

**City of Sacramento**  
**Annual Continuing Disclosure Report**  
**Fiscal Year 2014/15**

<b>Issue</b>	City of Sacramento Water Revenue Bonds, Series 2013
<b>Par</b>	\$215,195,000
<b>Issued</b>	March 28, 2013
<b>CUSIP Numbers</b>	786089FY3 786089GW6 786089FZ0 786089GX4 786089GA4 786089GY2 786089GB2 786089GC0 786089GD8 786089GE6 786089GF3 786089GZ9 786089GG1 786089GH9 786089GJ5 786089HA3 786089GK2 786089GL0 786089GM8 786089GN6 786089GP1 786089GQ9 786089GR7 786089GS5 786089GT3

## Content of Annual Report

The City's Annual Report shall contain or incorporate by reference the following:

**(a) The City's comprehensive audited financial report for the prior fiscal year.**

The City's comprehensive Annual Financial Report (CAFR) for the prior fiscal year has been uploaded as a separate document to EMMA. The CAFR is also available on the city's website at:

<http://www.cityofsacramento.org/Finance/Accounting/Reporting>

**(b) An annual report updating the following tables contained in the Official Statement for the Series 2013 Bonds, dated March 28, 2013, to reflect actual results of the most recently completed fiscal year (projections need not be updated):**

(1) Table 2 - Average Water Production

(2) Table 4 - Number of Connections by User Type

(3) Table 5 - Largest Users by Service Charge Revenues

(4) Table 7 - Selected Monthly Rates

(5) Table 8 - Uncollected Water System Charges

(6) Table 11 - Summary of Projected Operating Results (to be updated to show actual results of most recently completed fiscal year; projections of future fiscal years do not have to be updated or included in Annual Report.)

See Exhibit A - Table 2

See Exhibit B - Table 4

See Exhibit C - Table 5

See Exhibit D - Table 7

See Exhibit E - Table 8

See Exhibit F - Table 11

**Voluntary Supplemental Information:**

The following information is provided voluntarily and may or may not be provided in the future.

See Exhibit G - Outstanding Water Fund Debt Service as of June 30, 2015

See Exhibit H - Revised Unsecured Debt Service Schedule as of December 31, 2015

## Exhibit A

**Table 2**  
**Average Water Production**  
**Fiscal Year 2011/12 to 2014/15**

<b>Water Source</b>	<b>Average Annual Production</b>	<b>Average % Contribution</b>	<b>Average Daily Production Rate Over Year (MGD)</b>	<b>Max Month Average Daily Production Rate (MGD)</b>
Sacramento River Water Treatment Plant	17,324	49%	47	79
Fairbairn Water Treatment Plant	13,785	38%	38	65
Groundwater Wells	4,819	13%	13	15
<b>Total</b>	<b>35,928</b>	<b>100%</b>	<b>98</b>	<b>159</b>

Notes: MG = million gallons; MGD = million gallons per day

Source: City of Sacramento

## Exhibit B

**Table 4**  
**Number of Connections by User Type**  
**Fiscal Year Ending June 30, 2015**

<b>User Type</b>	<b>2011 <sup>(2)</sup></b>	<b>2012 <sup>(2)</sup></b>	<b>2013</b>	<b>2014</b>	<b>2015 <sup>(3)</sup></b>
Residential	126,199	126,282	126,376	126,557	126,624
Commercial/Industrial	8,766	8,927	8,977	9,033	9,118
<b>Total All Users <sup>(1) (2)</sup></b>	<b>134,965</b>	<b>135,209</b>	<b>135,353</b>	<b>135,590</b>	<b>135,742</b>

<sup>(1)</sup> Total does not include the four outside wholesale accounts and one wheeling account.

<sup>(2)</sup> Figures for FY11 - FY12 do not include connections for fire service as included in the respective CAFR for those years

<sup>(3)</sup> The number of connections reported for FY15 CAFR was understated and has been corrected

Source: The City of Sacramento

## Exhibit C

**Table 5**  
**City of Sacramento**  
**Water System**  
**Largest Users by Service Charge Revenues**  
**Fiscal Year Ended June 30, 2015**

<b>User</b>	<b>Service Charge Revenue</b>	<b>Percentage of System Revenue</b>
City of Sacramento	2,607,318	2.70%
State of California	916,114	0.95%
Sacramento Unified School District	676,848	0.70%
Proctor and Gamble	524,507	0.54%
Sacramento Housing and Redevelopment Agency	515,933	0.53%
SMUD (Sacramento Power Authority)	454,212	0.47%
DB RE California Residential 2 LLC	301,684	0.31%
County of Sacramento	299,867	0.31%
Ashley 2012 Family Trust	294,509	0.30%
HP Hood LLC	272,764	0.28%

Total revenue of approximately \$96.7 million in fiscal year 2015.

