance policy referred to in (4) above do not interfere with the beneficial use and occupancy of the Project described in such policy by the City for the purposes of leasing or using the Project; and

(6) An Opinion of Counsel or an opinion of the City Attorney of the City, as applicable, stating that such amendments to the Master Site Lease and the Master Project Lease (i) are authorized or permitted by the Constitution and laws of the State of California and the Master Site Lease, the Master Project Lease and the Indentures; (ii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City in accordance with their respective terms; and (iii) will not cause the interest on any Master Lease Bonds to be included in gross income for federal income tax purposes or not to be excluded from State of California personal income taxes.

(b) If any Additional Bonds are to be issued with respect to any related Additional Improvements, the amendment to the Master Project Lease shall also contain the following:

(1) An exhibit which sets forth the schedule of the additional Base Rental Payments relating to such Additional Bonds;

(2) The payment dates for such additional Base Rental Payments, which shall be the Interest Payment Dates;

(3) The prepayment premiums, if any, and the prepayment provisions of such additional Base Rental Payments;

(4) The provisions relating to establishment and funding of a reserve account, if any, by the City for the benefit of the registered owners of such Additional Bonds;

(5) The amount, if any, to be deposited from the proceeds of such Additional Bonds in an improvement fund established to finance the acquisition of the Additional Improvements for the City;

(6) The trustee for the Additional Bonds is the Trustee;

(7) The extension of the term of the Master Project Lease, if necessary; and

(8) Such other provisions as are necessary or appropriate and not inconsistent with the terms of the Master Project Lease.

(c) If any Additional Bonds are to be issued with respect to any related Additional Improvements, the City shall also deliver a Certificate of the City stating that the City has complied with the covenants contained in the Master Project Lease.

Substitution of Portions of the Project

In accordance with the terms of the Master Project Lease, in the event that the Base Rental Payments due for any portion of the Project are abated, the City and the Authority will use their best efforts (to the extent then permitted by law) to remove the real property on which such portion of the Project is located from the Master Site Lease and to remove the improvements constituting such portion of the Project from the Master Project Lease, and to substitute therefor other real property and other improvements of the City.

Term of the Master Project Lease

The term of the Master Project Lease shall (subject to the discharge of obligations section of the Master Project Lease) remain November 30, 2036, except as follows: if on November 30, 2036, all Refunding Base Rental Payments and the interest accrued thereon and all 2025 Additional Rental Payments and the interest accrued thereon and all fees and expenses of the Trustee relating to the 2025 Bonds shall not have been fully paid pursuant to the Master Project Lease, or if any Refunding Base Rental Payments shall have been abated such that any of the 2025 Bonds otherwise payable from such abated Refunding Base Rental Payments shall not have been fully paid in accordance with the terms of the 2025 Indenture, then the term of the Master Project Lease shall be extended until the earlier of (i) the date on which all such payments and all such 2025 Bonds have been fully paid pursuant to the Master Project Lease and the 2025 Indenture; or (ii) November 30, 2046, except that if all such payments have been fully paid before November 30, 2046, then the term of the Master Project Lease shall end on the date of full payment.

If the term of the Master Site Lease is extended or shortened in accordance with the terms thereof, the term of the Master Project Lease will end on the day immediately preceding the date of termination of the Master Site Lease.

Use of Proceeds of Additional Bonds

The use of proceeds of Additional Bonds shall be applied in accordance with the applicable Indenture.

Tax Covenants

The City covenants and agrees that it will at all times do and perform all acts and things permitted by law and the Master Project Lease which are necessary in order to assure that interest paid on the Master Lease Bonds (or any of them) will be excluded from gross income for federal income tax purposes and will take no action that would result in such interest not being excluded from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City agrees to comply with the provisions of each Tax Certificate (as defined in the applicable Indenture), and this covenant shall survive payment in full or defeasance of the Master Lease Bonds.

Payment of Rental Payments Under the Twelfth Amendment to Master Project Lease

The City agrees to pay to the Authority or the Authority's successor or assigns, without deduction or offset of any kind, as rental for the use and occupancy of the Project, the following amounts at the following times:

(a) Refunding Base Rental Payments. The City shall pay to the Authority the Refunding Base Rental Payments which are due in the amounts and at the times set forth in the Refunding Base Rental Payment Schedule contained in the Twelfth Amendment to Master Project Lease, which Refunding Base Rental Payments will be payable by the City, together with certain other Base Rental Payments, for the lease of the Project to it. Each Refunding Base Rental Payment will be payable to the Trustee (as assignee of the Authority under the 2025 Indenture) in immediately available funds on or before the fifteenth day immediately preceding each Base Rental Payment Date (the "Due Date"), and any payments remitted to the Trustee before any Due Date are to be invested for the credit of the City as instructed by the City, and any interest or other income with respect thereto accruing before each Due Date will belong to the City and will be returned by the Trustee, on behalf of the Authority, to the City on June 1 and December 1 of each year or be transferred as otherwise directed by the City. The City shall provide written notice to the Trustee at least 30 Business Days before any Due Date upon which it expects to be unable to pay the Refunding Base Rental Payment due on the Due Date, informing the Trustee of its expected inability to pay the Refunding Base Rental Payment due on the Due Date. The City covenants (subject to the rental abatement provisions of the Master Project Lease) to take such action each year as may be necessary to include all Refunding Base Rental Payments due under the Twelfth Amendment to Master Project Lease in its annual budgets and (to the extent that provisions for the payment of Refunding Base Rental Payments have not been otherwise made) to make the necessary annual appropriations for all of the Refunding Base Rental Payments, and the City will furnish to the Trustee, within 90 days after the final adoption of each annual budget of the City, a certificate that the annual budget of the City provides for all of the Refunding Base Rental Payments required to be made under the Twelfth Amendment to Master Project Lease in such year.

