CITY OF SACRAMENTO

26

DEPARTMENT OF FINANCE
915 I STREET
ROOM 112
SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5738

CITY MANAGER'S OFFICE
RECEIVED
JAN 3 1980

JACK R. CRIST
DIRECTOR OF FINANCE

FRANK MUGARTEGUI
ASSISTANT DIRECTOR

January 3, 1980

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Sacramento Community Center Authority Annual Financial Report

SUMMARY

Attached is the Annual Financial Report of the Sacramento Community Center Authority for the fiscal year ending June 30, 1979.

The report is for Council information only. The staff is available to answer any questions.

Respectfully submitted,

Jack R. Crist
Director of Finance

FOR COUNCIL INFORMATION

William H. Edgar
Walter J. Slipe
City Manager

JRC/bb
Attachment
FA:80004

FILED
By the City Council
Office of the City Clerk
Referred to Bud/Fin Comm
JAN. 8 1979

January 8, 1980
All Districts

SACRAMENTO COMMUNITY CENTER AUTHORITY

Annual Financial Report

1978~79

SACRAMENTO COMMUNITY CENTER AUTHORITY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1979

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CITY OF SACRAMENTO

DEPARTMENT OF FINANCE
915 I STREET
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SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5736

JACK R. CRIST
DIRECTOR OF FINANCE

FRANK MUGARTEGUI
ASSISTANT DIRECTOR

December 10, 1979

Community Center Authority of the City of Sacramento
Sacramento, California

Honorable Members in Session:

In accordance with Section 6.05 of Community Center Authority Resolution No. 10-71, dated July 28, 1971, transmitted herewith is the Annual Financial Report of the Community Center Authority for the fiscal year ended June 30, 1979.

Terms of the Authority Bond Convenants were complied with during the fiscal year. In addition, the transactions of the Authority have been audited by external auditors whose report is also included herein.

Respectfully submitted,

Jack R. Crist
Director of Finance

cc: Trustee - Security Pacific
National Bank

GOVERNING BOARD OF SACRAMENTO COMMUNITY CENTER AUTHORITY

Walter Christensen	Roy Grimes
E.A. Combatalade	Alfred W. Riolo
Jean Kauffman	Thomas Kenny

Touche Ross & Co.

November 9, 1979

The Governing Board
Community Center Authority of
City of Sacramento
Sacramento, California

We have examined the balance sheets of the Community Center Authority of the City of Sacramento as of June 30, 1979 and 1978, and the related statements of revenues and expenditures and changes in Authority equity for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Community Center Authority of the City of Sacramento as of June 30, 1979 and 1978, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Touche Ross & Co.
Certified Public Accountants

560 J STREET - SUITE 390 - SACRAMENTO, CALIFORNIA 95814 - (916) 444-7336

SACRAMENTO COMMUNITY CENTER AUTHORITY

BALANCE SHEET

JUNE 30, 1979 AND 1978

	1979	1978
ASSETS		
Restricted cash and investments:		
Debt Service:		
Revenue bond principal reserve	$ 231,457	$ 232,140
Revenue bond interest reserve	637,835	610,500
Insurance reserve	813,888	737,567
Bond surplus	79,570	55,710
Working capital	2,664	2,599
Construction	336,102	310,486
	2,101,516	1,949,002
Accrued interest receivable	52,187	35,382
Lease receivable	18,075,000	18,300,000
TOTAL ASSETS	$20,228,703	$20,284,384
LIABILITIES AND AUTHORITY EQUITY		
Liabilities:		
Accrued interest payable	$ 476,562	$ 483,124
Revenue bonds payable	18,300,000	18,525,000
Total liabilities	18,776,562	19,008,124
Authority equity:		
Contributed capital	777,544	777,544
Accumulated excess revenues	674,597	498,716
Total authority equity	1,452,141	1,276,260
TOTAL LIABILITIES AND AUTHORITY EQUITY	$20,228,703	$20,284,384

See notes to financial statements.

