

**City of Sacramento**  
**Annual Continuing Disclosure Report**  
**Fiscal Year 2017/18**

<b>Issue</b>	City of Sacramento Water Revenue Bonds, Series 2017
<b>Par</b>	\$52,610,000
<b>Issued</b>	June 22, 2017
<b>CUSIP Numbers</b>	786089HC9 786089HD7 786089HE5 786089HF2 786089HG0 786089HH8 786089HJ4 786089HK1 786089HL9 786089HM7 786089HN5 786089HP0 786089HQ8 786089HR6 786089HS4 786089HT2 786089HU9 786089HV7 786089HW5 786089HX3 786089HY1

**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 was uploaded as a separate document to EMMA. The CAFR is also available on the City's website at:

**(b) An annual report updating the following tables contained in the Official Statement for the Series 2017 Bonds, dated June 22, 2017, 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 Ending June 30, 2018)**

<b>Water Source</b>	<b>Annual Production</b>	<b>Contribution Percentage</b>	<b>Average Daily Production Rate Over Year (MGD)</b>	<b>Max Month Average Daily Production Rate (MGD)</b>
Sacramento River Water Treatment Plant	11,714	38.2%	32	61
Fairbairn Water Treatment Plant	9,928	32.3%	27	51
Groundwater Wells	9,060	29.5%	25	23
<b>Total</b>	<b>30,702</b>	<b>100%</b>	<b>84</b>	<b>136</b>

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

Source: City of Sacramento

## Exhibit B

**Table 4**  
**City of Sacramento**  
**Number of Connections by User Type**  
**(Fiscal Year Ending June 30)**

User Type	2014	2015 <sup>(1)</sup>	2016	2017	2018
Residential	126,557	126,624	126,973	127,810	129,277
Commercial/Industrial	9,033	9,118	9,157	11,428	11,458
Total All Users	135,590	135,742	136,130	139,238	140,735

(1) The number of connections reported in the FY15 CAFR was understated and was corrected in a prior disclosure.

Source: The City of Sacramento

## Exhibit C

**Table 5**  
**City of Sacramento**  
**Water System**  
**Largest Users by Service Charge Revenues**  
**(Fiscal Year Ending June 30, 2018)**

<b>User</b>	<b>Service Charge Revenue</b>	<b>Percentage of System Revenue</b>
City of Sacramento	3,654,366	3.06%
State of California	1,131,921	0.95%
Sacramento City Unified School District	938,456	0.79%
Sacramento Housing and Redevelopment Agency	716,735	0.60%
Proctor and Gamble	631,609	0.53%
SMUD (Sacramento Power Authority)	517,079	0.43%
HP Hood LLC	390,371	0.33%
CG Woodlands Limited Partnership	365,533	0.31%
Riverpoint - 714 LLC	327,008	0.27%
County of Sacramento	319,996	0.27%
<b>Total</b>	<b>8,993,074</b>	<b>7.54%</b>

Total revenue of approximately \$119.4 million in Fiscal Year 2018.

Source: The City of Sacramento

## Exhibit D

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

	<b><u>Rates Effective*</u></b>	
	(Current)	
	July 1, 2018	July 1, 2019
<b>Flat Water Rates (\$/month)</b>		
<b>Single Family Residential:</b>		
1-3 Rooms	43.02	47.32
4-5 Rooms	55.98	61.58
6-9 Rooms	60.86	66.95
10-15 Rooms	70.32	77.35
Over 15, each additional room	4.94	5.43
<b>Metered Water Use, Unit Rate:</b>		
<b>Water Usage Rates (\$/CCF):</b>	1.3261	1.4587
<b>Service Charge (\$/month)</b>		
<b>Water Meter Size:</b>		
5/8" x 3/4"	32.47	35.72
3/4"	32.47	35.72
1"	32.47	35.72
1 1/2"	61.17	67.29
2"	95.59	105.15
<p>*On March 29, 2016, the City Council approved four-year rate increases for water (10% per year), to 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**  
**City of Sacramento**  
**Uncollected Water System Charges**  
**(Fiscal Year Ending June 30)**

	2014	2015	2016	2017	2018
City Water Charges	\$ 391,558	\$ 260,355	\$ 250,470	\$ 190,529	\$ 167,798