If the term of the Master Project Lease shall have been extended, Refunding Base Rental Payment installments shall continue to be due on June 1 and December 1 in each year, and payable prior thereto as hereinabove described, continuing to and including the date of termination of the Twelfth Amendment to Master Project Lease. Upon such extension of term, the City shall deliver to the Trustee a Certificate setting forth the extended rental payment schedule, which schedule shall establish the principal and interest components of the Refunding Base Rental Payments so that the principal components will in the aggregate be sufficient to pay all unpaid principal components with interest components sufficient to pay all unpaid interest components plus interest.

If at any time the Refunding Base Rental Payments shall not have been paid by the City when due, for any reason whatsoever, and no other source of funds shall have been available to make the payments of principal and interest on the 2025 Bonds, the principal and interest components of the Refunding Base Rental Payments shall be recalculated by the City to reflect interest on the unpaid Refunding Base Rental Payments. Upon request by the Authority or the Trustee, a revised Refunding Base Rental Payment schedule to the Twelfth Amendment to Master Project Lease shall be prepared by the City and supplied to the Authority and the Trustee reflecting such recalculation.

(b) 2025 Additional Rental Payments. The City shall pay to the Authority or the Trustee, as the case may be, as 2025 Additional Rental Payments under the Twelfth Amendment to Master Project Lease (in addition to the foregoing Refunding Base Rental Payments) all amounts in each year as are required by the Authority or the Trustee for the payment of all costs and expenses incurred by the Authority or the Trustee in connection with the performance, enforcement, or amendment of the Twelfth Amendment to Master Project Lease, including but not limited to payment of all fees and expenses of the Authority or the Trustee in connection with the lease of the Project to the City, together with all salaries and wages of employees; all expenses, compensation and indemnification of the Trustee payable by the Authority under the 2025 Indenture; all fees of auditors, accountants, attorneys, or engineers; all insurance premiums; and all taxes and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the 2025 Bonds or the 2025 Indenture or the Twelfth Amendment to Master Project Lease. The 2025 Additional Rental Payments are to be billed to the City by the Authority or by the Trustee from time to time, and all amounts so billed will be due and payable by the City to the Authority or the Trustee, as designated in the bill to the City, within 30 days after receipt of the bill by the City. The City reserves the right to audit billings for 2025 Additional Rental Payments although exercise of that right will in no way affect the duty of the City to make full and timely payment for all 2025 Additional Rental Payments.

All Rental Payments for each rental payment period during the term of the Master Project Lease shall constitute the total payments for such rental payment period, and shall be paid by the City in each rental payment period for and in consideration of the right to the use and occupancy, and the continued quiet enjoyment, of the Project during the rental payment period for which such rental is paid. The parties have agreed and determined that the fair rental value of the Project is at least equal to the Base Rental Payments due under the Master Project Lease, and in making such determination, consideration has been given to the costs of the acquisition and construction of the Project, the other obligations of the parties under the Master Project Lease, the uses and purposes which may be served by the Project and the benefits therefrom which will accrue to the City, its residents and the general public.

Each Rental Payment payable under the Master Project Lease shall be paid in lawful money of the United States of America, and any such Base Rental Payment which shall not be paid when due shall bear interest at the rate of twelve per cent (12%) per annum from the date when it became due hereunder until it shall be paid.

The Authority and the City understand and intend that the obligation of the City to pay the Rental Payments under the Master Project Lease as consideration for the use and occupancy of the Project constitutes a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained in the Master Project Lease constitute a pledge of the general tax revenues of the City. The Rental Payments due under the Master Project Lease shall be payable only, firstly, from legally available funds in the General Fund of the City which are budgeted and appropriated by the City for such purpose pursuant to the Master Project Lease, and secondly, from money then on deposit in the reserve account established pursuant to an amendment of the Master Project Lease (with respect to the additional Base Rental Payments specified in such amendment). The Authority and the City further understand that the Master Project Lease shall not create an immediate indebtedness for the aggregate payments which may become due under the Master Project Lease in the event that the term of the Master Project Lease is extended, and the City has not pledged the full faith and credit of the City, the State of California or any agency or department thereof to the payment of the Rental Payments due under the Master Project Lease.

Annual Budgets; Reporting Requirements

The City covenants (subject to the provisions for abatement in the Master Project Lease) to take such action as may be necessary to include all Rental Payments due under the Master Project Lease in its annual budgets and to make the necessary annual appropriations for all such Rental Payments, and the City will furnish to the Trustee, within ninety (90) days after the final adoption of each annual budget of the City, a certificate that the annual budget of the City contains an appropriation sufficient for all such Rental Payments required to be made under the Master Project Lease in such Fiscal Year.

Application of Payments

All payments received by the Trustee under the Master Project Lease shall be applied first to the payment of the Base Rental Payments due thereunder, and then to the payment of the Additional Rental Payments due thereunder, but no such application of any payments which are less than the total payment due and owing shall be deemed a waiver of any default under the Master Project Lease.