Source: The City of Sacramento

## Exhibit D

**Table 7  
City of Sacramento  
Water System  
Selected Monthly Rates**

	<u>Rates Effective</u> <sup>(1)</sup>		
	(Current)		
	July 1, 2015	July 1, 2016	July 1, 2017
<b>Flat Water Rates (\$/month)</b>			
<b>Single Family Residential:</b>			
1-3 Rooms	32.32	32.32	32.32
4-5 Rooms	42.05	42.05	42.05
6-9 Rooms	45.73	45.73	45.73
10-15 Rooms	52.84	52.84	52.84
Over 15, each additional room	3.71	3.71	3.71
<b>Metered Water Use, Unit Rate:</b>			
<b>Water Usage Rates (\$/CCF):</b>	0.9963	0.9963	0.9963
<b>Service Charge (\$/month)</b>			
<b>Water Meter Size:</b>			
5/8" x 3/4"	24.40	24.40	24.40
3/4"	24.40	24.40	24.40
1"	24.40	24.40	24.40
1 1/2"	45.95	45.95	45.95
2"	71.82	71.82	71.82
<p><sup>(1)</sup> Utility rate adjustments have been proposed for Fiscal Year 2016/17. The proposed rate adjustments are subject to City Council Approval.</p>			
<p>Source: The City of Sacramento</p>			

## Exhibit E

**Table 8**  
**Uncollected Water System Charges**  
**Fiscal Year Ending June 30, 2015**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City Water Charges	\$ 1,121,384	\$ 1,023,697	\$ 601,682	\$ 391,558	\$ 260,355

Source: The City of Sacramento

**Exhibit F**

**Table 11**

<b>Actual Operating Results</b> (in thousands)		<b>Notes</b>	<b>2014/15</b>
<b>Actual Operating Results</b>			
<b><u>Operating Revenues</u></b>			
Utility Rate Fees		\$	99,940
Wholesale Water Sales		\$	536
Interest Earnings	1)	\$	492
Miscellaneous Revenues	2)	\$	4,601
<b>Total Operating Revenues:</b>		\$	<b>105,569</b>
<b><u>General Fund Tax Transfer Out:</u></b>			
General Fund Tax		\$	(11,405)
<b>System Net Revenues</b>		\$	<b>94,164</b>
<b><u>Maintenance and Operation Costs</u></b>			
Employee Services		\$	(25,504)
Services and Supplies		\$	(19,712)
<b>Total Maintenance and Operation Costs</b>		\$	<b>(45,216)</b>
(Deposit to) / Withdrawal From Rate Stabilization Fund:	4)	\$	(1,068)
<b>System Net Revenues</b>		\$	<b>47,880</b>
<b><u>Debt Service</u></b>			
<b><u>Parity Obligations and Bonds</u></b>			
California Department of Public Health Loan (ARRA Loan)	5)	\$	(702)
Water Revenue Bonds, Series 2013		\$	(14,011)
Water Revenue Bonds, Series 2017		\$	(14,713)
<b>Subtotal Parity Obligations and Bonds Debt Service</b>		\$	<b>(14,713)</b>
<b><u>Subordinate Obligations</u></b>			
Subordinate Debt Service - (N/A at this time)		\$	-
<b>Subtotal Subordinate Obligations Debt Service</b>		\$	-
<b><u>Unsecured Obligations</u></b>			
2005 Refunding Revenue Bonds - Plant Expansion	6)	\$	(7,591)
2006 Capital Improvement Bond, Series E - Plant Expansion		\$	(4,845)
<b>Subtotal Unsecured Obligations Debt Service</b>		\$	<b>(12,436)</b>
<b>Total Water Fund Debt Service (Parity/Bonds + Subordinate + Unsecured)</b>		\$	<b>(27,149)</b>
<b><u>Coverage Requirement Compliance</u></b>			
Parity Obligations and Bonds (Requirement is 1.20 times)			<b>3.254 x</b>
Parity / Bonds + Subordinate Obligations + Unsecured Obligations (Requirement is 1.00 Times)			<b>1.764 x</b>
<b><u>Cash Funding of Facilities</u></b>			
Capital Outlay (PayGo & Use of Water Fund Capital Reserve)		\$	(3,705)
<b><u>Net Change to Fund Balance</u></b>			
Beginning Water Fund Balance:	7)	\$	36,165
Ending Water Fund Balance:		\$	46,021

**Notes**

- 1) Includes interest earnings/revenue associated with Water Development Fees Fund and the Water Use Fee Fund.
- 2) FY15 miscellaneous revenue includes one time credit of \$4.5 million for defective material credit.
- 3) The voter approved general fund tax is equal to 11% of the collected utility rate revenue. See "General Fund Tax on Water system Revenues"
- 4) Adjustments to the Rate Stabilization Fund are estimated to result in the Rate Stabilization Fund being funded in an amount equal to 25% of all debt service (parity, subordinate and unsecured)
- 5) Pursuant to the terms of the Funding Agreement between the California Department of Health and the City, deposits to the reserve fund must be made over the first ten years of the loan repayment term. The amounts shown here include \$31,926.47 per semiannual payment for this purpose. Balance as of June 30, 2015 equals \$159,651.67.
- 6) Existing payments by the Water Fund to the City's General Fund to cover existing general fund debt for water-related facilities associated with the City's Master Lease revenue Bond Program. The Water Fund revenue is utilized, but not directly pledged, to make debt service payments.
- 7) The Beginning Unrestricted Fund Balance is based on the City's budgetary basis of accounting which treats purchase order encumbrances and multi-year project appropriations as expended in the year appropriated. As a result, the Beginning Unrestricted Fund Balance is significantly lower than the unrestricted cash and investments reported in the City's Comprehensive Annual Financial Report.