Source: The City of Sacramento

**Exhibit F**

**Table 11  
City of Sacramento  
Actual Operating Results (in thousands)**

<b>Actual Operating Results</b>	<b>Notes</b>	<b>2017/18</b>
<b><u>Operating Revenues</u></b>		
Utility Rate Fees		\$ 118,821
Wholesale Water Sales		\$ 558
Interest Earnings	1)	\$ 725
Miscellaneous Revenues		\$ 1,216
<b>Total Operating Revenues:</b>		<b>\$ 121,320</b>
<b><u>General Fund Tax Transfer Out:</u></b>		
General Fund Tax	2)	\$ (12,760)
<b>System Net Revenues</b>		<b>\$ 108,560</b>
<b><u>Maintenance and Operation Costs</u></b>		
Employee Services		\$ (38,080)
Services and Supplies		\$ (12,485)
<b>Total Maintenance and Operation Costs</b>		<b>\$ (50,565)</b>
(Deposit to) / Withdrawal From Rate Stabilization Fund:	3)	\$ (3,514)
<b>System Net Revenues</b>		<b>\$ 54,481</b>
<b><u>Debt Service</u></b>		
<b><u>Parity Obligations and Bonds</u></b>		
California Department of Public Health Loan (ARRA Loan)	4)	\$ (748)
Water Revenue Bonds, Series 2013		\$ (14,017)
Water Revenue Bonds, Series 2017		\$ (1,806)
California State Water Resources Control Board Drinking Water Loan (SRF Loan)		\$ -
<b>Subtotal Parity Obligations and Bonds Debt Service</b>		<b>\$ (16,571)</b>
<b><u>Subordinate Obligations</u></b>		
Subordinate Debt Service - (N/A at this time)		\$ -
<b>Subtotal Subordinate Obligations Debt Service</b>		<b>\$ -</b>
<b><u>Unsecured Obligations</u></b>		
2015 Refunding Revenue Bonds - Plant Expansion	5)	\$ (6,896)
2006 Capital Improvement Bond, Series E - Plant Expansion		\$ (4,844)
<b>Subtotal Unsecured Obligations Debt Service</b>		<b>\$ (11,740)</b>
<b>Total Water Fund Debt Service (Parity/Bonds + Subordinate + Unsecured)</b>		<b>\$ (28,311)</b>
<b><u>Coverage Requirement Compliance</u></b>		
Parity Obligations and Bonds (Requirement is 1.20 times)		<b>3.288 x</b>
Parity / Bonds + Subordinate Obligations + Unsecured Obligations (Requirement is 1.00 Times)		<b>1.924 x</b>
<b><u>Cash Funding of Facilities</u></b>		
Capital Outlay (PayGo & Use of Water Fund Capital Reserve)		\$ (6,790)
<b><u>Net Change to Fund Balance</u></b>		
Beginning Water Fund Balance:	6)	\$ 45,276
Ending Water Fund Balance:		\$ 70,802
<b><u>Notes</u></b>		
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 current maximum debt service (parity, subordinate and unsecured). The balance as of June 30, 2018 in the Rate Stabilization Fund equals \$10,301,603.00.		
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 \$31,926.47 per semiannual payment for this purpose. Balance as of June 30, 2018 equals \$349,895.59.		
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**

