

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

<b>Issue</b>	City of Sacramento Wastewater Revenue Bonds, Series 2013
<b>Par</b>	\$30,855,000
<b>Issued</b>	June 27, 2013
<b>CUSIP Numbers</b>	786087AC0 786087AD8 786087AE6 786087AF3 786087AG1 786087AH9 786087AJ5 786087AK2 786087AL0 786087AM8 786087AN6 786087AP1 786087AQ9 786087AR7 786087AS5 786087AT3 786087AU0 786087AV8 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 will also be available on the city's website at:

[www.cityofsacramento.org/Finance/Accounting/Reporting](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 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	2012	2013 <sup>(1)</sup>	2014	2015 <sup>(2)</sup>	2016
Residential	71,797	71,821	71,993	72,062	72,169
Commercial/Industrial	4,680	4,660	4,664	4,681	4,680
Total All Users	76,477	76,481	76,657	76,743	76,849

(1) The number of connections reported in each CAFR between FY14 - FY16 was overstated by three compared to the annual disclosure filing.

(2) The number of connections reported in each CAFR between FY15 - FY16 was understated by 272, and has been corrected in this disclosure document.

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, 2016**

<b>User</b>	<b>Service Charge Revenue</b>	<b>Percentage of System Revenue</b>
State of California	\$ 486,915	1.60%
City of Sacramento	\$ 351,458	1.15%
Sacramento Housing and Redevelopment Agency	\$ 268,104	0.88%
Sacramento City Unified School District	\$ 228,487	0.75%
County of Sacramento	\$ 202,730	0.67%
Sutter Health	\$ 177,693	0.58%
Regents of the University of California	\$ 138,189	0.45%
Seven Up Bottling Company	\$ 135,434	0.44%
KD/WDC Sacramento LLC	\$ 90,001	0.30%
U.C. Davis	\$ 89,470	0.29%

The Top Ten Users data presented in the Official Statement was based on account owners who were invoiced utilities service charges (inclusive of property management companies). The updated Top Ten User data is presented based on legal owners, who receive the benefit of City utilities services and who bear the liability for the service charges.

Total revenue of approximately \$30.5 million in fiscal year 2016

Source: The City of Sacramento

# Exhibit C

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

		<u>Rates Effective (1)</u>		
		(Current)		
		July 1, 2016	July 1, 2017	July 1, 2018
<b>Flat Wastewater Rates (\$/month)</b>				
<b>Single Family Residential:</b>				
1-3 Rooms		16.01	17.45	19.02
4-5 Rooms		20.30	22.12	24.11
6-7 Rooms		24.44	26.64	29.03
8-9 Rooms		28.23	30.77	33.54
10-15 Rooms		32.39	35.31	38.49
Over 15, each additional room		2.21	2.41	2.63
<b>Metered Water Use, Unit Rate:</b>				
<b>Wastewater Rate (\$/100 Cu. Ft. Monthly Metered Water Use):</b>		1.0002	1.0902	1.1883
<b>Service Charge (\$/month)</b>				
<b>Water Meter Size:</b>	<b>Monthly Metered Water Use</b>			
5/8"	0 - 1200 cu. Ft.	12.00	13.08	14.26
3/4"	0 - 1700 cu. Ft.	17.00	18.53	20.20
1"	0 - 2100 cu. Ft.	21.00	22.89	24.96
1 1/2"	0 - 3700 cu. Ft.	37.01	40.34	43.97
2"	0 - 6200 cu. Ft.	62.01	67.59	73.67
3"	0 - 12,500 cu. Ft.	125.02	136.28	148.54
4"	0 - 21,800 cu. Ft.	218.03	237.66	259.04
6"	0 - 50,000 cu. Ft.	500.08	545.09	594.15
8"	0 - 106,200 cu. Ft.	1,062.18	1,157.78	1,261.98
10"	0 - 168,700 cu. Ft.	1,687.29	1,839.14	2,004.67
12"	0 - 262,500 cu. Ft.	2,625.44	2,861.73	3,119.28
(1) On March 29, 2016, the City Council approved four-year rate increases for wastewater (9% per year), to take effect on July 1, 2016, July 1, 2017, July 1, 2018, and July 1, 2019 respectively.				
Source: The City of Sacramento				