SACRAMENTO COMMUNITY CENTER AUTHORITY

STATEMENT OF REVENUES AND EXPENDITURES

YEARS ENDED JUNE 30, 1979 AND 1978

	1979	1978
Revenues:		
Interest on investments	$ 206,329	$ 138,931
Interest on lease receivable	1,143,750	1,159,500
	1,350,079	1,298,431
Expenditures:		
Interest expense	1,145,062	1,160,667
Miscellaneous	26,401	6,583
	1,171,463	1,167,250
Excess of revenues over expenditures	$ 178,616	$ 131,181

See notes to financial statements.

SACRAMENTO COMMUNITY CENTER AUTHORITY

STATEMENT OF CHANGES IN AUTHORITY EQUITY

YEARS ENDED JUNE 30, 1979 AND 1978

	Total		1979	
	1979	1978	Contributed Capital	Accumulated Excess Revenues
Balance, July 1	$1,276,260	$1,145,079	$777,544	$498,716
Transfer to Equipment Maintenance	(2,735)			(2,735)
Excess of revenues over expenditures	178,616	131,181		178,616
Balance, June 30	$1,452,141	$1,276,260	$777,544	$674,597

See notes to financial statements.

SACRAMENTO COMMUNITY CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1979 AND 1978

Note A - Summary of Significant Accounting Policies

General:

The Sacramento Community Center Authority was established by the joint Powers Agreement between the County of Sacramento and the City of Sacramento on November 25, 1969. The agreement provided for the acquisition of land for, and the financing, constructing, operating and leasing of the Sacramento Community Center. The fiscal records of the Authority are maintained by the City of Sacramento on the accrual basis of accounting.

Cash and investments are held by a bank fiscal agent.

Capitalized Lease Receivable:

The Authority leases all of its property, plant and equipment to the City (Community Center Fund) under a long-term financing lease. The amount of the lease receivable represents the present value of the total lease contract.

Note B - Lease of the Community Center Facilities

Under the lease agreement, a base rental ranging from $1,368,750 in 1979 to $1,467,188 in 2004, and a final payment of $1,460,938 in 2005, is due annually from the Fund on August 15. The City is also required to pay all operating costs of the Authority, including taxes and assessments, administrative costs and insurance premiums. Upon termination or expiration of the lease, title to the Authority's assets will vest in the City.

Note C - Revenue Bonds Payable

The Sacramento Community Center Authority 1971 Bonds are as follows:

	1979	1978
Serial bonds, maturing in increasing annual amounts ranging from $200,000 to a final payment of $525,000 in 1991, interest rates from 5.7% to 7%.	$ 4,675,000	$ 4,900,000
Term bonds, maturing in 2006, interest rate 6.25%.	13,625,000	13,625,000
	$18,300,000	$18,525,000

The bonds are callable prior to August 1, 1981, through application of any proceeds from insurance and eminent domain proceedings, and subsequent to 1981 from any source of available funds. A specified premium not to exceed 4% of face value is to be paid at the call date.

The lease agreement (Note B) with the Community Center Fund is to provide funds to the Authority sufficient to service the interest and principal payments due.

Note D - Insurance Coverage

The Authority is included within the coverage maintained by the City of Sacramento as follows:

Coverage	Description	Expiration Date
1. All risk including flood and earthquake	$15,120,000 - all property less deductible of $10,000 on all perils and 5% on earthquake, $3,900,000 rental income	September 1, 1980
2. Primary Liability	$1,000,000 per occurrence self-insured	Not applicable
3. Excess Liability	$1 million excess of $1 million self-insured comprehensive auto and general liability public entity broad form coverage.	September 7, 1980
4. Umbrella liability	$20,000,000 excess of underlying $2,000,000 coverage.	September 7, 1980
5. Workers' Compensation	As required by law, legally self-insured as of August 1, 1977.	Not applicable
6. Public official bonds	$200,000 coverage for faithful performance of duties - Treasurer, Assistant Treasurer, and two Deputies. $100,000 coverage on each employee of the City.	August 1, 1980
7. Boiler and pressure vessel	$1 million per accident	April 30, 1982
8. Broad form money and securities	Self-insured as of August 1, 1977.	Not applicable