Rental Abatement

During any period in which, by reason of material damage or destruction or condemnation (as provided in the Master Project Lease) there is substantial interference with the use and possession by the City of any portion of the Project, any such interference shall first be allocated to that portion (if any) of the Project usable by the City that was not financed or refinanced with the proceeds of the Master Lease Bonds, and thereafter the Base Rental Payments due under the Master Project Lease with respect to each portion of the Project financed or refinanced with the proceeds of the Master Lease Bonds shall be abated proportionately by the fractional amount that the cost of the portion of the Project financed or refinanced with the proceeds of the Master Lease Bonds so damaged or destroyed or condemned bears to the entire cost of the Project financed or refinanced with the proceeds of the Master Lease Bonds, as calculated by the City and set forth in writing to the Authority, the Trustee, each Bond Insurer and the Rating Agencies; and the City waives the benefits of Civil Code Sections 1932(2) and 1933(4) and any and all other rights to terminate the Master Project Lease by virtue of any such interference and the Master Project Lease shall continue in full force and effect. Any abatement of Base Rental Payments pursuant to the Master Project Lease shall not be considered an Event of Default thereunder. Such abatement shall continue for the period commencing with the date of such damage or

destruction or condemnation of such portion of the Project and ending with the substantial completion of the work of repair or replacement of the portion of the Project financed or refinanced with the proceeds of the Master Lease Bonds so damaged or destroyed or condemned.

Payments to Be Unconditional

The obligations of the City to make the Rental Payments required under the Master Project Lease and to perform and observe the other agreements and covenants contained therein shall be absolute and unconditional, subject to the provisions thereof, and notwithstanding any dispute between or among the City, the Authority and any other person, the City shall make all Rental Payments when due without deduction or offset of any kind, and the City shall not withhold any such payments pending final resolution of such dispute nor shall it assert any right of set-off or counterclaim against its obligation to make such payments required thereunder. In the event of a determination that the City was not liable for any Rental Payments or any portion thereof, such payments or excess of payments, as the case may be, shall, at the option of the City, be credited against any subsequent Rental Payments that may become due under the Master Project Lease or shall be refunded at the time of such determination.

Obligation to Make Rental Payments

The agreements and covenants on the part of the City contained in the Master Project Lease shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the agreements and covenants contained in the Master Project Lease agreed to be carried out and performed by the City and to make the Rental Payments as provided therein.

Title to the Project

Title to the Project shall (except as provided in the Master Project Lease) remain in the Authority during the term of the Master Project Lease, and title to all moveable property that is placed in or about the Project by the City during the term thereof shall remain in the City during the term thereof. The City shall take all necessary actions to execute and deliver or cause to be executed and delivered all such other and further instruments, documents and assurances as may be necessary or reasonably required in order to further and more fully vest the title to the Project in the Authority.

The Authority's interest in and title to the Project shall be transferred, conveyed and assigned to and become vested in the City and the Master Project Lease shall terminate with respect thereto at the end of the term thereof, and the Authority will execute and deliver such conveyances, deeds, bills of sale, registration documents and other instruments as may be necessary to effect such vesting of record.

Security Interest

To secure the payment of all of the City's obligations under the Master Project Lease, in the event that it is determined that the Master Project Lease is intended as security, which determination shall not be affected by this section, the City grants to the Authority a security interest constituting a first lien on the Project and on all repairs, replacements or modifications thereto, and on any proceeds therefrom, except for those additions to the Project made by the City that may be removed without

damaging the Project. The City agrees to execute such additional documents, including financing statements, affidavits, notices and similar instruments, in form satisfactory to the Authority that are necessary or appropriate to establish and maintain such security interest and the security interest of any Holder or any other assignees of the Authority in the Project.

Maintenance of the Project by the City

The City agrees that, at all times during the term of the Master Project Lease, it will, at its own cost and expense, maintain, preserve and keep the Project and every portion thereof in good repair, working order and condition and that it will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals, and will pay all maintenance, operation and repair costs of the Project as they become due from all legally available money.

Taxes, Other Governmental Charges and Utility Charges

The parties to the Master Project Lease contemplate that the Project will be used for public purposes by the City and, therefore, that the Project will be exempt from all taxes presently assessed and levied with respect to real and personal property, respectively. In the event that the use or possession by the Authority or the City of the Project is found to be subject to taxation in any form, the City will pay during the term of the Master Project Lease, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project and any other property acquired by the City in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Project, as well as all gas, water, electricity, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project; provided, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as the Project Lease is in effect.

Insurance

The City shall procure or cause to be procured and maintain or cause to be maintained throughout the term of the Master Project Lease with reputable commercial insurers insurance against the following risks in the following respective amounts:

(1) insurance against loss or damage to each portion of the Project by fire and lightning, with an extended coverage endorsement and vandalism and malicious mischief insurance and sprinkler system leakage insurance and boiler insurance, which such extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and which such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of such portion of the Project, excluding the cost of excavations, of grading and filling and of the land (except that such insurance may be subject to deductible clauses of not to exceed one hundred thousand dollars (\$100,000) for any one loss); provided, that such insurance shall in any event be in an amount sufficient, in the event of total or partial loss, to enable the City either to retire the Master Lease Bonds attributable to such portion of the Project or to restore such portion of the Project to the condition existing before such loss;

(2) use and occupancy insurance against loss, total or partial, of the use and occupancy of each portion of the Project as a result of any of the hazards covered by the insurance required by

paragraph (1) above, in an amount sufficient to pay the proportionate share of the Base Rental Payments attributable to such portion of the Project for the succeeding twenty-four (24) month period;