## Exhibit D

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City Wastewater Charges	\$ 232,437	\$ 141,138	\$ 104,354	\$ 66,916	\$ 66,586
SRCS D Charges	<u>\$ 353,116</u>	<u>\$ 241,903</u>	<u>\$ 167,153</u>	<u>\$ 97,782</u>	<u>\$ 104,527</u>
Total	\$ 585,553	\$ 383,041	\$ 271,507	\$ 164,698	\$ 171,113

Source: The City of Sacramento

**Exhibit E**

**Table 8  
Actual Operating Results (in thousands)**

<b>Actual Operating Results</b>	<b>Notes</b>	<b>2015/16</b>
<b><u>Operating Revenues</u></b>		
Utility Rate Fees		\$ 30,501
Wastewater Development Impact Fees		521
Interest Earnings	1)	529
Miscellaneous Revenues		2,967
<b>Total Operating Revenues:</b>		<b>\$ 34,518</b>
<b><u>General Fund Tax Transfer Out:</u></b>		
General Fund Tax	2)	(3,334)
<b>System Net Revenues</b>		<b>31,184</b>
<b><u>Maintenance and Operation Costs</u></b>		
Employee Services		(8,164)
Services and Supplies		(12,979)
<b>Total Maintenance and Operation Costs</b>		<b>(21,143)</b>
(Deposit to) / Withdrawal From Rate Stabilization Fund:	3)	-
<b>System Net Revenues</b>		<b>\$ 10,041</b>
<b><u>Debt Service</u></b>		
<b><u>Parity Obligations and Bonds</u></b>		
State Revolving Fund XM35 - Land Park Sewer		(165)
State Revolving Fund XM23 - Sump 1/1A Pioneer Reservoir		(166)
State Revolving Fund XM24 - Sump 2 Rehabilitation		(2,367)
State Revolving Fund XM46 - Tahoe Park/Broadway Parallel Sewer		(397)
State Revolving Fund XM44 - UCD Medical Center Storage		(342)
<b>State Revolving Fund Debt Service Funded via Stormwater Fund</b>	4)	2,578
Wastewater Revenue Bonds Series 2013		(1,955)
<b>Subtotal Parity Obligations and Bonds Debt Service</b>		<b>\$ (2,814)</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>		
Unsecured Obligations - (N/A at this time)		-
<b>Subtotal Unsecured Obligations Debt Service</b>		-
<b>Total Wastewater Fund Debt Service (Parity/Bonds + Subordinate + Unsecured)</b>		<b>\$ (2,814)</b>
<b><u>Coverage Requirement Compliance</u></b>		
Parity Obligations and Bonds (Requirement is 1.20 times)		<b>3.568 x</b>
<b><u>Cash Funding of Facilities</u></b>		
Capital Outlay (PayGo from Current Year Rate Revenue)		9,270
Capital Outlay (PayGo from Wastewater Fund Balance)		-
<b><u>Net Change to Fund Balance</u></b>		
Beginning Wastewater Fund Balance:	5)	14,820
Ending Wastewater Fund Balance:		8,105
<b><u>Notes</u></b>		
1) Includes interest earnings/revenue associated with the Wastewater Development Fee Fund and the Wastewater User Fee Fund.		
2) The voter-approved general fund tax is equal to 11% of the collected utility rate revenue. See "General Fund Tax on Wastewater 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% with the wastewater fund. The 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, 2016)

Fiscal Year	Parity Obligations and Bonds		Unsecured Obligations <sup>(2)</sup>	Total Obligations and Bonds
	State Revolving Fund Loans <sup>(1)</sup>	2013 Wastewater Revenue Bonds	Equipment Lease - Vac Con Vehicles	
FY17	3,436,937.90	1,955,431.26	154,026.31	5,546,395.47
FY18	3,436,794.02	1,956,731.26		5,393,525.28
FY19	3,271,285.22	1,957,031.26		5,228,316.48
FY20	3,271,283.73	1,957,931.26		5,229,214.99
FY21	2,926,982.98	1,954,181.26		4,881,164.24
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
Total	16,343,283.85	52,796,953.29	154,026.31	69,294,263.45

(1) The SRF Loans are the obligations of the Wastewater Fund; however, the City's current practice is to pay 75% of payments associated with outstanding SRF loans from the Storm Drainage Fund, and 25% from the Wastewater Fund

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