

City of Sacramento
Annual Continuing Disclosure Report
Fiscal Year 2015/16

Issue	City of Sacramento Water Revenue Bonds, Series 2013
Par	\$215,195,000
Issued	March 28, 2013
CUSIP Numbers	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. The CAFR will also be available on the City's website at:

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 20, 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

Exhibit A

Table 2
Average Water Production
Fiscal Year 2011/12 to 2015/16

Water Source	Average Annual Production	Average % Contribution	Average Daily Production Rate Over Year (MGD)	Max Month Average Daily Production Rate (MGD)
Sacramento River Water Treatment Plant	16,974	49%	47	75
Fairbairn Water Treatment Plant	12,805	37%	35	54
Groundwater Wells	4,712	14%	13	14
Total	34,491	100%	95	143

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)

User Type	2012 ⁽²⁾	2013	2014	2015 ⁽³⁾	2016
Residential	126,282	126,376	126,557	126,624	126,973
Commercial/Industrial	8,927	8,977	9,033	9,118	9,157
Total All Users ^{(1) (2)}	135,209	135,353	135,590	135,742	136,130

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

(2) Figures for FY12 do not include connections for fire service as included in the respective CAFR for those years

(3) The number of connections reported for FY15 CAFR was understated and has been corrected in this report

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, 2016

User	Service Charge Revenue	Percentage of System Revenue
City of Sacramento	2,544,550	2.69%
State of California	853,018	0.90%
Sacramento Unified School District	625,471	0.66%
Proctor & Gamble	533,429	0.56%
Sacramento Housing and Redevelopment Agency	481,525	0.51%
SMUD (Sacramento Power Authority)	457,040	0.48%
HP Hood LLC	311,324	0.33%
County of Sacramento	311,288	0.33%
AG Virtu Natomas Ridge Owners	303,706	0.32%
Riverpoint 714 LLC	271,016	0.29%

Total revenue of approximately \$ 95 million in Fiscal Year 2016

Source: The City of Sacramento

Exhibit D

Table 7
City of Sacramento
Water System
Selected Monthly Rates

	<u>Rates Effective*</u>		
	(Current)		
	July 1, 2016	July 1, 2017	July 1, 2018
Flat Water Rates (\$/month)			
Single Family Residential:			
1-3 Rooms	35.55	39.11	43.02
4-5 Rooms	46.26	50.89	55.98
6-9 Rooms	50.30	55.33	60.86
10-15 Rooms	58.12	63.93	70.32
Over 15, each additional room	4.08	4.49	4.94
Metered Water Use, Unit Rate:			
Water Usage Rates (\$/CCF):	1.0959	1.2055	1.3261
Service Charge (\$/month)			
Water Meter Size:			
5/8" x 3/4"	26.84	29.52	32.47
3/4"	26.84	29.52	32.47
1"	26.84	29.52	32.47
1 1/2"	50.55	55.61	61.17
2"	79.00	86.90	95.59
<p>*On March 29, 2016, the City Council approved four-year rate increases for water (10% per year), to take effect on July 1, 2016, July 1, 2017, July 1, 2018, and July 1, 2019 respectively.</p>			
<p>Source: The City of Sacramento</p>			

Exhibit E

Table 8
Uncollected Water System Charges
(Fiscal Year Ending June 30)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City Water Charges	\$ 1,023,697	\$ 601,682	\$ 391,558	\$ 260,355	\$ 240,064