(3) workers' compensation insurance covering all employees working in or on the Project, in the same amount and type as other workers' compensation insurance maintained by the City for similar employees doing similar work (and the City shall also require any other person or entity working in or on the Project to carry the foregoing amount of workers' compensation insurance); and

(4) a standard comprehensive public entity liability insurance policy or policies in protection of the City, the Authority and its officers and the Trustee and its directors, officers and employees, indemnifying and defending such parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the possession, operation or use of the Project, with minimum liability limits of one million dollars (\$1,000,000) for personal injury or death of each person and three million dollars (\$3,000,000) for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of two hundred thousand dollars (\$200,000) (subject to a deductible clause of not to exceed one hundred thousand dollars (\$100,000)) for damage to property resulting from each accident or event; provided, that such public liability and property damage insurance may be in the form of a single limit policy in the amount of three million dollars (\$3,000,000) covering all such risks and may be maintained as part of or in conjunction with any other liability insurance carried by the City.

Notwithstanding the above provisions, as an alternative to providing the insurance required by paragraphs (1), (3) and (4) above, the City may provide a self-insurance method or plan of protection, which such self-insurance maintained by the City pursuant to the foregoing sections shall comply with the following terms:

- i. the self-insurance program shall be approved by the City's Risk Manager;
- ii. the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated on an annual basis by the City's Risk Manager, and any deficiencies in any self-insurance claims fund shall be remedied in accordance with the recommendation of the City's Risk Manager;
- iii. the self-insurance claims fund shall be held in a separate fund by an independent trustee or such other entity as may be approved by each Bond Insurer;
- iv. in the event the self-insurance program shall be discontinued, the actuarial soundness of its claim reserve fund, as determined by the City's Risk Manager, shall be maintained; and
- v. the self-insurance program shall be acceptable to each Bond Insurer (with copies of any such acceptance sent to the Rating Agencies).

Any insurance policy issued pursuant to this section shall be so written or endorsed as to make losses, if any, payable to the City, the Authority and the Trustee as their respective interests may appear, except that the net proceeds, if any, of the insurance policy described in paragraph (2) of this section shall be deposited in the Revenue Funds established under the Indentures in proportion to the outstanding Master Lease Bonds secured by each of the Indentures, and each insurance policy provided

for in this section shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interests of the Authority or the Trustee without first giving written notice thereof to the Authority and the Trustee at least sixty (60) days in advance of such intended cancellation or modification; provided, that the Trustee shall not be responsible for the sufficiency of any insurance required in the Master Project Lease and shall be fully protected in accepting payment on account of such insurance or any adjustments, compromise or settlement of any loss agreed to by it.

The City shall file a certificate with the Trustee and each Bond Insurer not later than July 1 of each year certifying that the insurance required by this section is in full force and effect and that the Trustee is named as a loss payee on each insurance policy which the Master Project Lease requires to be so endorsed.

Advances

In the event the City shall fail to maintain the full insurance coverage required by the Master Project Lease or shall fail to keep the Project in good repair and operating condition, the Authority may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Authority shall become Additional Rental Payments, which amounts the City agrees to pay within thirty (30) days of a written request therefor, together with interest thereon at the rate of twelve per cent (12%) per annum.

Damage, Destruction or Condemnation; Use of Net Proceeds

If prior to the termination of the term of the Master Project Lease (a) any portion of the Project is destroyed or is damaged by fire or other casualty, or (b) title to, or the temporary use of, any portion of the Project or the estate of the Authority or the City in such portion of the Project shall be condemned by any governmental body or by any person or firm or corporation acting under governmental authority, then the Authority and the City will cause the net proceeds of any insurance payment or any condemnation award to be applied to the prompt repair, restoration, modification, improvement or replacement of such damaged, destroyed or condemned portion of the Project, and any balance of the net proceeds remaining after such work has been completed shall be paid to the City; provided, that the City, at its option and provided the proceeds of such insurance or condemnation award together with any other moneys then available for the purpose are at least sufficient to prepay that portion of the principal components of the Base Rental Payments due under the Master Project Lease that has been abated, may elect (not later than forty-five (45) days after such damage, destruction or condemnation) not to repair, restore, modify, improve or replace such destroyed, damaged or condemned portion of the Project and thereupon shall cause said proceeds to be used for the prepayment of such portion of the unpaid principal components of the Base Rental Payments pursuant to the provisions of the Master Project Lease.

Disclaimer of Warranties

The Authority makes no agreement, warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of the Project, or warranty with respect thereto. The City acknowledges that the Authority is not a manufacturer of any portion of the Project or a dealer therein and that the City leases the Project as-is, it being agreed that all of the aforementioned risks are to be borne by the City. In no event shall the Authority be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the

Project Lease or the existence, furnishing, functioning or the City's use of the Project as provided by the Project Lease.

