

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

Issue	City of Sacramento Water Revenue Bonds, Series 2013
Par	\$215,195,000
Issued	March 28, 2013
CUSIP Numbers	786089FX5 786089GV8 786089FY3 786089GW6 786089FZ0 786089GX4 786089GA4 786089GY2 786089GB2 786089GC0 786089GD8 786089GE6 786089GF3 786089GZ9 786089GG1 786089GH9 786089GJ5 786089HA3 786089GK2 786089GL0 786089GM8 786089GN6 786089GP1 786089GQ9 786089GR7 78089GS5 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 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 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 for Fiscal Years 2010-11 to 2013-14

Water Source	Average Annual Production	Average % Contribution	Average Daily Production Rate Over Calendar Year (MGD)	Max Month Average Daily Production Rate (MGD)
Sacramento River Water Treatment Plant	17,692	47%	48	81
Fairbairn Water Treatment Plant	14,392	39%	39	66
Groundwater Wells	5,390	14%	15	15
TOTAL	37,474	100%	102	162

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

Source: The City of Sacramento

Exhibit B

Table 4
City of Sacramento
Water System
Number of Connections by User Type
as of June 30

User Type	<u>2010</u>⁽²⁾	<u>2011</u>⁽²⁾	<u>2012</u>⁽²⁾	<u>2013</u>⁽²⁾⁽³⁾	<u>2014</u>
Residential	126,164	126,199	126,282	126,376	126,557
Commercial/Industrial	8,616	8,766	8,927	8,977	9,033
Total All Users ⁽¹⁾	134,780	134,965	135,209	135,353	135,590

⁽¹⁾ Total does not include the four outside wholesale accounts and one wheeling account.
⁽²⁾ Figures for FY10 - FY12 do not include connections for fire service as included in the respective CAFR for those years.
⁽³⁾ The number of connections previously reported for FY13 was overstated 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, 2014

User	Service Charge Revenue	Percentage of System Revenue ⁽¹⁾
City of Sacramento	2,827,225	3.01%
State of California	873,843	0.93%
Sacramento City Unified School District	722,251	0.77%
Proctor and Gamble	485,076	0.52%
SMUD (Sacramento Power Authority)	363,396	0.39%
Sacramento Housing and Redevelopment Agency	359,267	0.38%
County of Sacramento	288,210	0.31%
DB RE California Residential 2 LLC	274,299	0.29%
Ashley 2012 Family Trust	267,787	0.28%
Riverpoint - 714 LLC	245,701	0.26%

⁽¹⁾ Total revenue of approximately \$94.1 million in fiscal year 2014.

Source: The City of Sacramento

Exhibit D

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

	<u>Rates Effective</u> ⁽¹⁾		
	(Current)		
	July 1, 2014	July 1, 2015	July 1, 2016
<i>Flat Water Use Rates (\$/month)</i>			
<i>Single Family Residential:</i>			
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
<i>Metered Water Use Rates:</i>			
<i>Water Usage Rates (\$/CCF)</i>	0.9963	0.9963	0.9963
<i>Service Charge (\$/month)</i>			
<i>Metered Size:</i>			
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
(1)	<p>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 proposed utility rate adjustments for Fiscal Year 2016/17. Any proposed rate adjustments are subject to City Council approval.</p> <p>Source: City of Sacramento</p>		

Exhibit E

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Amount	\$ 1,122,845	\$ 1,121,384	\$ 1,023,697	\$ 601,682	\$ 391,558

Source: The City of Sacramento

Exhibit F

Table 11 Actual Operating Results		
Actual Operating Results	Notes	2013/14
Operating Revenues		
Utility Rate Fees		\$ 93,740,428
Wholesale Water Sales		329,907
Water Impact Fees		0
Interest Earnings	1)	731,990
Miscellaneous Revenues		584,575
Total Operating Revenues:		\$ 95,386,900
General Fund Tax Transfer Out		
General Fund Tax	2)	\$ (10,215,733)
System Revenues:		\$ 85,171,167
Maintenance and Operation Costs		
Employee Services		\$ (25,003,366)
Services and Supplies		\$ (17,966,249)
Total Maintenance and Operation Costs		\$ (42,969,615)
(Deposit to) / Withdrawal From Rate Stabilization Fund:	3)	(2,503,045)
System Net Revenues		\$ 39,698,507
Debt Service		
Parity Obligations and Bonds		
California Department of Public Health Loan (ARRA Loan)	4)	\$ (702,382)
Water Revenue Bonds Series 2013		(9,730,476)
Water Revenue Bonds Series 2016		-
Subtotal Parity Obligations and Bonds Debt Service		\$ (10,432,858)
Subordinate Obligations		
Subordinate Debt Service - (N/A at this time)		\$ -
Subtotal Subordinate Obligations Debt Service		\$ -
Unsecured Obligations		
2005 Refunding Revenue Bonds - Plant Expansion	5)	\$ (7,597,366)
2006 Capital Improvement Bond, Series E - Plant Expansion		(4,844,584)
Subtotal Unsecured Obligations Debt Service		\$ (12,441,950)
Total Water Fund Debt Service (Parity/Bonds + Subordinate + Unsecured)		\$ (22,874,808)
Coverage Requirement Compliance		
Parity Obligations and Bonds (Requirement is 1.20 times)		3.805 x
Parity / Bonds + Subordinate Obligations + Unsecured Obligations (Requirement is 1.00 times)		1.735 x
Cash Funding of Facilities		
Capital Outlay (PayGo & Use of Water Fund Capital Reserve)		(4,381,000)
Net Change to Unrestricted Fund Balance		12,442,699
Beginning Unrestricted Water Fund Balance:	6)	27,557,000
Ending Unrestricted Water Fund Balance:		39,999,699
NOTES		
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 Public 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 per semiannual payment for this purpose. Balance as of June 30, 2014 equals \$95,790.88.		
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

**Outstanding Water Fund Debt Service
(as of June 30, 2014)**

Fiscal Year	Parity Obligations and Bonds		Unsecured Obligations*		Total Obligations and Bonds
	2013 Water Revenue Bonds	ARRA Loan	2005 Refunding Revenue Bonds	2006 Capital Improvement Revenue Bonds, Series E	
FY15	14,011,250.00	702,382.25	7,590,600.60	4,844,583.90	27,148,816.75
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
Total	406,453,125.00	12,355,542.36	60,499,690.20	160,141,329.31	639,449,686.87

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