

**City of Sacramento**  
**Annual Continuing Disclosure Report**  
**Fiscal Year 2013/14**

|                      |   |
|----------------------|---|
| <b>Issue</b>         | City of Sacramento<br>Wastewater Revenue Bonds, Series 2013   |
| <b>Par</b>           | \$30,855,000  |
| <b>Issued</b>        | June 27, 2013   |
| <b>CUSIP Numbers</b> | 786087AA4<br>786087AB2<br>786087AC0<br>786087AD8<br>786087AE6<br>786087AF3<br>786087AG1<br>786087AH9<br>786087AJ5<br>786087AK2<br>786087AL0<br>786087AM8<br>786087AN6<br>786087AP1<br>786087AQ9<br>786087AR7<br>786087AS5<br>786087AT3<br>786087AU0<br>786087AV8<br>786087AW6 |

**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 is also available on the city's website at:

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

**(b) An annual report updating the following tables contained in the Official Statement for the Series 2013 Bonds, dated June 27, 2013, to reflect actual results of the most recently completed fiscal year (projections need not be updated):**

- (1) Table 1 – Number of Connections by User Type
- (2) Table 2 – Largest Users by Service Charge Revenues
- (3) Table 4 – Selected Monthly Rates
- (4) Table 5 – Uncollected Wastewater System Charges
- (5) Table 8 – 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 1

See Exhibit B – Table 2

See Exhibit C – Table 4

See Exhibit D – Table 5

See Exhibit E – Table 8

**Voluntary Supplemental Information:**

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

See Exhibit F – Outstanding Wastewater Fund Debt Service

## Exhibit A

**Table 1**  
**Number of Connections by User Type**  
**(Fiscal Year Ending June 30)**

| User Type             | <u>2010</u>  | <u>2011</u>  | <u>2012</u>  | <u>2013</u>  | <u>2014</u>  |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Residential           | 71,753       | 71,734       | 71,797       | 71,821       | 71,993       |
| Commercial/Industrial | <u>4,632</u> | <u>4,660</u> | <u>4,680</u> | <u>4,660</u> | <u>4,664</u> |
| Total All Users       | 76,385       | 76,394       | 76,477       | 76,481       | 76,657       |

Source: The City of Sacramento

## Exhibit B

**Table 2**  
**City of Sacramento**  
**Wastewater System**  
**Largest Users by Service Charge Revenues**  
**Fiscal Year ended June 30, 2014**

| User <sup>(1)</sup>   | Service Charge<br>Revenue | Percentage of<br>System<br>Revenue <sup>(2)</sup> |
|---|---------------------------|---|
| State of California   | 563,253                   | 2.06%   |
| City of Sacramento  | 357,284                   | 1.31%   |
| Sacramento City Unified School District   | 267,327                   | 0.98%   |
| Sutter Health/Community Hospital  | 211,616                   | 0.77%   |
| County of Sacramento  | 178,183                   | 0.65%   |
| Sacramento Housing and Redevelopment Agency   | 153,526                   | 0.56%   |
| Seven Up Bottling Company   | 113,564                   | 0.42%   |
| Regents of the University of California   | 110,828                   | 0.41%   |
| City of Sacramento Housing Authority  | 105,303                   | 0.39%   |
| KW/WDC Sacramento LLC   | 78,735                    | 0.29%   |
| <p><sup>(1)</sup> The Top Ten User data presented in the official statement was based on <i>account owners</i> who were invoiced utilities service charges (inclusive of property management companies). The updated Top Ten User data is presented based on <i>legal owners</i>, who receive the benefit of City utilities services and who bear the liability for the service charges.</p> <p><sup>(2)</sup> Total revenue of approximately \$27.3 million in fiscal year 2014.</p> <p>Source: The City of Sacramento</p> |                           |   |