Default and Remedies

(a) If the City shall fail to pay any Base Rental Payment under the Master Project Lease when the same becomes due and payable, time being expressly declared to be of the essence thereof, or the City shall fail to keep, observe or perform any other term, covenant or condition contained therein required to be kept or performed by the City for a period of thirty (30) days after notice of the same has been given to the City by the Authority or the Trustee or for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, or upon the happening of any of the events specified in subsection (b) of this section (any such case above being an "Event of Default"), the City shall be deemed to be in default under the Master Project Lease and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant thereto, and upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following, but only subject to the direction of the Bond Insurer insuring the greatest amount of then outstanding Master Lease Bonds:

(1) To terminate the Master Project Lease in the manner provided therein on account of default by the City (to the extent then permitted by law), notwithstanding any re-entry or re-letting of the Site and the improvements thereon provided for in subparagraph (2) below, and to re-enter the Site and the improvements thereon and remove all persons in possession thereof and all personal property whatsoever situated upon the Site and the improvements thereon and place such personal property in storage in any warehouse or other suitable place located within the City of Sacramento, California. In the event of such termination, the City will surrender immediately possession of the Site and the improvements thereon, without delay or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Site and the improvements thereon and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Master Project Lease. Notwithstanding anything contained therein, neither notice to pay rent or to deliver up possession of the Site or the improvements thereon given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Site and the improvements thereon nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under the Project Lease shall of itself operate to terminate the Master Project Lease, and no termination thereof on account of default by the City shall be or become effective by operation of law or acts of the parties to the Master Project Lease, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate the Master Project Lease. The City covenants and agrees that no surrender of the Site and the improvements thereon or of the remainder of the term of the Master Project Lease or any termination thereof shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(2) Without terminating the Master Project Lease, (i) to collect each Base Rental Payment as it becomes due and enforce any other terms or provision of the Master Project Lease to be kept or performed by the City, regardless of whether or not the City has abandoned any portion of the Project, or (ii) to exercise any and all rights of re-entry upon the Site and the improvements thereon. In the event the Authority does not elect to terminate the Master Project Lease in the manner provided for in subparagraph (1) above, the City shall remain liable and agrees to keep or perform all covenants and conditions in the Master Project Lease contained to be kept or performed by the City and, if the Site and

the improvements thereon are not re-let, to pay the full amount of the rent to the end of the term thereof, or, in the event that the Site and the improvements thereon are re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay such rent and/or rent deficiency punctually at the same time and in the same manner as provided therein for the payment of rent thereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the Site and the improvements thereon. Should the Authority elect to enter or re-enter as provided, the City irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Site and the Project, or any portion thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Site and the improvements thereon and to place such personal property in storage in any warehouse or other suitable place located in the City of Sacramento, California, for the account of and at the expense of the City, and the City exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Site and the improvements thereon and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Project Lease. The City agrees that the terms of the Master Project Lease constitute full and sufficient notice of the right of the Authority to re-let the Site and the improvements thereon and to do all other acts to maintain or preserve the Site and the improvements thereon as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender thereof, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination thereof irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Master Project Lease shall vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (1) above. The City further waives the right to any rental obtained by the Authority in excess of the Base Rental Payments specified in the Master Project Lease and conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Site and the improvements thereon. The City further will pay the Authority the cost of any alterations or additions to the Site and the improvements thereon necessary to place the Site and the improvements thereon in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Site and the improvements thereon as provided in the Master Project Lease and all claims for damages that may result from the destruction of the Site and the improvements thereon and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Site and the Project.

(b) If (1) the City's interest in the Master Project Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as thereafter provided for, or (2) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the

business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if (3) the City shall abandon or vacate the Site and the Project, then the City shall be deemed to be in default under the Master Project Lease.

(c) The Authority shall in no event be in default in the performance of any of its obligations under the Master Project Lease or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the City shall be entitled to pursue any remedy provided by law.

(d) In addition to the other remedies set forth in this section of the Master Project Lease, upon the occurrence of an event of default as described in this section, the Authority, subject to the direction of the Bond Insurer insuring the greatest amount of then outstanding Master Lease Bonds, shall be entitled to proceed to protect and enforce the rights vested in the Authority by the Master Project Lease or by law. The provisions of the Master Project Lease and the duties of the City and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority shall have the right to bring the following actions:

- (1) Accounting. By action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.
- (2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.
- (3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City (and the members of its City Council and its officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided in the Master Project Lease.

The exercise of any rights or remedies under the Indentures or under the Master Project Lease shall not permit acceleration of payment dates as to any Master Lease Bonds then insured by any Bond Insurer.

Each and all of the remedies given to the Authority under the Master Project Lease or by any law now or thereafter enacted are cumulative and the single or partial exercise of any right, power or privilege thereunder shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Site and the improvements thereon. If any statute or rule of law validly shall limit the remedies given to the Authority under the Master Project Lease, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of the Master Project Lease, the City will pay a reasonable amount as and for attorney's

fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority thereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

Waiver

Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition of the Master Project Lease, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent under the Master Project Lease shall not be, or be construed to be, a waiver of any term, covenant or condition thereof.

Discharge of Obligations

(a) If the City shall pay or cause to be paid all the Additional Rental Payments and Base Rental Payments at the times and in the manner provided in the Master Project Lease, the right, title and interest of the Authority therein and the obligations of the City thereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied, except only as provided in subsection (d).

(b) Any unpaid principal component of a Base Rental Payment shall on its scheduled payment date or date of prepayment be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if the City makes payment of such Base Rental Payment in the manner provided in the Master Project Lease, and money for the purpose of such payment or prepayment is then held by the Trustee.