Note E - Commitment of Revenues

All revenues received by the Authority are to be transferred to a trustee to be allocated, disbursed and applied solely for the uses and purposes set forth in the resolution authorizing the issuance of the Community Center Authority's bonds. Generally, this resolution requires the funds to be used to provide for the payment of principal and interest on the serial bonds when due and to provide annually, commencing in 1991, amounts sufficient to retire the term bonds. All monies remaining are to be applied to specified accounts as directed by the Authority within the limits expressly stated within the resolution.

Note F - Insurance Reserve Fund

Utilizing a $500,000 contribution from the City, an insurance reserve fund has been established and must be maintained with the trustee in accordance with the terms of the bond resolution. In order of priority, the funds are to be disbursed to cover: (1) any uninsured losses sustained by accident or destruction of any structure; (2) any uninsured loss of rental income; and (3) final retirement of bonds outstanding. After all the bonds are redeemed, all remaining insurance reserve funds revert to the City.

Note: Accrued interest had increased the insurance reserve fund to $813,888 at June 30, 1979.

Note G - Bond Ratings

On June 6, 1978, California voters approved Proposition 13, a state-wide initiative relating to the taxation of real property in California. The most significant provision of this proposition was the limitation of ad valorem property taxes on all real property to one percent (1%) of the full cash value of the property.

Subsequent to the passage of Proposition 13, the two major bond rating services, Moody's Investors Service, Inc. and Standard and Poor's Corporation, suspended the credit rating on the majority of the lease rental bonds in California. Included in the suspended issues was the City of Sacramento Community Center Authority Lease Revenue Bonds. The suspensions were the result of the general uncertainty in California following the initiative. The rating services are proceeding with a case by case evaluation of each California entity.

Management of the City is of the opinion based on conversations with the rating agencies that the City of Sacramento Community Center Authority bond ratings will be restored within a few months.

SACRAMENTO COMMUNITY CENTER AUTHORITY

- SCHEDULE I. K-5 -

SCHEDULE OF COMMUNITY CENTER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Operating Revenue	Operating Expenses	Net Operating Revenue Available for Debt Service*	Total Debt Service Requirements	Coverage
1969-70					
1970-71					
1971-72				$ 599,875	
1972-73				1,199,750	
1973-74				1,199,750	
1974-75				1,199,750	
1975-76	$1,449,335	$ 758,184	$ 741,151	1,368,625	.54:1
1976-77	2,177,119	1,113,826	1,063,293	1,380,500	.77:1
1977-78	2,244,301	1,576,240	668,061	1,360,667	.49:1
1978-79	2,942,040	1,387,300	1,554,740	1,376,625	1.13:1

**Represents net revenue of Community Center Enterprise Fund which is responsible for making annual lease payment to Community Center Authority for lease facilities.*