# Exhibit C

**Table 4  
City of Sacramento  
Wastewater System  
Selected Monthly Rates**

|   |                                      | <u>Rates Effective <sup>(1)</sup></u> |              |              |
|---|--------------------------------------|---------------------------------------|--------------|--------------|
|   |                                      | (Current)                             |              |              |
|   |                                      | July 1, 2014                          | July 1, 2015 | July 1, 2016 |
| <b>Flat Wastewater Rates (\$/month)</b>                               |                                      |                                       |              |              |
| <b>Single Family Residential:</b>                                     |                                      |                                       |              |              |
| 1-3 Rooms   |                                      | 14.69                                 | 14.69        | 14.69        |
| 4-5 Rooms   |                                      | 18.62                                 | 18.62        | 18.62        |
| 6-7 Rooms   |                                      | 22.42                                 | 22.42        | 22.42        |
| 8-9 Rooms   |                                      | 25.90                                 | 25.90        | 25.90        |
| 10-15 Rooms   |                                      | 29.72                                 | 29.72        | 29.72        |
| Over 15, each additional room   |                                      | 2.03                                  | 2.03         | 2.03         |
| <b>Metered Water Use, Unit Rate:</b>                                  |                                      |                                       |              |              |
| <b>Wastewater Rate (\$/100 Cu. Ft. of Monthly Metered Water Use):</b> |                                      | 0.9176                                | 0.9176       | 0.9176       |
| <b>Service Charge (\$/month)</b>                                      |                                      |                                       |              |              |
| <b>Water Meter Size:</b>  |                                      |                                       |              |              |
|   | <b>Monthly Metered<br/>Water Use</b> |                                       |              |              |
| 5/8"  | 0 - 1200 cu. Ft.                     | 11.01                                 | 11.01        | 11.01        |
| 3/4"  | 0 - 1700 cu. Ft.                     | 15.60                                 | 15.60        | 15.60        |
| 1"  | 0 - 2100 cu. Ft.                     | 19.27                                 | 19.27        | 19.27        |
| 1 1/2"  | 0 - 3700 cu. Ft.                     | 33.95                                 | 33.95        | 33.95        |
| 2"  | 0 - 6200 cu. Ft.                     | 56.89                                 | 56.89        | 56.89        |
| 3"  | 0 - 12,500 cu. Ft.                   | 114.70                                | 114.70       | 114.70       |
| 4"  | 0 - 21,800 cu. Ft.                   | 200.03                                | 200.03       | 200.03       |
| 6"  | 0 - 50,000 cu. Ft.                   | 458.79                                | 458.79       | 458.79       |
| 8"  | 0 - 106,200 cu. Ft.                  | 974.48                                | 974.48       | 974.48       |
| 10"   | 0 - 168,700 cu. Ft.                  | 1,547.97                              | 1,547.97     | 1,547.97     |
| 12"   | 0 - 262,500 cu. Ft.                  | 2,408.66                              | 2,408.66     | 2,408.66     |

<sup>(1)</sup> No utility rate adjustments have been proposed or adopted for Fiscal Year 2015/16. The City is currently evaluating its revenue requirements and rate structures and may propose utility rate adjustments for Fiscal Year 2016/17. Any proposed rate adjustments are subject to City Council approval.

Source: The City of Sacramento

## Exhibit D

**Table 5**  
**Uncollected Wastewater System Charges**  
**(Fiscal Year Ending June 30)**

|                         | <u>2010</u>       | <u>2011</u>       | <u>2012</u>       | <u>2013</u>       | <u>2014</u>       |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| City Wastewater Charges | \$ 258,230        | \$ 299,249        | \$ 232,437        | \$ 141,138        | \$ 104,354        |
| SRCS D Charges          | <u>\$ 399,148</u> | <u>\$ 473,372</u> | <u>\$ 353,116</u> | <u>\$ 241,903</u> | <u>\$ 167,153</u> |
| Total                   | \$ 657,378        | \$ 772,621        | \$ 585,553        | \$ 383,041        | \$ 271,507        |

Source: The City of Sacramento

**Exhibit E**

| <b>Table 8</b>  |              |                        |
|---|--------------|------------------------|
| <b>Actual Operating Results</b>   |              |                        |
| <b>Actual Operating Results</b>   | <b>Notes</b> | <b>2013/14</b>         |
| <b>Operating Revenues</b>   |              |                        |
| Utility Rate Fees   |              | \$ 27,544,350          |
| Wastewater Impact Fees  |              | -                      |
| Interest Earnings   | 1)           | 213,472                |
| Miscellaneous Revenues  |              | 948,392                |
| <b>Total Operating Revenues:</b>  |              | <b>\$ 28,706,214</b>   |
| <b>General Fund Tax Transfer Out</b>  |              |                        |
| General Fund Tax  | 2)           | \$ (3,005,257)         |
| <b>System Revenues:</b>   |              | <b>\$ 25,700,957</b>   |
| <b>Maintenance and Operation Costs</b>  |              |                        |
| Employee Services   |              | \$ (8,247,780)         |
| Services and Supplies   |              | \$ (12,896,510)        |
| <b>Total Maintenance and Operation Costs</b>  |              | <b>\$ (21,144,290)</b> |
| (Deposit to) / Withdrawal From Rate Stabilization Fund:   | 3)           | -                      |
| <b>System Net Revenues</b>  |              | <b>\$ 4,556,667</b>    |
| <b>Debt Service</b>   |              |                        |
| <b>Parity Obligations and Bonds</b>   |              |                        |
| State Revolving Fund XM35 - Land Park Sewer   |              | \$ (165,022)           |
| State Revolving Fund XM23 - Sump 1/1A Pioneer Reservoir   |              | (165,653)              |
| State Revolving Fund XM24 - Sump 2 Rehabilitation   |              | (2,367,089)            |
| State Revolving Fund XM46 - Tahoe Pk/Broadway Parallel Sewer  |              | (397,126)              |
| State Revolving Fund XM44 - UCD Medical Center Storage  |              | (342,049)              |
| <b>State Revolving Fund Debt Service Funded via Stormwater Fund</b>   | 4)           | <b>2,577,703</b>       |
| Wastewater Revenue Bonds Series 2013  |              | -                      |
| Wastewater Revenue Bonds Series 2016  |              | -                      |
| <b>Subtotal Parity Obligations and Bonds Debt Service</b>   |              | <b>\$ (859,234)</b>    |
| <b>Subordinate Obligations and Bonds</b>  |              |                        |
| Subordinate Debt Service - (N/A at this time)   |              | \$ -                   |
| <b>Subtotal Subordinate Obligations Debt Service</b>  |              | <b>\$ -</b>            |
| <b>Unsecured Obligations</b>  |              |                        |
| Unsecured Obligations- (N/A at this time)   |              | \$ -                   |
| <b>Subtotal Unsecured Obligations Debt Service</b>  |              | <b>\$ -</b>            |
| <b>Total Wastewater Fund Debt Service (Parity/Bonds + Subordinate + Unsecured)</b>  |              | <b>\$ (859,234)</b>    |
| <b>Coverage Requirement Compliance</b>  |              |                        |
| Parity Obligations and Bonds (Requirement is 1.20 times)  |              | <b>5.3 x</b>           |
| <b>Cash Funding of Facilities</b>   |              |                        |
| Capital Outlay (PayGo from Current Year Rate Revenue)   |              | (629,000)              |
| Capital Outlay (PayGo from Wastewater Fund Balance)   |              | -                      |
| <b>Net Change to Fund Balance</b>   |              | <b>3,068,432</b>       |
| Beginning Wastewater Fund Balance:  | 5)           | 10,840,000             |
| Ending Wastewater Fund Balance:   |              | 13,908,432             |
| <b>Notes</b>  |              |                        |
| 1) Includes interest earnings/revenue associated with the Wastewater Development Fees Fund and the Wastewater User Fees 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) The current balance of the Rate Stabilization Fund is \$2.5 million.   |              |                        |
| 4) The five state revolving fund loans are each 100% obligations of the wastewater and storm drainage enterprise funds. The current and anticipated practice has been for the City to fund 75% of all state revolving fund loans with the storm drainage fund, and 25% from the wastewater fund. This line represents the storm drainage fund's 75% contribution and is not revenue of the wastewater fund. |              |                        |
| 5) 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 F