(c) All or any portion of any unpaid principal component of a Base Rental Payment shall, prior to its scheduled payment date or date of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section (except that the City shall remain liable for such Base Rental Payment, but only out of such money or securities deposited with the Trustee as described in the Master Project Lease for such payment) if (i) notice is provided to the Trustee as required by the Indentures, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or securities defined in paragraphs (1) and (2) of the definition of Legal Investments which are not subject to redemption prior to maturity except by the holder thereof (including any such securities issued or held in book entry form) the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee at the same time, shall be sufficient, as stated in a report of a nationally recognized independent certified public accountant addressed to the City and the Trustee verifying such sufficiency in full, to pay when due such principal component of the Base Rental Payment or such portion thereof on and prior to its payment date or its date of prepayment, as the case may be, and the prepayment premium, if any, thereon, and (iii) an Opinion of Counsel addressed to the City and the Trustee is filed to the effect that the action taken pursuant to this subsection will not cause the interest components of the Base Rental Payments to be includable in gross income under the Code for federal income tax purposes.

(d) After the payment of all Base Rental Payments and any applicable prepayment premiums as provided in this section, and payment of the fees and expenses of the Trustee, the Trustee,

upon request of the City, shall cause an accounting to be made in accordance with standard corporate trust industry procedures and filed with the City and the Authority and shall execute and deliver to the City and the Authority all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over and deliver to the City, after payment of all fees, expenses and other amounts owed to the Trustee, as an overpayment of Base Rental Payments, all such money or investments held by it pursuant to the Master Project Lease other than such money and such investments as are required for the payment or prepayment of the Base Rental Payments, which money and investments shall continue to be held by the Trustee in trust for the payment of the Base Rental Payments and shall be applied by the Trustee pursuant to the Master Project Lease.

Net Lease

It is the purpose and intent of the Authority and the City that lease payments under the Master Project Lease shall be absolutely net to the Authority so that the Master Project Lease shall yield to the Authority the lease payments, free of any charges, assessments or impositions of any kind charged, assessed or imposed on or against the Project, and without counterclaim, deduction, defense, deferment or set-off by the City except as specifically otherwise provided therein. The Authority shall not be expected or required to pay any such charge, assessment or imposition, or be under any obligation or liability under the Master Project Lease except as expressly set forth, and all costs, expenses and obligations of any kind relating to the maintenance and operation of the Project which may arise or become due during the term of the Master Project Lease shall be paid by the City.

Amendments

The Master Project Lease may be amended in writing as may be mutually agreed by the Authority and the City, subject to the written approval of the Trustee; provided, that no such amendment other than amendments for the purposes contained in the succeeding paragraph shall be effective unless it shall have been consented to by the Holders of a majority of then outstanding Master Lease Bonds and by each Bond Insurer; and provided further, that no such amendment shall (a) extend the payment date of any Base Rental Payment, or reduce the interest, principal or prepayment premium component of any Base Rental Payment, without the prior written consent of the Holder of each Master Lease Bond so affected, or (b) reduce the percentage of Master Lease Bonds the consent of the Holders of which is required for the execution of any amendment of the Master Project Lease.

The Master Project Lease and the rights and obligations of the Authority and the City thereunder may also be amended or supplemented at any time by an amendment thereof or supplement thereto which shall become binding upon execution without the written consents of any Holders or the written approval of the Trustee or each Bond Insurer, but only to the extent permitted by law and only for any one or more of the following purposes --

(a) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed in the Master Project Lease other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved therein to or conferred therein on the Authority or the City, and which in either case shall not adversely affect the interests of the Holders;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Master Project Lease or in regard to

questions arising thereunder which the Authority or the City may deem desirable or necessary and not inconsistent with the Master Project Lease, and which shall not adversely affect the interests of the Holders;

(c) to amend or supplement the Master Project Lease in such manner as to preserve the exemption of the Master Lease Bonds from the registration requirements of the Securities Act of 1933 or any similar federal statute thereafter in effect or to permit the qualification of the Indentures under the Trust Indenture Act of 1939 or any similar federal statute thereafter in effect;

(d) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion from gross income for federal income tax purposes under the Code of the interest on the Master Lease Bonds;

(e) to make such amendments or supplements as may be necessary or appropriate to maintain any then current rating by any of the Rating Agencies on the Master Lease Bonds; or

(f) to add or delete portions from the Project pursuant to the Master Project Lease and to extend or terminate the term thereof with respect to such additions to or deletions from the Project.

Effect of Twelfth Amendment to Master Project Lease

Except as otherwise expressly provided in the Twelfth Amendment to Master Project Lease, the Master Project Lease and all agreements, conditions, covenants, and terms contained therein remain in full force and effect and are thereby approved, confirmed, and ratified by the parties to the Twelfth Amendment to Master Project Lease, subject to the following:

(a) the leasing by the City to the Authority of the Site will not affect or result in a merger of the City's leasehold estate under the Master Project Lease and its fee simple estate as lessor under the Master Site Lease, and the Authority will continue to have and hold a leasehold estate in the Site under the Master Site Lease throughout the term thereof and the term hereof; and as to the Site, the Twelfth Amendment to Master Project Lease will be deemed and constitute a sublease; and

(b) the City agrees that (1) if it proceeds under the Master Project Lease to add an Additional Project to the Project, the real property so added will be property that has been accepted by the City; (2) the City may not terminate the Master Site Lease or the Master Project Lease as a remedy for a default by the Authority thereunder; and (3) a default under the Master Project Lease will constitute an Event of Default under the Indenture.

APPENDIX E
PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Sacramento City Financing Authority
Sacramento, California

Sacramento City Financing Authority
2025 Refunding Revenue Bonds
(Master Lease Program Facilities)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sacramento City Financing Authority (the “Authority”) in connection with the issuance of \$57,685,000 aggregate principal amount of the Sacramento City Financing Authority 2025 Refunding Revenue Bonds (Master Lease Program Facilities) (the “Bonds”), issued pursuant to an indenture, dated as of September 1, 2025 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture; the Tax Certificate; opinions of counsel to the Authority, the City and the Trustee; certificates of the Authority, the City, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter.