## Exhibit G

### Outstanding Water Fund Debt Service As of June 30, 2015

Fiscal Year	Parity Obligations and Bonds		Unsecured Obligations <sup>(1)</sup>		Total Obligations and Bonds
	2013 Water Revenue Bonds	ARRA Loan	2005 Refunding Revenue Bonds <sup>(2)</sup>	2006 Capital Improvement Revenue Bonds, Series E	
FY16	14,016,625.00	702,382.25	7,585,680.60	4,844,583.90	27,149,271.75
FY17	14,016,000.00	702,382.25	7,577,070.60	4,844,583.90	27,140,036.75
FY18	14,017,500.00	702,382.25	7,569,075.60	4,844,583.90	27,133,541.75
FY19	14,014,750.00	702,382.25	7,559,284.80	4,844,583.90	27,121,000.95
FY20	14,017,000.00	702,382.25	7,550,355.00	4,844,583.90	27,114,321.15
FY21	14,013,500.00	702,382.25	7,538,424.00	4,844,583.90	27,098,890.15
FY22	14,013,625.00	702,382.25	7,529,199.00	4,844,583.90	27,089,790.15
FY23	14,016,625.00	670,455.79		11,087,408.10	25,774,488.89
FY24	14,015,125.00	638,529.32		11,081,158.50	25,734,812.82
FY25	14,015,750.00	638,529.32		11,071,460.71	25,725,740.03
FY26	14,014,625.00	638,529.32		11,062,328.31	25,715,482.63
FY27	14,016,125.00	638,529.32		11,047,940.90	25,702,595.22
FY28	14,017,750.00	638,529.32		11,041,887.96	25,698,167.28
FY29	14,016,500.00	638,529.32		11,028,256.96	25,683,286.28
FY30	14,013,375.00	638,529.32		11,011,061.50	25,662,965.82
FY31	14,017,375.00	638,529.32		10,998,844.00	25,654,748.32
FY32	14,017,500.00	638,529.32		10,985,267.81	25,641,297.13
FY33	14,013,000.00	319,264.68		10,969,043.36	25,301,308.04
FY34	14,017,750.00				14,017,750.00
FY35	14,015,625.00				14,015,625.00
FY36	14,015,625.00				14,015,625.00
FY37	14,016,500.00				14,016,500.00
FY38	14,017,000.00				14,017,000.00
FY39	14,015,875.00				14,015,875.00
FY40	14,016,750.00				14,016,750.00
FY41	14,013,250.00				14,013,250.00
FY42	14,013,875.00				14,013,875.00
FY43	14,016,875.00				14,016,875.00
<b>Total</b>	<b>392,441,875.00</b>	<b>11,653,160.10</b>	<b>52,909,089.60</b>	<b>155,296,745.41</b>	<b>612,300,870.11</b>

<sup>(1)</sup> Unsecured Obligations represent the appropriated amount of debt from certain financing and are obligations of the City's General Fund.

<sup>(2)</sup> The 2005 Refunding Revenue Bonds have been refunded with 2015 Lease Revenue Bonds in December 2015. The revised debt schedule is attached as Exhibit H.

## Exhibit H

**Revised Unsecured Debt Service Schedule**  
**Refunding 2005 Refunding Revenue Bonds by the 2015 Lease Revenue Bonds**  
**Variance in Obligations**  
**As of December 31, 2015 through Maturity**

<b>Fiscal Year</b>	<b>2005 Refunding Revenue Bonds (Discontinued)</b>	<b>2015 Lease Revenue Bonds</b>	<b>Variance in Obligations</b>
FY16	7,585,680.60	1,018,851.67	(6,566,828.93)
FY17	7,577,070.60	6,902,900.00	(674,170.60)
FY18	7,569,075.60	6,895,975.00	(673,100.60)
FY19	7,559,284.80	6,884,300.00	(674,984.80)
FY20	7,550,355.00	6,877,775.00	(672,580.00)
FY21	7,538,424.00	6,863,825.00	(674,599.00)
FY22	7,529,199.00	6,854,375.00	(674,824.00)
<b>Total</b>	<b>52,909,089.60</b>	<b>42,298,001.67</b>	<b>(10,611,087.93)</b>