### Outstanding Wastewater Fund Debt Service (as of June 30, 2014)

| Fiscal Year  | Parity Obligations and Bonds  | Unsecured Obligations*             | Total Obligations and Bonds |
|--------------|-------------------------------|------------------------------------|-----------------------------|
|              | 2013 Wastewater Revenue Bonds | Equipment Lease - Vac Con Vehicles |                             |
| FY15         | 1,403,831.26                  | 154,026.32                         | 1,557,857.58                |
| FY16         | 1,955,431.26                  | 154,026.33                         | 2,109,457.59                |
| FY17         | 1,955,431.26                  | 228,681.04                         | 2,184,112.30                |
| FY18         | 1,956,731.26                  |                                    | 1,956,731.26                |
| FY19         | 1,957,031.26                  |                                    | 1,957,031.26                |
| FY20         | 1,957,931.26                  |                                    | 1,957,931.26                |
| FY21         | 1,954,181.26                  |                                    | 1,954,181.26                |
| FY22         | 1,953,806.26                  |                                    | 1,953,806.26                |
| FY23         | 1,956,556.26                  |                                    | 1,956,556.26                |
| FY24         | 1,957,306.26                  |                                    | 1,957,306.26                |
| FY25         | 1,956,056.26                  |                                    | 1,956,056.26                |
| FY26         | 1,957,681.26                  |                                    | 1,957,681.26                |
| FY27         | 1,957,056.26                  |                                    | 1,957,056.26                |
| FY28         | 1,954,181.26                  |                                    | 1,954,181.26                |
| FY29         | 1,953,931.26                  |                                    | 1,953,931.26                |
| FY30         | 1,956,581.26                  |                                    | 1,956,581.26                |
| FY31         | 1,957,481.26                  |                                    | 1,957,481.26                |
| FY32         | 1,956,581.26                  |                                    | 1,956,581.26                |
| FY33         | 1,953,121.88                  |                                    | 1,953,121.88                |
| FY34         | 1,956,868.75                  |                                    | 1,956,868.75                |
| FY35         | 1,957,518.75                  |                                    | 1,957,518.75                |
| FY36         | 1,955,037.50                  |                                    | 1,955,037.50                |
| FY37         | 1,955,112.50                  |                                    | 1,955,112.50                |
| FY38         | 1,952,637.50                  |                                    | 1,952,637.50                |
| FY39         | 1,952,506.25                  |                                    | 1,952,506.25                |
| FY40         | 1,953,250.00                  |                                    | 1,953,250.00                |
| FY41         | 1,954,125.00                  |                                    | 1,954,125.00                |
| FY42         | 1,955,625.00                  |                                    | 1,955,625.00                |
| FY43         | 1,952,625.00                  |                                    | 1,952,625.00                |
| <b>Total</b> | <b>56,156,215.81</b>          | <b>536,733.69</b>                  | <b>56,692,949.50</b>        |

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