We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the Authority and the City and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate (without limitation) covenants and agreements

compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority and the City in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, subject to the provisions of the Indenture permitting the application thereof, for the purposes and on the terms and conditions set forth in the Indenture.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Certificate**”), dated as of September 1, 2025, is executed and delivered by the City of Sacramento (the “**City**”) in connection with the issuance of the 2025 Refunding Revenue Bonds (Master Lease Program Facilities) (the “**Bonds**”) by the Sacramento City Financing Authority (the “**Authority**”). The 2025 Bonds are being issued under an Indenture dated as of September 1, 2025 (the “**2025 Indenture**”) by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “**Trustee**”).

SECTION 1. Purpose of this Certificate. This Certificate is being executed and delivered, for the benefit of the Bondholders and Beneficial Owners of the Bonds and to assist the Participating Underwriter in complying with the Rule (defined in Section 2 below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

“**Annual Report**” means any Annual Report the City provides in accordance with Sections 3 and 4 below.

“**Beneficial Owner**” means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including a person holding Bond through a nominee, depository, or other intermediary) or (b) is treated as the owner of any Bond for federal income-tax purposes.

“**Business Day**” means any day the City’s offices at 915 I Street, Sacramento, California, are open to the public.

“**Dissemination Agent**” initially means the City, and thereafter it means any successor Dissemination Agent the City appoints in writing.

“**EMMA**” means the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board (which can be found at www.emma.msrb.org) or any other repository of disclosure information the Securities and Exchange Commission may designate in the future.

“**Listed Events**” means any of the events listed in Section 5 below.

“**Official Statement**” means the official statement with respect to the Bonds, dated August 21, 2025.

“**Participating Underwriter**” means the underwriter listed on the cover page of the Official Statement.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) Beginning with the fiscal year ending June 30, 2025, the City shall upload to EMMA, or shall cause the Dissemination Agent to upload to EMMA, in either case not later than March 31 after the end of each fiscal year, an Annual Report that is consistent with the requirements of Section 4 of this Certificate. If the Dissemination Agent is other than the City, then the City shall provide the Annual Report (in a form

suitable for filing with EMMA) to the Dissemination Agent not later than 15 business days before the date referred to in the prior sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 below, except that the City's audited financial statements may be submitted separately from, and later than, the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

(b) If the Dissemination Agent is an entity other than the City, then the provisions of this Section 3(b) will apply. The City shall provide the Annual Report to the Dissemination Agent not later than 15 Business Days before the date specified in Section 3(a) for providing the Annual Report. If the Dissemination Agent has not received a copy of the Annual Report by the 15th Business Day before the due date for the Annual Report, then the Dissemination Agent shall contact the City to determine whether the City will be filing the Annual Report in compliance with Section 3(a). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that the Annual Report constitutes the Annual Report the City must furnish under this Certificate. The Dissemination Agent may conclusively rely upon the City's certification and will have no duty or obligation to review the Annual Report.

(c) If the Annual Report has not been uploaded to EMMA by the date required in Section 3(a), the Dissemination Agent shall send a notice to EMMA, in the form required by EMMA.

(d) If the Dissemination Agent is other than the City, then, after receipt of the Annual Report, the Dissemination Agent shall promptly file a report with the City certifying that the Annual Report has been uploaded to EMMA and the date it was uploaded.

(e) Notwithstanding any other provision of this Certificate, all filings must be made in accordance with EMMA or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The City's Annual Report must contain or include by reference all of the following:

(a) The City's audited financial statements for the City's most recent fiscal year then ended. If audited financial statements are not available by the time the Annual Report is required to be filed by Section 3 above, the Annual Report must contain unaudited financial statements, and the audited financial statements must be filed in the same manner as the Annual Report when they become available.

(b) The City's Annual Budget for the then-current fiscal year.

(c) To the extent it is not included in the documents described in Sections 4(a) and 4(b) above, an update of the information in the tables of Appendix A to the Official Statement that are titled "STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE," "GROSS ASSESSED VALUES FOR ALL TAXABLE PROPERTY," "CITY OF SACRAMENTO PRINCIPAL PROPERTY TAXPAYERS," and "GENERAL FUND OBLIGATION DEBT SERVICE." The updated information must reflect the most recently completed fiscal year and must be substantially in the form of the corresponding tables in Appendix A.

(d) The actuarial valuation reports for Miscellaneous Employees Plan and Safety Employees Plan most recently provided to the City by CalPERS to the City as of the date the City files the Annual Report and the actuarial valuation report for SCERS most recently provided to the City as of the date the City files the Annual Report.

(e) Any or all of the items listed in Section 4(a) or 4(b) above may be included by specific reference to other documents (including official statements of debt issues of the City or related public entities)

that have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available through EMMA.

SECTION 5. Reporting of Significant Events.