**City of Sacramento  
Outstanding Water Fund Debt Service  
(Fiscal Year Ending June 30, 2018)**

Fiscal Year	Parity Obligations and Bonds				Unsecured Obligations <sup>(1)</sup>		Total Obligations and Bonds
	2013 Water Revenue Bonds <sup>(2)</sup>	ARRA Loan <sup>(2)(3)</sup>	2017 Water Revenue Bonds <sup>(2)</sup>	2017 Drinking Water Loan <sup>(2)(4)</sup>	2015 Refunding Revenue Bonds <sup>(2)(5)</sup>	2006 Capital Improvement Revenue Bonds, Series E <sup>(2)</sup>	
FY19	14,014,750.00	702,382.25	3,375,787.50	1,496,923.01	6,884,300.00	4,844,583.90	31,318,726.66
FY20	14,017,000.00	702,382.25	3,375,537.50	2,431,519.11	6,877,775.00	4,844,583.90	32,248,797.76
FY21	14,013,500.00	702,382.25	3,378,162.50	2,821,444.08	6,863,825.00	4,844,583.90	32,623,897.73
FY22	14,013,625.00	702,382.25	3,378,537.50	10,247,716.50	6,854,375.00	4,844,583.90	40,041,220.15
FY23	14,016,625.00	670,455.79	3,376,662.50	10,247,716.50		11,087,408.10	39,398,867.89
FY24	14,015,125.00	638,529.32	3,377,412.50	10,247,716.50		11,081,158.50	39,359,941.82
FY25	14,015,750.00	638,529.32	3,375,662.50	10,247,716.50		11,071,460.71	39,349,119.03
FY26	14,014,625.00	638,529.32	3,376,287.50	10,247,716.50		11,062,328.31	39,339,486.63
FY27	14,016,125.00	638,529.32	3,379,037.50	10,247,716.50		11,047,940.90	39,329,349.22
FY28	14,017,750.00	638,529.32	3,378,787.50	10,247,716.50		11,041,887.96	39,324,671.28
FY29	14,016,500.00	638,529.32	3,375,537.50	10,247,716.50		11,028,256.96	39,306,540.28
FY30	14,013,375.00	638,529.32	3,379,037.50	10,247,716.50		11,011,061.50	39,289,719.82
FY31	14,017,375.00	638,529.32	3,379,037.50	10,247,716.50		10,998,844.00	39,281,502.32
FY32	14,017,500.00	638,529.32	3,375,537.50	10,247,716.50		10,985,267.81	39,264,551.13
FY33	14,013,000.00	319,264.68	3,378,287.50	10,247,716.50		10,969,043.36	38,927,312.04
FY34	14,017,750.00		3,377,037.50	10,247,716.50			27,642,504.00
FY35	14,015,625.00		3,376,662.50	10,247,716.50			27,640,004.00
FY36	14,015,625.00		3,376,312.50	10,247,716.50			27,639,654.00
FY37	14,016,500.00		3,376,612.50	10,247,716.50			27,640,829.00
FY38	14,017,000.00		3,378,812.50	10,247,716.50			27,643,529.00
FY39	14,015,875.00		3,377,237.50	10,247,716.50			27,640,829.00
FY40	14,016,750.00		3,375,862.50	10,247,716.50			27,640,329.00
FY41	14,013,250.00		3,378,987.50	10,247,716.35			27,639,953.85
FY42	14,013,875.00		3,376,362.50				17,390,237.50
FY43	14,016,875.00		3,377,737.50				17,394,612.50
FY44			3,374,406.25				3,374,406.25
FY45			3,375,687.50				3,375,687.50
FY46			3,374,225.00				3,374,225.00
FY47			3,374,625.00				3,374,625.00
FY48			3,376,362.50				3,376,362.50
<b>Total</b>	<b>350,391,750.00</b>	<b>9,546,013.35</b>	<b>101,306,243.75</b>	<b>211,704,216.05</b>	<b>27,480,275.00</b>	<b>140,762,993.71</b>	<b>841,191,491.86</b>

- 1) Unsecured Obligations represent the appropriated amount of debt from certain financing and are obligations of the City's General Fund.
- 2) Debt service includes both principal and interest amounts.
- 3) Pursuant to the terms of the Funding Agreement between the California Department of Public Health and the City, deposits to the ARRA Loan 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 through FY 2022.
- 4) In December 2017, the City obtained \$173.1 million in funding of parity obligation bonds from the California State Water Resources Control Board's Drinking Water State Revolving Fund. This debt service schedule is from the Installment Sale Agreement and because the City has not been reimbursed the full loan amount, this debt service schedule may change.
- 5) The 2005 Refunding Revenue Bonds was refunded by the 2015 Lease Revenue Bonds in December 2015.



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03/29/2019 17:54:10

## CONTINUING DISCLOSURE (SUBMISSION STATUS: PUBLISHED)

### FINANCIAL/OPERATING FILING (CUSIP-9 BASED)

#### Rule 15c2-12 Disclosure

Annual Financial Information and Operating Data: Annual Continuing Disclosure Report - Water Revenue Bonds, Series 2017, for the year ended 06/30/2018

## Documents

### Financial Operating Filing

 FY18 - Annual Continuing Disclosure Report - 2017 Water Revenue Bonds .pdf posted 03/29/2019

### The following issuers are associated with this continuing disclosure submission:

CUSIP-6	State	Issuer Name
786089	CA	SACRAMENTO CALIF WTR REV

### The following 21 securities have been published with this continuing disclosure submission:

CUSIP-9	Maturity Date
786089HC9	09/01/2019
786089HD7	09/01/2020
786089HE5	09/01/2021
786089HF2	09/01/2022
786089HG0	09/01/2023
786089HH8	09/01/2024
786089HJ4	09/01/2025
786089HK1	09/01/2026
786089HL9	09/01/2027
786089HM7	09/01/2028
786089HN5	09/01/2029

786089HP0	09/01/2030
786089HQ8	09/01/2031
786089HR6	09/01/2032
786089HS4	09/01/2033
786089HT2	09/01/2034
786089HU9	09/01/2035
786089HV7	09/01/2036
786089HW5	09/01/2037
786089HX3	09/01/2042
786089HY1	09/01/2047

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**Issuer's Contact Information**

**Company:** City of Sacramento

**Name:** BRIAN WONG

**Address:** 915 I STREET, HCH 3RD FLOOR

**City, State Zip:** SACRAMENTO, CA 95814

**Phone Number:** 9168085811

**Email:** bwong@cityofsacramento.org

**Obligor's Contact Information**