SACRAMENTO COMMUNITY CENTER AUTHORITY

DEBT SERVICE REQUIREMENTS TO MATURITY

- SCHEDULE I. L-15 -

REVENUE BONDS

Amount authorized: $19,100,000 Amount issued: $19,100,000

Authorization: Res'n #10-71, dated 7/28/71 Maturity: 35 years

Fiscal Year	Principal Due	Interest Rate	Interest Due August 1	Interest Due February 1	Annual Service	Outstanding June 30
1979-80	$ 225,000	7.00%	$ 571,875.00	$ 564,000.00	$ 1,360,875.00	$18,075,000
1980-81	250,000	7.00	564,000.00	555,250.00	1,369,250.00	17,825,000
1981-82	275,000	7.00	555,250.00	545,625.00	1,375,875.00	17,550,000
1982-83	300,000	7.00	545,625.00	535,125.00	1,380,750.00	17,250,000
1983-84	300,000	7.00	535,125.00	524,625.00	1,359,750.00	16,950,000
1984-85	325,000	6.25	524,625.00	514,468.75	1,364,093.75	16,625,000
1985-86	350,000	5.70	514,468.75	504,493.75	1,368,962.50	16,275,000
1986-87	375,000	5.80	504,493.75	493,618.75	1,373,112.50	15,900,000
1987-88	400,000	5.90	493,618.75	481,818.75	1,375,437.50	15,500,000
1988-89	425,000	5.90	481,818.75	469,281.25	1,376,100.00	15,075,000
1989-90	450,000	6.00	469,281.25	455,781.25	1,375,062.50	14,625,000
1990-91	475,000	6.00	455,781.25	441,531.25	1,372,312.50	14,150,000
1991-92	525,000	6.00	441,531.25	425,781.25	1,392,312.50	13,625,000
1992-93		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1993-94		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1994-95		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1995-96		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1996-97		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1997-98		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1998-99		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1999-00		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2000-01		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2001-02		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2002-03		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2003-04		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2004-05		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2005-06		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2006-07	13,625,000	6.25	425,781.25	-0-	14,050,781.25	-0-
	$18,300,000[1]		$13,044,212.50	$12,472,337.50	$43,816,550.00	

Principal payable on the 1st day of August.
Interest payable on the 1st day of August and February.
NOTE: $5,475,000 Serial Bonds (8/1/75-8/1/91, incl.); $13,625,000 Term Bonds (8/1/2006).

SACRAMENTO COMMUNITY CENTER AUTHORITY

DEBT SERVICE REQUIREMENTS TO MATURITY

- SCHEDULE 1. L-15 -

REVENUE BONDS

Amount authorized: $19,100,000 — Amount issued: $19,100,000

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1979-80	$ 225,000	7.00%	$ 571,875.00	$ 564,000.00	$ 1,350,875.00	$18,875,000
1980-81	250,000	7.00	564,000.00	555,250.00	1,369,250.00	17,825,000
1981-82	275,000	7.00	555,250.00	545,625.00	1,375,875.00	17,550,000
1982-83	300,000	7.00	545,625.00	535,125.00	1,380,750.00	17,250,000
1983-84	300,000	7.00	535,125.00	524,625.00	1,359,750.00	16,950,000
1984-85	325,000	6.25	524,625.00	514,468.75	1,364,093.75	16,625,000
1985-86	350,000	5.70	514,468.75	504,493.75	1,368,962.50	16,275,000
1986-87	375,000	5.80	504,493.75	493,818.75	1,373,112.50	15,900,000
1987-88	400,000	5.90	493,518.75	481,818.75	1,375,437.50	15,500,000
1988-89	425,000	5.90	481,818.75	469,281.25	1,376,100.00	15,075,000
1989-90	450,000	5.90	469,281.25	455,781.25	1,375,062.50	14,625,000
1990-91	475,000	6.00	455,781.25	441,531.25	1,372,312.50	14,150,000
1991-92	525,000	6.00	441,531.25	425,781.25	1,392,312.50	13,625,000
1992-93		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1993-94		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1994-95		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1995-96		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1996-97		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1997-98		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1998-99		6.00	425,781.25	425,781.25	851,562.50	13,625,000
1999-00		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2000-01		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2001-02		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2002-03		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2003-04		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2004-05		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2005-06		6.00	425,781.25	425,781.25	851,562.50	13,625,000
2006-07	13,625,000	6.25	425,781.25	-0-	14,050,781.25	-0-
	$19,100,000		$13,044,212.50	$12,472,337.50	$43,816,550.00	

Principal payable on the 1st day of August.
Interest payable on the 1st day of August and February.
NOTE: $6,475,000 Serial Bonds (8/1/75-8/1/07, incl.); $12,625,000 Term Bonds (8/1/2006).