(a) The City shall give or cause the Dissemination Agent to give notice to the Municipal Securities Rulemaking Board, through EMMA, not more than 10 Business Days after the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt-service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds.
- (6) Defeasances.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership, or similar proceedings of the City.
- (9) Ratings changes.
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

Note: For the purposes of the event identified in section 5(a)(8), the event is considered to occur when any of the following occur: if a receiver, fiscal agent, or similar officer is appointed for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City; or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority; or if an order confirming a plan of reorganization, arrangement, or liquidation is entered by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(b) Additionally, the City shall give or cause the Dissemination Agent to give notice to the Municipal Securities Rulemaking Board, through EMMA, not more than ten Business Days after occurrence of any of the following events with respect to the Bonds, if material:

- (1) Unless described in section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.

- (2) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business; the entry into a definitive agreement to undertake such an action; or the termination of a definitive agreement relating to any such actions, other than under its terms.
- (3) Appointment of a successor or additional trustee or the change of the name of a trustee.
- (4) Nonpayment-related defaults.
- (5) Modifications to the rights of Bondholders.
- (6) Notices of redemption.
- (7) Release, substitution, or sale of property securing repayment of the Bonds.
- (8) Incurrence of a financial obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect Bondholders.

(c) For purposes of the events identified in section 5(a)(10) or 5(b)(8), “financial obligation” means a (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of (1) or (2). “Financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) If the City’s fiscal year changes, then the City shall report the change, or shall instruct the Dissemination Agent to report the change, in the same manner and to the same parties as a Listed Event would be reported under this Section 5.

(e) The undertakings set forth in this Certificate are the City’s responsibility, and the Dissemination Agent, if other than the City, is not responsible for determining whether the City’s instructions to the Dissemination Agent under this Section 5 comply with the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the City and the Dissemination Agent under this Certificate terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If termination occurs before the final maturity of the Bonds, then the City shall give notice of the termination in the same manner as for a Listed Event under Section 5 above.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Certificate and may discharge any Dissemination Agent without appointing a successor Dissemination Agent. The City will be the initial Dissemination Agent. The Dissemination Agent may resign by providing 30-days’ written notice to the City, with the resignation effective upon appointment of a new Dissemination Agent.

SECTION 8. Amendment.

(a) The City may amend this Certificate without the consent of the Bondholders, and any provision of this Certificate may be waived, if all of the following conditions are satisfied:

- (1) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law, or

a change in the identity, nature, or status of the City or the type of business the City conducts;

- (2) in the opinion of a nationally recognized bond counsel, the undertakings in this Certificate as so amended or waived would have complied with the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule as well as any change in circumstances; and
- (3) the amendment or waiver either (A) is approved by the Bondholders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders or (B) does not, in the City's determination, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

(b) To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided under this Certificate, the first Annual Report provided after the change must include a narrative explanation of the reasons for the amendment and the effect of the change on the type of operating data or financial information being provided.

(c) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made must present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison must include both a quantitative discussion and, to the extent reasonably feasible, a qualitative discussion of the differences in the accounting principles and the effect of the change in the accounting principles on the presentation of the financial information.

SECTION 9. Additional Information. This Certificate does not prevent the City from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or from including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that required by this Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that specifically required by this Certificate, then the City will have no obligation under this Certificate to update the information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. If the City or the Dissemination Agent fails to comply with any provision of this Certificate, then any Bondholder or Beneficial Owner of the Bonds may take any necessary and appropriate actions, including seeking mandate or specific performance by court order, to cause the City and the Dissemination Agent to comply with their obligations under this Certificate. A default under this Certificate will not be an Event of Default under the Indenture, and the sole remedy under this Certificate in the event of any failure of the City or the Dissemination Agent to comply with this Certificate is an action to compel performance.

SECTION 11. Duties, Immunities, and Liabilities of Dissemination Agent. Where an entity other than the City is acting as the Dissemination Agent, the Dissemination Agent will have only the duties specifically set forth in this Certificate, and the City shall indemnify and save the Dissemination Agent and its officers, directors, employees, and agents harmless against all losses, expenses, and liabilities they may incur that arise out of, or in the exercise or performance of, their powers and duties under this Certificate, including the costs and expenses (including reasonable attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The City shall pay any Dissemination Agent (a) compensation for its services provided under this Certificate in accordance with an agreed-upon schedule of fees; and (b) all expenses, reasonable legal fees, and advances made or incurred by the Dissemination Agent in the performance of its duties under this Certificate. The Dissemination Agent will have no duty or obligation to review any information the City provides to it under this Certificate. The City's obligations under this Section 11 will survive the Dissemination Agent's resignation or removal and the

payment of the Bonds. No person has any right to commence any action against the Dissemination Agent for any remedy other than specific performance of this Certificate. The Dissemination Agent is not liable under any circumstances for monetary damages to any person for any breach under this Certificate.

SECTION 12. Beneficiaries. This Certificate inures solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter, and the Bondholders and Beneficial Owners from time to time of the Bonds, and it creates no rights in any other person or entity.

SECTION 13. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's business will be the successor Dissemination Agent without the filing of any paper or any further act.

SECTION 14. Effective Date. This Certificate is executed as of the date and year first set forth above.

CITY OF SACRAMENTO

By: _____
John P. Colville Jr., City Treasurer

APPENDIX G

BOOK ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2025 Bonds, payment of principal, premium, if any, accreted value and interest on the 2025 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2025 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2025 Bonds. The 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2025 Bond will be issued for each annual maturity of the 2025 Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2025 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2025 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

To facilitate subsequent transfers, all 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2025 Bond documents. For example, Beneficial Owners of 2025 Bonds may wish to ascertain that the nominee holding the 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price and interest payments on the 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2025 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2025 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2025 Bond certificates will be printed and delivered to DTC.