Source: The City of Sacramento

Exhibit F

**Table 11
Actual Operating Results (in thousands)**

Actual Operating Results	Notes	2015/16
<u>Operating Revenues</u>		
Utility Rate Fees		\$ 97,830
Wholesale Water Sales		\$ 558
Impact Fees		\$ 3,965
Interest Earnings	1)	\$ 1,920
Miscellaneous Revenues		\$ 17,753
Total Operating Revenues:		\$ 122,026
<u>General Fund Tax Transfer Out:</u>		
General Fund Tax	2)	\$ (10,540)
System Net Revenues		\$ 111,486
<u>Maintenance and Operation Costs</u>		
Employee Services		\$ (26,508)
Services and Supplies		\$ (21,112)
Total Maintenance and Operation Costs		\$ (47,620)
(Deposit to) / Withdrawal From Rate Stabilization Fund:	3)	\$ -
System Net Revenues		\$ 63,866
<u>Debt Service</u>		
<u>Parity Obligations and Bonds</u>		
California Department of Public Health Loan (ARRA Loan)	4)	\$ (702)
Water Revenue Bonds, Series 2013		\$ (13,938)
Subtotal Parity Obligations and Bonds Debt Service		\$ (14,640)
<u>Subordinate Obligations</u>		
Subordinate Debt Service - (N/A at this time)		\$ -
Subtotal Subordinate Obligations Debt Service		\$ -
<u>Unsecured Obligations</u>		
2006 Capital Improvement Bond, Series E - Plant Expansion	5)	\$ (4,845)
2015 Refunding Revenue Bonds		\$ (7,168)
Subtotal Unsecured Obligations Debt Service		\$ (12,013)
Total Water Fund Debt Service (Parity/Bonds + Subordinate + Unsecured)		\$ (26,653)
<u>Coverage Requirement Compliance</u>		
Parity Obligations and Bonds (Requirement is 1.20 times)		4.362 x
Parity / Bonds + Subordinate Obligations + Unsecured Obligations (Requirement is 1.00 Times)		2.396 x
<u>Cash Funding of Facilities</u>		
Capital Outlay (PayGo & Use of Water Fund Capital Reserve)		\$ (23,161)
<u>Net Change to Fund Balance</u>		
Beginning Water Fund Balance:	6)	\$ 46,021
Ending Water Fund Balance:		\$ 45,508
<u>Notes</u>		
1) Includes interest earnings/revenue associated with Water Development Fees Fund and the Water Use Fee Fund.		
2) The voter approved general fund tax is equal to 11% of the collected utility rate revenue. See "General Fund Tax on Water System Revenues"		
3) 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)		
4) 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, 2016 equals \$223,516.30.		
5) 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.		
6) 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

Table 12
Outstanding Water Fund Debt Service
(as of June 30, 2016)

Fiscal Year	Parity Obligations and Bonds		Unsecured Obligations*		Total Obligations and Bonds
	2013 Water Revenue Bonds	ARRA Loan	2006 Capital Improvement Revenue Bonds, Series E	2015 Lease Revenue Bonds	
FY17	14,016,000.00	702,382.25	4,844,583.90	6,902,900.00	26,465,866.15
FY18	14,017,500.00	702,382.25	4,844,583.90	6,895,975.00	26,460,441.15
FY19	14,014,750.00	702,382.25	4,844,583.90	6,884,300.00	26,446,016.15
FY20	14,017,000.00	702,382.25	4,844,583.90	6,877,775.00	26,441,741.15
FY21	14,013,500.00	702,382.25	4,844,583.90	6,863,825.00	26,424,291.15
FY22	14,013,625.00	702,382.25	4,844,583.90	6,854,375.00	26,414,966.15
FY23	14,016,625.00	670,455.79	11,087,408.10		25,774,488.89
FY24	14,015,125.00	638,529.32	11,081,158.00		25,734,812.32
FY25	14,015,750.00	638,529.32	11,071,460.20		25,725,739.52
FY26	14,014,625.00	638,529.32	11,062,327.81		25,715,482.13
FY27	14,016,125.00	638,529.32	11,047,940.90		25,702,595.22
FY28	14,017,750.00	638,529.32	11,041,887.46		25,698,166.78
FY29	14,016,500.00	638,529.32	11,028,256.46		25,683,285.78
FY30	14,013,375.00	638,529.32	11,011,061.00		25,662,965.32
FY31	14,017,375.00	638,529.32	10,998,843.50		25,654,747.82
FY32	14,017,500.00	638,529.32	10,985,267.81		25,641,297.13
FY33	14,013,000.00	319,264.66	10,969,043.36		25,301,308.02
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
Total	378,425,250.00	10,950,777.83	150,452,158.00	41,279,150.00	581,107,335.83

*Unsecured Obligations represent the appropriated amount of debt from certain financing and are obligations of the City's General Fund.